



*Vision to Action*



# The City of Newcastle 2011/2012 Annual Report



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Photograph by Kate Clare Photography

# Lord Mayor

I would like to acknowledge the work done over the past year by the General Manager, Phil Pearce and thank him for his dedication to improving The City of Newcastle since his commencement with Council in August 2011.

Over the past 12 months, Council has successfully delivered our City's new Newcastle Museum at Honeysuckle and No. 2 Sportsground in Newcastle's west end. We have committed to sustainable waste management and implemented the Waste Review through the introduction of a new three bin system reducing the amount of waste delivered to landfill.

Gazetted in June 2012, the Newcastle Local Environmental Plan aims to deliver the development goals identified in the Newcastle 2030 Community Strategic Plan as well as provide for the preservation and promotion of built heritage within Newcastle. The LEP includes 691 heritage items, six heritage conservation areas and the inclusion of 12 archaeological sites. A further 37 items are included on the State Heritage Register.

The City of Newcastle Youth Council in collaboration with Lake Macquarie Youth Advisory Council hosted the NSW Youth Council Conference from 25-27 November 2011. The conference attended by 50 young people, provided the opportunity for our future civic leaders to attain new skills and knowledge to help them run their own Youth Councils or committees more effectively.

Following on from the introduction of Integrated Planning and Reporting in 2010, and the subsequent development of the Newcastle 2030 Community Strategic Plan and four-year Delivery Program, Council made the bold decision to proceed with a five percent special rate variation to fund nine key civic projects.

These civic projects include Revitalisation of Hunter Street (\$16.7 million), Coastal Revitalisation (\$35.9 million), Blackbutt Reserve upgrade (\$8.7 million), provision of new cycleways (\$15.7 million), Swimming Pool upgrade (\$25.7 million), Libraries upgrade (\$42.9 million), implementation of on and off-street parking strategies (\$13.2 million) and Newcastle Art Gallery expansion (\$19 million). The delivery of these key projects will not only provide new modern facilities for our Community, but also reduce the current maintenance burden from ageing infrastructure and reduce our infrastructure backlog.

This Annual Report documents Council's achievements in implementing the 2011 - 2015 Delivery Program, the State of our Environment and financial position. As we move into a new phase for The City of Newcastle with the September 2012 Local Government Elections, the challenge for the new Council and administration will be to form a strong and effective working relationship.

Decisions made will need to be both optimistic and realistic to support the delivery of the nine key civic projects and any new initiatives that arise, but also the ongoing financial, social and economic sustainability of both Council and the Newcastle LGA.



Lord Mayor  
Councillor John Tate

# General Manager

In my first year as General Manager, I acknowledge that while we still have a long way to go to be a fully sustainable organisation, I am pleased to report that The City of Newcastle has achieved some great successes over the last 12 months.

In line with Council's strategic direction to develop vibrant and activated public places, the new Newcastle Museum, which opened in August 2011, has welcomed over 170,000 visitors. Both the Maryland and Wallsend skate parks have seen upgrades to their existing skate and BMX facilities. The new water playground at Lambton Pool is also proving to be a winner with children of all ages.

Adopted by Council in March 2012, the Newcastle Cycling Strategy and Action Plan, represents Council's commitment to encourage cycling in Newcastle and supports Council's goal to become a connected city. The \$1.5 million Wallsend to Glendale shared pathway is a great example of the state and local governments working together to provide a wonderful recreational feature for the western part of Newcastle. Getting people safely to and from parks is also a Council priority, with new raised pedestrian crossings constructed at both the Empire Park skate park and Wallsend skate park. After four years and a high level of community consultation, the Newcomen Street retaining wall was completed and the road reopened to two-way traffic.

Newcastle's newest sporting facility, the \$7.25 million No. 2 Sportsground redevelopment was completed in May 2012, supporting Council's direction for a liveable and distinctive built environment. Council also commenced work to revitalise Newcastle's spectacular coastline, with the Stockton shared pathway, improvements at Merewether Beach and the Bar Beach cliff stabilisation completed. A new bower bird-themed playground was built at Blackbutt Reserve, Carnley Avenue, suited to children aged two to 12 years old.

In support of demonstrating open and collaborative leadership and Council's commitment to engaging with the community, Council held its first expo in April 2012, which received positive feedback from participants. Council also conducted a comprehensive community information and engagement campaign and achieved support from the community and IPART for a 5% special rate variation to be spent on nine key civic projects.

Council's audited financial statements for the 2011/2012 financial year show a deficit of \$12.3 million. Impacting on the deficit was a decrease in revenue of 2.4%, with decreased capital grant income contributing an income reduction of \$5.7 million. Our expenses increased by 2.9% largely made up of increased depreciation and amortisation costs due to a Fair Value review of our roads and drainage assets (30% increase) or \$12.8 million.



Council will continue to move from *Vision to Action*, working towards the improvement of service delivery and our financial performance to meet the needs of our community and ensuring the ongoing sustainability of The City of Newcastle.

General Manager  
Phil Pearce



# Our City

The City of Newcastle is located in the Hunter Region of New South Wales, about 160 kilometres north of Sydney. The Newcastle LGA has a total land area of 186.8 sq kms and connects with the Port Stephens LGA in the north, Lake Macquarie in the South, Maitland and Cessnock in the West.

Newcastle has an estimated population as at the 2011 Census of 148,531 people which is less than the predicted population of 154,777.

The City of Newcastle	2011		2006		Change
	Number	%	Number	%	2006 to 2011
Population (excluding O/S visitors)	148,531	100.0	141,753	100.0	+6,778
Males	73,155	49.3	69,151	48.8	+4,004
Females	75,376	50.7	72,602	51.2	+2,774
Australian citizens	133,243	89.7	127,568	90.0	+5,675
Eligible Voters (citizens aged 18+)	105,845	71.3	100,852	71.2	+4,993

Source: Australian Bureau of Statistics, [Census of Population and Housing](#) 2006 and 2011. Compiled and presented by [jd](#)



Our Aboriginal/Torres Strait Islander population has increased from 3,033 persons in 2006 to 3,941 in 2011. The LGA forms part of three Land Councils, Awabakal (majority of LGA south of Hunter River), Worimi (north of Hunter River) and Mindaribba (northwest – Beresfield/Taro).

Newcastle is the economic hub of the Hunter Region, accounting for approximately 30% of the Hunter's developed industrial space and 80% of the office space. While Newcastle's industrial sector continues to play an important role, Newcastle is no longer a 'steel city'.

A substantial and growing portion of Newcastle's economy is now based around the service sectors. Newcastle's workforce is over 60,000 strong and the Region's occupational structure has undergone significant up-skilling, with an increase in professional, associate professional and clerical employment.

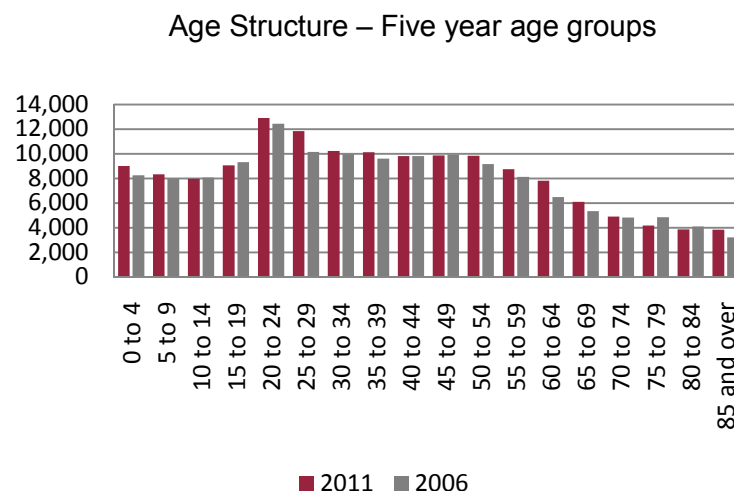
The Port of Newcastle is Australia's major bulk export port and a growing cargo and container hub. It currently handles nearly 114 million tonnes of bulk cargo, worth \$17.4 Billion per year (12 months to June 2011). It also hosts a range of ship-repair and super yacht businesses, as well as a marina and fishing cooperative.



## How old are we?

Analysis of the five year age groups of The City of Newcastle in 2011 compared to Regional NSW shows that there was a lower proportion of people in the younger age groups (under 15) as well as a lower proportion of people in the older age groups (65+).

Overall, 17.0% of the population was aged between 0 and 15, and 15.4% were aged 65 years and over, compared with 19.4% and 18.0% respectively for Regional NSW

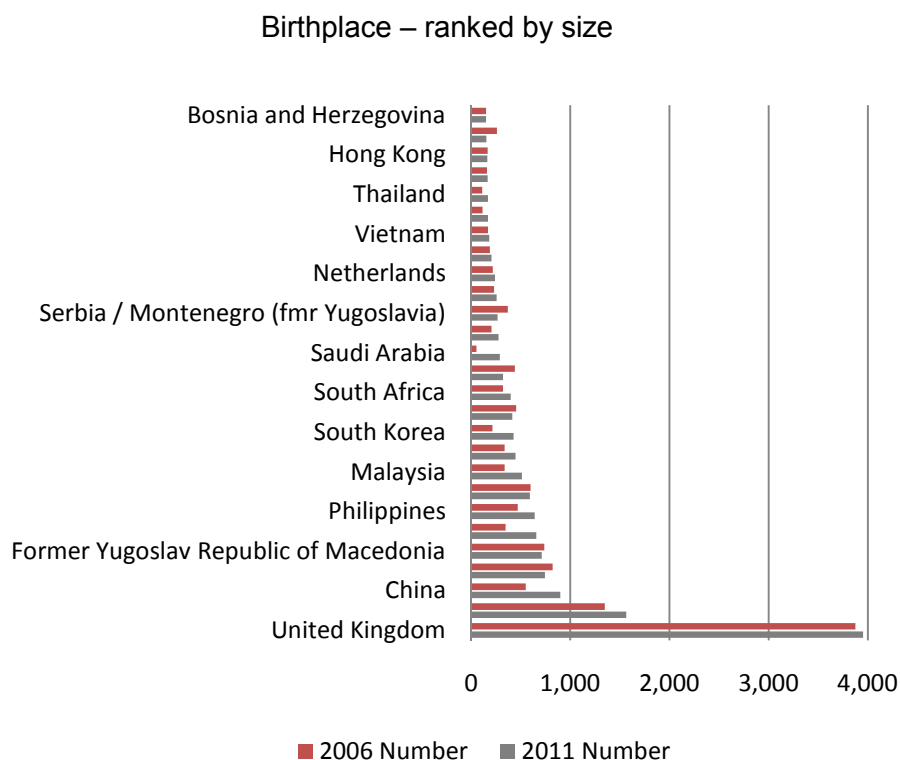


Source: Australian Bureau of Statistics, Census of Population and Housing 2006 and 2011. Compiled and presented by .id,

## Where do we come from?

Between 2006 and 2011, the number of people born overseas increased by 2,371 or 14.8%, and the number of people from a non-English speaking background increased by 1,794 or 18.4%. The largest changes in birthplace countries of the population in this area between 2006 and 2011 were for those born in:

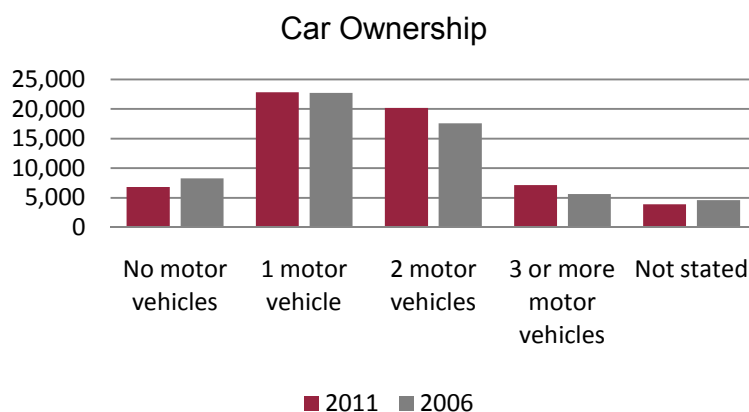
- China (+347 persons)
- India (+310 persons)
- Saudi Arabia (+235 persons)
- New Zealand (+216 persons)



Source: Australian Bureau of Statistics, Census of Population and Housing 2006 and 2011. Compiled and presented by .id

## How do we get around?

Significantly for The City of Newcastle, car usage has continued to climb. There has been a significant increase in the number of two and three car families as can be seen from the following chart:



Source: Australian Bureau of Statistics, Census of Population and Housing 2006 and 2011. Compiled and presented by .id

The City of Newcastle manages on behalf of the community a vast range of buildings and structures, roads, footpaths, parks, reserves and natural habitats to ensure the economic, social and environmental sustainability and lifestyle of our city.

