



## MINUTES OF THE EXTRAORDINARY MEETING OF KEMPSEY SHIRE COUNCIL

Monday 21<sup>st</sup> November 2005 commencing at 1.07pm.

### **PRESENT:**

Councillors J A C Hayes, (Mayor and Chairman), J H Bowell, E A Green, J C Gribbin, T L Hunt, R H McWilliam, D F Saul, B R Sowter and E R Walker.

General Manager, A V Burgess; Director Shire Services, K J Finnie; Director Sustainable Services, R B Pitt; Director Corporate Services, G B Snape, Ken Woods; Minute Taker and Donna Pearson.



## **WORKSHOP**

2005. 830 **RESOLVED:**

*Moved: Cl. Bowell  
Seconded: Cl. Green*

**That the Meeting move into a Workshop for discussions on future funding sources for the maintenance of roads.**



## **PRESENTATION**

At 2:30pm Council's auditor Darren Turner from Price Waterhouse Cooper addressed Council.



## **MEETING WITH ANDREW STONER, MP**

At 3pm Andrew Stoner, MP Member for Oxley met with Council.



---

**THIS IS PAGE 1 OF THE FULL TEXT MINUTES OF THE EXTRAORDINARY MEETING OF THE  
KEMPSEY SHIRE COUNCIL HELD ON MONDAY 21<sup>ST</sup> NOVEMBER 2005.**

.....  
**MAYOR**

At this stage 4.20pm, the workshop adjourned and the Council Meeting reconvened.



## ADOPTION OF AGENDA ORDER OF BUSINESS

2005. 831

RESOLVED:

*Moved: Cl. Green  
Seconded: Cl. Walker*

That the Agenda Order of Business be adopted.



## SUPPLEMENTARY MAYORAL REPORT

<b>MM1</b>	<b>MEETING WITH THE DEPARTMENT OF LANDS</b>
<b>SUPP.</b>	<b>FILE: * JACH {Folio No. *}</b>

### SUMMARY:

To advise Councillors of the outcome of decisions with representatives of the Department of Lands in respect of issues raised with the Minister on the 30 September.



A meeting was held with Warwick Watkins, Director General; Graham Harding, General Manager Crown Lands; Craig Barnes, Regional Manager and other representatives of the Department of Lands on Friday, 18 November. Council was represented by Councillors, McWilliam and Saul, the General Manager, the Director of Shire Services and myself.

Issues discussed were: -

- Boatman's Cottages – The Department will be requesting that Council withdraw from the leases. The Department will then be totally responsible for the Cottages and will negotiate rentals with the tenants. The rentals will reflect the Ministers desire for subsidised rentals for community use. The appropriateness of the Police Station in that precinct was raised as was the necessity to use one of the cottages for a commercial purpose to offset the subsidised rentals.
- The Boatshed – The Department is prepared to undertake works to satisfy OH&S. The department plans to advertise for Expressions of Interest for short-term occupancy for say 12 months with the lessee contributing towards the OH&S works. Tenders will then be

called for a long-term lease. The Department is interested in consolidating reserves in the area and will work with Council to implement the Plan of Management for Matty's Flat.

- Kempsey Showground – The Department admits there are real problems with finding revenue sources to enable the Showground to function. This matter needs further investigation.
- Gordon Young Crown Land – The Department understands that there will be little opportunity to develop large areas for residential purposes and that most of the area will devolve to community use. The Department is prepared to contribute to the Spencerville/New Entrance Masterplan and wants the studies underway by February / March next year.
- Horseshoe Bay – The Department is interested in more area to go back to public usage with more intense usage of the remainder of the caravan park. The Director General is aware of community opposition to this concept and the village shopping centres dependence on the caravan park.
- Surplus Caravan Park funds – Treasury will not allow the funds to be expended on anything other than crown reserves.
- Crescent Head Caravan Park – The Department is pleased with the development that has taken place. They would like to investigate the development of Killick Waters.
- Crown Subdivisions Crescent Head – The land is subject to Native Title Claim. Development is being deferred and the land is to be reserved Environmental Protection and future public requirements.

#### **REPORT IMPLICATIONS:**

- ***Environmental***

***Much of the Gordon Young Crown Land will be retained as wetland and contributions are to be made towards the Spencerville / New Entrance Masterplan.***

- ***Social***

***Provision will be made in the Gordon Young Crown Land for community usage and it is intended to increase the area of reserve for public usage at Horseshoe Bay.***

- ***Economic (Financial)***

***Council will no longer be responsible for the maintenance and improvement of the Boatman's Cottages.***

- ***Policy or Statutory***

***Nil***

That the information be noted.

## DIRECTOR SUSTAINABLE DEVELOPMENT SERVICES REPORT

<b>DSDS1</b>	<b>10-22 LANDBOROUGH STREET AND 23 PARAGON AVENUE</b>
<b>FILE: 674 RBP</b>	<b>{ Folio No. 307044 }</b>

### SUMMARY:

Reporting on options for possible development of Council land at South West Rocks.



The following tables provide summaries of the two (2) options provided by Suters Architects. Each option has its strengths and weaknesses.

