



## BUSINESS PAPER

# ORDINARY MEETING OF COUNCIL

To be held at 6.00 pm on

**Monday 10 October 2016**

Council Chambers, Level 10,  
Council Administration Building, 41 Burelli Street, Wollongong

### Order of Business

- 1 Acknowledgement of Traditional Owners
- 2 Civic Prayer
- 3 Apologies
- 4 Disclosures of Pecuniary Interest
- 5 Petitions and Presentations
- 6 Confirmation of Minutes – Ordinary Meeting  
of Council 5/09/2016
- 7 Confirmation of Minutes – Closed Council  
Session 5/09/2016
- 8 Public Access Forum
- 9 Call of the Agenda
- 10 Lord Mayoral Minute
- 11 Urgent Items
- 12 Notice of Motion
- 13 Agenda Items

### Members

Lord Mayor –  
Councillor Gordon Bradbery OAM (Chair)  
Deputy Lord Mayor –  
Councillor John Dorahy  
Councillor Michelle Blicavs  
Councillor David Brown  
Councillor Leigh Colacino  
Councillor Chris Connor  
Councillor Bede Crasnich  
Councillor Vicki Curran  
Councillor Janice Kershaw  
Councillor Ann Martin  
Councillor Jill Merrin  
Councillor Greg Petty  
Councillor George Takacs

**QUORUM – 7 MEMBERS TO BE PRESENT**

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## MINUTES

## ORDINARY MEETING OF COUNCIL

at 6.00 pm

Monday 5 September 2016

### Present

Lord Mayor – Councillor Bradbery OAM (in the Chair), Councillors Kershaw, Connor, Brown, Takacs, Martin, Merrin, Dorahy, Colacino, Crasnich, Curran and Petty

### In Attendance

General Manager – D Farmer, Director Corporate and Community Services – Creative, Engaged and Innovative City – G Doyle, Director Infrastructure and Works – Connectivity, Assets and Liveable City – M Hyde, Director Planning and Environment – Future, City and Neighbourhoods – A Carfield, Manager Governance and Information – K Cowgill, Manager Finance – B Jenkins, Manager Property and Recreation – P Coyte, Manager Environmental Strategy and Planning – R Campbell, Manager Community Cultural and Economic Development – K Hunt, Manager Development Assessment and Certification – M Riordan, Manager City Works and Services – M Roebuck and Manager Infrastructure Strategy and Planning – M Dowd

### Apology

Min No.

**98 COUNCIL'S RESOLUTION** – RESOLVED UNANIMOUSLY on the motion of Councillor Dorahy seconded Councillor Connor that the apology tendered on behalf of Councillor Blicavs be accepted.

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## DISCLOSURE OF INTERESTS

Councillor Takacs declared a significant, non-pecuniary conflict of interest in Item 5 due to his employment at the University of Wollongong. Councillor Takacs advised that he would vacate the Chamber during debate and voting on this matter.

## CONFIRMATION OF MINUTES OF ORDINARY MEETING OF COUNCIL HELD ON MONDAY, 15 AUGUST 2016

- 99 **COUNCIL'S RESOLUTION** - RESOLVED UNANIMOUSLY on the motion of Councillor Brown seconded Councillor Dorahy that the Minutes of the Ordinary Meeting of Council held on Monday, 15 August 2016 (a copy having been circulated to Councillors) be taken as read and confirmed.

## PUBLIC ACCESS FORUM

### HELENSBURGH – STRATEGIC APPROACH - ROADS, FOOTPATHS, WALKING ROUTES AND TOWN CENTRE UPGRADE

Mr S Spiers, speaking on behalf of Ms N Oliver, said that Helensburgh has been allowed to become shabby and neglected in terms of Council maintenance. Vehicles swerve to avoid potholes and due to the lack of footpaths, mothers are forced to walk on roads with small children and prams, and the elderly find it dangerous to walk around many residential areas. Maidstone Street, for example, falls within a school zone and recently resembled a war zone with deep craters which resulted in the sand base underneath washing out and down this steep road, which made the pot holes even deeper and more dangerous for road users.

Mr Spiers continued to outline various concerns in relation to infrastructure and in conclusion, he requested that Council adopt a strategic approach for Helensburgh, particularly in relation to roads, footpaths and pedestrian walking routes, as well as the upgrade of the Town Centre.

### STATE OF HELENSBURGH NETBALL COURTS

On behalf of the Helensburgh Netball Club, Ms K Poole described the poor state of the Helensburgh Netball Courts. The courts have cracked over many years and the Club has paid out several thousands of dollars to have them filled with asphalt. However, other areas are still cracking and weeds are also able to make their way through the filler material. Due to the lack of drainage, when it rained, the water pooled on the courts and when the water dried up, a slimy film was left over some surface parts. The Club had hired professional cleaners to high pressure clean the surfaces. Last year, the cleaner took two days, and this year five days were needed for the clean, due to the delicate nature of the surface.

In conclusion, Ms Poole said that the Club was aware of Council's goals to promote a healthy community and its focus on supporting increased physical fitness and, in this respect, she asked Council to consider the allocation of funds towards facilities such as drainage, new lights and two new netball courts. This funding would assist the Club in continuing to provide a community sporting venue.

- 100 **COUNCIL'S RESOLUTION** - RESOLVED UNANIMOUSLY on the motion of Councillor Brown seconded Councillor Colacino that the speakers be thanked for their presentation and invited to table their notes.

## CALL OF THE AGENDA

- 101 COUNCIL'S RESOLUTION** - RESOLVED UNANIMOUSLY on the motion of Councillor Brown seconded Councillor Martin that the staff recommendations for Items 7 to 10, 12, 13, and 15 to 18 inclusive, be adopted as a block, and Item 14 be withdrawn from the Business Paper.

## DEPARTURE OF COUNCILLOR

During debate and prior to voting on Item A, Councillor Crasnich departed and returned to the meeting, the time being from 6.25 pm to 6.26 pm.

## ITEM A - NOTICE OF MOTION - COUNCILLOR MERRIN - COUNCILLOR REPRESENTATION ON CITY OF WOLLONGONG TRAFFIC COMMITTEE

MOVED by Councillor Merrin seconded Councillor Takacs that -

- 1 Council reinstate an elected Councillor to the Traffic Committee.
- 2 Nominations for the position be called and an election take place alongside other Committee elections at this meeting.
- 3 Members of the public be invited to attend meetings and address the Traffic Committee on matters of concern.
- 4 The agenda for the Traffic Committee be posted to Council's website, one week before the meeting.

At this stage, Councillor Bradbery FORESHADOWED a MOTION should Councillor Merrin's Motion be defeated.

A PROCEDURAL MOTION was MOVED by Councillor Kershaw seconded Councillor Martin that the MOTION be PUT. The PROCEDURAL MOTION on being PUT to the VOTE was CARRIED.

Councillor Merrin's Motion on being PUT to the VOTE was LOST.

**In favour** Councillors Martin, Takacs, Merrin, Dorahy and Curran  
**Against** Councillors Kershaw, Connor, Brown, Colacino, Crasnich, Petty and Bradbery

Following the defeat of Councillor Merrin's Motion, Councillor Bradbery's FORESHADOWED MOTION became the MOTION.

- 102 COUNCIL'S RESOLUTION** – RESOLVED UNANIMOUSLY on the motion of Councillor Bradbery seconded Councillor Colacino that -

- 1 A total review be undertaken of the City of Wollongong Traffic Committee.
- 2 The review be workshopped at the next available Councillor Briefing and then referred to the subsequent Council meeting.

**Variation** *The variation moved by Councillor Curran (the addition of Part 2) was accepted by the mover and seconder.*

## **ITEM 1 - ELECTION OF DEPUTY LORD MAYOR AND ITEM 3 - ELECTION OF COUNCILLORS TO COMMITTEES, REFERENCE GROUPS AND EXTERNAL ORGANISATIONS**

Item 3 was considered in conjunction with Item 1.

**103 COUNCIL'S RESOLUTION** – RESOLVED UNANIMOUSLY on the motion of Councillor Brown seconded Councillor Curran that the term of –

- 1 Councillors appointed to committees, reference groups and external organisations; and,
  - 2 the Deputy Lord Mayor,
- elected on 14 September 2015, be extended to the end of this term of Council.

## **DEPARTURE OF COUNCILLOR**

During the debate and prior to voting on Item 2, Councillor Curran departed the meeting, the time being 7.07 pm.

## **ITEM 2 - APPOINTMENT OF VOTING DELEGATES TO THE 2016 LOCAL GOVERNMENT NSW ANNUAL CONFERENCE**

**104 COUNCIL'S RESOLUTION** – RESOLVED UNANIMOUSLY on the motion of Councillor Brown seconded Councillor Connor that Council delegate (by show of hands) voting rights on motions to seven (7) Councillors, including the Lord Mayor and Deputy Lord Mayor, from Councillors previously authorised to attend the 2016 Local Government NSW Annual Conference.

Following advice from Councillor Petty that he was prepared to attend the Conference as a non-voting delegate, the Lord Mayor, Deputy Lord Mayor and Councillors Blicavs, Brown, Kershaw, Martin and Merrin were declared elected as Council's voting delegates at the 2016 Local Government NSW Annual Conference.

## **ITEM 3 - ELECTION OF COUNCILLORS TO COMMITTEES, REFERENCE GROUPS AND EXTERNAL ORGANISATIONS**

Item 3 was considered in conjunction with Item 1 (refer Minute Number 103).

## **ITEM 4 - 2017 COUNCIL MEETING CYCLE**

**105 COUNCIL'S RESOLUTION** - RESOLVED UNANIMOUSLY on the motion of Councillor Brown seconded Councillor Colacino that Option 1 of the report be adopted as Council's 2017 meeting cycle, as follows –

- Ordinary Council meetings be held on a rolling three weekly cycle on a Monday commencing at 6.00 pm. First meeting to be held on Monday, 30 January 2017.
- Councillor Briefing Sessions be held on the second and third Monday of the cycle commencing at 5.00 pm.
- No Ordinary Council meetings or Councillor Briefing Sessions be held during a public school holiday period.
- Additional Councillor Briefing Sessions be scheduled for Thursdays, when there is an urgent demand.

## DEPARTURE AND ATTENDANCE OF COUNCILLORS

Due to a prior disclosure of interests, Councillor Takacs vacated the Chamber and was not present for the debate and voting on Item 5.

At this stage, the time being 7.12 pm, Councillor Curran returned to the meeting.

During debate and prior to voting on Item 5, Councillor Crasnich departed and returned to the meeting, the time being from 7.18 pm to 7.19 pm.

## ITEM 5 - WOLLONGONG SECTION 94A DEVELOPMENT CONTRIBUTIONS PLAN - 2016 UPDATE

**106 COUNCIL'S RESOLUTION** - RESOLVED on the motion of Councillor Brown seconded Councillor Martin that -

- 1 The draft Wollongong Section 94A Development Contributions Plan 2016 incorporate the following amendments:
  - a Update of the Works Program and maps to reflect the 2016-17 Capital Budget Delivery Program;
  - b Update to clause 13 by deleting reference to 'universities' in clause 13(s) and adding the following exemption provisions for tertiary educational providers:
    - u An application by or on behalf of a tertiary education provider:
      - i *Full exemption may be allowed for facilities that are directly required by the main function of the educational facility, such as - class rooms, lecture theatre, training facility, administrative office, research facility.*
      - ii *Partial (50%) exemption may be allowed for developments that are not directly required by the main function of the educational facility but will provide support to its main function, such as student accommodation, car park, sports facility, play grounds, food-court, display facility, function centre, convention hall, auditorium, community centre.*
      - iii *Nil exemption for developments that are not directly required to the main function of the educational facility and/or have potential to create additional demand for public services and amenities. Development such as but not limited to – shops, supermarket, shopping centre, office for lease, business park, commercial centre, child care centre, entertainment facility.*
  - c Deleting clause 25 (a), (b) and (c) which involve the provisions of Works in Kind Agreement which are not applicable under Section 94A plans and renaming 25 (d) to 25 (a).
  - d Including other minor changes as listed in the report.
- 2 The draft Wollongong Section 94A Development Contributions Plan 2016 (Attachment 1) be exhibited for a minimum period of 28 days.
- 3 A letter be sent to the NSW Department of Planning and Environment seeking confirmation that Section 94A Development Contributions can be levied on Crown Authorities for ancillary development.
- 4 The Draft Plan include the form of words 'tertiary education provider' throughout the document.

A PROCEDURAL MOTION was MOVED by Councillor Dorahy seconded Councillor Colacino that Item 5 lay on the table. The PROCEDURAL MOTION on being PUT to the VOTE was LOST.

Councillor Brown's MOTION was then PUT to the VOTE and was CARRIED.

In favour Councillors Kershaw, Connor, Brown, Martin, Merrin, Colacino, Curran, Petty and Bradbery  
 Against Councillors Dorahy and Crasnich

## **ITEM 6 - STANWELL PARK ROCK POOL TRUST FUND - RESULTS OF CONSULTATION WITH STANWELL PARK AND COALCLIFF RESIDENTS**

**107 COUNCIL'S RESOLUTION** - RESOLVED UNANIMOUSLY on the motion of Councillor Colacino seconded Councillor Crasnich that -

- 1 The Stanwell Park Rock Pool Reserve Trust account be introduced into the 2017/18 Annual Plan to pursue the design and construction of the following recreational infrastructure improvements at Coalcliff Pool and Stanwell Park Reserve:
  - a Coalcliff Rock Pool – upgrading the stairs to the north of the concreted platform - \$40,000;
  - b Coalcliff Rock Pool – shade shelter with seating - \$105,000;
  - c Coalcliff Rock Pool – improving the drainage on the concrete platform above the Rock Pool - \$20,000; and
  - d Stanwell Park Public Reserve - footpath network (150 metres) to enhance all weather walking opportunities - \$40,000.
- 2 The design and construction of a concrete path across the rock shelf to the pool at Coalcliff Rock Pool estimated at \$50,000, be included in the proposed Capital Works Program for the 2017/18 Financial Year.

## **ITEM 7 - UPDATED ASBESTOS POLICY**

The following staff recommendation was adopted as part of the Block Adoption of Items (refer Minute Number 101).

**COUNCIL'S RESOLUTION** – The updated Asbestos Policy be adopted by Council.

## **ITEM 8 - EXHIBITION OF PROPOSED NAMING OF PAUL MASON JONES RESERVE - SANDON POINT**

The following staff recommendation was adopted as part of the Block Adoption of Items (refer Minute Number 101).

**COUNCIL'S RESOLUTION** –

- 1 In recognition of the late Paul Mason Jones and his extensive contribution to the local Sandon Point community, Council endorse naming a portion of Sandon Point Reserve as 'Paul Mason Jones Reserve'.
- 2 Council endorse the application to the Geographical Names Board of NSW to formally assign this section of reserve as 'Paul Mason Jones Reserve' under the Geographical Names Act 1996.

## **ITEM 9 - REQUEST FOR LEGAL ASSISTANCE - CONTRIBUTION TO LEGAL COSTS**

The following staff recommendation was adopted as part of the Block Adoption of Items (refer Minute Number 101).

**COUNCIL'S RESOLUTION** – Pursuant to section 356 of the *Local Government Act* 1993, Council resolves to grant financial assistance to Bathurst Regional Council in the amount of \$1,708.80 incurred in an appeal relating to the ability of a council to charge for services under a contract.



**ITEM 10 - PROPOSED RENEWAL OF LICENCE TO WOLLONGONG TOUCH ASSOCIATION INCORPORATED FOR PART OF AMENITIES BUILDING AND FIVE LIGHTING TOWERS AT THOMAS DALTON PARK**

The following staff recommendation was adopted as part of the Block Adoption of Items (refer Minute Number 101).

**COUNCIL'S RESOLUTION –**

- 1 Council provides approval to enter into a new licence agreement with Wollongong Touch Association Incorporated for a period of 10 years commencing on 1 August 2015.
- 2 Council delegate to the General Manager the authority to finalise and execute the licence agreement and any other documentation to give effect to this resolution.
- 3 Council grant authority for the use of the Common Seal of Council on the licence agreement and any other documentation, should it be required, to give effect to this resolution.

**ITEM 11 - TENDER T16/09 PROPOSED LICENCE OF BALD HILL KIOSK AND MOBILE FOOD VAN**

**108 COUNCIL'S RESOLUTION** - RESOLVED UNANIMOUSLY on the motion of Councillor Colacino seconded Councillor Kershaw that -

- 1 In accordance with the Local Government (General) Regulations 2005, Clause 178 (1) (a), Council accept the tender submission of Bald Hill Company Pty Ltd for the licence to operate the Bald Hill Kiosk and Mobile Food Van in the sum of \$100,000.00 per annum (excluding GST) for a five year term.
- 2 Council delegate to the General Manager the authority to finalise and execute the contract and any other documentation required to give effect to this resolution.
- 3 Council grant authority for the use of the Common Seal of Council on the contract and any other documentation, should it be required, to give effect to this resolution.

**ITEM 12 - TENDER T16/08 - WHYTES GULLY LEACHATE TREATMENT SYSTEM OPERATIONS AND MAINTENANCE SERVICES**

The following staff recommendation was adopted as part of the Block Adoption of Items (refer Minute Number 101).

**COUNCIL'S RESOLUTION –**

- 1 In accordance with clause 178(1)(a) of the Local Government (General) Regulation 2005, Council accept the tender of Innaco Pty Ltd for Whytes Gully Leachate Treatment System Operations and Maintenance Services, in the sum of \$107,200, excluding GST for the 18 month contract period.
- 2 Council delegate to the General Manager the authority to finalise and execute the contract and any other documentation required to give effect to this resolution.
- 3 Council grant authority for the use of the Common Seal of Council on the contract and any other documentation, should it be required, to give effect to this resolution.

### **ITEM 13 - TENDER T15/14 BUILDING CONDITION FUNCTIONALITY AUDIT**

The following staff recommendation was adopted as part of the Block Adoption of Items (refer Minute Number 101).

#### **COUNCIL'S RESOLUTION –**

- 1 In accordance with clause 178(1)(a) of the Local Government (General) Regulation 2005, Council accept the tender of SPM Assets Pty Ltd for the completion of Building condition and functionality inspection audits, in the sum of \$525,840.00, excluding GST, over three years.
- 2 Council delegate to the General Manager the authority to finalise and execute the contract and any other documentation required to give effect to this resolution.
- 3 Council grant authority for the use of the Common Seal of Council on the contract and any other documentation, should it be required, to give effect to this resolution.

### **ITEM 14 - APPLICATION FOR WORKS ON ROAD/FOOTPATH - 2016-2017 FEES AND CHARGES**

Item 14 was withdrawn from the Business Paper (refer to Call of the Agenda, Minute Number 101).

### **ITEM 15 - JULY 2016 FINANCIALS**

The following staff recommendation was adopted as part of the Block Adoption of Items (refer Minute Number 101).

#### **COUNCIL'S RESOLUTION –**

- 1 The financials be received and noted.
- 2 Proposed changes in the Capital Works Program be approved.

### **ITEM 16 - STATEMENT OF INVESTMENTS - JULY 2016**

The following staff recommendation was adopted as part of the Block Adoption of Items (refer Minute Number 101).

**COUNCIL'S RESOLUTION** – Council receive the Statement of Investments for July 2016.

### **ITEM 17 - CITY OF WOLLONGONG TRAFFIC COMMITTEE - MINUTES OF MEETING HELD 10 AUGUST 2016**

The following staff recommendation was adopted as part of the Block Adoption of Items (refer Minute Number 101).

**COUNCIL'S RESOLUTION** – In accordance with the powers delegated to Council, the minutes and recommendations of the City of Wollongong Traffic Committee Meeting held on 10 August 2016 in relation to the Regulation of Traffic be adopted.

## **ITEM 18 - BI-MONTHLY TABLING OF RETURNS OF DISCLOSURES OF INTEREST AND OTHER MATTERS**

The following staff recommendation was adopted as part of the Block Adoption of Items (refer Minute Number 101).

**COUNCIL'S RESOLUTION** – Council note the tabling of the Returns of Disclosures of Interest as required by Section 450A of the Local Government Act 1993.

## **CLOSED COUNCIL SESSION**

The Lord Mayor called for a motion to close the meeting for consideration of Item C1 – General Manager's Performance Review.

**109 COUNCIL'S RESOLUTION** - RESOLVED UNANIMOUSLY on the motion of Councillor Crasnich seconded Councillor Dorahy that -

- 1 The meeting move into Closed Session to consider Item C1 of Confidential Council business which deals with the General Manager's Performance Review, in accordance with –
  - a Section 10A 2(a) of the Local Government Act 1993, as the report contains personnel matters concerning particular individuals (other than Councillors); and,
  - b The Office of Local Government Guidelines for the Appointment and Oversight of General Managers which states that the Performance Review Panel report to a Closed Session of Council the findings and recommendations of the General Manager's performance review.
- 2 On balance, the public interest in preserving the confidentiality of commercial information outweighs the public interest in openness and transparency in Council decision-making by discussing the matter in open meeting.

Prior to putting the above motion to the vote, the Lord Mayor advised members of the gallery that Item C1 relates to the General Manager's Performance Review and is classified as Confidential under Section 10A 2(a) of the Local Government Act 1993, which permits the meeting to be closed to the public as the report contains information on personnel matters concerning particular individuals (other than Councillors). Also the Office of Local Government Guidelines for the Appointment and Oversight of General Managers states that the Performance Review Panel report to a Closed Session of Council the findings and recommendations of the General Manager's performance review.

In accordance with Section 10A (4) of the Local Government Act, the Lord Mayor invited members of the gallery to make representations to the Council meeting as to whether this part of the meeting should be closed.

One submission was received from the gallery. Mr W Erwin felt that this matter should not be discussed in Closed Session and he sought to know the performance of the General Manager over the last 12 months against the targets and goals set by this Council. He said there were a number of issues, including the dumping of industrial waste, which was later discovered to be asbestos, and which added additional cost to the budget.

The MOTION to close the meeting was subsequently PUT to the VOTE and was CARRIED UNANIMOUSLY.

At this stage, the time being 7.51 pm, members of the press and gallery departed the Council Chambers.

The meeting moved into Closed Session, the time being 7.52 pm.

Council resumed into Open Session at 8.11 pm and members of the gallery were invited back into the Council Chambers.

## RESOLUTION FROM THE CLOSED SESSION OF COUNCIL

### ITEM C1 - GENERAL MANAGER'S PERFORMANCE REVIEW

**110 COUNCIL'S RESOLUTION** - The Lord Mayor advised that whilst in Closed Session Council resolved to –

- 1 Note –
  - a the General Manager's Performance Agreement Review for 2015-2016,
  - b the General Manager's Performance Agreement 2016-2017, and,
  - c that there has been no salary increase sought, nor granted, over the annual increase approved by the Statutory and Other Officers Remuneration Tribunal.
- 2 Thank the General Manager for his performance over the past five years.
- 3 Acknowledge and appreciate the General Manager's efforts in maintaining the focus of the organisation during these difficult times.

The Lord Mayor also advised that in considering the concerns expressed by Mr Erwin prior to Council moving into Closed Session, Council believes those concerns have been addressed during a previous review in an open Council meeting. The General Manager's response was outlined in that review, along with practices and responses by the organisation, and these were incorporated into the General Manager's performance agreement.

### THE MEETING CONCLUDED AT 8.13 PM.

Confirmed as a correct record of proceedings at the Ordinary Meeting of the Council of the City of Wollongong held on 10 October 2016.

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Chairperson

**ITEM B LORD MAYORAL MINUTE - WOLLONGONG HARBOUR PRECINCT**

The now Department of Industry (Lands) in conjunction with Wollongong City Council considered limited development within Wollongong Harbour to increase tourism and recreational potential and provide historical interpretation of the area. In 2008, the then Minister established the Wollongong Harbour Consultative Committee to investigate the potential for limited development.

The Department exhibited a draft “Guidelines for Limited Development of Wollongong Harbour” in 2010 for community consultation.

The Heritage Council of NSW also placed on public exhibition a proposal to list Wollongong Harbour on the State Heritage Register. The listing was supported and in 2010 the Wollongong Harbour Precinct was registered as a place of State Significance on the NSW Heritage Register. The Department then commissioned the preparation of a Conservation Management Strategy to guide the future conservation and ongoing use of the Wollongong Harbour Foreshore Area which is part of the larger Wollongong Harbour Precinct.

At the completion of the Conservation Management Plan, the Department released the “Guidelines for Limited Development of Wollongong Harbour” which guided limited development which was sympathetic to the heritage values of the site.

Notwithstanding these documents, master planning of the site has not yet been completed. All approval authorities within the precinct recognise the potential of Wollongong Harbour as a major tourism and recreational asset. With the recent finalisation of the Blue Mile and the activation of Brighton Beach by Wollongong City Council, the Wollongong Harbour precinct including the jetty, former boat shed and slipway area remains unplanned and in a state of disrepair.

Council has previously resolved (May 2014) to make representation to the State Government to commence engagement with the community to progress the revitalisation of Wollongong Harbour and invite the State Government to provide a briefing and update. The State Government responded and advised they are committed to completing works to repair degraded infrastructure and landscape elements. Yet nothing has progressed.

A Wollongong Harbour Stakeholder and User Group, chaired by Crown Lands, meets approximately quarterly to discuss the use and operation of the harbour. The current focus of Crown Lands surrounds the repair and maintenance of the current infrastructure with little resources currently being allocated to the strategic master planning of the site.

Wollongong City Council recognised the significance of the Harbour as a tourism and recreational asset. The City’s investment in the surrounding infrastructure, ie; the Blue Mile and Belmore Basin now warrants corresponding investment by the State Government.

## RECOMMENDATION

I therefore move that Wollongong City Council, through the Office of the Lord Mayor, coordinate a joint approach with the Wollongong Harbour Stakeholder and User Group, to seek a commitment from the Department of Industry (Lands) to allocate resources and progress the master planning of the precinct as a matter of priority.

## ATTACHMENTS

- 1 Wollongong Harbour Development Guidelines



# GUIDELINES FOR LIMITED DEVELOPMENT OF WOLLONGONG HARBOUR



Prepared for  
Land and Property Management Authority (LPMA) of NSW

**Chris Johnson** Architect

**January 2011**



**Land & Property  
Management Authority**  
Crown Lands

## **GUIDELINES FOR LIMITED DEVELOPMENT OF WOLLONGONG HARBOUR**

### **BACKGROUND**

The Land and Property Management Authority (LPMA) is proposing limited development of Wollongong Harbour to increase the tourism and recreational potential of the site and provide interpretation of the wealth of history associated with the site. The development would also establish a long term funding stream to maintain the heritage assets of the harbour. To better understand the position of the local community the Minister for Lands established the Wollongong Harbour Consultative Committee in 2008. The committee included a cross section of the Wollongong community who were selected to look at the potential for limited development in the precinct. The Consultative Committees findings have informed this report.

Early in 2010 the Heritage Council of NSW put on public exhibition a proposal to list the Wollongong Harbour precinct on the State Heritage Register. The proposal was strongly supported (including by LPMA) and the precinct has now been added to the list of items of state significance. The listing gives a special status to the harbour and makes the Heritage Council a joint approval body for any new works within the precinct. The Heritage Council in determining the state listing also acknowledged that limited sympathetic development could occur on the site.

To coincide with the exhibition for state listing LPMA exhibited a draft "Guidelines for Limited Development of Wollongong Harbour". A series of options were presented for development on 5 sites labelled A, B, C, D and E. A number of submissions were received with some being supportive and some being against. A number of submissions incorrectly assumed that unsympathetic development might occur across the whole site. This was never intended and LPMA have gone to great lengths to work with the Heritage Council to ensure that any potential development will fit within the heritage constraints applying to the site and can be approved by the Heritage Council.

The Heritage Council clearly supports the concept of the harbour as a living and evolving place. With state listing it is normal to prepare a Conservation Management Plan (CMP) or a Conservation Management Strategy (CMS) to determine detailed significance of individual items and to understand the complex layering of the site as it was developed over time. A CMS has now been prepared by Heritage Architect Jean Rice. This work has provided significantly more information about the site and the way it was used over a 200 year period. The CMS found that there was a continuous series of large shed like buildings constructed on various sites around the harbour.

A special section of the CMS (8.2) is an analysis of past building forms. This leads to recommendations for new buildings to generally follow the typology of building forms that have evolved over time in the precinct. There are however some exceptions particularly where sites are cut into the hill that adjoins Belmore Basin where a different form may be appropriate. The CMS defines the existing Co-op building as being intrusive due to its height, mass, style and location. There are however ways to modify the building to make it less intrusive.

The CMS should be read in conjunction with these limited development guidelines particularly section 6.4 Future Development and Use and section 8.2 Analysis of Past Building Forms. Following a year of detailed discussions with the Heritage Council and heritage experts the options included in the exhibited version of these guidelines have now been narrowed down to a single set of guidelines for each site. Sites A, B, C, D and E, now have a clear set of design guidelines that is compatible with the CMS and in the spirit of the Heritage Council's resolution about sympathetic development.



The attached diagram identifies the locations of sites A, B, C, D and E.



#### DEVELOPMENT PARAMETERS

##### A. DEVELOPMENT PARAMETERS FOR SITE A

Site A is the area around the existing Co-op building including the carpark to the west.

A.01 The existing Co-op building should be modified to reduce its intrusive nature at an appropriate time. This may mean reducing the height and bulk of the building, improving public access around the building from the waterfront and looking at colour schemes and external detailing. These are matters between the tenant and LPMA.

A.02 A new building could be constructed to the west of the Co-op in the existing car park.

A.03 The building should be sited to enable a single width road to be located on the southern side of the car park without impacting on the existing trees.

A.04 The building should generally fit within a site envelope of 40m X 12m.

A.05 The building should be a reasonable distance back from the seawall to maintain a clear public promenade. A setback of at least 10m is advisable.



A.06 The building should read as a simple shed form or as a series of shed forms with gable roofs (see CMS 8.2).

A.07 The building should read as having a large single story scale but may have a mezzanine level within or an upper level.

A.08 The building should be recessive in colour and have a robust nautical character.

A.09 Uses should relate to the maritime precinct with activities that could include boating, fishing, whale watching, recreational food and drink.

A.10 The building could include an interpretation area to explain the history of the site.

#### B. DEVELOPMENT PARAMETERS FOR SITE B

Site B is the V shaped site at the east of Belmore Basin. The site connects the lower level of Belmore Basin with the roadway on top of the cutting.

B.01 A building on this site could connect the two levels on the site.

As the upper level is likely to have the main parking for the precinct in nearby areas there is an opportunity for visitors to arrive through this building.

B.02 A new building could be constructed on the current car parking / storage area and could be cut into the bank. The building could be V shaped to relate to the site or a simple rectangle.

B.03 The building should generally fit within an envelope of 50m X 12m (adapted if in a V shape).

B.04 The building should not get too close to the seawall of Belmore Basin and should be set back some 10m.

B.05 The building should have a strong masonry base to relate to the earth bank. Walls above this can be lightweight materials.

B.06 The building can be 2 storeys high but should read as a unified shed-like element or be a height that joins the upper and lower levels and reads as part of the landscape.

B.07 The roof may need to be relatively flat to ensure that views to the lighthouse are not impacted.

B.08 The building should be recessive in colour and have a robust nautical character or read as part of the hillside.

B.09 Uses should relate to the maritime precinct with activities related to boating, fishing, diving, whale watching, authentic tourism retail, recreational food and drink.

B.10 The building could include an interpretation area to explain the history of the site.

#### C. DEVELOPMENT PARAMETERS FOR SITE C

Site C is the Central Pier precinct to the north of Belmore Basin. It currently contains a number of sheds and boats stored on land.

C.01 This site can accommodate a number of buildings that relate to maritime industries. The suite of buildings should have an informal composition.

C.02 Buildings must not encroach on the existing slipway to the east.  
They should be set back at least 20m from Belmore Basin and not intrude into the existing bitumen area on the west.

C.03 On the north it is likely that a timber boardwalk would give better access to the sandy beach.

C.04 Buildings should only cover about 50% of the site giving a total buildable site area of around 1,500 sqm.

C.05 Buildings should read as a simple shed form with pitched, hipped or gabled roofs (see CMS 8.2).

C.06 Buildings should read as a large single story scale but may have a mezzanine within or upper level.

C.07 The buildings should be recessive in colour and have a robust nautical character.

C.08 Uses should relate to maritime activities including boating, fishing, diving, whale watching, boat building, boat repairs, authentic tourism retail, recreational food and drink.

C.09 One of the buildings could contain an interpretation centre to explain the history of the site.

#### D. DEVELOPMENT PARAMETERS FOR SITE D

Site D is along the roadway on the south of Belmore Basin adjacent to the cliff face. The large structures that loaded coal onto boats were located here along the cliff face and these could be represented by new structures.

D.01 Vehicles will need to pass along the road to service boats so there is limited space for development.

D.02 A number (max 4) of kiosks or sites for temporary use could be located close to the cliff face.

D.03 Kiosks should be no bigger than 12 sqm each.

D.04 Kiosks could have a higher level above the cliff face (similar to the original structures).

D.05 The design of the structures must be very simple with recessive colours.

D.06 The kiosks/ structures should have maritime or recreation related uses.

D.07 The kiosks/ structures could also be interpretation centres particularly in relation to the original coal loading structures.

#### E. DEVELOPMENT PARAMETERS FOR SITE E

Site E is the northern bay contained by the northern breakwater.

E.01 There is a potential to restructure the moorings in this area to provide fixed moorings to enable more capacity for boat moorings. This may require a small jetty nearby to provide small boat access or this could be provided from site B.

File: CO-910.05.01.009 Doc: IC16/100297

ITEM A

NOTICE OF MOTION - COUNCILLOR TAKACS - REDUCTION IN GREENHOUSE GAS EMISSIONS - COUNCIL ACTIVITIES

Councillor Takacs has submitted the following Notice of Motion –

“I formally move that Wollongong City Council –

- 1 Adopt a target of reducing CO<sub>2</sub> equivalent greenhouse gas emissions from its own operations, including energy and landfill, to 50% below 2015-2016 levels by 2030.
- 2 Develop an action plan to achieve these goals.
- 3 Report annually on progress toward achieving these goals.
- 4 Review these goals annually, giving consideration to the potential to tighten them.”

**ITEM 1 ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**PRESENTER: Dennis Banicevic – PricewaterhouseCoopers – Financial Statements**

Council officers have prepared the 2015-16 Annual Financial Statements in accordance with the Local Government Act 1993 (as amended) and the Regulations, the Australian Accounting Standards and the Local Government Code of Accounting Practice and Financial Reporting.

The draft Financial Statements were presented to the Audit Committee on 20 September 2016. At that meeting, the Audit Committee resolved that the General Purpose Financial Statements and the Special Purpose Financial Statements be recommended to Council for endorsement and the signing of the Statements by the Lord Mayor, Deputy Lord Mayor and Management.

The Statements have been reviewed by Council's Auditors, PricewaterhouseCoopers, and are presented to Council for an opinion to be formed in the prescribed format (as attached). Dennis Banicevic from PricewaterhouseCoopers will address the meeting to provide an overview of their Audit Report for the year ended 30 June 2016.

**RECOMMENDATION**

- 1 The Annual Financial Statements be endorsed and an opinion be formed in the prescribed format (as per Attachments 2 and 3) on the General Purpose Financial Statement and the Special Purpose Financial Statement.
- 2 The audited Financial Statements, together with the Auditor's Report and Financial Commentary (Attachment 5) be presented to the public at the 31 October 2016 Council meeting.

**REPORT AUTHORISATIONS**

Report of: Brian Jenkins, Manager Finance

Authorised by: Greg Doyle, Director Corporate and Community Services - Creative, Engaged and Innovative City

**ATTACHMENTS**

- 1 Annual Financial Statements 2015-2016
- 2 Statement by the Lord Mayor, Deputy Lord Mayor and Management on the General Purpose Financial Statements
- 3 Statement by the Lord Mayor, Deputy Lord Mayor and Management on the Special Purpose Financial Statements
- 4 Executive Summary
- 5 Financial Commentary 2015-2016
- 6 Flowchart of the Annual Financial Statement Approval and Audit Process

**COMPLIANCE WITH OFFICE OF LOCAL GOVERNMENT GUIDELINES ON COUNCIL DECISION MAKING DURING MERGER PROPOSAL PERIODS**

The recommendation of this report complies with the requirements of the OLG Guidelines – *Council Decision Making During Merger Proposal Periods*.

**BACKGROUND**

The Local Government Act 1993 (as amended) requires Council to prepare financial statements for each year and refer them for audit as soon as practicable after the end of that year.

A council's financial statements must include:

- 1 A General Purpose Financial Statement;
- 2 Any other matter prescribed by the regulations, and

### 3 A statement in the approved form by the Council as to its opinion on the General Purpose Financial Statement.

The Annual Financial Report Approval and Audit Process is outlined in Attachment 6 of this report. This process is largely governed by the requirements of the Local Government Act 1993 (as amended) having regard to the timing of Council meetings. In accordance with this process, the Audit Committee recommends to the Council whether the Financial Statements should be signed based on the Committee's assessment of them.

An Executive Summary and Financial Commentary to the Statements are also prepared to provide an introduction/summary of the Financial Statements. This Commentary is not audited (refer Attachment 5).

## PROPOSAL

Section 413 of the Local Government Act 1993 (as amended) requires the Council to form an opinion as to whether Council's Annual Financial Statements have been drawn up in accordance with the Local Government Act and associated Codes and Australian Accounting Standards as prescribed by the Regulations. The Statements have been reviewed by Council's Auditors, PricewaterhouseCoopers, and are presented to Council for an opinion to be formed in the prescribed format (see Attachments 2 and 3). Subsequent to these Statements being signed, Council's Auditor will present its Audit Report to Council.

Following the signing of the opinions and receiving the Auditor's Report, a copy of the Audited Financial Statements will be submitted to the Department of Local Government in accordance with Section 417(5) of the Local Government Act 1993 (as amended).

Section 418 of the Local Government Act 1993 (as amended) requires that Council, as soon as practical after receiving a copy of the Auditor's Reports, fix a date for a meeting at which it proposes to present its Audit Financial Statements, together with the Auditor's Reports, to the public. The Council must give public notice of the date of the meeting. Consequently, an advertisement is scheduled to appear in The Advertiser on Wednesday, 12 October 2016.

Section 420 of the Local Government Act 1993 provides that any person may make submissions to the council with respect to the Financial Statements and/or the Auditor's Reports and those submissions must be made in writing and lodged with the Council within seven days of the public meeting. The date of the Council meeting (public meeting) is 31 October 2016.

## CONSULTATION AND COMMUNICATION

The Audit Committee and staff of PricewaterhouseCoopers have been consulted throughout the preparation of the Annual Financial Statements. The audit staff have been helpful in ensuring compliance with all accounting requirements.

Executive, senior managers and significant senior officers were requested to ensure that all relevant information with regards to the 2015-16 transactions relating to their area/s of responsibility had either been entered into the financial records or disclosed to the Manager Finance.

## PLANNING AND POLICY IMPACT

This report contributes to the delivery of Wollongong 2022 goal '*We are a connected and engaged community*'. It specifically delivers on the following:

Community Strategic Plan	Delivery Program 2012-17	Annual Plan 2016-17
Strategy	5 Year Action	Annual Deliverables
4.4.5 Finances are managed effectively to ensure long term financial sustainability	4.4.5.1 Effective and transparent financial management systems are in place	Provide accurate and timely financial reports monthly, quarterly and via the annual financial statement
		Continuous Budget Management is in place, controlled and reported
		Manage and further develop compliance program
		Monitor and review achievement of Financial Strategy

## RISK ASSESSMENT

The Annual Financial Statements are required to be prepared in accordance with the Local Government Act 1993 (as amended), the Local Government Code of Accounting Practice and Financial Reporting and the Australian Accounting Standards. Council has professionally qualified staff to ensure compliance with the reporting requirements.

Council staff have also undertaken additional training in specialised areas. A higher level of assurance is attained from PricewaterhouseCoopers' review.

Further to this, Council's Executive, senior management and relevant senior officers each signed a document giving the necessary assurances that:

- 1 No matters or occurrences have come to their attention in respect to their areas of responsibility that would materially affect the Financial Statements or disclosures therein, or which are likely to materially affect the future results or operations of the Council; and
- 2 Should any such matters or occurrences come to their attention after the date of signing the document, the Manager Finance be immediately advised.

Consequently, there is considered to be a low risk of any material errors or omissions in reporting.

## FINANCIAL IMPLICATIONS

Council is now presented with a set of Financial Statements that have been prepared in accordance with the Australian Accounting Standards and other professional pronouncements and the Local Government Code of Accounting Practice and Financial Reporting.

# Wollongong City Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2016

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## Wollongong City Council

### General Purpose Financial Statements for the year ended 30 June 2016

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#### Overview

- (i) These financial statements are General Purpose Financial Statements and cover the operations for Wollongong City Council.
- (ii) Wollongong City Council is a body politic of NSW, Australia – being constituted as a local government area by proclamation and is duly empowered by the *Local Government Act 1993* (LGA).
- Council's Statutory Charter is detailed in Paragraph 8 of the LGA and includes giving Council;
- the ability to provide goods, services and facilities, and to carry out activities appropriate to the current and future needs of the local community and of the wider public,
  - the responsibility for administering regulatory requirements under the LGA and
  - a role in the management, improvement and development of the resources in the area.
- A description of the nature of Council's operations and its principal activities are provided in Note 2(b).
- (iii) All figures presented in these financial statements are presented in Australian currency.
- (iv) These financial statements were authorised for issue by the Council on 11 October 2016. Council has the power to amend and reissue these financial statements.
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## Wollongong City Council

### General Purpose Financial Statements for the year ended 30 June 2016

### Statement by Councillors and Management made pursuant to Section 413(2)(c) of the *Local Government Act 1993 (NSW)* (as amended)

**The attached General Purpose Financial Statements have been prepared in accordance with:**

- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements, and
- the Local Government Code of Accounting Practice and Financial Reporting.

**To the best of our knowledge and belief, these financial statements:**

- present fairly the Council's operating result and financial position for the year, and
- accord with Council's accounting and other records.

**We are not aware of any matter that would render these statements false or misleading in any way.**

**Signed in accordance with a resolution of Council made on 10 October 2016.**

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Gordon Bradbery  
Lord Mayor

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John Dorahy  
Deputy Lord Mayor

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David Farmer  
General Manager

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Brian Jenkins  
Responsible Accounting Officer

## Wollongong City Council

### Income Statement for the year ended 30 June 2016

Budget <sup>1</sup> 2016	\$ '000	Notes	Actual 2016	Actual 2015
<b>Income from continuing operations</b>				
<b>Revenue:</b>				
173,254	Rates and annual charges	3a	174,149	166,849
33,194	User charges and fees	3b	31,252	32,851
4,772	Interest and investment revenue	3c	5,597	5,689
9,454	Other revenues	3d	12,891	11,965
28,846	Grants and contributions provided for operating purposes	3e,f	30,461	30,319
14,520	Grants and contributions provided for capital purposes	3e,f	26,548	22,033
<b>Other income:</b>				
—	Net gains from the disposal of assets	5	—	3,533
—	Net share of interests in joint ventures and associates using the equity method	19	150	—
<b>264,040</b>	<b>Total income from continuing operations</b>		<b>281,048</b>	<b>273,239</b>
<b>Expenses from continuing operations</b>				
101,922	Employee benefits and on-costs	4a	103,547	95,399
4,206	Borrowing costs	4b	4,223	4,037
50,013	Materials and contracts	4c	47,144	45,647
62,074	Depreciation and amortisation	4d	61,882	60,763
—	Impairment	4d	6	—
37,717	Other expenses	4e	34,782	35,777
—	Net losses from the disposal of assets	5	1,627	—
—	Net share of interests in joint ventures and associates using the equity method	19	—	22
<b>255,932</b>	<b>Total expenses from continuing operations</b>		<b>253,211</b>	<b>241,645</b>
<b>8,108</b>	<b>Operating result from continuing operations</b>		<b>27,837</b>	<b>31,594</b>
<b>Discontinued operations</b>				
—	Net profit/(loss) from discontinued operations	24	—	—
<b>8,108</b>	<b>Net operating result for the year</b>		<b>27,837</b>	<b>31,594</b>
8,108	Net operating result attributable to Council		27,837	31,594
—	Net operating result attributable to non-controlling interests		—	—
<b>(6,412)</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>1,289</b>	<b>9,561</b>

<sup>1</sup> Original budget as approved by Council – refer Note 16

## Wollongong City Council

### Statement of Comprehensive Income for the year ended 30 June 2016

\$ '000	Notes	Actual 2016	Actual 2015
<b>Net operating result for the year</b> (as per Income Statement)		<b>27,837</b>	<b>31,594</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	(26,685)	4,034
Adjustment to correct prior period errors	20a	19,768	19,544
Impairment (loss) reversal relating to I,PP&E	20b (ii)	—	942
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>(6,917)</b>	<b>24,520</b>
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
<b>Total other comprehensive income for the year</b>		<b>(6,917)</b>	<b>24,520</b>
<b>Total comprehensive income for the year</b>		<b>20,920</b>	<b>56,114</b>
Total comprehensive income attributable to Council		20,920	56,114
Total comprehensive income attributable to non-controlling interests		—	—

## Wollongong City Council

### Statement of Financial Position as at 30 June 2016

\$ '000	Notes	Actual 2016	Actual 2015
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6a	17,747	33,580
Investments	6b	126,193	102,076
Receivables	7	21,280	22,109
Inventories	8	6,027	6,040
Other	8	3,207	4,313
Non-current assets classified as 'held for sale'	22	—	—
<b>Total current assets</b>		<b>174,454</b>	<b>168,118</b>
<b>Non-current assets</b>			
Investments	6b	10,085	9,000
Receivables	7	—	—
Inventories	8	—	—
Infrastructure, property, plant and equipment	9	2,265,413	2,251,343
Investments accounted for using the equity method	19	1,310	1,160
Investment property	14	4,775	2,750
Intangible assets	25	1,043	1,220
<b>Total non-current assets</b>		<b>2,282,626</b>	<b>2,265,473</b>
<b>TOTAL ASSETS</b>		<b>2,457,080</b>	<b>2,433,591</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	10	37,432	34,039
Borrowings	10	6,690	6,369
Provisions	10	50,683	47,487
<b>Total current liabilities</b>		<b>94,805</b>	<b>87,895</b>
<b>Non-current liabilities</b>			
Payables	10	—	—
Borrowings	10	33,940	39,758
Provisions	10	44,031	42,554
<b>Total non-current liabilities</b>		<b>77,971</b>	<b>82,312</b>
<b>TOTAL LIABILITIES</b>		<b>172,776</b>	<b>170,207</b>
<b>Net assets</b>		<b>2,284,304</b>	<b>2,263,384</b>
<b>EQUITY</b>			
Retained earnings	20	1,299,521	1,252,318
Revaluation reserves	20	984,783	1,011,066
Council equity interest		2,284,304	2,263,384
Non-controlling equity interests		—	—
<b>Total equity</b>		<b>2,284,304</b>	<b>2,263,384</b>

## Wollongong City Council

### Statement of Changes in Equity for the year ended 30 June 2016

\$ '000	Notes	Retained earnings	Reserves (Refer 20b)	Council interest	Non-controlling Interest	Total equity
<b>2016</b>						
<b>Opening balance</b> (as per last year's audited accounts)		1,252,318	1,011,066	<b>2,263,384</b>	–	<b>2,263,384</b>
<b>a. Changes in accounting policies</b> (prior year effects)	20 (d)	–	–	–	–	–
<b>Revised opening balance</b> (as at 1/7/15)		<b>1,252,318</b>	<b>1,011,066</b>	<b>2,263,384</b>	–	<b>2,263,384</b>
<b>b. Net operating result for the year</b>		<b>27,837</b>	–	<b>27,837</b>	–	<b>27,837</b>
<b>c. Other comprehensive income</b>						
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	–	(26,685)	<b>(26,685)</b>	–	<b>(26,685)</b>
– Revaluations: other reserves	20b (ii)	–	–	–	–	–
– Transfers to Income Statement	20b (ii)	–	–	–	–	–
– Impairment (loss) reversal relating to I,PP&E	20b (ii)	–	–	–	–	–
– Joint ventures and associates	19b	–	–	–	–	–
– Adjustment to correct prior period errors	20 (c)	19,768	–	<b>19,768</b>	–	<b>19,768</b>
<b>Other comprehensive income</b>		<b>19,768</b>	<b>(26,685)</b>	<b>(6,917)</b>	–	<b>(6,917)</b>
<b>Total comprehensive income</b> (c&d)		<b>47,605</b>	<b>(26,685)</b>	<b>20,920</b>	–	<b>20,920</b>
<b>d. Distributions to/(contributions from) non-controlling Interests</b>		–	–	–	–	–
<b>e. Transfers between equity</b>		(402)	402	–	–	–
<b>Equity – balance at end of the reporting period</b>		<b>1,299,521</b>	<b>984,783</b>	<b>2,284,304</b>	–	<b>2,284,304</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2015</b>						
<b>Opening balance</b> (as per last year's audited accounts)		1,193,467	1,013,803	<b>2,207,270</b>	–	<b>2,207,270</b>
<b>a. Changes in accounting policies</b> (prior year effects)	20 (d)	–	–	–	–	–
<b>Revised opening balance</b> (as at 1/7/14)		<b>1,193,467</b>	<b>1,013,803</b>	<b>2,207,270</b>	–	<b>2,207,270</b>
<b>b. Net operating result for the year</b>		<b>31,594</b>	–	<b>31,594</b>	–	<b>31,594</b>
<b>c. Other comprehensive income</b>						
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	–	4,034	<b>4,034</b>	–	<b>4,034</b>
– Revaluations: other reserves	20b (ii)	–	–	–	–	–
– Transfers to Income Statement	20b (ii)	–	–	–	–	–
– Impairment (loss) reversal relating to I,PP&E	20b (ii)	–	942	<b>942</b>	–	<b>942</b>
– Joint ventures and associates	19b	–	–	–	–	–
– Adjustment to correct prior period errors	20 (c)	19,544	–	<b>19,544</b>	–	<b>19,544</b>
<b>Other comprehensive income</b>		<b>19,544</b>	<b>4,976</b>	<b>24,520</b>	–	<b>24,520</b>
<b>Total comprehensive income</b> (c&d)		<b>51,138</b>	<b>4,976</b>	<b>56,114</b>	–	<b>56,114</b>
<b>d. Distributions to/(contributions from) non-controlling Interests</b>		–	–	–	–	–
<b>e. Transfers between equity</b>		7,713	(7,713)	–	–	–
<b>Equity – balance at end of the reporting period</b>		<b>1,252,318</b>	<b>1,011,066</b>	<b>2,263,384</b>	–	<b>2,263,384</b>

This statement should be read in conjunction with the accompanying notes.

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## Wollongong City Council

### Statement of Cash Flows for the year ended 30 June 2016

Budget 2016	\$ '000	Notes	Actual 2016	Actual 2015
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
173,632	Rates and annual charges		174,893	166,562
33,194	User charges and fees		33,314	33,505
4,772	Investment and interest revenue received		5,633	5,789
43,366	Grants and contributions		55,323	54,189
–	Bonds, deposits and retention amounts received		2,787	1,381
9,242	Other		19,352	22,528
<b>Payments:</b>				
(100,677)	Employee benefits and on-costs		(100,072)	(92,705)
(86,984)	Materials and contracts		(56,091)	(58,051)
(1,530)	Borrowing costs		(1,547)	(1,311)
–	Bonds, deposits and retention amounts refunded		(2,409)	(797)
–	Other		(34,979)	(41,998)
<b>75,015</b>	<b>Net cash provided (or used in) operating activities</b>	11b	<b>96,203</b>	<b>89,091</b>
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
1,560	Sale of investment securities		78,054	57,074
2,008	Sale of infrastructure, property, plant and equipment		919	12,570
–	Deferred debtors receipts		–	10
<b>Payments:</b>				
–	Purchase of investment securities		(103,173)	(83,147)
(86,256)	Purchase of infrastructure, property, plant and equipment		(81,467)	(85,072)
<b>(82,688)</b>	<b>Net cash provided (or used in) investing activities</b>		<b>(105,667)</b>	<b>(98,566)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
–	Proceeds from borrowings and advances		–	15,000
<b>Payments:</b>				
(6,371)	Repayment of borrowings and advances		(6,369)	(5,244)
<b>(6,371)</b>	<b>Net cash flow provided (used in) financing activities</b>		<b>(6,369)</b>	<b>9,756</b>
<b>(14,044)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(15,833)</b>	<b>281</b>
112,708	Plus: cash and cash equivalents – beginning of year	11a	33,580	33,299
<b>98,664</b>	<b>Cash and cash equivalents – end of the year</b>	11a	<b>17,747</b>	<b>33,580</b>
Additional Information:				
plus:	<b>Investments on hand – end of year</b>	6b	136,278	111,076
	<b>Total cash, cash equivalents and investments</b>		<b>154,025</b>	<b>144,656</b>

Please refer to Note 11 for additional cash flow information

This statement should be read in conjunction with the accompanying notes.

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## Wollongong City Council

### Notes to the Financial Statements

for the year ended 30 June 2016

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n/a – not applicable



## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below in order to assist in its general understanding.

Under Australian Accounting Standards (AASBs), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial statements.

##### (a) Basis of preparation

###### (i) Background

These financial statements are general purpose financial statements, which have been prepared in accordance with:

- Australian Accounting Standards and Australian Accounting Interpretations issued by the Australian Accounting Standards Board,
- the *Local Government Act (1993)* and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

For the purpose of preparing these financial statements, Council has been deemed to be a not-for-profit entity.

###### (ii) Compliance with International Financial Reporting Standards (IFRSs)

Because AASBs are sector neutral, some standards either:

- (a) have local Australian content and prescription that is specific to the not-for-profit sector (including local government) which are not in compliance with IFRSs, or
- (b) specifically exclude application by not-for-profit entities.

Accordingly, in preparing these financial statements and accompanying notes, Council has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.

Under the *Local Government Act (LGA)*, Regulation and Local Government Code of Accounting Practice and Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with AASBs.

###### (iii) New and amended standards adopted by Council

There have been no new accounting standards adopted in this year's financial statements which have had any material impact on reported financial position, performance or cash flows.

###### (iv) Early adoption of accounting standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2015, except for AASB2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities, which has reduced the fair value disclosures for Level 3 assets. This standard will apply to annual reporting periods beginning on or after 1 July 2016.

For summary information relating to the effects of standards with future operative dates refer further to paragraph (ab).

###### (v) Basis of accounting

These financial statements have been prepared under the **historical cost convention** except for:

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets, which are all valued at fair value,
- (ii) the write down of any asset on the basis of impairment (if warranted), and
- (iii) certain classes of non-current assets (eg. infrastructure, property, plant and equipment and investment property) that are accounted for at fair valuation.

The accrual basis of accounting has also been applied in their preparation.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

##### (vi) Changes in accounting policies

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated [refer Note 20 (d)].

##### (vii) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates (in conformity with AASBs).

Accordingly this 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 Council and that are believed to be reasonable under the circumstances.

##### **Significant 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 are set out below:

- (i) Estimated fair values of investment properties
- (ii) Estimated fair values of infrastructure, property, plant and equipment,
- (iii) Estimated remediation provisions.

##### **Significant judgements in applying Council's accounting policies**

- (i) impairment of receivables – Council has made significant judgements about the impairment of a number of its receivables in Note 7.

##### (b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to it, and specific criteria have been met for each of the Council's activities as described below.

Council bases any estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

##### **Rates, Annual Charges, Grants and Contributions**

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

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.

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Control over granted assets/contributed assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Revenue from contributions is recognised when the Council either obtains control of the contribution or the right to receive it, (i) it is probable that the economic benefits comprising the contribution will flow to the Council and (ii) the amount of the contribution can be measured reliably.

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

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3 (g).

Note 3 (g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of s94 of the *EPA Act 1979*.

Whilst Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon their physical 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.

A detailed note relating to developer contributions can be found at Note 17.

#### User charges, fees and other income

User charges, fees and other income (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

A provision for the impairment of these receivables is recognised when collection in full is no longer probable.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided as at balance date.

#### Sale of infrastructure, property, plant and equipment

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

#### Interest and rents

Rental income is accounted for on a straight-line basis over the lease term.

Interest income from cash and investments is accounted for using the effective interest rate at the date that interest is earned.

#### Dividend income

Revenue is recognised when the Council's right to receive the payment is established, which is generally when shareholders approve the dividend.

#### Other income

Other income is recorded when the payment is due, the value of the payment is notified or the payment is received, whichever occurs first.

#### (c) Principles of consolidation

These financial statements incorporate the assets and liabilities and the operating results of Council and all its controlled entities and Joint Ventures for the financial period ended 30 June 2015.

##### (i) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *LGA 1993*, 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.

The Consolidated Fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

##### (ii) The trust fund

In accordance with the provisions of section 411 of the *Local Government Act 1993* (as amended), a separate and distinct trust fund is maintained to account for all money and property received by the Council in trust that 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 statements.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

Trust monies and property held by Council but not subject to the control of Council have been excluded from these statements.

A separate statement of monies held in the trust fund is available for inspection at the Council office by any person free of charge.

##### (iii) Interests in other entities

###### Subsidiaries

Council has no interest in any subsidiaries.

###### 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.

###### Joint Operations (controlled assets & operations)

Council has no interest in any joint operations.

###### Joint ventures

Joint Ventures represent operational arrangements where the parties joint control parties have rights to the net assets of the arrangement.

Any interests in Joint Ventures are accounted for using the equity method and are carried at cost.

Under the equity method, Council's share of the operation's profits/(losses) are recognised in the income statement, and its share of movements in retained earnings & reserves are recognised in the Statement of Financial Position.

Detailed information relating to Council's Joint Ventures can be found at Note 19 (b).

##### (iv) Associates

Council has no interest in any associates.

##### (v) Unconsolidated structured entities

Unconsolidated structured entities represent 'special vehicles' that Council has an interest in but which are not controlled by Council and therefore not consolidated as a subsidiary, joint arrangement or

associate. Attributes of structured entities include restricted activities.

Detailed information relating to Council's interest in unconsolidated structured entities can be found at Note 19 (d).

##### (vi) County Councils

Council is not a member of any county councils.

##### (d) Leases

All leases entered into by Council are reviewed and classified on inception date as either a finance lease or an operating lease.

###### Finance leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of each leased asset's useful life and the lease term.

###### Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor 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.



## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

##### (e) Cash and Cash Equivalents

For Statement of Cash Flows (and Statement of Financial Position) presentation purposes, cash and cash equivalents includes;

- 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 that are subject to an insignificant risk of changes in value, and
- bank overdrafts.

##### (f) Investments and other financial assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- **financial assets at fair value through profit or loss,**
- **loans and receivables,**
- **held-to-maturity investments,** and
- **available-for-sale financial assets.**

Each classification depends on the purpose or intention for which the investment was acquired and at the time it was acquired.

Management determines each investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

##### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are "held for trading".

A financial asset is classified in the "held for trading" category if it is acquired principally for the purpose of selling in the short term.

Assets in this category are primarily classified as current assets as they are primarily held for trading &/or are expected to be realised within 12 months of the balance sheet date.

##### (ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables (note 7) in the statement of financial position.

##### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

In contrast to the "Loans & Receivables" classification, these investments are generally quoted in an active market.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

##### (iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Investments must be designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

#### General accounting and measurement of financial instruments:

##### (i) Initial recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at 'fair value through profit or loss', directly attributable transactions costs.

Purchases and sales of investments are recognised on trade-date – the date on which the Council commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

##### (ii) Subsequent measurement

**Available-for-sale financial assets and financial assets at fair value through profit and loss** are subsequently carried at fair value.

**Loans and receivables and held-to-maturity** investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as '**fair value through profit or loss**' category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as '**available-for-sale**' are recognised in equity in the available-for-sale investments revaluation reserve.

When securities classified as '**available-for-sale**' are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

#### Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

##### (iii) Investment Policy

Council has an approved Investment Policy in order to invest in accordance with (and to comply with) section 625 of the *Local Government Act* and s212 of the LG (General) Regulation 2005.

Investments are placed and managed in accordance with the policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order.

Council maintains its Investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments that Council holds are no longer prescribed (eg. managed funds, CDOs, and equity linked notes), however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

##### **(g) Fair value estimation – financial instruments**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

##### **(h) Receivables**

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Receivables (excluding rates and annual charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (i.e. an allowance account) relating to receivables is established when objective evidence shows that Council will not be able to collect all amounts due according to the original terms of each receivable.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Impairment losses are recognised in the Income Statement within other expenses.

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

##### **(i) Inventories**

##### **(i) Raw materials and stores, work in progress and finished goods**

Raw materials and stores, work in progress and finished goods in respect of business undertakings are all stated at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

costs of completion and the estimated costs necessary to make the sale.

Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential.

#### (j) Infrastructure, property, plant and equipment (IPPE)

##### Acquisition of assets

Council's non-current assets are continually revalued (over a 5-year period) in accordance with the fair valuation policy as mandated by the Office of Local Government.

At balance date, the following classes of IPPE were stated at their fair value:

- **Investment Properties** – refer Note 1(p),
- **Operational Land** (External Valuation) [Initial Valuation: 2009, Current Valuation: 2014]
- **Buildings – Specialised/Non Specialised** (External and Internal Valuation) [Initial Valuation: 2009, Current Valuation: 2014]
- **Property Plant & Equipment, Office Equipment & Furniture & Fittings** (as approximated by depreciated historical cost)
- **Library Books** (as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths** (Internal Valuation) [Initial Valuation: 2010, Current Valuation: 2016]
- **Drainage Assets** (Internal Valuation) [Initial Valuation: 2010, Current Valuation: 2016]
- **Community Land** (Internal Valuation) [Initial Valuation: 2011, Current Valuation: 2016]
- **Other Structures** (Internal Valuation) [Initial Valuation: 2011, Current Valuation: 2016]
- **Other Open Space / Recreational Assets** (Internal Valuation) [Initial Valuation: 2011, Current Valuation: 2016]

##### Initial recognition

On initial recognition, an asset's cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (i.e. date of exchange) of the asset to arrive at fair value.

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date – being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

##### Subsequent costs

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.

##### Asset revaluations (including indexation)

In accounting for asset revaluations relating to infrastructure, property, plant and equipment:

- increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve,
- to the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss,
- net decreases that reverse previous increases of the same asset class are first charged against



## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income Statement.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5-year cycle. The next scheduled revaluation by asset class based on this cycle is outlined in the table below. It is noted that although the schedule provides mandatory revaluation dates Council aims to revalue all asset classes on an annual basis.

Asset Class	Due
Buildings – Non Specialised & Specialised	30 June 2019
Operational Land	30 June 2019
Roads, Bridges, Footpaths & Drainage	30 June 2020
Community Land, Other Open Space / Recreational Assets, Other Structures, Swimming Pools & Land Improvements	30 June 2021

#### Capitalisation thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following:

<b>Land</b>	
Council land	100% Capitalised
Open space	100% Capitalised
Land under roads (purchases after 30/6/08)	100% Capitalised

<b>Plant and Equipment</b>	
Office Equipment	100% Capitalised
Office Furniture	> \$5,000
Other Plant and Equipment	> \$5,000

#### Buildings and Land Improvements

Buildings	
Construction/extensions	100% Capitalised
Renovations	> \$5,000
Other Structures	> \$5,000

#### Stormwater Assets

Drains and Culverts	> \$5,000
Other	> \$5,000

#### Roads, Bridges and Footpaths

Construction and reconstruction	100% Capitalised
Reseal/Re-sheet and major repairs:	> \$5,000

#### Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight-line method (or describe here any other methods Council uses) in order to allocate an asset's cost (net of residual values) over its estimated useful life.

Land is not depreciated.

Estimated useful lives for Council's IPP&E include:

#### Plant and Equipment

Office Equipment	5 to 10 years
Furniture and Fittings	10 to 20 years
Vehicles	5 to 7 years
Earthmoving Equipment	10 to 20 years
Rural Fire Service Equipment	5 to 10 years
Other plant and equipment	5 to 15 years

#### Other Equipment

Playground equipment	10 to 15 years
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#### Buildings

Buildings	15 to 50 years
Public Amenities	10 to 50 years

#### Stormwater Drainage

Stormwater Drainage Infrastructure	75 to 100 years
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#### Transportation Assets

Roads - Infrastructure	20 to 80 years
Bridges - Concrete	30 to 80 years
Footpaths - Concrete	60 to 80 years
Shared Path - Concrete	30 to 80 years

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

##### Other Infrastructure Assets

Land Improvements	10 to 50 years
Bulk earthworks	Infinite
Land – Council owned	Infinite
Land – Council controlled	Infinite

##### Other Assets

Swimming Pools	50 years
Library Books	6 years

All asset residual values and useful lives are reviewed and adjusted (if appropriate) at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – refer Note 1 (s) on asset impairment.

##### Disposal and derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

##### (k) Land

Land (other than land under roads) is in accordance with Part 2 of Chapter 6 of the *Local Government Act (1993)* classified as either operational or community.

This classification of land is disclosed in Note 9 (a).

##### (l) 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 acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment.

##### (m) 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 services, direct payroll and payroll-related costs of employees' time spent on the project.

Amortisation is calculated on a straight line bases over periods generally ranging from 3 to 5 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.

##### (n) Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council.

While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

Representations are currently being sought across state and local government to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

##### (o) Rural fire service assets

Under section 119 of the *Rural Fires Act 1997*, 'all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

*be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed'.*

At present, the accounting for such fire fighting equipment is not treated in a consistent manner across all Councils.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as it has been doing in previous years, which is to incorporate the assets, their values and depreciation charges within these financial statements.

#### **(p) Investment property**

Investment property comprises land and/or buildings that are principally held for long-term rental yields, capital gains or both, that is not occupied by Council.

Investment property is carried at fair value, representing an open market value determined annually by external valuers.

Annual changes in the fair value of investment properties are recorded in the Income Statement as part of 'other income'.

Full revaluations are carried out every 3 years with an appropriate index utilised each year in between the full revaluations.

The last full revaluation for Council's investment properties was dated 30/06/2016

#### **(q) Provisions for close down, restoration and for environmental clean-up costs – including tips and quarries**

Close down, restoration and remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and the 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 that are expected to arise from future disturbance.

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.

Close down, restoration and remediation 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.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the Income Statement in each accounting period.

This amortisation of the discount is disclosed as a borrowing cost in Note 4 (b).

Other movements in the provisions for close down, restoration and remediation 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.

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 balance sheet 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 balance sheet date.

These costs are charged to the Income Statement.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwind of the discount, which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations.

The expected timing of expenditure can also change, for example, in response to changes in quarry reserves or production rates.

As a result there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

Specific information about Council's provisions relating to close down, restoration and remediation costs can be found at Note 26.

#### **(r) Non-current assets (or disposal groups) 'held for sale' and discontinued operations**

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either:

- (i) their carrying amount, and
- (ii) fair value less costs to sell,

if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles, which are turned over on a regular basis. Plant and motor vehicles are retained in non-current assets under the classification of infrastructure, property, plant and equipment – unless the assets are to be traded in after 30 June and the replacement assets

were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as non-current assets 'held for sale', an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

Non-current assets 'held for sale' are not depreciated or amortised while they are classified as 'held for sale'.

Non-current assets classified as 'held for sale' are presented separately from the other assets in the balance sheet.

A discontinued operation is a component of Council that has been disposed of or is classified as 'held for sale' and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the Income Statement.

#### **(s) Impairment of assets**

All Council's IPP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed 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.

Where an asset is not held principally for cash-generating purposes (for example infrastructure assets) and would be replaced if the Council was deprived of it, then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Non-financial assets (other than goodwill) that suffered a prior period impairment are reviewed for



## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

possible reversal of the impairment at each reporting date.

Goodwill and other intangible assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

##### (t) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year that are unpaid.

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

##### (u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

##### (v) Borrowing costs

Borrowing costs are expensed / except to the extent that they are incurred during the construction of qualifying assets.

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.

##### (w) Provisions

Provisions for legal claims, service warranties and other like liabilities are recognised when:

- Council has a present legal or constructive obligation as a result of past events,
- it is more likely than not that an outflow of resources will be required to settle the obligation, and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

##### (x) Employee benefits

###### (i) Short-term obligations

Short-term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be wholly settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

All other short-term employee benefit obligations are presented as payables.

Liabilities for non-vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages and salaries, annual leave and vesting sick leave are all classified as current liabilities.

#### (ii) Other long-term obligations

The liability for all long service and annual leave in respect of services provided by employees up to the reporting date (which is not expected to be wholly settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

These liabilities are measured at the present value of the expected future payments to be made 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 then discounted using market yields at the reporting date based on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

Due to the nature of when and how long service leave can be taken, all long service leave for employees with 5 or more years of service has been classified as current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 5 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

#### (iii) 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.

#### Defined benefit plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the 'Local Government Superannuation Scheme – Pool B'.

This scheme has been deemed to be a 'multi-employer fund' for the purposes of AASB 119.

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

The Local Government Superannuation Scheme has advised member Council's that it has a deficiency of assets over liabilities. The position has been monitored during the period and the Actuary has estimated that at 30 June 2016 a deficit still exists.

As a result, Local Government Superannuation has asked for higher contributions to recover that deficiency.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

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 these financial statements.

Council has, however, disclosed a contingent liability in Note 18 to reflect the possible obligation that may arise should the scheme require immediate payment to correct the deficiency.

#### Defined contribution 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.

#### (iv) Employee benefit on-costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those 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 accrued as at 30/06/16.

#### (y) Self-insurance

Council has determined to self-insure for various risks, including public liability and professional indemnity.

A provision for self-insurance has been made to recognise outstanding claims the amount of which is detailed in Note 10.

Council also maintains cash and investments to meet expected future claims and these are detailed in Note 6 (c).

#### (z) Allocation between current and non-current assets and liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is

given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

#### Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if it is not expected to be settled within the next 12 months.

In the case of inventories that are 'held for trading', these are also classified as current even if not expected to be realised in the next 12 months.

#### (aa) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does, however, have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

#### Goods and Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Cash Flow Statement are on a gross basis, i.e. they are inclusive of GST where applicable.

Investing and financing cash flows are treated on a net basis (where recoverable from the ATO), i.e. they are exclusive of GST. Instead, the GST component

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

of investing and financing activity cash flows that are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

#### (ab) New accounting standards and Interpretations issued (not yet effective)

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2016.

Council has not adopted any of these standards early.

Apart from the AASB disclosures below, there are no other standards that are 'not yet effective' that are expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

Council's assessment of the impact of upcoming new standards and interpretations that are likely to have an effect are set out below.

#### **AASB 9 – Financial Instruments**

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

The overriding impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets and financial liabilities.

These requirements are designed to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories:

- fair value, and

- amortised cost (where financial assets will only be able to be measured at amortised cost when very specific conditions are met).

Council is yet to undertake a detailed assessment of the impact of AASB 9.

#### **AASB 15 – Revenue from Contracts with Customers and associated amending standards**

AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

AASB 15 will introduce a 5-step process for revenue recognition with the core principle of the new standard being that entities recognise revenue so as to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies relating to the timing and amount of revenue recorded in the financial statements, as well as additional disclosures.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2018.

Council is yet to undertake a detailed assessment of the impact of AASB 15.

#### **AASB ED 260 Income of Not-for-Profit Entities**

The AASB previously issued exposure draft AASB ED 260 on Income of Not-for-Profit Entities in April 2015.

The exposure draft proposed specific not-for-profit entity requirements and guidance when applying the principles of AASB 15 to income from certain transactions.

Much of the material in AASB 1004 is expected to be replaced by material included in AASB ED 260.

Specific revenue items that may considerably change are Grants and Contributions.

The most likely financial statement impact is the deferred recognition of Grants and Contributions (i.e.



## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

recognition as unearned revenue [liability]) until Council has met the associated performance obligation/s relating to the Grants or Contribution.

At this stage there is no specific date of release for a standard or a date of applicability.

##### **AASB16 – Leases**

AASB 116 Leases replaces AASB 117 Leases and some associated lease-related Interpretations.

AASB 16 introduces a single lease accounting model (for lessees) that will require all leases to be accounted for on the balance sheet (ie. recognition of both a right-of-use asset and a corresponding lease) for all leases with a term of more than 12 months unless the underlying assets are determined to be of 'low value'. There will also be detailed disclosure requirements for all lessees.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2019.

Council is yet to undertake a detailed assessment of the accounting impacts from AASB 16. However, based on preliminary assessments, impacts from the first time adoption of the standard are likely to include:

- a significant increase in lease assets and financial liabilities recognised on the balance sheet,
- a reduction in reported equity as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities,
- lower operating cash outflows and higher financing cash flows in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities.

##### **AASB2015-6 – Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities**

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council. This means that Council will be required to disclose information about related parties and Council transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are associated with will be classified as related parties (and fall under the related party reporting requirements).

##### **AASB 2014 – 10 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in AASB 10 and those in AASB 128 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

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. The effective date of this standard is for annual reporting periods beginning on or after 1 January 2018.

This standard will only impact Council where there has been a sale or contribution of assets between the entity and the associate/joint venture.

##### **(ac) Rounding of amounts**

Unless otherwise indicated, amounts in the financial statements have been rounded off to the nearest thousand dollars.

##### **(ad) Comparative figures**

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

##### **(ae) Disclaimer**

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 2(a). Council functions/activities – financial information

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/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		Total assets held (current & non-current)	
	Original budget	Actual	Actual	Original budget	Actual	Actual	Original budget	Actual	Actual	Actual	Actual	Actual	Actual
	2016	2016	2015	2016	2016	2015	2016	2016	2015	2016	2015	2016	2015
Planning and engagement	6,871	15,984	14,927	24,663	23,150	22,035	(17,792)	(7,166)	(7,108)	70	521	266,046	257,630
Environment	42,400	41,175	45,843	60,690	56,970	57,255	(18,290)	(15,795)	(11,412)	1,328	1,925	344,599	343,524
Transport services/infrastructure	11,274	11,631	9,675	42,849	44,536	42,361	(31,575)	(32,905)	(32,686)	12,387	7,271	365,645	366,169
Community services/facilities	7,940	9,917	8,752	29,946	30,133	29,788	(22,006)	(20,216)	(21,036)	5,634	4,575	30,945	30,747
Recreation and open space	10,424	11,057	10,468	43,453	43,825	41,944	(33,029)	(32,768)	(31,476)	–	88	89,947	85,287
Regulatory services and safety	7,684	7,983	8,001	17,295	17,260	16,764	(9,611)	(9,277)	(8,763)	639	529	1,721	1,732
Governance and internal services	10,106	12,909	17,109	37,036	37,337	31,476	(26,930)	(24,428)	(14,367)	1,232	1,136	1,356,867	1,347,342
Contributed Assets	–	4,588	1,909	–	–	–	–	4,588	1,909	–	–	–	–
<b>Total functions and activities</b>	<b>96,699</b>	<b>115,244</b>	<b>116,684</b>	<b>255,932</b>	<b>253,211</b>	<b>241,623</b>	<b>(159,233)</b>	<b>(137,967)</b>	<b>(124,939)</b>	<b>21,290</b>	<b>16,045</b>	<b>2,455,770</b>	<b>2,432,431</b>
Share of gains/(losses) in associates and joint ventures (using the equity method)	–	150	–	–	–	22	–	150	(22)	–	–	1,310	1,160
General purpose income <sup>1</sup>	167,341	165,654	156,555	–	–	–	167,341	165,654	156,555	19,217	19,142	–	–
<b>Operating result from continuing operations</b>	<b>264,040</b>	<b>281,048</b>	<b>273,239</b>	<b>255,932</b>	<b>253,211</b>	<b>241,645</b>	<b>8,108</b>	<b>27,837</b>	<b>31,594</b>	<b>40,507</b>	<b>35,187</b>	<b>2,457,080</b>	<b>2,433,591</b>

1. Includes: rates and annual charges (incl. ex-gratia), untied general purpose grants and unrestricted interest and investment income.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### 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:**

##### **Planning and Engagement**

Infrastructure Planning and Support, City Centre Management, Land Use Planning, Public Relations, Economic Development, Strategy and Planning

##### **Environment**

Waste Management, Stormwater Services, Natural Area Management, Environmental Planning and Programs

##### **Transport Services/Infrastructure**

Transport Services and Infrastructure works

##### **Community Services/Facilities**

Libraries, Cultural Services, Community Facilities, Age and Disability Services, Crematorium and Cemeteries, Community Programs, Youth Services

##### **Recreation and Open Space**

Parks and Sports fields, Aquatic Services, Tourist Parks, Leisure Centres, Botanic Gardens

##### **Regulatory Services and Safety**

Emergency Management, Development Assessment, Regulatory Control, Public Health

##### **Governance & Internal Services**

Governance and Administration, Human Resources, Financial Services, Customer Service, Property Services, Information Technology, Internal Services

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 3. Income from continuing operations

\$ '000	Notes	Actual 2016	Actual 2015
<b>(a) Rates and annual charges</b>			
<b>Ordinary rates</b>			
Business		43,490	41,020
Farmland		301	422
Mining		1,007	945
Residential		97,718	90,623
Abandonments <sup>(1)</sup>		(233)	(32)
<b>Total ordinary rates</b>		<b>142,283</b>	<b>132,978</b>
<b>Special rates</b>			
City centre		399	402
Mall		995	968
<b>Total special rates</b>		<b>1,394</b>	<b>1,370</b>
<b>Annual charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		28,698	30,753
Stormwater management services		1,777	1,750
Abandonments – annual charges <sup>(1)</sup>		(3)	(2)
<b>Total annual charges</b>		<b>30,472</b>	<b>32,501</b>
<b>TOTAL RATES AND ANNUAL CHARGES</b>		<b>174,149</b>	<b>166,849</b>

(1) Abandonments refer to amounts owed to Council that have been written off due to the property being exempted of rates, pensioner interest being waived, voluntary Council rebates, postponed rates and voluntary conservation agreements as per the OLG Rating and Revenue Raising Manual 2007.

Council has used 2013 year valuations provided by the NSW Valuer General in calculating its rates.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2016	Actual 2015
<b>(b) User charges and fees</b>			
<b>Specific user charges</b> (per s.502 – specific 'actual use' charges)			
Waste management services (non-domestic)		8,713	10,993
<b>Total user charges</b>		<b>8,713</b>	<b>10,993</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Contestable building services		333	297
Inspection services		471	536
Planning and building regulation		2,740	2,687
Registration fees		152	230
Section 149 certificates (EPA Act)		613	611
Section 603 certificates (rating certificate)		332	323
Section 611 charges (occupation of land)		227	168
Other		25	29
<b>Total fees and charges – statutory/regulatory</b>		<b>4,893</b>	<b>4,881</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Additional waste services		99	75
Art gallery		15	12
Car parking		797	785
Credit card payment processing fee		152	156
Crematorium and cemeteries		2,352	2,535
Golf Course		517	509
Health inspections		274	265
Hire charges		543	537
Leaseback fees – Council vehicles		716	726
Library		59	55
Marketing		31	33
Outdoor dining		116	86
Parking meters		1,267	1,360
Pre-lodgement meeting fees		98	80
Recreation		3,770	3,610
Road opening permits		266	242
Stallholder Fees		61	40
Tourist parks		6,332	5,684
Tree management requests		101	93
Other		80	94
<b>Total fees and charges – other</b>		<b>17,646</b>	<b>16,977</b>
<b>TOTAL USER CHARGES AND FEES</b>		<b>31,252</b>	<b>32,851</b>

## Wollongong City Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2016	Actual 2015
<b>(c) Interest and investment revenue (including losses)</b>			
<b>Interest</b>			
– Interest on overdue rates and annual charges (incl. special purpose rates)		557	608
– Interest earned on investments (interest and coupon payment income)		4,957	4,743
<b>Fair value adjustments</b>			
– Fair valuation movements in investments (at fair value or held for trading)		83	331
<b>Amortisation of premiums and discounts</b>			
– Interest free (and interest reduced) loans provided		–	7
<b><u>TOTAL INTEREST AND INVESTMENT REVENUE</u></b>		<b><u>5,597</u></b>	<b><u>5,689</u></b>

#### Interest revenue is attributable to:

##### Unrestricted investments/financial assets:

Overdue rates and annual charges (general fund)	557	608
General Council cash and investments	3,597	3,827

##### Restricted investments/funds – external:

Development contributions		
– Section 94	436	619
Unexpended infrastructure loan	204	287
Other externally restricted assets	803	348

<b>Total interest and investment revenue recognised</b>	<b>5,597</b>	<b>5,689</b>
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#### (d) Other revenues

Fair value increments – investment properties	14	2,025	–
Diesel rebate		200	167
Fines		742	767
Fines – parking		1,860	2,368
Insurance claim recoveries		463	480
Legal fees recovery – rates and charges (extra charges)		199	216
Legal settlements		120	1,843
Outgoings reimbursements		337	152
Reimbursements		1,158	327
Rental income – investment properties	14	387	406
Rental income – other council properties		4,320	4,353
Sales – general		612	402
Sponsorship and promotional income		53	57
Other		415	427
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>12,891</u></b>	<b><u>11,965</u></b>

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 3. Income from continuing operations (continued)

\$ '000	2016 Operating	2015 Operating	2016 Capital	2015 Capital
<b>(e) Grants</b>				
<b>General purpose (untied)</b>				
Financial assistance	17,499	17,485	–	–
Pensioners' rates subsidies – general component	1,718	1,657	–	–
<b>Total general purpose</b>	<b>19,217</b>	<b>19,142</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>				
Arts and culture	76	73	–	–
Buildings	–	–	25	87
Community development and support	285	326	46	–
Economic development	10	–	–	–
Emergency services	566	484	–	–
Environmental management and enhancement	172	91	–	–
Environmental protection	73	54	–	–
Floodplain and stormwater management	44	23	–	–
Footpaths and cycleways	–	–	475	1,275
HACC community transport	2,436	2,413	744	–
Heritage and cultural	10	9	–	–
Illawarra dementia respite service	145	429	–	–
Information technology	–	–	165	85
Infrastructure renewal	–	456	–	–
Library	472	465	–	–
LIRS subsidy	1,200	979	–	–
Local bus route subsidy	58	82	–	–
Natural area management	142	208	–	–
– Domestic waste management	488	552	–	–
People and learning	33	66	–	–
Recreation and culture	–	63	–	–
Strategic city planning	110	42	–	–
Street lighting	658	645	–	–
Transport (roads to recovery)	–	–	3,750	679
Transport (other roads and bridges funding)	–	–	7,377	4,544
Voluntary purchase scheme	–	–	33	615
Waste performance improvement	433	433	–	–
Wollongong multi service outlet	1,264	867	–	–
<b>Total specific purpose</b>	<b>8,675</b>	<b>8,760</b>	<b>12,615</b>	<b>7,285</b>
<b>Total grants</b>	<b>27,892</b>	<b>27,902</b>	<b>12,615</b>	<b>7,285</b>
<b>Grant revenue is attributable to:</b>				
– Commonwealth funding	20,907	20,994	3,750	749
– State funding	6,985	6,908	8,121	6,536
– Other funding	–	–	744	–
	<b>27,892</b>	<b>27,902</b>	<b>12,615</b>	<b>7,285</b>



## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 3. Income from continuing operations (continued)

\$ '000	2016 Operating	2015 Operating	2016 Capital	2015 Capital
<b>(f) Contributions</b>				
<b>Developer contributions:</b>				
<b>(s93 &amp; s94 – EP&amp;A Act, s64 of the LGA):</b>				
S 94A – fixed development consent levies	–	–	4,317	8,512
S 94 West Dapto	–	–	4,871	3,021
<b>Total developer contributions</b>	<b>17</b>	<b>–</b>	<b>9,188</b>	<b>11,533</b>
<b>Other contributions:</b>				
Animal control	–	14	–	–
Community development and support	68	90	–	–
Community services and facilities	756	575	–	–
Contributed bushfire assets	–	–	605	–
Contributed transport assets (RMS)	–	–	435	–
Dedications (other than by S94)	–	–	3,548	1,906
Emergency	–	–	100	–
Footpaths and cycleways	–	2	–	–
Parks, gardens and sportsfields	115	46	57	270
People & Learning	9	–	–	–
Pollution minimisation	90	37	–	–
Roads and bridges	34	27	–	1,039
RMS contributions (regional roads, block grant)	1,487	1,459	–	–
Rural fire service operations	–	149	–	–
Strategic city planning	–	17	–	–
Surf life saving NSW	10	1	–	–
<b>Total other contributions</b>	<b>2,569</b>	<b>2,417</b>	<b>4,745</b>	<b>3,215</b>
<b>Total contributions</b>	<b>2,569</b>	<b>2,417</b>	<b>13,933</b>	<b>14,748</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>	<b>30,461</b>	<b>30,319</b>	<b>26,548</b>	<b>22,033</b>

\$ '000	Actual 2016	Actual 2015
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#### (g) Restrictions relating to grants and contributions

##### Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:

Unexpended at the close of the previous reporting period	20,089	25,568
Add: grants and contributions recognised in the current period but not yet spent:	6,223	13,584
Less: grants and contributions recognised in a previous reporting period now spent:	(6,065)	(19,063)

**Net increase (decrease) in restricted assets during the period** **158** **(5,479)**

**Unexpended and held as restricted assets** **20,247** **20,089**

##### Comprising:

– Specific purpose unexpended grants	4,655	4,855
– Developer contributions	15,370	15,094
– Other contributions	222	140
	<b>20,247</b>	<b>20,089</b>

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 2016	Actual 2015
<b>(a) Employee benefits and on-costs</b>			
Employee leave entitlements (ELE)		15,461	13,728
Fringe benefit tax (FBT)		222	213
Labour Hire		549	366
Payroll tax		43	35
Protective clothing		272	280
Salaries and wages		86,182	82,120
Superannuation		10,822	10,421
Training costs (other than salaries and wages)		717	668
Workers compensation provision		(470)	(2,159)
Workers compensation – self insurance		1,981	2,057
Other		226	189
<b>Total employee costs</b>		<b>116,005</b>	<b>107,918</b>
Less: capitalised costs		(12,458)	(12,519)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>103,547</b>	<b>95,399</b>
Number of 'full-time equivalent' employees (FTE) at year end		<b>1,117</b>	<b>1,056</b>
<b>(b) Borrowing costs</b>			
<b>(i) Interest bearing liability costs</b>			
Interest on loans		1,547	1,311
<b>Total interest bearing liability costs expensed</b>		<b>1,547</b>	<b>1,311</b>
<b>(ii) Other borrowing costs</b>			
Amortisation of discount on interest free (& favourable) loans to Council		872	1,004
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	26	1,804	1,722
<b>Total other borrowing costs</b>		<b>2,676</b>	<b>2,726</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>4,223</b>	<b>4,037</b>

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2016	Actual 2015
<b>(c) Materials and contracts</b>			
Auditors remuneration <sup>(1)</sup>		98	105
Contractor and consultancy costs		64,761	68,447
– Waste Contractor		17,950	16,014
– Road Works Contractor		2,279	2,995
– Building Contractor		1,745	1,669
– Parks Contractor		1,678	1,328
– Cleaning Contractor		862	796
– Security Contractor		1,043	855
– Software Maintenance & Support Contractor		1,830	1,475
– Internal audit		157	145
Legal expenses:			
– Legal expenses: planning and development		–	27
– Legal expenses: other		1,501	1,079
Operating leases:			
– Operating lease rentals: minimum lease payments <sup>(2)</sup>		100	100
Raw materials and consumables		13,988	15,780
<b>Total materials and contracts</b>		<b>107,992</b>	<b>110,815</b>
Less: capitalised costs		(60,848)	(65,168)
<b>TOTAL MATERIALS AND CONTRACTS</b>		<b>47,144</b>	<b>45,647</b>

#### 1. Auditor remuneration

During the year, the following fees were incurred for services provided by the Council's Auditor:

##### (i) Audit and other assurance services

– Audit and review of financial statements: Council's Auditor

##### Remuneration for audit and other assurance services

##### Total Auditor remuneration

98	105
<b>98</b>	<b>105</b>
<b>98</b>	<b>105</b>

#### 2. Operating lease payments are attributable to:

Other

100	100
<b>100</b>	<b>100</b>

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Impairment costs		Depreciation/amortisation	
		Actual 2016	Actual 2015	Actual 2016	Actual 2015
(d) Depreciation, amortisation and impairment					
Asset reinstatement costs	9 & 26	—	—	221	220
Furniture and fittings		—	—	96	145
Infrastructure:					
– Buildings – non-specialised		—	—	5,791	6,068
– Buildings – specialised		6	—	6,108	6,396
– Other structures		—	—	589	585
– Roads		—	—	21,681	20,994
– Bridges		—	—	1,769	1,635
– Footpaths		—	—	3,822	3,709
– Stormwater drainage		—	—	9,600	9,436
– Swimming pools		—	—	515	597
– Other open space/recreational assets		—	—	3,670	3,303
Office equipment		—	—	899	1,421
Other assets					
– Library books		—	—	1,026	1,031
– Other		—	—	1,360	777
Plant and equipment		—	—	4,201	4,119
Intangible assets	25	—	—	534	327
<b>TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED</b>		<b>6</b>	<b>—</b>	<b>61,882</b>	<b>60,763</b>

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2016	Actual 2015
<b>(e) Other expenses</b>			
Other expenses for the year include the following:			
Advertising		284	314
Bad and doubtful debts		56	(16)
Bank charges		439	447
Carbon tax expense		–	140
Contributions/levies to other levels of government			
– Emergency Services levy (includes FRNSW, SES, and RFS levies)		346	294
– NSW Fire Brigade levy		2,649	2,552
– NSW Rural Fire Service levy		405	310
– Waste and environment levy		12,899	14,662
Councillor expenses – mayoral fee		80	78
Councillor expenses – councillors' fees		355	347
Councillors' expenses (incl. mayor) – other (excluding fees above)		74	71
Donations, contributions and assistance to other organisations (Section 356)			
– City centre management		676	724
– Crown St Facade rejuvenation		50	424
– Illawarra institute of sport		35	35
– Illawarra joint project organisation		50	74
– Illawarra performing arts centre		661	646
– Illawarra regional information service		88	86
– Illawarra surf life saving		50	52
– Neighbourhood youth program		199	199
– Sponsorship fund		66	59
– Tourism		971	960
– Other		549	639
Fair value decrements – I,PP&E	9(a)	1,470	–
Insurance		2,958	3,217
Light, electricity and heating		1,981	2,114
Membership fees		140	174
Postage		432	331
Provision for self insurance claims		(180)	180
Rental agreements		302	245
Royalty Payments		306	272
Sewerage charges		319	230
Street lighting		2,916	3,145
Telephone and communications		677	740
Valuation fees		398	396
Volunteer reimbursements		229	213
Water rates		887	868
Other		1,041	1,347
<b>Total other expenses</b>		<b>34,858</b>	<b>36,569</b>
Less: capitalised costs		(76)	(792)
<b>TOTAL OTHER EXPENSES</b>		<b>34,782</b>	<b>35,777</b>

## Wollongong City Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	Actual 2016	Actual 2015
<b>Property</b> (excl. investment property)			
Proceeds from disposal – property		–	9,535
Less: carrying amount of property assets sold/written off		(333)	(4,297)
<b>Net gain/(loss) on disposal</b>		<b>(333)</b>	<b>5,238</b>
<b>Plant and equipment</b>			
Proceeds from disposal – plant and equipment		919	1,490
Less: carrying amount of plant and equipment assets sold/written off		(832)	(1,069)
<b>Net gain/(loss) on disposal</b>		<b>87</b>	<b>421</b>
<b>Infrastructure</b>			
Less: carrying amount of infrastructure assets sold/written off		(1,381)	(1,971)
<b>Net gain/(loss) on disposal</b>		<b>(1,381)</b>	<b>(1,971)</b>
<b>Financial assets</b>			
Proceeds from disposal/redemptions/maturities – financial assets		78,054	57,074
Less: carrying amount of financial assets sold/redeemed/matured		(78,054)	(57,074)
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Non-current assets classified as ‘held for sale’</b>			
Proceeds from disposal – non-current assets ‘held for sale’		–	1,545
Less: carrying amount of ‘held for sale’ assets sold/written off		–	(1,700)
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>(155)</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(1,627)</b>	<b>3,533</b>

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 6a. – Cash assets and Note 6b. – investments

\$ '000	Notes	2016 Actual Current	2016 Actual Non-current	2015 Actual Current	2015 Actual Non-current
<b>Cash and cash equivalents (Note 6a)</b>					
Cash on hand and at bank		692	–	1,175	–
Cash-equivalent assets <sup>1</sup>					
– Deposits at call		17,055	–	32,405	–
<b>Total cash and cash equivalents</b>		<b>17,747</b>	<b>–</b>	<b>33,580</b>	<b>–</b>
<b>Investments (Note 6b)</b>					
– Managed funds		1,729	–	1,719	–
– Long term deposits		94,530	10,085	91,030	9,000
– NCD's, FRN's (with maturities > 3 months)		24,543	–	4,013	–
– Mortgage backed securities		1,625	–	1,736	–
– Other long term financial assets		3,766	–	3,578	–
<b>Total investments</b>		<b>126,193</b>	<b>10,085</b>	<b>102,076</b>	<b>9,000</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>		<b>143,940</b>	<b>10,085</b>	<b>135,656</b>	<b>9,000</b>

<sup>1</sup> Those investments where time to maturity (from date of purchase) is < 3 mths.

**Cash, cash equivalents and investments were  
classified at year end in accordance with  
AASB 139 as follows:**

#### Cash and cash equivalents

a. 'At fair value through the profit and loss'		<b>17,747</b>	<b>–</b>	<b>33,580</b>	<b>–</b>
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#### Investments

a. 'At fair value through the profit and loss'					
– 'Held for trading'	6(b-i)	31,663	–	11,046	–
b. 'Held to maturity'	6(b-ii)	94,530	10,085	91,030	9,000
<b>Investments</b>		<b>126,193</b>	<b>10,085</b>	<b>102,076</b>	<b>9,000</b>

Refer to Note 27. Fair value measurement for information regarding the fair value of investments held.



## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 6b. investments (continued)

\$ '000	2016 Actual Current	2016 Actual Non-current	2015 Actual Current	2015 Actual Non-current
<b>Note 6(b-i)</b>				
<b>Reconciliation of investments classified as 'at fair value through the profit and loss'</b>				
Balance at the beginning of the year	11,046	–	7,642	–
Revaluations (through the Income Statement)	83	–	331	–
Additions	21,588	–	3,147	–
Disposals (sales and redemptions)	(1,054)	–	(74)	–
<b>Balance at end of year</b>	<b>31,663</b>	<b>–</b>	<b>11,046</b>	<b>–</b>
<b>Comprising:</b>				
– Managed funds	1,729	–	1,719	–
– NCD's, FRN's (with maturities > 3 months)	24,543	–	4,013	–
– Mortgage backed securities	1,625	–	1,736	–
– Other long term financial assets	3,766	–	3,578	–
<b>Total</b>	<b>31,663</b>	<b>–</b>	<b>11,046</b>	<b>–</b>
<b>Note 6(b-ii)</b>				
<b>Reconciliation of investments classified as 'held to maturity'</b>				
Balance at the beginning of the year	91,030	9,000	56,030	21,000
Additions	65,500	16,085	76,000	4,000
Disposals (sales and redemptions)	(77,000)	–	(57,000)	–
Transfers between current/non-current	15,000	(15,000)	16,000	(16,000)
<b>Balance at end of year</b>	<b>94,530</b>	<b>10,085</b>	<b>91,030</b>	<b>9,000</b>
<b>Comprising:</b>				
– Other long term financial assets	94,530	10,085	91,030	9,000
<b>Total</b>	<b>94,530</b>	<b>10,085</b>	<b>91,030</b>	<b>9,000</b>

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 6c. Restricted cash, cash equivalents and investments – details

	2016 Actual Current	2016 Actual Non-current	2015 Actual Current	2015 Actual Non-current
<b>\$ '000</b>				
<b>Total cash, cash equivalents and investments</b>	<b>143,940</b>	<b>10,085</b>	<b>135,656</b>	<b>9,000</b>
<b>attributable to:</b>				
External restrictions (refer below)	65,191	10,085	68,693	9,000
Internal restrictions (refer below)	55,377	–	41,960	–
Unrestricted	23,372	–	25,003	–
	<b>143,940</b>	<b>10,085</b>	<b>135,656</b>	<b>9,000</b>

	2016 Opening balance	Transfers to restrictions	Transfers from restrictions	2016 Closing balance
<b>\$ '000</b>				

#### Details of restrictions

##### External restrictions – other

Developer contributions – general	(A)	15,094	9,624	(9,348)	15,370
RMS (formerly RTA) contributions	(B)	140	2,342	(2,260)	222
Specific purpose unexpended grants	(C)	4,855	17,242	(17,442)	4,655
Domestic waste management	(D)	10,697	503	(1,245)	9,955
Stormwater management	(D)	371	1,757	(740)	1,388
Private contributions		4,821	1,369	(2,252)	3,938
Unexpended loan	(E)	7,020	204	(17)	7,207
Special rates levy – Wollongong mall		201	1,035	(1,104)	132
Special rates levy – city centre		4	395	(393)	6
Carbon price	(G)	4,378	–	(7)	4,371
Local infrastructure renewal scheme round 1	(F)	6,605	–	(3,745)	2,860
Local infrastructure renewal scheme round 2	(F)	2,691	–	(2,691)	–
Local infrastructure renewal scheme round 3	(F)	15,000	297	–	15,297
West Dapto home deposit assistance program		5,816	3,974	–	9,790
West Dapto home deposits issued		–	85	–	85
<b>External restrictions – other</b>		<b>77,693</b>	<b>38,827</b>	<b>(41,244)</b>	<b>75,276</b>
<b>Total external restrictions</b>		<b>77,693</b>	<b>38,827</b>	<b>(41,244)</b>	<b>75,276</b>

- A** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- B** RMS contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- C** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1 )
- D** Domestic waste management (DWM) and other special rates/levies/charges are externally restricted assets and must be applied for the purposes for which they were raised.
- E** State Government interest free loan to be administered on infrastructure as part of the West Dapto development.
- F** State Government subsidised loans to be administered on infrastructure projects over the Local Government area.

## Wollongong City Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 6c. Restricted cash, cash equivalents and investments – details (continued)

**G** Following repeal of the carbon price, future year carbon price liabilities associated with waste deposited during 2012-13 and 2013-14 were extinguished. On 9 November 2015 Council resolved to participate in the Voluntary Waste Protocol. As part of this, Council agreed that \$2.3M of early charges collected through domestic waste management charges would be refunded to rate payers via 2016-17 rate notices. A further \$1.8M was allocated to carbon tax abatement projects that would be implemented over 2016-17 and 2017-18 financial years. A further \$50K is to be retained to meet future audit and compliance costs imposed by the protocol.

2016 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
<b>Internal restrictions</b>				
Car parking strategy	253	706	(50)	909
Darcy Wentworth park	164	6	–	170
Future programs	6,941	–	(1,377)	5,564
Strategic projects	11,208	12,675	–	23,883
MacCabe park development	691	150	–	841
Property	4,121	–	–	4,121
Property investment fund	7,845	290	–	8,135
Sports priority program	515	234	(252)	497
Southern phone natural areas	489	279	(292)	476
Telecommunications reserve	118	37	–	155
Waste disposal facility	9,533	3,201	(2,726)	10,008
West Dapto development	82	445	–	527
Beaton Park Athletic Track	–	3	(3)	–
Lake Illawarra Estuary Management Fund	–	165	(74)	91
<b>Total internal restrictions</b>	<b>41,960</b>	<b>18,191</b>	<b>(4,774)</b>	<b>55,377</b>
<b>TOTAL RESTRICTIONS</b>	<b>119,653</b>	<b>57,018</b>	<b>(46,018)</b>	<b>130,653</b>

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 7. Receivables

\$ '000	Notes	2016		2015	
		Current	Non-current	Current	Non-current
<b>Purpose</b>					
Rates and annual charges		7,512	–	8,256	–
Interest and extra charges		1,335	–	1,455	–
User charges and fees		4,808	–	5,044	–
Accrued revenues					
– Interest on investments		1,613	–	1,612	–
– Other income accruals		2,371	–	2,186	–
Government grants and subsidies		2,291	–	2,791	–
Net GST receivable		1,952	–	1,311	–
<b>Total</b>		<b>21,882</b>	<b>–</b>	<b>22,655</b>	<b>–</b>
<b>Less: provision for impairment</b>					
User charges and fees		(602)	–	(546)	–
<b>Total provision for impairment – receivables</b>		<b>(602)</b>	<b>–</b>	<b>(546)</b>	<b>–</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>21,280</u></b>	<b><u>–</u></b>	<b><u>22,109</u></b>	<b><u>–</u></b>
<b>Externally restricted receivables</b>					
Nil					
<b>Internally restricted receivables</b>					
Nil					
<b>Unrestricted receivables</b>		<b>21,280</b>	<b>–</b>	<b>22,109</b>	<b>–</b>
<b>TOTAL NET RECEIVABLES</b>		<b>21,280</b>	<b>–</b>	<b>22,109</b>	<b>–</b>

#### Notes on debtors above:

- (i) Rates and annual charges outstanding are secured against the property.
- (ii) Doubtful rates debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates and charges at 8.50% (2015 8.50%).  
Generally all other receivables are non-interest bearing.
- (iv) Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 8. Inventories and other assets

\$ '000	Notes	2016		2015	
		Current	Non-current	Current	Non-current
(a) Inventories					
(i) Inventories at cost					
Real estate for resale (refer below)		5,734	–	5,734	–
Stores and materials		293	–	306	–
<b>Total inventories at cost</b>		<b>6,027</b>	<b>–</b>	<b>6,040</b>	<b>–</b>
(ii) Inventories at net realisable value (NRV)					
Nil					
<b><u>TOTAL INVENTORIES</u></b>		<b><u>6,027</u></b>	<b><u>–</u></b>	<b><u>6,040</u></b>	<b><u>–</u></b>
(b) Other assets					
Prepayments		3,207	–	4,313	–
<b><u>TOTAL OTHER ASSETS</u></b>		<b><u>3,207</u></b>	<b><u>–</u></b>	<b><u>4,313</u></b>	<b><u>–</u></b>

#### Externally restricted assets

There are no restrictions applicable to the above assets.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 8. Inventories and other assets (continued)

\$ '000	2016		2015	
	Current	Non-current	Current	Non-current
<b>Other disclosures</b>				
<b>(a) Details for real estate development</b>				
Residential	5,734	–	5,734	–
<b>Total real estate for resale</b>	<b>5,734</b>	<b>–</b>	<b>5,734</b>	<b>–</b>
(Valued at the lower of cost and net realisable value)				
<b>Represented by:</b>				
Acquisition costs	5,734	–	5,734	–
<b>Total costs</b>	<b>5,734</b>	<b>–</b>	<b>5,734</b>	<b>–</b>
<b>Total real estate for resale</b>	<b>5,734</b>	<b>–</b>	<b>5,734</b>	<b>–</b>
<b>Movements:</b>				
Real estate assets at beginning of the year	5,734	–	5,734	–
<b>Total real estate for resale</b>	<b>5,734</b>	<b>–</b>	<b>5,734</b>	<b>–</b>

#### (b) Current assets not anticipated to be settled within the next 12 months

The following inventories and other assets, even though classified as current are not expected to be sold in the next 12 months;

	2016	2015
Real estate for resale	5,734	5,734
	<b>5,734</b>	<b>5,734</b>

#### (c) Inventories recognised as an expense for the year included:

– Stores and materials	1,252	1,300
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#### (d) Inventory write downs

\$8,623 was recognised as an expense relating to the write down of inventory balances held during the year.

Refer to Note 27. Fair value measurement for information regarding the fair value of other assets held.



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Wollongong City Council

Notes to the Financial Statements  
for the year ended 30 June 2016

Note 9a. Infrastructure, property, plant and equipment

\$ '000	as at 30/6/2015					Asset movements during the reporting period											as at 30/6/2016				
	At cost	At fair value	Accumulated		Carrying value	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss (recognised in P/L)	WIP transfers	Adjustments and transfers	Other movements Change of Life	Revaluation decrements to P&L	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	At cost	At fair value	Accumulated		Carrying value
			depreciation	impairment															depreciation	impairment	
Capital work in progress	36,811	—	—	—	36,811	28,558	12,814	(158)	—	—	(22,476)	—	—	—	—	—	55,549	—	—	—	55,549
Plant and equipment	—	37,403	17,396	—	20,007	5,334	—	(832)	(4,201)	—	—	—	436	—	—	—	—	40,424	19,680	—	20,744
Office equipment	—	7,036	4,681	—	2,355	927	—	—	(899)	—	—	—	—	—	—	—	—	7,953	5,570	—	2,383
Furniture and fittings	—	1,513	714	—	799	371	—	—	(96)	—	—	—	—	—	—	—	—	1,884	810	—	1,074
<b>Land:</b>																					
— Operational land	—	177,185	—	—	177,185	—	—	—	—	—	—	—	—	—	—	—	—	177,185	—	—	177,185
— Community land	—	374,339	—	—	374,339	—	54	—	—	—	—	—	—	—	(26,101)	—	—	348,292	—	—	348,292
— Land under roads (post 30/6/08)	—	26,789	—	—	26,789	—	3,261	—	—	—	—	—	—	—	—	—	—	30,050	—	—	30,050
<b>Infrastructure:</b>																					
— Buildings – non-specialised	—	201,132	112,019	—	89,113	1,915	320	(307)	(5,791)	—	100	—	450	—	—	—	—	202,193	116,393	—	85,800
— Buildings – specialised	—	304,043	191,464	377	112,202	1,542	258	(24)	(6,108)	(6)	2,268	—	(985)	—	—	—	—	304,499	195,328	24	109,147
— Other structures	—	14,061	7,819	—	6,242	101	17	(2)	(589)	—	35	—	(42)	(398)	—	504	—	13,894	8,026	—	5,868
— Roads	—	1,330,838	799,636	—	531,202	5,162	1,753	(435)	(21,681)	—	15,294	4,721	(3,590)	—	(801)	—	—	1,358,201	826,576	—	531,625
— Bridges	—	124,977	46,672	—	78,305	2,849	967	—	(1,769)	—	3,607	8,014	(183)	—	—	59	—	140,831	48,982	—	91,849
— Footpaths	—	255,062	134,726	—	120,336	5,129	5,378	(2)	(3,822)	—	527	1,184	(1,774)	—	(2,990)	—	—	263,265	139,299	—	123,966
— Stormwater drainage	—	872,896	364,721	—	508,175	2,605	991	—	(9,600)	—	466	2,291	(1,277)	—	—	3,503	—	887,859	380,705	—	507,154
— Swimming pools	—	30,385	25,121	—	5,264	1	—	—	(515)	—	—	—	2,760	(118)	(6)	—	—	29,832	22,446	—	7,386
— Other open space/recreational assets	—	152,579	49,703	—	102,876	1,527	661	(786)	(3,670)	—	179	1,859	5,730	(936)	(850)	—	—	148,138	41,548	—	106,590
<b>Other assets:</b>																					
— Heritage collections	—	11,961	—	—	11,961	—	304	—	—	—	—	—	—	—	—	—	—	12,265	—	—	12,265
— Library books	—	6,832	2,968	—	3,864	1,153	—	—	(1,026)	—	—	—	298	—	—	—	—	7,985	3,696	—	4,289
— Other	—	41,342	9,073	—	32,269	1,644	761	—	(1,360)	—	—	—	(124)	(18)	(3)	—	—	43,537	10,368	—	33,169
<b>Reinstatement, rehabilitation and restoration assets (refer Note 26):</b>																					
— Tip assets	—	19,738	8,489	—	11,249	—	—	—	(221)	—	—	—	—	—	—	—	—	19,738	8,710	—	11,028
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.</b>	<b>36,811</b>	<b>3,990,111</b>	<b>1,775,202</b>	<b>377</b>	<b>2,251,343</b>	<b>58,818</b>	<b>27,539</b>	<b>(2,546)</b>	<b>(61,348)</b>	<b>(6)</b>	<b>—</b>	<b>18,069</b>	<b>1,699</b>	<b>(1,470)</b>	<b>(30,751)</b>	<b>4,066</b>	<b>55,549</b>	<b>4,038,025</b>	<b>1,828,137</b>	<b>24</b>	<b>2,265,413</b>

Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27. Fair value measurement for information regarding the fair value of other infrastructure, property, plant and equipment.

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## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 9b. Infrastructure, property, plant and equipment – current year impairments

\$ '000	Notes	Actual 2016	Actual 2015
(i) Impairment losses recognised in the Income Statement:			
Mt Keira Summit Kiosk		(6)	–
<b>Total impairment losses</b>		<b>(6)</b>	<b>–</b>
<b>IMPAIRMENT OF ASSETS – GAINS/(LOSSES) in P/L</b>	4(d)	<b>(6)</b>	<b>–</b>
(ii) Reversals of impairment losses previously recognised direct to equity (ARR):			
RFS Bushfire control centre		–	5
Mount Keira Road		–	937
<b>Total impairment reversals</b>		<b>–</b>	<b>942</b>
<b>IMPAIRMENT OF ASSETS – DIRECT to EQUITY (ARR)</b>	20 (ii)	<b>–</b>	<b>942</b>

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 10a. Payables, borrowings and provisions

\$ '000	Notes	2016		2015	
		Current	Non-current	Current	Non-current
<b>Payables</b>					
Goods and services – operating expenditure		9,164	–	7,325	–
Goods and services – capital expenditure		11,201	–	10,542	–
Payments received in advance		3,194	–	2,872	–
Accrued expenses:					
– Other expenditure accruals		6,249	–	5,374	–
Security bonds, deposits and retentions		2,944	–	2,566	–
Carbon price		4,174	–	4,174	–
Other		506	–	1,186	–
<b>Total payables</b>		<b>37,432</b>	<b>–</b>	<b>34,039</b>	<b>–</b>
<b>Borrowings</b>					
Loans – secured <sup>1</sup>		6,690	33,940	6,369	39,758
<b>Total borrowings</b>		<b>6,690</b>	<b>33,940</b>	<b>6,369</b>	<b>39,758</b>
<b>Provisions</b>					
<b>Employee benefits:</b>					
Annual leave		8,865	–	8,599	–
Sick leave		188	–	301	–
Long service leave		37,156	381	33,600	537
Other leave		937	–	884	–
<b>Sub-total – aggregate employee benefits</b>		<b>47,146</b>	<b>381</b>	<b>43,384</b>	<b>537</b>
Self insurance – workers compensation		833	3,201	1,222	3,282
Self insurance – claims incurred		235	235	325	325
Asset remediation/restoration (future works)	26	2,469	40,214	2,556	38,410
<b>Total provisions</b>		<b>50,683</b>	<b>44,031</b>	<b>47,487</b>	<b>42,554</b>
<b>TOTAL PAYABLES, BORROWINGS AND PROVISIONS</b>					
		<b>94,805</b>	<b>77,971</b>	<b>87,895</b>	<b>82,312</b>

#### (i) Liabilities relating to restricted assets

	2016		2015	
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Loans	6,690	33,940	6,369	39,758
Carbon price	4,174	–	4,174	–
<b>Liabilities relating to externally restricted assets</b>	<b>10,864</b>	<b>33,940</b>	<b>10,543</b>	<b>39,758</b>
<b>Total liabilities relating to restricted assets</b>	<b>10,864</b>	<b>33,940</b>	<b>10,543</b>	<b>39,758</b>
<b>Total liabilities relating to unrestricted assets</b>	<b>83,941</b>	<b>44,031</b>	<b>77,352</b>	<b>42,554</b>
<b>TOTAL PAYABLES, BORROWINGS AND PROVISIONS</b>	<b>94,805</b>	<b>77,971</b>	<b>87,895</b>	<b>82,312</b>

<sup>1</sup> Loans are secured over the general rating income of Council.

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 15.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 10a. Payables, borrowings and provisions (continued)

	Actual 2016	Actual 2015
<b>\$ '000</b>		
<b>(ii) Current liabilities not anticipated to be settled within the next twelve months</b>		
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	35,674	32,458
Payables – security bonds, deposits and retentions	2,326	2,028
	<b>38,000</b>	<b>34,486</b>

#### Note 10b. Description of and movements in provisions

Class of provision	2015	2016				
	Opening balance as at 1/7/15	Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	Closing balance as at 30/6/16
Annual leave	8,599	8,265	(8,023)	24	–	8,865
Sick leave	301	–	(117)	4	–	188
Long service leave	34,137	4,897	(3,505)	2,008	–	37,537
Other leave	884	256	(213)	10	–	937
Self insurance	4,504	(470)	–	–	–	4,034
Asset remediation	40,966	1,717	–	–	–	42,683
Other	650	(180)	–	–	–	470
<b>TOTAL</b>	<b>90,041</b>	<b>14,485</b>	<b>(11,858)</b>	<b>2,046</b>	<b>–</b>	<b>94,714</b>

- Employees leave entitlements and on-costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- Self insurance provisions represent both (i) claims incurred but not reported and (ii) claims reported and estimated as a result of Council's being a self insurer up to certain levels of excess. Estimates are derived through a process of assessment undertaken internally by Council's Risk Insurance team.
- Asset remediation, reinstatement and restoration provisions represent the present value estimate of future costs Council will incur in order to remove, restore and remediate assets and/or activities as a result of past operations.
- Workers Compensation - Self Insurance Provision represents Wollongong City Council's liability in respect of its self-insured outstanding claims incurred up to 30 June 2016. Accrual estimates were provided by David A Zaman



## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 2016	Actual 2015
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalent assets	6a	17,747	33,580
Less bank overdraft	10	–	–
<b>Balance as per the Statement of Cash Flows</b>		<b>17,747</b>	<b>33,580</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
<b>Net operating result from Income Statement</b>		<b>27,837</b>	<b>31,594</b>
Adjust for non-cash items:			
Depreciation and amortisation		61,882	60,763
Net losses/(gains) on disposal of assets		1,627	(3,533)
Non-cash capital grants and contributions		(4,588)	(1,906)
Impairment losses recognition – I,PP&E		6	–
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Investments classified as 'at fair value' or 'held for trading'		(83)	(331)
– Investment properties		(2,025)	–
Amortisation of premiums, discounts and prior period fair valuations			
– Interest on all fair value adjusted interest free advances made by Council		–	(7)
– Interest exp. on interest-free loans received by Council (previously fair valued)		872	1,004
Unwinding of discount rates on reinstatement provisions		1,804	1,722
Share of net (profits) or losses of associates/joint ventures		(150)	22
<b>+/- Movement in operating assets and liabilities and other cash items:</b>			
Decrease/(increase) in receivables		773	1,516
Increase/(decrease) in provision for doubtful debts		56	180
Decrease/(increase) in inventories		13	(3)
Decrease/(increase) in other assets		1,106	(2,667)
Increase/(decrease) in payables		1,839	(1,320)
Increase/(decrease) in other accrued expenses payable		875	(194)
Increase/(decrease) in other liabilities		20	1,766
Increase/(decrease) in employee leave entitlements		3,606	2,792
Increase/(decrease) in other provisions		(737)	(2,307)
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>		<b>96,203</b>	<b>89,091</b>

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 11. Statement of cash flows – additional information (continued)

\$ '000	Notes	Actual 2016	Actual 2015
<b>(c) Non-cash investing and financing activities</b>			
Other dedications		3,548	1,906
Contributed Bush Fire Assets		605	–
Contributed Transport Assets (RMS)		435	–
<b>Total non-cash investing and financing activities</b>		<b>4,588</b>	<b>1,906</b>
<b>(d) Financing arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank overdraft facilities <sup>(1)</sup>		300	300
Credit cards/purchase cards		835	835
<b>Total financing arrangements</b>		<b>1,135</b>	<b>1,135</b>
<b>Amounts utilised as at balance date:</b>			
– Credit cards/purchase cards		5	60
<b>Total financing arrangements utilised</b>		<b>5</b>	<b>60</b>

1. The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.  
Interest rates on overdrafts are interest rates on loans and other payables are disclosed in Note 15.

#### **(ii) Secured loan liabilities**

Loans are secured by a mortgage over future years rate revenue only.

#### **(e) Bank guarantees**

Council has provided security to Work Cover for outstanding workers compensation claims liability in the form of a bank guarantee to the sum of \$7,711,000.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 12. Commitments for expenditure

\$ '000	Notes	Actual 2016	Actual 2015
<b>(a) Capital commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, plant and equipment</b>			
Buildings		277	3,599
Plant and equipment		–	317
Infrastructure		3,381	1,479
<b>Total commitments</b>		<b>3,658</b>	<b>5,395</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		3,658	5,395
<b>Total payable</b>		<b>3,658</b>	<b>5,395</b>
<b>Sources for funding of capital commitments:</b>			
Unrestricted general funds		3,238	4,074
Sect 64 and 94 funds/reserves		320	220
Unexpended loans		100	1,101
<b>Total sources of funding</b>		<b>3,658</b>	<b>5,395</b>

#### Details of capital commitments

Buildings include Corrimal Surf Life Saving Club and Keira Cricket Club Pavilion.  
Infrastructure includes Farrell Road Pedestrian Bridge, JP Galvin Park Shelters, Stuart Park Boardwalk, Water Quality Facilities Elliotts Road, Debris Control Structure Cosgrove Avenue, Woonona Rock Pool, Darkes, Sheaffes & Cleveland Roadworks, Skate Facilities for Guest & Unanderra Park, Judbooley Parade Seawall, Sublime Point Water Treatment Facility & Towradgi Tidal Pool.

#### (b) Finance lease commitments

Nil

#### (c) Operating lease commitments (non-cancellable)

##### a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:

Within the next year	100	97
Later than one year and not later than 5 years	400	388
Later than 5 years	799	872
<b>Total non-cancellable operating lease commitments</b>	<b>1,299</b>	<b>1,357</b>

##### b. Non-cancellable operating leases include the following assets:

Lease of Land for Dapto Ribbonwood Centre

##### Conditions relating to 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.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 13a(i). Statement of performance measurement – indicators (consolidated)

\$ '000	Amounts 2016	Indicator 2016	Prior periods 20152014	
Local government industry indicators – consolidated				
1. Operating performance ratio				
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses	2,128	0.84%	2.31%	-6.53%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	252,242			
2. Own source operating revenue ratio				
Total continuing operating revenue <sup>(1)</sup> excluding all grants and contributions	221,781	79.55%	80.57%	79.70%
Total continuing operating revenue <sup>(1)</sup>	278,790			
3. Unrestricted current ratio				
Current assets less all external restrictions <sup>(2)</sup>	103,529	2.25x	2.19x	1.93x
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>	45,941			
4. Debt service cover ratio				
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	68,239	6.44x	7.60x	5.87x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	10,592			
5. Rates, annual charges, interest and extra charges outstanding percentage				
Rates, annual and extra charges outstanding	8,847	4.79%	5.48%	5.61%
Rates, annual and extra charges collectible	184,616			
5a. Rates, annual charges, interest and extra charges outstanding percentage (excl. Pensioner arrears)				
Rates, Annual and Extra Charges Outstanding	6,378	3.45%	3.94%	4.21%
Rates, Annual and Extra Charges Collectible	184,616			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	122,362	7.29 mths	8.0 mths	7.1 mths
Payments from cash flow of operating and financing activities	16,789			

#### Notes

<sup>(1)</sup> Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures and associates.

<sup>(2)</sup> Refer Notes 6-8 inclusive.

Also excludes any real estate and land for resale not expected to be sold in the next 12 months.

<sup>(3)</sup> Refer to Note 10(a).

<sup>(4)</sup> Refer to Note 10(a)(ii) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).



## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

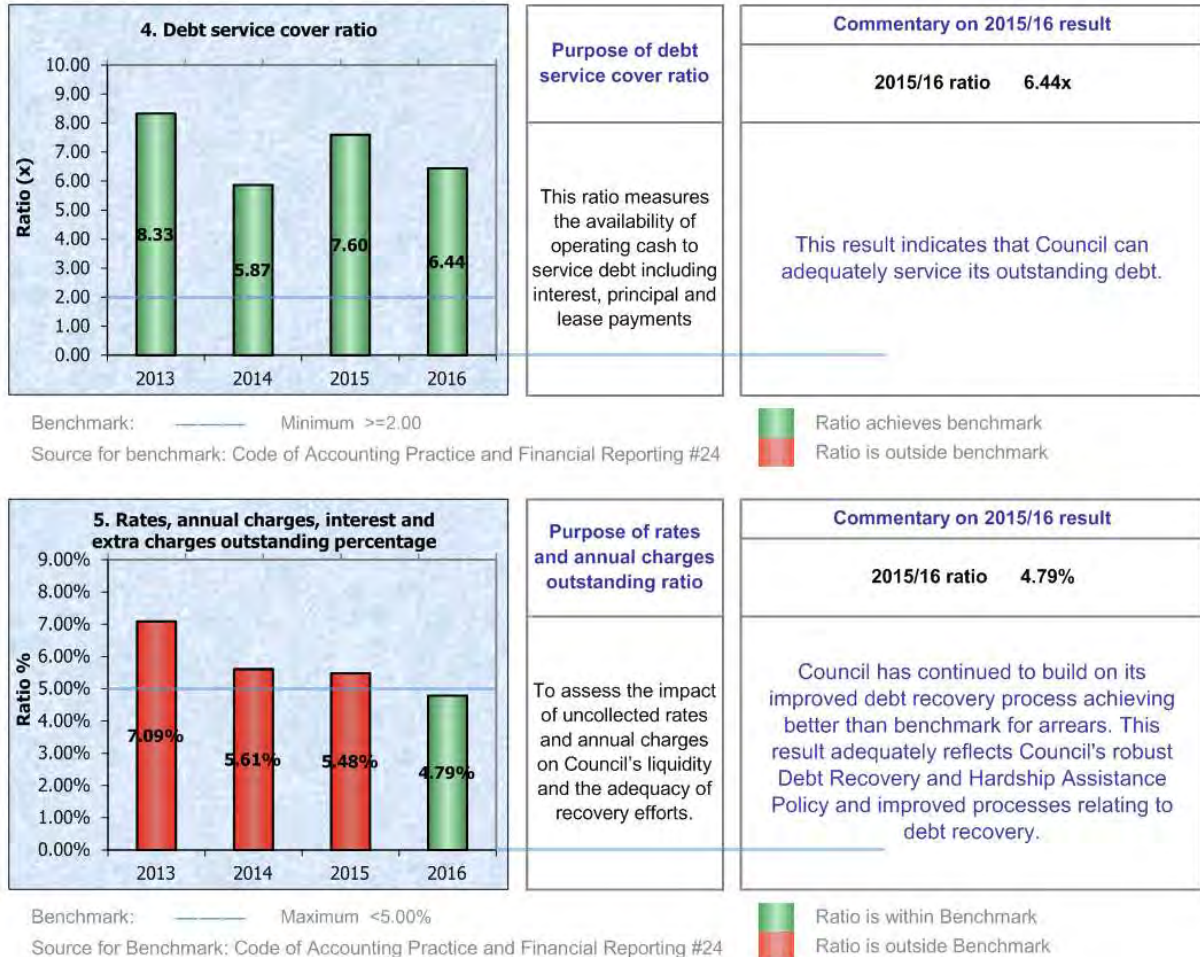
#### Note 13a(ii). Local government industry indicators – graphs (consolidated)

<p><b>1. Operating performance ratio</b></p> <p>Benchmark: — Minimum <math>\geq 0.00\%</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p><b>Purpose of operating performance ratio</b></p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p><b>Commentary on 2015/16 result</b></p> <p><b>2015/16 ratio 0.84%</b></p> <p>This positive result reflects a favourable outcome compared to the adopted budget and highlights the achievement of efficiency targets throughout the year. Council continues to review services currently provided in consultation with the community. This work aims to determine service levels, create efficiencies and consider funding levels to improve the underlying result in the short term and create a balanced result in future years.</p>
<p><b>2. Own source operating revenue ratio</b></p> <p>Benchmark: — Minimum <math>\geq 60.00\%</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p><b>Purpose of own source operating revenue ratio</b></p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.</p>	<p><b>Commentary on 2015/16 result</b></p> <p><b>2015/16 ratio 79.55%</b></p> <p>This result is consistent with previous reporting periods. It is noted that total revenue includes non-cash contributed assets which fluctuate from year to year and impact this result.</p>
<p><b>3. Unrestricted current ratio</b></p> <p>Benchmark: — Minimum <math>\geq 1.50</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p><b>Purpose of unrestricted current ratio</b></p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p><b>Commentary on 2015/16 result</b></p> <p><b>2015/16 ratio 2.25x</b></p> <p>1. Council's strategy is to maximise the use of available funds and target a lean unrestricted ratio. 2. Cash assets held for future waste facility requirements are held in the unrestricted ratio. As the requirements to hold funds for waste facility rehabilitation is significant the measure is expected to increase until payments are required.</p>

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 13a(ii). Local government industry indicators – graphs (consolidated)

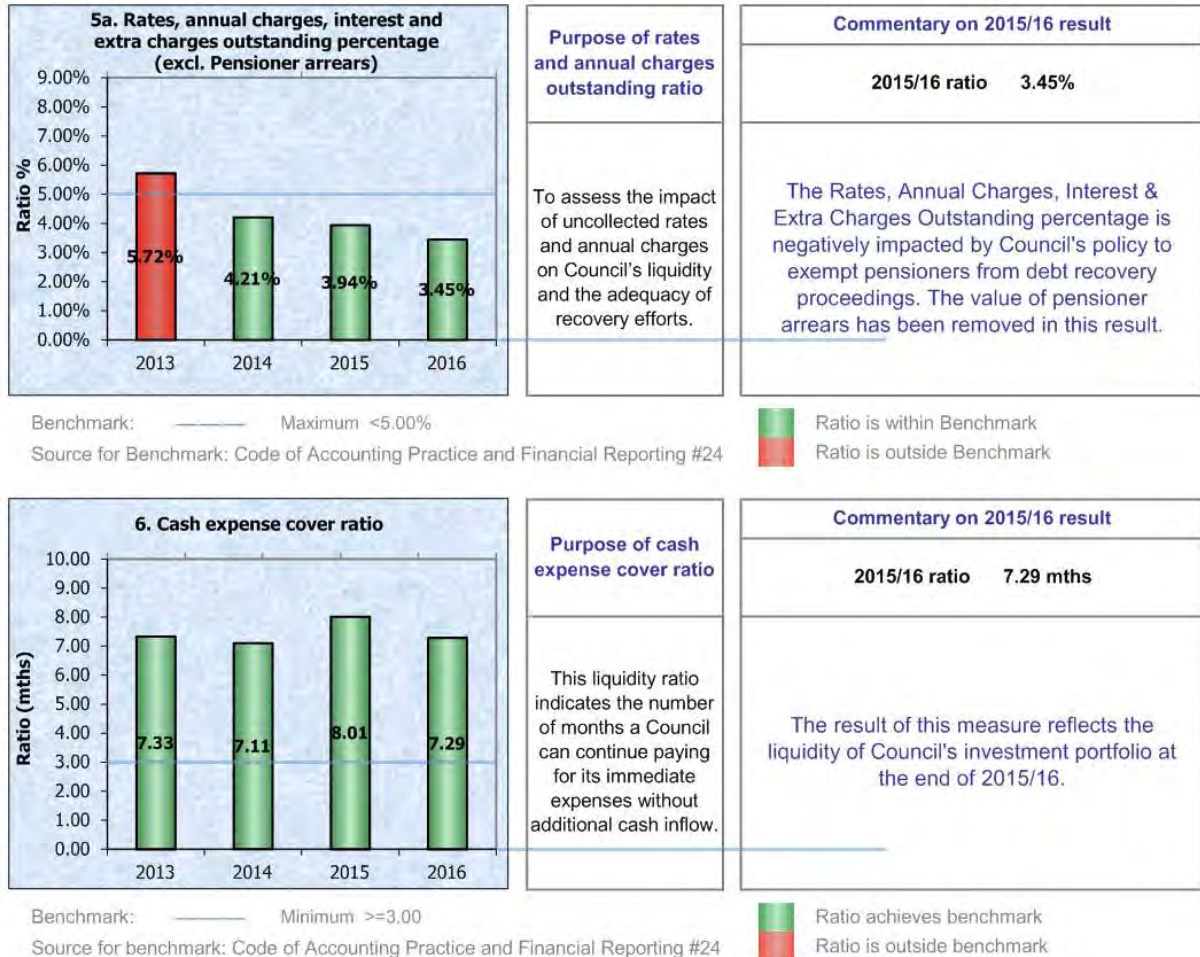




## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 13a(ii). Local government industry indicators – graphs (consolidated)



## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 14. Investment properties

\$ '000	Notes	Actual 2016	Actual 2015
<b>(a) Investment properties at fair value</b>			
<u>Investment properties on hand</u>		<u>4,775</u>	<u>2,750</u>
<b>Reconciliation of annual movement:</b>			
Opening balance		2,750	2,750
– Net gain/(loss) from fair value adjustments		2,025	–
<b>CLOSING BALANCE – INVESTMENT PROPERTIES</b>		<b><u>4,775</u></b>	<b><u>2,750</u></b>

#### (b) Valuation basis

The basis of valuation of investment properties is fair value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The 2016 revaluations were based on an independent assessment made by R F Rubin Certified Practising Valuer.

#### (c) Contractual obligations at reporting date

Refer to Note 12 for disclosures relating to any capital and service obligations that have been contracted.

#### (d) Leasing arrangements

Details of leased investment properties are as follows;

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	259	287
Later than 1 year but less than 5 years	599	391
<b>Total minimum lease payments receivable</b>	<b><u>858</u></b>	<b><u>678</u></b>

#### (e) Investment property income and expenditure – summary

<b>Rental income from investment properties:</b>		
– Minimum lease payments	387	406
<b>Direct operating expenses on investment properties:</b>		
– that generated rental income	(120)	(123)
<b>Net revenue contribution from investment properties</b>	<b><u>267</u></b>	<b><u>283</u></b>
plus:		
<b>Fair value movement for year</b>	<b><u>2,025</u></b>	<b><u>–</u></b>
<b>Total income attributable to investment properties</b>	<b><u>2,292</u></b>	<b><u>283</u></b>

Refer to Note 27. Fair value measurement for information regarding the fair value of investment properties held.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 15. Financial risk management

\$ '000

##### 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.

	Carrying value		Fair value	
	2016	2015	2016	2015
<b>Financial assets</b>				
Cash and cash equivalents	17,747	33,580	17,747	33,580
Investments				
– 'Held for trading'	31,663	11,046	31,663	11,046
– 'Held to maturity'	104,615	100,030	104,615	100,030
Receivables	21,280	22,109	21,280	22,109
<b>Total financial assets</b>	<b>175,305</b>	<b>166,765</b>	<b>175,305</b>	<b>166,765</b>
<b>Financial liabilities</b>				
Payables	34,238	31,167	34,238	31,167
Loans/advances	40,630	46,127	40,630	46,127
<b>Total financial liabilities</b>	<b>74,868</b>	<b>77,294</b>	<b>74,868</b>	<b>77,294</b>

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) '**at fair value through profit and loss**' or (ii) '**available-for-sale**' – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Refer to Note 27. Fair value measurement for information regarding the fair value of financial assets and liabilities.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 15. Financial risk management (continued)

\$ '000

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the *Local Government Act 1993* and Minister's investment order. This policy is regularly reviewed by Council and it's staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The risks associated with the investments 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.
- **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 following represents a summary of the sensitivity of Council's Income Statement and accumulated surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
<b>2016</b>				
Possible impact of a 10% movement in market values	3,166	3,166	(3,166)	(3,166)
Possible impact of a 1% movement in interest rates	1,224	1,224	(1,224)	(1,224)
<b>2015</b>				
Possible impact of a 10% movement in market values	1,105	1,105	(1,105)	(1,105)
Possible impact of a 1% movement in interest rates	1,336	1,336	(1,336)	(1,336)

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 15. Financial risk management (continued)

\$ '000

##### (b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

The major risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

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.

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 Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

A profile of Council's receivables credit risk at balance date follows:

	2016 Rates and annual charges	2016 Other receivables	2015 Rates and annual charges	2015 Other receivables
<b>(i) Ageing of receivables – %</b>				
Current (not yet overdue)	58%	64%	49%	43%
Overdue	42%	36%	51%	57%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

##### (ii) Ageing of receivables – value

Rates and annual charges	Other receivables	2016 Rates and annual charges	2016 Other receivables	2015 Rates and annual charges	2015 Other receivables
Current	Current	5,138	11,046	4,746	7,835
< 1 year overdue	0 – 30 days overdue	1,254	464	1,638	3,345
1 – 2 years overdue	30 – 60 days overdue	734	225	1,041	592
2 – 5 years overdue	60 – 90 days overdue	520	163	747	83
> 5 years overdue	> 90 days overdue	1,201	1,137	1,539	1,089
		<b>8,847</b>	<b>13,035</b>	<b>9,711</b>	<b>12,944</b>

##### (iii) Movement in provision for impairment of receivables

	2016	2015
Balance at the beginning of the year	546	366
+ new provisions recognised during the year	56	206
– previous impairment losses reversed	–	(26)
<b>Balance at the end of the year</b>	<b>602</b>	<b>546</b>



## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 15. Financial risk management (continued)

\$ '000

##### (c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and borrowings are set out in the maturity table below:

\$ '000	Subject	payable in:						Total	Actual
	to no maturity	≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs	cash outflows	carrying values
2016									
Trade/other payables	2,944	31,294	—	—	—	—	—	34,238	34,238
Loans and advances	—	8,051	8,051	8,051	5,151	5,151	10,656	45,111	40,630
Total financial liabilities	2,944	39,345	8,051	8,051	5,151	5,151	10,656	79,349	74,868
2015									
Trade/other payables	2,566	28,601	—	—	—	—	—	31,167	31,167
Loans and advances	—	8,051	8,051	8,051	8,051	5,151	15,807	53,162	46,127
Total financial liabilities	2,566	36,652	8,051	8,051	8,051	5,151	15,807	84,329	77,294

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 the diversification of borrowing types, maturities and interest rate structures.

The following interest rates were applicable  
to Council's borrowings at balance date:

	2016		2015	
	Carrying value	Average interest rate	Carrying value	Average interest rate
Trade/other payables	34,238	0.00%	31,167	0.00%
Loans and advances – fixed interest rate	40,630	1.50%	46,127	1.50%
	<u>74,868</u>		<u>77,294</u>	



## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 16. Material budget variations

\$ '000

Council's original financial budget for 15/16 was adopted by the Council on 22 June 2015.

While the Income Statement included in this General Purpose Financial Report 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.

**Note that for variations\* of budget to actual :**

Material variations represent those variances that amount to **10%** or more of the original budgeted figure.

**F** = Favourable budget variation, **U** = Unfavourable budget variation

\$ '000	2016 Budget	2016 Actual	2016 Variance*	
<b>REVENUES</b>				
Rates and annual charges	173,254	174,149	895	1% <b>F</b>
User charges and fees	33,194	31,252	(1,942)	(6%) <b>U</b>
Interest and investment revenue	4,772	5,597	825	17% <b>F</b>
This variation is due to increased cash holdings for a significant part of the year due to timing of delivery of projects and favourable operating performance.				
Other revenues	9,454	12,891	3,437	36% <b>F</b>
Other revenues is greater due to the positive fair value adjustment of the investment property Kembla Terraces (\$1.9M), reimbursement for the replacement of a water supply main (\$0.9M), workers compensation insurance claims (\$0.2M), leave liability transfers for new employees (\$0.2M), sale of land not in the asset register (\$0.2) and other more minor variations.				
Operating grants and contributions	28,846	30,461	1,615	6% <b>F</b>
Capital grants and contributions	14,520	26,548	12,028	83% <b>F</b>
Capital grants and contributions income is impacted by contributed assets (\$4.6M), increased developer contributions (\$4.0M), additional grants relating to infrastructure renewal works (\$2.7M) and Community Transport bus replacement funds transferred from Shellharbour City Council (\$0.7M).				

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 16. Material budget variations (continued)

\$ '000	2016 Budget	2016 Actual	2016 ----- Variance* -----	
<b>EXPENSES</b>				
Employee benefits and on-costs	101,922	103,547	(1,625)	(2%) <b>U</b>
Borrowing costs	4,206	4,223	(17)	(0%) <b>U</b>
Materials and contracts	50,013	47,144	2,869	6% <b>F</b>
Depreciation and amortisation	62,074	61,882	192	0% <b>F</b>
Impairment expenses	—	6	(6)	0% <b>U</b>
It is noted that impairment expenses are not budgeted for.				
Other expenses	37,717	34,782	2,935	8% <b>F</b>
This variation is due to lower EPA levy expenditure comprising of both lower levels of cover material acquired (\$1.7M) and commercial tipping waste received (\$1.7M), lower street lighting electricity costs (\$0.5M) and other more minor items that have been partially offset by asset revaluation decrements \$(1.5M).				
Net losses from disposal of assets	—	1,627	(1,627)	0% <b>U</b>
The unfavourable variance is mainly due to the write off of residual values on infrastructure assets that were replaced during the year. These assets were disposed without consideration.				

#### Budget variations relating to Council's Cash Flow Statement include:

Cash flows from operating activities	75,015	96,203	21,188	28.2% <b>F</b>
Reflects the timing of S94 contributions (\$9.2M), timing of operating grants (\$1.2M), additional interest due to delayed capital spend (\$1.1M) and GST which is not budgeted for in the cash flow (\$9M).				
Cash flows from investing activities	(82,688)	(105,667)	(22,979)	27.8% <b>U</b>
This is primarily due to an increase in the purchase of long term deposits. This amount is offset by a similar reduction in cash and cash equivalents.				
Cash flows from financing activities	(6,371)	(6,369)	2	(0.0%) <b>F</b>

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 17. Statement of developer contributions

\$ '000

Council recovers contributions, raises levies and enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions and levies and the value of all remaining funds which are 'restricted' in their future use.

#### SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	3,044	537	–	94	–	–	3,675	–
Roads	1,661	3,116	–	(7)	(6,609)	–	(1,839)	–
Open space	2,449	863	–	87	–	–	3,399	–
Community facilities	508	178	–	18	–	–	704	–
Administration	210	42	–	1	(608)	–	(355)	–
Public transport	376	135	–	13	–	–	524	–
<b>S94 contributions – under a plan</b>	<b>8,248</b>	<b>4,871</b>	<b>–</b>	<b>206</b>	<b>(7,217)</b>	<b>–</b>	<b>6,108</b>	<b>–</b>
<b>S94A levies – under a plan</b>	<b>6,846</b>	<b>4,215</b>	<b>–</b>	<b>229</b>	<b>(2,131)</b>	<b>–</b>	<b>9,159</b>	<b>–</b>
<b>Total S94 revenue under plans</b>	<b>15,094</b>	<b>9,086</b>	<b>–</b>	<b>435</b>	<b>(9,348)</b>	<b>–</b>	<b>15,267</b>	<b>–</b>
S94 not under plans	–	102	–	1	–	–	103	–
<b>Total contributions</b>	<b>15,094</b>	<b>9,188</b>	<b>–</b>	<b>436</b>	<b>(9,348)</b>	<b>–</b>	<b>15,370</b>	<b>–</b>

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 17. Statement of developer contributions (continued)

\$ '000

##### S94 CONTRIBUTIONS – UNDER A PLAN

###### CONTRIBUTION PLAN - WEST DAPTO

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	3,044	537	–	94	–	–	3,675	–
Roads	1,661	3,116	–	(7)	(6,609)	–	(1,839)	–
Open space	2,449	863	–	87	–	–	3,399	–
Community facilities	508	178	–	18	–	–	704	–
Administration	210	42	–	1	(608)	–	(355)	–
Public transport	376	135	–	13	–	–	524	–
<b>Total</b>	<b>8,248</b>	<b>4,871</b>	<b>–</b>	<b>206</b>	<b>(7,217)</b>	<b>–</b>	<b>6,108</b>	<b>–</b>

##### S94A LEVIES – UNDER A PLAN

###### CONTRIBUTION PLAN - WOLLONGONG

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
City Wide	10,079	3,085	–	303	(2,016)	–	11,451	–
City Centre	(3,233)	1,130	–	(74)	(115)	–	(2,292)	–
<b>Total</b>	<b>6,846</b>	<b>4,215</b>	<b>–</b>	<b>229</b>	<b>(2,131)</b>	<b>–</b>	<b>9,159</b>	<b>–</b>

- A** The Wollongong S94A plan is a levy based plan that reflects development activity in the Local Government Area excluding areas covered by the West Dapto Section 94 Plan.
- B** Figures provided include amounts collected under the Section 94A Plan as well as contributions received from relevant development consents approved prior to 2006 that contained conditions for contributions to be made, under now repealed Section 94 plans. These are transferred and applied towards items within the Section 94A Plan Works schedule as the Section 94A is the replacement for the plans repealed in June 2006.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 17. Statement of developer contributions (continued)

\$ '000

#### S94 CONTRIBUTIONS – NOT UNDER A PLAN

##### CONTRIBUTION PLAN - CALDERWOOD

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	–	102	–	1	–	–	103	–
<b>Total</b>	–	<b>102</b>	–	<b>1</b>	–	–	<b>103</b>	–

- A** The Calderwood Urban Release Area was historically in the Shellharbour City Local Government Area. However, the Urban Release Area was later expanded during the State Government's major project approval process to include land that straddles the local government boundary, which comprises 107 hectares of land in the Wollongong Local Government Area at Marshall Mount.
- B** In 2013, the Land and Environment Court imposed a development contribution condition on Stage 1 of the Calderwood development within Shellharbour City Council Local Government area, requiring the payment of a contribution of \$1,320 per lot to Wollongong City Council to be used towards the upgrades of Marshall Mount Road and Yallah Road.
- C** Lend Lease has paid \$102,094 to Wollongong City Council arising from the first 75 lots released under Stage 1. Additional future contributions are expected from the remainder of the lots within Stage 1. Wollongong City Council is unable to receive contributions for the lots to be released under Stage 2A of the Calderwood development. Potential future contributions for Stage 2B and other stages within the Shellharbour Local Government area are dependent on legal proceedings currently pending in the Land and Environment Court.
- D** Wollongong City Council has exhibited a Draft Section 94 Development Contributions Plan for the Calderwood Urban Release Area.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 18. Contingencies and other assets/liabilities not recognised

\$ '000

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but their knowledge & disclosure is considered relevant to the users of Council's Financial Report.

##### LIABILITIES NOT RECOGNISED:

##### 1. Bank Guarantees

Council has provided Bank Guarantees totalling \$194,900 as security over damages for work that may impact a third party.

Council is also Guarantor on a mortgage for a third party of \$180,000.

##### 2. 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.

##### 3. S94 Plans

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans. As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's General Funds.

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Councils intention to spend funds in the manner and timing set out in those plans.

##### 4. Defined Benefit Superannuation Contribution Plans

Council participates in an employer sponsored Defined Benefit Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees.

Member Councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make a higher contribution during the reporting period. This amounted to \$1.764M for Council in 2015/16. Council's LTFM includes forecast payments of \$1.804M in 2016/17 and \$1.8M annually up to and including 2020/21.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from its Defined Benefit Scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable - similar to the accounting for Defined Contributions Plans.



## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 18. Contingencies and other assets/liabilities not recognised (continued)

\$ '000

##### ASSETS NOT RECOGNISED:

##### 1. Liability Insurance - Independent Insurance

Council placed its liability insurance with Independent Insurance Company of London (Independent) in 1996. During 2000/2001 Independent went into liquidation. Independent remains responsible for payment of their portion of each Council claim incurred which exceeded Council's insurance excess, currently estimated at \$3,674,859. At this time, the liquidator has established a Scheme of Arrangement however has not yet begun disbursing payments and is unable to specify how much of Council's claims will be recovered from the remaining assets of Independent.

##### 2. Various Insurance - HIH & CIC

Council placed or was a party to various liability, property and workers compensation insurance policies with HIH & CIC. During 2000/2001 HIH & CIC went into liquidation. Both HIH & CIC remain responsible for payment of their portion of each Council claim incurred which exceeded Council's insurance excess. Council has recovered \$1,123,347 to date. The total of Council's unrecovered claims is currently \$1,174,155. At this time, the liquidator is unable to determine how much of Council's claims will be recovered from the remaining assets of HIH & CIC.

##### 3. 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 & including 30/6/08.

##### 4. S94 Contributions

The Calderwood Urban Release Area is being developed across the Wollongong City Council and Shellharbour City Council Local Government Areas.

Lend Lease has paid \$102K to Wollongong City Council under Stage 1 within the Shellharbour Local Government Area which comprises 231 lots. Additional contributions are expected from the remainder of the lots in Stage 1.

Shellharbour City Council has approved the Development Applications (DA) associated with Stage 2 of the Calderwood release area. This DA did not include a provision for the payment of development contributions to Wollongong City Council. As a result Wollongong City Council has challenged the grant of consent for 279 lots which make up Stage 2B of the development. If Wollongong City Council is successful the consent will be set aside and Shellharbour City Council will be required to redetermine the DA with the inclusion of conditions requiring contributions to Wollongong City Council.

If the court proceedings are successful Shellharbour City Council and Lend Lease may be liable for Council's costs. If Wollongong City Council is unsuccessful it would likely have a liability for costs.

Further, if the consent is not set aside Shellharbour City Council could continue to issue development consents to Lend Lease that do not include the provisions for a contribution to Wollongong City Council. The infrastructure required in the Wollongong Local Government Area to accommodate the Calderwood Urban Release Area would therefore have a funding shortfall.

##### 5. Council Amalgamation

On the 18 December 2015 the Premier and Minister for Local Government announced the Government's Merger Proposals which included Wollongong City Council to be joined with Shellharbour City Council to form one entity. This proposed amalgamation has been delayed due to an on-going legal challenge by Shellharbour City Council. On this basis it is not clear when, or if the merger will proceed.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 19. Interests in other entities

\$ '000

Council's objectives can and in some cases are best met through the use of separate entities and operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other councils, bodies and other outside organisations.