These facilities and assets include:

Local Roads	7.5 million sqm	Bridges	260
Kerb and gutter	1.5 million m	Sea and river walls	10.9 km
Bus shelters	124	Buildings and structures	591
Retaining walls	18 km	Stormwater pits	16,000
Stormwater pipes	423 km	Sports fields	146
Playgrounds	115	Trees	105,472
Garden beds	589	Wetlands	2.1 million sqm
Creeks	67 km	Library - Local Studies collection	44,634
Bushland	5.7 million sqm	Art Gallery - permanent collection	5,611 objects
Library - general collection books	370,235	Source: The City of Newcastle Strategic Asset Management Plan	
Art Gallery - study collection	94 objects		
Local footpaths	1.2 million sqm		



## How to Read this Annual Report

The 2011/2012 Annual Report has been prepared in accordance with the *Local Government Act 1993*, and is divided into two parts:

- Part A: Annual Report (this document)
- Part B: Statutory Financial report

### Part A: Annual Report

The Annual Report documents the governance framework under which The City of Newcastle operates and reports Council's achievements against the Newcastle 2030 Community Strategic Plan Objectives and The Way Ahead Corporate Plan.

Performance Measures, activities and projects for the 2011/2012 financial year have been aligned and documented against the seven strategic directions of:

• Connected city
• Protected and enhanced environment
• Vibrant and activated public places
• Caring and inclusive community
• Liveable and distinctive built environment
• Smart and innovative city
• Open and collaborative leadership

Statutory components of the report are shown with the Section from the *Local Government Act* ie (s428(2)(j)).

The State of Environment Report is also incorporated into Part A of the Annual Report, under Protected and Enhanced Environment.

### Part B: Statutory Financial Reports

The Statutory Financial report provides the results of Council's audited financial reports prepared in accordance with the *Local Government Code of Accounting Practice and Financial Reporting* guidelines for the 2011/2012 financial year.

### Part C: Attachments

Attachment A – State of the City Report

Attachment B – Sustainability Action Plan

Attachment C – Contracts over \$150,000

Attachment D – Government Information and Privacy Act Annual Report

Attachment E – 2011/2012 Statutory Financial Reports

### Previous Annual Reports

A copy of this Annual Report, Statutory Financial Reports and prior year's reports can be found on Council's website at [http://www.newcastle.nsw.gov.au/council/plans\\_and\\_reports/annual\\_report](http://www.newcastle.nsw.gov.au/council/plans_and_reports/annual_report)

# Strategic Framework

## Newcastle 2030 Community Strategic Plan



**Our Vision**  
A smart,  
liveable and  
sustainable  
city

The Newcastle 2030 Community Strategic Plan was developed following a significant shared planning process with direct input from a wide cross-section of the community. It seeks to build on our strengths and unique assets, and describes our shared long-term vision for a city that is smart, liveable and sustainable.

Reflecting the shared priorities of the Newcastle community, the Newcastle 2030 Community Strategic Plan is a guide to inform policies and actions throughout the LGA. It identifies 23 objectives to be achieved in the next 10 years across seven key strategic directions.

Achieving these objectives requires the involvement and partnerships of government at three levels, the business sector, community groups and residents. Key strategies are also supported by the NSW 2021 State Plan and associated regional action plans.

Successful implementation will ensure that the community's economic, social and environmental considerations are integrated into decision-making processes, and that sustainable outcomes are achieved through balancing the short and long-term needs of government, the business sector, community groups, residents and visitors.

## Projects, Actions and Performance Indicators

The Delivery Program and Operational Plan document the projects, actions and performance indicators which show how Council is helping to deliver the strategic directions identified in the Newcastle 2030 Community Strategic Plan.

Nine major civic projects have been identified to deliver city and economic revitalisation over the next 10 years funded by a special rate variation, and helping to achieve the seven community strategic directions. These projects are:

Project		Budget
1	Hunter Street Revitalisation	\$16.7 m
2	Coastal Revitalisation	\$35.9 m
3	Blackbutt Reserve upgrade	\$8.7 m
4	Provision of new cycleways	\$15.7 m
5	Swimming pool upgrade	\$25.7 m
6	Libraries upgrade	\$42.9 m
7	Implementation of on-street parking	\$2.9 m
8	Implementation of off-street parking	\$10.3 m
9	Newcastle Art Gallery expansion	\$21.0 m

## Newcastle 2030 - Strategic Directions and Objectives

<b>A Connected City</b> <ul style="list-style-type: none"> <li>• Effective and integrated public transport</li> <li>• Linked networks of cycle and pedestrian paths</li> <li>• A transport network that encourages energy and resource efficiency</li> </ul>	<b>A Protected and Enhanced Environment</b> <ul style="list-style-type: none"> <li>• Greater efficiency in the use of resources</li> <li>• Our unique natural environment is maintained, enhanced and connected</li> <li>• Environment and climate change risks and impacts are understood and managed</li> </ul>
<b>Vibrant and Activated Public Places</b> <ul style="list-style-type: none"> <li>• Public places that provide for diverse activity and strengthen our social connections</li> <li>• Culture, heritage and place are valued, shared and celebrated</li> <li>• Safe and activated places that are used by people day and night</li> </ul>	<b>A Caring and Inclusive Community</b> <ul style="list-style-type: none"> <li>• A welcoming community that cares and looks after each other</li> <li>• Active and healthy communities with physical, mental and spiritual wellbeing</li> <li>• A creative, culturally rich and vibrant community</li> </ul>
<b>A Liveable and Distinctive Built Environment</b> <ul style="list-style-type: none"> <li>• A built environment that maintains and enhances our sense of identity</li> <li>• Mixed-use urban villages supported by integrated transport networks</li> <li>• Greater diversity of quality housing for current and future community needs</li> <li>• Best practice energy and water efficient buildings and infrastructure</li> </ul>	<b>Smart and Innovative City</b> <ul style="list-style-type: none"> <li>• A vibrant diverse and resilient green economy built on educational excellence and research</li> <li>• A culture that supports and encourages innovation and creativity at all levels</li> <li>• A thriving city that attracts people to live, work, invest and visit</li> </ul>

### Open and Collaborative Leadership

- Integrated, sustainable long-term planning for Newcastle and the Region
- Considered decision-making based on collaborative, transparent and accountable leadership
- Active citizen engagement in local planning and decision-making processes and a shared responsibility for achieving our goals
- The City of Newcastle: a local government organisation of excellence

## Key Civic Projects – Newcastle 2030 Community Strategic Plan Alignment

Civic Projects	Connected city	Protected and enhanced environment	Vibrant and activated public places	Caring and inclusive community	Liveable and distinctive built environment	Smart and innovative City	Open and Collaborative Leadership
Hunter Street revitalisation	✓	✓	✓		✓		✓
Coastal revitalisation		✓	✓	✓	✓	✓	✓
Libraries upgrade program			✓	✓		✓	
Swimming pool upgrade program			✓	✓			
On-street parking strategy	✓				✓	✓	✓
Off-street parking strategy	✓				✓	✓	✓
Newcastle Art gallery expansion			✓	✓		✓	
Cycleways program	✓	✓		✓	✓		
Blackbutt reserve upgrade		✓	✓	✓	✓	✓	

This Annual Report summarises our achievements in implementing the outcomes of the Community Strategic Plan. We do this in three ways:

1. What you think – Organisational Health Check
2. Our Achievements against the Newcastle 2030 Community Strategic Plan - State of the City Report
3. What Council has delivered - projects, actions and performance indicators as shown in this report

## Summary – Organisational Health Check

### 2012 Community Survey

The 2012 Community Survey was conducted by Newcastle Voice, through the community reference panel. The aim of the survey was to gain insight regarding community satisfaction with Council performance and assess community attitudes towards provision of services in the City.

Results from the survey were benchmarked with the Victorian Department of Planning and Community Development's 2011 Local Government Community Satisfaction Survey. Benchmarking results showed significantly lower satisfaction levels within the Newcastle LGA than both the Victorian Inner Metro and Regional Centre results.

The above graph also shows a reduction in satisfaction levels across most services.

Respondents to the survey also ranked the importance of Council's services. The following table shows the top 10 services in order of importance:

Importance Rating Top 10 Facilities and Services	2008	2012
Long term planning and vision for the city	2	1
Garbage collection and disposal	1	2
Standard of service to ratepayers	0	3
Response to community needs	0	4
Parks and recreation areas	6	5
Maintenance of beaches and beach facilities	5	6
Roads in Newcastle area are in good condition	7	7
Informing residents about Council activities	0	8
Management of the Newcastle CBD	0	9
Footpaths in Newcastle are in good condition	0	10

### Employee Culture Survey

The second phase of the review was based on recommendations from The Way Ahead Corporate Strategic Plan. The plan identified a vision for The City of Newcastle to 'be a leader in local government in Australia' and identified the necessity for an employee culture survey and an assessment against the Australian Business Excellence Framework (ABEF).

Three distinct stages were identified:

Stage 1 - employee focus groups

Stage 2 - site visits

Stage 3 - culture survey

Stages 1 and 2 were completed in June 2012, with Stage 3 to be completed by the end of December 2012.

A team of 10 employees representing a cross section of the organisation was formed to undertake the assessment against the ABEF. The following activities were completed:

- Interviews with members of the Executive Leadership Team
- A series of 10 staff focus groups (20-30 staff), including one focus group dedicated to managers and one dedicated to managers/coordinators
- Site visits to a cross section of sites operated by Council staff
- Data obtained from the above focus group meetings was then analysed by the project team to: Identify the key issues, strengths and opportunities for improvement for each of the items of the ABEF
- Score the organisation against the ABEF using the Approach, Deployment, Results, Improvement (ADRI) methodology.

The score obtained by The City of Newcastle in this assessment is 232/1,000.

## 2012 Category Scores

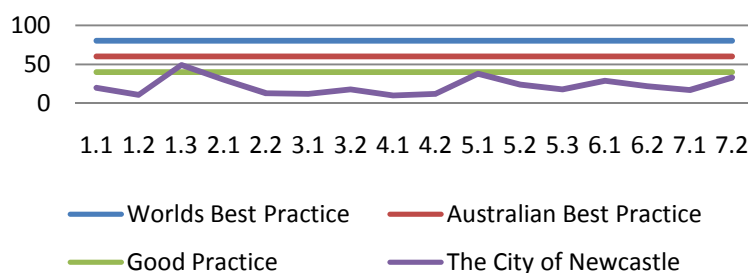
The graph shows the scores for the organisation for each of the seven ABEF categories. The strongest performance for the organisation was for both Leadership and Customers and Other Stakeholders. The lowest performance was for People.



Item scores, identified below provide further insight into where the strengths and opportunities for improvement in the organisation exist.

1. Leadership
  - 1.1 Leadership and Governance throughout the organisation
  - 1.2 Leading the organisational culture
  - 1.3 Society, community and environmental responsibility
2. Strategy and Planning
  - 1.4 Strategic Direction
  - 1.5 The Planning Process
3. Information and Knowledge
  - 1.6 Generating, collecting and analysing the right data to inform decision-making
  - 1.7 Creating value through applying knowledge
4. People
  - 1.8 A great place to work
  - 1.9 Building organisational capability through people
5. Customers and other Stakeholders
  - 1.10 Gaining and using knowledge of customers and other stakeholders
  - 1.11 Effective management of customer and other stakeholder relationships
  - 1.12 Customers and other stakeholders perception of value
6. Process Management, improvement and innovation
  - 1.13 Identification and management of processes
  - 1.14 Process improvement and innovation
7. Results and sustainable performance
  - 1.15 Measuring and communicating organisational results
  - 1.16 Achieving sustainable performance

## 2012 Item Scores



It is the aim of Council over the next four years to review current service levels in collaboration with our community to improve Council's service provision. Opportunities for improvement have been identified and responsibilities for implementation have been assigned. These will be reported in future Quarterly Reviews as part of Council's performance reporting system as well as in future Annual Reports.



## Summary - Community Indicator Results

The State of the City report provides an update on the progress towards achieving our shared vision as described in the Newcastle 2030 Community Strategic Plan. It outlines how Council and other stakeholders have responded over the past year to strategic objectives identified in the Community Strategic Plan and the progress made towards achieving our long-term community goals.

In order to measure progress towards the Newcastle 2030 vision a number of community indicators have been developed under each of the seven strategic directions. The indicators were shaped by the outcomes desired by the community and selected as a way of tracking the impact of initiatives undertaken across the local government area (LGA).

Each indicator is measured using data collected by Council, government or community based agencies. Analysis of the indicators will assist in understanding how effectively we are all contributing to positive change within our community.

While the most current data available was used to inform the preparation of this report, it is also acknowledged that there can be a considerable lag time in data availability for some indicators.