**Table 1 – Summary of Land Use**

Option	Library Area	Commercial Area	Residential Units	Car Parking (Required)	FSR
1	377	339	14x3, 8x2 Total=22	37 (50)	1.5
2	440	Nil	14x3, 8x2 Total=22	52 (42)	1.28

**Table 2 – Strengths and Weaknesses**

	Paragon Ave	Landsborough St	Strengths	Weaknesses
1	Library (377m2) Commercial area (81m2) 6x3 bed townhouses	2 Commercial floor areas (136m2 and 122m2) 8x2 bed, 8x3 bed units 37 car spaces	Utilises street frontage for commercial uses. Strong pedestrian link between streets. Efficient use of available land.	Mixes library parking with commercial and residential parking. Relies heavily on Landsborough Street on-street parking provision. Library less

				accessible from Landsborough Street on street parking.
2	6x3 bed units 16 car spaces	Library (440m2) 8x2 bed, 8x3 bed units 36 car spaces	Library easily accessible from Landsborough Street parking. Separates library parking from residential parking. Highest parking provision.	No commercial floor space, but potential to reduce library and provide commercial. Pedestrian link poor across Paragon Avenue land. Poor residential arrangement on Paragon Avenue land. Increases traffic in Paragon Avenue.

Option 1 is considered to provide the most efficient use of the land, and provides an active pedestrian link between Paragon Avenue and Landsborough Street. If Option 1 is selected, development should be timed to be concurrent with Landsborough Street Streetscape improvements to increase on-street parking. These works could be costed and the additional parking generated be funded through a Section 94 charge. The weaknesses of Option 1 are able to be mitigated by allocating secure parking spaces for the residential component. An additional 4 off-street spaces is possible, with a decrease in circulation through the car park, which is considered a preferred option. [\(Appendix A\)](#)

It should be also be noted that the existing carpark contains 34 spaces.

Option 1 would allow retention of up to 7 spaces on site for public use with the opportunity to develop additional parking in Landsborough Street. [\(Appendix B\)](#)

Option 1 provides the benefits of a providing the opportunity for any ongoing return through the rental of commercial floor space, whilst securing library space needed for the growing community.

If it is desirable for the development to proceed without reliance on the Landsborough Street streetscape improvements, Option 2 is preferred. Due to the design providing more parking than required, there is the

potential to convert car parking spaces on the Landsborough Street site to commercial floorspace. [\(Appendix C\)](#)

Both options will result in Council sharing a building with residential units. It is likely that Council would sell these units resulting in Council being a member of a Body Corporate.

**Director Sustainable Development Services Recommendation:**

- 1 Request Sutera Architects to proceed to further develop Option 1 with the changes detailed above.**
- 2 Commence design preparation for Landsborough Street Streetscape works.**

**MOVED:**

*Moved: Cl. Hunt  
Seconded: Cl. Green*

**That further investigations take place at the site at Landsborough Street specific to option 1 for a 3 storey building.**

**An Amendment was MOVED:**

*Moved: Cl. McWilliam  
Seconded: Cl. Bowell*

- 1. That the architects commence design preparation to include maximum underground parking area with the development to stay a 3 storey building (above ground).**
- 2. That design preparation be commenced for the Landsborough Streetscape works.**

2005. 833

**The AMENDMENT was PUT to the MEETING and was CARRIED, became the MOTION and was CARRIED.**

**Councillors Green, Gribbin and Hunt recorded their votes against the foregoing Resolution.**

## **DIRECTOR SHIRE SERVICES REPORT**

**DSS1**

**DEDICATED PUBLIC ROADS**

**FILE: 697 APV (NRN)**

**{Folio No. 307046}**

### **SUMMARY:**

Reporting on the extent of the maintained lengths of dedicated public roads.

---

*THIS IS PAGE 6 OF THE FULL TEXT MINUTES OF THE EXTRAORDINARY MEETING OF THE KEMPSEY SHIRE COUNCIL HELD ON MONDAY 21<sup>ST</sup> NOVEMBER 2005.*

.....  
**MAYOR**



Council has previously been advised that presently it has approximately 900km of dedicated public roads and that traditionally only 585km are maintained by Council. Council has also been made aware that in addition to this there are many kilometres of crown road reserves and forestry roads, used by the public to gain access to properties, that are not Council's responsibility and are not maintained by Council. State Forests due to a contraction of logging operations have curtailed maintenance on some roads that service private residents.

Swan Lane and Silverwood Road are two examples only of Crown Roads that service properties for which Council receives maintenance requests but for which Council is not the responsible Road Authority.

Council continues to receive many complaints and requests regarding the condition of its unsealed rural roads. As a result of rainfall, lack of gravel pavement depth, inadequate maintenance and gravel re-sheeting funding, it has become increasingly difficult to maintain the presently maintained unsealed road network to the level of service that satisfies community expectations which are increasing.

As has been reported previously, requests are continually being received for Council to extend its maintained road network to include roads that are not currently maintained by Council. Whilst it is difficult for Council to not agree to requests for extension of the unsealed road network, the reality is that funds are not available to extend the roads currently maintained.

Council is aware that Councils overall local road funding at present needs to be increased by approximately 100% to maintain our existing road network to an acceptable standard. This situation is becoming increasingly serious.

It is considered desirable for Council to have a means of comparing relative priorities for requests on its scarce resources. Criteria for asset acquisition or extension of maintenance responsibilities should be used to set priorities. This then could be used to assess any requests for extending the extent of Councils maintenance obligations.