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of council's (i) interest and (ii) control and the type (form) of entity/operation, as follows;

##### Controlled entities (subsidiaries)

Note 19(a)

Operational arrangements where Council's control (but not necessarily interest) exceeds 50%.

##### Joint ventures and associates

Note 19(b)

Joint ventures are operational arrangements where the parties that have joint control have rights to the net assets of the arrangement.

Associates are separate entities where Council has significant influence over the operations (but neither controls nor jointly controls them).

##### Joint operations

Note 19(c)

Operational arrangements where the parties that have joint control have rights to specific assets and obligations for specific liabilities relating to the arrangement rather than a right to the net assets of the arrangement.

##### Unconsolidated structured entities

Note 19(d)

Unconsolidated structured entities represent "special vehicles" that Council has an interest in but which are not controlled by Council and therefore not consolidated as a subsidiary, joint arrangement or associate. Attributes of structured entities include restricted activities, a narrow and well-defined objective and insufficient equity to finance its activities without financial support.

##### Subsidiaries, joint arrangements and associates not recognised

Note 19(e)

#### Accounting recognition:

(i) Subsidiaries disclosed under Note 19(a) and joint operations disclosed at Note 19(c) are accounted for on a 'line by line' consolidation basis within the Income Statement and Statement of Financial Position.

(ii) Joint ventures and associates as per Note 19(b) are accounted for using the equity accounting method and are disclosed as a 1 line entry in both the Income Statement and Statement of Financial Position.

	Council's share of net income		Council's share of net assets	
	Actual 2016	Actual 2015	Actual 2016	Actual 2015
Joint ventures	150	(22)	1,310	1,160
<b>Total</b>	<b>150</b>	<b>(22)</b>	<b>1,310</b>	<b>1,160</b>

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 19. Interests in other entities (continued)

\$ '000

##### (a) Controlled entities (subsidiaries) – being entities and operations controlled by Council

Council has no interest in any controlled entities (subsidiaries).

##### (b) Joint ventures and associates

Council has incorporated the following joint ventures and associates into its consolidated financial statements.

##### (a) Net carrying amounts – Council's share

Name of entity	Nature of relationship	Measurement method	2016	2015
Westpool	Joint venture	Equity	376	146
United Independent Pools (UIP)	Joint venture	Equity	934	1,014
<b>Total carrying amounts – material joint ventures and associates</b>			<b>1,310</b>	<b>1,160</b>

##### (b) Details

Name of entity	Principal activity
Westpool	Insurance
United Independent Pools (UIP)	Insurance

##### (c) Relevant interests and fair values

Name of entity	Quoted fair value		Interest in outputs		Interest in ownership		Proportion of voting power	
	2016	2015	2016	2015	2016	2015	2016	2015
Westpool	376	146	1%	1%	1%	1%	10%	10%
United Independent Pools (UIP)	934	1,014	13%	14%	13%	14%	5%	5%

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 19. Interests in other entities (continued)

\$ '000

#### (b) Joint ventures and associates (continued)

#### (d) Summarised financial information for joint ventures and associates

	Westpool		United Independent Pools (UIP)	
	2016	2015	2016	2015
<b>Statement of financial position</b>				
<b>Current assets</b>				
Cash and cash equivalents	2,960	–	171	–
Other current assets	9,749	8,684	4,177	6,027
<b>Total current assets</b>	<b>12,709</b>	<b>8,684</b>	<b>4,348</b>	<b>6,027</b>
<b>Non-current assets</b>	<b>47,864</b>	<b>48,487</b>	<b>8,539</b>	<b>5,761</b>
<b>Current liabilities</b>				
Financial liabilities (excl. accounts payable)	4,999	–	2,800	–
Other current liabilities	523	4,742	347	1,809
<b>Total current liabilities</b>	<b>5,522</b>	<b>4,742</b>	<b>3,147</b>	<b>1,809</b>
<b>Non-current liabilities</b>	<b>22,856</b>	<b>22,486</b>	<b>2,454</b>	<b>2,462</b>
<b>Net assets</b>	<b>32,195</b>	<b>29,943</b>	<b>7,286</b>	<b>7,517</b>
<b>Reconciliation of the carrying amount</b>				
Opening net assets (1 July)	29,943	28,011	7,517	6,906
Profit/(loss) for the period	3,498	4,333	(231)	611
Dividends paid	–	(2,401)	–	–
Other adjustments to equity	(1,246)	–	–	–
<b>Closing net assets</b>	<b>32,195</b>	<b>29,943</b>	<b>7,286</b>	<b>7,517</b>
<b>Council's share of net assets (%)</b>	<b>1.2%</b>	<b>0.5%</b>	<b>12.8%</b>	<b>13.5%</b>
<b>Council's share of net assets (\$)</b>	<b>376</b>	<b>146</b>	<b>934</b>	<b>1,014</b>
<b>Statement of comprehensive income</b>				
Income	7,421	11,337	8,551	9,083
Interest income	2,438	–	423	–
Interest expense	(17)	–	–	–
Other expenses	(6,344)	(7,003)	(9,205)	(8,472)
<b>Profit/(loss) for period</b>	<b>3,498</b>	<b>4,334</b>	<b>(231)</b>	<b>611</b>
<b>Total comprehensive income</b>	<b>3,498</b>	<b>4,334</b>	<b>(231)</b>	<b>611</b>
<b>Share of income – Council (%)</b>	<b>6.6%</b>	<b>-2.8%</b>	<b>35.0%</b>	<b>16.6%</b>
<b>Profit/(loss) – Council (\$)</b>	<b>231</b>	<b>(123)</b>	<b>(81)</b>	<b>101</b>
<b>Total comprehensive income – Council (\$)</b>	<b>231</b>	<b>(123)</b>	<b>(81)</b>	<b>101</b>

#### (c) Joint operations

Council has no interest in any joint operations.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 19. Interests in other entities (continued)

\$ '000

##### (d) Unconsolidated structured entities

Council did not consolidate the following structured entities:

##### 1. Illawarra Pilot Joint Organisation

The Illawarra Joint Organisation is a pilot organisation consisting of Kiama Municipal, Shellharbour City, Shoalhaven City and Wollongong City Councils. It was formed as a result of the fit for the future initiative of the NSW Government. The joint organisation aims to create a confident, vibrant and productive region that maximises its potential and looks after its people and environment through regional strategic planning, inter-governmental collaboration and regional leadership and advocacy. Each member Council contributes to the financing of the joint organisation with an additional contribution from the NSW Government. This entity has transitioned from the Southern Councils Group as at 1st July 2015.

##### Nature of risks relating to the Unconsolidated Structured Entity

There is a risk that the entity will not be able to deliver the programs and projects proposed resulting in Council having to provide further financial assistance.

	2016	2015
Losses (or expenses) incurred by Council relating to the Structured Entity	50	74
Note that the 2015 amount relates to the Southern Council's Group		

##### Current intention to provide financial support

According to the Charter of the Illawarra Pilot Joint Organisation, member Councils will make equal contributions to the IPJO for operating costs associated with its core functions. Council's current intentions are to meet the requirements agreed to within the Charter.

##### 2. Wollongong City of Innovation Limited (trading as Destination Wollongong)

Destination Wollongong is an independent company limited by guarantee. This entity is charged with delivering visitor economy growth by positioning Wollongong as a premier regional tourism, events and conference destination. The activities completed by this entity include destination marketing, visitor information services, business events and conferences, and major event acquisition.

##### Nature of risks relating to the Unconsolidated Structured Entity

Although Council has no obligation to assist it may be asked to provide further financial assistance to deliver the service. Council may have to provide the service if Destination Wollongong is no longer able to.

	2016	2015
Losses (or expenses) incurred by Council relating to the Structured Entity	971	960

##### Current intention to provide financial support

The agreement between Wollongong City Council and Destination Wollongong requires Council to provide funding to Destination Wollongong in exchange for the completion of services including visitor and business information. Council's intentions are to provide financial support as per the agreement unless Destination Wollongong fails to comply with performance measures set out within the agreement.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 19. Interests in other entities (continued)

\$ '000

##### (d) Unconsolidated structured entities (continued)

##### 3. Illawarra Performing Arts Centre Limited (trading as Merringong Theatre Company)

Merringong Theatre Company is an independent company incorporated by guarantee. This entity manages the Illawarra Performing Arts Centre and the Wollongong Town Hall, and produces, presents and supports a range of productions.

##### Nature of risks relating to the Unconsolidated Structured Entity

Although Council has no obligation to assist it may be asked to provide further financial assistance to deliver the service. Council may have to provide the service if Merringong is no longer able to.

	2016	2015
Losses (or expenses) incurred by Council relating to the Structured Entity	661	646

##### Current intention to provide financial support

The agreement between Wollongong City Council and Merringong Theatre Company requires Council to provide funding to Merringong in exchange for the delivery of a program of activities designed to contribute to the strategic outcomes sought by Council. Council's current intentions are to provide financial support as per the agreement unless Merringong fails to meet their obligations under the agreement.

##### (e) Subsidiaries, joint arrangements and associates not recognised

All subsidiaries, joint arrangements and associates have been recognised in this financial report.



## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

\$ '000	Notes	Actual 2016	Actual 2015
<b>(a) Retained earnings</b>			
<b>Movements in retained earnings were as follows:</b>			
Balance at beginning of year (from previous years audited accounts)		1,252,318	1,193,467
a. Correction of prior period errors	20 (c)	19,768	19,544
b. Net operating result for the year		27,837	31,594
c. Transfers between equity		(402)	7,713
<b>Balance at end of the reporting period</b>		<b><u>1,299,521</u></b>	<b><u>1,252,318</u></b>
<b>(b) Revaluation reserves</b>			
<b>(i) Reserves are represented by:</b>			
– Infrastructure, property, plant and equipment revaluation reserve		984,783	1,011,066
<b>Total</b>		<b><u>984,783</u></b>	<b><u>1,011,066</u></b>
<b>(ii) Reconciliation of movements in reserves:</b>			
<b>Infrastructure, property, plant and equipment revaluation reserve</b>			
– Opening balance		1,011,066	1,013,803
– Revaluations for the year	9(a)	(26,685)	4,034
– (Impairment of revalued assets)/impairment reversals	9(a),(c)	–	942
– Transfer to retained earnings for asset disposals		402	(7,713)
<b>– Balance at end of year</b>		<b><u>984,783</u></b>	<b><u>1,011,066</u></b>
<b>TOTAL VALUE OF RESERVES</b>		<b><u>984,783</u></b>	<b><u>1,011,066</u></b>

#### (iii) 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.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Notes	Actual 2016	Actual 2015
<b>(c) Correction of error/s relating to a previous reporting period</b>			
<b>Correction of errors as disclosed in last year's financial statements:</b>			
Council reassessed the useful life of its IPPE and as a result was found to have overstated these assets depreciation.			
It also found that IPPE that Council owned had not been recognised and IPPE that had been recognised was disposed of in previous years. A revaluation exercise in 2016 has identified the errors and an adjustment has been made against the current year balances of IPPE and retained earnings to correct the errors because it was found to be impractical to restate the prior year comparatives.			
Details of the amounts and the financial statement lines affected are outlined below:			
- Depreciation Adjustment as a result of an assessment of useful lives		1,699	1,681
- Roads not recognised in previous years		1,499	1,684
- Footpaths not recognised in previous years		79	1,097
- Bridges not recognised in previous years		8,014	8,480
- Kerb & Gutter not recognised in previous years		246	23
- Other Structures not recognised in previous years		-	37
- Other Infrastructure not recognised in previous years		-	2,095
- Car Parks not recognised in previous years		2,804	744
- Cycleways not recognised in previous years		1,104	350
- Stormwater not recognised in previous years		2,291	3,544
- Recreation Assets not recognised in previous years		1,859	13
- Artwork disposed of in previous years but still recorded		-	(64)
- Other Infrastructure not recognised in previous years		172	(7)
- Other Structures disposed of in previous years but still recorded		-	(5)
- Cycleways disposed of in previous years but still recorded		-	(26)
- Buildings disposed of in previous years but still recorded		-	(87)
- Stormwater disposed of in previous years		-	(15)
<b>These amounted to the following equity adjustments:</b>			
- Adjustments for the 30/06/15 reporting year end		-	19,544
- Adjustments for the 30/06/16 reporting year end		19,768	-
<b>Total prior period adjustments – prior period errors</b>		<b>19,768</b>	<b>19,544</b>

#### (d) Voluntary changes in accounting policies

Council made no voluntary changes in any accounting policies during the year.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 21. Financial result and financial position by fund

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\$ '000

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Council utilises only a general fund for its operations.

#### Note 22. 'Held for sale' non-current assets and disposal groups

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Council did not classify any non-current assets or disposal groups as 'held for sale'.

#### Note 23. Events occurring after the reporting date

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Events that occur between the end of the reporting period (30 June 2016) and the date when the financial statements are 'authorised for issue' have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the applicable 'authorised for issue' date relating to these General Purpose Financial Statements.

Accordingly, the 'authorised for issue' date is 11/10/16.

Events that occur after the reporting period represent one of two types:

##### **(i) Events that provide evidence of conditions that existed at the reporting period**

These financial statements (and the figures therein) incorporate all 'adjusting events' that provided evidence of conditions that existed at 30 June 2016.

##### **(ii) Events that provide evidence of conditions that arose after the reporting period**

These financial statements (and figures therein) do not incorporate any 'non-adjusting events' that have occurred after 30 June 2016 and which are only indicative of conditions that arose after 30 June 2016.

**Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.**

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 24. Discontinued operations

\$ '000

Council has not classified any of its operations as 'discontinued'.

#### Note 25. Intangible assets

\$ '000	Actual 2016	Actual 2015
Intangible assets represent identifiable non-monetary assets without physical substance.		
Intangible assets are as follows:		
<b>Opening values:</b>		
Gross book value (1/7)	1,636	1,701
Accumulated amortisation (1/7)	(416)	(771)
Accumulated impairment (1/7)	–	–
<b>Net book value – opening balance</b>	<b>1,220</b>	<b>930</b>
<b>Movements for the year</b>		
– Purchases	357	617
– Amortisation charges	(534)	(327)
– Gross book value written off	–	(682)
– Accumulated amortisation charges written off	–	682
<b>Closing values:</b>		
Gross book value (30/6)	1,993	1,636
Accumulated amortisation (30/6)	(950)	(416)
Accumulated impairment (30/6)	–	–
<b><u>TOTAL INTANGIBLE ASSETS – NET BOOK VALUE 1</u></b>	<b><u>1,043</u></b>	<b><u>1,220</u></b>

<sup>1</sup> The net book value of intangible assets represent:

– Software	1,043	1,220
	<b>1,043</b>	<b>1,220</b>

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 26. Reinstatement, rehabilitation and restoration liabilities

\$ '000

Council has legal/public obligations to make restore, rehabilitate and reinstate the following assets/operations:

Asset/operation	Estimated year of restoration	NPV of provision	
		2016	2015
Waste facility remediation – Whytes Gully/Helensburgh	2054	42,391	40,669
Flinders street land remediation		292	297
<b>Balance at end of the reporting period</b>	10(a)	<b>42,683</b>	<b>40,966</b>

Under AASB 116 – Property, Plant and Equipment, where the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 – Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

#### Reconciliation of movement in provision for year:

Balance at beginning of year	40,966	39,572
Amortisation of discount (expensed to borrowing costs)	1,804	1,722
Expenditure incurred attributable to provisions	(87)	(328)
<b>Total – reinstatement, rehabilitation and restoration provision</b>	<b>42,683</b>	<b>40,966</b>

#### Amount of expected reimbursements

Of the above provisions for reinstatement, rehabilitation and restoration works, those applicable to garbage services and waste management are able to be funded through future charges incorporated within Council's annual domestic waste management charge.

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 26. Reinstatement, rehabilitation and restoration liabilities (continued)

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\$ '000

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##### Provisions for close down and restoration and for 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, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals

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 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.

###### **Rehabilitation**

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date and the cost is charged to the Income Statement.

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.



## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 27. Fair value measurement

\$ '000

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) The following table presents all assets and liabilities that have been measured and recognised at fair values:

Fair value measurements hierarchy					
Level 1	Level 2	Level 3			
Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs			
Date of latest valuation		Total			
Recurring fair value measurements					
Financial assets					
Investments					
– 'Designated at fair value on initial recognition'	30/06/16	–	–	31,663	31,663
Total financial assets		–	–	31,663	31,663
Investment properties					
Commercial building	30/06/16	–	–	4,775	4,775
Total investment properties		–	–	4,775	4,775
Infrastructure, property, plant and equipment					
Roads	30/06/16	–	–	531,625	531,625
Bridges	30/06/16	–	–	91,849	91,849
Footpaths	30/06/16	–	–	123,966	123,966
Stormwater	30/06/16	–	–	507,154	507,154
Plant and equipment	30/06/16	–	–	20,744	20,744
Office equipment	30/06/16	–	–	2,383	2,383
Furniture and fittings	30/06/16	–	–	1,074	1,074
Operational land	30/06/14	–	–	177,185	177,185
Community land	30/06/16	–	–	348,292	348,292
Land under roads	30/06/14	–	–	30,050	30,050
Buildings	30/06/14	–	–	194,947	194,947
Other structures	30/06/16	–	–	5,868	5,868
Swimming pools	30/06/16	–	–	7,386	7,386
Library books	30/06/16	–	–	4,289	4,289
Other open space/recreational assets	30/06/16	–	–	106,590	106,590
Tip asset	30/06/16	–	–	11,028	11,028
Works in progress	30/06/16	–	–	55,549	55,549
Artworks	30/06/16	–	–	12,265	12,265
Other	30/06/16	–	–	33,169	33,169
Total infrastructure, property, plant and equipment		–	–	2,265,413	2,265,413

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 27. Fair value measurement (continued)

\$ '000

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values: (continued)

Fair value measurement hierarchy				
Level 1	Level 2	Level 3	Total	
Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs		
2015				
Date of latest valuation				
Recurring fair value measurements				
Financial assets				
Investments				
– 'Designated at fair value on initial recognition'				
30/06/15	–	–	11,046	11,046
Total financial assets				
	–	–	11,046	11,046
Investment properties				
Commercial building				
30/06/14	–	–	2,750	2,750
Total investment properties				
	–	–	2,750	2,750
Infrastructure, property, plant and equipment				
Roads				
30/06/15	–	–	531,202	531,202
Bridges				
30/06/15	–	–	78,305	78,305
Footpaths				
30/06/15	–	–	120,336	120,336
Stormwater				
30/06/15	–	–	508,175	508,175
Plant and equipment				
30/06/15	–	–	20,007	20,007
Office equipment				
30/06/15	–	–	2,355	2,355
Furniture and fittings				
30/06/15	–	–	799	799
Operational land				
30/06/14	–	–	177,185	177,185
Community land				
30/06/11	–	–	374,339	374,339
Land under roads				
30/06/14	–	–	26,789	26,789
Buildings				
30/06/14	–	–	201,315	201,315
Other structures				
30/06/14	–	–	6,242	6,242
Swimming pools				
30/06/11	–	–	5,264	5,264
Library books				
30/06/15	–	–	3,864	3,864
Other open space/recreational assets				
30/06/11	–	–	102,876	102,876
Tip asset				
30/06/15	–	–	11,249	11,249
Works in progress				
30/06/15	–	–	36,811	36,811
Artworks				
30/06/15	–	–	11,961	11,961
Other				
30/06/15	–	–	32,269	32,269
Total infrastructure, property, plant and equipment				
	–	–	2,251,343	2,251,343

## Wollongong City Council

### Notes to the Financial Statements for the financial year ended 30 June 2016

#### Note 27. Fair value measurement (continued)

---

##### (2) 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 (i.e. Level 1 inputs), Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

Level 2 inputs include;

- quoted prices for similar assets in active markets,
- quoted prices for identical or similar assets in markets that are not active,
- inputs other than quoted prices that are observable (e.g. interest rates, credit spreads etc.) and
- market corroborated inputs.

Level 3 inputs are unobservable inputs. If an observable input (Level 2) requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement is categorised within Level 3 of the fair value hierarchy. Council uses unobservable inputs to the extent relevant observable inputs are not available. But the objective remains the same; i.e. an exit price from the perspective of market participants. Therefore, unobservable inputs reflect the assumptions market participants would use when pricing, including assumptions about risk. Assumptions about risk include risk inherent in a particular valuation technique and risk inherent in inputs to the technique. Such an adjustment may be necessary if there is a significant measurement uncertainty.

Unobservable inputs have been developed using the best information available, which includes Council's own data. In some cases Council adjusts its own data if reasonable available information indicates other market participants would use different data or if there is an entity specific synergy (i.e. not available to other market participants).

Level 3 inputs include;

- Unit Rates,
- Unit Price,
- Asset Condition,
- Remaining Useful Life,
- Future Demands,
- Borrowing Rates

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

## Wollongong City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2016

#### Note 27. Fair value measurement (continued)

---

##### Financial Assets

Valuation Technique – A portion of Council's investment portfolio is measured at fair value (i.e. market approach).

Fair Value Hierarchy – the fair value has been derived from the current price in an active market for similar assets. Emerald Reverse Mortgage investment securities form part of this portion of Council's portfolio. The market for Australian mortgage backed securities, regardless of the robustness of the structure, is highly illiquid as a direct consequence of the global financial crisis. This has caused difficulties in valuing the security as there is limited "price discovery" in the market. As such the level of valuation input for Council's fair valued investments was considered a Level 3.

---

##### Investment Property

Valuation Technique – Council's Investment Property is measured using sales direct comparison based on a market selling approach (i.e. market approach).

Fair Value Hierarchy - the fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are rental yields and price per square metre.

The level of evidence to support the critical assumptions of Council's investment property valuation was considered to be significant due to high levels of variability in the market for rental yields and future demands. As such the level of valuation input for these properties was considered level 3.

---

##### Infrastructure, Property, Plant & Equipment

Infrastructure – Council's Infrastructure incorporates;

- Roads - Surface and bases, Car Parks, Kerb and Guttering and Traffic Facilities (speed humps, bollards and signs),
- Bridges – Road, Pedestrian and Jetties,
- Footpaths including shared pathways and
- Stormwater Drainage

Valuation Technique – Infrastructure assets are recognised using the cost method, which equates to the current replacement cost of a modern equivalent asset. The cost to replace the asset is to equal the amount that a market participant buyer of that asset would pay to acquire it.

## Wollongong City Council

### Notes to the Financial Statements for the financial year ended 30 June 2016

#### Note 27. Fair value measurement (continued)

Fair Value Hierarchy - the general valuation approach to determine the fair value of Council's infrastructure inventory is to determine a unit rate based on square metres or an appropriate unit corroborated by market evidence (Level 2 input). A process is then undertaken to compare these rates with internal unit rates derived by Council as a result of specific projects that have been undertaken. Further to this other inputs such as asset condition and useful life require a significant level of professional judgement and can impact significantly on the fair value. As such the level of valuation input for these assets was considered level 3.

Property Plant & Equipment, Office Equipment & Furniture & Fittings incorporate:

- Property, Plant & Equipment - Trucks, Tractors, Graders, Rollers, Buses, Vans, Passenger Vehicles, Mobile Equipment (i.e. generators, hand mowers, tools), Fluid storage units (i.e. septic tanks, water tanks),
- Office Equipment – Electronic Whiteboards, Printing Equipment, Safes and I.T. equipment such as computers, printers and scanners,
- Furniture & Fittings - Chairs, Tables, Filing Cabinets, Bookshelves, Compactuses,

Valuation Technique – These assets are recognised at depreciated historical cost as an acceptable substitute for fair value because any difference between fair value and depreciated historical cost is unlikely to be material.

Fair Value Hierarchy – The key unobservable unit to the valuation of this category is asset condition and useful life. The condition of assets is reviewed on an annual basis and an assessment of remaining life undertaken based on these results.

#### Operational Land

Valuation Technique – Council's Operational Land is measured using a comparative market selling approach (i.e. market approach).

Fair Value Hierarchy - the fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach is price per square metre. The level of evidence to support the critical assumptions of Council's operational land valuation was considered to be significant due to high levels of variability in the market for similar properties and future demands. As such the level of valuation input for these properties was considered level 3.

#### Community Land

Valuation Technique – Council's Community Land is measured using comparative Land Values (LV) provided by the Valuer General (VG) or an average unit rate based on a comparable LV for similar properties (i.e. market approach).



## Wollongong City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2016

#### Note 27. Fair value measurement (continued)

---

Fair Value Hierarchy - the fair value has been derived from the LV's provided by the Valuer General or an average unit rate based on the LV for similar properties where the Valuer General did not provide a LV. The most significant input into this valuation approach is price per square metre. Valuations provided by the Valuer General are not in the public domain and the application of an average rate requires a level of professional judgement. As such the level of valuation input for these properties was considered level 3.

---

##### Land Under Roads

Valuation Technique – Land is generally valued using comparative Land Values (LV) provided by the Valuer General (VG) or an average unit rate based on a comparable LV for similar properties (i.e. market approach).

Fair Value Hierarchy - The existing use fair value of land under roads is best expressed as undeveloped or en globo land (pre-subdivision). However, as sufficient sales evidence of en globo land with similar features to the land being valued is generally not available, it is appropriate to use a proxy to estimate the en globo value. Community land value is used as a reasonable proxy to value land under roads, as such land generally has no feasible alternative use, and it is undeveloped and is publicly accessible. As such the level of valuation input for these properties was considered level 3.

---

##### Buildings – Non Specialised and Specialised

Valuation Technique - Buildings are recognised using the cost method, which equates to the current replacement cost of a modern equivalent asset. The cost to replace the asset is equal to the amount that a market participant buyer of that asset would pay to acquire it.

Fair Value Hierarchy – Specialised and Non Specialised buildings are generally assessed at level 3 of the fair value hierarchy due to lack of market evidence. Key inputs are unit rates and remaining useful life. The exception is non specialised residential properties which have been valued using sale prices of comparable properties (level 2). The most significant input into this valuation approach is price per square metre. The level of evidence to support the critical assumptions of Council's residential property valuation was considered to be significant due to high levels of variability in the market for rental yields and future demands. As such the level of valuation input for all buildings was considered level 3.

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##### Intangible Assets

Valuation Technique – These assets are recognised at depreciated historical cost as an acceptable substitute for fair value because any difference between fair value and depreciated historical cost is unlikely to be material.



## Wollongong City Council

### Notes to the Financial Statements for the financial year ended 30 June 2016

#### Note 27. Fair value measurement (continued)

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Fair Value Hierarchy – The key unobservable unit to the valuation of this category is asset condition and useful life. The condition of assets is reviewed on an annual basis and an assessment of remaining life undertaken based on these results.

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##### Other Structures

Other Structures incorporates Bus Shelters, Shade Structures, Picnic Shelters and BBQ Shelters.

Valuation Technique – Other Structures are recognised at depreciated historical cost as an acceptable substitute for fair value because any difference between fair value and depreciated historical cost is unlikely to be material.

Fair Value Hierarchy -- The key unobservable unit to the valuation of this category is asset condition and useful life. The condition of assets is reviewed on an annual basis and an assessment of remaining life undertaken based on these results.

---

##### Other Open Space / Recreational Assets

Other Open Space/Recreational Assets incorporate Off-road Footpaths, Park Assets including Playgrounds, Skateboard Facilities, Tennis Courts, Furniture and Landscaping and Power Poles.

Valuation Technique - Other Open Space/Recreational Assets are recognised using the cost method (e.g. Off-Road Footpaths).

Fair Value Hierarchy – while some elements of the cost method can be supported by market evidence (Level 2) others factors require professional judgement such as asset condition and useful life. As these inputs can have a significant impact on the fair value the valuation input all Other Open Space / Recreational Assets were considered level 3.

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##### Swimming Pools - Structures

Valuation Technique – Swimming Pools and Rock Pools are valued using the cost approach, which equates to the current replacement cost of a modern equivalent asset. The cost to replace the asset is to equal the amount that a market participant buyer of that asset would pay to acquire it. External Valuer Nannes Fong undertook the original valuation in 2009. An internal valuation was undertaken during the 2016 financial year.

## Wollongong City Council

### Notes to the Financial Statements for the financial year ended 30 June 2016

#### Note 27. Fair value measurement (continued)

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Fair Value Hierarchy - the general valuation approach to determine the fair value of Council's swimming pool inventory is to determine a unit rate based on square metres corroborated by market evidence (Level 2 input). A process is then undertaken to compare these rates with internal unit rates derived by Council as a result of specific work that has been undertaken. Further to this other inputs such as asset condition and useful life require a significant level of professional judgement and can impact significantly on the fair value. As such the level of valuation input for these properties was considered level 3.

---

##### Artworks

Valuation Technique – Art Works are valued using the cost approach, which equates to the current replacement cost of a modern equivalent asset. The cost to replace the asset is to equal the amount that a market participant buyer of that asset would pay to acquire it.

Fair Value Hierarchy - the general valuation approach to determine the fair value of Council's Artworks is to use the market price or purchase price of the original transaction or if the work is in the form of a donation an external valuation is undertaken corroborated by market evidence (Level 2 input). It is noted that the valuation process requires a significant level of professional judgement and this can impact significantly on the fair value. As such the level of valuation input for artworks was considered level 3.

---

##### Library Books

Valuation Technique – These assets are recognised at depreciated historical cost as an acceptable substitute for fair value because any difference between fair value and depreciated historical cost is unlikely to be material.

Fair Value Hierarchy – The key unobservable unit to the valuation of this category is asset condition and useful life. The condition of assets is reviewed on an annual basis and an assessment of remaining life undertaken based on these results.

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##### Other Assets

Other Assets is a catch all for the remaining assets held by Council and includes Waste Assets such as Cell Development and Liners, Public Art, Power Poles and Crematorium and Cemetery Beams and Walls.

Valuation Technique - Other Assets are recognised using the cost method.

## Wollongong City Council

### Notes to the Financial Statements for the financial year ended 30 June 2016

#### Note 27. Fair value measurement (continued)

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Fair Value Hierarchy – while some elements of the cost method can be supported by market evidence (Level 2) others factors require professional judgement such as asset condition and useful life. As these inputs can have a significant impact on the fair value the valuation input all Other Assets were considered level 3.

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##### Tip Remediation Asset

Valuation Technique – Council's Tip Remediation Asset is measured at fair value (i.e. market approach).

Fair Value Hierarchy – Whytes Gully Waste Disposal Depot will require remediation works to be carried out during and at the end of its useful life. The cash outflows relating to these remediation works have been modelled and recognised as an asset in Note 9 of Council's statements. Key unobservable inputs are the discount rate, cost escalation rate, timing of costs and future environmental management requirements. As such the level of valuation input for Council's fair valued tip asset was considered a Level

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## Wollongong City Council

### Notes to the Financial Statements for the financial year ended 30 June 2016

#### Note 27. Fair value measurement (continued)

A summary of the Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Asset Category	Valuation Frequency	Description of Process	Valuer	Responsibility
Financial Assets	Monthly	Monthly valuation using the current price in an active market for similar assets	External	Finance Division
Investment Properties	3 Years	Full valuation every 3 years or index applied annually if material	External	Property Division
Infrastructure	5 years	Full valuation using current unit rates or index applied annually if material	Internal	Infrastructure & Strategic Planning Division
Property Plant & Equipment, Office Equipment & Furniture & Fittings	Annually	Assessment of remaining useful life undertaken with adjustments to consumption patterns that may impact fair value	Internal	Finance Division
Operational Land	5 Years	Full valuation every 5 years or index applied annually if material	External	Property Division
Community Land	5 Years	Valuer General Land Values or Average Unit Rate for similar properties if not available	Valuer General / Internal	Property / Finance Division
Land Under Roads	5 Years	Valuer General Land Values or Average Unit Rate used as proxy to derive en globo rate	Valuer General / Internal	Finance Division
Buildings – Non Specialised & Specialised	5 Years	Full valuation every 5 years or index applied annually if material	External / Internal	Infrastructure & Strategic Planning Division / Property Division

## Wollongong City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2016

#### Note 27. Fair value measurement (continued)

Asset Category	Valuation Frequency	Description of Process	Valuer	Responsibility
Intangibles	Annually	Assessment of remaining useful life undertaken with adjustments to consumption patterns that may impact fair value	Internal	Finance Division
Other Structures	Annually	Assessment of remaining useful life undertaken with adjustments to consumption patterns that may impact fair value	Internal	Infrastructure & Strategic Planning Division
Other Open Space / Recreational Assets	5 years	Full valuation every 5 years or index applied annually if material	Internal	Infrastructure & Strategic Planning Division
Swimming Pools - Structures	5 years	Full valuation every 5 years or index applied annually if material	External / Internal	Infrastructure & Strategic Planning Division
Library Books	Annually	Assessment of remaining useful life undertaken with adjustments to consumption patterns that may impact fair value	Internal	Finance Division
Other Assets	5 years	Full valuation every 5 years or index applied annually if material	Internal	Various
Tip Remediation Asset	Annually	Reassessment of discount rate and application to discounted cash flows if material	Internal	Finance Division

## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 27. Fair value measurement (continued)

\$ '000

#### (4). Fair value measurements using significant unobservable inputs (level 3)

a. The following tables present the changes in level 3 fair value asset classes.

	Held for sale assets	Financial assets	Investment property	IPP&E	Total
<b>Opening balance – 1/7/14</b>	1,700	7,642	2,750	2,207,842	2,219,934
Purchases (GBV)	–	3,147	–	86,754	89,901
Disposals (WDV)	(1,700)	(74)	–	(7,337)	(9,111)
Depreciation and impairment	–	–	–	(60,436)	(60,436)
FV gains – other comprehensive income	–	–	–	4,039	4,039
FV gains – Income Statement	–	331	–	–	331
Adjustments and transfers	–	–	–	20,481	20,481
<b>Closing balance – 30/6/15</b>	<b>–</b>	<b>11,046</b>	<b>2,750</b>	<b>2,251,343</b>	<b>2,265,139</b>
Purchases (GBV)	–	21,588	–	86,357	107,945
Disposals (WDV)	–	(1,054)	–	(2,546)	(3,600)
Depreciation and impairment	–	–	–	(61,355)	(61,355)
FV gains – other comprehensive income	–	–	–	(28,155)	(28,155)
FV gains – Income Statement	–	83	2,025	–	2,108
Adjustments and transfers	–	–	–	19,769	19,769
<b>Closing balance – 30/6/16</b>	<b>–</b>	<b>31,663</b>	<b>4,775</b>	<b>2,265,413</b>	<b>2,301,851</b>

#### (5). Highest and best use

All of Council's non-financial assets are considered as being utilised for their highest and best use.



## Wollongong City Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 28. Council information and contact details

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**Principal place of business:**

41 Burelli Street  
Wollongong NSW 2500

**Contact details**

**Mailing address:**

Locked Bag 8821  
Wollongong NSW 2500

**Opening hours:**

Administration Building: 8:30am - 5:00pm

**Telephone:** (02) 4227 7111

**Facsimile:** (02) 4227 7277

**Internet:** [www.wollongong.nsw.gov.au](http://www.wollongong.nsw.gov.au)

**Email:** [council@wollongong.nsw.gov.au](mailto:council@wollongong.nsw.gov.au)

**Officers**

**GENERAL MANAGER**

David Farmer

**Elected members**

**LORD MAYOR**

Gordon Bradbery

**RESPONSIBLE ACCOUNTING OFFICER**

Brian Jenkins

**Other information**

**ABN:** 63 139 525 939

# Wollongong City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2016

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## Wollongong City Council

### Special Purpose Financial Statements for the year ended 30 June 2016

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#### Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.

- (ii) The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- (iii) For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

- (iv) In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).
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## Wollongong City Council

### Special Purpose Financial Statements for the year ended 30 June 2016

### Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

**The attached Special Purpose Financial Statements have been prepared in accordance with:**

- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

**To the best of our knowledge and belief, these financial statements:**

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.

**We are not aware of any matter that would render these statements false or misleading in any way.**

**Signed in accordance with a resolution of Council made on 10 October 2016.**

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Gordon Bradbery  
Lord Mayor

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John Dorahy  
Deputy Lord Mayor

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David Farmer  
General Manager

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Brian Jenkins  
Responsible Accounting Officer

## Wollongong City Council

### Income Statement of Council's Other Business Activities for the year ended 30 June 2016

\$ '000	Waste Disposal		Tourist Parks	
	Category 1		Category 1	
	Actual 2016	Actual 2015	Actual 2016	Actual 2015
<b>Income from continuing operations</b>				
Access charges	—	—	—	—
User charges	24,651	27,598	6,339	5,693
Fees	—	—	—	—
Interest	—	—	—	—
Grants and contributions provided for non-capital purposes	—	—	—	—
Profit from the sale of assets	—	—	—	13
Other income	341	400	114	114
<b>Total income from continuing operations</b>	<b>24,992</b>	<b>27,998</b>	<b>6,453</b>	<b>5,820</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	1,509	1,525	2,577	2,404
Borrowing costs	1,804	1,722	—	—
Materials and contracts	1,568	1,492	832	826
Depreciation and impairment	1,148	635	980	1,021
Loss on sale of assets	—	—	21	—
Calculated taxation equivalents	439	416	575	801
EPA levy	12,899	14,230	—	—
Debt guarantee fee (if applicable)	—	—	—	—
Other expenses	1,844	2,025	1,006	1,010
<b>Total expenses from continuing operations</b>	<b>21,211</b>	<b>22,045</b>	<b>5,991</b>	<b>6,062</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>3,781</b>	<b>5,953</b>	<b>462</b>	<b>(242)</b>
Grants and contributions provided for capital purposes	—	—	—	—
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>3,781</b>	<b>5,953</b>	<b>462</b>	<b>(242)</b>
Surplus (deficit) from discontinued operations	—	—	—	—
<b>Surplus (deficit) from all operations before tax</b>	<b>3,781</b>	<b>5,953</b>	<b>462</b>	<b>(242)</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	(1,134)	(1,786)	(139)	—
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>2,647</b>	<b>4,167</b>	<b>323</b>	<b>(242)</b>
Plus opening retained profits	28,875	22,506	8,341	7,782
Plus/less: prior period adjustments	—	—	—	—
Plus adjustments for amounts unpaid:				
– Taxation equivalent payments	439	416	575	801
– Debt guarantee fees	—	—	—	—
– Corporate taxation equivalent	1,134	1,786	139	—
Add:				
– Subsidy paid/contribution to operations	—	—	—	—
Less:				
– TER dividend paid	—	—	—	—
– Dividend paid	—	—	—	—
<b>Closing retained profits</b>	<b>33,095</b>	<b>28,875</b>	<b>9,378</b>	<b>8,341</b>
Return on capital %	16.1%	22.8%	1.8%	-0.8%
Subsidy from Council	—	—	88	1,190

## Wollongong City Council

### Income Statement of Council's Other Business Activities

for the year ended 30 June 2016

\$ '000	Health & Fitness		Crematorium & Cemeteries	
	Category 1		Category 1	
	Actual 2016	Actual 2015	Actual 2016	Actual 2015
<b>Income from continuing operations</b>				
Access charges	—	—	—	—
User charges	2,526	2,476	2,423	2,579
Fees	—	—	—	—
Interest	—	—	—	—
Grants and contributions provided for non-capital purposes	12	11	31	—
Profit from the sale of assets	—	—	—	—
Other income	26	28	—	—
<b>Total income from continuing operations</b>	<b>2,564</b>	<b>2,515</b>	<b>2,454</b>	<b>2,579</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	2,283	2,187	1,469	1,493
Borrowing costs	—	—	—	—
Materials and contracts	281	311	326	366
Depreciation and impairment	28	14	—	—
Loss on sale of assets	—	—	—	—
Calculated taxation equivalents	197	258	151	111
Debt guarantee fee (if applicable)	—	—	—	—
Other expenses	937	945	573	551
<b>Total expenses from continuing operations</b>	<b>3,726</b>	<b>3,715</b>	<b>2,519</b>	<b>2,521</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(1,162)</b>	<b>(1,200)</b>	<b>(65)</b>	<b>58</b>
Grants and contributions provided for capital purposes	—	—	—	—
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(1,162)</b>	<b>(1,200)</b>	<b>(65)</b>	<b>58</b>
Surplus (deficit) from discontinued operations	—	—	—	—
<b>Surplus (deficit) from all operations before tax</b>	<b>(1,162)</b>	<b>(1,200)</b>	<b>(65)</b>	<b>58</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	—	—	—	(17)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(1,162)</b>	<b>(1,200)</b>	<b>(65)</b>	<b>41</b>
Plus opening retained profits	(9,076)	(8,134)	(1,132)	(1,301)
Plus/less: prior period adjustments	—	—	—	—
Plus adjustments for amounts unpaid:				
– Taxation equivalent payments	197	258	151	111
– Debt guarantee fees	—	—	—	—
– Corporate taxation equivalent	—	—	—	17
Add:				
– Subsidy paid/contribution to operations	—	—	—	—
Less:				
– TER dividend paid	—	—	—	—
– Dividend paid	—	—	—	—
<b>Closing retained profits</b>	<b>(10,041)</b>	<b>(9,076)</b>	<b>(1,046)</b>	<b>(1,132)</b>
Return on capital %	-27.9%	-20.0%	-1.4%	1.6%
Subsidy from Council	1,252	1,381	164	49



## Wollongong City Council

### Statement of Financial Position – Council's Other Business Activities as at 30 June 2016

\$ '000	Waste Disposal		Tourist Parks	
	Category 1		Category 1	
	Actual 2016	Actual 2015	Actual 2016	Actual 2015
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	–	–	–	–
Investments	10,008	9,533	–	–
Receivables	–	–	–	–
Inventories	–	–	–	–
Other	–	–	–	–
Non-current assets classified as held for sale	–	–	–	–
<b>Total Current Assets</b>	<b>10,008</b>	<b>9,533</b>	<b>–</b>	<b>–</b>
<b>Non-current assets</b>				
Investments	–	–	–	–
Receivables	40,330	35,650	–	–
Inventories	–	–	–	–
Infrastructure, property, plant and equipment	34,758	33,706	25,331	31,394
Investments accounted for using equity method	–	–	–	–
Investment property	–	–	–	–
Other	–	–	–	–
<b>Total non-current assets</b>	<b>75,088</b>	<b>69,356</b>	<b>25,331</b>	<b>31,394</b>
<b>TOTAL ASSETS</b>	<b>85,096</b>	<b>78,889</b>	<b>25,331</b>	<b>31,394</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft	–	–	–	–
Payables	–	–	–	–
Borrowings	–	–	–	–
Provisions	–	–	–	–
<b>Total current liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Non-current liabilities</b>				
Payables	–	–	98	769
Borrowings	–	–	–	–
Provisions	42,391	40,669	–	–
Other Liabilities	–	–	–	–
<b>Total non-current liabilities</b>	<b>42,391</b>	<b>40,669</b>	<b>98</b>	<b>769</b>
<b>TOTAL LIABILITIES</b>	<b>42,391</b>	<b>40,669</b>	<b>98</b>	<b>769</b>
<b>NET ASSETS</b>	<b>42,705</b>	<b>38,220</b>	<b>25,233</b>	<b>30,625</b>
<b>EQUITY</b>				
Retained earnings	33,095	28,875	9,378	8,341
Revaluation reserves	9,610	9,345	15,855	22,284
Council equity interest	<b>42,705</b>	<b>38,220</b>	<b>25,233</b>	<b>30,625</b>
Non-controlling equity interest	–	–	–	–
<b>TOTAL EQUITY</b>	<b>42,705</b>	<b>38,220</b>	<b>25,233</b>	<b>30,625</b>

## Wollongong City Council

### Statement of Financial Position – Council's Other Business Activities as at 30 June 2016

	Health & Fitness		Crematorium & Cemeteries	
	Category 1		Category 1	
\$ '000	Actual 2016	Actual 2015	Actual 2016	Actual 2015
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	–	–	–	–
Investments	–	–	–	–
Receivables	–	–	–	–
Inventories	–	–	–	–
Other	–	–	–	–
Non-current assets classified as held for sale	–	–	–	–
<b>Total Current Assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Non-current assets</b>				
Investments	–	–	–	–
Receivables	–	–	–	–
Inventories	–	–	–	–
Infrastructure, property, plant and equipment	4,162	6,005	4,567	3,538
Investments accounted for using equity method	–	–	–	–
Investment property	–	–	–	–
Other	–	–	–	–
<b>Total non-current assets</b>	<b>4,162</b>	<b>6,005</b>	<b>4,567</b>	<b>3,538</b>
<b>TOTAL ASSETS</b>	<b>4,162</b>	<b>6,005</b>	<b>4,567</b>	<b>3,538</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft	–	–	–	–
Payables	–	–	–	–
Borrowings	–	–	–	–
Provisions	–	–	–	–
<b>Total current liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Non-current liabilities</b>				
Payables	10,987	9,960	3,264	3,330
Borrowings	–	–	–	–
Provisions	–	–	–	–
Other Liabilities	–	–	–	–
<b>Total non-current liabilities</b>	<b>10,987</b>	<b>9,960</b>	<b>3,264</b>	<b>3,330</b>
<b>TOTAL LIABILITIES</b>	<b>10,987</b>	<b>9,960</b>	<b>3,264</b>	<b>3,330</b>
<b>NET ASSETS</b>	<b>(6,825)</b>	<b>(3,955)</b>	<b>1,303</b>	<b>208</b>
<b>EQUITY</b>				
Retained earnings	(10,041)	(9,076)	(1,046)	(1,132)
Revaluation reserves	3,216	5,121	2,349	1,340
Council equity interest	(6,825)	(3,955)	1,303	208
Non-controlling equity interest	–	–	–	–
<b>TOTAL EQUITY</b>	<b>(6,825)</b>	<b>(3,955)</b>	<b>1,303</b>	<b>208</b>

## Wollongong City Council

### Special Purpose Financial Statements for the year ended 30 June 2016

#### Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	8
2	Water Supply Business Best-Practice Management disclosure requirements	n/a
3	Sewerage Business Best-Practice Management disclosure requirements	n/a

## Wollongong City Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2016

#### Note 1. Significant accounting policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Office of Local Government.

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in the SPFS, unless otherwise stated, have been prepared in accordance with:

- the recognition and measurement criteria of relevant Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and
- Australian Accounting Interpretations.

The disclosures in the SPFS have been prepared in accordance with:

- the Local Government Act (1993) NSW,
- the Local Government (General) Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

#### National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 government policy statement, *Application of National Competition Policy to Local Government*.

The *Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality*, issued by the Office of Local Government in July 1997, has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide standards for disclosure. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

#### Declared business activities

In accordance with *Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

##### Category 1

(where gross operating turnover is over \$2 million)

##### a. Waste Disposal

*Manages the disposal of solid waste generated within the city.*

##### b. Tourist Parks

*Operation, management & development of tourist parks at Bulli, Corrimal & Windang.*

##### c. Health & Fitness

*Responsible for the management and upkeep of Council's Leisure Centres.*

##### d. Crematorium & Cemeteries

*Provision of quality crematorium, cemetery & memorial facilities & services*

##### Category 2

(where gross operating turnover is less than \$2 million)

**None**

#### Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars.

#### (i) Taxation-equivalent charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

## Wollongong City Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2016

#### Note 1. Significant accounting policies (continued)

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council-nominated business activities and are reflected in these financial statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

##### Notional rate applied (%)

Corporate income tax rate – 30%

Land tax – the first **\$482,000** of combined land values attracts **0%**. For that valued from \$482,001 to \$2,947,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,947,000, a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$750,000.

##### Income tax

An income tax equivalent has been applied on the profits of each reported business activity.

While income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level (gain or loss from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income tax is only applied where a positive gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since this taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations, it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of

internal charges in Council's General Purpose Financial Statements.

The 30% rate applied is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

##### Local government rates and charges

A calculation of the equivalent rates and charges payable on all category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

##### Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that council business activities face 'true' commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

##### (ii) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

Accordingly, 'subsidies disclosed' (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

##### (iii) Return on investments (rate of return)

The policy statement requires that councils with category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

## Wollongong City Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2016

#### Note 1. Significant accounting policies (continued)

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Such funds are subsequently available for meeting commitments or financing future investment strategies.

The rate of return on capital is calculated as follows:

##### **Operating result before capital income + interest expense**

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##### **Written down value of I,PP&E as at 30 June**

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.17% at 30/6/16.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

#### **(iv) Dividends**

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

#### **(v) Amendments to comparable figures**

A review of the assumptions used to develop these statements was finalised during the financial year. As a result of this the comparable figures from the 2014/15 financial year have been updated in line with these assumptions.



# Wollongong City Council

SPECIAL SCHEDULES  
for the year ended 30 June 2016

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## Wollongong City Council

### Special Schedules for the year ended 30 June 2016

Contents	Page
<b>Special Schedules<sup>1</sup></b>	
<b>Special Schedule 1</b>	Net Cost of Services
<b>Special Schedule 2(a)</b>	Statement of Long Term Debt (all purposes)
<b>Special Schedule 2(b)</b>	Statement of Internal Loans (Sect. 410(3) LGA 1993)
<b>Special Schedule 3</b>	Water Supply Operations – incl. Income Statement
<b>Special Schedule 4</b>	Water Supply – Statement of Financial Position
<b>Special Schedule 5</b>	Sewerage Service Operations – incl. Income Statement
<b>Special Schedule 6</b>	Sewerage Service – Statement of Financial Position
<b>Notes to Special Schedules 3 and 5</b>	
<b>Special Schedule 7</b>	Report on Infrastructure Assets
<b>Special Schedule 8</b>	Permissible Income Calculation

<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 8).

#### Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
  - the Australian Bureau of Statistics (ABS),
  - the NSW Office of Water (NOW), and
  - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
  - the incorporation of Local Government financial figures in national statistics,
  - the monitoring of loan approvals,
  - the allocation of borrowing rights, and
  - the monitoring of the financial activities of specific services.

## Wollongong City Council

### Special Schedule 1 – Net Cost of Services for the year ended 30 June 2016

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
<b>Governance</b>	–	–	–	–
<b>Administration</b>	34,456	5,056	–	(29,400)
<b>Public order and safety</b>				
Fire service levy, fire protection, emergency services	4,962	566	536	(3,860)
Beach control	5,338	13	–	(5,325)
Enforcement of local government regulations	1,928	1,974	–	46
Animal control	1,443	607	–	(836)
Other	104	9	–	(95)
<b>Total public order and safety</b>	<b>13,775</b>	<b>3,169</b>	<b>536</b>	<b>(10,070)</b>
<b>Health</b>	<b>1,525</b>	<b>802</b>	–	<b>(723)</b>
<b>Environment</b>				
Noxious plants and insect/vermin control	–	–	–	–
Other environmental protection	6,692	656	33	(6,003)
Solid waste management	34,605	38,725	–	4,120
Street cleaning	5,019	13	–	(5,006)
Drainage	11,622	1,777	–	(9,845)
Stormwater management	–	–	–	–
<b>Total environment</b>	<b>57,938</b>	<b>41,171</b>	<b>33</b>	<b>(16,734)</b>
<b>Community services and education</b>				
Administration and education	51	11	–	(40)
Social protection (welfare)	4,328	3,233	790	(305)
Aged persons and disabled	657	215	–	(442)
Children's services	3,862	1,532	–	(2,330)
<b>Total community services and education</b>	<b>8,898</b>	<b>4,991</b>	<b>790</b>	<b>(3,117)</b>
<b>Housing and community amenities</b>				
Public cemeteries	2,369	2,423	–	54
Public conveniences	710	–	–	(710)
Street lighting	2,918	658	–	(2,260)
Town planning	12,309	7,287	9,242	4,220
Other community amenities	2,376	1,455	–	(921)
<b>Total housing and community amenities</b>	<b>20,682</b>	<b>11,823</b>	<b>9,242</b>	<b>383</b>
<b>Water supplies</b>	–	–	–	–
<b>Sewerage services</b>	–	–	–	–

## Wollongong City Council

### Special Schedule 1 – Net Cost of Services (continued) for the year ended 30 June 2016

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
<b>Recreation and culture</b>				
Public libraries	11,230	798	165	(10,267)
Museums	–	–	–	–
Art galleries	2,264	198	–	(2,066)
Community centres and halls	4,397	551	–	(3,846)
Performing arts venues	2,016	14	–	(2,002)
Other performing arts	–	–	–	–
Other cultural services	624	17	–	(607)
Sporting grounds and venues	3,841	534	–	(3,307)
Swimming pools	7,028	650	–	(6,378)
Parks and gardens (lakes)	19,242	708	32	(18,502)
Other sport and recreation	3,467	2,552	–	(915)
<b>Total recreation and culture</b>	<b>54,109</b>	<b>6,022</b>	<b>197</b>	<b>(47,890)</b>
<b>Fuel and energy</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Agriculture</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Mining, manufacturing and construction</b>				
Building control	–	–	–	–
Other mining, manufacturing and construction	–	–	–	–
<b>Total mining, manufacturing and const.</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Transport and communication</b>				
Urban roads (UR) – local	37,763	1,957	15,251	(20,555)
Urban roads – regional	–	–	–	–
Sealed rural roads (SRR) – local	–	–	–	–
Sealed rural roads (SRR) – regional	–	–	–	–
Unsealed rural roads (URR) – local	–	–	–	–
Unsealed rural roads (URR) – regional	–	–	–	–
Bridges on UR – local	–	–	–	–
Bridges on SRR – local	–	–	–	–
Bridges on URR – local	–	–	–	–
Bridges on regional roads	–	–	–	–
Parking areas	2,336	1,288	–	(1,048)
Footpaths	7,837	70	499	(7,268)
Aerodromes	–	–	–	–
Other transport and communication	1,410	–	–	(1,410)
<b>Total transport and communication</b>	<b>49,346</b>	<b>3,315</b>	<b>15,750</b>	<b>(30,281)</b>
<b>Economic affairs</b>				
Camping areas and caravan parks	5,420	6,453	–	1,033
Other economic affairs	7,062	5,894	–	(1,168)
<b>Total economic affairs</b>	<b>12,482</b>	<b>12,347</b>	<b>–</b>	<b>(135)</b>
<b>Totals – functions</b>	<b>253,211</b>	<b>88,696</b>	<b>26,548</b>	<b>(137,967)</b>
<b>General purpose revenues <sup>(1)</sup></b>		<b>165,654</b>		<b>165,654</b>
<b>Share of interests – joint ventures and associates using the equity method</b>	<b>–</b>	<b>150</b>		<b>150</b>
<b>NET OPERATING RESULT <sup>(2)</sup></b>	<b>253,211</b>	<b>254,500</b>	<b>26,548</b>	<b>27,837</b>

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges

(2) As reported in the Income Statement

## Wollongong City Council

### Special Schedule 2(a) – Statement of Long Term Debt (all purpose) for the year ended 30 June 2016

\$'000

Classification of debt	Principal outstanding at beginning of the year			New loans raised during the year	Debt redemption during the year		Transfers to sinking funds	Interest applicable for year	Principal outstanding at the end of the year		
	Current	Non-current	Total		From revenue	Sinking funds			Current	Non-current	Total
<b>Loans (by source)</b>											
Commonwealth government	–	–	–	–	–	–	–	–	–	–	–
Treasury corporation	–	–	–	–	–	–	–	–	–	–	–
Other state government	6,369	42,520	48,889	–	6,369	–	–	1,547	6,690	35,830	42,520
Public subscription	–	–	–	–	–	–	–	–	–	–	–
Financial institutions	–	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–	–
<b>Total loans</b>	<b>6,369</b>	<b>42,520</b>	<b>48,889</b>	<b>–</b>	<b>6,369</b>	<b>–</b>	<b>–</b>	<b>1,547</b>	<b>6,690</b>	<b>35,830</b>	<b>42,520</b>
<b>Other long term debt</b>											
Ratepayers advances	–	–	–	–	–	–	–	–	–	–	–
Government advances	–	–	–	–	–	–	–	–	–	–	–
Finance leases	–	–	–	–	–	–	–	–	–	–	–
Deferred payments	–	–	–	–	–	–	–	–	–	–	–
<b>Total long term debt</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total debt</b>	<b>6,369</b>	<b>42,520</b>	<b>48,889</b>	<b>–</b>	<b>6,369</b>	<b>–</b>	<b>–</b>	<b>1,547</b>	<b>6,690</b>	<b>35,830</b>	<b>42,520</b>

Notes: excludes (i) internal loans and (ii) principal inflows/outflows relating to loan re-financing.

This schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

## Wollongong City Council

### Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2016

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2015/16 Required maintenance <sup>a</sup>	2015/16 Actual maintenance	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Buildings	5,026	7,880	7,734	7,350	194,947	506,692	1%	10%	87%	1%	1%
	<b>Sub-total</b>	<b>5,026</b>	<b>7,880</b>	<b>7,734</b>	<b>7,350</b>	<b>194,947</b>	<b>506,692</b>	<b>1.0%</b>	<b>10.0%</b>	<b>87.0%</b>	<b>1.0%</b>	<b>1.0%</b>
Other structures	Other structures	3,134	4,437	138	138	5,868	13,894	1%	18%	49%	29%	3%
	<b>Sub-total</b>	<b>3,134</b>	<b>4,437</b>	<b>138</b>	<b>138</b>	<b>5,868</b>	<b>13,894</b>	<b>1.0%</b>	<b>18.0%</b>	<b>49.0%</b>	<b>29.0%</b>	<b>3.0%</b>
Roads	Sealed roads	70,359	101,349	10,799	10,476	509,077	1,321,779	5%	9%	79%	4%	3%
	Bridges	1,819	2,739	344	272	91,849	140,831	29%	14%	55%	1%	1%
	Footpaths	1,380	8,751	2,613	2,088	123,966	263,265	12%	13%	72%	2%	1%
	Other road assets	2,638	3,294	255	477	22,548	36,422	4%	38%	49%	7%	2%
	<b>Sub-total</b>	<b>76,196</b>	<b>116,133</b>	<b>14,011</b>	<b>13,313</b>	<b>747,440</b>	<b>1,762,297</b>	<b>7.9%</b>	<b>10.6%</b>	<b>75.4%</b>	<b>3.5%</b>	<b>2.5%</b>



## Wollongong City Council

### Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2016 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2015/16 Required maintenance <sup>a</sup>	2015/16 Actual maintenance	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Stormwater drainage	Stormwater drainage	80	147	2,195	1,801	507,154	887,859	3%	14%	83%	0%	0%
	<b>Sub-total</b>	<b>80</b>	<b>147</b>	<b>2,195</b>	<b>1,801</b>	<b>507,154</b>	<b>887,859</b>	<b>3.0%</b>	<b>14.0%</b>	<b>83.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Open space/recreational assets	Swimming pools & Open Space/Recreation	8,432	13,497	13,334	13,838	113,976	177,970	2%	7%	78%	7%	6%
	<b>Sub-total</b>	<b>8,432</b>	<b>13,497</b>	<b>13,334</b>	<b>13,838</b>	<b>113,976</b>	<b>177,970</b>	<b>2.0%</b>	<b>7.0%</b>	<b>78.0%</b>	<b>7.0%</b>	<b>6.0%</b>
	<b>TOTAL – ALL ASSETS</b>	<b>92,868</b>	<b>142,094</b>	<b>37,412</b>	<b>36,440</b>	<b>1,569,385</b>	<b>3,348,712</b>	<b>5.2%</b>	<b>11.2%</b>	<b>79.2%</b>	<b>2.5%</b>	<b>1.8%</b>

#### Notes:

- (1). Cost to bring up to 'satisfactory standard' refers to the estimated cost to replace the calculated percentage of each asset type that are below satisfactory. Satisfactory standard is generally defined as condition 2 (see Asset Condition Definitions). As identified through Council's Securing our Future community engagement, for footpaths and shared paths, this is condition 3. Cost estimates are based on adopted valuation methodologies and do not generally include the cost of enhancements/upgrades to existing assets. The nominated percentage of each asset type below satisfactory standard is detailed under Condition of Public Works in the Annual Report.
- (2). Required Annual Maintenance' is the amount that should be spent to maintain assets in a satisfactory standard and to ensure that the estimated remaining life of the asset is achieved PLUS the new requirement to include the "operating expenses required to keep the asset in a functional state for community use'.
- (3). Current Annual Maintenance' is the total expenditure incurred during the year to maintain assets. For the first time, it also includes the actual expenditure on operational costs to keep the asset in a functional state for community use', which includes costs such as mowing, painting, lighting, etc. It does not include operational overheads (eg. energy or water supply, cleaning, administration staff) or capital expenditure.

## Wollongong City Council

### Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2016 (continued)

#### Notes: (continued)

- (4). Cost to bring to agreed service level is defined as “The proportion of the GRC that have reached the intervention level based on condition.” The outstanding renewal works compared to the total replacement cost of Councils assets. That is calculated as the cost of bringing condition 4 and 5 assets to condition 1.
- (5). Below is a summary of asset types included in Asset Class:  
**Buildings** : Community Facilities, Cultural Facilities, Childcare Centres, Public Toilets, Exeloos, Grandstands, Surf Life Saving Clubs, Amenities, Office/Shops, Industrial, Residences, Cabins and Leisure Centres  
**Roads and Road Related Assets** : Road seal, base, sub-base, kerb and gutter, guardrails and traffic facilities (roundabouts, speedhumps, medians etc)  
**Bridge, Boardwalks and Jetties** : Road Bridges, Pedestrian Bridges, Boardwalks and Jetties  
**Footpaths and Cycleways** : Footpaths and cycleways (excluding off road footpaths in parks)  
**Car parks**: Surface car parks (not multi-storey) and Boat ramps  
**Stormwater** : Pits, Pipes, Headwalls, Culverts and Riparian Assets  
**Recreation** : Pools, Playgrounds, Sport Courts, Park Furniture, Picnic Shelters and Landscaping. Does not include non-depreciable land and earthworks

#### Condition of Public Assets

In assessing the condition of Public Assets, Council has considered the existing condition and function of each asset. The results shown for the condition of assets within each category are an average. Therefore, a proportion of assets in each category are above and below the average result. Council recognise that the ratings scale used (as outlined below) may be different from those used by other Councils, but has been based on the rating scale in the International Infrastructure Management Manual.

#### Asset Condition Definitions #

Rating	Status
1	As new
2	Good
3	Fair
4	Poor
5	To be replaced

## Wollongong City Council

### Special Schedule 7 – Report on Infrastructure Assets (continued) for the year ended 30 June 2016

\$ '000	Amounts 2016	Indicator 2016	Prior periods 2015      2014	
<b>Infrastructure asset performance indicators *</b> <b>consolidated</b>				
<b>1. Infrastructure renewals ratio</b>				
Asset renewals <sup>(1)</sup>	<b>49,318</b>	<b>92.10%</b>	91.45%	43.18%
Depreciation, amortisation and impairment	<b>53,551</b>			
<b>2. Infrastructure backlog ratio</b>				
Estimated cost to bring assets to a satisfactory standard	<b>92,868</b>	<b>5.92%</b>	6.18%	8.84%
Carrying value of infrastructure assets	<b>1,569,385</b>			
<b>3. Asset maintenance ratio</b>				
Actual asset maintenance	<b>36,440</b>	<b>0.97</b>	0.97	0.78
Required asset maintenance	<b>37,412</b>			
<b>4. Cost to bring assets to agreed service level</b>				
Estimated cost to bring assets to an agreed service level set by Council	<b>142,094</b>	<b>4.24%</b>	4.80%	
Gross replacement cost	<b>3,348,712</b>			

#### Notes

\* All asset performance indicators are calculated using the asset classes identified in the previous table.

<sup>(1)</sup> Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.



## Wollongong City Council

### Special Schedule 7 – Report on Infrastructure Assets (continued) for the year ended 30 June 2016

<p><b>1. Infrastructure renewals ratio</b></p> <p>Ratio %</p> <p>2013 2014 2015 2016</p>	<p><b>Purpose of asset renewals ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on 2015/16 result</b></p> <p><b>2015/16 Ratio 92.10%</b></p> <p>Continuing the updated process from 2014/15 of calculating capital renewal at an individual project level provides a high level of confidence in the renewal calculation. That is, the sum total of the renewal component of each infrastructure, building and other structures capital works project is the calculated total amount of asset renewal.</p>
<p>Benchmark: — Minimum <math>\geq 100.00\%</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p>Ratio achieves benchmark Ratio is outside benchmark</p>	
<p><b>2. Infrastructure backlog ratio</b></p> <p>Ratio %</p> <p>2013 2014 2015 2016</p>	<p><b>Purpose of infrastructure backlog ratio</b></p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p><b>Commentary on 2015/16 result</b></p> <p><b>2015/16 Ratio 5.92%</b></p> <p>The cost to bring to satisfactory is defined as the cost difference of the written down value of the assets in condition 4 and 5, to their written down value at condition 2, with the exception of path assets to condition 3. Councils 'Securing our Future' financial review confirmed condition 3 for paths through public consultation.</p>
<p>Benchmark: — Maximum <math>&lt; 2.00\%</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p>Ratio achieves benchmark Ratio is outside benchmark</p>	
<p><b>3. Asset maintenance ratio</b></p> <p>Ratio (x)</p> <p>2013 2014 2015 2016</p>	<p><b>Purpose of asset maintenance ratio</b></p> <p>Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.</p>	<p><b>Commentary on 2015/16 result</b></p> <p><b>2015/16 Ratio 0.97 x</b></p> <p>This ratio now requires the inclusion of '...operating expenses required to keep the asset in a functional state for community use'. Operational required costs have been set equal to the operational actual costs, so while the totals are significantly higher than 2014/15, the ratio remains consistent.</p>
<p>Benchmark: — Minimum <math>&gt; 1.00</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p>Ratio achieves benchmark Ratio is outside benchmark</p>	
<p><b>4. Cost to bring assets to agreed service level</b></p> <p>Ratio %</p> <p>2015 2016</p>	<p><b>Purpose of agreed service level ratio</b></p> <p>This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.</p>	<p><b>Commentary on 2015/16 result</b></p> <p><b>2015/16 Ratio 4.24%</b></p> <p>For 2015/16 this new ratio replaces the capital expenditure ratio. The ratio is simply the sum of the outstanding renewal works compared to the total suite of infrastructure under Councils care. That is, the cost to renew assets in condition 4 and 5 as a proportion of the Gross Replacement Cost.</p>

## Wollongong City Council

### Special Schedule 8 – Permissible Income Calculation for the year ended 30 June 2017

\$'000		Calculation 2015/16	Calculation 2016/17
<b>Notional general income calculation <sup>(1)</sup></b>			
Last year notional general income yield	a	137,844	146,990
Plus or minus adjustments <sup>(2)</sup>	b	573	1,237
<b>Notional general income</b>	c = (a + b)	<b>138,417</b>	<b>148,227</b>
<b>Permissible income calculation</b>			
Special variation percentage <sup>(3)</sup>	d	6.23%	6.24%
Or rate peg percentage	e	2.40%	1.80%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	—	—
Plus special variation amount	h = d x (c - g)	8,623	9,249
Or plus rate peg amount	i = c x e	—	—
Or plus Crown land adjustment and rate peg amount	j = c x f	—	—
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>147,040</b>	<b>157,476</b>
Plus (or minus) last year's carry forward total	l	135	40
Less valuation objections claimed in the previous year	m	(148)	(6)
<b>Sub-total</b>	n = (l + m)	<b>(13)</b>	<b>34</b>
<b>Total permissible income</b>	o = k + n	<b>147,027</b>	<b>157,511</b>
Less notional general income yield	p	146,990	157,481
<b>Catch-up or (excess) result</b>	q = o - p	<b>37</b>	<b>30</b>
Plus income lost due to valuation objections claimed <sup>(4)</sup>	r	6	—
Less unused catch-up <sup>(5)</sup>	s	(3)	—
<b>Carry forward to next year</b>	t = q + r - s	<b>40</b>	<b>30</b>

#### Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (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.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future 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 Special Schedule 8 in the financial data return (FDR) to administer this process.

## Wollongong City Council

### Special Schedule 8 – Independent Auditors Report for the year ended 30 June 2017

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#### Report on Special Schedule 8

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule 8) of Wollongong City Council for the year ending 30 June 2017.

#### Responsibility of Council for Special Schedule 8

The Council is responsible for the preparation and fair presentation of Special Schedule 8 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 23. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule 8 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditors' responsibility

Our responsibility is to express an opinion on Special Schedule 8 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule 8 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule 8. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule 8, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule 8.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule 8 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.



### **Audit opinion**

In our opinion, Special Schedule 8 of Wollongong City Council for 2016/17 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

### **Basis of accounting**

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose.

FIRM NAME

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Partner Name here...

**Partner**

Dated at Sydney this XXth day of XXXXXXXX, 2015

## Wollongong City Council

### General Purpose Financial Statements for the year ended 30 June 2016

#### Statement by Councillors and Management made pursuant to Section 413(2)(c) of the *Local Government Act 1993 (NSW)* (as amended)

**The attached General Purpose Financial Statements have been prepared in accordance with:**

- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements, and
- the Local Government Code of Accounting Practice and Financial Reporting.

**To the best of our knowledge and belief, these financial statements:**

- present fairly the Council's operating result and financial position for the year, and
- accord with Council's accounting and other records.

**We are not aware of any matter that would render these statements false or misleading in any way.**

**Signed in accordance with a resolution of Council made on 10 October 2016.**

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Gordon Bradbery  
Lord Mayor

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John Dorahy  
Deputy Lord Mayor

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David Farmer  
General Manager

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Brian Jenkins  
Responsible Accounting Officer

## Wollongong City Council

### Special Purpose Financial Statements for the year ended 30 June 2016

### Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

**The attached Special Purpose Financial Statements have been prepared in accordance with:**

- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

**To the best of our knowledge and belief, these financial statements:**

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.

**We are not aware of any matter that would render these statements false or misleading in any way.**

**Signed in accordance with a resolution of Council made on 10 October 2016.**

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Gordon Bradbery  
Lord Mayor

---

John Dorahy  
Deputy Lord Mayor

---

David Farmer  
General Manager

---

Brian Jenkins  
Responsible Accounting Officer



## EXECUTIVE SUMMARY

As General Manager of Wollongong City Council, I present the Annual Financial Statements for 2015-2016. These statements continue to reflect Council's transformation from an organisation that had underlying long-term financial issues to one that is well placed financially to continue to operate at its existing level well into the future. At the end of the reporting period Council is strong and stable in the short, medium and longer term.

Council's 2013-2014 major financial review (Securing our Future) identified long-term issues, including renewal of long-lived assets such as roads, bridges, buildings and recreation facilities. Council at that time, following engagement with the community, implemented a change program that targeted a minimum improvement of \$4.5 million from internal efficiencies, \$1.5 million in service level adjustments, a minimum of \$500,000 in increased fees and charges and a Special Rate Variation for an increase in General Revenue of \$14.5 million. Since this review, Council has been able to maintain budget control and work actively towards these targets which have led to expectations being exceeded in financial terms. This is reflected in Council's 2015-2016 results.

The Income Statement shows a net operating surplus of \$27.8 million compared to a surplus of \$31.6 million in 2014-2015. The net operating result before capital grants and contributions, Council's main indicator of long term financial viability, was a surplus of \$1.3 million. This compares to a surplus of \$9.6 million in 2014-2015 which took in several one-off events, including a \$4.2 million net profit on the sale of assets, a \$1.8 million legal settlement and positive impacts from the timing of the Financial Assistance Grant [\$8.9 million]. The 2013-2014 net operating result of a \$19.2 million deficit highlights progress over subsequent years.

Council's Balance Sheet shows the vast extent of assets managed by Council for the Community. The total value of Council's assets at 30 June 2016 was \$2.46 billion. During 2015-2016, Council completed capital works of \$82.7 million including the construction and acquisition of \$23.4 million of new assets and \$59.3 million for the renewal of existing assets. The program has included projects such as the preliminary design and land acquisition for the extension of Fowlers Road, Berkeley Community Centre upgrade, Thirroul Beach Pavilion refurbishment and Crown Street West upgrade.


Council maintains a strong position in cash and investments, with holdings of \$154 million at 30 June 2016 (\$144.7 million in 2014-2015). \$130.6 million of Council's cash (\$119.6 million in 2014-15) is restricted in its use to specific purposes by external bodies, legislation and Council resolution.

Council's unrestricted current ratio rose slightly from 2.19:1 in 2014-2015 to 2.25:1 in 2015-2016. This ratio, which measures Council's liquidity and ability to satisfy short-term obligations, is above the Local Government Benchmark of >1.5:1. Council's strategy is to better utilise cash and target a lean unrestricted cash ratio, however significant cash assets held for future waste facility requirements are included in this ratio. The measure is expected to increase until payments are required. Rates and Annual Charges outstanding fell from 5.48% in 2014-2015 to 4.79% in 2015-2016 as Council continued to build on its improved debt recovery processes. The result is positive when measured against the industry standard of <5%.

While Council has continued to borrow on attractive and/or subsidised terms for specific works, the relatively low levels of borrowing remain a financial strength of Council and add flexibility in making financial decisions for the future. The 2015-2016 debt service ratio increased to 3.25% compared to 2.73% in 2014-2015 as Council commenced repayments of LIRS 3. This ratio remains positive in comparison to the Local Government benchmark of <10%. Council continues to operate within a ratio of 4% as per its financial strategy.

On 18 December 2015, the NSW Government announced Merger Proposals for a number of councils including the potential merger of Wollongong and Shellharbour City Councils. An ongoing legal challenge by Shellharbour City Council has delayed any possible merger and it is not clear when, or if, a merger will proceed. Council remains well placed for the future with underlying stability and sufficient capacity to manage short-term challenges.

My thanks to all staff and external auditors who worked on the preparation of these Statements.

  
 David Farmer  
 General Manager  
 Wollongong City Council



# Financial Commentary 2015-2016

## 2015-2016 Financial Statements

This report provides an overview of Council's 2015-2016 Financial Statements. The Financial Statements are prepared by Council to provide information in relation to Council's financial performance and position. The Statements are prepared in accordance with Australian Accounting Standards, the NSW Local Government Act 1993 and the NSW Local Government Code of Accounting Practice and Financial Reporting (Update N° 24). The Statements are independently audited by PricewaterhouseCoopers, reported to Council, placed on public exhibition and lodged with the Office of Local Government.

The Financial Statements are made up of five key financial reports (Primary Financial Statements) and explanatory notes. The Primary Financial Statements are:

- Income Statement
- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows

## 2015-2016 Highlights

- |  |  |
|--|--|
| • Total Assets \$2.46B from \$2.43B (2015)   | • Debt Service Ratio at 3.25% (2015: 2.73%)  |
| • Capital Program [Renewal] \$59.3M (2015: \$59.4M)                                | • Net Operating Result \$27.8M Surplus (2015: Surplus \$31.6M)                                       |
| • Capital Program [New] \$23.4M (2015: \$27.4M)                                    | • Net Operating Result before Capital Grants and Contributions \$1.3M Surplus (2015: \$9.6M Surplus) |
| • Recognition of Contributed Assets including Infrastructure \$4.6M (2015: \$1.9M) | • Unrestricted Current Ratio of 2.25:1 (2015: 2.19:1)  |
| • Cash Assets of \$154M  | • Rates, Annual Charges, Interest and Extra Charges Outstanding 4.79% (2015: 5.48%)                  |



## 2015-2016 Financial Overview

The 2015-2016 financial year concludes a defining period, where Council has moved from being financially unsustainable to one that is fit and well placed for long term stability. While the future will be determined by the decisions and delivery of future terms of Council, the position at the end of the reporting period is one that is described as strong and stable in the short, medium and longer term.

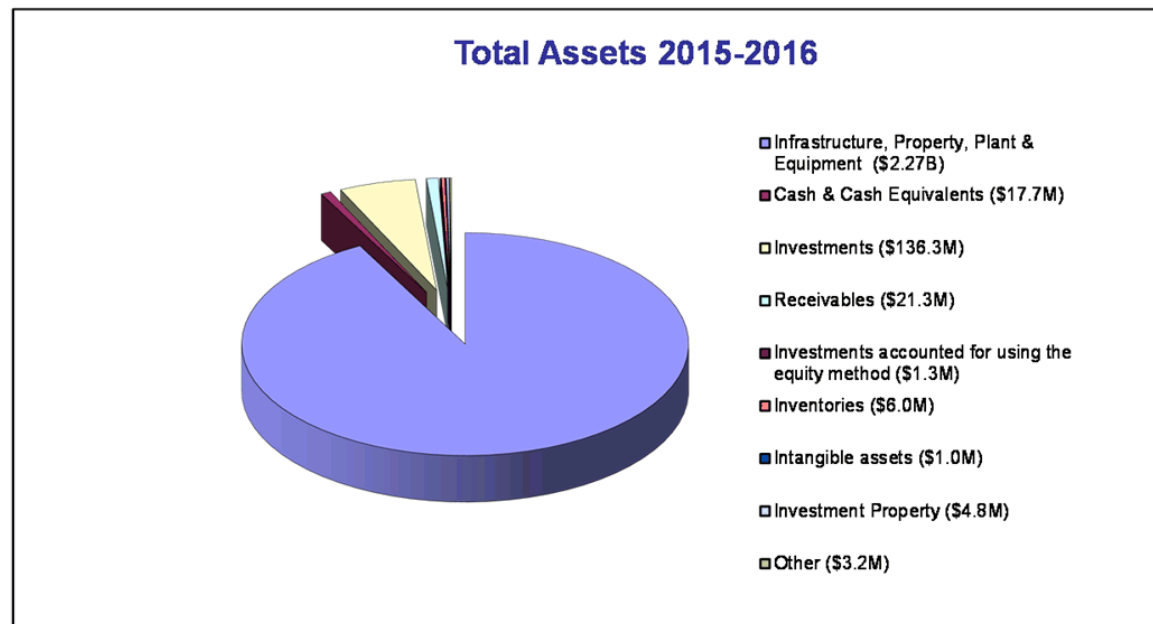
Essential to this result was the adoption of a Revised Delivery Program in 2014 following an extensive community consultation process. This facilitated the development of the 2014-2015 Annual Plan, which included Council's preferred scenario. The preferred scenario included the 'Securing our Future' plan to improve underlying performance by around \$21 million per annum to provide capacity for long-term sustainability. The plan included a revised \$4.5 million operational efficiency target that required a reduction in resources used to provide current levels of services; a \$1.5 million adjustment to existing services that was predominantly achieved by lowering the service expectations of footpath assets; a \$0.5 million increase in other revenue above baseline expectations and increases in rates over a three year period of approximately \$14.5 million per annum.

Council's continued efforts to maintain budget control and work actively towards its Secure Our Future targets have led to expectations being exceeded in financial terms. While Council's delivery of service has remained high and, in some instances, increased over the period, Council has been able to 'bank' one off savings that have been achieved over the time. This has allowed Council to use gains to progress actions that were not funded from annual provisions.

Together with the delivery achievements during this period, key measures of financial performance have been met and exceeded which is exemplified in the operating result for 2015-2016 (Actual: 0.84% Projected: 2.6%). Overall, Council is well placed for the future with underlying stability and sufficient capacity to manage short-term challenges.

## Assets

Council's Statement of Financial Position shows the vast extent of assets managed by Council for the Community. The total value of Council's assets at 30 June 2016 was \$2.46 billion. The composition of assets is shown below.





### Infrastructure, Property, Plant & Equipment (IPPE)

With a carrying value of \$2.27 billion, Infrastructure, Property, Plant and Equipment (IPPE) is Council's most significant asset and represents 92% of the total value of assets.

During 2015-2016, Council completed a capital works program of \$82.7 million including the construction and purchase of \$23.4 million of new assets and renewal of existing assets of \$59.3 million.

After accounting for annual depreciation expense, the overall value of IPPE increased by \$75.4 million during 2015-2016. The increase was primarily due to asset renewals of \$58.8 million and \$18.1 million as a result of assets transferred in and adjustments made through the discovery of new assets. Further financial details of IPPE are shown at Note 9.

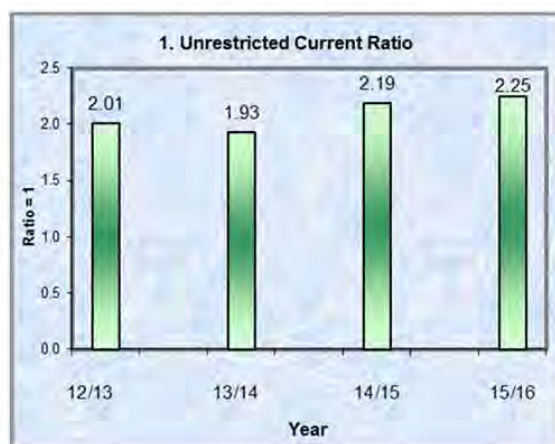
### Cash and Investments

In 2015-2016, Council maintained a strong position in cash and investments, with holdings of \$154 million at 30 June 2016. Council's cash and investment positions over recent years are as follows:

CASH, INVESTMENTS & AVAILABLE FUNDS					
		YTD Actual 30 June 2013	YTD Actual 30 June 2014	YTD Actual 30 June 2015	YTD Actual 30 June 2016
Total Cash and Investments	\$M	116.796	117.971	144.656	154.025
Less Restrictions:					
External	\$M	63.961	62.979	77.693	75.276
Internal	\$M	24.383	26.964	41.960	55.377
Available Cash	\$M	28.452	28.028	25.003	23.372
Adjusted for :					
Current payables	\$M	(23.201)	(29.360)	(34.039)	(37.432)
Receivables	\$M	26.205	25.454	26.422	24.487
Available Funds	\$M	31.456	24.122	17.386	10.427

External restrictions are funds held by Council that must be spent for a specific purpose and cannot be used by Council for general operations. Internal restrictions are funds that Council has determined will be used for a specific future purpose. Cash holdings have continued to track higher than anticipated throughout the 2015-2016 financial year. This is predominately due to an increase in net payables [\$5 million] and an improved funds result compared to budget [\$4 million].

At 30 June 2016, Council achieved an available funds position of \$10.4 million. This is reflective of the Financial Strategy target range of \$8.8 million - \$11.7 million.



The Unrestricted Current Ratio measures Council's Cash/Liquidity Position or its ability to satisfy obligations in the short term from the unrestricted activities of Council.

Council's strategy is to maximise the use of available funds and target a lean Unrestricted Current Ratio. Cash Assets held for future waste facility requirements are held in the Unrestricted Ratio. As the requirement to hold funds for the waste facility is significant, the measure is expected to increase until payments are required.

As Council's performance is on par with the Local Government Benchmark of >1.5:1, it is reflective of a deliberate strategy to better utilise cash.

## Receivables

Receivables are the amount of money owed to Council or funds that Council has paid in advance. At 30 June 2016, receivables totalled \$21.3 million, a decrease of \$0.8 million compared to the 2014-2015 reporting period. This decrease is mainly due to a reduction in Rates and Annual Charges Outstanding. Full details of receivables are provided in Note 7.

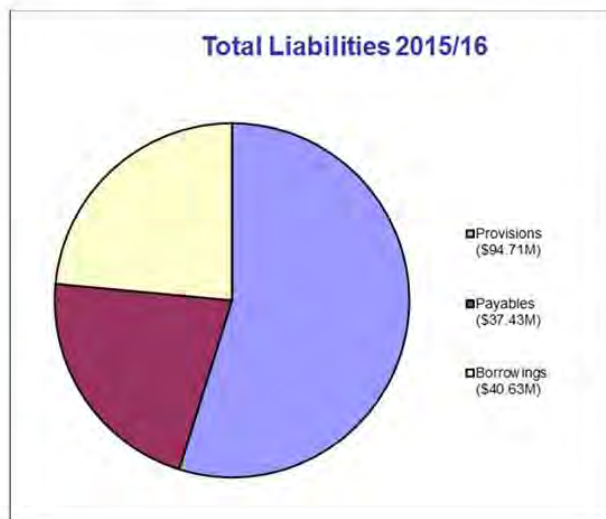


This measure assesses the impact of uncollected rates and other charges on liquidity and the adequacy of recovery efforts.

An improved debt recovery process was implemented in 2013-2014. The process has continued to generate positive implications on the 2015-2016 result. Council's Debt Recovery Policy has produced a result in line with the industry standard of <5%.

## Liabilities

At 30 June 2016, Council's Total Liabilities were \$172.8 million. The composition of Council's Total Liabilities is shown below.



Provisions account for 54.8% of Council's Liabilities with the most significant provisions relating to Employee Leave Entitlements [\$47.5 million], Waste Depot Remediation Provision [\$42.7 million] and Workers' Compensation Provision [\$4 million].

Payables account for 21.7% of Council's Liabilities. The majority of payables relate to goods and services received and capital expenditure incurred but not yet paid for.

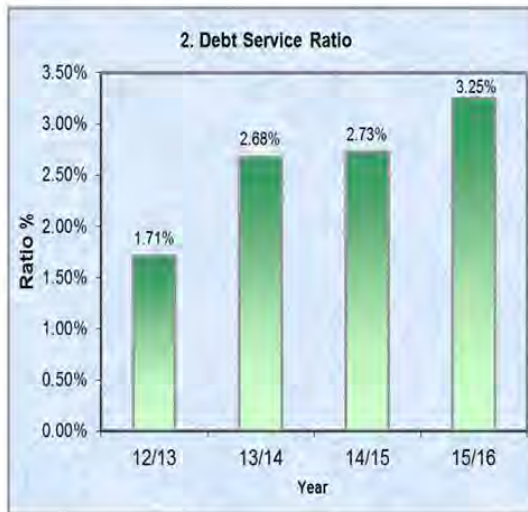
Borrowings account for 23.5% of Council's Liabilities and relate to the interest free Infrastructure Loan from the State Government secured in 2010 and the subsidised Local Infrastructure Renewal Scheme loans (1, 2 and 3) secured during the previous three financial years.

## Provisions

Provisions increased during 2015-2016 by \$4.7 million. The increase is attributable to increased valuation for future remediation works at Whytes Gully Waste Facility [\$1.7 million], Long Service Leave Provision [\$3.4 million] and a decrease in the Workers' Compensation Provision [\$0.5 million].



## Borrowings



Historically, one of Council's financial strengths has been a relatively low level of borrowing. However, Council determined modest debt growth was prudent until underlying financial parameters were sustainable, or where specific capital programs that could provide economic benefit were available. Over the past five years, Council has utilised advantageous borrowing opportunities to accelerate spending on Infrastructure. For example, in 2010 Council secured a \$26 million interest free Infrastructure Loan from the NSW State Government for West Dapto Access works. This will continue to be spent over the next financial year and paid back over the next five years. During 2012-2013, Council also secured a \$20 million subsidised loan under the Local Government Infrastructure Renewal Scheme that will be used over a five year period to accelerate the Citywide Footpaths and Shared Path Renewal and Missing Links Construction Program. Within the 2013-2014 financial year, Council secured a \$4.3 million subsidised loan under round two of the

Local Government Infrastructure Renewal Scheme which has been used for the renewal and upgrade of the Berkeley and Corrimal Community Centres and Thirroul Pavilion and Kiosk.

Council continued to take advantage of such opportunities throughout the 2014-2015 year, securing a \$15 million subsidised loan under round three of the Local Government Infrastructure Renewal Scheme. This loan is to be repaid over the next eight years at a fixed rate and is to be used for the West Dapto Access Project to construct Fowler's Road to Fairwater Drive. During 2015-2016, Council successfully applied for an additional amount under the LIRS 3 program for \$5.5 million that is expected to be drawn down in the 2016-2017 year.

The Debt Service Ratio measures the proportion of revenues that is required to meet Council's annual loan repayments. A low level of debt is reflected in Council's Debt Service Ratio of 3.25%. This is exceptionally low in comparison to the Local Government benchmark ratio of <10%.

The increased Debt Service Ratio for 2015-2016 is due to the inclusion of a complete year of interest expense attributable to the \$15 million LIRS 3 loan. As the loan was drawn down in February 2015, the 2014-2015 result contained only four months of interest expense. While an increased result compared to last year, Council's financial strategy allows for a ratio of 4% and Council continues to operate within this strategy.

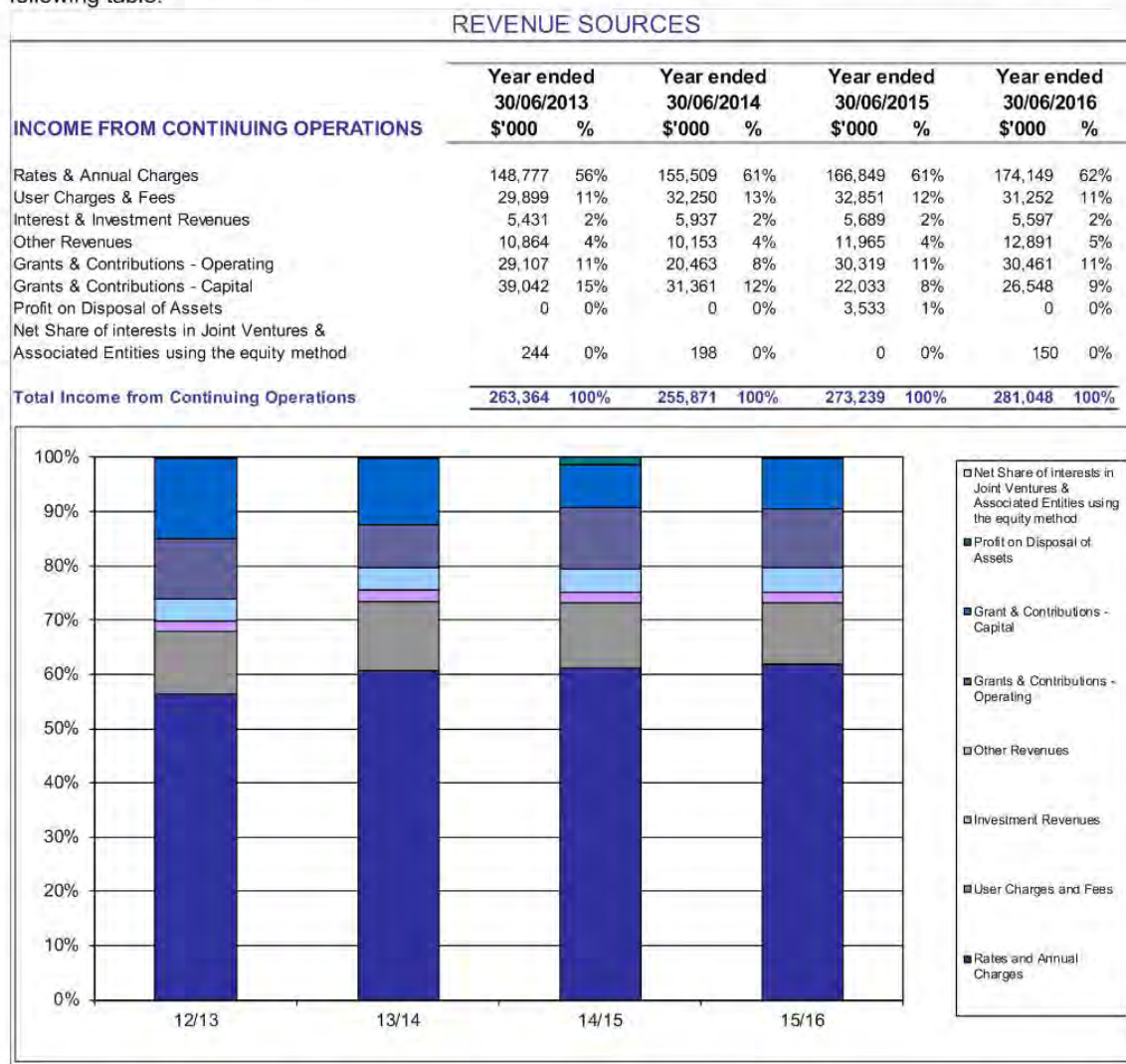
## Operational Performance - Income & Expenses

Council's financial performance in 2015-2016 decreased slightly during the reporting period, achieving a Net Operating Surplus from Continuing Operations of \$27.8 million, compared to a prior year Surplus of \$31.6 million. Council's underlying measure of long term operational performance, the Operational Result before Capital Grants and Contributions shows a surplus of \$1.3 million, compared to a surplus of \$9.6 million in 2014-2015. While the 2015-2016 result is lower, it should be noted that the prior year's surplus was attributable to a number of one-off events, which included net profit on the sale of assets [\$4.2 million], a legal settlement [\$1.8 million] and the timing of the receipt of the Financial Assistance Grant [\$8.9 million]. The 2015-2016 result of \$1.3 million is favourable, reflects a positive improvement against budget and is consistent with the longer term direction set in the Securing our Future Program.

### Income

Council's Income from Continuing Operations for 2015-2016 was \$281 million compared to a prior year result of \$273.2 million. The improvement in income is due to an increase in rates and annual charges which is reflective of the Special Rate Variation increase, an improved debt recovery process and an increase in grants and contributions provided for capital purposes.

The other sources of revenue for Council remained steady based on prior financial years, as shown in the following table.



Income from Rates and Annual Charges in 2015-2016 totalled \$174.1 million, an increase of \$7.3 million on the prior year. The increase in 2015-2016 is primarily due to Council being in the second year of a three year Special Rates Variation increase as approved by the Independent Pricing and Regulatory Tribunal.



The Rates and Annual Charges Coverage Ratio assesses the degree of Council's dependence upon revenue from rates and annual charges and the security of Council's income.

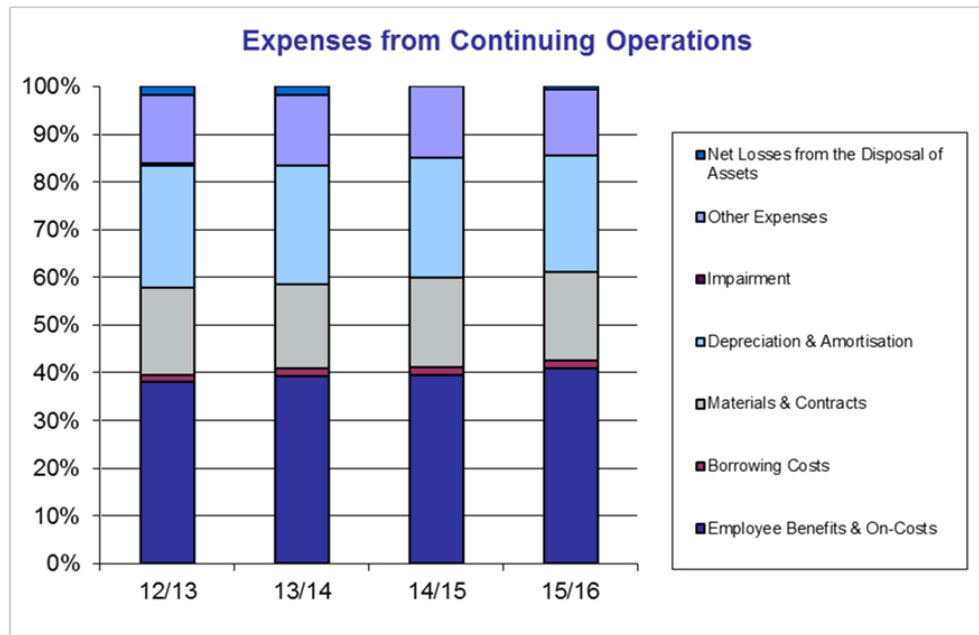
Interest and Investment Income of \$5.6 million was recognised, representing a consistent result when compared to the prior year result of \$5.7 million. Capital Grant & Contribution income increased throughout the year, primarily attributable to additional funding received for transport purposes. Examples of these include the Roads to Recovery Programme, Restart NSW Illawarra Infrastructure Fund and various Roads and Maritime Services grants and contributions.



## Expenses

Council's Expenses from Continuing Operations for 2015-2016 totalled \$253.2 million, compared to prior year expenditure of \$241.6 million. This is largely attributed to an increase in Employee Benefits and On-Costs, being Salary and Wages [\$4.1 million], Long Service Leave Provision [\$3.4 million] offset by a decrease in Workers' Compensation provision by \$0.5 million. During the 2015-2016 financial year, Council has been able to keep costs within expectations.

Material budget variations from the 2015-2016 year for income and expenditure items are detailed in Note 16 of the statements.



## Wollongong City Council

### Historical Financial Data

#### Income Statement

		Actual 2012/13 \$'000	Actual 2013/14 \$'000	Actual 2014/15 \$'000	Actual 2015/16 \$'000
	Notes				
<b>Income from Continuing Operations</b>					
<b>Revenue:</b>					
Rates & Annual Charges	3a	148,777	155,509	166,849	174,149
User Charges & Fees	3b	29,899	32,250	32,851	31,252
Interest and Investment Revenue	3c	5,431	5,937	5,689	5,597
Other Revenues	3d	10,864	10,153	11,965	12,891
Grants & Contributions provided for Operating Purposes	3e,f	29,107	20,463	30,319	30,461
Grants & Contributions provided for Capital Purposes (1)	3e,f	39,042	31,361	22,033	26,548
<b>Other Income:</b>					
Net Gains from the Disposal of Assets	5	-	-	3,533	-
Profit from interests in Joint Ventures & Associates	19	-	-	-	-
Entities using the equity method		244	198	-	150
<b>Total Income from Continuing Operations</b>		<b>263,364</b>	<b>255,871</b>	<b>273,239</b>	<b>281,048</b>
<b>Expenses from Continuing Operations</b>					
<b>Employee Benefits &amp; On-Costs</b>					
Employee Benefits & On-Costs	4a	91,043	95,792	95,399	103,547
Borrowing Costs	4b	3,367	3,989	4,037	4,223
Materials & Contracts	4c	43,139	42,685	45,647	47,144
Depreciation & Amortisation	4d	61,240	61,203	60,763	61,882
Impairment	4d	990	-	-	6
Other Expenses	4e	34,135	35,846	35,777	34,782
Net Losses from the Disposal of Assets	5	4,311	4,245	-	1,627
Loss from interests in Joint Ventures & Associates	19	-	-	22	-
<b>Total Expenses from Continuing Operations</b>		<b>238,225</b>	<b>243,760</b>	<b>241,645</b>	<b>253,211</b>
<b>Operating Result from Continuing Operations</b>		<b>25,139</b>	<b>12,111</b>	<b>31,594</b>	<b>27,837</b>
<b>NET OPERATING RESULT FOR THE YEAR</b>		<b>25,139</b>	<b>12,111</b>	<b>31,594</b>	<b>27,837</b>
<b>Less:</b>					
Grants & Contributions provided for Capital Purposes	3e,f	39,042	31,361	22,033	26,548
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>(13,903)</b>	<b>(19,250)</b>	<b>9,561</b>	<b>1,289</b>

This Statement is to be read in conjunction with the Notes in the body of the financial statements and with consideration to Note (1) below.

(1) Capital Grants and Contributions increased in 2013 primarily as a result of a significant amount of contributed assets treated as income.



## Wollongong City Council

### Historical Financial Data

#### Statement of Financial Position

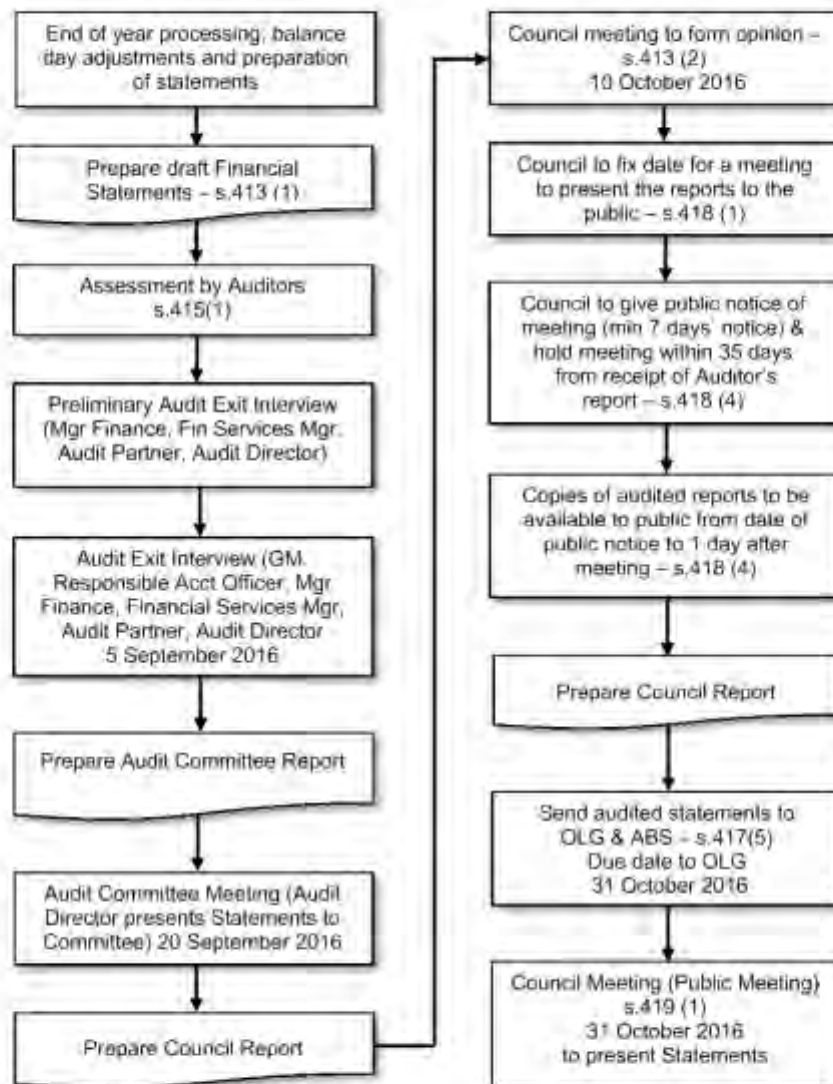
	Notes	Actual 2012/13 \$'000	Actual 2013/14 \$'000	Actual 2014/15 \$'000	Actual 2015/16 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash & cash equivalents	6a	99,502	33,299	33,580	17,747
Investments	6b	7,294	63,672	102,076	126,193
Receivables	7	20,481	23,808	22,109	21,280
Inventories	8	8,940	6,037	6,040	6,027
Other	8	885	1,646	4,313	3,207
Assets held for sale (previously non-current)	22	-	1,700	-	-
<b>Total current assets</b>		<b>137,102</b>	<b>130,162</b>	<b>168,118</b>	<b>174,454</b>
<b>Non-current assets</b>					
Cash assets	6a	-	-	-	-
Investments	6b	10,000	21,000	9,000	10,085
Receivables	7	4,839	-	-	-
Inventories	8	-	-	-	-
Infrastructure, property, plant & equipment	9	2,376,962	2,207,842	2,251,343	2,265,413
Investments accounted for using the equity method	19	983	1,181	1,160	1,310
Investment property	14	3,725	2,750	2,750	4,775
Intangible assets	25	364	930	1,220	1,043
Non-current assets classified as 'held for sale'	22	-	-	-	-
Other	8	-	-	-	-
<b>Total non-current assets</b>		<b>2,396,873</b>	<b>2,233,703</b>	<b>2,265,473</b>	<b>2,282,626</b>
<b>TOTAL ASSETS</b>		<b>2,533,975</b>	<b>2,363,865</b>	<b>2,433,591</b>	<b>2,457,080</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Payables	10	23,201	29,360	34,039	37,432
Interest bearing liabilities	10	3,332	3,908	6,369	6,690
Provisions	10	40,833	42,651	47,487	50,683
<b>Total current liabilities</b>		<b>67,366</b>	<b>75,919</b>	<b>87,895</b>	<b>94,805</b>
<b>Non-current liabilities</b>					
Payables	10	-	4,034	-	-
Interest bearing liabilities	10	31,236	31,459	39,758	33,940
Provisions	10	45,401	45,183	42,554	44,031
<b>Total non-current liabilities</b>		<b>76,637</b>	<b>80,676</b>	<b>82,312</b>	<b>77,971</b>
<b>TOTAL LIABILITIES</b>		<b>144,003</b>	<b>156,595</b>	<b>170,207</b>	<b>172,776</b>
<b>NET ASSETS</b>		<b>\$ 2,389,972</b>	<b>2,207,270</b>	<b>2,263,384</b>	<b>2,284,304</b>
<b>EQUITY</b>					
Retained earnings	20	1,163,160	1,193,467	1,252,318	1,299,521
Revaluation reserves	20	1,226,812	1,013,803	1,011,066	984,783
<b>Council Equity Interest</b>		<b>2,389,972</b>	<b>2,207,270</b>	<b>2,263,384</b>	<b>2,284,304</b>
Minority Equity Interest	19	-	-	-	-
<b>TOTAL EQUITY</b>		<b>\$ 2,389,972</b>	<b>2,207,270</b>	<b>2,263,384</b>	<b>2,284,304</b>

This Statement is to be read in conjunction with the Notes in the body of the financial statements..

## Council Amalgamation

On 18 December 2015, the Premier and Minister for Local Government announced the Government's Merger Proposals that included Wollongong City Council to be joined with Shellharbour City Council to form one entity. This proposed amalgamation has been delayed due to an ongoing legal challenge by Shellharbour City Council. On this basis, it is not clear when, or if, the merger will proceed.

**Wollongong City Council – Annual Financial Statement Approval Process**



ITEM 2

PLANNING PROPOSAL FOR LAND ACQUISITION RESERVATION OTFORD ROAD, LLOYD PLACE OTFORD AND NO. 3 UNDOLA ROAD HELENSBURGH - POST EXHIBITION

On 29 July 2013 Council resolved to prepare a draft Planning Proposal to identify 21 lots within the Lloyd Place, Otford precinct and 1 lot within the Camp Gully Precinct – Undola Road sub-precinct (No.3 Undola Road) on the Wollongong LEP 2009 - Land Reservation Acquisition Map as Local Open Space for Council acquisition. The draft Planning Proposal was exhibited from 24 March to 2 May 2014 and 28 submissions were received.

This report provides feedback regarding submissions received and recommends the draft Planning Proposal be finalised by the General Manager under delegation issued by the NSW Department of Planning and Environment.

### RECOMMENDATION

- 1 The draft Planning Proposal to identify 21 lots within the Lloyd Place, Otford precinct, and 1 lot within the Camp Gully Precinct Undola Road sub-precinct (No. 3 Undola Road) on the Wollongong LEP 2009 – Land Reservation Acquisition Map as Local Open Space, be progressed by:
  - a Referring the final Planning Proposal to the NSW Department of Planning and Environment for the making of arrangements for drafting to give effect to the final proposal; and
  - b Noting that the General Manager will thereafter proceed to exercise his delegation issued by the NSW Department of Planning and Environment under Section 69 in relation to the final proposal.
- 2 Requests for acquisition of properties within the precinct be reported to Council for determination.

### REPORT AUTHORISATIONS

Report of: Renee Campbell, Manager Environmental Strategy and Planning  
Authorised by: Andrew Carfield, Director Planning and Environment - Future City and Neighbourhoods

### ATTACHMENTS

- 1 Location Map
- 2 Summary of Submissions
- 3 Draft Land Reservation Acquisition Map

### COMPLIANCE WITH OFFICE OF LOCAL GOVERNMENT GUIDELINES ON COUNCIL DECISION MAKING DURING MERGER PROPOSAL PERIODS

The recommendation in this report satisfies the requirements of the *OLG Guidelines - Council Decision Making during Merger Proposal Periods*.

### BACKGROUND

On 29 July 2013 Council considered twelve reports on exhibition of the draft Planning Proposal for the former 7(d) lands at Helensburgh, Otford and Stanwell Tops. Council resolved to amend and forward the Planning Proposal to the (then) Department of Planning and Infrastructure for processing and finalisation. As part of the review, Council resolved that both the Lloyd Place precinct and 3 Undola Road be rezoned from E3 Environmental Management to E2 Environmental Conservation.

The Department referred the Planning Proposal to the Southern Region Joint Regional Planning Panel (JRPP) for review and recommendations. The JRPP finalised its report in July 2014. The JRPP supported the proposed E2 Environmental Conservation zone for both the Lloyd Place precinct and 3 Undola Road. On 25 August 2014 Council considered a report on the JRPPs recommendations. On

5 June 2015, the Department finalised the Planning Proposal and made Wollongong LEP 2009 (Amendment 19). The lots in both areas are now zoned E2 Environmental Conservation.

On 29 July 2013, Council also resolved to prepare a new draft Planning Proposal to identify 21 lots within the Lloyd Place, Otford precinct and 1 lot within the Camp Gully Precinct – Undola Road sub-precinct (No.3 Undola Road) on the Wollongong LEP 2009 - Land Reservation Acquisition Map as Local Open Space for Council acquisition (Attachment 1).

The Lloyd Place precinct consists of 21 lots fronting Lloyd Place and Otford Road, Otford (Attachment 1). The lots are 2 hectares in size and are now zoned E2 Environmental Conservation. The lots are generally steep and covered in bushland that forms part of an important regional corridor.

The lots were created in 1970 based on the 2 hectare subdivision development standard of the day. At that time a “country dwelling” was permissible on each lot, however in 1971 the minimum lot standard for a dwelling house increased to 20 hectares and in 1984 increased to 40 hectares. As a result of these historic changes to planning controls, the land owners have been unable to erect a dwelling. With the rezoning to E2 Environmental Conservation, dwelling houses are no longer permitted. Given the circumstances, on 29 July 2013 Council resolved (in part) to provide landowners with an exit strategy by identifying this land for acquisition as follows:

- 3 *A new draft Planning Proposal be prepared to identify the 21 lots within the Lloyd Place precinct which do not contain a dwelling house for acquisition, by identifying the lots on the Land Reservation Acquisition Map as being required for Local Open Space purposes. The draft Planning Proposal be submitted to the NSW Department of Planning and Infrastructure for a Gateway determination and requesting authorisation for the General Manager to exercise plan making delegations in accordance with Council's resolution of 26 November 2012. If approved, the draft Planning Proposal be placed on public exhibition for a minimum period of 28 days;*

Lot 38 Section G DP 2644 (No.3) Undola Road, Helensburgh is within the Camp Gully Precinct – Undola Road sub-precinct and has an area of 1029m<sup>2</sup>. The lot was created as part of the 1890s subdivision of Helensburgh. The lot is now zoned E2 Environmental Conservation. The lot is surrounded by paper lots within the Camp Gully precinct which are now also zoned E2 Environmental Conservation.

The owner purchased the property in 1965 from Council. The notice of sale indicates that “building only permitted with planning approval”. The owner advised that Council at the time indicated that a dwelling may be permitted once the road was extended. At the time the land was zoned Non-Urban A and a dwelling house was not able to be built on the land due to the minimum lot size standard of 8000m<sup>2</sup> (2 acres). In 1968 the minimum lot standard for a dwelling house increased to 2 hectares, then in 1971 it increased to 20 hectares and in 1984 it increased to 40 hectares. A dwelling has not been able to be built on the land. With the rezoning to E2 Environmental Conservation dwelling houses are no longer permitted. As the lot was sold by Council in 1965, on 29 July 2013 Council resolved (in part) that:

- 5 *A new draft Planning Proposal be prepared to identify 3 Undola Road, Helensburgh for acquisition, by identifying the lots on the Land Reservation Acquisition Map as being required for Local Open Space purposes. The draft Planning Proposal be submitted to the NSW Department of Planning and Infrastructure for a Gateway determination and requesting authorisation for the General Manager to exercise plan making delegations in accordance with Council's resolution of 26 November 2012. If approved, the draft Planning Proposal be placed on public exhibition for a minimum period of 28 days.*

It should be noted that the circumstances surrounding the acquisition of these lots within the Lloyd Place precinct and Undola Road are unique from other similarly zoned land within the Local Government Area.

If the Planning Proposal is finalised and the LEP amendment made, the owners of the lots will be able to request that Council acquire the land for Local Open Space purposes. The Local Open Space designation identifies Council as the responsible acquisition authority, rather than a State agency. As noted, the lots are zoned E2 Environmental Conservation, however Council is not able to acquire land for “environmental conservation” under the LEP. Additionally, under Section 94/94A Council is able to

acquire land for local open space purposes but not for “environmental purposes”. The acquisition will be subject to the provisions of the Land Acquisition (Just Terms Compensation) Act 1991.

The NSW Department of Planning issued a Gateway determination on 13 November 2013 granting Council permission to exhibit the draft Planning Proposal. The draft Planning Proposal was exhibited from 24 March to 2 May 2014.

The Post Exhibition Report has been delayed due to the Office of Local Government Guidelines on Council decision making during a merger proposal period. The Office of Local Government has recently advised that the matter can be considered and determined by Council.

## PROPOSAL

As a result of the exhibition, 28 submissions were received. This report considers the issues raised in submissions and recommends that the Planning Proposal be progressed to finalisation.

## CONSULTATION AND COMMUNICATION

The draft Planning Proposal was exhibited from 24 March to 2 May 2014. As part of the exhibition letters were sent to the land owners, local community groups, and relevant State agencies. The exhibition was advertised in the local newspapers and on Council’s website. The exhibition material was available for inspection at Council’s Administration Building, Wollongong Central, Helensburgh and Thirroul Libraries and on Council’s website.

As a result of the exhibition, 28 submissions were received, which are summarised in Attachment 2. Of the submissions, 3 were from State agencies, 4 from community groups, 18 from landowners, 4 from other residents, as summarised in the following table:

	Support	Oppose	Comment	Totals
Landowners	4*	-	13	17
State agencies	-	-	3	3
Landholder / Community groups	3	1	-	4
Residents/ community members	2	1	1	4
<b>Totals</b>	<b>9</b>	<b>2</b>	<b>17</b>	<b>28</b>

\*conditional support provided in two submission and outlined below

### Landowners

The landowners of all 22 properties were notified of the exhibition. As indicated in the table, submissions were received from 17 owners or their representatives, representing 13 of the 22 properties.

Two submissions (representing one property) provided overall support for the draft Planning Proposal. A third submission (representing one property) provided support if compensation is calculated at the market value as if the land was zoned for residential housing. In the case that this does not occur the landowner opposes the proposal. A fourth submission (representing two properties) provided support for the proposal pending the outcome of JRPP review into the former 7(d) lands, review of budget for acquiring land and likely scenario all landowners will seek acquisition at the same time.

15 submissions (representing 11 properties) provided comment on the proposal summarised as follows:

- One identified their preference for a dwelling entitlement however subsequently indicated if land is to be acquired the remuneration be provided equivalent to a single dwelling block in Heathcote.
- Four submissions (representing 3 properties) objected to the land acquisition for their properties however all four supported the draft Planning Proposal for the remaining lots as long as fair and just compensation is provided.



- Ten submissions provided background information relating to the history of land, zoning and dwelling entitlements.

In October 2015 letters were received from the owners of ten lots in Lloyd Place and Otford Road, requesting Council rezone their land to the E4 Environmental Living zone to enable a dwelling house to be built. The owners were advised that the land had been recently rezoned to E2 Environmental Conservation following an extensive process, and a rezoning proposal to permit dwelling houses would not be supported.

#### State agencies

Three submissions were received from State agencies:

- the RMS raised no objection as the proposal was not adjacent to a State road;
- Transgrid raised no objection as the proposal did not affect their assets;
- OEH provided comment on the proposal advising the subject lands have significant conservation and biodiversity values and provides an important vegetated corridor.

#### Landholder / Community groups

Of the Landholder / Community groups:

- the 7D Landholder Group opposed the draft Planning Proposal and indicated their opinion that Council has no intention of paying for, nor funding the land acquisition;
- The Otford Protection Society supported the proposal;
- Stanwell Tops Residents Awareness Association supported the proposal;
- National Parks Association - Illawarra supported the proposal.

### PLANNING AND POLICY IMPACT

This report contributes to the delivery of Wollongong 2022 goal “We value and protect our natural environment”. It specifically delivers on the following:

Community Strategic Plan	Delivery Program 2012-2017	Annual Plan 2016-17
Strategy	5 Year Action	Annual Deliverables
1.6.1 Our urban environment minimises impacts on habitat and biodiversity and areas of high conservation value are protected	1.6.1.1 Review planning controls for environmentally sensitive locations	Continue to assess Planning Proposals against environmental strategies, including the Illawarra Biodiversity Strategy and the Illawarra Escarpment Strategic Management Plan.

### FINANCIAL IMPLICATIONS

Some submissions criticised the Council report of 29 July 2013 for being vague about the possible purchase price of the land. The report provided a range \$30,000 - \$300,000 for the acquisition value per lot, plus an additional \$25,000 - \$28,000 rate refund per lot. This is necessary as:

- The land is worth different amounts based on whether a dwelling house can be built or not;
- Acquisition will be based on the Land Acquisition (Just Terms Compensation) Act 1991, which considered the highest and best use;
- Acquisition will be owner-initiated and will involve discussions with individual landowners.

A revised valuation report for the 21 lots in the Lloyd place precinct, and 3 Undola Road, Helensburgh was obtained in May 2014. The report indicated an average value for each lot (no dwelling entitlement) was \$76,364. Valuations ranged between \$30,000 and \$90,000. The report proposed that an average

value for each lot if each had a dwelling entitlement would be \$456,818. As the lots are not capable of a dwelling house, a non-residential value (i.e. valuation without dwelling entitlement) should be paid.

On 3 June 2015, Lot 12 DP 241582 Otford Road (within the precinct) was sold for \$90,000.

A specific budget has not been allocated to fund the land acquisition. Based on the submissions, it appears that 3 owners would like to proceed as soon as possible. As land acquisition is regarded as capital expenditure, funding can be provided through the Capital Works Program. The Wollongong Section 94A Development Contribution Plan 2015 includes the acquisition of properties identified in the Wollongong LEP 2009. Once a property is approved for purchase, Section 94 funds are introduced into Council's budget.

Some land owners have requested that Council also provide a rate refund, as they have been unable to develop land that they purchased for residential development. It is acknowledged that several landowners have owned land within the precinct since the 1970s and have paid rates since this time in accordance with the Local Government Act. While there is nothing unlawful in the application of rates for these properties, it is considered appropriate for Council to take into consideration the length of time the land has been owned and the rates paid by the owner in negotiating the acquisition of each lot on a case-by-case basis.

As the LEP provisions will enable the land owners to request Council to purchase their land, it is expected that acquisition of all 22 lots will occur over many years. This is similar to other areas of the LGA where land is identified for open space acquisition (such as MacCabe Park) or road widening, and the land is gradually acquired over many years. Council will also need to consider the ongoing maintenance costs associated with managing the land into the future.

As noted, the owners of 3 properties have indicated a desire to consider selling their land in the short term. Other land owners remain hopeful that the planning controls will change enabling them to build a dwelling house in the future.

## CONCLUSION

The 21 lots identified in the Lloyd Place Precinct and additional lot 3 Undola Road Helensburgh have a long and complex dwelling entitlement history. The draft Planning Proposal provides an exit strategy for landowners in this area.

This report recommends that Council resolve to finalise the draft Planning Proposal, identify 21 lots within the Lloyd Place precinct, and 3 Undola Road, Helensburgh, for acquisition by identifying the lots on the Land Reservation Acquisition Map as being required for Local Open Space purposes. This report also recommends the draft Planning Proposal be finalised by the General Manager under delegation issued by the NSW Department of Planning and Environment.

In addition, this report recommends Council consider the rates paid historically by each owner in negotiating the acquisition of each lot subject to the draft Planning Proposal.







**Draft Planning Proposal – land acquisition Otford Rd / Lloyd Place, Otford and 3 Undola Road,  
Helensburgh**

**Summary of submissions**

	Author	Comprehensive Submission detail
	<b>State Agencies</b>	
1	Roads and Maritime Services (RMS)	No objection
2	Transgrid	No assets in area, no objection
3	Office of Environment and Heritage (OEH)	<p>The subject lands have significant conservation and biodiversity values. The lots form part of the vegetated corridor linking the Royal National Park with the Illawarra Escarpment State Conservation Area, the Woronora Special Area and Dharawal National Park to the south and west. The protection of this corridor is important for the long term management, viability and conservation of the Royal National Park and the fauna and flora it supports.</p> <p>The subject lands contain three vegetation communities. Small scale clearing and fragmentation associated with urban and residential development and maintenance of transport corridors and easements are recognised as threats to this ecological community (NSW Scientific Committee 2010).</p> <p>The E2 zoning would secure and protect this corridor and ecological communities present from this identified threat.</p>
	<b>Landowner groups / community groups</b>	
4	7d Landowners group	<p>Submission provided history of the land and dwelling entitlements provided by landholder. Landholder is not satisfied with the manner in which this has been dealt with to date.</p> <p>Submission suggests WCC revisit the acquisition proposal again and think it through.</p>
5	Otford Protection Society	<p>Agreement/ approval provided for the proposal.</p> <p>Though the new subdivision of Lloyd Place was registered after the council zoning change preventing development, it is acknowledged that the respective owners of those lots purchased when building on 5acres was still permissible. The land is without question worthy of E2 zoning.</p>
6	Stanwell Tops Residents Awareness Association	Strong support provided for the proposal for environmental reasons and the need to protect the Upper Hacking River Catchment.
7	National Parks Association - Illawarra	<p>Support the proposal to acquire the proposed lots</p> <p>Support provided for lots to be in Council ownership and maintained as bushland under the proposed E2 Environmental</p>

		Conservation zoning. This aligns NPA's long term goal for the upper Hacking catchment, as well as Great Eastern Ranges, Illawarra to Shoalhaven Initiative.
	<b>Landowners</b>	
8	Land owner – Lot 2 DP 33693 Equity Lend	<p>Support Council acquiring the land (at an agreed price) as identified in the Land Reservation Acquisition Map (specifically Lot 2 DP 33693) for local open space purposes.</p> <p>We also support the Council decision to rezone the land to E2 environmental conservation.</p>
9	Landowner - Lot 104 DP 226579	<p>Purchased Lot 104 DP 226579 on 17 October 1969 and was entitled to build one dwelling on it.</p> <p>I would prefer my original entitlements were re-instated or, if the land is to be acquired, it is on '<i>just terms</i>' which, in fairness, would be an amount equivalent to the value of a single dwelling block in the Heathcote precinct and certainly not the paltry UCV on the current rate notice.</p> <p>The current Lord Mayor has already stated in correspondence to me that "Councillors were concerned about the historic circumstances of persons - such as yourself - in the Lloyd Place precinct" In view of this, and after 45 years of stuffing about, could the current Council finally resolve this matter in a just, equitable, pragmatic and timely manner? After all, various Councils have created this mess, over the years, and it falls to the current Council to finalise it post haste. Should this matter not be resolved fairly and after being rated residential for many years, I would much prefer to join a class action against Wollongong City Council than suffer the indignity of being well and truly screwed without putting up a significant fight.</p>
10	Landowner - Lot 17 DP241582 Otford Road, Otford	<p><b>Letter 1</b></p> <p>The date of purchase was 11.10.1970. The lot was and still is Lot 17 Otford Road, Otford DP241582 and the zoning was 1 Country Dwelling to 5 acres being the minimum. The town planner at that time was K.R. Dunn who issued a 342AS Certificate dated 11.11.1970 which was the permit to show it was a building block. This is my story of how I was robbed by the Wollongong City Council. My intention at all times was to build my dream home near my employment in the Royal National Park and that period of time I lived opposite the Audley Weir on the side of the hill as a Senior Field Officer, often needed to attend after hours duties, however this did effect family life hence the need for my own home and private time.</p> <p>What went wrong with my plans? When I applied to build ten (10) months after my purchase, the Wollongong Council informed me that they changed the zoning to a minimum area for one dwelling from 5 acres to 50 acres and that happened six months after the purchase of my land. I now have the documents to prove that Town Planner K.R. Dunn was fully aware .when he issued that permit that gave me the legal right to build on my land</p>

	<p>that the Council intended to change the zoning. In fact the Wollongong council were in discussions with the State Planning Authorities to change the zoning in the area from 5 acres to 50 acres took place in June 1969 which was sixteen months prior to the purchase of my land. The final date of registration on my 5 acre lot was 9.8.1971. Site works completed of 1971 however my permit to build predated the new zoning by six months. The Wollongong City Council was corrupt at that time. The Wollongong council used deception to make their own plan work. The stress and personal loss to myself and my family over the past 41 years as a result of this injustice has been high. I have spent most of my superannuation to provide a home for my wife and grandson. The Administrators have acknowledged that my rights to build were taken away by the council; "Those rights should be restored, however it won't bring me back the 41 years I have lost by not having joy that I could have had rearing my family on my land. The council has said it would look at compensation and in my case the pain and stress they have caused in my life should be compensation that is adequate. What is adequate? 'I believe full compensation is to let me live on my land as first agreed or replace my land with a block able to built on. The Wollongong Council has used my land for the past 42 years as a nature corridor. I am prepared to donate 4/5 of my land-to retain that corridor on the condition that I can use the remaining 1 acre for my own use as a building block as was first agreed by the Town Planner in 1970 on 11.11.1970.</p> <p><b>Letter 2</b></p> <p>I am responding to your proposal to change the zoning of Lot 17 DP241582 from E3 Environmental to E2, which is a down grading to the lowest level without it being a National Park status. That simply drops what value it had left.</p> <p>If you had treated myself and other land owners who are in the same position as me with an E3 rating the same as you did with the land owners who belong to the Otford Protection Society who are activist then we would have a future with our land. However you have favoured the local activist property before mine which I have owned for just on 42 years.</p> <p>The Council's executive management reviewed my request for a refund of overcharged rates of which they have refused, according to the letter which the General Manager sent me on 19 July 2012, his information was wrong that that lower rate category called General Ordinary was appropriate in the period 1972 - 1994. Yes I agree however it was not implemented until 1994. That would have been the correct rating between 1972 and 1994 so I was, charged full residential rates for 23 years which was worked out by the Rates Department that in today's figures I paid /22,563.24 between 1972 and 1994. Two thirds of that figure the Council would owe in a rebate for overcharged rates.</p>
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11	Landowner	<p>The land was purchased with the intention of building a dwelling on the 5 acres which was allowed by Council. When all the blocks were told Council altered the title from General Residential and charged general residential rate till the 90s (1972 – 1994) even though we were not allowed to erect a dwelling.</p> <p>Helensburgh boundaries should be defined and housing blocks available to cope with the demand.</p> <p>Wollongong Council has stated they have no funds available hence a solution allow us to build on the 5 acres an allowed ongoing – more rates provide a better financial status.</p>
12	Land owner - Lot 13 Otford Road Otford	<p>My father James Davie who was a builder purchased Lot 13 Otford Road Otford in 1970 to build a family home when Wollongong Council approved the development of 23 x 5 Acre Residential Lots with each Lot given permission to build a family home The last Residential Lot was sold in February 1971 and the WCC .changed the minimum standard from 5 Acres to 50 Acres in April 1971.</p> <p>We have never been able to obtain an answer from the WCC why this change took place in a 2 month period . I find it impossible to believe for this change to be allowed to take place in such a short period of time.</p> <p>As my father is now deceased .the members of the family want to build a home. Therefore we expect the WCC to honour their 1970 consent to allow a home on a 5 Acre Lot. The wildlife corridor is not necessary in this small sector of Otford. There are no animals roaming anywhere near this area.</p> <p>We reject WCC proposal of an E2 zoning and request the original zoning which would now be an E4 zoning.</p>
13	Joint owner of Lot 13 Otford Road, Otford	<p>Wollongong Council changed the zoning of Lot 13 Otford Road, Otford in 1971 from Residential to a zoning that places the land in a non-useable situation.</p> <p>Upon further investigation into this unresolved matter, it seems the WCC changed the minimum standard lot size allowable for building a home from 5 Acres to 50 Acres in April 1971, apparently just 2 months after the last lot was sold in February 1971.</p> <p>Can the WCC tell me why this change took place in such a short space of time? Furthermore, why has this whole issue with land owners in a similar situation as us not been resolved? It has been 43 years plus of reports, meetings, plans &amp; all the while we have been paying rates on this land.</p> <p>An E2 zoning is not acceptable. What is wanted is for the land to be changed to an E4 zoning. The necessary services of water, sewer and electricity are already in place.</p>

		As you would be aware there is a house built next door on land zoned 7d Hacking.
14	Joint owner of Lot 13 Otford Road, Otford	<p>The property at Lot 13 Otford Road, Otford, was purchased by my parents in 1970. The zoning was such that a dwelling, or possibly multiple dwellings, could be built.</p> <p>In February 1971 the WCC changed the zoning so that instead of permitting a dwelling/dwellings on 5 acres, it became 50 acres required before an owner could build.</p> <p>I have no understanding as to why WCC made the change. We (my two brothers - co-owners - and I) are considering getting a GIPPA report (formerly called Freedom of Information) from the government about this WCC decision in 1971.</p>
15	Land owner - Lot 11 DP 241582	<p>As stated in the web published document "In terms of the Lloyd Place precinct, Council noted that the lots were created in 1970 based on the 2 hectare subdivision development standard of the day, and a "country dwelling" was permissible, on each lot" and the expansion of the residential housing land area around Sydney, Helensburgh and Otford, the joint owners of Lot 11 DP 241582 demand that the compensation presented to the owners of this Lot 11 be calculated at the market value of this land as if it was zoned for residential housing at the time of the council Land Reservation Acquisition.</p> <p>If this residential land market value compensation does not occur we demand that Lot 11 be rezoned to allow the construction of domestic dwelling(s) on this Lot, as was the case in 1970.</p>
16	Landowner Lots 1, 2 and 3 Lloyd Place	<p>I object to the proposed E2 zoning and land acquisition of Lloyd Place Lots 1, 2 and 3.</p> <p>I accept the land acquisition of the remaining lots based upon a fair and just compensation to the owners.</p>
17	Lots 1, 2 and 3 Lloyd Place	<p>I object to the proposed E2 zoning and land acquisition of Lloyd Place Lots 1, 2 and 3.</p> <p>I accept the land acquisition of the remaining lots based upon a fair and just compensation to the owners.</p>
18	Lots 1, 2 and 3 Lloyd Place	<p>I disagree and object to the proposed E2 zoning and land acquisition of Lloyd Place Lots 1, 2 and 3.</p> <p>However I accept the land acquisition of the remaining lots, based upon a fair and just compensation to the owners.</p>
19	Lots 1, 2, 3 Lloyd Place	<p>I object to the proposed E2 zoning and land acquisition of Lloyd Place Lots 1, 2 and 3.</p> <p>I accept the land acquisition of the remaining lots based upon a fair and just compensation to the owners.</p>

20	TCG Planning for Lloyd's Submission for the joint owners of Lots 6 and 8 Lloyd Place, Otford	<p>Broadly, Council's introduction of an exit strategy for Lots 6 and 8 Lloyd Place is welcomed. Acceptance of an exit strategy is dependent on appropriate information including relating an accepted valuation between owners and Council which has still not been obtained.</p> <p>The exhibited draft planning proposal fails to provide any certainty to the owners that this exit strategy is feasible and achievable. The draft Planning Proposal provides a legal avenue however no guarantee or commitment that it will actually occur and if it does, within what timeframe. Council should completely review its position on the Lloyd Place outcome as detailed in the July 2013 report on this basis.</p> <p>While the exit strategy is supported, the draft planning proposal should be deferred pending:</p> <ul style="list-style-type: none"> <li>• Outcome of the JRPP review of the former 7(d) lands (including the Lloyd Place precinct);</li> <li>• A comprehensive review of the practical financial/budgetary considerations of the acquisition of land as proposed, including the likely scenario that all landowners will initiate acquisition at the same time as soon as this planning proposal is finalised.</li> <li>• An updated report to Council is warranted detailing these issues having regard to a fair and just outcome for owners, and a clear description of how this will be achieved.</li> </ul>
21	Landowner of Lot 15 Otford Road/Cnr Lloyd Place DP 241582	<p>I object to WCC's proposal of an E2 zoning of this land and request that the original zoning which would now be an E4 zoning be reinstated so that my family &amp; I can build a dwelling on the land which is how it was sold to me 45 years ago.</p> <p>When I purchased the land back in 1969, I was one of the first to purchase, Wollongong Council had approved the development of the 23 x 5 Acre Residential lots with each lot having permission to build one family home. After the last lot sold in 1971 Wollongong Council changed the minimum standard from 5 acres to 50 acres with one dwelling.</p> <p>When I turned 21, I looked for a block of land in the Cronulla area as I was raised &amp; educated there by a Church of England Minister &amp; his family who had adopted me when I was 8. As Cronulla was out of my reach financially, the nearest land I could afford to put a deposit on as an Apprentice Compositor was in the Helensburgh area where a new development was for sale at that time. Being unable to raise the funds to purchase the land outright, I took out a personal loan to pay it off for many years with the intention of building a home for my family when I married in the future.</p>

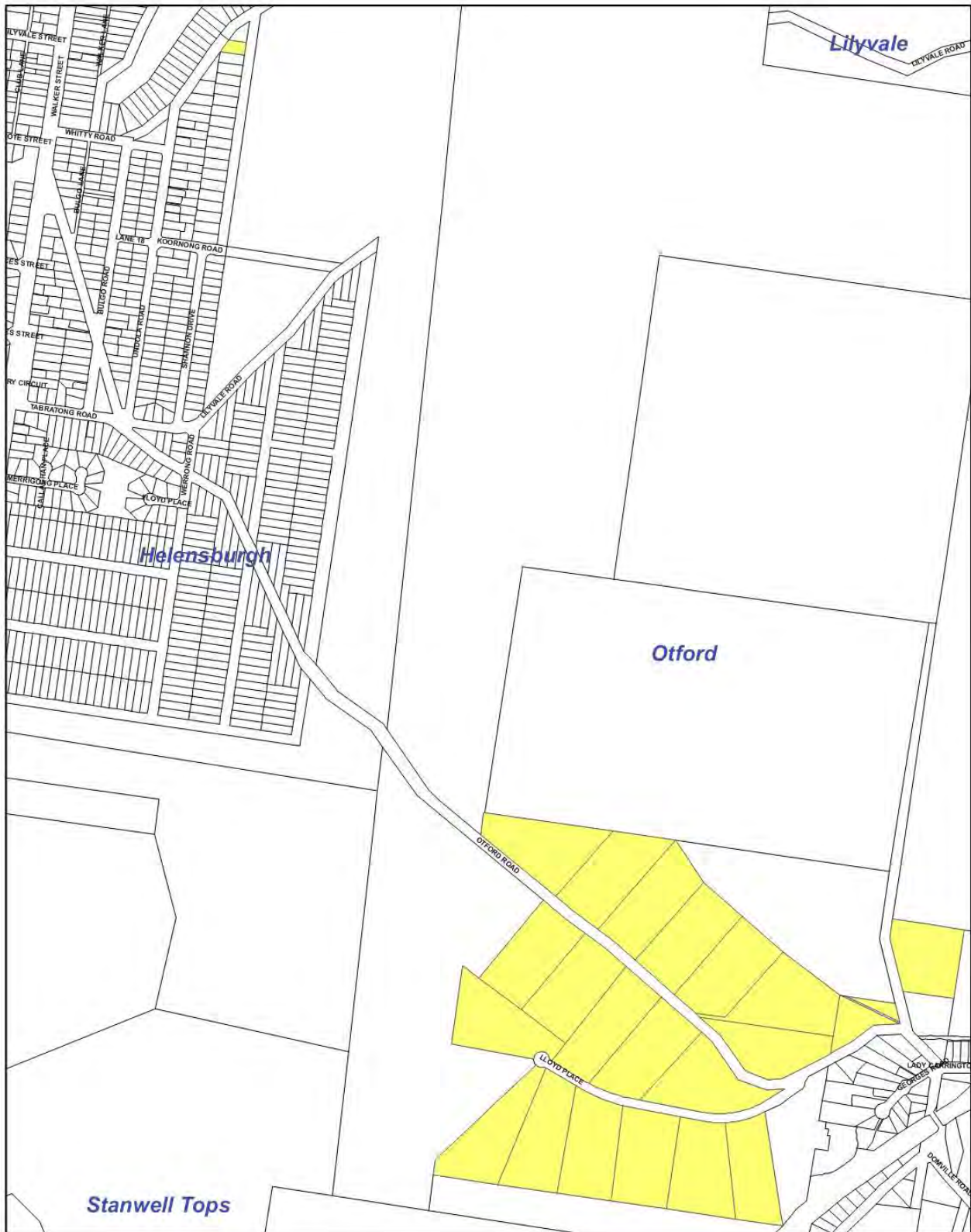
		<p>It is bewildering to me how the land was sold with the right to build a dwelling on it and then changed within such a short time of all the lots being sold to having to own 50 acres to build one dwelling.</p> <p>My family and I have been through much hardship over this for the last 45 years and it has taken its toll on all of our health. I would expect that Wollongong Council would honour their original consent to grant the building of one dwelling on 5 acres as this is how it was purchased originally and I want to restate that I reject WCC's proposal of an E2 zoning and request that the original zoning which would now be an E4 zoning be reinstated.</p>
22	Owner (Lot 15 Otford Road/ Cnr Lloyd Place DP 241582)	<p>Objects to proposal to of an E2 zoning.</p> <p>Submission requests the original zoning (E4) be reinstated and a dwelling permissible as approved in 1969.</p>
23	Land owner - Lot 16 Otford Road Otford	<p>It disturbs me greatly, in a letter dated 18 March 2014, that the Council is planning the acquisition of my land. There is no mention of the remuneration I will receive and after 40 years of prevarication by the Council it is stated in the letter "It is expected that it would take many years to acquire the lots" Do you honestly think this is fair?</p>
24	Bradley Associates (acting for the land owners "Equity Lend" Lot 2 DP 33693)	<p>Supports the proposed acquisition of land at an agreed price as identified in the Land Reservation Acquisition Map.</p> <p>Support the decision to rezone land to E2.</p>
	<b>Residents / Community members</b>	
25	Resident Stanwell Tops	<p>I would like to endorse Council's proposal to acquire the respective lots of Lloyd Place Otford and 3 Undola Road Helensburgh.</p> <p>Though the new subdivision of Lloyd Place was registered after the council zoning change preventing development, it is acknowledged that the respective owners of those lots purchased when building on 5 acres was still permissible.</p> <p>The land is worthy of E2 zoning, steep, water logged in heavy rain, flowing to the Hacking River and a vital part of the wildlife habitat corridor between the Australian National Heritage Listed areas of Royal National Park and Garrawarra State Conservation Area - Kellys Falls Section.</p>
26	Land owner – Land pooling precinct	<p>I would like to strongly object to Wollongong City Councils draft planning proposal to place these lands on the acquisition map. I as a landowner embroiled in the same 7d land debacle believe this current councils inability to listen to the people that own the land is a total disgrace. The fact Wollongong City Council planning and environment department have embraced the computer</p>

		<p>generated consultation process, which was designed by a current councillor and has silenced the wider community of Helensburgh.</p> <p>It's my opinion these landowners purchased land in good faith to build a dwelling some 4 decades ago. At the time the land was not zoned conservation and only hearsay is not sufficient to have continually de-zone/de-value their land. This to me could only be described as theft grand scale. Council have continually charged rates for services that were never delivered and after 4 decades of de-valuing the land to a point of conservation. It's my opinion these landowners will now ultimately have to offer the land for public space for virtually nothing. This is not what one would expect from a professional government department.</p> <p>My advice to council is they rethink their advisors on land around Helensburgh. Listen to the community and those that purchased the land to build a dwelling, so many years back. It may be easy for current council to have no recollection of the past and to call these people speculators or gamblers; sadly this is not the fact.</p> <p>I will say no more on this matter only that it seems unfair people that have a dwelling on the same catchment can maintain E4 zoning, and these people because they wished to build a dwelling cannot be afforded the same zoning.</p>
27	Resident Helensburgh	<p>I fully support Wollongong Councils proposal to acquire land from landowners in Otford Road and Lloyd Place, Otford as well as number 3 Undola Road, Helensburgh. This proposal would appear to be the appropriate action to take in regards to this matter.</p>
28	Landowner - North Otford precinct	<p>Lot 5 Section 5 DP 4591 Station Road, Otford</p> <p>Over many years now in relation to the 7(D) lands issue, I have forwarded submissions to council expressing my fears that my special circumstances, that is, the plight of the individual (little person), will be ignored or not addressed. Again, I state that I did not buy my land in 1968 hoping for a rezoning. I bought my land only after visiting council and being advised that I could seek a variation and submit a building application.</p> <p>I would now like to draw your attention again to my unfair treatment. I refer to the Lloyd Place and 3 Undola Road proposed land acquisition by council.</p> <p>The circumstances surrounding these owners are effectively the same as mine. Indeed, my special circumstances were recognised by council staff in the 1980s (Mr Jardine).</p> <p>With respect to 3 Undola Road (purchased in 1965), the owner</p>



	<p>was provided with the same advice by council as was provided to me; seek a variation, submit building application. This process applied to many other people before and after 1965/68. Compared to 3Undola Road, my block is larger and actually has a road frontage to Station Road of 95 metres. The only other difference is that the purchaser bought at auction from council, whereas I bought privately at market price.</p> <p>Regarding the Lloyd Place precinct, they face the same predicament as me in that after 1971, the council changed its modus operandi of allowing wholesale variations to zoning requirements. Again, it is very clear that other houses in Otford were built before and after 1968 and 1971 on lots smaller than mine. Subdivisions were even approved.</p> <p>I cannot emphasise too much that I did not buy my land in the hope that planning controls would change. I only bought after advice from council and I would not have bought without this advice. Therefore, I request that council reconsider my situation. I believe the council has a moral obligation to do so.</p> <p>While I would not object to council acquiring my land at a fair price, my preferred option would be to swap my land for a block in council's West Dapto development.</p> <p>Historically it is important to remember that after 1950 effectively no-one in the village of Otford could build a house. New zoning meant you needed a lot size of 2 acres plus. In 1968, it increased to 5 acres and in 1971, to 50 acres. So nearly all the people who now live in a house in Otford built after 1950 were not strictly allowed to build. Nevertheless, many houses were built as council applied common sense and allowed people to apply for a variation to zoning. This was the situation when I purchased my land.</p> <p>In 1905, the Otford Park Estate consisted of 120 lots ranging in size from one half to 3 acres. These are essentially the lots that make up Otford today. Only two lots were more than 3 acres. The sale of this estate showed the clear intention that Otford should be developed.</p> <p><b>PROPOSAL TO COUNCIL REGARDING JRPP REVIEW – OTFORD &amp; HELENSBURGH</b></p> <p>In relation to the JRPP review, it seems the likely outcome (based on precedents elsewhere) is that at least a compromise will succeed. Therefore, the council will still have the problems associated with people like me who were advised by council they could build and who have owned their land when zoning was not an issue.</p>
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	<p>It appears that individual land owners of small parcels like me will not receive the same consideration as owners of large parcels of land even though many of the large parcels were purchased in the 1980s. I believe this poses a dilemma for individual land owners as well as council and I trust the following proposal offers a solution. My proposal would apply similarly to other people who face the same predicament as me.</p> <p>I propose that my half acre block be swapped for a residential block in the Ensile development proposal. This would not result in any cost to the council and Ensile could be compensated by a very slight increase in the number of blocks it wishes to develop. Acceptance of this proposal would mean council has a long-term problem resolved with no financial burden and the environment would benefit by having more land under conservation. For example, my land is 2,188 square metres which would go to conservation and I would receive around a 500 square metre block in the Ensile development. The environment would benefit by over 1,600 square metres. This proposal would give me and others in a similar position, a satisfactory permanent exit strategy. I request council support my proposal.</p> <p>Obviously for council this is a cheaper option than swapping my land for a block in West Dapto.</p>
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ITEM 3

WOLLONGONG BOTANIC GARDEN PLAN OF MANAGEMENT, GLENIFFER BRAE CONSERVATION MANAGEMENT PLAN AND DRAFT PLANNING PROPOSAL

On 24 August 2015 Council resolved to review the Wollongong Botanic Garden Plan of Management and Gleniffer Brae Conservation Management Plan. Council also resolved to prepare a draft Planning Proposal to add 'Function Centre' as a permissible use in the RE1 Public Recreation zone for the Gleniffer Brae site through a Schedule 1 amendment to the Wollongong LEP 2009.

This report seeks Council endorsement for public exhibition of the proposed amendments to the Plan of Management for the Wollongong Botanic Garden, the Gleniffer Brae Conservation Management Plan Review, and exhibition of the draft Planning Proposal to allow function centre as a permissible use at Gleniffer Brae.

### RECOMMENDATION

- 1 The Draft 2016 Amendments to the Plan of Management for the Wollongong Botanic Garden (including Gleniffer Brae and Kooloobong Oval), Keiraville (Attachment 2) be exhibited for a minimum period of 42 days.
- 2 The Gleniffer Brae, Keiraville Conservation Management Plan Review by Architectural Projects Pty Limited August 2016 (Attachment 3) be exhibited concurrently with the Draft Amendments to the Plan of Management.
- 3 The draft Planning Proposal to add 'Function Centre' as a permissible use in the RE1 Public Recreation zone for the Gleniffer Brae site (Attachment 4) be exhibited concurrently with the draft amendments to the Plan of Management and revised Conservation Management Plan.
- 4 A Public Meeting and a Gleniffer Brae Open day be held during the exhibition period.
- 5 Following the exhibition period a report on submissions be presented to Council to enable the draft Plan of Management, Conservation Management Plan Review and draft Planning Proposal to be finalised.

### REPORT AUTHORISATIONS

Report of: Renee Campbell, Manager Environmental Strategy and Planning  
Authorised by: Andrew Carfield, Director Planning and Environment - Future City and Neighbourhoods

### ATTACHMENTS

- 1 Location Map
- 2 Plan of Management for the Wollongong Botanic Garden (Including Gleniffer Brae and Kooloobong Oval), Keiraville with 2016 Proposed Amendments
- 3 Gleniffer Brae Keiraville Conservation Management Plan Review by Architectural Projects Pty Limited August 2016
- 4 Draft Planning Proposal to permit function centre use for Gleniffer Brae (Lot 3 DP 252694) prepared under the 24 August 2015 Council resolution
- 5 Options for amending the Heritage Listing Curtilage of Gleniffer Brae

### COMPLIANCE WITH OFFICE OF LOCAL GOVERNMENT GUIDELINES ON COUNCIL DECISION MAKING DURING MERGER PROPOSAL PERIODS

The recommendation of this report complies with the requirements of the OLG Guidelines – *Council Decision Making During Merger Proposal Periods*.