An assessment for the current trend has been provided for each indicator:

- Progressing towards community outcome
- No observable trend / data not available
- ← Moving away from community outcome

Connected city		
Community Indicator	Progress	Trend
Use of public transport in Newcastle	4% mode share to public transport for trips to work (2006 Census)	— 2011 data available November 2012
Adequacy of available public transport	41% resident agreed there is enough public transport in Newcastle (2008 Council Community survey)	— 2012 data not available
Use of bicycles for public transport	2% mode share to bike trips to work (2006 Census)	— 2011 data available November 2012
Registered electric vehicles	Estimated 20 registered electric vehicles in the Newcastle area	→



## Protected and enhanced environment

Community Indicator	Progress	Trend
Domestic waste diverted from landfill	42% domestic waste diverted from landfill 2011/2012; an increase from the previous year	→
Household water usage	Current household water per household unavailable	— Data not available
Household electricity usage	Average daily consumption 16.2kwhrs per household 2010/2011; reduction from the previous year (AusGrid)	→
Air quality	Daily Regional Air Quality index in the Newcastle area exceeded 100 units (indicating poor air quality) on only one day during 2011	→
Canopy cover	Analysis of LIDAR data required	— Data not available
Coastal water quality	2011/2012 Beachwatch rated water quality at all 11 swimming locations in Newcastle area as good or very good	→
Migratory shorebirds	Decline in numbers in the Hunter Estuary since 1990 benchmarks (Hunter Bird Observer Club)	←
Greenhouse gas emissions from electricity use	746,979 tonnes carbon emissions 2011/2012; decrease in emissions from the previous year (Australian National Greenhouse Accounts)	→

## Vibrant and activated public places

Community Indicator	Progress	Trend
Adequacy of good quality parks and recreation areas	72% residents agreed (2008 Council Community Survey)	— 2012 Data not available
Adequacy of natural areas for pursuit of leisure time activities	90% of residents agree (2009 Hunter Valley Research Foundation Wellbeing Survey)	— 2012 data not yet available
People attending community events in Newcastle	121,280 attending L!vesites events 2011/2012	

## Vibrant and activated public places

Community Indicator	Progress	Trend
Satisfaction with heritage conservation in Newcastle	30% residents were satisfied reflecting a decline in satisfaction (2012 Council Community Survey)	
Cultural participation	351,775 attending events and exhibitions 2011/2012 (Council facilities)	— Established as a baseline
Perception of safety in public areas around Newcastle	30% residents agreed public areas were safe (2008 Council Community Survey)	— 2012 data not available
Crime rates	4,157 offences recorded occurring outdoor / public place 2011 (NSW Bureau of Crime Research and Statistics)	— No observable trend

## Caring and inclusive community

Community Indicator	Progress	Trend
Social support	1% of adults unable to find support from family or friends in times of need (2009 HVRF Wellbeing Survey)	— 2012 data not yet available
Australian Early Development Index	9% of kindergarten students in the LGA estimated to be vulnerable on two or more developmental domains 2010	— 2012 data not yet available
Volunteer participation rates	16% participation rate (2011 Census first release data)	— No observable trend
Sense of community	58% of residents agree their neighbourhood has a strong sense of community (2009 HVRF Wellbeing Survey)	— 2012 data not yet available
Wellbeing Index	Score of 75 where 1 indicates low and 100 indicates high wellbeing (2009 HVRF Wellbeing Survey)	— 2012 data not yet available
Companion animal ownership	56% ownership (2009 HVRF Wellbeing Survey)	— 2012 data not yet available
Satisfaction with local arts, entertainment and culture	62% of residents were satisfied reflecting an increase in satisfaction from the previous survey (2012 Council Community Survey)	→

## Liveable and distinctive built environment

Community Indicator	Progress	Trend
Satisfaction with neighbourhood	91% of residents were satisfied (2009 HVRF Wellbeing Survey)	— 2012 data not yet available
Listed heritage items	691 heritage items in Newcastle Local Environmental Plan; 37 items in the State Heritage Register; increase from 2010 listing	→
Reasons for living in neighbourhood	25% of residents nominated proximity to services such as shops, recreation facilities and schools (2009 HVRF Wellbeing Survey)	— 2012 data not available
Agreement that a range of housing types needed is available in the local area	79% of residents agreed (2008 Council Community Survey)	— 2012 data not available
Homes with solar photo voltaic systems installed	3,828 systems connected December 2011 (AusGrid)	→
The City of Newcastle potable water consumption against 2020 targets	Data not available	— 2012 data not available

## Smart and innovative city

Community Indicator	Progress	Trend
Research projects undertaken for the green economy	Baseline to be established 2012	— Baseline data to be established
Skills in green economy	2,301 enrolments in Hunter Institute TAFE NSW courses generating skills in green economy occupations 2011	— 2012 data not available
Growth in creative industry occupations	1,904 enrolments in Hunter Institute TAFE NSW courses generating skills in creative industry occupations 2011	— 2012 data not available
Growth in business tourism	\$8,099,326 value spend retained in the region for annual confirmed bookings through the Newcastle Convention Bureau 2011	— Baseline data
Economic growth from commercial development	Baseline to be established	— Baseline data to be established

## Smart and innovative city

Community Indicator	Progress	Trend
Occupancy of major short term accommodation	75% average occupancy rates of major short term accommodation reflecting increase from previous year	→

## Open and collaborative leadership

Community Indicator	Progress	Trend
Hunter Infrastructure and Investment Fund projects in the Newcastle LGA	Fund commenced in 2011; baseline data not available	— Baseline data to be established
Membership of local community organisations	Baseline to be established	— Baseline data to be established
Opportunity to express views on community issues	80% residents believe they do have the opportunity to express their views (2009 HVRF Wellbeing Survey)	— 2012 data not available
Business Excellence Score	232 (2012 Council Organisational health Check)	— Previous assessment undertaken in 2009 not comparable
Overall The City of Newcastle performance	34% of residents rated Council's overall performance as adequate, excellent or good (2012 Council Community Survey)	— Not comparable with 2008 Community Survey due to question change
Council has a reputation as a good employer	48% residents agreed (2008 Council Community Survey)	— 2012 data not available



## The Way Ahead – Corporate Plan





The Way Ahead was launched by the General Manager in October 2011 and built on the framework of Business Excellence.

Providing the context and actions to help Council fulfil its vision, it is underpinned by:

- a commitment to workplace culture that embodies the values of Cooperation, Respect, Excellence and Wellbeing
- a belief that sustainability is fundamental to our organisation; and
- the knowledge that serving our community's needs and aspirations is at the heart of our business.

Directors, Service Unit Managers and individual staff across Council all have a vital role in shaping our organisation's future and setting the standards of service delivery.

The City of Newcastle has a tiered structure of strategies that align with the Integrated Planning and Reporting (IP&R) framework introduced in NSW in 2010.

At the pinnacle of the structure is the Newcastle 2030 Community Strategic Plan which identifies the long term shared aspirations of the community. This plan includes actions for a range of government and non-government agencies in Newcastle to deliver over a 10 year period.

Alongside this key strategic planning document is The Way Ahead, a five year corporate action plan to achieved organisational excellence.

Figure 1 shows the hierarchy of our key strategic planning documents and their integration. Integrated reporting on both documents will be via Quarterly Reports and the Annual Report.

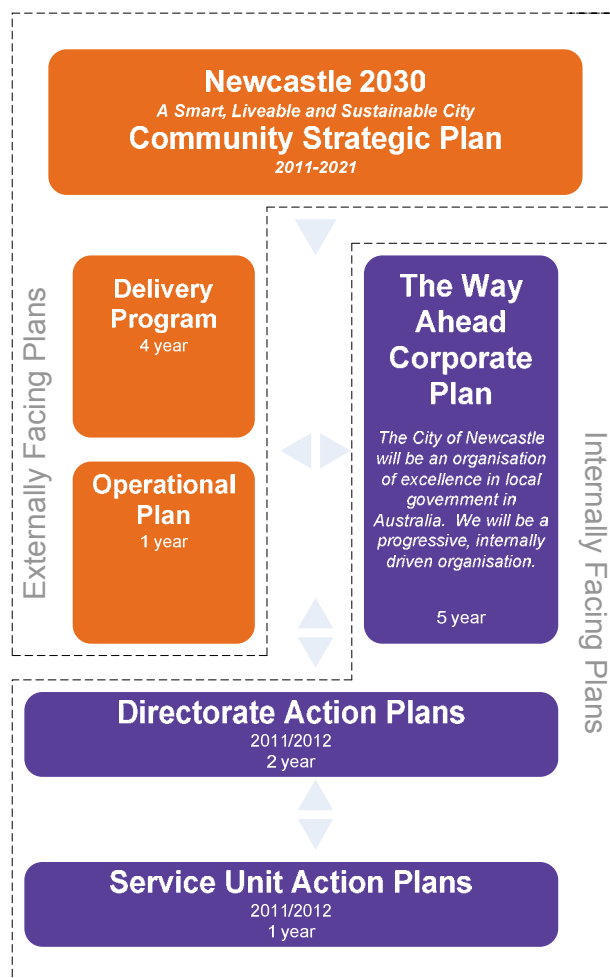


Figure 1

The key drivers for change for The City of Newcastle are:

- political environment
- environment and climate change
- global financial crisis
- funding availability
- demographic changes
- improved services/increased expectations
- Council and community decision making

## Achievements

→ Task underway    ✓ Task Complete    ⇐ Task Behind Schedule    ● Task not yet commenced



# Financial Report Overview

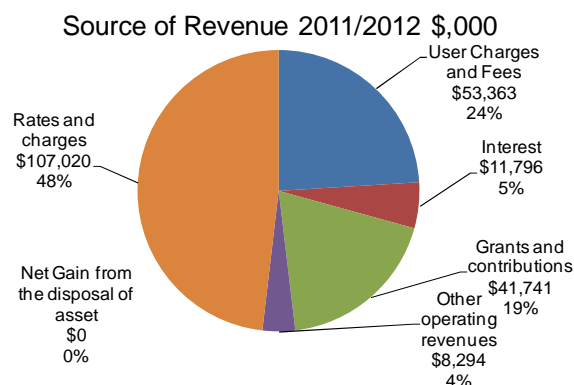
Council's financial position as at 30 June 2012 was a deficit of \$12.3 million.

The focus for 2011/2012 was the identification of strategies to reduce the operating deficit while managing our liquidity position, and funding and managing the nine key civic projects identified through the Newcastle 2030 Community Strategic Planning process.

In support of the nine key civic projects, Council submitted a special rate variation application and was successful in achieving a 5% rate increase over and above the 3.6% rate cap. The additional income from the special rate variation of \$45 million over the next 10 years will be used to partially fund the nine key civic projects.

Additional funding sources which support the \$179.8 million infrastructure program, includes \$45.2 million in income from the sale of underutilised or redundant assets and \$20 million in additional Grant funding.

- Reviews all available funding sources including grants and contributions to support on-the-ground works.



As can be seen from the graph below, rate income forms 48% of Council's revenue for the 2011/2012 financial year.

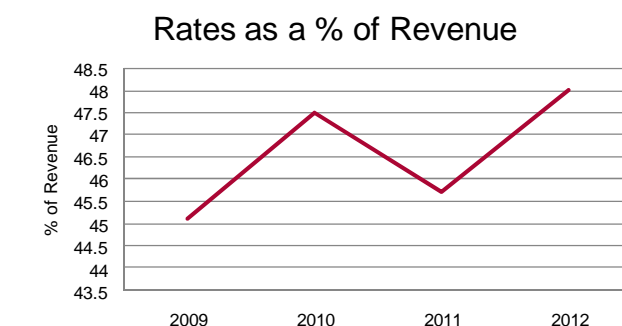
## Revenue

Council's 2011/2012 financial year revenue totalled \$222.2 million. This result was a 2.4% reduction in income from 2010/2011.

The decrease in revenue was mainly attributable to a reduction in user charges and fees (2.5%), interest and investment revenue (12.8%) and capital grants and contributions (48.2%).

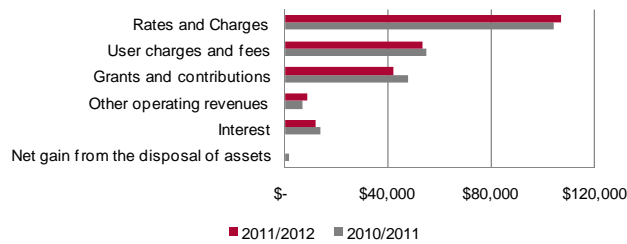
As part of its ongoing efficiency reviews, Council will continue to review all funding sources to ensure that Council:

- Charges fair and equitable prices for services, and:



NSW Valuer General, 2009 valuations were used in calculating rates for the 2011/2012 financial year.