Council should take into account the following criteria:

1. Evidence of community demand for the extension of the length of road to be maintained or acquired;
2. The strategic worth of the asset and its benefit to the broader community;
3. Whether the asset provides a "return";

4. The extent to which the provision of that asset is subsidised by the community, through rate revenues.

In addition, the long-term ownership costs need to be taken into account, and should include:

1. Acquisition or construction costs;
2. Maintenance profile and cost (over the ownership/life of the asset);
3. Alternate financing arrangements – user pay, grant, loan, private sector.

It is recommended that the above criteria should be considered in assessing all requests to acquire, construct or extend maintenance of Council Infrastructure.

As part of the preparation of an Asset Management Plan for Roads, a thorough review of the various lengths of roads and their category is currently being undertaken. However this is presently not yet finalized.

In 2001 a review of Council's roads infrastructure was undertaken. As part of this review, details relating to whether the road is formed, the number of dwellings and properties that are serviced, the cost to upgrade the road and the ongoing maintenance costs will be compiled so that the requests can be fully assessed and prioritised.

Attached at [\(Appendix A\)](#) is a list compiled in 2001 detailing approximate lengths of sections of roads that are dedicated public roads but are not presently maintained by Council. Note that this list should only be used as a guide and is not complete or verified. This list does not differentiate between sections of these non-maintained roads that are formed and those that are unformed.

It can be seen from the attached list that there are approximately 250 kilometres of Dedicated Public Road for which Council, as the Roads Authority, has responsibility for the maintenance of those sections but for which Council does not have the financial resources to maintain. Approximate costs to maintain only a minor road with low traffic volumes is \$1,500 per annum. Note that not all of the 250 kilometres of roads listed are presently formed or require active maintenance.

In recent years, Council has received requests to extend Council's maintenance limits on a number of Dedicated Public roads including the following:

- North Street, Gladstone

---

***THIS IS PAGE 8 OF THE FULL TEXT MINUTES OF THE EXTRAORDINARY MEETING OF THE KEMPSEY SHIRE COUNCIL HELD ON MONDAY 21<sup>ST</sup> NOVEMBER 2005.***

.....  
**MAYOR**

- Two Hills Lane
- Hickeys Creek Road
- Dungay Creek Road
- Pipers Creek Road
- Yessabah Road
- Browns Road
- Blewitts Lane
- Fishermans Reach Road
- Kawana Lane

**REPORT IMPLICATIONS:**

- *Environmental*

*Nil*

- *Social*

*Nil*

- *Economic (Financial)*

*There are no financial implications from the following recommendation.*

- *Policy or Statutory*

*Nil*

- *Director's Review*

*Nil*

2005. 834 **RESOLVED:**

*Moved: Cl. Green  
Seconded: Cl. Howell*

That the presently maintained unsealed road network not be extended until the adoption of the Asset Management Plan for Roads.

## DIRECTOR CORPORATE SERVICES REPORT

DCS1	FUTURE MANAGEMENT OF AIRPORT LANDS
FILE: *	SJR {Folio No. 307048}

**SUMMARY:**

---

*THIS IS PAGE 9 OF THE FULL TEXT MINUTES OF THE EXTRAORDINARY MEETING OF THE KEMPSEY SHIRE COUNCIL HELD ON MONDAY 21<sup>ST</sup> NOVEMBER 2005.*

.....  
MAYOR

Reporting on future management options for lands surrounding the Kempsey Aerodrome.



A report on the expressions of interest (EOI's) received regarding potential uses of Kempsey Airport was submitted to Council on 9<sup>th</sup> August 2005. A copy of that report is attached at [\(Appendix A\)](#).

Council resolved: -

- "1. That the Council defers further action on the above noted Expressions of Interest until a valuation of the Airport as a going concern is undertaken and that a land valuation is also secured.*
- 2. That Council allocate the amount of \$7,500 from Working Funds for a valuation of the Airport, operations and land*

A Valuation Report has now been obtained from Knight Frank Valuations and is attached at [\(Appendix B\)](#).

The valuation states that as an operational facility the Kempsey Airport is valued at \$0. Within the body of the valuation two parcels of adjoining land are identified for possible sale:

- Option 1 Three sites and the Groundsman's House on the southeastern section of the airport at \$250,000
- Option 2 The northern portion of the airport site at \$100,000

Council has previously resolved to ***"retain the airport as an operational aerodrome"*** and consider for sale surplus land once all alternate use options have been explored.

**REPORT IMPLICATIONS:**

▪ ***Environmental***

***Council's MDAP committee has voted budgetary funds toward a feasibility study for light industrial development within the airport grounds. The Department of State and Regional Development are seeking partners to explore these opportunities.***

***A similar scheme has been successful at the Latrobe Regional Airport in Victoria and we could investigate the establishment of a light industrial estate with a bias to aviation related products. Copies of the Latrobe project are available for perusal by Councillors.***

*The ideal location for this light industrial estate would be in the northwest area of the site adjacent to the existing hangars. There is no service road through this area and it would be a 'Greenfield' site for development.*

- *Social*

*Rezoning of sections of the airport site could meet with objections from adjoining landholders.*

- *Economic (Financial)*

*The economic benefit from the sale of lands as identified in the valuation report amounts to \$350,000 and due to the low desirability of the subject land a negotiated sale could take considerable time.*