## BACKGROUND

The Wollongong Botanic Garden consists of Lots 1-3 DP 252694, Lot C DP 385943 and Lot F DP 390257 located between Murphys Avenue, Robsons Road and Northfields Avenue, Keiraville and includes heritage listed Gleniffer Brae and the Kooloobong Sporting Oval (Attachment 1). The Botanic Garden has an area of 27 hectares. The area is zoned RE1 Public Recreation under the Wollongong LEP 2009. All the land within the Botanic Garden is classified as community land and categorised as an area of cultural significance. A Plan of Management (PoM) for the entire Botanic Garden was adopted in 2006 which replaced an earlier 2002 PoM just for Gleniffer Brae.

The Botanic Garden PoM area was once the home of Arthur Sidney Hoskins, one of the founders of the Australian Iron and Steel works at Port Kembla. Hoskins lived on the property between 1939 and 1949. Hoskins was civic minded and desired that Gleniffer Brae be used for educational purposes and that the surrounding acreage would become a botanical garden once his family no longer used the residence.

The eastern part of the Botanic Garden was transferred to Council in 1951 and the Botanic Garden officially opened in 1971. The western portion, including Gleniffer Brae, was purchased by the Sydney Church of England Girls Grammar School (SCEGGS) in 1954/55. In 1978 the entire site now known as the Botanic Garden, Gleniffer Brae and Kooloobong Oval was owned and managed by Council.

When the Botanic Garden PoM was first adopted, Council ran an events function centre from Gleniffer Brae. This use ceased in 2009 following a service review. The Botanic Garden PoM allowed for the issue of casual short term licenses for the function centre portion of Gleniffer Brae for a period no longer than 7 days.

Kooloobong Sporting Oval (located on Lot 2 DP252694) has been leased to the University of Wollongong since the early 1990's. The Wollongong Conservatorium of Music has leased parts of the Gleniffer Brae Manor House and all of the former SCEGGS's school buildings and auditorium since the early 1980's. The current lease expires in 2023. All the Conservatorium leased buildings are located within Lot 3 DP 252694.

In 2012, a draft Planning Proposal was considered by Council for the rezoning and reclassification of portions of the site to enable a University of Wollongong proposal for a Creative Arts Facility. The Planning Proposal was not progressed, and Council resolved to work with stakeholders to consider options for the future use of the site. There was a desire to identify future uses for the vacant rooms of the Manor House not under lease to the Conservatorium to assist in the heritage conservation of Gleniffer Brae and for the public benefit.

A stakeholder engagement process was undertaken to inform the values of the site to be considered in determining a future use and the outcomes reported to Council on 8 September 2014. Council resolved that:

- 1 *A Call for Proposals process, as outlined in the report, be undertaken to receive submissions from interested parties for use of the area not currently under lease by the Conservatorium of Music at Gleniffer Brae.*
- 2 *Submissions made in response to the Call for Proposals process must demonstrate how they address each key community value as documented in the report.*
- 3 *A further Council report be prepared detailing the outcomes of the Call for Proposals process and any associated costs and recommendations for Council's consideration.*
- 4 *The report referred to in Part 3, be subject of a Councillor Briefing Session before it comes to Council.*

On 24 August 2015, Council considered a report on the Call for Proposal process for the future use of the portions of the historic Gleniffer Brae Manor House and grounds not leased to the Wollongong Conservatorium of Music. Three (3) proposals were received and were reviewed, scored and ranked by the Assessment Panel, based on criteria developed to align with the values of the site and identified through an extensive period of consultation with stakeholders earlier in 2014. The three proposals and their ranking are described below:



Proposal	Rank
Premium restaurant and function centre (commercial)	1
Off-site catered functions and events (commercial)	2
Volunteer run tours, functions and events with off-site catering and on site office (not for profit)	3

All three future use proposals identified in the Call for Proposal Council report of 24 August 2015 required amendment of the Wollongong Botanic Garden PoM (2006) and the Wollongong LEP 2009 to implement. Additionally, it was identified that all three proposals would benefit from updated heritage controls to support their day to day management.

In light of those considerations, Council resolved that:

- 1 *The outcomes of the Call for Proposals process be noted.*
- 2 *A review of the Botanic Garden Plan of Management and Gleniffer Brae Conservation Management Plan commence as a matter of priority.*
- 3 *Council receive an update report before the end of the 2015 calendar year.*
- 4 *The draft Plan of Management and Conservation Management Plan be reported to Council for endorsement prior to exhibition.*
- 5 *A draft Planning Proposal be prepared to add 'Function Centre' as a permissible use in the RE1 Public Recreation zone for the Gleniffer Brae site through a Schedule 1 amendment and referred to the NSW Department of Planning and Environment for Gateway determination prior. The exhibition of the draft Planning Proposal occur concurrently with the draft Botanic Garden Plan of Management.*
- 6 *Letters be sent to the Call for Proposals submitters advising them that a Tender process will be required and will be undertaken following the review of the Plan of Management and finalisation of the Planning Proposal.*
- 7 *In the interim period, the part of Gleniffer Brae not under lease by the Conservatorium of Music be authorised to be used for uses consistent with the current Plan of Management and planning controls.*

The draft Planning Proposal (Attachment 4) was referred to the NSW Department of Planning and Environment and a Gateway determination was received on 27 November 2015 enabling the exhibition of the draft Planning Proposal which is waiting to be exhibited concurrently with proposed amendments to the Botanic Garden PoM and the Gleniffer Brae Conservation Management Plan Review by Architectural Projects.

An update report (part 3 of the resolution) was provided to Councillors on 14 December 2015 and a Councillor Briefing occurred on 1 August 2016.

## PROPOSAL

### **Gleniffer Brae Conservation Management Plan review:**

Architectural Projects Pty Ltd have prepared an updated Conservation Management Plan titled "Gleniffer Brae, Keiraville Conservation Management Plan Review August 2016" (Attachment 3). This has been a technical review without community consultation to date.

It is good practice to review Conservation Management Plans (CMP) every ten years and update them in response to the need to maintain a place's cultural heritage significance. A CMP is not a statutory requirement, but it does ensure best practice in managing a heritage place from routine maintenance through to proposing changes by clearly guiding maintenance and conservation priorities.

The Architectural Projects review of the existing 2001 Conservation Management Plan confirms and updates the cultural heritage significance assessment and adds additional historical information and new conservation policies to protect the cultural heritage significance of the place. The review includes additional historical information gained from a 2002 Oral History with the Hoskins children and details the more recent history relating to Council's search for appropriate uses to activate more areas of the site. The review also includes an updated 10 year maintenance schedule for Gleniffer Brae, the Doll's House, Gardener's Shed and significant landscape elements.

If the Conservation Management Plan Review is endorsed after public exhibition, it would serve as Council's guide to adhering with NSW Heritage legislation. The Conservation Management Plan Review would be reviewed by the NSW Heritage Council as part of their assessment of any development application submitted by Council or a future operator of the site.

### **Consideration of expansion of the existing Heritage Curtilage**

The CMP review by Architectural Projects also reviewed the existing curtilage of Gleniffer Brae. The State Heritage Listing of Gleniffer Brae includes Lots 2 and 3 DP 252694 as the State curtilage boundary. The Wollongong 2009 LEP Heritage Listing applies to only Lot 3 DP 252694 (Attachment 5).

Architectural Projects recommends in the review *"...that the curtilage of Gleniffer Brae house and grounds include all of Lot 3, and part lot 1 and 2. The proposed curtilage is defined to the north by the creek, the east by the eastern boundary of Lot 1, to the south by Murphys Avenue and to the west by Robsons Road. (Attachment 3 page 48)"*

The review acknowledges that the existing curtilage of Gleniffer Brae has been successfully protected by the State Listing, the LEP Listing and the Plan of Management, but does offer the idea that additional curtilage protection could occur by either expanding the LEP listing to include part of Lot 1 and part of Lot 2 and/or expanding the State Listing to include part of Lot 1.

As part of the exhibition of the Conservation Management Plan Review, feedback will be sought on the following options (Attachment 5) to amend the Heritage Listings for Gleniffer Brae:

- 1 Existing situation (no change)
- 2 Expand local listing north to reflect state heritage listing
- 3 Expand local listing east to reflect Heritage Conservation Plan Review recommendation
- 4 Expand heritage listing north and east to reflect state heritage listing and draft heritage conservation plan recommendation

Depending on the feedback received, a draft Planning Proposal may be prepared to amend the heritage listing of Gleniffer Brae. This will be considered in the report back to Council on the outcomes of the exhibition period.

### **Summary of Proposed 2016 Amendments to the Wollongong Botanic Garden Plan of Management**

To assist with the preparation of the revisions to the Plan of Management (PoM) the following tasks were undertaken:

- Consultation with community representatives from the following organisations:
  - Friends of the Botanic Gardens
  - Neighbourhood Forum 5,
  - Wollongong Conservatorium of Music
  - Council's Heritage Advisory Committee
  - Property Council of Australia – Illawarra

- Review of the improvements and facilities at the Botanic Garden by site inspection and Council records

A Plan of Management is required for community land in accordance with the *Local Government Act 1993* and should be reviewed and updated on a regular basis to meet the needs of the community. A review has been undertaken and amendments proposed as shown in red text in Attachment 2. In summary, the following changes are proposed:

1. PoM Values relating to plant conservation and future uses of Gleniffer Brae have been added.
2. The Action Plan has been updated to include the development of a future Botanic Garden Masterplan that better incorporates and links Gleniffer Brae as part of Wollongong Botanic Garden displays and services and locates significant future improvements with the community's involvement. The future Botanic Garden Masterplan would provide an opportunity to engage in long term goal setting with the community and would be subject to future Council endorsement.
3. The amendments identify the improvements made at the Botanic Gardens since the making of the 2006 PoM and make slight PoM Area Zone Map changes including:
  - The installation of the all abilities playground, the Towri Centre, the Rose Garden Rotunda and the Palmetum have been built and they are included in the PoM.
  - Reducing the 6 PoM area zones, to 4 zones. Zone 5 was a specific designated location for building a new Music Conservatorium Auditorium and has been removed. If included in a future Botanic Gardens Masterplan, an auditorium could still be built, but there is no longer a requirement to site it in a specific location. Zone 6 was for the Weed Crew area and has been incorporated into Zone 1 because it now includes the Palmetum. The Depot or Nursery PoM area is now located in Zone 4 instead of Zone 1. Zone 1 is now the Botanic Gardens Garden area.
4. The PoM permissible uses and developments table has been updated to allow a function centre use to Gleniffer Brae for more than a short term, casual use. The Plan provides for the long term possibility that the areas occupied by buildings built in the 1970s surrounding the Manor House and Sorensen Gardens may be demolished, so that the heritage values of the Manor House and Sorensen Gardens can be enhanced and better incorporated into the rest of the Botanic Garden. Demolition could also better suit the needs of the Conservatorium of Music or other suitable future uses in line with PoM values and the CMP review by Architectural Projects.
5. Allow for the adaptive reuse of Gleniffer Brae that upholds the heritage values of the Manor House and provides for its activation.
6. Enable Council to grant casual, short, medium or long term licenses or leases up to the legislated maximum of 30 years for all permissible uses and developments.

## CONSULTATION AND COMMUNICATION

As part of the preparation of the amendments to the Plan of Management, consultation was undertaken with Council Staff, the Wollongong Conservatorium of Music, the Property Council of Australia, Neighbourhood Forum 5, Council's Heritage Advisory Committee and the Friends of the Botanic Gardens.

If endorsed by Council, it is proposed to exhibit and seek community feedback on the draft PoM, CMP and draft Planning Proposal concurrently for a minimum 42 day period.

A community information day about the services of the Botanic Garden and the draft plans will be held. A public meeting chaired by an independent chairperson will also be held and meetings with stakeholder groups will be had. In particular, the consultant engaged to undertake the Conservation Management Plan Review will hold briefings with key stakeholder groups including the Friends of the Botanic Garden, Neighbourhood Forum 5 and the Heritage Advisory Committee. Information will be available via Council's website and hard copies will be available at all public libraries and at the Botanic Garden.

Notices of the exhibition period will be mailed to stakeholder groups and relevant State government agencies.

## PLANNING AND POLICY IMPACT

This report contributes to the delivery of Wollongong 2022 goal “We are a Healthy Community in a Liveable City”. It specifically delivers on the following:

Community Strategic Plan	Delivery Program 2012-2017	Annual Plan 2016-17
Strategy	5 Year Action	Annual Deliverables
5.5.2 A variety of quality public spaces and opportunities for sport, leisure, recreation, learning and cultural activities in the community	5.5.2.3 Develop a Regional Botanic Garden of Excellence	Facilitate the future uses of Gleniffer Brae
	5.5.2.4 Provide statutory services to appropriately manage and maintain our public spaces	Complete the minor review of the Botanic Garden Plan of Management

## RISK ASSESSMENT

The Wollongong Botanic Garden is an important community resource with significant heritage values. Updating the Plan of Management and Conservation Management Plan will assist Council to clearly communicate its management strategies to the public in a transparent manner.

## FINANCIAL IMPLICATIONS

The preparation of the Conservation Management Plan cost \$30,000. The review of the Plan of Management and draft Planning Proposal was undertaken using in-house resources.

Exhibiting the draft plans and the holding of a public meeting by an independent chairperson can be accommodated in existing Council budget allocations.

Implementing the Plan of Management, if adopted, will be considered as part of Council’s Annual Budget planning process or through grant applications. There is an allocation of \$100,000 over 2016-18 to prepare a master plan and asset management plan to inform future implementation of the Plan of Management.

## CONCLUSION

The Wollongong Botanic Garden Plan of Management and Gleniffer Brae Conservation Management Plan have been revised and updated. It is proposed that along with the draft Planning Proposal the documents be exhibited for community input. If endorsed, following exhibition, the document will guide the future direction of the Botanic Garden and Gleniffer Brae.









PLAN OF MANAGEMENT  
  
FOR  
  
THE WOLLONGONG BOTANIC  
GARDEN (including Gleniffer Brae and  
Kooloobong Oval), Keiraville

Adopted by Council on 4 December 2006  
with 2016 Proposed Amendments

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*Plan of Management for Wollongong Botanic Garden*

## 1 INTRODUCTION

Council adopted a Plan of Management for ~~Gleniffer Brae Wollongong Botanic Garden (including Gleniffer Brae and Kooloobong Oval)~~ on ~~16 December 2002~~ 4 December 2006 which has now been superseded by this Plan of Management (POM). ~~for the Wollongong Botanic Garden.~~ This POM covers Gleniffer Brae, Kooloobong Oval and the Botanic Garden.

The common link between these areas is Arthur Sidney Hoskins, who played a prominent role in pioneering the steel industry in the Illawarra. The land covered by this plan of management was all owned by AS Hoskins and used by him for his family home between the years of 1939 and 1949. Hoskins was civic minded and desired that Gleniffer Brae be used for educational purposes and that the surrounding acreage would become a botanical garden once his family no longer used the residence. Over a number of years that is what happened over this land.

### **Gleniffer Brae**

The Gleniffer Brae Manor House was built in 1939 for Arthur Sidney Hoskins. Gleniffer Brae was acquired by Wollongong City Council in 1979 and since this time has been a major focus for music ~~education~~ in the City of Wollongong, due to its lease to the Conservatorium of Music. The Manor House has ~~also previously~~ operated as a function centre for many years, ~~but this use ceased during 2009.~~ There is a Conservation Management Plan for Gleniffer Brae. ~~which is in the appendix and forms part of this POM.~~

### **The Wollongong Botanic Garden**

The Wollongong Botanic Garden is situated in Keiraville and is bounded by Murphys Avenue, Robsons Road and Northfields Avenue and was officially opened to the public on 2 January 1971 and had 6,000 visitors that year. The Garden's Designer, University of NSW Professor Peter Spooner said "*The Garden should be educational, recreational, scientific as well as aesthetic*"

The Garden has lived up to its purpose and more. Now, over ~~200,000~~ 450,000 people visit annually. Some visitors stroll or picnic among the beautiful array of plant specimens, from both tropical and temperate regions, some attend community festivals and concerts, and some take part in environmental education workshops. In fact, many couples start their married life together by having their wedding in the ~~gardens or at Gleniffer Brae Garden.~~

### **Generally**

Wollongong City Council has prepared a plan of management to ensure that any future use of Gleniffer Brae and the Botanic Garden maximises and encourages community use of these facilities whilst at the same time conserving the historical ~~and environmental conservation~~ significance of the site and retaining the general amenity of the area. Future development and management of Gleniffer Brae will be guided by the Conservation Management Plan (~~Tropman and Tropman, 2004~~ Architectural Projects 2016) for Gleniffer Brae. It is also important to demonstrate a respect for the history and purpose of the Botanic Garden in guiding future development.

The Plan of Management for this area of Community Land has been prepared in accordance with the provisions of the Local Government Act 1993 with the aim of providing a framework to guide the future management of the site. The management strategies of the plan are based on

*Plan of Management for Wollongong Botanic Garden*

analysis and assessment of the site's physical, cultural, environmental, historical, recreational and economic values in relation to current and future uses.

## **2 WHAT IS A PLAN OF MANAGEMENT?**

A plan of management is a document that provides a framework for the management and use of areas of community land. The plan enables management to proceed in an efficient and sustainable manner, helps reconcile competing interests, identifies priorities for allocation of available resources and facilitates public understanding.

Periodic revision of the plan of management also enables changing social, economic and ecological conditions to be taken into account as they arise and where necessary, the plan can be amended to reflect these changes.

## **3 AIMS OF THIS PLAN OF MANAGEMENT**

- Identify the significant values of the planning area;
- Identify the issues associated with these values, and the associated usage demands;
- Establish management objectives to address the identified issues and then develop appropriate management strategies to ensure the maintenance and enhancement of the values of the planning area;
- Provide a comprehensive management plan which will guide the future use of the site through the achievement of the defined outcomes;
- Ensure that the use of the planning area is compatible with the surrounding environment and the historical value of the site and will not detract from the existing qualities of Gleniffer Brae and the Wollongong Botanic Garden.

## **4 THE PLAN OF MANAGEMENT PROCESS**

The preparation of this plan of management has been undertaken following an identified process.

### **Collection of Information and Definition of Issues**

- Analysis of the site and the determination of the site's opportunities and constraints
- Assessment of relevant legislation, previous studies and relevant documents
- The establishment of management objectives for the plan of management area

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- Definition of relevant issues and the existing situation

**Development of the Preferred Management Approach and the Preparation of the Plan**

- The establishment of desired outcomes to satisfy the aims and objectives of the plan and the needs of the community and stakeholder groups
- Establishment of detailed strategies and supporting actions
- Preparation of the draft plan of management document.

**Exhibition and Making of the Plan**

- Exhibition of the draft plan of management document ~~and referral to the Minister for National Parks and Wildlife~~
- Consideration of public comment and subsequent amendment (as warranted)
- Adoption of the plan of management by Wollongong City Council
- Periodic review and amendment of the plan.

## **5 THE STUDY AREA**

### **Location**

Wollongong Botanic Garden is located in the suburb of Keiraville, on the foothills of Mount Keira and includes Gleniffer Brae and Kooloobong Oval. The site fronts Robsons Road to the west, Murphys Ave to the south, and Northfields Avenue to the north. The site is owned by Wollongong City Council

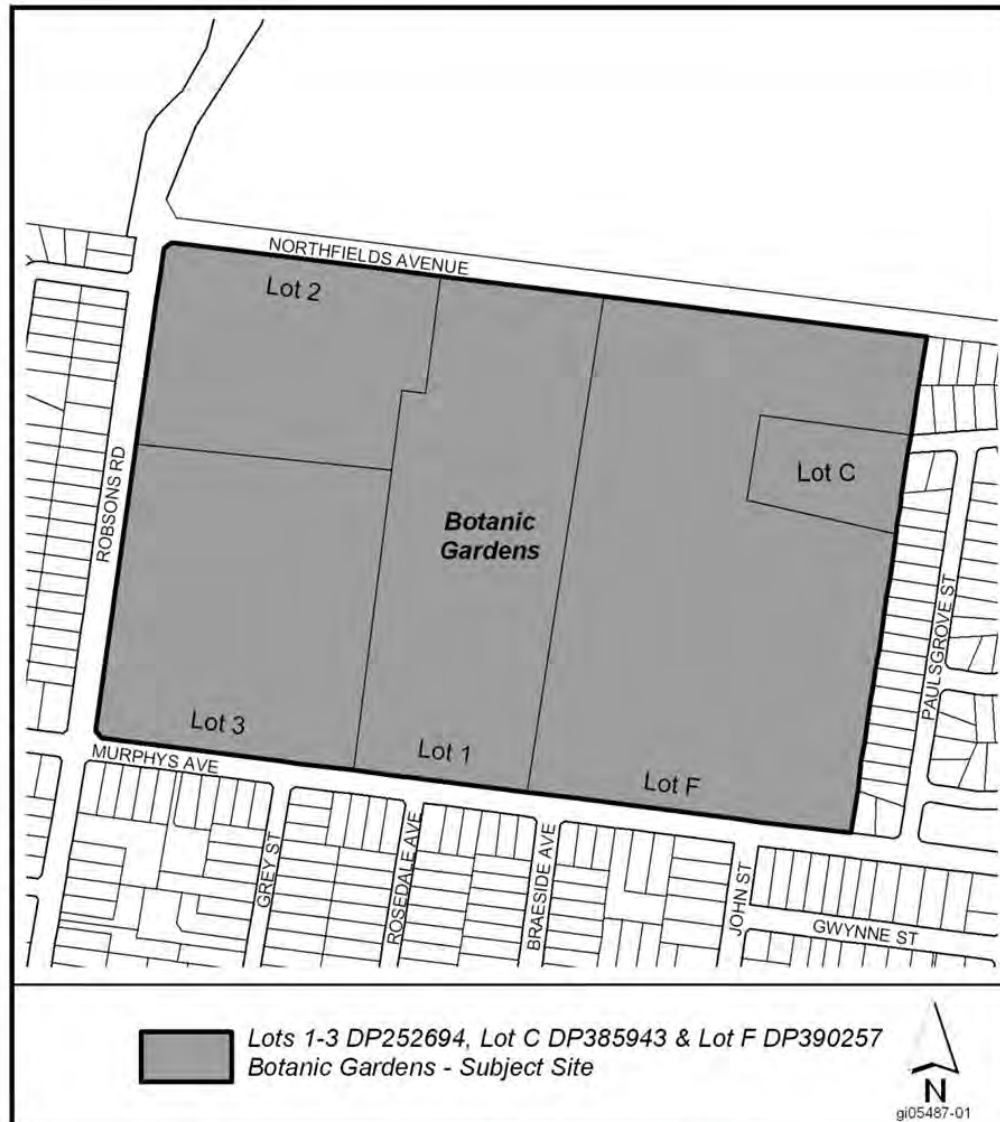
### **The Area Covered by the Plan of Management**

The area covered by the Plan of Management for Wollongong Botanic Garden includes Lot 1, lot 2 & lot 3 DP 252694, as well as Lot F DP 390257 and Lot C DP 385493. The area is shown as Figure 1.



*Plan of Management for Wollongong Botanic Garden*

**Figure 1. Botanic Garden Plan of Management Area**



**Lots 2 & 3 subject to the Heritage Council of NSW Listing see the Appendix Figure 5A.**

## 6 HISTORY OF GLENIFFER BRAE AND THE WOLLONGONG BOTANIC GARDEN

Gleniffer Brae

*Plan of Management for Wollongong Botanic Garden*

The site of Gleniffer Brae was originally part of a Crown grant of 1000 acres to Robert and Charles Campbell in 1841. The land went through a number of different ownerships until 1928 when 75 acres was purchased by Arthur Sidney Hoskins, a founder of the Australian Iron and Steel works at Port Kembla.

Arthur Sidney Hoskins was born in 1892 and joined his family's steel business firm in 1907. He became joint managing director with his elder brother, Charles in 1924 and was directly involved with the move of the company to Port Kembla and the erection of the new works.

Building of the Tudor style manor house began in 1937 and was completed in 1939. Mr Hoskins commissioned his brother-in-law, Geoffrey Loveridge, to design Gleniffer Brae Manor House and had the gardens designed by Paul Sorensen. The name was derived from a small village in Scotland, the birthplace of Mrs Hoskins' grandfather.

With the death of Sidney, part of the property was donated for use as a Botanic Garden while the house and remaining grounds were sold to the Sydney Church of England Girls Grammar School in 1954. The church operated the girl's school known as SCEGGS, until The Illawarra Grammar School began co-ed classes on the grounds in the 1970's ~~nineteen-seventies~~. The school grounds were acquired by Wollongong City Council in 1979.

Since 1980, part of the manor house, the school buildings and auditorium have been occupied by the Conservatorium of Music under lease from Wollongong City Council. The remainder of the manor house and surrounding gardens ~~have had~~ operated as a function venue by Wollongong City Council ~~but this use ceased from June 2009~~.

Gleniffer Brae has been listed as a heritage item under the:

- State Heritage Register (SHR Listing No. 00557)
- ~~Illawarra Regional Environment Plan (No. 1) (reason- the REP has been repealed)~~
- Wollongong City Council Local Environment Plan 2009 (Listing No. 5940);
- National Trust of Australia Register;
- ~~Register of the National Estate; and (deletion is proposed because it no longer has legal status)~~
- Royal Australian Institute of Architects Register of Significant Buildings.

The Heritage Council of New South Wales found Gleniffer Brae to meet the following criteria of the State Heritage Register in determining the level of significance of the site:

- a. Historical Significance – Gleniffer Brae is intimately associated with that period of the Illawarra's history which saw the beginning of major economic development. Sidney Hoskins, for whom the house was built, was instrumental in the establishment of the Illawarra steel industry and made a significance contribution to the community life of Wollongong.
- b. Aesthetic Significance – Gleniffer Brae exhibits a high quality of craftsmanship in the fabric of the original buildings with the detailing representing the finest in Australian building skills of the inter-war period and this is enhanced by the fact that its original fabric is more or less intact. The open space and grounds around the house contribute to the full appreciation of the scale and design of the house and add to its attractiveness.

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- c. Rarity – There is nothing else in the City of Wollongong comparable to this house, particularly from the 1930's.

**Conservation Management Plan 2001 for Gleniffer Brae and 2016 Review**

A conservation management plan (CMP) for the Gleniffer Brae Manor House ~~was has been~~ prepared by Tropman and Tropman Architects for Wollongong City Council in 2001. The conservation management plan provides a detailed history of Gleniffer Brae as well as an architectural assessment of the manor house and gardens and their historical significance. It also provides recommendations for the future uses and conservation management procedures for the manor house and gardens ~~and is listed in the appendix as part of this POM.~~ In 2016 Architectural Projects reviewed and updated the 2001 Tropman and Tropman CMP to include historical updates from a 2002 Oral History from the Hoskins children, updated fabric condition analysis and updated conservation management strategies. The resulting CMP by Architectural Projects will guide Council's future management of the heritage values of Gleniffer Brae. The Architectural Projects CMP is titled "Gleniffer Brae, Keiraville Conservation Management Plan Review August 2016."

**The Botanic Garden**

The Wollongong Botanic Garden owes its existence to the civic mindedness of Mr. Hoskins, the determination of Council Staff and the dedication of volunteers. A detailed history can be found by reading "Wollongong Botanic Garden- A Story of Beauty and Diversity" by Dena Leighton (2002).

In 1954, the Sydney Anglican Diocese bought the Gleniffer Brae grounds for the purposes of a girls grammar school and a memorandum of agreement was finalised with Council for approximately 32 acres of land extending from Murphys Avenue to Northfields Avenue for the purposes of a Botanic Garden. It would take many years to see the dream of Mr. Hoskins become a reality; the Botanic Garden did not open to the public on a regular basis until 2 January 1971.

Mr. Hoskins had a reliable and loyal gardener for Gleniffer Brae, named Eric Winter. Mr. Hoskins gave his gardener 2.5 acres of land on the eastern boundary of his property that included a house built in 1921 named Cratloe, which stands today as the Botanic Gardens Discovery Centre. Council purchased the land in 1966, from the owner that bought it off Mr. Winter.

In 1976, a financial crisis forced The Sydney Church of England Girls Grammar School (SCEGGS) to sell nearly 15.5 acres to Council, and in 1978, the remaining grounds, including Gleniffer Brae ~~were acquired by Council. passed into Council's possession via a notice of resumption.~~

So Council owned all the land that now comprises Gleniffer Brae, the University Soccer Fields (Kooloobong Oval), and the Botanic Garden by 1978.

**Development and Purpose of the Wollongong Botanic Garden**

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On 10 December 1959, Mr. R.H. Anderson, Chief Botanist and Director of the Royal Botanic Gardens, Sydney, visited the Keiraville site and declared that the site was a good one and recommended that expert advice would be needed to prepare a design for the garden. Ultimately, the expert was Professor Peter Spooner of the University of New South Wales.

Spooner came up with the idea of a geographically based **zonal** garden layout; this was unusual. Plants were grouped according to their country of origin rather than the more usual botanic family groups. The 8 countries that were part of Spooner's layout were:

- Australasia
- Indonesia and Malaysia
- Pacific Islands
- Europe
- India
- Africa
- China and Korea
- The Americas

Later when the Botanic Garden lands were expanded and Council had hired Deane Miller as Parks and Gardens Controller and Director of Wollongong Botanic Gardens, it was determined that the geographical based garden concept was not working well and that a habitat planting system would better suit the expanded site.

Habitat planting is regarded as the most natural system. The needs of the different species complement each other; they take up different portions of nutrients; their roots reach different levels; some need sun and other grow in the shade. In the Garden, it was possible to develop microclimates- from the exposed dryland of the highest hill, to stone-filled gullies and open grassland. The habitat planting system was incorporated over the existing geographical base, where needed some areas were totally reconstructed and some remained untouched.

In 2016, the Botanic Garden continues to display some of the original zonal collections, and many of the later habitat collections as well as significant taxonomic collections – collections based on Plant families. Like many Botanic Gardens across the world, Wollongong's contemporary plant collection focus is evolving toward collections with a specific conservation focus, where plants under threat in natural habitat are held in botanic garden collections essentially as insurance against the extinction in the wild. Recent examples are the Towri Bushtucker Garden constructed in 2012 representing local native plants that were traditionally used by the Aboriginal people for food, medicine and shelter, and the Palmetum or palm garden completed in 2015 and containing more than 1000 individual specimens, many of which are under critical threat in the wild. Today, the Botanic Garden includes a wide variety of gardens which are shown in Figure 4A at the end of this document.

**Aboriginal Heritage**

The site of the Botanic Garden has not been identified as an Aboriginal Heritage Site. ~~Sensitive in the draft Aboriginal Development Control Plan.~~ Although this is the case, the potential for the site to be of Aboriginal significance cannot be ruled out and protocols under the National Parks and Wildlife Act 1977 should be followed with respect to any items of Aboriginal significance being located on the site. Wollongong City Council has certain procedures for



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consultation with the local Aboriginal community regarding Aboriginal heritage and these procedures will need to be followed should any sites of significance be identified.

## **7 STATUTORY REQUIREMENTS**

### **The Local Government Act 1993**

The Local Government Act 1993 provides Council with statutory requirements with respect to the classification, categorisation, and management of Community Land. The Act provides that Council owned land, classified Community, can only be used in accordance with -:

- a) The Plan of Management applying to the land;
- b) Any law permitting the use of the land for a specified purpose or otherwise regulating the use of the land; and
- c) The provisions of Part 2, Division 2 of the Local Government Act 1993.

### **Category of Community Land**

Pursuant to Chapter 6 Division 2 Section 36(4) of the Local Government Act 1993, the area of Council land included in this plan of management is categorised as “culturally significant”.

The Core Objectives of Community land categorised “culturally significant” are -:

1. To retain and enhance the cultural significance of the area (namely its Aboriginal, aesthetic, archaeological, historical, technical or research or social significance) for past, present or future generations by the active use of conservation methods.
2. Those conservation methods may include any or all of the following methods:
  - a) The continuous protective care and maintenance of the physical material of the land or of the context and setting of the area of cultural significance,
  - b) The restoration of the land, that is, the returning of the existing physical material of the land to a known earlier state by removing accretions or by reassembling existing components without the introduction of new material,
  - c) The reconstruction of the land, that is, the returning of the land as nearly as possible to a known earlier state,
  - d) The adaptive reuse of the land, that is, the enhancement or reinforcement of the cultural significance of the land by the introduction of sympathetic alterations or additions to allow compatible uses (that is, uses that involve no changes to the cultural significance of the physical material of the area, or uses that involve changes that are substantially reversible or changes that require a minimum impact),
  - e) The preservation of the land, that is, the maintenance of the physical material of the land in its existing state and the retardation of deterioration of the land.



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The area covered in this plan of management is deemed culturally significant due to its historical ties to Arthur Hoskins, **The State Heritage Listing of Gleniffer Brae** and its use as a significant regional Botanical Garden.

#### **Environmental Planning and Assessment Act 1979**

The Environmental Planning and Assessment Act 1979 (EP&A Act) forms the framework for planning within NSW. The EP&A Act sets up environmental planning instruments which provide a basis for development control at a state wide (State Environmental Planning Policy-SEPP), regional (Regional Environmental Plans-REP) and local level (Local Environmental Plans-LEP and Development Control Plans- DCP).

While this plan of management determines the permitted uses for this area of community land, any development that is to take place on this site still requires assessment under Part 4 of the EP&A Act as part of the development application process, **unless exempted under SEPP provisions**. Consent granted by Council must be in accordance with the planning instruments gazetted for the area.

#### **Heritage Act 1977**

The NSW Government introduced the Heritage Act in 1977 to identify and conserve heritage in the state. The act was amended ~~in~~ with the *Heritage Amendment Act 1998*. Among other things, the amendment created the State Heritage Register.

Gleniffer Brae is listed as a heritage item of State significance by its inclusion on the State Heritage Register (**SHR Listing No 00557**). It is therefore subject to the provisions of the Act which specifically apply to listed items. Any development proposed within the listing boundary of Gleniffer Brae must therefore have the consent of the NSW Heritage Office, the administrator of the Act.

## **8 EXISTING FACILITIES/USES AND CURRENT LEASES/LICENCES**

Generally, the grounds of the Botanic Garden are used for cultivating plants, passive recreational activities and the hosting of private and public events/social functions such as, but not limited to, weddings, community festivals or theatre through the granting of short term casual licences\*. **Walking and bus tours of the Botanic Garden are available, run by either Botanic Garden staff or volunteers from the Friends of the Botanic Garden.**

Existing development includes pathways and park furniture/amenities to facilitate public enjoyment the area. Existing longer term Leases or Licences are listed below by the relevant building/feature.

#### ***Gardens***

Rose garden, lawns, azalea bank, Flowering Trees and Shrubs, succulent, dryland, Australian Open Forests, endangered species, bog and moraine, Middle Creek, woodland, open forest, **East Coast Australian ~~Hawarra~~ Rainforest**, wet sclerophyll, dry sclerophyll, exotic rainforest, herb, conifer collection, Temple Garden, **Bush Tucker Garden and Palmetum**. Visitors stroll through

*Plan of Management for Wollongong Botanic Garden*

these gardens for enjoyment and education. The fig lawn is also used for community events such as Cinema.

***Botanic Garden Built Structures***

Japanese bridge and pavilion, Woodland gazebo, duck pond, Sir Joseph Banks Plant House, IMB Rotunda, Mercury Fountain, Rose Garden gazebo, BBQ facilities, All Abilities Playground and Rainforest amphitheatre.

The amphitheatre is used for the holding of public and private performances/productions through the granting of a short term casual licence. The use of the amphitheatre is restricted to the existing stage and surrounding embankment. The amphitheatre is a wood stage structure covering around 100 square metres.

The Sir Joseph Banks Plant House provides a controlled environment and currently displays a collection of cacti and tropical plants.

***Administration Building and Library***

Located off Northfields Ave, this one storey building is the administration centre for Botanic Garden staff and provides visitor information services. It has a tea room, toilet and 5 offices. ~~The library adjoins the Administration Building and is an open plan room with area to conduct courses and meetings.~~ There is a 8 6 (includes 1 disabled space) car space sealed parking area to service the administration building, use is restricted to authorised persons only.

***Towri Centre***

Located off Northfields Ave, the Towri Centre was constructed in 2012 as a purpose built volunteer training facility, and has accessible ramps and amenities, kitchen, and meeting space for 15 – 30 people with an additional covered deck space that can hold up to 60 people. The Towri centre is used by the Friends of the Botanic Garden for meetings, Bushcare volunteers for training and is also booked as a venue for Children's Birthday Parties.

***Seed Store***

The seed store is a demountable building which houses a collection of seeds and data on that collection. It is located between the depot and the administration car park.

***Discovery Centre***

This building is off the Madoline Street entrance and was originally the residence of the gardener for the Gleniffer Brae Manor House. The house was originally named Cratloe. It ~~was renovated over 20 years ago~~ has been renovated and is now used as an environmental education centre ~~for the Friends of the Botanic Garden and visitors~~ for students and the general community. The Friends of the Botanic Garden ~~hold monthly meetings~~ have an office at the centre and school groups visit the centre on a regular basis. There is a ~~unsealed~~ sealed car park off Madoline Street which can accommodate up to 25 cars, that is used most heavily when the Discovery Centre is in use.

***Botanic Garden Depot and Nursery***

The Depot is located off Northfields Ave and is used by staff for storage of plant and materials for the Garden and as a work area. It consists of soil bins, soil loader, various plant and tool cages. Attached to the depot is the staff lunch room, mower and fertiliser shed and also the nursery. The nursery consists of two glasshouses, a shade house and nursery work area used to cultivate plants.

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***Greenplan Hut/Green Plan Area***

The Greenplan hut is used on Greenplan days as office space and a storage area. The Greenplan parking area is unmarked and has the capacity to hold 47 cars (includes 1 disabled space). It is located near the depot/nursery and includes the parking area next to the Kooloobong Oval.

***Weed Crew Building***

~~This building is used as the lunch room and amenities for the weed crew. It is located near the Madoline Street entrance to the Garden and also functions as a store area for green waste. This building is within the weed crew area which is currently fenced and not used by the general public. (the area has been returned to the Botanic Garden as a display area – Palmetum)~~

***Toilets***

There are public facilities located south east of the Northfields Avenue entrance and just inside the Murphys Avenue entrance available for use by staff and visitors.

***Kooloobong Oval and Amenities Building***

These two playing fields are located in the north west corner of the property and are currently licenced to the University of Wollongong for formalised sporting activities. There is a temporary grandstand, amenities block and carpark on site. The carpark is also used by customers to Council's Greenplan program.

***Parking to Visit Botanic Garden***

Formal access to the Botanic Garden is off Murphys Avenue where there is an unmarked asphalt sealed carpark which accommodates 35 30 cars, including 2 disabled carparking spaces. There is also overflow parking available along Murphys Avenue. There is unmarked parking at the Madoline Street Entrance for 20 cars (1 additional disabled space is line marked). These spaces are for authorised groups/persons usually related to events at the Discovery Centre.

***Gleniffer Brae Buildings***

***Manor House and Courtyard***

The house is a single story English Tudor style residence with a flat over the garage. It is used for the teaching, studying and performing of music in those areas shown as hatched in figure 2. It is also was previously used for the holding of public and private functions and exhibitions in those areas shown as unhatched in figure 2 and the courtyard.

***Manor House Garage***

This garage is shown as room 20 of the Manor House in Figure 2. It provides for storage of function equipment and maintenance equipment by Council.

***Gardens and lawns surrounding Manor House***

There are original stone walls and terraces, a fountain, sandstone driveway, gate pillars and a dolls house. These gardens and lawns are available for public access in conjunction with other functions and exhibitions at the Manor House at all times during Botanic Garden opening hours.

***Garden Shed***

This is a timber shed with tile roof that was built as part of the original estate. It is used for the storage of equipment used for the maintenance of Gleniffer Brae and the Botanical Gardens.

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***Music Recording Laboratory (Old Soils Testing Laboratory)***

This building is currently leased by the Conservatory of Music (the Con) for the purposes of teaching, studying, and performing music. It is a split level brick building first built as part of the girls school then used by Council as a soils testing laboratory.

***Double Storey School Building and Single Story School Building***

These brick, multi room structures were built during the time Gleniffer Brae served as a private girl's school. They are currently leased out by the Con for the purposes of teaching, studying and performing music.

***Auditorium***

This ~~is a~~ 1970's brick building ~~was the former school library~~ consisting of one large room around 13 x 12 metres with two small auxiliary rooms. It is currently leased by the Con for the purposes of teaching, studying and performing music.

***Old Caretaker's Residence***

The old caretaker's residence was originally brought from Mangerton and placed on site as the residence for the headmistress of the girl's school around 1960. After the closure of the school, the house was occupied by Council's caretaker until 1992. It was ~~previously~~ leased by Council as a private residence on a six monthly lease basis ~~in the recent past and has been vacant since approximately 2005.~~

***Gleniffer Brae Car Parking***

The car parking available at Gleniffer Brae consist of asphalt car parking marked for 35 cars with overflow parking of reinforced concrete grassed over ~~for approximately 25 cars, providing a total number of parking spaces of 54 (4 of these are disabled spaces).~~ There is a small ~~Conservatorium Staff~~ car park off Robsons Road that ~~can accommodate 10- 9 cars, that currently does not meet public safety requirements and has been closed since 2015. It does not form part of the area leased to the Conservatorium, despite the past use by staff. It is planned to consider the future of this area as part of an overall masterplan for the Botanic Garden.~~

**\*Short Term Casual Licences** are those permitted by the Local Government (General) Regulation 2005. In relation to this plan of management, Council may grant a short term casual licence for the following:

- (a) the playing of a musical instrument, or singing, for fee or reward,
- (b) engaging in a trade or business,
- (c) the playing of a lawful game or sport,
- (d) the delivery of a public address,
- (e) commercial photographic sessions,
- (f) picnics and private celebrations such as weddings and family gatherings,
- (g) filming sessions

## 9 **BASIS FOR MANAGEMENT**

### **Key Values of Wollongong Botanic Garden Plan of Management Area**

These key values for the POM area have been derived in consultation with **key stakeholders, including** the Friends of the Botanic Garden and from the **Gleniffer Brae Draft** Conservation Management Plan (~~Tropman and Tropman, 2004~~). The values are also reflective of the values incorporated in the Future Uses of Gleniffer Brae reports to Council on 24 August 2015 and 8 September 2014. In addition, the values express Council's commitment to the purposes of a regional Botanic Garden of Excellence.

### **Future Uses of Gleniffer Brae Manor House Community Values**

- Uses of part or all of Gleniffer Brae Manor House and the lawns that are new after the making of this plan should:
  - maintain or enhance its heritage values
  - be financially viable
  - provide community access to Gleniffer Brae
  - enhance the tourism potential of Gleniffer Brae
  - be compatible with existing users/tenants
  - improve the security of Gleniffer Brae and the Botanic Garden
  - link to and integrate with the Botanic Garden

### ***Environmental and Conservation Values***

- The Botanic Garden's primary purpose is to display and conserve living collections of plants.
- Plant collections reflect the history of the garden including original plantings, through to current day collections developed in response to contemporary global challenges including climate change response and loss of natural habitat.
- The Botanic Garden is underpinned by ecological sustainability principles, and promotes the use of local flora within the region via the Greenplan program, and aims to conserve regionally threatened flora through ex-situ (out of natural habitat) collections management.
- The garden is recognised regionally as a site of Horticultural excellence.
- The Botanic Garden has a lead role in educating the community about plant conservation, and sustainability principles.

### ***Historical Values***

- Gleniffer Brae and the Wollongong Botanic Garden is associated with the Hoskins family, pioneers of the steel industry and responsible for its creation and development at Port Kembla.
- Gleniffer Brae is associated with architect Geoffrey D. Loveridge, who received recognition for his work.



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- Gleniffer Brae and its gardens are associated with the development of secondary and tertiary education in the Illawarra
- Gleniffer Brae's garden was designed by prominent landscape designer Paul Sorenson.
- The estate forms the basis of a large scale municipal botanic garden.

***Aesthetic Values***

- Gleniffer Brae was a well-designed residential estate which was selected for its topographical setting. Even though the garden, designed by Paul Sorensen - a landscape designer who has received recognition for his works, was confined to four acres immediately surrounding the house, the ~~Sorensen garden~~ setting extends beyond to the area now known as the Botanic Garden.
- Gleniffer Brae, the house, landscape and associated items constitutes an attractive element of the University/Botanic Garden precinct.
- Gleniffer Brae constitutes a fine example of Inter-War Period and English Tudor or Elizabethan Revival style of architecture, influenced by English Architecture and has a very distinctive character.
- Gleniffer Brae constitutes an example of outstanding craftsmanship.
- The gardens constitute an integral part of the design and setting of Gleniffer Brae. These were designed by Paul Sorenson, a landscape designer who has received recognition for his works.
- Views from Gleniffer Brae span across Wollongong City to the Ocean.
- The Botanic Garden is a nationally recognised garden composed of various terrestrial gardens, landscape settings and abundant floral and fauna life with linked pathways for visitors to pursue education and recreation

***Social Values***

- The Botanic Garden is a key Regional community and tourist facility supporting a range of visitor experiences to local, regional, and international visitors.
- Wollongong Botanic Garden, including Gleniffer Brae, has been associated with Arthur Sidney Hoskins who was prominent in pioneering the steel industry in the area.
- Gleniffer Brae has been associated with the life of the community and the area, ie as evidenced by ~~later and~~ current educational and ~~past~~ function uses.

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- The Botanic Garden is still held in high esteem by the local community who have a demonstrated ongoing interest in its conservation and management. The Friends of Wollongong Botanic Garden, formed in 1981, are an interested group of ~~citizens~~ volunteers who assist in the promotion and development of the Garden.
- ~~The Botanic Garden, including Gleniffer Brae, is a key community and tourist asset.~~

### Management Objectives

- To ensure the conservation of plant species faced with the threat of extinction within the South East Region of NSW.
- To be a leading agency in educating and promoting the importance of plants and wider sustainability initiatives to the community
- To protect and enhance the heritage values of the site.
- To establish and promote a unique public space which makes provision for a range of activities which are appropriate to the ~~environmental and conservation~~, historical, social and aesthetic values of the site and are complementary to each other.
- To encourage community understanding and appreciation of the historical and cultural significance of Gleniffer Brae
- Develop, expand and promote the Botanic Garden as a key community and tourist asset.
- To continue the sporting activities at Kooloobong Oval until the Botanic Gardens are developed to such a stage as the land is needed for Botanic Garden purposes

### Management Outcomes

- The protection, enhancement and interpretation of the historical qualities of the site.
- The establishment of a public space that caters for a wide range of activities appropriate to the site.
- Gleniffer Brae and the Wollongong Botanic Garden are managed as one significant community and tourist asset with outstanding heritage value.

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## 9 IMPLEMENTATION AND MONITORING

### Permissible Use/Development and Lease/Licence Table

(see figure 6- Botanic Garden Plan of Management Area for zones at the end of this document)

Building or Structure and Area Of BG and GB	Permissible Use or Development or Lease/Licence	Scale and Intensity
Future Friends of Botanic Garden Facility (Zone 1)	<ul style="list-style-type: none"> <li>To construct a new building within zone 1 in a location and of a design that is approved by Council. The <b>visitor information</b> facility will provide a place for the Friends of the Botanic Gardens to meet <b>and greet botanic garden visitors</b>, display/store items of interest and to allow them to run a small ancillary <b>gift shop retail operation</b> to generate income for Friends related projects.</li> <li><b>The Future Friends Facility may be combined with a kiosk/café and/or public toilets</b></li> </ul>	<b>In accordance with a future design process. Approximately 60m<sup>2</sup></b>
Administration Building and Library (Zone 1 or 4)	<ul style="list-style-type: none"> <li>General Administration, provides visitor information</li> <li>Storage of books and information relating to the BG, place for public and private meetings and courses</li> <li><b>Demolition and redevelopment or</b> Refurbishment and maintenance of building to suit permissible uses</li> </ul>	<b>Demolition and redevelopment in accordance with a future design process or</b> Refurbishment within building footprint
Seed store (Zone 4)	<ul style="list-style-type: none"> <li><del>Store and study collection of seeds and data information</del></li> <li><del>Development of regional</del> Seed store and seed processing laboratory</li> <li>Refurbishment and maintenance of building to suit existing and permitted use.</li> <li>Construction of new facility.</li> </ul>	Approx 50m <sup>2</sup> for seed storage facility
Depot (Zone 4)	<ul style="list-style-type: none"> <li>Storage of plant and materials and used as a work area by Council</li> <li>Storage of function equipment and maintenance equipment by Council.</li> <li>Lunch room for council staff</li> <li>Refurbishment and maintenance of buildings to suit existing and permitted use.</li> <li>Extension of the main depot structure</li> <li>Installation of washdown facility using recycled water</li> <li>Installation of fuel bowser</li> <li><b>Demolition and redevelopment or Refurbishment</b></li> </ul>	<b>Existing Main Depot</b> Structure may extend to 3,500m <sup>2</sup> or <b>Permanent Redevelopment structure in accordance with a future design process</b>

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Building or Structure and Area Of BG and GB	Permissible Use or Development or Lease/Licence	Scale and Intensity
	<p>and maintenance of building to suit permissible uses</p> <ul style="list-style-type: none"> <li>Installation of temporary structures as an interim measure to meet operational needs of the Botanic Garden</li> </ul>	
Nursery (Zone 4)	<ul style="list-style-type: none"> <li>Houses and cultivates plants</li> <li>Nursery work area</li> <li>Installation of water recycling facility</li> <li>Expansion of plant standing areas</li> <li>Refurbishment and maintenance of building to suit use</li> </ul>	4,000m2 for nursery areas/structures
Towri Centre (Zone 1)	<ul style="list-style-type: none"> <li>Use as a volunteer training and meeting facility</li> <li>Use for hire for private bookings</li> <li>Use for hosting education programs</li> </ul>	Maintenance, refurbishment within existing building footprint
Green plan hut (Zone 4)	<ul style="list-style-type: none"> <li>Office space and storage area</li> <li>Sale of Botanic Garden items</li> <li>Refurbishment and/or redevelopment and maintenance related to permitted use</li> </ul>	Refurbishment within building footprint or redevelopment in accordance with a future design process.
Sir Joseph Banks Glasshouse (Zone 1)	<ul style="list-style-type: none"> <li>Display collections of plants requiring glasshouse environment</li> <li>Refurbishment and maintenance of building</li> </ul>	Refurbishment within building footprint
Northfields Avenue (Zone 1) and Murphy Avenue Toilets (Zone 1)	<ul style="list-style-type: none"> <li>Refurbishment and maintenance of building including disabled access improvements</li> <li>Demolition if new toilets are to be built as part of the redevelopment of the area subject to demolition</li> </ul>	<p>Refurbishment within building footprint</p> <p>Replacement of demolished toilets according to future Botanic Garden Masterplan</p>
<del>Weed Crew Building and Fenced Area (zone 6)</del>	<ul style="list-style-type: none"> <li><del>Lunch room and amenities for BG staff, especially the weed crew</del></li> <li><del>Conversion to a toilet/amenities block</del></li> <li><del>Storage Area</del></li> <li><del>Future Parking Area for Botanic Gardens</del></li> </ul>	<del>Improvements only within currently fenced in area (the area known as zone 6)</del>
Garden and Lawn Sections of BG, including Duck Pond (Zone 1)	<ul style="list-style-type: none"> <li>Cultivating plants and leisure area</li> <li>Passive Recreation</li> <li>Environmental, Heritage and Cultural Education Programs such as, but not limited to, plant conservation techniques, appreciation for Aboriginal Cultural use of plants and the importance of the</li> </ul>	Suitable to the environment of the Botanic Gardens

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Building or Structure and Area Of BG and GB	Permissible Use or Development or Lease/Licence	Scale and Intensity
	<p><b>Hoskins family to Wollongong</b></p> <ul style="list-style-type: none"> <li>• Weddings, picnics, social functions, tours</li> <li>• Development to enhance the exhibits/plants/open areas for enjoyment by the public (for example, the installation of boardwalks in the Rainforest Section, installation of accessible children's garden play area, improvement of shelters, pathways, etc)</li> <li>• Granting of short term casual licences for private <b>or public functions or events consistent with Botanic Garden values</b></li> <li>• <del>Starlit</del> Outdoor cinema</li> </ul>	
Discovery Centre (Zone 1)	<ul style="list-style-type: none"> <li>• Environmental education programs, meeting and activity area</li> <li>• Café/restaurant use</li> <li>• Maintenance of the building, Refurbishment, including sympathetic expansion of building and/or outside covered area to suit use as education centre and/or café restaurant. The Education Centre and/or Restaurant/Café may include a small shop facility.</li> <li>• Granting of a lease or licence for café/restaurant use</li> </ul>	<p>Refurbishment <b>in accordance with a Botanic Garden masterplan. including expansion not to exceed 30% of existing footprint. Any shop/retail operation would be ancillary to the education centre or restaurant/café and would not exceed 15% of the area of the facility.</b></p>
Future Newly Constructed Botanic Gardens Restaurant/Café (Zone 1)	<ul style="list-style-type: none"> <li>• New Construction of a restaurant/café facility with ancillary retail shop relating to Botanic Garden visitors.</li> <li>• The granting of a lease or license for a café/restaurant</li> <li>• The granting of a license for a Botanic Garden related retail facility</li> </ul>	<p>The new restaurant/café <b>in accordance with a future design process. cannot exceed 500 square metres in area. Any retail portion could not exceed 15% of the total area of the building.</b></p>
Amphitheatre (zone 1 )	<ul style="list-style-type: none"> <li>• Events/Educational Activities</li> <li>• The holding of public and private performances/productions and events or education activities and the granting of short term casual licence for those purposes</li> <li>• Refurbishment and maintenance of structure, including the installation of electricity and composting toilets</li> </ul>	<p>Capacity to hold 1,500 people</p>
Kooloobong Oval, Amenities Building (zone 2)	<ul style="list-style-type: none"> <li>• The playing of formalised sporting activities and use of associated amenities building to support that purpose</li> </ul>	<p>Regional herbarium facility up to 1,100m<sup>2</sup></p>



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Building or Structure and Area Of BG and GB	Permissible Use or Development or Lease/Licence	Scale and Intensity
and the parking area that is across both (zone 2) and (zone 4)	<ul style="list-style-type: none"> <li>The granting of a licence or licences for formalised sporting activities</li> <li>The granting of a licence for parking within zone 1 and zone 2</li> <li>Development of regional herbarium and laboratory facility</li> <li>Expansion of existing BG Depot/Nursery operations</li> <li>Expansion of Botanic Garden Living Collections</li> <li>Granting of a licence for the regional herbarium and laboratory</li> </ul>	<p>Expansion of BG Depot/Nursery operations to a maximum of 70% of zone area</p> <p>Use of Sporting fields, and amenity block to remain at current scale and intensity (ie 2 playing fields and associated uses) with acknowledgment there is scope to allow more community sport use of the existing two fields through careful operational field management.</p> <p>Parking to a scale that allows for the use in Zone 2 as a sporting fields and/or the development of the herbarium facility. Parking could also expand into zone 4 from zone 2 as long as the provision of the nursery and depot functions were able to continue.</p>
<p>BG Car parks – Murphys Avenue (zone 1),</p> <p>Northfields Ave (zone 1),</p> <p>Madoline Street (zone 1)</p> <p>Kooloobong Oval/Green Plan (zone 2)</p>	<p>Murphys Avenue and Madoline Street car parks provide parking for park visitors. Madoline Street Car park could be used for Bus parking after redevelopment.</p> <p>Northfields Avenue car park provides parking BG staff and other authorised persons</p> <p>It is permissible to improve, maintain or expand the general parking for the Botanic Gardens in these areas</p>	<p><del>Murphys Ave – up to 50 car parking spaces</del></p> <p><del>Madoline Street – up to 30 car parking spaces</del></p> <p><del>Northfields Ave – 8 car parking spaces</del></p> <p>Within these parking areas there are a total of 107 spaces in 2016, an increase in car parking spaces would be in accordance with a future Masterplan Process.</p>

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Building or Structure and Area Of BG and GB	Permissible Use or Development or Lease/Licence	Scale and Intensity
Robsons Road Cottage (zone 3)	<p>Environmental education programs, meeting room and activities area (Relocation of Discovery Centre to this cottage)</p> <p>Administrative function/offices for BG/GB activities management <del>or to support an adaptive reuse of the Manor House or to support better integration as an area within the Wollongong Botanic Garden</del></p> <p>The granting of a lease or licence for the purpose of a educational/administration facility <del>or supportive adaptive reuse of the Manor House or to support better integration as an area within the Wollongong Botanic Garden</del></p> <p><del>Demolition and redevelopment of area for a permissible use or</del> refurbishment, maintenance and construction of the building to suit its permitted uses. Construction is for the expansion of the existing building for non residential purposes only. <del>The area can also be used for open space.</del></p> <p><del>To lease the cottage as a private residence</del></p>	<p><del>Redevelopment, Refurbishment, maintenance and expansion up to double the size of existing footprint in accordance with a Council Endorsed Botanic Garden Master Plan</del></p> <p><del>Residential lease for a 12 month period or less</del></p>
Gleniffer Brae Manor House and Courtyard (zone 3)	<p>The teaching, studying and performing of music and the granting of a lease/licence for those purposes in <del>that part of the manor house shown hatched in figure 2</del> for a maximum period of <del>24</del> 30 years.</p> <p>The holding of public and private functions and / or other uses consistent with the values of Gleniffer Brae <del>exhibitions in those areas unhatched in figure 2 and the courtyard.</del> The granting of a short term causal licence, or longer term licence or lease for those purposes for a duration of no longer than <del>7 days</del> 30 years as a maximum. Longer lease or license terms require public benefit and significant private investment.</p> <p><del>The only</del> Permitted development is the maintenance, <del>and</del> refurbishment, <del>and</del> adaptive reuse of the building in accordance with the Conservation Management Plan and the NSW Heritage Council (<del>Tropman and Tropman, 2001</del>)</p> <p>A function is defined as “any ceremonious public or</p>	<p><del>Those rooms shown as hatched in figure 2 are to be used for teaching/studying and performing music</del></p> <p><del>Those areas unhatched in figure 2 and the courtyard are to be used for public and private functions/exhibitions</del></p> <p>Suitable to the heritage and future use values of Gleniffer Brae and in accordance with the Conservation Management Plan</p>

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Building or Structure and Area Of BG and GB	Permissible Use or Development or Lease/Licence	Scale and Intensity
	<p>social gathering or occasion”</p> <p>Adaptive Reuse is one that will uphold the heritage values of the Manor House and provide for its activation and is one that is approved by the NSW Heritage Council. Granting a lease or license for an adaptive reuse is permissible for a short, casual, medium or long term use not to exceed 30 years. Longer lease or license terms require public benefit and significant private investment.</p>	
Manor House Garage (zone 3)	<p>Storage of <del>Function equipment and maintenance</del> equipment by Wollongong City Council</p> <p><del>The only</del> Permitted development is the maintenance, <del>and</del> refurbishment <del>and adaptive reuse</del> of the building in accordance with the <del>draft</del> Conservation Management Plan and the NSW Heritage Council (<del>Tropman and Tropman, 2004</del>)</p>	That area shown as room 20 of the Manor House in Figure 2
Gardens and Lawns Surrounding the Manor House (zone 3)	<p>Use of Gardens and lawns for public and private functions and / or other uses consistent with the values of Gleniffer Brae <del>and exhibitions</del> and the granting of short term casual licence, or longer term licence or lease for those purposes for a duration of no longer than <del>7 days</del>—30 years as a maximum. Longer lease or license terms require public benefit and significant private investment.</p> <p><del>The only</del> Permitted development is maintenance of the gardens and lawns to conserve their heritage and aesthetic value and development to support adaptive reuse of the Manor House in accordance with the Conservation Management Plan and the NSW Heritage Council.</p> <p>Also permitted are the creation of better links to the other areas of the Botanic Garden through items such as, but not limited to, signage and public pathways that do not harm the heritage values of the Manor House and Sorensen Gardens.</p>	<p>All gardens and lawns are available for public access <del>in conjunction with other functions and exhibitions</del> during Botanic Garden opening hours.</p> <p>Linkages with the other areas of the Botanic Garden to be in accordance with a Council endorsed Botanic Garden Masterplan</p>
Garden Shed (zone 3)	<p>The storage of equipment used for the maintenance of Gleniffer Brae and the Botanic Gardens. The only permitted development is the maintenance of the building to conserve its heritage value <del>and adaptive reuse</del></p>	This use is restricted to within the footprint of the existing building

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Building or Structure and Area Of BG and GB	Permissible Use or Development or Lease/Licence	Scale and Intensity
	in accordance with the draft Conservation Management Plan and the NSW Heritage Council.	
Old Soils Testing Laboratory And Single Story School Building And The double Story School Building And Existing Auditorium (zone 3)	The teaching, studying and performing of music and the granting of a lease/licence or licences for those purposes or for other purposes suitable to future adaptive reuse of Gleniffer Brae and/or other social, community or educational purposes.  Refurbishment and maintenance of the buildings to suit purposes of teaching, studying and performing of music  Demolition of any former SCEGGS buildings if they are no longer leased and return area to garden and lawn, and/or development of new appropriate building(s) to ensure future adaptive reuse of Gleniffer Brae Manor House and the granting of a lease/licence or licences for those purposes.	<del>This use is restricted to within the footprints of the existing buildings.</del>  Redevelopment to be in accordance with a Council endorsed Botanic Gardens Masterplan. The aim of a future redevelopment would be quality purpose built building(s) of a lesser scale than the existing buildings with parking (if necessary) newly sited to benefit the heritage values of the Manor House and with substantially increased green space.
Possible New Auditorium (Zone 5)	<del>A new auditorium can be built in Zone 5 if the design of the auditorium can meet NSW Heritage Office Requirements and obtain the approval of both Council and the NSW Heritage Office. The existing auditorium must be demolished if a new one is built. Additionally, Council must approve of any new auditorium's concept and design.</del>	<del>The new structure could not exceed 1 1/2 times the area of the existing auditorium.</del>
Gleniffer Brae Car parks – Murphy's Road (Main Car park) And Robsons Road Car park (zone 3)	Vehicle parking to accommodate the use of the facilities at the Botanic Garden and Gleniffer Brae.  Maintenance and redevelopment of these areas for car parking purposes or purposes to support adaptive reuse of the Manor House in accordance with the Conservation Management Plan and the NSW Heritage Council or support the purposes of the Botanic Gardens.	<del>This use is restricted to the parking of no more than 150 vehicles for both car parks.</del> Current vehicle capacity is 63 parked cars. (9 of these spaces are in the Robson Road car park which is not in use – because of condition)  Limited capacity exists for increasing parking if part of a Council endorsed Botanic Garden Masterplan.

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## 10 ACTION PLAN

Management Issue	Objectives and Performance Targets	Means of Achievement	Manner of Assessment
Recreation Services in Botanic Gardens (BG)	<p>Enhance the recreation experience of visitors</p> <p>Increase the number of visitors to the Botanic Gardens by <del>20%</del> 10 % in the next 5 year period from 2016 level of 450,000</p>	<p>Provide <del>more</del> unique event opportunities in the <del>Garden park</del></p> <p>Provide more amenities such as, <del>but not limited to,</del> new <del>educational facility, playground equipment, and</del> café and restaurant, better public toilets, an information kiosk and infrastructure to facilitate events</p>	<p>Tracking of visitor numbers and use of Customer Satisfaction Surveys</p> <p>Progress towards the development of the new amenities at the Gardens by securing Council and Non Council funds for those purposes</p> <p>Rate of progress on construction of those amenities</p>
Educations Services in Botanic Gardens	<p>Raise awareness and knowledge of environmental issues through educational programs at the BG</p> <p>Increase the number of participants in the educational programs at the BG</p> <p><del>Increase the number of</del></p>	<p>Improve the Discovery Centre Facilities</p> <p>Include environmental education in the BG signage and interpretation</p> <p>Increase the number of education programs/tours provided by BG staff</p>	<p>Tracking of visitor numbers and use of Customer Satisfaction Surveys</p> <p><del>Rate of progress towards development of improved Discover Centre</del></p> <p><del>Progress</del></p>



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Management Issue	Objectives and Performance Targets	Means of Achievement	Manner of Assessment
	<del>persons using BG services such as the Horticultural Advisory Service or those attending tours and seminars</del>		<del>towards linking the use of the Discovery Centre with the Amphitheatre to enhance the learning experience</del>
Conservation Services in the Botanic Gardens	<p>Have the BG play a pivotal role in the conservation and enhancement of Wollongong's environment and biodiversity</p> <p>Increase the ongoing greenplan, seed collection, contract growing, and bushcare activities of BG</p> <p><del>Increasing Ex-Situ conservation activities for threatened species within SE NSW Bioregion</del></p>	Continuation and expansion of conservation services in the Botanic Gardens	<p>Tracking the number or amount of seed collected, trees/plants provided to community members</p> <p>Number of bushcare services provided annually by BG staff</p> <p><del>Progress towards the funding and building of the regional herbarium</del></p> <p><del>Tracking number of threatened species under management actions</del></p>
Asset Management	To have safe, attractive buildings, features, and artworks that	Refurbishment/Maintenance in accordance with the <del>Draft</del> Conservation Management Plan <del>2004</del> for Gleniffer Brae	Amount of work completed in accordance with the <del>2004</del>

*Plan of Management for Wollongong Botanic Garden*

Management Issue	Objectives and Performance Targets	Means of Achievement	Manner of Assessment
	are appropriate for their use and that reflect their history throughout the Botanic Gardens and Gleniffer Brae	Ongoing improvements to the Gardens assets	<b>CMP.</b>  Number of physical improvements in the Gardens
Inappropriate uses of Gleniffer Brae and surrounding gardens	<p>To ensure that permitted uses of the site are compatible and consistent with the heritage values of the site.</p> <p>To ensure that no inappropriate use is permitted</p> <p>Views from the Manor House are more consistent with era of Hoskins</p>	<p>Ensure that the leases/licences are specifically conditioned</p> <p>Ensure use of the site is consistent with the lease/licence conditions and also complies with the terms of development consent where applicable</p> <p>Consider expanding the NSW Heritage Conservation Order and/or amending the local listing under the LEP to part of Lot 1 DP 252694 to enable better management of views from the Manor House. The existing NSW Heritage Council Listing is in the Appendix as Figure 5A.</p>	<p>Undertaking of regular inspections of the site to ensure that all activities are authorised.</p> <p>Regular liaison with lessee</p> <p>Reporting of activities quarterly as part of the Council's Corporate Review</p> <p>Undertake the LEP review or make formal request to NSW Heritage Council</p>
Ensuring the remaining grounds and buildings of Gleniffer Brae are maintained	<p>To ensure that an appropriate maintenance program is developed</p> <p>To ensure the amenity of the area and integrity of the buildings is maintained.</p>	<p>Implementation of the recommendations of the Conservation Management Plan (<del>Tropman and Tropman 2004</del>).</p> <p>Ensure resources are committed to a programmed maintenance schedule for the site</p> <p>Ensure use of the site is consistent with lease/licence conditions and this plan.</p>	<p>Review the amount of unscheduled maintenance and ensure that any maintenance of the site is undertaken in accordance with the Conservation</p>

*Plan of Management for Wollongong Botanic Garden*

Management Issue	Objectives and Performance Targets	Means of Achievement	Manner of Assessment
			Management Plan ( <del>Tropman and Tropman</del> 2004).
The historical significance of Gleniffer Brae is promoted	<p>Educate visitors to the site and the general community of the historical significance of the site</p> <p>To ensure that visitors have an understanding of the historical significance of the site</p>	<p>To provide interpretive devices/displays within the cartilage of the site</p> <p>Provide appropriate material to visitors and the community promoting the site</p>	<p>The degree of interest in the historical significance of the site</p> <p>On site interpretation</p> <p>Visitor surveys, number of hits on BG website</p> <p><del>Track sales/promote of Dena Leighton book about Botanic Gardens</del></p>
Appropriate use of amphitheatre	<p>The use of the amphitheatre is undertaken in a manner that does not cause undue disturbance to local residents</p> <p>To ensure that use of the amphitheatre is appropriate for the site and compatible with surrounding uses and residents</p>	<p>Ensure that appropriate facilities are provided to cater for open air performances/productions/seminars</p>	<p>Number of complaints received regarding operating the amphitheatre</p>

*Plan of Management for Wollongong Botanic Garden*

Management Issue	Objectives and Performance Targets	Means of Achievement	Manner of Assessment
Better integration between Gleniffer Brae and the rest of the Botanic Gardens now and into the future as uses may change	<p>The community no longer sees a distinction between Gleniffer Brae and the Wollongong Botanic Garden, they are managed as one significant community and tourist asset with outstanding heritage values</p> <p>To establish and promote a unique public space which makes provision for a range of activities which are appropriate to the historical, social and aesthetic values of the site and are complementary to each other. New commercial activities and developments would be financially viable and appropriately sited in line with PoM values</p>	<p>Developing better linkages between Gleniffer Brea and the existing Garden areas operationally and through capital improvements.</p> <p>Promotion of the Sorensen Gardens as a Botanic Garden public display</p> <p>Development of Masterplan for entire Botanic Garden area with new linkages, quality amenity, buildings, plant collections and food offerings to support visitors to the Gardens.</p>	<p>Council endorsement of a Botanic Gardens Masterplan that was developed with the community through extensive community engagement. Capital Improvements within the Botanic Garden are ongoing in accordance with the PoM and the future Masterplan.</p>

*Plan of Management for Wollongong Botanic Garden*

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### **Performance Assessment and Review**

As required under the Local Government Act 1993, it is necessary for Council to monitor and evaluate the success of this plan of management. This will ensure that the implementation of the plan is achieving the plan's specified objectives and strategies. The performance of this policy is measured against the degree to which it meets objectives/targets as set out in the Action Plan.

This plan of management is also subject to periodical review to ensure that changes which may affect the management of the area are taken into consideration in the plan.

## **11 REFERENCES**

Dena Leighton (2004) Wollongong Botanic Garden – A Story of Beauty & Diversity

Tropman and Tropman Architects (2001), Draft Gleniffer Brae Manor House Conservation Management Plan, Sydney, NSW.

Friends of Wollongong Botanic Garden (1986) Wollongong Botanic Garden, A History. Wollongong City Council

Architectural Projects Pty Limited. "Gleniffer Brae, Keiraville Draft Conservation Management Plan Review June 2016

Future Uses of Gleniffer Brae Council Reports 8 September 2014 and 24 August 2015



*Plan of Management for Wollongong Botanic Garden*

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## **12 APPENDIX**

### **MAPS AND OTHER DOCUMENTS RELATING TO BOTANIC GARDENS AND GLENIFFER BRAE**

*Plan of Management for Wollongong Botanic Garden*

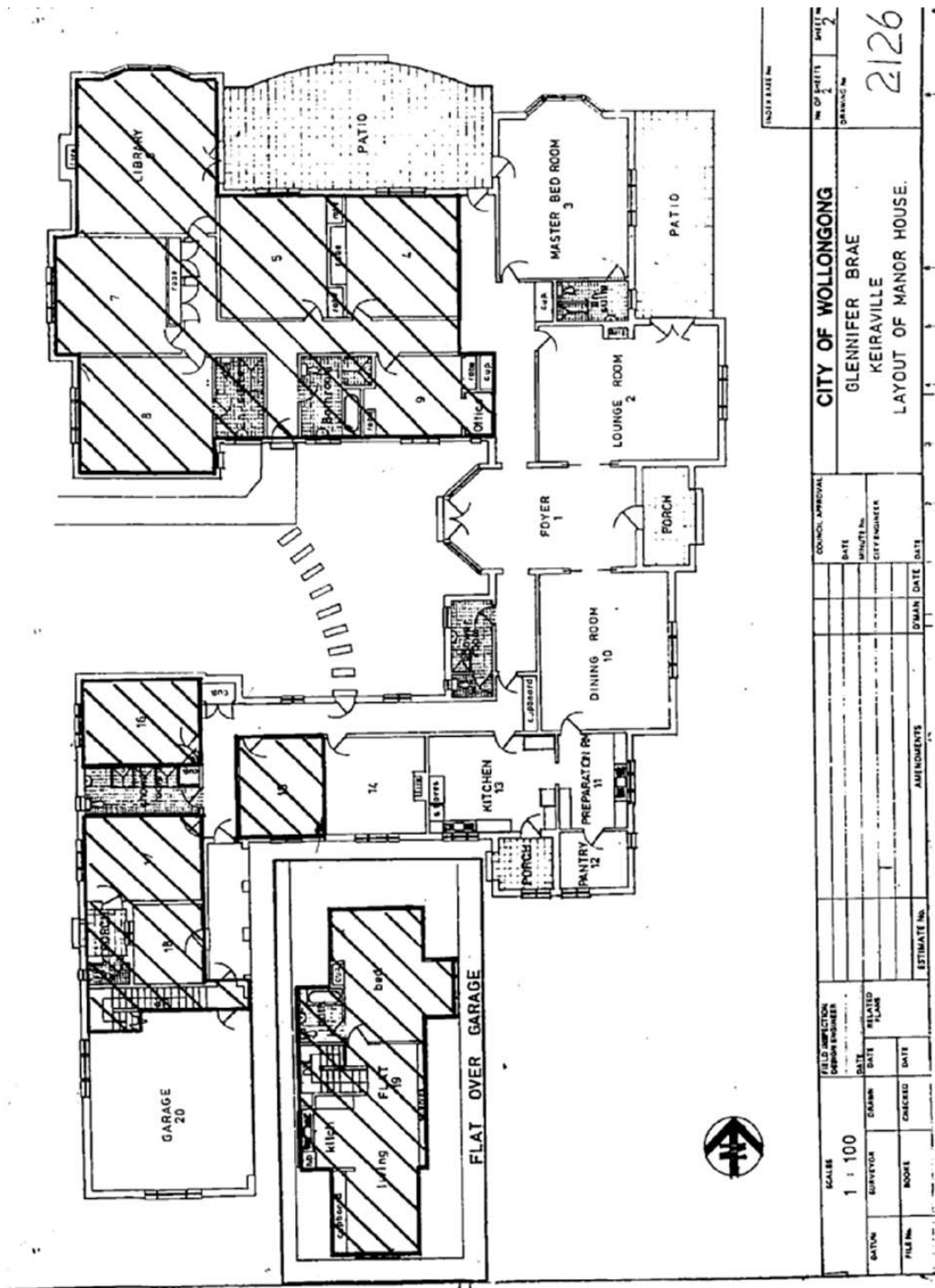


Figure 2. Plan of Gleniffer Brae Manor House. Hatched area shows rooms occupied by Conservatorium of Music under lease from Wollongong City Council.

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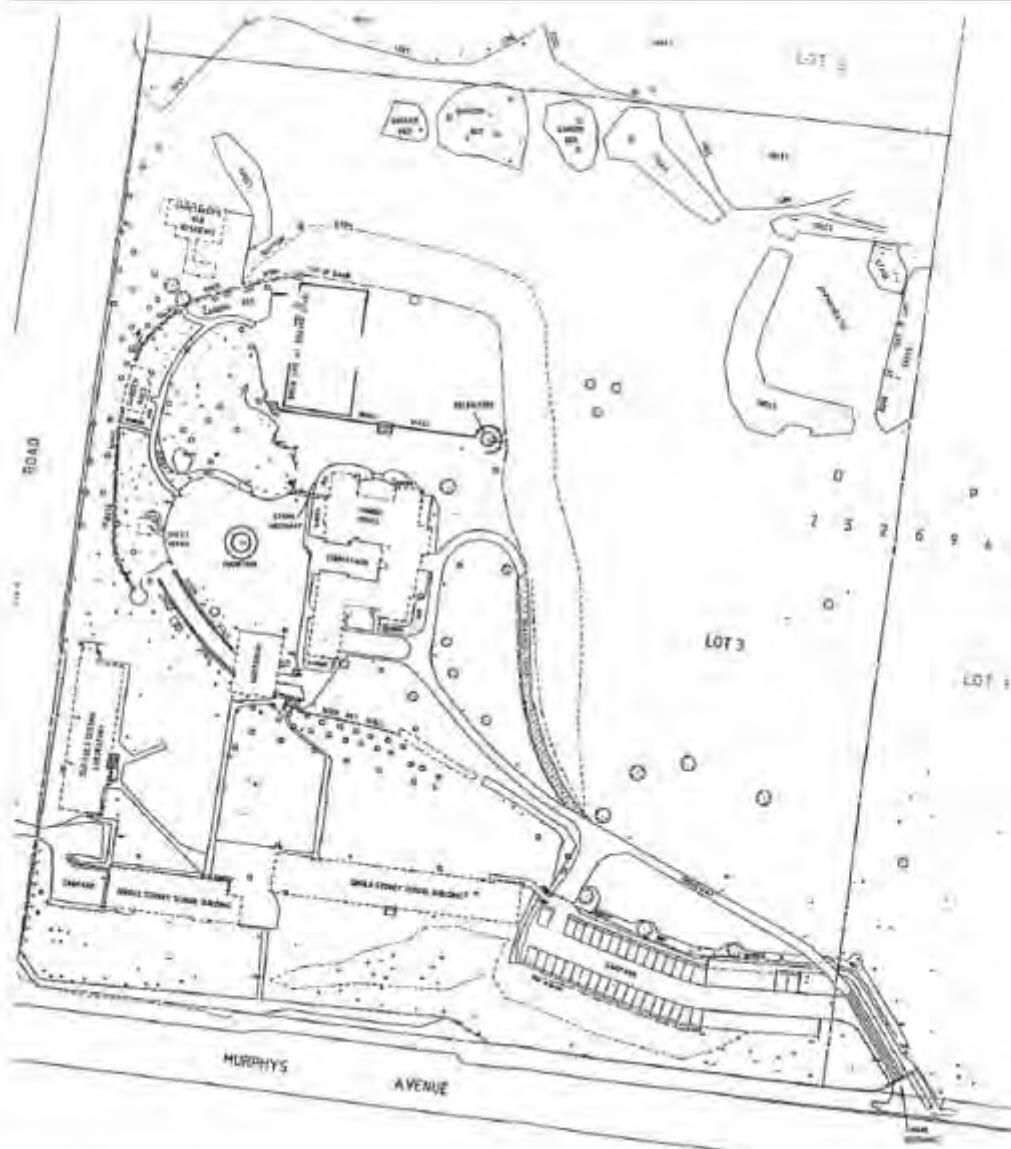


Figure 3 – Gleniffer Brae Buildings and Grounds

*Plan of Management for Wollongong Botanic Garden*

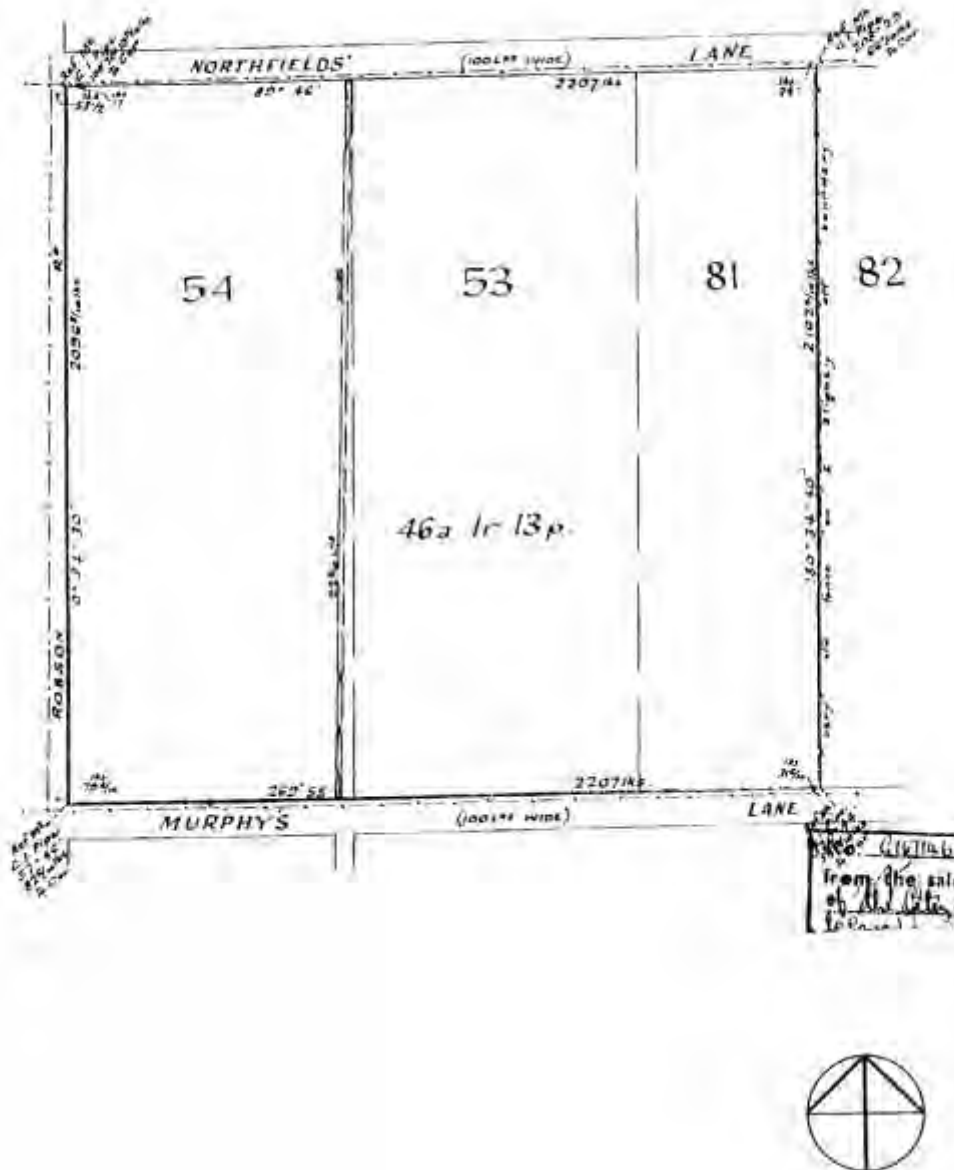


Figure No.4: Certificate of Title of Mrs Madoline Hoskins' land at Keiraville, 1937. The house was erected in the south-west corner.

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FIGURE 4A – Current map of garden type





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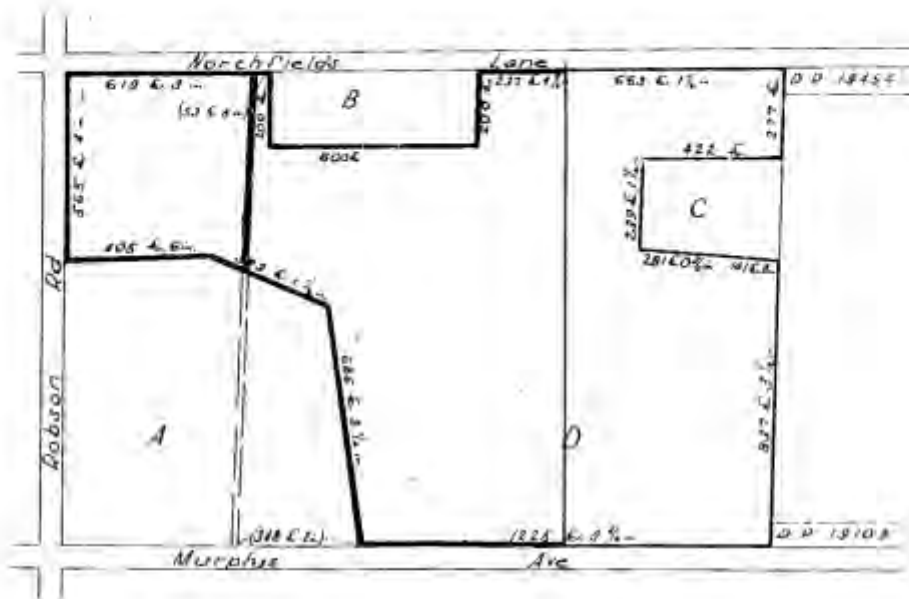


Figure No.5: Certificate of Title of Greater Wollongong City Council of the former joint Hoskins estates, 1954.

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**FIGURE 5 A Heritage Council of NSW Listing of Gleniffer Brae**

HERITAGE COUNCIL OF NEW SOUTH WALES			
PLAN			
UNDER THE HERITAGE ACT, 1977			
Description	Lots 2 and 3 D.P. 252694 'Gleniffer Brae'		
Mun/Shire/City	Wollongong	Locality	Keiraville
Parish of	Wollongong	County of	Camden

Scale 1:400

SUBJECT LAND SHOWN THUS:

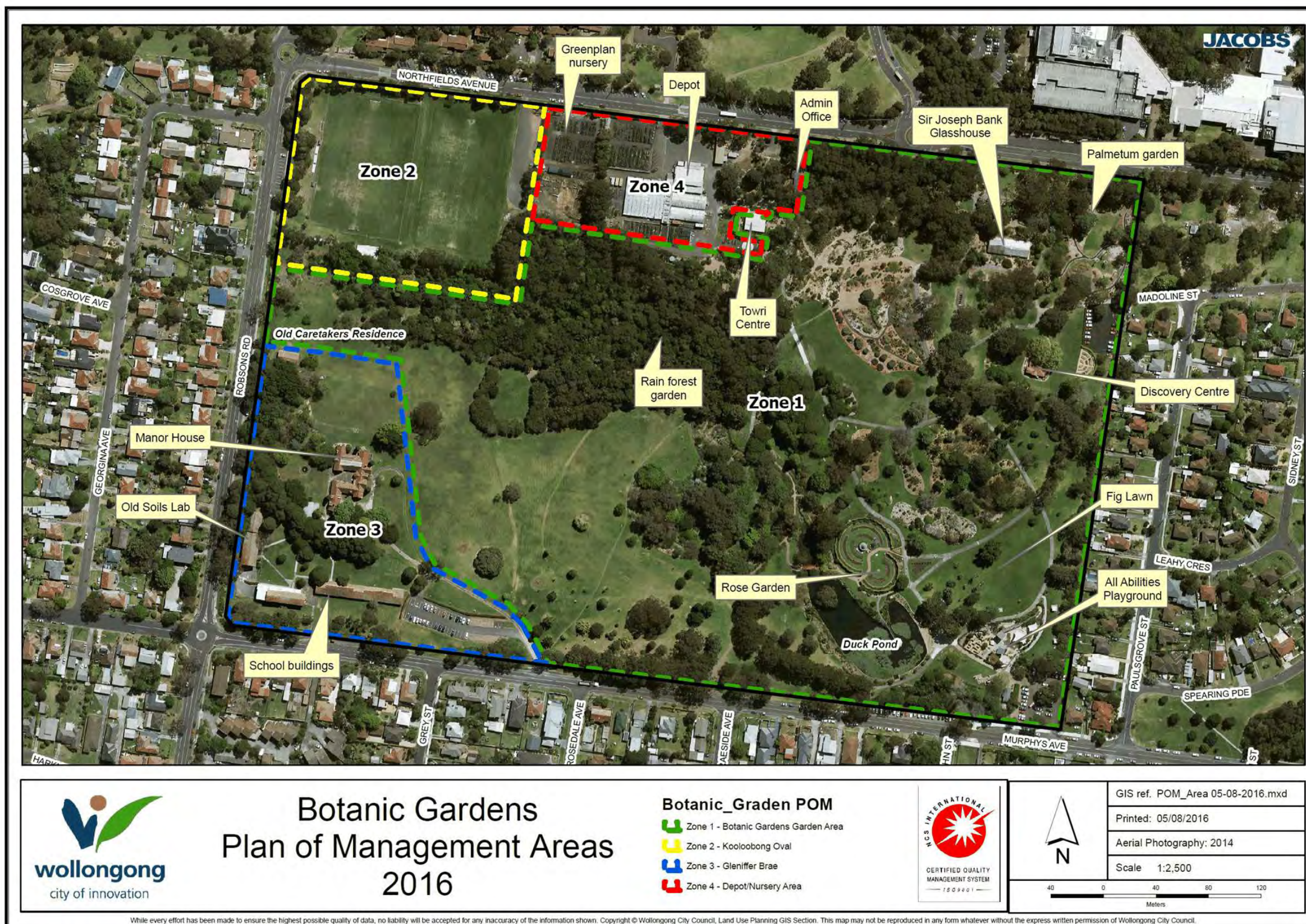
THIS IS THE PLAN REFERRED TO IN <del>INTERIM</del> /PERMANENT CONSERVATION ORDER No. 557		
N.S.W. GOVERNMENT GAZETTE No. 41 OF 26.7.88	PLAN APPROVED <i>[Signature]</i> for SECRETARY HERITAGE COUNCIL	PLAN NUMBER H.C. 1183
FILE H.C. 32/68	DRAWN BY R.E.B.	

*Plan of Management for Wollongong Botanic Garden*

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**FIGURE 6 – ZONE MAP OF BOTANIC GARDENS PLAN OF MANAGEMENT  
AREA FOLLOWS ON NEXT PAGE**







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## Architectural Projects \*

1635 - Gleniffer Brae, Keiraville  
Conservation Management Plan Review  
August 2016

## Architectural Projects

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## Document

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		Verification	Elizabeth Gibson Associate, Senior Consultant

**1635 | GLENIFFER BRAE**

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### 1. INTRODUCTION

#### 1.1. BACKGROUND

The site of Gleniffer Brae Manor House and Grounds, fronting Murphys Avenue, Keiraville is currently the subject of a Conservation Management Plan Review. Architectural Projects were commissioned by Wollongong City Council to prepare this document in December 2015.

Gleniffer Brae Manor House and its landscaped gardens are listed on the State Heritage Register and form part of the Wollongong Botanic Garden in Keiraville, Wollongong.

A Conservation Management Plan for the site was prepared by Tropman & Tropman in 2001 and a Heritage Landscape Masterplan was completed by David Beaver in 2007.

The majority of the buildings on site are currently leased by the Wollongong Conservatorium of Music. During 2014-15, a public Call for Proposals process was undertaken to scope future possible uses for the balance of rooms not currently under lease to the Conservatorium of Music. As a result of this process, Council resolved to undertake a review of the existing Conservation Management Plan for Gleniffer Brae, the Botanic Garden Plan of Management and also prepare a Planning Proposal to allow for the use of Gleniffer Brae as a Function Centre.

#### 1.2. SITE LOCATION AND DESCRIPTION

The site is identified as Lot 3, DP252694.

The Assessment relates to a study area bound by Northfields Avenue, Robson Road, Murphys Avenue and the rear of properties fronting Paulsgrove Road with specific focus on the original Gleniffer Brae site, Lots 1-3 DP252694. The site forms part of The Wollongong Botanic Gardens and is accessed from Murphys Avenue. The site includes the original Gardeners Shed, the Robson Road cottage, the former SCEGGS buildings now occupied by the Conservatorium of Music, and landscape features.

#### 1.3. AUTHORSHIP

The report has been prepared by a team consisting of the following key members:

Jennifer Hill – Architectural Projects Pty Ltd – Heritage Architect  
Elizabeth Gibson – Architectural Projects Pty Ltd – Heritage Architect  
Irene Pabustan - Architectural Projects Pty Ltd - Architect  
Roxie Weaver - Architectural Projects Pty Ltd - Administrator

#### 1.4. LIMITATIONS

A time frame of 12 weeks was established for the preparation of the report. Access was given to the site and Council records held by the Council. No physical intervention was undertaken to prepare this report. No historical archaeological work other than the site surveys provided herein was commissioned for the report.

In preparing the revised Conservation Management Plan the objectives are to:

- Review the heritage item through investigation of its historical and geographical context, its history, fabric, research potential, and importance to the community.
- Review the condition of the building, outbuildings and landscaped areas to update the conservation management plan, with reference to available building condition assessment reports, and the 2007 Landscape Masterplan.
- Review the existing statement of significance to note if changes are required to the nature, extent and degree of



## 1635 | GLENIFFER BRAE

significance of the heritage item.

- Review the existing conservation policy, arising out of the heritage significance, to guide current and future managers of the site on the development potential of the item and its ongoing maintenance. Constraints and opportunities are to be examined.
- Consider current concept proposals for re-use or development that were submitted as part of the Call for Proposals process, and how they can best be achieved in accordance with the conservation policy. Where proposals may have an adverse impact on the heritage significance of the item, the need for such work must be justified. Where development proposals may not have been finalised, several likely options are to be discussed. It should be noted that a full tender process will be required before any final use option is agreed on by Council. The intent is to set the allowable parameters/guidelines for any future development or changed use on site (particularly in relation to Function Centres), such that they can be incorporated into tender documentation.
- Recommend how the heritage item can best be managed bearing in mind those responsible and interested in its ongoing conservation. It is to include proposals to review the conservation management plan and the item's maintenance.
- Review the listed curtilage of the heritage item and clearly define a revised curtilage boundary, if justified.
- Address any building compliance or management issues that may exist or need to be addressed as part of any changed use eg fire safety, security, disabled access, lighting etc.
- Prepare a schedule of heritage conservation works and a maintenance schedule for Gleniffer Brae, the Dolls House, Gardener's Shed and the significant landscape elements to guide the appropriate asset maintenance for the site (both house and grounds) for a period of 10 years.

### 1.5. METHODOLOGY

The Assessment has been prepared in accordance with the methodology outlined in 'The Conservation Management Plan' by Dr James Semple Kerr (6th Edition 2004). The report complies with the principles of the Australian ICOMOS Charter for the Conservation of Places of Cultural Significance (the Burra Charter) and its Guidelines. The methodology used in the evaluation of the place is that recommended by the Heritage Branch of the Office of Environment and Heritage, specifically *Conservation Management Documents, 1996, Revised 2002 and Assessing Heritage Significance 2001*.

It seeks to update the 2001 Tropman & Tropman Conservation Management Plan and identify from documentary and physical evidence any historic, aesthetic, social and technological values of each component building and landscape element, and to determine their level of representatives or rarity by comparison with other identified examples.

### 1.6. DOCUMENTATION REVIEW

Prior to commencement of this report, the subject site had already been addressed in a range of studies and reports including:

- Conservation Management Plan, Tropman & Tropman Architects, 2001
- Landscape Master Plan, Beaver 2007
- Botanic Garden and Gleniffer Brae Plan of Management 2006
- Condition Survey and Analysis of Existing Fabric, Tropman & Tropman Architects, 2001
- Archival Record, Tropman & Tropman Architects, 2001
- Maintenance Report, Conacher Architects, 2006
- Heritage Impact Statement, Noel Bell Ridley Smith & Partners, 2005
- Conservation Management Plan, Conacher Architects, 1993

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- Proposed Condition Assessment and Estimation of Total of Capital and Maintenance Costs, 2013
- Arborist Assessment Report, Feb 2016
- Draft Heritage Impact Assessment, Mayne Wilson & Paul Davies, 2010
- Tree Assessment, Felgate, 1999

Copies of these reports were made available and reviewed by the study team. In addition, existing published and unpublished material relating to Gleniffer Brae was reviewed by the team. Refer to Bibliography for a full list of source documents.

### 1.7. TERMINOLOGY AND DEFINITIONS

The terms fabric, place, preservation, reconstruction, restoration, adaptation and conservation used throughout this report have the meaning given them in Australia ICOMOS Charter for the Conservation of Places of Cultural Significance (Burra Charter).

The terminology used to describe building styles follows the nomenclature set out in Apperly, R., Irving, R. and Reynolds, P. A *Pictorial Guide to Identifying Australian Architecture*, 1989.

In order to achieve a consistency in approach and understanding of the meaning of conservation by all those involved a standardised terminology for conservation processes and related actions should be adopted. The terminology in the Burra Charter is a suitable basis for this. Article 1 of the Burra Charter gives the following definitions:

*Place* means site, area, building or other work, group of buildings or other works together with associated contents and surround.

*Cultural significance* means aesthetic, historic, scientific or social value for past, present or future generations.

*Fabric* means all the physical material of the place.

*Conservation* means all the processes of looking after a place so as to retain its cultural significance. It includes maintenance and may, according to circumstance include preservation, restoration, reconstruction and adaptation and will be commonly a combination of more than one of these.

*Maintenance* means the continuous protective care of the fabric, contents and setting of a place, and it is to be distinguished from repair. Repair involves restoration and reconstruction and it should be treated accordingly.

*Preservation* means maintaining the fabric of a place in its existing state and retarding deterioration.

*Restoration* means returning the existing fabric of a place to a known earlier state by removing accretions or by reassembling existing components without the introduction of new material.

*Reconstruction* means returning a place as nearly as possible to a known earlier state and is distinguished by the introduction of materials (new or old) into the fabric. This is not to be confused with either recreation or conjectural reconstruction, which are outside the scope of the Burra Charter.

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*Adaptation* means modifying a place to suit propped compatible uses.

*Compatible* use means a use, which involves no change to the culturally significant fabric, changes that are substantially reversible, or changes which require a minimal impact.

1.8. ACKNOWLEDGMENTS

Wollongong City Council - Vanni De Luca, Joel Thompson  
Wollongong City Local Studies Library  
Wollongong Botanic Gardens - Paul Tracey, Deb Downes  
Heritage Division, Office of Environment and Heritage - Stuart Read, Rebecca Ward  
Australian Institute of Architects - Noni Boyd

1.9. EXTENT OF SEARCHES

Information searches have occurred with the following organisations:

National Library of Australia  
State Library of NSW  
Wollongong Local Studies Library  
Wollongong City Council Archives  
Australian Heritage Council  
National Trust of Australia (NSW)  
Heritage Council of NSW, Heritage Division  
NSW State Heritage Inventory  
AIA Twentieth Century Heritage Inventory  
Art Deco Society of NSW Heritage Inventory  
Illawarra Historical Society  
University of Wollongong Website  
Bluescope Steel Website

1.10. COPYRIGHT

This report is copyright of Architectural Projects Pty Ltd and was prepared specifically for the owners of the site. It shall not be used for any other purpose and shall not be transmitted in any form without the written permission of the authors.

## 1635 | GLENIFFER BRAE

### 2. HISTORICAL DOCUMENTARY ANALYSIS

#### 2.1. UPDATED TIMELINE

- 1841 Site of Gleniffer Brae originally part of a crown grant of 1000 acres (404 hectares) given to Robert and Charles Campbell.
- 1841 Crown Grant of 1000 acres to Robert and Charles Campbell, parish of Wollongong.
- 1851 Birth in England of Charles Henry Hoskins.
- 1876 Charles and George Hoskins set up engineering firm in Sydney.
- 1889 Birth of Cecil Hoskins in Sydney.
- 1892 Birth of Arthur Sidney Hoskins (Sid) in Sydney.
- 1893 Birth of Geoffrey Douglas Loveridge at Bowral.
- 1901 Gleniffer Brae site purchased by dairy farmer James Fitzgerald.
- 1908 G. and C. Hoskins take over Sandford's ironworks at Lithgow.
- 1916 Purchase by Hoskins of small mine at Wongawilli run by butcher Walter Lang
- 1917 Marriage of Arthur Sidney Hoskins and Helen Madoline Hoskins.
- 1918 Hoskins Iron and Steel was sending 1,600 tons of coke per month to Lithgow from its coke ovens at Wongawilli.
- 1924 Charles Hoskins resigned from Lithgow Ironworks.
- 1926 Death of Charles Hoskins.
- 1928 Australian Iron and Steel Ltd formed from Hoskins Iron and Steel Company plus other companies, with beginning of production at Port Kembla.
- 1928 Arthur Sidney Hoskins buys Gleniffer Brae site approximately 46 acres (18.6 hectares).
- 1931 Gleniffer Brae site conveyed to A.S. Hoskins' wife, Helen Madoline Hoskins.
- 1935 B.H.P. acquires control of Australian Iron and Steel Ltd. Hoskins brothers remain in position.
- 1937 Geoffrey Loveridge begins to build Invergowrie at Exeter for Cecil Hoskins.

## 1635 | GLENIFFER BRAE

- 
- 1937 Geoffrey Loveridge begins to build Gleniffer Brae for A.S and H.M Hoskins.
  - 1938 Arthur Sidney Hoskins purchases two neighbouring allotments to the east from the Fitzgerald family. Site now measures approximately 66 acres (26.7 hectares).
  - 1939 Gleniffer Brae House completed. Paul Sorensen establishes gardens around house.
  - 1946 Proposal to move the Kings School to Gleniffer Brae fails.
  - 1949 A.S and H.M Hoskins leave Wollongong.
  - 1951 First discussions with Wollongong City Council for a botanical garden on Gleniffer Brae land.
  - 1951 On 25 July A.S Hoskins writes to Wollongong Council with intention of dedicating approximately 50 acres of land, adjoining Gleniffer Brae House, for a war memorial park or botanic garden. Dedication excludes Gleniffer Brae, Cratloe Cottage and Claremont cottage and surrounds.
  - 1951 On 12 Dec a Memorandum of Agreement between Hoskins family and Council outlining dedication of land subject to survey, fencing and covenants. Covenants state that land cannot be used 'for dog or horse racing, nor have erected on it any sales yards, or any other building inconsistent with the land remaining on a park or garden'. Note covenants do not apply to Gleniffer Brae house and other land excluded from gift.
  - 1953 A.S and H.M Hoskins register the subdivision of the site into four allotments. Lot A includes Gleniffer Brae, Lot B contains Claremont Cottage, Lot C contains Cratloe Cottage (gardener's residence) and Lot D reserved to become Botanic Gardens.
  - 1954 A.S and H.M Hoskins leave Wollongong permanently.
  - 1954 H.M. Hoskins transfers 47 acres of land to Council for Botanic Gardens (Referred to as Lot D).
  - 1954 H.M. Hoskins sells land including Gleniffer Brae House (Referred to as Lot A) to Sydney Church of England Girls Grammar School (SCEGGS) for use as an educational establishment. SCEGGS establishes a school across their 35 acres (14 hectares) of land. Miss Kathleen McCredie appointed Headmistress.
  - SCEGGS requests more land. In agreement with H.M. Hoskins, Council transfers approximately 21 acres to the north and east of Gleniffer Brae to SCEGGS.
  - 1955 Junior Block constructed, comprising three classrooms, toilets and cloakroom.
  - 1956 Official opening of the Junior Block
  - 1958 New wing built containing four classrooms. Seven girls became weekly boarders at Gleniffer Brae.
  - 1959 "The Hut" constructed. Containing stage, kitchen and canteen.



## 1635 | GLENIFFER BRAE

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- 1963 Opening of new Senior girls Classroom Block.
- 1965 Science Block constructed
- 1966 Council acquires Cratloe Cottage
- 1970 Formal opening of Hoskins Park – Wollongong Botanic Gardens.
- 1970 Opening of Kathleen McCredie Library.
- 1971 Opening of the Junior School Library.
- 1971 Wollongong Botanic Gardens officially opened to the Public.
- 1972 Extension to the Science Block
- 1973 Extension to the Secondary Block comprising an office and classroom.
- 1976 Council buys some land from School.
- 1976 Council purchases 15 acres (6 hectares) of land (Lot 1 DP 252694) from SCEGGS for inclusion into the Botanic Gardens.
- 1977 SCEGGS closes school and amalgamates with the Illawarra Grammar School.
- 1978 Council buys Gleniffer Brae and remainder of estate for Gardens. School closed and joined to Illawara Grammar School.
- 1978 Council purchases remaining land from SCEGGS described as Lots 2 and 3 DP 252694 including Gleniffer Brae
- 1980 Part of Gleniffer Brae House and old school buildings leased to Wollongong Conservatorium of Music.
- 1990 University of Wollongong leases Gleniffer Brae and surrounds from Council.
- 1998 Lease to Wollongong Conservatorium of Music of Gleniffer Brae, term of 5 years
- 1998 Concrete steps constructed to Murphy's Avenue
- 1999 Tree Assessment Gleniffer Brae, prepared by Mark Felgate, Coordinator Tree Management, Wollongong City Council
- 2001 Tropman and Tropman prepared a draft Gleniffer Brae Conservation Management Plan

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- 2002 Oral History "Recollections of the Hoskins Family" recorded.
- 2003 Lease to Wollongong Conservatorium of Music, term of 10 years with option to renew for a period of 5 + 5 years.
- 2005 David Beaver commissioned to prepare a Landscape Masterplan for Gleniffer Brae
- 2006 Council adopted the Plan of Management for Wollongong Botanic Garden (including Gleniffer Brae and Kooloobong Oval)
- 2010 Removal of Hills Fig (*Ficus hillii*) adjacent to Gleniffer Brae
- 2010 Council embarked upon an Expressions of Interest process for the sale or lease of Gleniffer Brae
- 2011 Removal and replacement of two remnant Turpentine trees (*Syncarpia glomulifera*) located north of carpark.
- 2011 University lodged a rezoning proposal.
- 2012 Council considered a draft Planning Proposal for the rezoning and reclassification of the site. Not progressed.
- 2014 Council resolved that a Call for Proposals process be undertaken
- 2015 The Call for Proposals closed on 17 March 2015. Three proposals were received. Council resolved to review the Botanic Garden Plan of Management and Gleniffer Brae Conservation Management Plan.
- 2016 Plans for the retaining wall renewal, including the removal of Hills Fig Tree were prepared

### 2.2. ADDITIONAL HISTORY OF THE SITE AND BUILDINGS

In accordance with the brief this report does not reproduce site history contained in previous reports. The following history provides an update of the 2001 Tropman history:

The 2002 Oral History with the Hoskins children, Helen, Mary, Alison, Anne, and Phillip conducted at Gleniffer Brae by Wollongong Council and Botanic Gardens staff, provides great insight into the development of the design of the house and gardens at Gleniffer Brae and clarification of early use.

The family were very familiar with the site, prior to building of the house, as their pony's were kept there. They note they were all very well acquainted with the property. The family emphasized the importance of views to their father AS Hoskins - "Dad loved views". The siting and orientation of the house, they said, was all about the views.

They describe their uncle, Geoff Loveridge, bringing lots of plans and images of houses for discussions, and that there was a model of the house. The children recall that their mother did not want a two storey house, and both parents disliked Georgian Colonial, a style popularly revived in the Interwar period.

They note the Tudor manor house "Compton Wynyates" in England as the style source of the house. One of the

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Hoskins daughters recalled a visit to Compton Wynyates with her parent in the 1950's. (Refer 2.3)

The family recall the strong influence of Cecil Hoskins who had selected a Tudor style for his residence Invergowrie. Cecil also chose Sorensen to lay out the grounds at Invergowrie.

Everglades was also visited however the children recall their parents did not like Everglades, and demanded something "more natural". Informal gardens, with a parkland character, that captured the view. The children believe the terraces at Gleniffer Brae may predate Sorensen, who worked closely with the lie of the land.

They describe construction of the house as a source of entertainment for the locals.

The family note the extensive use of mature Coral Trees by Sorensen, and a labour intensive landscape proposal for the creek, with dams going down to the creek. The Illawarra flame was always planted as long as they remember. They suggested that Sorensen did not plant many natives -he did plant Melaleucas and Tristanias- but not rainforest species. He loved deciduous trees, e.g. Plane trees. The Hills figs replaced the original coral trees. Madge Hoskins was fond of jacarandas. They recall Sorensen belief that rocks added great strength to a garden, evident at Gleniffer Brae in the rockery and the rock walls.

They note that with the war and drought, the Sorensen garden almost disappeared. The children describe their mother as a very good gardener. After the war, it was hard work maintaining the property. The Hoskins loved tennis and they were very good tennis players. There were a lot of tennis parties on the grass court, particularly after the war when there was little else.

They describe the Dolls House and Gardeners Shed both with bark roofs, now removed. The fishpond and fountain, once stocked with carp, was infilled following the tragic death of a child in the pond at Invergowrie in December 1948.

The Hoskins children recall that architect Geoffrey Loveridge showed the family images of a precedent in England- "Compton". The family recall that their parents had viewed Sorensens garden at Everglades but the brief was for less formality. (Oral History, Recollections of the Hoskins Family, 2002 WCC)

The style of the Gleniffer Brae building was described by the architect, in a report dated 1979, as "Tudor Manor" style...,"an adaptation of the Tudor style of architecture to domestic construction". The architect states the Manor houses of the period 1450-1550 in England is reflected in the style. The rationale for the adoption of the Tudor Manor style is given by the architect as "the style lent itself to a richness of craftsmanship together with opulent decoration"...Loveridge notes the style was favoured by Mr and Mrs Hoskins .."somewhat simplified to suit Australian and local conditions." (Attachment to Conacher 1993 Conservation Plan)

An article published in the South Coast Times "Story of Trees" in 1939 described several newly acquired trees flourishing on Mr Hoskins property. The article notes that Hoskins made offers to buy trees on other properties for Gleniffer Brae, and purchased a very large coral tree from Michael Murphy of Murphys lane, Keiraville, to shade his swimming pool. (14 August 1939, p6 South Coast Times)

In 1949, Childrens parties were held in The Spinney, and Girl Guides celebrations were held by tennis court. (Reported in 1949, Illawarra Mercury 15 December p4.) In 1951, the Illawarra Division of the Girl Guides sports

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carnival and picnic was held in the grounds of Gleniffer Brae, with 500 attending.

In July 1951, Mr Hoskins wrote to Wollongong Council with intention of dedicating approximately 50 acres of land, adjoining Gleniffer Brae House, for a war memorial park or botanic garden. The dedication excluded Gleniffer Brae, Cratloe cottage and Claremont cottage and surrounds. (WCC Reports)

On 12 December 1951, a Memorandum of Agreement between Hoskins family and Council was entered into outlining dedication of land subject to survey, fencing and covenants. Covenants state that land cannot be used 'for dog or horse racing, nor have erected on it any sales yards, or any other building inconsistent with the land remaining a park or garden'. (WCC Reports)

The reception of Anne Hoskins daughter of AS Hoskins and John Arnott was held at Gleniffer Brae in February 1953. 250 guests in large garden marquee set on the lawns. Guests were "received in the reception room of Gleniffer Brae and then walked through a covered courtyard to the marquee". (South Coast Times, 19 February, 1953 p26)

In 1953 Mr and Mrs Hoskins registered the subdivision of the site into four allotments. Lot A includes Gleniffer Brae, Lot B contains Claremont Cottage, Lot C contains Cratloe Cottage (gardener's residence) and Lot D was reserved to become Botanic Gardens. (WCC Reports)

In June 1954, The Illawarra Mercury reported that Gleniffer Brae and 38 acres of land had been purchased by Sydney Church of England Grammar School.

In September 1954, Helen Hoskins transferred 47 acres of land (Lot D) to Council for Botanic Gardens, and in November, she sells land including Gleniffer Brae House (Lot A) to Sydney Church of England Girls Grammar School (SCEGGS) for use as an educational establishment. SCEGGS requests more land. In agreement with Helen Hoskins, Council transfers approximately 21 acres to the north and east of Gleniffer Brae to SCEGGS. SCEGGS established a school across their 35 acres (14 hectares) of land. (WCC Reports)

By October 1954, the new headmistress Miss Katherine McCredie was appointed. (South Coast Times 14 October 1954, p9)

Council acquired Cratloe Cottage in 1966. (WCC Reports)

Wollongong Botanic Gardens was officially opened to the Public in 1971. (WCC Reports)

In 1976, Council purchased 15 acres from SCEGGS for inclusion in the Botanic Gardens (Lot 1 DP 252694). The following year, SCEGGS closed the school at Gleniffer Brae and amalgamated with Illawarra Grammar School. In 1978, Council purchased the remaining land from SCEGGS described as Lots 2 and 3 DP 252694 including Gleniffer Brae. (WCC Reports)

A report prepared by Geoffrey Loveridge in August 1979, included general notes on the house, its design and construction and a list of works requiring attention. The report noted missing bargeboard to main gable, generally pointing of brickwork and stonework required, roof lights to garage loft conversion dilapidated and not in harmony, fountain clean up and centre piece restoration, box gutter to be constructed between two gables of north wing,

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requires monthly inspection and cleaning, (ceiling damage evident), check underfloor areas for draining and cross ventilation, paintwork in hallways, rake out joint to tiling in bathroom and repoint, resilvering of mirrors, water damage at west end of north wing, lead light repairs where damaged, flyscreens replaced with a very light metal framed flyscreen in lieu of timber framed replacements, restore timber mantelpiece in the library, non original door and window hardware detracts, and water penetration to western end of main entrance hall. (Attachment to Conacher 1993 Conservation Plan)

In 1980, part of Gleniffer Brae house and old school buildings were leased to Wollongong Conservatorium of Music. (WCC Reports) Premier Neville Wran performed the relocation ceremony on 2 June 1980. The Wollongong Branch of the NSW Conservatorium of Music was formed in 1972 and formerly housed in the Methodist Youth Centre in Crown St, Wollongong. (Canberra Times, 3 June 1980, p3)

In 1997/98, concrete steps to Murphy's Avenue were constructed to improve pedestrian access to the site. (WCC report)

In March 1998, plans for the formalisation of the carpark off Murphys Avenue, and new gateway entry to Gleniffer Brae designed by Vanni de Luca were prepared. (WCC Files) The gate design was endorsed by Tropman in 1999. (Heritage Office File)

In November 1999, a Tree Assessment was prepared for Gleniffer Brae by Mark Felgate of Wollongong City Council.

In 2001, Tropman and Tropman prepared a draft Gleniffer Brae Conservation Management Plan. (WCC Reports)

The proposed Discovery Centre was approved by Heritage Office in 2003. (Heritage Office File)

In 2004, the Conservatorium explored plans for expansion of the auditorium. A Heritage Impact Statement was prepared by Noel Bell Ridley Smith & Partners and a Pre DA meeting was held in 2005. (Heritage Office File)

In 2005, Wollongong City Council commissioned David Beaver to prepare a Landscape Masterplan to assist with the conservation of the grounds surrounding Gleniffer Brae. The report was finalised in 2007.

The key recommendations of the Landscape Masterplan include:

- To restore/reconstruct the Sorensen designed garden as closely as possible to its original character in the Hoskins era based on evidence (such as historic photos)
- To reconstruct the garden beds around the house, terraces and rockery in accordance with photographic evidence.
- To replant important specimen trees with same or similar species where these have been removed or have died.
- To restore/reconstruct/maintain important views and vistas by judicious pruning and/or removal of selected trees.
- To repair/reconstruct the driveway to its original form and prevent further damage by providing alternative vehicle access and prohibiting heavy vehicles.
- To remove intrusive buildings and other unsympathetic accretions
- To screen adjacent residential and institutional development with appropriate new planting.
- To remove trees where these are causing damage to the house and terrace walls. (WCC Reports)

In 2006, Council adopted the Plan of Management for Wollongong Botanic Garden (including Gleniffer Brae and Kooloobong Oval) to ensure that any future use of Gleniffer Brae and the Botanic Garden maximises and encourages community use of these facilities whilst at the same time conserving the historical significance of the site and



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retaining the general amenity of the area. (WCC Reports)

Until 2009, Council was managing weddings and functions at Gleniffer Brae as a short term casual use. This use ceased in 2009 following a financial service review. With the introduction of the Standard LEP Provisions to the Wollongong LEP in 2009, "Function Centre" became a defined use not permissible in the RE1 Public Recreation zone. (WCC Reports). Martin Morris and Jones prepared a Report & Rental Assessment of Gleniffer Brae and Conservatorium of Music school premises.

Also in 2010, removal of a *Ficus hillii*, north east of Gleniffer Brae house was approved due to poor structural condition. (Heritage Council Exemption 30/09/2010).

In May 2010, an Expressions of Interest process was undertaken for the sale or lease of Gleniffer Brae, seeking a proposal that would identify a viable future use for the site whilst:

- Guaranteeing tenancy for the Conservatorium of Music
- Retaining community access to Gleniffer Brae House and grounds
- Integrating with the Botanic Gardens
- Maintaining the heritage items and values of the site; and
- Minimising operating and maintenance costs to Council.

Two expressions of interest were received.

In March 2011 Council considered the submissions and resolved that the University of Wollongong was the preferred candidate to facilitate a sustainable outcome for the site and invited the University to submit a rezoning proposal. The rezoning proposal was lodged June 2011.

Council resolved on 12 December 2011 to prepare a draft Planning Proposal for the Gleniffer Brae site (Lot 3 DP 252694) to reclassify the site from Community to Operational Land and to subdivide, rezone and sell a portion of land to achieve the University of Wollongong's vision for the site which includes operating Gleniffer Brae as a function centre and building a new Creative Arts Centre. (WCC Reports)

Also in 2011, two remnant Turpentine trees north of the carpark were approved for removal due to severe decline. (Heritage Council Exemption 08/03/2011).

Council received the Gateway Determination on 17 February 2012 detailing the requirements of the public exhibition. The draft Planning Proposal was exhibited for 2 months between 16 July and 14 September 2012. Three information sessions were held. The public hearing was held on 4 September 2012 at the Wollongong Town Hall and was facilitated by Stuart Waters of Twyford Consulting.

258 community submissions and the two petitions demonstrated a divide in opinion on the reclassification of the site. Issues included the potential (although not proposed as part of the proposal) sale of Gleniffer Brae and the general loss of Community land. There was also support for the University proposal and the University itself (WCC Reports).

In 2012, a draft Planning Proposal was considered by Council for the rezoning and reclassification of the site. The Planning Proposal was not progressed, and Council resolved to work with stakeholders to consider options for the future use of the site.

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A stakeholder engagement process was undertaken to inform the values of the site to be considered in determining a future use and the outcomes reported to Council on 8 September 2014. Council resolved that:

1. A Call for Proposals process, as outlined in the report, be undertaken to receive submissions from interested parties for use of the area not currently under lease by the Conservatorium of Music at Gleniffer Brae.
2. Submissions made in response to the Call for Proposals process must demonstrate how they address each key community value as documented in the report.
3. A further Council report be prepared detailing the outcomes of the Call for Proposals process and any associated costs and recommendations for Council's consideration.
4. The report referred to in Part 3, be subject of a Councillor Briefing Session before it comes to Council. (WCC Reports)

The Call for Proposals closed on 17 March 2015. Three proposals were received. The proposed uses can be summarised as:

- volunteer run tours, functions and events with off-site catering and on-site office (not for profit use)
- premium restaurant and function centre (commercial use "A")
- off-site catered functions and events (commercial use "B").

On 24 August 2015, Council considered a report on the outcomes of a Call for Proposals Process for Gleniffer Brae. The report identified the need to review the Botanic Garden Plan of Management and Gleniffer Brae Conservation Management Plan, and the need to prepare a draft Planning Proposal to add 'Function Centre' as a permissible use on the site, in order to identify a future use.

Council resolved:

1. The outcomes of the Call for Proposals process be noted.
2. A review of the Botanic Garden Plan of Management and Gleniffer Brae Conservation Management Plan commence as a matter of priority.
3. Council receive an update report before the end of the 2015 calendar year.
4. The draft Plan of Management and Conservation Management Plan be reported to Council for endorsement prior to exhibition.
5. A draft Planning Proposal be prepared to add 'Function Centre' as a permissible use in the RE1 Public Recreation zone for the Gleniffer Brae site through a Schedule 1 amendment and referred to the NSW Department of Planning and Environment for Gateway determination prior. The exhibition of the draft Planning Proposal occur concurrently with the draft Botanic Garden Plan of Management.
6. Letters be sent to the Call for Proposals submitters advising them that a Tender process will be required and will be undertaken following the review of the Plan of Management and finalisation of the Planning Proposal.
7. In the interim period, the part of Gleniffer Brae not under lease by the Conservatorium of Music be authorised to be used for uses consistent with the current Plan of Management and planning controls. (WCC Reports)

In November 2015, a draft Planning Proposal to allow "Function Centre" as a permissible use on the site was lodged with the Department of Planning, awaiting a Gateway Determination. (WCC Report)

Also in November 2015, a break-in occurred at Gleniffer Brae, damaging the door to the north terrace and an office.

Quotation for replacement of Smoke and Thermal Detectors within zones 7 and 8 was received by Council in 2015.

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Plans for the retaining wall renewal, including the removal of Hills Fig Tree were prepared and issued in 2016. (WCC)

### 2.3. COMPTON WYNYATES

Compton Wynyates has been identified as a source for the design of Gleniffer Brae.

Compton Wynyates is a country house in Warwickshire, England erected by Sir William Compton about 1520. The Tudor period house is a fine example of Tudor architecture. The link between the design of Gleniffer Brae and Compton Wynyates is verified by the family in the oral history 2003. Compton Wynyates was described in A History of the County of Warwick: Volume 5, Kington Hundred, 1949. The following excerpts describe features that bear similarities with Gleniffer Brae.

Compton House stands in a dip surrounded by low hills...It is of square courtyard plan, facing nearly west, in which front is the main entrance with a porch. The great hall is in the south half of the east range, with the screens and entrance at its north end, opposite the main gateway, the buttery, great kitchen, &c., being north of this. The other principal rooms, Dining-room (former Parlour), Chapel, &c., are in the south range: the chapel has a projecting sanctuary and west of this is the south-west tower, rising higher than the rest of the house. The north and west ranges, containing the less important rooms, offices, &c., are narrower than the other two: both have a number of turrets, projecting externally, for staircases, garde-robes, &c. All this work is of the early 16th century. At the north-east angle, overlapping both the original ranges, is another tower, probably a later addition; and extending southwards from it flanking the outside of the original east range is an 18th-century range, perhaps incorporating some earlier remains.

For its size the building is a low one. The roofs of the wider east and south ranges rise higher than the others, and the top of the north-east tower is level with the ridge of the east range, but the south-west tower, with its saddle-back roof and turrets, stands up prominently above the remainder, the skyline being further broken by the many picturesque chimney-shafts. The walls are of a warm red brick toned in places by weather and age, with a good deal of diaper patterning in blue brick. The use of stonework is almost at a minimum, serving only for the windows and doorways, the quoins of the west porch and south-west tower, and the copings of the parapets. Although timber-framing was used freely for internal partitions, it is only seen externally in the two gable-heads of the west front. The gabled roofs are covered by silvery-grey stone slabs.

The house suffered much damage in the Civil War when it was occupied by the Parliamentary party (1643) and an unsuccessful attempt to recapture it was made in 1644 by Sir Charles Compton, brother of Spencer the second Earl, who had been killed at the battle of Hopton Heath in 1643. The building was originally enclosed by a moat, the west arm being close to the front and crossed by a bridge.

The principal front, facing a little south of due west, shows the gabled ends of the north and south ranges flush with the main wall, with turrets against their outer angles, the porch and great entrance, to the north of the middle of the length, between two projecting turrets. All the turrets have splayed brick angles. The walling is of thin red bricks - 2 to 2½ in. - with wide joints and there is a good deal of blue-brick diaper patterning. The two gable-heads are of timber-framing in herring-bone pattern and have moulded tiebeams, with foiled sunk panels in the faces. Each has an attractive oriel window with massive moulded sill having relief carvings in front, moulded oak mullions and top rail with battlementing. The walls of the front have embattled parapets above a moulded stone stringcourse,

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enriched with occasional carvings, and moulded stone copings.

The porch is a fairly shallow projection of brick with a moulded stone plinth. The inner moulded stone archway contains a pair of oak doors with linen-fold panels on the outer face and with a wicket-door in the north leaf.

The many windows in the four walls of the quadrangle are varied in detail. The most prominent feature is the large three-sided bay-window of the great hall, at the south end of the east range.

The chimney-shafts, of which there are over forty, form one of the most attractive features in the grouping of the building. They vary somewhat in detail and age. Most depend on their simplicity for their effectiveness and those that are treated with ornament do not vie in richness with those of many other houses of the same period. Most of the shafts are octagonal or round, and nearly all have octagonal moulded bases. Two of these bases have decorative panels in their sides.. One is a single shaft on the south side of the quadrangle above the antedrawing-room; this has quatrefoiled circular panels in the base and a twisted round shaft. The other is above the east excrescence of the south-west tower; its base has trefoil-headed panels and the round shaft is treated with zigzag ornament formed by a roll-mould... A row of three shafts near the last, above the east wall of the tower, differ in themselves, the two outer being round and having spiral ornament, each of a different mould, and the middle octagonal with concave sides. Another twisted shaft is north of the tower and paired with it on a common moulded base is a square shaft with pilasters in each face, probably 17th century. Most of the others are plain octagons, but one, north of the porch, has concave sides and is given one slight twist at half height in a rather crude manner. Two to the north-west of the tower are octagonal but were heightened in square form in the 17th century. Near the great bay-window and paired with an octagonal shaft is an Elizabethan star-shaped shaft. Above the west side of the north-east tower are two 17th-century diagonal shafts and on the east side two square shafts, probably later, like those of the 18th-century east range. (A History of the County of Warwick: Volume 5, Kington Hundred. Originally published by Victoria County History, London, 1949.)

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Figure 2.1 | No Date | Compton Wynyates, Warwickshire, UK | Postcards of the Past - Tysoe and Compton Wynyates, Warwickshire



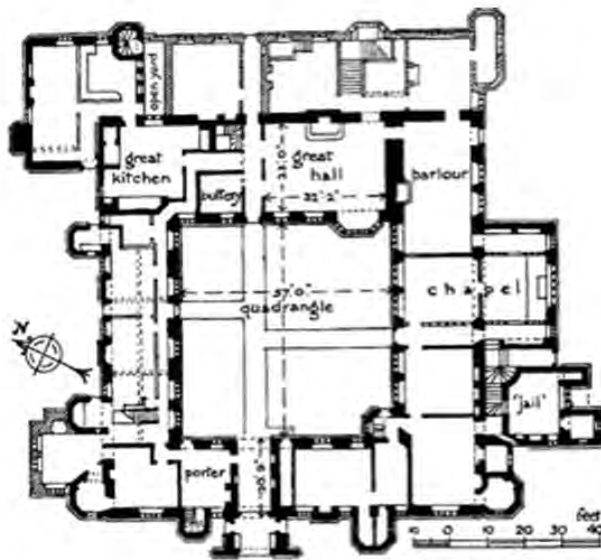
Figure 2.2 | 1922 | Compton Wynyates, The Courtyard | Francis Frith Collection 1922





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Figure 2.3	No Date	Plans of Compton Wynyates House	A History of the County of Warwick, Vol 5, Kington Hundred, 1949
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### 2.4. THEMATIC ANALYSIS OF GLENIFFER BRAE

Gleniffer Brae is assessed in the context of the historic themes identified in the Thematic History of Wollongong City Council Area. Dr Terry Kass prepared the Thematic History of Wollongong City Council Area in 2010, which identified the main 'themes' or historical processes and developmental forces, which have shaped the landscapes and streetscapes of the area.

#### 1.4 Making a Living

##### 1.4.4 THEME - WORKING IN WORKSHOPS, MILLS OR FACTORIES

In January 1927, Hoskins' Iron and Steel Company built a new blast furnace at Port Kembla as part of its scheme of shifting operations from Lithgow to obtain better access to coal and water access to iron ore from other states plus shorter and cheaper shipping costs to Sydney. Australian Iron and Steel Ltd was formed in May 1928 by a consortium of Hoskins combined with other companies. Its No 1 blast furnace was blown in on 24 August 1928.<sup>3</sup> But the onset of the Great Depression, inadequate capital backing and fierce cost cutting competition from BHP soon made the firm unsteady and seeking new capital. In 1935, Broken Hill Pty Ltd took over AIS which was suffering from capital problems and price-cutting by BHP. Between 1945 and 1976, expansion of the steel industry drove the expansion of the steel industry drove the expansion of Wollongong, which was one of the fastest growing areas in Australia.

Secondary Themes - Making steel (AIS Steelworks)

Sid Hoskins, as founder and manager of the Port Kembla Steelworks, built Gleniffer Brae as his residence while managing the works. The scale and quality of the house and gardens, reflects the success and importance of the steel industry and the importance of Hoskins as pioneer of the steel industry in the Illawarra. The fabric of the house evidences the association with a number of the internal fittings being produced at the steelworks, including bespoke door hardware and light fittings.

#### 1.5 Housing and Accommodation

##### 1.5.2 THEME - HOUSING IN VILLAGES AND SUBURBS

The overall trend of building activity appears to have been similar to that of the rest of the state. Building proceeded rapidly in the 1920s. Residents were buying their cottages or building new ones to house themselves. The number of building applications declined sharply between 1929 and 1930 due to the impact of the Great Depression. By the late 1930s, building was again active. Between 1934 and 1939, there was major growth in number of houses in the Central Illawarra municipality.

Secondary Themes - providing accommodation for managers and professionals

Gleniffer Brae was built as the primary residence for AS and HM Hoskins. Hoskins was the manager of Australian Iron and Steel Ltd Port Kembla works from its establishment until 1949. Gleniffer Brae was constructed as his primary home, at a time when there was major growth in building activity in the district. The scale, design and quality of the residence stood apart from local building activity of the period. Creating domestic gardens and landscapes.

One of a number of Sorensen landscapes in the Illawarra resulting from the Hoskins connection, Gleniffer Brae is an outstanding domestic garden. Other Sorensen designed gardens included Green Hill and Hillside at Figtree for use by executives of AIS, and the landscape at Mount Keira Scout Camp.

#### 1.6 Servicing the Community

##### 1.6.6 THEME - EDUCATING THE PEOPLE

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Since 1873, the Sisters of the Good Samaritan of St Benedict have conducted the St Mary's Convent and girls' secondary school in Wollongong providing a broad curriculum. Wollongong High School opened in December 1916. Christian Brothers High School opened in 1926.<sup>4</sup> Smiths Hill Home Science School opened in January 1944, becoming a girls' high school in June 1958.<sup>5</sup> From 1954 to 1973, there was a boom on opening high schools at Corrimal, Bulli, Berkeley, Dapto, Port Kembla, Oak Flats, Warilla, Woonona, Figtree, Lake Illawarra, Warrawong and Kanahooka.<sup>6</sup> After starting in a temporary location, Bulli High School opened its permanent site on 27 September 1957 in aluminium pre-fabricated buildings supplied by Hawker-Siddeley.<sup>7</sup> The Wollongong Conservatorium of Music was created as a branch of the NSW Conservatorium of Music in 1972 and took up occupation of Gleniffer Brae in 1981. It became an incorporated body owned by the University of Wollongong in 1996.<sup>3</sup>

Secondary themes - Operating private schools

Gleniffer Brae was offered to The King's School in the late 1940's, at a time when the School Council was seeking larger grounds, however the offer was declined. In 1954, 'Gleniffer Brae' house was purchased by the Sydney Church of England Girls' Grammar School as a boarding and day school for girls. Gleniffer Brae became the home to SCEGGS school in 1955 until its closure in 1975. This occupation for a period of 20 years (longer than the period of occupation of the Hoskins family) is significant.

The establishment and development of SCEGGS at Gleniffer Brae reflects the boom in secondary education in the area from 1954-1973. The school specifically reflects the demand for private girls education in the Illawarra. The occupation of the site by the Conservatorium of Music since 1981, has provided a continuing association of the site with education in Wollongong district.

### 1.6.8 THEME - ENJOYING LEISURE

From about 1870 onwards, the area known as Brighton Lawn Reserve was being used for passive recreation. Stuart Park was gazetted with an area of 56 acres, 2 roods on 29 September 1885. After being laid out with gardens and walks, it became one of the most popular recreation sites for fishing boating and swimming. Bulli public park was in existence by April 1886 when Trustees were appointed. The Wollongong Botanic Garden established in 1970 has widened the passive recreational parks of Illawarra and includes both exotic and native species and is a resource utilised by a broad cross-section of the community.

Secondary themes - Setting up public parks

In 1951, AS and HM Hoskins donated just over 46 acres to Wollongong City Council for a War Memorial Park or Botanic Garden. 'Hoskins Park - Wollongong Botanic Gardens' was officially opened by Madge in September 1970. The Hoskins love of gardens and trees, coupled with their civic mindedness resulted in the generous donation of land for a public park. It stands as a rare mid 20thC example of the establishment of a public park through private philanthropy in Wollongong. Gleniffer Brae house site was incorporated into the gardens in 1977, The re amalgamated site now reflects the original Hoskins holdings. The Gardens provide a resource utilized by a broad cross section of the community. (Kass, Terry, A Thematic History of the City of Wollongong, December 2010.)

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### 2.5. RELEVANT HISTORICAL THEMES

NATIONAL	STATE	LOCAL
Developing local, regional and national economies	Industry	Working in workshops, mills or factories Making steel (AIS Steelworks)
Building settlements, towns and cities	Accommodation	Housing in villages and suburbs - Providing accommodation for managers and professionals - Creating domestic gardens and landscapes
Educating	Education	Educating people - Operating private schools
Developing Australia's cultural life	Leisure	Enjoying leisure - Setting up public parks

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### 3. CONDITION SURVEY ANALYSIS UPDATE

#### 3.1. METHODOLOGY

Generally, this section provides an update to Tropman & Tropman Architects Condition Survey Analysis as required by the brief. The Condition Survey Analysis Update provides:

- Physical investigation of the existing external and internal fabric (survey of existing condition) and general comments regarding the built landscape elements, and
- Update the fabric survey analysis sheets

#### 3.2. EXTERNAL FABRIC CONDITION

Generally the external fabric appears to be in good condition.

The previously noted major areas of concern that are still relevant are as follows:

- a) Ensure adequate drainage of water away from building fabric including external walls and sub-floor space. Note soil build up around building.
- b) All gutters, down pipes and stormwater drains to be checked over and cleaned regularly and replaced as necessary. Ensure adequate falls to down pipes. Blocked rainwater sump in courtyard at south east corner. Down pipe not connected.
- c) Carefully remove any recent fixings, hard cement patches and mortar from walls and repoint to match existing.
- d) Check over roof and associated items and repair as necessary.  
Additional areas of concern are identified:
- e) Minor repointing of brickwork at lower level, and around light fitting
- f) Paint finishes deteriorating to external timber work.
- g) Sandstone flagging subsiding to north terrace and south courtyard.
- h) Rust to metal windows and security screens to entry and rear courtyard.

#### 3.3. INTERNAL FABRIC CONDITION

Generally the internal fabric is in good condition and an appropriate level of maintenance.

The previously noted major areas of concern that remain relevant are as follows:

- a) Fine sand, oil and wax all timber flooring to be exposed.  
The use of a suitable floor finish is recommended to protect the timber floor to storage, kitchen and high traffic areas.
- b) Generally, remove all painting from timber elements, including but not limited to skirting, all doors, sills, architraves and conserve the timber to be exposed (clear finish).
- c) All windows to be cleaned and put into working order.  
This includes the patching or replacement of joinery and steel frames to match existing as necessary and the replacement of all poorly constructed fly screens.
- d) Clean carefully all sandstone as necessary.  
Remove all recent fixings and epoxy patch to match existing.
- e) Any recent intrusive elements should be removed.  
These include but are not limited to the following:
  - Recent door and window hardware
  - Recent fittings and taps
  - Recent fixings
  - Poorly constructed window fly screens



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- Recent light switches and power points
  - Recent door fly screens. These should be removed and replaced with glass panels to match existing.
  - f) Any replacement should be consistent and sympathetic to the building character and appearance.
  - g) Any original small items should be retained and conserved in-situ to enhance the significance of the site and building.
- These include but are not limited to the following:
- Light fittings,
  - Timber wall rose,
  - Old servants bell,
  - Timber cupboards,
  - Original door and window hardware
  - Original bathroom fittings and taps

### 3.4. LANDSCAPE ELEMENTS CONDITION

The landscape elements vary in condition, some elements having been restored while others await attention. As with the internal and external fabric, regular maintenance is necessary.

The dry stone walling is one of the most significant features of the landscape of the site and requires significant maintenance and conservation works.

The brick retaining wall is collapsing and requires reconstruction in conjunction with tree replacement.

Paths through the spinney have been restored.

Sandstone steps to northern terrace have been restored.

Planting beds to the north of the house have been reconstructed.

### 3.5. GENERALLY

- a) Regular maintenance and repairs as necessary.
- b) It is recommended that all wall surfaces be regularly monitored for any leakages and water penetration.
- c) It is recommended that all fireplaces and chimney flues be used and cleaned regularly to allow chimneys to dry out. (Vanni – has this occurred?)

### 3.6. IDENTIFICATION OF SIGNIFICANT VIEWS

The 2002 Oral history highlighted the importance of views to AS Hoskins. According to his daughters, the orientation and placement of the house was all about the views.

Tropman identified significant views as follows:

- Views to the east to the Botanic Gardens, North Wollongong, Smith Street Hill and the Ocean:
- View to the north to Mount Pleasant

In addition to these, the views to the west to Mount Keira are of high significance, although lost in part due to the maturation of Avenue planting adjacent to Robsons Road.

Views to the south have been lost.

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Tropman also identified views from Gipps Street.

Views from the Duck pond to Gleniffer Brae are identified as important and these assist in the interpretation of the link between the Gardens and the house. Another vantage point in the Botanic Gardens where views to Gleniffer Brae are offered is also identified, as are views from Northfields Avenue, at the old playing fields.

### 3.7. COMPARATIVE ANALYSIS

#### 3.7.1. PAUL SORENSEN GARDENS

The gardens of Gleniffer Brae were designed by Paul Sorensen, a notable landscape designer in NSW of the 20th century.

Paul Sorensen was born in Copenhagen in 1890, and emigrated to Australia in 1915 following the outbreak of WWI. He had served as an apprentice to Lars Nielsen, one of Denmark's most highly regarded horticulturists who had designed many of Copenhagen's public parks. Sorensen also worked in Germany, France and Switzerland before his arrival in Australia.<sup>1</sup> Ratcliffe, R. Australia's Master Gardener – Paul Sorensen & his Gardens, Kangaroo Press, 1990 During his first two years in Australia he worked as a farmhand, then as a nurseryman until he was commissioned to lay out the gardens and grounds of the Carrington Hotel in Katoomba. This led to further commissions in the Blue Mountains area including the commission with carpet merchant Henri Van de Velde for the design of Everglades in Leura. Now owned by the National Trust (NSW) Everglades is arguably his best and most famous garden. After it was built, Sorensen's work at Everglades was featured in many magazine articles.

His outstanding work came to the attention of Cecil Hoskins, who was looking for a landscape designer to improve the grounds of the Australian Iron and Steel Ltd's (AIS) new administration building in Wollongong. Cecil Hoskins visited the Blue Mountains to see Sorensen's work and then engaged him to design the landscape for the AIS administration building. This was the beginning of Paul Sorensen's long association with the Hoskins family. Over the years Sorensen designed many gardens for them including Cecil Hoskins' property – 'Invergowrie', 'Gleniffer Brae' for Sidney Hoskins, 'Greenhills' & 'Hillside' – executive houses for the AIS Ltd, the Mount Keira Scout Camp near Wollongong, the grounds of the Hoskins Memorial Church at Lithgow, the grounds of the Southern Portland Cement Company at Berrima as well as several smaller gardens for various members of the Hoskins family. (Ratcliffe, R., "Artist and Patron – Paul Sorensen and the Hoskins family", in Heritage Australia, Autumn 1988, 7 (1) pp 7-9)

#### 3.7.1.1 TIMELINE OF SORENSEN GARDENS

1916 Shenstone, Leura  
1917 Westella, Guest House, Katoomba.  
1920 Sylvan Mists, Katoomba (now vanished)  
1923 Gabo, Leura  
1924 Metcalfe Garden, Leura (now vanished)  
1926 Thomson Garden, Leura (now vanished) & Tralee, Leura; Dean Park, Leura (now vanished)  
1928 Leuralla, Leura; La Vista Wentworth Falls; Dean Park .  
1929-31 Cheppen  
1931 La Vista, Wentworth Falls  
1932 Holmwood, Leura; Jemmalong, Blackheath; & Heaton Lodge, Mudgee  
1933- Everglades  
1933 Fjellheim, & Sospal, Leura  
1936 Fjellheim II, Wentworth Falls  
1937-8 Invergowrie, Exeter for Cecil Hoskins  
1937-9 Green Hills and Hillside Figtree; Hoskins Memorial Church Lithgow, Southern Portland Cement Berrima.  
1937 Beresford Grant Gardens, & Moreton, Warrawee  
1938 Gleniffer Brae, Sidney Hoskins,  
1939 Feltex House, Sydney

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1940 Mount Keira Scout Camp  
1941 Mahratta, Warrawee  
1946 Cherry Dell, Greenslopes, Saskatoon, Leura; & Trevlyn, Wentworth Falls  
1949 Neubeck House, Lidsdale  
1950 Ballantyre, Casillis; Boogadah, Binnaway; Cherry Bank, Leura & Pine Hills, Bathurst  
1951 Blue Mist, Leura; Rannock, Blayney & Bethune, Orange  
1954 Black Rock, Merriwa  
1955 Whispering Pines, Blackheath & Pitlochry, Merriwa  
1960 Calleen, Cowra, Talltrees, Leura  
1961 Field Garden, Pymble & Proctor Garden, Wahroonga  
1966 Mereworth, Berrima  
1970 Aola, Peats Ridge  
1971 Barakee, Orange; Ulinda, Binnaway; Goollooinboin, Glen Davis; & Rogers Garden, Mount Wilson (now vanished)  
1980's Forest Park, Kulnura

### 3.7.1.2 SORENSEN GARDENS FOR COMPARISON

Sorensen was prolific as the timeline above shows. The gardens relevant to this comparative analysis are identified as Everglades (Sorensen's commission by Hoskins followed a viewing of Everglades), the Hoskins family gardens particularly 'Invergowrie' (built for his brother), plus AIS executive gardens in Wollongong 'Hillside', 'Greenhills' and in the Southern Highlands 'Redlands'. These gardens date from a similar period (1930's) and are all large domestic gardens.

#### Everglades, Leura (1933- 1960's)

Everglades is significant as a largely intact modernist garden, as an important development in garden design in Australia and as reputedly the most important garden of Paul Sorensen, a notable garden designer. Everglades presents the potential to yield information about the transmission, implementation and dispersal of ideas of the modern movement in relation to both house and garden design, as practised in Europe in the early twentieth century, into Australia. It has significance through the technical excellence of its construction, particularly the stonewalling, and through its design quality. The setting is mainly natural with surrounding exotic trees evident to the north of the garden. The design qualities of Everglades are of a very high order: the garden is structured to provide a diverse range of spaces, each with a different character, with the unifying theme of the ironstone walls. Near the house the spaces are structured into a series of formal terraces with statuary and other ornaments, while areas of the garden that adjoin the bushland have a more natural feel. The unusual richness and design excellence of its landscape features such as the use of local ironstone for retaining walls, the incorporation of natural rock formations and indigenous trees, the carefully arranged planting schemes, the use of ornaments such as vases, urns, statues and fountains, and the skilful borrowing of natural scenery all give it major aesthetic significance. So too does the architectural design and integration of the residence, studio, garden theatre, water features and decorative iron grilles. (National Trust 1993) The garden has significance as a rare, large, elaborate and relatively intact modernist garden design in NSW, reflecting European tastes and developments of the period. (SHR 01498) Sorensen designed a series of architectonic terraces, incorporating the prime example of modernism in Australian garden design. Sorensen admired the Blue Mountains, preferring to shape the endemic trees and use the area's rocks—'as big as can be handled'—scattering them 'in apparent disorder . . . like Nature', a concept implemented beyond the formal terraces. (Colleen Morris, Paul Edwin Sorensen, ADB)

#### Invergowrie, Exeter (1936-1939)

The property was originally owned by the Yates family of seed fame, and was acquired by Sir Cecil Hoskins in the 1930s. At the time he demolished the original house he had new grounds laid out by Paul Sorensen, between 1937 and 1938. Sorensen's design was formed around the large conifers and tall hedges planted by the Yates family. In the 1960s, the property was sold and Paul Sorensen was invited to return and substantially to reverse his earlier

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planting; for while the Hoskins preferred to have trees and shrubs around the house leaving the boundaries open, the new owners wanted the main plantings to be on the boundaries. This involved moving a large number of mature trees. The garden is a landmark feature of the village of Exeter and dominates the southern approach to the village which is of extreme importance to the streetscape and character of the village. Invergowrie retained trees, put in a sweeping unobtrusive drive of concrete drive strips, merging with stone flagging of house forecourt, glimpses of open parklike lawns backed by groves of cedars. A secluded valley, known as The Dell was planted with deciduous trees and azaleas and tree ferns. When asked back he advised against extending the garden believing it better to have a small garden of excellent quality than a large garden of lesser quality. He included intimate plantings of low growing perennials to give colour close to the house. (Ratcliffe)

### Green Hills and Hillside, Princes Highway, Figtree (1937-9)

These two adjacent properties, acquired by the Hoskins brothers for the Australian Iron & Steel Company, were to be used as executive housing for the AIS. Sorensen was responsible for the landscape design at these two properties and the result is very similar to that at Gleniffer Brae. There is more thorough evidence of planting schemes and the landscape design at these 2 properties. An extract from Richard Ratcliffe's book on Paul Sorensen describing this is included below. This is to be used for comparison only to gain a better understanding of what might have been intended at Gleniffer Brae. (Tropman & Tropman Architects Gleniffer Brae Manor House, Wollongong Conservation Management Plan)

When Australian Iron and Steel decided to build two houses, Green Hill and Hillside, for the use by executives of the company, the site they chose was an exposed south-easterly facing slope at Figtree. Apart from a scattering of eucalypts the hillside was devoid of vegetation. Engineers at AIS designed the winding driveway through the 19 acre site and the two large houses were constructed, Greenhill near the highest point of the site and Hillside on the lower slopes. To ensure privacy between the two houses, Paul Sorensen began to develop a dense woodland between them, treating the site as one rather than as two separate design exercises.

Sorensen used many of the trees which are common in his work elsewhere: cedar (*Cedrus* sp.), Chinese elm (*Ulmus parvifolia*) and Liquidambar *styraciflua*. To these he added a mixture of tree species more unusual for his work but suitable to the coastal climate. Planted in the drive loop in front of Greenhill is a now mature *Celtis occidentalis* with two identical trees flanking the garage end of the house, giving deep shade around the entrance in summer. Site boundaries were planted with coral trees (*Erythrina indica*) on the west and plum pines (*Podocarpus elatus*) and bunya pines (*Araucaria bidwillii*) on the south. Most of the eucalypts were retained, and other trees native to the area introduced. These included brush box (*Lophostemon confertus*), paperbanks (*Melaleuca guiguenera*), Christmas bush (*Ceratopetalum gummiferum*) and Illawarra flame trees (*Brachychiton acerifolius*). He also used other exotic trees, orchid tree (*Bauhinia variegata*), Jacaranda *mimosifolia* and Norfolk island hibiscus (*Lagunaria patersonii*) as well as a grove of Chinese tallow trees (*Sapium sebiferum*). Only one flowering cherry was planted but it did not do well and was removed some years later.