### Revenue Source Comparison 2010/2011 to 2011/2012 \$'000

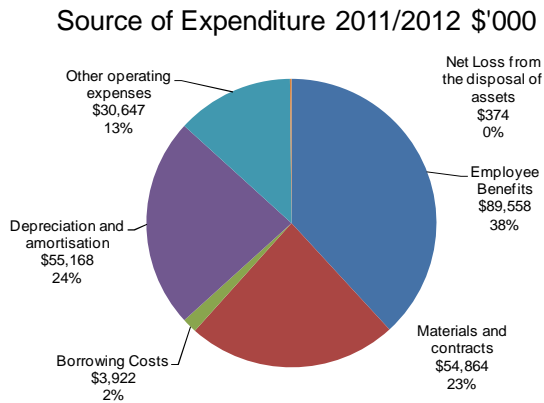


## Expenditure

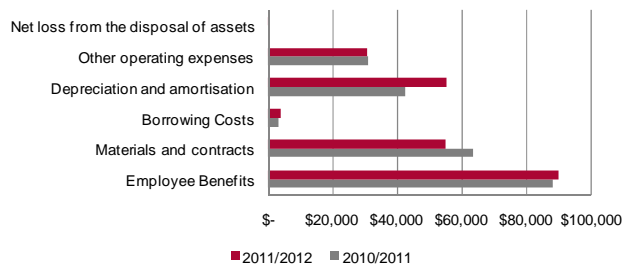
Council's 2011/2012 financial year expenditure totalled \$234.5 million. This result was a 2.9% increase 2010/2011 figures

The expenditure increase was mainly due to employee benefits 1.9%, depreciation and amortisation costs 30%(revaluation of roads and drainage assets increase of 45.7%) and borrowing costs 24.6%.

Comparative expenditure data 2010/2011 to 2011/2012 is show below:



### Comparison of Operating Expenditure 2010/2011 to 2011/2012 '000



## Special variation

S508 (2), s508(A)

The City of Newcastle applied for, and was successful, in obtaining a special rate variation of 6.55 per cent in 2007/2008 to support the costs associated with infrastructure rehabilitation and renewal.

Income received from the special rate variation for financial years 2007/2008 to 2011/2012 is detailed below:

Financial Year	Income
2007/2008	\$4,696,129
2008/2009	\$4,846,405
2009/2010	\$5,016,029
2010/2011	\$5,146,446
2011/2012	\$5,290,546

This income has been used to support a \$10 million increase in funding for the Major Asset Preservation Program. Increased expenditure is detailed below:

Financial Year	MAPPs		
	Roads	Buildings and Structures	Environment
2006/2007*	\$4,706,000	\$6,608,752	-
2007/2008	\$8,161,748	\$8,277,100	\$1,256,000
2008/2009	\$11,050,580	\$8,859,300	\$2,955,500
2009/2010	\$7,760,905	\$9,669,100	\$4,970,500
2010/2011	\$9,929,910	\$13,204,590	\$6,865,500
2011/2012	\$9,943,625	\$9,818,622	\$5,350,711

\* Expenditure prior to special rate variation

# Connected city

*Strategic Direction: Transport networks and services will be well connected and convenient. Walking, cycling and public transport will be viable options for the majority of our trips*

## Highlights

Lower Hunter Transport Guide	Newcastle Cycling Strategy and Action Plan	Transport Stops
<p>Council in association with the Lower Hunter Transport Group, The University of Newcastle and NSW Transport developed the Lower Hunter Transport Guide which provides an overview of how to get around our city.</p> <p>Network maps and timetables are provided for various forms of transport including:</p> <ul style="list-style-type: none"> <li>• Bus</li> <li>• Cycling</li> <li>• Walking</li> <li>• Train</li> <li>• Ferry</li> <li>• Taxi</li> <li>• Air</li> </ul> <p>Copies of the Guide can be obtained from Council's Website.</p>	<p>The <i>Newcastle Cycling Strategy and Action Plan</i> was adopted by Council on 6 March 2012, and represents Council's commitment to enhancement of cycling in Newcastle. It builds on previous bike plans and collates and expands on cycling-related strategies and initiatives from a range of Council documents.</p> <p>The overall objective of the <i>Newcastle Cycling Strategy and Action Plan</i> is to make cycling a safe and attractive travel option to facilitate more people using bicycles for more of their trips.</p> <p>This objective supports the <i>NSW 2021</i> target of more than doubling cycling mode share for trips at a local and district level in the Greater Sydney region by 2016.</p>	<p>At its Council meeting of 26 June 2012, Council reaffirmed its commitment to public transport through the provision of support infrastructure such as shelters and seating.</p> <p>Proposed works include the improvement in equity of access to public transport through upgrading of existing stops with shelters and/or seating as funds permit, to meet the requirements of the <i>Disability Standards for Accessible Public Transport</i> (Commonwealth of Australia, 2002).</p> <p>Council will also continue to advocate for financial assistance from the State and Federal Governments for the provision of compliant public transport support infrastructure.</p>



A tender process has been initiated for the provision and installation of shelters with advertising with funding allocated in the Delivery Program 2011/2012 - 2014/15 and Operation Plan 2012/13.



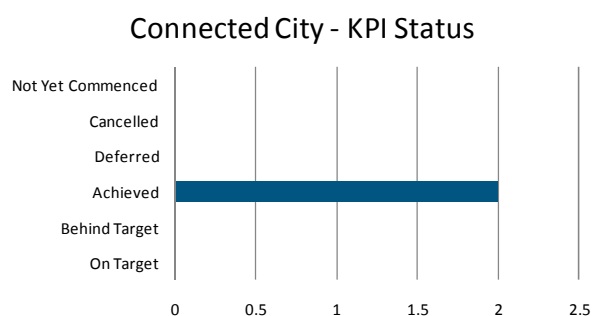
# Our Achievements

## Strategic Objectives - Key Actions

1.1 - Effective and integrated public transport		1.2 - Linked network of cycle and pedestrian paths		1.3 - A transport network that encourages energy and resource efficiency	
67%	On Target	60%	On Target	40%	On Target
0%	Behind Target	0%	Behind Target	0%	Behind Target
33%	Achieved	20%	Achieved	40%	Achieved
0%	Revised	0%	Revised	0%	Revised
0%	Not yet commenced	20%	Not yet commenced	20%	Not yet commenced

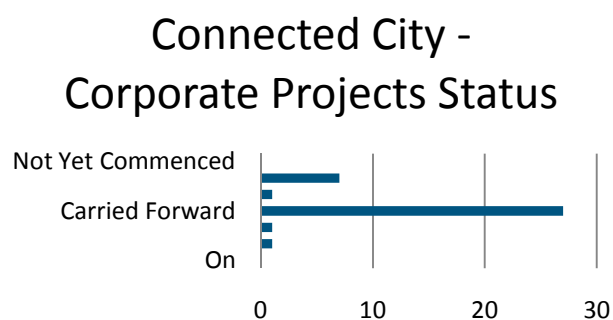
## Key Performance Indicators

Total Indicators: 2



## Corporate Projects

Total Corporate Projects: 37



## Major Asset Preservation Program

Road Resurfacing Program	Complete
Road Rehabilitation Program	Deferred
Footpath Rehabilitation Program	Complete
Furniture Rehabilitation Program	Complete





#### Significant Major Asset Preservation Projects – completed:

- Dumaresq Street Hamilton South – road rehabilitation
- Teralba Road Adamstown – road rehabilitation Stage 2
- Poitrel Street New Lambton – road rehabilitation
- Wallsend emergency – road rehabilitation to bus routes
- Carrington Parade New Lambton Heights – road rehabilitation
- Leonard Street Mayfield West - road rehabilitation
- Brunker Road Adamstown shops footpath rehabilitation
- Wallsend to Glendale cycleway renewal
- Ravenshaw Street Newcastle West – footpath rehabilitation
- Road resurfacing rejuvenation works completed in Carrington, Maryville, Hamilton South, Wallsend and Mayfield West
- Road Resurfacing works completed in Minmi Road Maryland, Scott Street Newcastle, Beresford Avenue Beresfield, Park Ave Kotara, Beaumont and Chatham Streets Hamilton, Dibbs, Bailey and Kings Streets Adamstown, Hogue and William Streets Maryville, Steel Street Jesmond, Hunnifords Lane Cooks Hill, Kemp Street Hamilton South and Rudd Street Lambton

#### Significant road projects continuing into 2012/2013:

- Laman Street Cooks Hill – road rehabilitation
- Southern Avenue Tarro – road rehabilitation
- Princeton Avenue Adamstown Heights – road rehabilitation
- Harriet Street Waratah – reconstruct resurface kerb and gutter
- Islington Park – upgrade existing pathways



Grants Received: State - \$1.64 million  
Federal: \$370,000

# Protected and Enhanced Environment

*Strategic Direction: Our unique environment will be understood, maintained and protected*

## Highlights

### Newcastle City-Wide Floodplain Risk Management Study and Plan

The Newcastle City-wide Floodplain Risk Management Study and Plan (the Plan) was adopted by Council in June 2012.

The estimated total cost of implementing the Plan is \$40-\$50 million. The Plan includes an Implementation Action Plan which covers the proposed actions for the first five years including education initiatives, a complete flood warning system, planning controls, property works and emergency management. This package of works is estimated to cost \$4.7 million.

Most of the actions will be eligible for funding under the annual NSW Government's Floodplain Management Program.

Funding applications have been submitted for the 2012-2013 financial year to fund to commence actions.

### Carbon and Water Management Action Plan

The City of Newcastle adopted the 2020 Carbon and Water Management Action Plan in October 2011. The Carbon and Water Management Action Plan sets targets for Council operations, the business sector, residential sector and education sector to achieve reductions in the four key focus areas of energy, water, waste and liquid fuels by 2020.

The document also lists out Council's vision, mission and objectives, its carbon and water footprint and 64 guiding actions for Council operations to implement towards achieving this continuous goal.

### Three bin waste system

The City of Newcastle is committed to sustainable waste management and undertook a full waste collection review in 2009. The objective of the review was to recommend a modern, flexible and sustainable waste collection service that addresses the needs of residents while reducing waste to landfill.

Our new 3 bin system introduced in July 2011 delivers on that objective.

The new 3 bin system includes bins for green waste, recycling and general waste. By moving to a 3 bin system, Council is providing a more economical and environmentally sustainable waste collection service to residents.



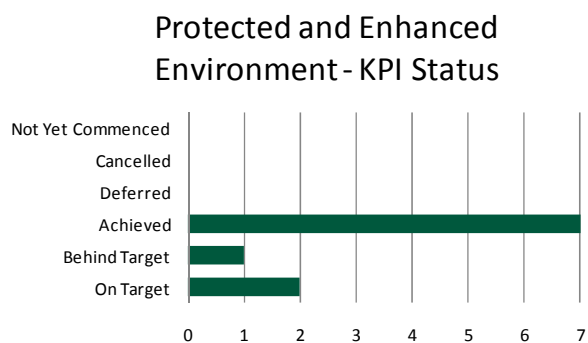
589  
garden  
beds

## Our Achievements

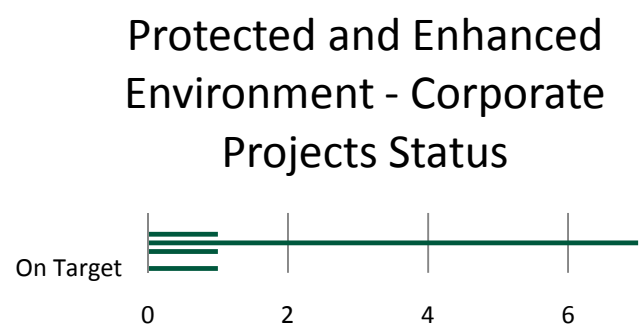
### Strategic Objectives - Key Actions

2.1 Greater efficiency in the use of resources		2.2 Our unique natural environment is maintained, enhanced and connected		2.3 Environment and climate change risks and impacts are understood and managed	
90%	On Target	40%	On Target	28%	On Target
0%	Behind Target	26%	Behind Target	29%	Behind Target
10%	Achieved	14%	Achieved	43%	Achieved
0%	Revised	7%	Revised	0%	Revised
0%	Not yet commenced	13%	Not yet commenced	0%	Not yet commenced

### Key Performance Indicators



### Corporate Projects



### Major Asset Preservation Program

Stormwater Program	Complete
Coastal and Estuary Program	Complete
Natural Assets Program	Complete

### Grants

State: \$12,000

115 play grounds



## Major Asset Preservation Program

The MAP program funds maintenance, repair and replacement of Council's infrastructure.