*Council has been successful in attracting federal grant funds to \$120,000 for required security measures as part of the Governments 'Securing our Skies' program. This grant funding will provide for terminal and hangar area perimeter fencing, key coded locks and gates, secure baggage handling area, upgraded security lighting and closed circuit television monitoring.*

- *Policy or Statutory*

*None of the parcels of land adjoining operational lands within the airport site are of sufficient size to comply with Council's planning ordinances for building entitlements. By combining three lots as described in Option 2 the parcel offered for sale would be closer to this requirement and would provide a flood free site for the erection of a new home if the purchaser decided to demolish the old Groundsman's cottage.*

*Given the climate of heightened security in Australia, particularly in airports, it could prove to be a very difficult task to gain Ministerial approval for a long-term lease of the entire airport site as a going concern to a prospective lessee.*

- *Directors Review*

*If Council is of a mind to offer for sale the land as identified in the Valuers report in its current state (ie. zoned as Rural "A1" and Rural "A3" Agricultural Protection Zone) the potential yield will be lesser than that which may otherwise be possible.*

*Previous expressions of interest regarding the development of a residential airpark were based upon these lands.*

**Director Corporate Services Recommendation**

1. That Council offer for sale the two parcels as detailed within the Valuation.
2. That we further investigate funding opportunities for the establishment of a light industrial estate.

2005. 835 **RESOLVED:**

*Moved: Cl. Hunt  
Seconded: Cl. Walker*

**That the Director supply a report on options of marketing of airport surplus lands to maximise potential yield.**

<b>DCS2</b>	<b>FUTURE MANAGEMENT OF CARAVAN PARKS</b>
<b>FILE: *</b>	<b>SJR (NRN) {Folio No. 307049}</b>

**SUMMARY:**

Reporting on the need for Council to determine its preferred option for the future management of Council's Caravan Parks.



Council has the following options for the management of its Caravan Parks: -

- 1) Direct management by day labour employment.
- 2) Manage by contract managers (one or more of the Parks) – short term or long term.
- 3) Leasing out (one or more of the Parks) – short term or long term.

Council has 6 caravan parks, (2 operated under lease and 4 with Contact Managers) and the Goolawah camping grounds (contract manager), all of which are located on Crown Reserves.

**Leased Parks**

The lease of Horseshoe Bay Caravan Park is due to expire in January 2009 and the lease of South West Rocks Tourist Park expires September 2015, with a further 10 year option available to the Lessee.

Lease rentals (Horseshoe Bay \$71,780 and South West Rocks Tourist Park \$41,990 = \$113,770 p.a.) are reviewed annually with market rent reviews every 5 years. There may be some capability of earning additional revenue from these parks upon lease renewal, but such is not available in the short-term.

---

***THIS IS PAGE 12 OF THE FULL TEXT MINUTES OF THE EXTRAORDINARY MEETING OF THE KEMPSEY SHIRE COUNCIL HELD ON MONDAY 21<sup>ST</sup> NOVEMBER 2005.***

.....  
**MAYOR**

The Draft Plan of Management for the Horseshoe Bay reserve recommends (for economic reasons) the retention of the Caravan Park for "another lease period or placed under contract management", albeit that changes be made to boundaries, layout, etc.

Council may wish to consider operating the Horseshoe Bay Caravan Park under contract management rather than leasing after January 2009.

The Crown Reserves Management Trust levy is 10% on leased Parks, as compared to 5% on Council managed Parks.

## **Contract Management**

### **4 Shore Tourist Parks**

The Contract Management arrangement with Family Holiday Experiences Pty Ltd for the 4 Shore Holiday Parks (Crescent Head, Hat Head, Stuarts Point and Grassy Head) expires 30<sup>th</sup> June 2006 and a determination as to which management option is to be adopted for the period after 30<sup>th</sup> June 2006 needs to be made at this meeting to allow sufficient time for calling tenders/leases and giving the current Contractors adequate notice.

The current contract provides for the manager to: -

- i) Provide broad based management of 4 parks; the shops / kiosks at Crescent Head and Hat Head; and the maintenance of the day visitation areas.
- ii) Collect all camping fees and pay to Council a fee equivalent to 48% of the Gross Revenue. This % is increased to 55% for any new or updated cabins installed after commencement of the lease, ie. 1<sup>st</sup> July 2005.
- iii) Pay all operating expenses incurred in the operation of the parks (as identified).
- iv) Rent the kiosk at Crescent Head under the terms of a commercial lease (current rental \$15,600pa + GST).
- v) Carry out advertising, marketing and promotions with an annual expenditure to be maintained at a level of not less than 3.5% of gross annual income.

Council is responsible for the payment of Council Ordinary rates, garbage rates and maintenance of below ground water and sewer pipes. Council has the right to inspect and audit the Manager's Financial Records.

In 2004 / 05 the 4 Shore Holiday Parks achieved an Surplus of \$334,414 (after including the expenses of maintaining adjacent Day Visitor Areas). Approximately \$126,000 of this surplus is transferred to fund expenditure on other Crown Land Reserves, and the remainder, \$208,000, is reinvested in improvements and upgrading of the 4 Shore Parks.