The whole length of the drive is lined with shrubbery... the original plant list along the drive included Lantana *montevidensis*, Japanese cedar (*Cryptomeria japonica*), Bougainvillea *glabra* 'Sanderiana', firethorn (*Pyracantha* sp.) and Indian Hawthorn (*Raphiolepis indica*). Near the houses are more usual Sorensen shrubs were included, such as azaleas and magnolias." (Ratcliffe)

Green Hills and Hillside are of significance for the local area for their historical and aesthetic qualities, for associations with the work of Paul Sorensen and as representative examples of this type of corporate accommodation and conference development with associated gardens, created in the late 1930s. The property is important in demonstrating the history of steel industry in Australia. Both Greenhill and Hillside are visible from a distance and they present major regional landmarks. The buildings and gardens have major aesthetic qualities in their own right and retain some potential to contribute to the understanding of the social role of the steel industry in Australia. A corporate garden and houses on an estate of this size are rare in Illawarra and relatively rare in NSW context. (SHI- Greenhills and Hillside Gardens)

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### Redlands, Oxley Drive, Mittagong, (1936)

Redlands was built for Hoskins employee, Cedric Rouse. A 3 acre (1.2 hectare) woodland-style garden, built on a terraced, north-east facing slope at Mt Gibraltar in the Southern Highlands. Sorensen began planting trees in about 1936, years before the Tudor style house designed by Sydney architect John Brogan was completed. Redlands is an old garden by Australian standards, and an important example of Sorensen's early work. Although it has had several owners over the years and undergone extensive renovation, the garden has retained its initial form and character. It's a good example of a garden with "good bones", in other words the structure is right, and so it will always be basically sound. A classic Sorensen trademark evident throughout Redlands is the stonework – beautiful paving, steps and dry-stone walls. Sorensen's original plantings included some exotic and rare trees, which are now well established and a feature of the garden today. The driveway is lined with a formally spaced avenue of purple-backed sycamores (*Acer pseudoplatanus* 'Purpureum'), and to increase the visual depth, blue cedars (*Cedrus atlantica* 'Glaucia') have been planted behind a group of European larch (*Larix decidua*) which have bright green foliage. In another part of the garden are specimens of horse-chestnut (*Aesculus hippocastanum*), Copper beech (*Fagus sylvatica* 'Atropunicea'), and purple beech (*Fagus sylvatica* 'Riversii'), while a silver elm (*Ulmus procera* 'Variegata') at the rear of the property is surrounded by dark green conifers (*Abies alba*, *Picea abies* and *Picea smithiana*) and English elms (*Ulmus procera*). Other notable trees include redwood (*Sequoia sempervirens*), swamp cypress (*Taxodium distichum*), field maples (*Acer campestre*) and tulip tree (*Liriodendron tulipifera*). ("Redlands" Burke's Backyard Archive, <http://www.burkesbackyard.com.au/fact-sheets/people-places/redlands/>) Gleniffer Brae, Wollongong, (1938)

At Gleniffer Brae, Sorensen restricted his garden to four acres around the house, despite having 75 acres at his disposal. The remainder of the site was left as grazing land. The site slopes to the north east to a valley, beyond which a hill screens the suburbs of Wollongong from view. The top of Mount Keira forms a dramatic backdrop to the house and garden. (Ratcliffe)

Sorensen began planting in 1938, with transplant of several mature Illawarra flame trees. He also planted Brush box, Kaffir Plum, Plane trees, silky oak and jacaranda. (Ratcliffe)

The driveway was similar to Invergowrie with wheels strips of sandstone flagging and grasses between flags. A more formal rear garden with axial fountain surrounded by trees and shrubs framing the views of Mt Keira. Service areas separated by stone walls. (Ratcliffe)

Paul Sorensen began work on the grounds of Gleniffer Brae as soon as the house was completed in 1938. The designed garden was confined to four acres immediately surrounding the house the remainder was left as grazing paddocks. No drawings or plans of the garden by Sorensen have come to light. The front of the house was designed as an open parkland, while at the rear a formal garden with low stone walls and a central fountain was developed to emphasize the axial view to Mount Keira.

Ratcliffe describes the gardens at Gleniffer Brae as follows: The site slopes gently to the north-east into a valley, rising on the far side to form a low hill which screens the suburbs of Wollongong from the house. Behind the house the dramatic top of Mount Keira rising 460 metres provides a unique backdrop to the property. Sorensen was given a property of seventy-five acres on which to work, but most of this was left as grazing land with the garden around the house restricted to four acres. As soon as the house was completed in 1938, Sorensen began tree planting. Firstly he transplanted from the surrounding bush several Illawarra flame trees (*Brachychiton acerifolius*) coral trees (*Erythrina* sp) corrected by Anne Arnott, for immediate shelter and an appearance of maturity. These had their trunks and major branches wrapped in straw to assist in protecting them from water stress until damaged roots could regrow. These trees, some of which are still living, could be the earliest successful attempt at transplanting mature Australian trees, a process which is still regarded as almost impossible.

Also planted at this time were many brush box (*Lophostemon confertus*) Kaffir plum, (*Harpephyllum caffrum*) plane trees, (*Platanus x acerifolia*) silky oak, (*Grevillea robusta* and *Jacaranda mimosifolia*). An area known as The Spinney, low on the nearside of the valley, was planted with hundreds of azaleas growing in the shade of a natural grove of



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turpentine (Syncarpia glomulifera). Sorensen's interest in Australian plants is revealed by the dominance of native species in this list and by the presence in a prominent location of a very large specimen of coastal cypress pine (*Callitris columellaris*) which still survives in excellent health.

The driveway sweeping up the hill to the front of the house was constructed in a similar low-key fashion to that at Invergowrie, with the drivestrips in this instance formed by sandstone flagging, carefully fitted together with lawn grasses creeping between the flags further visually subduing the whole drive.

To the rear of the house, axially placed on an open courtyard, is a more formal garden with a circular fountain set in the lawn and surrounded by trees and shrubs framing the view of Mount Keira. Service areas to the south-east are separated from the formal garden with stone walls of similar construction and detailing as those at Everglades. This quarter was heavily planted for shelter from prevailing winds. Across the formal garden from the house a romantic playhouse for the children sits comfortably within the shrubs on the axis to the mountain, fulfilling the role of a summer house as a visual accent in the vegetation.

...Sidney Hoskins sold Gleniffer Brae in 1954... The grounds have been subdivided with over half of the area, now known as Hoskins Park, being used as the local Botanic Gardens. Apart from The Spinney, which is readily recognizable as part of the original garden, the changes necessary to adapt a domestic garden, no matter how big, to use as a public park has disguised Sorensen's work so that his hand is no longer visible over large areas. The simplification of maintenance around the conservatorium has also reduced his impact. "

As mentioned earlier, it was not usual practice for Sorensen to prepare his designs on paper unless specifically required to do so by the client. It was more usual for him to come at a general approach to the garden, on site and in consultation with the owner. The work would then be supervised by Sorensen, through site visits, with the labour being supplied by the property owner.

Such was the case at Gleniffer Brae. Sorensen directed workmen employed by Sidney Hoskins on periodic site visits lasting up to three days. The successful gardens both here and at other Hoskins' properties, are testimony to Sorensen's skills in passing on ideas and instructions to unskilled workmen, and thus enabling them to carry out the intent of his design, despite his absence from the site.

The only skilled workman involved in the works, was the stonemason, possibly the same one to work on all these sites remote to Leura. He was employed directly by Sorensen and could possibly have acted as an agent for Sorensen, maintaining quality on these jobs in Sorensen's absence. (Ratcliffe, R. Australia's Master Gardener – Paul Sorensen & his Gardens, Kangaroo Press, 1990)

### 3.7.1.3. COMPARISON OF VALUES OF THE GARDENS AT GLENIFFER BRAE

Sorensen's commission by Hoskins followed a viewing of Everglades. (Ratcliffe) The family recall that Sorensen's brief was to provide less formality in the landscape than Everglades. (Oral History, Hoskins Family, WCC. Sorensen's involvement at Gleniffer Brae also followed his work for Cecil Hoskins at Australian Iron and Steel, and Invergowrie. These fine gardens are clearly a strong influence for Gleniffer Brae. Both these gardens had ongoing involvement with Sorensen, and both incorporated changes to the original design for subsequent owners.

In 1990, Ratcliffe describes the garden at Gleniffer Brae as "extant but substantially modified". He notes the Spinney as readily recognisable as part of the original garden, but that "the changes necessary to adapt a domestic garden... to use as a public park have disguised Sorensen's work so that his hand is no longer visible over large areas."

A comparison of historic photographs of the garden during the Hoskins era reveals that key elements of the Sorensen Garden are largely intact. (Refer Photo Comparison - Attachment A)

The sweeping sandstone driveway comprising sandstone flagged wheel-strips (although part not maintained and turfed over), grass terraces and slopes, brick and dry stone retaining walls with 'drum' elements, sandstone steps,

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stone archway, placed boulders, rockery planting, the Spinney, the curved Brushbox windbreak plantings, sunken rear courtyard with reconstructed circular pond and fountain, and many original plantings are evident. While much of the detail planting around the house has been lost, the character and structural elements of the garden are largely intact. Reconstruction of planting beds around the north façade has occurred in recent years, as has restoration work in the Spinney and around the Garden Shed.

Changes include the construction of Library/Auditorium in the rear courtyard, the removal of tennis court fencing, loss of several transplanted trees- particularly Erythrina species, turfing over of part of original driveway, and loss of planting beds around the house. Maturing trees have obscured some key views including views to Mount Keira from the courtyard. Many trees have matured, (and some are over mature) changing the character of the garden in a way presumably foreseen by Sorensen.

In conclusion, the gardens at Gleniffer Brae well represent the group of Hoskins Sorensen gardens. With ongoing maintenance and restoration works, has the potential to return lost elements and further enhance their significance and integrity as an important surviving Sorensen Garden.

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Figure 3.1 | 1946 | Everglades | Historic Houses Trust



Figure 3.2 | 1990 | Invergowrie | Ratcliffe





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Figure 3.3 | 1990 | Green Hills and Hill Side | Ratcliffe

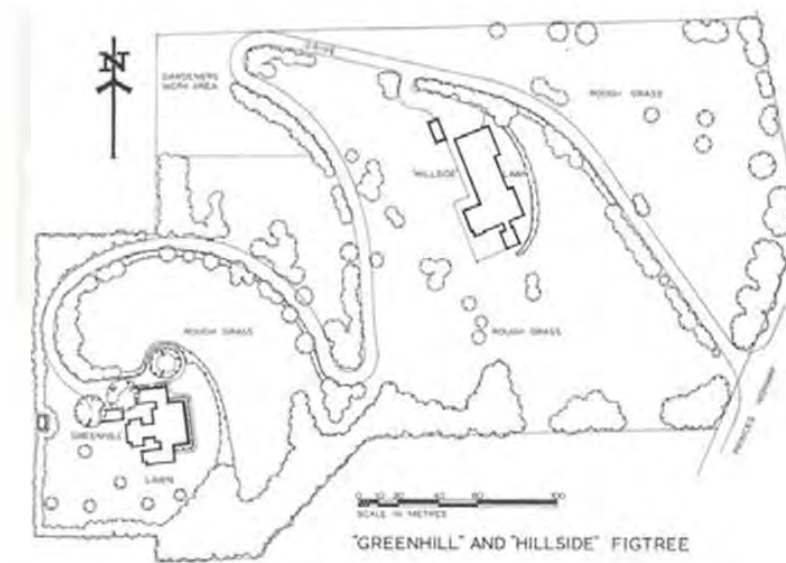


Figure 3.4 | 2014 | Redlands | Property Observer



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### 3.7.2. GEOFFREY LOVERIDGE HOUSES

Gleniffer Brae was designed by architect Geoffrey Douglas Loveridge, brother of Mrs Hoskins. Geoffrey was born in Bowral in 1893 and was educated at Sydney High School.

Loveridge came from a family of builders. His grandfather was Aaron Loveridge, a master stonemason who had been responsible for the stonework of the Great Hall, Sydney University, and his father Thomas, was a partner in the Sydney building company Loveridge & Hudson. Loveridge & Hudson had operated a trachyte quarry at Mount Gibraltar, Bowral since the 1880s. Geoffrey initially trained as a builder serving his apprenticeship with Stuart Brothers, another building company that owned stone quarries. After serving as a quartermaster in the Army Service Corps in France during World War I, he returned to Australia via London in 1919 having attained the rank of Lieutenant. His army records list his occupation as 'builder'. In 1919 Loveridge and Hudson commenced building the Hoskins Memorial Presbyterian Church in Lithgow to commemorate the accidental death of Guildford Hoskins in 1916. The Loveridges had already met the Hoskins family, as Dorothy Hoskins (nee Loveridge) had married Cecil Hoskins in 1913. In 1917, Arthur Sidney Hoskins (called Sidney) had married Helen Madoline Loveridge. By the mid-1920s Loveridge and Hudson was completely under the control of the Hudson family. Later social reports indicate that the children of the two families remained friends. Following the death of his father in 1927, Geoffrey Loveridge is believed to have taken classes in architecture at Sydney Technical College. However, records reveal that his later business partner, Harold R. McCauley, took a number of classes between 1929 and 1936 but Loveridge does not seem to appear in the examination results. Loveridge married Myra Langworthy in 1934. He qualified as an architect in August 1935, by which time he was in his early forties, and was tendering alterations to a factory by December of that year. By the end of 1935 the economy was starting to pick up, and during Loveridge's first few years as an architect, he was sustained by a series of commissions from his numerous sisters.

Loveridge was based in Sydney but many of his commissions were to design houses for the various rural properties owned by the Hoskins family to whom he was related by marriage. Before World War II he also designed Sydney residences, flats and alterations to existing houses in the wealthier suburbs on the upper North Shore. His work was very romantic and was largely in the 'Olde English' or English Domestic Revival style, a style that remained popular for substantial suburban and country residences since its introduction by the London-based architects Richard Norman Shaw in the 1870s. Details were drawn from traditional English manor houses such as half timbering, diamond paned windows and elaborate Tudor style brick chimneystacks. By the 1930s the Australian-born architects were working in the style, whereas when first introduced the NSW examples had all been designed by English-trained architects. A number of good examples of this type of house could be found at Bowral where Loveridge grew up. He continued to design in a similar vocabulary throughout his career.

Loveridge's main commissions in the 1930s were the substantial homes designed for three of his sisters: Gleniffer Brae and Robin Hill in Wollongong and Invergowrie at Exeter. Like Gleniffer Brae, Invergowrie and Robin Hill had grounds laid out by landscape gardener Paul Sorensen. Gleniffer Brae has a series of picturesque garden buildings, one of which is similar in style and board and batten construction to the Lodge at the Mount Keira Scout Camp however it is now (2012) in a very poor condition. It is not known if the other Hoskins family houses had similar garden pavilions but the swimming pool at Invergowrie was similar to the swimming pool at the Scout Camp. Following the accidental drowning of 4 year old Richard Keith Hoskins in 1949, Invergowrie was sold. Robin Hill at Mangerton is a more modest house designed for one of Loveridge's other sisters in the late 1930s.

In addition, Loveridge was the architect for the reconstruction of Craignairn at Wahrenonga following a fire which destroyed the shingle roof. Originally constructed in 1909 to a design by R.G. Howard Joseland, Craignairn is a substantial Arts and Crafts style house with half timbering. In 1939 Loveridge applied for his position with the Commonwealth Public Service. His letterhead listed his address as being the Metropolitan Life Assurance Building, 56 Hunter Street, Sydney. His exact position during the war has not been determined but he remained in Australia and did not re-enlist. He was also involved with the NSW Chapter of the Royal Australian Institute of Architects, serving as treasurer in 1946. After the war, Loveridge went into partnership with Harold McCauley and the partners achieved some success in Home Design competitions just after the war. Their second prize winning design Set out to design a home giving outward evidence of its hospitable purpose. A shingle tiled roof, shingled faced upper walls



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(over brick) and stone have been attractively associated to achieve this intention.

Given that building restrictions were still in force, the larger of the competition winning houses would have remained unbuilt however this did not deter magazine readers. The house designed by Loveridge and McCauley was substantial enough to include a swimming pool and spacious outdoor entertaining areas as well as a separate suite for the maids' quarters, a garage and a tradesmen's entrance. The winning design has some similarities with Loveridge's early design for Robin Hill. Loveridge often used shingles in his designs, as can be seen at Craignairn and at the Scout Camp. Timber shingles were no longer in common usage as they were prone to catching fire and were banned in metropolitan areas. Shingles were, however, popular with designers of Arts and Crafts movement. The material became fashionable for country retreats such as the Governor's retreat at Hillview at Sutton Forest (figure 5.46). Although now painted, historic views show that Hillview had weathered or dark stained timbers and white sashes, a combination also used by Loveridge. The Government Cottage at Mt Macedon in Victoria was a similarly romantic building erected of timber but the building was destroyed in a bush fire.

Loveridge and McCauley then assisted with the preparation of the 1947 Homes and Gardens Exhibition at the Sydney Showground. This exhibition was to include the prize winning designs from the competition held the previous year. The firm continued to design mainly residential buildings including a block of flats in Wollongong tendered in 1951. Loveridge's mother Elizabeth was living at Smith Street in Wollongong at the time of her death in 1950.

The firm also designed the RSL Memorial Hall, Club Rooms and Shops at Queanbeyan in 1954. Following the dissolution of the partnership in 1955, Loveridge continued to practice on his own until 1970.(1979?NBRS). (Mt Keira Scout Camp – Robertson & Hindmarsh Pty Ltd, 2013)  
(Australian Institute of Architects NSW, Biographical Information Geoffrey Douglas LOVERIDGE F.R.A.I.A., 2012  
Kathy Reich, "Geoffrey Douglas Loveridge" (1893-1989))

### 3.7.2.1. TIMELINE OF LOVERIDGE HOUSES

1936 Invergowrie, Exeter designed for Dorothy and Cecil Hoskins.  
1937 Gleniffer Brae, Wollongong, designed for Sid and Madge Hoskins  
1937 Craignairn, Wairoa, designed for one of Loveridge's sisters  
1938 Robin Hill, Norman St, Mangerton, designed for one of Loveridge's sisters  
1940 The Lodge, Mount Keira Scout Camp  
1930's Carpenter House, Telegraph Rd Pymble  
1946 Prize winning design in Home Design competition  
1954 RSL Memorial Hall, Club Rooms and Shops, Queanbeyan

### 3.7.2.2. LOVERIDGE HOUSES FOR COMPARISON

Few of Loveridge's houses are known. The houses relevant to this comparative analysis include all of his known work.

#### Invergowrie, Exeter (1936)

Large Tudor style house of major proportions, in a grand parkland setting of exotic species and mature trees. The property was originally owned by the Yates family of seed fame, and was acquired by Sir Cecil Hoskins in the 1930s. At the time he demolished the original house he had new grounds laid out by landscape architect, Paul Sorensen, between 1937 and 1938.(extracted from SHI "Invergowrie")

#### Robin Hill, Norman St, Mangerton, (1938)

Georgian revival designed for another sister. Robert Irving in his book Twentieth Century Architecture in Wollongong described Loveridge's Robin Hill as "very individual"... "A comparison of this house with the thorough-going Tudor treatment of Gleniffer Brae indicates that eclecticism was alive and well in architectural design,"

#### Craignairn, Wairoa, (1937)

Designed in the Arts and Crafts style by Howard Joseland for Walter Strang, constructed in 1908-1909 and

## 1635 | GLENIFFER BRAE

reconstructed in 1937, following a fire, to virtually its original configuration and appearance.

### The Lodge, Mount Keira Scout Camp, (1940)

The design exemplifies Baden-Powell's philosophy of rusticity. This stone and dark stained timber rustic building is the main building of the camp and set the architectural benchmark for the camp. Exceptional Significance Language of black stained vertical board and batten walls, off white timber windows, rustic design elements ... and gable roofs. (Robertson and Hindmarsh, Mt Keira Scout Camp Conservation Analysis Report 2013)

### Carpenter House, Telegraph Rd Pymble, (1930's)

In the Spanish Mission. Grand 1930s house with tennis court, pool and manicured gardens designed by Loveridge for Carpenter Group chairman R.B. Carpenter and his wife, Gladys.

### Gleniffer Brae, Wollongong, (1937)

The style of the Gleniffer Brae building was described by the architect, in a report dated 1979, as "Tudor Manor" style... "an adaptation of the Tudor style of architecture to domestic construction". The architect states the Manor houses of the period 1450-1550 in England is reflected in the style. The rationale for the adoption of the Tudor Manor style is given by the architect as "the style lent itself to a richness of craftsmanship together with opulent decoration" ... Loveridge notes the style was favoured by Mr and Mrs Hoskins .. "somewhat simplified to suit Australian and local conditions." (Attachment to Conacher 1993 Conservation Plan)  
Tropman notes that the style was selected following the Hoskins trip to England. The Hoskins children recall that architect Geoffrey Loveridge showed the family images of a precedent in England- "Compton" but they recall a visit to Compton Wynnyates in the 1950's. (Oral History, Recollections of the Hoskins Family, 2002 WCC)

The house, Geoffrey Loveridge designed for the Hoskins, was in a picturesque Tudor style and utilised steeply pitched multi-gabled roofs, red textured brickwork contrasted with dressed and rockfaced sandstone trims, ornately carved bargeboards, twisted chimneys and leadlight windows set in sandstone tracery to achieve its Tudor detailing. The single storey plan of Gleniffer Brae is laid out in three wings around a central court, in a manner typical of a Tudor country estate house. Both the internal and external spaces of the Manor House, are arranged and orientated to maximise the opportunity for views and vistas afforded by the setting.

The internal spaces are organised in a strong hierarchy ranging from the main living and reception rooms placed adjacent to the entrance and commanding views over an extensive, easterly sloping landscaped area and beyond to the ocean, to the northern wing comprising the main bedroom areas of the house with views across the valley and over Mount Pleasant, to service rooms located in the southern wing extending from the rear side of the courtyard.

Although the form of the house is deliberately asymmetrically, an axial link is suggested extending from the fountain, through the courtyard and through the main central reception room to the main entrance of the house. The Tudor arched leadlight bay facing the rear courtyard are highly detailed and crafted in celebration of this important axial link, with dressed sandstone mullions and leadlighting detailed with stained glass motifs.

(Statement of Heritage Impact – Proposed Additions to Performance Centre Wollongong Conservatorium of Music in the Grounds of Gleniffer Brae Murphys Avenue Keiraville NSW 2500, August 2005 Noel Bell Ridley Smith & Partners)

### 3.7.2.3. COMPARISON OF VALUES OF THE HOUSE AT GLENIFFER BRAE

Gleniffer Brae is of greater significance as a work of Loveridge than the rebuild at Craignairn. The Carpenter House and Robin Hill are less substantial and appear to have undergone significant alteration. These buildings lack the quality of Gleniffer Brae. Invergowrie, which is an original Loveridge design of an equivalent quality, has also undergone major alteration as noted in the SHI "Recent major renovations have been undertaken including the addition of a library, spa and pool." Invergowrie, like Gleniffer Brae, is listed on the LEP. The Lodge at Mt Keira Scout Camp is identified in the CMP as being of Exceptional significance, forming the architectural benchmark for the camp. The Gardeners Shed at Gleniffer Brae shares this stone and dark stained timber "rustic" (yet refined) architectural character, and contributes to the relative value of Gleniffer Brae. The gardener's shed is an important precursor to The Lodge Mt Keira Scout Camp, which has been identified as having Exceptional significance.

## 1635 | GLENIFFER BRAE

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A comparison of historic photographs of Gleniffer Brae during the Hoskins era reveals that the buildings are highly intact externally. (Refer Photo Comparison - Attachment A)

Gleniffer Brae is an exceptionally fine example of the work of Geoffrey Loveridge. The craftsmanship and detailing is exceptional, the quality is particularly evident in the brickwork, stonework, decorative timberwork and glazing. The building retains its substantial landscape setting and landmark values.

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Figure 3.5 | 2016 | Invergowrie | Domain



Figure 3.6 | 2013 | Robin Hill | Belle Property





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Figure 3.7 | 2016 | Craignair | Federation House Wikispaces



Figure 3.8 | 2016 | The Lodge | Illawarra Environmental Education Centre





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Figure 3.9 | 2014 | Carpenter House | Domain



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### 4. ASSESSMENT OF CULTURAL SIGNIFICANCE

#### 4.1. GENERAL

A statement of cultural significance is a declaration of the value and importance given to a place or item, by the community. It acknowledges the concept of a place or item having an intrinsic value that is separate from its economic value.

There are a number of recognised and pre-tested guidelines for assessing the cultural significance of a place or item established by organisations including among others, the ICOMOS (International Committee on Monuments and Sites, Australia), The National Trust of Australia, The Australian Heritage Council (Australian Government) and in New South Wales by the NSW Heritage Council (The Heritage Branch of the Office of Environment and Heritage).

The Heritage Council's criteria '*NSW Heritage Assessment Criteria*' are based on the Australian Heritage Commission criteria and encompass the five values in the Australia ICOMOS Burra Charter; Historical Significance, Historical Association Significance, Aesthetic Significance, Scientific Significance, Social Significance and 'two' grading level Rarity and Representativeness. These criteria were gazetted following amendments to the Heritage Act, which came into force in April 1999 and has further amended in 2004.

This report uses the NSW Heritage Assessment Criteria to update the assessment of significance 2001.

#### 4.2. CRITERION A – HISTORICAL EVOLUTION

*An item is important in the course, or pattern, of NSW's cultural or natural history (or the cultural or natural history of the local area).*

Gleniffer Brae has historic significance because of the following:

Gleniffer Brae is intimately associated with that period of Illawarra's history which saw the beginning of major economic development.

It has been associated with the development of the steel industry in the area (6.2.4.2).

In accordance with the wishes of the Hoskins family, the estate forms the basis of a large scale municipal botanical garden established in 1970 (6.2.1.4).

#### 4.3. CRITERION B – HISTORICAL ASSOCIATIONS

*An item has strong or special association with the life or works of a person, or group of persons, of importance in NSW's cultural or natural history (or the cultural or natural history of the local area).*

Gleniffer Brae has historic associational significance because of the following:

Gleniffer Brae is associated with the Hoskins family, particularly Arthur Sidney Hoskins (Sid), pioneers of the steel industry and responsible for its creation and development at Port Kembla. The estate is thus not only a gentleman's residence but the manager's house for a massive industrial complex (6.2.1.1).

Gleniffer Brae is associated with architect Geoffrey D. Loveridge, who has received recognition for his works (6.2.1.2).

Gleniffer Brae is associated with prominent landscape designer Paul Sorensen (6.2.1.5).

The house and gardens are associated with the development of secondary and tertiary education in the Illawarra, and specifically SCEGGS and Wollongong Conservatorium of Music (6.2.1.3).

It has been associated with Arthur Sidney Hoskins who started the steel industry in the area, and was a notable figure in the industrial and community life of Wollongong and the South Coast for twenty years. It has been generally associated with the community life of Wollongong and the Illawarra region (6.2.3.1).

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### 4.4. CRITERION C – AESTHETIC VALUES

*An item is important in demonstrating aesthetic characteristics and/or a high degree of creative or technical achievement in NSW (or the local area).*

Gleniffer Brae has aesthetic significance because of the following:

The grounds' original garden design capture and extend the dramatic effect of the natural landscape through spatial planning, planting and construction of hard landscape elements. In the execution of the landscape design, Sorensen transplanted from the surrounding bush several large Coral trees; that is reputed to be one of the earliest successful examples of transplantation of mature Australian native trees.

The detailing represents the finest in Australian building skills of the pre-war period and this is enhanced by the fact that its original fabric is more or less intact.

The open space around the house permits a full appreciation of the scale and design of the house.

It forms a well- designed residential estate in accord with the site which was selected for its topographical setting (6.2.2.1).

It constitutes a fine example of Inter-War Period and English Tudor or Elizabethan Revival style of architecture, influenced by English Architecture, specifically Compton Wynyates, and has a very distinctive character (6.2.2.2).

It constitutes an example of outstanding craftsmanship (6.2.2.3).

The gardens constitute an integral part of the design and setting of the house. These were designed by Paul Sorensen, a landscape designer who has received recognition for his works (6.2.2.4).

The entire site including the house, landscape and associated items constitutes an important element of the University/Botanic Gardens precinct (6.2.2.5).

### 4.5. CRITERION D – SOCIAL VALUE

*An item has strong or special association with a particular community or cultural group in NSW (or the local area) for social, cultural or spiritual reasons.*

Gleniffer Brae has social significance because of the following:

The estate's current use as now the Wollongong Botanic Gardens precinct and the house's current use as home of the Wollongong Conservatorium of Music continue the estate's association with the community and educational life of Wollongong and the Illawarra region.

It has been associated with Arthur Sidney Hoskins who was a notable figure in the community life of Wollongong and the South Coast for twenty years. It has been generally associated with the community life of Wollongong and the Illawarra region (6.2.3.1).

It reflects the orientation and values of the wealthy families in the Pre-World War II Period. The size of the house and its setting apart from the adjacent village of Keiraville and from the town of Wollongong reflects the success and sensibilities of Hoskins, who hosted many distinguished guests (6.2.3.2).

It has been associated with the life of the community and the area ie. later and current educational and function uses (6.2.3.3).

Gleniffer Brae is still held in high esteem by the local community who have a demonstrated ongoing interest in its conservation and management (6.2.3.4).

### 4.6. CRITERION E – TECHNICAL/RESEARCH VALUE

*An item has potential to yield information that will contribute to an understanding of NSW's cultural or natural history (or the cultural or natural history of the local area).*

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Gleniffer Brae has technical/research significance because of the following:  
The traditional architectural style is cleverly adapted to the requirements of a single-storey complex and is distinguished by fine craftsmanship, both interior and exterior (6.2.4.1).

### 4.7. CRITERION F – RARITY

*An item possesses uncommon, rare or endangered aspects of NSW's cultural or natural history (or the cultural or natural history of the local area).*

Gleniffer Brae has rarity significance because:

It with Invergowie are a unique pair, both estates being the outcome of the collaboration between architect Geoffrey Loveridge and landscape designer Paul Sorensen, both built for two brothers Cecil and Sidney Hoskins family who each married a sister of Geoffrey Loveridge. Their rarity is heightened by the fact that the pair of estates survive as relatively intact outstanding examples of Interwar period architecture and landscape design. Representative applications of overseas precedents

Few capitalists associated with mining and industrial development chose to live in the Illawarra. Gleniffer Brae stands apart as the only example of a 'grand house' in the City of Wollongong. There is nothing else in the City of Wollongong comparable to this house, particularly from the 1930s. (Conacher & Delahunty Architects 1993)

### 4.8. CRITERION G – REPRESENTATIVENESS

*An item is important in demonstrating the principal characteristics of a class of NSW's cultural or natural places; or cultural or natural environments*

*(or a class of the local areas' cultural or natural places; or cultural or natural environments).*

Gleniffer Brae has representativeness significance because:

It demonstrates key characteristics of Inter-War Academic English Tudor, as evidenced in work of Wilkinson  
It is one of an important group of Paul Sorensen gardens

### 4.9. INTACTNESS

The integrity of the building remains largely as it was in 2001.

The primary form of the original building is highly intact externally. The original building was altered during the SCEGGS phase with the addition of the caretakers flat above the garage. This is evident in the dormer windows and alterations to south gable end. Despite these alterations the building retains its original external character which was exceptional.

Internally the plan layout remains highly intact, despite alterations prior to 2001 including mens bathroom fitout and alterations to staffroom/alcove.

### 4.10. LEVELS OF SIGNIFICANCE

*The terms 'local', and 'state' relate to the geographical and social context of an item's significance. For example, an item of local significance will be of historical, aesthetic, social or technical/research significance in a local geographical context; an item of state social heritage significance will be important to an identifiable, contemporary, statewide community.*

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### 4.10.1. Local Heritage

Due to historic and aesthetic significance the building does reach the threshold for local significance.

### 4.10.2. State Heritage

Due to the historic aesthetic significance of the house and garden at a State level, the building and its site does reach the threshold for state significance.

### 4.11. GRADING OF SIGNIFICANCE

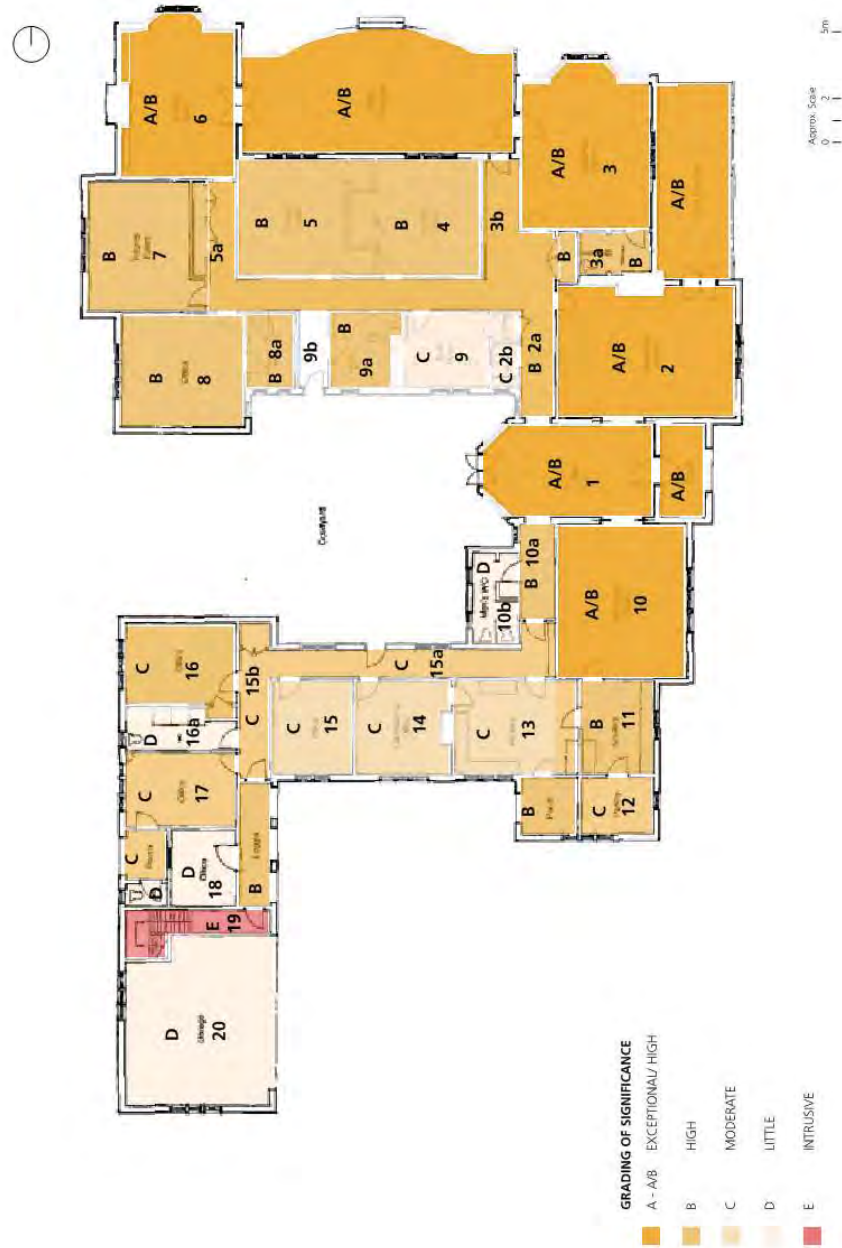
	GRADING	JUSTIFICATION	STATUS
A	EXCEPTIONAL	Rare or outstanding element directly contributing to an item's local and State significance.	Fulfil criteria for local or State listing.
B	HIGH	High degree of original fabric. Demonstrates a key element of the item's significance. Alterations do not detract from significance.	Fulfil criteria for local or State listing.
C	MODERATE	Elements of typical representative quality. Altered or modified elements. Elements with little heritage value, but which contribute to the overall significance of the item.	Fulfil criteria for local or State listing.
D	LITTLE	Alterations detract from significance. Difficult to interpret.	Does not fulfil criteria for local or State listing.
E	INTRUSIVE	Damaging to the item's heritage significance.	Does not fulfil criteria for local or State listing.

The following diagrams provide a grading of significance of the site, exterior and interior.



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Figure 4.1 | 2016 | Grading of Significance - Plans | Architectural Projects / Tropman & Tropman



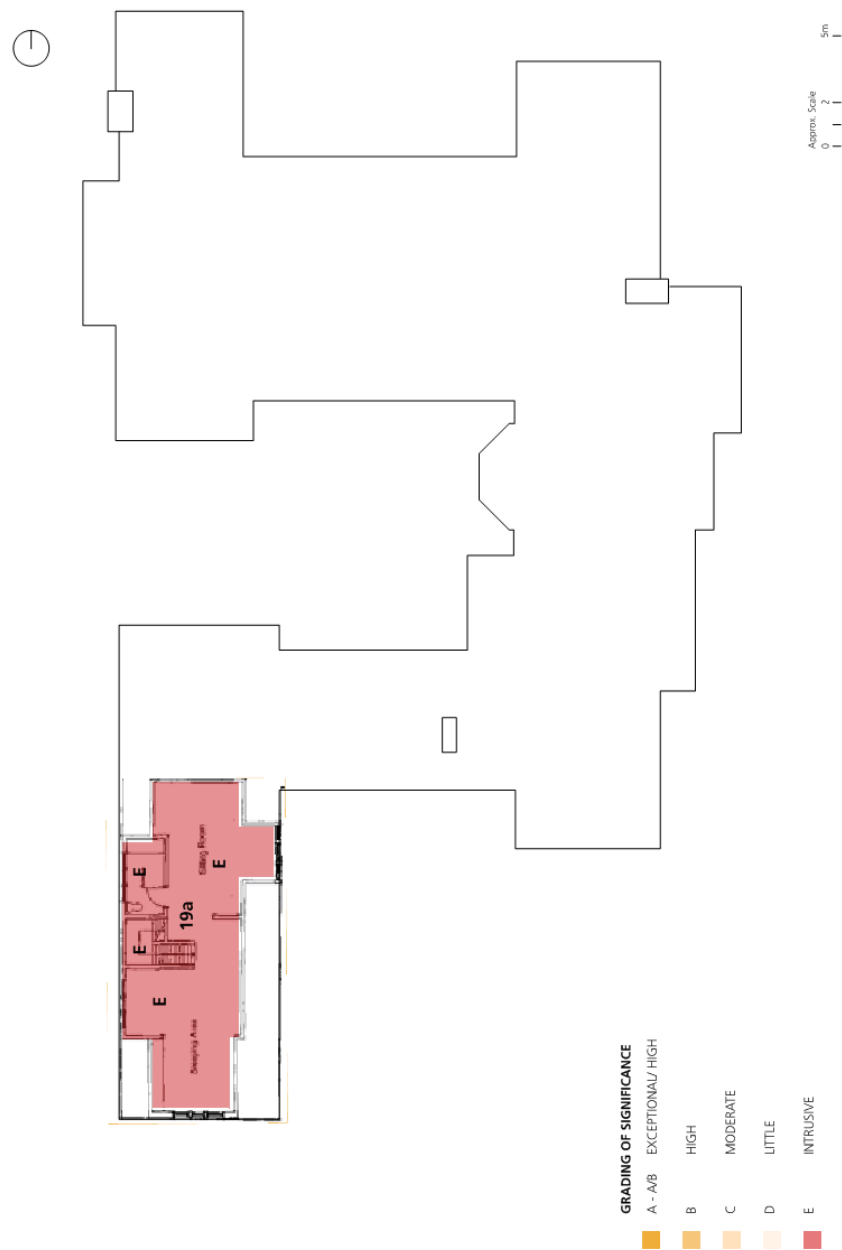
**1635** | GLENIFFER BRAE

Figure 4.2

2016

Grading of Significance - Plans

Architectural Projects /  
Tropman & Tropman



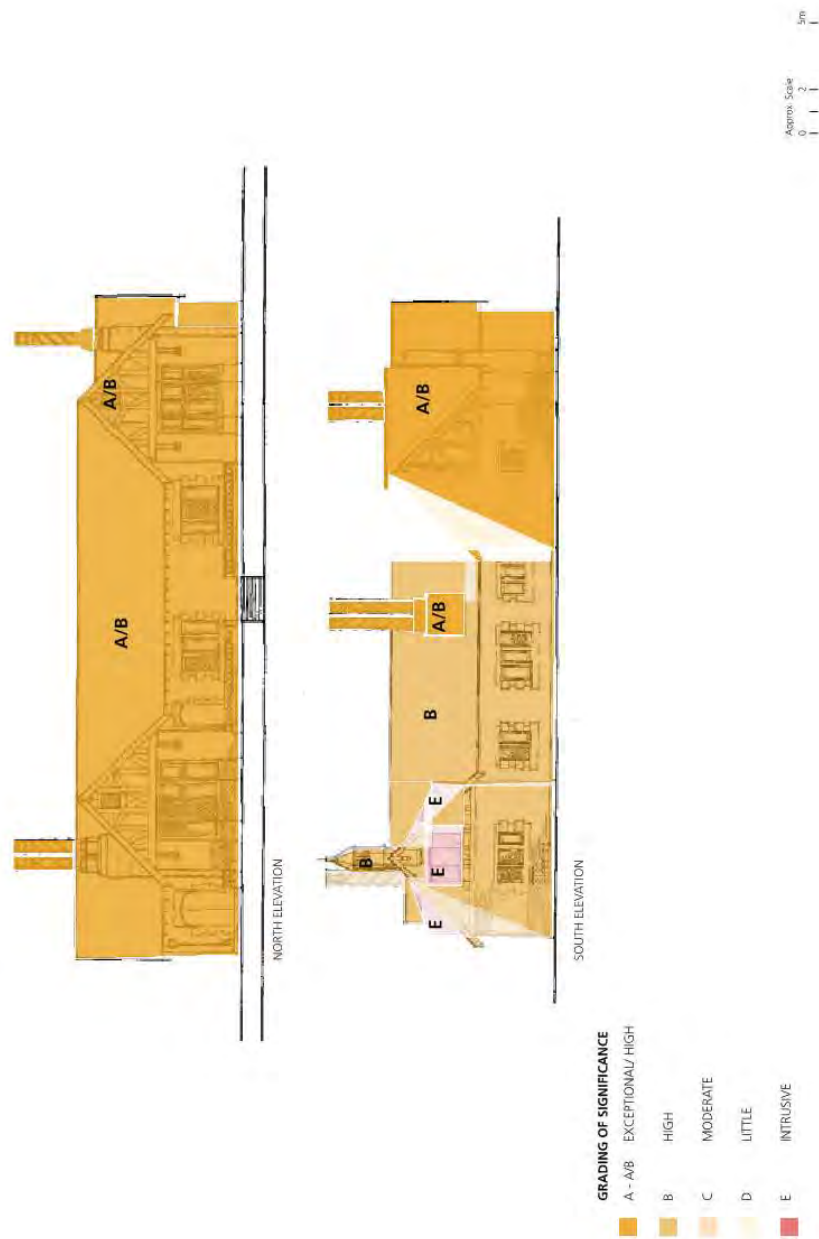
1635 | GLENIFFER BRAE

Figure 4.3

2016

Grading of Significance - Elevations

Architectural Projects  
/ Tropman & Tropman



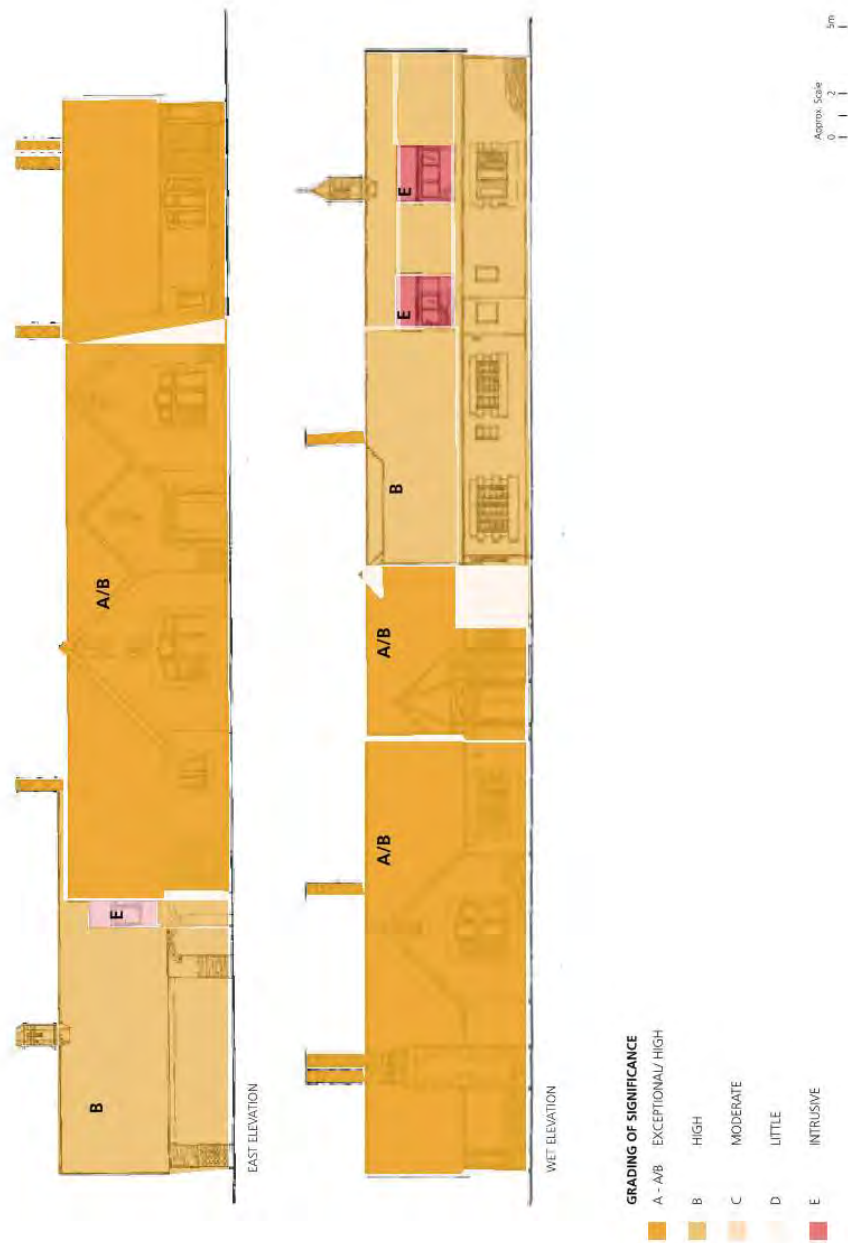
1635 | GLENIFFER BRAE

Figure 4.4

Date

Grading of Significance - Elevations

Architectural Projects /  
Tropman & Tropman



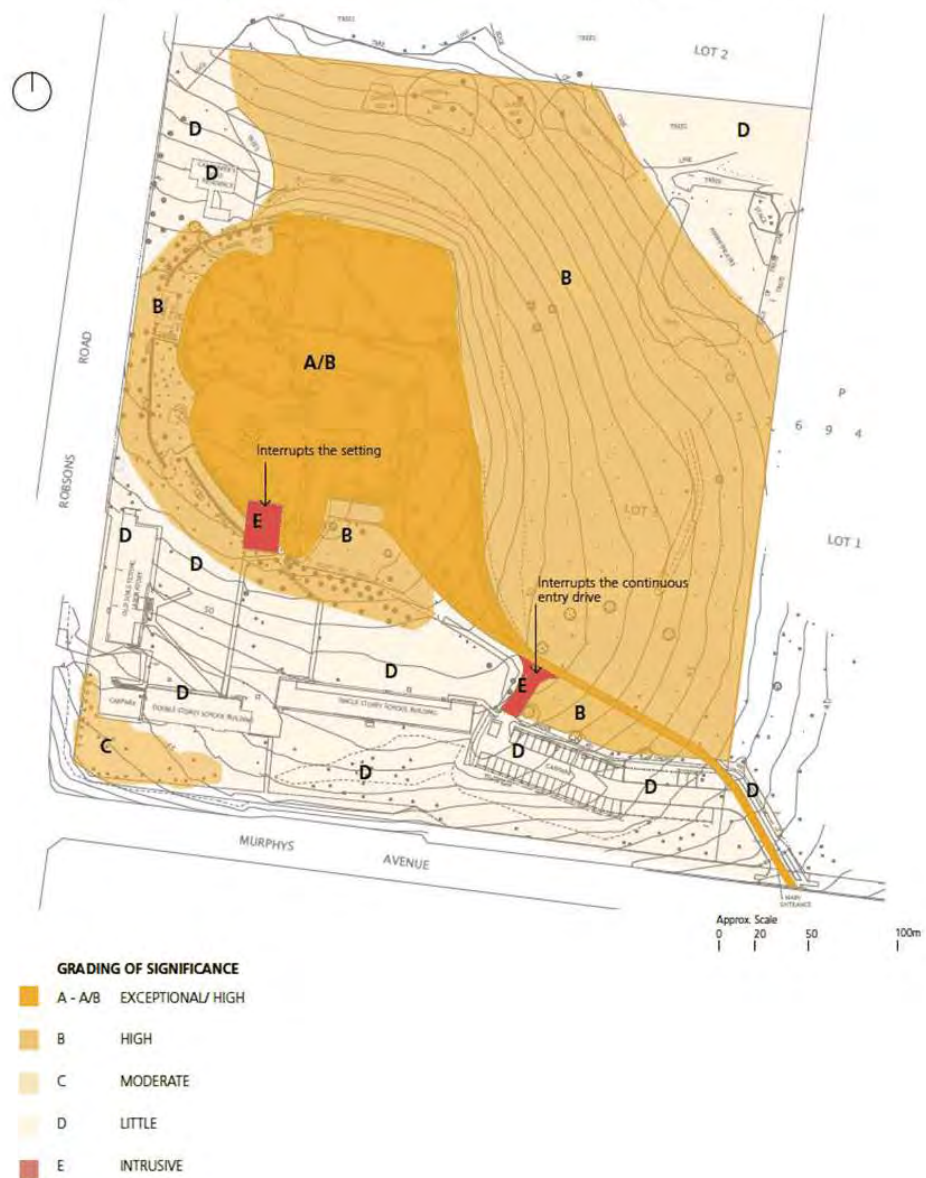
1635 | GLENIFFER BRAE

Figure 4.5

Date

Grading of Significance - Plans

Architectural Projects /  
Tropman & Tropman





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### 4.12. DEFINING HERITAGE CURTILAGE

#### 4.12.1. Background

There are different types of Heritage Curtilage that relate to the history and significance of the site.

##### Lot Boundary Heritage Curtilage

The most common type of heritage curtilage comprises the boundary of the property containing the heritage item, or items. The property may also contain associated buildings, gardens and other significant features, including walls, fences, driveways or tennis courts, all which may contribute to the heritage significance of the property.

##### Reduced Heritage Curtilage

This type of heritage curtilage is less than the lot boundary of the property. It arises where the significance of the item may not relate to the total lot, but to a lesser area, and is often only defined when development occurs.

##### Expanded Heritage Curtilage

There may be circumstances where the heritage curtilage may need to be greater than the property boundary. Depending on the topography, an expanded curtilage may be required to protect the landscape setting or visual catchment of a heritage item.

##### Composite Heritage Curtilage

This type of curtilage applies to heritage conservation areas and defines the boundaries of land required to identify and maintain the heritage significance of an historic district, village or suburban precinct.

#### 4.12.2. Heritage Curtilage

The historical significance of Gleniffer Brae during the key period, namely Hoskins occupation, related to Lots 1,2, and 3 of DP 252694, which represents the original 1937 extent of Hoskins holdings of around 46 acres. This land was defined by Northfields Avenue to the north, Robsons Road to the west, Murphys Avenue to the south and the eastern boundary of Lot 1 to the east, and was extended to 66 acres in 1938.

The excision of part of the land, Lot A in the 1954 Certificate of Title, for SCEGGS, and then 32 acres as Lot D for Botanic Gardens by Hoskins supports a lesser curtilage.

Wollongong Council bought 15 acres from SCEGGS in 1976, and then the remainder of the site in 1978. The estate was the resubdivided to its current state at this time, with Lot 2 excised for Kooloobong Oval, Lot 3 containing Gleniffer Brae, and Lot 1 becoming a part of the Botanic Gardens.

The NSW Heritage Register for state listing defines an area comprising lot 2 and 3, and the current LEP listing relates to Lot 3.

Key views to and from the house extend into the Botanic Gardens and beyond to the ocean, and to the escarpment, so extensive that they cannot be encompassed by the curtilage.

The original Sorensen gardens were largely restricted to a much smaller area around the house. The landscaping was restricted to an area of approximately 4 acres surrounding the house, however key elements of the Sorensen design, including the grassy slopes, extend beyond the small garden area to the north and east and are defined by the creek line.

While the significance of the Gleniffer Brae house and garden complex generally relates to Lot 3, which contains all of the significant buildings and many of the key significant landscape features, it does not include the driveway entry which lies within Lot 1, the full extent of the eastern slopes which extend beyond the boundary of Lot 3 into Lot 1, and the northern slopes which extend to the creek to the north. The extent to which the eastern slopes extend

## 1635 | GLENIFFER BRAE

into Lot 1 and the northern slopes extend into Lot 2 is limited by planting. This has changed over time with the development of the Botanic Gardens. Originally the planting along the creek created a visual boundary. The aesthetic significance of the site supports a boundary which encompasses key landscape features including the driveway entry and the grassy slopes to the east and north, originally defined by vegetation belts along the creek, supplemented by planting from the Hoskins era. These edges have changed with later planting, notably the screen planting around the former pool site, however these additional plantings are not of significance and could be removed.

The creek, within the original 1937 land holding, forms an appropriate curtilage boundary to the heritage item. It is recommended that the curtilage of Gleniffer Brae house and grounds include all of Lot 3 and part Lot 1 and 2, The proposed curtilage is defined to the north by the creek, the east by the eastern boundary of Lot 1, to the south by Murphy Avenue and to the west by Robsons Road.

Lot 3 is within the primary curtilage identified by Architectural Projects

Lot 2 is partially within the primary curtilage identified by Architectural Projects, The remaining portion of Lot 2 north of the creek contains ovals which provide a low scale buffer to the primary curtilage.

Lot 1 (which lies outside the State Listing) is partially within the primary curtilage identified by Architectural Projects.

### 4.12.3. Options to protect the curtilage

The curtilage is already protected in the following ways:

- State Listing of Lot 2 and 3
- LEP Listing of Lot 2
- Plan of Management for Botanic Gardens

This form of protection has been successful at protecting the curtilage to date.

Further protection could occur via the following:

- Expand LEP Listing to include part of Lot 1 and 2
- Expand State Listing to include part of Lot 1

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Figure 4.8 | 1937 | Certificate of Title of Mrs Madoline Hoskins' land at Keiraville. Lots 82 and 83 were purchased by Hoskins in 1938 | Certificate of Title

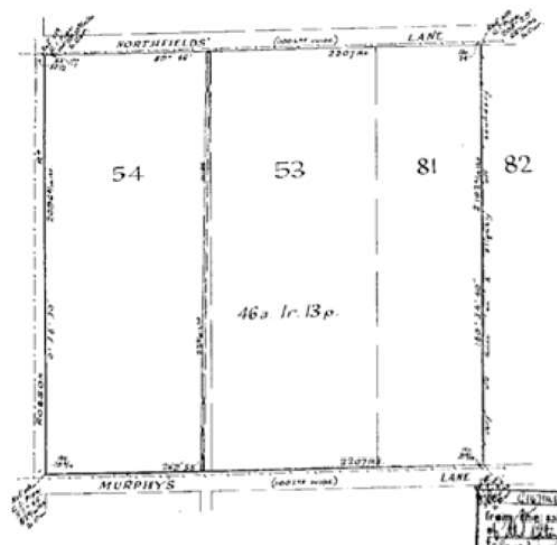
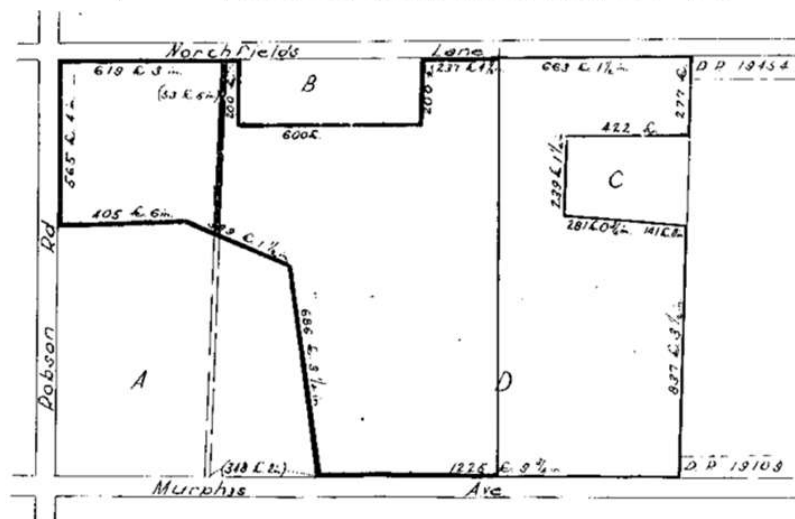
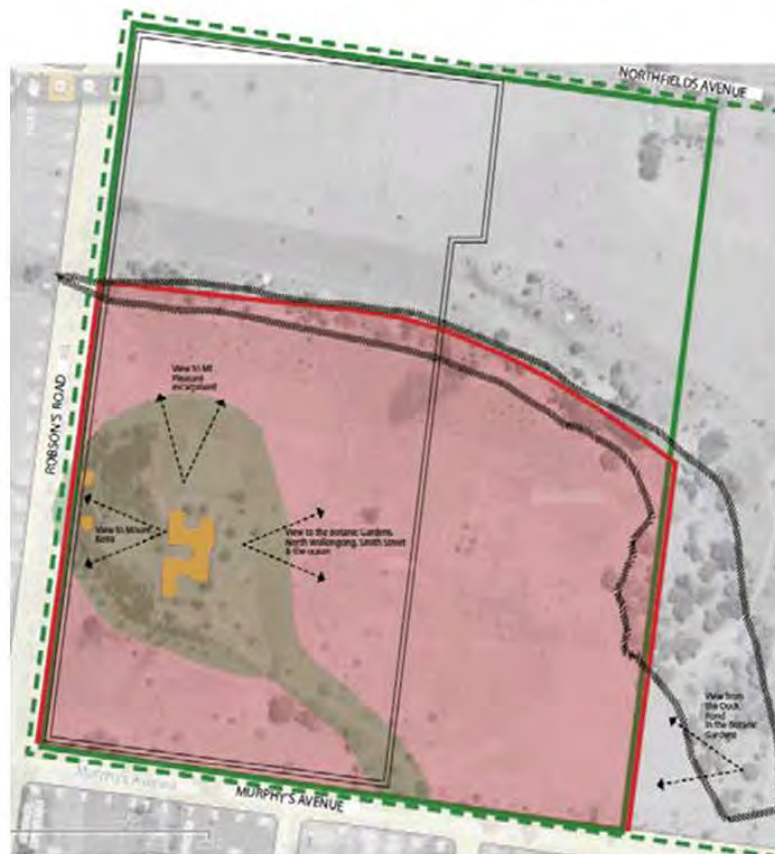


Figure 4.9 | 1954 | Certificate of Title of Greater Wollongong City Council of the former joint Hoskins estates, 1954. | Certificate of Title



1635 | GLENIFFER BRAE

Figure 4.10 | 2016 | Heritage Curtilage Investigations | Architectural Projects/ Wollongong City Council  
1948/51 aerial



LEGEND

- NSW HERITAGE REGISTER BOUNDARY (CURTILAGE)
- 1937 HOSKINS ESTATE (KEY PERIOD)
- 1938 HOSKINS ESTATE
- ▨ CREEK & VEGETATION BELT FORM BOUNDARY TO GRASSY SLOPES
- PROPOSED CURTILAGE
- SIGNIFICANT BUILDINGS
- SORENSSEN GARDEN (SIGNIFICANT LANDSCAPE)

1635 | GLENIFFER BRAE

Figure 4.11 | 2016 | Proposed Heritage Curtilage | Architectural Projects / SIX maps



LEGEND

- PRIMARY HERITAGE CURTILAGE
- NSW HERITAGE REGISTER BOUNDARY (CURTILAGE)
- HOSKINS ESTATE 1937
- BOTANICAL GARDENS, HOSKINS ESTATE 1938



## 1635 | GLENIFFER BRAE

### 5. CONSTRAINTS & OPPORTUNITIES

#### 5.1. CONSTRAINTS & OPPORTUNITIES ARISING FROM THE CULTURAL SIGNIFICANCE OF THE PLACE

The significance of the building does warrant its listing as a heritage item. The building should be retained and conserved in a recognisable form.

General Constraints Arising out of Cultural Significance.

The Gleniffer Brae buildings and landscape elements should be retained and conserved. No new work or activity should be carried out which will detract from or obscure physical evidence of the major phases of development, (the Hoskins era) architectural landscape and decorative features of the above elements that date from the key period of significance should be conserved. No new building should detract from the prominence of the building on the site. New works or activities at the place should not diminish its evocative character or integrity.

#### 5.2. CONSTRAINTS & OPPORTUNITIES ARISING FROM THE CONDITION OF THE PLACE

The building is presently in need of some maintenance work and upgrade to comply with egress requirements for specific function uses. All essential works should be undertaken as soon as possible prior to the commencement of conservation and refurbishment works. An asbestos survey should be carried out by an experienced and qualified organisation.

#### 5.3. CONSTRAINTS & OPPORTUNITIES ARISING FROM HERITAGE PLANNING REQUIREMENTS

The following heritage listings apply to the site:

Heritage Listing	Listing Title	Listing Number	Gazette Date	Gazette Number	Gazette Page
Heritage Act - State Heritage Register		00557	02 Apr 99	27	1546
Royal Australian Institute of Architects Register	Significant Buildings/Volume 1 Country NSW	2130	01 Nov 81		
Register of the National Estate - Interim	Gleniffer Brae Manor House and Garden	101155			
Local Environmental Plan	"Gleniffer Brae" and surrounding garden	5940	26 Feb 10	2010-76	
Local Environmental Plan			28 Dec 90		
Local Environmental Plan			07 Jan 00	1/2000	69

1635 | GLENIFFER BRAE

Figure 5.1 | 2016 | Constraints and Opportunities | Architectural Projects / Wollongong Council



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### 6. CONSERVATION POLICIES

The following conservation policies are derived from the Tropman & Tropman CMP 2001 Draft Conservation Management Policy, which has been updated to reflect the current condition and improved understanding of the significance of the house and garden. The implementation of this policy will allow the clear interpretation of the significance of the site and the most appropriate way of caring for the significant fabric. New policies and additional text are indicated in bold and the numbering has been updated.

#### 6.1. SUBJECT SITE

- 6.1.1. The site's sense of separation and strong individual character should be conserved. The original setting of **Gleniffer Brae** set apart from the adjacent village of Keiraville and from the town of Wollongong **should be conserved. The original setting** relates to the topography and open space in the vicinity of the subject building should be conserved.
- 6.1.2. The visual dominance of the site and the existing significant views and vistas including the views to North Wollongong, the Smiths Hill and the Mount Pleasant escarpment, and the open vistas to Gleniffer Brae from the duck pond **and views from the path** in the Botanic Gardens should be conserved **and enhanced**. The vistas between the duck pond located in the Botanic Gardens and the subject site should be opened to emphasise the historical link between the Botanic Gardens and Gleniffer Brae.
- 6.1.3. The historic link between the subject building and the Botanic Gardens **as part of the original Hoskins estate** should be **interpreted and enhanced**. This should be achieved through **judicious removal of plantings to open vistas**, the use of signage **and interpretation panels** located **at strategic sites** in the Botanic Gardens directing the attention of potential visitors to the subject building. A **cart/footpath loop** should also be considered **as** an appropriate physical link between the Botanic Gardens and Gleniffer Brae Manor House. **This should be carefully sited so as not to impact upon key views and element of the house and gardens.**
- 6.1.4. The school buildings should be **removed** or screened from the **key views from** the subject building and **gardens** through the use of appropriate landscaping techniques.
- 6.1.5. Any intrusive alterations or additions associated with the **later** uses of the site should be removed. This includes but is not limited to the following: **the former SCEGGS library, now the auditorium** building which is currently occupied by the Conservatorium of Music to the south of the subject building, the nine light posts which are located around the subject building, **three flag poles south of the original driveway**, unsympathetic garden chairs and garbage bins.
- 6.1.6. All sub-surface areas below and adjacent to the site should be considered to have research potential.
- 6.1.7. **Use** of the original driveway by heavy vehicles is unacceptable and should cease.
- 6.1.8. Plantings should be established along the southern boundary of the **site** to obscure the view of the housing along Murphy's Avenue and to frame the view of Gleniffer Brae from the Botanic Gardens. **Low level plantings should be established along the western boundary of the site, on road reserve, to obscure the view of housing along Robson Road, below the brushbox canopy.**
- 6.1.9. **Maintain the 3-D setting of the house and garden, the sense of the house on a knoll, and interpret/**

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recover the original 360 views.

6.1.10. **No heritage constraints require retention of the old caretakers residence and post 1955 school buildings.**

6.1.11. **Removal of the intrusive Auditorium, former SCEGGS Library, should be prioritized and the Sorensen Garden reinstated.**

### 6.2. GLENIFFER BRAE BUILDING

6.2.1. The existing external significant fabric **should be retained in-situ and conserved**. This includes but is not limited to the timber frames, **rock face**, sandstone **trims**, **brick chimneys**, **multi-coloured terracotta Marseilles roof tiles**, **decorative bargeboards**, **face brickwork**, **half timbered gable ends**, **copper downpipes**, **rainwater heads and brackets**, **diamond pattern leadlights** and **stained glass**.

6.2.2. The existing external significant internal fabric **should be retained in-situ and conserved**. This includes but is not limited to **carved** timber panelling and joinery, sandstone surrounds **and fireplaces**, and **panelled ceilings**.

6.2.3. Any existing significant associated items **should be retained in-situ and conserved**. This includes but is not limited to the old school bell, early light fittings, silk rugs believed to be commissioned by the Hoskins, timber wall roses, old servants bell and timber cupboards. **Consideration of the placement of items, in particular silk rugs, needs to be considered to limit wear. Relocation of custom made Town Hall furniture currently stored at Gleniffer Brae to a more appropriate location is desirable.**

6.2.4. Any intrusive alterations or additions associated with the recent uses of the subject building should be removed. Any replacement should be consistent and sympathetic to the building character and appearance. These intrusive alterations and additions include but are not limited to the following: first floor addition, paint to original timber joinery, recent door and window hardware, recent bathroom fittings and taps, recent fixings, recent poorly constructed window fly screens, recent light switches and power points and recent door fly screens.

6.2.5. **The original Gleniffer Brae building has a high degree of integrity and any new work should seek to maintain this high level of integrity.**

6.2.6. **Original internal and external paint colour schemes should be determined through paint scrapes, recorded, evaluated and implemented.**

6.2.7. **Protection of fabric - improve security with increased lighting rather than physical change**

### 6.3. SUBJECT LANDSCAPE

6.3.1. The original integral design of the Sorensen Gardens including associated significant landscape features and items, should be conserved. These features include but are not limited to:

- Open parkland character to the front of the house with views to the town, **sea and botanic gardens**
- **Open parkland character to the north of the house with** northern views to the Mt Pleasant escarpment
- Formal arrangement of the garden to the rear of the house with **fountain and** the framed view of Mt Keira
- The walling elements ie various brick retaining walls, dry stone walls **and cylindrical drum elements**
- Terraces ie northern upper and lower terraces, rear (western) formal garden and courtyards.

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- The sandstone driveway and
  - Remnant parts of the original plantings and retained native bush **should be conserved. These include** the Brushbox planting, the stand of Turpentines, **the Spinney**, the remnant 'native' vegetation beyond the formal garden in the west, **framing trees and avenue trees to the east of the house** and retained unique specimens
- 6.3.2. A Landscape Masterplan **should guide** the day-to-day management of the subject landscape and site.
- 6.3.3. Garden plantings shall be maintained to generally reflect the Sorensen period. Other planting schemes shall be gradually removed. **Reinstate Sorensen period planting based on photographic evidence.** The open grass lawns, terraces and slopes shall be conserved and maintained. These works should be done in accordance with the approved Landscape Masterplan.
- 6.3.4. Integration between the Botanic Garden plantings and the Sorensen plantings, lawns and slopes shall be carefully managed. The dominance of Gleniffer Brae in the landscape is a significant historic and aesthetic feature to be conserved. **Visual and physical links between the Botanic Gardens and Gleniffer Brae Gardens should be established.**
- 6.3.5. The existing Brush Box arranged plantings shall be conserved **and a replacement strategy for aging avenue trees developed.** Lost trees should be replanted **in accordance with the replacement strategy.**
- 6.3.6. Indigenous trees, shrubs and grasses should be carefully managed to maintain their presence on site. New supportive plant material should be propagated from their seed bank.
- 6.3.7. Inappropriate and intrusive plants shall be removed in accordance with the approved Landscape Masterplan. New plantings should be firstly selected from known historic plantings to maintain the intent of the design of the Sorensen landscape.
- 6.3.8. Areas around the house should be reconstructed for former levels to maintain storm water control and drainage away from the buildings. The garage arrival areas shall be reconstructed to former levels and gravel reinstated and the garden and lawn levels (including the garden beds around the house) adjacent to the house should be lowered to maintain ventilation and drainage away from the house. This will not impact on the Sorensen garden design.
- 6.3.9. Gardens structures (Dolls House and Garden Workshop) shall be conserved. Pathways **shall continue to be maintained.** Any works to these structures should consider and maintain original relationships to the house **and garden.**  
**Urgent conservation works are required to the Garden Workshop.**
- 6.3.10. The conservation and reconstruction of the dry stonewalling should be continued to maintain the enclosing edge and platforms as laid out by Sorensen.
- 6.3.11. Masonry walls (blended with mortar) shall be conserved. Plantings causing damage should be removed. The



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lawn terraces shall be conserved.

- 6.3.12. The formal arrival entry drive should be conserved and reconstructed. The sandstone flagged driveway should be conserved and reconstructed to support light traffic for former arrivals. **The central concrete infill strip should be removed.**
- 6.3.13. Car parking adjacent to the entry gates **should be reviewed and appropriately screened.** No truck or heavy vehicle access shall be allowed on to the original driveway or the garage area. Alternative access for service vehicles **from Robson Road** should be considered to avoid damage to the landscape ie the original driveway and the roots of mature trees.  
**The visual impact and formality of the green hedge wall should be reduced by supplementary informal plantings.**
- 6.3.14. **Provide low level plantings adjacent to the western fence on the Robson Road reserve to screen housing to west below the brush box canopy.**
- 6.3.15. **No permanent structures other than the reconstructed tennis court framing should occur to northern terraces.**
- 6.3.16. **The former grass Tennis Court on the northern terrace should continue to be interpreted in brick edging. Reconstruction of tennis court framing to original detail as evidenced in Hoskins' era photographs could occur.**  
**The site of former Tennis Court could periodically accommodate a temporary marquee that utilised the reconstructed framing and retained the open views through to Mount Pleasant.**
- 6.3.17. **Scope exists for limited development on the site of the old Caretakers Residence, provided it retains open views from Gleniffer Brae to the north.**
- 6.3.18. **Any future development on the site should remove or reduce the impact of the SCEGGS School Buildings by appropriate landscape screening.**
- 6.3.19. **Identify plantings impacting upon key views to and from Gleniffer Brae and consider removal.**
- 6.3.20. **Vegetative progeny from *Erythrina x sykesii* (coral tree) be propagated and at all times have on tree site as a reminder of the original landscape of the site.**
- 6.3.21. **The *Platanus x hybrid* (plane tree) or a similar tree be used as replacements to conform with the original planting context.**
- 6.3.22. **That root barriers/deflectors be installed prior to the planting of any replacement trees where its obvious that root encroachment will impact on the historical hard landscape or dwelling within the site.**
- 6.3.23. **That an information session be convened for Horticulturists employed at Wollongong Botanic Garden that are engaged in lawn maintenance to instil the need to protect root zones.**

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### 6.4. FUTURE USES

- 6.4.1. In developing plans for the future use of the subject site the significant external and internal fabric of the subject building, Sorensen garden design, elements and views and vistas should be conserved to maintain the significance of the site.
- 6.4.2. Historical uses of the site should continue. Any future uses should be compatible with the retention of the character and heritage values of the site.
- 6.4.3. Compatible uses for the site include the use of the subject building as a residence, and the use of the site as the location of an educational facility **for performances, events, and functions.**
- 6.4.4. The original **library** (room number 6) and the guest bedroom (room number 8), due to their high significance, as well as other parts of the building, should be made available for public viewing. In general, public access to the building and grounds should be made more available and **actively encouraged through a wide range of activities within the building and site.**

Use of the subject building as **an education** and reception centre is appropriate providing the significant fabric is appropriately protected from wear and tear **and the character significance of the rooms is respected.**

- 6.4.5. **All future uses must activate the key spaces of Gleniffer Brae.**
- 6.4.6. **Uses that maximise public access to the key spaces of Gleniffer Brae are preferred.**
- 6.4.7. **Uses that include occupation of the building should be encouraged to assist security and protection of fabric.**

### 6.5. NEW DEVELOPMENT

- 6.5.1. **Any new structure needs to be carefully sited outside of the visual setting of the Gleniffer Brae house and Sorensen gardens (Potential locations are identified in the attached diagram)**
- 6.5.2. **The provision of a large scale reception space, suitable for large events may be considered if it supports the ongoing viability and use of Gleniffer Brae house.**
- 6.5.3. An enclosed glass structure located **outside of the original Sorensen garden** would allow a large amount of the general traffic related to functions to be redirected away from the house thus protecting the significant fabric of the subject building. Smaller capacity use could occur within the building, allowing the desired ambience associated with the manor house to be retained.
- 6.5.4. **New development that includes an appropriate landscape buffer to Gleniffer Brae could occur on the site of the former SCEGGS buildings.**
- 6.5.5. **Links to a new structure in close proximity to the house may be considered provided they are discreet and subservient to the house, do not impact upon key views and are located in areas of lower significance.**

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### 6.6. NEW SERVICES

- 6.6.1. Any proposed new services or service upgrades related to any new uses of the site shall be organised to least interfere with the existing significant fabric of the site.
- 6.6.2. Any required new services shall be installed in areas and spaces of lower significance.
- 6.6.3. Any new services shall be inconspicuous and not intrusive to the significance of the subject building and the subject site.

### 6.7. INTERPRETATION

- 6.7.1. Interpretative devices including displays should be considered within the curtilage of the site **and Botanic Garden** to assist further understanding of the history, development and the heritage significance of the entire site. Interpretive signage located within the curtilage of the subject site should be coordinated with signage relating to the site located within the Botanic Gardens.
- 6.7.2. Any new interventions should be reversible and clearly interpreted by means of introduced interpretative devices or by method of style as construction as new work.

### 6.8. CONSERVATION PROCEDURES AT THE SITE - MANAGEMENT

- 6.8.1. Treat the site as being of high **and exceptional** cultural significance, and consequently guide any activities at the site by the provisions of the Australia ICOMOS Burra Charter.
- 6.8.2. Manage the subject site in a way that allows the maximum amount of this Conservation Management Policy to be implemented.
- 6.8.3. A clear structure setting out the responsibility for the day-to-day maintenance and care of the fabric of the site should be developed and made available to all persons involved in the care of the site. This should include the interior, exterior and landscape of the site.
- 6.8.4. Personnel skilled in disciplines of conservation practice shall be engaged as appropriate to advise on both minor and major works and implement conservation aspects at the site.
- 6.8.5. In the event that any disturbances have to take place within the site a suitable qualified conservator shall be engaged to supervise, monitor and record the material being removed.
- 6.8.6. Carry out, catalogue and archive systematic photographic surveys of the site, before, during and after any major works in accordance with **NSW Office of Environment and Heritage Guidelines**
- 6.8.7. This Conservation Management Plan shall be consulted and specific proposals for the site assessed in the light of what is recommended in previous sections of these policies.
- 6.8.8. Review and revise the Conservation Management Plan at regular intervals.
- 6.8.9. Copies of this Conservation Management Plan should be held at the archive for the site, placed in a public archive such as a library and should be made publicly available.

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### 7. CONSERVATION WORKS SCHEDULES

#### 7.1. GENERALLY

##### 7.1.1. GENERALLY

The purpose of this section of the report is to provide for the continuous protective care of the fabric and the setting of the heritage item including the house, Gleniffer Brae, the Dolls House, the Gardeners Shed and significant landscape elements.

Gleniffer Brae is generally in a very good condition and is highly intact. Major conservation issues at the site are deterioration of rustic timber work to the Dolls House and Gardeners Shed, and deterioration of stone walling and stone driveways.

Other ongoing issues are adequate roof drainage.

Ensure regular maintenance and inspection of site drainage and ventilation as well as plumbing and roof and guttering systems.

During the execution of the works, preserve and protect all original and sound fabric and finishes.

Where scheduled 'to match existing', new elements shall do so exactly in outward appearance. Moulding profiles, member sizes, construction etc. must sound existing. The builder is not expected to match exactly things such as timber species, construction methods etc. that are not exposed to view at completion but, unless specifically approved, the construction method shall be of a traditional nature for which there is long-standing precedent.

Where scheduled to 'make good', patch element to match sound adjacent work unless otherwise scheduled. Surfaces shall be primed where bare metal or timber is showing, then painted with the same number and type of coats as adjacent paintwork.

##### 7.1.2. ROOFING

The existing tile and copper are the original roofing materials. The roof turret shingles are also original. It is proposed to retain and conserve the roof tiles, shingles and copper cladding.

Remove rubbish, leaves and other blockages from roof, gutters, sumps and rain water heads. Avoid walking on brittle roof claddings. Check for and rectify combinations and dissimilar materials that will react with each other. Use appropriate lime mortar to fix / repair flashings inserted in masonry joints. Avoid replacing original roof covering.

Fix loose fixings, sheet edges. Replace missing / damaged cowls to vent pipes. Refix slipped tiles / shingles. Inspect membrane for lifting joints, surface blisters and cracks. Repair as necessary. Replace cracked / broken / missing tiles / shingles to match existing.

Original copper downpipes have been stolen in the recent past. Appropriate replacement is to match original. Security needs to be improved to protect original fabric.

##### 7.1.3. STONework

The aim is to carry out work that will prevent further deterioration of the stone elements and ensure prolonged life of the stonework with minimal intervention. Stone deterioration occurs because of water penetration through open

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joints, salt attack, soiling by atmospheric pollutants, build up of bird droppings and cracking due to corrosion of fixings and fittings. Conservation Works will halt or alleviate salt attack and remedy structural inadequacies.

### Repointing

Match as closely as possible the colour, texture, strength and porosity of the original mortar mix.

Repoint the joints of a designated sample repointing area on the site, to demonstrate the suitability of the proposed pointing method. Repoint loose, fretted, broken or missing mortar joints with mortar compatible with stone. Rake-out and repoint existing stonework joints as required using composition mortar with slaked lime, sand and cement. Replace any incompatible hard cement mortar to joints in stonework.

Carefully remove old mortar by hand. Widening of joints is not permitted. Reinstatement original joint profile. Protect stone surfaces from mortar stains with masking tape. Keep joints damp for minimum three (3) days.

Do not commence repointing until repair work in the vicinity has been completed. Rake out the joints to a depth of at least 20 mm, without damage to the stone edges. Clean the opposing surfaces of the raked joint to remove residual pointing, foreign material and loose stone. Do not undercut or feather the stone arises. Immediately before repointing use a fine water spray to dampen the joint surfaces without over-wetting. Insert backing in vertical joints only, to give a joint depth of 20 mm before pointing. Mix the mortar to a putty-like consistency. Fill the joint in several operations by inserting the material and compacting it using a jointing key, applying pressure normal to the joint (i.e. not drawn along). Half fill the joint in the first operation, then complete the filling and cut the joint off flush. Strike the joint to a dense smooth flush surface. Chiselling of stone block wall is not permitted.

### 7.1.4. BRICKWORK

#### Repointing

All loose and open joints throughout are to be carefully cleaned out to a minimum depth of 20mm, wetted thoroughly, grouted and pointed with lime mortar, filled solidly back as far as possible and finished to match existing. Widening of existing joints to admit pointing is not permitted. The repointing is intended purely as filling to prevent the permeation of water between units into the walling behind. Do not allow mortar to spread over face of bricks. Following pointing joints are to be kept damp for minimum 14 days to prevent premature drying out and consequent cracking and loosening of mortar.

#### Make Good or Repair

Where scheduled 'make good' or 'repair' existing brickwork remove all decayed or faulty bricks from area or element nominated and build in salvaged bricks of same size and jointing pattern as original. Rake out or remove remainder of loose or faulty mortar from joints and repoint.

### 7.1.5. ROUGH CAST

Remove loose rough cast as scheduled. Use render mixes that are of equal strength to the original render. Submit mix details and application methods of stucco proposed for approval prior to undertaking the works. Provide a trial area of finish no less than 2 msq for approval. Rough cast finish generally to match existing.

### 7.1.6. ASBESTOS

There are a number of locations in Gleniffer Brae, the Gardeners Shed, and in the Dolls House where asbestos materials are an issue.

It is vital that all involved in Conservation and Maintenance works at Gleniffer Brae are aware of where asbestos-containing products could be. If in doubt, get products tested, assume it is asbestos.



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Maintain asbestos-containing products in good condition, such as through use of paint or other surface finishes, enclosures and capping.

If fibre or asbestos cement sheeting is cracked or broken, asbestos particles are likely to be released. Also, if left unpainted, fibro can eventually weather exposing asbestos fibre.

Where possible keep the material

- By keeping the material painted and well maintained it should continue to last into the future
- If necessary, internal fibro sheets can be covered over with new fibre cement sheets. Timber cover strips and mouldings can be reused, replacing damaged pieces with matching new material where necessary, and setting them out where they were
- An asbestos roof can be safely sealed or encapsulated rather than replaced

Replace the material with a similar material

- If the material is not well maintained it is possible to have the fibro sheeting replaced with modern fibre cement sheets
- Internally, fibro sheets can be removed and replaced with new fibre cement sheets. Again, timber cover strips and mouldings can be reused.

When carrying out maintenance such as painting or sealing on asbestos cement surfaces without sanding, wire brushing or scraping (i.e. you are not releasing any asbestos fibres into the air), you only need to take the usual precautions for these activities (such as working in a ventilated area). However, if you plan to disturb materials that might contain asbestos (such as by sanding, cutting or drilling), it is important to take the proper precautions for handling asbestos.

When handling or removing asbestos in general:

- work in a well-ventilated area and, where possible, in the open air (but not on windy days)
- thoroughly wet down the material before you start and regularly during the work by lightly spraying surfaces with water or a 1:10 polyvinyl acetate (PVA): water solution, or with low-pressure water from a garden hose (if outdoors); keep it wet until packaged for transport
- use nonpowered hand tools (e.g. a guillotine, hand saw or hand-powered drill) as these generate smaller amounts of dust and waste chips that are coarser than those generated when using power tools
- pull out any nails first to help remove sheeting with minimal breakage
- carefully lower (not drop) the sheets to the ground and stack on two layers of polythene sheeting at least 0.2mm thick (e.g. heavy duty builders' plastic)
- minimise cutting or breaking of the asbestos cement products
- remove and dispose of personal protective equipment as described below
- shower and wash your hair immediately afterwards and, regardless of whether gloves were used, thoroughly clean your hands and fingernails to remove any dust and asbestos that may be on your body.

When working indoors:

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- isolate the area you are working on from the rest of the building by closing and sealing internal doors
- leave external doors and windows open to maximise ventilation
- cover the floor with heavy-duty plastic sheeting to catch dust, debris and offcuts
- keep household members, visitors and pets away from the area until the work is completed

When working outdoors:

- inform your occupants/visitors of the proposed work and advise them to close doors and windows while the work is being undertaken
- close all windows and doors of your home, and cover air vents to prevent asbestos fibres from entering the building
- avoid contaminating the soil by covering the ground and vegetation with heavy-duty plastic sheeting to catch dust, debris and offcuts
- remove play equipment, personal belongings and vehicles from the work area
- keep household members, visitors and pets away until the work is completed (use barricades and signs if necessary)

Cleaning up:

- thoroughly clean the work area, tools and equipment as soon as possible after finishing the job
- clean up any asbestos cement residues in the work area, and on tools and equipment used by using wet rags and a wet mop, or with a vacuum cleaner fitted with a high-efficiency particulate air (HEPA) filter which conforms to AS4260. Attachments with brushes should be avoided because they are difficult to decontaminate
- double bag, seal and dispose of any materials used during the decontamination, such as rags and mops, along with other asbestos products at a disposal facility licensed to take asbestos
- keep dust, debris and offcuts damp with water
- keep your respirator on

Packaging and disposal of asbestos:

- keep the material wet until it is packaged
- carefully package the material, including any offcuts, in two layers of 0.2mm thick polythene sheeting
- keep the packages of a manageable size and completely seal them with adhesive tape
- place smaller sized asbestos waste such as tiles, offcuts and dust in two 0.2mm thick polythene bags (i.e. double bagged), then tie and seal for disposal with the other asbestos waste
- only fill bags half full (to minimise the risk of splitting) and gently evacuate excess air in a way that does not cause the release of dust
- clearly label the packages 'ASBESTOS WASTE' using a permanent marker pen
- as soon as possible, securely transport and dispose of the packages at a designated asbestos waste disposal site in your area

Removing and disposing of personal protective equipment

- peel off coveralls, hat and gloves

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- immediately seal all these items in two 0.2mm thick (heavy-duty) polythene bags (i.e. double bagged) and clearly label to identify the contents as described above in 'Packaging and disposal of asbestos'
- dispose of these bags with the other asbestos waste
- wash or wipe reusable footwear using wet rags
- leave the respirator on until the contaminated clothing is removed, bagged and sealed, then dispose of the respirator by double bagging it as described above

### 7.1.7. DAMP

Rising damp occurs as a result of capillary suction of moisture from the ground into porous masonry building materials. Rising damp may show as a high-tide-like stain on interior finishes, blistering of paint, loss of plaster, growth of moulds. Externally a damp zone may be evident at the base of walls, with associated fretting and crumbling of the masonry. Rising damp will carry salts up into the masonry to where the damp evaporates and can often be seen as a white efflorescence leading to fretting and crumbling on the surface. While rising damp is often caused by bridging of the Damp Proof Course (DPC), not all dampness in buildings is due to rising damp. Leaking water pipes or failed roofs and gutters may be the cause. Horizontal or penetrating damp can be due to leaking water supply or waste pipes, or failure of tile grouts in wet areas. These tend to produce small, localised patches of dampness whereas rising damp may affect the base of a whole building.

### CONTROL AND TREATMENT OF DAMP

#### Site drainage and ventilation

- Ensure gutters and downpipes are working
- Ensure rainwater is carried well away from the base of walls
- Ensure site is well drained – no ponding against walls
- Minimise splash from hard pavements into walls
- Maintain about 200 mm between DPCs and ground level
- Check for and fix any plumbing leaks, including sewers
- Check for fungal rot, borers and termites in damp floor timbers
- Ensure adequate (but not too much) underfloor ventilation
- Monitor changes, for these may be sufficient

#### Treat mild damp sacrificially

- Use weak mortars in eroding joints, or
- Weak plasters and renders to control damage
- Monitor changes before considering further treatment
- Ongoing sacrificial treatments may be sufficient

#### Remove excessive salts

- Remove surface salt deposits by dry vacuuming, then
- Use captive-head washing for near-surface salts
- Use poultices of absorbent clay and/or paper pulp
- Use sacrificial plasters, renders and mortars
- Monitor effectiveness – re-treat if necessary
- Periodic maintenance treatments as required

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Review results before proceeding

- Allow at least one year of monitoring
- Account for unusual events – storms, floods, drought etc
- Routine maintenance activities may be sufficient

Inserting damp-proof courses

- Undersetting with mechanical DPC, and/or
- Slot sawing with mechanical DPC, and/or
- Impregnation of chemical DPC, and/or
- Active electro-osmotic damp-proofing
- Install DPCs at a level that will also protect floor timbers
- Monitor for 'leaks'

Desalinating walls

- When salts abound, do not just insert DPC
- Also remove excessive salts from above DPC
- Use poulticing, captive-head washing and sacrificial treatments
- Monitor annually for further salt attack
- Re-treat if necessary until salts are reduced to a less harmful level

### 7.1.8. WOODWORK

External Joinery – Sand down and spot prime bare areas to previously painted joinery. Putty up and make good cracks, nail holes and damaged areas. Remove existing trims damaged or as scheduled and replace with trims to match sizes, profiles and material of existing trims. Refix all fascias, bargeboards and trims.

Enamel Paint on External Woodwork – Wash, sand down and spot prime bare areas with pink primer. Putty up and make good cracks, nail holes and damaged areas and paint: One (1) coat of tinted undercoat, two (2) coats of gloss enamel paint, sand down and dust off between each coat.

Stain on external wood work – wall, sand down after repairs completed.

Punch and stop all existing and new hand holes, cracks damaged are colour match to timber species and stain. 3 coats of transparent stain to match original. Sand down and dust off between each coat.

### 7.1.9. METALWORK

Previously Painted Metalwork . Repair/ Replace all damaged metal work sections to match existing. Wash, sand down and dust off. Spot prime bare areas according to nature of exposed material and prepare for painting where previously painted. Investigate appropriate rust converter and primer to match unpainted galvanised finish. Spot prime with coldgal where existing finish is galvanised and unpainted. Remove all external steel grilles to windows and make good to opening.

### 7.1.10. FLOOR

Timber Floors

Retain and conserve all existing timber floors and floor framing.

Refix, patch or replace damaged boards as necessary. Remove boards as necessary and replace in boards to match sizes and profiles of existing boards. Salvaged boarding is to be reused where sound in lengths greater than 1350 mm. Check over flooring, determine which boards are loose and re-nail. Existing timber floors are to be cleaned to

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approval, sand by hand which may include remove existing finishes. All new patching works to existing floors shall be stained and finished to match existing. Stop with matching filler and produce a smooth sanded surface free from irregularities and suitable to receive the finish.

Existing floors are to be sanded by hand, cleaned to approval, which may include removing existing finishes.

All existing and patched timber flooring shall be finished in a modified tung oil or full bodied polished wax (spirit based) using a minimum of three coats of approved wax and rubbed back smooth between coats. Wax shall be machine polished to gloss.

### Tessellated Tiling

Tessellated tiles to Entry Foyer to be retained and conserved. Loose tiles to be refixed.

Where sections of flooring are missing, a matching tile should be sourced and installed to match existing

### 7.1.11. JOINERY

Retain and preserve all existing joinery. Patch and repair existing damaged joinery to match existing. Refinish existing joinery to match existing. All timber work is to be fixed to masonry surfaces employing traditional timber grounds, wedges, plugs etc and all hardware fixed to masonry or plastered surfaces is to be fixed employing a timber mounting block, plate, batten, cleat etc.

Where scheduled 'strip joinery' completely strip varnish, shellac, paint or other finish from existing surfaces, using solvent type stripper or hot air gun. Clean down to bare timber and finish with 240-400 paper and steel wool.

Where existing joinery is scheduled 'clear finish', 'polished' or wax finish', strip joinery as necessary and apply one (1) coat of shredded bees wax in mineral turpentine medium.

Existing Internal Painted Woodwork – Surfaces are to be sanded papered smooth, stop with linseed oil putty then painted:

One (1) coat undercoat (tinted)

Two (2) coats semi-gloss enamel.

### Skirting

Unless otherwise specified replacement or patched skirtings are to match profiles (and timber species where unpainted) exactly.

### 7.1.12. WALLS AND CEILING

#### General

The plasterer is to be experienced in the preparation, application and finishing of lime plaster. Protect adjacent surfaces, particularly joinery and floors from defacement and damage due to droppings and traffic.

Remove all loose and flaking paint. Patch all damaged areas and flush up stripped areas to level of surrounding paintwork with patching compound. Sand down and dust off.

Unless otherwise specified all bare areas and patched surfaces to be painted with:

One (1) coat acrylic sealer

Two (2) coats flat acrylic, (semi-gloss acrylic in bathrooms and toilets)



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New Painted Plaster Walls and Ceilings – To be thoroughly cleaned down and all imperfections made good and given:

One (1) coat acrylic sealer

Two (2) coats flat acrylic, (semi-gloss acrylic in bathrooms and toilets)

### Set Plaster

Generally fill areas of surface damage with traditional plaster mix. Re-adhere drummy plaster with acrylic – resin based adhesive injected into void.

### New Plaster Work

Where areas of set plaster are missing a schedule is to be replaced / reconstructed, rake out all loose, drummy and defective work. Thoroughly wet all brickwork, concrete etc., and prepare surface to ensure a good key before applying plastering. Rake out joints or brickwork to a depth of 10 mm. Surfaces not initially suitable shall be hacked to provide key. Scratch or cross broom all first coats to provide key for subsequent coats. Use traditional plaster mix.

### Joining Up

At junctions between new and existing plastering (minor patching not included) scabble surface of existing and place 100 mm wide lath over joint between new and existing plaster and set over lath to prevent later cracking at joint.

### Embedded Items

Ensure that water pipes and the like are sheathed to permit thermal movement. Where ungalvanised steel items are to be embedded in gypsum plaster, provide rust protection treatment not inferior to prime painting with zinc rich primer.

### Chases

If chases or recesses are more than 50 mm wide, cover with metal lath extending not less than 75 mm beyond each side of the recesses.

### Decorative Moulded Cornices

Retain and consolidate. Fill and repair surface damage with traditional plaster mix. Re-attach drummy plaster to substrate by screwing or chemical adhesion.

### 7.1.13. OTHER

Remove existing trims damaged or as scheduled and replace with trims to match existing in size, profile and material.

Where scheduled to 'salvage' or 'preserve' existing fixtures and fittings, care must be taken not to damage the fittings. When refixing, only fixings of the correct size and configuration are to be used and if necessary treated for rust and cold galvanised before installation. Fittings are to be left clean.

### 7.1.14. DOORS

#### Generally

Remove door. Patch, reseal frames as necessary.

Put doors in first class working order replacing worn hinges as necessary to match existing.

Repair split panel, check door for fit, adjust or reglue if sagging. Retain hardware – additional barrel bolt or security pin permissible.

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Replace all broken glass and defective puttying. Rehang door.

### Hardware

Unless otherwise scheduled 'preserve' knockers, bolts, knobs, handles, pulls hooks sash lifts drops and fasteners etc. Check over repair and refix as necessary. Provide ferrules and shoes missing to bolts. Remove paint and black japan steel and polish brass and chrome before completion.

Where scheduled 'fit new', remove and set aside existing patch door frames and architraves as required. Install new hardware as scheduled to manufacturer's specification.

New hardware to match original hardware or acceptable alternative.

### 7.1.15. WINDOWS

#### Generally

Unless otherwise scheduled preserve and restore all windows. Patch frames and sashes as necessary.

Re-putty and reglaze as required.

Rehang all weighted sashes on first quality sash cord and put all sashes in first class working order. Replace hinges as necessary.

Replace stop beads and parting beads as necessary for above work.

When replacing pulley stiles reuse axle pullies.

When replacing sashes sound pieces of existing sash may be reused in new sashes.

When 'to match', fit specified element or hardware to match complete window or preserved hardware that is similar. Generally rake out all external junctions between windows, new and existing, and render and seal joint with new paintable sealant.

Replace all lead sill covering to all windows as required to secure waterproofness. Remove internal sill stop bead and conceal fixing to existing lead covering. Refix stop bead.

Replace all defective or loose putty. Putty to be linseed oil and whitening of first quality manufactured to AS 1263 – Oil based putty. Carefully remove old putty so as not to damage existing stiles, rails and glazing bars. Repair joinery damaged. Prime rebates before reglazing.

Replace all broken or damaged glass. Preserve and reuse existing glass where possible.

## 7.2. GLENIFFER BRAE SCHEDULES

### 7.2.1. EXTERNAL FABRIC – UPDATE OF TROPMAN SURVEY

The following are additional items to the Tropman Survey.

ELEMENTS / ROOM NO.	CONDITION	CONSERVATION WORKS	PRIORITY ESSENTIAL / DESIRABLE
No. 1 NORTH			
1.2	Evidence of movement in brickwork, west of bay	Investigate movement	Essential
1.3	Paint to sill required	Paint timber work	Essential

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ELEMENTS / ROOM NO.	CONDITION	CONSERVATION WORKS	PRIORITY ESSENTIAL / DESIRABLE
1.9	Detracting light fitting mounted on gable end	Carefully remove light fitting and repair barge board. Provide alternate lighting in accordance with conservation management plan.	Desirable
No. 2 EAST			
2.2	Pointing around light fitting	Minor repointing is required around the external light fitting	Essential
2.9	Lantern light fitting damaged	Repair existing light fitting	Desirable
No. 3 NORTH			
3.6	Gutter not clearing	Install gutter guard to south east corner	Essential
3.9	Subsidence of flagstones at north wall, particularly at downpipe evidences inadequate drainage Wasp nest to window.	Investigate drainage, relay sandstone flagging to original level. Repoint sandstone flagstones. Remove wasp nest.	Essential
No. 5 NORTH			
5.3	Deterioration of paint finishes to timber sills and sashes	Paint timber work	Essential
5.9	Detracting light fitting mounted on gable end	Remove detracting light fitting	Desirable
No. 6 EAST			
6.2	Pointing around window deteriorated	Minor repointing is required around the window	Essential
6.9.1	Light fitting has been removed	Reinstate light fitting	Desirable
No. 7 NORTH			
7.2	Displaced brick at lower level	Reposition displaced brick	Essential
7.8	Vegetative growth to chimney. Sandstone and brickwork to chimneys require substantial repointing	Poison vegetative growth, and carefully remove by hand Repointing of brickwork and sandstone to chimneys	Essential
No. 9 EAST			
9.7	Damage to roof at eaves	Repair	Essential
No. 10 SOUTH			
10.7	Damage to eaves	Repair eaves	Essential
No. 11 EAST			
11.2	Sandstone door surround requires minor repointing	Repoint sandstone door surround	Essential

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ELEMENTS / ROOM NO.	CONDITION	CONSERVATION WORKS	PRIORITY ESSENTIAL / DESIRABLE
11.6	Evidence of damp at downpipe south east corner	Investigate damp, clear downpipe sump and provide adequate drainage	Essential
11.9	Glass cracked/missing to lantern fitting	Replace broken and missing glass to lantern	Desirable
No. 12 EAST			
12.6	Evidence of damp at downpipe south east corner	Investigate downpipe/sump, clear and provide adequate drainage	Essential
12.9	Detracting security light fitting mounted on barge board	Carefully remove light fitting and repair barge board. Provide alternate lighting in accordance with conservation management plan	Desirable
No. 13 EAST			
13.3	Minor damage, rust, loss of sealant	Treat rust, re-putty glazing	Essential
13.6	Evidence of damp at downpipe	Investigate, provide adequate drainage, clear gutters, ensure adequate falls	Essential
No. 15 WEST			
15.3	Minor repointing at sandstone dressing required	Repoint sandstone dressing	Essential
No. 17 EAST			
17.6	Leaf build up in gutters	Clear gutters, consider installing gutter guard	Essential
No. 18 SOUTH			
18.2	Minor crack evident	Investigate cracking, repoint as required	Essential
18.9	Inappropriate security light to gable end	Carefully remove light fitting and repair gable end. Provide alternate lighting in accordance with conservation management plan	
No. 19 WEST			
19.6	Gutter full of leaves and sagging	Clear gutter, adjust gutter fall. Consider installing a gutter guard.	Essential
19.7	Dormer gutter blocked	Clear and check fall. Install gutter guard	Essential
No. 22 SOUTH			
22.6	Blocked sump south west corner	Clear sump south west corner	Essential
22.7	Fascia damage	Repair fascia	Essential

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ELEMENTS / ROOM NO.	CONDITION	CONSERVATION WORKS	PRIORITY ESSENTIAL / DESIRABLE
No. 23 EAST			
23.3	Minor rust to metal frames	Treat rust, repaint	Essential
23.6	Blocked sump to south west corner. Downpipe not connected north west corner	Clear blockage. Connect downpipe	Essential
23.7	Fascia damage	Repair fascia	Essential
No. 24 NORTH			
24.6	Downpipe not connect north west corner	Connect downpipe	Essential
24.9	Climber <i>Ficus pumilla</i> creeping behind downpipe, likely to damage original fabric	Remove <i>Ficus pumilla</i> carefully by hand, unless constant monitoring can be achieved	Essential
No. 25 COURT - YARD			
25.1	Grille edging collapsed south west corner	Reinstate grille edging	Desirable
No. 26 WEST			
26.2	Minor repointing of wall and sandstone dressing required to windows	Repoint as required	Essential
26.6	Downpipe blocked and split	Clear blockage and repair copper downpipe	Essential
26.9	Vent under eave cracked	Replace	Desirable

7.2.2. INTERNAL FABRIC - UPDATE OF TROPMAN SURVEY

ELEMENTS / ROOM NO	CONDITION	CONSERVATION WORKS	PRIORITY
Porch	Face brick - pointing at lower south wall Screen door - rust/screw at lower door and screen mesh, torn/ stiff hinges	Repointing to face brick at lower south wall Replace screen door mesh - rust/screw at lower door and ease hinge	Desirable



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ELEMENTS / ROOM NO	CONDITION	CONSERVATION WORKS	PRIORITY
1	Timber floor needs maintenance Stiff cavity sliding doors Mesh to screen door damage, peeling paint Damaged hinges of south west courtyard screen door Ceiling finish	Maintain timber floor Ease cavity sliding doors Replace mesh to screen door and re paint Refit hinges of south west courtyard screen door Patch weather trim to north west courtyard screen door Touch up ceiling	Essential
2	Water damage south east corner and east of fireplace Doors weathered	Investigate water damage and rectify, repaint as required Refinish doors (clear finish)	Essential
2a	North door to courtyard - break in/ damage at lock Non original closer and handle Skirtings painted Plaster ceiling and stepped cornice - slight sagging and paint peeling General wear on skirtings and plaster finishes at corners General wear on walls	North door to courtyard - repair damage, make operable, piece in timber at lock Replace closer and handle Clear finish skirtings desirable Patch plaster ceiling and stepped cornice - repaint Patch and repaint Repaint walls	Essential
2b	New opening to office with sliding glass Exposed conduit / telstra box & services	Infill opening to office desirable Relocate/conceal services desirable	Desirable
3	Architrave and skirting have moved away from wall a few millimetres North window unpainted timber frame, refinish Screen door to courtyard Timber door finish deteriorating (clear finish)	Refix architrave and skirting  North window unpainted timber frame, refinish Screen door to courtyard - ease Remove brass barrel catch Refinish timber door (clear finish)	Desirable
3a	Damp south east corner at ceiling and wall Shower ceiling and toilet ceiling require repair Detracting metal toilet paper holder Toilet and basin not original Door hinge defective (non original)	Investigate water damage and rectify Repaint as required Repair/repaint shower ceiling and toilet ceiling Remove metal toilet paper holder Toilet and basin replace with more appropriate fittings Repair door hinge	Essential

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ELEMENTS / ROOM NO	CONDITION	CONSERVATION WORKS	PRIORITY
3b/5a	Minor wear to paint	Repaint	Desirable
4	Fluorescent light Door non original handle Mirror fixed to wall	Remove fluorescent tube Replace non original handle Remove mirror	Desirable
5	Fluorescent tube Peeling paint south west corner	Remove fluorescent tube Sand back peeling paint, repaint	Desirable
6	Skirting finish deteriorating Stone fireplace/ herringbone brick hearth - pointing Detracting recessed downlights Timber window sill, doors and skirting finish deteriorating	Refinish skirting Conserve stone fireplace/ herringbone brick hearth - repoint as required Remove recessed downlights desirable, make good ceiling Refinish timber window sill, doors and skirting	Desirable
7	Minor crack in plaster north wall Detracting bar heater Detracting fluorescent light fitting Peeling paint Woodwork needs paint	Patch crack in plaster north wall Remove bar heater Remove fluorescent light fitting Sand back peeling paint Repaint	Desirable
8	Painted skirting - peeling at joint in wall Door damage at lock (break in) patch reglue	Painted skirting - peeling at joint in wall Door damage at lock (break in) patch reglue	Desirable
9	Peeling paint at external wall (south) Some water damage to north east corner New shelf and cupboard below sink Door hardware detracting	Repaint as required Investigate water damage and rectify, repaint Remove shelf and cupboard below sink Replace door hardware with sympathetic	Essential
9a	New mosaic tile floor New basin Window- sand/ repaint sill and sash Peeling paint north wall Damage around pipe north west corner	Replace floor tile to match original as evidence in other bathrooms Replace basin Window - sand/ repaint sill and sash Repaint north wall Patch around pipe north west corner Repaint door	Desirable

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ELEMENTS / ROOM NO	CONDITION	CONSERVATION WORKS	PRIORITY
10	Clear finish carved door finish deteriorating New fly screens and frame Evidence of earlier leak at north wall 2 x cupboards wall fix (north wall)	Refinish carved door New fly screens and frame - remove and reinstate original Investigate water damage at north wall, rectify and touch up Remove 2 x wall fixed cupboards (north wall)	Essential
10a	Small crack to plaster ceiling	Repair crack to plaster ceiling	Desirable
10b	New fitout Evidence of damp to ceiling	Retain or remove fitout Investigate water damage and rectify, repaint as required	Essential
11	Peeling paint to ceiling Floor hatch inoperable	Sand back peeling paint, repaint Make good floor hatch	Desirable
12	Peeling paint on ceiling Bowed leadlight to east window on south wall	Sand back peeling paint, repaint Investigate bowed leadlight and stabilise	Essential
13	Plaster chip at entryway to kitchen servery Ceiling paint peeling Detracting fluorescent tube lighting Recent commercial kitchen fitout	Patch plaster and repaint Sand back peeling paint, repaint Remove fluorescent tube lighting Replace commercial kitchen fitout as required	Desirable
14	Detracting fluorescent light fitting Slight paint peeling to ceiling Paint to sill peeling Ceiling peeling	Remove fluorescent tube lighting Sand back peeling paint, repaint Repaint job	Desirable
15a	Plaster wall finishes show wear at corners New hall cupboard east wall Damaged window frame Notice board fixed to north wall	Touch up plaster wall finishes New hall cupboard east wall - retain or remove Patch window frame / repaint Remove notice board fixed to north wall	Desirable
15b	Water damaged ceiling Wall bulging at new power point Notice boards fixed to walls Walls peeling Door closer	Investigate water damage and rectify Repair plaster at new powerpoint Remove notice boards Sand back peeling paint, repaint Remove door closer	Desirable

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ELEMENTS / ROOM NO	CONDITION	CONSERVATION WORKS	PRIORITY
16	Cracking at south east corner New light fitting Conduit on wall Non original security bars Non original casement fly screens Original screens in situ Peeling paint Notice boards fixed to walls Changed door hardware/ damage to stile at lock	Patch cracking at south east corner Replace light fitting Remove conduit Remove non original security bars Remove non original casement fly screens Reinstate retracting fly screens desirable Sand back peeling paint, repaint Remove notice boards Repair damage to stile at lock	Desirable
16a	Crack in original light above mirror Handle missing from original mirror cabinet Security bars on window	Repair crack in original light above mirror Replace missing handle to match original Remove security bars	Desirable
17	Paint peeling on wall Damage at skirting Skirting missing section	Sand back peeling paint, repaint Repair damage to skirting and missing section	Desirable
18	Non original door handle Non original window screens - remove Security bars - remove Peeling ceiling Cracking around door frame Infill panel above split	Non original door handle Non original window screens - remove Security bars - remove Sand back peeling paint, repaint Cracking around door frame Infill panel above split	Desirable
19a	Window frame requires paint	Repaint window frame to protect against water ingress	Essential
19a	Light fitting replaced / damaged Door damaged at low level Paint in poor condition	Ensure bathroom draining adequate	Essential
20	Detracting pelmet over window to west wall Garage doors need paint and patch lower section	Remove pelmet over window to west wall Paint and patch garage doors need lower section	Essential

**7.3. DOLLS HOUSE CONSERVATION WORKS SCHEDULE**

The following Schedule of Works updates previous reports completed by Tropman & Tropman in 2001 and by Peter Bennett in 2013.

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ELEMENT	CONDITION	CONSERVATION WORKS	PRIORITY
EXTERNAL FABRIC			
Sub Floor	Crack in brick sub floor Damaged corner brick  Concrete step bridging damp proof course Cracking in brick work base south wall, west wall at ventilator	Investigate and fill with polythurethane sealant Remove existing damaged corner brick, replace with new matched to existing Remove concrete step bridging damp proof course	Essential
Walls	East cast generally good condition; hair line cracking to all external walls Wet rot, evidence of termites and borers to window and door surrounds Deteriorating rustic timber architraves and corner battening	Skim coat at south window and door and refill cracks, repaint to existing Remove damaged timber surrounds, install new pest treated surrounds to all joinery to match existing Remove pump and piping/ conduit and patch wall to match	Desirable
Roof	Terracotta tile and ridge capping not original, good condition Bargeboards have been replaced at north, south and east on 3 facades	Remove all leaves and debris from valleys  Remove existing barge, supply and install new barge to match to west	Essential
Joinery	Timber sill has wet rot Architraves to door and window	Remove existing timber sill, replace with new hardwood sill to match. Adjust timber entry door. Plane bottom of entry to eliminate drag on carpet. Paint underside of door with water based primer to seal. Patch and paint door threshold. Make windows operable Replace missing glass Paint all timber work	Essential
INTERNAL FABRIC			
Ceiling	Flaking paintwork	Scrape affected area, fill, sand and repaint to match existing	Desirable
Other		Clean out inside of Dolls House	Desirable

7.4. GARDENERS SHED CONSERVATION WORKS SCHEDULE

ELEMENT	CONDITION	CONSERVATION WORKS	PRIORITY
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ROOF			
Roof Tiles	Non original roof tiles	Reinstate timber shingle roof to photographic/ documentary evidence	Desirable
Roof structure	Rough timber rafters and battens, good condition internally	Retain and conserve	Essential
Rafter ends	Very poor condition externally	Reconstruct/ splice in new rafter ends to match original in diameter and species to original detail as evidenced	Essential
Gable ends	Remnant rustic timbered gable screen, very poor condition	Reconstruct rustic rough timbered gable barges and screens to photographic evidence and site evidence. Match original timbers in diameter, species and fixing.	Desirable
Eaves	Timber shingles in good condition	Retain and conserve	Essential
Canopy extension	Timber t & g boarding	Retain and conserve. Replace damaged boards as necessary to match original	Desirable
	Unsympathetic roof extension at northern end	Demolish and make good north elevation to photographic evidence	
WALLS			
Timber boarding	Deteriorated at base, particularly on east elevation	Retain and conserve original boarding. Consider options for addressing damage while retaining as much original fabric as possible and preserving the rustic weathered aesthetic	Essential
Timber battens, cover strips and architraves	Rough split sapplings, deteriorated at base	- invert boards where prominent and significant deterioration at base - line damaged boards Where damage is significant (>10%) replace batten/cover strip to match existing in dimension, species and finish. Where damage is minor (<10%) splice in new timber to match existing	Desirable
FLOOR			
- DPC	Metal DPC	Check for integrity of DPC and adequate clearance of timber to protect against damp	Essential
- Slab	Concrete slab in good condition	Retain and conserve	Essential
- Drainage	Vegetation around the shed potential to breach DPC and accelerate damage to timber wall cladding	Provide adequate drainage around the building and ensure vegetation/ soil build up above DPC	Essential

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DOORS	Doors do not appear original	Investigate for original door leaf/ detail. Reconstruct to evidence. Replace damaged arched architrave	Desirable Essential
WINDOWS	Original timber frame windows, paint finish	Retain and conserve. Reinststate to photographic evidence where incomplete	Essential
INTERIOR			
WALL	Sheet cladding (potentially asbestos) battened, with paint finish. Generally good condition.	Retain and conserve - do not disturb	Desirable
WINDOWS	Timber casement, painted. Good condition generally.	Retain and conserve.	Essential
SECURITY BAG	Not original	Retain or remove as required	Desirable
CEILING	No ceiling, retain open views to roof structure	Do not line ceiling	Desirable
FLOOR	Concrete slab	Retain and conserve	Desirable

7.5. LANDSCAPE ELEMENTS SCHEDULE

The following schedule of works, updates not provided in David Beavers Landscape MasterPlan Report 2007, applies to the gardens and grounds of Gleniffer Brae. It takes into account the statement of significance, the physical condition and other constraints.

ELEMENTS / SHEET NO.	CONDITION	CONSERVATION WORKS	PRIORITY
Terraces / 2.1	The stair is in good condition and has been reconstructed. Includes the associated retaining wall and grass batter. The brick wall is cracked in a number of places and the circular section of the wall has been broken by the roots of the tree growing above and is in very poor condition.	Reconstruction of the retaining wall and circular section using original brickwork is the subject of a separate HIS. Maintain grass batter.	Essential
Dry stone walling / 3.3	It is overgrown with vegetation.	Inspect, retain and conserve	Essential

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ELEMENTS / SHEET NO.	CONDITION	CONSERVATION WORKS	PRIORITY
Retaining walls / 4.1		Repair cracks using original bricks.	Essential
Driveway / 5.0	Use of the driveway by heavy vehicles contributes to the deterioration of the fabric of the driveway. Sandstone flagging has been restored in part of the Sorensen design.	Sandstone flagging should continue to be restored.	Essential
Pond / 6.0	Part of the Sorensen design	Retain and conserve	Essential
Dolls House / 7.0	Cracking in subfloor and walls. Deterioration of timber architrave/ trims.	Plumbing should be redirected and/or the pump removed from the structure. A detailed Conservation Works Schedule should be prepared to guide the restoration of the Dolls House.	Desirable Essential
Garden Shed / 8.0	Extensive deterioration of the timber rafters and cladding	A detailed Conservation Works Schedule should be prepared to guide restoration of the Garden Shed.	Essential
Remnant vegetation / 9.0	Two remnant turpentines located north of the car park were removed in 2011.		
Lawn areas / 10.0	Ongoing maintenance is required.		Essential
Brushbox windbreak / 11.0	Part of the Sorensen design. The trees are aging and the canopy no longer provides adequate screening of surrounding development.	A tree replacement plan should be developed for the long term management of the venue.	Desirable
Plantings / 13.1		Garden beds to north facade have been reinstated. Continue to reinstate garden beds around the house in accordance with Hoskins era photographs.	Desirable

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ELEMENTS / SHEET NO.	CONDITION	CONSERVATION WORKS	PRIORITY
Upper Terrace and Rockery		<p>Continue to reconstruct shrub planting around rockery areas in accordance with historic photographs (recommended species include azaleas, hydrangea, lavender, hebe, Indian Hawthorn, ground cover grevilleas, daisies, dahlias).</p> <p>Remove the existing garden bed near the stone arch and reconstruct lawn as per historic photos.</p> <p>Replant the two specimen trees (originally Corals but use Flame trees).</p> <p>Replace ficus hillii (T6) with a broad spreading shade tree with less aggressive root system. Repair / reconstruct the circular brick terrace wall and install root barriers for any new replacement tree (recommended species include Coral Tree, Jacaranda, Chinese Elm or Illawarra Flame Tree).</p>	Desirable
Lower Terrace		<p>Repair / reconstruct leaning brick retaining wall. Remove fig roots, install root barriers.</p> <p>Reconstruct and stabilise circular brick terrace wall in accordance with approval.</p> <p>Maintain small rockery plantings in niches of brick wall in accordance with photographic evidence (recommended species include ajuga sp., alyssum sp., arabis sp., artemisia sp., cerastium sp., cotoneaster microphyllus, phlox sp., pelargonium sp., rosmarinis prostrates, sedum sp., thymus sp.)</p> <p>Remove self-sown Silky Oak from edge of former tennis court.</p> <p>Undertake judicious removal / pruning of selected trees such as the Hill's Figs near the western boundary to open up the vistas between Gleniffer Brae and Mt Keira.</p>	<p>Essential</p> <p>Essential</p> <p>Essential</p> <p>Desirable</p>

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ELEMENTS / SHEET NO.	CONDITION	CONSERVATION WORKS	PRIORITY
Rear Sunken Terrace		Repair damaged sections of stonework around fountain Remove existing auditorium and reconstruct stone wall and windbreak plantings.	Essential Desirable
Woodland Garden		Continue to reconstruct perennial plantings around Doll's House in accordance with photographic evidence (recommended species include hollyhocks, foxgloves, azaleas, dahlias, sweet peas). Remove Silky Oaks from Woodland Garden. Plant additional 5 specimen trees in Woodland Garden such as Jacaranda and Illawarra Flame Tree. Recover significant vista of Mount Keira from Rear Sunken Terrace by judicious pruning of tall trees. Continue to reconstruct shrub plantings around pathways and perimeter walls. Open up the vistas between Gleniffer Brae and Mt Keira by judicious removal / pruning of selected trees such as the Hill's Figs and Brush Box near the western boundary. Undertake planting of evergreen shrubs (eg Syzigium sp.) along the western boundary feneline to screen houses on Robsons Road whilst maintaining views to Mt Keira.	Desirable Desirable Desirable Desirable
Brush Box Windbreak		Replant missing trees from Brush Box windbreak Undertake planting of tall evergreen shrubs (eg Syzigium sp.) between the school buildings and the brush box windbreak to provide visual screening. Ensure any new development within the school grounds is adequately screened from Gleniffer Brae by appropriate landscaping and planting.	Desirable Desirable



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ELEMENTS / SHEET NO.	CONDITION	CONSERVATION WORKS	PRIORITY
Sandstone Driveway and Arrival Area		Undertake major repairs and reconstruction of the sandstone flagged driveway and arrival areas to support light traffic. Relay the damaged sections on a properly engineered concrete footing and replace any damaged stone pieces with new ones to match the original detail as closely as possible and remove trip hazards. Remove concrete infill and replace with reinforced turf. Reinststate original loop driveway, currently conceded by turf.	Essential
		Develop alternative vehicular access to Gleniffer Brae and prevent use of the original driveway by heavy vehicles.	Essential
		Reconstruct garden beds along eastern side of the house based on photographic evidence (recommended species include wisteria, hydrangeas, hebe, lavender, dwarf cypress and annuals/perennials with blue or white flowers).	Desirable
		Remove Kaffir Plum tree and replace with Jacaranda.	Desirable
		Reconstruct island planting of roses and perennials in accordance with photographic evidence.	Desirable
		Replace the existing nine light posts with less intrusive lighting system.	Desirable
Service Terrace and Stone Wall		Remove existing cypress (T13) and reconstruct and repair lawn. Replant with Illawarra Flame Tree.	Desirable
		Reconstruct low hedge along southern side of driveway in accordance with photographic evidence (recommended species include box or gardenia).	Desirable
		Retain and conserve dry stone walls.	Essential
		Reconstruct damaged sections of dry stone wall to match original detail and photographic evidence.	Essential

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ELEMENTS / SHEET NO.	CONDITION	CONSERVATION WORKS	PRIORITY
Eastern Slope		Undertake judicious removal of trees in the Botanic Gardens to open up the vistas between the duck pond precinct and Gleniffer Brae.	Desirable
Northern Slope		Continue to undertake judicious removal of selected trees as necessary and re-plant of garden beds along Fairy Creek with low growing species to open up and maintain the vistas north from Gleniffer Brae to the Mount Pleasant escarpment.	Desirable
Trees Generally		Undertake works on existing trees in accordance with the Tree Assessment - Gleniffer Brae by Mark Felgate (Wollongong City Council).  Conserve and maintain the open grass lawns, terraces and slopes around Gleniffer Brae to ensure the dominance of the house in the landscape.	Desirable  Essential
Signage		Design and install interpretative signage. Design and install appropriate directional signage to improve linkages between Gleniffer Brae and the Botanic Gardens. Consider installation of a discrete footpath linking the Botanic Gardens and Gleniffer Brae.	Desirable
Garden Furniture		Replace existing garden chairs and garbage bins with ones of more sympathetic design and siting.	Desirable

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**8. MAINTENANCE SCHEDULES**

**8.1. GENERALLY**

This Maintenance Program has been prepared to ensure the long term protection of the fabric, and is based on cyclical inspection monitoring and recording of the condition of the fabric.

**8.2. GLENIFFER BRAE SCHEDULE**

ELEMENT	ANNUAL	5 YEARS	10 YEARS
EXTERNAL			
Brickwork		Inspect for loose, fretted, broken, missing mortar joints and bricks, growth from joints and surface salts. Touch up.	Check pointing. Repoint where necessary.
Stone/render	Inspect for grime, growth from joints, and bird excretion. Check wall ventilators and damp proof courses are not covered with soil or rubbish.	Inspect for loose, fretted, broken or missing mortar joints to stones around windows, doors, along flashings and cornices and other projections. Inspect for signs of delamination, crumbling, surface salts, rising or falling damp. Inspect for cracked or drummy render.	
Timber	Inspect for grime, fungal growth, bird excretion, termite and borer activity, rot and paint deterioration. Investigate. Check wall ventilators and damp proof courses are not covered with soil or rubbish.	Inspect for loose and missing weatherboards, corner stops and mouldings. Check around ground line and sills for weathering.	
Render / Mouldings	Clean	Inspect for cracked, drummy render. Clean. Repair and touch up.	

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ELEMENT	ANNUAL	5 YEARS	10 YEARS
Door joinery		Inspect for loose, damaged jambs and mouldings, thresholds. Clean. Minor repairs. Inspect for decay at the threshold. Check door joints firm and mouldings intact. Replace broken or cracked glass or putty. Check operation of doors and hardware. Inspect, repair and touch up.	
Window joinery		Inspect for loose or damaged mouldings, architraves, decayed stiles at sill level, weathered sills, loose or decayed sash joints and broken or cracked glass or putty. Check operation of windows and hardware. Inspect, repair and touch up.	
Painted finishes	Inspect for deterioration and weathering. Clean. Minor repairs.	General painting externally.	General painting internally.
Roof	Remove rubbish and leaves. Inspect for loose or raised fixings, sheet edges, deformed surfaces, rust, cracked joints, cracked, loose or displaced tiles and capping.	Clean. Minor repairs. Inspect, repair and touch up.	Replace when necessary. Check for dissimilar metals at flashings.
Flashings / cappings	Inspect for loose raised fixings and displacement	Clean. Minor repairs. Inspect for loose or raised fixings, cappings that have lifted, slipped or are deformed. Inspect, repair and touch up	Replace when necessary

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ELEMENT	ANNUAL	5 YEARS	10 YEARS
Roof Drainage: Gutters / Downpipes, Dishdrains and Sumps	Inspect. Clear. Check water falls to outlets. Ensure leaf guards to outlets, rainwater heads and sumps sit correctly and are clear of debris. Check if downpipes are connected to the stormwater system. Check that stormwater drains are not blocked.	Clean. Minor repairs. Inspect for rust stains, growth, rust around downpipes and outlets. Inspect gutter and downpipe joints for cracks, deformation, loose or missing brackets. Inspect, repair and touch up.	Replace when necessary
Eaves	Inspect	Clean. Minor repairs. Inspect, repair and touch up.	
Structure		Check timber members secure and true. Inspect for cracks in masonry and masonry straight and true. Inspect for signs of rust in steel. Check fixings secure.	
INTERNAL			
Walls	Normal cleaning. Inspect for cracking, water penetration indicators	Repair as necessary. Touch up	Repaint as required
Timber floors	Normal cleaning. Inspect. Conserve	Refinish as necessary	
Tiled floors	Normal cleaning	Inspect. Repair as necessary. Touch up	
Ceilings	Normal cleaning	Inspect. Repair as necessary. Touch up	
Joinery	Normal cleaning	Inspect. Repair as necessary. Touch up	
Fittings and fixtures	Normal cleaning	Inspect. Repair as necessary. Touch up	
Finishes	Normal cleaning	Inspect. Repair as necessary. Touch up	Renew as necessary
BUILDING SERVICES			
Electrical / Fire Protection	Inspect. Repair parts as necessary. Certify.	Periodic replacement of life- cycle parts as programmed	Major inspection of system



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ELEMENT	ANNUAL	5 YEARS	10 YEARS
Stormwater	Inspect for dish drains and sumps blocked with rubbish, leaves or silt. Ensure gullies and sump gratings are operable.		
Sewerage		Inspect sumps for damaged grates and ensure these are not draining surface water	
Water	Inspect taps for drips.		

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8.3. DOLLS HOUSE SCHEDULE

ELEMENT	ANNUAL	5 YEARS	10 YEARS
EXTERNAL			
Brickwork	Check ventilators and damp proof courses are not covered with soil or rubbish	Inspect for loose, fretted, broken, missing mortar joints and bricks, and surface salts. Repair, touch up	Check pointing. Repoint where necessary
Roughcast / Render		Inspect for signs of rising or falling damp, cracks or drummy render	
Timber	Inspect for grime, growth from joints, bird excretion and termite/ borer activity, rot and paint deterioration. Investigate	Inspect for loose and missing battens of trims and corner stops and mouldings	Paint timber finishes
Door joinery		Inspect for loose jambs, moulding, decay at the threshold. Check door joints firm and mouldings intact. Clean. Minor repairs. Check operation of door and hardware	
Window joinery		Inspect for loose or damaged mouldings, architraves, decayed stiles at sill level, weathered sills, loose or decayed sash joints and broken or cracked glass or putty. Check operation of windows and hardware. Rectify	
Painted finishes	Inspect for deterioration and weathering. Clean. Minor repairs	General painting externally	
Roof	Remove rubbish and leaves. Inspect for loose or raised fixings, sheet edges deformed surfaces, cracked joints. Inspect for loose or cracked tiles	Clean. Minor repairs.	Inspect, repair and touch up. Replace when necessary

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ELEMENT	ANNUAL	5 YEARS	10 YEARS
Flashings / Cappings	Inspect for loose or raised fixings, cappings that have lifted, slipped or are deformed	Inspect, repair and touch up	Replace when necessary
Roof drainage	Inspect for damp rust stains, growth around brick base course. Check water falls away from structure		
Eaves	Inspect, clean, minor repairs	Inspect, repair and touch up	
Structure		Check timber members secure and true. Inspect for cracks in masonry and masonry straight and true. Check fixings secure	
INTERNAL			
Walls	Inspect for cracking, water penetration indicators. Normal cleaning	Repair as necessary. Touch up	Repaint as required
Timber floors	Normal cleaning. Inspect. Conserve		Refinish as necessary
Ceilings	Inspect. Normal cleaning	Repair as necessary. Touch up	
Joinery	Inspect. Normal cleaning	Repair as necessary. Touch up	
Fittings and fixtures	Normal cleaning	Repair as necessary. Touch up	
Painted finishes	Inspect, touch up. Normal cleaning	Repair as necessary. Touch up	General painting internally.
BUILDING SERVICES			
Electrical	Inspect. Repair parts as necessary. Certify	Periodic replacement of life-cycle parts as programmed	Major inspection of system
Fire protection	Inspect. Repair parts as necessary. Certify	Periodic replacement of life-cycle parts as programmed	Major inspection of system
Water		Inspect taps for drips	

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8.4. GARDENER'S SHED SCHEDULE

ELEMENT	ANNUAL	5 YEARS	10 YEARS
EXTERNAL			
Timber	Inspect for grime, growth from joints, bird excretion and termite/borer activity, rot. Check timber cladding and damp proof courses are not covered with soil or rubbish	Inspect for loose and missing shingles, boarding, battens, corner stops and mouldings. Check around ground line and sills for weathering. Rectify	
Door joinery		Inspect for loose, damaged jambs, mouldings, thresholds. Inspect for loose jambs, decay at the threshold. Check door joints firm and mouldings intact. Check operation of doors and hardware	
Window joinery		Inspect for loose or damaged mouldings, architraves, decayed stiles at sill level, weathered sills, loose or decayed sash joints and broken or cracked glass or putty. Check operation of windows and hardware. Clean. Minor repairs	
Painted finishes	Inspect for paint deterioration and weathering. Clean. Touch up	General painting externally	
Roof	Remove rubbish and leaves. Inspect for loose, cracked or raised tiles		Replace when necessary
Flashings / Cappings	Inspect for loose or raised fixings, cappings that have lifted, slipped or are deformed		Replace when necessary
Roof drainage	Inspect. Minor repairs. Inspect for rust stains, growth, rust around base of wall. Clear. Check water falls away from building	Inspect, repair and touch up	Replace when necessary
Eaves	Inspect. Clean. Minor repairs	Inspect, repair and touch up	

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ELEMENT	ANNUAL	5 YEARS	10 YEARS
Structure		Check timber members secure and true. Inspect for cracks in masonry and masonry straight and true. Inspect for signs of rust in steel. Check fixings secure	
INTERNAL			
Walls	Normal cleaning. Inspect for cracking, loose fixings / battens, water penetration indicators	Touch up	Repaint as required
Concrete floors	Normal cleaning. Inspect for cracking	Repair as necessary	
Joinery	Normal cleaning. Inspect	Repair as necessary. Touch up	
Fittings and fixtures	Normal cleaning	Repair as necessary. Touch up	
Painted finishes	Normal cleaning. Inspect. Touch up	Repair as necessary. Touch up	General painting internally
BUILDING SERVICES			
Electrical	Inspect. Repair parts as necessary. Certify	Periodic replacement of life-cycle parts as programmed	Major inspection of system
Fire protection	Inspect. Repair parts as necessary. Certify	Periodic replacement of life-cycle parts as programmed	Major inspection of system
Water	Inspect taps for drips		



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8.5. LANDSCAPE ELEMENTS SCHEDULE

ELEMENT	ANNUAL	5 YEARS	10 YEARS
Trees and Major Shrubs	<p>Check every 6 months for signs of pest an disease, rot, dead wood and treat as necessary and in accordance with conservation policies.</p> <p>Repair storm damage as necessary.</p> <p>Prune to lift crowns as necessary every 12 months and mulch with leaf mulch.</p> <p>Carry out tree husbandry operations such as staking, protection and replacement during June.</p>		

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ELEMENT	ANNUAL	5 YEARS	10 YEARS
Minor Shrubs	<p>Check minor shrubs every 3 months for signs of pest and disease, rot and dead wood and treat as necessary and in accordance with conservation policies.</p> <p>Repair storm damage as necessary.</p> <p>Prune as necessary, in accordance with species requirements, to improve shape, flowering or fruiting.</p> <p>Check for fungal attack during humid weather months and spray as necessary.</p> <p>Prune roses during July, or June if onset of dormancy is earlier due to cold weather.</p>		
Herbaceous plantings	<p>Prune as necessary, in accordance with species requirement, to improve shape, flowering or fruiting.</p> <p>Check for fungal attack during humid weather months and spray as necessary.</p>		

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ELEMENT	ANNUAL	5 YEARS	10 YEARS
Lawn areas	<p>Aerate worn areas in September if necessary and reseed or returf if necessary.</p> <p>Condition soil and top dress and fertilise turf in September eg with combined topdressing and organic fertiliser.</p> <p>Spray lawn weeds with selective herbicide if necessary at start of active growth season.</p> <p>Spray to control seasonal insect pests as necessary.</p> <p>Increase frequency of mowing if necessary, depending on growth.</p> <p>Gradually increase frequency of watering and mowing to full summer program during October.</p> <p>Taper off mowing and watering during March and fertilise if necessary.</p> <p>Spray winter lawn weeds during late October if necessary.</p> <p>Clear and maintain brick edging to former tennis court.</p>		

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ELEMENT	ANNUAL	5 YEARS	10 YEARS
Fences and gates	<p>Check condition and operation of fences and gates 3 monthly and repair damage as necessary</p> <p>Schedule major repairs and maintenance for July or other periods of lower visitation</p>		
Hard surfaces, driveway, paving	<p>Inspect paving surfaces for wear and absidence every 12 months, repair and maintain in accordance with conservation policies</p> <p>Inspect for trip hazards every 3 months</p> <p>Respond immediately to any safety hazards identified by staff, contractors, volunteers or visitors</p>		
Drainage	<p>Inspect and clear drainage lines and pits after each period of heavy rain or at least monthly</p>		
Signs	<p>Inspect signs every 6 months and repaint / repair as necessary</p> <p>Remove graffiti as soon as practicable after it has been applied</p>		

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ELEMENT	ANNUAL	5 YEARS	10 YEARS
Miscellaneous items	<p>Service and maintain gardening equipment during winter months</p> <p>Arrange maintenance check and service as necessary of reticulation equipment during late autumn/winter</p> <p>Check operation of reticulation equipment prior to warmer months</p>		
Weed eradication	<p>Remove weed species</p> <p>Keep plant beds well mulched to discourage weed growth</p>		



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**10. LIST OF APPENDICES**

APPENDIX A COMPTON WYNYATES -EXTRACTS FROM 'A HISTORY OF THE COUNTY OF WARWICK', 1949

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**11. ATTACHMENTS**

ATTACHMENT A - PHOTO COMPARISON - ARCHITECTURAL PROJECTS PTY LTD, 2016

ATTACHMENT B - DIAGRAMS - ARCHITECTURAL PROJECTS PTY LTD, 2016

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### APPENDIX A

Extracts from: A History of the County of Warwick: Volume 5, Kington Hundred. Originally published by Victoria County History, London, 1949.

#### COMPTON WYNYATES

Compton House stands in a dip surrounded by low hills and cannot be seen from the public roadway from Banbury, until one is within 300–400 yds. of it. It is of square courtyard plan, facing nearly west, in which front is the main entrance with a porch. The great hall is in the south half of the east range, with the screens and entrance at its north end, opposite the main gateway, the buttery, great kitchen, &c., being north of this. The other principal rooms, Dining-room (former Parlour), Chapel, &c., are in the south range: the chapel has a projecting sanctuary and west of this is the south-west tower, rising higher than the rest of the house. The north and west ranges, containing the less important rooms, offices, &c., are narrower than the other two: both have a number of turrets, projecting externally, for staircases, garde-robes, &c. All this work is of the early 16th century. At the north-east angle, overlapping both the original ranges, is another tower, probably a later addition; and extending southwards from it flanking the outside of the original east range is an 18th-century range, perhaps incorporating some earlier remains.

For its size the building is a low one. The roofs of the wider east and south ranges rise higher than the others, and the top of the north-east tower is level with the ridge of the east range, but the south-west tower, with its saddle-back roof and turrets, stands up prominently above the remainder, the skyline being further broken by the many picturesque chimney-shafts. The walls are of a warm red brick toned in places by weather and age, with a good deal of diaper patterning in blue brick. The use of stonework is almost at a minimum, serving only for the windows and doorways, the quoins of the west porch and south-west tower, and the copings of the parapets. Although timber-framing was used freely for internal partitions, it is only seen externally in the two gable-heads of the west front. The gabled roofs are covered by silvery-grey stone slabs.

It is suggested by some authorities that the present early-16th-century building incorporates a still earlier Tudor building, but this is not evident in the fabric or from documentary records. What is known is that the house was erected by Sir William Compton about 1520 or a little earlier. Leland states that he brought some of the material from Fulbrook Castle (12 miles distant), where he had been appointed keeper of the King's park and manor. Leland wrote, apparently from hearsay, some 20 years later, after seeing the castle himself, when, although in ruins, enough was standing for him to describe it as 'a praty castle of stone and brike'. Unfortunately he gave no details of what was removed by Compton. Opinions differ as to how much of the house, if any, came from Fulbrook: the roof of the great hall and its great bay-window may be re-used material, and possibly some of the lesser fittings and minor parts of the fabric, but that any of the ornate chimneys originally belonged to the castle is more than doubtful, especially as the bricks of which they are made appear to be of local origin.

The late Mr. Arthur Bolton's theory that the original house consisted of a plain quadrangular plan without excrescences is feasible; also that the porch, south-west tower, the extension of the south chapel, and the various turrets were added by Compton himself before 1528 in a modification of his first simple design. In every case their walls abut the main walls of the ranges with straight joints instead of being bonded in, as might have been expected had the whole risen together. Otherwise there is little or no difference in the texture and sizes of the bricks, &c. It is probable that the bricks were made on or near the site, including those of the original chimney-shafts. That some of

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the shafts were later additions is obvious. The ornate ceilings in the south range may have been put in by William, the first Earl of Northampton (d. 1630), but if so they have had to be much restored in modern times. He probably also effected other minor alterations such as windows and doorways, fire-places and their chimneys.

The house suffered much damage in the Civil War when it was occupied by the Parliamentary party (1643) and an unsuccessful attempt to recapture it was made in 1644 by Sir Charles Compton, brother of Spencer the second Earl, who had been killed at the battle of Hopton Heath in 1643. The building was originally enclosed by a moat, the west arm being close to the front and crossed by a bridge. Outside the moat and lining the approach were ancient buildings, stables, &c.; these were almost entirely ruined in the fight.

The work of repair was carried out by James, the third Earl. Only a meticulous examination of the fabric may decide the full extent of these repairs, but at least the tall transomed windows at the west end of the south range appear to be his work, as well as some of the other windows, and perhaps the 'Barracks', the long chamber in the roof of the south range. The stables, &c., were swept away and probably the material re-used for repairs and also possibly for the north-east tower, which shows signs of having been constructed from re-used material. It has thin walls for such a structure and some of its windows have wooden mullions and frames. Why it was designed as a tower is not apparent. The Earl also rebuilt the church, which had been wantonly destroyed by the Parliamentarians.

The long addition flanking the east range and containing the main staircase is usually allocated to the reign of Queen Anne, but the date 1732 which is seen on several rain-water heads about the house with the initials I N for James, the fifth Earl of Northampton, seems to be a more reliable clue to its age. It was perhaps in part only a remodelling, as there is said to be a date 1640 on the bay window of the stair-hall, (fn. 6) which may indicate that Spencer, the second Earl, had added a larger staircase here, as is likely, considering the small size of the earlier stair-turrets. The end of the range south of the stair-hall with a projecting south-east turret also appears to have been added in the 17th century or earlier. The turret had a stair in the upper part leading to the room east of the 'Barracks' and some of its brick facing appears to be more weatherworn than elsewhere. To the 18th century may be allocated the plain brick parapets towards the quadrangle. Windows in the quadrangle and elsewhere seem to have been altered in the 18th century and to have been 'restored' to their earlier Tudor style in the 19th century.

Late in the 18th century the building was neglected and practically unoccupied, owing to the reduced circumstances of Spencer, the eighth Earl, after the 1768 election at Northampton, when he sold his furniture and lived abroad. He had ordered Compton Wyniates to be pulled down but fortunately his steward, John Berrill, ignored his instructions and managed to keep the fabric in tolerable repair until better days. A great many of the windows were blocked either then or earlier to avoid the tax, some say eight out of nine. In the 19th century the house was deserted except for a small part occupied by a farmer, but in 1867 Charles, the third Marquess, began to recondition it. He called in Sir M. Digby Wyatt, who rebuilt the main staircase and 'Gothicized' the 18th-century windows, &c. Ornamental plaster ceilings were restored and much of the plain plaster on the timber-framed partitions and ceilings was removed and other work done to render the house habitable. During the century the moat was filled in, except for a portion beyond the gardens north of the house, and the gardens, with topiary of 1895, and lawns were laid out. But the reparations were not complete even after this and various Societies that visited the house near or at the end of the century record that the chapel was dismantled and its screens whitewashed; but these were soon afterwards cleaned up and now the building is regarded as one of the most perfect and charming homely mansions in the country.

The principal front, facing a little south of due west, shows the gabled ends of the north and south ranges flush



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with the main wall, with turrets against their outer angles, the porch and great entrance, to the north of the middle of the length, between two projecting turrets. All the turrets have splayed brick angles. The walling is of thin red bricks—2 to 2½ in.—with wide joints and there is a good deal of blue-brick diaper patterning. The two gable-heads are of timber-framing in herring-bone pattern and have moulded tiebeams, with foiled sunk panels in the faces. Each has an attractive oriel window with massive moulded sill having relief carvings in front, moulded oak mullions and top rail with battlementing. The walls of the front have embattled parapets above a moulded stone stringcourse, enriched with occasional carvings, and moulded stone copings.

The porch is a fairly shallow projection of brick with a moulded stone plinth. The 9 ft.-wide entrance is all of stone with deep moulded jambs including small shafts with capitals and bases, and a wide hollow: the inner order has a four-centred arch and spandrels carved with tracery and shields, the northern with the castle badge for Katherine of Aragon, and the southern the Tudor portcullis: the outer order is square-headed and has a moulded label enriched with carvings of roses, pomegranates, beasts, lizards, &c. Above the middle is an achievement of the arms of Henry VIII with a dragon and greyhound as supporters and a crown in high relief above the shield. It is set in a square panel of brickwork formed by lifting the label to enclose it. Between the archway and the buttresses are set carved stone Tudor roses below crowns.

The upper window is of three cinquefoiled lights in a square head. The parapet string-course, which is plain except for carved beasts at the angles, is lifted up about a foot over the window and is here enriched with carved running foliage. The middle merlon of the parapet, which is taller than the others, seems to have carried another carved panel, perhaps an achievement of arms, now replaced by a 17th-century sundial.

The inner moulded stone archway contains a pair of oak doors with linen-fold panels on the outer face and with a wicket-door in the north leaf. In the side walls between the two archways are doorways which led to the moat; between these and the front arch are stone benches. The plain inner archway, to the quadrangle, is of stone and in the north wall is a doorway to the porter's lodge, which also had a peephole now blocked.

The semi-octagonal turret just north of the porch contains a stair-vice from the porter's lodge. The other turret south of the porch is larger and has small square quatrefoiled openings for garde-robes. Both are of the same height as the main wall and have similar parapets. The windows in the main wall and below the northern gable are of normal height, of two, three, or four plain lights in square heads with labels. But the windows to the ground and first floors below the southern gable are taller and have transoms, and the stories which they light are higher; they are probably 17th-century repairs or alterations. The southern flanking turret rises a story higher and its embattled parapet dies on or abuts the sloping side of the timber south gable.

The south-west tower is of three loftier stories and stands up well above the rest of the building, with similar crenellations. It is of rectangular plan but with a complex of projecting turrets making an attractive irregularity in the whole block. The north-west and south-east turrets, containing stair-vices, rise above the main level of the tower parapet. The main west wall of the tower has a small three-light window to the cellar or 'dungeon' and a very tall three-light window to the first floor, probably a later alteration. The top story has an older and wider four-light window with cinquefoiled lights. In the angle of the above-mentioned turret with the west wall was a kind of lower two-story turret or outbuilding shown on the 19th century plans but now removed. A doorway that opened into it is now reduced to a small window. The square west turret projecting south contains a series of small chambers and does not rise above the tower parapet. The south-east turret, although it rises above the main parapet as an

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individual entity, is absorbed below in the main walls of the tower except in the lowest story, where its western half forms a deep brickarched recess covering a three-light window lighting the cellar: the eastern half is a hollow brick pier.

On the east side of the tower is another shallow projection, its south end flush with the chapel east of it. It rises to the full height of the tower and contains passages leading to the main spiral staircase north-east of the tower. It has a Tudor entrance-doorway at the foot of its south wall, with a window of three lights immediately above. On the east side of its upper part at the north end is an arched stone doorway from the main spiral stair on to the flat roof of the chapel. It has inner and outer doors and above it is a two-light window with a label. Just south of it is a brick recess of door-height with chamfered jambs and four-centred head, its sill being about 2½ ft. above the lead flat. The tower has a saddle-back roof with coped gables to north and south behind the main parapet.

The south wall of the Sanctuary of the chapel although flush with that of the above-mentioned projection does not show a straight joint between the two, but the junction is covered by a rain-water pipe, of which the head is dated 1725. The brick-work is Tudor, but without diaper ornament. The tall south window is of five lights under a four-centred main head with a hood-mould having carved stops; it has a transom, below which the lights are cinquefoiled as they are in the main head. The aisles have groundand first-floor windows of three lights; the lower lights have trefoiled heads and may be earlier than the upper, which have cinquefoiled heads. The upper labels, like that to the west porch, are enriched with a carved running-vine pattern and there are carved stops. The parapet string-course has a mask-carving over the great window. The merlon above has been widened and heightened (probably in the 17th century) to take a sundial, which is flanked by stone scroll-work and fleurs-de-lis in low relief.

East of the chapel the windows to the dining-room (former parlour) and doorway are apparently modern. The drawing-room above has a tall five-light window and, above the doorway, a stone oriel window, both probably Wyatt's work. Beyond this is the south end of the outer east range with a projecting rectangular turret at the angle. This appears to be of ancient brickwork, with diaper ornament; it rises three stories and has the usual embattled parapet.

The rest of the east front, of two stories, said to have had 18th-century sash windows originally, now has mullioned windows by Wyatt and an embattled parapet. The principal stair-hall has a very tall oriel window. This range stops short internally of the north-east tower in order to leave an open yard for windows to the tower and the great kitchen. The tower has a parapet level with the ridge of the great-hall range. The walls are of old brickwork, apparently re-used, and the main angles are splayed. At the south-east angle is a projecting semi-octagonal stair-vice. The tower overlaps the north-east angle of the original east range and the existence of the plinth of the range within the tower shows that it was a later addition. A number of the windows are of stone with labels, but in the top story the openings have chamfered brick jambs and flat heads with wooden frames: that on the north side is a wide one with seven very narrow lights formed by wood mullions. The north end of the older east range, half hidden by the tower, is gabled in brick with a chimney at the apex. Its exposed west angle is splayed, stopped square at the top, and it has brick windows with wood mullions and frames.

The north wall of the north range is of brick and has two intermediate low turrets. The windows are of various kinds, probably because of later alterations: most are brick openings with wood frames. Between the north-west angle-turret and the next east intermediate turret is a modern two-storied addition as part of the offices.