### Significant environmental projects completed include:

- Stockton Foreshore Seawall at Pirates Point rehabilitation
- Environment component of Bar Beach cliffline stabilisation
- Ironbark Creek Stage 1 rehabilitation
- Ironbark Creek Lower Reserve Wallsend rehabilitation
- Ironbark Creek Diane Street Reserve rehabilitation
- Hunter River Hexham bank stabilisation
- Hunter River South Arm foreshore estuary works
- Planting of 1,107 trees in Stockton as a part of the Street Tree Replacement Program
- Anderson Drive Beresfield catchment gross pollutant trap and pit connection
- Dumaresq Street Hamilton drainage rehabilitation
- The Terrace to Bingle Street The Hill drainage rehabilitation

### Significant environmental projects continuing into 2013/2014:

- Stockton Foreshore Seawall at Pirates Point foreshore rehabilitation
- Elizabeth and Parker Street Carrington Drainage rehabilitation
- Hexham stormwater drainage tide gate rehabilitation
- Laneway Bridge to Harriet Street Waratah - drainage replacement
- Princeton Avenue Adamstown Heights - drainage construction
- Stormwater drainage rehabilitation using trenchless technology



105,472  
trees  
planted



# State of Environment Report

Part 4 Section 428A

The Newcastle 2030 Community Strategic Plan objectives for the environment and relevant Indicators are shown below:

## Greater efficiency in the use of resources

Community Indicator	Progress	Trend
Domestic waste diverted from landfill	42% of domestic waste diverted from landfill 2011/2012; and increase from the previous year	→
Household water usage	Current household water per household unavailable	—
Household electricity usage	Average daily consumption 16.2kwhrs per household 2010/2011; reduction from the previous year (Ausgrid)	→

Some of the projects we are currently working on are:

- Solar PV – installation of large scale solar photovoltaic system at the Council Works Depot and a small scale system at Summerhill Waste Management Centre
- Energy, Water and Waste Monitoring and Reporting – implementation of an online monitoring and reporting system for Council's operations, including the installation of smart metering systems at key Council sites. This will allow Council to accurately track and report on its resource consumption, waste generation and carbon emissions.
- Waste – the roll out of recycling bins across Council's operations in line with the ClimateCam for Council program below
- Liquid fuels – Council passenger vehicles now use an E10 ethanol blend and the majority of our small diesel fleet use a B20 biodiesel blend. Council is also trialling a Mitsubishi i-MiEV Electric Vehicle, common rail turbo diesel Hyundai i30 and a Holden Omega that runs on E85.

## Our unique natural environment is maintained, enhanced and connected

Community Indicator	Progress	Trend
Air quality	Daily Regional Air Quality Index in the Newcastle area exceeded 100 units (indicating poor air quality) on only one day during 2011/2012	→
Canopy Cover	Analysis of LIDAR data required	—
Coastal Water Quality	2011/2012 Beachwatch rated water quality at all 11 swimming locations in the Newcastle area as good or very good	→
Migratory shorebirds	Decline in numbers in the Hunter Estuary since 1990 benchmarks (Hunter Bird Observer Club)	←

- The City of Newcastle's commitment to sustaining the urban forest has resulted in a total of 5,254 trees planted in streets and parks between 2008 and 2012.
- In 2011, Council inspected 250 large trees located in high use areas within selected parks. The result was that 235 trees were retained with mulch areas increased around them to extend their life.
- Laman Street - The June 2007 storm led to the removal of four destabilised Hills Figs in the Laman Street precinct and greatly increased the exposure of remaining trees in the street. Subsequent investigations alerted Council to a number of issues with the Laman Street trees including:
  - the increasing instability of remaining trees
  - the absence of adequate structural support roots

- the need to construct large underground structures to accommodate the root spread of large avenue type plantings.

Work to remove the Laman Street figs was completed in February 2012 following extensive consultation and litigation by members of the community to prevent their removal.

The design for the rehabilitation of the section of Laman Street between Dawson and Darby Streets, including an estimate and program for the work was placed on public exhibition for six weeks from 10 April to 25 May 2012.

The total cost to date for Laman Street is \$200,000. A substantial proportion will be funded by Ausgrid and Hunter Water as the work is public utility work.



- The Blackbutt Reserve Plan of Management was adopted by Council in March 2012. The Plan provides the framework and guidelines by which Blackbutt Reserve will be managed both now and in the future.

The Plan takes a values-based approach to land planning and management, identifying the Reserve's key values, role and purpose so that these assets can continue to be protected and enhanced.

The Plan's actions focus on protecting the values of the Reserve, with the ecological value of the natural areas being the primary value. Council's management intention for Blackbutt Reserve is to conserve and restore the natural areas, whilst facilitating the appropriate recreational use and community enjoyment of the site and the wildlife exhibits.

## Environment and climate change risks and impacts are understood and managed

Community Indicator	Progress	Trend
Greenhouse gas emission from electricity use	746,979 tonnes carbon emissions 2011/2012; decrease in emissions from the previous year (Australian National Greenhouse Accounts)	→

Council is preparing the Newcastle Coastal Zone Management Plan, which will describe how Council will respond to coastal hazards (eg erosion, climate change).

A Sand Scoping and Funding Feasibility Study is also being prepared to identify potential sources of sand for beach nourishment at Stockton Beach.

For more information refer to the Newcastle 2030 State of the City Report Attachment A.





## Waste & Sustainability Improvement Program

In 2011/2012, The City of Newcastle received \$873,379 from the Office of Environment and Heritage to invest in actions and on programs that improve waste avoidance, resource recovery, the use of secondary resource and waste management outcomes that delivered improvements in environmental sustainability. Four of the projects undertaken as part of this program were:

- E-Waste Recycling – The Waste and Sustainability Program partly funded three e-waste events during 2011/2012 with the total e-waste collected at these events totalling 96.2 tonnes
- Learmonth Park - Installation of Irrigation System - This project involved the installation of irrigation from the local bore supply through to the above ground tanks. The project involves the installation of two above ground tanks, associated pumps and the completion of underground irrigation
- Spring Water Irrigation - Harker Oval - To reduce the usage of potable water at Harker Oval, water tanks and an irrigation pump were installed along with controllers and pipes to pump spring water from Arthur Edden Oval to Harker Oval to be stored and used to irrigate the turf

Currently Council is capturing water from a natural spring in Wallarah Park at Lambton to irrigate Arthur Edden Oval. The majority of the water was previously discharged into the Hunter Water stormwater channel as the flow was greater than the amount used at Arthur Edden Oval. The current amount of potable water used to irrigate 13,000m<sup>2</sup> of turf at Harker Oval is 30,000 litres per annum. The use of spring water will save both valuable potable water and reduce Council's water bill.

- School Recycling Program - Council offered all schools in the Newcastle Local Government Area a free commingled recycling service, providing up to twelve 360 litre recycling bins depending on students enrolled. This program encourages students to recycle and reduce the amount of waste their schools send to landfill, assisting Newcastle in meeting State recycling targets. There are currently 49 schools participating in the program.

### The City of Newcastle Sustainability Action Plan

The City of Newcastle Sustainability Action Plan (SAP) was developed as part of the 2010/2011 Waste and Sustainability Improvement Payments program. The SAP identified sustainability actions across all required areas of waste, energy, water, biodiversity, climate change, procurement and transport, and wherever possible actions from already endorsed Council documents have been used.

A full list of actions from the Sustainability Action Plan and their status is included in Attachment B.



96.2  
tonnes e-  
waste

## ClimateCam for Schools

Eleven ClimateCam schools were awarded 24 stars for their achievements in energy, water and waste reduction at the Star Ceremony on Monday 14 November 2011.

There are now 52 schools participating in the program, with approximately 24,000 students enrolled.

These schools are predominantly from Newcastle and the Hunter, with 39 schools from the Newcastle Local Government Area (LGA).

Participating schools have received 174 stars to date for their achievements in energy, water and waste efficiency.



## ClimateCam – The City of Newcastle

As part of the ClimateCam Framework a rating system was developed to audit organisational progress and provide a score and baseline for each of the 14 septs. Council's Environment and Climate Change Services team applied this process to Council operations in November 2011. Four focus groups were established to assess each of the focus areas of Energy (electricity and gas), Water, Liquid fuels and Waste. The focus groups were represented by staff from a wide cross section of the organisation.

The following figures show Council's performance against the ClimateCam framework as at November 2011.

This assessment will be undertaken every 12 months to identify areas requiring focus in the coming year.

#### Focus Area – ENERGY

	Performance Rating	1	2	3	4	5	6	7	8	9	10
		Room For Improvement						Best Practice			
1	Commitment	★	★	★	★	★					
2	Policy										
3	Communication	★	★								
4	Baseline Information	★	★	★	★	★	★	★	★		
5	Monitoring & Reporting	★	★	★	★	★	★	★			
6	Teamwork & Partnerships	★	★	★	★	★	★	★	★	★	
7	Knowledge & Capacity	★	★	★	★	★	★	★	★	★	★
8	Target Setting										
9	Innovation & New Ideas	★	★	★	★						
10	Low Hanging Fruit	★	★	★	★	★	★				
11	Research & Pilots	★	★	★	★	★	★	★	★	★	★
12	Implementation	★	★	★							
13	Project Evaluation										
14	Case Studies	★	★	★	★	★					

#### Focus Area – WASTE

	Performance Rating	1	2	3	4	5	6	7	8	9	10
		Room For Improvement						Best Practice			
1	Commitment	★									
2	Policy	★	★	★	★	★	★				
3	Communication	★	★	★	★	★	★				
4	Baseline Information										
5	Monitoring & Reporting										
6	Teamwork & Partnerships	★	★	★	★	★					
7	Knowledge & Capacity	★	★	★	★	★	★				
8	Target Setting										
9	Innovation & New Ideas										
10	Low Hanging Fruit	★	★	★	★	★	★	★	★	★	★
11	Research & Pilots	★	★	★	★	★	★				
12	Implementation										
13	Project Evaluation	★	★								
14	Case Studies										



#### Focus Area – WATER

Performance Rating	1	2	3	4	5	6	7	8	9	10
	Room For Improvement							Best Practice		
1 Commitment	★	★	★							
2 Policy										
3 Communication	★	★								
4 Baseline Information	★	★	★	★	★					
5 Monitoring & Reporting	★	★								
6 Teamwork & Partnerships	★	★	★	★	★					
7 Knowledge & Capacity										
8 Target Setting										
9 Innovation & New Ideas	★	★	★	★						
10 Low Hanging Fruit										
11 Research & Pilots	★	★								
12 Implementation										
13 Project Evaluation										
14 Case Studies										

#### Focus Area – LIQUID FUELS

Performance Rating	1	2	3	4	5	6	7	8	9	10
	Room For Improvement							Best Practice		
1 Commitment	★	★	★	★	★	★	★	★		
2 Policy	★	★	★	★	★	★	★	★		
3 Communication	★	★	★	★	★	★	★	★		
4 Baseline Information	★	★	★	★	★	★	★	★		
5 Monitoring & Reporting	★	★	★	★	★	★	★	★		
6 Teamwork & Partnerships	★	★	★	★	★	★	★	★		
7 Knowledge & Capacity										
8 Target Setting	★	★	★	★	★	★	★	★		
9 Innovation & New Ideas	★	★	★	★	★	★	★	★		
10 Low Hanging Fruit	★	★	★	★	★	★				
11 Research & Pilots	★	★	★	★	★					
12 Implementation	★	★	★	★	★					
13 Project Evaluation	★	★								
14 Case Studies	★	★	★	★	★	★	★	★		





# Vibrant and activated public places

*Strategic Direction: A great city of public places and neighbourhoods promoting people's health, happiness and wellbeing*

## Highlights

### Coastal Revitalisation Master Plan

In partnership with the NSW State Government (Crown Lands Division) and Hunter Surf Lifesaving, Council is undertaking a long-term improvement program for coastal assets. The total investment in capital works will be \$35.9 million over ten years, with Council providing \$29.3million and Federal and State Government to contribute \$6.6million.

Works completed over the last 12 months include:

- Bathers Way improvements at Bar Beach
- Stage 1 of the Merewether Beach Public Domain Plan
- Corroba Oval, Stockton
- Council also endorsed the South Stockton and Bathers Way Public Domain Plans

Works commenced during the last 12 months:

- Stage 2 of the Merewether Beach Public Domain Plan
- Stage 3 of the Merewether Beach Public Domain Plan
- Detailed design of the Bathers Way from Dixon Park to Bar Beach

### Museum

Opening in August 2011, the new Newcastle Regional Museum building was originally three separate workshop buildings which formed part of the Civic railway workshops for the Great North Railways.

The project comprised the refurbishment and fit out of the three stand alone buildings and converting them into one grand museum connected by a new link structure. The new museum showcases many exhibits of the industries which once flourished in the Newcastle area.

The construction team behind the Newcastle Museum redevelopment, ISIS Group Australia, was recognised at the NSW Master Builders Association awards in November 2011 taking out the *adaptive reuse of an historic building over \$9million* category.



### No. 2 Sportsground

Completed in May 2012, the redevelopment of the No 2 Sportsground aimed to develop a multi-purpose facility capable of supporting regional, intra and interstate events and productions.

The project was promoted by the Newcastle and Hunter Rugby Union and Wanderers football club.

Costing \$7.265 million the project was partially funded by a \$2 million grant from the Federal Government and \$5.2 million in asset sales.