The following is a summary of the trading results for each of the Parks for the 2004 / 05 financial year -

	<u>Crescent Head</u>	<u>Hat Head</u>	<u>Stuarts Point</u>	<u>Grassy Head</u>	<u>Total</u>
Operating Income	\$618,351	\$292,094	\$175,834	\$88,048	\$1,174,329
<b>Expenditure</b>					
Administration, Lifesaving, Beach Clean Working & Maintenance	67,400	32,601	19,696	9,862	129,561
Interest Expenses	124,916	88,683	64,897	48,314	326,811
Loan Principal	51,837	1,683	1,507	1,779	56,806
<b>Total Expenses (excl Deprec.)</b>	<u>281,446</u>	<u>12,832</u>	<u>18,504</u>	<u>13,955</u>	<u>326,737</u>
<b>Net Profit</b>	<b>\$92,751</b>	<b>\$156,294</b>	<b>\$71,230</b>	<b>\$14,137</b>	<b>\$334,413</b>

The current financial viability of the Parks has been affected by the recent heavy expenditures on upgrading and improvement works eg. Crescent Head.

The short-term future viability of the Parks will be effected by: -

- the impact of full year loan repayments raised in 2004 / 05,
- loan repayments for loans raised 2005/06.
- additional income from additional cabins installed.

If we extrapolate from the 2004 / 05 results the indicative financial results for the Parks in the short-term (and after completing of the capital works proposed for the next two (2) years), are as follows: -

	<u>Crescent Head</u>	<u>Hat Head</u>	<u>Stuarts Point</u>	<u>Grassy Head</u>	<u>Total</u>
2004/05 Net Profit	\$92,751	\$156,294	\$71,230	\$14,137	\$334,413
<b>Add:</b> Additional Income					
- Cabins	52,800	22,550	19,800	16,320	111,470
- Annual Fee Increase	37,000	17,500	10,550	5,200	70,250
<b>Less:</b> Additional Loan Repayments	-	81,810	41,480	14,340	137,630
<b>Projected Net Profit</b>	<b>\$182,551</b>	<b>\$114,534</b>	<b>\$60,100</b>	<b>\$21,317</b>	<b>\$378,503</b>

Looking further into the future the financial performance of the Parks will improve significantly as and when loans are paid-out. The following is a listing of loan pay-out savings –

### **Loan Pay-out Savings**

2007/08	-	\$105,254
2010/11	-	\$ 29,628
2011/12	-	\$173,745
2013/14	-	\$ 68,402
2014/15	-	<u>\$ 48,456</u>
		<u>\$425,485</u>

Opportunities for an improved return on Caravan parks include –

- higher % return from future Contract Manager
- increase Park site fees
- install additional cabins (short-term cost for longer-term gain).

As the Caravan Parks are all on Crown Reserves the funds earned must be expended on those Reserves, or with the Ministers consent may be applied to another Reserve. Thus, the earnings from the Caravan Parks could indirectly represent an avenue to save on General Fund expenditure.

### **Goolawah**

The Contract Manager arrangement with Steve Cameron for caretaking of the Goolawah Reserve camping grounds expired 30<sup>th</sup> June 2002, but has been extended by agreement on the same terms, ie. retainer of \$25,200pa plus incentive of 20% on fees collected in excess of \$27,000pa (\$32,252 in 2004 / 05).

Formal contract renewal has previously been postponed in view of employer-employee considerations and the proposal for the area to be transferred to the National Parks and Wildlife Service.

The Contractor has now submitted a request for review of payments, and has proposed the following remuneration -

Labour	-	\$35,500 p.a.
Vehicle Expenses	-	\$ 6,000 p.a.
Insurances	-	<u>\$ 3,000</u> p.a.
		<u>\$44,500</u> p.a.

Goolawah Camping ground operates at a small loss (\$3,397 in 2005 / 06), and Council has previously resolved to investigate future options with a view to updating the Plan of Management.

Some preliminary discussions have been held with National Parks and Wildlife Service regarding the future of the Reserve. Council as Reserve Trust Manager needs to establish its position. Does Council wish to keep control of this area? Albeit that it will entail an ongoing financial liability, with the amount depending upon the level of service and management regime to be employed.

Earlier this year Councillor Green raised concern with the management of the area in regard to the safety and well being of people visiting the area and protection of the fragile environment.

### **Consideration of Future Management Options**

An assessment of management options for Council's Caravan Parks has been undertaken on a number of occasions in the past seven (7) years.

In 2004 during discussions on the preparation of park management plans, Mr Derek Sinclair of Integrated Site Design agreed to provide a report on options for the future management of the parks from the perspective of a person with a broad working knowledge of the caravan park industry and recent developments therein.

The report by Derek Sinclair will be distributed to Councillors as a Confidential Report (under separate cover).

This report suggests that the critical matters for determination are: -

- i) What level of involvement does Council wish to have in the operation of the parks? And
- ii) What is the potential to maximise net retained revenue?

In August 2002 the General Manager provided a report on the operational comparison between lease, contract management, and day labour.

That report summarised the findings as –

“A combination of all parks shows that a day labour operation would be most profitable. A split up of the Caravan Parks shows that in the future: -

- Crescent Head Caravan Park should be operated by day labour.
- Hat Head Caravan Park could be operated by day labour, contract management, or lease
- Stuarts Point and Grassy Head should be operated by either contract managers or lessees.

By taking Crescent Head away from the Tender process Council may not receive the current return of 48% of income from a contract manager and may not receive a premium contribution of 10% from a lessee.