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The many windows in the four walls of the quadrangle are varied in detail. The most prominent feature is the large three-sided bay-window of the great hall, at the south end of the east range. It is generally agreed that this came from Fulbrook, though it could hardly, from its appearance, be pre-1435. It is of four double lights, two in the front, divided by a master-mullion, and one in each splay, with very depressed four-centred heads and each divided into two lights which also have uncusped four-centred heads. It has a transom at mid-height with similar heads to the lights. The moulded label is carved with a running pattern and human-head stops. Above the label is a tall frieze of panels which are different in style and more ornate than the window, and it also shows signs of having been adapted to the present position. The panels have cinquefoiled ogee heads and crocketed hoods and finials, which are flanked by trefoiled tracery-panels. There are eight of these panels in the middle face of the bay, but the fourth from the south is half as wide again as the others and incloses a raised carving of a kind of fleur-de-lis; the splayed sides of the bay have each five panels. Above this is a moulded string-course with carved stops and a panelled parapet with battlementing at the top.

The variations in detail in the other windows show that they are of different dates. Possibly some came from Fulbrook or elsewhere, but it is hard to say which; others were made when the house was built, and others again are later insertions or restorations, some of them in place of 18th-century sash-windows.

North of the bay-window the great hall is well lighted by four windows, two lower and two upper. The entrance to the screens-passage has moulded jambs and a four-centred arch in a square head with a label having large square volute stops; its details are correct for the early-16th century but its freshness and sharp arrises suggest modern repair. North of the buttery window is an outlet from the buttery through a boss carved as a lion's head and below it a stone basin. All the windows have square main heads with moulded labels. Most of the brickwork in the wall is original, with diaper ornament, but the parapet, from the baywindow northwards, is plain and of 18th-century brickwork; at the north end it rises to a flush gablet and chimney-stack. Two rain-water heads are dated 1732 with the initials I N.

In the south wall is a doorway opening into the west aisle of the chapel; it is like that to the hall but apparently older; immediately above it is a short window of four uncusped four-centred lights. The range of five first-floor windows all have the cinquefoiled heads which, with the greater exuberance of the mouldings of the jambs, &c., suggest that these southern windows are earlier than the others. The eastern, lighting the drawing-room, is of four lights; two to the ante-drawing-room over the chapel are of three and have a wide solid space between them for a fire-place, and two to 'Henry VIII's chamber' west of it are of two and four lights respectively. The brickwork is original but shows no diaper ornament now. In the south-west corner of the quadrangle is another stair-turret with a splayed angle; it has a bottom doorway and its brickwork, excepting the parapet, looks like that of the main walls, which it abuts with straight joints. The windows and doorways on the other two sides of the quadrangle are of much the same type as those described, but many are modern repairs or insertions.

The chimney-shafts, of which there are over forty, form one of the most attractive features in the grouping of the building. They vary somewhat in detail and age. Most depend on their simplicity for their effectiveness and those that are treated with ornament do not vie in richness with those of many other houses of the same period. Most of the shafts are octagonal or round, and nearly all have octagonal moulded bases. Two of these bases have decorative panels in their sides. If any of the chimneys came from Fulbrook Castle they probably included these two. One is a single shaft on the south side of the quadrangle above the antedrawing-room; this has quatrefoiled circular panels in the base and a twisted round shaft. The other is above the east excrescence of the south-west tower; its base

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has trefoil-headed panels and the round shaft is treated with zigzag ornament formed by a roll-mould. Probably the original caps were more elaborate than they are now.

A row of three shafts near the last, above the east wall of the tower, differ in themselves, the two outer being round and having spiral ornament, each of a different mould, and the middle octagonal with concave sides. Another twisted shaft is north of the tower and paired with it on a common moulded base is a square shaft with pilasters in each face, probably 17th century. Most of the others are plain octagons, but one, north of the porch, has concave sides and is given one slight twist at half height in a rather crude manner. Two to the north-west of the tower are octagonal but were heightened in square form in the 17th century. Near the great bay-window and paired with an octagonal shaft is an Elizabethan star-shaped shaft. Above the west side of the north-east tower are two 17th-century diagonal shafts and on the east side two square shafts, probably later, like those of the 18th-century east range.

The great hall is 23 ft. wide and 38 ft. long, including the northern screens-passage, which has a gallery floor over it. The main north partition, a fine piece of timber construction, divides the hall from the buttery, &c., and great kitchen which, together, are about the same length as the hall. The lower part of it towards the screens is lined with two tiers of linen-fold panelling and has doorways with carved arched and square heads to the middle kitchen-passage, west buttery, and east pantry (now a staircase). The greater part of the middle tier is taken up by three openings. The central has moulded posts and a four-centred arch and looks like the upper half of a doorway but there are no traces of there having ever been a lower half although this is the only means of access from the first floor to the gallery. The two side openings are in the form of unglazed five-light windows with moulded frames and mullions. The tie-beam is moulded and has foiled panels in its face somewhat like those in the external west gables. Above this the timbering is of herring-bone pattern.

The screen is of five bays, two open and three closed. The openings are wide and have four-centred arches, the spandrels of which are richly carved with tracery, foliage, and birds and beasts, and these heads are flanked by running carving in the door-posts. The archways are now closed by pairs of modern panelled and carved doors and carved tympana with the arms and crests of Compton, post-1812. The closed bays are in two tiers of linen-fold panels divided by a broad middle rail, the mitres being masons' joints.

Towards the hall the faces of the rails are carved, in the side-bays with conventional vine and oak-leaf ornament and in the middle bay with a representation of a battle and a central shield carved with the arms of Compton, a leopard between three helmets, quartering a chevron within a border bezanty with seven rosettes on the border. In the sinister half are the two principal knights, mounted and armoured, engaged face to face, a standing figure behind the outer and four killed or wounded men in the foreground. The dexter half has four horsemen fighting in pairs with three prone figures in the foreground. The rails have linen-fold panels towards the screens-passage. The top-rail is carved with running foliage, with brattishing above. (fn. 7)

The lighting is through the two ranges of windows towards the quadrangle as well as the bay. There were also at least three upper windows in the east wall, now blocked.

The roof is of four bays; they are divided by moulded principal rafters which are supported by curved braces; these spring from short shafts which are attached to wall-posts and have moulded capitals. There are no corbels. The spandrels of the braces are variously carved with conventional patterns and foliage. The principals intersect the

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purlins and ridge-pole, and form four compartments cross-wise, the upper deflected inwards from the lower: they may have been in one plane at Fulbrook to cover a wider span. The moulded cornice is deep, with a carved concave frieze and embattled top member. The common rafters are also moulded and covered with boarding. The floor is paved with stone slabs set diagonally. In the east wall is an 18th-century stone fire-place with a moulded mantel and plain ogee-curved pilaster-jambs.

The buttery is inclosed by timber-framed partitions which have engaged shafts on the external faces with moulded caps. East of the buttery and passage is now a staircase to the chamber above, which has a slightly cambered, moulded oak open-timbered ceiling. This type of ceiling is seen in other rooms including the kitchen, which has a great west fire-place.

In the south range, next to the hall, is the diningroom, originally the parlour, 36 ft. long, which has an 18th-century north fire-place: its ceiling, now restored, may date from the 17th century and has the Compton arms. Above it is the drawing-room, of the same size. This is lined with early-17th-century panelling brought in the 19th century from Canonbury House, Islington. It is in five tiers of square panels, each with a lozengeshaped centre formed by wide ribs. The chimney-piece in the north wall is also from Canonbury. The stone 'Tudor' fire-place is modern; it is flanked by enriched oak terminal pilasters supporting a carved torusmoulded shelf. The elaborately-carved overmantel is of three bays divided by rather similar pilasters with Corinthian capitals. A doorway in the north wall has pilasters of the same type; another in the east wall has fluted pilasters with Ionic capitals and moulded entablature: the doors are modern.

West of these comes the chapel, with the projecting Sanctuary rising two stories in height and with narrow east and west aisles and galleries. The northern half, forming part of the south range, is of two stories, the upper chamber being the ante-drawing-room. The Sanctuary is divided from its aisles and from the north half by screens of simple type, but the end-screen is supplemented in an unusual manner below the top rail with friezes containing low-relief carvings. These have been differently described by writers as the 'seven deadly sins', 'a combat between monks and Satan', set of 'Twelfth Night mummers', &c. One seems to show a demon at the toothed mouth of hell confronting a crowd of animals, another a line of eight soldiers with halberds and other arms. As there are a number of blanks, some of them having probably had the carvings cut away, it is possible they came from Fulbrook or elsewhere and may represent medieval mystery plays. Above the screen is a closed panelled partition shutting off the ante-drawing-room from the Sanctuary; but eight of the lower panels are hinged to open when desired by the occupants of the chamber.

The chamber next west is known as 'Henry VIIIth's bed-chamber' and has original roundels in the windows with the arms and badges of the King and Katherine of Aragon. The doorways are 18th-century restorations and have bolection-mouldings. This suite of rooms in the range has ornate plastered ribbed ceilings, probably of 17th-century origin but all restored.

West of the chapel, on the lower floor, is the most important of the many spiral staircases; it leads up to the Council Chamber in the tower and has a massive central oak newel and 4 ft. solid oak treads. Light is obtained by openings with solid frames and wooden bars set diagonally.

The bottom chamber of the tower is often called a dungeon or jail but was more probably an ordinary cellar; it is floored with dark stone and has a low barred window. Above the first-floor chamber in the tower is 'the Council Chamber', the reason for the name being now unknown. It is lined with ancient oak vertical boards; at the top and



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at mid-height are horizontal bands of modern carving that probably replaced ancient work. There are six arched doorways to the chamber, three of them from stair-vices, including the great circular newel-stair, others into closets and a chamber behind the east Tudor fire-place. The ribbed ceiling is either modern or a restoration.

The room above, in the saddle-back roof, has an east fire-place and in the south wall a doorway from the south-east vice; two other doorways from stair-vices are on the north side of the chamber. There are windows in the gable-ends and a south doorway on to the roof of the south-west turret. The roof is ill-fitting and, as suggested by Mr. A. T. Bolton, may have been adapted from elsewhere. It is constructed in a quasi-hammerbeam style of the late 15th century. The east part of the cross-section is buried presumably in the wall but the west part has an inset purlin which carries short upright posts below the common rafters, and also curved braces that form four-centred arches below the collar-beams. The soffit of the slope from the wall up to the purlin is boarded and divided into panels by moulded ribs, the tops of the transverse ribs being curved inwards to meet the side of the purlin. The chamber is known as the Priests' Room, also the 'Upper Chapel', probably comparatively recent appellations, which have given rise to many unauthenticated stories of 'Popish plots', 'hiding-holes', &c.

Other rooms in the west and north ranges have Tudor fire-places and doorways, timber-framed partitions, and exposed ceiling joists.



## DRAFT PLANNING PROPOSAL – GLENIFFER BRAE

To amend Wollongong LEP 2009

**LOCAL GOVERNMENT AREA:** Wollongong City Council

**NAME OF DRAFT LEP:** Gleniffer Brae – amendment to permit 'function centre' use

**ADDRESS OF LAND:** LOT 3 DP 252694 Murphys Ave, Keiraville

**DATE:** November 2015



Gleniffer Brae Manor House

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## Executive Summary

On 24 August 2015 Council resolved to prepare a Planning Proposal for the Gleniffer Brae site to permit an additional permitted use of 'function centre'. Gleniffer Brae is a State heritage listed manor house located within the Wollongong Botanic Garden. Gleniffer Brae is currently leased in part to the Conservatorium of Music; however, most of the building is not utilised, limiting community use and appreciation of an important cultural asset.

The draft Planning Proposal seeks to allow an additional permitted use of 'function centre' on the Gleniffer Brae property. This would be achieved by an amendment to Schedule 1 of the Wollongong Local Environmental Plan (LEP) 2009, including 'function centre' as a permissible use on the Gleniffer Brae property (Lot 3 DP252694). A Planning Proposal is required because the property is zoned RE1 Public Recreation and 'function centre' is not a permitted use in the RE1 Public Recreation Zone.

A function centre use would allow adaptive reuse of part of the heritage-listed Gleniffer Brae manor, which would provide the following benefits:

- Allow for increased use of the property, and increase visitation to Gleniffer Brae (and by association the Botanic Garden);
- Allow for wider community appreciation and enjoyment of the building and grounds;
- Provide a niche function centre use with a distinct character in a unique location;
- Increase the tourism potential of the property and Botanic Garden; and
- Provide a source of income, which can be used for future upkeep of the asset and grounds.

The extent to which these benefits are realised depends on the nature of the function centre use, and the level of community/public access to the site, which will require further assessment at a tender and development application stage.

A number of other plans require amending to facilitate a function centre use on the Gleniffer Brae property. The Gleniffer Brae Conservation Management Plan is required to be updated to consider any potential heritage or cultural impacts resulting from a function centre use and to establish parameters to protect the cultural and heritage values of the property. In addition, the land is classified as Community Land under the Local Government Act 1993 and a site-specific Plan of Management applies. Amendments to the Botanic Garden Plan of Management (that includes Gleniffer Brae and surrounds) are required to allow a function centre (a commercial use).

Community feedback on allowing Gleniffer Brae to be used (in part) as a function centre will be sought with the draft Planning Proposal, draft Conservation Management Plan and draft Plan of Management to be exhibited together.

Should the draft Planning Proposal be approved and the function centre use made permissible, future plans for a function centre would need to follow a tender process (for commercial operations) and require approval via a development application process. Any future development would also need the approval of the NSW Heritage Council as Gleniffer Brae is a heritage item of State significance.

## Part 1 – Statement of objectives or intended outcomes

The draft Planning Proposal relates to Gleniffer Brae, a State heritage listed building within the Wollongong Botanic Gardens. Built in 1939, Gleniffer Brae is a tudor-style manor house, originally the residence of Arthur Sidney Hoskins, one of the founders of the Port Kembla steelworks. Gleniffer Brae is owned by Council. Gleniffer Brae is located on Murphy's Avenue, Keiraville (Lot 3 DP 252694) on a hill in the south-west corner of the Wollongong Botanic Gardens.

The objectives of this draft Planning Proposal are:

- To allow for greater use of the Gleniffer Brae Manor by allowing a function centre use (subject to development approval), resulting in higher visitation numbers and enhanced access to the property;
- To allow for a use that provides a better financial return on the asset, assisting with future maintenance and viability.

## Part 2 – Explanation of provisions

The proposal will amend Wollongong Local Environmental Plan (LEP) 2009 in the following manner:

Insert the following clause into Schedule 1 Additional Permitted Uses of the Wollongong Local Environmental Plan 2009:

**24 Use of certain land at Murphys Avenue Keiraville**

- (1) *This clause applies to land at Murphys Avenue, Keiraville, being Lot 3, DP 252694.*  
(2) *Development for the purposes of a function centre is permitted with development consent.*

There are no proposed map amendments to Wollongong Local Environmental Plan 2009 as a result of this draft Planning Proposal.

The provisions are proposed to apply to Lot 3 DP 252694, the parcel of land containing Gleniffer Brae Manor, outbuildings and surrounding landscaped grounds, a car park and a series of 1950's buildings formerly part of the Sydney Girls Grammar School. The site is located in an elevated position within the Wollongong Botanic Garden on the corner of Murphys Avenue and Robsons Road, Keiraville. The subject property was resumed by Council in 1978 after the Sydney Girls Grammar School left the site and Gleniffer Brae was added to the Botanic Garden.

The subject site is currently zoned RE1 Public Recreation under Wollongong Local Environmental Plan (LEP) 2009. Prior to the introduction of Wollongong LEP 2009, the site had previously been used for weddings and functions (managed by Wollongong City Council) as a short-term casual use. The introduction of Wollongong LEP 2009, introduced a separate definition for 'function centres' and the use ceased to be permissible in the public recreation zone.

Function Centre is defined in Wollongong LEP 2009 as:

**function centre** means a building or place used for the holding of events, functions, conferences and the like, and includes convention centres, exhibition centres and reception centres, but does not include an entertainment facility.



It is noted that there is a difference between holding functions in a building or place, as an ancillary use, and a function centre, where only functions are held. For example, someone may use an approved restaurant to hold a function, but the primary, defined use of the building is as a restaurant. Similarly, functions such as weddings held on the grounds of the Botanic Garden are ancillary (supplementary) to the primary purpose of the Garden as a public park and environmental attraction.

Therefore, this draft Planning Proposal would permit (subject to development consent) Gleniffer Brae be used primarily as a function centre. This would not necessarily preclude other ancillary uses such as the Conservatorium of Music classes or public tours/open days.

The inclusion of 'function centre' in Schedule 1 of Wollongong Local Environmental Plan 2009 will establish permissibility for a function centre, which is currently a prohibited land use. No other planning controls within the Wollongong Local Environmental Plan 2009 are proposed to change (e.g. zoning or height restrictions). The draft Planning Proposal does not specify what a function centre would look like on the site or how it would operate (e.g. profit/non-profit). The draft Planning Proposal is one mechanism to facilitate a function centre use for the Gleniffer Brae site and relies on other mechanisms and processes (updated Plan of Management, Conservation Management Plan, tender process, lease provisions, development application etc.) to guide and deliver an outcome for the site.

The following maps show the location, context and planning controls in relation to the Gleniffer Brae site.

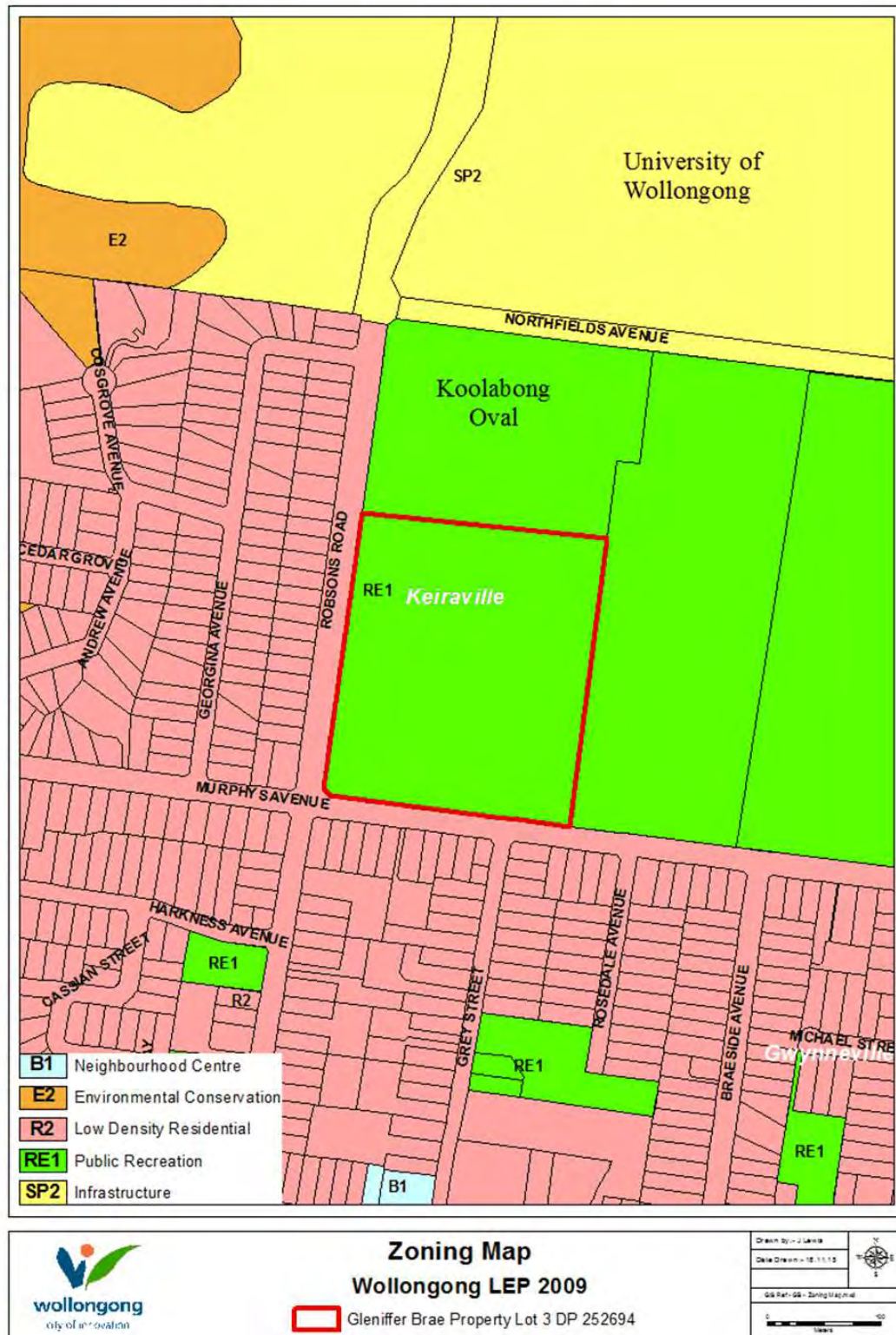


## Location and Context Plan





### Wollongong LEP 2009 Zoning Map Sheet (Current Zoning)

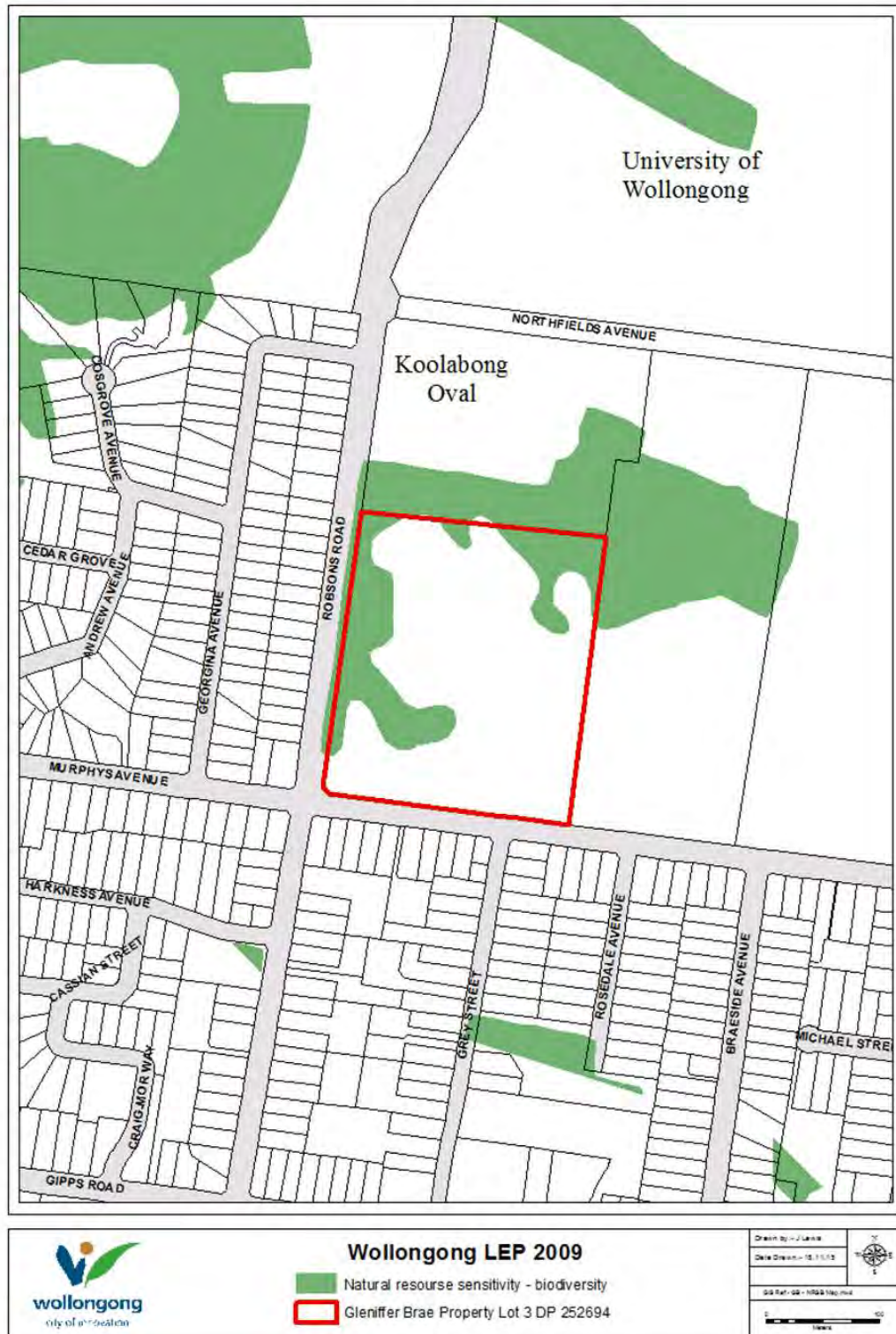


## Heritage Map





### Natural Resource Sensitivity Biodiversity map



## Part 3 – Justification

### Section A – Need for the Planning Proposal

#### Q1: Is the planning proposal a result of strategic study or report?

The draft Planning Proposal is part of an ongoing strategic project to increase usage and improve financial viability of the heritage-listed Gleniffer Brae site.

In 2012, a draft Planning Proposal was considered by Council for the rezoning and reclassification of the site associated with a proposal by the University of Wollongong to develop part of the site for a creative arts centre and to lease and use the manor as a function centre. The Planning Proposal was not progressed, and Council resolved on 29 January 2013 to work with stakeholders to consider options for the future use of the site.

A stakeholder engagement process and workshop was undertaken in 2014 to ascertain common community values of the site. On 28 May 2015, a stakeholder workshop (attended by 11 stakeholders) discussed and ranked the following key community values (listed by ranking of importance):

1. Heritage conservation
2. Community access
3. Compatibility/soft impact
4. Security and links to the Botanic Garden
5. Financial viability/sustainability
6. Tourism

These values were used (and will continue to be used) to assist in determining a future use for Gleniffer Brae.

On 8 September 2014, Council resolved to undertake a Call for Proposals process to receive submissions from interested parties for the future use of the area at Gleniffer Brae not under lease by the Conservatorium of Music, with the parties required to illustrate how their proposal was consistent with the community values for the site. Three (3) proposals were submitted and each included a function centre use. These proposals were considered at the Council meeting of 24 August 2015 and Council resolved the following (emphasis added):

- 1 *The outcomes of the Call for Proposals process be noted.*
- 2 *A review of the Botanic Garden Plan of Management and Gleniffer Brae Conservation Management Plan commence as a matter of priority.*
- 3 *Council receive an update report before the end of the 2015 calendar year.*
- 4 *The draft Plan of Management and Conservation Management Plan be reported to Council for endorsement prior to exhibition.*
- 5 ***A draft Planning Proposal be prepared to add 'Function Centre' as a permissible use in the RE1 Public Recreation zone for the Gleniffer Brae site through a Schedule 1 amendment and referred to the NSW Department of Planning and Environment for Gateway determination prior. The exhibition of the draft Planning Proposal occur concurrently with the draft Botanic Garden Plan of Management.***
- 6 *Letters be sent to the Call for Proposals submitters advising them that a Tender process will be required and will be undertaken following the review of the Plan of Management and finalisation of the Planning Proposal.*

- 7 *In the interim period, the part of Gleniffer Brae not under lease by the Conservatorium of Music be authorised to be used for uses consistent with the current Plan of Management and planning controls.*

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

To achieve the desired objectives of encouraging greater visitation and appreciation of Gleniffer Brae and improving its viability, the addition of a function centre use on the site has been recommended. The following options are available to facilitate this additional use.

**Option A - Establish permissibility via a Planning Proposal to amend Wollongong LEP 2009**

If Council wishes to encourage the use of Gleniffer Brae for functions, noting this was a previous use until 2009 and that this use has been identified as appropriate in the Call for Proposals process, a draft Planning Proposal could be prepared to allow "Function Centre" as a permissible use in the RE1 Public Recreation zone for this site, through a Schedule 1 amendment. This would add an additional use for this site only, and not amend the land use table for the RE1 Public Recreation zone across the City.

Comment

Council are the owners of the property and the addition of a function centre use may create opportunities for financial returns to Council in the future. As stated within the Council report of 24 August 2015 (p.6), Council officers consider the most transparent and appropriate way to facilitate the use of the site as a function centre is to allow this use through a Schedule 1 amendment and to follow a Planning Proposal process. Recognising the importance of Gleniffer Brae to the wider community, community feedback would be sought during the public exhibition of a draft Planning Proposal to understand the interests of the wider community. Community feedback will be considered before any planning amendments are finalised. Any finalisation of a Planning Proposal would require Council endorsement.

**Option B – Establish permissibility via the Heritage Conservation Incentive Clause 5.10 (10) of Wollongong LEP 2009**

An alternative approach to facilitating a function centre on this site, is to utilise the Heritage Conservation Incentive Clause 5.10 (10) in the Wollongong LEP 2009, as part of the assessment of a Development Application. The incentive provisions enable the property to be used for any purpose (regardless of the zoning of the site) if the consent authority is satisfied that:

- a *the conservation of the heritage item or Aboriginal place of heritage significance is facilitated by the granting of consent, and*
- b *the proposed development is in accordance with a heritage management document that has been approved by the consent authority, and*
- c *the consent to the proposed development would require that all the necessary conservation work identified in the heritage management document is carried out; and*
- d *the proposed development would not adversely affect the heritage significance of the heritage item, including its setting, or the heritage significance of the Aboriginal place of heritage significance, and*
- e *the proposed development would not have any significant adverse effect on the amenity of the surrounding area.*



### Comment

Option B may allow for a quicker outcome as the Planning Proposal process would not be necessary. Changes to the Conservation Management Plan, Plan of Management, a tender for a commercial long-term lease and a development application (and NSW Heritage Council approval) would still be required to facilitate the function centre use. Community engagement would still occur for changes to the Conservation Management Plan and Plan of Management, regardless of the decision to progress a Planning Proposal; however, the requirements to engage with the community on a development application are not as extensive or lengthy as for a Planning Proposal.

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

### **Q3: Is the planning proposal consistent with the objectives and actions of the applicable regional or sub-regional strategy?**

The proposal is consistent with the Illawarra Regional Strategy (IRS) 2006-2031. The IRS supports the protection of the historical and cultural values of heritage items and recognises the need to diversify the region's economic base through tourism.

### **Q4: Is the Planning Proposal consistent with a council's local strategy or other local strategic document (e.g. Wollongong Community Strategic Plan)?**

The Planning Proposal is consistent with Wollongong 2022: Our Community Strategic Plan and delivers on the following objectives:

- *'Community awareness and appreciation of heritage is increased.'* (Community Goal 'We value and protect our environment') and
- *'Residents are able to have their say through increased engagement opportunities and take an active role in decisions that affect our city'* (Community Goal 'We are a connected and engaged community')

The Planning Proposal specifically delivers on core business activities as detailed in the Botanic Garden and Annexes Service Plan 2015-16 ('Facilitate the future uses of Gleniffer Brae').

### **Q5: Is the planning proposal consistent with applicable State Environmental Planning Policies?**

There are approximately 66 State policies and that outline the NSW Government's approach to dealing with planning issues specific to the State and people of NSW.

SEPP 55 – Remediation of Land applies to the Planning Proposal. This SEPP requires planning proposals to consider whether the land is contaminated. The Gleniffer Brae site is not known to be contaminated and its site history (being a residence from the 1930s and then a school) is not linked to any hazardous land uses that would preclude this proposal.

Refer to Table A – Checklist of State Environmental Planning Policies.

### **Q6: Is the planning proposal consistent with applicable Ministerial Directions (s.117 directions)?**

The Ministerial Directions are issued by the Minister for Planning to relevant planning authorities under section 117(2) of the Environmental Planning and Assessment Act 1979. The following Ministerial Directions are relevant to the proposal:

### 2.3 Heritage Conservation

The objective of this direction is to conserve items, areas, objects and places of environmental heritage significance and indigenous heritage significance. This direction requires that:

*A planning proposal must contain provisions that facilitate the conservation of:*

*(a) items, places, buildings, works, relics, moveable objects or precincts of environmental heritage significance to an area, in relation to the historical, scientific, cultural, social, archaeological, architectural, natural or aesthetic value of the item, area, object or place, identified in a study of the environmental heritage of the area,*

*(b) Aboriginal objects or Aboriginal places that are protected under the National Parks and Wildlife Act 1974, and*

*(c) Aboriginal areas, Aboriginal objects, Aboriginal places or landscapes identified by an Aboriginal heritage survey prepared by or on behalf of an Aboriginal Land Council, Aboriginal body or public authority and provided to the relevant planning authority, which identifies the area, object, place or landscape as being of heritage significance to Aboriginal culture and people.*

Gleniffer Brae and surrounding gardens are State Heritage listed (Item 5940). Wollongong Local Environmental Plan 2009 currently contains provisions relating to heritage conservation within Clause 5.10. The Planning Proposal for the Gleniffer Brae site does not seek to alter the heritage listing of the property under WLEP 2009. The draft Planning Proposal is consistent with this direction as the additional function centre use can be accommodated without unreasonable impacts on the heritage and cultural values of the site.

Management and future development of Gleniffer Brae is guided by the Conservation Management Plan (Tropman and Tropman, 2001) for Gleniffer Brae, which is appended to the Wollongong Botanic Garden Plan of Management. Both the Plan of Management (PoM) and Conservation Management Plan (CMP) are due for review. At the time these documents were written, Council was managing weddings and functions at Gleniffer Brae as a short term casual use. This service ceased in 2009 and in order to facilitate longer leasehold for a function centre use, changes to the POM and CMP are required. A review of the Gleniffer Brae Conservation Management Plan will provide updated strategies relating to conserving the heritage values of the site. The CMP will also consider the implications of a function centre use and provide guidance for protection of heritage values in this context.

It is intended to exhibit the draft Planning Proposal and updated CMP and PoM together.

Aboriginal areas, objects, places or landscapes of heritage significance have not been formally identified for the site.

### 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. This direction requires that planning proposals must be consistent with a regional strategy released by the Minister for Planning. The draft Planning Proposal for Gleniffer Brae is consistent with the Illawarra Regional Strategy (IRS) 2006-2031. The IRS supports the protection of the historical and cultural values of heritage items and recognises the need to diversify the region's economic base through tourism.

### 6.2 Reserving Land for Public Purposes

The objectives of this direction are:

*(a) to facilitate the provision of public services and facilities by reserving land for public purposes, and*

*(b) to facilitate the removal of reservations of land for public purposes where the land is no longer required for acquisition*

This direction requires:

*A planning proposal must not create, alter or reduce existing zonings or reservations of land for public purposes without the approval of the relevant public authority and the Director-General of the Department of Planning (or an officer of the Department nominated by the Director-General) (extract).*

The draft Planning Proposal will not result in a rezoning, and the property will retain the RE1 Public Recreation zone. Council has confirmed its commitment to retaining the land in public ownership and the site is classified as community land, which cannot be sold. The property will therefore remain for public purposes and the draft proposal is consistent with this direction.

Community land can however be leased for up to 30 years and the draft Planning Proposal could facilitate the ability to lease part of the Gleniffer Brae Manor or surrounds for a commercial function centre operator, which can be perceived as limiting or reducing public access to the site. Part of the Manor and other buildings are already leased to the Wollongong Conservatorium of Music and the remaining areas within the Manor are very rarely open to members of the public. Community access to Gleniffer Brae has emerged as a key value through the stakeholder engagement process, and balancing commercial function centre operations (providing financial viability) with community access will form a key consideration of the Plan of Management and Conservation Management Plan review, as well as any future development application, lease agreement or tender process.

### 6.3 Site Specific Provisions

The objective of this direction is to discourage unnecessarily restrictive site specific planning controls. This direction states:

*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.*

The draft Planning Proposal will introduce a site specific planning control by including 'function centre' as a permitted use (with development consent) in Schedule 1 Additional Permitted Uses of Wollongong LEP 2009. The draft Planning Proposal is consistent with this direction because it will allow the function centre land use on the relevant land (Gleniffer Brae site) without imposing any additional development standards or requirements in Wollongong LEP 2009.

The inclusion of a site specific additional permitted use is considered the most appropriate option because including 'function centres' as a permissible use in the RE1 Public Recreation Zone could have far-reaching implications for public recreation land across the Local Government Area



and rezoning the Gleniffer Brae property to an alternate zone would be inconsistent with a number of Council's strategies and plans and the community's values for the site.

Refer to Table B – Checklist of Ministerial Directions.

### Section C – Environmental, social and economic impact

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

The Gleniffer Brae property (Lot 3 DP 252694) contains an area mapped as Natural Resource Sensitivity-Biodiversity which follows the vegetation stand extending along the western and northern boundaries of the site. Clause 7.2 of Wollongong LEP 2009 contains controls (specifically applying to development applications) relating to the protection of native vegetation and habitat on land mapped as Natural Resource Sensitivity-Biodiversity. According to Council's mapping system, no endangered ecological communities or threatened species are located on the subject property. However, the Botanic Garden contains a great diversity of flora and provides habitat for native fauna and any potential impacts on biodiversity would need to be considered at development application stage.

The landscaped garden surrounding Gleniffer Brae Manor is included in the heritage listing as the Sorenson gardens and, although containing many exotic species, is protected by the listing. Impacts on biodiversity as a result of allowing a function centre use on the property are expected to be negligible. The function centre use could be contained within the existing building and grounds, or any future extension or structure would require specialist flora and fauna reports at development application stage.

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

According to Council's records the property is not prone to flooding, landslip or bushfire.

##### Contamination

The land is not identified as contaminated. Investigations into internal contaminants such as asbestos and lead paint would form part of a development application and lease process.

##### Waste Management

A function centre use would generate waste (including wastewater) leading up to and following functions, with the type and volume of waste dependent on the nature of the function centre. Plans to manage such waste would be detailed in any future development application. A waste-sensitive outcome could be encouraged in any future tender process or lease agreement.

##### Stormwater Management

Any future building works proposed to facilitate a function centre would need to consider stormwater management as part of a development application.

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

##### Social impacts

The draft Planning Proposal to allow Gleniffer Brae to be used as a function centre will benefit the public by providing a use for an under-utilised heritage asset, generating an income to offset some of the maintenance costs of the asset and providing a unique function centre in a picturesque location. Greater use and appreciation of Gleniffer Brae could increase community awareness of its history, strengthen community pride and increase tourism and Botanic Garden visitation.

In addition, the following potential social impacts have been identified.

#### Heritage Impacts

As noted, Gleniffer Brae is a heritage item of state significance, and is a rare example of a 'grand house' in Wollongong with links to a prominent industrialist family. Gleniffer Brae's history and aesthetic provides a beautiful backdrop for a function. However, the potential impacts on the heritage values and significance of the site are required to be considered.

The ICOMOS Burra Charter 2013 acknowledges that significant items should have a compatible use and supports adaptation of a heritage item if the cultural significance of the place is retained and minimal change is made to the fabric of the item.

The cultural significance of Gleniffer Brae and grounds is detailed within the Conservation Management Plan (CMP) (Tropman and Tropman, 2001). This CMP will be updated to consider future uses for Gleniffer Brae and to establish mechanisms to protect the cultural significance of the place.

Minor changes to the built form would be expected to facilitate a function centre, for examples the kitchen would require upgrading as well as minor upgrades to facilitate accessibility for people with a disability. Any future building works would need to be consistent with the updated CMP and require a Heritage Impact Assessment, development consent and approval from the NSW Heritage Council.

Therefore, there are many mechanisms and processes in place to consider the adaptive reuse of Gleniffer Brae as a function centre whilst preserving its cultural significance.

Aboriginal areas, objects, places or landscapes of heritage significance have not been formally identified for the site; however Aboriginal Groups should be notified of the draft Planning Proposal.

#### Traffic, Transport and Parking Impacts

A function centre use will increase patronage to Gleniffer Brae which will increase traffic in the area. The property is located on a number of bus routes and within 800m of a free Wollongong shuttle bus stop, outside Wollongong University. The University is a major attraction and traffic generator.

It is noted that functions are usually held outside normal business hours (on weekends and in the evenings) and outside peak traffic times, reducing traffic impacts and also reducing the likelihood of public transport patronage. A parking lot is located south of the Manor House accessed via Murphys Ave and provides parking for 37 vehicles (4 accessible spaces). The site was previously used for functions prior to 2009 (and the Botanic Garden continues to hold functions), therefore traffic impacts associated with a function centre use are not expected to be unreasonable. Traffic impacts will be considered as part of a future development application.

#### Noise Impacts



Gleniffer Brae sits in an elevated position in the south-west corner of the Botanic Garden approximately 90 metres east of residential dwellings on Robsons Road and 130 metres north of residential dwellings on Murphys Avenue. Future function centre uses will generate noise and will be subject to legislative noise restrictions. Impacts will depend on the nature of the function centre, the frequency of events and hours of operation. An acoustic report will be required for any function centre use as part of a development application.

#### Light Pollution

Light pollution impacts are envisaged to be minimal given the small scale of Gleniffer Brae and its location in a built-up area. Any future lighting associated with a function centre use would need to be sensitive to surrounding land uses and impacts on fauna would need to be considered as part of any future development application.

#### Economic Impacts

The portion of Gleniffer Brae not leased to the Conservatorium of Music is currently not utilised, representing lost opportunities to generate income. Enabling a commercial function centre use would provide a financial return to assist with the ongoing maintenance costs of Gleniffer Brae and grounds.

The Council report dated 24 August 2015 stated that:

*'having a viable and professional business underpin the future uses at Gleniffer Brae is the best way to maximise all community values to the greatest extent, and still incorporate various community/volunteer uses such as tours and information talks into these operations.'* (pg.7).

A function centre use was identified during a Call for Proposals process in March 2015 as a suitable use to provide a financial return whilst upholding community values for the site. A function centre use would also generate a small number of jobs.

### **Section D – State and Commonwealth interests**

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

The site has access to all essential services.

#### **Q11: What are the views of State and Commonwealth public authorities consulted in accordance with the Gateway determination?**

It is proposed that the following State authorities would be consulted following Gateway determination.

- NSW Heritage Branch (Office of Environment and Heritage)

Council requests that Gateway nominates any other State or Commonwealth authorities required for consultation. All identified authorities/stakeholders will be notified during the exhibition period.

### **Part 4 – Mapping**

The draft Planning Proposal does not propose any mapping changes.

## Part 5 – Community Consultation

If the draft Planning Proposal is supported, Council requests that it be exhibited for a minimum period of 28 days and include:

- Hard copies at Council's Administration building and relevant Libraries;
- Electronic copy on Council's website;
- Notification letters to surrounding and nearby property owners and identified stakeholders; and
- Notification letters to relevant State agencies and other authorities nominated by the NSW Department of Planning and Infrastructure

The draft Planning Proposal will be exhibited concurrently with a reviewed Conservation Management Plan and Botanic Garden Plan of Management.

## Part 6 – Projected Timeline

A primary goal of the plan making process is to reduce the overall time taken to produce LEPs. This timeline tentatively sets out expected timelines for major steps in the process. These timeframes are subject to change and are to be used as a guide only. The Minister may consider taking action to finalise the LEP if timeframes approved for the completion of the Planning Proposal are significantly or unreasonably delayed.

#	Action	Estimated Timeframe	Responsibility
1	Anticipated date of Gateway Determination	Jan 2016	Department of Planning and Environment
2	Anticipated completion of required technical studies (Conservation Management Plan and Plan of Management)	May 2016	Council & Consultants
3	Government agency consultation	June 2016	Agencies
4	Public exhibition period	June-July 2016 (42 days)	Council
5	Date of Public Hearing ( <i>if applicable</i> )	N/A	Council
6	Consideration of submissions	July-August 2016	Council
7	Assessment of proposal post-exhibition	August 2016	Council
8	Report to Council	September 2016	Council
9	Final Planning Proposal prepared	October 2016	Council
10	Submission to Department for finalisation of LEP	October 2016	Council
11	Anticipated date RPA will make the LEP	N/A – delegation not requested	DoPE
12	Anticipated date DoPE will forward final Planning Proposal to for notification	October 2016	DoPE
13	Anticipated date LEP will be notified	November 2016	Parliamentary Counsel and DOPE

**Table A - Checklist of State Environmental Planning Policies**

State Environmental Planning Policy		Compliance	Comment
SEPP No. 1	Development Standard	N/A	N/A
SEPP No. 4	Development Without Consent and miscellaneous Exempt and Complying Development	N/A	Clause 6 and parts 3 and 4 of SEPP were repealed by Wollongong LEP 2009
SEPP No. 6	Number of Storeys in a Building	N/A	N/A
SEPP No. 14	Coastal Wetlands	N/A	N/A
SEPP No. 15	Rural Land Sharing Communities	Does not apply to Wollongong	N/A
SEPP No. 19	Bushland in Urban Areas	Does not apply to Wollongong	N/A
SEPP No. 21	Caravan Parks	N/A	N/A
SEPP No. 22	Shops and Commercial Premises	N/A	N/A
SEPP No. 26	Littoral Rainforests	N/A	No littoral rainforests identified by the policy in the Wollongong LGA
SEPP No. 29	Western Sydney Recreational Area	Does not apply to Wollongong	N/A
SEPP No. 30	Intensive Agriculture	N/A	N/A
SEPP No. 32	Urban Consolidation (Redevelopment of Urban Land)	N/A	N/A
SEPP No. 33	Hazardous and Offensive Development	N/A	Proposal will not involve hazardous or offensive development.
SEPP No. 36	Manufactured Home Estates	N/A	N/A
SEPP No. 39	Spit Island Bird Habitat	Does not apply to Wollongong	N/A
SEPP No. 41	Casino/Entertainment Complex	Does not apply to Wollongong	N/A
SEPP No. 44	Koala Habitat Protection	N/A	The site is not Koala habitat.
SEPP No. 47	Moore Park Showground	Does not apply to Wollongong	N/A
SEPP No. 50	Canal Estate Development	N/A	N/A
SEPP No. 52	Farm Dams, Drought Relief and Other Works	Does not apply to Wollongong	N/A
SEPP No. 55	Remediation of Land	Consistent	The land is not identified as contaminated.
SEPP No. 56	Sydney Harbour Foreshores and Tributaries	Does not apply to Wollongong	N/A
SEPP No. 59	Central Western Sydney Economic and Employment Area	Does not apply to Wollongong	N/A
SEPP No. 60	Exempt and Complying Development	N/A	N/A

State Environmental Planning Policy		Compliance	Comment
SEPP No. 62	Sustainable Aquaculture	N/A	N/A
SEPP No. 64	Advertising and Signage	N/A	N/A
SEPP No. 65	Design quality of residential flat development	N/A	N/A
SEPP No. 70	Affordable Housing (revised schemes)	Does not apply to Wollongong	N/A
SEPP No. 71	Coastal Protection	N/A	Site is not located within the coastal zone
SEPP	Housing for Seniors or People with a Disability 2004	N/A	N/A
SEPP	Building Sustainability Index: BASIX 2004	N/A	N/A
SEPP	Major Projects 2005	N/A	N/A
SEPP	Development on Kurnell Peninsular 2005	Does not apply to Wollongong	N/A
SEPP	Sydney Region Growth Centres 2006	Does not apply to Wollongong	N/A
SEPP	Mining, Petroleum Production and Extractive Industries 2007	N/A	N/A
SEPP	Infrastructure 2007	N/A	N/A
SEPP	Temporary Structures 2007	N/A	N/A
SEPP	Kosciuszko National Park – Alpine Resorts 2007	Does not apply to Wollongong	N/A
SEPP	Rural Lands 2008	Does not apply to Wollongong	N/A
SEPP	Affordable Rental Housing 2009	N/A	N/A
SEPP	Western Sydney Employment Lands 2009	Does not apply to Wollongong	N/A
SEPP	Exempt and Complying Development Codes 2008	N/A	N/A
SEPP	Western Sydney Parklands 2009	Does not apply to Wollongong	N/A
<b>Deemed SEPPS( former Regional Plans)</b>			
Illawarra REP 1	Illawarra	Repealed within Wollongong	N/A
Illawarra REP 2	Jamberoo	Does not apply to Wollongong	N/A
Greater Metropolitan REP No.2	Georges River catchment	Does not apply to Wollongong	N/A

**Table B - Checklist of Section 117 Ministerial Directions**

Ministerial Direction		Comment
<b>1. Employment and Resources</b>		
1.1	Business and Industrial Zones	N/A
1.2	Rural Zones	N/A
1.3	Mining, Petroleum Production and Extractive Industries	N/A
1.4	Oyster Aquaculture	N/A
1.5	Rural Lands	N/A
<b>2. Environment and Heritage</b>		
2.1	Environment Protection Zone	N/A
2.2	Coastal Protection	N/A
2.3	Heritage Conservation	Consistent – a revised heritage Conservation Management Plan will be exhibited with the draft Planning Proposal
2.4	Recreation Vehicle Areas	N/A
<b>3. Housing, Infrastructure and Urban Development</b>		
3.1	Residential Zones	N/A
3.2	Caravan Parks and Manufactured Home Estates	N/A
3.3	Home Occupations	N/A
3.4	Integrating Land Use and Transport	N/A – the requirements of this direction relate to zoning of land for urban purposes – the proposal will utilise an existing building and will not facilitate urban development.
3.5	Development Near Licensed Aerodromes	N/A
3.6	Shooting Ranges	N/A
<b>4. Hazard and Risk</b>		
4.1	Acid Sulfate Soils	N/A – according to Council's site not affected by Acid Sulfate soils
4.2	Mine Subsidence and Unstable Land	N/A – according to Council's records the site not affected by subsidence or unstable land

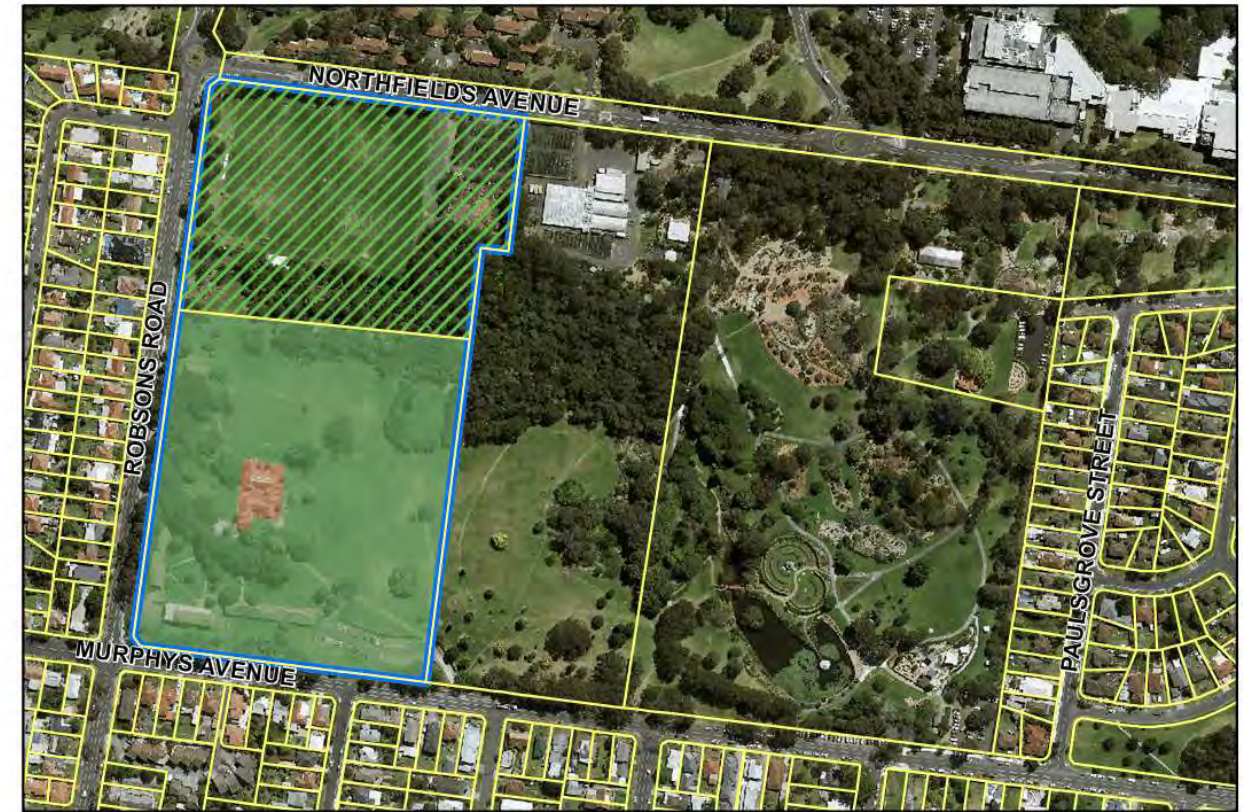


4.3	Flood Prone Land	N/A – according to Council's records the Gleniffer Brae property is not affected by flooding, although the lower elevations of the Wollongong Botanic Garden are affected by flood. This affectation does not impact access to and from Gleniffer Brae (from Murphys Ave)
4.4	Planning for Bushfire Protection	N/A – according to Council's records the site is not mapped as bushfire prone land
<b>5. Regional Planning</b>		
5.1	Implementation of Regional Strategies	Consistent – the draft Planning Proposal is consistent with the objectives of the Illawarra Regional Strategy
5.2	Sydney Drinking Water Catchments	N/A
5.3	Farmland of State and Regional Significance on the NSW Far North Coast	Not applicable to Wollongong
5.4	Commercial and Retail Development along the Pacific Highway, North Coast	Not applicable to Wollongong
5.5	Development in the vicinity of Ellalong, Paxton and Millfield (Cessnock LGA)	Not applicable to Wollongong
5.8	Second Sydney Airport: Badgerys Creek	Not applicable to Wollongong
<b>6. Local Plan Making</b>		
6.1	Approval and Referral Requirements	N/A – the draft Planning Proposal does not introduce new concurrence or designated development provisions
6.2	Reserving Land for Public Purposes	Consistent – the land will remain zoned RE1 Public Recreation and in public ownership.
6.3	Site Specific Provisions	The proposal will introduce a site specific provision. No other amendments are proposed and the proposal will not result in any unnecessarily restrictive planning standards.
<b>7. Metropolitan Planning</b>		
7.1	Implementation of the Metropolitan Plan for Sydney 2036	Not applicable





**Option 1 - Existing situation (no change)**



**Option 2 - Expand local listing north to reflect state heritage listing**



**Option 3 - Expand local listing east to reflect draft heritage conservation plan recommendation**



**Option 4 - Expand heritage listing north and east to reflect state heritage listing and draft heritage conservation plan recommendation**



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## ITEM 4 RESULTS OF THE TRAFFIC COMMITTEE REVIEW

At the 5 September 2016 Council meeting, it was resolved to undertake a review of the City of Wollongong Traffic Committee, to workshop a review of the traffic committee at the next available Councillor Briefing and then report back to Council at the subsequent Council Meeting.

This report presents the outcomes of the Councillor Workshop held on Monday 12 September 2016, for Council consideration.

### RECOMMENDATION

Council -

- 1 Note the outcomes of the Review of the City of Wollongong Traffic Committee;
- 2 Note and endorse process improvement options proposed in this report; and
- 3 Adopt membership and delegation improvement Option 1 or Option 2, including adoption of the City of Wollongong Traffic Committee Meeting Charter – Option 1 or Option 2.

### REPORT AUTHORISATIONS

Report of: Mike Dowd, Manager Infrastructure Strategy and Planning

Authorised by: Mike Hyde, Director Infrastructure and Works - Connectivity Assets and Liveable City

### ATTACHMENTS

- 1 Draft City of Wollongong Traffic Committee Charter - Option 1
- 2 Draft City of Wollongong Traffic Committee Charter - Option 2

### COMPLIANCE WITH OFFICE OF LOCAL GOVERNMENT GUIDELINES ON COUNCIL DECISION MAKING DURING MERGER PROPOSAL PERIODS

The recommendation of this report complies with the requirements of the OLG Guidelines – *Council Decision Making During Merger Proposal Periods*.

### BACKGROUND

#### REVIEW ASSESSMENT

##### What is the City of Wollongong Traffic Committee?

The City of Wollongong Traffic Committee is a Technical Committee of the Roads and Maritime Services (RMS) and not a Committee of Wollongong City Council. The Committee operates under the authority conferred to Council by the RMS under the Transport Administration Act 1988.

Council has been delegated certain powers, from the RMS, with regard to traffic matters upon its local roads. A condition of this delegation is that Council must take into account the Traffic Committee recommendations.

The Traffic Committee does not have any decision making authority, rather it makes recommendations which then need to be approved by Council before any action can take place. Currently, most of the recommendations of the Traffic Committee are reported to the General Manager for approval under delegation; however, proposed road closures (other than for road works) need to be reported to Council for adoption, as these matters cannot be delegated.

The principal function of the Traffic Committee is to make recommendations on the installation of “*prescribed traffic control devices*” which are typically signs including give way, stop and timed parking signs, line markings such as centre lines and stop lines, as well as constructed facilities including roundabouts, traffic calming devices, pedestrian crossings, traffic islands, and traffic signals.

The Committee does not set, guide or influence Council's traffic management policy or strategy in any way. Strategic policy and supporting programs for traffic and transport planning initiatives are developed by a team of experienced staff for inclusion in the Traffic Facilities and transport management programs considered by Council and the community through the development and exhibition of Council's Delivery Plan, Annual Plan and related supporting documents such as Public Spaces Public Life, Wollongong City Centre Access and Movement Strategy (about to be reviewed), Keiraville and Gwynneville Access and Movement Strategy (about to commence), the City of Wollongong Bike Plan and City of Wollongong Pedestrian Plan (under development). Prioritised traffic facilities within identified programs are ranked on the basis of factors such as crash rates, vehicle volumes and speeds and the proximity of the project to centres of pedestrian activity.

### **Membership and Terms of the Traffic Committee**

There are four permanent members of the Traffic Committee, each of whom has a single vote only - representatives of the NSW Police Force, the Roads and Maritime Services, the Local State Member of Parliament (for the location of the issue to be voted upon), and a representative of Wollongong City Council.

If the RMS or NSW Police Force disagrees with any Traffic Committee recommendation, or Council's resolution on any Traffic Committee recommendation, that member may lodge an appeal with the Regional Traffic Committee for determination. The appeal must be lodged in writing within 14 days of Council's resolution. Any action relative to any issue under appeal must cease until the matter is determined. The Regional Traffic Committee is chaired by an independent chairperson and submissions and representations are welcomed from all interested parties. This appeal mechanism can effectively give the RMS and the NSW Police Force the power to veto any changes to the operation of traffic on local roads, and is an indication of the extent of delegation the RMS has given Councils.

A more detailed summary of Traffic Committee functions, delegation and operations is available in the RMS document "A Guide to the Delegation to Councils for the Regulation of Traffic, including Local Traffic Committees".

During the review workshop, industry expert Dr Graham Brisbane provided Councillors with a detailed breakdown of roles, delegations, conditions and common practice relating to operation of Local Traffic Committees.

### **How the City of Wollongong Traffic Committee Currently Operates**

The conduct of Traffic Committee meetings is at the discretion of the Council in relation to the frequency and format, and the Council representative chairs the meetings, however the committee is not a policy setting committee and has strict guidelines on its role and powers and is focussed almost entirely on technical matters.

The City of Wollongong Traffic Committee currently meets once a month during business hours to facilitate the attendance of full time staff from Council, NSW Police, NSW Roads and Maritime Services and local State MP representatives (generally staff). Meetings take between 3 and 4 hours and Council's representative is currently an experienced Traffic Engineer from Council's Traffic Unit.

Traffic Committee representatives also meet the week before the formal Traffic Committee meeting during normal work hours to inspect relevant sites on the agenda. The site inspections can take up to a full working day, are an important part of the process and are generally well attended by voting members. Occasionally requests or proposals are received that require review by the Traffic Committee at short notice to enable specific events. Under these circumstances, an extraordinary electronic meeting is held involving Council, RMS and NSW Police.

Items are only placed on the Traffic Committee agenda after a substantial amount of background work has been undertaken. This can often involve master planning such as a town centre masterplan or access and movement strategy. It also typically involves community consultation and Councillor input prior to capital works designs being completed and then presented to the traffic committee for formal endorsement of the technical matters.



Late items are common for the traffic committee. These are frequently due to last minute requests in relation to public events. It is common for public events organised by private organisations to be publicly advertised for months and tickets sold, but only at the last minute, organisers approach Council for approval of their traffic arrangements. These issues are dealt with by way of electronic meetings and Council staff need to retain delegation to include last minute items on the agenda.

During the review workshop, Councillors and staff discussed various options for improving the visibility of the Traffic Committee process to the community and options for involvement of Councillors or members of the public in the Committee process. Process improvements identified include –

- Advance provision of Traffic Committee agendas to Councillors;
- Explore opportunities to invite Councillors and community representatives to Committee site inspections;
- Improve process for communicating progress of issues with residents and Councillors where issues are to be placed on a future Committee agenda; and
- Improve process of disseminating adopted outcomes to Councillors and residents.

Discussion outcomes and options relating to Councillor representation and community attendance at meetings is discussed further below.

### **Public involvement in Traffic Committee**

The RMS document “A guide to delegations to councils for the regulation of traffic, including Local Traffic Committees” provides for members of the public to attend the Committee. Council can determine what format of public attendance is permissible.

From time to time members of the Traffic Committee meet informally on site with residents to discuss significant concerns – in particular sites of frequent crashes are treated in this way. Where the issues are the regulation of traffic and road closures, the members of Traffic Committee are involved in a range of stakeholder meetings to resolve any differences and provide advice to applicants and other stakeholders.

Items are only placed on the Traffic Committee agenda after a substantial amount of background work has been undertaken. For example, changes to timed parking are consulted with all affected residents and businesses. It is only after residents are consulted and all technical matters are addressed, that it is reported to the Traffic Committee as the formal legal process of approving changing any signage.

Any council capital works item that needs traffic committee endorsement to legally approve a “prescribed traffic control device” has already undergone the appropriate public consultation, including Councillor consultation. Where necessary, the scope of work or the design is modified. It is only after the community is consulted and all technical matters are addressed that it is reported to the Traffic Committee as the formal legal process of approving a prescribed traffic control devices such as signs and lines, roundabouts, etc.

The Councillors and the community are given visibility to the recommendations of the Traffic Committee through the following mechanisms:

- Councillors are provided with the complete minutes of Traffic Committee meetings by way of their Portal, through the Information Folder; and the ‘Other Committees’ tab.
- An email at the end of each day is sent to Councillors advising them of what documents have been published to their Portal.
- A complete copy of the Traffic Committee minutes and recommendations is placed on Council's website.

During the review workshop Councillors expressed a desire for improved access by the community to Traffic Committee agendas in advance of meetings and potentially attendance by the community at meetings. Proposed options to address these are provided in the proposed improvement options below.

## Adoption of Traffic Committee Recommendations

The Traffic Committee does not have any decision making authority, rather it makes recommendations which then need to be approved by Council before any action can take place. Currently, most of the recommendations of the Traffic Committee are reported to the General Manager for approval under delegation; however, proposed road closures (other than for road works) need to be reported to Council for adoption, as these matters cannot be delegated.

It is informative to compare the extent of delegation for the regulation of traffic to the delegations given to staff to approve development applications. A development application consent is legally binding and effectively lasts in perpetuity. Staff have delegation to issue consents for the majority of development applications. The majority of traffic committee items are for the installation of traffic signs, including the location of stop signs, timed parking restrictions, taxi and bus zones. The locations of these are fluid and may, under certain circumstances, be revoked or modified.

This review does not consider changing the current delegations arrangements.

## Review of Other Council Traffic Committees

The table below shows the Traffic Committee arrangements of neighbouring Councils as well as large Councils with large population to Councillor ratios similar to Wollongong.

The table shows that –

- Wollongong is the only Council that does not have a Councillor attend or chair meetings.
- Councils, such as Newcastle, Sydney City and Shoalhaven and Penrith, delegate Chairing and voting responsibilities to senior staff.
- Councils, such as Shellharbour, Wingecarribee and Sutherland, delegate Chairing and Voting responsibilities to the Mayor or nominated Councillor.
- Blacktown Council has a mixed model where staff are delegated to Chair the meeting and a nominated Councillor has the delegation to vote.

Options for changing the current arrangements for the City of Wollongong Traffic Committee are discussed in the next section of this report.

Local Traffic Committee (LTC) - Council Representation & Subsequent Approval Process Wollongong and Nearby - Similar Councils					
Council	LTC Council Representative Model			Subsequent Approval Process	
	Staff Only (Chair & vote)	Staff chair & vote Councillor(s) present / input	Councillor chair & vote - Staff present / input	Regulation of traffic (road closures) to Council - All others to General Manager	All LTC recs. reported to Council for approval
Wollongong	CURRENT	Option 1	Option 2	✓	
Shellharbour			✓		✓
Newcastle		✓		✓	
Sutherland			✓		✓
Liverpool			✓		✓
Shoalhaven		✓			✓
Sydney City		✓		✓	
Wingecarribee			✓		✓
Penrith		✓			✓
Fairfield			✓		✓
Campbelltown			✓		✓
Blacktown		Staff chair & Councillor vote			✓

## PROPOSAL

### Process improvements

After reviewing the way the City of Wollongong Traffic Committee operates, and considering feedback from the Councillor Workshop on the matter, it is proposed that the following process improvements be made to the operation of the Traffic Committee and to improve transparency of its actions.

1. The Traffic Committee agenda will be modified to explicitly state the community consultation that has occurred prior to the item being placed on the agenda.
2. The traffic committee agenda will be modified so that traffic committee agenda items are grouped into Wards to enable easier readability for Councillors.
3. The agenda will be sent out to Councillors one week in advance of the meeting, with the exception of late items, to enable Councillors to attend the traffic committee meetings if they wish, or to contact residents prior to the meeting.
4. Members of the public or Councillors who have initiated traffic inquiries will be notified when their issue has resulted in an agenda item and the timing of that item's consideration. The traffic committee is a technical committee and discusses technical matters. Before an item is placed on the agenda, the applicable community consultation would have already occurred.
5. Public access to Traffic Committee meetings will be improved through advance notice to Councillors and members of the public who have initiated agenda items. Although residents will not be specifically invited to attend meetings, should a member of the public wish to attend and speak to the Traffic Committee on a specific agenda item, they will be permitted to do so. It is proposed that non-members of the Committee be asked to leave the meeting before further discussion and voting on the specific agenda item. This is not a legal requirement, however is considered prudent to enable open discussion between voting members on behalf of their respective organisations.

### Membership and delegation improvement options

Two options are presented in relation to proposed changes to membership and voting delegations. Both options incorporate the above process improvements. A draft Meeting Charter has been developed for each option (which legally sets the legal framework for the meeting) to support consideration of the options.

**Option One** – This option proposes that –

1. Council staff maintain voting rights and chair the City of Wollongong Traffic Committee.
2. Council nominates one Councillor for the whole LGA OR nominates one Councillor per Ward to attend the Committee meetings to contribute to the meeting but without voting rights.

**Option Two** - In this option –

1. Council nominates a single Councillor to be Council's representative to Chair the meeting, with full voting rights.
2. Should the Councillor not be able to attend, delegation would be extended to the General Manager to sub-delegate staff to chair and vote.
3. Senior Council staff would continue to facilitate, attend and provide executive officer support to the Committee and have input into the discussion.

For both options, it is proposed that Committee Meetings continue to be held during normal business hours.

## CONSULTATION AND COMMUNICATION

Improved consultation and engagement mechanisms are discussed in the body of the report and form the basis of the process improvements recommended.

The Infrastructure Strategy and Planning Division receive approximately 450 requests relating to traffic and transportation issues each year. The Traffic and Transportation Unit assess and responds to these requests. Requests can range from a request to install a stop sign to installing roundabouts or closing roads. Community Engagement is tailored to suit the nature and impact of the request. The Infrastructure Strategy and Planning Division is currently investigating improved community engagement models for more significant traffic facilities such as traffic lights.

## PLANNING AND POLICY IMPACT

This report contributes to the delivery of Wollongong 2022 goal under the objective Community Goal 6 – We have sustainable, affordable and accessible transport.

It specifically delivers on core business activities as detailed in the Transport Services Plan 2016-2017.

## FINANCIAL IMPLICATIONS

The proposed process improvements will incur some increased costs in administrative time and processing charges, which can be accommodated within existing budgets and resource allocations.

Should Councillors seek to change the time of meetings to enable Councillor attendance after hours, meetings held outside business hours would incur additional costs to Council in relation to staff costs for the civic attendant and two Council staff, as well as additional costs for NSW Police and RMS staff attendance. It is estimated that the additional (unbudgeted) costs to Council for a cycle of monthly meetings held outside normal business hours would be at least approximately \$12,000 per year.

Council incurred costs of less than \$1,000 in arranging the independently facilitated Councillor workshop.

## CONCLUSION

The review of the City of Wollongong Traffic Committee found a number of areas for process improvement to provide greater clarity and confidence in its operation to Councillors and the community. The review puts forward a range of process improvements and two options to amend Council's membership and voting delegation to the Committee for Councillor consideration.

Option 1 involves Council staff to maintain voting rights and chair the Traffic Committee, with nominated Councillor/s in attendance. This aligns with the practice of some large Councils and optimises the workload on staff and Councillors.

Option 2 involves a nominated Councillor to be the designated Council representative to attend, chair meetings and vote on Council's behalf, with delegation extended to the General Manager to sub-delegate staff to chair and vote should the nominated Councillor be unable to attend. This aligns with Shellharbour Council.

Process improvements will include early issue of the agenda, one week in advance of the meeting, with the exception of late items, to enable Councillors to attend the traffic committee meetings if they wish, or to contact residents prior to the meeting. Meetings will continue to be held during normal business hours.

The Traffic Committee agenda will be modified so that Traffic Committee agenda items are divided into Wards to enable easier readability for Councillors. The Traffic Committee agenda will also be modified to explicitly state what community consultation has occurred prior to the item being placed on the agenda.

The report does not recommend any change to current implementation delegation arrangements, in that the recommendations of the Traffic Committee are reported to the General Manager for approval under delegation; and proposed road closures (other than for road works) continue to be reported to Council for adoption, as these matters cannot be delegated.

## CITY OF WOLLONGONG COUNCIL

### CITY OF WOLLONGONG TRAFFIC COMMITTEE CHARTER – OPTION 1

#### PREAMBLE:

**The City of Wollongong Traffic Committee** is not a Committee of Wollongong City Council however a Technical Committee of the Roads & Maritime Services (RMS). The Committee operates under the authority conferred to Council by the RMS under the Transport Administration Act 1988, and in accordance with the powers delegated to Council by the Road Transport Act 2013 and the Roads Act 1993, as outlined in the RMS document 'A guide to the Delegation to Councils for the Regulation of Traffic – including the operation of Traffic Committees'

- a) Council has been delegated certain powers, from the RMS, with regard to traffic matters upon its local roads. A condition of this delegation is that Council must take into account the Traffic Committee recommendations.

**There are four permanent members of the Traffic Committee, each of whom has a single vote only.**

- a) The members are representatives of the NSW Police Force, the Roads & Maritime Services, the Local State Member of Parliament (for the location of the issue to be voted upon), and a representative of Wollongong City Council.
- b) If the RMS or NSW Police Force disagrees with any Traffic Committee recommendation, or Council's resolution on any Traffic Committee recommendation, that member may lodge an appeal with the Regional Traffic Committee for determination. The appeal must be lodged in writing within 14 days of Council's resolution. Any action relative to any issue under appeal must cease until the matter is determined. The Regional Traffic Committee is chaired by an independent chairperson and submissions and representations are welcomed from all interested parties.

#### COUNCIL VOTING REPRESENTATIVE:

The Council representative is to be Council's Manager Infrastructure Strategy & Planning or sub-delegate (As delegated by Council and sub-delegated by the General Manager), who will also chair the meeting.

#### NON-VOTING ATTENDEES:

- a) Available Councillors
- b) Support staff from Council's Infrastructure and Planning Division
- c) Council Administration Officer
- d) Council Road Safety Officer
- e) One (1) representative from each bus operator

#### AGENDA:

The Agenda must be prepared no less than 7 days before the Committee meeting and distributed to members, including all elected Councillors, and posted on Council's website.

The traffic committee agenda will be divided into Wards.



The Traffic Committee agenda will state the community consultation that has occurred prior to the item being placed on the agenda.

Members of the public or Councillors who have initiated traffic enquiries will be notified when their issue has resulted in a traffic committee agenda item and the timing of the items consideration.

#### **VOTING:**

In the exercise of its powers pursuant to the Division 1 of Part 4 (Sections 50 to 55) of the Road Transport (Safety and Traffic Management) Act, 1999, Division 2 of Part 8 (Sections 116 to 119) of the Roads Act, 1993 and Division 2 of Part 5 (Clauses 122 and 123) of the Road Transport (Safety and Traffic Management) (Road Rules) Regulation, 1999 a decision of the Traffic Committee shall be determined by a vote of:

- a) The representative of Council;
- b) The representative of NSW Police Department;
- c) The representative of NSW Roads & Maritime Services; and
- d) The representative of the State Member of Parliament to whose electorate the matter relates.

The advice of the Traffic Committee to Council or its Sub-Delegate on a particular matter must record any dissenting vote and must be one of the following:

- a) Unanimous support;
- b) Majority support;
- c) Split vote;
- d) Minority support.

The Traffic Committee is not required to have a quorum and as the advice is in the form of a recommendation to Council to assist in the determination of the matter, the Chairperson does not have a casting vote.

#### **ELECTRONIC MEETINGS:**

As Council can only exercise its delegation after seeking the advice of the Police, RTA and the local MP, if a voting member cannot attend a meeting, they can be consulted via email or telephone and their advice will be included in the recommendation of the Traffic Committee. In cases of urgency, Council may consult via electronic means with the voting members of the Committee, for the purposes of seeking their advice, without the need for a face to face meeting.

#### **PUBLIC PARTICIPATION:**

The role of the Traffic Committee is to consider the technical aspects of each proposal. The Chairperson may allow residents or other interested stakeholders, to address the Committee on the technical merits only of a particular proposal. Residents or other non-member stakeholders are not allowed to remain at the meeting while a proposal is being debated and a vote being taken. Residents or other interested stakeholders may address the Committee on the following conditions:

- a) Presentations should be limited to five (5) minutes;

- b) Any person who has previously addressed the Committee on a subject must present new information only; and
- c) Groups wishing to present similar points of view should nominate a spokesperson to represent the views of that group.

**INFORMAL ITEMS:**

Council may wish to seek advice from the Committee with a view to proposing a formal item for a future meeting and informal matters can be raised at Committee meetings where time permits.

**NOTICE OF LATE AGENDA ITEMS:**

Members of the Committee will be given 24 hours notice, by facsimile or email, of any late agenda item and that such notice shall be accompanied by the relevant report. Notwithstanding the above, a Member of the Committee may raise any item during the course of a meeting. The committee will give consideration to such matters if the matter is deemed to be urgent business by a unanimous vote of members present.

**PROCEDURAL MATTERS:**

In relation to any procedural matter, the normal meeting rules will apply, as determined by the Chairperson.

## CITY OF WOLLONGONG COUNCIL

### CITY OF WOLLONGONG TRAFFIC COMMITTEE CHARTER – OPTION 2

#### PREAMBLE:

**The City of Wollongong Traffic Committee** is not a Committee of Wollongong City Council however a Technical Committee of the Roads & Maritime Services (RMS). The Committee operates under the authority conferred to Council by the RMS under the Transport Administration Act 1988, and in accordance with the powers delegated to Council by the Road Transport Act 2013 and the Roads Act 1993, as outlined in the RMS document 'A guide to the Delegation to Councils for the Regulation of Traffic – including the operation of Traffic Committees'

- a) Council has been delegated certain powers, from the RMS, with regard to traffic matters upon its local roads. A condition of this delegation is that Council must take into account the Traffic Committee recommendations.

**There are four permanent members of the Traffic Committee, each of whom has a single vote only.**

- a) The members are representatives of the NSW Police Force, the Roads & Maritime Services, the Local State Member of Parliament (for the location of the issue to be voted upon), and a representative of Wollongong City Council.
- b) If the RMS or NSW Police Force disagrees with any Traffic Committee recommendation, or Council's resolution on any Traffic Committee recommendation, that member may lodge an appeal with the Regional Traffic Committee for determination. The appeal must be lodged in writing within 14 days of Council's resolution. Any action relative to any issue under appeal must cease until the matter is determined. The Regional Traffic Committee is chaired by an independent chairperson and submissions and representations are welcomed from all interested parties.

#### COUNCIL REPRESENTATIVE:

The Council representative is to be the nominated Councillor who will also chair the meeting.

Should the nominated Councillor not be in attendance at the meeting, the role of Council Representative is delegated to the General Manager or sub-delegated staff. The General Manager or sub-delegated staff can also fulfil the role of Council Representative in Electronic Meetings to respond to urgent matters

#### NON-VOTING ATTENDEES:

- a) Support staff from Council's Infrastructure and Planning Division
- b) Council Administration Officer
- c) Council Road Safety Officer
- d) One (1) representative from each bus operator

#### AGENDA:

The Agenda must be prepared no less than 7 days before the Committee meeting and distributed to members, including elected Councillors, and posted on Council's website.

The traffic committee agenda will be divided into Wards.

The Traffic Committee agenda will state the community consultation that has occurred prior to the item being placed on the agenda.

Members of the public or Councillors who have initiated traffic enquiries will be notified when their issue has resulted in a traffic committee agenda item and the timing of the items consideration.

#### **VOTING:**

In the exercise of its powers pursuant to the Division 1 of Part 4 (Sections 50 to 55) of the Road Transport (Safety and Traffic Management) Act, 1999, Division 2 of Part 8 (Sections 116 to 119) of the Roads Act, 1993 and Division 2 of Part 5 (Clauses 122 and 123) of the Road Transport (Safety and Traffic Management) (Road Rules) Regulation, 1999 a decision of the Sutherland Traffic Committee shall be determined by a vote of:

- a) The representative of Council;
- b) The representative of NSW Police Department;
- c) The representative of NSW Roads & Maritime Services; and
- d) The representative of the State Member of Parliament to whose electorate the matter relates.

The advice of the Traffic Committee to Council or its Sub-Delegate on a particular matter must record any dissenting vote and must be one of the following:

- a) Unanimous support;
- b) Majority support;
- c) Split vote;
- d) Minority support.

The Traffic Committee is not required to have a quorum and as the advice is in the form of a recommendation to Council to assist in the determination of the matter, the Chairperson does not have a casting vote.

#### **ELECTRONIC MEETINGS:**

As Council can only exercise its delegation after seeking the advice of the Police, RTA and the local MP, if a voting member cannot attend a meeting, they can be consulted via email or telephone and their advice will be included in the recommendation of the Traffic Committee. In cases of urgency, Council may consult via electronic means with the voting members of the Committee, for the purposes of seeking their advice, without the need for a face to face meeting.

#### **PUBLIC PARTICIPATION:**

The role of the Traffic Committee is to consider the technical aspects of each proposal. The Chairperson may allow residents or other interested stakeholders, to address the Committee on the technical merits only of a particular proposal. Residents or other non-member stakeholders are not permitted to remain at the meeting while a proposal is being debated and a vote being taken. Residents or other interested stakeholders may address the Committee on the following conditions:

- a) Presentations should be limited to five (5) minutes;
- b) Any person who has previously addressed the Committee on a subject must present new information only; and
- c) Groups wishing to present similar points of view should nominate a spokesperson to represent the views of that group.

**INFORMAL ITEMS:**

Council may wish to seek advice from the Committee with a view to proposing a formal item for a future meeting and informal matters can be raised at Committee meetings where time permits.

**NOTICE OF LATE AGENDA ITEMS:**

Members of the Committee will be given 24 hours notice, by facsimile or email, of any late agenda item and that such notice shall be accompanied by the relevant report. Notwithstanding the above, a Member of the Committee may raise any item during the course of a meeting. The committee will give consideration to such matters if the matter is deemed to be urgent business by a unanimous vote of members present.

**PROCEDURAL MATTERS:**

In relation to any procedural matter, the normal meeting rules will apply, as determined by the Chairperson.



ITEM 5

INDEPENDENT PRICING AND REGULATORY TRIBUNAL (IPART) REVIEW OF THE LOCAL GOVERNMENT RATING SYSTEM

In December 2015, the Premier of NSW requested that the Independent Pricing and Regulatory Tribunal (IPART) undertake a review of the Local Government Rating System. On 13 April 2016, IPART released the issues paper based on findings of the review and Council placed a submission into the issues paper. In August 2016 IPART released the draft report based on the submission they had received. This report to Council contains the draft report and a draft submission responding to those recommendations.

## RECOMMENDATION

Council endorse the Draft Submission (Attachment 2) as Council's response to the call for submissions from IPART.

## REPORT AUTHORISATIONS

Report of: Brian Jenkins, Manager Finance  
Authorised by: Greg Doyle, Director Corporate and Community Services - Creative, Engaged and Innovative City

## ATTACHMENTS

- 1 IPART Review of Local Government Rating System Draft Report - August 2016
- 2 IPART Review of the Local Government Rating System - Draft Submission Response

## COMPLIANCE WITH OFFICE OF LOCAL GOVERNMENT GUIDELINES ON COUNCIL DECISION MAKING DURING MERGER PROPOSAL PERIODS

The recommendation of this report satisfies the requirements of the OLG Guidelines - *Council Decision Making During Merger Proposal Periods*.

## BACKGROUND

IPART has been asked to undertake the review under section 9 of the Independent Pricing and Regulatory Tribunal Act 1992 in accordance with the terms of reference (ToR) provided by the Premier.

The review on local government rating systems and the recommended reforms are aimed to enhance Council's ability to implement a sustainable and equitable fiscal policy.

IPART released the draft report in August and has held a public forum on 19 September in which Wollongong was represented and has invited written submissions from interested stakeholders by 14 October 2016, with the final report being provided to the Premier by December 2016.

## PROPOSAL

The draft report released in August 2016 is well aligned to the submission that Wollongong Council made to its original request for feedback. The draft recommendations generally offer councils a more flexible range of options that allow them to develop a Revenue Policy, based on sound taxation principles and their application that best suits local circumstances in consultation with its community.

Considering local issues within the Wollongong area there are recommendations that will provide Council with greater flexibility these are listed below.

- Councils should be able to choose between the Capital Improved Value (CIV) and Unimproved Value (UV) methods as the basis for setting rates at the rating category level. A council's maximum general income should not change as a result of the valuation method they choose.

- Section 493 of the Local Government Act 1993 (NSW) should be amended to add a new environmental land category and a definition of 'Environmental Land' should be included in the LG Act.
- Section 529 (2)(d) of the Local Government Act 1993 (NSW) should be amended to allow business land to be subcategorised as 'industrial' and or 'commercial' in addition to centre of activity.
- Sections 555 and 556 of the Local Government Act 1993 NSW should be amended to:
  - exempt land on the basis of use rather than ownership, and to directly link the exemption to the use of the land, and
  - ensure land used for residential and commercial purposes is rateable unless explicitly exempted.
- A beneficial pensioner deferral system managed by the State Government should be offered. While the current recommendation is to have this replace the current pensioner concession, Council will argue that this should supplement the existing concession and that concession should be fully funded by other levels of government which would provide a more equitable distribution of welfare support.
  - Eligible pensioners should be allowed to defer payment of rates up to the amount of the current concession, or any other amount as determined by the State Government.
  - The liability should be charged interest at the State Government's 10-year borrowing rate plus an administrative fee. The liability would become due when property ownership changes and a surviving spouse no longer lives in the residence.

## PLANNING AND POLICY IMPACT

This report contributes to the delivery of Wollongong 2022 goal. It specifically delivers on the following:

Community Strategic Plan	Delivery Program 2012-2017	Annual Plan 2016-17
Strategy	5 Year Action	Annual Deliverables
4.4.5 Finances are managed effectively to ensure long term financial sustainability	4.4.5.12 Pursue alternative funding options to deliver Council services and facilities	Implement approved rating structure

## CONCLUSION

The IPART review of the NSW rating legislation is in its draft stage and the draft submission by Council is a further step in our involvement in the consultation. It is intended that the final report be handed to the Premier in December 2016.



Independent Pricing and Regulatory Tribunal

# Review of the Local Government Rating System

**Local Government — Draft Report**  
August 2016



Independent Pricing and Regulatory Tribunal

## **Review of the Local Government Rating System**

**Local Government — Draft Report**  
August 2016

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## Invitation for submissions

IPART invites written comment on this document and encourages all interested parties to provide submissions addressing the matters discussed.

**Submissions are due by 14 October 2016.**

We would prefer to receive them electronically via our online submission form <[www.ipart.nsw.gov.au/Home/Consumer\\_Information/Lodge\\_a\\_submission](http://www.ipart.nsw.gov.au/Home/Consumer_Information/Lodge_a_submission)>.

You can also send comments by mail to:

**Review of Local Government Rating System**  
Independent Pricing and Regulatory Tribunal  
PO Box K35,  
Haymarket Post Shop NSW 1240

Late submissions may not be accepted at the discretion of the Tribunal. Our normal practice is to make submissions publicly available on our website <[www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au)> as soon as possible after the closing date for submissions. If you wish to view copies of submissions but do not have access to the website, you can make alternative arrangements by telephoning one of the staff members listed on the previous page.

We may choose not to publish a submission—for example, if it contains confidential or commercially sensitive information. If your submission contains information that you do not wish to be publicly disclosed, please indicate this clearly at the time of making the submission. IPART will then make every effort to protect that information, but it could be disclosed under the *Government Information (Public Access) Act 2009* (NSW) or the *Independent Pricing and Regulatory Tribunal Act 1992* (NSW), or where otherwise required by law.

If you would like further information on making a submission, IPART's submission policy is available on our website.

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## 1 Executive summary

The NSW Government has asked the Independent Pricing and Regulatory Tribunal (IPART) to review the local government rating system in NSW. The purpose of our review is to develop recommendations to improve the equity and efficiency of the rating system, in order to enhance councils' ability to implement sustainable fiscal policies over the long term.

This review seeks to design a rating system that would collect revenue more equitably and efficiently from ratepayers. It includes reviewing the valuation method used to calculate rates, exemptions and rating categories. Our draft proposals are not designed to increase the overall rates collected by councils.

In conducting the review, we have consulted stakeholders, analysed the current rating system, and assessed its performance against the key taxation principles of efficiency, equity, simplicity, sustainability and competitive neutrality. We have also compared the NSW rating system to best-practice policies in other jurisdictions.

We have developed our draft recommendations and we are seeking comments from all interested parties. The main changes designed to give councils more flexibility to better meet the needs of the community, are to:

- ▼ **Integrate the use of the Capital Improved Value (CIV) valuation method into the local government rating system:**
  - **Give councils the option to use CIV as an alternative to Unimproved Value (UV) as the basis for setting the variable amounts in rates.** CIV is generally more consistent with tax principles, and allowing its use would overcome the major shortcoming of the current system – that the mandatory use of UV inhibits councils' ability to equitably and efficiently raise rates revenue from apartments. Importantly, total rates income would remain unchanged irrespective of the valuation method chosen by councils.
  - **Allow councils' general income to grow as the communities they serve grow.** Councils' rates income would increase over time in line with the growth in CIV arising from new residents or businesses. This would mean that rates per household, on average, would not rise in real terms<sup>1</sup> whilst

<sup>1</sup> Other factors could lead to average rates per household increasing, for example, if a council applied for a special variation to fund improved services to the community.



## 1 Executive summary

promoting financial sustainability and encouraging urban renewal. It would allow councils to maintain consistent service levels over time without the need to resort to Special Variations.

### ▼ Give councils more options to set rates within rating categories:

- **Provide councils with more flexibility to set different residential rates within their local area.** Allowing councils with diverse communities to set rates that reflect differences in access to, demand for, and cost of providing council services across their local area would improve equity and efficiency. This would allow councils to better tailor rates to the needs of the local communities. We recommend introducing protections to promote equity and transparency when councils set different residential rates. Also, under this draft recommendation, new councils would have the flexibility to establish new structures for residential rates and transition to them in a fair and timely manner at the end of the 4-year rate path freeze.
- **Allow councils to make new categories for environmental and vacant land, and new subcategories for business and farmland properties.** This would allow councils to use their rate structures to take account of different costs that arise from different land uses and better encourage urban renewal and growth.

### ▼ Modify rate exemptions so eligibility is based on land use rather than ownership:

- Retain or amend explicit exemptions to be consistent with this general principle.
- Remove some exemptions on the basis that the land is used for commercial or residential purposes. This would better target exemptions, improving the equity, efficiency and sustainability of the rating system.

We make our draft recommendations to promote a stronger and more sustainable rating system that would benefit both ratepayers and councils.

## 1.1 Integrate the use of the CIV valuation method into the local government rating system

Our draft recommendations recognise that councils need improved options when setting rates to respond to changes in their local area, due to growth, increasing diversity in development, and other factors. Our draft proposals allow:

- ▼ councils to use CIV as an alternative method to UV in setting rates, and
- ▼ councils' general income to grow as the communities they serve grow, as measured by the change in the CIV from new developments.

### 1.1.1 Allow councils to use CIV as an alternative to UV in setting rates

Currently, NSW councils are required to set the variable component of rates (the ad valorem amount) based on the property's unimproved land value (UV). Stakeholders identified this method may inhibit councils from setting equitable and efficient ad valorem amounts for properties with a high capital value and relatively low land value, such as apartments. Given the restrictions on the revenue that can be raised from base amounts, a number of councils have set relatively high minimum amounts to raise sufficient rates revenue from apartments.

Under our draft recommendations:

- ▼ Councils would be able to choose either the UV method or a CIV method that sets a property's rates based on its market value (ie, land value plus capital improvements).
- ▼ Minimum amounts would be removed from the rate structure, as councils would have the option to use CIV there would be no need to retain this fixed rates component in the system.

These draft recommendations will provide councils with improved options to structure their rates within the current constraints on total rates income.

#### Option to use CIV or UV

For many councils in NSW, CIV would be a more efficient and equitable basis for setting the ad valorem component in rates than UV. For a given amount of total rates revenue, the market value of the ratepayer's property, rather than their unimproved land value, will usually better reflect their share of demand for and share of the costs of providing council services. Market value tends to be a more equitable basis for rating, in that it more closely aligns with the benefits the ratepayer receives from council services as well as their ability to pay.

Allowing councils to use CIV would be consistent with international best practice. Over the last 30 years, there has been a consistent shift from UV to CIV in developed countries. Currently, around 85% of these countries use a market value approach such as CIV.

Giving councils the option to use either CIV or UV would be consistent with stakeholders' preferences. In our consultations, a strong majority of councils supported having the option to choose. Although most generally agreed that UV is less equitable and efficient than CIV, many councils wanted the option to choose UV where it better meets their needs. Under our proposal, the total rates collected by a council would remain unchanged irrespective of the valuation method chosen by the council.

## 1 Executive summary

## Removing minimum amounts

Minimum amounts should be removed from the LG Act. Using minimum amounts to recover the fixed costs of council services is inefficient and inequitable. It is more appropriate to recover these costs using base amounts, with an ad valorem amount added, as this type of rate structure is more closely related to ratepayers' benefits received and ability to pay.

If our draft recommendation to allow councils to use CIV to set ad valorem amounts is adopted, councils would no longer need to use minimum amounts as a way to raise rates revenue from apartments. The removal of minimum amounts would also simplify rating structures for many councils.

**1.1.2 Allow councils' general income to grow as the communities they serve grow**

As communities grow, councils need to provide more infrastructure and services. Their revenue from rates (or general income) also needs to grow to allow them to meet these needs while maintaining their financial sustainability. Under our draft recommendations:

- ▼ Councils' general income would increase (outside the rate peg) in line with the growth in CIV that arises from new developments in their area.
- ▼ Councils would be able to levy a special rate for new infrastructure that is jointly funded with other levels of government without the need for regulatory approval from IPART under the Special Variation process.

## Allowing general income to increase in line with CIV from new developments

Allowing councils' general income to increase in line with the growth in CIV arising from new developments in their area would promote their financial sustainability and encourage urban renewal. This reform would ensure that over time, a council's rates income could increase to match the increase in its costs caused by servicing more people and businesses. It would also ensure that councils can maintain a consistent level of service over time.

Importantly, this reform would not lead to real increases in rates per household, as a council's total rates income would grow in line with the increase in rateable properties in the area.

In addition, it would reduce the need for councils to apply for Special Variations to their general income as a result of growth. Special Variations would generally only be required when there is a significant shift in the local community's preferences for a higher level of services.

## 1 Executive summary

**Levying a special rate for joint delivery of new infrastructure projects**

Councils could be given more opportunity to partner effectively with other levels of government to deliver infrastructure that benefits the local community. Allowing councils to levy a new type of special rate for this purpose, without the need for regulatory approval, would facilitate this partnering and reduce red tape.

**1.2 Give councils more options to set rates within rating categories**

In making our draft recommendations, we considered the appropriateness and impact of the current rating categories. To improve the performance of the current system our draft recommendations would provide councils with:

- ▼ more flexibility to set different residential rates within their area, and
- ▼ new categories for environmental and vacant land, and new subcategories for farmland and business properties.

**1.2.1 Give councils greater flexibility to set different residential rates within their area**

Councils require greater flexibility to set different residential rates within their area to better reflect the differences in demand for, and cost of providing, council services. This affects some councils more than others. Under our draft recommendations:

- ▼ Councils would have the option to set different residential rates to reflect differences in access, demand or costs across their area.
- ▼ New councils, formed by the recent mergers, would also be able to choose to keep existing rate structures where there are different communities of interest, or equalise residential rates and transition to the new rates over time.

**Setting different rates to reflect differences in access, demand or costs**

Councils are experiencing increasing diversity in residents' access to and demand for council services, as well as the costs of providing them. Councils are becoming larger, and several have a mix of established and growth suburbs as well as diverse strata developments.

Allowing councils to have the option of setting different residential rates within their local areas means they could take account of the differences in access to, demand for and cost of providing council services across their residential ratepayer base. It would also assist them to be more responsive to local needs and reduce any cross-subsidies between areas.

## 1 Executive summary

### Equalising residential rates

New councils should also have the option of establishing new and equitable structures for residential rates, and transition to them appropriately. Depending on its specific circumstances, a new council could choose to equalise rates across its pre-merger areas, keep the existing rate structures in each pre-merger area, or move to a different rate structure.

#### 1.2.2 Allow councils to use new rating categories

The current rating system includes four rating categories which reflect the primary use of the land - residential, business, farmland and mining. Councils may elect to apply different rate structures to each category. Our draft recommendations are to:

- ▼ Create new categories for environmental and vacant land, to allow councils to take account of differences in costs that arise from different land uses and encourage urban renewal.
- ▼ Allow councils to subcategorise business land as industrial or commercial.
- ▼ Allow councils to subcategorise farmland based on geographic location.
- ▼ Allow councils to determine which category will act as the default residual category for rating property that is difficult to classify.

### 1.3 Modify eligibility for rate exemptions so they are better targeted

Currently, rate exemptions are not well targeted. This means ratepayers without exemptions are paying higher rates than otherwise would be the case. Under our draft recommendations to better target these exemptions:

- ▼ eligibility for exemptions would be based on land use rather than land ownership, and
- ▼ land used for commercial or residential purposes would not be eligible for exemptions.

#### 1.3.1 Basing exemptions on land use rather than ownership

Currently, eligibility for rate exemptions is based on who owns the land. Eligibility should be based on the use of the land, regardless of who owns it, to ensure comparable land uses attract the same rating treatment. This would improve the efficiency of the rating system, and more equitably spread the rating burden across the community.

Where land is used for both exempt and non-exempt activities, rates should be based on the percentage used for non-exempt activities.



### 1.3.2 Making land used for commercial activities and residential purposes ineligible for exemptions

Since exemptions are a subsidy from ratepayers, they should be directed at land uses that generate substantial public benefits for the community. Commercial activities and residential uses typically generate private benefits, and not significant public benefits, so land used for these purposes should not be eligible for rate exemptions.

When land is used for commercial activities or residential purposes, it imposes costs on councils. Therefore, it is equitable and efficient for those responsible for these costs to make a contribution by paying rates. It also provides them with an incentive to minimise these costs.

Under the current system, the recent transfer of ownership of residential housing to Public Benevolent Institutions, making it non-rateable, has narrowed the rating base. Our draft recommendation to rate land used for residential purposes would address this, ensuring the rating burden is spread more equitably across local communities.

## 1.4 Other draft recommendations

We have also made draft recommendations to reform other aspects of the current rating system, including:

- ▼ replacing the current pensioner concession with a rate deferral scheme to be operated and funded by the NSW Government
- ▼ using the CIV method as the basis for calculating the Emergency Services Property Levy, when CIV data becomes available state wide, and
- ▼ allowing councils to either purchase valuation services directly from the market or from the Valuer General.

## 1.5 Our process for conducting and completing this review

In conducting this review to date, we have undertaken public consultation, research and analysis. We released an Issues Paper in April 2016, and received 159 written submissions in response to this paper. We also interviewed some councils about aspects of their submissions, and conducted a public hearing in April 2016. In addition, we consulted relevant NSW Government agencies and organisations, and engaged experts in the field to provide input on our approach.

We delivered an Interim Report to the Government on 9 June 2016, in accordance with our terms of reference, on freezing existing rate paths for new councils. This report was publicly released on 1 August 2016 and can be found on our website.<sup>2</sup>

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<sup>2</sup> IPART, *Freezing existing rate paths for newly merged councils*, June 2016.

## 1 Executive summary

We now invite all interested parties to make written submissions in response to this Draft Report. These submissions are due by **14 October 2016**. Information on how to make a submission can be found on page iii, at the front of this report.

We will also hold public hearings on 19 September 2016 in Sydney and in Dubbo on 10 October 2016 to give stakeholders a further opportunity to comment on the Draft Report.

We will consider all the information and views expressed in submissions and at the public hearing before finalising our recommendations and submitting our Final Report to the NSW Government before the end of the year. Table 1.1 sets out our indicative timetable for completing this review.

**Table 1.1 Timetable for the review**

Milestone	Timeframe
Public hearing - Sydney	19 September 2016
Regional public hearing - Dubbo	10 October 2016
Submissions to the Draft Report	14 October 2016
Final Report	December 2016

## 1.6 Structure of this report

The rest of this report explains the context and approach for our review, discusses our analysis and draft findings in detail, and sets out our draft recommendations. The report is structured as follows:

- ▼ **Chapter 2** provides key contextual information, including a summary of our terms of reference, an overview of the current rating system in NSW and the taxation principles against which we assessed this system.
- ▼ **Chapters 3 to 6** focus on our key recommendations and the analysis that supports them, including:
  - allowing councils to use CIV as an alternative to UV as the basis for calculating the variable amount in rates
  - allowing councils' general income to grow as the communities they serve grow, as measured by the increase in CIV from new developments
  - giving councils greater flexibility to set different residential rates within their local area, and
  - modifying rate exemptions so eligibility is based on land use rather than ownership.
- ▼ **Chapters 7 to 10** discuss our additional recommendations and analysis on:
  - introducing new rating categories for 'environmental' and 'vacant' land uses
  - allowing farmland to be subcategorised based on location

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- allowing industrial and commercial subcategories for business rates
- replacing the current pensioner concession scheme with a rate deferral scheme
- using the CIV method as the basis for calculating the Emergency Services Property Levy, and
- allowing councils to either purchase valuation services directly from the market or from the Valuer General.

## 1.7 List of our draft recommendations

### Allow councils to use CIV as an alternative to UV in setting rates

- 1 Councils should be able to choose between the Capital Improved Value (CIV) and Unimproved Value (UV) methods as the basis for setting rates at the rating category level. A council's maximum general income should not change as a result of the valuation method they choose. 26
- 2 Section 497 of the *Local Government Act* 1993 (NSW) should be amended to remove minimum amounts from the structure of a rate, and section 548 of the *Local Government Act* 1993 (NSW) should be removed. 38

### Allow councils' general income to grow as the communities they serve grow

- 3 The growth in rates revenue outside the rate peg should be calculated by multiplying a council's general income by the proportional increase in Capital Improved Value from supplementary valuations.
  - This formula would be independent of the valuation method chosen by councils for rating. 44
- 4 The *Local Government Act* 1993 (NSW) should be amended to allow councils to levy a new type of special rate for new infrastructure jointly funded with other levels of Government. This special rate should be permitted for services or infrastructure that benefit the community, and funds raised under this special rate should not:
  - form part of a council's general income permitted under the rate peg, nor
  - require councils to receive regulatory approval from IPART. 51
- 5 Section 511 of the *Local Government Act* 1993 (NSW) should be amended to reflect that, where a council does not apply the full percentage increase of the rate peg (or any applicable Special Variation) in a year, within the following 10-year period, the council can set rates in a subsequent year to return it to the original rating trajectory for that subsequent year. 53

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Give councils greater flexibility when setting residential rates

- 6 The *Local Government Act 1993* (NSW) should be amended to remove the requirement to equalise residential rates by 'centre of population'. Instead, councils should be allowed to determine a residential subcategory, and set a residential rate, for an area by:
  - a separate town or village, or
  - a community of interest.60
- 7 An area should be considered to have a different 'community of interest' where it is within a contiguous urban development, and it has different access to, demand for, or costs of providing council services or infrastructure relative to other areas in that development. 60
- 8 The *Local Government Act 1993* (NSW) should be amended so, where a council uses different residential rates within a contiguous urban development, it should be required to:
  - ensure the highest rate structure is no more than 1.5 times the lowest rate structure across all residential subcategories (ie, so the maximum difference for ad valorem rates and base amounts is 50%), or obtain approval from IPART to exceed this maximum difference as part of the Special Variation process, and
  - publish the different rates (along with the reasons for the different rates) on its website and in the rates notice received by ratepayers.69
- 9 At the end of the 4-year rate path freeze, new councils should determine whether any pre-merger areas are separate towns or villages, or different communities of interest.
  - In the event that a new council determines they are separate towns or villages, or different communities of interest, it should be able to continue the existing rates or set different rates for these pre-merger areas, subject to metropolitan councils seeking IPART approval if they exceed the 50% maximum differential. It could also choose to equalise rates across the pre-merger areas, using the gradual equalisation process outlined below.
  - In the event that a new council determines they are not separate towns or villages, or different communities of interest, or it chooses to equalise rates, it should undertake a gradual equalisation of residential rates. The amount of rates a resident is liable to pay to the council should increase by no more than 10 percentage points above the rate peg (as adjusted for permitted Special Variations) each year as a result of this equalisation. The *Local Government Act 1993* (NSW) should be amended to facilitate this gradual equalisation.70

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Better target rate exemption eligibility

- 10 Sections 555 and 556 of the *Local Government Act 1993* NSW should be amended to:
  - exempt land on the basis of use rather than ownership, and to directly link the exemption to the use of the land, and
  - ensure land used for residential and commercial purposes is rateable unless explicitly exempted.76
- 11 The following exemptions should be retained in the *Local Government Act 1993* (NSW):
  - section 555(e) Land used by a religious body occupied for that purpose
  - section 555(g) Land vested in the NSW Aboriginal Land Council
  - section 556(o) Land that is vested in the mines rescue company, and
  - section 556(q) Land that is leased to the Crown for the purpose of cattle dipping.80
- 12 Section 556(i) of the *Local Government Act 1993* (NSW) should be amended to include land owned by a private hospital and used for that purpose. 81
- 13 The following exemptions should be removed:
  - land that is vested in, owned by, or within a special or controlled area for, the Hunter Water Corporation, Water NSW or the Sydney Water Corporation (*Local Government Act 1993* (NSW) section 555(c) and section 555(d))
  - land that is below the high water mark and is used for the cultivation of oysters (*Local Government Act 1993* (NSW) section 555(h))
  - land that is held under a lease from the Crown for private purposes and is the subject of a mineral claim (*Local Government Act 1993* (NSW) section 556(g)), and
  - land that is managed by the Teacher Housing Authority and on which a house is erected (*Local Government Act 1993* (NSW) section 556(p)).82
- 14 The following exemptions should not be funded by local councils and hence should be removed from the *Local Government Act* and *Regulation*
  - land that is vested in the Sydney Cricket and Sports Ground Trust (*Local Government Act 1993* (NSW) section 556(m))
  - land that is leased by the Royal Agricultural Society in the Homebush Bay area (*Local Government (General) Regulation 2005* reg 123(a))
  - land that is occupied by the Museum of Contemporary Art Limited (*Local Government (General) Regulation 2005* reg 123(b)), and82



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- land comprising the site known as Museum of Sydney (*Local Government (General) Regulation 2005* reg 123(c)).

The State Government should consider whether to fund these local rates through State taxes. 83

- 15 Where a portion of land is used for an exempt purpose and the remainder for a non-exempt activity, only the former portion should be exempt, and the remainder should be rateable. 83
- 16 Where land is used for an exempt purpose only part of the time, a self-assessment process should be used to determine the proportion of rates payable for the non-exempt use. 83
- 17 A council's maximum general income should not be modified as a result of any changes to exemptions from implementing our recommendations. 87
- 18 The *Local Government Act 1993* (NSW) should be amended to remove the current exemptions from water and sewerage special charges in section 555 and instead allow councils discretion to exempt these properties from water and sewerage special rates in a similar manner as occurs under section 558(1). 88
- 19 At the start of each rating period, councils should calculate the increase in rates that are the result of rating exemptions. This information should be published in the council's annual report or otherwise made available to the public. 88

Replace the pensioner concession with a rate deferral scheme

- 20 The current pensioner concession should be replaced with a rate deferral scheme operated by the State Government.
  - Eligible pensioners should be allowed to defer payment of rates up to the amount of the current concession, or any other amount as determined by the State Government.
  - The liability should be charged interest at the State Government's 10-year borrowing rate plus an administrative fee. The liability would become due when property ownership changes and a surviving spouse no longer lives in the residence. 92

Provide more rating categories

- 21 Section 493 of the *Local Government Act 1993* (NSW) should be amended to add a new environmental land category and a definition of 'Environmental Land' should be included in the LG Act. 99

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- 22 Sections 493, 519 and 529 of the *Local Government Act 1993* (NSW) should be amended to add a new vacant land category, with subcategories for residential, business, mining and farmland. 100
- 23 Section 518 of the *Local Government Act 1993* (NSW) should be amended to reflect that a council may determine by resolution which rating category will act as the residual category.
  - The residual category that is determined should not be subject to change for a 5-year period.
  - If a council does not determine a residual category, the Business category should act as the default residual rating category 102
- 24 Section 529 (2)(d) of the *Local Government Act 1993* (NSW) should be amended to allow business land to be subcategorised as 'industrial' and or 'commercial' in addition to centre of activity. 103
- 25 Section 529 (2)(a) of the *Local Government Act 1993* (NSW) should be replaced to allow farmland subcategories to be determined based on geographic location. 104
- 26 Any difference in the rate charged by a council to a mining category compared to its average business rate should primarily reflect differences in the council's costs of providing services to the mining properties. 105

Recovery of council rates

- 27 Councils should have the option to engage the State Debt Recovery Office to recover outstanding council rates and charges. 108
- 28 The existing legal and administrative process to recover outstanding rates should be streamlined by reducing the period of time before a property can be sold to recover rates from five years to three years. 109
- 29 All councils should adopt an internal review policy, to assist those who are late in paying rates, before commencing legal proceedings to recover unpaid rates. 110
- 30 The *Local Government Act 1993* (NSW) should be amended or the Office of Local Government should issue guidelines to clarify that councils can offer flexible payment options to ratepayers. 111
- 31 The *Local Government Act 1993* (NSW) should be amended to allow councils to offer a discount to ratepayers who elect to receive rates notices in electronic formats, eg, via email. 112

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- 32 The *Local Government Act 1993* (NSW) should be amended to remove section 585 and section 595, so that ratepayers are not permitted to postpone rates as a result of land rezoning, and councils are not required to write-off postponed rates after five years. 113

Other draft recommendations

- 33 The valuation base date for the Emergency Services Property Levy and council rates should be aligned.
- The NSW Government should levy the Emergency Services Property Levy on a Capital Improved Value basis when Capital Improved Value data becomes available state-wide. 116
- 34 Councils should be given the choice to directly buy valuation services from private valuers that have been certified by the Valuer General. 118

## 2 Context

This chapter provides the context for our review of the local government rating system in NSW. It sets out what we have been asked to do. It also outlines the current rating system and introduces the key tax principles we have used to assess and recommend changes to this system.

### 2.1 What we have been asked to do

The NSW Government asked IPART to review the current rating system and recommend reforms that aim to enhance councils' ability to implement sustainable and equitable fiscal policy.

Under our terms of reference, we are required to consider the following additional issues when developing our recommendations. These include:

- ▼ the rating burden across and within communities, including consideration of multi-unit dwellings
- ▼ the appropriateness and impact of current rating categories and exemptions, and mandatory concessions
- ▼ the land valuation methodology used as the basis for determining rates in comparison to other jurisdictions
- ▼ the capacity of a newly merged council to establish a new equitable rating system and transition to it in a fair and timely manner, and
- ▼ the objectives and design of the rating system according to recognised principles of taxation.

Our terms of reference also specify that we must take account of the Independent Local Government Review Panel's Final Report (Panel Report)<sup>3</sup>, the NSW Government's response to this report, and the 2013 NSW Treasury Corporation (TCorp) report '*Financial Sustainability of the NSW Local Government Sector*'.<sup>4</sup> We are required to recognise the importance of the Integrated Planning and

<sup>3</sup> Independent Local Government Review Panel, *Revitalising Local Government*, October 2013, at <http://www.localgovernmentreview.nsw.gov.au/>, accessed 11 August 2016.

<sup>4</sup> NSW Treasury Corporation, *Financial Sustainability of the NSW Local Government Sector, Findings Recommendations and Analysis*, April 2013.

## 2 Context

Reporting framework that allows NSW councils to draw various plans together and understand how they interact.<sup>5</sup>

In addition, our terms of reference require us to take account of the NSW Government's policy of encouraging urban renewal, as well as its commitment to protect residents against excessive rate increases and to provide rate concessions to pensioners.

A copy of our terms of reference is provided in Appendix A. The reports noted above are summarised in Appendix G.

#### Interim Report on rate path freeze

Our terms of reference also ask us to recommend a legislative or regulatory approach to achieve the Government's policy that there will 'be no change to the existing rate paths for newly merged councils for four years'.<sup>6</sup>

We provided an Interim Report to the NSW Government on this issue in June 2016. We publicly released this report on 1 August 2016.

## 2.2 The current rating system in NSW

Councils provide a range of infrastructure and services to ratepayers in their local government area. To fund their costs, councils:

- ▼ levy rates on property owners in their area
- ▼ charge fees for the use of specific services (user charges)
- ▼ receive grants from the State and Federal governments
- ▼ generate other revenue, for example, from fines, developer charges and interest, and
- ▼ raise funds through borrowings.

This review only considers rates included in a council's general income.<sup>7</sup>

<sup>5</sup> Office of Local Government, *Integrated planning and reporting*, at <https://www.olg.nsw.gov.au/councils/integrated-planning-and-reporting>, accessed on 12 August 2016.

<sup>6</sup> NSW Government, *Media Release – Stronger Councils for Sydney and Regional NSW*, at <http://www.nsw.gov.au/media-releases-premier/stronger-councils-sydney-and-regional-nsw>, 18 December 2015, accessed 12 August 2016.

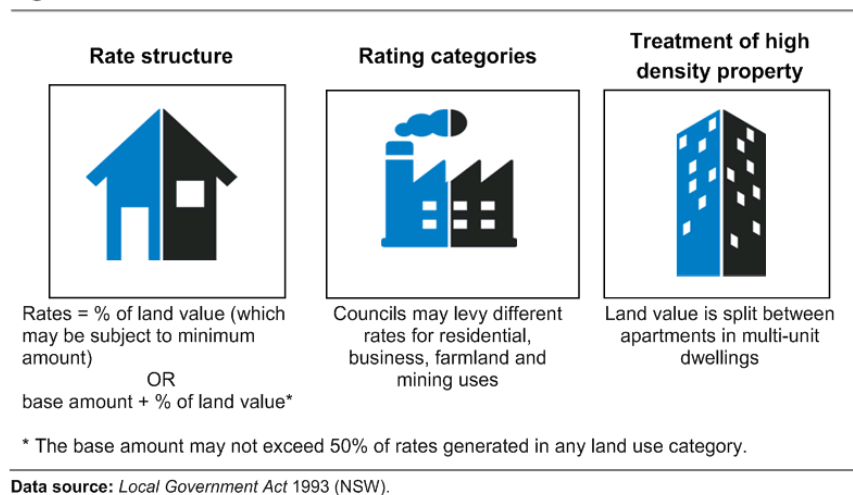
<sup>7</sup> This is income derived from ordinary rates, special rates and specified annual charges (section 505 of the *Local Government Act 1993* (NSW)). Special rates and charges for water and sewerage are not included in a council's general income.



The system that determines how these rates are currently calculated in NSW is set out in the *Local Government Act 1993* (LG Act).<sup>8</sup>

The following sections outline key features of this system and Figure 2.1 provides an overview of how council rates are set in NSW.

**Figure 2.1 How council rates are set in NSW**



Data source: *Local Government Act 1993* (NSW).

## 2.2.1 Rate structure

Under the LG Act, a rate may consist of:

- ▼ an ad valorem amount (which may be subject to a minimum amount), or
- ▼ a base amount to which an ad valorem amount is added.

In NSW, an **ad valorem amount** is set as a proportion of the unimproved land value (UV) of the rateable property – that is, the value of the property without any buildings, houses or other capital investments.

A **minimum amount**, where applied, is a fixed charge which applies instead of the ad valorem amount, when it is greater than the ad valorem amount.

A **base amount**, where applied, is a fixed charge that is levied equally against all rateable properties within a given rate category, or subcategory of land use, in addition to the ad valorem amount.

<sup>8</sup> For more detailed information on the current rating system, see the LG Act (Chapter 15, Sections 491-607), and the NSW Department of Local Government, *Council Rating and Revenue Raising Manual*, 2007.

## 2 Context

There is no restriction on the proportion of revenue a council can generate from the ad valorem amount included in rates. However:

- ▼ revenue generated from the base amount cannot exceed 50% of the total revenue from any particular rating category, and
- ▼ the minimum amount cannot exceed a statutory limit (set at \$506 in 2016-17<sup>9</sup>), unless approved by IPART.<sup>10</sup>

In 2013-14, the ad valorem amount accounted for 75% of all NSW council rate revenue. It is the primary method for raising rating income. Base and minimum amounts accounted for an average of 15% and 10% of council rate revenue respectively across NSW.<sup>11</sup>

### Treatment of high-density property

Where the rateable property consists of multiple units, such as a block of apartments, a single land value is determined for the site as a whole, and the assessed UV for an individual apartment is worked out by dividing the total land value according to each apartment's unit entitlement.

### 2.2.2 Rating categories

Councils may vary the way they calculate rates for different categories of property. For example, they can use a different percentage of the unimproved land value to calculate the ad valorem amounts, apply different minimum amounts, or add different base amounts. There are four main rating categories:

- ▼ residential
- ▼ business
- ▼ farmland, and
- ▼ mining.

Councils may also determine subcategories within each of these four categories, and vary the way they calculate rates for each subcategory. However, the degree of flexibility varies across categories. In particular, the LG Act requires that residential rates for all properties within a **centre of population** are calculated the same way.

<sup>9</sup> This ceiling only applies to ordinary rates. A different ceiling applies to special rates: \$2 (section 548(3)(b) of the LG Act).

<sup>10</sup> Councils that wish to set a minimum amount above the statutory limit are required to submit a minimum rate application to IPART for review and assessment. IPART has been delegated the authority to approve minimum amount variations by the Minister for Local Government.

<sup>11</sup> These are averages and not all councils apply these rates.

Finally, there are also a range of land uses which are currently exempt from paying rates (or exempt from paying a portion of rates). These include national parks, charities and education institutions.

### 2.2.3 Rate peg

The LG Act sets out a process that regulates the amount by which councils can increase their general income. The main component of general income is rates revenue from ordinary and special rates (see section 2.2.6 below).

Each year, IPART determines the maximum percentage by which a council may increase its general income in the coming year, known as the **rate peg**. We calculate this percentage based on the estimated annual change in NSW councils' costs, adjusted for an improvement in productivity. The total amount of general income collected from rates revenue is typically called the **rating burden**.

Councils then set their rates for each rating category so that their annual general income does not increase in percentage terms by more than the rate peg for that year. This gives them some flexibility to vary the increase in rates across categories (eg, to increase residential rates by a higher percentage than farmland rates), as long as the total increase in revenue does not exceed the rate peg.

### 2.2.4 Special variation process

Councils can apply to IPART for a **Special Variation** to allow them to increase general income above the rate peg for a range of reasons, including to provide additional services, to replace ageing assets, or improve financial sustainability.

The **Integrated Planning and Reporting** (IP&R) framework is an important part of the Special Variation process. As part of the IP&R framework, when applying for a Special Variation, councils are required to engage the community on how the funding required will deliver services and infrastructure that meet the community's expectations about service levels.

### 2.2.5 Growth outside the rate peg

Aside from Special Variations, councils can increase their general income 'outside the rate peg' through the **supplementary valuation process**. This involves a new value being assigned to a property due to changes being made to the property. For example:

- ▼ land rezoning (eg, the zoning of a property changing from farmland to residential or detached housing to multi-unit apartments), and/or
- ▼ changes in the number of rateable properties on the property (eg, through an increase in apartments or subdivision).

## 2 Context

The growth in general income that results from supplementary valuations is determined by applying a council's current rating structure (ie, ad valorem and fixed charges across categories) to:

- ▼ the new value of the rezoned land (and to a different ratings category, if applicable), and/or
- ▼ the newly rateable properties.

### 2.2.6 Different types of rates

There are two different types of rates included in a council's general income:

- ▼ **Ordinary rates** – councils are required to make and levy an ordinary rate for each year on all rateable land in their area.
- ▼ **Special rates** – councils have the discretion to levy a special rate for:
  - works or services provided or proposed to be provided, or
  - any other special purpose.

Special rates can be levied on subgroups of ratepayers. For example, a special levy could be applied to all properties in a specific area or development, even if it is within a centre of population.

### 2.2.7 Land valuation process

Councils do not undertake the land valuations used to calculate the rates applicable to each property themselves. Instead, they are required to use the unimproved land valuations provided by the NSW Valuer General.

The Valuer General values all land in NSW, and provides services to a range of users including to the NSW Government for the purpose of levying land tax. In comparison, councils in Victoria and Tasmania have the option of using other valuers to estimate property values for the purpose of levying rates.

### 2.2.8 Infrastructure and services funded by rates

Typically, income from rates is used to fund (or partly fund) infrastructure and services that have the characteristics of 'public goods' or 'mixed goods'. Services with the characteristics of 'private goods' are generally funded through user charges (see Box 2.1 for more information.)<sup>12</sup>

<sup>12</sup> The LG Act recognises this principle in allowing direct charges for services such as water and sewerage (section 501), mandating direct charges for waste (section 496), and not including these user charges in the council's general income for rates purposes (section 505).

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### Box 2.1 What are public, private and mixed goods?

The infrastructure and services provided by councils fall into three categories:

- ▼ **Public goods:** where one person's consumption does not prevent others from consuming it and it is difficult or not practical to charge consumers to use it. Examples include local roads, footpaths and parks.
  - ▼ **Private goods:** where consumption by one person prevents another from consuming the same unit of that good. Examples include water, sewerage and garbage collection.
  - ▼ **Mixed goods:** that have a mixture of private and public good characteristics, such as libraries and community centres.
- 

## 2.3 Key tax principles

The key tax principles that we have used to assess the current rating system are:

- ▼ efficiency
- ▼ equity
- ▼ simplicity
- ▼ sustainability, and
- ▼ competitive neutrality.

Stakeholders generally agreed with us using these principles for our review. The sections below outline each of these principles.

### 2.3.1 Efficiency

Efficiency comprises two main sub-principles: the benefits principle, and the principle that taxes should minimise changes in behaviour.

#### Benefits principle

The income raised from rates is generally used to fund (or partly fund) infrastructure and services that have the characteristics of 'public goods' (see Section 2.2.8). The benefits principle is that each person's share of funding for public goods should be proportional to the benefits they receive from these goods.<sup>13</sup>

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<sup>13</sup> This is otherwise known as the **Lindahl tax** solution to funding public goods. The efficient level of provision of the public good is determined where the sum of individual benefits from providing an extra unit of the good equals the cost of supplying that extra unit.



## 2 Context

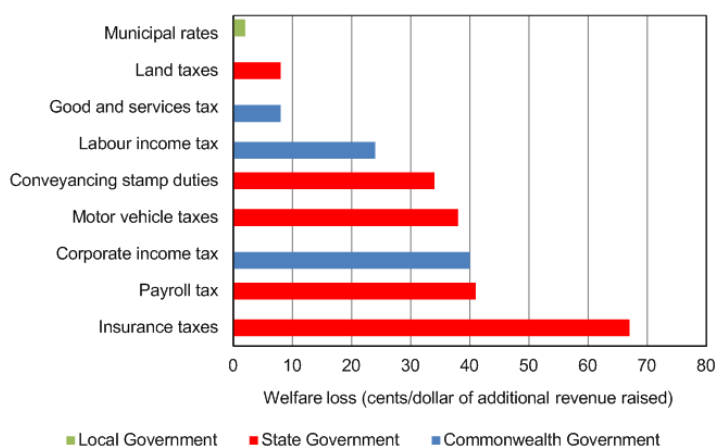
However, the benefits principle is difficult to apply because people generally understate their willingness to pay for the benefits that they receive from public goods.<sup>14,15</sup> In practice, proxies that are correlated with people's willingness to pay for public goods, such as the value of the property they own, are used to estimate benefits received.

### Taxes should minimise changes in behaviour

Taxes that minimise changes to production and consumption decisions are more efficient. The more that taxes that are designed to raise general revenue change behaviour, the greater the welfare loss.<sup>16</sup>

The Henry Tax Review found that local rates were the most efficient of all current taxes used by any level of government, because changes in behaviour from rate taxes are small. It estimated that for every dollar raised through rates, there were welfare losses of just 2 cents (Figure 2.2). In comparison, the welfare losses associated with other State and Commonwealth taxes ranged from 8 to 70 cents per dollar raised. Major State taxes such as payroll tax and stamp duty had an excess burden of 30 to 40 cents per dollar.

**Figure 2.2 Marginal welfare loss from a small increase in selected Australian taxes**



**Data source:** Henry K, *Australia's future tax system – Final Report*, May 2010 (Henry Tax Review), p 13.

<sup>14</sup> A person's willingness to pay for goods should generally be equal to the benefits they receive from those goods.

<sup>15</sup> This is due to the **free-rider** problem. People have an incentive to under-state their willingness to pay for public goods, if their stated willingness to pay is then used as the basis on which taxes are levied on them.

<sup>16</sup> The welfare loss of taxation is known as the excess burden of taxation, and is the distortionary cost that taxes cause by reducing the amount of productive activity that would otherwise occur in a free market.

### 2.3.2 Equity

Equity also has three sub-principles: the benefits principle (discussed above), the ability to pay principle and the intergenerational equity principle.

#### Ability to pay

People should contribute to funding public goods according to their ability to pay. **Ability to pay** has two components:

- ▼ The **horizontal equity principle** requires people of equal capacity to pay the same amount of tax.
- ▼ The **vertical equity principle** requires people who are better off to pay more tax than those who are worse off, so the burden of tax is proportional to the taxpayer's means.

Property-based taxes such as rates are generally regarded as equitable, because property value correlates with wealth and ability to pay.

#### Intergenerational equity

Taxes should also be equitable over time. This means the current generation of ratepayers should not solely pay for services that also benefit future generations (and vice versa). It is therefore important that rates income grows over time to meet the costs of servicing new dwellings and a larger population.

This principle was not included in our Issues Paper, however, we have added it in response to stakeholder feedback.<sup>17</sup>

### 2.3.3 Simplicity

Taxes should be easily understood, difficult to avoid and have low costs of compliance and enforcement. If a tax is easy to understand and is fair, compliance is generally high.

Property-based taxes such as rates are generally hard to avoid, as the government holds comprehensive land ownership records.

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<sup>17</sup> See Bega Valley Shire Council, submission to IPART Issues Paper, May 2016, p 2.

2 Context

#### 2.3.4 Sustainability

To be sustainable, the income generated by a tax should be reasonably reliable, able to withstand volatile economic conditions, and grow over time to support the future needs of government.<sup>18</sup>

#### 2.3.5 Competitive neutrality

Competitive neutrality requires businesses competing with each other to be treated in a similar way. This principle is used to promote fair and efficient competition between public and private businesses.

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<sup>18</sup> Our consideration of sustainability encompasses the requirement of the terms of reference to consider the current financial sustainability of local government in NSW, including the findings and deliberations of NSW Treasury Corporation report *Financial Sustainability of the NSW Local Government Sector*, 2013.

### 3 Allow councils to use CIV as an alternative to UV in setting rates

Currently, the LG Act requires NSW councils to use the unimproved value (UV) method as the basis for setting the variable charge included in a property's rates (the ad valorem amount). It also allows councils to include a base amount, or make the ad valorem amount subject to a minimum amount.

We considered whether changing these provisions would enhance councils' ability to implement sustainable and equitable fiscal policies. The sections below summarise our draft findings and recommendations, then discuss our findings and analysis in more detail.

#### 3.1 Summary of draft findings and recommendations on valuation methods

Councils should be able to choose either the Capital Improved Value (CIV) method or the UV method as the basis for setting the ad valorem amounts in a rating category for the following reasons:

- ▼ **CIV performs better against the tax principles in many circumstances but UV will be better in some circumstances.** In general, CIV is superior in developed areas because it results in rates that correlate more closely with the benefits the ratepayer receives and the cost of providing council services, and is more equitable, sustainable and better understood by ratepayers. UV can be efficient in areas where the level of development is low.
- ▼ **Allowing CIV would address the main drawback of the current system identified by stakeholders** – that UV cannot equitably and efficiently raise revenue from apartments. The proportion of apartments will continue to increase, and without reform, councils will increasingly need to use base and minimum amounts to raise revenue from apartments. This approach is both inefficient and inequitable, particularly the use of minimum amounts which often result in a low-value one-bedroom flat paying the same rates as a three-bedroom penthouse.
- ▼ **Allowing CIV would be consistent with best practice in other jurisdictions.** Internationally, there is a trend towards CIV. Our analysis of 125 countries found that around 85% now use a market value approach, such as CIV, and only five mandate UV.

3 Allow councils to use CIV as an alternative to UV in setting rates

- ▼ **Providing choice would allow councils to take account of local needs, and is consistent with stakeholder feedback.** A strong majority of councils support being able to choose either CIV or UV.

Importantly, the total amount of rates collected by a council will not change as a result of the valuation method they choose (CIV or UV).<sup>19</sup> They will, however, have improved options to collect these rates more equitably and efficiently.

In addition, provisions to set minimum amounts in rates should be removed from the LG Act, as base amounts are a more equitable and efficient way to recover fixed costs in rates. Currently, the requirement to use UV forces many councils to rely on minimum amounts to recover sufficient revenue from apartments. If they can use CIV, this would no longer be necessary.

### 3.2 Councils should be given the ability to choose either CIV or UV

Draft recommendation

- 1 Councils should be able to choose between the Capital Improved Value (CIV) and Unimproved Value (UV) methods as the basis for setting rates at the rating category level. A council's maximum general income should not change as a result of the valuation method they choose.

To reach our draft recommendation that councils should be given the ability to choose either the CIV or UV method as the basis for setting rates at the rating category level, we:

- ▼ analysed how each method performed against the key taxation principles
- ▼ analysed stakeholders' concern that UV cannot equitably or efficiently raise rates in urban areas with a high share of apartments
- ▼ considered the use of CIV and UV in other jurisdictions, and
- ▼ considered stakeholder views.

Our draft findings and analysis, and our reasons for recommending councils be given a choice, are outlined below. Box 3.1 provides some background on this issue, including the difference between the two methods.

<sup>19</sup> A council's maximum general income would still be determined by the rate peg and special variation process.



3 Allow councils to use CIV as an alternative to UV in setting rates

### Box 3.1 Valuation methods and their use in setting rates

As Chapter 2 discussed, a property's rates include an ad valorem amount, which reflects the underlying value of the property. This amount is calculated by multiplying an ad valorem rate (a fixed percentage) by the assessed value of the property.

In NSW, councils are required to use the Unimproved Value (UV) method to assess this value. However, in a number of other jurisdictions, councils have a choice of methods including Capital Improved Value (CIV).

The key difference between the UV and CIV methods is that:

- ▼ UV only considers the underlying land value of a property, whereas
- ▼ CIV considers the underlying land value plus capital improvements.<sup>a</sup>

This difference means the methods produce very different assessed values for properties with significant capital improvements, such as a block of apartments or other high density buildings.

For example, to value an apartment under the UV method, the aggregate land value for the entire apartment block is first determined. Then, the value of an individual apartment is calculated by dividing the total land value according to each apartment's unit entitlement. This often results in values much lower than the combined market value of all the apartments, because the underlying land value is only a small component of the total value of the unit block.

<sup>a</sup> UV is the value of land subject to its highest and best use as permitted under current zoning. The CIV accounts for a property's permitted highest and best use, but also includes the net economic value of capital improvements (which will usually, but not necessarily, be greater than zero).

### 3.2.1 Performance of UV and CIV methods against tax principles

We analysed the performance of UV and CIV against the following tax principles:

- ▼ **efficiency**, including the benefits received principle and minimising changes in behaviour
- ▼ **equity**, including the ability to pay and benefits received principles
- ▼ **sustainability**, and
- ▼ **simplicity**.

Overall, we concluded that CIV generally performs better than UV on the benefits received principle, ability to pay principle, and in terms of sustainability and simplicity. However, UV better minimises changes in behaviour in areas where there are low levels of development.

- 3 Allow councils to use CIV as an alternative to UV in setting rates

### CIV is more consistent with the benefits received principle

Our draft finding is that property value (CIV) is generally a better measure than land value (UV) of the benefits that ratepayers receive from council services.

To reach this finding, we analysed whether a ratepayer's property value (CIV) or land value (UV) better reflects their demand for council services, and therefore the benefits they receive. (Box 3.2 outlines our approach for this analysis, and Appendix B explains the analysis in detail.)

#### Box 3.2 Approach for this analysis

To analyse whether a ratepayer's property value (CIV) or land value (UV) better reflects their demand for council services, we took the following steps:

1. Identify the council services that rates fund.
2. Identify the classes of property and different types of ratepayers within a council area.
3. Compare the relationship between the demand for council services to the two valuation methods for each class of property and type of ratepayer.

Table 3.1 provides an indicative breakdown of the services funded by rates, based on 'Net Cost of Services' data from councils' financial reports.

**Table 3.1 Services funded by local council rates**

Council service	Typical share of a rates bill (%)
Streets and footpaths	27.5
Facilities (parks, libraries, pools, etc.)	29.3
Other services (community and environment)	10.7
Governance and administration	32.5

Source: IPART analysis; OLG (using council financial statements).

Our analysis indicates that CIV **better** correlates with the demand for most of the services provided by council. This can clearly be seen when comparing the rates for a house and a block of apartments. Take the example of a house and a block of four matching apartments located next door on otherwise identical parcels of land such that their unimproved land value is identical:

- ▼ Under UV, the rates for the house and apartment block would be the same, so the rates for each apartment would be one-quarter of those for the house (on average).<sup>20</sup> However, the four households in the apartments are likely to create higher total demand for council services than the single household in the house.

<sup>20</sup> Assuming that no base or minimum amounts apply.

3 Allow councils to use CIV as an alternative to UV in  
setting rates

- ▼ Under CIV, the rates for the house and each apartment would be based on market value, which is likely to provide a better proxy for the demand for council services of each household.

With UV, as the density of the property increases, land value is divided among an increasing number of ratepayers who make a lower overall contribution to council rates. This is less equitable and efficient than using a CIV method.

CIV also better correlates with the demand for council services comparing the rates for two houses, or for two apartments. That is, a ratepayer in a more expensive house should typically have a higher willingness to pay for the public goods funded by rates (eg, they will be willing to pay more for footpaths and street lighting).<sup>21</sup> For two businesses, CIV tends to be correlated with demand for council services, but the arguments are not as persuasive as for residential property. For example, CIV better reflects the higher usage and congestion on local roads created by a multi-floor shopping centre relative to a single storey set of shops.<sup>22</sup>

**It is not clear whether CIV or UV better promotes the efficiency principle**

Our draft finding is it is not clear whether rates based on CIV or UV better promote the efficiency principle overall, as each method impacts on ratepayers' decisions.

In particular, there are two competing effects:

1. A UV method better meets the principle that taxes should minimise changes in behaviour to the extent that taxing capital investments discourages ratepayers from productive investments.
2. A CIV method can be a more efficient method to fund public goods to the extent that increases in capital and people increase the total cost of supplying council services. In this case, CIV more accurately recovers rates according to the benefits received by ratepayers, whereas UV can lead to the under provision of public goods by not capturing the demand for council services from new developments.

<sup>21</sup> Academic literature is consistent with this position, estimating that a 10% increase in income typically leads to an increase in demand for local public goods of between 2%-10% (depending on the good). Borcharding and Deacon (1972) estimate the income elasticity of demand for local public goods, finding positive and (generally) significant elasticities between 0.2 and 1.0 (Borcharding T and T Deacon, *The demand for the services of non-federal governments*, The American economic review, 1972, pp 891-901). Within apartments, a 10-storey apartment block with, say, 100 residents will have a greater demand for council services than a 5-storey apartment block with 50 residents occupying the same land size.

<sup>22</sup> For farmland properties, the UV and CIV methods should produce a relatively similar outcome, to the extent that the value of buildings and other capital structures relative to land value is fairly low and stable across properties.

3 Allow councils to use CIV as an alternative to UV in setting rates

Under a UV method, rates do not change if additional capital is invested into a property, and should not influence a ratepayer's decision to make capital improvements or develop their land. In contrast, under a CIV method, rates increase as additional capital is invested in a property, which may act as a disincentive to undertake productive investments.

When land is rezoned, UV also provides stronger incentives to develop property. When rezoning occurs, the UV will increase by at least the same 'dollar' amount as the CIV. However, because land value is typically less than property value, the percentage increase in UV from rezoning is greater than the percentage increase in CIV. This means that rates will typically rise more under UV when land is rezoned to a more valuable use.

As the Henry Tax Review noted, the UV method is only more efficient if an increase in rates will stop people from developing property.<sup>23</sup> In practice, the consensus is that these efficiency costs are small. The Henry Tax Review estimated that for every dollar raised through rates, there were welfare losses of just two cents.<sup>24</sup> The Productivity Commission has previously concluded that neither UV nor CIV "significantly distort economic activity and resource allocation".<sup>25</sup>

Conversely, as new development occurs and population increases, there will generally be an increase in demand for, and in the costs of providing, council services. Not recovering these costs from this development is inefficient because other ratepayers have to fund this burden, which can lead to the inefficient funding and provision of public goods provided by councils because of the narrower tax base.

On balance, we consider which method is superior in promoting efficiency will depend on the characteristics of the local community itself. A UV method will reduce distortions to capital allocation, but may lead to an inefficiently low provision of council services. In areas where there is a high - or rapidly increasing - number of apartments, a CIV method may more efficiently capture the cost of providing the right level of services across the community, with little cost in terms of distorting economic activity. On the other hand, in less built up areas, a CIV method may provide a disincentive to undertake capital improvements.

<sup>23</sup> Henry K, *Australia's future tax system - Final Report*, May 2010 (Henry Tax Review), p 692.

<sup>24</sup> Henry Tax Review, p 13.

<sup>25</sup> Productivity Commission, *Assessing Local Government Revenue Raising Capacity*, 2008, p 177.

3 Allow councils to use CIV as an alternative to UV in setting rates

### CIV is more consistent with the ability to pay principle

Our draft finding is that CIV better meets the ability to pay principle than UV, as it is more highly correlated with the ratepayer's income and wealth, and both of these factors influence a ratepayer's ability to pay.<sup>26</sup>

The CIV of a ratepayer's property is more directly correlated to their wealth, because it includes capital improvements as well as land value, and therefore represents a larger component of household wealth. This is particularly important when comparing houses to apartments, as the land itself might be a very small fraction of the overall property value, particularly for apartments. In addition, CIV might be a better measure of ability to pay when comparing farmland to residential properties. This is because the land value for farmland is typically close to its market value, whereas residential land value will generally be materially below market value.

In addition, evidence from the 2007 New Zealand rates inquiry suggests that CIV is more highly correlated with annual household income than UV.<sup>27</sup> Overall, as noted by Abelson (2006), property values or income are both better indicators of ability to pay than are land values.<sup>28</sup>

### CIV is more consistent with the sustainability principle

Our draft finding is that CIV will provide a more sustainable rating base over time than UV. As CIV includes both the value of land and capital, it is a broader tax base.<sup>29</sup> This has two advantages:

1. Over time, as the proportion of high density dwellings increases, the ratio of capital to land increases, and CIV therefore becomes more broadly based relative to UV. The growth in CIV due to new development and land rezoning better approximates the increase in demand for council services. This is consistent with our draft recommendation in Chapter 4 that councils' growth in rates outside the rate peg should be calculated according to the change in CIV due to land rezoning and new development, rather than using UV.

<sup>26</sup> In practice, the two are related. A person's asset-based wealth is related to their expected lifetime income. A person's wealth also reflects their total capacity to pay at any point in time.

<sup>27</sup> New Zealand Local Government Rates Inquiry Panel, *Funding Local Government*, August 2007, pp 125-126.

<sup>28</sup> Abelson P, *Local Government Taxes and Charges*, 2006, p 5.

<sup>29</sup> The Grattan Institute estimates, across, Australia, the total value of capital improvements in 2014 was roughly equal to the total value of land, suggesting that CIV is about twice as broad a taxbase as UV. See Daley J and Coates B, *Property Taxes*, Grattan Institute Working Paper No. 2015-5, July 2015, p 5.



3 Allow councils to use CIV as an alternative to UV in setting rates

2. The market value of a property should vary less over a property price cycle than its land value. The value of capital improvements should be fairly constant, therefore, sharp changes in property prices will be reflected to a greater extent in the UV of a property than its CIV. As a result, a CIV tax will better withstand economic fluctuations – and the rate in the dollar for CIV will be less volatile than the UV tax rate.

#### CIV is simpler to calculate and better understood by ratepayers

Our draft finding is that CIV is simpler and easier to understand than UV.

It is simpler to measure and verify a property's CIV than its UV, because nearly all real estate transactions involve properties that have capital improvements. Over time, the process used to assess UV in NSW has become less transparent, as determining land values has required subtracting the estimated value of improvements in the absence of vacant land sales.<sup>30</sup>

In addition, ratepayers are likely to find CIV easier to understand, as most people have a better understanding of the market value of their property than their unimproved land value.

#### 3.2.2 Concern that UV cannot equitably and efficiently raise rates in urban areas with a high share of apartments

One of the key concerns stakeholders raised in our consultations was that the requirement for councils to use UV prevents them from raising rates equitably and efficiently in urban areas with a high share of apartments. Our draft finding is that this concern is justified.

In particular, because the UV of individual apartments is often very low, many councils rely on base and minimum amounts to attempt to reflect the use of council services, which would otherwise be accounted for by setting rates based on CIV. This is neither equitable nor efficient.

Base or minimum amounts (fixed charges), on their own, are not an equitable or efficient way to fund public goods. For example, with a minimum amount, the rates payable for a small one-bedroom apartment are the same as those for a three-bedroom penthouse. Fixed charges can be a simple and efficient way to recover the fixed costs of servicing dwellings such as providing billing services. But they are not, on their own, an efficient means to fund local public goods.

<sup>30</sup> In most cases, UV is calculated as the residual of the market value less the value of improvements, which means that judgment is required in the analysis and accounting for the added value of improvements. For further details, see Mangioni V, *Transparency in the valuation of land for land tax purposes in New South Wales*, eJournal of Tax Research, 9:2, December 2011, p 145.

3 Allow councils to use CIV as an alternative to UV in setting rates

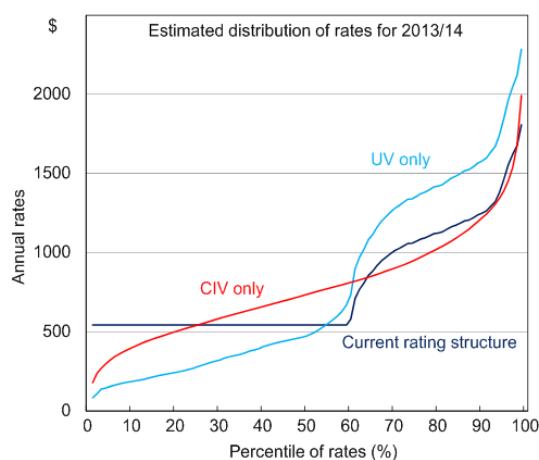
Figure 3.1 illustrates the impact of relying on base or minimum amounts for a Sydney council where around 60% of properties were apartments. Specifically, Figure 3.1 compares what the distribution of rates would look like for this council if it collected the same rates revenue using:

- ▼ a rate comprising an ad valorem rate based on UV (light blue line)
- ▼ the council's actual 2013-14 rating structure comprising a minimum amount and an ad valorem rate based on UV (dark blue line), and
- ▼ a rate comprising an ad valorem rate based on CIV (red line).

This comparison suggests the council is essentially using minimum rates as an imperfect tool to implement what would occur if it could choose a CIV method. It also shows there is no equity or efficiency for the bottom 60% of ratepayers on the current UV rating structure, as they all pay the same rates irrespective of the differences in the benefits they receive from, or their ability to pay for, council services.

This council reflects what many Sydney councils will look like in the future, with over 60% of dwelling approvals being for high density apartments. Currently, 40% of dwellings in Sydney are apartments – the highest of any Australian capital – with this share increasing over time (see Appendix C).

**Figure 3.1 Residential rates for a Sydney Council with a high concentration of apartments**



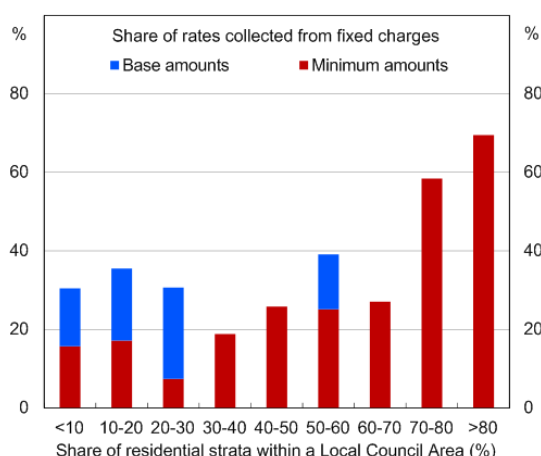
**Data source:** IPART analysis; Land and Property Information (LPI); Office of Local Government (OLG).

Across Sydney councils in particular, as the density increases in a council area, councils are tending to increase the share of rates they collect from minimum rates, to raise a more equitable share of revenue from apartments.

3 Allow councils to use CIV as an alternative to UV in setting rates

As Figure 3.2 shows, in areas where more than 70% of residential properties are apartments, councils tend to recover more than 60% of rates revenue from minimum amounts. In areas where more than 80% of residential properties are apartments, councils collect 70% of rates from minimum amounts. Overall, in Sydney areas where the council levies a minimum rate, around 40% of residential ratepayers were on this minimum rate in 2013-14.

**Figure 3.2 Residential rates across Sydney metropolitan councils**

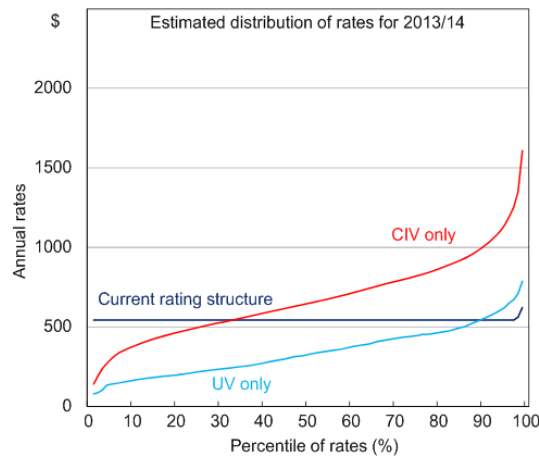


Data source: IPART analysis; LPI; OLG.

In addition, in areas where the share of apartments is high, the majority of apartments are paying the same minimum rate (Figure 3.3). That is, a one-bedroom studio apartment valued at \$200,000 pays the same rates as a three-bedroom penthouse valued at \$1,000,000. This means that minimum rates do not correlate with the per capita drivers of councils' costs, benefits received, or willingness and ability to pay for public goods.

3 Allow councils to use CIV as an alternative to UV in setting rates

**Figure 3.3 Residential rates for strata apartments in a typical Sydney Council**



Data source: IPART analysis; LPI; OLG.

These figures highlight that in areas where there is a high or growing share of apartments, the option to use CIV would likely increase the efficiency and equity of rates. Otherwise, over time as more apartments are constructed, these councils could increase reliance on minimum amounts to recover a greater proportion of their revenue from apartments.

### 3.2.3 CIV is more consistent with international best practice

Our draft decision is that CIV is more consistent with international best practice. Our review found that 85% of countries use CIV (or a similar method based on market value). Out of 125 countries, only five mandate UV (see Appendix D for more details).

In jurisdictions where councils can choose between CIV and UV – such as Victoria, South Australia, Tasmania and New Zealand – councils overwhelmingly opt for CIV over UV. We expect that most NSW councils would move to CIV if given the choice over the long term, consistent with this international experience.

### 3.2.4 Stakeholders support having a choice between CIV and UV

In submissions to our Issues Paper for this review, around 70% of councils supported giving councils the flexibility to choose between a UV and CIV method for determining the ad valorem amount in rates. A further 10% supported mandating a CIV method.

3 Allow councils to use CIV as an alternative to UV in setting rates

The remaining councils (around 20%) favoured retaining the UV method with little or no change. Most of these councils expressed the view that the cost to them of providing CIV data would be too high, and that a separate residential subcategory for strata apartments could adequately resolve current issues with rating apartments.