Construction work included:

- new grandstand
- western tiered concourse seating
- demolition of existing structures including existing grandstand, scoreboard and club room
- construction of new playing field lighting

146  
Sports  
Fields

Art  
Gallery  
5,611  
Objects

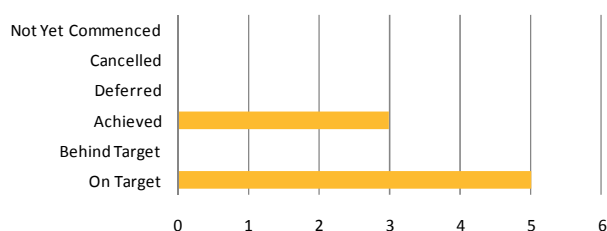
## Our Achievements

### Strategic Objectives - Key Actions

3.1 Public places that provide for diverse activity and strengthen our social connections		3.2 Culture, heritage and place are valued, shared and celebrated		3.3 Safe and activated places that are used by people day and night	
82%	On Target	27%	On Target	79%	On Target
0%	Behind Target	9%	Behind Target	5%	Behind Target
18%	Achieved	55%	Achieved	11%	Achieved
0%	Revised	0%	Revised	5%	Revised
0%	Not yet commenced	9%	Not yet commenced	0%	Not yet commenced

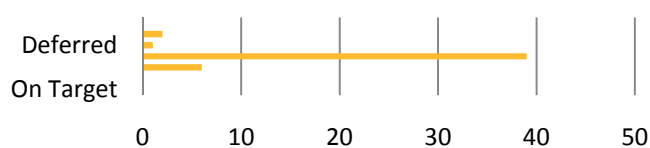
### Key Performance Indicators

Vibrant and Activated Public Places - KPI Status



### Corporate Projects

Vibrant and Activated Public Places - Corporate Projects Status



### Grants

State: \$1.6 million

Federal: \$1.6 million



370,235  
Books  
9 Libraries

## A little bit of history

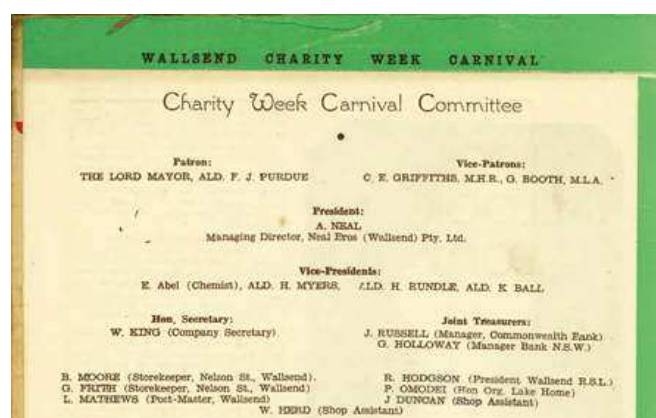
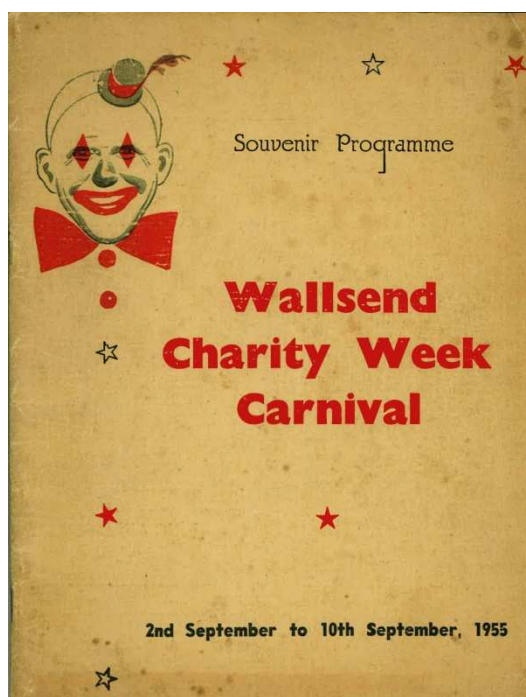
The first form of local government granted to the people of the Newcastle District was by a charter dated 27 September 1843, establishing a district Council.

Making up the Council was Mr Alexander Walker Scott (Warden) and six Councillors Messrs George and William Brooks, William Croadell, Lancelot Phrelkeld, Simon Kemp and Henry Boyce.

The incorporated area of the district of Newcastle comprised of 112,028 acres.

The Charter was issued under Imperial Acts 5 and 6 Vic 76, was 'an act for the government of NSW and Tasmania establishing district councils for the local government of the districts of the colonies'

Source: Wallsend Charity Week Carnival Souvenir Programme 1955





## Cathedral Park Master Plan and conservation of headstones

Council secured \$150,000 funding from the NSW State Government for the conservation of the headstones in Cathedral Park. Council has matched the funding through its major asset preservation program allowing 10 headstones, including that of James and Mary Hannell, to be restored.



A comprehensive Landscape Master Plan was prepared to inform these works establishing a staged approach to the

upgrade of the park. Extensive stakeholder consultation supported the development of the Master Plan which included feedback and input from descendants of people buried in the park. The Master Plan was exhibited in May 2012 and was adopted by Council at its meeting of 6 July 2012.

Further external grant funding has been secured for the implementation of the Landscape Master Plan and for the progressive restoration of the headstones. A grant from the Commonwealth Government of \$228,000 was secured in December 2011 for the construction of pathways, which is being matched in-kind and through Council's asset preservation program.

The objective of the Cathedral Park project is to revitalise one of the City's most historic parks for the benefit of the community and to value add to the City's revitalisation strategy.

In December 2011, the Cathedral Park project became the subject of an episode of the History Channel program Tony Robinson's Time Walks Australia. The program showcases little known and curious aspects of Australia's history. One episode is dedicated to Newcastle.

Staff of Council provided valuable research and coordination of Council sites for the program. Both Fort Scratchley and Cathedral Park are highlighted in the Newcastle episode, giving positive national exposure to key historic sites in the City.

Each episode explores a different postcode laden with stories with Tony roaming through laneways; divulging the tales of crimes; recounting acts of bravery; and notable showdowns that shaped the character of the area. The cities in the series include: Fremantle, Melbourne, Hobart, Woolloomooloo, Bendigo, Newcastle, Carlton, Brisbane, St Kilda and Adelaide.

Achieving national coverage of Newcastle's heritage is a significant achievement for Newcastle. The show has the potential to attract visitors to the City as the show will be broadcast nationally across Australia on Foxtel's History Channel.



Two boys and dog sitting in the cemetery circa 1890

# Caring and Inclusive Community

*Strategic Direction: A thriving community where diversity is embraced, everyone is valued and has the opportunity to contribute and belong*

## Highlights

### Beresfield Child Care Centre

Beresfield Child Care participated in the first Beresfield Fair Day in May 2012.

The children at the centre performed on the stage singing and dancing to some of their favourite songs.

The centre also had an information and activity stall that was visited by many local residents. We received approximately 10 new enquiries on the day for care for 2013, as well as cementing our image in the local community.

As a result of the Beresfield Fair day, the centre's preschool children have been invited to perform on stage at the Hunter Valley Show in November to be an opening act for Jessica Mauboy, Reece Mastin and Johnie Ruffo.

During July 2011 and June 2012 we have had an average of 11% of enrolments with children with additional needs, and the same for Indigenous children.

The centre continued partnerships with many local businesses. This has included ordering fruit and vegetables for the centre from the new local fruit shop, ordering and constructing a new outdoor shed from a local supplier and ex-family of the service, and doing business with local shop holders.

### NSW Youth Council Conference

The City of Newcastle Youth Council in collaboration with Lake Macquarie Youth Advisory Council hosted the NSW Youth Council Conference from 25-27 November 2011.

Attended by 50 young people from across the state, the conference provided young people the opportunity to attain new skills and knowledge to help them run their own Youth Councils or committees more effectively.

Workshops at the conference included:

- Media engagement
- Leadership and advocacy; and
- Cultural awareness

The event also provided the opportunity for young people to network and share information with their peers on areas of common interest.

### Placemaking

The Make Your Place Community Grants program supported 16 projects during the 2011/2012 financial year.

These grants included six infrastructure projects, seven community events and three greening/gardens projects to the value and involved approximately 152 community members.

The grants program funded \$29,217 towards these community projects with a further \$53,716 contributed by the community.



Power Pole Art

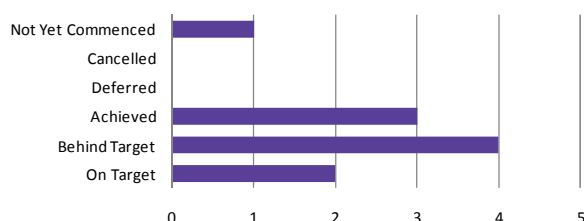
# Our Achievements

## Strategic Objectives - Key Actions

4.1 A welcoming community that cares and looks after each other		4.2 Active and healthy communities with physical, mental and spiritual wellbeing		4.3 A creative, culturally rich and vibrant community	
63%	On Target	56%	On Target	100%	On Target
24%	Behind Target	22%	Behind Target	0%	Behind Target
13%	Achieved	22%	Achieved	0%	Achieved
0%	Revised	0%	Revised	0%	Revised
0%	Not yet commenced	0%	Not yet commenced	0%	Not yet commenced

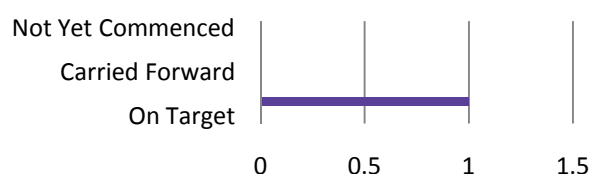
## Key Performance Indicators

Caring and Inclusive Community - KPI Status



## Corporate Projects

Caring and Inclusive Community - Corporate...



## Major Asset Preservation Program

Community Buildings Program - complete

## Grants

State: \$2.1 million

Federal: \$15,000



# Liveable and Distinctive Built Environment

*Strategic Direction: An attractive city that is built around people and reflects our sense of identity*

## Highlights

### Newcastle Local Environmental Plan 2012 (LEP)

The Newcastle Local Environmental Plan was gazetted in June 2012 and helps to deliver the development goals identified in the Newcastle 2030 Community Strategic Plan through:

- Reducing possible conflict between adjoining land users; and
- Planning for adequate land to meet the diverse needs of our sustainable city.

Preservation and promotion of built heritage within Newcastle is also supported by the LEP which includes 691 heritage items, six heritage conservation areas and the inclusion of 12 archaeological sites. A further 37 items are included on the State Heritage Register.

37 State  
Heritage  
Items

### Pride of Place

Pride of Place has been responsible for the beautification of the city over the last 12 months.

Projects include:

- Adamstown Rosebuds Grandstand
- Broadmeadow toilets
- Energy mural at Waratah Technology High School
- Stockton Bowling Club mural
- Lambton Pool mural
- Newcastle Museum Photo

Projects underway include:

- West end sites
- Wickham Station
- Dixon Park
- Mayfield Pool
- Litchfield Park





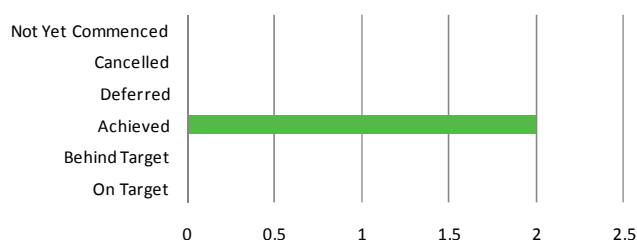
## Our Achievements

### Strategic Objectives - Key Actions

5.1 A built environment that maintains and enhances our sense of identity		5.2 Mixed-use urban villages supported by integrated transport networks		5.3 Greater diversity of quality housing for current and future community needs		5.4 Best practice energy and water efficient buildings and infrastructure	
67%	On Target	100%	On Target	100%	On Target	67%	On Target
0%	Behind Target	0%	Behind Target	0%	Behind Target	0%	Behind Target
33%	Achieved	0%	Achieved	0%	Achieved	33%	Achieved
0%	Revised	0%	Revised	0%	Revised	0%	Revised
0%	Not yet commenced	0%	Not yet commenced	0%	Not yet commenced	0%	Not yet commenced

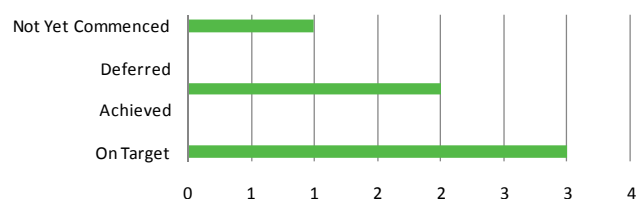
### Key Performance Indicators

Liveable and Distinctive Built Environment - KPI Status



### Corporate Projects

Liveable and Distinctive Built Environment - Corporate Projects Status



### Major Asset Preservation Program

Commercial Buildings Program	Complete
Open Space Buildings Program	Complete
Operational Buildings Program	Complete



City Hall Restoration

## Major Asset Preservation Program

Significant buildings and structures projects completed include:

- Elizabeth Street retaining wall
- Newcomen Street retaining wall
- Structural component of Bar Beach cliffline stabilisation
- Foreshore Railway Shed rehabilitation
- Works depot fire system
- Queens Wharf corrosion protection
- Cooks Hill surf club sewer system
- Stevenson park amenities upgrade
- Wallsend Swim Centre pool hob tiles
- Richard Ford Oval floodlighting
- Blackbutt Reserve sewer pump line
- Adamstown oval floodlighting
- James Street toilet block reconfiguration
- Civic Theatre marble stairs hand rails
- Dixon Park Surf Life Saving deck
- Blackbutt Reserve regional playground renewal



Merewether Surf House

## Major Asset Preservation Program

Significant buildings and structures projects continuing into 2012/2013 include:

- Perkins Street toilet block installation
- Federal park Grandstand renovations
- Cathedral park headstones
- Newcastle Ocean Baths Pavilion pump relocation
- Shortland Esplanade Road embankment works
- Works Depot replacement of existing crane
- Camp Shortland upgrade to electrical switchboard

# Smart and Innovative City

*Strategic Direction: A great city of public places and neighbourhoods promoting people's health, happiness and wellbeing*

## Highlights

### Stockton Beach Tourist Park

Stockton Beach Tourist Park has undergone significant changes over the last four years of business plan implementation. A key objective of the investment and the changes put on the ground has been to ensure that Council, as trust manager of the crown land on which the park is situated, is able to contribute a growing revenue stream that will ultimately assist in funding the City's ambitious plans for coastal revitalisation.