Council could pursue the following scenarios: -

- A. Manage all the caravan parks by day labour.
- B. Manage all the caravan parks by contract managers.
- C. Lease all of the caravan parks.
- D. Manage Crescent Head by day labour and call Tenders for the contract management or lease of the remaining parks.
- E. Manage Crescent Head and Hat Head by day labour and call Tenders for the contract management or lease of the remaining parks.
- F. Manage Crescent Head by day labour call Tenders for the contract management of Hat Head and Stuarts Point and for the lease of Grassy Head".

### **Day Labour Option**

Whilst the day labour option has been identified as having the potential to be the most profitable, it would bring the "business" operation more into the arena of being politicised.

Also, to properly run the business Council would need to significantly increase its administration manpower, by say 3 staff. This could have long-term industrial implications for Council.

### **Leasing Option**

Earlier this year Council commissioned a report from Ken Buckley Brokers to give a market opinion on leasehold premium and annual rentals which may be obtainable for the leasing of the Parks.

A copy of the report to the Caravan Park Committee meeting of 30<sup>th</sup> August 2005 is attached at Confidential [\(Appendix C\)](#).

The Caravan Park Committee resolved (and Council adopted) that the report be referred to the "Think Tank" meeting.

### **Other Proposals**

The proposal for development of the Killick Waters (Crescent Head) lands as an Eco Tourism Caravan Park has been on Council's list of ideas for many years, but has been deferred pending completion of upgrading programs on other Parks; an inability to identify a source of funding for development costs; and some environmental concerns.

Council may wish to evaluate this proposal by applying resources for feasibility studies and project management.

**REPORT IMPLICATIONS:**

- *Environmental*

*Nil*

- *Social*

*Nil*

- *Economic (Financial)*

*Included in body of report.*

- *Policy or Statutory*

*Nil*

- *Director's Review*

*It would be preferable to both Council management, and to prospective respondents, that Council identifies its preferred option as to make an "open" call of tenders for management or lease would involve considerable resources to deal with both properly.*

**Director Corporate Services Recommendation**

1. That Council invite Tenders for the contract management of the 4 Shore Tourist Parks comprising the Crescent Head, Hat Head, Stuarts Point and Grassy Heads Caravan Parks for a term of five (5) years commencing as from 1<sup>st</sup> July 2006.
2. That Council determine its preferred option for the future management of Goolawah Reserve.

2005. 836 **RESOLVED:**

*Moved: Cl. Hunt  
Seconded: Cl. Green*

1. That Council invite Tenders for the options for contract management of the 4 Shore Tourist Parks comprising the Crescent Head, Hat Head, Stuarts Point and Grassy Head Caravan Parks for a term of five (5) years commencing as from 1<sup>st</sup> July 2006 and for the contract management of the 4 Shore Tourist Parks comprising the Crescent Head, Hat Head,

Stuarts Point, Grassy Head Caravan Parks and Goolawah Reserve for a term of five (5) years.

2. That Council examine the position of the management of Goolawah Reserve following the review of the tenders for the caravan parks.

<b>DCS3</b>	<b>PRESENTATION OF THE 2004 / 2005 FINANCIAL STATEMENTS AND AUDITOR'S REPORT</b>
<b>FILE: 204 APC (NRN)</b>	<b>{Folio No. 307050}</b>

**SUMMARY:**

Submission of the 2004 / 2005 financial statements and auditor's report.



Council's financial statements for the 2004 / 05 year have been audited. Copies of the financial statements including the Auditors Report are included with the Councillor's business paper.

The Local Government Act and Regulations provide that the general purpose financial reports were required to be lodged with the Department of Local Government by 7 November 2005. Council's reports were lodged on the 7 November 2005.

The regulations further provide the Financial Statements and Auditors Report must be presented at a public meeting within five weeks of the receipt of the auditors report.

The following comment is provided in respect of the financial statements:

**Audit Report**

The audit report for 2004 / 05 is unqualified.

**Statement of Financial Performance**

The operational surplus for the year is \$4.315m as compared to \$8.110m in the previous year. The principal factors contributing to the reduction in the surplus are:

- Sewerage assets with a value of \$4.480m were recognised in the 2003 / 04 year whilst water assets of \$2.601 were recognised in the 2004 / 05 year, a net reduction of \$1.879m.

- Employee costs increased by \$1.041m, the increase is attributed to the impact of award increases (4% in November 2004) together with an increase of \$356,000 in workers compensation insurances.

## STATEMENT OF FINANCIAL POSITION

Council's total equity as at 30 June 2005 is \$371,338m (\$367,023 as at 30 June 2004).

### Working Funds

Working funds refer to the level of uncommitted funds held by Council, which by nature are convertible to cash in the short term. Working funds consists of current assets including unrestricted cash and investments, debtors and stock on hand less current liabilities, principally current creditors.