In addition to supporting choice between UV and CIV, a number of councils also recommended that councils should have the flexibility to choose between valuation methods at the rating category level.<sup>31</sup>

Stakeholders' feedback on the strengths and weakness of CIV and UV was consistent with our assessment against the tax principles. In particular:

- ▼ Most stakeholders agreed CIV was more consistent with the benefits received principle.<sup>32</sup>
- ▼ Stakeholders expressed mixed views on whether UV or CIV better minimises changes in behaviour. For example:
  - Some said the low level of rates means that neither a UV or CIV method would significantly distort investment. One council noted it did not consider "rates are an effective determinate or influencer of development and usage patterns due to the relative low cost of rates compared to development and accommodation expenses".<sup>33</sup>
  - Other stakeholders put the view that the "disincentive for ratepayers to make capital improvements under a CIV rating system is more relevant to commercial, industrial and farm land"<sup>34</sup> than residential properties.
  - A number of stakeholders considered UV had a clear advantage in encouraging productive improvements to land.<sup>35</sup>
- ▼ Stakeholders consistently agreed that CIV better reflected ability to pay, noting that "increases in market value due to improvements by the land owner correlate to a greater capacity to pay".<sup>36</sup> Some regional councils also said CIV might be valuable in meeting the horizontal equity principle between residential and farmland properties.<sup>37</sup>
- ▼ Most stakeholders consider CIV is more easily understood by ratepayers.<sup>38</sup>

<sup>31</sup> For example, Tamworth Regional Council, p 1, Riverina Eastern Regional Organisation of Councils, p 2, Goulburn Mulwaree Council, p 1, submissions to IPART Issues Paper, May 2016.

<sup>32</sup> For example, Campbelltown City Council, p 1, Blayney Shire Council, p 2, submissions to IPART Issues Paper, May 2016. On the other hand, Yass Valley Council, submission to IPART Issues Paper, May 2016, pp 1-2, did not agree with this assessment.

<sup>33</sup> Wollongong City Council, submission to IPART Issues Paper, May 2016, p 1.

<sup>34</sup> Port Stephens Council, submission to IPART Issues Paper, May 2016, p 5.

<sup>35</sup> See, for example, Urban Taskforce Australia, submission to IPART Issues Paper, May 2016, pp 1-2.

<sup>36</sup> Campbelltown City Council, submission to IPART Issues Paper, May 2016, p 1.

<sup>37</sup> See, for example, Blayney Shire Council, p 1, Coffs Harbour City Council, p 1, submissions to IPART Issues Paper, May 2016.

<sup>38</sup> For example, Warringah Council, p 2, Wingecarribee Shire Council, p 1, submissions to IPART Issues Paper, May 2016.



3 Allow councils to use CIV as an alternative to UV in setting rates

Several stakeholders also identified that councils would be able to reduce their reliance on either base or minimum amounts if the option to use CIV was available.<sup>39</sup>

### 3.2.5 Giving councils a choice would provide more benefits than mandating a single method

We analysed several alternative options for reforming the valuation method councils should use in setting rates (see Appendix E for more detail). Our draft finding is that giving councils the flexibility to choose between CIV and UV at the rating category is the best option, because:

- ▼ **It allows them to take account of local conditions and therefore is likely to lead to better economic outcomes.** For example, if a council considers using a CIV method would discourage investment in farmland properties but not residential properties, it can use CIV to rate residential property and UV to rate farmland.
- ▼ **It most closely aligns with stakeholder preferences.** As noted above, the large majority of councils support being provided with choice.

This flexibility is unlikely to increase inconsistency in the way rates are set between different properties within a council area. This is because councils already have a high degree of flexibility with the setting of business rates by centre of activity. In addition, our consultation with stakeholders suggests that most councils favour apportioning rates between categories using fixed shares.

#### Collecting CIV is valuable for other purposes

We also analysed the broader benefits and costs of collecting information to calculate CIV (see Appendix F). Our draft finding is that the benefits to NSW of this information are significant, while the costs are small provided CIV is implemented gradually.

Therefore, we consider the introduction of CIV could be structured so that councils are left financially no worse off. We think this is achievable, as our analysis suggests that there are large benefits to CIV that accrue to other levels of government and the financial sector.

CIV data should be collected even in council areas that continue to use UV as the basis for determining rates. This data would be needed if our draft recommendations to calculate growth outside the rate peg using CIV (see Chapter 4), and to levy the Emergency Services Property Levy on a CIV basis (see Chapter 10) are adopted.

<sup>39</sup> For example, Blayney Shire Council, p 2, The Hills Shire Council, p 2, Ashfield Council, p 2, submissions to IPART Issues Paper, May 2016.

- 3 Allow councils to use CIV as an alternative to UV in setting rates

### 3.3 Removing minimums from the rate structure

#### Draft recommendation

- 2 Section 497 of the *Local Government Act 1993 (NSW)* should be amended to remove minimum amounts from the structure of a rate, and section 548 of the *Local Government Act 1993 (NSW)* should be removed.

To reach our draft recommendation that minimum amounts should be removed from the rate structure, and the current provisions in relation to base amounts be retained, we:

- ▼ analysed how minimum amounts and base amounts performed against the key taxation principles
- ▼ analysed NSW councils' current use of these amounts, and
- ▼ considered stakeholders' views and current practice in other jurisdictions.

We concluded that base amounts are a superior method to recover the fixed costs of providing council services, as they better correlate with ratepayers' benefits received and ability to pay.<sup>40</sup> In addition, if our draft recommendation to give councils the choice to use CIV is adopted, the abolition of minimum rates will not financially constrain councils.

We consider minimum amounts should be phased out from 2020-21. This would allow councils sufficient time to move to new rate structures. It would also align with the end of the rate path freeze period for newly merged councils, when these councils would shift to new rate structures.

Our draft findings and analysis are discussed in more detail below. Box 3.3 outlines the current provisions for base and minimum amounts.

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#### Box 3.3 Current LG Act provisions on base and minimum amounts

As Chapter 2 discussed, under the current rate structure, rates may comprise:

- ▼ a variable ad valorem amount, which may be subject to a fixed minimum amount, or
- ▼ a fixed base amount to which an ad valorem amount is added.

The revenue collected from the base amount cannot exceed 50% of the total revenue from any particular rating category. In contrast, the constraint on minimum amounts is not as restrictive. While there is a statutory limit for minimum amounts (\$506 in 2016-17), councils that wish to set minimum amounts above this limit can submit a minimum rate application to IPART for review and assessment.

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<sup>40</sup> A rate structure with a base amount is better correlated with ability to pay because differences in property value are better reflected in the rates paid with a base amount than with a minimum amount.

3 Allow councils to use CIV as an alternative to UV in setting rates

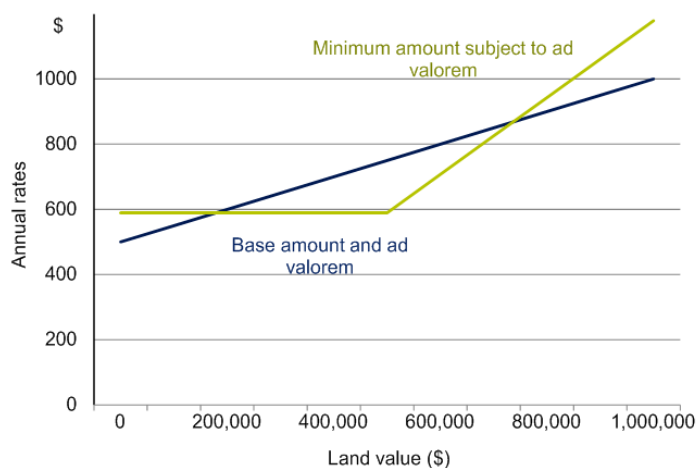
### 3.3.1 Performance of minimum and base amounts against tax principles

Our draft finding is that the use of base amounts is likely to be more efficient and equitable than minimum amounts to recover the fixed costs of servicing dwellings, such as providing billing services. This is consistent with previous research on current NSW rating practices.<sup>41</sup> This is because:

- ▼ Under a minimum amount, all ratepayers below a set threshold of land value pay the same amount. A one-bedroom apartment will face the same minimum rate as a three-bedroom apartment, for example.
- ▼ By contrast, under a base amount (with an ad valorem amount), all ratepayers face the same fixed charge to which an ad valorem amount is added. This means that a one-bedroom apartment will pay lower rates than a three-bedroom apartment, especially where CIV is used to set the ad valorem rate.
- ▼ This means that a base amount plus an ad valorem amount will more closely reflect the benefits received from council services, and differences in ratepayers' ability to pay.

This difference is highlighted in Figure 3.4. It shows that a base amount plus an ad valorem amount rate structure (the blue line) is both more equitable and more efficient than an ad valorem amount which is subject to a minimum amount.

**Figure 3.4 Comparison of base and minimum amounts**



<sup>41</sup> Comrie J, *NSW Government Rating and Charging Systems and Practices*, April 2013, p 9.

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However, base amounts should not be set **above** the level required to recover fixed costs. Otherwise, this would not be consistent with tax principles, as base amounts do not reflect ratepayers' benefits received or ability to pay as closely as an ad valorem amount (whether based on CIV or UV).

For example, a dwelling with one occupant pays the same base amount as a dwelling with four occupants, although it is likely that the latter will derive a larger benefit from the public goods that councils provide. Further, base amounts also tend to place a greater burden on less well-off ratepayers, because owners of low value dwellings effectively pay a higher rate of tax than owners of expensive dwellings.

For this reason, we do not recommend any change to the current 50% restriction on revenue collected from base amounts. This will ensure, consistent with tax principles, that property value remains the predominant driver of a ratepayer's council rates.

### 3.3.2 NSW councils' current use of base and minimum amounts

Currently, most regional councils (62%) use a base amount in residential property rates, but most metropolitan councils (74%) use a minimum amount (Table 3.2). As Section 3.2.2 discussed, our analysis and consultations suggest this difference is partly due to a number of metropolitan councils using minimum amounts as an imperfect tool to raise sufficient revenue from apartments, as they are unable to use CIV as the basis for setting the ad valorem amount.

**Table 3.2 Use of base and minimum amounts by metropolitan and regional councils in 2013-14**

Type of rates	Metropolitan councils		Regional councils		All councils
	Number of councils	As a % of total metropolitan	Number of councils	As a % of total regional	
Residential rates					
Base	10	26%	74	62%	84
Minimum	28	74%	45	38%	73
Business rates					
Base	5	14%	63	56%	68
Minimum	30	86%	50	44%	80

**Note:** Includes total number of councils that applied base and/or minimum amounts for residential and business properties in 2013-14.

**Source:** IPART analysis based on revenue data collected by OLG from each council.

3 Allow councils to use CIV as an alternative to UV in  
setting rates

If our draft recommendation to allow councils the choice to use the CIV or UV valuation method is adopted, these metropolitan councils would be able to equitably and efficiently raise rates from apartments without the need for minimum amounts. We consider that removing minimum amounts from the LG Act would not have a major impact on regional councils, as the majority of these councils already use a base amount.

### 3.3.3 Stakeholder views on minimum and base amounts and current practice in other jurisdictions

Our draft recommendation to remove minimum amounts from the LG Act, and retain base amounts in the LG Act with no change to the 50% revenue cap, is consistent with stakeholder feedback. In submissions to our Issues Paper:

- ▼ The majority of stakeholders supported retaining some form of fixed charges (eg, base or minimum amounts) for a range of reasons, including smoothing the impact of land valuation on rates.<sup>42</sup>
- ▼ Several stakeholders also noted that base amounts are superior to minimum amounts.<sup>43</sup>
- ▼ Some councils, most in Sydney, supported retaining minimum rates in the rating structure to levy rates on apartments. However, our draft recommendation to allow these councils to use CIV or UV would allow them to do this more equitably and efficiently.
- ▼ Overall, stakeholders considered that the 50% revenue restriction on base amounts is appropriate. While some councils requested an increase to the 50% cap – in part, to resolve the issues with UV and the rating of apartments – the majority put the view that the current 50% threshold is appropriate.

The use of base and minimum amounts in other states varies. Our draft recommendation to abolish minimum amounts is consistent with rating practices in Victoria (Table 3.3). The 50% revenue restriction on base amounts is consistent with other Australian states, with no other state allowing councils to recover more than 50% of revenue from fixed charges.

<sup>42</sup> For example, City of Ryde Council, p 4, Cootamundra Shire Council p 3, Shoalhaven City Council, p 3, Gunnedah Shire Council, p 2, Coffs Harbour City Council, p 2, Western Plains Regional Council, p 3, submissions to IPART Issues Paper, May 2016.

<sup>43</sup> For example, Manly Council, p 1, Yass Valley Council, p 2, Hawkesbury City Council, p 1, Lockhart Shire Council, p 1, Queanbeyan City Council, p 4, submissions to IPART Issues Paper, May 2016.



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**Table 3.3 Base and minimum amounts in other Australian states**

	Base amounts		Minimum amounts	
	Permitted	Limit	Permitted	Limit
Victoria	✓	20% of revenue	✗	N/A
Queensland	✗	N/A	✓	No restriction
South Australia	✓	50% of revenue	✓	35% of properties
Western Australia	✗	N/A	✓	50% of properties <sup>a</sup>
Tasmania	✓	50% of revenue	✓	35% of properties
<b>NSW (recommended)</b>	<b>✓</b>	<b>50% of revenue</b>	<b>✗</b>	<b>N/A</b>

<sup>a</sup> In Western Australia, no more than 50% of properties can be on a minimum rate if the minimum rate is \$200 or higher.

**Source:** *Local Government Act 1989* (Vic), *Local Government Regulations 2012* (Qld), *Local Government Act 1999* (SA), *Local Government Act 1995* (WA), *Local Government Act 1993* (Tas) and *Local Government Act 1993* (NSW).

## 4 Allow councils' general income to grow as the communities they serve grow

As the local community grows, the LG Act allows councils to increase their general income 'outside the rate peg' as new households and businesses are formed. It also allows councils to apply to IPART for a Special Variation to increase general income above the rate peg to provide additional services or improve financial sustainability.

We considered whether reforming these provisions would enhance councils' financial sustainability and encourage growth and urban renewal. The sections below summarise our draft findings and recommendations, then discuss our findings and analysis in more detail.

### 4.1 Summary of draft findings and recommendations on growth

Councils' rates income should increase over time in line with the growth in Capital Improved Value (CIV) arising from new residents or businesses.

- ▼ This would **promote growth and urban renewal**, and **reinforce a council's financial sustainability**. This is because the increase in a council's general income from new development would more closely match the increase in council's costs caused by servicing more people and businesses. Therefore, we have recommended this formula should apply to councils regardless of whether they choose the CIV or UV method for rating.
- ▼ Calculating growth using CIV would also **reduce the need for councils to apply for Special Variations (SVs)** as a result of growth. SVs would generally only be required when there is a significant shift in the local community's preference for a higher level of services.

Importantly, rates per household would not rise in real terms under our approach, but councils that experience growth would get larger rates income overall to compensate for the higher costs of servicing the larger number of residents and businesses.

- 4 Allow councils' general income to grow as the communities they serve grow

We have also made two supporting draft recommendations that would better allow councils to help their communities grow. As councils become larger and more sustainable:

- ▼ they will be increasingly well placed to partner with other spheres of government to deliver infrastructure that benefits the local community. This is why we recommend introducing **a new type of special rate** to allow local councils to better partner with state and federal governments in the **delivery of joint infrastructure projects**.
- ▼ they may be better placed to adapt to short-term changes in the community. This is why we recommend **increasing the scope for councils to adapt pricing policies to short-term changes in their community**, while ensuring long-term financial sustainability.

## 4.2 Allowing general income to increase in line with the increase in CIV from new developments

Draft recommendation

- 3 The growth in rates revenue outside the rate peg should be calculated by multiplying a council's general income by the proportional increase in Capital Improved Value from supplementary valuations.
- This formula would be independent of the valuation method chosen by councils for rating.

To reach our draft recommendation, we analysed whether the current process that determines the increase in a council's rates from growth in new ratepayers is sufficient to meet the increased demand for council services. We considered whether alternative formulas would better reflect these needs, maintain councils' financial sustainability and protect ratepayers from excessive rate rises.

### 4.2.1 Current practice with changes in rates income from growth

As communities grow, councils need to provide infrastructure and services to new people and businesses in a council area. Therefore, their revenue from rates (or general income) also needs to grow to allow them to meet these needs while maintaining their financial sustainability.

This process is known as 'growth outside the rate peg'. Determining this growth involves two steps.

4 Allow councils' general income to grow as the communities they serve grow

Firstly, when a property changes, a new land value is determined for the property (or properties) under a 'supplementary valuation'. Changes to property values generally reflect growth and urban renewal, and include:

- ▼ land rezoning (eg, from farmland to residential or low-density housing to multi-unit housing), and/or
- ▼ changes in the number of rateable properties on a block of land (eg, if a block of land is developed into a block of apartments).

See Box 4.1 for more details on this process.

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**Box 4.1 The supplementary valuation process and CIV**

When changes to a property are recorded, a Supplementary Notice of Valuation is issued to determine a new land value, outside of the usual three to four year valuation cycle.

Supplementary valuations can occur due to:

- ▼ newly created parcels of land in subdivisions
- ▼ the transfer of part of land which is included in an existing valuation (eg, through strata division of an existing block)
- ▼ the amalgamation of parcels of land into a single valuation
- ▼ changes to zoning, or
- ▼ an error being detected in the valuation process.

In addition, under a CIV method, supplementary valuations would also occur if significant capital improvements are made to property. These could include improvements that occur at the conclusion of a Development Application or Complying Development process, but could exclude minor improvements that occur under the Exempt Development process.

**Source:** NSW Valuer General, *Supplementary Notice of Valuation*, at [http://www.valuergeneral.nsw.gov.au/land\\_values/notice\\_of\\_valuation/supplementary\\_notice\\_of\\_valuation](http://www.valuergeneral.nsw.gov.au/land_values/notice_of_valuation/supplementary_notice_of_valuation), accessed 8 August 2016.

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The second step involves **applying a council's current rating structure** (ad valorem and fixed charges across categories) to:

- ▼ the new value of the land (and to a different rating category, if land rezoning has resulted in a change in rating category), and/or
- ▼ the newly rateable properties.

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communities they serve grow

Under the current UV methodology, the current 'growth outside the rate peg' process results in an increase in general income from new development that is typically much lower than the increase in costs of servicing new residents and businesses. This is because the land value will not increase as apartments are built unless there is land rezoning which increases land value.<sup>44</sup> Therefore, councils will only receive additional income by levying fixed charges (base or minimum amounts) across a larger number of properties.

In other words, if a 10-storey apartment block is built on a block of land, absent base and minimum changes, councils currently receive no increase in their general income to compensate for the larger population they are servicing.

If the change in CIV arising from new development was used to calculate the growth outside the rate peg, the increase in general income would better reflect the increase in costs of servicing new ratepayers. This is because the CIV will increase when additional capital is built, even when the underlying land value does not change.

Box 4.2 outlines the current 'growth outside the rate peg' process as new development occurs, and compares it against the increase in rates that would have occurred under a CIV method, using an actual strata subdivision in Port Stephens Council.

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<sup>44</sup> Furthermore, even if rezoning occurs, the increase in rates from the higher land value will be much lower than the growth in residents and businesses. Put simply, this is because as housing density increases, the land value becomes a smaller share of property value, and less representative of the costs of providing council services to ratepayers.



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#### Box 4.2 Growth in rates income due to new development

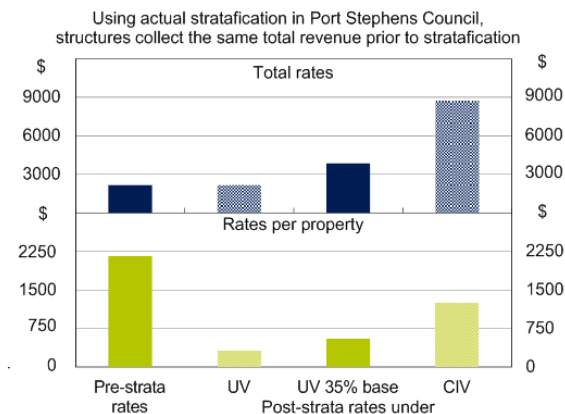
Figure 4.1 examines the change in rates income from a strata subdivision from one residence to seven strata units that occurred in Port Stephens Council. The analysis comes from land value and property sales information provided in Port Stephens' submission to our Issues Paper.<sup>a</sup>

It considers rates income prior to subdivision, and rates income following the subdivision using the following rate structures:

- ▼ an ad valorem rate only using UV as the valuation method
- ▼ Port Stephens Council's current rating policy which uses an UV ad valorem rate with a base amount collecting 35% of residential rates revenue, and
- ▼ an ad valorem rate only using CIV as the valuation method.<sup>b</sup>

The results are in Figure 4.1.

**Figure 4.1 Council rates income under strata subdivision**



This highlights the impact of the valuation method on rates income for strata subdivision. In this subdivision example, unless Port Stephens Council uses a base or minimum amount, it receives no uplift in revenue. Furthermore, even with the council's actual rates structure, the current method only delivers a modest uplift in total income even though the council is now servicing seven times as many households. The rates for the new households are around one-quarter of the rates prior to subdivision.

By contrast, if a CIV method was adopted for calculating the growth in rates from new development, Port Stephens Council's total rates would increase by around \$6000 per annum, roughly matching the increase in costs of servicing six new households.

<sup>a</sup> For further details, see Port Stephens Council, submission to IPART Issues Paper, May 2016, pp 2-6.

<sup>b</sup> The ad valorem and base amounts are set so that the council collects the same total income from residential property prior to the strata subdivision. The rate structures under UV use the current formula for calculating growth in rates outside the rate peg. The structure based on CIV is the basis of our recommended formula for calculating growth in rates income (see Section 4.2.2 for more details).

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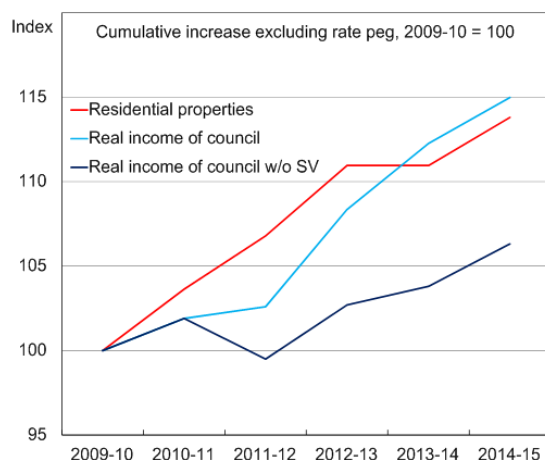
In particular, when land is strata titled, rates per dwelling fall substantially under the current 'growth outside the rate peg' formula. The impact at the council level becomes significant over time.

Box 4.3 compares the growth in residential properties to a Sydney council's real growth in council income with, and without, an SV that the council received. It highlights that the increased income from the SV was only able to match the growth in residential properties, and that the council would have experienced a real reduction in income per ratepayer without the SV. However, our view is the SV process should be used to deliver a higher level of services or new infrastructure, not also to offset losses in per capita revenue due to normal growth and urban renewal.

**Box 4.3 The current system results in increased pressure to apply for SVs**

This box analyses the growth in residential ratepayers against real growth in income for a metropolitan council over the period 2009-10 to 2014-15. Figure 4.2 below shows that the number of residential ratepayers has increased by 15% over this period, while total rates revenue would have only increased by 6% in real terms without an SV.<sup>a</sup>

**Figure 4.2 A metropolitan council's growth in residential properties and rates income**



<sup>a</sup> Real growth in income is calculated by subtracting the rate peg from council income.

Data source: OLG, IPART.

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These two examples highlight the key drawbacks of the current system:

- ▼ **The current rating system is not orientated to deliver councils sustainable increases in income over time and pursue growth.** Councils' growth in revenue due to growth and urban renewal – currently based on changes in unimproved land value – does not compensate for growth in population and the increase in councils' cost of delivering services over time. Therefore, under current rate peg arrangements, councils that pursue growth may need to decrease service levels over time, or apply for SVs to maintain current service levels. In summary, the current system undermines council incentives to pursue growth and urban renewal, because they do not receive a commensurate increase in rates revenue to service new developments.
- ▼ **Councils have incentives to maximise base or minimum amounts as part of the rate structure.** This is because fixed charges (base or minimum amounts) to new dwellings are added to a council's rate base, even if the total land value is unchanged. However, fixed charges should mainly be used to capture the fixed costs in servicing all dwellings, not to capture the total increase in costs from servicing additional properties. Hence, the incentive to maximise fixed charges in the rate structure runs contrary to efficiency and equity tax principles.

#### 4.2.2 A better formula for calculating 'growth in rates outside the peg'

Growth outside the rate peg should instead be scaled by the percentage change in CIV due to supplementary valuations according to the formula:

$$Income_{Year\ 2} = Income_{Year\ 1} \times (1 + peg) \times (1 + percentage\ increase\ in\ CIV\ due\ to\ supplementary\ valuations)$$

This formula ensures that rates revenue increases in proportion to the increased cost of providing council services over time. As it is more consistent and sustainable, we recommend that this growth factor be applied for all councils in NSW, independent of the valuation method chosen by a council. Hence, information on CIV would need to be collected in all council areas, even for those where UV is used as the basis for rates.

In addition, the benefits of collecting CIV to other sectors of the economy primarily accrue if the information is collected state-wide (see Appendix F). Information on CIV would also be required in all council areas if used as the basis for levying the Emergency Services Property Levy which we recommend (see Chapter 10).

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The change in CIV formula we recommend ensures:

- ▼ total rates income for councils increases in line with the growth in costs
- ▼ general changes in property prices (captured through asset revaluations) do not increase a council's rates income
- ▼ councils are not encouraged or discouraged to adopt one valuation method over another
- ▼ the rates structure that a council adopts does not influence the growth in a council's rates income from new developments, and
- ▼ councils receive the appropriate income from changes in land use and zoning.

Our approach would reduce the need for councils to apply for SVs to generate additional income.

- ▼ Councils that experience population growth would not have as much pressure to increase rates through an SV.
- ▼ Reductions in SV applications reduce regulatory costs to councils.
- ▼ Councils would still apply for SVs if there is a change in demand for council services, but not because they are pursuing growth and urban renewal.

This formula would likely be superior to other methods. For example, an alternative formulation could be to scale general income by changes in population, as increases in population account for a large proportion of the increase in the cost of providing council services. While this also approximates growth in demand for council services, it is not as good as the change in CIV that we have proposed because:

- ▼ The change in population only accounts for changes in residential ratepayers, it does not account for growth in the number of businesses over time.
- ▼ CIV can be collected for a range of other purposes. Using population to scale changes in rates income would require relatively precise and timely information on population at the LGA level, which would incur additional cost and would not be as useful for other purposes.

This draft recommendation supports councils' long-term financial sustainability by ensuring that revenue increases match the growth in costs due to population growth and development, while continuing to protect ratepayers from excessive rate increases.

4 Allow councils' general income to grow as the communities they serve grow

#### 4.2.3 Stakeholder feedback

Our draft recommendation is consistent with stakeholder feedback. While this aspect of our Issues Paper did not receive much feedback, a number of stakeholders identified that the interaction between the UV method and rate pegging arrangements often does not deliver sufficient growth in rates outside the rate peg.<sup>45</sup>

In particular, Port Stephens Council identified that a CIV methodology for calculating growth in rates outside the peg is "beneficial in...overcoming rate income growth constraints caused by the apportioning of land value according to strata unit entitlements." Furthermore:

This issue potentially affects every council in the State and is not restricted to large metropolitan councils. Any additional rate income growth opportunity afforded to councils with large numbers of strata title properties through the use of CIV should also be given to all councils including those with smaller numbers of strata subdivisions, not just selected LGAs...

What is considered a minor or modest financial benefit to a larger council may be significant to a smaller council, and council size should not be a determinant of whether the financial advantages of CIV are excluded from an LGA.<sup>46</sup>

Our draft recommendation to allow councils to receive the growth in rates outside the peg using CIV will ensure that all councils receive the appropriate growth in rates income over time, regardless of which valuation method is more appropriate to the needs of the local community.

#### 4.3 Levying a special rate for joint delivery of new infrastructure projects

Draft recommendation

- 4 The *Local Government Act* 1993 (NSW) should be amended to allow councils to levy a new type of special rate for new infrastructure jointly funded with other levels of Government. This special rate should be permitted for services or infrastructure that benefit the community, and funds raised under this special rate should not:
  - form part of a council's general income permitted under the rate peg, nor
  - require councils to receive regulatory approval from IPART.

As councils become larger and achieve long term financial sustainability, they will be better positioned to co-fund joint infrastructure projects with the State and Federal Government that benefit the local community.

<sup>45</sup> Port Stephens Council, pp 2-6, Fairfield City Council, p 1, submissions to IPART Issues Paper, May 2016.

<sup>46</sup> Port Stephens Council, submission to IPART Issues Paper, May 2016, p 2.



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Section 495 of the LG Act allows councils to levy special rates on any subset of rateable land within its area to meet the costs of delivering additional services, facilities or activities to ratepayers.

However, the application of the current special rate provisions to joint infrastructure projects might be limited in practice. The application of special rates might be limited to the goods, services and facilities currently outlined in Chapters 5 and 6 of the LG Act.<sup>47</sup> In other words, they cannot be used to co-fund infrastructure or services that fall within another sphere of government's service functions, even if they benefit the local community. For example, City of Sydney Council has levied a special rate to construct infrastructure and services that surround a light rail line, eg, footpaths, as these are within a local council's service functions. However, the special rate was not used to co-fund the rail line itself, as providing rail is a state, or federal, function.

If infrastructure built by the State and/or Federal Government directly benefits the local community then a special rate could be permitted to collect revenue for this explicit purpose, regardless of which level of government constructs the infrastructure. This is particularly relevant as councils develop greater strategic capacity and ability to effectively partner with other levels of government.

The rates used to fund joint infrastructure should be outside a council's general income. This is because the infrastructure being provided is outside the core services for which councils collect rates. This will encourage urban renewal, and better partnering by councils with the State and Federal Government without regulatory burdens. This will also reduce the need for council's to apply to IPART for Special Variations to fund joint infrastructure projects.

#### 4.3.1 Stakeholder feedback

Overall, our draft recommendation to provide additional tools to encourage joint partnering by local councils with other spheres of government is consistent with stakeholder feedback. While the majority of stakeholders were satisfied that the current system sufficiently supports urban renewal, a number of councils supported the view that councils should be encouraged to partner with other levels of government to promote urban renewal.<sup>48</sup>

<sup>47</sup> While section 24 of the LG Act outlines that "a council may provide goods, services and facilities, and carry out activities, appropriate to the current and future needs within its local community and of the wider public", the LG Act is also fairly prescriptive in the list of council's service functions permitted under the Act (or other Acts such as the *Roads Act 1993*).

<sup>48</sup> For example, Narromine Shire Council, submission to IPART Issues Paper, May 2016, p 1.

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A number of stakeholders also identified limitations with the current provisions for special rates under section 495 of the LG Act, for example:

- ▼ Newcastle City Council considered the fact that any income under these special rates is included in councils' general income acts as an impediment to funding urban renewal initiatives.<sup>49</sup>
- ▼ Warringah Council identified urban renewal could be encouraged by reducing the regulatory burden associated with adopting special rates.<sup>50</sup>

Our draft recommendation addresses both of these limitations.

#### 4.4 Increased ability for councils to set rates below the rate peg

Draft recommendation

- 5 Section 511 of the *Local Government Act* 1993 (NSW) should be amended to reflect that, where a council does not apply the full percentage increase of the rate peg (or any applicable Special Variation) in a year, within the following 10-year period, the council can set rates in a subsequent year to return it to the original rating trajectory for that subsequent year.

The NSW local government reforms aim to build "a stronger system of local government in NSW, with councils that are sustainable, well-managed and ready to play an active role in helping communities grow."<sup>51</sup>

Councils need the ability to adapt pricing policies to short-term changes in their community's ability to pay, while ensuring long-term financial sustainability. This is consistent with the Integrated Planning and Reporting (IP&R) framework which requires NSW councils to prepare a 10-year Long Term Financial Plan that estimates the rates revenue a council expects to generate over this period.

Currently, councils have limited flexibility to set rates below the rate peg. Under the current provisions of the LG Act, a council that sets general income below the rate peg has only two years to return to the same rates trajectory. Our draft recommendation increases the ability for councils to protect ratepayers if the community experiences a short-term downturn, eg, as a result of drought or a downturn in commodity prices, while providing more time for councils to return to their sustainable long-term rates trajectory.

<sup>49</sup> Newcastle City Council, submission to IPART Issues Paper, May 2016, pp 4-5.

<sup>50</sup> Warringah Council, submission to IPART Issues Paper, May 2016, p 6.

<sup>51</sup> NSW Government, *Strengthening Local Government*, at <http://www.fitforthefuture.nsw.gov.au/strengthening-local-government>, accessed 8 August 2016.

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#### **4.4.1 Allowing councils the flexibility to set rates that are responsive to local conditions**

The Long Term Financial Planning process under IP&R requires councils to estimate expected rates revenue for the next ten years along with other revenue and expenditure variables. These budgets are designed to be used in strategic expenditure and revenue decision making.

IP&R budgets allow a council to plan for long-term infrastructure spending, and determine the long-term rates trajectory required to fund this spending.

However, if a council decides to levy lower rates than the maximum permissible income in a year, for example, due to a downturn in commodity prices, section 511 of the LG Act only allows the council to recover the lost income within the next two years. Over a longer period, it does not allow a council to recover lost rates income or to return to the same rates trajectory that it planned to follow.

The illustrative example in Box 4.4 highlights the limitations of the current legislation and the benefits of our proposed reform.

- 4 Allow councils' general income to grow as the communities they serve grow

#### Box 4.4 The current limitations with setting rates below the rate peg

This box highlights the limitations of section 511 of the LG Act in allowing councils to set rates below the rate peg.

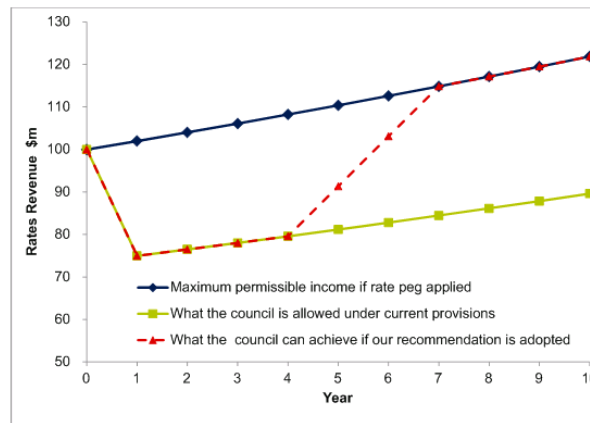
- ▼ In its Long Term Financial Planning Process a council ('Council A') has budgeted for revenues over the next 10 years (Year 1 to Year 10) based on the current year revenue of \$100 million and assumed rate peg of 2%. This revenue also meets Council A's long-term expenditures and ensures financial sustainability.
- ▼ However, in Year 1, Council A decides to collect only \$75 million rates revenue due to a drought in its LGA.
- ▼ In the subsequent 3 years (Year 2 to Year 4), the council applies the rate peg to the previous year's rates income in each year as drought conditions continue.
- ▼ In Year 5, there are no longer drought conditions in the community, and Council A would intend to return to its long-term rating trajectory.

Box 4.3 plots the rating trajectory that the council could follow under the following three scenarios:

- ▼ The revenue that Council A would be allowed to receive if it temporarily set rates below the maximum in Year 2 to Year 4 if our draft recommendation to allow councils a longer period to return rates to its long-term rating trajectory is permitted (red line).
- ▼ The revenue that Council A would be able to recover if it temporarily set rates below the maximum in Years 2 to 4 under the current provisions of the LG Act (green line).
- ▼ Council A's rates trajectory if it had applied the full rate peg percentage in all years (blue line).

Importantly, under the current LG Act, if Council A set rates below the maximum in Year 2 to Year 4, it would not be able to return to its sustainable long-term ratings trajectory without applying for an SV.

**Figure 4.3 Proposed approach to return to rates trajectory**



4 Allow councils' general income to grow as the communities they serve grow

Under our recommended approach, Council A would be allowed to resume its sustainable long-term rates trajectory in Year 5. Council A would also be allowed to gradually transition back to this path over a few years if it deemed this was more appropriate. Our draft recommendation would help councils balance short-term fluctuations in their community's ability to pay while ensuring they are able to meet long term plans.

**The draft recommendation benefits councils with significant farmland and mining properties**

Our proposed reform, while beneficial to all councils, would particularly benefit councils with a substantial level of farmland and mining properties. The communities in their areas are most exposed to drought and changes in commodity prices, and these councils may wish to temporarily deviate from their rating structure to levy lower rates due to local economic factors.

Our draft recommendation would give councils the option, but not the obligation to set general income below the rate peg during periods of droughts or periods of lower commodity prices without having to permanently reduce the level of rates or services in the community. This would allow councils to play a more active role in working with their community, and better set rates and services based on local economic conditions.

#### **4.5 The Special Variation process**

The terms of reference for this review require IPART to take account of the NSW Government's commitment to protect NSW residents against excessive rate increases.

As outlined in Chapter 2, councils that wish to increase their general income above the rate peg can apply to IPART for a Special Variation. Table 4.1 shows that since 2011-12 there have been 133 applications for an SV or a minimum rate increase, with around 60% of councils applying for at least one SV or minimum rate increase over this period. Over 90% of SV or minimum rate applications have been fully or partially approved in this period.



4 Allow councils' general income to grow as the communities they serve grow

**Table 4.1 SV and minimum rate applications**

	Applications		Determinations		
		Full approval	Part approval	Declined	No determination
2011-12	23	9	10	4	0
2012-13	16	10	6	0	0
2013-14	24	21	3	0	0
2014-15	34	30	3	1	0
2015-16	23	22	1	0	0
2016-17	13	9	1	0	3 <sup>a</sup>
<b>Total</b>	<b>133</b>	<b>101</b>	<b>24</b>	<b>5</b>	<b>3</b>

<sup>a</sup> No determination was made by IPART because the 3 councils were dissolved under an amalgamation.

Source: IPART.

However, the SV process incurs a significant regulatory burden on councils and the State Government, which might have deterred some councils from applying for SVs. For example, Wentworth Shire Council noted that the cost of applying for an SV is almost equal to the additional revenue received in the first year of the SV.<sup>52</sup> In its response to the panel, the NSW Government noted that it “supports removing unwarranted complexity, costs and constraints from the rate-peg system”.<sup>53</sup>

Our core draft recommendation, that growth outside the rate peg should be scaled by the change in CIV, should significantly reduce the number of SV applications and reduce the cost of the rate-peg system. This is because rates per dwelling are held broadly constant over time, rather than the current system where rates per dwelling can significantly decline with growth from new developments.

This draft recommendation would also ensure a smoother rates trajectory for individual ratepayers. Ratepayers would potentially avoid sharper increases in rates under an SV, to catch-up a prior period of real rate decreases. This is consistent with the Government’s policy of avoiding excessive rate increases.

Under the proposed approach, a council that determines its base level of rates income using the SV process would no longer need to apply simply to compensate for growth. Councils would generally only need to apply for an SV to fund increases in the level of service to the local community.

<sup>52</sup> Wentworth Shire Council, submission to IPART Issues Paper, May 2016, p 1.

<sup>53</sup> Office of Local Government, *NSW Government Response: Independent Local Government Review Panel recommendations and Local Government Acts Taskforce recommendations*, September 2014, p 5.

4 Allow councils' general income to grow as the communities they serve grow

In our Issues Paper, we highlighted three options suggested by the Panel Report to further reduce the costs and the constraints of the current SV process:

- ▼ streamlining the application and approval process for SVs
- ▼ introducing earned autonomy, where certain councils demonstrating consistent high performance could earn complete exemption from rate pegging, and
- ▼ replacing rate pegging with rate benchmarking.<sup>54</sup>

We have considered these points. We have concluded that our core draft recommendation, to calculate growth outside the peg using the change in CIV, would directly address the regulatory burden from rate pegging whilst ensuring residents are protected from excessive rate rises, consistent with NSW Government policy. It would do this by significantly reducing the future need for, and size of, SV applications.

#### 4.5.1 Stakeholder feedback

The majority of stakeholders disagreed with current rate pegging arrangements, instead viewing the introduction of IP&R, which requires councils to engage with the community to establish an appropriate resourcing strategy, as providing a sufficient framework to determine the level of rates.<sup>55</sup>

Stakeholders also noted broad support for streamlined rate pegging and earned autonomy.

<sup>54</sup> Panel Report, pp 42-45.

<sup>55</sup> For example, Hawkesbury City Council, p 3, Queanbeyan City Council, p 6, Lockhart Shire Council, pp 2-3, submissions to IPART Issues Paper, May 2016.

## 5 Give councils greater flexibility when setting residential rates

Many stakeholders consider that the LG Act prevents metropolitan councils from setting different residential rates within their local areas. They have requested it be modified to give metropolitan councils greater flexibility when setting these rates. Rural and regional councils can already set different residential rates, as can councils in other jurisdictions.

We considered whether the current restriction on councils setting different residential rates remains appropriate, or whether it should be changed. The sections below summarise our draft findings and recommendations, and then discuss our findings and analysis in more detail.

### 5.1 Summary of draft findings and recommendations on setting residential rates

**Councils should have more flexibility to set different residential rates within their local areas.** This would allow them to set rates that take account of differences in access to, demand for and cost of providing council services across their residential ratepayer base. It would also assist them to be more responsive to local needs, reduce any cross-subsidies between areas and provide incentives for urban renewal. It would not lead to a change in the overall amount of rates collected, but rather would allow councils to set a more equitable and efficient distribution of the rating burden within their local area.

To manage the risk of ratepayers in some areas being subject to excessively high rates, **new protections to promote equity and transparency in setting different residential rates should be introduced.** These include rules around the maximum difference between the highest and lowest rates within an area, as well as a requirement for councils to provide ratepayers with information on different residential rates.

In addition, **new councils should (at the end of the 4-year rate path freeze) have the flexibility to establish new structures for residential rates, and transition to them appropriately.** Depending on its specific circumstances, a new council should be able to choose to equalise rates across its pre-merger areas, keep the existing rate structures in each pre-merger area, or move to a new rate structure. If it chooses to equalise its residential rates, this should be a gradual process, with rate changes limited to a maximum increase of 10 percentage points above the

5 Give councils greater flexibility when setting residential rates

rate peg (as adjusted for permitted Special Variations) in any year as a result of this equalisation.

## 5.2 Councils should have more flexibility to set different residential rates

### Draft recommendations

- 6 The *Local Government Act 1993* (NSW) should be amended to remove the requirement to equalise residential rates by 'centre of population'. Instead, councils should be allowed to determine a residential subcategory, and set a residential rate, for an area by:
  - a separate town or village, or
  - a community of interest.
- 7 An area should be considered to have a different 'community of interest' where it is within a contiguous urban development, and it has different access to, demand for, or costs of providing council services or infrastructure relative to other areas in that development.

Currently, the LG Act requires councils to equalise residential rates by setting the same ad valorem rate within a single 'centre of population'. This means that it can only set different rates where it can identify different centres of population within its area.

To assess whether this remains appropriate or should be changed, we examined the current requirement in the context of different NSW councils (including new councils formed by the recent mergers). We also considered stakeholders' comments and the practice in other jurisdictions. Our draft finding is that change is needed for the following reasons:

- ▼ to remove confusion about what the current requirement means
- ▼ to allow councils to tailor rates to local preferences for services, minimise any cross-subsidies, and provide incentives for urban renewal
- ▼ to allow councils to select the most efficient option to fund their services and infrastructure, and
- ▼ to allow councils to choose how to balance key tax principles when setting residential rates.

The analysis that supports this finding is outlined below. Box 5.1 provides further explanation of the draft recommendations above.

5 Give councils greater flexibility when setting residential rates

**Box 5.1 Further explanation of draft recommendations 6 and 7**

Under our draft recommendations the 'centre of population' requirement would be removed from the LG Act, and replaced with provisions to enable a council to make a residential subcategory for an area, provided the area:

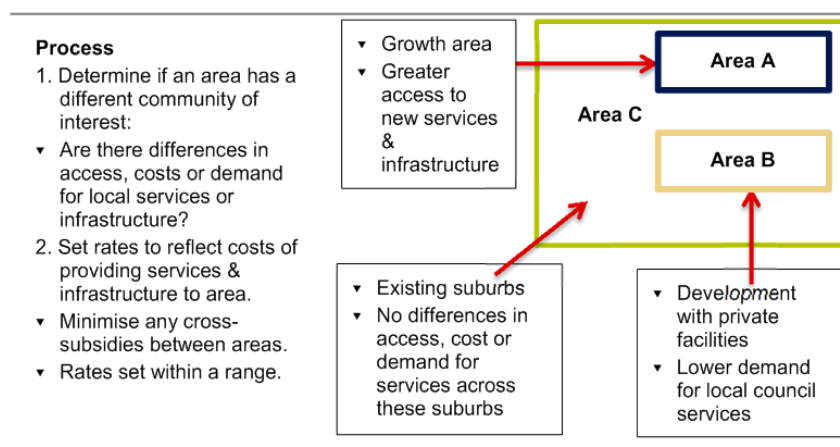
1. is a separate town or village, or
2. has a different community of interest.

An area would have a different 'community of interest' if it is within a contiguous urban development, and it has different:

- ▼ access to
- ▼ demand for, or
- ▼ costs of providing council services and infrastructure (when compared to other areas in that development).

The 'separate towns and villages' subcategory reflects the current OLG guidelines. It should be retained since rural and regional councils use it to set different rates for areas where there is a clear geographic separation between them.

The new 'community of interest' subcategory would provide greater flexibility to metropolitan councils. The figure below outlines how it could be used.



**5.2.1 The current 'centre of population' requirement is unclear**

The meaning of the current requirement for setting different residential rates by 'centre of population' is not clear. In their submissions, several councils indicated they were confused about its application in urban areas.



#### 5 Give councils greater flexibility when setting residential rates

Stakeholders generally thought that it prevents Sydney metropolitan councils from setting different residential rates within their local areas. This understanding appears to be consistent with the Office of Local Government (OLG) guidelines. However, a judicial interpretation of the requirement suggests the opposite.

#### OLG guidelines

The OLG guidelines indicate that if an area is within a contiguous urban development, it would only constitute a discrete centre of population in very limited circumstances. Namely, the area must be independently serviced by infrastructure and have a separate community of interest.

The guidelines note that setting different residential rates may have limited application within the suburbs of the main urban centres. Further, councils should not use the 'centre of population' requirement to:

- ▼ set different residential rates within homogenous suburbs, or
- ▼ enable rating variations by street or any special feature (eg, proximity to water).

In contrast, the guidelines provide more scope for rural and regional councils to set different residential rates. They indicate that a council might identify discrete centres of population by separate towns or villages.<sup>56</sup>

#### Judicial interpretation

The former South Sydney Council determined that the suburbs in its northern area made a disproportionate contribution to rates revenue in comparison with their utilisation of infrastructure. This area comprised 24% of the council's area, 24% of its road length and 12% of its parks, yet contributed 36% of its rate revenue.

The council addressed this disparity by establishing residential subcategories, and setting a different ad valorem rate and minimum amount for each subcategory:

- ▼ Southern Area (eg, Alexandria, Newtown, St Peters): 0.201% AV<sup>57</sup>, \$338 minimum
- ▼ Western Area (eg, Camperdown, Chippendale, Ultimo): 0.165% AV, \$327 minimum, and
- ▼ Northern Area (eg, Darlinghurst, Potts Point, Elizabeth Bay): 0.165% AV, \$327 minimum.

<sup>56</sup> Department of Local Government, *Council Rating and Revenue Raising Manual 2007*, p 23.

<sup>57</sup> 'AV' means the ad valorem rate per dollar of land value.

5 Give councils greater flexibility when setting residential rates

It took the following factors into account when making these residential subcategories:

- ▼ the inequity arising from the disparity between contribution to revenue and services received, and
- ▼ whether the land within the proposed subcategories exhibited unique characteristics: community of interest, geographical cohesion, historical, traditional values and requirements.

The Land and Environment Court held that these were legitimate factors for the council to consider when exercising its power to determine 'centres of population' and make residential subcategories.<sup>58</sup>

**5.2.2 Councils should be allowed to tailor rates to local preferences for services, minimise any cross-subsidies and provide incentives for urban renewal**

Most stakeholders requested greater flexibility to set different residential rates. Many of them commented that, within a council's area, there will be varying degrees of access to and demand for council services, as well as costs of providing those services.

Allowing different residential rates would promote a more efficient rating structure, by minimising any cross-subsidies between these areas. It could also provide incentives for greater private provision of services and urban renewal. It would not lead to a change in the overall amount of rates collected, but rather would allow councils to set a more equitable and efficient distribution of the rating burden within their local area.

**Councils are growing**

Larger council areas and growing populations mean more diverse communities, with variations in access, demand and costs across these communities. Some suburbs may have a higher or lower demand for council services compared to other suburbs within the council area. Alternatively, councils may incur relatively higher or lower costs providing services to some of their suburbs (see Box 5.2).

Allowing councils to set different residential rates would improve their ability to respond to local circumstances (ie, these differences in access, demand or costs) as they provide their services and infrastructure.

<sup>58</sup> *The Council of the City of Sydney v South Sydney City Council* [2002] NSWLEC 129.

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#### **Box 5.2 Costs may vary because of local conditions**

Compared to the other suburbs in a council area, an area may have higher or lower costs. For example, it may be:

- ▼ a former industrial site, so providing parks may require higher remediation costs
- ▼ prone to flooding, so building roads there may be more costly (eg, greater drainage requirements), or
- ▼ in a bushfire zone, so buildings there may have to meet higher standards.

#### **Councils may have a mix of established and growth suburbs**

Ratepayers in councils that have a mix of established and growth suburbs may have different levels of access to or demand for council services. For example, growth suburbs may have a younger demographic or fewer facilities. These factors may lead to councils providing them with different services or infrastructure when compared to established suburbs.

Setting the same residential rate across established and growth suburbs may be inequitable. It could result in ratepayers from the established suburbs paying for services or infrastructure provided to the growth suburbs which they are unlikely to access.<sup>59</sup>

#### **Councils may want to encourage private service provision, urban renewal and new development**

There are often differences in demand for local services between strata developments. Some strata developments provide significant private open space and facilities for their residents, which are maintained by the strata. In contrast, others do not offer these services, creating additional demand for councils to provide them.

Councils should have the flexibility to provide incentives for strata developments to offer these private services, by setting a lower residential rate. This may also encourage more urban renewal or new development within council areas.

#### **Land values do not always address differences in access to services and infrastructure**

In some situations, councils may find that land values take account of differences in access to their services. Ratepayers with better access to council services may have a higher land value and therefore pay higher rates (assuming a uniform ad valorem rate). In this case, differential rating would be unnecessary.

<sup>59</sup> We note that some of the funding for infrastructure in growth suburbs may come from development contributions under section 94 of the *Environmental Planning and Assessment Act 1979* (NSW).

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However, factors other than access to council services are often the drivers of land values, particularly in metropolitan Sydney. These factors include proximity to public transport, beaches or waterways. So there may not always be a strong connection between the benefits received from local services (ie, access) and ad valorem rates paid. In these instances, setting different residential rates may be a useful option for councils.

**Councils can identify the beneficiaries who are likely to access their public goods**

As Chapter 2 discussed, rates are used to fund a council's provision of public goods (eg, parks, roads), which are non-excludable (ie, difficult or impractical to charge users for). However, this does not necessarily preclude a council from setting different residential rates to reflect differences in access to these public goods. For example, it could identify a subset of ratepayers who are the likely beneficiaries of the public good, and so recover higher rates from them to account for this higher level of access.

Allowing councils to set different residential rates is consistent with practices in other jurisdictions. For example, Queensland councils can determine different residential rates based on land use, access to or consumption of council services.<sup>60</sup> Box 5.3 outlines the practice in Victoria.

**Box 5.3 Different residential rates in Victoria**

- ▼ A council may apply a different rate to residential land, as well as other types of land (eg, business). If it does so, the council must specify its objectives of the differential rate, and publish these on its website.
- ▼ The highest rate that the council sets across all types of land (including residential) must be no more than four times the lowest rate.
- ▼ Ministerial Guidelines were introduced in 2013 to reduce complexity and inconsistent application of different rates across councils. For example, councils must provide evidence of assessing the different rates against taxation principles. The Minister has the power to prohibit rates that are inconsistent with the guidelines.
- ▼ The Victorian Government is looking to increase transparency in the levying of different rates. It will require councils to clearly specify how the use of different rates contributes to the equitable and efficient conduct of council functions.
- ▼ While Victorian councils have the flexibility to set different residential rates, they have generally not been used by metropolitan councils.

**Source:** Victorian Government, *Ministerial Guidelines for Differential Rating*, April 2013; Victorian Department of Environment, Land, Water and Planning, *Act for the future, Directions for a new Local Government Act 2016*.

<sup>60</sup> Queensland Department of Infrastructure, Local Government and Planning, *Rates and Charges*, at <http://www.dilgp.qld.gov.au/local-government/finance/rates-and-charges.html>, accessed 15 July 2016.

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### 5.2.3 Councils should be able to select the most efficient option to fund their services and infrastructure

Currently, there are several options available to councils to fund their services and infrastructure. For example, councils can use:

- ▼ user charges, to fund services that have the characteristics of private goods (eg, water, sewerage, garbage collection)
- ▼ developer contributions or special rates, to fund public or mixed goods that benefit a particular group of ratepayers (eg, footpaths, roads, drains)
- ▼ debt, to fund either types of goods, and
- ▼ base amounts, to ensure a fixed amount is recovered from each ratepayer.

Councils are likely to experience increasing variations in access, demand and costs across their communities. Therefore, the existing funding options may not provide councils with sufficient flexibility when determining how best to fund their services and infrastructure.

We noted that the LG Act already includes a provision to allow councils this flexibility to set different residential rates. Further, there may be instances when differential rating may be a more efficient funding option than the alternatives (see Box 5.4).

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#### Box 5.4 Councils can select the most efficient funding option

In the examples below, councils may consider it is more efficient to set different residential rates rather than use special rates or base amounts to address differences in access, demand or costs between areas.

##### Different residential rates vs special rates

- ▼ Where ratepayers in an area are receiving services that are not benefiting the wider council area, councils can currently use special rates to levy those ratepayers.
- ▼ Special rates may not be a feasible option where an area is imposing a lower cost, rather than higher cost, on council. This may occur where the area has a lower demand for services relative to the council area norm (eg, strata developments that provide private services – see Section 5.2.2). In this instance, a different residential rate may be a more efficient funding option.

##### Different residential rates vs base amounts

- ▼ Setting a base amount that all ratepayers must pay (irrespective of land values) allows councils to 'flatten out' the rating structure, which would otherwise be determined by ad valorem rates. It can help to reflect the benefits ratepayers receive from their local services. (See Chapter 3 for our draft findings on base amounts.) Differential rating may be another way of recognising these benefits, without the distortionary effects of base amounts.
-



5 Give councils greater flexibility when setting residential rates

**5.2.4 Councils should be able to choose how to balance key tax principles when setting residential rates**

Setting residential rates (uniform or different) may involve a trade-off between key taxation principles – particularly vertical equity and efficiency.<sup>61</sup> Councils are best placed to decide how to balance these principles where they are in conflict, so they should be able to choose which to prioritise when setting their residential rates. In addition, allowing councils to set different residential rates would be consistent with most of these taxation principles.

**Efficiency vs equity**

Giving councils greater flexibility to set different residential rates would allow them to more closely align rates to the local services received by ratepayers. This would reduce any cross-subsidies between areas and thus improve the efficiency of rates. It would also promote the benefits principle, which is one of the dimensions of the equity principle.

To promote another dimension of the equity principle, vertical equity, councils would need to set rates so that ratepayers who are better off pay more than those who are worse off. That is, they would need to make the burden of taxation proportional to the ratepayer's ability to pay.

There is sometimes a conflict between the principles of vertical equity and efficiency. Under the current LG Act, many councils are unable to tailor their residential rates to local preferences. Rather, they must set the same ad valorem rate for residents. Residential ratepayers with higher land values pay higher rates than those with lower land values. This is irrespective of their access to or demand for council services, or the costs of providing them with those services.

In effect, this obliges Sydney metropolitan councils to prioritise the principle of vertical equity over other tax principles when setting residential rates within their areas. A better outcome may be to let councils determine the appropriate balance between equity and efficiency concerns within their diverse communities – through permitting different residential rates – and be accountable to their ratepayers at the ballot box.

Even if a council uses different residential rates, vertical equity issues could still be addressed to some extent. For example, using a single ad valorem rate within an area would ensure that residents with a greater ability to pay do pay higher rates than other residents in that area.

<sup>61</sup> Section 2.3 discusses the key tax principles.

5 Give councils greater flexibility when setting residential rates

### Sustainability

Differential rating would be a more sustainable approach to rating, compared with having a uniform rate across a council area, especially in larger and more economically varied council areas. Councils can more readily adapt their different rates to changing circumstances (eg, enlarged council areas, different types of strata developments or areas with a mix of established and growth suburbs).

### Simplicity

Having different residential rates would be more complex than having a single residential rate across a council's area. However, imposing transparency requirements on councils (such as those in our draft recommendation 8, discussed below) would improve ratepayers' understanding of different residential rates. This may mitigate any increase in rate complexity that accompanies a move to different residential rates from a single rate.

Differential rating would also simplify issues for new councils by giving them much better flexibility to efficiently and fairly deal with the existing rate structures they have inherited from the pre-merger councils.

For example, provided their pre-merger areas have differences in their access, demand or costs – and so comprise different communities of interest (see Box 5.1) – new metropolitan councils could choose to maintain the existing rate structures. This means that all residents may benefit from merger efficiencies.<sup>62</sup>

In contrast, the current LG Act requires many new councils to set a uniform residential rate across their areas, which may create 'winners and losers'. That is, some ratepayers will experience a decrease in their rates, whilst others will be exposed to rate increases (see Section 5.4.2).

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<sup>62</sup> As part of the *Fit for the Future* process, we assessed most pre-merger Sydney metropolitan councils as financially fit. This implies that these councils are expected over the long term to recover costs within their pre-merger areas. Allowing differential rating means a new council could choose to maintain its pre-merger rate structures (subject to the requirements outlined in Section 5.3) and apportion merger cost savings to all pre-merger areas in a way that ensures all areas benefit from the merger savings.

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residential rates

### 5.3 Protections should be introduced to promote equity and transparency in setting different rates

#### Draft recommendations

- 8 The *Local Government Act 1993* (NSW) should be amended so, where a council uses different residential rates within a contiguous urban development, it should be required to:
  - ensure the highest rate structure is no more than 1.5 times the lowest rate structure across all residential subcategories (ie, so the maximum difference for ad valorem rates and base amounts is 50%), or obtain approval from IPART to exceed this maximum difference as part of the Special Variation process, and
  - publish the different rates (along with the reasons for the different rates) on its website and in the rates notice received by ratepayers.

If councils are allowed to set different residential rates, there is a risk that some ratepayers may be subject to excessive rates. To mitigate this risk, new protections should be introduced to promote equity and transparency.

#### 5.3.1 The highest rate should be no more than 1.5 times the lowest rate across all residential subcategories

We consider the maximum differential (ie, the difference between the highest and lowest residential rates) should be limited to 1.5 times within a contiguous urban development, without the need for regulatory oversight. That is, there can be a maximum of 50% difference between the highest and lowest amounts set by a council for both of the following rate components:

- ▼ the ad valorem rate, and
- ▼ the base amount.<sup>63</sup>

If a council wished to set a different rate that falls outside this range, it could apply to IPART for approval as part of the Special Variation process.

As an example, a council sets rates for Area A, comprising an ad valorem rate of 0.12% and base amount of \$150. It determines that Area B has a lower level of demand for its services. Under our proposed approach, it could set a lower rate structure for Area B. It could decrease the ad valorem rate to 0.08% and base amount to \$100 for Area B. If the council wanted to set an even lower rate structure in Area B – or a higher rate structure in Area A – it would require IPART approval to exceed the maximum 1.5 times limit.

<sup>63</sup> In Chapter 3, we recommend that minimum amounts be removed from the LG Act. If they are retained, the maximum differential should also apply to minimum amounts.

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The range only applies to the areas that are part of a contiguous urban development. This is because differences in access, costs or demand for local services in urban areas are unlikely to vary to the same degree as in rural and regional areas.

We analysed the existing residential rates that new councils have inherited from their pre-merger areas. For most new councils in metropolitan areas, the range between their existing rates was less than 1.5 times.

### 5.3.2 Councils should publish information on their different residential rates

If a council uses different residential rates within a contiguous urban development, it should be required to make these rates publicly available on its website. Further, it should publish on its website the reasons for the different rates, based on the access, demand and cost criteria outlined in Box 5.1. The council should also include this information on the different rates (and the reasons for them) in the rates notice received by ratepayers.

These transparency protections would be in addition to the existing Integrated Planning and Reporting process. Under this process, a council is required to include its proposed rates structure in its draft Operational Plan, which is publicly exhibited for at least 28 days before being finalised. This allows ratepayers to provide comments to the council on the proposed rates.<sup>64</sup> The final Operational Plan (including the different rates) is then made publicly available.

## 5.4 New councils should have flexibility to continue existing rate structures or establish new ones

### Draft recommendation

- 9 At the end of the 4-year rate path freeze, new councils should determine whether any pre-merger areas are separate towns or villages, or different communities of interest.
  - In the event that a new council determines they are separate towns or villages, or different communities of interest, it should be able to continue the existing rates or set different rates for these pre-merger areas, subject to metropolitan councils seeking IPART approval if they exceed the 50% maximum differential. It could also choose to equalise rates across the pre-merger areas, using the gradual equalisation process outlined below.
  - In the event that a new council determines they are not separate towns or villages, or different communities of interest, or it chooses to equalise rates, it should undertake a gradual equalisation of residential rates. The amount of rates a resident is liable to pay to the council should increase by no more

<sup>64</sup> NSW Division of Local Government, Department of Premier and Cabinet, *Integrated Planning and Reporting Guidelines for local government in NSW*, March 2013, pp 120, 122.

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residential rates

than 10 percentage points above the rate peg (as adjusted for permitted Special Variations) each year as a result of this equalisation. The *Local Government Act 1993* (NSW) should be amended to facilitate this gradual equalisation.

After the 4-year rate path freeze expires, new councils formed by the recent mergers should be allowed to establish new structures for residential rates, and transition to them appropriately. If a new council can identify separate towns or villages, or different communities of interest (see Box 5.1), it should be able to choose to:

- ▼ equalise rates across its pre-merger areas
- ▼ keep the existing rate structures in each pre-merger area, or
- ▼ move to a different rate structure.

#### 5.4.1 Proposed process for new councils

We propose that towards the end of the rate path freeze, a new council would assess whether its pre-merger areas are separate towns or villages, or different communities of interest (ie, they have differences in access, demand or costs).

For example, if a new metropolitan council determines that:

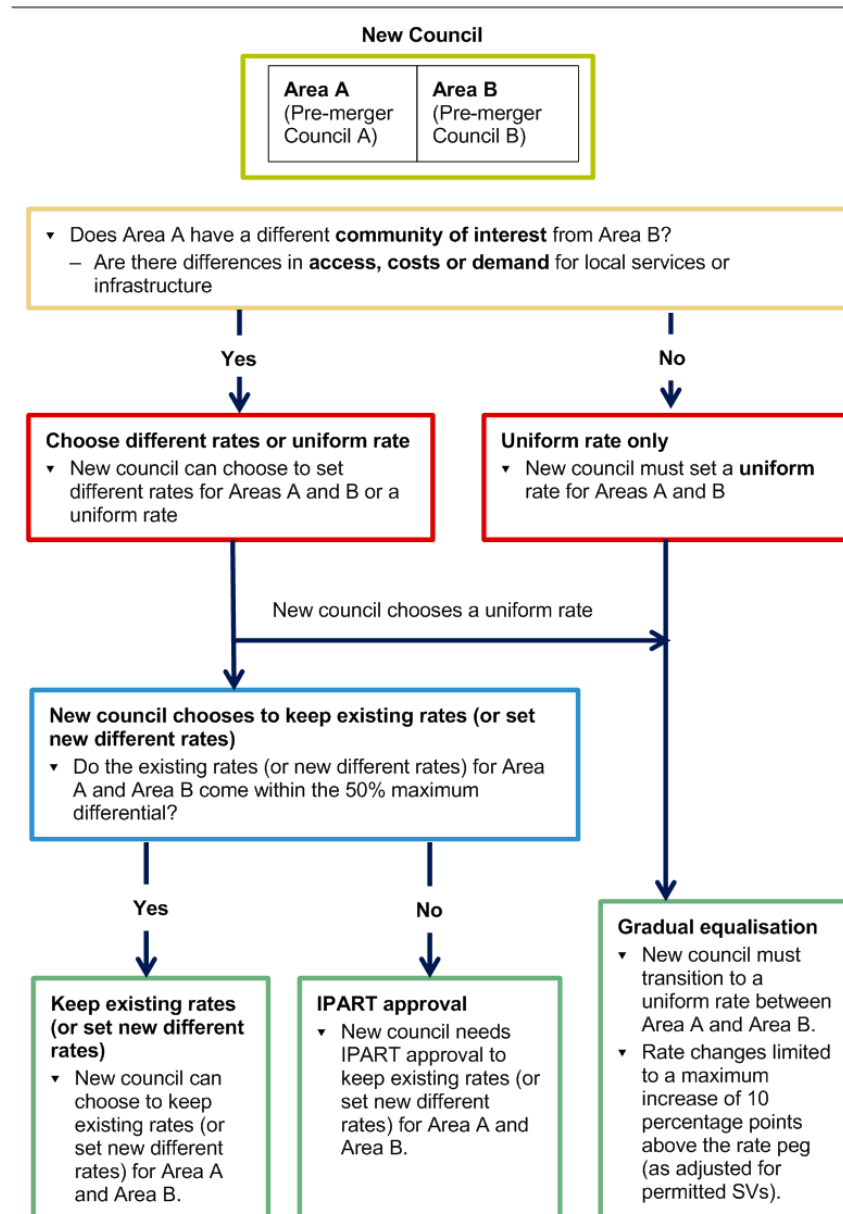
- ▼ Its pre-merger areas are **different communities of interest**:
  - The new council could set different residential rates for them using the existing rates or new different rates, provided these rates are within the 50% maximum differential (see Section 5.3). If the differential is greater than this maximum, the new council would need to seek IPART approval to maintain the existing rates or set the new different rates.
  - The new council could choose to equalise rates across the pre-merger areas, using the gradual equalisation process outlined below.
- ▼ Its pre-merger areas are **not different communities of interest**, the new council would need to undertake a gradual equalisation of rates (eg, transition over time, rates increase by no more than 10 percentage points above the rate peg – as adjusted for permitted Special Variations – each year as a result of this equalisation) (see Section 5.4.2).

This proposed process is outlined in Figure 5.1 and Box 5.5.



- 5 Give councils greater flexibility when setting residential rates

**Figure 5.1 Process for new metropolitan councils to set residential rates after the 4-year rate path freeze**



5 Give councils greater flexibility when setting residential rates

**Box 5.5 Example of how a new council may choose to set residential rates after the 4-year rate path freeze**

Assume that a new council has been created from the merger of councils A and B (Area A and Area B) in a contiguous urban area.

- ▼ There is a similar land values per dwelling in Area A and Area B.
- ▼ The pre-merger councils set rates at \$1,000 per dwelling in Area A and \$700 per dwelling in Area B, reflecting demand preferences and supply costs in these areas.

**Rate equalisation**

Under the current LG Act, the new council would be required to equalise rates across Areas A and B. That is, it must set rates at \$850 in both areas. This leads to outcomes that may be unfair and inefficient. Either:

- ▼ Area B has to cross subsidise the residents in Area A by \$150 per ratepayer, or
- ▼ the new council starts decreasing service levels in Area A and increasing them in Area B, which may be contrary to the preferences of the respective local communities.

**Rate flexibility**

- ▼ Under our proposed approach, the new council could choose to:
  - keep the existing structure (provided it meets the criteria in Box 5.1)
  - equalise rates (using the gradual process outlined in Section 5.4.2), or
  - move to another rate structure, moving rates higher or lower in the two areas based on local demand preferences, costs of supply and access to council services (provided it meets the criteria in Box 5.1).
- ▼ The new council may conclude that maintaining the existing residential rates in Area A and B is more efficient, sustainable and equitable than moving to a uniform residential rate (ie, equalising rates).

**5.4.2 Gradual equalisation of rates for new councils**

Under the current LG Act, at the end of the rate path freeze, new councils would be required to equalise their residential rates immediately. This could expose some ratepayers to large increases or decreases in their rates.

If new councils are required to set a uniform residential rate (or choose to set such a rate – see Section 5.4.1), they should gradually equalise rates across their pre-merger areas. The amount of rates a resident is liable to pay to the council should increase by no more than 10 percentage points above the rate peg (as adjusted for permitted Special Variations) each year as a result of this equalisation.

5 Give councils greater flexibility when setting  
residential rates

This requirement would protect ratepayers by acting as a 'ceiling' on rate increases due to equalisation. Our analysis indicates it would also mean that most new councils could equalise their rating structures within five years after the rate path freeze expires in June 2020.

Councils would have the discretion to set a resident's rate changes below this ceiling during the equalisation process. While this may extend the timeframe for equalising rates, it would let councils take into account their ratepayers' ability to pay and ensure they are not exposed to excessive rate increases. In particular, it allows councils to factor in the amount of the rate peg (or any permitted Special Variations) when determining whether to go below the ceiling for equalising rates.

## 6 Better target rate exemption eligibility

The LG Act provides for a range of rate exemptions to be made largely based on who owns the land – for example, land owned by the Crown and religious bodies is exempt. We assessed the current exemptions to identify opportunities to improve their efficiency, equity and competitive neutrality. The sections below summarise our draft recommendations, and then discuss each recommendation and our draft findings and analysis in more detail.

### 6.1 Summary of draft recommendations on rate exemptions

Rate exemptions should be better targeted to ensure that ratepayers do not subsidise the costs of providing council services to properties where this is not justified on efficiency and equity grounds, and that properties with comparable uses of land attract the same rating treatment. In particular:

- ▼ **General exemptions should be based on land use not land ownership**, and land used for commercial or residential purposes should not be exempt, regardless of who owns it. This will help to ensure that land used mainly to deliver private benefits is not exempt from rates.
- ▼ **Some explicit exemptions should be retained or amended, as they are consistent with the general exemptions.** For example, these include those for land used by a religious body for that purpose, land vested in the NSW Aboriginal Land Council, and land owned by a hospital and used for that purpose.
- ▼ **Some explicit exemptions should be removed on the basis that the land is used for a commercial or residential purpose.** For example, these include those for land owned or vested in a water authority, land below the high water mark used for the cultivation of oysters, and land used for commercial logging.
- ▼ **Exemptions for land used for both exempt and non-exempt purposes should cover the portion used for exempt purposes only.**

In addition, councils' maximum general income should not be adjusted as a result of any one-off changes in exemption statuses resulting from implementing the above recommendations. Some further changes should also be made to increase the consistency and transparency of exemptions.

6 Better target rate exemption eligibility

## 6.2 General exemptions should be based on land use not land ownership

### Draft recommendation

10 Sections 555 and 556 of the *Local Government Act 1993* NSW should be amended to:

- exempt land on the basis of use rather than ownership, and to directly link the exemption to the use of the land, and
- ensure land used for residential and commercial purposes is rateable unless explicitly exempted.

Rate exemptions mean the broad ratepayer base subsidises the cost of providing council services to those eligible for exemptions. To justify this, exemptions should be granted on efficiency and equity grounds. For example, they could be targeted at land used to generate substantial public benefits and not for land used to generate private benefits (see Box 6.1 for more information).

### Box 6.1 On what grounds should rate exemptions be granted?

Where an activity provides substantial public benefits to the community, it may be equitable and efficient to exempt it from paying rates. For example, schools and hospitals generate public benefits. Requiring them to pay rates may result in them reducing their services below a socially optimal level.

It may also be equitable to provide exemptions where the organisation has limited ability to pay. For example, granting exemptions to religious or charitable institutions – which may have limited ability to pay rates – could allow them to spend more on public goods such as helping the disadvantaged, which results in better outcomes for society.

Currently, the LG Act exempts several types of land from paying rates.<sup>65</sup> These exemptions are largely based on who owns the land, rather than how it is used. This has resulted in inefficient and inequitable outcomes, including:

- ▼ Exemptions being granted for land used to generate private benefits – for example, commercial logging in State Forests and commercial oyster farming on land below the high water market (ie, Crown land).
- ▼ Properties with comparable land uses being rated differently – such as a retirement village that is owned by a Public Benevolent Institution (PBI) versus one that is privately owned.<sup>66,67</sup>

<sup>65</sup> Section 555 of the LG Act exempts certain land from all rates (see Table H.1 in Appendix H). In addition, section 556 exempts certain land from all rates other than water supply special rates and sewerage special rates (see Table H.2 in Appendix H).

<sup>66</sup> A Public Benevolent Institution is a type of charitable institution whose main purpose is to relieve poverty or distress. For more details, see [http://www.acnc.gov.au/ACNC/FTS/Fact\\_PBI.aspx](http://www.acnc.gov.au/ACNC/FTS/Fact_PBI.aspx)

<sup>67</sup> Cootamundra Shire Council, submission to IPART Issues Paper, May 2016, p 7.



## 6 Better target rate exemption eligibility

- ▼ Cost advantages for exempt organisations that directly compete with the private sector – for example, government enterprises or charitable institutions that provide goods and services at commercial rates.

To improve efficiency, equity and competitive neutrality, we consider exemptions across all rating categories should be determined by land use, irrespective of ownership. In addition, all land used for commercial activities or residential purposes should be rateable, unless it is explicitly exempted.

### 6.2.1 Land used for commercial activities should be rateable

There are several reasons why land used for commercial activities (defined in Box 6.2) should be rateable:

- ▼ First, commercial activities generate private benefits and revenue. Therefore these ratepayers have the ability to pay, and should pay, rates.
- ▼ Second, commercial activities impose costs on council. Therefore, it is equitable and efficient that those responsible for the costs make a contribution to them by paying rates. This would also provide them with an incentive to minimise these costs.
- ▼ Third, granting exemptions for land used for commercial activities gives those conducting the activities a competitive advantage, which is contrary to the principle of competitive neutrality. This may lead to less efficient suppliers entering industries based on a tax advantage, or disadvantage efficient competitors.

In addition, making all land used for commercial activities rateable would be consistent with recent amendments to the LG Act that limited the scope of several exemptions to focus on land use, and exclude commercial use.<sup>68</sup>

<sup>68</sup> In 2010, the LG Act was amended to limit exemptions granted to religious and charitable organisations. The exemptions available to these organisations would only apply to the parts of their land used for religious or charitable purposes, and not those parts used for commercial purposes.

6 Better target rate exemption eligibility

### Box 6.2 How we define commercial activity

An activity is considered to be a commercial activity if it:

- ▼ involves the selling of goods and/or services
- ▼ is provided at more than a nominal consideration<sup>a</sup>
- ▼ is undertaken on an ongoing basis
- ▼ is not the provision of a public service.

<sup>a</sup> The Australian Taxation Office (ATO) defines nominal consideration in the context of commercial activities of charities to be below 50% of market value (75% for supply of accommodation). ATO, *GST and non-commercial rules – benchmark market values*, at <https://www.ato.gov.au/printfriendly.aspx?url=/Business/BUS/GST-and-non-commercial-rules---benchmark-market-values/>, 15 June 2015, accessed 16 August 2016.

#### 6.2.1 Land used for residential purposes should be rateable

Similarly, land used for residential purposes (defined in Box 6.3) should be rateable because this purpose generates a private benefit to the resident, rather than a public benefit to the wider community. Also, residential users impose costs on councils, so its owners should help to fund those costs.

In addition, removing the current exemptions for residential purposes based on land ownership would address a particular concern for councils that have a high proportion of social housing in their local areas.

### Box 6.3 How we define residential activity

We consider residential purposes to be situations where a property is:

- ▼ predominantly used as a place to live
- ▼ occupied by the same resident continuously for periods of three months or greater.<sup>a</sup>

This would include residences such as Community Housing developments, retirement villages and student accommodation provided on University campuses.

<sup>a</sup> This definition is in place to ensure that genuine public good services such as temporary shelters are not considered residential activities for rating purposes.

Social housing is rental housing that assists people who are unable to access suitable accommodation in the private rental market.<sup>69</sup> It has been traditionally provided by the NSW Department of Housing, which pays rates on land used for this purpose.

<sup>69</sup> NSW Government, Family and Community Services, *Social Housing*, at <http://www.housing.nsw.gov.au/social-housing>, accessed 3 August 2016.

## 6 Better target rate exemption eligibility

In recent years, the NSW Government has been transferring ownership of its social housing to PBIs. Since land owned by PBIs is currently exempt from paying rates (irrespective of whether it is used for residential purposes), any social housing transferred to them becomes non-rateable.

From an equity and commercial neutrality perspective the use of the land for social housing generates both private and broader community benefits. This raises the question of whether wider public policy objectives pursued by the State should be funded by the local community. Further, an exemption provides PBIs with a cost advantage over private providers of social or low cost housing. (see Box 6.4).

### **Box 6.4 Substantial exemptions can arise from PBIs providing social housing**

PBIs are increasingly providing social housing. In areas where social housing is growing, it leads to councils trying to deliver more services with a smaller rate base. This is unsustainable. For example:

- ▼ Sutherland Shire Council has 594 social housing properties in its local area. It indicated that transferring these properties to PBIs would result in an exemption worth \$2 million each year. This equates to an extra \$25 in rates a year for each remaining rateable household.
- ▼ Campbelltown Council has 5,500 social housing properties in its local area and another 350 properties held by community housing providers. It indicated that they currently generate \$6.5 million in rates each year. If these properties are transferred to a PBI and become exempt from rates, the council would have to raise this money from other ratepayers. This equates to \$109 a year for each remaining rateable household.

**Source:** Sutherland Shire Council submission, p 5; Campbelltown Council submission, p 6.

### **6.2.2 Stakeholder support for basing exemptions on land use**

In our consultations for this review, stakeholders broadly supported basing exemptions on land use rather than land ownership.<sup>70</sup> In addition, stakeholders expressed strong support for removing exemptions from land being used for commercial activities. For example, Port Stephens Council noted that:

The rationale for the removal of these (commercial) exemptions is that these land uses operate in a competitive market and so they should not enjoy a competitive advantage over private operators via rate exemptions.<sup>71</sup>

<sup>70</sup> Warringah Council, Ku-ring-gai Council, Ashfield Council, submissions to IPART Issues Paper, May 2016.

<sup>71</sup> Port Stephens Council, submission to IPART Issues Paper, May 2016, p 10.

## 6 Better target rate exemption eligibility

Several councils were also highly critical of the current exemptions for residential land use.<sup>72</sup> For example, Liverpool City Council and Campbelltown City Council submitted that the exemption that results from transferring social housing to PBIs is neither equitable nor sustainable.<sup>73</sup>

### 6.2.3 General impact of basing exemptions on land use rather than ownership

If our draft recommendations to base exemptions on land use, not ownership, and make land used for commercial activities or residential purposes rateable were adopted, some land uses would remain exempt, while others would become rateable. Table 6.1 provides examples of the likely impact of our broad recommendations on current exemptions.

**Table 6.1 Impact on current exemptions**

Remains exempt	Becomes rateable
Land used by Universities for educational purposes	Commercial logging in State Forests
Hospitals both public and private	Retirement villages
Land used by government and non-government schools for educational purposes	Child care centres charging market rates
Passenger Rail lines	University student or other residential accommodation
Land occupied and used in connection with religious purposes	Land used by a water corporation
Charities and PBIs where the activity is not residential or commercial in nature	Freight Rail lines
Crown Land not used for commercial purposes or privately leased	Social housing owned by PBIs

### 6.3 Some explicit exemptions should be retained or amended

Draft recommendations

11 The following exemptions should be retained in the *Local Government Act 1993* (NSW):

- section 555(e) Land used by a religious body occupied for that purpose
- section 555(g) Land vested in the NSW Aboriginal Land Council
- section 556(o) Land that is vested in the mines rescue company, and
- section 556(q) Land that is leased to the Crown for the purpose of cattle dipping.

<sup>72</sup> For example, see Ku-ring-gai Council, Narrandera Shire Council, submissions to IPART Issues Paper, May 2016.

<sup>73</sup> Liverpool City Council, Campbelltown City Council, submissions to IPART Issues Paper, May 2016.

6 Better target rate exemption eligibility

- 12 Section 556(i) of the *Local Government Act 1993* (NSW) should be amended to include land owned by a private hospital and used for that purpose.

Some of the explicit exemptions currently included in the LG Act (listed in draft recommendation 11 above) require that the exempted land be used for a specific purpose, which is not commercial or residential in nature.<sup>74</sup> This means that these types of property are unlikely to be affected by our broad recommendations to base exemptions on land use discussed in Section 6.2 above.<sup>75</sup> Therefore, we recommend that they remain in the LG Act in their current form.

In addition, we recommend amending the current exemptions for hospitals to include land owned by a private hospital and used for that purpose.

### 6.3.1 Retaining exemptions for several activities with public and private funding

The LG Act currently includes several exemptions that are partly funded by the State Government and partly funded by user fees. These include exemptions for non-governmental schools and passenger rail.

We recommend retaining these exemptions, as each of these activities are part funded by government and provide a public service – education and public transport, and so do not meet our definition of ‘commercial activity’ (see Box 6.2 above). In addition, retaining the exemptions for these activities is preferable on tax efficiency grounds, as levying rates is likely to result in a transfer of costs from local government to the less efficient State Government tax base.

For example, levying rates on non-government schools may result in higher fees and students switching back to government schools, or the State Government providing more funding to non-government schools to compensate for the rate payments. Both outcomes would result in the State Government having to raise additional funds through taxation – with a greater welfare loss than is currently the case.

<sup>74</sup> Part 2 Clause 4(2)(a) of the *Aboriginal Land Rights Regulation 2014* contains the stipulation that in order for the land to be exempt from rates under the LG Act that the land cannot be used for commercial or residential purposes.

<sup>75</sup> One exception is the exemption for the residence of a minister of religion. However as a significant part of a minister’s role is being available to the congregation at all times, it is reasonable to conclude that the residence is being used as part of a religious purpose.



6 Better target rate exemption eligibility

### 6.3.2 Exempting private hospitals from paying rates

The LG Act explicitly excludes land owned by public hospitals from rates, but does not exclude private hospitals. We recommend amending this exemption to include land owned by private hospitals and used for this purpose. In general, private hospitals are serving the same population, are often co-located with public hospitals, and provide significant public benefits. In addition, as their activities are comparable to public hospitals, they should be treated the same way for rating purposes.<sup>76</sup>

## 6.4 Some explicit exemptions should be removed

### Draft recommendation

#### 13 The following exemptions should be removed:

- land that is vested in, owned by, or within a special or controlled area for, the Hunter Water Corporation, Water NSW or the Sydney Water Corporation (*Local Government Act 1993* (NSW) section 555(c) and section 555(d))
- land that is below the high water mark and is used for the cultivation of oysters (*Local Government Act 1993* (NSW) section 555(h))
- land that is held under a lease from the Crown for private purposes and is the subject of a mineral claim (*Local Government Act 1993* (NSW) section 556(g)), and
- land that is managed by the Teacher Housing Authority and on which a house is erected (*Local Government Act 1993* (NSW) section 556(p)).

We recommend removing these exemptions since in each case the land is being used for commercial or residential purposes, and so should be rateable. For example, water corporations are engaged in commercial operations.

### Draft recommendation

#### 14 The following exemptions should not be funded by local councils and hence should be removed from the Local Government Act and Regulation

- land that is vested in the Sydney Cricket and Sports Ground Trust (*Local Government Act 1993* (NSW) section 556(m))
- land that is leased by the Royal Agricultural Society in the Homebush Bay area (*Local Government (General) Regulation 2005* reg 123(a))
- land that is occupied by the Museum of Contemporary Art Limited (*Local Government (General) Regulation 2005* reg 123(b)), and

<sup>76</sup> This recommendation may also reduce State Government healthcare costs, as it will reduce costs for private hospitals which may result in patients substituting to private hospitals.

6 Better target rate exemption eligibility

- land comprising the site known as Museum of Sydney (*Local Government (General) Regulation 2005 reg 123(c)*).

The State Government should consider whether to fund these local rates through State taxes.

We recommend removing these mandatory exemptions from the LG Act and Regulation as these institutions are primarily commercial and the public benefits from their activities flow through to the wider community. Therefore, it may be more appropriate for the State Government to fund these exemptions through State taxes if it considers user charges should not be used by these institutions to fund local rates.

### 6.5 Exemptions for mixed-use properties should apply to proportion used for exempt purpose only

#### Draft recommendations

- 15 Where a portion of land is used for an exempt purpose and the remainder for a non-exempt activity, only the former portion should be exempt, and the remainder should be rateable.
- 16 Where land is used for an exempt purpose only part of the time, a self-assessment process should be used to determine the proportion of rates payable for the non-exempt use.

Some land may be used for a mix of exempt and non-exempt purposes. For example, a church may use one of the buildings on its land for religious purposes and rent another for a commercial activity. Or a Not-For-Profit organisation (NFP) may use a building for its own purpose half of the week, and rent it for a commercial activity during the other half.

In this situation, an exemption should only be granted in respect of the portion of space or time devoted to the exempt activities, and the non-exempt portion should be rateable. This is consistent with the current provisions of the LG Act, which require councils to rate the portion of the land that is not used for an exempt purpose.<sup>77</sup> It is also consistent with our draft recommendation 10, that exemptions should be granted on the basis of land use rather than ownership.

<sup>77</sup> For example, s555(5) of the LG Act: "A parcel of rateable land belonging to a religious body that is partly occupied and used in a manner described in subsection (1)(e), and partly in a manner that would result in part of the parcel not being exempt from rates under this section, is to be valued in accordance with section 28A of the *Valuation of Land Act 1916* to enable those rates to be levied on the part that is not exempt"

## 6 Better target rate exemption eligibility

In general:

- ▼ Where the land can be divided on a **spatial basis** (ie, divided into parts that are used separately for exempt and non-exempt purposes), rates should be levied on the proportion of **land area** used for non-exempt purposes.
- ▼ Where the land can be divided on a **temporal basis** (ie, used for exempt and non-exempt purposes, but at different times) rates should be levied on the proportion of **time** the land is used for non-exempt purposes.

We have developed a process councils could use when rating this kind of mixed-use land, which is outlined below and summarised in Figure 6.1. Box 6.5 provides some examples of how it would work in practice.

### 6.5.1 Process for rating mixed-use land

When councils receive an application for a partial rating exemption by a land owner on the grounds that the land is partly used for an exempt purpose, the council should require the owner to provide supporting evidence of exempt use. However, to minimise the regulatory burden, we consider there should be a presumption that specific categories of exemptions are unlikely to be involved, to any great extent, in non-exempt activities.<sup>78</sup> For example:

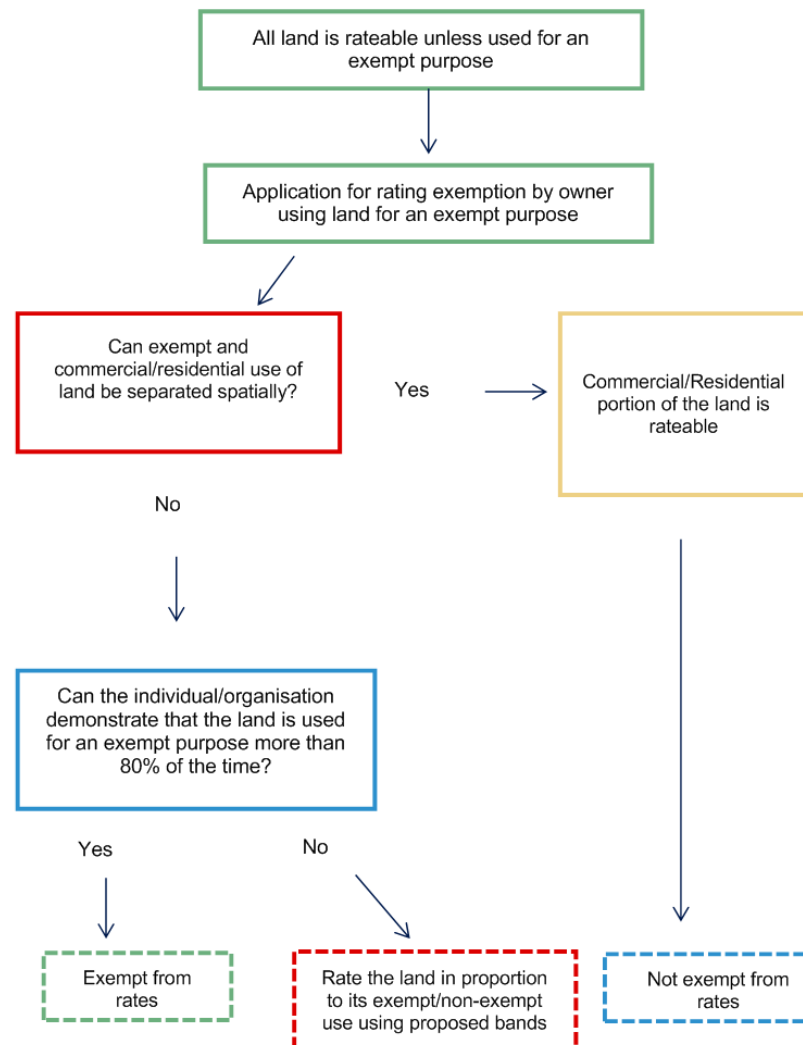
- ▼ schools
- ▼ Aboriginal Land Councils
- ▼ Hospitals, and
- ▼ non-commercial use of National Parks and State Forests

For other categories, the council should first determine whether the land use can be separated into exempt and non-exempt purposes on a spatial or a temporal basis. Where it can be separated on a spatial basis, it is relatively straightforward: as indicated above, rates would be levied on the proportion of land area used for non-exempt purposes.

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<sup>78</sup> This is only a presumption. The council can, if it determines that the land is being used for non-exempt purposes, treat the property like any other seeking an exemption from rates.

**Figure 6.1 Proposed process for rating mixed-use land**



6 Better target rate exemption eligibility

### Box 6.5 Examples of rating mixed-use land

#### Charity with a conference centre

*Exempt and non-exempt uses separated on a temporal basis*

A charity has a building which it uses to run its administrative functions that support its charitable activities. The charity rents out rooms in the building on a commercial basis (eg, to training groups) 3 days a week. The charity would pay rates in proportion to the amount of time the building is used for commercial activity.

#### Church with a child care centre

*Exempt and non-exempt uses separated on a spatial basis*

A local church sits on a 1000m<sup>2</sup> block of land. The church runs a child care centre on a commercial basis which accounts for 25% of the land size (or 250m<sup>2</sup>).

The council could determine the portion of the land that is rateable based on the area of land being used. The council levies rates on the 250m<sup>2</sup> used by the child care centre and due to the religious exemption category, exempts the church from rates.

Where the exempt use can be separated on a temporal basis, we propose councils use a series of bands to determine its rating liability (see Table 6.2). In a council rating year, where land is used for non-exempt purposes:

- ▼ 80% or more of the time, the land would be fully rateable
- ▼ between 50% to 80% of the time, the land would be rated at 65% of its full rating
- ▼ 20% to 50% of the time, land would be rated at 35% of full rating, and
- ▼ under 20% of the time, land would be fully exempt from rates.

**Table 6.2 Proposed bands of council rates for mixed-use exempt land**

% of non-exempt use	80-100%	50-80%	20-50%	0-20%
% of land that should be rateable	100%	65%	35%	0%
Indicative use	Exempt activity is incidental to the main commercial use of the land (even if this commercial activity supports other exempt activities) - ie, a store selling full priced goods to raise funds for a charitable cause	Substantial commercial use/activity may form the majority of the use of the land (eg, community space rented out during the week for private use/regularly scheduled workshops	Moderate commercial use/activity may be ancillary to the primary use of the land	Light commercial use that is incidental to the core purpose and/or once off activities (eg, annual fundraising dinner)



### 6.5.2 Self-assessment where exempt and non-exempt uses are separated on a temporal basis

To minimise compliance costs, land owners could use a self-assessment test to determine which of the above bands their land falls into. This self-assessment has three steps.

1. The property owner seeking an exemption self-assesses their property use, determines the proportion of time land is used for exempt purposes and provides this information to the council.
2. The council uses this information to levy rates on the property in line with the bands set out in Table 6.2.
3. The council conducts random audits of land use to determine the accuracy of property owners' self-assessments.

Using a self-assessment test has several advantages over a council-led process. First, it lowers the day-to-day administrative burden on councils of determining exemptions compared to a threshold test. Councils would generally accept the self-assessments and only conduct investigations on a risk basis or through a randomised audit process.

Second, it involves relatively low reporting and compliance costs for exempt organisations as they should have ready access to information on how much their land is used for commercial or residential activities.

Third, it allows councils to capture a greater proportion of commercial activity as rateable, which improves the horizontal equity of the rate base.

## 6.6 Councils' general income should not be modified as a result of changes to exemptions

Draft recommendation

- 17 A council's maximum general income should not be modified as a result of any changes to exemptions from implementing our recommendations.

Under the LG Act, a council's maximum general income is modified to take into account changes in exempt properties. When a non-rateable property becomes rateable – for example if a charity was to close down and a new owner takes over the land – the council's general income is adjusted to reflect the additional revenue from the new rateable property.<sup>79</sup>

<sup>79</sup> Where the reverse occurs and a property becomes exempt, the opposite should happen and a council's general income should decrease. However, OLG advises that in practice this does not occur as, historically, it is not common for a property to become exempt.

## 6 Better target rate exemption eligibility

Ordinarily, in any given year, the number of properties that would either become exempt or rateable is a very small percentage of the total rate base. Therefore, such adjustments have only a small impact on the council's general income and a marginal impact on other ratepayers.

However, our draft recommendation 10 is likely to result in a significant change in the number of exempt properties in each local government area. This in turn is likely to have significant implications for each council's general income.

We consider councils should not receive a one-off permanent increase or decrease in their income as a result of our recommendation to base exemptions on land use. The most appropriate mechanism for determining the size of a council's general income is the existing Special Variation process and rate pegging regulations.

If in the future, councils can demonstrate a clear need and community support for additional income, they should use the existing Special Variation process. This approach is consistent with previous changes to exemptions; for example, the 2010 amendments to allow partial rating of commercial leased land owned by charities.<sup>80</sup>

In addition, as a result of these changes and the removal of exemptions, there are likely to be a number of one-off properties that fall into either unique or very narrow business subcategories for the purposes of rates (for example the Sydney Cricket Ground). By limiting the ability of councils to generate new revenue from these properties, this recommendation would help ensure that the Government's policy of protecting against excessive rate increases is maintained. Removing some exemptions means that rates would go down for ordinary ratepayers.

### 6.7 Other changes should be made to improve consistency and transparency of exemptions

#### Draft recommendations

- 18 The *Local Government Act 1993* (NSW) should be amended to remove the current exemptions from water and sewerage special charges in section 555 and instead allow councils discretion to exempt these properties from water and sewerage special rates in a similar manner as occurs under section 558(1).
- 19 At the start of each rating period, councils should calculate the increase in rates that are the result of rating exemptions. This information should be published in the council's annual report or otherwise made available to the public.

<sup>80</sup> See agreement in Principle reading of the Local Government Amendment (General Rate Exemptions) Bill 2010, May 13 2010 available online at <https://www.parliament.nsw.gov.au/Hansard/Pages/HansardFull.aspx#/DateDisplay/HANSARD-1323879322-77169/HANSARD-1323879322-77102> accessed 26 July 2016.

## 6 Better target rate exemption eligibility

We have also identified some changes that would improve the consistency and transparency of the exemptions arrangements.

### 6.7.1 Move exemptions from water and sewerage special charges

In regional and rural areas, councils are responsible for the provision of water and sewerage services and charge water supply and sewerage special rates for this purpose. Although they are included in the rates notice, these special rates are a fee for service rather than an ordinary council rate.

Sections 555 and 556 of the LG Act both outline a range of exemptions from council rates. The principal difference between the two sections is that land in section 555 is exempt from all rates, while land in section 556 is exempt from normal rates but not special water and sewerage charges.

Our terms of reference require us to consider the appropriateness of rating exemptions under the LG Act. Given that water and sewerage special rates are a fee for service that has substantial private benefits, it may not be appropriate for certain uses of land to be exempt from paying these fees.

Our recommendation to amend section 555 of the LG Act would remove the mandatory exemption from water and sewerage rates for these types of property. Rather, this recommendation would give individual councils the discretion to exempt particular types of properties from water and sewerage special rates if they consider it appropriate to do so, as occurs currently under section 558(1) of the LG Act.<sup>81</sup>

### 6.7.2 Enable greater transparency on the level of exemptions

Currently, most councils do not have a strong indication of the 'cost' of each exemption. This is because a council's general income is generally not affected by exemptions, but rather any rate exemptions result in ratepayers in the local government area paying higher rates (ie, an increase in their ad valorem rates).

This outcome is contrary to the tax principle of transparency. It is difficult to assess the impact of exemptions on ratepayers without sufficient information.

Under our draft recommendation, councils would be required to calculate the impact of exemptions in their area by calculating the ad valorem rate twice – once with all land being rated and once with the exemptions removed. This would make it possible to determine the actual cost to ratepayers of granting exemptions.

<sup>81</sup> We note that the water and sewerage exemptions outlined in the Local Government Act are not consistent with those in the *Water Management Act 2000* or the *Sydney Water Act 1994*. However, these other Acts fall outside of our terms of reference.

6 Better target rate exemption eligibility

Councils would also be required to publish this information in their annual reports or otherwise make it available to the public. This would improve public awareness about exemptions, and facilitate assessments about their appropriateness.

## 7 Replace the pensioner concession with a rate deferral scheme

Pensioner concessions are currently provided to eligible pensioners<sup>82</sup> by means of a 50% discount on their combined ordinary council rates and waste service charges, up to a maximum of \$250 per annum. We considered how to improve the equity and efficiency of the current pensioner concession and the long-term financial sustainability of local councils.

In this chapter we discuss the current pensioner concession, and consider its drawbacks. We explain why a rate deferral scheme could provide similar assistance to pensioners, who may own their homes but have limited income, at a lower cost to the State. We also explain how the deferral scheme can remove the cost burden of the concession from ratepayers and local councils.

### 7.1 Summary of draft findings and recommendations on a rate deferral scheme

Our draft recommendation would maintain the NSW Government's commitment to providing concessions to pensioners. It would give the NSW Government more options to better target cash-flow relief to pensioners equitably and efficiently. We consider this would be best done through a rate deferral scheme, rather than a pensioner rebate, as it would:

- ▼ **provide assistance in paying rate bills for income-poor pensioners (even if they may be asset-rich)**
- ▼ **not narrow the rate base, and**
- ▼ **not affect councils with a high proportion of pensioners, or burden ratepayers living in these council areas.**

<sup>82</sup> Eligible pensioners are residential property owners who hold a pensioner concession card, hold a Gold card embossed TPI (Totally and Permanently Incapacitated), hold a Gold card embossed EDA (Extreme Disability Adjustment), or are a war widow or widower or wholly dependent partner entitled to the DVA income support supplement. See Office of Local Government, *Pensioner Concession Application Form*, 2015, at [http://www.olg.nsw.gov.au/sites/default/files/Pensioner Concession Application Form 2015\\_16 .pdf](http://www.olg.nsw.gov.au/sites/default/files/Pensioner%20Concession%20Application%20Form%202015_16.pdf), accessed 16 August 2016.



7 Replace the pensioner concession with a rate deferral scheme

Under our draft recommendation, the deferral scheme would be funded by the NSW Government, which would have the option to further reduce pensioners' rates bills by increasing the amount of the deferment, at a much lower cost than the current system.

Draft recommendation

- 20 The current pensioner concession should be replaced with a rate deferral scheme operated by the State Government.
- Eligible pensioners should be allowed to defer payment of rates up to the amount of the current concession, or any other amount as determined by the State Government.
  - The liability should be charged interest at the State Government's 10-year borrowing rate plus an administrative fee. The liability would become due when property ownership changes and a surviving spouse no longer lives in the residence.

## 7.2 Analysis of the pensioner concession

In making our draft recommendation that the current pensioner concession be replaced with a rate deferral scheme, we:

- ▼ considered a range of options for pensioner concessions
- ▼ analysed how the current system and these options performed against the objectives of the concession payment and the key taxation principles
- ▼ analysed how the recommended scheme better meets these objectives
- ▼ reflected on who should pay for the scheme
- ▼ considered the pensioner schemes in other jurisdictions, and
- ▼ considered stakeholder views.

Box 7.1 provides some background on the current pensioner concession.

- 7 Replace the pensioner concession with a rate deferral scheme

### Box 7.1 The current pensioner concession

Under the current scheme, eligible pensioners are required to apply to their local council to receive a 50% discount on their combined ordinary council rates and waste service charges, up to a maximum of \$250 per annum.

The cost of providing this discount is shared between the NSW Government (55% or about \$78.5 million per annum) and local councils (45% or \$64.2 million).<sup>a</sup>

Calculations based on OLG data suggest that the contribution to the scheme from councils is up to 3% of rates income in some council areas.

<sup>a</sup> NSW Budget estimates 2015-16, *Budget Paper No. 3*, p 8-34, at [http://www.treasury.nsw.gov.au/\\_data/assets/pdf\\_file/0019/128125/Budget\\_Paper\\_3\\_-\\_Budget\\_Estimates.pdf](http://www.treasury.nsw.gov.au/_data/assets/pdf_file/0019/128125/Budget_Paper_3_-_Budget_Estimates.pdf), accessed 16 August 2016.

### 7.2.1 Options for the pensioner concession

There are a number of options that we have considered for pensioner concessions which provide financial assistance to pensioners. These include the following three options.

- ▼ **Retaining the current concession scheme** is consistent with the NSW Government's commitment to providing rate concessions to pensioners. However, the current scheme is jointly funded by the State Government (55%) and the local council (45%). This is inequitable in that it requires other ratepayers in the council area to pay higher rates to fund State social policy, and it is not consistent with other Australian states.
- ▼ **A pensioner concession fully funded by State Government** is consistent with a number of other Australian states, and would ensure that other ratepayers are not required to pay higher rates. However, it would increase the burden to the State Government of providing concessions to pensioners. It also provides a subsidy to pensioners who own property and may be well off, but no assistance to pensioners who rent and tend to have significantly lower wealth and income.
- ▼ **A rate deferral scheme** would allow pensioners to defer a portion of their rates until their property is sold. This option is currently offered in South Australia, Western Australia and the ACT. An advantage of this option is that it greatly reduces the cost to the State Government of providing financial assistance to pensioners, whilst allowing cost-effective assistance to be better targeted to pensioners with low incomes who are 'cash poor'.

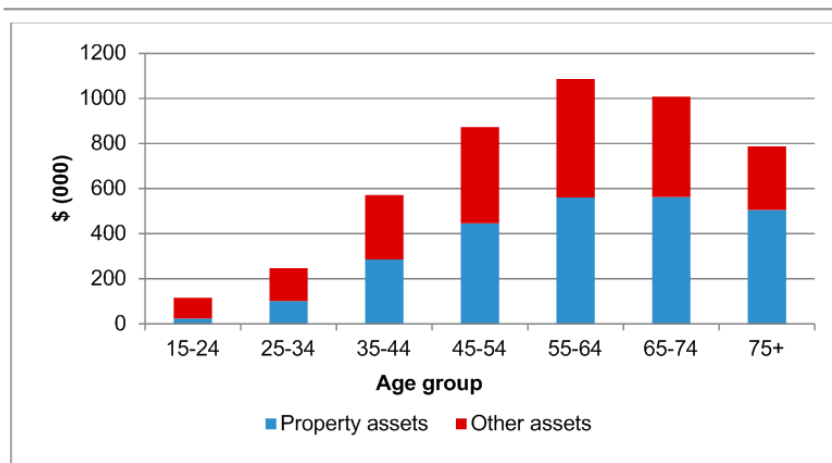
### 7.2.2 Impacts of the current pensioner concession system

The pensioner concession provides financial assistance to help pay council rates to pensioners who may have limited income and own their own home.

7 Replace the pensioner concession with a rate deferral scheme

However, it also provides a subsidy to households that on average have higher net wealth. This subsidy is funded by all other households, which is contrary to the tax principle of vertical equity. Figure 7.1 shows that, on average, older households tend to be wealthier than younger households.

**Figure 7.1 Net wealth over a taxpayer's lifecycle**



**Data source:** Australian Bureau of Statistics (ABS), Household wealth and wealth distribution, Australia, 2011-12, Cat. No. 6554.0, Table 24.

The current concession provides no assistance to pensioners who rent property, who on average have significantly lower wealth and income than pensioners who own property.<sup>83</sup> They also incur council rates as indirect costs through their rent.

As noted by the Independent Local Government Review Panel, the current concession also provides an incentive for “relatively affluent retirees” to receive financial advice on structuring their affairs to obtain the pensioner concession.

The impact of the pensioner concession is most prominent in regional areas with a high - and rising - proportion of pensioners. Since local councils are capped on the revenue they can receive (general income), the current pensioner scheme requires other ratepayers in the council area to pay higher rates. These areas are generally lower socioeconomic areas with lower ability to pay. This means that the current pensioner concession scheme is becoming unsustainable as it is imposing additional costs on those least able to bear such costs.

<sup>83</sup> For example, ABS data for 2013-14 suggest that people over 65 who own their own property have 37% higher incomes than people over 65 who rent, on average (ABS, Household Income and Wealth, Australia, 2013-14, Cat. No. 6523.0, Table 10).

7 Replace the pensioner concession with a rate deferral scheme

By contrast, a rate deferral scheme would be comparatively efficient in providing a concession for ratepayers that use the scheme, whilst reducing the cost to other ratepayers and state taxpayers of providing rate relief to those pensioners. It also better ensures the beneficiaries of the scheme help to fund it over the long term.

### 7.3 Who should fund the deferral scheme?

The pensioner concession is a NSW Government policy. On this basis we consider the NSW Government should be responsible for fully funding the scheme, rather than requiring councils to share this burden.<sup>84</sup>

A State funded scheme would be consistent with the funding of pensioner concessions in other states. It is also consistent with our principle that local council rates should be used to fund local public goods rather than State Government social policy. Councils would also have better incentives to promote take-up of the scheme.

Our draft recommendations also provide the NSW Government with the option to increase the amount of deferment at much lower cost. Under our draft proposal the interest rate on the scheme would be close to the State Government's borrowing rate, which is lower than retail lending rates. The NSW Government's 10-year bond rate averaged less than 3% over the 2015-16 financial year.

The rate deferral scheme would significantly reduce the cost to taxpayers of providing rate relief to pensioners, whilst allowing the Government to potentially increase the current value of the concession to better achieve its objective. For example, if the deferment amount was raised from \$250 to \$500 a year, the costs of the scheme to Government would still be less than 10% of the current cost to the Government, whilst providing twice the cash flow relief to pensioners.<sup>85</sup>

Box 7.2 shows that in all other states the pensioner concession is fully funded by the state or territory government.

<sup>84</sup> Councils would still be free to offer their own rate concessions to pensioners in addition to these provisions.

<sup>85</sup> The current cost of the scheme to the State Government is approximately \$78.5 million per year. The cashflow cost to the State Government of our recommended rate deferral scheme is nearly zero, as ratepayers that utilise the scheme are charged the State Government's borrowing rate plus an administrative fee. The total social cost of the scheme may be around 20% of the current pensioner concession scheme. This estimate assumes a social cost of capital of 6% for projects of this type, less a State Government bond rate of 3%, and that pensioners on average utilise the deferral scheme for 15 years.

- 7 Replace the pensioner concession with a rate deferral scheme

### Box 7.2 Pensioner concession funding in other states

While most other Australian states offer a rate concession for pensioners, the most recent reform to pensioner concessions occurred in South Australia where the Government removed the pensioner concession from rates in 2015. The pensioner concession was replaced with a Postponement of Rates Scheme and a 'cost of living' concession for all pensioners and some low income earners.

	Type of Relief	Value of relief	Funding source
NSW	Concession only	50% discount, up to \$250 pa	55% state 45% council
VIC	Concession only	50% discount, up to \$218.30 pa	100% state
QLD	Concession only	20% discount, up to \$200 pa	100% state
NT	Concession only	62.5% discount, up to \$200 pa	100% NT govt.
TAS	Concession only	30% discount, up to \$425 pa	100% state
WA	Concession or rate deferral	50% discount, up to \$750 pa	100% state
SA	Rate deferral only	All rates in excess of \$500 pa	100% state
ACT	Concession and rate deferral	50% discount, up to \$700 pa, deferral on rates in excess of \$700	100% ACT govt.

**Source:** *Local Government Act 1993* (NSW); OLG, Pensioner Concession Factsheet, 2011; Victorian Department of Human Services, Municipal rates Concession fact sheet; *Local Government Act 1989* (VIC); *Local Government Act 2009* (Qld); *Local Government Regulation 2012* (Qld); *Local Government Act 1999* (SA); *Local Government (General) Regulation 2013* (SA); *Local Government Act 1995* (WA); Western Australia Government, ConcessionsWA; *Local Government Act 1993* (Tas); *Local Government Act 2008* (NT); NTPCCS, Policy Manual, January 2016; ACT Revenue Office, Rates assistance.

The Postponement of Rates Scheme in South Australia allows pensioners living in their primary place of residence to defer all rates in excess of \$500. There are limited restrictions on the minimum property value or percentage of equity held in the property required to defer rates. The interest rate on deferred rates is based on council's borrowing costs (5% in 2016-17). Deferred rates only become due when the property is sold. In particular, a pensioner that moves out of their home is not eligible to defer future rates, but does not need to pay any currently deferred rates until the property is sold.

Rate deferral schemes also operate in Western Australia and the ACT. These schemes are broadly similar, except that there are more restrictions on the minimum value of the property or the minimum equity held in the property. In Western Australia, deferred rates do not incur interest charges.



7 Replace the pensioner concession with a rate deferral scheme

## 7.4 Summary of stakeholder submissions

Most respondents were of the view that a pensioner concession should remain as any withdrawal of this benefit can adversely affect pensioners, many of whom are already financially vulnerable.<sup>86</sup> Other points raised by stakeholders included:

- ▼ Pensioner rebates should be entirely funded by the State as it is a welfare measure. Sharing this burden with councils decreases their revenue, erodes their capacity to deliver services, and reduces their incentives to promote take-up of the rebate.<sup>87</sup> It also raises the tax burden on other ratepayers, which is inequitable.
- ▼ The pensioner concession should be indexed annually. Submissions noted the rebate has been fixed at \$250 since 1993, whereas rates have been increasing each year. This makes the current concession of up to \$250 insufficient and outdated.<sup>88</sup>
- ▼ Councils (particularly smaller councils), are reluctant to promote rate deferral schemes themselves due to potential liquidity risks, onerous financial costs and resultant negative effects on service delivery.<sup>89</sup>

<sup>86</sup> V. Henwood, submission to IPART Issues Paper, May 2016.

<sup>87</sup> Kempsey Shire Council, Camden Council, Waverley Council, Nambucca Shire Council, Glen Innes Severn Council, Cootamundra Shire Council, Greater Taree City Council, submissions to IPART Issues Paper, May 2016.

<sup>88</sup> Port Stephens Council, Mosman Municipal Council, Kempsey Shire Council, Lachlan Shire Council, Wagga Wagga City Council, Combined Pensioners Superannuants Association, V. Henwood, submissions to IPART Issues Paper, May 2016.

<sup>89</sup> Berrigan Shire Council, Cootamundra Shire Council, Greater Taree City Council, submissions to IPART Issues Paper, May 2016.

## 8 Provide more rating categories

The current rating system includes four rating categories which reflect the primary use of the land. These are residential, business, farmland and mining. Councils may elect to apply different rate structures to each category.

We considered the appropriateness of the existing rating categories. In this chapter we discuss our recommendations to create new rating categories, as well as changes to the existing ones.

### 8.1 Summary of draft findings and recommendations on rating categories

Our key draft recommendation is to **create new categories for environmental<sup>90</sup> and vacant land**. This allows councils to use their rate structures to:

- ▼ take account of differences in costs that arise from different land uses, and
- ▼ encourage urban renewal to meet the community's housing needs.

In addition, we recommend several changes to existing rating categories.

- ▼ **Councils should determine which rating category should act as the 'residual' category.** They are best placed to decide which existing category is the most appropriate. The chosen category should not be changed for a 5-year period, in order to provide certainty to ratepayers.
- ▼ **Subcategorising business land as industrial or commercial.** This assists councils to set rates based on the costs that businesses impose on them.
- ▼ **Subcategorising farmland based on geographic location.** Councils can use location based rating to set rates that reflect access to their services.
- ▼ **Providing guidance for councils in determining rates for mining land.** Mining rates should reflect the cost of councils providing services to the mining properties.

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<sup>90</sup> Land that cannot be developed due to geographic or regulatory restrictions.

## 8.2 Introducing a new Environmental Land category

### Draft recommendation

- 21 Section 493 of the *Local Government Act 1993* (NSW) should be amended to add a new environmental land category and a definition of 'Environmental Land' should be included in the LG Act.

### 8.2.1 The need for an environmental land category

In many council areas, there is land that cannot be developed due to geographic or regulatory restrictions. At present, land that is undevelopable is categorised under one of the four existing categories for rating purposes.

Undeveloped land typically imposes low costs on councils, which may not be fully reflected by differences in land value. Environmental land will typically impose lower costs on a council than inhabited land of similar value. Hence, councils should have the flexibility to be able to levy lower rates on environmental land to reflect these lower costs.

### Defining environmental land

Land that has limited economic value and cannot be developed with site improvements due to geographic or regulatory restrictions could be classed as environmental land. In general:

- ▼ Geographic factors could include "water areas, mud flats, swamps, marshlands, steep slopes and other terrain on which residential or commercial development is virtually impossible because of physical limitations".<sup>91</sup>
- ▼ Regulatory restrictions could include laws preventing development of property in order to conserve nature. For example, private land under conservation agreements with the NSW Office of Environment and Heritage might fall under this category.

### 8.2.2 Stakeholder comments

In submissions to our Issues Paper, several stakeholders supported a separate environmental land category.<sup>92</sup> These stakeholders suggested councils should be given the flexibility to categorise undevelopable land, environmentally protected land and land with low development potential.

<sup>91</sup> U.S. Census Bureau, *Geographical Areas Reference Manual*, 'undevelopable territory', p G-52, at <http://www2.census.gov/geo/pdfs/reference/GARM/glosGARM.pdf>, accessed 11 August 2016.

<sup>92</sup> Lake Macquarie City Council, p 4, Wingecarribee Shire Council, p 2 Wollongong City Council, p 4, Central Coast Council, p 4, and Armidale-Dumaresq Ratepayers Association, p 1, submissions to IPART Issues Paper, May 2016.

## 8 Provide more rating categories

Stakeholders argued that the current categorisation of these properties is not appropriate. For example, land could be zoned residential, however, the land may not be developed as a residential property due to geographic limitations discussed above. Therefore, a separate rating category for these types of property would be beneficial.

The NSW Minerals Council also noted environmental buffer land held by mining firms is charged the mining rate although in many cases the land cannot be developed. The introduction of an environmental land category could also address this concern.

### 8.3 Introducing a new Vacant Land category

Draft recommendation

- 22 Sections 493, 519 and 529 of the *Local Government Act 1993* (NSW) should be amended to add a new vacant land category, with subcategories for residential, business, mining and farmland.

#### 8.3.1 The need for a vacant land category

A separate vacant land category would provide additional flexibility for all councils to tailor their rates to the needs of the local community.

Section 519 of the LG Act provides that vacant land should be categorised under the existing four rating categories. For example, an empty block of land in a residential estate would be charged the same residential rate as the houses in the estate. In general, this results in the residential, business, farmland or mining rates for the council being applied to vacant land.

For many urban councils, where land is scarce, allowing the council to set a higher rate on vacant land may encourage the development and urban renewal that is required to meet the current and future needs of the community. If our draft recommendation to allow councils to use a CIV valuation method is adopted, the need for a separate vacant land category would be of greater importance. Vacant land would typically attract lower rates under CIV as these properties would have lower assessed values compared to land with capital improvements. This could provide an incentive for owners of vacant land to not develop land.

Allowing a council to charge a higher rate for vacant land could provide incentives to develop this land – addressing a main drawback of CIV – whilst ensuring ratepayers still receive the equity and other efficiency benefits of CIV.

By contrast, allowing regional councils the option to levy a lower rate on vacant land to recognise the lower demand and cost of providing council services to these properties might also be appropriate.

8 Provide more rating categories

### Subcategorising vacant land

The current provisions in the LG Act require vacant land to be categorised as residential, business, farmland or mining by considering the underlying zoning of the land or the predominant categorisation of adjacent land. These concepts could be used to subcategorise vacant land into residential, business, mining or vacant farmland.

In instances where a higher rate is applied to vacant land, guidelines should be introduced to protect ratepayers from excessive rates. For example, consistent with our treatment of residential rates in Chapter 5, a guideline could be issued that the ad valorem rate charged for vacant land should not be more than 1.5 times the highest rate for the council at the category or subcategory level.

### Use of 'Vacant Land' category in selected jurisdictions

A number of other Australian states provide flexibility for councils to charge different rates for vacant land.

- ▼ In Victoria, the *Ministerial Guidelines for Differential Rating 2013* states vacant land is an appropriate category for different rates. In practice, a number of councils – both urban and regional – set a higher ad valorem rate for vacant land to encourage the development of land for residential or commercial purposes.
- ▼ The Queensland LG Act does not specify rating categories. Instead, councils are allowed to determine rating categories, and many councils have adopted a vacant land category.<sup>93</sup>
- ▼ The WA local government legislation allows vacant land to be charged different rates, with a number of councils charging higher rates on vacant urban land.

### 8.3.2 Stakeholder comments

Several stakeholders stated the need for a 'vacant land' category.

- ▼ Some councils, especially Sydney metropolitan councils<sup>94</sup>, were of the view that a separate 'vacant land' category would provide councils with the option to charge a higher rate in order to prevent 'land banking' and encourage urban renewal.
- ▼ Regional councils also supported a 'vacant land' category, as it would allow the application of a lower rate to reflect the lower impost on council services.<sup>95</sup>

<sup>93</sup> For example Cloncurry Shire Council levies 85% of the residential rate on vacant land <10,000m<sup>2</sup>, based on UV valuation method.

<sup>94</sup> For example, The Hills Shire Council, p 2, Sutherland Shire Council, p 3, submissions to IPART Issues Paper, May 2016.

<sup>95</sup> For example, Shoalhaven City Council, p 4, Mid-Western Regional Council, p 1, Byron Shire Council, p 2, WSROC, p 2, submissions to IPART Issues Paper, May 2016.



8 Provide more rating categories

## 8.4 Councils determining the residual rating category

### Draft recommendation

23 Section 518 of the *Local Government Act 1993* (NSW) should be amended to reflect that a council may determine by resolution which rating category will act as the residual category.

- The residual category that is determined should not be subject to change for a 5-year period.
- If a council does not determine a residual category, the Business category should act as the default residual rating category

### 8.4.1 The need to allow choice in determining the residual rating category

Section 518 of the LG Act specifies that:

Land is to be categorised as business if it cannot be categorised as farmland, residential or mining.

This means properties that do not meet the criteria for categorisation as residential, farmland and mining must be categorised as business properties. For example, a residential car park on a separate title or a jetty would be categorised as 'Business'. The business rate may not reflect the type of use and nature of the properties, and could be contrary to the principles of efficiency and equity.

Councils should be allowed to decide which existing rating category best fits as the residual category.

Before determining the residual rating category, a council should try to categorise all unclassified property into the existing rating categories based on the property's land use (even if these properties do not strictly meet all categorisation criteria). For all remaining property, councils should be allowed to determine one residual rating category after considering the nature of such property.<sup>96</sup>

The residual category that is chosen should not be subject to change for a 5-year period in order to maintain simplicity and provide certainty to ratepayers. This process should allow for a better application of tax principles for these properties.

If a council does not wish to determine the residual category for its LGA, the business category would remain as the default residual category, in line with current practice.

<sup>96</sup> If a council chooses a different residual category to business, it would need to define what properties fall under the business category in its local area.

#### 8.4.2 Stakeholder comments

Several stakeholders raised concerns about categorising properties that are not commercial in nature as 'business' properties.<sup>97</sup> These councils point out that the requirement to categorise a property as business if that property does not meet the categorisation criteria of residential, farmland or mining is not always appropriate.

### 8.5 Subcategorising business land as industrial or commercial

Draft recommendation

- 24 Section 529 (2)(d) of the *Local Government Act 1993* (NSW) should be amended to allow business land to be subcategorised as 'industrial' and or 'commercial' in addition to centre of activity.

#### 8.5.1 The need for new criteria for business subcategories

At present, councils are able to subcategorise business land according to a centre of activity.<sup>98</sup> This results in councils having to charge a single rate based on the centre of activity, even when business activities within these centres are highly diverse and impose different costs on councils.

When councils have diverse businesses within one location, the centre of activity criteria may not be sufficient for a council to differentiate the rates chargeable for different land uses by businesses.

We propose that councils should be allowed to subcategorise business land as commercial or industrial in addition to the centre of activity subcategory. This subcategorisation of businesses into commercial and industrial uses is consistent with the proposed treatment under the new Emergency Services Property Levy (ESPL).

#### Defining industrial properties

Industrial properties could be defined based on Local Environment Plan (LEP) zonings, as is the case under the ESPL. According to the *Standard Instrument – Principal Local Environment Plan*, industrial activity is defined as follows.

Industrial activity means the manufacturing, production, assembling, altering, formulating, repairing, renovating, ornamenting, finishing, cleaning, washing, dismantling, transforming, processing, recycling, adapting or servicing of, or the research and development of, any goods, substances, food, products or articles for

<sup>97</sup> For example, Shellharbour City Council, p 2, Lachlan Shire Council, p 2, Wollongong City Council, p 4, submissions to IPART Issues Paper, May 2016.

<sup>98</sup> Section 529 of LG Act notes that "... a centre of activity might comprise a business centre, and industrial estate or some other concentration of like activities".

## 8 Provide more rating categories

commercial purposes, and includes any storage or transportation associated with any such activity.

All other business properties that do not fall under the industrial definition could be defined as commercial property. These properties would include office space and retail premises.

### 8.5.2 Stakeholder comments

A few stakeholders stated the need for further subcategories of business land.<sup>99</sup> Some councils suggested that business land should be subcategorised based on LEP zoning for such land.<sup>100</sup> However, we consider allowing commercial and industrial subcategorisation provides sufficient flexibility whilst ensuring policy consistency and simplicity.

## 8.6 Subcategorising farmland based on geographic location

### Draft recommendation

25 Section 529 (2)(a) of the *Local Government Act 1993* (NSW) should be replaced to allow farmland subcategories to be determined based on geographic location.

### 8.6.1 The need for new criteria for farmland subcategories

Section 529(2)(a) of the LG Act allows subcategorisation of farmland based on the 'intensity of land use', 'the irrigability of the land' and 'economic factors affecting the land'. Stakeholders expressed concern that these criteria are highly subjective and may prove difficult for councils to assess.

In our analysis of each council's rate structure with farmland properties, we noted that the majority of councils do not subcategorise based on the existing subcategorisation criteria. They apply one rate across the entire farmland area even where there are substantial differences in the intensity of farming across properties. This may be due to the subjectivity of the existing subcategorisation criteria, which makes it difficult to apply in practice.

<sup>99</sup> For example, Narrandera Shire Council, p 2, Port Stephens Council, p 7, The Hills Shire Council, p 2, Liverpool City Council, p 2, Campbelltown City Council, p 2, Tweed Shire Council, p 2, submissions to IPART Issues Paper, May 2016.

<sup>100</sup> For example, Lake Macquarie City Council, p 4, and Gunnedah Shire Council, p 3, submissions to IPART Issues Paper, May 2016.

### 8.6.2 Stakeholder comments

Stakeholders identified shortcomings in the current subcategorisation criteria.<sup>101</sup> In particular, DPI stated:

...there may be difficulties in the sub categorisation of farmland based on intensity of use, irrigated land, or economic factors affecting the land. These factors can vary from property to property and from season to season. It may be labour intensive and costly for councils to assess these variations and ensure the process was equitable.

Several councils believe that subcategorising land based on a geographic area such as a defined locality would achieve a more equitable outcome. These stakeholders argue that a defined geographic location would more directly reflect the productivity of farmland and hence the wealth that the land is able to generate.

These councils further highlighted that residential and business properties are currently subcategorised based on location, and this principle should be extended to the farmland category as well because location based rating can better reflect access to council services.

Councils were confident that they are well placed to identify the different land areas. Councils suggested that they could use the following criteria to create geographic boundaries:

- ▼ geographical markers such as a river bank, or an escarpment, or
- ▼ major infrastructure – eg, state/federal highway.

## 8.7 Mining rates to reflect cost of council services

Draft recommendation

- 26 Any difference in the rate charged by a council to a mining category compared to its average business rate should primarily reflect differences in the council's costs of providing services to the mining properties.

### 8.7.1 Why is this draft recommendation needed?

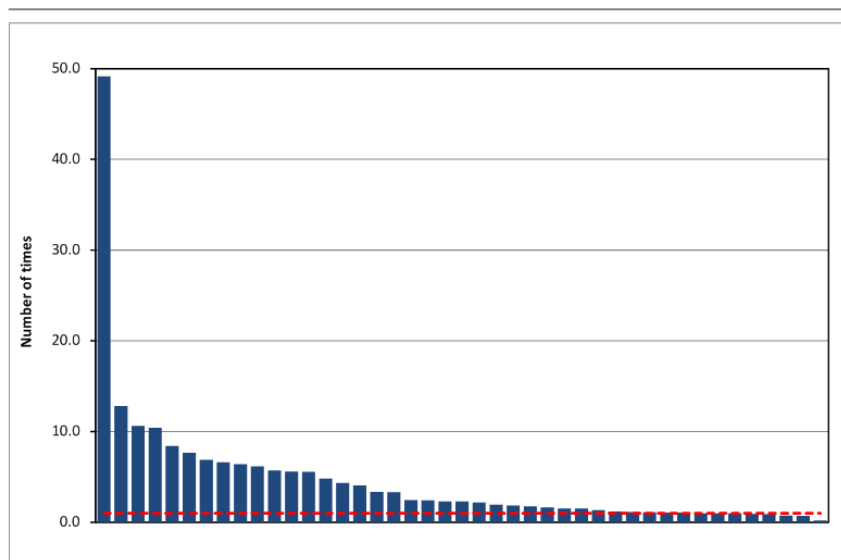
Our analysis has shown that the rates applied to mining land vary widely. Figure 8.1 presents the ratio of mining ad valorem rates to business ad valorem rates in 2013-14 for all councils with mining properties. These differentials are unlikely to reflect differences in costs of providing council services to these properties.

<sup>101</sup> NSW Department of Primary Industries, p 4, Cootamundra Shire Council, p 5 and Riverina Eastern Regional Organisation of Councils, p 3, submissions to IPART Issues Paper, May 2016.

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Mining rates should be set relative to other business categories primarily to reflect differences in the cost of providing council services to these properties. By contrast, the data suggests some councils may be using the mining category as a profits tax to fund local services. Our reform would make the mining rate more cost reflective and promote other tax principles, ensuring the rate is not just based on capacity to pay.

**Figure 8.1 The ratio of Mining ad valorem rates to Business ad valorem rates**



**Note:** The red dotted line indicates a business to mining ad valorem rate of 1:1. Of the 43 councils with mining properties, 35 councils had a ratio above one.

**Data source:** IPART analysis based on OLG data on council revenues.

We propose that mining rates should not be above the business rate for a council unless the council can demonstrate additional costs in providing services to the mining properties, and the higher rate primarily reflects these additional costs.

### 8.7.2 Stakeholder comments

In its submission and subsequent consultations, the NSW Minerals Council stated that mines are generally self-sufficient, and that councils are charging excessive rates on mining properties often based on the maximum tax the council thinks it can extract from the mines.

The Minerals Council suggested that a similar model to Victoria should be adopted to limit the variation in rates. The Victorian LG Act provides that the highest rate cannot be more than four times the lowest rate in an LGA.



## 9 Recovery of council rates

Overdue rates create a large impost on councils, the court system and ultimately the community. However, councils currently have limited options to recover outstanding rates.

We have considered changes to reduce councils' administrative costs through improving council access to different debt recovery options and by improving the rate levying process itself. The sections below summarise our draft recommendations then discuss our analysis in more detail.

### 9.1 Summary of our draft recommendations

This chapter considers the following draft recommendations:

- ▼ councils should have the choice to engage the State Debt Recovery Office (SDRO) to recover outstanding council rates
- ▼ the existing legal and administrative process to recover outstanding rates should be streamlined
- ▼ councils should be able to offer discounts for ratepayers electing to receive their rate notices electronically, and
- ▼ ratepayers should not be able to postpone the payments of rates where land is rezoned.

### 9.2 Recovery of outstanding rates

In 2013-14, overdue rates and charges were \$285 million, which was equivalent to about 7% of NSW councils' total annual rates income. Overdue rates were up to 19% of annual rates income in some local government areas.<sup>102</sup>

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<sup>102</sup> Office of Local Government, *Profile & Performance of NSW Local Government Sector*, June 2015, pg14. <https://www.olg.nsw.gov.au/sites/default/files/Whole%20of%20State%20Report%20-%20June%202015.pdf>

## 9 Recovery of council rates

At the same time, councils' court orders for overdue rates impose a major burden on the Local Court system. The Department of Justice found that just over one-third of all civil claims in the Local Court system involve councils pursuing overdue rates.<sup>103</sup> In addition, in the Issues Paper we noted that it appears some councils might pursue relatively lower value claims through the court system. Statistics we received from the Department of Justice suggested that over 80% of court claims were for amounts of \$2,000 or less.<sup>104</sup>

These statistics indicate the need to reform the debt recovery process at the council level to reduce the unnecessary burden on both the court system and local government.

Through our stakeholder consultation process, we have identified a number of measures which should reduce the burden on the community from recovering outstanding rates. Our proposed draft recommendations in this area aim to improve the overall simplicity, efficiency and equity of this process.

### 9.2.1 Councils should be able to use the State Debt Recovery Office

#### Draft recommendation

**27 Councils should have the option to engage the State Debt Recovery Office to recover outstanding council rates and charges.**

The SDRO administers the NSW fine enforcement system and is responsible for the receipt and collection of outstanding State Government fines and penalties.

The SDRO also collects unpaid fines and fees issued by commercial entities or local government under contract. For example, the SDRO currently handles the collection of parking fines for the majority of NSW councils through an agreement with each council.

The Office of State Revenue<sup>105</sup> suggests that allowing councils to engage the SDRO could significantly reduce the level of overdue rates and reduce the burden on the Local Court system. The SDRO:

- ▼ has a number of means to match outstanding dues to an individual, with access to a wide range of Government data sources including updated contact addresses, phone numbers and banking details
- ▼ has options to force payment through the use of garnishee requests against financial institutions
- ▼ has the ability to negotiate flexible payment plans for people under financial hardship, operating an internal review process through its 'hardship review board'

<sup>103</sup> Letter from NSW Department of Justice to IPART, 5 April 2016.

<sup>104</sup> Letter from NSW Department of Justice to IPART, 5 April 2016.

<sup>105</sup> Letter from Office of State Revenue to IPART, 22 July 2016.

9 Recovery of council rates

- ▼ can consolidate all outstanding government fines and dues, so an individual can manage all outstanding debts in a single package, and
- ▼ has data links to both LPI (Land & Property Information, NSW) and local government in place, reducing any costs of transferring the debt recovery process to SDRO.

In its submission, the SDRO noted it has a 75% debt recovery rate, and is currently responsible for the collection of over \$27 billion in taxes and 3.5 million fines, worth \$700 million, each year.

If councils were able to engage the services of the SDRO, the cost of collection would be passed onto the individual ratepayer when debts are recovered (as is currently the case with parking fines).

While engaging the SDRO's services may be an effective way to recover outstanding rates and charges, councils should also have other non-judicial avenues to recover rates before engaging the services of the SDRO (see Section 9.2.3).

### 9.2.2 Streamlining process for sale of land to recover dues

#### Draft recommendation

- 28 The existing legal and administrative process to recover outstanding rates should be streamlined by reducing the period of time before a property can be sold to recover rates from five years to three years.

The existing local government legislation allows a council to sell any non-vacant land on which any rate or charge remains unpaid for more than five years from the date on which it became payable.<sup>106</sup>

In other states, three years is the most common time period after which a property can be sold to recover outstanding rates.

We recommend reducing the time before a property can be sold to recover rates to three years. This will improve the simplicity of the rating system, bring NSW in line with other states, and is likely to reduce the costs and delays in recovering outstanding rates.

<sup>106</sup> The provision of sale for vacant land is 1 year, if the total amount of unpaid rates or charges exceeds the value of the property.

9 Recovery of council rates

### 9.2.3 Councils should have an Internal Review policy for overdue rates

#### Draft recommendation

29 All councils should adopt an internal review policy, to assist those who are late in paying rates, before commencing legal proceedings to recover unpaid rates.

Councils have a number of means to assist ratepayers facing financial hardship. See Box 9.1 for a discussion of the common determinants of financial hardship.

According to the NSW Department of Justice, just over half of councils have a hardship policy that is publicly available online. These policies typically include information about alternative payment arrangements for ratepayers suffering financial difficulties. However, analysis suggests the efficacy of these policies is uncertain, because councils that have a hardship policy that is publicly available online tend to have more court filings for overdue rates. Of the top 50 councils filing unpaid rate claims in Local Courts, about 70% have a hardship policy on their website.<sup>107</sup>

For this reason, we recommend that councils should have an internal review policy for the payment of overdue rates. The policy would clearly specify, prior to commencing legal action, the other methods a council will pursue to recover outstanding rates.

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#### Box 9.1 Reasons for financial hardship

The Law and Justice Foundation of NSW, in its review of the Legal Aid NSW Mortgage Hardship Service, identified the following reasons for financial hardship for home owners, resulting in their inability to pay dues including council rates, loan repayments, strata levies etc.

- ▼ 40.6% faced unemployment or reduced employment.
- ▼ 28.6% experienced business failure or reduced income from self-employment.
- ▼ 28.6% suffered from illness or injury.
- ▼ 17.7% were dealing with family breakdown.

**Source:** Law and Justice Foundation of New South Wales, *Managing mortgage stress – Evaluation of the Legal Aid NSW and Consumer Credit Legal Centre Mortgage Hardship Service*, June 2011, p 25.

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<sup>107</sup> Email to IPART from Senior Policy Officer, NSW Department of Justice, 15 July 2016.

#### 9.2.4 Guidelines for a flexible payment mechanism

##### Draft recommendation

30 The *Local Government Act 1993* (NSW) should be amended or the Office of Local Government should issue guidelines to clarify that councils can offer flexible payment options to ratepayers.

Flexible payment options include allowing ratepayers the flexibility to pay rates:

- ▼ on a number of frequencies (eg, weekly, fortnightly, monthly, quarterly or yearly basis), and
- ▼ through a variety of payment options, including direct debit or through Centrelink.

Councils should be able to offer flexible payment options as they allow ratepayers more flexibility to pay rates, which could assist councils' financial management.

However, through stakeholder submissions and consultation, we have identified that there is uncertainty about whether councils can offer flexible payment options. This is because:

- ▼ Section 564 of the LG Act allows councils to "accept payment of rates and charges due and payable by a person in accordance with an agreement made with the person", but
- ▼ Section 562 states annual rates may be paid annually or quarterly.<sup>108</sup>

In stakeholder submissions, only one council (Hills Shire) noted that it offers ratepayers flexible payment plans (including weekly, fortnightly and monthly) along with direct debit and Centrelink payment options under Section 564 of the LG Act.<sup>109</sup>

Given the lack of clarity in the legislation, we recommend either the LG Act be amended or OLG issue guidelines to clarify that councils can offer flexible payment options to ratepayers.

#### 9.2.5 Summary of stakeholder submissions

Our draft recommendations are consistent with stakeholder feedback. Suggestions raised by stakeholders included:

- ▼ there should be a single, streamlined process for conducting all debt recovery activities against an individual ratepayer

<sup>108</sup> Note that section 562 of the LG Act does not explicitly prohibit other payment frequencies.

<sup>109</sup> The Hills Shire Council, submission to IPART Issues Paper, May 2016.



## 9 Recovery of council rates

- ▼ councils should be able to recover overdue rates through Centrelink or utilising the services of the SDRO<sup>110</sup>
- ▼ councils should be allowed to offer more flexible payment options (including weekly or monthly billing, or direct debit arrangements),<sup>111</sup> and
- ▼ the process for selling properties to recover unpaid rates should be streamlined and the period of time a council is required to wait before selling a property should also be reduced from five to three years.<sup>112</sup>

Our draft recommendations have incorporated this feedback.

Many councils also suggested a move to the New Zealand model which allows outstanding rates to be recovered from a mortgagee after they have been outstanding for more than 12 months.<sup>113</sup>

However this model has a key drawback. Ratepayers with a mortgage who are not meeting council rate payments are also likely to be not meeting mortgage repayments. Adding these rates to the mortgage would effectively increase the Bad and Doubtful Debts of the financial sector. Thus, any extra burden on the financial sector would be passed on by lenders through increased interest rate charges for all borrowers.

Stakeholders also provided reasons why councils may pursue low-value claims of less than \$2000. Stakeholders noted that \$2,000 in unpaid rates can represent up to three years' worth of rates, and that they currently have no other effective solution for recovery other than approaching the courts.<sup>114</sup> Our recommendation to provide councils with the option to engage the SDRO should help councils recover low-value claims without the need to initiate court proceedings.

### 9.3 Improvements in the rate levying process

#### Draft recommendation

- 31 The *Local Government Act 1993* (NSW) should be amended to allow councils to offer a discount to ratepayers who elect to receive rates notices in electronic formats, eg, via email.

<sup>110</sup> Southern Sydney Regional Organisation of Councils, City of Canterbury-Bankstown, submissions to IPART Issues Paper, May 2016.

<sup>111</sup> North Sydney Council, Lockhart Shire Council, Manly Council, submissions to IPART Issues Paper, May 2016.

<sup>112</sup> Riverina Eastern Regional Organisation of Councils, Upper Lachlan Shire Council, Gunnedah Shire Council, submissions to IPART Issues Paper, May 2016.

<sup>113</sup> Lake Macquarie City Council, Ashfield Council, Mosman Municipal Council, Manly Council, City of Canterbury-Bankstown, Campbelltown City Council, submissions to IPART Issues Paper, May 2016.

<sup>114</sup> Campbelltown City Council, Manly Council, Leichhardt Council, submissions to IPART Issues Paper, May 2016.

### 9.3.1 Current practice

Section 710 of the LG Act requires councils to issue paper based notices to a ratepayer, unless the ratepayer has, in writing, allowed these notices to be sent through other means such as e-mail.

Distributing bill notices and other correspondence only through paper based notices and letters may not be cost effective. In addition, paper based notices may not reach the ratepayer when they change their address (eg, moves interstate or overseas, and councils do not have access to their updated contact details).

### 9.3.2 Serving notices electronically

Providing councils with the option to offer a discount for ratepayers who receive electronic bill notices could result in more efficient delivery of notices and considerable cost savings.

Discussions with councils suggest the average cost of serving a paper bill notice to ratepayers is about \$1 per bill. This cost primarily reflects printing and postage. Most councils mail rate notices quarterly and at least one other council correspondence each year. With over 3 million rateable properties in NSW, **the potential cost saving of going fully paperless could be up to \$15 million per year.**

Our draft recommendation to provide councils with the choice to offer a discount to ratepayers who opt to receive electronic notices would encourage this shift.

## 9.4 Abolishing the postponement of rates due to rezoning

Draft recommendation

32 *The Local Government Act 1993 (NSW) should be amended to remove section 585 and section 595, so that ratepayers are not permitted to postpone rates as a result of land rezoning, and councils are not required to write-off postponed rates after five years.*

Section 585 of LG Act allows a property owner to apply for postponement of rates if:

- ▼ the property is rezoned
- ▼ the rates payable increase after rezoning, and
- ▼ the ratepayer does not intend to redevelop the land according to the new land uses permitted.

The OLG suggests that the process of administering rate postponements is complex, often costing councils more than the postponed rates.

## 9 Recovery of council rates

In addition, Section 595 of the LG Act requires councils to write-off postponed rates and accrued interest after five years.

The current arrangements of the LG Act which allow a ratepayer to postpone rates, and require councils to write-off postponed rates after five years, are inconsistent with the tax principles of simplicity, efficiency and equity:

- ▼ In many cases land rezoning substantially increases the value of a property. This land rezoning generally occurs through no effort of the ratepayer, but increases the ratepayer's wealth, regardless of whether the ratepayer intends to sell or develop the property.
- ▼ The increase in rates is a small fraction of the ratepayer's increased wealth from land rezoning.
- ▼ Allowing rates to be postponed and written off if land is not developed provides a disincentive to develop land and does not promote growth and urban renewal.

This draft recommendation would simplify the rating system by reducing councils' administrative burden, provide a better incentive to develop land and ensure a more equitable distribution of the rating burden.

### 9.4.1 Summary of stakeholder submissions

The majority of councils<sup>115</sup> were supportive of the option to take-up electronic rate notices. Electronic notices were seen as more cost-effective and could result in a higher recovery rate than paper based notices. This is because a ratepayer may not receive a paper rates notice if they change address.

A number of councils supported removing Section 585 of the LG Act because the section is difficult for ratepayers and councils to understand, and imposes an administrative burden on councils.<sup>116</sup>

<sup>115</sup> See, for example, Southern Sydney Regional Organisation of Councils, Shoalhaven City Council, Campbelltown City Council, Kempsey Shire Council, Manly Council, submissions to IPART Issues Paper, May 2016.

<sup>116</sup> Camden Council, New South Wales Revenue Professionals, Greater Taree City Council, Eurobodalla Shire Council, submissions to IPART Issues Paper, May 2016.

## 10 Other draft recommendations

Our review aims to enhance the ability of councils to implement sustainable and equitable fiscal policy and, to this end, we have made draft recommendations relating to the method for setting rates, exemptions and concessions. Through the course of the review we identified other issues where improvements would enhance the efficiency of the rating system. The sections below discuss our findings and analysis relating to these additional issues.

### 10.1 Summary of other draft findings

We considered a range of other issues that would enhance the efficiency of the rating system, benefit councils and other sectors of the economy. We found that:

- ▼ **The valuation base date used as the basis for collecting revenue for the Emergency Services Property Levy (ESPL) and collecting council rates should be aligned**, to promote simplicity and consistency.
- ▼ **CIV should be used as the basis for levying the ESPL**, when CIV data is available state-wide. CIV is more equitable and efficient (than UV) for levying the ESPL, as the cost of fire and emergency services relates more closely to protecting the capital on a property, rather than the property itself.
- ▼ **Giving councils the choice to purchase valuation services directly from the market** could allow them to obtain the quality of service they require in a more cost effective way.

We do not make any recommendations about the exemptions that councils receive from certain state taxes as we consider that major reforms to the tax exemptions that local government receive from the State Government should be negotiated and changed as part of a broader reciprocal agreement between the two levels of government.

10 Other draft recommendations

## 10.2 The Emergency Services Property Levy

### Draft recommendation

- 33 The valuation base date for the Emergency Services Property Levy and council rates should be aligned.
- The NSW Government should levy the Emergency Services Property Levy on a Capital Improved Value basis when Capital Improved Value data becomes available state-wide.

We considered the ESPL in light of submissions we received to our Issues Paper. We considered stakeholders' concerns about:

- ▼ how the ESPL would be levied if reforms to the valuation method are introduced, and
- ▼ consistency in application across the State if choice over the valuation method for rates is introduced.

Box 10.1 provides a summary of the Government's announcement on the ESPL.

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### Box 10.1 Emergency Services Property Levy

In December 2015, the NSW Government announced it would introduce an ESPL to fund fire and emergency services. The ESPL will be paid alongside council rates from 1 July 2017, and replaces the Emergency Services Levy on insurance policies.

The new levy would be based on unimproved land values and collected by local government on behalf of the State Government.

**Source:** <https://www.emergency.nsw.gov.au/media-releases/2015/nsw-moves-to-a-fairer-system-for-funding-fire-and-emergency-services.html>

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UV is the only data currently available to set council rates. As the ESPL is to be collected by councils through rates for the NSW Government, it has to be levied on a UV basis. If our recommendations in Chapters 3 and 4 are adopted, CIV data would be collected state wide. This would allow the ESPL to be levied on either a UV or CIV basis. This raises the question as to whether UV or CIV is the better base for levying the ESPL.

Our draft findings and analysis, and our reasons for recommending that CIV should be used as the method to levy the ESPL, are outlined below.



### 10.2.1 How should the Emergency Services Property Levy be levied?

In submissions, councils raised a number of concerns relating to the method for levying the ESPL, including:

- ▼ The potential inconsistency in the valuation date for levying the ESPL and council rates. That is, the valuation base date for the ESPL might not be the same as the valuation date for council rates.
- ▼ The valuation method used. For example, “the ESPL cannot be equitably levied against land values, and complements the use of CIV.”<sup>117</sup>

#### Valuation base date

The valuation base date for the ESPL and council rates should be consistent. Otherwise, a ratepayer will face two different sets of land values for two property-based levies. This is contrary to the tax principle of simplicity. In practice, this means every council will need to adopt the same valuation base date for rating.

#### Valuation method for the ESPL

The cost of fire and emergency services relates more closely to protecting the capital on a property, rather than the property itself. For example, a highly developed block of land with apartments may receive significant benefits from fire protection services whereas a neighbouring block of the same size with a small house receives comparatively little benefit. In this example, under UV, they would pay the same ESPL levy amount which is less equitable and efficient compared to CIV.