With over \$2 million invested in the period up to and including 2011/2012 the park has been transformed. Distinct precincts have been created for various users and market segments. There is an improved asset management and maintenance program along with commercial innovations such as a new contract that has shifted significant operational responsibilities and variable cost control from Council to the parks private sector management team.

Council also led with the installation of 11 contemporary cabins in a northern precinct that have been skilfully designed to appeal to both holiday and business travellers seeking an alternate to Newcastle city based accommodation. The site works have also been prepared ready for a further 14 cabins expected to go in the first half of 2013/2014 thanks to a \$2 million low interest loan extended by the NSW government.

The Stockton Beach Tourist Park has been re-badged a Holiday Park, promotions including a new website have launched the cabin product successfully into the market with occupancy running at high levels. Recognition has come with a win at the 2011 Hunter Tourism Awards in the Tourist and Holiday Park category and now Stockton Beach Holiday Park will join the prestigious Big 4 Holiday Park national network.



25 new cabins

### Events 2011/2012

- Newcastle won the Special Olympics Asia Pacific Games to be held in 2013. This event is a major win for Newcastle and represents an opportunity for those with intellectual disabilities to share sporting success. This event will showcase our region and sporting venues.
- The Empire park Skate Park hosted the Hurley Australian Bowl-riding Championships from 26-28 January 2012. World-vert Champion Renton Millar was just one of the international stars attending the event competing for a total prize of \$20,000 in cash and prizes.
- The National Nutri-Grain Iron Man Series was held in Newcastle for the first time in January. Several thousand visitors were attracted to the day event. The series was broadcast live on Channel 10 and One HD to an estimated 4.7 million Australian viewers.
- Stockton played host to the three-day Australian Surf Rowing League contested by over 350 crews from around Australia and New Zealand. The event injected approximately \$1.5 million dollars to the local economy.



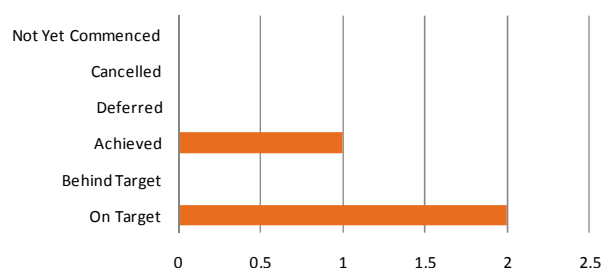
## Our Achievements

### Strategic Objectives - Key Actions

6.1 A vibrant, diverse and resilient 'green' economy built on educational excellence and research		6.2 A culture that supports and encourages innovation and creativity at all levels		6.3 A thriving city that attracts people to live, work, invest and visit	
83%	On Target	43%	On Target	76%	On Target
17%	Behind Target	0%	Behind Target	6%	Behind Target
0%	Achieved	575	Achieved	6%	Achieved
0%	Revised	0%	Revised	0%	Revised
0%	Not yet commenced	0%	Not yet commenced	12%	Not yet commenced

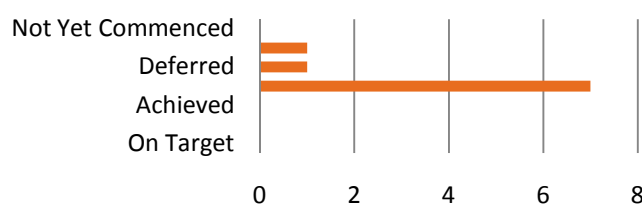
### Key Performance Indicators

Smart and Innovative City - KPI Status



### Corporate Projects

Smart and Innovative City - Corporate Projects Status



### Awards

Melbourne Design Award 2011	Newcastle Museum	Best Photographic campaign for our Newcastle Museum themed children
Master Builders Association of NSW 2011	Newcastle Museum	Winner - Adaptive Reuse of an historic building
UDIA Awards 2012	Newcastle Museum	1. Commendation Award - Urban Renewal 2. Winner - Best NSW Regional & ACT Project



Hunter Tourism Awards 2012	Newcastle Museum	Winner - New Tourism Development
Landcom Lower Hunter Urban Design Awards 2012	Newcastle Museum	1. Graph Building Heritage Award 2. Scooters Mobility & Australasia Independent Living Aids Universal Access Award
Museums and Galleries Award 2012	Newcastle Museum	1. Finalist - Sustainability category 2. Finalist - Permanent Exhibitions category

## Further events support by The City of Newcastle:

Mummy Made Markets Newcastle Amnesty	Henderson Park Newcastle Foreshore Eastern Prom Islington Playground Webb Park	Samaritans Family Fun Day  Kintaiba Child Care Centre - Christmas Picnic 2011 Christmas Light Display and Festival	Foreshore (Carriage / Common Area) Jesmond Park
Salvation Army Christmas Party Mayfield Baptist Church Carols 2011 Islington Carols In The Park	Islington Outa / Playground Customs House Plaza Camp Shortland Various areas	Community Christmas Fair	Foreshore (Camp Shortland and Shortland Lawn) Beresfield Lions Park (needs toilet access) Civic Park Pat Jordan Oval Dixon Park
Dust Board Examinations		Art Bazaar Arts & Crafts Street Market Rowing Club Regatta GHD Christmas Party 2011 Bikers Toy Run 2011	Foreshore (Frog Pond, Carriage Shed, Common Area) Lambton Rotunda
Opsm Sunshine Tour New Lambton Public School end of year picnic Lambton Public School - Christmas Function Cancer Council Race	Foreshore (Carriage / Common Area) Foreshore (Camp Shortland) King Edward Park	Blinkies Early Education Centre Christmas Party - Nova Women's Accommodation and Support YouthFest - Dale Garbutt	Foreshore (Carriage / Common Area) Foreshore (Camp Shortland) Lambton Grassed area - Elder Street
Carols by Candlelight in King Edward Park 2011 Event BBQ Christmas Party for homeless party Christmas Party - EDMS	Foreshore (Carriage / Common Area) Foreshore (Carriage / Common Area) Gregson Park Islington Park Pacific Park Foreshore (Carriage / Common Area) Smith Park	Possum Place Child Care Christmas Party 2011	
Carols in Gregson Park 2011 Outdoor Cinema Carols In Park - City Life Church Awabakal Kids Christmas Party			
H.L.Mullane @ Son – Social Cricket Day Samaritans Christmas Luncheon 2011 NYE 2011	Foreshore (Carriage / Common Area) Newcastle and Stockton Foreshore		



# Open and Collaborative Leadership

*Strategic Direction: A strong local democracy with an actively engaged community and effective partnerships*

## Highlights

The Way Ahead	Risk Management Framework	Newcastle Voice – Community Reference Panel
<p>In March 2012, the General Manager released The Way Ahead, five year corporate plan. The intent of the plan is to provide clear strategic direction through prioritised actions and projects.</p> <p>Based on the principles of The Business Excellence Framework, The Way Ahead is an internally focused document that provides the context and actions to help Council fulfil its vision:</p> <p><i>'To be a leader in local government in Australia'</i></p> <p>Directors, Service Unit Managers and individual staff all have a vital role in shaping the future of The City of Newcastle, through the setting of standards and service delivery.</p> <p>The elected Council and the community have a role too. They do this through the democratic process and their input into the Newcastle 2030 Community Strategic Plan.</p> 	<p>A new Enterprise Risk Management (ERM) Framework has been developed for Council and includes policies and procedures to support implementation across Council.</p> <p>Council is committed to effectively and systematically managing risks in order to maximise opportunities and limit adverse effects.</p> <p>The purpose of the ERM Framework is to:</p> <ul style="list-style-type: none"> <li>• provide a platform that facilitates Council's risk culture and processes to effectively manage business risks (excluding Work Health and Safety (WHS) risks which are determined and treated separately within Council's WHS system).</li> <li>• enable Council to deliver high quality and robust decision making; and</li> <li>• provide decision makers with robust and integrated risk tools.</li> </ul> <p>Strategically, the establishment of the ERM Framework will establish a consistent and structured approach to risk management to assist Council in achieving its objectives.</p>	<p>The organisation set out its guiding principles for communication and consultation in its City Engagement Charter that was adopted in February after public exhibition and consultation. These are to be: <i>accessible and inclusive, actively seek input into our decision making and to be open and transparent.</i></p> <p>The first City Expo was held in April with almost 30 stands showcasing the Council's major projects and services for the coming year. Councillors and council officers were also on hand to provide information and answer questions from more than 60 people.</p> <p>The Council's community reference panel Newcastle Voice continued in its fourth year to obtain views from 2,700 community members, residents, ratepayers and businesses alike, on community issues and opinions that inform Council decisions.</p> <p>During the financial year, 15 community and stakeholder consultations were held on a range of topics including the Special Rate Variation, South Stockton Public Domain Plan, lease free areas, Cathedral Park, National Park Plan of Management, Hamilton South Traffic Study and the Significant Community Issues Survey.</p> <p>In March 2012 over 980 Newcastle Voice panel members completed the Community Survey. Survey results regarding satisfaction with Council's overall performance and provision of services in the city have highlighted areas important to Newcastle residents and ratepayers. The survey results provided Council with real data and clarity about what should be Council's focus and helped shape future business plans and budget requirements.</p>

2,700  
community  
members  
engaged with  
Council

# Our Achievements

## Strategic Objectives - Key Actions

7.1 Integrated, sustainable, long term planning for Newcastle and the region		7.2 Considered decision making based on collaborative, transparent and accountable leadership		7.3 Active citizen engagement in local planning and decision-making processes and a shared responsibility for achieving our goals		7.4 The City of Newcastle: A local government organisation of excellence	
67%	On Target	38%	On Target	64%	On Target	25%	On Target
0%	Behind Target	6%	Behind Target	9%	Behind Target	12%	Behind Target
33%	Achieved	50%	Achieved	18%	Achieved	63%	Achieved
0%	Revised	0%	Revised	0%	Revised	0%	Revised
0%	Not yet commenced	6%	Not yet commenced	9%	Not yet commenced	0%	Not yet commenced

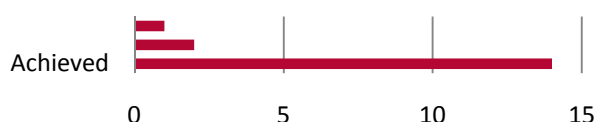
## Key Performance Indicators

Total Indicators: 17

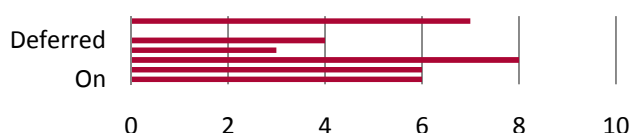
## Corporate Projects

Total Corporate Projects: 34

### Open and Collaborative Leadership



### Open and Collaborative Leadership - Corporate Projects Status



## Grants

State: \$1.9 million

Federal: \$20 million

## Subsidies awarded under s356

Date	Event	Recipient	Subsidy/Grant
29/04/2012	Real film festival event	Screen Hunter Central Coast	\$750
19/05/2012	Department of Communities - launch for a new initiative for not-for-profit groups	Hunter volunteer Centre	\$450
20/06/2012	International Surfing Day - film event	Surfrider Foundation Australia	\$350
21-22/6/2012	2 day workshop 'Trauma Focussed Psychological Therapy Workshop - Children and Adolescents	Australian Centre for Post traumatic Mental health - Department of Psychiatry, The University of Melbourne	\$980
	Kooragang Wetlands Revitalisation Project	Kooragang Wetlands (in-kind support)	\$80,000
2011/2012	Make your Place Community Grants	Six Infrastructure Projects, seven community events and three greening/gardening projects	\$29,217

# Our Council

## Wards

The decision making body for the Newcastle local government area comprises 12 Councillors and the Lord Mayor. The city is divided into four wards each represented by three Councillors. NSW local government elections are held every four years with an election held in September 2012.