Whilst the concept of working funds are not directly addressed in the Statements an analysis reveals that working funds as at 30 June 2005 total \$1.732m made up as follows:

### Current Assets

Cash & Investments unrestricted	Note 6		\$0.342m
Receivables	Note 7	\$4.947m	
Less: Deferred Debtors	Note 7	\$0.047m	
PWD Debtors Subsidised Scheme	Note 7	\$0.571m	
Water Fund Section 64 Contributions	Note 17	\$0.805m	\$3,524m
Stores and Materials	Note 8		\$0.495m
Work in Progress & Repayments	Note 8		\$0.044m
Less: Current Liabilities			
Current Creditors	Note 10a	\$5.063m	
Less: Advances (PWD and RTA)	Note 10a	\$2.390m	\$2.673m
Total Working Funds			<u>\$1,732m</u>

### Working Funds by Fund:

General Fund	\$0.297m
Water Fund	\$0.486m
Sewer Fund	\$0.949m

In addition to the General Fund Working Fund balance of \$296,488, Council has set aside \$125,000 as a provision for doubtful debt in respect of monies due to Council by Civicview. Payments of \$45,000 were received from Civicview during the 2004 / 2005 year, the current

---

*THIS IS PAGE 20 OF THE FULL TEXT MINUTES OF THE EXTRAORDINARY MEETING OF THE KEMPSEY SHIRE COUNCIL HELD ON MONDAY 21<sup>ST</sup> NOVEMBER 2005.*

.....  
MAYOR

balance due is \$177,755. Council has also received additional funding from the 2005 / 06 Financial Assistance Grant, the uncommitted amount of \$147,134 will reinstate Council's working funds account to \$568,622.

The audit report provides comment on the major component of Working Funds i.e. unrestricted cash and investments, which are disclosed in Note 6 at \$342,000 at 30 June 2005 as compared to \$1,410m (30/6/2004).

The reduction in Council's cash reserves reflects the level of works performed during the 2004 / 05 year together with the decision to defer loan borrowing of \$563 to the 2005 / 06 year.

## **Reserves**

In addition to the above working fund balances, Council has set aside in reserve \$6.275m for specific future works and commitments at 30 June. The reserve balances are shown in Notes 6 and 6a, the reserves comprise:

### **General Fund**

Employee Leave Entitlements Reserve	\$564k
Land Development Reserves	\$201k
Co-op Library Computer Reserve	\$35k
Computer Reserves	\$51k
Bridge Construction Reserve	\$99k
On Site Sewerage Reserve	\$8k
Homes for Aged Maintenance Reserve	\$6k
Sports Development Reserve	\$34k
DWM Reserve	\$9k
Election Reserve	\$20k
Loan Sinking Funds	\$100k
Quarry Restoration Reserve	\$41k
Equipment Reserves	\$54k
Caravan Park Reserve	\$606k
SWR Reserve	\$1K
Environmental Levy Reserve	\$413k
Uncompleted Works Reserve	\$419k

### **Water Fund**

Water Augmentation Reserve	\$1204k
Water Tariff Equalisation Reserve	\$250k
Water Fleet Reserve	\$10K
Loan Sinking Fund	\$100k
Uncompleted Works Reserve	\$15k

### **Sewer Fund**

---

*THIS IS PAGE 21 OF THE FULL TEXT MINUTES OF THE EXTRAORDINARY MEETING OF THE KEMPSEY SHIRE COUNCIL HELD ON MONDAY 21<sup>ST</sup> NOVEMBER 2005.*

.....  
**MAYOR**

Augmentation Reserve	\$1893k
Uncompleted Works Reserve	\$142k

The balance of funds in the Employees Leave Entitlements Reserve (ELE) at 30 June is \$563,454 which represents some 7.2% of the assessed liability of \$7,830m. The accepted level of funding in respect of ELE is 20%.

Council's 2005 / 06 Budget provides for a transfer to the ELE Reserve of \$370,000.

The level of funding within the reserve will need to be carefully managed in the short term given the age demographics of staff and the anticipated calls on the reserve.

### Debt Service Ratio

The debt service ratio as disclosed in Note 13 of the Financial Statements is calculated by determining the total interest and principal loan repayments as a percentage of total operating revenue excluding capital and specific purpose operating grants and contributions.

Council's consolidated debt service ratio is 13.80% at 30 June 2005. A comparison of the consolidated and individual fund ratios is set out below:

	<b>2004/05</b>	<b>2003/04</b>	<b>2002/03</b>	<b>2001/02</b>	<b>2000/01</b>
Consolidated	13.80	13.68%	18.11%	21.92%	22.89%
General Fund	12.16	10.46%	10.52%	13.58%	13.12%
Water Fund	17.95	32.17%	37.46%	42.03%	45.59%
Sewer Fund	13.39	8.81%	23.39%	28.55%	33.77%

The increase in the General Fund ratio reflects the impact of the loan borrowings for works on the Caravan Parks and under the Environmental Levy. In the 2004 / 05 year additional loan repayments attributed to the above totalled \$345,000 resulting in a 1.72% increase in the General Fund ratio.

### RATES & ANNUAL CHARGES OUTSTANDING

The percentage of rates and charges outstanding as at 30 June 2005 is 8.95%.

A comparison of the percentage over the preceding four years is set out below:

	<b>2004/05</b>	<b>2003/04</b>	<b>2002/03</b>	<b>2001/02</b>	<b>2000/01</b>
--	----------------	----------------	----------------	----------------	----------------

Consolidated 8.95% 7.51% 8.01% 8.77% 9.58%

As noted in the accounts, \$214,000 remained outstanding as at 30 June in respect of sewerage charges levied on the Mid North Coast Correctional Facility, this resulted in a 1.1% increase in the ratio. A report in respect of the charge was considered by Council at its meeting of 15 November.

## **RATES & ANNUAL CHARGES COVERAGE RATIO**

The ratio is essentially a measure of the extent to which Council is dependent upon revenue from rates and annual charges as compared to its total revenue.