A CIV base for the levy is more consistent with efficiency and equity principles than UV, as the benefits received from emergency services increase with market value as new capital is invested. As discussed in Chapters 3 and 4, we recommend CIV information be collected in all council areas. Hence, when CIV information is available state wide, the ESPL should be levied on a CIV, rather than a UV, basis.

#### Other jurisdictions

The ESPL is levied on a CIV basis in other states where CIV information is available, such as Victoria and South Australia. This includes councils where UV is adopted for setting rates. In practice, using a CIV base for the ESPL would not create any additional impost for councils that choose a UV base to set rates. This is because CIV data would be available state-wide and, under the current proposal, councils will be allowed to recover any additional costs of collecting the ESPL, as determined by the NSW Treasury.

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<sup>117</sup> Sutherland Shire Council, submission to IPART Issues Paper, May 2016, p 2.

10 Other draft recommendations

### 10.3 Valuation services

#### Draft recommendation

- 34 Councils should be given the choice to directly buy valuation services from private valuers that have been certified by the Valuer General.

Councils are currently required to use valuations supplied by the Valuer General (VG) for rating property. We reviewed the current methods for providing valuation services. We found the process could be more efficient, and provide a higher quality product, if councils were able to choose between using the VG or purchasing valuation services directly from private valuers.

Private valuers would need to meet standards set by the VG, to ensure consistent valuation standards are met for all users of valuation data. The VG would also need to ensure valuation data quality and be able to recoup these costs.

#### 10.3.1 Allowing councils choice over valuation services

We recommend councils be given choice over how they obtain valuation services. However, it is important to ensure the integrity of the data and to achieve efficiency in the valuation process.

To protect the integrity of the data, we recommend that the VG would retain responsibility for:

- ▼ setting valuation standards
- ▼ certifying valuers that can be engaged to provide valuations by councils
- ▼ maintaining a database of valuations, and
- ▼ requiring that valuations cannot be used for rates, levies or taxes until approved by the VG as generally true and correct.

To ensure that no council is worse off under choice, we also recommend:

- ▼ valuation service arrangements to remain unchanged for councils that wish to continue to use the VG, and
- ▼ a process for ensuring that valuation costs would be shared fairly and efficiently between users of the data.

For councils that continue to use the VG, the valuation process would remain unchanged. This process is outlined in Box 10.2 and Figure 10.1. In particular, the current arrangements that IPART determines the maximum prices the VG can set for councils that do not engage private valuers should remain. These arrangements would also allow the VG to recover the efficient costs of providing services to these councils.

### Box 10.2 Current valuation process

The VG is responsible for providing a list of valuations to councils for rating purposes at least once every four years.<sup>a</sup> Councils typically receive valuations from the VG once every three years. The VG is also currently required to provide valuation information to the Office of State Revenue (OSR) and other minor users of the data.

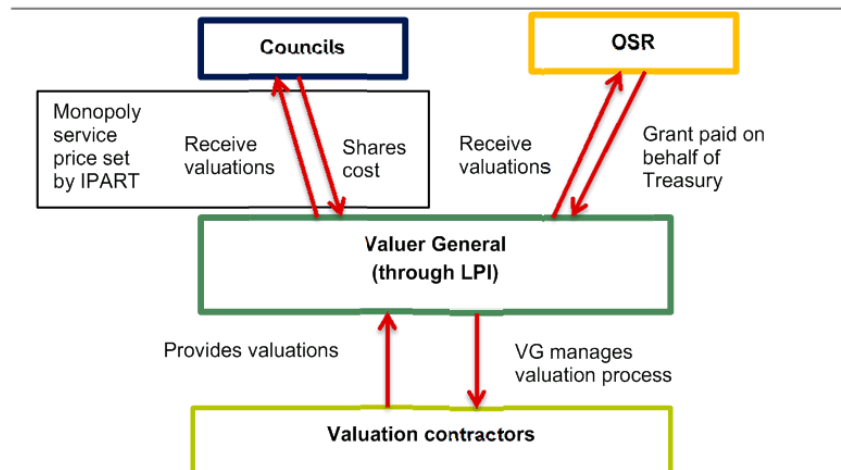
To provide these services, the VG:

- ▼ sets the standards for valuations, and
- ▼ delegates operational responsibilities through a service level agreement with Land and Property Information (LPI).

In turn, LPI manages the valuation system, in particular, managing valuation contracts by engaging external contractors to conduct valuations through a competitive tender process, and maintaining a database of valuations.<sup>b</sup>

Finally, IPART determines the maximum prices for valuation services provided to councils for rating purposes. In IPART's 2014 Determination, we made a decision to allocate 34% of the VG's total costs to councils. The funding from OSR for valuation services is provided with a grant from Treasury, however the price is not determined by IPART. The current process is outlined in Figure 10.1.

**Figure 10.1 Current valuation process**



<sup>a</sup> Under Part 5 of the *Valuation of Land Act 1916*.

<sup>b</sup> For more details, see IPART, *Review of prices for land valuation services provided by the Valuer-General to councils - Final Report*, 2014, pp 9-10.

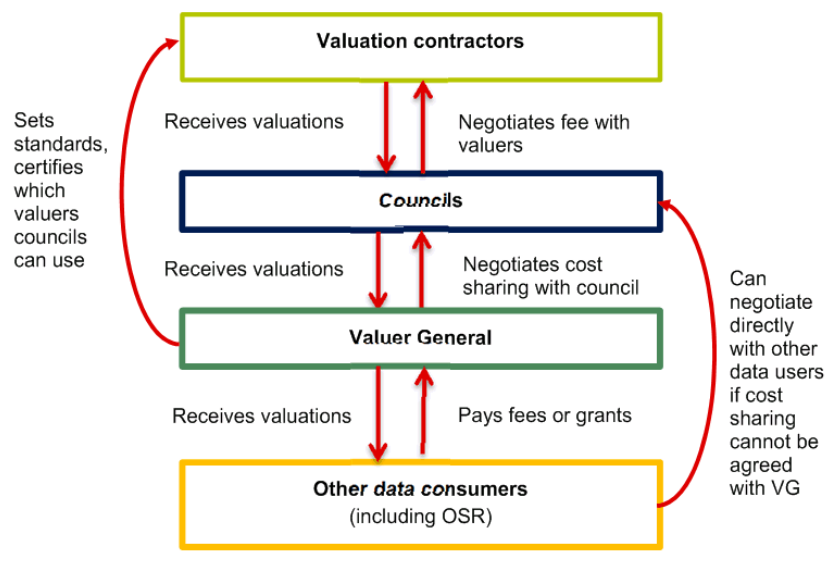
10 Other draft recommendations

For councils that engage private valuers the recommended process is outlined in Figure 10.2. Under this process, councils would:

1. buy valuation information from valuers directly
2. pay for these services, and
3. provide the information to the VG for a fee that is directly negotiated between the parties. IPART benchmark prices could form the basis for this negotiation.<sup>118</sup>

Under this process, the VG would be responsible for setting standards and ensuring the accuracy of the information before councils would be able to use the data for setting rates.

**Figure 10.2 Recommended arrangements for councils directly engaging private contractors**



<sup>118</sup> To ensure efficiency in the valuation process, if a cost sharing arrangement cannot be reached directly with the VG, councils could have the option to directly negotiate agreements with the OSR and other users of the data.

10 Other draft recommendations

### 10.3.2 Stakeholder feedback on the current system

In our Issues Paper, we asked whether councils should be required to use the VG's property valuation services, or whether they also should be allowed to buy valuation services from private valuation firms (as occurs in Victoria and Tasmania):

- ▼ Around half of stakeholders supported the introduction of choice, so long as the VG retains control over the agreed standards of valuation.
- ▼ A number of councils supported choice because it would allow them to choose the most cost-effective option.<sup>119</sup>
- ▼ A number of other councils supported choice so they could purchase a higher standard of valuation services, for example, more timely access to data and responses to valuation objections.<sup>120</sup>

Other stakeholders were cautious about choice because:

- ▼ allowing choice could lead to inconsistency in valuations, and
- ▼ the VG can exploit economies of scale.

In its submission, the VG noted a move to allow councils to use private valuation firms:

- ▼ would require the VG to establish agreements with councils, and
- ▼ raises the risk of inconsistency in valuation outcomes if there is inconsistency in valuation contracts.<sup>121</sup>

## 10.4 Councils' exemptions from certain state taxes

In our Issues Paper we asked whether the exemptions from certain state taxes (such as payroll tax) that councils receive should be considered as part of a review of the exemptions and concessions for certain categories of ratepayers.

When analysed against the tax principles of competitive neutrality and sustainability, it may be appropriate for councils' exemptions from payroll tax to be removed.

<sup>119</sup> Cootamundra Shire Council, p 2, Manly Council, p 1, Greater Hume Shire Council, p 1, submissions to IPART Issues Paper, May 2016.

<sup>120</sup> Sutherland Shire Council, p 3, North Sydney Council, p 1, submissions to IPART Issues Paper, May 2016.

<sup>121</sup> Office of the Valuer General, submission to IPART Issues Paper, May 2016, pp 8-9.

## 10 Other draft recommendations

However, we do not recommend councils pay payroll tax as part of this review. This is because major reforms to the tax exemptions that local government receive from the State Government should be negotiated and changed as part of a broader reciprocal agreement between the two levels of government. This agreement would promote more efficient tax bases for both levels of government and make them both better off.

Our position is consistent with stakeholder feedback. The majority of stakeholders were not supportive of councils paying payroll tax, and were also of the view that council exemptions from state taxes should be considered in the context of a broader taxation review.<sup>122</sup>

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<sup>122</sup> For example, Upper Lachlan Shire Council, p 2, Queanbeyan City Council, p 12, submissions to IPART Issues Paper, May 2016.





## Appendices

## A Terms of Reference



## A Terms of Reference

### Terms of Reference

#### The Local Government Rating System in NSW

I, Mike Baird, Premier of New South Wales, approve the provision of services by the Independent Pricing and Regulatory Tribunal (IPART) under section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992 (IPART Act)* to the Minister for Local Government for the review of the local government rating system in accordance with these 'terms of reference'.

#### General

IPART is to undertake a review to identify and make recommendations for potential reforms to the rating system for local government in NSW. These recommendations will aim to:

- Enhance the ability of councils to implement sustainable and equitable fiscal policy and
- Provide the legislative and regulatory approach to achieve the Government's policy of freezing existing rate paths for four years for newly merged councils.

In investigating and making recommendations for this review, IPART is to consider:

- a) the performance of the current rating system and potential improvements, including consideration of:
  - the rating burden across and within communities, including consideration of apartments and other multi-unit dwellings;
  - the appropriateness and impact of current rating categories and exemptions, mandatory concessions and rebates;
  - the land valuation methodology used as the basis for determining rates in comparison to other jurisdictions;
  - the impact of the current rating system on residents and businesses of a merged council and the capacity of the council to establish a new equitable system of rating and transition to it in a fair and timely manner.
  - the objectives and design of the rating system according to recognised principles of taxation.
- b) current examples of municipal best practice rating policies and schemes;
- c) the impact of the current and alternative frameworks for the rating system on communities and businesses and their capacity to pay; and
- d) any other matter IPART considers relevant.

In undertaking its review under these Terms of Reference, IPART is to take account of:

## A Terms of Reference

- the importance of Integrated Planning and Reporting in determining the revenue required to deliver services and infrastructure;
- the current financial sustainability of local government in NSW, including the findings and deliberations of the NSW Treasury Corporation report *Financial Sustainability of the NSW Local Government Sector*, 2013;
- the findings and deliberations of the Independent Local Government Review Panel and subsequent Government response;
- the NSW Government's policy of encouraging urban renewal; and
- the NSW Government's commitment to protect NSW residents against excessive rate increases and to providing rate concessions to pensioners.

### Public consultation

IPART should consult with relevant stakeholders and NSW Government agencies by releasing an Issues Paper and Draft Report for their review on the IPART website. IPART should also consult with the Fit for the Future Ministerial Advisory Group.

IPART may also hold public hearings for the purposes of this review.

### Timeframe

An interim report with recommendations on the legislative and regulatory approach to achieve the Government's policy of freezing existing rate paths for four years for newly merged councils should be submitted to the Minister for Local Government within 6 months of signing of the Terms of Reference.

A final review report should be formally submitted to the Minister for Local Government within 12 months of signing of the Terms of Reference.

### Governance

IPART should provide progress briefings at regular intervals or as requested to the Chief Executive, Office of Local Government.

The Minister for Local Government will decide on the timing of release of the final report.

### Supporting information and recommendations

IPART is to collect relevant material and data to establish the impacts to councils, communities and NSW of the current rating system, and to provide reasons for any recommendations for reform.

## B The demand for council services

This appendix presents our analysis on whether a Capital Improved Value (CIV) or Unimproved Value (UV) rating structure better reflects ratepayers' demand for council services.

The academic literature provides support for a CIV method, as it suggests a higher property value will usually reflect a greater demand for council services. Previous research has shown CIV has a very high correlation with income (and a higher correlation with income than UV),<sup>123</sup> and that increases in income typically lead to an increase in the demand for local public goods.<sup>124</sup>

In Chapter 3 we analysed the relationship between the demand for the services that rates fund and the rates that would be paid under a CIV or UV method. To do this, we identified the services that rates fund, the different rating categories and the types of ratepayers within a category.

If the difference between property values within a rating category, on balance, better reflects the differences in demand for a specific council service, we judged that the CIV method would be a better valuation method. If the difference between land values better reflects the difference in demand, the UV method was considered a better method.

We have assessed whether there is a strong, moderate or weak preference for one method over the other. This is shown in Table B.1 below. For some council services, it is relatively clear cut which method is superior for a given category of ratepayers, but in other cases it is less clear.

In general, we assessed that a CIV method better reflects ratepayers' demand for:

- ▼ The facilities that councils provide and maintain (eg, parks and fields, pools and libraries).
  - The total demand and usage of these facilities from all residents in an apartment block will be greater than the demand from a single household, on average.

<sup>123</sup> New Zealand Local Government Rates Inquiry Panel, *Funding Local Government*, August 2007, pp 125-126.

<sup>124</sup> Borcherding T and T Deacon, *The demand for the services of non-federal governments*, The American economic review, 1972, pp 891-901.

## B The demand for council services

- CIV will better reflect this demand because, using UV, as density increases on a block of land, the land value is divided among an increasing number of ratepayers who each make a lower overall contribution to council rates.
- ▼ Roads and footpaths.
  - The total demand for, and congestion on, local roads created by a block of apartments will be greater than a house, on average.
  - A wealthier household or unit should have a greater willingness to pay for roads and footpaths.<sup>125</sup>
  - That said, while a block of apartments should, in total, have a greater demand for footpaths and street-lighting than a house, these costs tend to grow at a slower rate per capita as density increases.
- ▼ Other services, such as social protection and environmental services which promote welfare in the community.
  - CIV, which is a better measure of ability to pay, is therefore a better measure to fund these services.

Rates also fund the 'governance and administration' functions of the council. This expenditure may relate in part to the oversight of other council services (ie, roads, parks, etc). In other cases, other governance expenses may be fixed expenditures that benefit all ratepayers. Base amounts could play a role in recovering some of these costs.

<sup>125</sup> This is because wealthier households tend to spend more on vehicles, and to the extent that vehicle expenditure should proxy the underlying demand for additional road expenditure.



**Table B.1 The relationship between demand for council services and valuation method**

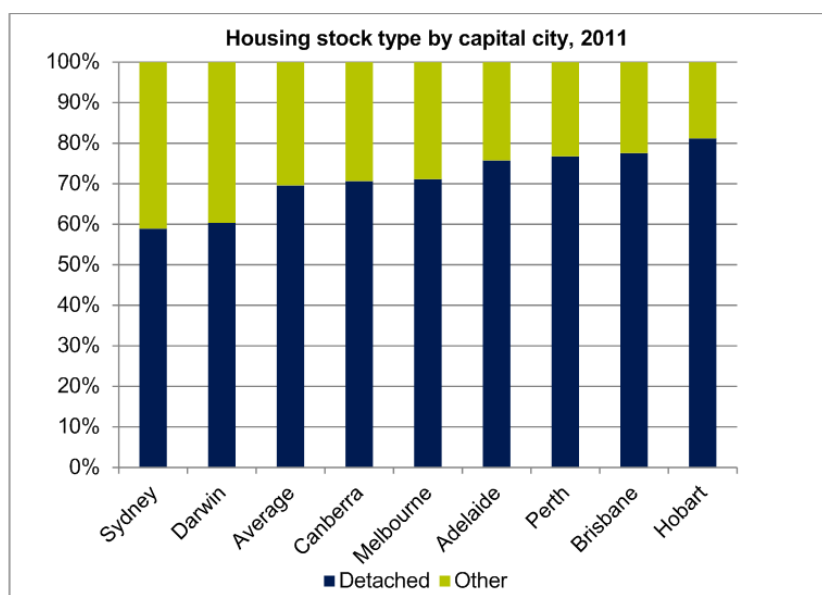
Council service	Share of rates bill (%)	Category of ratepayer					
		Residential ratepayers				Business ratepayers	
		Comparing an apartment to a house		Comparing two houses or two apartments		Comparing a number of small shops to a shopping centre	
		Better valuation method	Strength?	Better valuation method	Strength?	Better valuation method	Strength?
<b>Streets and footpaths</b>	<b>27.5</b>	<b>CIV</b>	<b>Weak</b>	<b>CIV</b>	<b>Weak</b>	<b>Neither</b>	<b>N/A</b>
Roads and bridges	18.5	CIV	Weak	CIV	Strong	CIV	Moderate
Footpaths and streetlights	5.7	CIV	Moderate	UV	Weak	UV	Moderate
Street sweeping	3.3	CIV	Moderate	UV	Weak	UV	Weak
<b>Facilities</b>	<b>29.3</b>	<b>CIV</b>	<b>Weak</b>	<b>CIV</b>	<b>Strong</b>		
Parks and fields	15.5	CIV	Weak	CIV	Strong		
Libraries	7.5	CIV	Weak	CIV	Strong		
Pools	3.0	CIV	Weak	CIV	Weak		
Other	3.2	CIV	Moderate	CIV	Strong		
<b>Other services</b>	<b>10.7</b>	<b>CIV</b>	<b>Strong</b>	<b>CIV</b>	<b>Strong</b>		
Community	7.3	CIV	Strong	CIV	Strong		
Environment	3.5	CIV	Strong	CIV	Strong		
<b>Governance and admin</b>	<b>32.5</b>						

Source: IPART analysis, OLG (using council financial statements).

## C Housing composition in Sydney

Figure C.1 shows Sydney has the highest proportion of multi-unit dwellings of Australia's capital cities at 40%, compared with 20% to 30% in other capital cities, and 30% Australia wide.

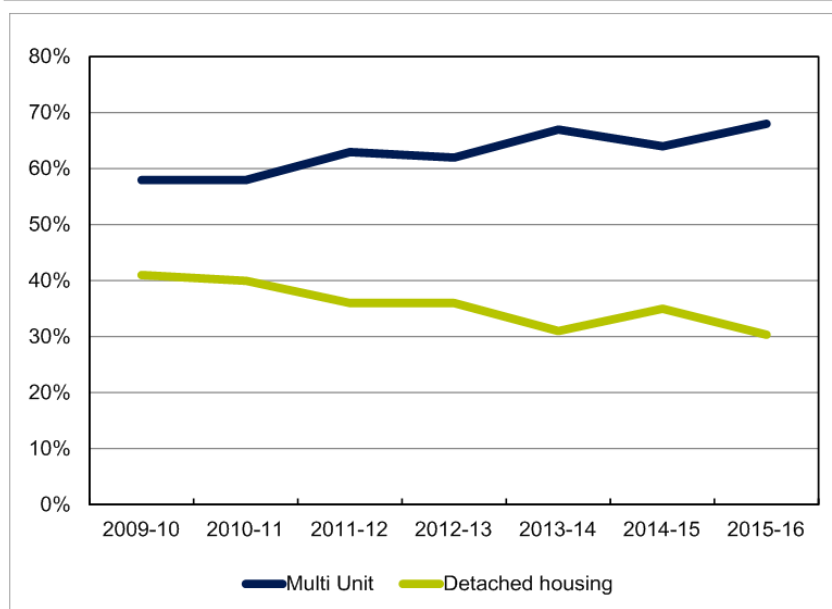
**Figure C.1 Dwelling type percentages by capital city**



Data source: ABS, 2011 Census of Population and Housing.

C Housing composition in Sydney

**Figure C.2 Dwelling approvals by type in Sydney**



**Data source:** Department of Planning & Environment, Annual Report 2014-15; ABS, Building Approvals, Australia, June 2016, Cat. No. 8731.0.

The proportion of apartments in Sydney is rising over time. Figure C.2 shows:

- ▼ In 2009-10, detached housing was 41% of total Sydney approvals and multi-unit dwellings comprised 58%.
- ▼ By 2015-16, detached housing was just 30% of approvals with multi-unit dwellings comprising 68%.<sup>126</sup>

Consequently, the appropriate treatment of multi-unit dwellings in council rate bases will be an increasingly important issue for NSW, and Sydney in particular, because the proportion of apartments is rising over time.

<sup>126</sup> *Department of Planning & Environment Annual Report 2014-15*, p 30. Multi-unit dwellings include apartments, villas, townhouses, terraces and semi-detached homes.

## D Valuation method chosen in other jurisdictions

A comparison of the valuation methods used in other Australian states and internationally reveals two key patterns:

- ▼ Councils overwhelmingly favour a valuation method based on market value in Australian states where choice is provided.
- ▼ There has been an international trend towards rating on a CIV basis.

In general, two types of property valuation methodologies are used in other jurisdictions:

1. UV type approaches based on the value of land.
2. Market value type approaches, which are based on CIV or Annual Rental Value (ARV).

The ARV approach, which values property based on its rental value, is conceptually similar to a CIV approach.<sup>127</sup>

A summary of valuation methods in Australian states is contained in Table D.2.

In Victoria, South Australia and Tasmania, councils can choose between UV, CIV and ARV. As shown in Figure D.1, **councils in these states overwhelmingly favour a valuation method based on market value.**

- ▼ In Victoria, of 79 councils, 73 currently use CIV and 6 use ARV.
- ▼ In South Australia, 60 out of 68 councils use CIV.
- ▼ In Tasmania, 24 out of 29 councils use ARV, and the remaining 5 use CIV.

<sup>127</sup> We have not recommended ARV as an additional rating option for NSW as:

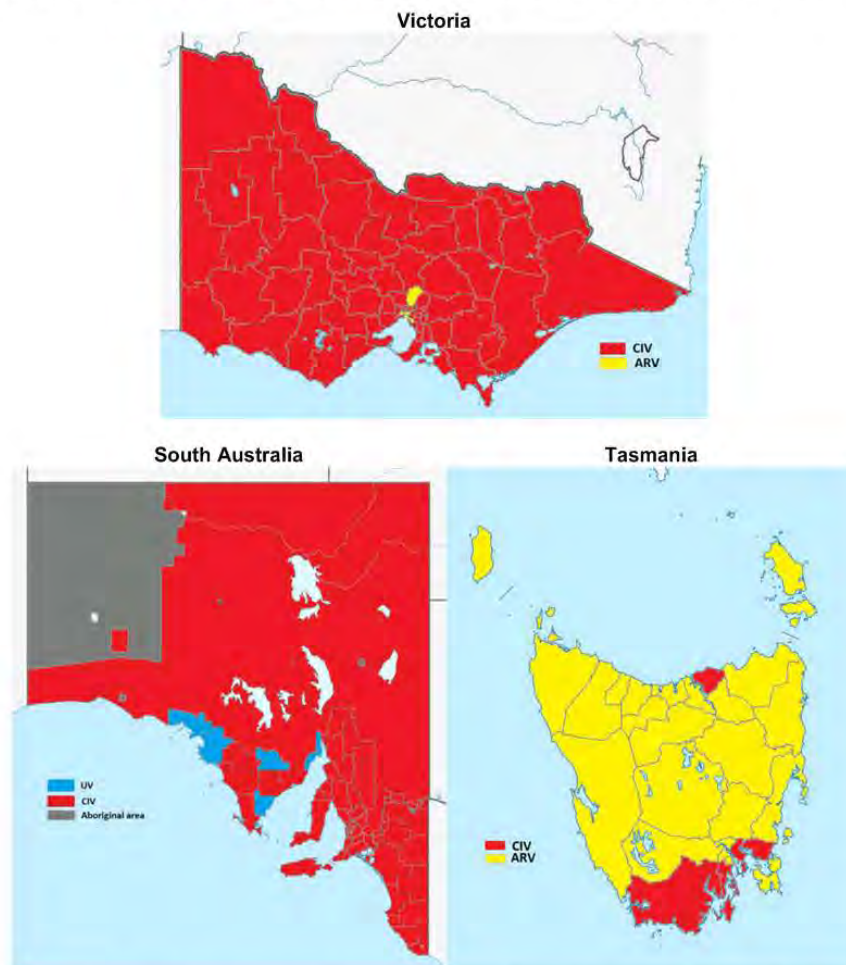
- CIV is sufficient to overcome potential weakness with a UV approach
- stakeholders did not want ARV as an additional option to CIV, and
- research has found that a CIV approach is generally superior to ARV-based approaches.

The *Tasmania Valuation and Local Government Rating Review Final Report* (April 2013) found that there was not a strong case to continue to use ARV. In particular, it assessed that an ARV approach was not as simple to understand, more costly to implement and more volatile than a CIV method (p 91).

D Valuation method chosen in other jurisdictions

In Queensland and Western Australia, councils are not provided choice over the valuation method. However, other tools have been chosen to address the rating of apartments. In Western Australia, councils must use the ARV method in urban areas, and the UV method in rural areas. In Queensland, UV is mandated for all councils, but councils have the flexibility to create different subcategories for apartments and houses to reflect the use of council services, which would otherwise be accounted for by using a CIV rating structure.

**Figure D.1 Valuation methods adopted in states where choice is offered**



**Data sources:** IPART analysis; Victorian Department of Transport, Planning and Local Infrastructure, *Valuation best practice*, 2016.

D Valuation method chosen in other jurisdictions

Internationally, a market value type approach is the most common form of valuation method used to levy property taxes (Table D.1). Among countries with taxes based on the value of the property, around 85% of countries use market value, while 15% choose UV. An analysis of 125 countries suggests that only 5 – Saudi Arabia, Taiwan, Papua New Guinea, Jamaica and Fiji – use UV as the sole basis of valuing land for tax purposes.

**Table D.1 International property-based taxes and valuation method<sup>a</sup>**

Region	Number of countries	Method			
		UV	CIV	ARV	Other <sup>b</sup>
North America	3	0	3	0	0
Western Europe	17	0	12	7	0
Oceania	7	6	2	4	0
Asia	24	2	8	11	11
Eastern Europe	20	1	6	0	15
South America	16	2	15	1	0
Caribbean	13	4	6	8	5
Africa	25	1	11	7	21
<b>Total</b>	<b>125</b>	<b>16</b>	<b>63</b>	<b>38</b>	<b>52</b>

<sup>a</sup> The sum of each column is greater than the total number of countries as some jurisdictions allow choice, or use multiple methods to tax property.

<sup>b</sup> Other methods include property taxes that are not based on the value of the property.

Sources: IPART analysis;

<http://www.ipti.org/wp-content/uploads/2015/04/IPTI-Xtracts-Belgium-May-2015.pdf>

<http://www.ipti.org/wp-content/uploads/2015/09/IPTI-Xtracts-Finland-March-2016.pdf>

<http://www.skra.is/english/property-valuation/>

<https://www.nordisketax.net/main.asp?url=files/nor/eng/032.asp>

McCluskey, W. and M. Bell. *Rental Value versus Capital Value: Alternative Bases for the Property Tax*.

International Center for Public Policy, Andrew Young School of Policy Studies, Georgia State University, 2008 p 8.

Academic literature has concluded there has been an international trend “to move away from land value based systems to the more popular capital improved value”.<sup>128</sup>

- ▼ In South Africa, in the 1990s, the use of CIV and UV was “rather evenly spread amongst municipalities”.<sup>129</sup> However, a CIV method was mandated as the sole basis for property taxes in 2004.<sup>130</sup>

<sup>128</sup> McCluskey, W, L Cheng, and P Davis, *Land Value Taxation: An International Overview*, American Journal of Economics and Sociology 56.2007, 2007, pp 207-214.

<sup>129</sup> Ibid.

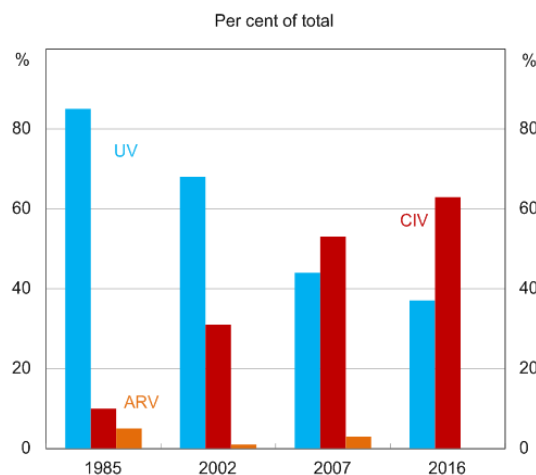
<sup>130</sup> Local Government Municipal Property Rates Act 2004, Section 46, at [http://www.saflii.org/za/legis/consol\\_act/lgmpra2004454/](http://www.saflii.org/za/legis/consol_act/lgmpra2004454/), accessed 16 August 2016.



D Valuation method chosen in other jurisdictions

- ▼ In New Zealand, where councils are permitted to choose between UV, CIV and ARV, there has been a strong trend towards CIV. As shown in Figure D.2, in 1985, around 85% of councils adopted a UV method for rates. However, by 2007, the majority of councils had moved to a CIV method for rates, with over 60% of councils currently using CIV for levying rates.
- ▼ Most recently, in 2013 Ireland adopted a property tax based on CIV.<sup>131</sup>

**Figure D.2 Valuation method chosen by councils in New Zealand**



**Data sources:** McCluskey, W, A Grimes and J Timmins, *Property Taxation in New Zealand*, Motu Economic & Public Policy Research Trust, New Zealand, 2002, p 3; New Zealand Local Government Rates Inquiry Panel, *Funding Local Government*, August 2007, p 46; Department of Internal Affairs New Zealand.

<sup>131</sup> Irish Tax and Customs, Local Property Tax (<http://www.revenue.ie/en/tax/lpt/>, accessed 16 August 2016).

**Table D.2 Council rating methodology across Australia**

	NSW	VIC	QLD	SA	WA	TAS	NT
<b>Valuation method</b>	UV	Councils may choose from: • UV • CIV • ARV 73 out of 79 Councils use CIV, the rest use ARV	UV	Councils may choose from: • UV • CIV • ARV  60 out of 68 councils use CIV	• Rural land – UV • Non-rural land – ARV • UV mandatory for mining and petroleum interests	Councils may choose from: • UV • CIV • ARV 24 out of 29 Councils use ARV, the remaining 5 use CIV	Councils may choose from: • UV • CIV • ARV All councils use UV
<b>Base amount</b>	Option for base amounts by land use category, up to 50% of general revenue for that category	Option for 'municipal charge' up to 20% of sum total of general revenue and revenue from municipal charges	No option for base amount	Option for base amount, up to 50% of general rates	No option for base amount	Option for base amount of up to 50% of general rates	Multiple base amounts for different purposes according to land use/location categories
<b>Minimum amount or rate</b>	Option for minimum amount up to a legislated ceiling for ordinary and special rates	No option for minimum amount	Option for differential minimum amount by land use categories	Option for minimum amount application for up to 35% of properties. It cannot be used in addition to a base amount	Option for differential minimum amounts for up to 50% of premises, unless capped at \$200	Option for minimum amount, but it cannot be used on top of a base amount	Option for different minimum amounts according to land use/location categories
<b>Rate categories</b>	Option for differential rates across four land use categories and multiple subcategories	Option for differential rates across multiple land use categories	Option for differential rates across multiple land use categories	Option for differential rates across nine land use categories, with option for specified land location categories	Option for differential rates across multiple land use categories	Option for differential rates across eight land use categories; no restriction on land location categories	Option for differential minimum amounts in addition to fixed charge

**Sources:** IPART analysis, *Local Government Act 1993* (NSW), *Local Government Regulation 2005* (NSW), *Local Government Act 1989* (Vic), *Local Government Act 2009* (Qld), *Local Government Regulation 2012* (Qld), *Land Valuation Act 2010* (Qld), *Local Government Act 1999* (SA), *Local Government (General) Regulation 2013* (SA), *Local Government Act 1995* (WA), *Local Government (Financial Management) Regulation 1996* (WA), *Local Government Act 1993* (Tas), *Local Government Act 2008* (NT).

**Notes:** UV denotes Unimproved Value, CIV denotes Capital Improved Value, ARV denotes Annual Rental Value.

## E Alternative valuation methods to CIV

This appendix outlines the arguments for and against alternatives to our core recommendation to provide councils with choice between CIV and UV for setting rates. Alternatives to providing choice include mandating CIV, creating a residential subcategory for strata titled properties or making no change.

### Mandating CIV

An alternative to choice would be to mandate a CIV method for all properties, and provide councils the ability to 'opt-out' and retain a UV method if they demonstrate that it is in the local public interest. This approach is similar to the Independent Local Government Review Panel's (the Panel's) recommendation that the move to CIV could be mandated in selected local government areas.

The main benefit of this alternative is that it arguably creates more consistency – or at least comparability – in rating between council areas.

However, this may not outweigh the main costs of mandating a valuation method (ie, that local councils have less ability to tailor rates to local circumstances, and that local councils are best placed to make this decision).

### Residential subcategory for strata

To resolve the rating of apartments, the Panel also suggested the residential land use category could be split into subcategories for detached housing (non-strata titled property) and another for multi-unit dwellings (strata titled property). Apartments could be rated on a CIV basis, as recommended by the Panel, or UV, as recommended by the NSW Valuer General.<sup>132</sup>

The main advantage of a residential subcategory for strata apartments is that it is a lower-effort solution to better balance the **average** rates paid by apartments and houses.

However, the disadvantages with this approach are likely to outweigh the benefits regardless of whether apartments are rated on a UV or CIV basis.

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<sup>132</sup> Office of the Valuer General, submission to IPART Issues Paper, May 2016, pp 9-10.

## E Alternative valuation methods to CIV

If apartments are rated on a CIV method, and houses on a UV method:

- ▼ It is difficult to determine the relative rates between houses and apartments because they face different tax bases. What should be the ad valorem rates for a house with a UV of \$500,000 and an apartment with a CIV of \$500,000? In practice, there is unlikely to be a clear answer, and councils might choose arbitrary ratios between houses and apartments, which could increase inefficiency and reduce horizontal equity and transparency.
- ▼ Collecting CIV only for apartments would not necessarily be more cost effective. If CIV is collected for apartments only, data would need to be collected for around 1 million properties, with potentially little benefit outside of council rating. On the other hand, if CIV is collected for all properties, the benefits accrue more widely, and once apportioned will offset the costs to councils (see Appendix F).

Rating both houses and apartments on a UV basis and creating a separate subcategory for apartments will create a disparity in rates between low rise and high rise apartments within a council area. That is, a 2-bedroom apartment within a 5-storey apartment block will, on average, pay more rates than an otherwise identical 2-bedroom apartment within a 10-storey apartment block occupying the same land value.<sup>133</sup>

To resolve this disparity, in practice, a number of subcategories would need to be created according to the number of units, or number of floors, in a strata title. However, this is contrary to the tax principle of simplicity and is likely lead to inefficient outcomes. In Queensland, where councils are permitted to define residential subcategories for apartments, in 2015-16:

- ▼ one council adopted 253 rating categories, including 64 separate subcategories for strata apartments with 2-65 units, while
- ▼ a number of councils adopted over 100 rating subcategories.

Regardless of whether strata units are rated on a UV or CIV basis, a strata subcategory creates an arbitrary rating burden between apartments and houses, which is contrary to the horizontal and vertical equity principles, and rating on this basis is also unlikely to reflect the benefits received from council services.

### No change

A small percentage of stakeholders recommended the current UV method should be retained, with little or no change.

However, we do not recommend this approach, as the current issues in the rating system warrant change for a significant, and increasing, number of council areas.

<sup>133</sup> For further details, see V. Mangioni, submission to IPART Issues Paper, May 2016, p 4.

## E Alternative valuation methods to CIV

### Other methods

Almost all stakeholders recommended a valuation method based on CIV, UV, or a mixture of the two. This is consistent with the findings of the Henry Tax Review and the Productivity Commission Review which both find that taxes based on property value are a sound tax base for local government.<sup>134</sup>

However, a small number of stakeholders recommended alternative methods for charging rates.

The Lake Macquarie Ratepayers Association recommended an approach based primarily on the historical purchase price of a property.<sup>135</sup> Analytically, this is quite similar to the property values used in a number of municipalities in the USA which are based on historical values.<sup>136</sup> However, these approaches have three key disadvantages:

1. Properties with the same value will pay very different rates depending on when they were last sold. This is likely to be both inequitable and inefficient.
2. They discourage ratepayers from selling property when property prices rise, arguably exacerbating housing affordability issues. For example, downsizers might be additionally discouraged from buying a smaller, lower cost house if the rates for a newly purchased property are much greater than the rates paid on property with a much lower historical purchase price. This adds to the already large transaction costs in moving houses from factors such as stamp duty.
3. They result in a tax which is procyclical – eg, people who buy property at the top of a property price cycle have to pay higher rates for as long as they own the property.

<sup>134</sup> Henry Tax Review, p 692.

<sup>135</sup> Lake Macquarie Ratepayers Action Group, submission to IPART Issues Paper, May 2016.

<sup>136</sup> For example, those levied in California. For more information, see Legislative Analyst's Office, *Understanding California's Property Taxes*, at: <http://www.lao.ca.gov/reports/2012/tax/property-tax-primer-112912.aspx>, November 2012, accessed 16 August 2016.

## F Benefits and cost of collecting CIV information

### Cost of collecting CIV is likely to be small if phased over several years

A key theme from submissions was that stakeholders were concerned about the cost of implementing CIV to rate property. However, our analysis suggests that any costs are small and can be contained by:

- ▼ Phasing the introduction of CIV over a number of years as individual 'benchmark' properties are valued. This will greatly reduce costs because for most properties the current valuation process already involves collecting information on the added value of improvements.
- ▼ Allowing the process for creating a database to store CIV data to be conducted through a competitive tender process.

### The benefits of CIV are significant

The benefits to NSW of collecting CIV are significant and accrue to numerous sectors of the economy. In discussions, the NSW Valuer General agreed that the benefits to NSW of collecting CIV information could be significant.<sup>137</sup> CIV data could be used to generate additional revenue, as is the case in other states (see Box F.1). Once the benefits of CIV are apportioned fairly and efficiently, the total cost to councils for valuation services could fall. This could be achieved by ensuring any costs of collecting CIV data are fairly apportioned amongst the beneficiaries.

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<sup>137</sup> Meeting with NSW Valuer General, 2 August 2016.



F Benefits and cost of collecting CIV information

### Box F.1 Benefits of CIV

The collection of CIV data requires information on property attributes (eg, land size, number of bedrooms, etc). This information will provide significant benefits to the community, Government and financial sectors.

**Additional use of property attribute information by the public and private sector could greatly offset the cost of providing valuation services to existing consumers of the data.**

#### Public sector benefits

A major public sector benefit of CIV data is it can be used to better tailor future developments to the needs of local communities. Information on property attributes can be used to more accurately forecast dwelling requirements.

In consultation, the Department of Planning and Environment (DPE) noted that it forecasts future dwelling requirements at the local community level by comparing estimates of future housing demand to estimates of current housing supply.<sup>a</sup>

#### *Better planning if CIV data is available*

DPE's current estimates of housing supply – which use a number of public and private sector data sources – are incomplete in two dimensions. First, a significant proportion of the capital stock is often excluded in the data, including secondary dwellings (ie, granny flats) and a range of residences that are not houses or apartments (eg, seniors aged care). Second, the information has limitations in determining the mix of properties in a community – ie, the size and characteristics of apartments and houses – and hence whether these properties are on average under- or over-utilised by residents in the community.

The information on property attributes would increase the accuracy of these forecasts. In particular, it could be used to determine whether current – and future – development is appropriate to the demographic structure within a community.

This information would be important to efficiently and effectively implement the Plan for Growing Sydney and urban renewal.

Discussions with DPE also noted that the spillover benefits could extend to a range of other NSW Government departments.

#### *Better tax data*

The Office of State Revenue may also derive additional benefit from the information on CIV. This information could provide a meaningful cross-check for “off-market” property sales in the assessment of stamp duties. Consultation with experts in valuation and taxation noted that CIV would also be useful for the Australian Tax Office in auditing the amount of money spent on property in the assessment of capital gains tax.<sup>b</sup>

F Benefits and cost of collecting CIV information

### Private sector benefits

Additional information on property attributes in NSW has a range of potential uses across the private sector, including for use in valuation models in the Banking, Insurance and Self-Managed Super Fund sectors. The real estate sector would also benefit from the availability of this information (eg, in its submission APM PriceFinder noted that it would be valuable if this information is available to data brokers).

In Victoria, information on property – excluding actual valuations – is available for purchase by the private sector through the Victorian Government's Property Sales and Valuations (PSV) database.

### Additional benefits to councils and government

A further benefit of CIV information to councils is that it should be used to calculate growth in rates outside the peg from new development and rezoning in a manner that better approximates the drivers of councils' costs over time (see Chapter 4 for further details). This reform is likely to significantly reduce the number of SV applications councils need to make and the regulatory costs of rate pegging.

As discussed in Chapter 10, CIV is also a more efficient and equitable base to levy the ESPL, compared to UV.

<sup>a</sup> Meeting with DPE, 10 June 2016.

<sup>b</sup> Meeting with Dr Vincent Mangioni, 12 July 2016.

### Collecting information on CIV

The data collection process for CIV should begin as soon as possible, so that newly merged councils are able to use the new system at the conclusion of the rate path freeze. Council areas that are not subject to a merger would be free to choose a CIV approach once the data has been collected.

In its submission, the Valuer General noted that collecting capital improved values requires "investment to source, collate and maintain built attribute data for all properties in the state".<sup>138</sup> This involves two main tasks:

1. developing a database to store and maintain attribute data, and
2. populating the database with the relevant information.

On the first task, research has identified that there are a number of firms – both operating in Australia and internationally – who have wide-ranging experience in building valuation databases for both government and banking sectors.

<sup>138</sup> Office of the Valuer General, submission to IPART Issues Paper, May 2016, p 7.

F Benefits and cost of collecting CIV information

Additionally, any new system could include inbuilt auditing tools that would reduce the costs of ensuring valuation data quality, and inbuilt integration with other data sources. This suggests that the development of new systems should be conducted through a competitive tender process.

To ensure that the costs of populating a database of information for CIV are minimised, the collection of CIV information could be phased over a period of time, such as five years, as 'benchmark' properties are chosen by contract valuers. This is because the information and attributes required to calculate both market value (CIV) and land value (UV) are collected in this process (see Box F.2).

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**Box F.2 CIV information is already collected**

Each year, properties are chosen as "benchmark" properties. Movements in the land value for these properties are then applied to other properties. The valuation process for benchmark properties typically involves estimating:

1. the market value of the property based on recent sales
2. the added value of improvements to the property
3. the unimproved value by subtracting (2) from (1).

Essentially, CIV is already collected with steps 1 and 2, and UV is derived by step 3. Hence CIV could simply be collected in NSW over a period with little increase in total costs for the system overall.

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**Source:** For more details on the process, see Mangion, V, *Land Tax in Australia*, 2006, pp 22-24.

In submissions, a number of stakeholders identified that much of the property attribute information exists to calculate CIV (eg, in council DA applications, water sewage diagrams, and property sales databases).<sup>139</sup> Property sales data for the 150,000 or more sales that occur each year could also be added at little cost to the 'benchmark' properties, creating a much richer data set over time.

The Valuer General noted CIV information is not held in a standardised form and may involve substantial manual effort in the valuation process.<sup>140</sup> Our suggested approach, to gradually phase in the collection of CIV as contract valuers perform benchmark valuations will ensure the costs are contained and standards of valuation are met.

Another option is a self-assessment process where the property owner is responsible for submitting information on their property. This could be used in conjunction with our suggested approach in the initial phase for gathering CIV data. A self-assessment process has been successfully adopted in Ireland when it introduced a property tax based on CIV in 2013.

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<sup>139</sup> For example, Thomson Reuters, p 2, Hometrack Australia, p 2, Sutherland Shire Council, p 2, submissions to IPART Issues Paper, May 2016.

<sup>140</sup> NSW Valuer General, submission to IPART Issues Paper, May 2016, p 7.

## G Reports considered by IPART

### G.1 Independent Local Government Review Panel Final Report (Panel Report)

The NSW Government in April 2012 appointed the Independent Local Government Review Panel to review the NSW Local Government sector, including a review of the local government rating system. The Panel Report contained a number of key recommendations, which are summarised in Box G.1 below.

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#### Box G.1 Independent Local Government Review Panel – key reform recommendations relating to the rating system

- ▼ Set local rates for apartments and other multi-unit dwellings more equitably and efficiently, in order to raise more revenue. Councils could be given the option of using Capital Improved Value (CIV) or the market value of the property to levy residential rates (p 40).
- ▼ Reduce or remove excessive rating exemptions and concessions that are contrary to sound fiscal policy and jeopardise councils' long-term sustainability (p 39).
- ▼ Some concessions for disadvantaged ratepayers are justified, but social welfare should not be a local government responsibility. Arrangements for pensioner concessions should be reviewed (p 40).
- ▼ Streamline the Special Variation process, or provide earned autonomy from rate-pegging for some councils, or replace rate-pegging with a new system of 'rate benchmarking' (p 42).
- ▼ Reduce the number of councils, particularly in Sydney, to create higher capacity councils that can better partner with the State Government in developing Sydney (p 72).
- ▼ The government consider giving larger councils in inner Sydney expanded responsibilities. These councils could use increased rates revenue to contribute more to sub-regional infrastructure and transport projects, freeing up state resources to be spent elsewhere (p 102).
- ▼ Commission IPART to undertake a review of the rating system (p 55).

**Source:** Independent Local Government Review Panel, *Revitalising Local Government*, October 2013.

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G Reports considered by IPART

### G.1.1 NSW Government response to the Panel

The Government response to the Panel Report's recommendations on the rating system is set out below.

**Table G.1 Government response to selected Panel recommendations**

<b>Recommendation on a review by IPART</b>	Commission IPART to undertake a further review of the rating system focused on: <ul style="list-style-type: none"> <li>Options to reduce or remove excessive exemptions and concessions that are contrary to sound fiscal policy and jeopardise councils' long term sustainability.</li> <li>More equitable rating of apartments and other multi-unit dwellings, including giving councils the option of rating residential properties on Capital Improved Values, with a view to raising additional revenues where affordable.</li> </ul>
<b>Position</b>	Supported
<b>Government Response</b>	The Government notes the issues raised by the Panel in relation to the equity of the current rating system. It remains committed however to protecting ratepayers from unfair rate rises and to providing rate concessions for pensioners. The Government will commission IPART to conduct a rating review to reflect these issues.
<b>Recommendations on current rating system</b>	Either replace rate-pegging with a new system of 'rate benchmarking' or streamline current arrangements to remove unwarranted complexity, costs, and constraints to sound financial management.
<b>Position</b>	Supported
<b>Government Response</b>	The Government is committed to a rating system that protects local ratepayers from unfair rate rises. It recognises however the improvements in council strategic planning under IP&R and therefore supports removing unwarranted complexity, costs and constraints from the rate-peg system, where there is evidence that the council has taken steps to reduce unnecessary costs before seeking to impose an increased burden on ratepayers. The OLG will work with IPART to amend the guidelines to develop a streamlined process for <i>Fit for the Future</i> councils wanting to increase rates above the rate peg, and to offset revenue loss through Financial Assistance Grants redistribution.

**Source:** Office of Local Government, *NSW Government Response: Independent Local Government Review Panel recommendations and Local Government Acts Taskforce recommendations*, September 2014, pp 4-5.

The Government also responded to the Panel's analysis on council mergers by commissioning IPART to conduct an analysis of councils' Fit for the Future (FFTF) proposals. The IPART *Assessment of Council Fit for the Future Proposals* released in October 2015 found 57 councils were fit and 87 councils were not fit. This analysis was used by the Government in its consideration of the council mergers that commenced on 12 May 2016.

## G.2 TCorp Report on Financial Sustainability

Following an assessment of 152 NSW councils, the 2013 TCorp report into financial sustainability of NSW councils<sup>141</sup> made a number of key findings, including:

- ▼ Operating deficits are unsustainable – only one third of councils in 2012 reported an operating surplus. Over the period 2009 to 2012, the cumulative operating deficit of NSW councils totalled \$1.0 billion.
- ▼ The total infrastructure backlog of NSW councils had reached \$7.2 billion by 2012.
- ▼ Financial sustainability is deteriorating with nearly 50% of councils' financial outlook likely to be rated 'weak' or lower by 2016-17.
- ▼ A large asset maintenance gap exists within the sector with a \$389 million deficit in 2012 alone.
- ▼ Councils need to start consulting their communities about ways to either increase revenue, lower existing service levels and or standards, and pursue efficiency savings.

### Fit for the Future council submissions showed improved financial sustainability

IPART assessed FFTF proposals from 144 NSW councils against a number of criteria, including financial criteria, and published its final report, *Assessment of Council Fit for the Future Proposals* in October 2015.

In its FFTF assessments in 2015, IPART only found 27 of 144 councils, or 19%, did not meet the financial criteria because of continuing operating deficits over the next five to 10 years.

In addition, the infrastructure backlog had substantially reduced since the TCorp report. The TCORP backlog of \$7.2 billion in 2012 corresponded to an average backlog ratio of about 13%. By contrast, in their 2015 FFTF proposals councils reported an average backlog ratio of 6.5% in 2014, with councils forecasting this ratio to fall to about 2.5% by 2020.

A major driver for this reduction in the backlog was a re-estimation of depreciation schedules. Councils in FFTF typically used depreciation lives of between 55 to 100 years.

<sup>141</sup> NSW Treasury Corporation, *Financial Sustainability of the NSW Local Government Sector, Findings Recommendations and Analysis*, April 2013.



G Reports considered by IPART

### G.3 Integrated Planning and Reporting

The Integrated Planning and Reporting (IP&R) framework<sup>142</sup> requires NSW councils to prepare:

- ▼ a 10-year Community Strategic Plan, which identifies long term priorities
- ▼ a Resourcing Strategy (comprising a Long Term Financial Plan of at least 10 years, an Asset Management Plan and a Workforce Plan)
- ▼ a 4-year Delivery Program, which identifies service and works at a program level that are to be funded, and
- ▼ a 1-year Operational Plan (containing an annual budget).

IP&R enables councils to better achieve community priorities from effective planning, to meet the community's expectations about service levels and funding priorities. IP&R should underpin decisions on the revenue required by each council.

The Special Variation guidelines and IPART's assessment process are based on an expectation councils will have engaged the community in a discussion on the funding required through the IP&R process.

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<sup>142</sup> For further information, please see Office of Local Government, *Integrated Planning and Reporting*, at: <https://www.olg.nsw.gov.au/councils/integrated-planning-and-reporting>, accessed 16 August 2016.

## H Current rate exemptions in the Local Government Act

**Table H.1 What land is currently exempt from all rates?**

Land type	Details
Land owned by the Crown	No rates are payable unless the land is held under a lease for private purposes.
National parks and conservation areas	All land within a national park, historic site, nature reserve, state game reserve, karst conservation reserve, land subject to a conservation agreement and land associated with the Nature Conservation Trust of NSW whether or not the land is affected by a lease, licence, occupancy or use.
Water corporation land	Land within a special or controlled area for Sydney Water or Hunter Water, land vested in or owned by Water NSW for installed water supply works, land within a special area for a water supply authority.
Land belonging to a religious body	Land that belongs to a religious body which is used in connection with a church or other building used for public worship, a residence of a minister of religion, a building used for religious teaching or training.
Land belonging to schools	Land which belongs to and is used in connection with a school inclusive of playgrounds, and buildings occupied as a residence by school teachers, caretakers or employees.
Land vested in an Aboriginal Council	Land vested in an Aboriginal Land Council that is not being used for a residential or commercial purpose, and land that is of spiritual or cultural significance that has been declared so by resolution with the approval of the Minister for Aboriginal Affairs.
Rail infrastructure land owned by a public transport authority	Land vested in or owned by a public transport agency and in, on or over which rail infrastructure facilities are installed.
Land used for oyster cultivation	Land that is below the high water mark used for any aquaculture relating to oyster cultivation.

**Source:** *Local Government Act 1993* (NSW), section 555.

H Current rate exemptions in the Local Government Act

**Table H.2 What land is exempt from all rates, other than water supply special rates and sewerage special rates?**

Land type	Details
Public places	Includes public reserves, cemeteries and free public libraries where they are vested in the Crown.
Mineral claims	Land that is the subject of a granted mineral claim, held under private lease from the Crown.
Land belonging to public benevolent institutions and public charities	Where the land belongs to and is used for the purposes of the public benevolent institution or charity.
Public hospitals and other health purposes	Land that belongs to a public hospital and land vested in the Minister for Health, the NSW Health Foundation and the local health district.
Land vested in universities	Land vested in a university or a university college used solely for its purposes.
Special listed groups	Land vested in the Crown/trust and used for Sydney Cricket Ground, Zoological Parks Board, Royal Agricultural Society, Museum of Sydney and Museum of Contemporary Art.
Cattle dipping	Land leased to the Crown for cattle dipping.
Land vested in a mines rescue company	Land vested in a mines rescue company and used for the purposed of a mine rescue station.

Source: Local Government Act 1993 (NSW), section 556.

## DRAFT SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM

### INTRODUCTION

Wollongong City Council ("Council") notes that, in undertaking its work, the Independent Pricing and Regulatory Tribunal ("IPART") was required to ensure that:

- the current rating system and recommend reforms that aim to enhance councils' ability to implement sustainable and equitable fiscal policy, and
- recommend a legislative or regulatory approach to achieve the Government's policy that there will "be no change to the existing rate paths for newly merged councils for four years".

This submission from Council responds to a number of recommendations in the paper. Set out below are Council's comments as they pertain to relevant proposal headings identified in the draft report, as well as other matters we believe should be considered by IPART during this process.

### ALLOW COUNCILS TO USE CAPITAL IMPROVED VALUE (CIV) AS AN ALTERNATIVE TO UNIMPROVED VALUE (UV) IN SETTING RATES

- 1 Councils should be able to choose between the Capital Improved Value (CIV) and Unimproved Value (UV) methods as the basis for setting rates at the rating category level. A council's maximum general income should not change as a result of the valuation method they choose.**

Wollongong City Council supports the recommendation that provides councils with the flexibility of choosing either of the two valuation methods proposed, being unimproved land value (UV) and capital improved value (CIV). Council's basic premise is that councils should be afforded a flexible range of options that allow it to develop a Revenue Policy, based on sound taxation principles and their application that best suits its local circumstances in consultation with its community. It is argued that the variations experienced within and across council areas are difficult to contain within a narrow set of policy options. Valuation based rates are linked to the "capacity to pay" principle and Council agrees in some circumstances that CIV better reflects current capacity.

While the desire to apply CIV is generally linked to the so called 'apartment problem' it also has potential application in other areas within the Wollongong Council LGA. An example of this would be in Wollongong's north and coastal areas where current UV land valuations are relatively high but a long term ratepayer may not have the disposable income to meet rates requirements *[A residential property at Wombarra that had a land value of \$325,000 in 1998, is currently valued at \$1,920,000. This property seems to have been a family home for quite some time and is currently in the ownership of two pensioners with an ordinary residential rate of \$6,305.47 before pensioner concession rebates. This compares to an average annual rate of \$1,145. Another residential property at Scarborough with a UV of \$194,000 (at the base date of 1 July 2013) was recently purchased for \$735,000 and has an ordinary residential rate of \$1,236].*

It could also be argued that the ratepayer does not understand the UV concept as it is not in line with the price they paid to purchase the property or the current value they may expect for their property.

## DRAFT SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM

As the Valuer General has disclosed, the process to obtain CIV information and create a reliable database will take time and will require significant investment. It is considered that this process should commence at the earliest opportunity although there needs to be a clear analysis of the broader applications and benefits of a broad based CIV database and the potential revenue and intangibles derived from investment. Wollongong considers that analysis needs to be made transparent through a consultative process with clear consideration of how the costs of developing and maintaining CIV information should be shared amongst the potential users of the data.

**2 Section 497 of the Local Government Act 1993 (NSW) should be amended to remove minimum amounts from the structure of a rate, and section 548 of the Local Government Act 1993 (NSW) should be removed.**

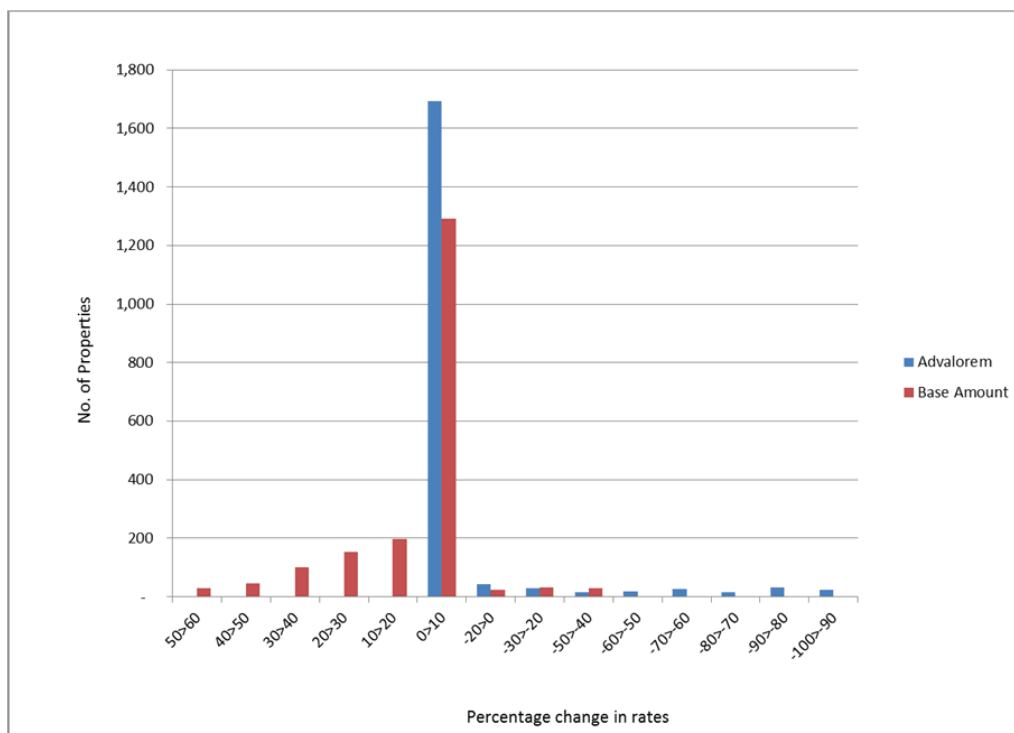
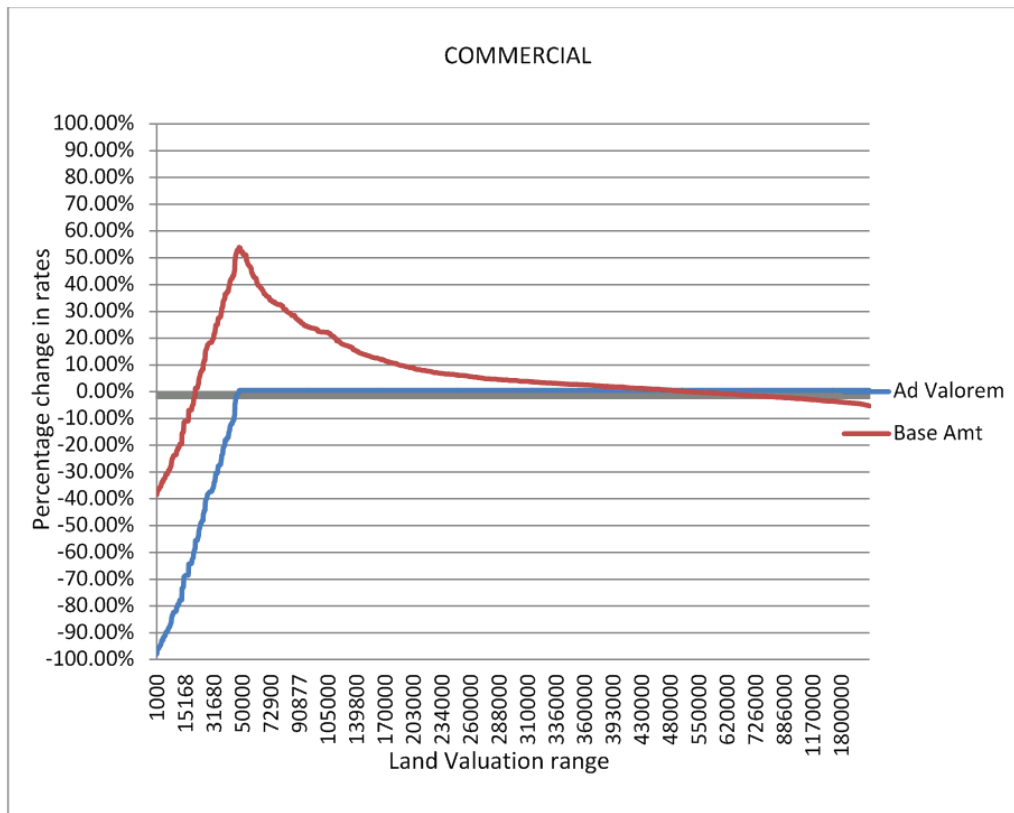
In its first submission to IPART, Wollongong supported the continuation of minimum rates due to the difficulty in applying a base charge reasonably to our Business structure and arguing that there remains a rationale to apply some element of fixed charge, representing a fee for base service.

It is understood that the IPART proposal for the removal of minimum rates will be phased in over a period of time allowing the Valuer General time to build the valuation database for CIV. Council acknowledges that with an introduction of CIV, coupled with greater flexibility in categorisation as proposed by IPART, there may be less need for minimum rates in a rating structure. Council maintains that the current flexibility offered through UV and minimum charges remains a viable and rational option for rating.

In arguing for continuation of a minimum option, Council acknowledges that the removal of the minimum in our circumstances would have a limited and potentially manageable impact across our current rate base. It would, however, create a number of very lowly rated properties that do potentially receive a disproportionate level of service compared to cost. Council would request that minimums should be retained whilst councils are required to use UV during any 'merger freeze period' and the transition into CIV.

The graphs below show the impact of a minimum rate removal on the Commercial business subcategory at Wollongong. The low valued properties would have a significant decrease under the full ad-valorem rate while the medium to higher range values would receive around a 2% increase. Alternatively, the application of a base charge would have a significant negative impact on a large number of medium valued properties that is not considered equitable.

# DRAFT SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM





## DRAFT SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM

### ALLOW COUNCILS' GENERAL INCOME TO GROW AS THE COMMUNITIES THEY SERVE GROW

- 3 The growth in rates revenue outside the rate peg should be calculated by multiplying a council's general income by the proportional increase in CIV from supplementary valuations.**
- This formula would be independent of the valuation method chosen by councils for rating.

Wollongong supports this recommendation as the methodology allows for growth in rates to better reflect the growth in properties, population and services linked to properties. This methodology allows for the average rates per property to be maintained as the property and services grow. Council notes this recommendation requires councils to keep two valuation records if they choose to continue using UV. In councils with little growth or even negative growth this may not be effective and alternative options could be made available.

- 4 The Local Government Act 1993 (NSW) should be amended to allow councils to levy a new type of special rate for new infrastructure jointly funded with other levels of Government. This special rate should be permitted for services or infrastructure that benefit the community and funds raised under this special rate should not:**
- form part of a council's general income permitted under the rate peg, nor
  - require councils to receive regulatory approval from IPART.

Wollongong City Council understands that this special rate would only be for services or infrastructure not core to Council activities. We agree that this represents a viable option for joint funding with other levels of Government to meet the needs of that area and that it should not form part of general income. This option must be at the discretion of Council and not be enforced by other levels of Government on the local ratepayers as an additional source of State or Federal funding.

This process will also alleviate the need in applying for Special Rate Variations which often results in substantial costs and time for Council during the consultation process.

- 5 Section 511 of the Local Government Act 1993 (NSW) should be amended to reflect that, where a council does not apply the full percentage increase of the rate peg (or any applicable Special Variation) in a year, within the following 10 year period, the council can set rates in a subsequent year to return it to the original rating trajectory for that subsequent year.**

Wollongong City Council supports this on the basis that it provides greater flexibility in varying the timing of rates indexation over a longer period of time. While Council has historically managed within the current three year period, it is envisaged that there could be future scenarios where this option is valid. Council also views this as beneficial for regional areas that may be affected by drought, flood or other natural or economic disasters.

## DRAFT SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM

### GIVE COUNCILS GREATER FLEXIBILITY WHEN SETTING RESIDENTIAL RATES

- 6 The Local Government Act 1993 (NSW) should be amended to remove the requirement to equalise residential rates by ‘centre of population’. Instead, councils should be allowed to determine a residential subcategory and set a residential rate for an area by:**
- a separate town or village, or
  - a community of interest.

Wollongong supports the removal of “centre of population” for residential rates which adds the clarity around the case law of *The Council of the City of Sydney v South Sydney City Council [2002] NSWLEC 129* that allows subcategories of residential based on a separate town or village. It should be noted that defining the residential activity as stated on page 78 in the draft report - predominantly used as a place to live and occupied by the same resident continuously for periods of three months or greater should be added to s516 of the Local Government Act.

- 7 An area should be considered to have a different ‘community of interest’ where it is within a contiguous urban development and it has different access to, demand for, or costs of providing council services or infrastructure relative to other areas in that development.**

Council agrees that the ability to subcategorise residential property based on the community of interest within a contiguous urban development is a valid option. This will allow councils to identify within their Revenue Policy the rates based on the areas that have different access to, demand for and cost of providing that service within an area.

- 8 The Local Government Act 1993 (NSW) should be amended so, where a council uses different residential rates within a contiguous urban development, it should be required to:**
- ensure the highest rate structure is no more than 1.5 times the lowest rate structure across all residential subcategories (ie, so the maximum difference for ad-valorem rates and base amounts is 50%), or obtain approval from IPART to exceed this maximum difference as part of the Special Variation process, and
  - publish the different rates (along with the reasons for the different rates) on its website and in the rates notice received by ratepayers.

Wollongong Council acknowledges that the 1.5 times limit that IPART is recommending to be applied is intended to restrict the possibility of irrational outcomes, Council is of the view that this type of limitation, coupled with approval processes imposed and determined externally, reduces the capacity of the local council to manage the affairs of the area with its community. It is difficult at this point in time to predict the potential outcomes of a good Revenue Policy under the proposals being made and, therefore, it is difficult to agree to arbitrary limits being placed on the variability between sub categories in a differential rating scenario. It is considered that a council should have the discretion to determine the residential subcategory and set the residential rate for an area by a separate town or village, or a community interest through the IPR process. Council does not agree to the capping of 1.5 times the lowest rate structure and feels that communication with the community during the IPR process should be the basis, especially where a particular area has requested the additional services that impact this rate.

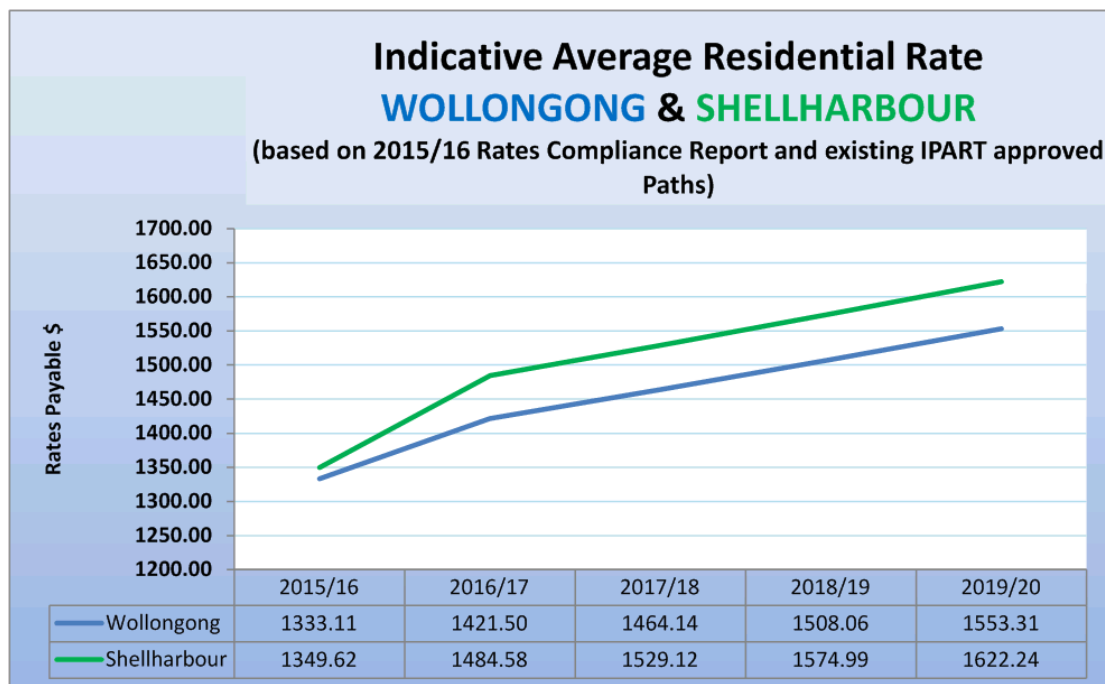
Wollongong City Council does agree to higher levels of accountability and communication when setting its Rating Policy with the requirement to publish the justification of the different rates to be applied.

## DRAFT SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM

- 9 At the end of the four year rate path freeze, new councils should determine whether any pre-merger areas are separate towns or villages, or different communities of interest.
- In the event that a new council determines they are separate towns or villages, or different communities of interest, it should be able to continue the existing rates or set different rates for these pre-merger areas, subject to metropolitan councils seeking IPART approval if they exceed the 50% maximum differential. It could also choose to equalise rates across the pre-merger areas, using the gradual equalisation process outlined below.
  - In the event that a new council determines they are not separate towns or villages, or different communities of interest or it chooses to equalise rates, it should undertake a gradual equalisation of residential rates. The amount of rates a resident is liable to pay to the council should increase by no more than 10 percentage points above the rate peg (as adjusted for permitted Special Variations) each year as a result of this equalisation. The Local Government Act 1993 (NSW) should be amended to facilitate this gradual equalisation.

Wollongong City Council still considers that transition provisions should be introduced to allow councils greater flexibility in transitioning to new models in conjunction with other changes to the rating provisions. Council believes that during the transition period where councils are seeking to harmonise services and pricing strategies, not having the ability to harmonise their most significant pricing mechanism (rates), would place Council in a difficult position that creates potential argument for and against such timely action.

This can be shown in the graphs below where currently the difference in residential rates between Wollongong and Shellharbour (current proposed merger) are minimal, but as we progress through the rate path freeze period this difference would increase. Councils should be given the flexibility to consider gradually equalising the rates within this four year period, otherwise the alternative could be at least another four to five years afterwards before council would have a rate structure that is both equitable and fair across the new council area.





## DRAFT SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM

### BETTER TARGET RATE EXEMPTION ELIGIBILITY

**10 Sections 555 and 556 of the Local Government Act 1993 NSW should be amended to:**

- **exempt land on the basis of use rather than ownership, and to directly link the exemption to the use of the land, and**
- **ensure land used for residential and commercial purposes is rateable unless explicitly exempted.**

Wollongong City Council supports and welcomes the recommendation of basing exemption from rates on the use of the land rather than ownership of the land. It also supports ensuring residential and commercial uses are rateable.

Council considers that commercial and residential usage are the primary drivers of the demand for services provided by a council and are the primary source of Council's revenue to fund the provision of those services. There is a broad and growing existence of both residential and commercial use that has gained exemption on the basis of ownership of land in Universities, public land, charity and benevolent institutions that have distorted the rating base over a period of time.

It is agreed that the existence and continuing emergence of these uses on exempt property distorts the competitive neutrality principles and creates inequities in the allocation of cost for such services in some local areas. Council supports the efforts of those institutions that are currently exempt and provide public good, and agree with their claims for external funding or subsidy from government, however, it considers that application of subsidy from local rates is inequitable as the cost is not appropriately or fairly distributed due to the disproportionate occurrence of services in varying localities.

While Council supports the rating of residential use, it considers that there is a high degree of clarity required in defining residential use to ensure it does not have unintended consequence. Council has concerns that some medium term 'residential/care' arrangements including critical age care, refuge centres, drug and alcohol rehabilitation centres and the like could be unintentionally caught under the residential definition. Council considers that such accommodation should remain exempt and that it be excluded from the residential activity definition (page 78 of the draft report) as this type of use is a service that does not drive demand for Council service in the same way typical residential arrangements do. While legislators will need to craft this definition, it is possible that one line of delineation could be through differentiating 'dependent' and 'independent' living.

**11 The following exemptions should be retained in the Local Government Act 1993 (NSW):**

- **section 555(e) Land used by a religious body occupied for that purpose**
- **section 555(g) Land vested in the NSW Aboriginal Land Council**
- **section 556(o) Land that is vested in the mines rescue company, and**
- **section 556(q) Land that is leased to the Crown for the purpose of cattle dipping.**

Wollongong agrees that there should still be some instances of exemptions retained due to the public good principle, however, further clarification as to why the above should remain is requested. One could argue the example of a religious body eg a minister's residence or manse should be categorised as residential as per the definition of residential activity noted on page 78 in the draft report - predominantly used as a place to live

## DRAFT SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM

and occupied by the same resident continuously for periods of three months or greater does not mean it is being used for religious purposes.

### **12 Section 556(i) of the Local Government Act 1993 (NSW) should be amended to include land owned by a private hospital and used for that purpose.**

Wollongong understands the importance of both public and private hospitals and agrees they provide valuable service, however council does not agree with the interpretation that the activities of private hospitals are comparable to public hospitals. Private hospitals operate as a commercial business, many of which are for profit. They generally do not have emergency departments and are usually funded by patients with private insurance or from out of pocket payments. Council would argue that for profit private hospitals are commercial and should be rated as such. Wollongong City Council has 4 private hospitals within the Council area that are currently paying rates equating to \$188,305.

### **13 The following exemptions should be removed:**

- land that is vested in, owned by, or within a special or controlled area for, the Hunter Water Corporation, Water NSW or the Sydney Water Corporation (Local Government Act 1993 (NSW) section 555(c) and section 555(d))
- land that is below the high water mark and is used for the cultivation of oysters (Local Government Act 1993 (NSW) section 555(h))
- land that is held under a lease from the Crown for private purposes and is the subject of a mineral claim (Local Government Act 1993 (NSW) section 556(g)), and
- land that is managed by the Teacher Housing Authority and on which a house is erected (Local Government Act 1993 (NSW) section 556(p)).

Wollongong agrees with the recommendation for removal of Water NSW and Sydney Water Corporation from Section 555 (c)(d), as per the State Owned Corporations Act.

### **14 The following exemptions should not be funded by local councils and hence should be removed from the Local Government Act and Regulation**

- land that is vested in the Sydney Cricket and Sports Ground Trust (Local Government Act 1993 (NSW) section 556(m))
- land that is leased by the Royal Agricultural Society in the Homebush Bay area (Local Government (General) Regulation 2005 reg 123(a))
- land that is occupied by the Museum of Contemporary Art Limited (Local Government (General) Regulation 2005 reg 123(b)), and
- land comprising the site known as Museum of Sydney (Local Government (General) Regulation 2005 reg 123(c)).

**The State Government should consider whether to fund these local rates through State taxes.**

The removal of these sections of the Local Government Act does not impact on Wollongong City Council.

### **15 Where a portion of land is used for an exempt purpose and the remainder for a non-exempt activity, only the former portion should be exempt, and the remainder should be rateable.**

Council agrees with this recommendation and already requests separate valuations under s28A of the Valuation of Land Act 1919. The removal of s555(5) of Local Government Act which is specifically for

## DRAFT SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM

religious bodies will allow this option to be utilised across all exempt properties within the local government area.

**16 Where land is used for an exempt purpose only part of the time, a self-assessment process should be used to determine the proportion of rates payable for the non-exempt use.**

Wollongong City Council agrees with the recommendation and suggested that there be guidelines introduced for the self-assessment, as application from one council to another could vary and consistency is needed across the state.

**17 A council's maximum general income should not be modified as a result of any changes to exemptions from implementing our recommendations.**

Wollongong City Council understands that the rating proposals are based on rating principles and are not designed to provide additional revenue or address financial sustainability. Council generally agrees with this recommendation as the redistribution of rates to exempt properties will mean that other ratepayers' burden created by past exemptions would be removed. It is possible in some circumstances that general revenues have been diminished in certain areas due to exemption and Council was not able to make a decision to reallocate them was not viable. It is argued that where this is has occurred catch up provisions that may have been lost should be reinstated.

**18 The Local Government Act 1993 (NSW) should be amended to remove the current exemptions from water and sewerage special charges in section 555 and instead allow councils discretion to exempt these properties from water and sewerage special rates in a similar manner as occurs under section 558(1).**

Not applicable to Wollongong.

**19 At the start of each rating period, councils should calculate the increase in rates that are the result of rating exemptions. This information should be published in the council's annual report or otherwise made available to the public.**

Wollongong agrees with the recommendation of publishing the data to show the impact on the community due to the exemptions that have been granted. This may require the Valuer General's to value some exempt properties that are not currently valued and may have some other administrative impost, although similar requirements are being made through the Emergency Services Plan Levy process.

## REPLACE THE PENSIONER CONCESSION WITH A RATE DEFERRAL SCHEME

**20 The current pensioner concession should be replaced with a rate deferral scheme operated by the State Government.**

- Eligible pensioners should be allowed to defer payment of rates up to the amount of the current concession, or any other amount as determined by the State Government.
- The liability should be charged interest at the State Government's 10 year borrowing rate plus an administrative fee. The liability would become due when property ownership changes and a surviving spouse no longer lives in the residence.

Council's previous submission made mention that there was a need to have appropriate increase in the level of concession rebates to keep pace with the real costs and that this should be funded by the State or Federal



## DRAFT SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM

government and still support this. Wollongong City Council receives numerous requests each year for Council to consider increasing the mandatory rebate and is sympathetic to that sentiment. Wollongong City Council does not agree to the removal of the Pension Rebate and continues to argue for full funding.

Wollongong is in agreeance with a supplementary and voluntary rates deferral model similar to the South Australian Model for the remainder of rates owing by pensioners, with modifications to s712 of the Local Government Act, to ensure that the deferred rates remain a charge on the land and that deferral is only applicable to those ratepayers of legislative retirement age.

### PROVIDE MORE RATING CATEGORIES

- 21 Section 493 of the Local Government Act 1993 (NSW) should be amended to add a new environmental land category and a definition of 'Environmental Land' should be included in the LG Act.**

Wollongong supports this recommendation as we have a large number of properties that are zoned environmental or recreation. This zoning allows residences to be built in certain circumstances, but often the owners are unable to build on the property due to size and other restrictions. It is considered that such property should be classified into this new subcategory to better represent the principles of rating to be applied. It further recommends that conservation agreements be removed as this land could be categorised under the new environmental land subcategory.

- 22 Sections 493, 519 and 529 of the Local Government Act 1993 (NSW) should be amended to add a new vacant land category, with subcategories for residential, business, mining and farmland.**

Wollongong supports this recommendation although it should be considered that it be a subcategory of Residential, Business and Mining and not be applicable to Farmland. This is consistent with the introduction of Emergency Service Property Levy classifications.

- 23 Section 518 of the Local Government Act 1993 (NSW) should be amended to reflect that a council may determine by resolution which rating category will act as the residual category.**
- **The residual category that is determined should not be subject to change for a five year period.**
  - **If a council does not determine a residual category, the Business category should act as the default residual rating category.**

The current categorisation system allows for four types of rates being Residential, Farmland, Mining and Business. The current premise under the LGA, that a Business property is one that does not fit within the other three categories, creates some anomalies at Wollongong City Council and presumably other areas. Land that is undevelopable due to size, zoning, etc must be classified as Business. This terminology creates confusion with owners who cannot operate a business on the land and also creates further issue where the application of minimum charges imposes an unfair burden on the property owners, where the land has little real or assessed value.

Council also suggests that the determination be made in line with Council elections and be moved from five years to four and be the first year task of the new Council.

## DRAFT SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM

- 24 Section 529 (2)(d) of the Local Government Act 1993 (NSW) should be amended to allow business land to be subcategorised as 'industrial' and/or 'commercial' in addition to centre of activity.**

Wollongong supports the recommendation of the subcategories of commercial and industrial. This is consistent with the introduction of Emergency Services Property Levy classifications.

- 25 Section 529 (2)(a) of the Local Government Act 1993 (NSW) should be replaced to allow farmland subcategories to be determined based on geographic location.**

Wollongong City Council does not have a view on this recommendation and would be guided by regional councils that are predominately farmland.

- 26 Any difference in the rate charged by a council to a mining category compared to its average business rate should primarily reflect differences in the council's costs of providing services to the mining properties.**

Wollongong City Council has limited mining properties compared to the business category in total for the area. Council considers that, like other differential rating categories, that the proposed provisions around transparency in reporting on rationale and engaging with the community through the IPR process on that rationale through its Revenue Policy, should provide adequate security in practice. It is considered the investment in implementing and evaluating direct cost to a relatively small component of Council's rate base would not be warranted.

### RECOVERY OF COUNCIL RATES

- 27 Councils should have the option to engage the State Debt Recovery Office to recover outstanding council rates and charges.**

Wollongong City Council agrees with the ability to engage the State Debt Recovery Office (SDRO) to alleviate the burden on the local court system. Council feels that the current process of securing the debt via the local court is both time and cost consuming and is compounding additional financial stress on the ratepayer.

Council's Debt Recovery and Hardship Assistance Policy already provides the ability for flexible payment arrangements to those ratepayers experiencing financial hardship. Council currently has the ability to proceed with garnishee orders although we are required to secure the debt first via the court process.

Council believes that securing the debt may not be required as the debt is a charge on the land and if the Local Government Act could be amended in line with the Fines Act 1969, to allow council to proceed with enforcement action once the debt is in arrears over a certain value, say \$1,000, or two instalments whichever is greater, as rate cases are hardly ever defended in court and rarely go against council.

By enabling council to enforce the charge on the land without the requirement to go through the costly court process will have a twofold gain, firstly shortening the timeframes involved in the process and, secondly, reducing the financial burden on the ratepayer due to the possible reduction in cost.

## DRAFT SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM

- 28 The existing legal and administrative process to recover outstanding rates should be streamlined by reducing the period of time before a property can be sold to recover rates from five years to three years.**

Council does not have objection to this change although feels the sale of land option is an option of last resort, albeit an expensive and time consuming process.

- 29 All councils should adopt an internal review policy, to assist those who are late in paying rates, before commencing legal proceedings to recover unpaid rates.**

Council agrees that this is good governance. Wollongong City Council has a thorough Debt Recovery and Hardship Assistance Policy that was adopted by Council that involved an educational and communication process with both staff and ratepayers prior to taking legal action.

- 30 The Local Government Act 1993 (NSW) should be amended or the Office of Local Government should issue guidelines to clarify that councils can offer flexible payment options to ratepayers.**

Wollongong City Council currently offers flexibility to ratepayers in paying rates although contends a consideration of quarterly billing as opposed to annual billing may be more beneficial. This would be a similar process to utility and telecommunication companies and would be beneficial for the community as a whole

- 31 The Local Government Act 1993 (NSW) should be amended to allow councils to offer a discount to ratepayers who elect to receive rates notices in electronic formats, eg, via email.**

Wollongong City Council agrees that the option to allow discount adds flexibility to councils in motivating electronic transactions, although it believes the business case around such discount would be similar in outcome to discounts for early payment, which are not broadly used. This is primarily because the value of the conversion to electronic would not provide sufficient incentive to create change. It is clear that electronic transactions will dominate over time although options at the broader economy level need to be made available to accelerate the take up.

- 32 The Local Government Act 1993 (NSW) should be amended to remove section 585 and section 595, so that ratepayers are not permitted to postpone rates as a result of land rezoning, and councils are not required to write-off postponed rates after five years.**

Wollongong has 111 properties with postponed rates; clarification is required on how Council would resolve the current debt that is being held if this proposal is implemented.

Council contends that there is a place for discounted rating in these situations where zoning changes impacts the potential value of property, but this valuation change does not necessarily mean a change in use or capacity to pay. It is agreed that rating options such as postponed rating, which do not incentivise take up of the higher value use, is not a logical long term solution. Council would like to propose that properties rates adversely affected by zoning change be offered a discount rate (similar to developers' allowances) for a period of time (say three years) to allow transition from current use.

## DRAFT SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM

### OTHER DRAFT RECOMMENDATIONS

- 33 The valuation base date for the Emergency Services Property Levy and council rates should be aligned.**
- The NSW Government should levy the Emergency Services Property Levy on a Capital Improved Value basis when Capital Improved Value data becomes available state-wide.**

Council agrees that the Emergency Service Property Levy valuations should be on the Capital Improved Value, as the levy is to protect the structure on the land.

- 34 Councils should be given the choice to directly buy valuation services from private valuers that have been certified by the Valuer General.**

Wollongong City Council agrees that councils should be given the choice to use certified private valuers but still consider that there needs to be a higher level of oversight of pricing and service delivery provided by the State Government through IPART and the Auditor General.



## ITEM 6 COMMUNITY TRANSPORT CONTRACT

This report provides advice regarding an extension to the funding contract for delivery of community transport services that has been offered to Wollongong City Council by Transport for NSW. The report seeks Council endorsement for acceptance of the new contract until June 2018.

### RECOMMENDATION

- 1 Council endorse acceptance of the new contract offered by the Transport for NSW, for the period 1 October 2016 to 30 June 2018.
- 2 Council's position in relation to future delivery of Community Transport services is clarified during the next term of Council

### REPORT AUTHORISATIONS

Report of: Jenny Thompson, Manager Library and Community Services  
Authorised by: Greg Doyle, Director Corporate and Community Services - Creative, Engaged and Innovative City

### ATTACHMENTS

There are no attachments for this report.

### COMPLIANCE WITH OFFICE OF LOCAL GOVERNMENT GUIDELINES ON COUNCIL DECISION MAKING DURING MERGER PROPOSAL PERIODS

The recommendation of this report complies with the requirements of the OLG Guidelines – *Council Decision Making During Merger Proposal Periods*.

### BACKGROUND

Wollongong City Council has directly delivered a range of community transport services to people in the community who are older, live with a disability, or are transport disadvantaged, for more than 25 years. Council's Community Transport service currently delivers between 120,000 to 130,000 outputs per year. These services are funded by the Commonwealth Government, with funding administered through Transport for NSW (TfNSW).

The Council of Australian Government is engaged in a long-term program to reform Aged Services and is also rolling out reform of disability services under the National Disability Insurance Scheme (NDIS). Over the next five to ten years, these reform programs will transform the aged and disability care sector through the introduction of client centred, market-driven and competitive service models. Agencies with existing funding agreements (including Council) may be required to re-tender for services or to become financially self-sufficient by implementing user pays, fee for service funding arrangements.

Council has been offered a new contract from Transport for NSW, for the delivery of Community Transport Services in Wollongong and Shellharbour LGAs, for the period 1 October 2016 to 30 June 2018. The contract presents the opportunity to continue to deliver best value to the Wollongong community, pending further information becoming available on future directions for Commonwealth Government funding and delivery of Community Transport services.

### PROPOSAL

It is proposed that Council accepts the contract extension offered by TfNSW and delegates final approval and signature of the contract to the General Manager.

The implications of the contract have been carefully considered and, while expectations and requirements relating to service delivery have changed little from past funding contracts with TfNSW, the

accountabilities associated with the contract have been more clearly defined. Items of note in relation to the new contract include:

- greater detail and clarity about what is required under the contract, including a new service contract structure and discreet service schedules that spell out what is required from each service type
- the introduction of a more structured performance measurement and reporting regime, including sanctions (notice of compliance) for non-achievement of KPIs or reporting requirements
- a focus on vehicle safety, maintenance and asset management, including stipulations around asset age and replacement schedules
- a new emphasis on staff training and development in areas such as skills for working with culturally diverse communities
- clarification of TfNSW expectations and procedures around service termination and service transfer, including transfer of assets. Associated with this is a greater interest in service fleet and renewal, including the expectation that TfNSW will be notified when service providers augment or update their fleet
- the documentation of driver accreditation requirements.

Council has been continuously improving Community Transport service delivery over the past 2-3 years, with a view to being in a position to meet new funding agreement requirements. As such, the accountabilities outlined above are achievable – if not already achieved.

In spite of its strong, current status in regard to service delivery and governance arrangements, future changes to the aged and disability services arena have the potential to create significant challenges and risks for Council. It is therefore proposed that, during the next term of Council, a review of Council's future position in relation to delivery of Community Transport services is conducted and a decision is reached regarding Council's future involvement in – or exit from - this field. Acceptance of the contract for the period up to 2018 will enable Council to continue to deliver services to the community while considering its position in relation to future direct service delivery.

## CONSULTATION AND COMMUNICATION

The contract has been reviewed by the General Counsel.

Insurance and Risk matters have been discussed with the Risk and Insurance Team Leader.

## PLANNING AND POLICY IMPACT

This report relates to the commitments of Council as contained within Wollongong 2022 Community Strategic Plan:

- **Community Goal 5: We are a healthy community in a liveable city:**
  - Objective 5.1 There is an increase in the physical fitness, mental health and wellbeing of all our residents.
  - Objective: 5.5 Participation in recreational and lifestyle activities is increased
- **Community Goal 6: We have sustainable, affordable and accessible transport:**
  - Objective 6.3 Transport disadvantaged communities have increased access to services

## RISK ASSESSMENT

The new contract shows an increased contract value when compared to the previous (2015/16) funding contract with no increased outputs stipulated. However, increased outputs are required from 2016/17 to 2017/18 (see Table 1 for details).

There are limited business risks associated with acceptance. These relate to the need for increased reporting and compliance, as well as TfNSW requirements regarding insurance matters.



## FINANCIAL IMPLICATIONS

**Table 1: Contract Value/s by Service Stream**

<b>Funding contract/agency (WCC service)</b>	<b>Oct 2016/ June 2017 Funding</b>	<b>Outputs Required 2016/2017</b>	<b>2017/18 Funding</b>	<b>Outputs Required 2017/2018</b>	<b>Total Value of Contract (ex-GST)</b>
Commonwealth Home Support Program	\$1,480,123	45,562	\$1,973,499	60,749	\$ 3,453,623
Community Transport Program	\$194,848	5,650	\$259,795	7,533	\$ 454,642
Community Care Support Service (people under 65)	\$147,239	4,445	\$130,879	2,371	\$ 278,118
<b>TOTAL</b>	<b>\$1,822,210.00</b>	<b>55,657</b>	<b>\$2,364,173.00</b>	<b>70,653</b>	<b>\$4,186,383</b>

As part of the roll out of the National Disability Insurance Scheme (NDIS) across NSW, TfNSW will pay CCSP allocations on a monthly (rather than quarterly) basis until full transition is achieved in June 2018. The monthly payment will gradually reduce over the NDIS roll out period, based on calculations provided by NSW Family and Community Services – Ageing Disability and Home Care, to a point whereby no further grant funding is received from 1 July 2017.

On the basis of the funding offered and analysis of service costs, all services can continue to be delivered on a cost neutral basis to Council.

There will be no financial implications should the contract and letter of offer be accepted.

## CONCLUSION

The services provided by Council to people in the community who are older and/or who have a disability are critical to enabling these citizens to maintain well-being and to participate in community life. Endorsement of the contract offered by Transport for NSW, with delegation for final acceptance and signature to the General Manager, will enable Council to continue to deliver this important service.

## ITEM 7 JOINT ORGANISATION BOUNDARY REVIEW

The NSW Government released a discussion paper in September 2016 seeking submissions on proposed boundaries for Joint Organisations.

### RECOMMENDATION

Council endorse a submission to the NSW Government Joint Organisations: Getting the Boundaries Right discussion paper supporting the proposed boundaries for the Illawarra Joint Organisation

### REPORT AUTHORISATIONS

Report of: Clare Phelan, Executive Strategy Manager  
Authorised by: David Farmer, General Manager

### ATTACHMENTS

- 1 Joint Organisations - Getting the boundaries right

### COMPLIANCE WITH OFFICE OF LOCAL GOVERNMENT GUIDELINES ON COUNCIL DECISION MAKING DURING MERGER PROPOSAL PERIODS

The recommendation in this report satisfies the requirements of the OLG Guidelines – *Council Decision Making During Merger Proposal Periods*.

### BACKGROUND

Wollongong City, Shellharbour City, Kiama Municipal and Shoalhaven City Councils joined to form the Illawarra Pilot Joint Organisation (IPJO) under the NSW Government's Fit for the Future package in 2015. Since this date, IPJO has worked collaboratively with Department of Premier and Cabinet and other State agencies to achieve the objectives set by the NSW Government. The NSW Government recently released a discussion paper seeking submissions on proposed boundaries for the NSW Joint Organisations by 27 October 2016.

The discussion paper proposes the Illawarra Joint Organisation boundaries remain as the current IPJO boundaries.

### PROPOSAL

It is recommended the proposed boundaries suggested in the discussion paper be endorsed. These boundaries do not preclude the Illawarra Joint Organisation from working with other Councils or Joint Organisations on projects which are considered advantageous to work collaboratively for a common purpose.

# Fit for the Future

## Joint Organisations:

## Getting the boundaries right



SEPTEMBER 2016

## Why are we building Joint Organisations?

Joint Organisations are a vital part of the NSW Government's plan to strengthen councils and communities.

A network of robust, connected Joint Organisations (JOs) will provide a forum for councils, State agencies and others to come together at a regional level to work on shared priorities. This will help to deliver important regional projects, delivering better outcomes for communities.

We are working with councils to develop a shared model for JOs. This model has been built through consultation and the experiences of five Pilot regions, which trialled options for the model during 2015.

JOs will work with local councils and State agencies to develop new ways of working together and with others, and a real commitment to change from everyone involved.

## What will they do?

JOs will undertake three core functions:

- regional strategic planning and priority setting
- intergovernmental collaboration
- regional leadership and advocacy

The Office of Local Government recently consulted on a proposed model through the paper, *Joint Organisations: Towards a new model for regional collaboration*. That paper in turn reflected feedback in response to an initial paper, *Joint Organisations: Emerging Directions*, released in October 2015.

There has been positive feedback and strong support to date. An independent evaluation has confirmed that JOs can enhance regional strategic planning and intergovernmental collaboration to benefit regions.



## Why are boundaries important?

Regional and rural councils will each be a voting member of a JO, providing a stronger voice for their local community at a regional level. In light of their unique circumstances, separate regional arrangements are being developed for Far West councils as part of the Far West Initiative.

Building a robust, reliable body for councils at a regional level will help to connect member councils' local plans and priorities with planning by other levels of government. It will also promote the active participation and commitment of all councils and agencies in each region. Clear boundaries will provide everyone with certainty and provide a basis to build the strongest possible relationships over time.



## How big should Joint Organisations be?

While fifteen JOs were originally considered, the Government has yet to make a decision about the number of JOs or their final boundaries.

Our most recent feedback indicates that councils are open to considering forming part of a larger JO, perhaps with sub-regional arrangements. This would help to reduce resourcing costs for member councils and help to accommodate existing council relationships.

## Which councils should work together?

Each JO will focus on delivering its three core functions through a shared model, helping to strengthen collaboration to deliver better community outcomes. As such, the boundaries will need to bring together members to fulfil those core functions for a specific region.

Importantly, councils will still be able to work with other councils outside their JO. This could be achieved by becoming an Associate (non-voting) member of another JO or simply continuing existing initiatives to deliver shared services, procurement, etc.

## What are the boundary criteria?

The NSW Government has consulted councils on criteria for setting JO boundaries several times since releasing *Fit for the Future* in 2014. The final criteria, which are set out in the box below, have been generally supported by councils.

### Each JO should

- ✓ align or 'nest' within strategic growth planning boundaries
- ✓ demonstrate clear **community of interest** between member councils and regions
- ✓ not adversely impact on other councils or JOs, for example, leaving too few councils to form a JO
- ✓ be based around a strong regional centre, where possible
- ✓ be of appropriate **scale and capacity** to partner with the NSW Government, Commonwealth Government and other partners.

## What is a *community of interest*?

For the purposes of determining JO boundaries, a community of interest may exist where member councils and the local communities they serve share common or closely related interests and goals, are geographically connected, share similar social and cultural identities and the sense that they 'belong together' as part of a cohesive region. Community of interest also relates to the ways that councils are bound together by common planning and growth interests.

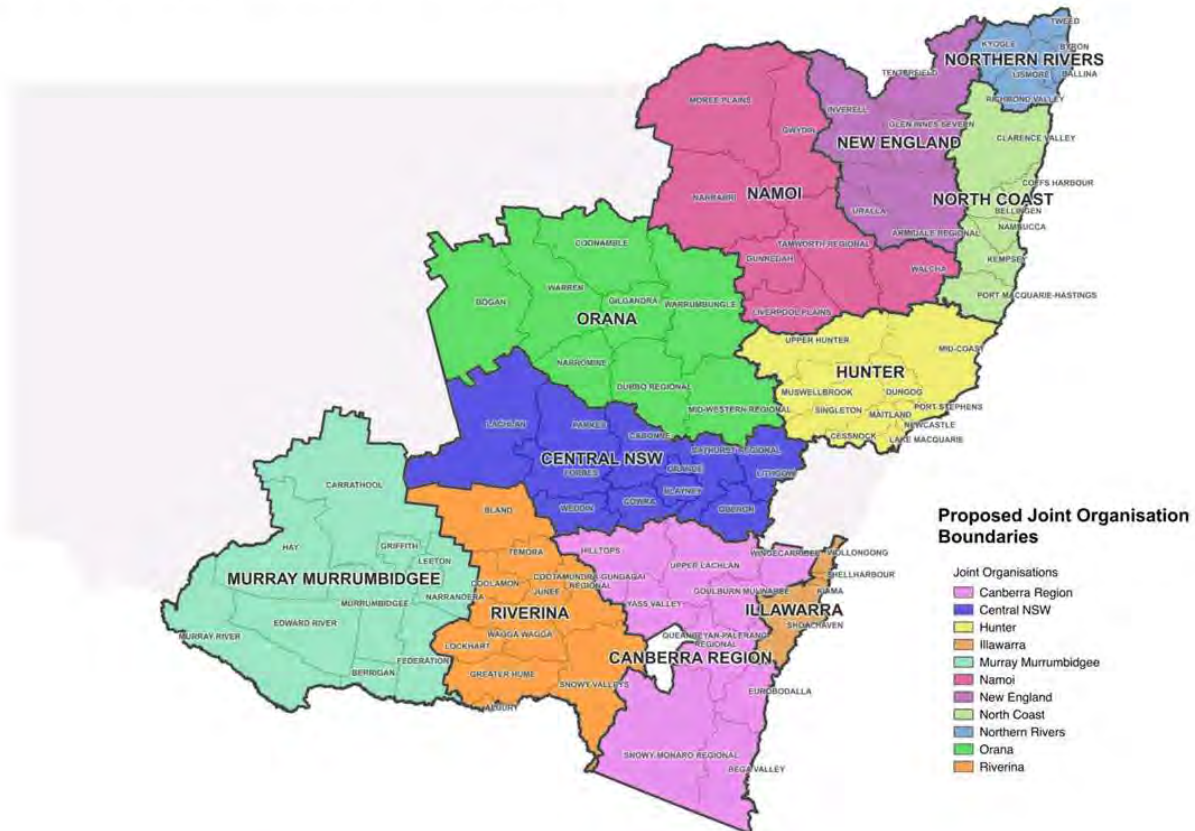
## Why do JOs need *scale and capacity*?

Feedback received to date has emphasised that JOs need to be both viable and workable. They will need to promote consistent regional strategic planning, priority setting and collaboration.

JOs will also need to be capable of supporting member councils through coordinating optional functions such as sharing data, systems, staff, services, tools and expertise.

## What are the proposed boundaries?

The proposed map below is based on the final boundary criteria and feedback to date. This is designed to be a basis for further discussion and consideration.



## Have your say

All councils in regional and rural NSW are invited to provide feedback on the proposed map of JO boundaries by **5pm on Thursday 27 October 2016** via email to [jointorganisations@olg.nsw.gov.au](mailto:jointorganisations@olg.nsw.gov.au).

A decision on boundaries will then be made and the final members of each JO announced. It is intended that each JO will be proclaimed under the *Local Government Act 1993* to begin operation in early 2017.

## Further information

Please contact the Joint Organisations Team at the Office of Local Government on 02 4428 4100 or via email at [jointorganisations@olg.nsw.gov.au](mailto:jointorganisations@olg.nsw.gov.au).



ITEM 8

PROPOSED DEDICATION OF CHARLOTTE STREET, WOLLONGONG AND CLOSURE AND SALE OF PORTION OF CHARLOTTE STREET AND LANE OFF CHARLOTTE STREET

At its meeting on 30 March 2015, Council resolved to approve the dedication of the lane on the northern side of Charlotte Street, Wollongong as public road. A notice of dedication was subsequently published in NSW Government Gazette No 57 of 10 July 2015. This action was taken in order to assist the Collegians Rugby League Football Club to close and purchase both the lane and Charlotte Street in order to redevelop their whole site.

Further extensive searching has since shown that Charlotte Street has also never been formally dedicated as public road and this report seeks approval to the dedication of Charlotte Street as public road, followed by the closure and sale of portion of Charlotte Street and the lane to the Club.

### RECOMMENDATION

- 1 In accordance with Section 16 of the Roads Act 1993, Council approve the dedication as public road of Charlotte Street, Wollongong, as shown shaded dark grey on the attachment to this report, by the placement of a notice in the NSW Government Gazette.
- 2 Council consent to the closure of the lane on the northern side of Charlotte Street and the portion of Charlotte Street, Wollongong, as shown hatched on the attachment to this report and upon closure, the land be declared Operational land under the Local Government Act 1993.
- 3 Subject to formal closure, Council authorise the sale of the subject portion of Charlotte Street, Wollongong and the lane on the northern side of Charlotte Street, as shown on the attachment to this report, to the adjoining landowner, being Collegians Rugby League Football Club or their nominee, on the following conditions:
  - a Purchase price of \$860,000 (GST exc).
  - b The purchaser be responsible for all costs associated with the closure and sale including valuation, survey, plan lodgement, legal and transfer costs, including Council's reasonable legal fees.
- 4 Authority be granted to affix the Common Seal of Council to the plan of survey and transfer documents and any other documentation required to give effect to this resolution.

### REPORT AUTHORISATIONS

Report of: Peter Coyte, Manager Property and Recreation  
Authorised by: Greg Doyle, Director Corporate and Community Services - Creative, Engaged and Innovative City

### ATTACHMENTS

- 1 Map of Charlotte Street, Wollongong

### COMPLIANCE WITH OFFICE OF LOCAL GOVERNMENT GUIDELINES ON COUNCIL DECISION MAKING DURING MERGER PROPOSAL PERIODS

The recommendation of this report complies with the requirements of the OLG Guidelines – *Council Decision Making During Merger Proposal Periods*.

### BACKGROUND

At its meeting on 30 March 2015, Council resolved to approve the dedication of the lane on the northern side of Charlotte Street, Wollongong as public road (as shown shaded light grey and hatched on the

attachment to this report). The lane was subsequently dedicated by the publication of a notice in NSW Government Gazette No 57 of 10 July 2015. This action was taken in order to assist the Collegians Rugby League Football Club to close and purchase both the lane and portion of Charlotte Street (as shown hatched on the attachment) in order to redevelop their whole site.

In accordance with the Roads Act 1993, land can be of uncertain status that was set aside for the purposes of a road left in a subdivision of land effected before 1 January 1907 (the date of commencement of the Local Government Act 1906) or in a plan of subdivision that was registered by the Registrar-General before 1 January 1920 (the date of commencement of the Local Government Act 1919).

Whilst progressing the road closure application, extensive searching of the status of Charlotte Street was required to be undertaken which indicated that, similar to the lane, Charlotte Street has never been formally dedicated as public road.

Council's solicitors have advised that land proposed to be dedicated as public road under Section 16 of the Roads Act 1993, which is a transfer of land from uncertain ownership to Council ownership, can only be undertaken in accordance with a Council resolution.

In relation to the proposed closure and sale of the portion of Charlotte Street and the lane off Charlotte Street, the land is zoned B6 Enterprise Corridor and has an area of approximately 1,208m<sup>2</sup>.

The proposal was referred to various Divisions within Council and the comments received and listed in the Consultation and Communication Section of this report.

A notice of proposed dedication was published in the Wollongong Advertiser on 8 June 2016 allowing 28 days for submissions. No objections were received.

Council obtained valuation advice from Mr Murray Allen from Walsh and Monaghan Valuers and an offer was made to the Club based on that valuation advice. Agreement has been reached on a purchase price of \$860,000 (GST exc).

## PROPOSAL

It is proposed that Council firstly dedicate Charlotte Street as public road by the placement of a notice in the NSW Government Gazette and then apply to the Department of Primary Industries – Crown Lands to close the subject portion of Charlotte Street and the lane off Charlotte Street. Upon closure, it is proposed that the land be transferred to the Club for \$860,000 (GST exc) with the applicant to be responsible for all costs in the matter.

## CONSULTATION AND COMMUNICATION

Floodplain Management Engineer – no objection.

Land Use Planning Manager – no objection, subject to consolidation of the whole of the Collegians site.

Central Parks Coordinator – no objection.

Infrastructure Strategy Manager – no objection, subject to the design and construction of an approved cul-de-sac and footpath at the proposed western end of Charlotte Street to standards contained within the City Centre Public Domain Technical Manual.

City Maintenance Manager – no objection.

Geotechnical Services Manager – no objection.

Traffic and Transport Manager – no objection.

Civil Design Section – no objection, subject to new vehicular accesses being provided to Collegians' western and northern carpark, provision of street lighting to AS1158 in Charlotte Street and the new cul-de-sac and the decommission of surplus street lighting, the creation of easements over or relocation of any services from within the portions of road proposed to be closed and the construction of new drainage

pit(s) in the new cul-de-sac and appropriate disposal of stormwater drainage, including easements, if required.

Heritage Officer – no objection subject to community engagement being undertaken around the vicinity of the proposal and the Illawarra Historical Society and the Illawarra Shoalhaven Branch of the National Trust of Australia (NSW) being notified and invited to comment.

Neighbourhood Forum 5 – no objection.

Illawarra Historical Society – no objection, subject to acknowledgement being given to the historical significance of the area by the installation, both inside and outside the Club, of narrative and images of previous users and occupants of the area.

National Trust of Australia (NSW) – did not respond.

Sydney Water – objection as they have a DN100 water main and 225VC sewer main within Charlotte Street and the lane off Charlotte Street. However, they will lift their objection upon the creation of an easement over the mains or relocation of the mains out of the portions of road proposed to be closed.

Telstra – no objection, subject to relocation of their assets out of the portion of road proposed to be closed.

Endeavour Energy – objection as they have overhead and low voltage powerlines and street lighting equipment within the portion of road proposed to be closed. Endeavour Energy is willing to review their position, subject to further information being provided by the applicant on the proposed redevelopment of their site.

Jemena Gas – objection as they have a gas main within the portion of road proposed to be closed. However, they will lift their objection upon the creation of an easement over the gas main or relocation of the main out of the portions of road proposed to be closed.

## PLANNING AND POLICY IMPACT

This report is in line with Council's policy "Land and Easement Acquisition and Disposal".

This report contributes to the delivery of Wollongong 2022 goal "We are a healthy community in a liveable city".

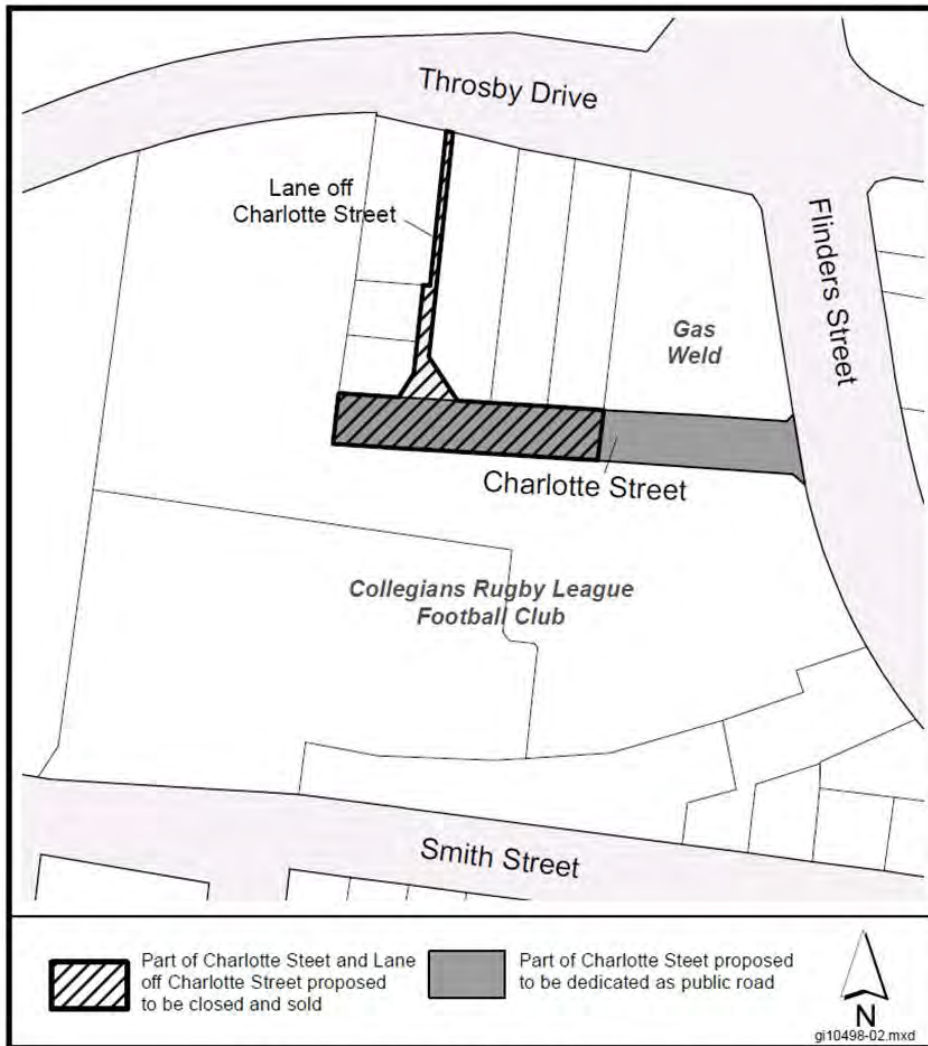
It specifically delivers on core business activities as detailed in the Property Services Service Plan 2016 -17.

## FINANCIAL IMPLICATIONS

If approval is granted to the road closure, Council will receive \$860,000 (GST exc) from the Club from the sale of the land. In addition, all costs incurred in the closure and sale will be the responsibility of the Club.

## CONCLUSION

The subject portion of Charlotte Street and the lane off Charlotte Street have been identified as surplus to Council requirements and serve no practical or physical purpose in being retained as road. It is therefore recommended that approval be granted to the closure and sale to the Club, as set out in this report.



While every effort has been made to ensure the highest possible quality of data, no liability will be accepted for any inaccuracy of the information shown.  
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## ITEM 9 PROPOSED CONSOLIDATION OF KEIRA OVAL INTO ONE LOT

Council has completed the construction of a cricket pavilion at Keira Oval in Keira Mine Road, Mount Keira in accordance with DA-2011/1257/A.

Condition H of Construction Certificate CC-2015/75 for the development states that two of the lots within the park, Lots 81 and 82 DP 1153714 (Lot 81 is now Lot 201 DP 1221001) must be consolidated in order to comply with the provisions of the Building Code of Australia and to obtain an Occupation Certificate.

Although the condition in the Construction Certificate only requires the consolidation of Lot 82 DP 1153714 and Lot 201 DP 1221001, in order to tidy up the whole site, it is proposed to consolidate all six lots within the park.

This report seeks Council's approval to the proposed consolidation.

### RECOMMENDATION

- 1 Council authorise the consolidation of Lot 11 DP 39404, Lot 38 DP 204570, Lot 82 DP 1153714, Lot 201 DP 1221001, Lot 22 DP 239697 and Lot 75 DP 247362 as shown by heavy outline on the attachment to this report.
- 2 Authority be granted to affix the Common Seal of Council to the plan of consolidation and any other documents required to give effect to this resolution.

### REPORT AUTHORISATIONS

Report of: Peter Coyte, Manager Property and Recreation  
Authorised by: Greg Doyle, Director Corporate and Community Services - Creative, Engaged and Innovative City

### ATTACHMENTS

- 1 Keira Oval proposed to be consolidated as one lot

### COMPLIANCE WITH OFFICE OF LOCAL GOVERNMENT GUIDELINES ON COUNCIL DECISION MAKING DURING MERGER PROPOSAL PERIODS

The recommendation in this report satisfies the requirements of the *OLG Guidelines - Council Decision Making during Merger Proposal Periods*.

### BACKGROUND

Council has completed the construction of a cricket pavilion at Keira Oval in Keira Mine Road, Mount Keira in accordance with DA-2011/1257/A.

Condition H of Construction Certificate CC-2015/75 for the development states that two of the lots within the park, Lots 81 and 82 DP 1153714 (Lot 81 is now Lot 201 DP 1221001) must be consolidated in order to comply with the provisions of the Building Code of Australia in relation to exposure to a fire source feature ie the proximity of the building to the boundary of the land upon which pavilion has been constructed and provisions for disabled access from the car park to the new building.

Council is unable to obtain an Occupation Certificate for the building until consolidation of the lots is completed. Although the condition in the Construction Certificate only requires the consolidation of Lot 82 DP 1153714 and Lot 201 DP 1221001, in order to tidy up the whole site, it is proposed to consolidate all six lots within the park, as shown by heavy outline on the attachment to this report.

### PROPOSAL

A Plan of Consolidation be prepared by a registered surveyor and lodged at NSW Land and Property Information for registration in order that the Occupation Certificate for the building can be issued.

## CONSULTATION AND COMMUNICATION

Recreation Section has requested the lots be consolidated.

Development Assessment Certification staff have assisted with the requirements for the issue of the Occupation Certificate.

## PLANNING AND POLICY IMPACT

This report contributes to the delivery of Wollongong 2022 goal “We are a healthy community in a liveable city”.

It specifically delivers on core business activities as detailed in the Property Services Service Plan 2016-17.

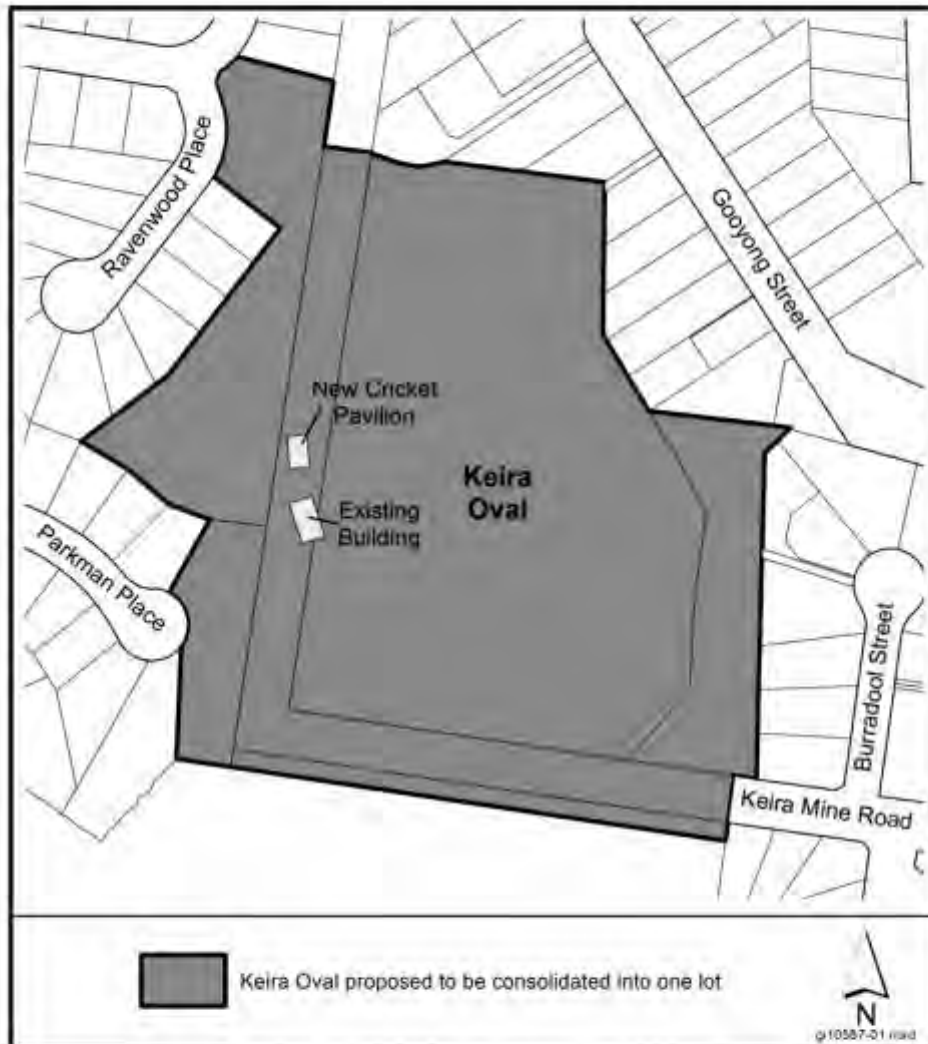
## FINANCIAL IMPLICATIONS

The only cost incurred in this matter will be for the preparation and lodgement of the Plan of Consolidation, the cost of which is available as part of the project budget for the construction of the cricket pavilion.

## CONCLUSION

As the consolidation of the lots is a condition of CC-2015/75, it is recommended that Council approve the consolidation.





ITEM 10

TENDER IPJO - 01/16 - ILLAWARRA PILOT JOINT ORGANISATION - TREE SERVICES PANEL

This report recommends acceptance of a tender for the provision of Tree Services (inclusive of Stump Grinding, Basic Services (tree pruning and removal), Root Grinding and Additional Services (working near power lines etc) in accordance with the requirements of the Local Government Act 1993 and the Local Government (General) Regulation 2005.

This action was pursued as an Illawarra Pilot Joint Organisation (IPJO) action with all four Council members of IPJO participating (Kiama Municipal Council, Shellharbour City Council, Shoalhaven City Council and Wollongong City Council).

The report recommends Council accept the successful tenders submitted as outlined in the table for each service provided in this report. The ranking tables within this report applies only to engagement of contractors by Wollongong City Council.

The purpose of this tender is to create service panels of suitable contractors to supplement our internal day labour service provision should it be required. The value of works to be sourced from this tender panel of contractors may vary from year to year however is estimated at \$160,000 per annum excluding GST.

## RECOMMENDATION

- 1 In accordance with clause 178(1)(a) of the Local Government (General) Regulation 2005, Council accept the tender listed in the service tables provided for Tree Services, for the term of the tender contract of three years, plus two options to extend for a further duration of one year each exercisable at Council's sole discretion.
- 2 Council delegate to the General Manager the authority to finalise and execute the contract and any other documentation required to give effect to this resolution.
- 3 Council grant authority for the use of the Common Seal of Council on the contract and any other documentation, should it be required, to give effect to this resolution.
- 4 Council delegate to the General Manager the authority to approve any adjustments to the ranking of all services when a Tree Services Provider amends rates in accordance with the specifications of this tender.

## REPORT AUTHORISATIONS

Report of: Mark Roebuck, Manager City Works and Services

Authorised by: Mike Hyde, Director Infrastructure and Works - Connectivity Assets and Liveable City

## ATTACHMENTS

There are no attachments for this report.

## COMPLIANCE WITH OFFICE OF LOCAL GOVERNMENT GUIDELINES ON COUNCIL DECISION MAKING DURING MERGER PROPOSAL PERIODS

This Project complies with Section 23A Guidelines.

## BACKGROUND

Tenders were required to be invited by a Joint Tender Assessment Panel consisting of personnel from the Illawarra Pilot Joint Organisation, Shellharbour City Council, Shoalhaven City Council, Kiama Municipal Council and Wollongong City Council by the open tender method.

Tenders were invited by the open tender method with a close of tenders of 10.00am on 4 April 2016.

Fourteen tenders were received by the close of tenders and all tenders have been scrutinised and assessed by a Tender Assessment Panel constituted in accordance with Council's Procurement Policies and Procedures and comprising representatives of the IPJO, and Shoalhaven, Shellharbour, Kiama and Wollongong Councils Supply/Procurement functions.

Technical expertise was provided by respective City Works, Human Resources and Environmental Divisions in the generation of specification and the review of submissions as applicable.

The Tender Assessment Panel assessed all tenders in accordance with the following assessment criteria and weightings as set out in the formal tender documents:

1	Cost to Council (Schedule of Rates and Materials)	35%
2	Demonstrated experience of the Tenderer in providing service of a similar scope and size	30%
3	Demonstrated strengthening local economy	5%
4	WH&S - Safety Management Plan of previous work	20%
5	Qualifications and demonstrated experience of the Tenderer's Key Personnel	10%

The mandatory assessment criteria has been met by the recommended tenderers.

A total of five zones were identified for responses within the process reflecting Wollongong, Shellharbour and Kiama Council LGA's and two zones for response for Shoalhaven City Council (comprising north and south boundaries as identified by their operational functions).

The Tender Assessment Panel utilised a weighted scoring method for the assessment of tenders expressed as a percentage in relation to the level of compliance offered by the tenders to each of the assessment criteria as specified in the tender documentation. The method took into account pre-determined weightings for each of the assessment criteria with this relative importance reflected through assigned weightings to individual evaluation criteria.

The tender submission with the highest total score was considered the submission that best met the requirements of the tender documentation in providing best value to Council. The Tender Procurement Plan identified a minimum number of three tenderers and a maximum number of five tenderers for each Councils Zone Panel. A Reserve list of two tenderers was recommended and identified consisting of tenderers who next met the Minimum Acceptable Score (but were not in highest five submissions per zone) to support the Panel should any of the appointed tenderers withdraw during the Term of the Panel Contract.

Table 1 below summarises the results of the tender assessment and the ranking of tenders. Contractors ranked 6<sup>th</sup> and 7<sup>th</sup> in each service panel are reserves.

TABLE 1 – SUMMARY OF TENDER ASSESSMENT

RANKING TABLE				
Name of Tenderer	Basic Services	Stump Grinding	Root Grinding	Additional Services
Burnett Trees	1	2	2	2
Active Tree Services P/L	2	4	1	3
Tree Serve P/L	3	1	3	5
Bohmers Tree Care	4	3	N/A	1
Asplundh Tree Expert	5	6	4	4
A D Tree Services P/L	6	N/A	5	6
Tony's Tree Care P/L	7	5	6	7

## PROPOSAL

Council should authorise the engagement of the listed Tree Services providers to carry out the Tree Services works in accordance with the scope of works and technical specifications developed for the project to supplement internal day labour service provision as required. Selection of contractors from the panel will be in order of ranking based on the contractors' availability to complete the works in a nominated timeframe.

The recommended tenderers have satisfied the Tender Assessment Panel that they are capable of undertaking the works to Council's standards and in accordance with the technical specification.

Referees nominated by the recommended tenderers have been contacted by the Tender Assessment Panel and expressed satisfaction with the standard of work and methods of operation undertaken on their behalf.

## CONSULTATION AND COMMUNICATION

- 1 Members of the Tender Assessment Panel
- 2 Nominated Referees
- 3 Internal Technical Specialists

## PLANNING AND POLICY IMPACT

This report contributes to the delivery of Wollongong 2022 goal "*We are a connected and engaged community*". It specifically delivers on the following:

Community Strategic Plan	Delivery Program 2012-2017	Annual Plan 2016-17
Strategy	5 Year Action	Annual Deliverables
4.4.5 Finances are managed effectively to ensure long term financial sustainability	4.4.5.11 Improve the efficiency of supply management in order to achieve operational efficiencies.	Continue to progress the Supply Action Plan to achieve long term savings and business improvement

## RISK ASSESSMENT

The risk in accepting the recommendation of this report is considered low on the basis that the tender process has fully complied with Council's Procurement Policies and Procedures and the Local Government Act 1993.

The risk of the project works or services is considered Moderate to Low (M6-L4) based upon Council's risk assessment matrix and appropriate risk management strategies will be implemented.

## FINANCIAL IMPLICATIONS

It is proposed that the engagement and use of the Tree Service contractors be funded from the operational budgets as identified in the Management Plan. The engagement of the Panel at Wollongong City Council is to supplement our internal day labour service provision should it be required.

## CONCLUSION

The recommended tenderers have submitted acceptable tenders for this project and Council should endorse the recommendations of this report.

## ITEM 11 TENDER T16/15 - CORRIMAL BEACH DUNE RE-SHAPING

This report recommends acceptance of a tender for the re-shaping of the Corrimal Beach dunes in accordance with the requirements of the Local Government Act 1993 and the Local Government (General) Regulation 2005.

Proposed works include the removal of vegetation from the seaward side of the dunes and reshaping of the beach dune profile at Corrimal Beach.

Nine tenders were received and the report recommends Council accept the tender submitted by Cleary Bros (Bombo) Pty Ltd.

### RECOMMENDATION

- 1 In accordance with clause 178(1)(a) of the Local Government (General) Regulation 2005, Council accept the tender of Cleary Bros (Bombo) Pty Ltd for Corrimal Beach Dune Re-Shaping, in the sum of \$190,505.59, excluding GST.
- 2 Council delegate to the General Manager the authority to finalise and execute the contract and any other documentation required to give effect to this resolution.
- 3 Council grant authority for the use of the Common Seal of Council on the contract and any other documentation, should it be required, to give effect to this resolution.

### REPORT AUTHORISATIONS

Report of: Glenn Whittaker, Manager Project Delivery

Authorised by: Mike Hyde, Director Infrastructure and Works - Connectivity Assets and Liveable City

### ATTACHMENTS

- 1 Location Plan

### COMPLIANCE WITH OFFICE OF LOCAL GOVERNMENT GUIDELINES ON COUNCIL DECISION MAKING DURING MERGER PROPOSAL PERIODS

The recommendation in this report satisfies the requirements of the OLG Guidelines - Council Decision Making during Merger Proposal Periods.

### BACKGROUND

The Dune Management Strategy (2013) identified options to address safety and recreational amenity issues at priority patrolled beaches, including removal of vegetation from the seaward side of the dunes and re-shaping of the dune profile. Corrimal Beach was identified in the Dune Implementation Plan as the next highest priority.

Tenders were invited by the Open tender method with a close of tenders of 10.00 am on 13 September 2016.

Nine tenders were received by the close of tender and all tenders have been scrutinised and assessed by a Tender Assessment Panel constituted in accordance with Council's Procurement Policies and Procedures and comprising representatives of the Finance, Governance, Environmental Strategic Planning Human Resources and Project Delivery Divisions.

The Tender Assessment Panel assessed all tenders in accordance with the following assessment criteria and weightings as set out in the formal tender documents:

- 1 Cost to Council - 55%;
- 2 Appreciation of scope of works and construction methodology including the staging of works - 10%;

- 3 Demonstrated experience and satisfactory performance in undertaking project of similar size and scope - 10%;
- 4 Project Schedule - 10%;
- 5 Workplace health and safety documentation - 5%;
- 6 Environmental management policies and procedures - 5%; and
- 7 Demonstrated strengthening of local economic capacity - 5%.

The mandatory assessment criteria have been met by the recommended tenderer.

The Tender Assessment Panel utilised a weighted scoring method for the assessment of tenders which allocates a numerical score out of 5 in relation to the level of compliance offered by the tenders to each of the assessment criteria as specified in the tender documentation. The method then takes into account pre-determined weightings for each of the assessment criteria which provides for a total score out of 5 to be calculated for each tender. The tender with the highest total score is considered to be the tender that best meets the requirements of the tender documentation in providing best value to Council. Table 1 below summarises the results of the tender assessment and the ranking of tenders.

TABLE 1 – SUMMARY OF TENDER ASSESSMENT

Name of Tenderer	Ranking
Cleary Bros (Bombo) Pty Ltd	1
Shore Contracting	2
Stefanutti Constructions	3
Donnelly Civil Pty Ltd	4
Cadifern Civil	5
Select Civil Pty Ltd	Equal 6
GC Civil	Equal 6
Golf Spectrum Pty Ltd	8
Affective Services	9

## PROPOSAL

Council should authorise the engagement of Cleary Bros (Bombo) Pty Ltd to carry out the Corrimal Beach Dune Re-Shaping in accordance with the scope of works and technical specifications developed for the project.

The recommended tenderer has satisfied the Tender Assessment Panel that it is capable of undertaking the works to Council's standards and in accordance with the technical specification.

Referees nominated by the recommended tenderer have been contacted by the Tender Assessment Panel and expressed satisfaction with the standard of work and methods of operation undertaken on their behalf.

## PLANNING AND POLICY IMPACT

This report contributes to the delivery of Wollongong 2022 Goal 1 "We value and protect our environment".

It specifically delivers on core business activities as detailed in the Environmental Services Service Plan 2016-17 to continue to implementation of the priority actions from the Dune Management Strategy.



## RISK ASSESSMENT

The risk in accepting the recommendation of this report is considered low on the basis that the tender process has fully complied with Council's Procurement Policies and Procedures and the Local Government Act 1993.

The risk of the project works or services is considered low based upon Council's risk assessment matrix and appropriate risk management strategies will be implemented.

## FINANCIAL IMPLICATIONS

It is proposed that the total project be funded from the following source/s as identified in the Annual Plan –

2016/2017 Capital Budget

## CONCLUSION

The recommended tenderer has submitted an acceptable tender for this project and Council should endorse the recommendations of this report.



**ITEM 12 TENDER T16/28 - BEATON PARK POOL - INSTALLATION OF FILTRATION EQUIPMENT**

This report recommends a course of action in relation to the upgrade of Beaton Park pool filtration system in the circumstances where no tenders were received for the project.

The Tender Assessment Panel has concluded that the programming of the works during the Christmas period was the key obstacle to any tenders being submitted and it is anticipated that negotiations with known industry specialist contractors in relation to a revised scope of works and clarification of program will result in a satisfactory outcome being achieved.

**RECOMMENDATION**

- 1 a In accordance with the Local Government (General) Regulation 2005, Clause 178(3)(e), Council resolve to enter into negotiations with one or all of the known industry specialist contractors with a view to entering into a contract in relation to the subject matter of the tender.
- b In accordance with the Local Government (General) Regulation 2005, Clause 178(4), the reason for Council hereby resolving to enter into negotiations with specialist contractors and not inviting fresh tenders is that it is anticipated that a satisfactory outcome can be achieved with one of those specialist contractors who demonstrate a capacity and ability to undertake the works.
- 2 Council delegate to the General Manager the authority to undertake and finalise the negotiations with one or all of the known industry specialist contractors with a view to entering into a contract in relation to the subject matter of the tender.
- 3 Council grant authority for the use of the Common Seal of Council on the contract and any other documentation, should it be required, to give effect to this resolution.

**REPORT AUTHORISATIONS**

Report of: Glenn Whittaker, Manager Project Delivery

Authorised by: Mike Hyde, Director Infrastructure and Works - Connectivity Assets and Liveable City

**ATTACHMENTS**

There are no attachments for this report.

**COMPLIANCE WITH OFFICE OF LOCAL GOVERNMENT GUIDELINES ON COUNCIL DECISION MAKING DURING MERGER PROPOSAL PERIODS**

The recommendation in this report satisfies the requirements of the *OLG Guidelines - Council Decision Making during Merger Proposal Periods*.

**BACKGROUND**

Council on 4 April 2016 resolved to purchase a specialist pool filter to eliminate the risk of failure of the existing filter installed at this pool while completing the design for the installation of this specialist equipment. The filter was purchased and is currently in storage at the site which has reduced the lead time risk for this specific item of equipment. Design documentation has been prepared to allow installation and commissioning of the filter over the programmed 2016/17 summer shutdown period.

Tenders were invited by the open tender method with a close of tenders of 10.00am on 8 September 2016. In addition to the statutory newspaper advertising, five pool filtration contractors were directly invited to tender. No tenders were received.

The Tender Assessment Panel queried the potential tenderers as to their reasons for non-submission of a tender and the common reason was Council's proposed program for the works being undertaken



during the Christmas period. This period is typically a down time for contractors completing these types of works along with related suppliers of goods and materials.

## PROPOSAL

The Panel has concluded that Council's proposed program and scope of the works were the key obstacles to any tenders being submitted and that negotiations should be undertaken with one or all of the known industry specialist contractors, based upon a revised program and scope of works, with a view to entering into a contract for the subject matter of the tender.

The Panel anticipates that a satisfactory outcome will be achieved through a negotiation process with specialist contractors conducted in accordance with Council's Procurement Policies and Procedures.

## CONSULTATION AND COMMUNICATION

Members of the Tender Assessment Panel.

## PLANNING AND POLICY IMPACT

This report contributes to the delivery of Wollongong 2022 goal "We are a healthy community in a liveable city".

It specifically delivers on core business activities as detailed in the Leisure Centres Service Plan 2016-17.

## RISK ASSESSMENT

The risk in accepting the recommendation of this report is considered low on the basis that the tender process has fully complied with Council's Procurement Policies and Procedures and the Local Government Act 1993.

The risk of the project works or services is considered medium based upon Council's risk assessment matrix and appropriate risk management strategies will be implemented.

## FINANCIAL IMPLICATIONS

It is proposed that the total project be funded from the following source/s as identified in the Annual Plan –

Capital Budget 2016/17

## CONCLUSION

Council should endorse the recommendations of this report.

## ITEM 13 AUGUST 2016 FINANCIALS

The August 2016 financial results are within projections compared to phased budget across the key indicators. The Operating Result (pre capital) is favourable by \$3.0M and the Funds Result shows a favourable variance compared to the phased budget of \$3.8M.

The Cash Flow Statement at the end of the period indicates that there is sufficient cash to support external restrictions.

Council has expended \$8.6M on its capital works program representing 8.6% of the annual budget. The year to date budget for the same period was \$10.8M.

### RECOMMENDATION

- 1 The financials be received and noted.
- 2 Proposed changes in the Capital Works Program be approved

### REPORT AUTHORISATIONS

Report of: Brian Jenkins, Manager Finance

Authorised by: Greg Doyle, Director Corporate and Community Services - Creative, Engaged and Innovative City

### ATTACHMENTS

- 1 Income and Expense Statement - August 2016
- 2 Capital Project Report - August 2016
- 3 Cash Flow Statement - August 2016

### COMPLIANCE WITH OFFICE OF LOCAL GOVERNMENT GUIDELINES ON COUNCIL DECISION MAKING DURING MERGER PROPOSAL PERIODS

The recommendation in this report satisfies the requirements of the OLG Guidelines - *Council Decision Making During Merger Proposal Periods*.

### BACKGROUND

This report presents the Income and Expense Statement, Balance Sheet and Cash Flow Statement for August 2016. Council's current budget has a Net Funding (cash) deficit of \$2.7M, an Operating Deficit [Pre Capital] of \$0.03M and a capital expenditure of \$100.1M. The current annual Net Funding budget includes a transfer to reserve of \$2.6M that relates to the 2015-16 year end positive funds result.

At the end of August, Council remains on target to the operational components of this result.

The following table provides a summary view of the organisation's overall financial results for the year to date.

FORECAST POSITION		Original Budget	Revised Budget	YTD Forecast	YTD Actual	Variation
KEY MOVEMENTS		1-Jul	26-Aug	26-Aug	26-Aug	
Operating Revenue	\$M	262.0	262.0	40.8	41.3	0.5
Operating Costs	\$M	(262.1)	(262.1)	(41.4)	(38.9)	2.5
<b>Operating Result [Pre Capital]</b>	\$M	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.6)</b>	<b>2.4</b>	<b>3.0</b>
Capital Grants & Contributions	\$M	32.9	32.9	4.9	2.3	(2.6)
<b>Operating Result</b>	\$M	<b>32.9</b>	<b>32.9</b>	<b>4.3</b>	<b>4.7</b>	<b>0.4</b>
<b>Funds Available from Operations</b>	\$M	<b>61.8</b>	<b>61.8</b>	<b>9.6</b>	<b>11.5</b>	<b>1.9</b>
<b>Capital Works</b>		<b>101.6</b>	<b>100.1</b>	<b>10.8</b>	<b>8.6</b>	<b>2.2</b>
<b>Contributed Assets</b>		-	-	-	-	-
Transfer to Restricted Cash		-	2.6	2.6	2.6	-
Borrowings Repaid	\$M	7.3	7.3	0.3	0.3	-
Funded from:						
- Operational Funds	\$M	61.8	61.8	9.6	11.5	1.9
- Other Funding	\$M	47.1	45.5	3.3	3.1	(0.2)
<b>Total Funds Surplus/(Deficit)</b>	\$M	<b>(0.1)</b>	<b>(2.7)</b>	<b>(0.8)</b>	<b>3.0</b>	<b>3.8</b>

## Financial Performance

The August 2016 Operating Result [pre capital] shows a positive variance compared to budget of \$3.0M. This largely relates to the timing of the delivery of projects and increased income.

## Funds Result

The Total Funds result as at 26 August 2016 shows a positive variance of \$3.8M. This includes the cash component of the operating result in addition to lower Council funded capital expenditure (\$1.9M) partially offset by lower expenditure on externally funded operational projects (\$0.7M).

## Capital Budget

As at 26 August 2016, Council had expended \$8.6M or 8.6% of the approved annual capital budget of \$100.1M.

## Liquidity

Council's cash and investments increased during August 2016 to holdings of \$152.7M compared to \$140.6M at the end of July 2016. This reflects normal trends for this time of the year as Council receives the first rate instalment in August.



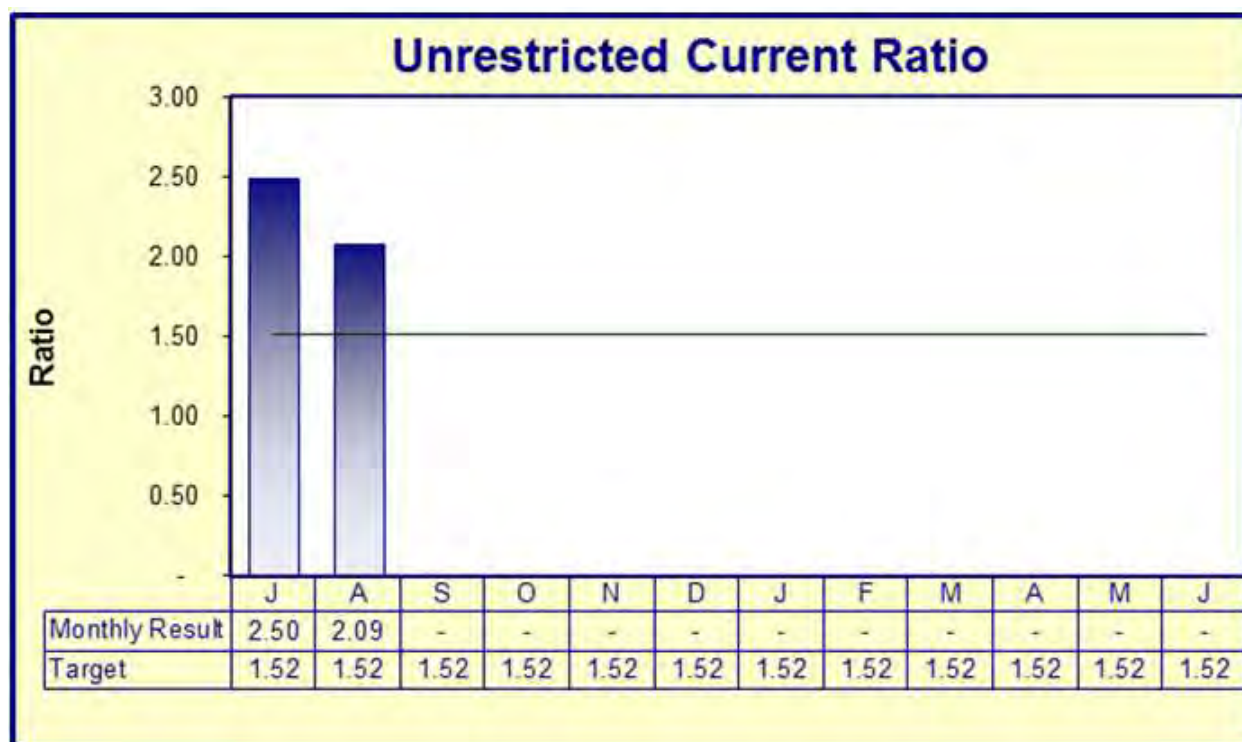
<b>CASH, INVESTMENTS &amp; AVAILABLE FUNDS</b>			
	<b>Actual 2015/16</b>	<b>Original Budget 2016/17</b>	<b>Actual Ytd 26 August 2016</b>
	\$M	\$M	\$M
<b>Total Cash and Investments</b>	<b>154.0</b>	<b>133.7</b>	<b>152.7</b>
Less Restrictions:			
External	75.3	88.8	72.2
Internal	55.3	37.6	62.2
<b>Total Restrictions</b>	<b>130.6</b>	<b>126.4</b>	<b>134.4</b>
<b>Available Cash</b>	<b>23.5</b>	<b>7.3</b>	<b>18.3</b>
Adjusted for :			
Current payables	(34.9)	(23.6)	(29.1)
Receivables	22.9	23.0	22.9
Other	2.9	4.6	5.5
<b>Net Payables &amp; Receivables</b>	<b>(9.1)</b>	<b>4.0</b>	<b>(0.8)</b>
<b>Available Funds</b>	<b>14.4</b>	<b>11.3</b>	<b>17.5</b>

The available funds position excludes restricted cash. External restrictions are funds that must be spent for a specific purpose and cannot be used by Council for general operations. Internal restrictions are funds that Council has determined will be used for a specific future purpose.

Based on the end of year results for 2015-16, the adjusted Available Funds forecast is within Council's Financial Strategy target of 3.5% to 5.5% of Operational Revenue [pre capital]. Based on the Adopted 2016-17 Annual Plan, the target Available Funds is between \$9.2M and \$14.4M for year ending 30 June 2017. The actual Available Funds at 26 August 2016 are impacted by the progress of planned expenditure to date.

Council resolved during August to transfer \$2.6M, equivalent to the net improvement in the funds result from the 2015-16 financial year, to restricted cash for Strategic Projects. This reduces the Available Funds and will increase the internal restrictions by the same amount.

The Unrestricted Current Ratio measures the cash/liquidity position of an organisation. This ratio is intended to disclose the ability of an organisation to satisfy payment obligations in the short term from the unrestricted activities of Council. Council's current ratio is above the Local Government Benchmark of >2:1, however, the strategy is to maximise the use of available funds for asset renewal by targeting a lean unrestricted current ratio.



## Receivables

Receivables are the amount of money owed to Council or funds that Council has paid in advance. At August 2016, receivables totalled \$22.9M, compared to receivables of \$21.1M at August 2015. Fluctuations relate to the timing of rates payments which are accrued before the actual payments are due.

## Payables

Payables (the amount of money owed to suppliers) of \$29.1M were owed at August 2016 compared to payables of \$41.2M in August 2015. The difference in payables relate to goods and services and capital projects delivered but not yet paid for and timing of the Financial Assistance Grant payments. The 2015 amount includes a large payment received in advance relating to the Financial Assistance Grant amounting to \$8.0M.

## Debt

Council continues to have financial strength in its low level of borrowing. The industry measure of debt commitment is the Debt Service Ratio that measures the proportion of revenues that is required to meet annual loan repayments.

Council's Financial Strategy includes provision for additional borrowing in the future and Council will consider borrowing opportunities from time to time to bring forward the completion of capital projects where immediate funding is not available. In 2009-10, Council borrowed \$26M interest free to assist in the delivery of the West Dapto Access Plan. Council has also been successful in securing loan funds under the Local Government Infrastructure Renewal Scheme (LIRS) of \$20M in 2012-13 and \$4.3M in 2013-14 that will be used over a five year period to accelerate the Citywide Footpaths, Shared Path Renewal, Missing Links Construction Program and building refurbishment works for Berkeley Community Centre, Corrimal Library and Community Centre, Thirroul Pavilion and Kiosk respectively. A further \$15M was drawn down in 2014-15 under Round Three of the LIRS program that provides a subsidy of 3% that will be used to support the West Dapto Access – Fowler's Road to Fairwater Drive project.

Council has approval to draw down a further \$5.5M as an additional part of Round Three of the LIRS Program and is currently finalising the draw down. This amount will support the West Dapto Access – Fowler’s Road project.

Council’s Debt Service Ratio forecast for 2016-17 is approximately 3.5%, which is still below Council’s target of 4% and remains low in comparison to the Local Government’s benchmark ratio of <10%. It is noted that non-cash interest expense relating to the amortisation of the income recognised on the West Dapto Access Plan Loan is not included when calculating the Debt Service Ratio.

## Assets

The Balance Sheet shows that \$2.5B of assets are controlled and managed by Council for the community as at 26 August 2016. The 2016-17 capital works program includes projects such as the West Dapto Access strategy, Helensburgh Tip rehabilitation, land acquisitions, civil asset renewals including roads, car parks and buildings and purchase of library books. At the end of August, capital expenditure amounted to \$8.6M.

## PLANNING AND POLICY IMPACT

This report contributes to the delivery of Wollongong 2022 goal ‘*We are a connected and engaged community*’. It specifically delivers on the following:

Community Strategic Plan	Delivery Program 2012-17	Annual Plan 2016-17
Strategy	5 Year Action	Annual Deliverables
4.4.5 Finances are managed effectively to ensure long term financial sustainability	4.4.5.1 Effective and transparent financial management systems are in place	Provide accurate and timely financial reports monthly, quarterly and via the annual financial statement
		Continuous Budget Management is in place, controlled and reported
		Manage and further develop compliance program
		Monitor and review achievement of Financial Strategy

## CONCLUSION

The results compared to budget for the early months of the year can be distorted by the phasing methodology applied to the budget compared to actual project and program progress. The results for August 2016 are generally within projections over a range of financial indicators and it is expected that Council will achieve the forecast annual results.

WOLLONGONG CITY COUNCIL				
1 July 2016 to 26 August 2016				
	2016/17 Original Budget \$'000	2016/17 Current Budget \$'000	2016/17 YTD Budget \$'000	2016/17 Actual YTD \$'000
Income Statement				
<b>Income From Continuing Operations</b>				
<b>Revenue:</b>				
Rates and Annual Charges	184,035	184,035	28,740	28,735
User Charges and Fees	33,594	33,594	5,129	5,422
Interest and Investment Revenues	4,253	4,253	686	834
Other Revenues	10,205	10,205	1,429	1,324
Grants & Contributions provided for Operating Purposes	29,961	29,961	4,807	5,026
Grants & Contributions provided for Capital Purposes	32,947	32,947	4,851	2,263
<b>Total Income from Continuing Operations</b>	<b>294,994</b>	<b>294,994</b>	<b>45,642</b>	<b>43,604</b>
<b>Expenses From Continuing Operations</b>				
Employee Costs	117,960	117,960	18,086	17,687
Borrowing Costs	4,131	4,131	645	651
Materials, Contracts & Other Expenses	89,066	89,066	13,880	11,605
Depreciation, Amortisation + Impairment	64,840	64,840	10,953	10,953
Internal Charges (labour)	(12,352)	(12,352)	(1,929)	(1,796)
Internal Charges (not labour)	(1,566)	(1,566)	(245)	(193)
<b>Total Expenses From Continuing Operations</b>	<b>262,079</b>	<b>262,079</b>	<b>41,390</b>	<b>38,906</b>
<b>Operating Results From Continuing Operations</b>	<b>32,916</b>	<b>32,916</b>	<b>4,252</b>	<b>4,698</b>
<b>Net Operating Result for the Year</b>	<b>32,916</b>	<b>32,916</b>	<b>4,252</b>	<b>4,698</b>
<b>Net Operating Result for the Year before Grants &amp; Contributions provided for Capital Purposes</b>	<b>(31)</b>	<b>(31)</b>	<b>(599)</b>	<b>2,435</b>
<b>NET SURPLUS (DEFICIT) [Pre capital] %</b>	<b>11.2%</b>	<b>11.2%</b>	<b>9.3%</b>	<b>10.8%</b>
Funding Statement				
<b>Net Operating Result for the Year</b>	<b>32,916</b>	<b>32,916</b>	<b>4,252</b>	<b>4,698</b>
<b>Add back :</b>				
- Non-cash Operating Transactions	78,451	78,451	13,042	13,120
- Restricted cash used for operations	15,013	15,013	2,294	1,547
- Income transferred to Restricted Cash	(52,636)	(52,636)	(8,092)	(5,760)
- Payment of Accrued Leave Entitlements	(11,943)	(11,943)	(1,865)	(2,028)
<b>Funds Available from Operations</b>	<b>61,801</b>	<b>61,801</b>	<b>9,631</b>	<b>11,578</b>
Borrowings repaid	(7,285)	(7,285)	(345)	(345)
<b>Operational Funds Available for Capital Budget</b>	<b>54,516</b>	<b>54,516</b>	<b>9,286</b>	<b>11,233</b>
<b>CAPITAL BUDGET</b>				
Assets Acquired	(101,627)	(100,066)	(10,760)	(8,638)
Transfers to Restricted Cash	0	(2,600)	(2,600)	(2,600)
<b>Funded From :-</b>				
- Operational Funds	54,516	54,516	9,286	11,233
- Sale of Assets	1,743	1,743	99	0
- Internally Restricted Cash	21,770	19,586	804	609
- Borrowings	0	0	0	0
- Capital Grants	11,065	12,259	825	1,135
- Developer Contributions (Section 94)	6,008	6,107	779	431
- Other Externally Restricted Cash	5,620	5,025	766	835
- Other Capital Contributions	850	775	41	48
<b>TOTAL FUNDS SURPLUS / (DEFICIT)</b>	<b>(55)</b>	<b>(2,655)</b>	<b>(759)</b>	<b>3,053</b>

## Manager Project Delivery Division

### Commentary on August 2016 Capital Budget Report

As at 26 August 2016, year to date expenditure was \$8.6M of the approved capital budget of \$100.1M. This value is \$2.2M less than the initial forecast expenditure of \$10.8M for this period.

The following table summarises the proposed changes to the total Capital Budget by transfer of budget between programs and reduction or introduction of various types of external or loan funding. These changes result in a net reduction of \$ 0.8M in the overall capital budget to \$99.3M.

Program	Major Points of change to Capital Budget
Traffic Facilities	Reallocate budget from Contingency to Traffic Facilities Program.
Road Works	Reallocate budget from Contingency to Road Works program.
Footpaths	Reallocate budget and LIRS funding from Commercial Centre Upgrades – Footpaths and Cycleways Program to Footpaths Program.
Commercial Centre Upgrades – Footpaths and Cycleways	Reallocate budget and LIRS funding to Footpaths Program from Commercial Centre Upgrades – Footpaths and Cycleways Program.
Stormwater Treatment Devices	Reallocate budget from Contingency to Stormwater Treatment Devices.
Administration Buildings	Reallocate budget from Community Buildings to Administration Buildings.
Community Buildings	Introduce funding from Scout Association. Reallocate budget from Community Buildings to Administration Buildings. Re-phase Restart Illawarra funding for Bald Hill upgrade. Reallocate budget from Community Buildings Program to Public Facilities (Shelters, Toilets etc).
Public Facilities (Shelters, Toilets etc)	Reallocate budget from Community Buildings Program to Public Facilities (Shelters, Toilets etc).
Carbon Abatement	Reallocate existing budget from Waste Services Program to newly created program for Carbon Abatement capital works projects.
Recreation Facilities	Re-phase Restart Illawarra funding for Bald Hill upgrade.
Sporting Facilities	Introduce additional funding for existing sporting facilities project.
Whytes Gully New Cells	Reallocate existing budget from Waste Services Program to newly created program for Carbon Abatement capital works projects.
Emergency Services Plant & Equipment	Re-phase budget for existing power supply project.
Capital Project Contingency	Multiple distributions to various capital projects detailed above.

## CAPITAL PROJECT REPORT

as at the period ended 26 August 2016

ASSET CLASS PROGRAMME	\$'000		\$'000		YTD EXPENDITURE	\$'000	
	CURRENT BUDGET		WORKING BUDGET			VARIATION	
	EXPENDITURE	OTHER FUNDING	EXPENDITURE	OTHER FUNDING		EXPENDITURE	OTHER FUNDING
Roads And Related Assets							
Traffic Facilities	1,675	(1,486)	1,775	(1,486)	215	100	0
Public Transport Facilities	271	(20)	271	(20)	1	(0)	0
Roadworks	13,315	(4,095)	13,390	(4,095)	1,513	75	(0)
Bridges, Boardwalks and Jetties	1,940	(100)	1,940	(100)	343	(0)	(0)
TOTAL Roads And Related Assets	17,201	(5,701)	17,376	(5,701)	2,072	175	0
West Dapto							
West Dapto Infrastructure Expansion	9,296	(8,826)	9,296	(8,826)	237	0	0
TOTAL West Dapto	9,296	(8,826)	9,296	(8,826)	237	0	0
Footpaths And Cycleways							
Footpaths	4,608	(1,150)	5,108	(1,650)	827	500	(500)
Cycle/Shared Paths	6,740	(3,540)	6,740	(3,540)	426	(0)	0
Commercial Centre Upgrades - Footpaths and Cycleways	4,615	(1,500)	4,115	(1,000)	795	(500)	500
TOTAL Footpaths And Cycleways	15,963	(6,190)	15,963	(6,190)	2,048	(0)	0
Carparks							
Carpark Construction/Formalising	350	0	350	0	64	(0)	0
Carpark Reconstruction or Upgrading	1,221	0	1,221	0	336	0	0
TOTAL Carparks	1,571	0	1,571	0	399	0	0
Stormwater And Floodplain Management							
Floodplain Management	2,508	(560)	2,508	(560)	68	(0)	0
Stormwater Management	1,692	(550)	1,692	(550)	86	(0)	0
Stormwater Treatment Devices	250	(175)	373	(175)	79	123	(0)
TOTAL Stormwater And Floodplain Management	4,450	(1,285)	4,573	(1,285)	233	123	0
Buildings							
Cultural Centres (IPAC, Gallery, Townhall)	1,100	0	1,100	0	4	(0)	0
Administration Buildings	1,075	0	1,475	0	28	400	0
Community Buildings	11,912	(1,993)	11,262	(1,743)	1,515	(650)	250
Public Facilities (Shelters, Toilets etc.)	1,720	(170)	2,020	(170)	87	300	(0)
Carbon Abatement	0	0	1,000	(1,000)	0	1,000	(1,000)
TOTAL Buildings	15,807	(2,163)	16,857	(2,913)	1,635	1,050	(750)
Commercial Operations							
Tourist Park - Upgrades and Renewal	750	0	750	0	4	(0)	0
Crematorium/Cemetery - Upgrades and Renewal	130	0	130	0	10	0	0
Leisure Centres & RVGC	150	0	150	0	1	0	0
TOTAL Commercial Operations	1,030	0	1,030	0	15	0	0
Parks Gardens And Sportfields							
Play Facilities	1,250	(50)	1,250	(50)	2	(0)	0
Recreation Facilities	1,795	(833)	1,795	(233)	466	(0)	600
Sporting Facilities	860	(345)	915	(400)	270	55	(55)
Lake Illawarra Foreshore	150	0	150	0	6	(0)	0
TOTAL Parks Gardens And Sportfields	4,055	(1,228)	4,110	(683)	744	55	545



CAPITAL PROJECT REPORT							
as at the period ended 26 August 2016							
ASSET CLASS PROGRAMME	\$'000		\$'000		YTD EXPENDITURE	\$'000	
	CURRENT BUDGET		WORKING BUDGET			VARIATION	
	EXPENDITURE	OTHER FUNDING	EXPENDITURE	OTHER FUNDING		EXPENDITURE	OTHER FUNDING
Beaches And Pools							
Beach Facilities	660	0	660	0	3	(0)	0
Rock/Tidal Pools	1,660	0	1,660	0	467	0	0
Treated Water Pools	1,415	(10)	1,415	(10)	227	(0)	0
TOTAL Beaches And Pools	3,735	(10)	3,735	(10)	697	(0)	0
Natural Areas							
Environmental Management Program	0	0	0	0	0	0	0
Natural Area Management and Rehabilitation	525	(250)	525	(250)	8	0	(0)
TOTAL Natural Areas	525	(250)	525	(250)	9	0	(0)
Waste Facilities							
Whytes Gully New Cells	6,790	(6,790)	5,790	(5,790)	186	(1,000)	1,000
Whytes Gully Renewal Works	795	(795)	795	(795)	10	(0)	(0)
Helensburgh Rehabilitation	4,129	(4,129)	4,129	(4,129)	4	(0)	0
TOTAL Waste Facilities	11,714	(11,714)	10,714	(10,714)	200	(1,000)	1,000
Fleet							
Motor Vehicles	1,783	(940)	1,783	(940)	0	(0)	(0)
TOTAL Fleet	1,783	(940)	1,783	(940)	0	(0)	(0)
Plant And Equipment							
Portable Equipment (Mowers etc.)	355	(53)	355	(53)	4	(0)	(0)
Mobile Plant (trucks, backhoes etc.)	3,000	(750)	3,000	(750)	9	0	0
Fixed Equipment	320	0	320	0	(0)	0	0
TOTAL Plant And Equipment	3,675	(803)	3,675	(803)	13	(0)	(0)
Information Technology							
Information Technology	1,160	0	1,160	0	26	0	0
TOTAL Information Technology	1,160	0	1,160	0	26	0	0
Library Books							
Library Books	1,193	(66)	1,193	(66)	230	(0)	0
TOTAL Library Books	1,193	(66)	1,193	(66)	230	(0)	0
Public Art							
Public Art Works	200	0	200	0	12	(0)	0
Art Gallery Acquisitions	110	0	110	0	0	(0)	0
TOTAL Public Art	310	0	310	0	12	(0)	0
Emergency Services							
Emergency Services Plant and Equipment	1,800	0	900	0	1	(900)	0
TOTAL Emergency Services	1,800	0	900	0	1	(900)	0
Land Acquisitions							
Land Acquisitions	2,943	(2,825)	2,943	(2,825)	48	(0)	0
TOTAL Land Acquisitions	2,943	(2,825)	2,943	(2,825)	48	(0)	0
Non-Project Allocations							
Capital Project Contingency	1,575	0	1,277	0	0	(298)	0
Capital Project Plan	280	0	280	0	19	0	0
TOTAL Non-Project Allocations	1,855	0	1,557	0	19	(298)	0
Loans							
West Dapto Loan	0	(2,900)	0	(2,900)	0	0	0
LIRS Loan	0	(594)	0	(594)	0	0	0
TOTAL Loans	0	(3,494)	0	(3,494)	0	0	0
GRAND TOTAL	100,066	(45,495)	99,271	(44,700)	8,638	(795)	795

WOLLONGONG CITY COUNCIL		
CASH FLOW STATEMENT		
as at 26 August 2016		
	YTD Actual 2016/17 \$ '000	Actual 2015/16 \$ '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Receipts:</b>		
Rates & Annual Charges	26,108	174,893
User Charges & Fees	12,401	33,314
Interest & Interest Received	1,076	5,633
Grants & Contributions	7,628	55,323
Other	1,243	22,139
<b>Payments:</b>		
Employee Benefits & On-costs	(17,087)	(100,072)
Materials & Contracts	(8,671)	(56,091)
Borrowing Costs	(424)	(1,547)
Other	(6,759)	(37,388)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>15,515</b>	<b>96,204</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Receipts:</b>		
Sale of Infrastructure, Property, Plant & Equipment	-	919
Deferred Debtors Receipts	-	-
<b>Payments:</b>		
Purchase of Investments	-	-
Purchase of Investment Property	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(16,496)	(81,467)
Purchase of Interests in Joint Ventures & Associates	-	-
<b>Net Cash provided (or used in) Investing Activities</b>	<b>(16,496)</b>	<b>(80,548)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Receipts:</b>		
Proceeds from Borrowings & Advances	-	-
<b>Payments:</b>		
Repayment of Borrowings & Advances	(307)	(6,369)
Repayment of Finance Lease Liabilities	-	-
<b>Net Cash Flow provided (used in) Financing Activities</b>	<b>(307)</b>	<b>(6,369)</b>
Net Increase/(Decrease) in Cash & Cash Equivalents	(1,288)	(15,832)
plus: Cash & Cash Equivalents and Investments - beginning of year	154,024	169,856
<b>Cash &amp; Cash Equivalents and Investments - year to date</b>	<b>152,736</b>	<b>154,024</b>

WOLLONGONG CITY COUNCIL		
CASH FLOW STATEMENT		
as at 26 August 2016		
	YTD Actual 2015/16 \$ '000	Actual 2014/15 \$ '000
<b>Total Cash &amp; Cash Equivalents and Investments - year to date</b>	<b>152,736</b>	<b>154,024</b>
<b>Attributable to:</b>		
External Restrictions (refer below)	76,224	66,137
Internal Restrictions (refer below)	58,215	22,208
Unrestricted	18,297	65,679
	<b>152,736</b>	<b>154,024</b>
<b>External Restrictions</b>		
Developer Contributions	16,065	11,758
RMS Contributions	507	238
Specific Purpose Unexpended Grants	5,148	10,910
Special Rates Levy Wollongong Centre Improvement Fund	-	-
Special Rates Levy Wollongong Mall	191	251
Special Rates Levy Wollongong City Centre	24	11
Local Infrastructure Renewal Scheme	17,556	18,791
Unexpended Loans	7,243	12,877
Domestic Waste Management	9,923	6,408
Private Subsidies	4,158	1,883
West Dapto Home Deposit Assistance Program	9,840	-
Stormwater Management Service Charge	1,497	834
West Dapto Home Deposits Issued	85	-
Carbon Price	3,987	2,176
<b>Total External Restrictions</b>	<b>76,224</b>	<b>66,137</b>
<b>Internal Restrictions</b>		
Property Development	4,090	(252)
Property Investment Fund	8,176	-
Strategic Projects	26,310	-
Future Projects	5,450	-
Sports Priority Program	271	850
Car Parking Strategy	946	489
MacCabe Park Development	865	391
Darcy Wentworth Park	176	99
Garbage Disposal Facility	10,571	20,281
Telecommunications Revenue	161	279
West Dapto Development Additional Rates	657	71
Southern Phone Natural Areas	457	-
Lake Illawarra Estuary Management Fund	85	-
<b>Total Internal Restrictions</b>	<b>58,215</b>	<b>22,208</b>

## ITEM 14 STATEMENT OF INVESTMENTS - AUGUST 2016

This report provides an overview of Council's investment portfolio performance for the month of August 2016.

Council's average weighted return for August 2016 was 3.43% which was above the benchmark return of 1.89%. The result was primarily due to the positive marked to market valuation of the Floating Rate Notes, CBA Zero coupon Bond and the NSW Treasury Corp Growth Facility. The remainder of Council's portfolio continues to provide a high level of consistency in income and a high degree of credit quality and liquidity.

### RECOMMENDATION

Council receive the Statement of Investments for August 2016.

### REPORT AUTHORISATIONS

Report of: Brian Jenkins, Manager Finance  
Authorised by: Greg Doyle, Director Corporate and Community Services - Creative, Engaged and Innovative City

### ATTACHMENTS

- 1 Statement of Investments - August 2016
- 2 Investment Income Compared to Budget 2016-2017

### COMPLIANCE WITH OFFICE OF LOCAL GOVERNMENT GUIDELINES ON COUNCIL DECISION MAKING DURING MERGER PROPOSAL PERIODS

The recommendation in this report satisfies the requirements of the OLG Guidelines - *Council Decision Making During Merger Proposal Periods*.

### BACKGROUND

Council is required to invest its surplus funds in accordance with the Ministerial Investment Order and Division of Local Government guidelines. The Order reflects a conservative approach and restricts the investment types available to Council. In compliance with the Order and Division of Local Government guidelines, Council adopted an Investment Policy on 19 October 2015. The Investment Policy provides a framework for the credit quality, institutional diversification and maturity constraints that Council's portfolio can be exposed to. Council's investment portfolio was controlled by Council's Finance Division during the period to ensure compliance with the Investment Policy. Council's Governance Committee's role of overseer provides for the review of the Council's Investment Policy and Management Investment Strategy.

Council's Responsible Accounting Officer is required to sign the complying Statements of Investments contained within the report, certifying that all investments were made in accordance with the Local Government Act 1993 and the Local Government Regulation 2005.

Council's investment holdings as at 26 August 2016 were \$152,782,811 (Statement of Investments attached) [28 August 2015 \$152,585,005].

During August, Council posted a weighted average return of 3.43% (annualised) compared to the benchmark return of 1.89% (annualised Bloomberg Bank Bill Index). The result was primarily due to the positive marked to market valuation of the Floating Rate Notes, CBA Zero coupon Bond and the NSW Treasury Corp Growth Facility. The remainder of Council's portfolio continues to provide a high level of consistency in income and a high degree of credit quality and liquidity.

At 26 August 2016, year to date interest and investment revenue of \$804,390 was recognised compared to the year to date budget of \$510,434.

Council's CBA Zero Coupon Bond recorded an increase in value for August of \$16,400. The valuation methodology used by Laminar (Council's investment consultants) discounts the bond using a margin for a straight four year CBA obligation but also considers the illiquidity premium, this being a restructured deal and there being limited bids on the security. As this bond gradually nears maturity, movements in interest rates and liquidity will have less of an impact on the securities valuation. While there will be short term fluctuations along the way, the investments valuation will gradually increase to its \$4M maturity value. During the month, Council purchased a five year \$2M ANZ Bank floating rate note. Council's thirteen floating rate notes had a net increase in value of \$85,835 for August.

Council holds two Mortgaged Backed Securities (MBS) recorded a net decrease in value of \$42,610 for August. These investments continue to pay higher than normal variable rates. While the maturity dates are outside Council's control, the investment advisors had previously indicated that capital is not at risk at that stage and recommended a hold strategy due to the illiquid nature of the investment.

The NSW T-Corp Long-Term Growth Facility recorded an increase in value of \$8,146 in August. The fluctuation is a reflection of the current share market volatility both domestically and internationally.

During the September 2016 RBA meeting, the official cash rate remained unchanged at the record low of 1.50%. The RBA has advised that it would continue to assess the outlook and adjust policy as needed to foster sustainable growth in demand and inflation outcomes consistent with the inflation target over time. The current inflation rate is quite low and below target.

This report complies with Council's Investment Policy which was endorsed by Council on 19 October 2015. Council's Responsible Accounting Officer has signed the complying Statements of Investments contained within the report, certifying that all investments were made in accordance with the Local Government Act 1993 and the Local Government Regulation 2005.

## PLANNING AND POLICY IMPACT

This report contributes to the delivery of Wollongong 2022 goal '*We are a connected and engaged community*'. It specifically delivers on the following:

Community Strategic Plan	Delivery Program 2012-17	Annual Plan 2016-17
Strategy	5 Year Action	Annual Deliverables
4.4.5 Finances are managed effectively to ensure long term financial sustainability	4.4.5.1 Effective and transparent financial management systems are in place	Provide accurate and timely financial reports monthly, quarterly and via the annual financial statement
		Continuous Budget Management is in place, controlled and reported
		Manage and further develop compliance program
		Monitor and review achievement of Financial Strategy

WOLLONGONG CITY COUNCIL STATEMENT OF INVESTMENTS 26 August 2016							
On Call & Term Deposits							
DIRECT INVESTMENTS							
Investment Body	Rating	Purchase Price \$	Fair Value of Holding \$	Security	Purchase Date	Maturity Date	Interest / Coupon Rate
NAB Professional Maximiser	A-1+	-	26,059,932	11am	26/08/2016	26/08/2016	1.90%
NAB General Fund	A-1+	-	2,619,352	11am	26/08/2016	26/08/2016	1.90%
BOQ	A2	2,000,000	2,000,000	T/Deposit	10/03/2016	09/09/2016	3.10%
IMB	A2	2,000,000	2,000,000	T/Deposit	11/09/2015	12/09/2016	2.80%
ME	A2	3,000,000	3,000,000	T/Deposit	18/01/2016	14/09/2016	3.10%
ME	A2	2,000,000	2,000,000	T/Deposit	18/01/2016	14/09/2016	3.10%
CBA	A1+	1,000,000	1,000,000	T/Deposit	23/12/2015	19/09/2016	2.97%
STG	A1+	1,000,000	1,000,000	T/Deposit	23/12/2015	19/09/2016	2.87%
NAB	A1+	1,000,000	1,000,000	T/Deposit	29/02/2016	30/09/2016	3.02%
NAB	A1+	1,000,000	1,000,000	T/Deposit	02/05/2016	04/10/2016	3.09%
SUN	A1	2,000,000	2,000,000	T/Deposit	06/06/2016	04/10/2016	2.95%
CBA	A1+	2,000,000	2,000,000	T/Deposit	09/05/2016	10/10/2016	2.72%
WBC	A1+	2,000,000	2,000,000	T/Deposit	24/04/2015	19/10/2016	2.90%
BEN	A2	1,500,000	1,500,000	T/Deposit	26/10/2015	25/10/2016	2.90%
BEN	A2	2,000,000	2,000,000	T/Deposit	29/09/2015	28/10/2016	3.00%
IMB	A-2	1,000,000	1,000,000	T/Deposit	01/07/2016	31/10/2016	2.70%
BWest	A1+	1,000,000	1,000,000	T/Deposit	03/02/2016	03/11/2016	2.85%
CBA	A1+	2,000,000	2,000,000	T/Deposit	23/12/2015	17/11/2016	2.97%
NAB	A1+	2,000,000	2,000,000	T/Deposit	18/01/2016	18/11/2016	3.01%
ME	A2	1,000,000	1,000,000	T/Deposit	25/02/2016	21/11/2016	3.00%
NAB	A1+	1,000,000	1,000,000	T/Deposit	29/02/2016	30/11/2016	3.00%
BWest	A1+	1,000,000	1,000,000	T/Deposit	07/12/2015	06/12/2016	2.90%
NAB	A1+	1,030,000	1,030,000	T/Deposit	17/12/2015	19/12/2016	3.03%
BEN	A2	2,000,000	2,000,000	T/Deposit	29/09/2015	22/12/2016	3.05%
BWest	A1+	2,000,000	2,000,000	T/Deposit	23/12/2015	22/12/2016	3.00%
BWest	A1+	1,000,000	1,000,000	T/Deposit	04/01/2016	03/01/2017	3.00%
ME	A2	2,000,000	2,000,000	T/Deposit	17/12/2015	16/01/2017	3.05%
SUN	A1	2,000,000	2,000,000	T/Deposit	23/12/2015	23/01/2017	3.00%
WBC	A1+	3,000,000	3,000,000	T/Deposit	31/07/2015	31/01/2017	2.74%
SUN	A1	2,000,000	2,000,000	T/Deposit	06/06/2016	31/01/2017	3.00%
BOQ	A2	2,000,000	2,000,000	T/Deposit	04/01/2016	03/02/2017	2.95%
IMB	A2	2,000,000	2,000,000	T/Deposit	28/08/2015	28/02/2017	2.80%
NAB	A1+	1,500,000	1,500,000	T/Deposit	31/08/2015	28/02/2017	2.79%
SUN	A1	2,000,000	2,000,000	T/Deposit	13/07/2016	10/03/2017	2.75%
BEN	A2	1,000,000	1,000,000	T/Deposit	11/09/2015	13/03/2017	2.90%
BOQ	A2	2,000,000	2,000,000	T/Deposit	26/02/2016	29/03/2017	3.00%
NAB	A1+	1,000,000	1,000,000	T/Deposit	29/02/2016	30/03/2017	2.95%
CBA	A1+	1,000,000	1,000,000	T/Deposit	23/03/2016	20/04/2017	2.88%
BWest	A1+	1,000,000	1,000,000	T/Deposit	23/03/2016	21/04/2017	2.85%
STG	A1+	2,000,000	2,000,000	T/Deposit	23/03/2016	24/04/2017	2.87%
SUN	A1	1,000,000	1,000,000	T/Deposit	23/03/2016	26/04/2017	2.85%
ME	A2	2,500,000	2,500,000	T/Deposit	18/02/2016	15/05/2017	3.13%
STG	A1+	1,500,000	1,500,000	T/Deposit	27/11/2015	25/05/2017	2.81%
SUN	A1	1,500,000	1,500,000	T/Deposit	27/11/2015	26/05/2017	2.81%
ME	A2	1,000,000	1,000,000	T/Deposit	23/12/2015	15/06/2017	3.15%
SUN	A1	1,500,000	1,500,000	T/Deposit	24/05/2016	23/06/2017	2.85%
STG	A1+	2,000,000	2,000,000	T/Deposit	27/05/2016	26/06/2017	2.70%
ME	A2	2,500,000	2,500,000	T/Deposit	22/08/2016	24/07/2017	2.70%
BEN	A2	2,000,000	2,000,000	T/Deposit	31/07/2015	31/07/2017	3.00%
ANZ	A1+	2,500,000	2,500,000	T/Deposit	06/08/2016	07/08/2017	2.64%
BOQ	A2	3,000,000	3,000,000	T/Deposit	28/08/2015	28/08/2017	2.80%
CBA	A1+	2,000,000	2,000,000	T/Deposit	09/08/2016	08/09/2017	2.61%
BEN	A2	1,000,000	1,000,000	T/Deposit	11/09/2015	11/09/2017	2.95%
SUN	A1	2,000,000	2,000,000	T/Deposit	24/05/2016	24/11/2017	2.85%
CBA	A1+	2,000,000	2,000,000	T/Deposit	27/05/2016	27/11/2017	2.71%
<b>Total</b>			<b>118,709,284</b>				

**WOLLONGONG CITY COUNCIL**  
**STATEMENT OF INVESTMENTS**  
26 August 2016 continued

**Bond and Floating Rate Note Securities**

DIRECT INVESTMENTS							
Investment Body	Rating	Purchase Price \$	Fair Value of Holding \$	Security	Purchase Date	Maturity Date	Interest / Coupon Rate
Commonwealth Bank Australia zero coupon bond with a \$4M face value	A-1+	2,000,000	3,801,200	BOND	21/01/2008	22/01/2018	
CBA	AA-	1,000,000	1,006,520	FRN	19/10/2015	19/10/2018	2.72%
CUA	BBB+	3,000,000	3,018,780	FRN	01/04/2016	01/04/2019	3.56%
Westpac	AA-	3,000,000	3,023,550	FRN	11/03/2016	10/05/2019	2.77%
Greater Bank Ltd	BBB+	2,000,000	2,022,880	FRN	07/06/2016	07/06/2019	3.58%
Bendigo Bank	A-	1,000,000	1,001,460	FRN	16/09/2015	17/09/2019	2.92%
NAB	AA-	3,000,000	3,011,040	FRN	24/06/2015	03/06/2020	2.80%
Bendigo Bank	A-	2,000,000	2,001,320	FRN	18/08/2015	18/08/2020	2.84%
SUN Corp	AA-	1,500,000	1,515,255	FRN	20/10/2015	20/10/2020	3.18%
NAB	AA-	1,000,000	1,007,700	FRN	05/11/2015	05/11/2020	2.86%
SUN	AA-	2,000,000	2,029,680	FRN	12/04/2016	12/04/2021	3.35%
AMP	A+	2,000,000	2,014,440	FRN	24/05/2016	24/05/2021	3.08%
Westpac	AA-	3,000,000	3,043,560	FRN	03/06/2016	03/06/2021	3.16%
ANZ	AA-	2,000,000	2,008,160	FRN	16/08/2016	16/08/2021	2.88%
EMERALD A Mortgage Backed Security *	AAA	679,163	509,535	M/Bac	17/07/2006	21/08/2022	2.18%
EMERALD B Mortgage Backed Security *	AA	2,000,000	1,270,540	M/Bac	17/07/2006	21/08/2056	2.48%
<b>Total</b>			<b>32,285,620</b>				

**Managed Funds & Other**

MANAGED FUNDS							
Investment Body	Rating	Purchase Price \$	Fair Value of Holding \$	Purchase Date	Monthly Return (Actual)	Annualised % p.a.	FYTD (Actual)
Icorp Long Term Growth Facility Trust	N/A	1,131,841	1,787,905	13/06/2007	0.46%	5.97%	20.35%

Investment Body	Face Value	Security
Southern Phone Company	2	shares

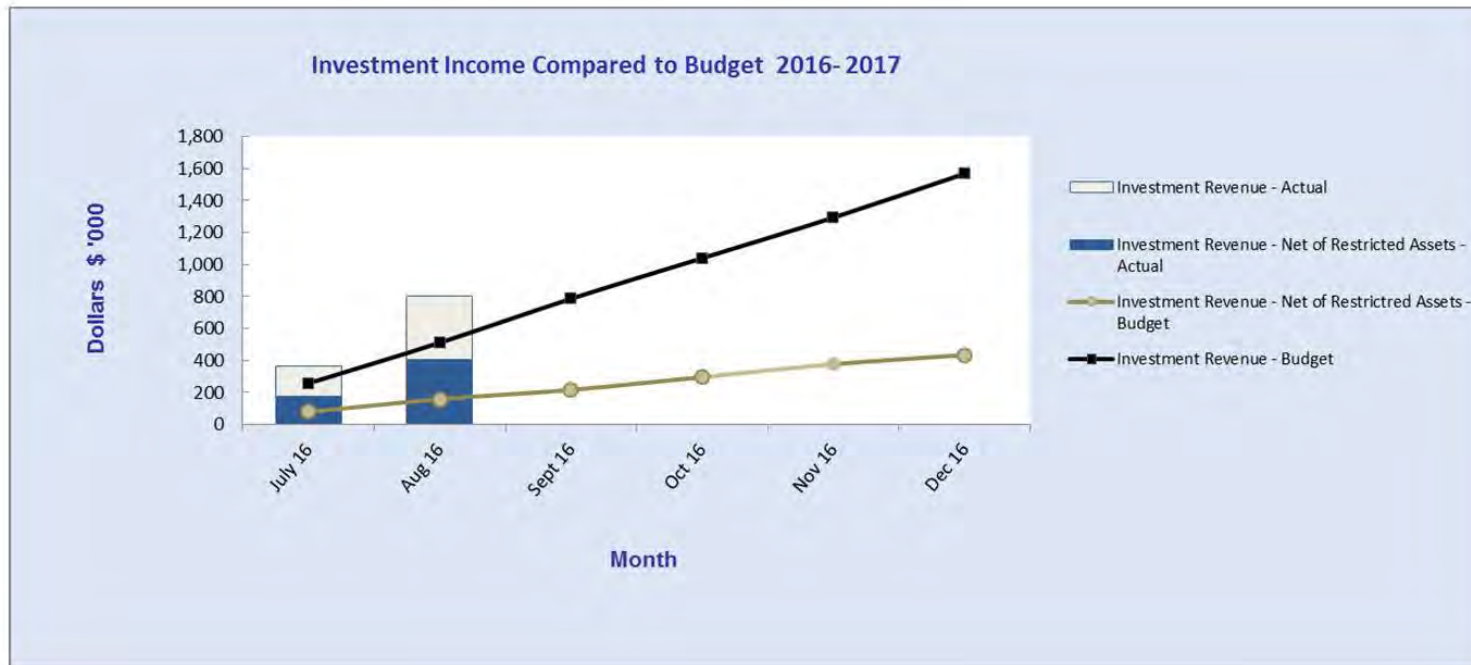
**TOTAL INVESTMENTS**      **\$ 152,782,811**

\* The maturity date provided is the weighted-average life of the security. This is the average amount of time that will elapse from the date of security's issuance until each dollar is repaid based on an actuarial assessment. Assessments are carried out on a regular basis which can potentially extend the life of the investment. Current assessments anticipate an extension of

This is to certify that all of the above investments have been placed in accordance with the Act, the regulations and Council's Investment Policies.

Brian Jenkins  
RESPONSIBLE ACCOUNTING OFFICER





ITEM 15

CITY OF WOLLONGONG TRAFFIC COMMITTEE - MINUTES OF MEETING HELD  
14 SEPTEMBER 2016

A meeting of the City of Wollongong Traffic Committee was held on 14 September 2016.

Items 1 – 4 and Item 10 have been adopted by Council through delegated authority.

Items 5 – 9 and Items 11 – 13 of the meeting must be determined by Council and are recommended to Council for approval for the temporary regulation of traffic on public roads for works or events by independent parties.

## RECOMMENDATION

In accordance with the powers delegated to Council, the minutes and recommendations of the City of Wollongong Traffic Committee Meeting held on 14 September 2016 in relation to the Regulation of Traffic be adopted.

## REPORT AUTHORISATIONS

Report of: Mike Dowd, Manager Infrastructure Strategy and Planning

Authorised by: Mike Hyde, Director Infrastructure and Works - Connectivity Assets and Liveable City

## ATTACHMENTS

- 1 Standard Conditions for Road Closures
- 2 Standard Conditions - Road Closures for Street Parties
- 3 Coastal Classic
- 4 Trithegong Triathlon Festival
- 5 Run Wollongong
- 6 Traffic Control Plan New Year's Eve Diversions
- 7 Traffic Control Plan Australia Day Road Closure
- 8 Traffic Control Plan Walk of Pride

## COMPLIANCE WITH OFFICE OF LOCAL GOVERNMENT GUIDELINES ON COUNCIL DECISION MAKING DURING MERGER PROPOSAL PERIODS

The recommendation in this report satisfies the requirements of the OLG Guidelines – *Council Decision Making During Merger Proposal Periods*.

## BACKGROUND

### REGULATION OF TRAFFIC

#### 5 HELENSBURGH

Junction Street – Helensburgh Public School Fete on the afternoon of Friday 28 October 2016

#### Background:

The Helensburgh PS is arranging the fete to be held on Friday 28 October 2016 and has proposed a closure of Fletcher Street at the School. The closure will take effect from 3 pm to 10 pm on the day and arrangements have been made with the 3 residents affected to maintain their access during the closure.

#### PROPOSAL SUPPORTED UNANIMOUSLY

The road closure be approved subject to Council Standard Conditions for street parties. (Attachment 2)

## 6 BULLI

Owen Street – Annual Street Christmas Party – Saturday 3 December 2016.

### **Background:**

The residents of Owen Street, Bulli are arranging their annual Street Christmas Party and have proposed a closure of Owen Street on 3 December 2016. The proposed closure will take effect from 2.00pm to 7.00pm between Franklin Avenue and Waterloo Street. All the affected residents have consented to the road closure and the detour around the event is reasonably simple.

### **PROPOSAL SUPPORTED UNANIMOUSLY**

The road closure be approved subject to Council Standard Conditions for street parties. (Attachment 2)

## 7 OTFORD

Station Road – Coastal Classic Trail Run – Saturday 15 October 2016.

### **Background:**

The Coast Classic Trail Run has been held for the past six years to raise funds for the improvement of the Coast Track in the Royal National Park. The event commences from Otford Primary School, Station Road, and proceeding along Beaumont Road, Fanshawe Road and Lady Wakehurst Drive. It is now proposed to hold the event on Saturday 15 October close Station Road from 6am to 10.30am.

### **PROPOSAL SUPPORTED UNANIMOUSLY**

The Traffic Management Plans previously submitted approved to be used on the new date 15 October 2016, subject to Council's Standard Conditions for Road Closure. (Attachment 3).

## 8 WOLLONGONG

'trithegong' Triathlon Festival 2017 - Wollongong – Saturday 4 March and Sunday 5 March 2017.

### **Background:**

The 'trithegong' Triathlon Festival Wollongong 2017 is a festival that will consist of five triathlon events on the Saturday and 3 triathlon events on the Sunday.

Saturday 4 March – The road closures proposed for the Saturday events involve Marine Drive and Endeavour Drive, where the bus terminus is to be relocated to the southern side of Burelli Street (between Harbour and Corrimal Streets). The closures take effect from 5.30am to 5.30pm on the day. Apart from the relocation of the bus terminus to Burelli Street bus services are not interrupted.

Sunday 5 March - The road closures for the Sunday events involve Cliff Road, Kembla Street, Bourke Street, George Hanley Drive, Virginia Street (between Squires Way & Pleasant Ave), Squires Way, Carters Lane from Elliotts Road to Pioneer Road and Pioneer Road to the return point a few meters south of Rothery Street, Bellambi. The road closures of Carters Lane and Pioneer Road will take effect from 6.45am to 11am on the day. The remaining road closures between Endeavour Drive and Elliotts Road will take effect from 6.45am – 4.00pm on the day.

In addition to the road closures on Sunday 5 March 2016, a number of traffic controls will be managed in Bode Avenue, Pleasant Avenue, Bessell Avenue and Virginia Street south of the

Pleasant Avenue roundabout. These traffic controls are necessary to prevent traffic congestion in the streets close to the triathlon event. The organisers need to ensure that traffic is not permitted to enter Squires Way from the Innovation Campus, in light of the internal road connection through to Puckey Avenue and Montague Street, Fairy Meadow.

The organisers have arranged an alternate route for the Gong Shuttle on the Sunday and it's understood a residents/business owners pass system will be established for access along the event route during the Sunday road closures. Between 7am & 11am bus routes 3 & 8 will need to be diverted from Elliots Road to Rothery Road. In addition, police will be stationed at critical points such as Burke and Kembla Streets and Pioneer Road and Towradgi Road to ensure that pedestrians and residents affected by the closures have controlled access when safe to cross the race route.

Road closures will affect a number of intersections with traffic signals and require formal permission from RMS. Furthermore the event involves cycling races on public roads and these require formal police approval.

### **PROPOSAL SUPPORTED UNANIMOUSLY**

The proposed road closures and regulation of traffic be approved subject to:

- (a) The submitted Traffic Management Plans (Attachment 4);
- (b) Approval for the proposed bus arrangements from Transport for New South Wales for the Gong shuttle and the 3 & 8 route services;
- (c) Approval for the controls at traffic signals (including the Bourke & Corrimal Streets intersection) from NSW RMS;
- (d) Council Standard Conditions for Road Closures (Attachment 1);
- (e) Approval for the race events on public roads from the NSW Police;
- (f) The closure of the Innovation Campus internal road system to prevent traffic entering Squires Way from the Innovation Campus.

## **9 WOLLONGONG**

'Run Wollongong Event' – Sunday 16 October 2016 7am – 10am.

### **Background:**

The Run Wollongong event involves races of 6 km and 12 km in length and requires full road closures for Market Street (east of Harbour Street) Endeavour Drive, Marine Drive, Cliff Road (between Harbour and Endeavour Drive and north of Bourke Street), Crown Street (between Kembla Street and Marine Drive) Corrimal Street and Harbour Street (between Stewart and Crown Streets). Part road closures will be in place for Harbour Street (the sections north and south of Stewart and Crown Street respectively), Cliff Road (between Harbour and Bourke Streets), George Hanley Drive and Squires Way.

The races all start and finish at Lang Park and for the 6km race, participants run on Market Street to Harbour Street, Crown Street on a loop to just short of Kembla Street and then to the southern end of Harbour Street. The 6km race then uses the shared path to Flagstaff Hill and return to Lang Park.

NSW Roads & Maritime Services have negotiated a closure of Corrimal Street with a diversion via Kembla Street but that buses will be permitted on Corrimal Street. As the runners are at the beginning of the 6 km event, the participants will pass quickly and buses can travel through when safe to do so.

The 12 km event will use Marine Drive, Cliff Road, George Hanley and Squires Way and then to

the shared path network north of Elliotts Road and return to Lang Park.

The road closures will take effect from 7 am to 11 am on the day with some roads being reopened before 11 am as events are completed. Arrangements are being made to set up a temporary bus terminus in Burelli Street between Harbour and Corrimal Streets.

#### **PROPOSAL SUPPORTED UNANIMOUSLY**

The submitted Traffic Management Plans be approved subject to Council's Standard Conditions for Road Closures (attachment 5).

### **LATE ITEMS**

#### **11 WOLLONGONG**

Cliff Road – New Year's Eve Celebrations 31 December 2016 – 5.00pm – 11.00pm.

##### **Background:**

Council is sponsoring a family New Year's Eve Celebration in 2016 centred on Belmore Basin and Flagstaff Hill as in previous years. The road closures will take effect from 5.00pm to 11.00pm on the day and involve a closure of Cliff Road between Georges Place and Marine Drive.

#### **PROPOSAL SUPPORTED UNANIMOUSLY**

The road closure be approved subject to the submitted Traffic Management Plan and Council's Standard Conditions for Road Closures (Attachment 6).

#### **12 WOLLONGONG**

Cliff Road, Bourke Street and Endeavour Drive Wollongong – Australia Day Celebrations 26 January 2017 from 5.00pm – 11.00pm.

##### **Background:**

Council is sponsoring a family Day Celebration in 2017 centred on Belmore Basin and Flagstaff Hill as in previous years. The road closures will take effect from 5.00pm – 11.00pm on the day and involve a closure of Cliff Road, Endeavour Drive and Bourke Street. In addition there will be traffic controls in Stuart Park to manage parking and on Springhill Road Coniston to allow the use of the car park in JJ Kelly Park and the operation of a park and ride service.

#### **PROPOSAL SUPPORTED UNANIMOUSLY**

The road closures be approved subject to the submitted Traffic Management Plans and Council's Standard Conditions for Road Closures (Attachment 7).

#### **13 WOLLONGONG**

Kembla and Crown Streets Wollongong – Walk of Pride Thursday 13 October 2016 from 10 am to 10:30 am.

##### **Background:**

Subsequent to the Meeting, Committee members have discussed the event known as the Walk of Pride which supports community awareness of mental health. The Walk of Pride has been organised for Thursday 13 October 2016 and involves a proposed closure of Kembla and Crown Street to permit participants to walk from the area at the entrance to the Wollongong Town Hall across Kembla Street to the Crown Street Mall. The closure takes effect from 10 am to 10.30 am and will be managed by a private traffic management company.

As the closure affects an intersection controlled by traffic signals it requires approval from NSW Roads and Maritime Services. When preliminary discussions were held Council advised the organisers to keep participants on the footpaths and use the normal phases of the scatter pedestrian crossing at the traffic signals on Kembla and Crown Streets. The organisers have now obtained support from the Police for event and permission from NSW RMS for a road closure. The RMS approval is conditional on Council approval as well; accordingly it has been necessary to include this road closure proposal in the minutes of the Traffic Committee meeting of 14 September 2016.

#### **PROPOSAL SUPPORTED UNANIMOUSLY**

The road closures be approved subject to the submitted Traffic Management Plans (Attachment 8) and Council's Standard Conditions for Road Closures (Attachment 1).

#### **PLANNING AND POLICY IMPACT**

This report contributes to the delivery of Wollongong 2022 goal under the objective Community Goal 6 – *We have sustainable, affordable and accessible transport.*

It specifically delivers on core business activities as detailed in the Transport Services Plan 2016-17.



Attachment 1 – Standard Conditions for Road Closures

**Standard Conditions for Road Closures**

*For Special Events and Work Related activities Within Council Road Reserves.*

Following approval by Wollongong City Council, road closures are subject to the additional Council conditions:

1. **The Applicant must complete the Council form 'Application to Open and Occupy or Underbore a Roadway or Footpath' (Refer to Checklist below – relates to Section 138 of the Roads Act.)**
2. **NSW Police Approval:** The Applicant must obtain written approval from NSW Police, where required under the Roads Act.
3. **If the Road Closure is within 100m of any traffic control signals or on a 'State Classified Road' the Applicant must obtain a Road Occupancy Licence (ROL) from NSW Roads & Maritime Services (RMS).**
4. **The Applicant must advise all affected residents and business owners within the closure area of the date/s and times for the closure, at least 7 days prior to the intended date of works.**
5. **The Applicant must advise Emergency Services: Ambulance, Fire Brigade and Police, Taxi and Bus Companies of the closure dates and times in writing, 7 days prior to the intended date of works. The Applicant must endeavour to minimise the impact on bus services during the closure.**
6. **Traffic Management Plan:** The closure must be set up in accordance with the approved Traffic Management Plan (TMP) prepared by an appropriately qualified traffic controller; a copy of whose qualifications must be included with the submitted TMP.
7. **Traffic Management Plan Setup:** The Traffic Management Plan must be set up by appropriately qualified traffic control persons or the NSW Police.
8. **Access to properties affected by the road closure must be maintained where possible. Where direct access cannot be achieved, an alternative arrangement must be agreed to by both the applicant and the affected person/s.**
9. **Public Notice Advertisement:** The Applicant must advertise the road closure in the Public Notices section of the local paper, detailing closure date/s and times at least 7 days prior to the closure.
10. **Public Liability Policy:** The Applicant must provide Council with a copy of their current insurance policy to a value of no less than \$20 million dollars to cover Wollongong City Council from any claims arising from the closure.

**Checklist:**

- ☒ **Completed Council Form:**

*'Application to Open and Occupy or Underbore a Roadway or Footpath'.*

**Required information as shown below MUST be attached:**

- ☒ A copy of the letter from the Traffic Committee authorising the closure
- ☒ The Traffic Management Plan (TMP)
- ☒ The Road Occupancy Licence (ROL) if required
- ☒ Written approval from NSW Police
- ☒ Public Liability Insurance

**Applications may be lodged in the Customer Service Centre located on the Ground Floor of Council's Administration Building, 41 Burelli Street Wollongong between 8.30am and 5pm Monday to Friday.**

Attachment 2 – Standard Conditions for Street Parties 1 of 2

# **STANDARD CONDITIONS FOR ROAD CLOSURES FOR STREET PARTIES**

- 1 Each road affected by the closure approval shall be restored to full and uninterrupted traffic flow prior to the end of the closure.
- 2 The road shall be cleared sufficiently to allow an emergency vehicle access to a property within the closure area. For this reason, no barbeques, heavy tables or other heavy equipment is to be set up on the road pavement.
- 3 You are required to advertise the road closure in the local newspaper  
  
E.g. Temporary Road Closure – Larkins Lane, Yallah  
Date: 18 December 2015  
Time: 2 pm – 7 pm  
Event: Street Party
- 4 Council will notify emergency services and the Police Service.
- 5 NSW Police Service directions are to be strictly adhered to.
- 6 Council will endeavour to make available to you the following equipment for the closure

Regular Street Equipment Requirements	Cul - De - Sac Street Equipment Requirements
6 Barrier legs	3 Barrier legs
12 Road Barriers	6 Road Barriers
2 Road Closed Signs	1 Road Closed Signs
4 Flashing Lights	2 Flashing Lights

It should be noted that Council does not supply 9 volt batteries for flashing lights, however batteries can be made available for approximately \$3.40 each.

The flashing lights must be fixed to the barriers and operating prior to sunset.

It is your responsibility to collect this equipment from Council's Works Depot Store, Montague Street, North Wollongong, prior to 2.00 pm on the last working day prior to your proposed road closure, and return same on the next working day following the closure. Please ensure you sign a receipt when collecting and returning this equipment.

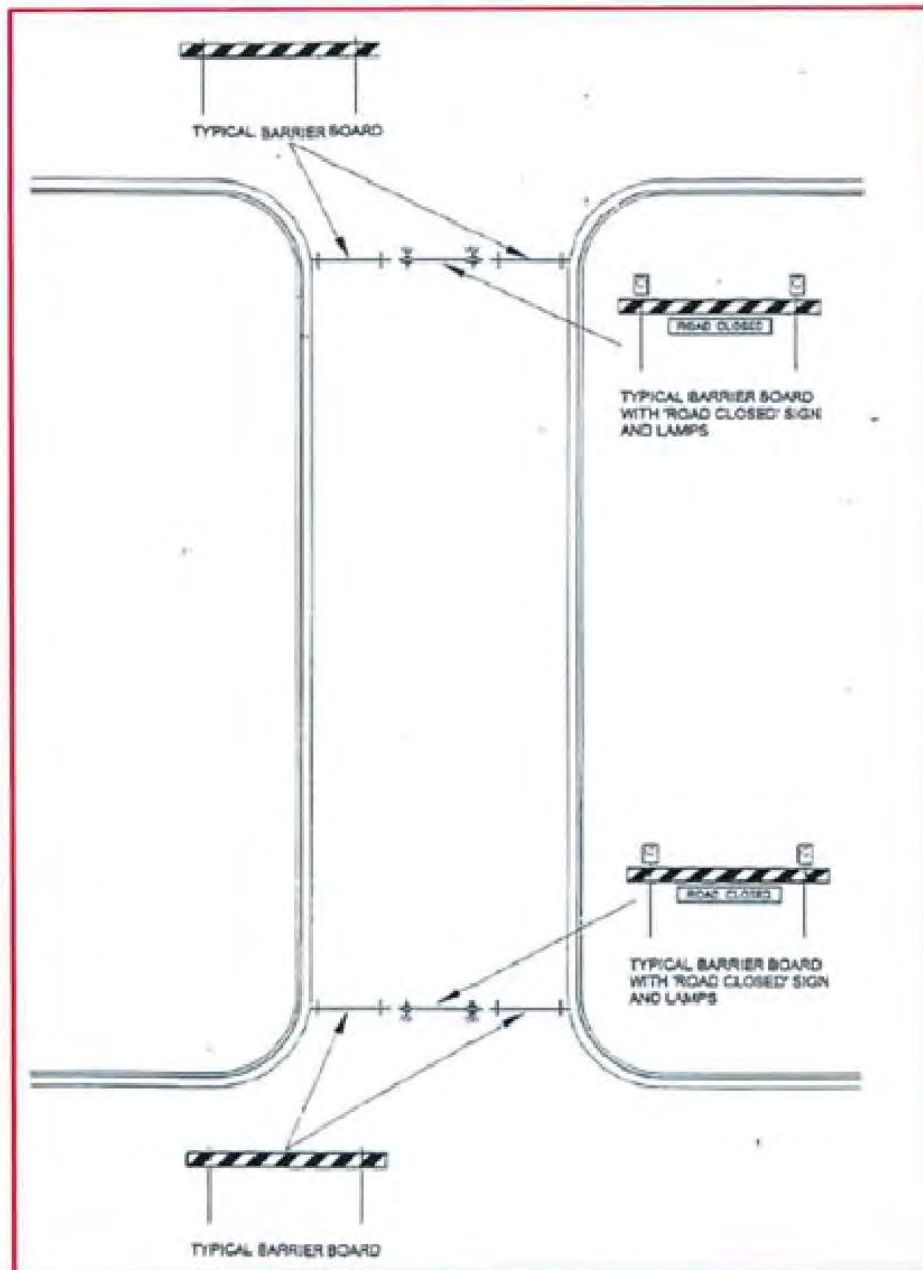
Equipment, which is returned damaged beyond use or not returned at all, will be replaced at your cost.

A sufficient number of people (at least 2), together with a vehicle suitable for the purpose of transporting the relevant equipment, are to be provided by the organisers for the loading and unloading of this equipment at the Depot.

- 7 You are requested to email Council's Events and Functions Coordinator [events@wollongong.nsw.gov.au](mailto:events@wollongong.nsw.gov.au) **two weeks prior to pick-up** to ensure availability of the equipment.
- 8 If Council's Store does not have sufficient equipment to lend, you are to obtain equipment from another source (e.g. hire firm), at your expense.

Attachment 2 – Standard Conditions for Street Parties – 2 of 2

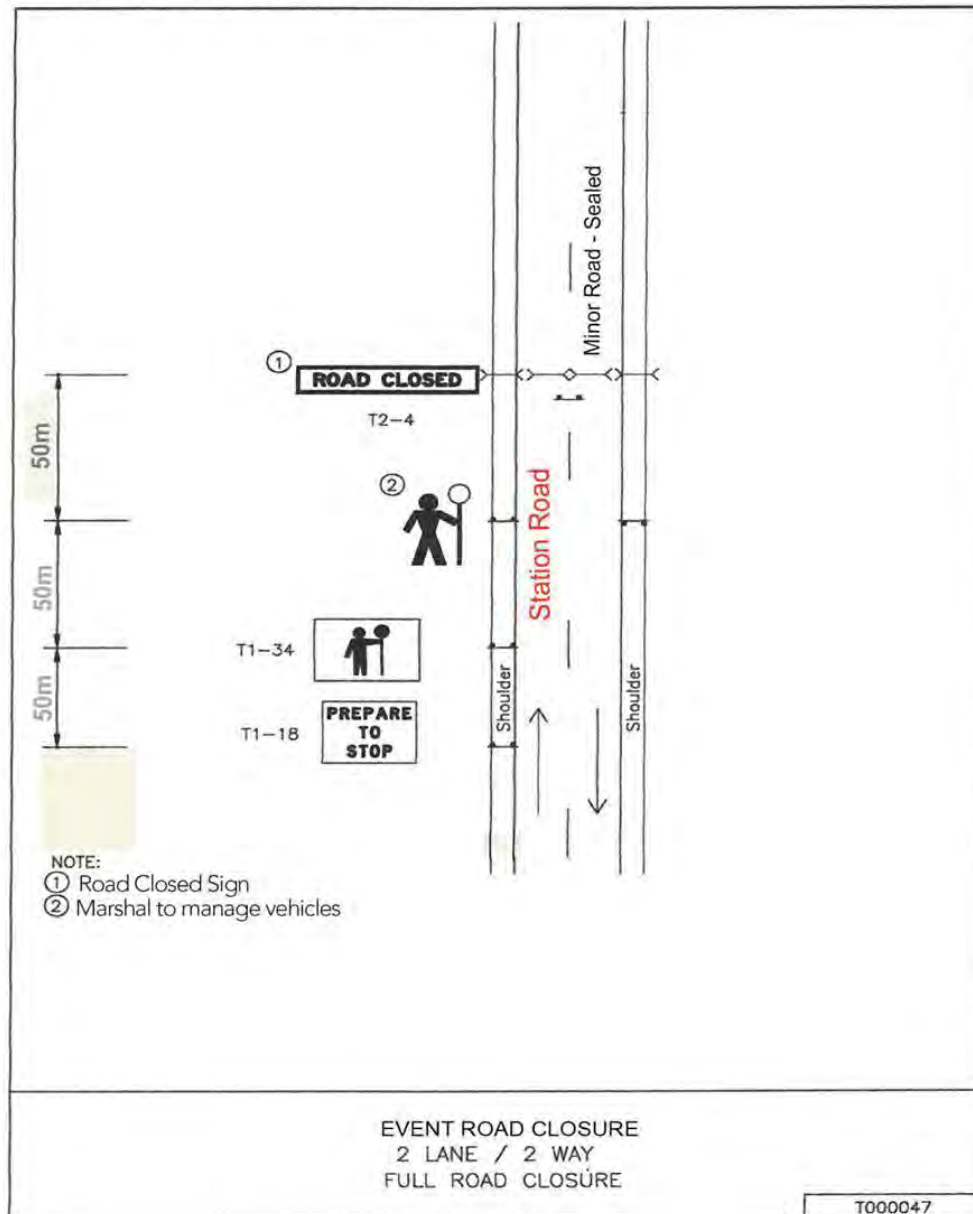
**TYPICAL ROAD CLOSURE SET UP FOR STREET PARTIES**



# TCP - A



## Traffic Control Plan for Running Event

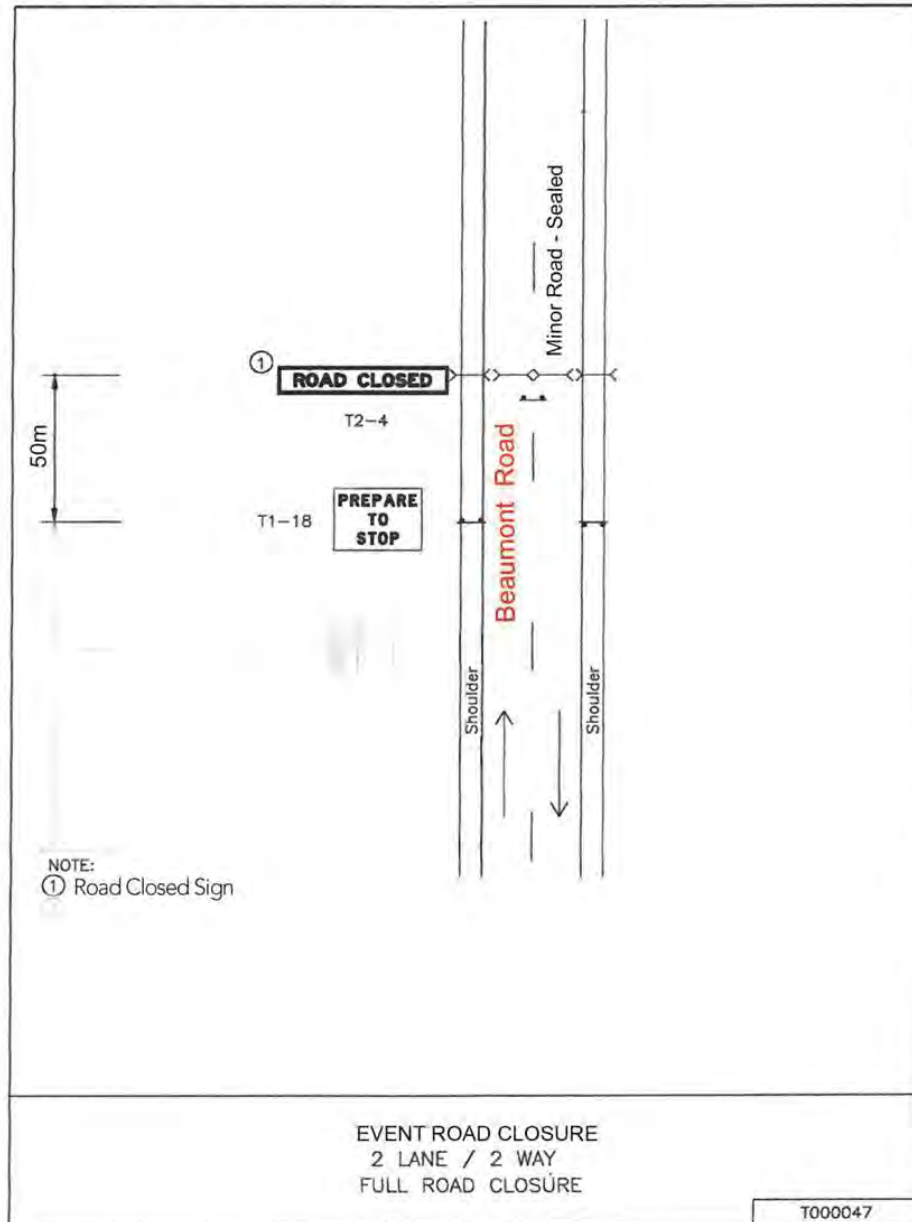


Design and Inspect Traffic Control Plans  
Gary Farebrother  
Certificate No: 2253015609. Exp: 12/Sept/2016

## TCP - B



### Traffic Control Plan for Running Event



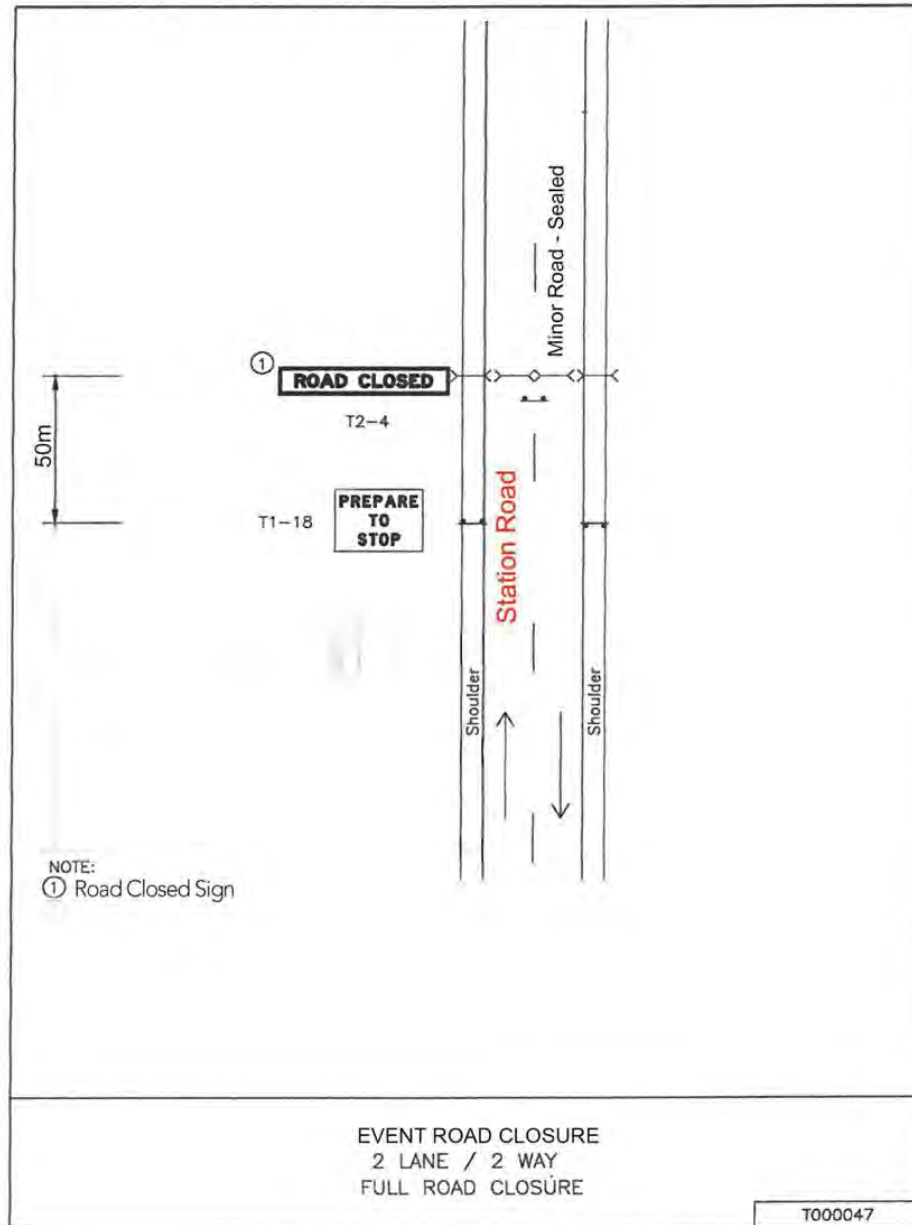
Design and Inspect Traffic Control Plans  
Gary Farebrother  
Certificate No: 2253015609. Exp: 12/Sept/2016



# TCP - C



## Traffic Control Plan for Running Event



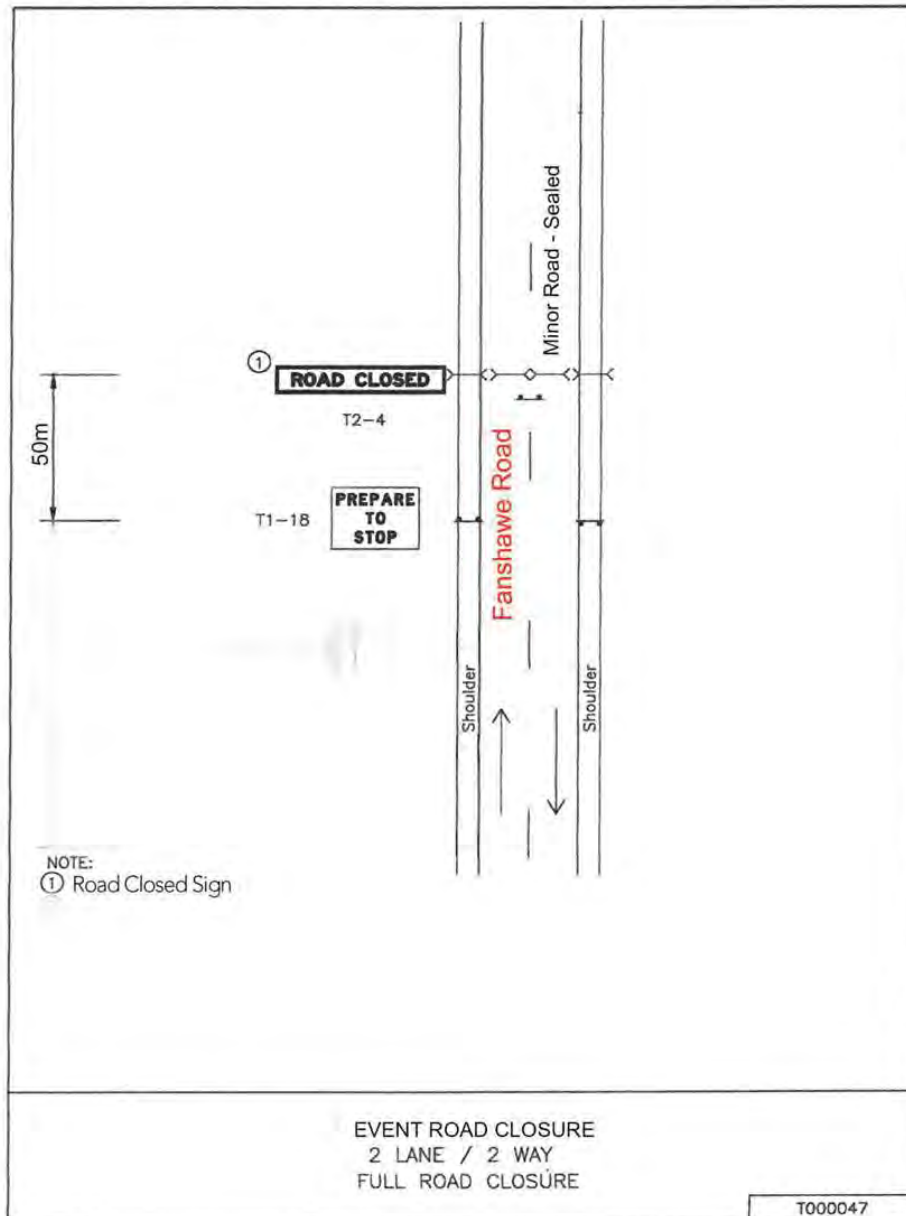
Design and Inspect Traffic Control Plans  
Gary Farebrother  
Certificate No: 2253015609. Exp: 12/Sept/2016



## TCP - D



### Traffic Control Plan for Running Event

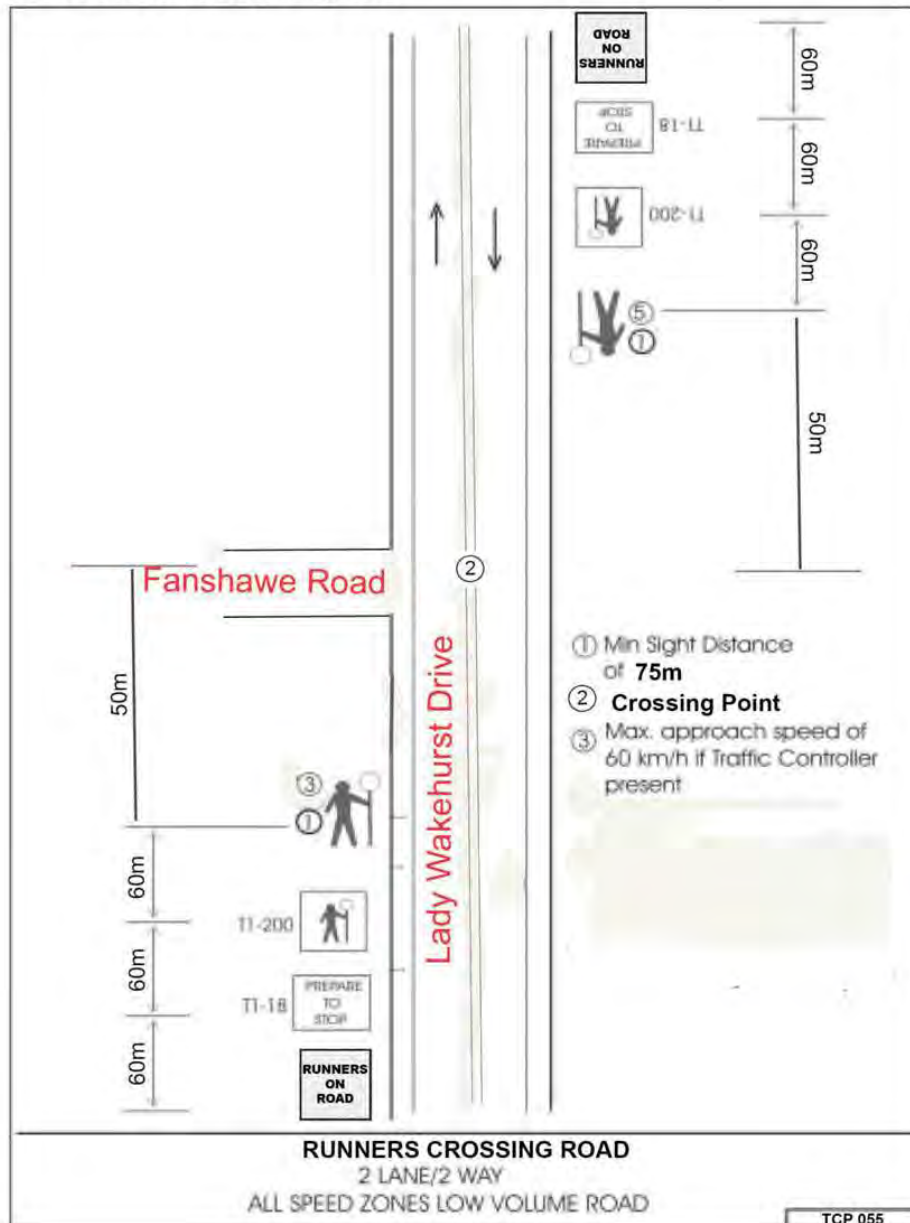


Design and Inspect Traffic Control Plans  
Gary Farebrother  
Certificate No: 2253015609. Exp: 12/Sept/2016

# TCP - E



## Traffic Control Plan for Running Event



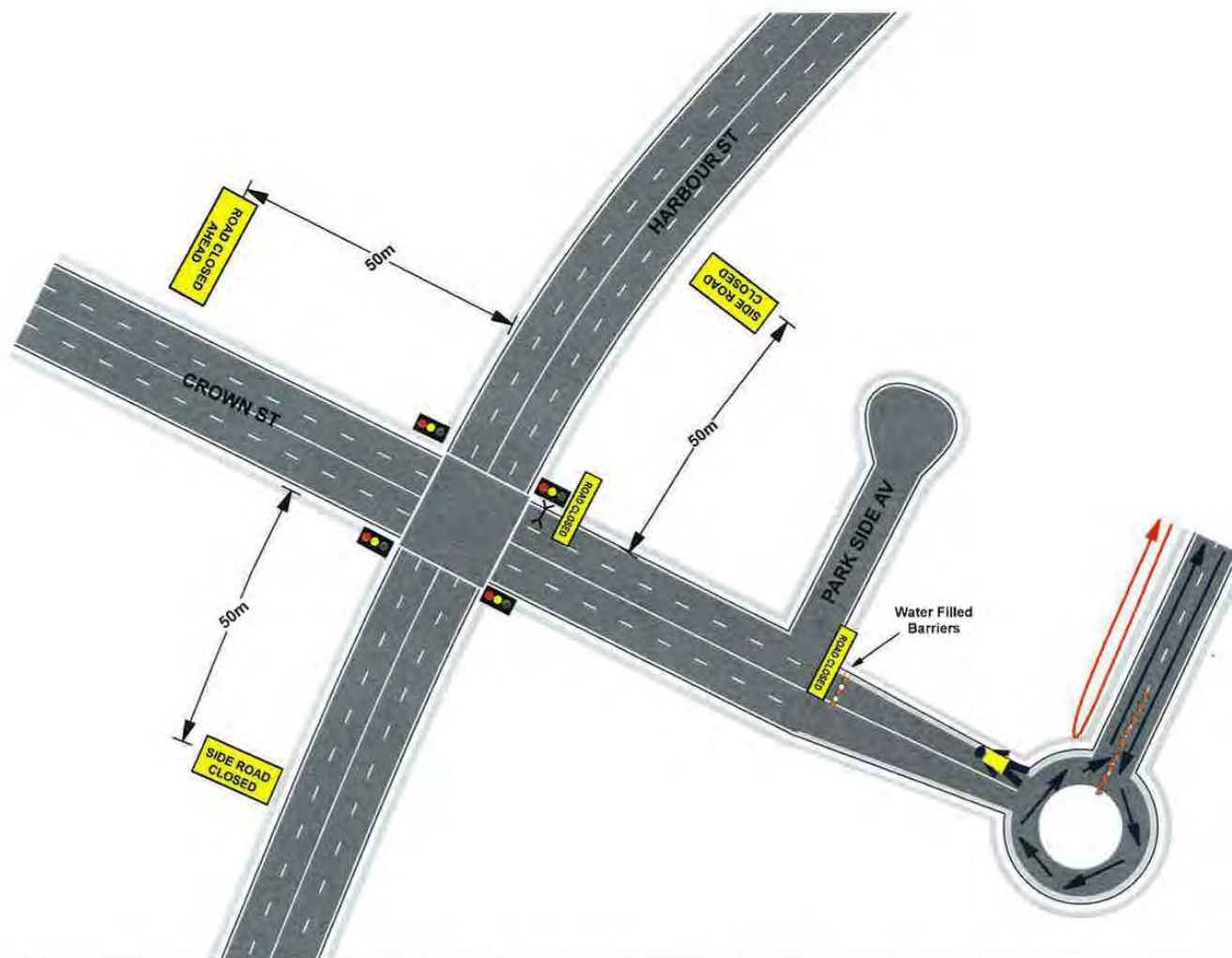
Design and Inspect Traffic Control Plans  
Gary Farebrother  
Certificate No: 2253015609. Exp: 12/Sept/2016

## **Additional Sign**

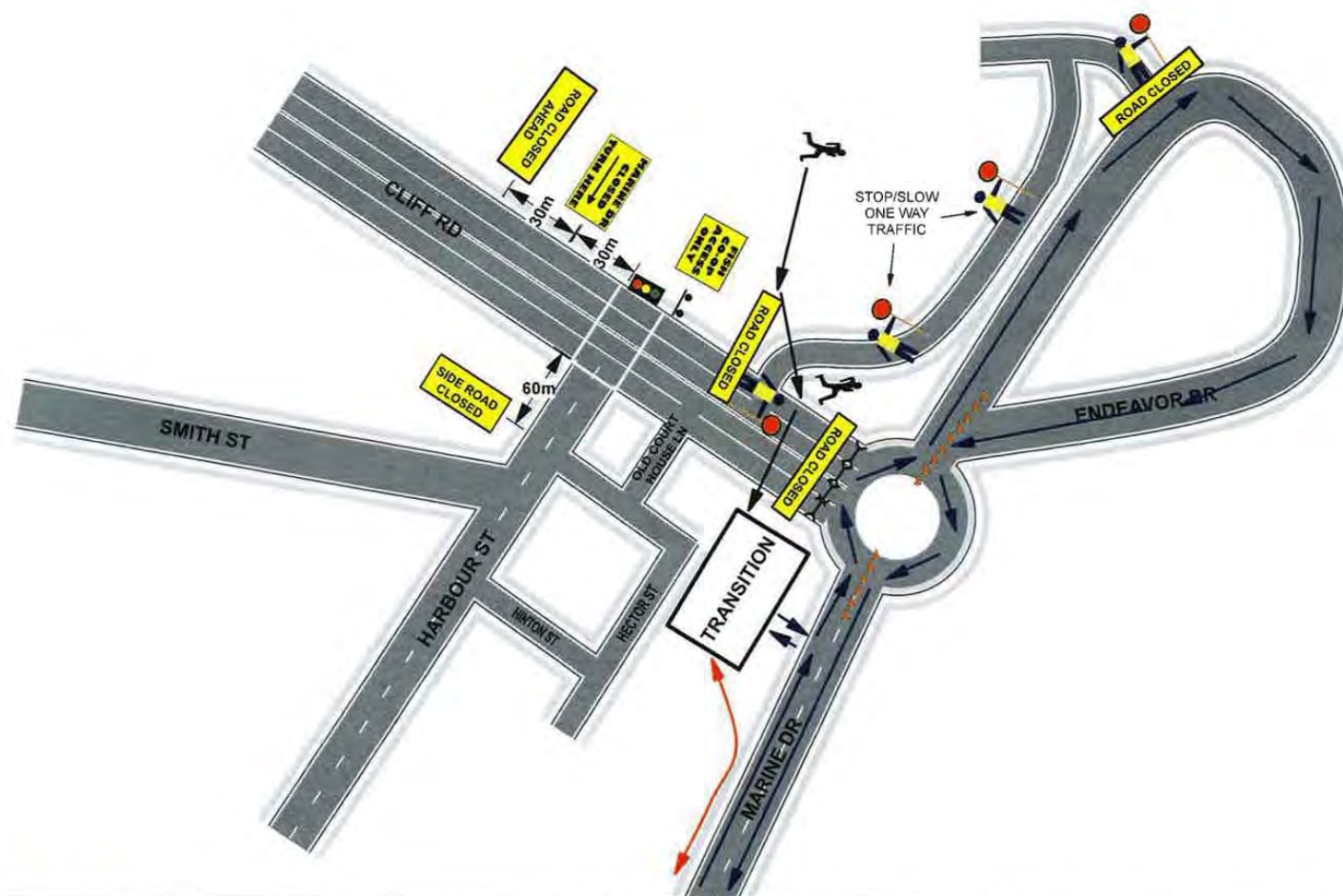
**TCP E**

**“Runners On Road” – 900x900**



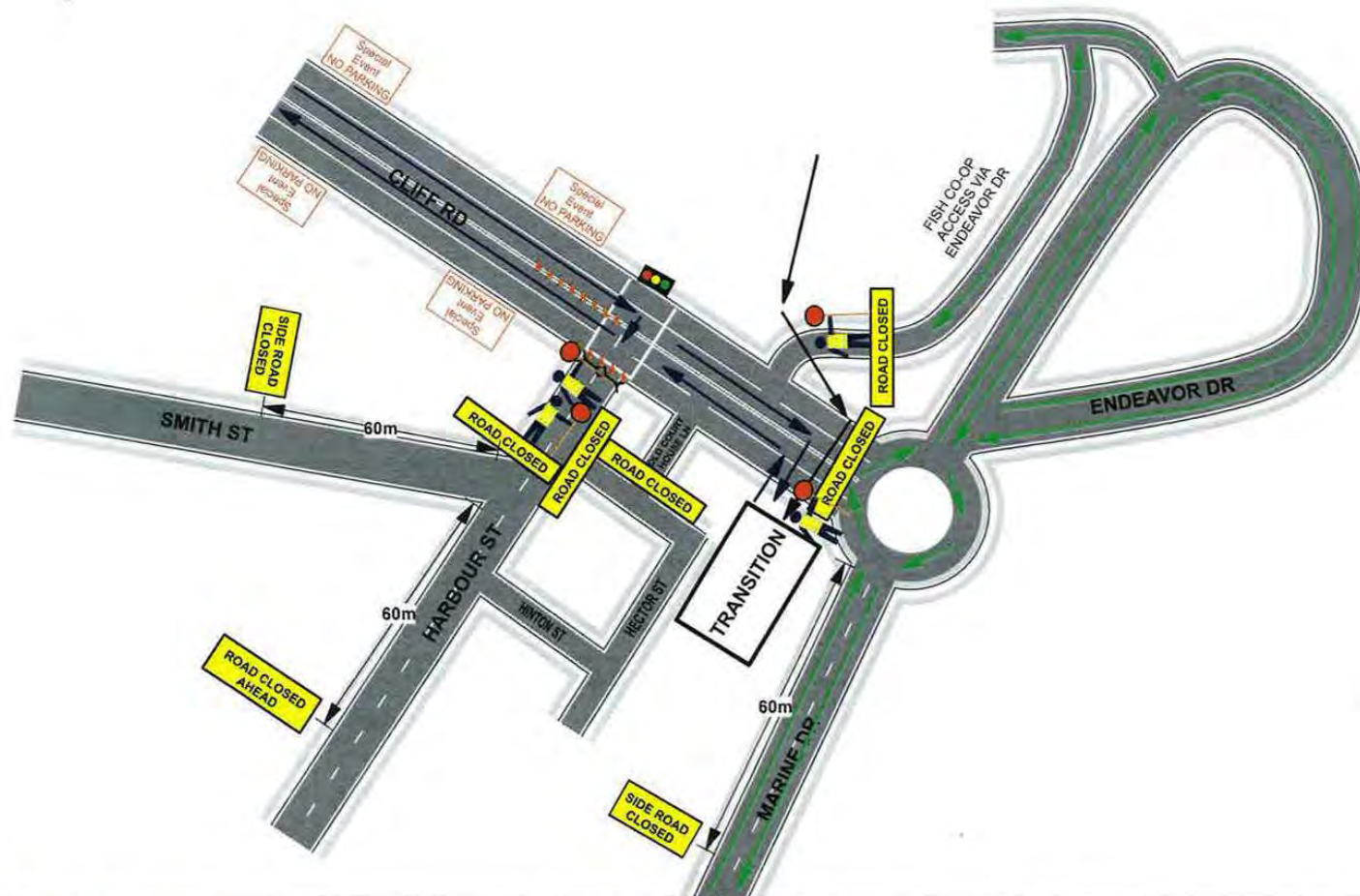


 <b>eliteenergy</b> <small>WOLLONGONG EVENTS MANAGEMENT</small> Plan not to scale	<p><b>LEGEND</b></p> <table><tr><td></td><td>Accredited Traffic Controller</td><td></td><td>Advisory Marshal</td></tr><tr><td></td><td>Cones</td><td></td><td>Barrier Boards</td></tr><tr><td></td><td>Metal Crowd Barriers</td><td></td><td>Signage</td></tr><tr><td></td><td>Vehicle Movement</td><td></td><td>Swim to Transition</td></tr><tr><td></td><td></td><td></td><td>Cyclist Movement</td></tr><tr><td></td><td></td><td></td><td>Runner Movement</td></tr></table>		Accredited Traffic Controller		Advisory Marshal		Cones		Barrier Boards		Metal Crowd Barriers		Signage		Vehicle Movement		Swim to Transition				Cyclist Movement				Runner Movement	<p>PREPARED BY: Philippe Jones RMS-PWZTMP # 0030387932 Exp: 19/04/2019</p> <p></p> <p><b>EVENT</b> <b>"trithegong"</b> <b>TRIATHLON</b> <b>FESTIVAL</b></p>	<p>2017 trithegong Wollongong Triathlon Festival 5:30am - 5:30pm Saturday 4th March 2017</p> <p><b>TCP-TTGTF-2017-Sat (Plan 1)</b></p>	<p><b>NOTES</b></p> <ol style="list-style-type: none"><li>1. TCP Designed as a guide only Team Leader to Select &amp; Modify TCP to suit.</li><li>2. All signage is to be removed on completion of works.</li><li>3. Sign distances may vary due to obstruction, driveways etc.</li><li>4. All marshals directing traffic must be RMS accredited.</li></ol> <p><b>SATURDAY ONLY</b></p>	
	Accredited Traffic Controller		Advisory Marshal																										
	Cones		Barrier Boards																										
	Metal Crowd Barriers		Signage																										
	Vehicle Movement		Swim to Transition																										
			Cyclist Movement																										
			Runner Movement																										



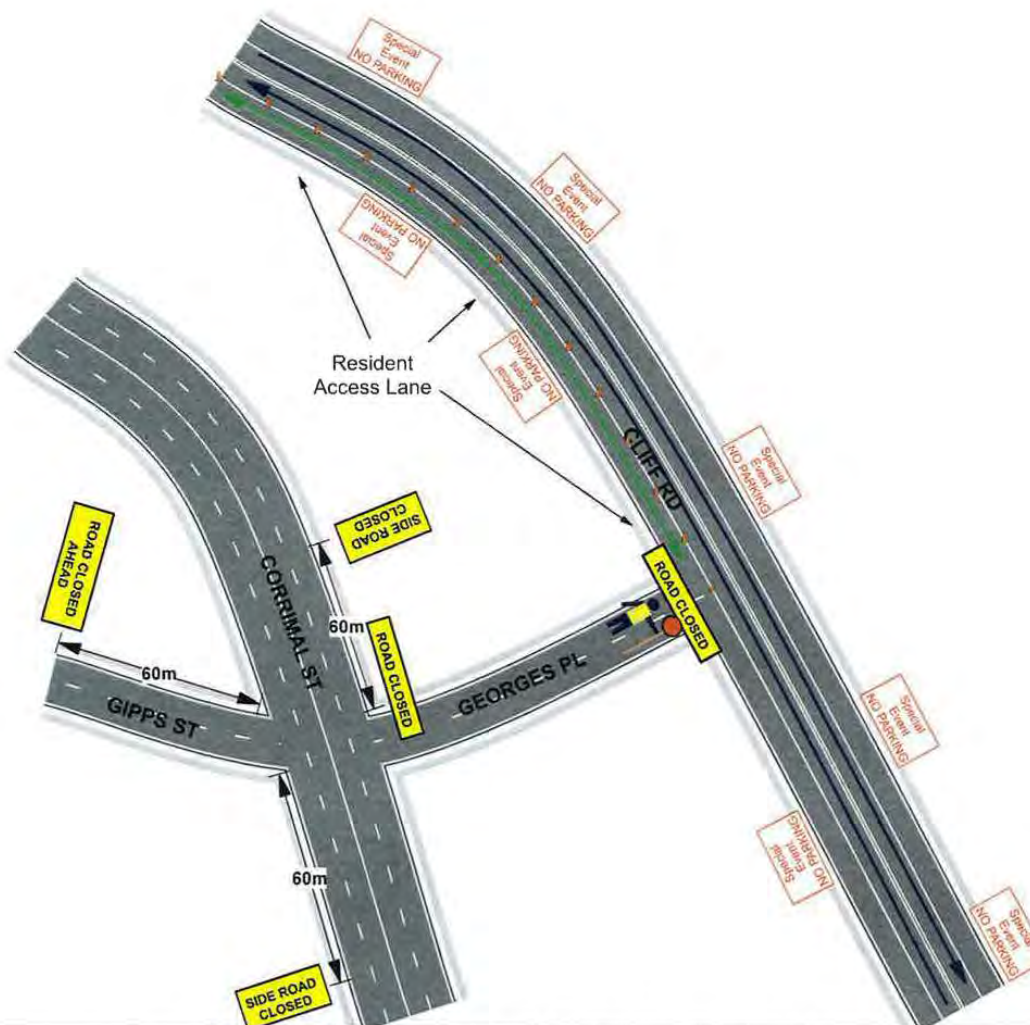
 <b>elitsenergy</b> <small>PLANNING, EVENTS, MANAGEMENT</small> Plan not to scale	<b>LEGEND</b> <div> Accredited Traffic Controller</div> <div> Advisory Marshal</div> <div> Cones</div> <div> Barrier Boards</div> <div> Signage</div> <div> Metal Crowd Barriers</div> <div> Swim to Transition</div> <div> Vehicle Movement</div> <div> Cyclist Movement</div> <div> Runner Movement</div>		PREPARED BY: Philippe Jones RMS-PWZTMP # 0030387932 Exp: 19/04/2019 	2017 tri hegong Wollongong Triathlon Festival 5:30am - 5:30pm Saturday 4th March 2017	<b>NOTES</b> 1. TCP Designed as a guide only Team Leader to Select & Modify TCP to suit. 2. All signage is to be removed on completion of works. 3. Sign distances may vary due to obstruction, driveways etc. 4. All marshals directing traffic must be RMS accredited.	
			<b>EVENT</b> "trithegong" TRIATHLON FESTIVAL	TCP-TGTF-2017-Sat (Plan 2)		



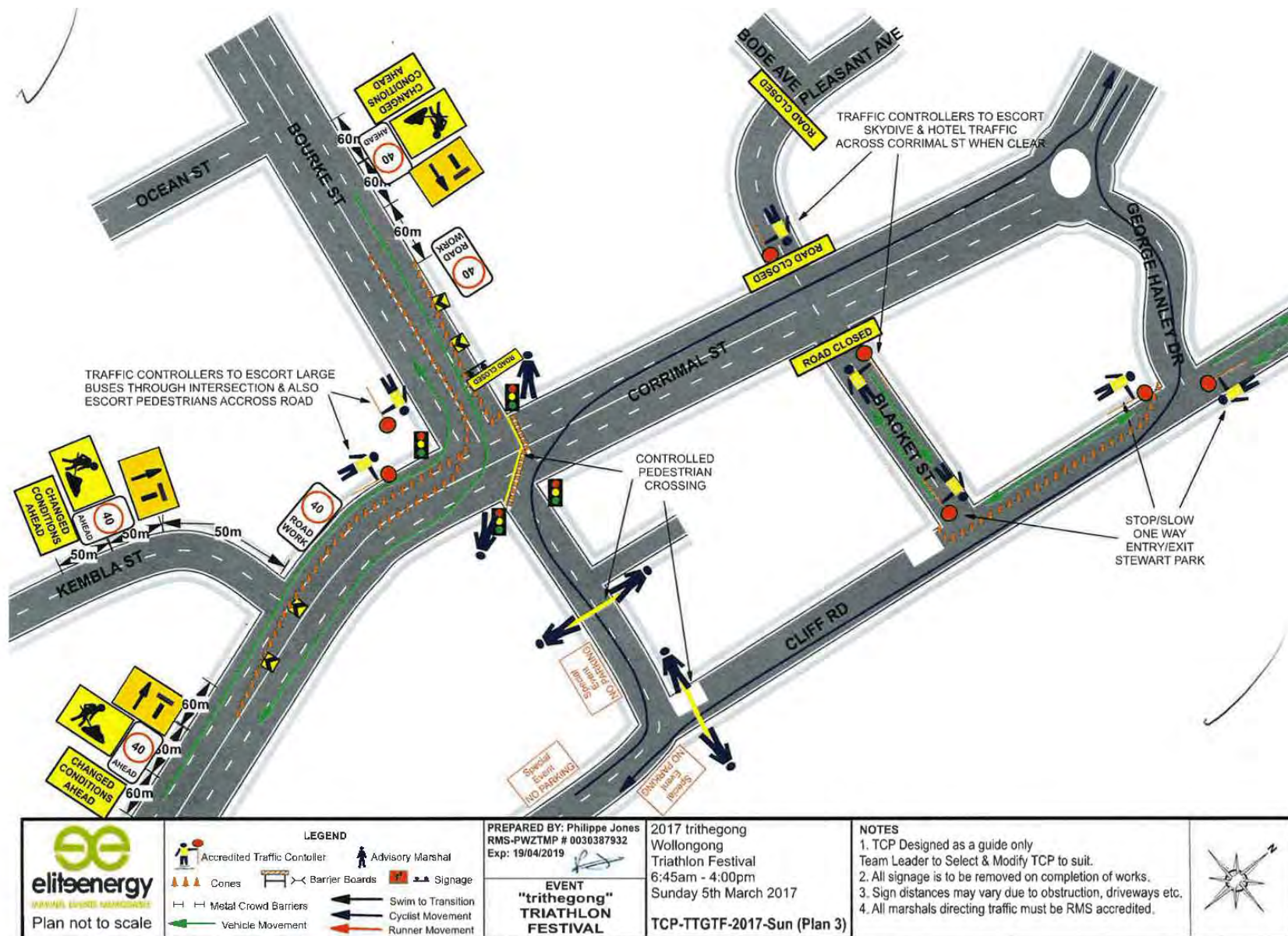


 <b>eliteenergy</b> <small>MAKING SENSE OF ENERGY</small> Plan not to scale	<b>LEGEND</b> <div style="display: flex; justify-content: space-between;"> <div>  Accredited Traffic Controller   Cones   Metal Crowd Barriers   Vehicle Movement         </div> <div>  Barrier Boards   Swim to Transition   Cyclist Movement   Runner Movement         </div> <div>  Advisory Marshal   Signage         </div> </div>	PREPARED BY: Philippe Jones RMS-PWZTMP # 0030387932 Exp: 19/04/2019  <b>EVENT</b> <b>"trithegong"</b> <b>TRIATHLON</b> <b>FESTIVAL</b>	2017 trithegong Wollongong Triathlon Festival 6:45am - 4:00pm Sunday 5th March 2017  <b>TCP-TTGTf-2017-Sun (Plan 1)</b>	<b>NOTES</b> 1. TCP Designed as a guide only Team Leader to Select & Modify TCP to suit. 2. All signage is to be removed on completion of works. 3. Sign distances may vary due to obstruction, driveways etc. 4. All marshals directing traffic must be RMS accredited.	
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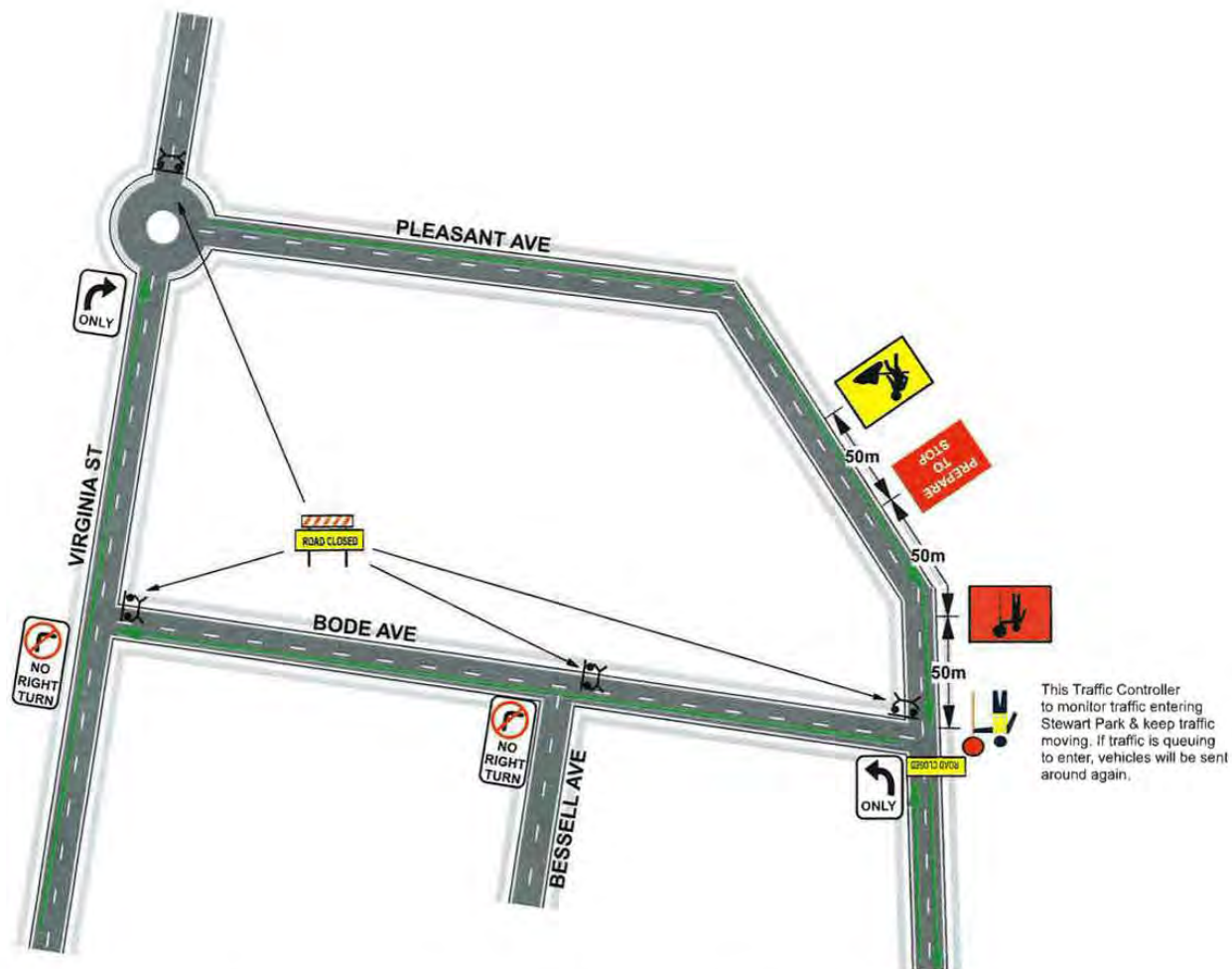




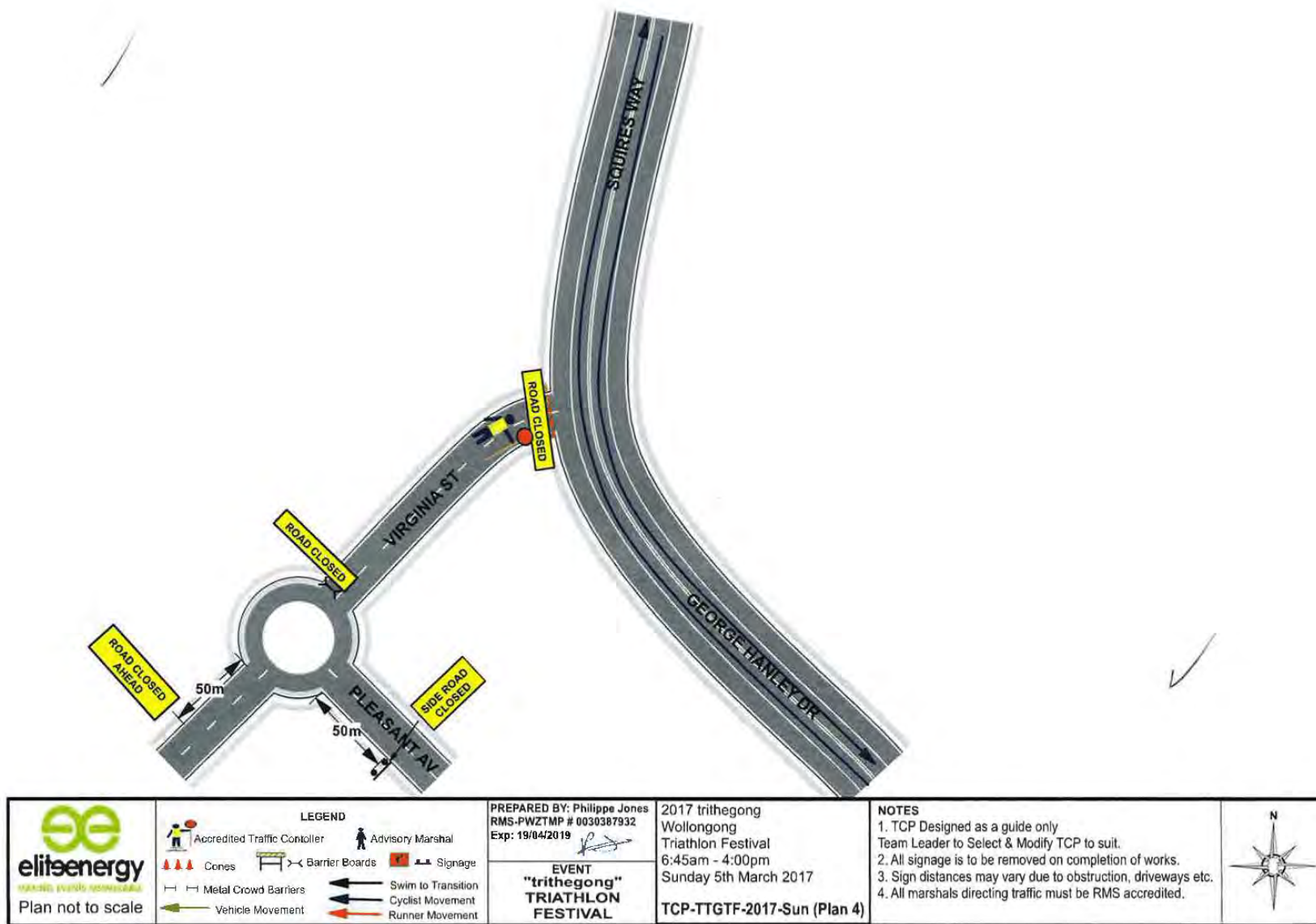
 eliteenergy <small>DESIGNING EVENTS AND MOBILITIES</small> Plan not to scale	<b>LEGEND</b> <div style="display: flex; justify-content: space-between;"> <div>  Accredited Traffic Controller   Cones   Metal Crowd Barriers   Vehicle Movement         </div> <div>  Barrier Boards   Swim to Transition   Cyclist Movement   Runner Movement         </div> <div>  Advisory Marshal   Signage         </div> </div>	PREPARED BY: Philippe Jones RMS-PWZTMP # 0030387932 Exp: 19/04/2019  <b>EVENT</b> <b>"trithegong"</b> <b>TRIATHLON</b> <b>FESTIVAL</b>	2017 trithegong Wollongong Triathlon Festival 6:45am - 4:00pm Sunday 5th March 2017  <b>TCP-TTGTF-2017-Sun (Plan 2)</b>	<b>NOTES</b> 1. TCP Designed as a guide only Team Leader to Select & Modify TCP to suit. 2. All signage is to be removed on completion of works. 3. Sign distances may vary due to obstruction, driveways etc. 4. All marshals directing traffic must be RMS accredited.	
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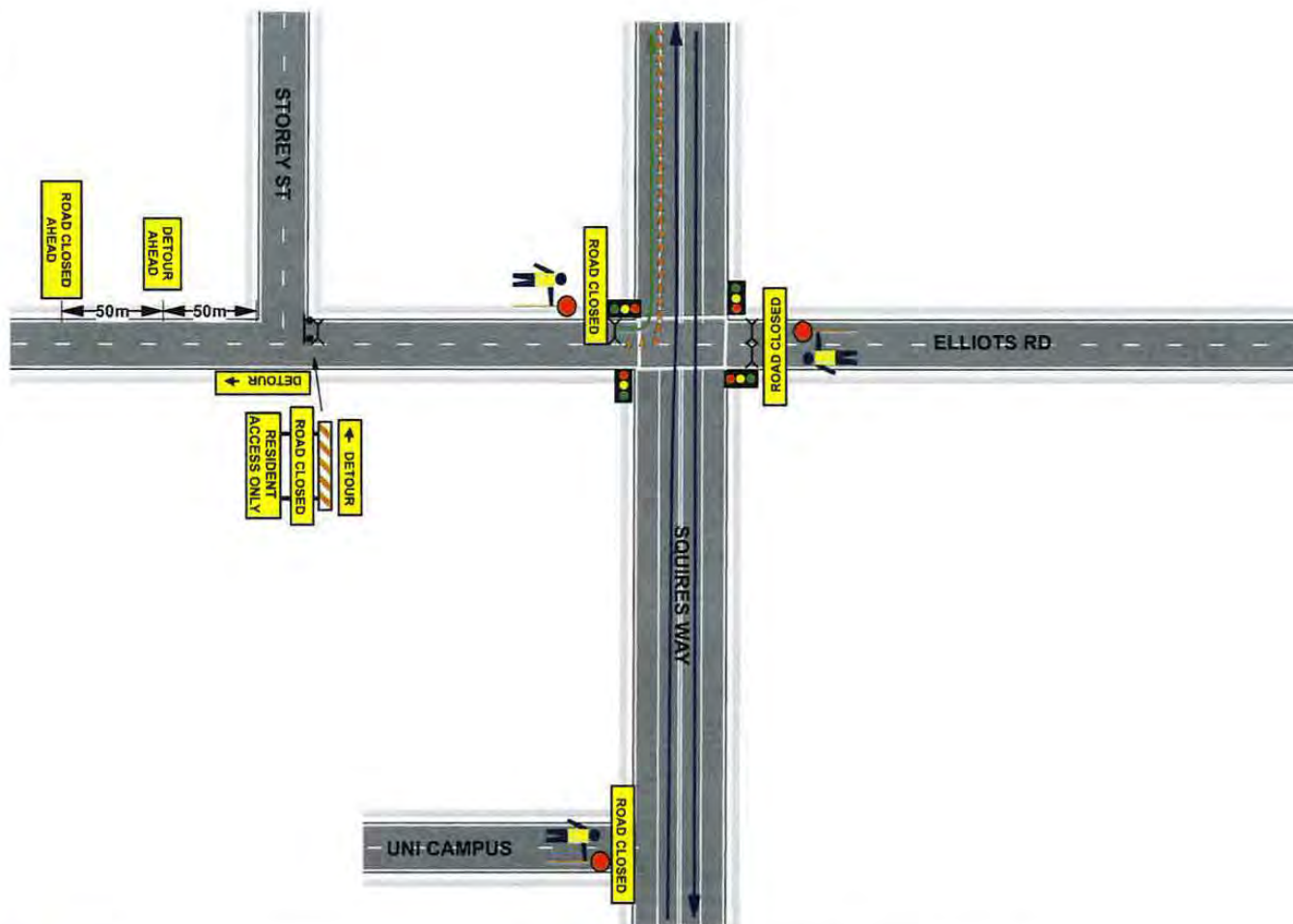




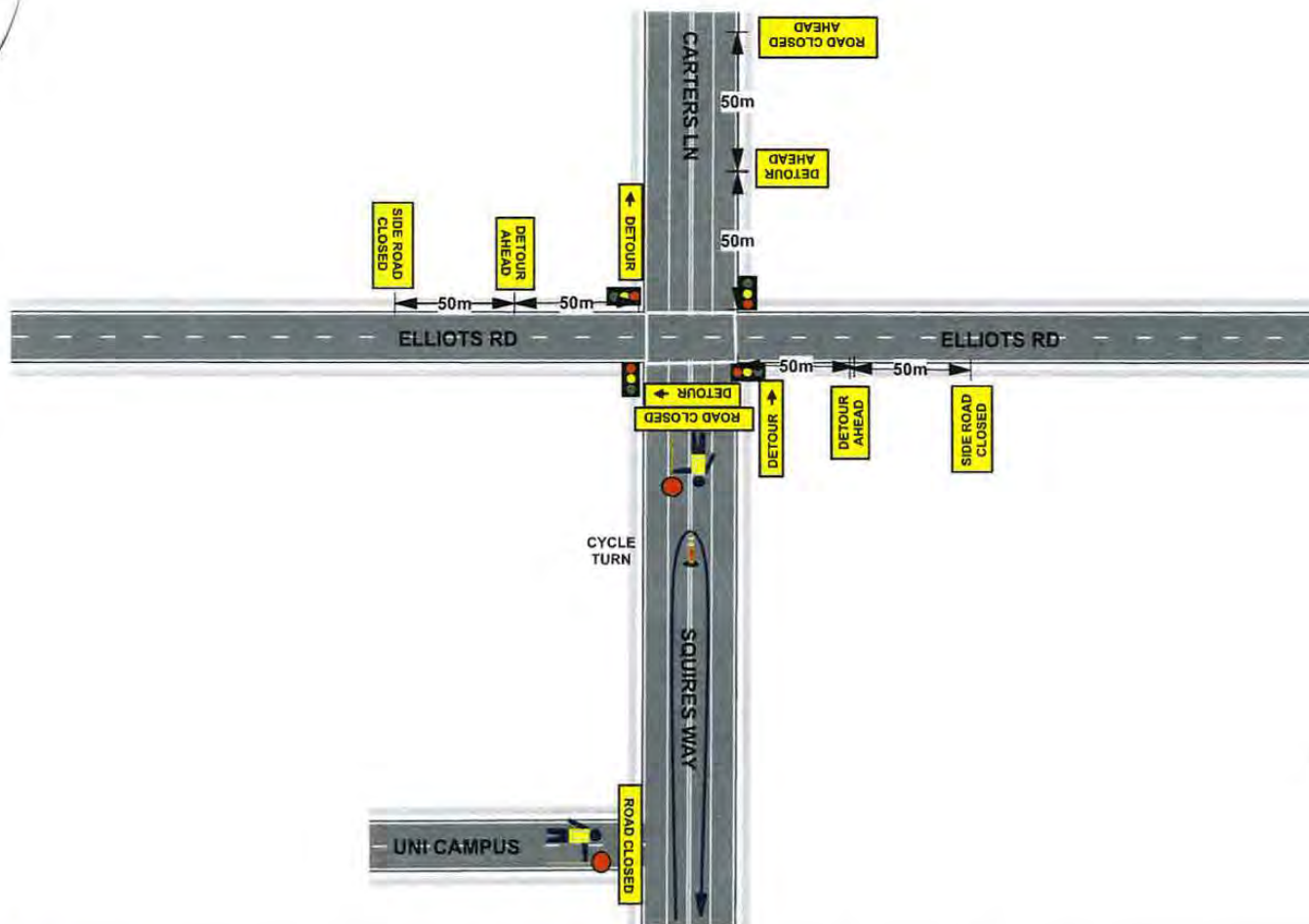


 <b>elisenenergy</b> <small>MANAGE. BUILD. MAINTAIN.</small> Plan not to scale	<b>LEGEND</b>  Accredited Traffic Controller  Advisory Marshal  Cones  Barrier Boards  Signage  Metal Crowd Barriers  Swim to Transition  Vehicle Movement  Cyclist Movement 	
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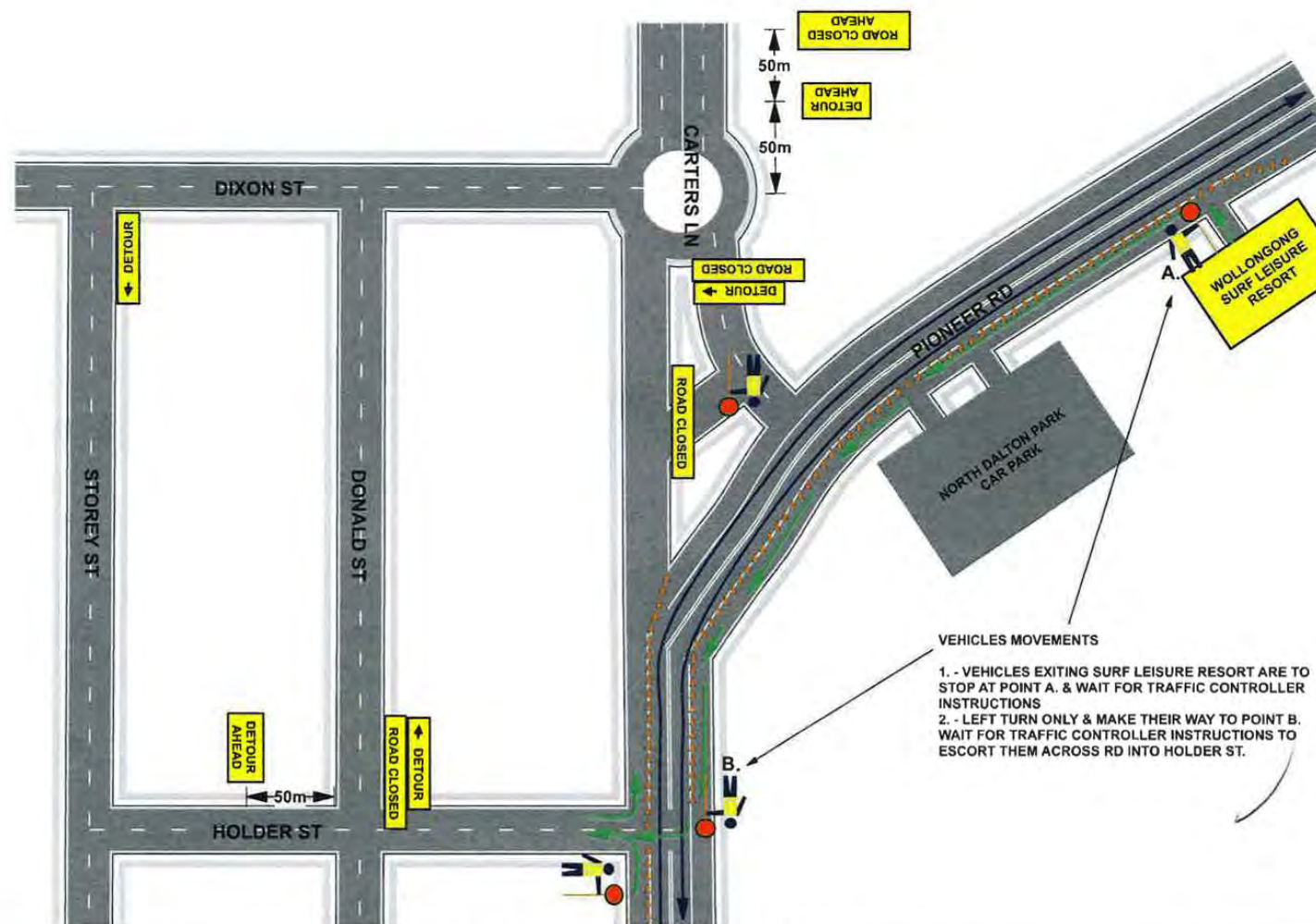


 <p>eliteenergy</p> <p>Plan not to scale</p>	<p><b>LEGEND</b></p> <p>Accredited Traffic Controller</p> <p>Advisory Marshal</p> <p>Cones</p> <p>Barrier Boards</p> <p>Signage</p> <p>Metal Crowd Barriers</p> <p>Swim to Transition</p> <p>Cyclist Movement</p> <p>Vehicle Movement</p> <p>Runner Movement</p>	<p>PREPARED BY: Philippe Jones RMS-PWZTMP # 0030387932 Exp: 19/04/2019</p> <p><b>EVENT</b> "trithegong" TRIATHLON FESTIVAL</p>	<p>2017 trithegong Wollongong Triathlon Festival 6:45am - 4:00pm Sunday 5th March 2017</p> <p>TCP-TTGTF-2017-Sun (Plan 5)</p>	<p><b>NOTES</b></p> <ol style="list-style-type: none"> <li>1. TCP Designed as a guide only Team Leader to Select &amp; Modify TCP to suit.</li> <li>2. All signage is to be removed on completion of works.</li> <li>3. Sign distances may vary due to obstruction, driveways etc.</li> <li>4. All marshals directing traffic must be RMS accredited.</li> </ol>	
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 <p>Plan not to scale</p>	<p><b>LEGEND</b></p> <ul style="list-style-type: none"> <li>Accredited Traffic Controller</li> <li>Advisory Marshal</li> <li>Cones</li> <li>Barrier Boards</li> <li>Signage</li> <li>Metal Crowd Barriers</li> <li>Swim to Transition</li> <li>Cyclist Movement</li> <li>Vehicle Movement</li> <li>Runner Movement</li> </ul>	<p>PREPARED BY: Philippe Jones RMS-PWZTMP # 0030387932 Exp: 19/04/2019</p> <p><b>EVENT</b> "trithegong" TRIATHLON FESTIVAL</p>	<p>2017 trithegong Wollongong Triathlon Festival 6:45am - 4:00pm Sunday 5th March 2017</p> <p>TCP-TTGTf-2017-Sun (Plan 5A)</p>	<p><b>NOTES</b></p> <ol style="list-style-type: none"> <li>1. TCP Designed as a guide only Team Leader to Select &amp; Modify TCP to suit.</li> <li>2. All signage is to be removed on completion of works.</li> <li>3. Sign distances may vary due to obstruction, driveways etc.</li> <li>4. All marshals directing traffic must be RMS accredited.</li> </ol>	
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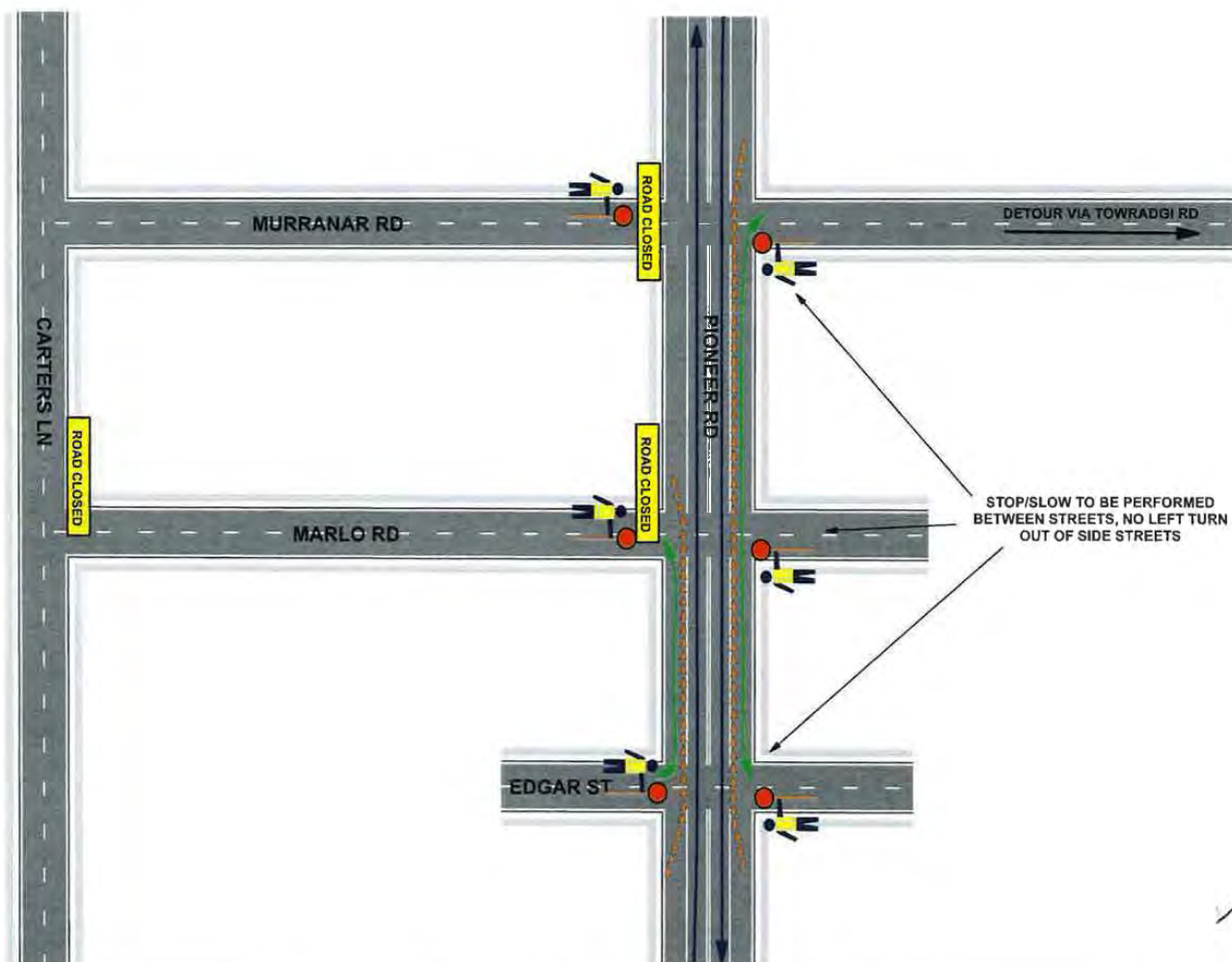




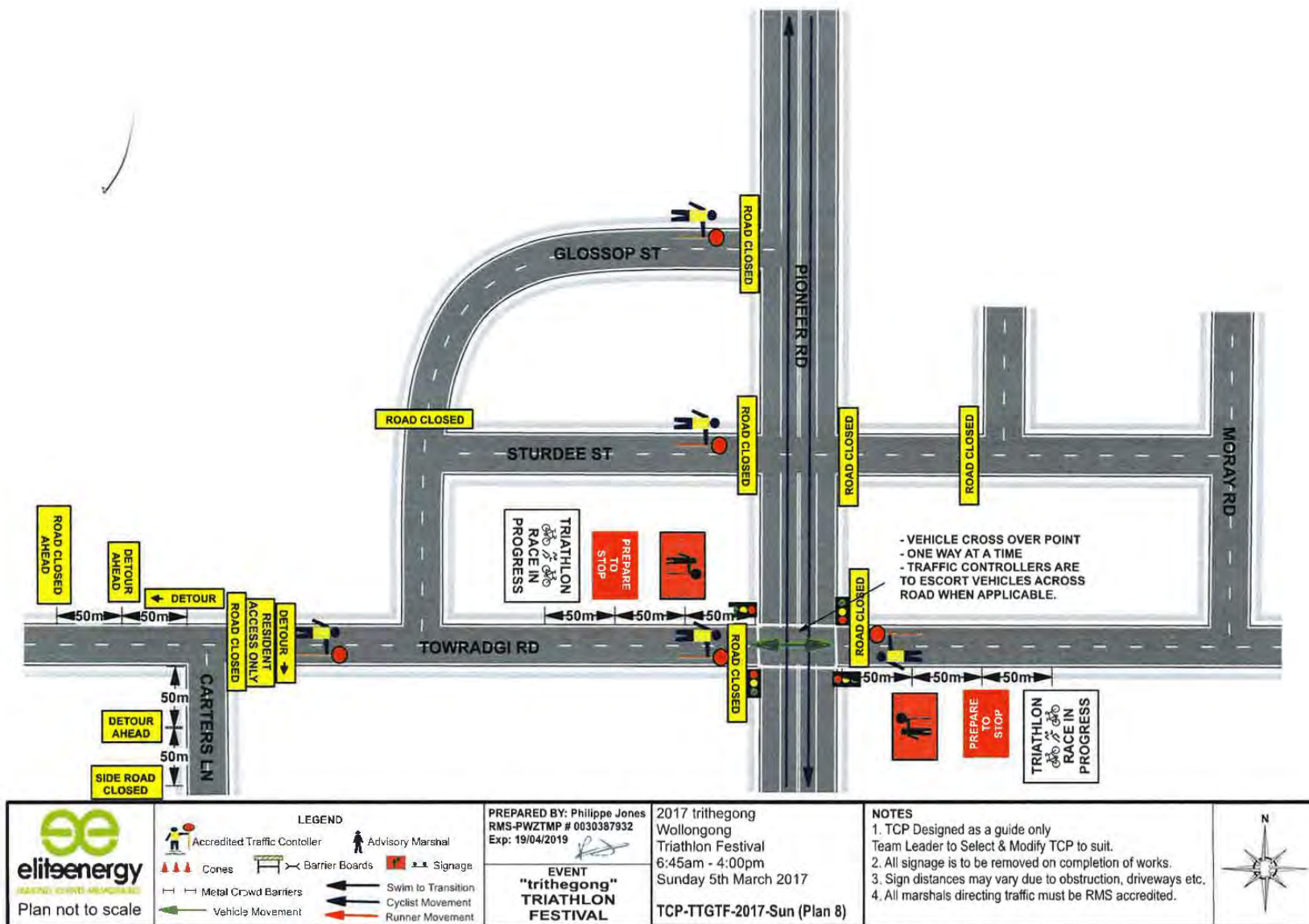
#### VEHICLES MOVEMENTS

1. - VEHICLES EXITING SURF LEISURE RESORT ARE TO STOP AT POINT A. & WAIT FOR TRAFFIC CONTROLLER INSTRUCTIONS
2. - LEFT TURN ONLY & MAKE THEIR WAY TO POINT B. WAIT FOR TRAFFIC CONTROLLER INSTRUCTIONS TO ESCORT THEM ACROSS RD INTO HOLDER ST.

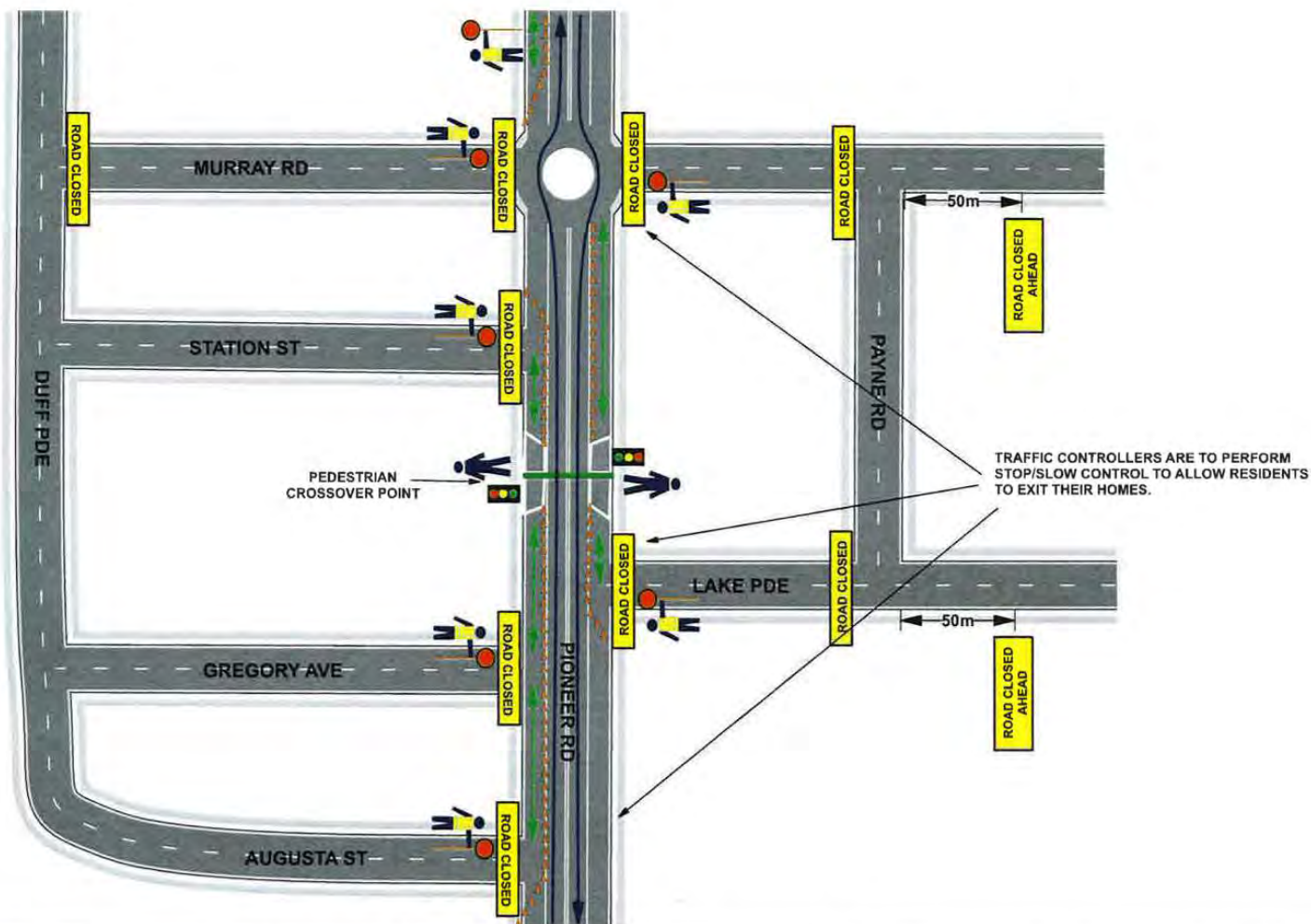
<p>eliteenergy</p> <p>Plan not to scale</p>	<p><b>LEGEND</b></p> <p>Accredited Traffic Controller Cones Metal Crowd Barriers Vehicle Movement</p> <p>Advisory Marshal Barrier Boards Swim to Transition Cyclist Movement Runner Movement</p>	<p>PREPARED BY: Philippe Jones RMS-PWZTMP # 0030387932 Exp: 19/04/2019</p> <p><b>EVENT</b> "trithegong" TRIATHLON FESTIVAL</p>	<p>2017 trithegong Wollongong Triathlon Festival 6:45am - 4:00pm Sunday 5th March 2017</p> <p>TCP-TTGTf-2017-Sun (Plan 6)</p>	<p><b>NOTES</b></p> <ol style="list-style-type: none"> <li>1. TCP Designed as a guide only Team Leader to Select &amp; Modify TCP to suit.</li> <li>2. All signage is to be removed on completion of works.</li> <li>3. Sign distances may vary due to obstruction, driveways etc.</li> <li>4. All marshals directing traffic must be RMS accredited.</li> </ol>	
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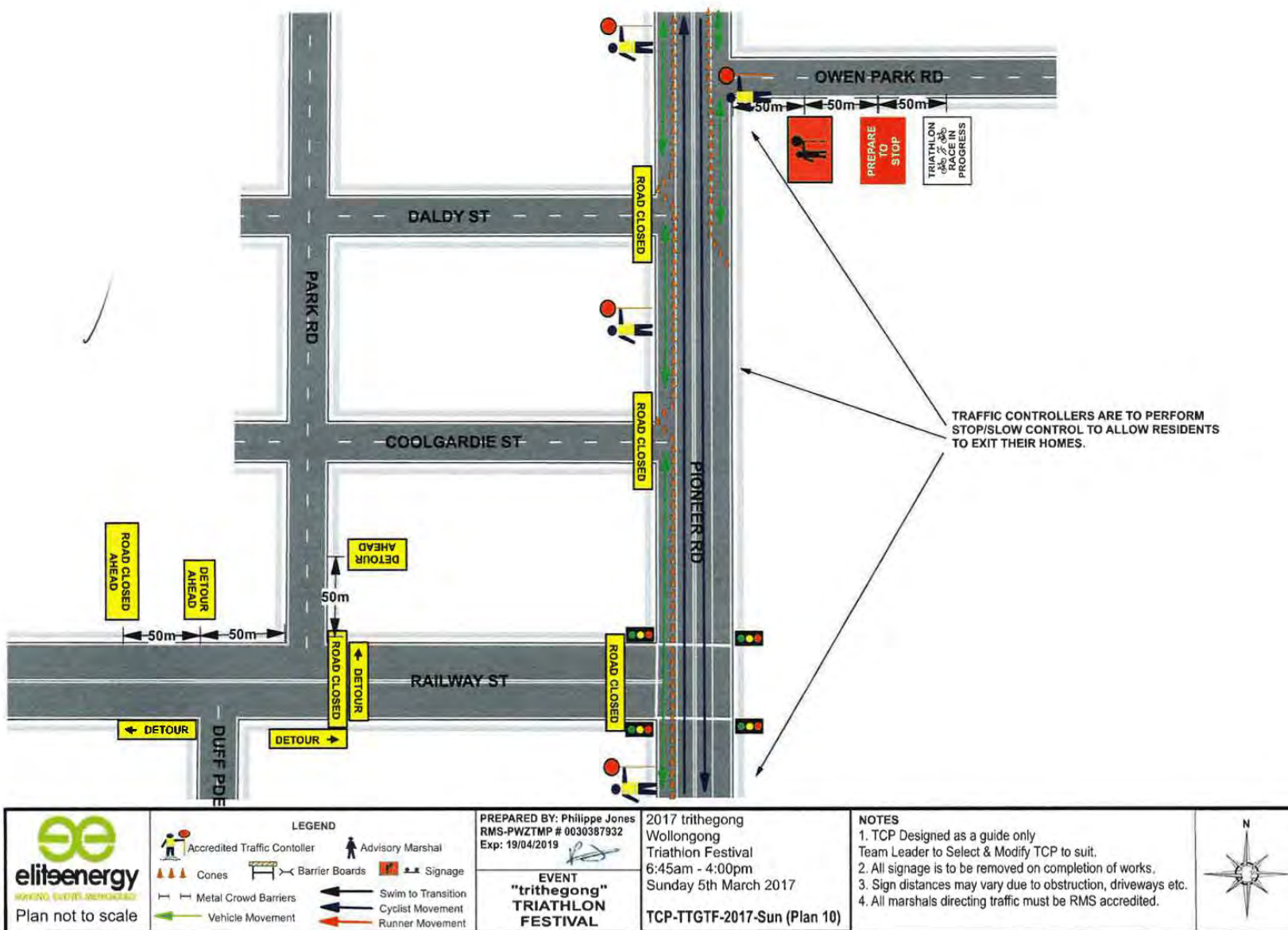
 <b>eliteenergy</b> <small>WOLLONGONG EVENTS MANAGEMENT</small> Plan not to scale	<b>LEGEND</b> <div>  Accredited Traffic Controller            Advisory Marshal         </div> <div>  Cones            Barrier Boards            Signage         </div> <div>  Metal Crowd Barriers            Swim to Transition         </div> <div>  Vehicle Movement            Cyclist Movement            Runner Movement         </div>	PREPARED BY: Philippe Jones RMS-PWZTMP # 0030387932 Exp: 19/04/2019  <b>EVENT</b> <b>"trithegong"</b> <b>TRIATHLON</b> <b>FESTIVAL</b>	2017 trithegong Wollongong Triathlon Festival 6:45am - 4:00pm Sunday 5th March 2017 <b>TCP-TTGTF-2017-Sun (Plan 7)</b>	<b>NOTES</b> 1. TCP Designed as a guide only Team Leader to Select & Modify TCP to suit. 2. All signage is to be removed on completion of works. 3. Sign distances may vary due to obstruction, driveways etc. 4. All marshals directing traffic must be RMS accredited.	
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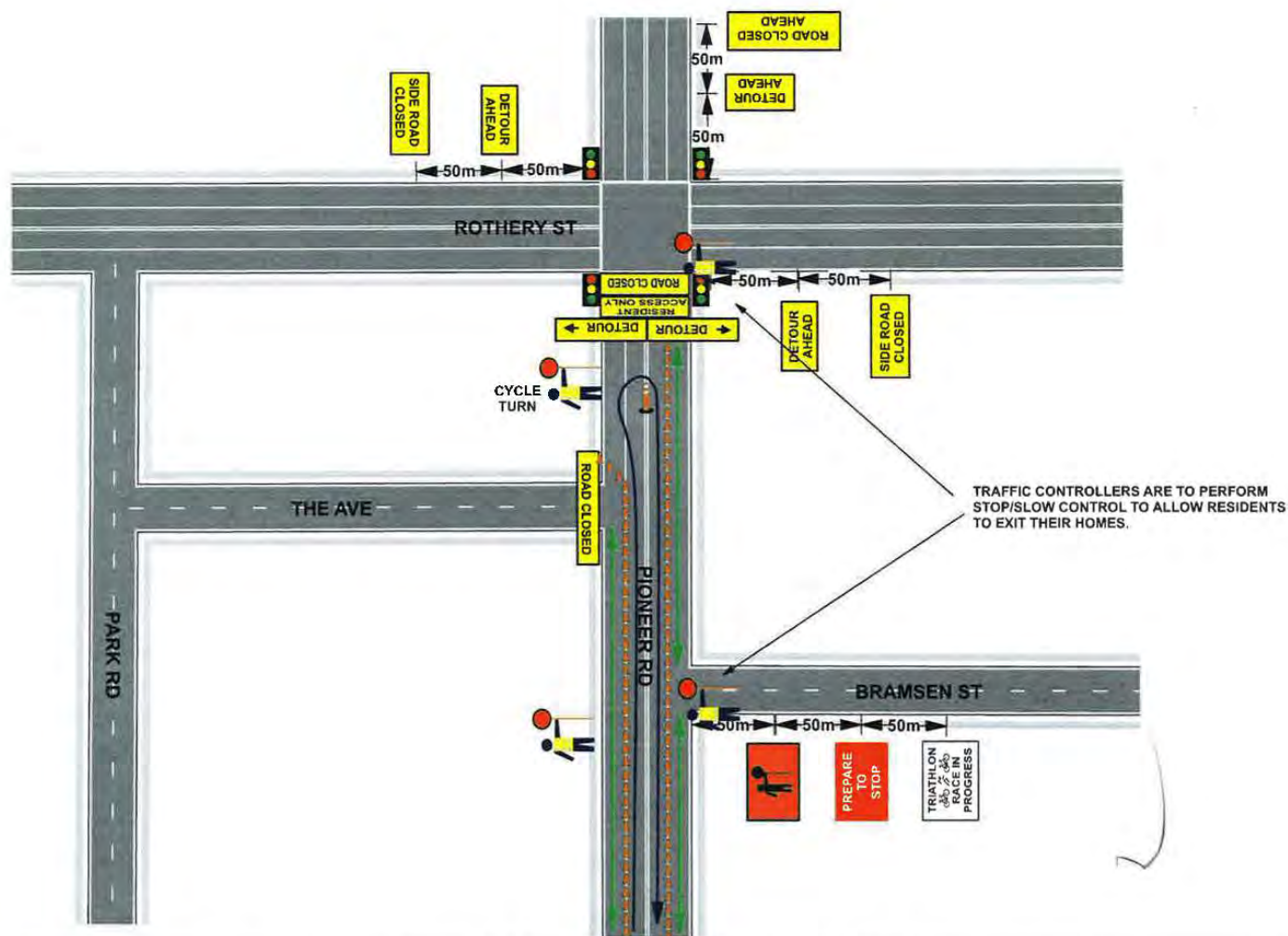






 <p>eliteenergy</p> <p>Plan not to scale</p>	<p><b>LEGEND</b></p> <ul style="list-style-type: none"> <li>Accredited Traffic Controller</li> <li>Advisory Marshal</li> <li>Cones</li> <li>Barrier Boards</li> <li>Signage</li> <li>Metal Crowd Barriers</li> <li>Swim to Transition</li> <li>Cyclist Movement</li> <li>Vehicle Movement</li> <li>Runner Movement</li> </ul>	<p>PREPARED BY: Philippe Jones RMS-PWZTMP # 0030387932 Exp: 19/04/2019</p> <p><b>EVENT</b> "trithegong" TRIATHLON FESTIVAL</p>	<p>2017 trithegong Wollongong Triathlon Festival 6:45am - 4:00pm Sunday 5th March 2017</p> <p>TCP-TTGTF-2017-Sun (Plan 9)</p>	<p><b>NOTES</b></p> <ol style="list-style-type: none"> <li>1. TCP Designed as a guide only Team Leader to Select &amp; Modify TCP to suit.</li> <li>2. All signage is to be removed on completion of works.</li> <li>3. Sign distances may vary due to obstruction, driveways etc.</li> <li>4. All marshals directing traffic must be RMS accredited.</li> </ol>	
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 <p>eliteenergy</p> <p>Plan not to scale</p>	<p><b>LEGEND</b></p> <p>Accredited Traffic Controller</p> <p>Advisory Marshal</p> <p>Cones</p> <p>Barrier Boards</p> <p>Signage</p> <p>Metal Crowd Barriers</p> <p>Swim to Transition</p> <p>Cyclist Movement</p> <p>Vehicle Movement</p> <p>Runner Movement</p>	<p>PREPARED BY: Philippe Jones RMS-PWZTMP # 0030387932 Exp: 19/04/2019</p> <p><b>EVENT</b> <b>"trithegong"</b> <b>TRIATHLON</b> <b>FESTIVAL</b></p>	<p>2017 trithegong Wollongong Triathlon Festival 6:45am - 4:00pm Sunday 5th March 2017</p> <p>TCP-TTGTF-2017-Sun (Plan 11)</p>	<p><b>NOTES</b></p> <ol style="list-style-type: none"> <li>1. TCP Designed as a guide only Team Leader to Select &amp; Modify TCP to suit.</li> <li>2. All signage is to be removed on completion of works.</li> <li>3. Sign distances may vary due to obstruction, driveways etc.</li> <li>4. All marshals directing traffic must be RMS accredited.</li> </ol>	
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# TRAFFIC CONTROL PLAN FOR RUN WOLLONGONG 2016

www.invarion.com

- 1) This Traffic control plan is for Run Wollongong 2016
- 2) Traffic Controllers to manage traffic around event area
- 3) Traffic Controllers to only control one lane of traffic at any time i.e. one Traffic Controller required for each live lane of traffic
- 4) Traffic Controllers to be relieved every 2hrs when on stop/slow (or suitable change of duties as per TCAWS)
- 5) Traffic Controllers to ensure they have an escape route at all times and wear appropriate PPE
- 6) Minimum lane width of 3.5m to be maintained at all times
- 7) Minimum width of 1.2m shall be maintained at all times for pedestrians to pass unhindered
- 8) Pedestrians shall not be directed onto roadway unless traffic controllers are used to control site and proper measures are put in place to conform with AS 1742.3
- 9) Cone spacing's to comply with TCAWS table 5.1 , taper lengths to comply with TCAWS table 5.2

## VMS locations

- 1) Fairy Meadow - Squires Road south of Elliotts Rd
- 2) North Wollongong - Princes Hwy/Flinders Street speed camera
- 3) Coniston - Springhill Rd/Corrimal St prior to Keira St
- 4) Wollongong - Corner Swan & Corrimal St's
- 5) North Wollongong - George Hanley Dr prior to Kembla St
- 6) Wollongong - Corrimal St adjacent to Smith St
- 7) Towradgi - Pioneer Rd prior to Towradgi Rd



Page 2 of 4



Client: X-TRI AUSTRALIA (X-TRI EVENTS)

Location: Run Wollongong

Date Drawn: 12/09/2016

Time of Works: 04:30 - 12:00

Job No: Team Leader:

Qualification No:

This site specific TCP is based on TCAWS Manual 2010 and is to be set up and packed up by qualified traffic controllers with current Introduction to Traffic Control at Roadworks (Yellow Card). Any modifications made to this site specific TCP should be made by qualified personnel with current Select and Modify (Red Card) or Design and Audit (Orange Card) and all modifications to be signed off on this TCP along with certification number

Traffic Logistics do not accept responsibility of this traffic control plan if it is not implemented by Traffic Logistics Pty Ltd



North

THIS PLAN IS NOT TO SCALE

9/12/2016 3:16:12 PM

TLTCP: 8993

Rev: B

X-TRI EVENTS





# TRAFFIC CONTROL PLAN FOR RUN WOLLONGONG 2016

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- 9) Cone spacing's to comply with TCAWS table 5.1 , taper lengths to comply with TCAWS table 5.2

At Fairy Meadow the run follows the cycle path for approx 800 m north from the car park where participants cut through Caravan Park and rejoin Pioneer Road and head south for the return leg

## VMS locations

- 1) Fairy Meadow - Squires Road south of Elliotts Rd
- 2) North Wollongong - Princes Hwy/Flinders Street speed camera
- 3) Coniston - Springhill Rd/Corrimal St prior to Keira St
- 4) Wollongong - Corner Swan & Corrimal St's
- 5) North Wollongong - George Hanley Dr prior to Kembra St
- 6) Wollongong - Corrimal St adjacent to Smith St
- 7) Towradgi - Pioneer Rd prior to Towradgi Rd

Page 3 of 4

- Kids Run Route
- 12km Run Route
- Northbound Vehicle Route
- Southbound Vehicle Route



Client: X-TRI AUSTRALIA (X-TRI EVENTS)		
Location: Run Wollongong		
Date Drawn: 12/09/2016		
Time of Works: 04:30 - 12:00		
Job No:	Team Leader:	Qualification No:
<p>This site specific TCP is based on TCAWS Manual 2010 and is to be setup and packed up by qualified traffic controllers with current Introduction to Traffic Control at Roadworks (Yellow Card). Any modifications made to this site specific TCP should be made by qualified personnel with current Select and Modify (Red Card) or Design and Audit (Orange Card) and all modifications to be signed off on this TCP along with certification number</p>		
<p>Traffic Logistics do not accept responsibility of this traffic control plan if it is not implemented by Traffic Logistics Pty Ltd</p>		<p>TLTCP: 8993 Rev: B</p>
<p>THIS PLAN IS NOT TO SCALE</p>		

9/12/2016 3:30:31 PM

# TRAFFIC CONTROL PLAN FOR RUN WOLLONGONG 2016

www.invision.com

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## VMS locations

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- 7) Towradgi - Pioneer Rd prior to Towradgi Rd



Page 4 of 4

Client: X-TRI AUSTRALIA (X-TRI EVENTS)		
Location: Run Wollongong		
Date Drawn: 12/09/2016		
Time of Works: 04:30 - 12:00		
Job No:	Team Leader:	Qualification No:
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<p>THIS PLAN IS NOT TO SCALE</p>		

9/12/2016 3:43:19 PM



## TRAFFIC CONTROL PLAN FOR NEWS EVE DIVERSIONS







FFRD [www.varion.com](http://www.varion.com)