A comparison of the percentage over the preceding four years is set out below:

	<b>2004/05</b>	<b>2003/04</b>	<b>2002/03</b>	<b>2001/02</b>	<b>2000/01</b>
Consolidated	42.5%	38.42%	41.63%	44.35%	45.47%

The Audit Report contains the recommendation "That Council continue to investigate options available to increase its revenue base from sources other than rates and annual charges".

The challenge to increase the revenue base is one faced by the whole of Local Government.

## **Auditors Council Presentation**

Mr. Darren Turner from Council's auditors Pricewaterhouse Coopers will provide a presentation to the Council in respect of the audited financial accounts.

## **REPORT IMPLICATIONS**

- ***Environmental***

***Nil***

- ***Social Implications***

***Council's ability to provide services and infrastructure to the community is restricted by the availability of financial resources; the financial limitations imposed upon Local Government have an adverse impact on the social environment of the Kempsey Shire community. The 2004 / 2005 Financial Reports do not address the social implications arising from budgetary restrictions faced by Council.***

---

***THIS IS PAGE 23 OF THE FULL TEXT MINUTES OF THE EXTRAORDINARY MEETING OF THE KEMPSEY SHIRE COUNCIL HELD ON MONDAY 21<sup>ST</sup> NOVEMBER 2005.***

.....  
**MAYOR**

- *Economic*

*The 2004 / 2005 Financial Reports reaffirms Council's financial position as previously reported in the June budget review.*

- *Policy or Statutory*

*The 2004/05 Financial Reports have been prepared in accordance with relevant statutory requirements.*

2005. 837 RESOLVED:

*Moved: Cl. Howell  
Seconded: Cl. Green*

That the Auditors Report for the year ended 30 June 2005 be received.

## GENERAL MANAGER'S REPORT

GM1	THINK TANK WORKSHOP	
	FILE: 242 AVB (NRN)	{Folio No. 307052}

### SUMMARY:

To hold a Think Tank workshop to generate income producing ideas.



At the workshop held on the 29 August 2005 to discuss proposals to provide sustainable funding of at least an additional \$1 million per year for the next ten (10) years to address local roads maintenance programs it was resolved: -

"That having regard to the fruitful discussions today, that Council conduct a "Think Tank" workshop to bring forward concepts for Council to acquire income providing assets. Income from such projects to be utilised for road maintenance. This "Think Tank" to be arranged as soon as possible after Councillors have been provided with the information."

Attached are GM1 "Future Road Maintenance Programs", incorporating GM1 "Service Provision Review", [Appendix A](#)

Other reports referred to the Think Tank are: -

- GM2 Organisational Effectiveness [Appendix B](#)
- DSDS9 Strategic Planning Program [Appendix C](#)

---

*THIS IS PAGE 24 OF THE FULL TEXT MINUTES OF THE EXTRAORDINARY MEETING OF THE KEMPSEY SHIRE COUNCIL HELD ON MONDAY 21<sup>ST</sup> NOVEMBER 2005.*

.....  
MAYOR

- DCS 5.5 to Caravan park Committee RC E01 Marketing Options Report from Ken Buckley. The Director Corporate Services will be submitting a report to this meeting.
- Resolved 15 November 2005 that the Director of Shire Services submit a report to Council's "Think Tank" detailing dedicated roads throughout the Shire which are not maintained by Council. A separate report is being submitted by the Director Shire Services.

The Director Sustainable Development will also be submitting a separate report on the development of the Landsborough Street, South West Rocks car park.

To assist Council in this Think Tank process I have prepared a list and plans of all Council owned land [Appendix D](#) the pink pages list Council land classified as operational, the yellow pages list Council land classified as community while the green pages identify reserves.

Staff have also been asked to provide their suggestions and these are outlined in [Appendix E](#) along with a submission from Councillor Hunt. In previous reports, and with the new suggestions submitted, there are many ideas that are able to be advanced although only a small number will be able to come to fruition to provide revenue in the 2005 / 06 year. It is hoped that Councillors with their local knowledge will be able to identify opportunities particularly in respect of lands currently under the ownership of Council.

**REPORT IMPLICATIONS:**

- ***Environmental***

***Nil***

- ***Social***

***Nil***

- ***Economic (Financial)***

***Nil***

- ***Policy or Statutory***

***Nil***

**General Manager's Recommendation:**

**Submitted for Council's consideration.**

2005. 838

**RESOLVED:**

*Moved: Cl. Howell*

*THIS IS PAGE 25 OF THE FULL TEXT MINUTES OF THE EXTRAORDINARY MEETING OF THE KEMPSEY SHIRE COUNCIL HELD ON MONDAY 21<sup>ST</sup> NOVEMBER 2005.*

.....  
MAYOR

*Seconded: Cl. Hayes*

- a. That the feasibility of selling the air space over Council's car parks be investigated.
- b. That a valuation be obtained for the Spooners Avenue site purchased as a possible cemetery site.
- c. The Akubra Place property be sold.
- d. That a report be prepared on opportunities available for Council land classified as operational.
- e. That the General Manager provide a report on marketing the CivicView product.
- f. That the next Think Tank will be held in conjunction with the January Ordinary Meeting of Council.



**CONCLUSION:**

There being no further business, the Meeting terminated at 5.20p.m.