Ward	Suburbs	Summary of Assets by Ward		
		Buildings and structures	Trees	Road pavement
Ward 1	Cooks Hill, Newcastle, Stockton, Carrington, Islington, Mayfield and Warabrook	249	24,414	374 km
Ward 2	The Junction, Merewether, Hamilton, Broadmeadow and Adamstown	123	21,097	257 km
Ward 3	Waratah, Lambton, New Lambton, Kotara and Jesmond	157	27,843	257 km
Ward 4	Beresfield, Birmingham Gardens, Elernmore Vale, Fletcher, Hexham, Maryland, Minmi, Shortland, Tarro and Wallsend	113	32,118	327 km

## Councillors

Lord Mayor  
Councillor John S Tate  
(Independent)

*First elected: 1980  
Lord Mayor 1999 to date*



John describes himself as an 'ordinary working guy' who feels the role of local government is to represent the views of the wider community about what they want their place to be and making sure the rates they pay are spent effectively. As Lord Mayor, John is the Chairperson of Council's Ordinary Council Meeting, Development Application, Public Voice and Briefing Committees. He is a Board Member and Co-Chair of the Council of Capital City Lord Mayor's Major Cities Working Group, Deputy Chairperson, Regional Development Australia, Chairperson, Newcastle Community Consultative Committee on the Environment, and Hunter Councils. John is also an observer on the Newcastle Airport Limited board and Patron of many worthwhile organisations and has over 40 years' active experience in small business.

## Overseas Visits – Councillors

s428(2)(r) cl217(1)(a)

Following a successful visit from a delegation from sister city Ube in 2010, Councillors Nuatali Nemes and Michael Jackson represented Council at Ube's 90<sup>th</sup> anniversary celebration in 2011 in Japan. Council presented Ube with a Les Blakebrough white porcelain cylinder form vase and a Les Blakebrough Monograph book valued to mark their 90<sup>th</sup> Anniversary celebrations and the ongoing sister city relationship.





## Ward 1 Councillors

**Councillor Aaron Buman**

*(Independent)*

*First elected: September 2004*



This is Aaron's second term as Councillor. His primary focus is on the financial sustainability of council, the redevelopment of Hunter Street and getting back to basics like the removal of graffiti and the cleaning of kerbs and footpaths

**Councillor Sharon Claydon (ALP)**

*First elected: September 2008*  
*BA(Hons)*



Sharon grew up in Newcastle and completed a BA (Hons) at the University of Sydney. She has worked in diverse sectors including small business, child care and disability services. Sharon loves Newcastle and is strong advocate of urban renewal through cultural activity and the implementation of Newcastle 2030 - our shared community vision for a *Smart, Liveable and Sustainable City*.

**Councillor Michael Osborne (Green's)**

*First elected: September 2004*  
*BEng, MEnvStud (Newcastle),*  
*GradDipMgt(Deakin),*  
*MIE(Aust), CPEng(Syd)*



Michael was born in Newcastle and has lived in Newcastle all his life. He works as an environmental consultant and as a sessional academic at the University of Newcastle in subjects such as environmental planning and climate change policy. He is currently the Convenor of the Green Corridor Coalition, an alliance of more than 50 community and environment groups committed to the protection of biodiversity corridors in the Lower Hunter. Michael has been active in The Wilderness Society for many years, currently in the role of Convenor of the Board.

## Ward 2 Councillors

**Councillor Tim Crakanthorp (ALP)**

*First elected: September 2008*

*Bachelor of Business, Masters of International Studies*



Tim was first elected to Council in 2008 and has worked hard for his local community and achieved some great outcomes in his time at Council. Tim has worked towards allocating Council funds for the Merewether Beach Public Domain Plan and supports free parking in the CBD on Saturdays. He also believes in bringing Council meetings out of the Chamber and into the suburbs. Tim has overseen the creation and adoption of the Newcastle Floodplain Risk Management Plan and has campaigned against the sale of Council's childcare services.

**Councillor Brad Luke (Liberal Party)**

*First elected: September 2008*



Brad thinks it is important for politicians to go out and talk to people in order to understand them. Brad says that if Council is going to be successful, they are going to have to make some decisions that may be controversial. His main focus is on the financial efficiency of Council and the improvement of the CBD.

**Councillor Scott Sharpe (Independent)**

*First elected: September 2008*

*BA(Hons) Diploma of Education 2008*



Scott, a local nursery owner has met a wide cross section of the Newcastle Community. In his point of view, one of the main issues in Newcastle is the current period of stagnation the city is experiencing.

## Ward 3 Councillors

**Councillor  
Dr Graham Boyd**  
(Independent)

*First elected: September  
2008*

*BA, GradDipEd,  
MEdAdmin, EdD*



Graham is a strong advocate for community participation and independent principles in local government. He has worked for effectiveness in decision making and Council governance to ensure that operations reflect value for ratepayers. He supports economic development in an environmentally sustainable manner. Graham is fully aware of the catalyst role Council plays to ensure confidence in the community as our city changes to new economic and social realities.

**Councillor Mike King**  
(Independent)

*First elected: September  
2008*

*MBA (Newcastle)*



Mike was born in Lake Macquarie and a resident of the Newcastle Local Government Area since 1997. He has 27 years' experience working in banking, finance and financial management, including stints in Sydney, Perth, Melbourne, Brisbane, Frankfurt, and Wellington. Mike is a keen cyclist and runner and a referee and former player of local football (soccer).

**Councillor Nuatali  
Nemes (ALP)**

*First elected: September  
2008*

*MBA (Newcastle)*



Nuatali has lived in Newcastle for many years and attended the University of Newcastle. She is currently active in a wide range of community work and is passionate about Newcastle. Councillor Nemes has been involved with grassroots community activism for many years in Newcastle and is currently the Chair of Council's Recreation Advisory Committee where her desire to improve our natural assets for both passive and active recreation is valued.

## Ward 4 Councillors

**Councillor Mike  
Jackson**  
(Independent)

*First elected: September  
2008*

*LLB (Canberra),  
GradDipLegPrac  
(College of Law)*



Councillor Jackson lives in Fletcher and has been involved in community groups, school and church associations in the Blue Gum Hills area since moving there in 2003. He has legal qualifications and has practised law in the Hunter region since 2005. Currently Councillor Jackson is employed as a business analyst with a mining company.

**Councillor Shayne  
Connell**  
(Independent)

*First elected: September  
2008*

*BA (Psychology),  
currently undertaking the  
Masters of Business  
Administration (MBA),  
Diploma from the  
Institute of Company  
Directors*



Councillor Connell has lived in Newcastle all his life. He holds a psychology degree and a diploma from the Institute of Company Directors. He is employed as the Regional Manager for a NSW cancer charity and as a consultant trainer with the National Centre for Suicide Prevention Training.

**Councillor Bob  
Cook**  
(Independent)

*First elected: September  
2008*

*Certificates in  
Mechanical Engineering  
and Structural  
Engineering. Trade  
qualifications in Fitting &  
Turning. Extensive  
computer training in  
digital media production.*



Councillor Cook is a lifelong Novocastrian and has substantial practical experience in a wide range of professions and manual skills. He has spent 46 years in a wide range of roles in the steelmaking industry, military service and self employed business and is actively involved in six community infrastructure organisations, several for over 25 years. Bob is a firm advocate for social equity, community cultural development, enhancement and attitude change.



## Councillor Meeting Attendance

Councillors	Ordinary Meetings		Committee Meetings			Total
	Ordinary	Extra Ordinary	Public Voice	Briefing	Development Application	
Total	22	8	9	12	10	61
Cr John Tate	22	8	9	11	10	60
Cr Dr Graham Boyd	22	7	9	11	10	59
Cr Aaron Buman	17	2	0	6	5	30
Cr Sharon Claydon	22	7	8	9	9	55
Cr Shayne Connell	15	4	7	7	8	41
Cr Bob Cook	20	7	9	11	10	57
Cr Tim Crakanthorp	20	7	8	9	9	53
Cr Mike Jackson	18	4	5	5	5	37
Cr Mike King	21	6	6	8	7	48
Cr Brad Luke	19	7	8	10	9	53
Cr Nuatali Nelmes	21	5	9	11	10	56
Cr Michael Osborne	20	8	7	9	9	53
Cr Scott Sharpe	19	7	7	7	7	47

## Elections

No Local Government elections were held during the 2011/2012 financial year. Elections for NSW were held on 8 September 2012 and will be reported on in the 2012/2013 Annual Report.

## Council Meetings and Committees

Council has formed a range of Strategic Advisory Committees to enable Councillors and the community to discuss issues and proposed projects with technical experts and stakeholders prior to Council decision making. The committees provide strategic advice and guidance to assist Council within their respective terms of reference.

Each committee comprises three Councillor members, three stakeholder members and three community members. Facilitators and technical experts are provided from specific areas of responsibility within Council.

Currently there are eight Strategic Advisory Committees. Other committees include the Asset Advisory Committee, Audit Committee and Youth Council.

Council also holds community consultation meetings in each ward to provide local residents with opportunities to discuss future plans and challenges facing their ward. Meetings were held in August and November 2010 and in February and May 2011.



## Payment of expenses and provision of facilities for Councillors

s428(2)(f)(r), s428(2)(f), cl217(1)

Council's *Payment of Expenses and Provision of Facilities to Councillors* policy provides guidance for the provision of reasonable expenses and facilities to the Lord Mayor and Councillors to enable them to carry out their civic functions.

The policy enables participation, equity and access for Councillors. It ensures that Councillors are reimbursed for reasonable expenses and provides an accountable and transparent process for this. The policy also makes provisions for the environmental impact of travel by the Lord Mayor and Councillors. The policy can be accessed on Council's website at:

[www.newcastle.nsw.gov.au](http://www.newcastle.nsw.gov.au)

In 2011/2012 the total cost of expenses incurred under this policy was \$178,407. This amount does not include staff salaries and salary on-costs associated with the provision of services to the Lord Mayor and Councillors.

Council is required under the *Local Government Act 1993* to pay an annual allowance to the Lord Mayor and Councillors. In 2011/2012 the total amount paid in respect of fees and allowances to the Lord Mayor and Councillors was \$316,439.

### Councillor Expenses

Travel – Interstate	\$4,969
Travel – Overseas	\$4,942
Communication devices	\$7,494
Communication expenses	\$11,787
Carer expenses	\$3,241
Professional development (including registration, accommodation and materials)	\$8,557
Accompanying person	\$44
Miscellaneous	\$137,373
Total	\$41,034

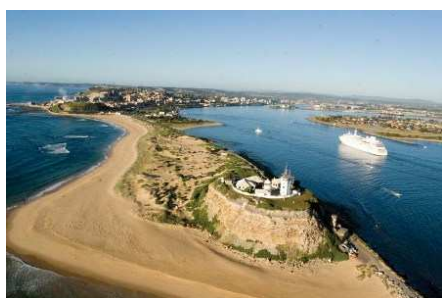
### Councillor Allowances

Lord Mayoral allowance	\$91,443.40
Councillors Fees (per Councillor)	\$23,360.40

## Controlling interest statement

s428 (2) (o)

Council held no controlling interests in companies during 2011/2012.



## Statement about Governance policies, practices and approach to published principles and disclosure of performance, including impact

Council's governance frameworks assist Council to ensure compliance with the wide range of legislation that guides Council's activities as well as achieve best practice in an open and transparent manner.

## Code of Conduct

The *Local Government Act 1993* (NSW) requires Council to adopt a Code of Conduct based on the Model Code of Conduct prepared by the Division of Local Government. This Code sets the minimum standards of behaviour for all Council Officials and is a foundation document linking all Council policies.

Council focuses on educating Council Officials to ensure they understand their obligations under the Code of Conduct including their duty to act honestly and exercise a reasonable degree of care and diligence as well as to act in a way that enhances public confidence in the integrity of local government.

## Policy framework

Council's policy framework allows Council to create, use, monitor and update its internal and external policies in a consistent and timely manner. The framework is managed by Council's Governance unit, which provides governance advice and support to all areas of Council.

## Audit Committee

Council's Audit Committee is established in accordance with the Division of Local Government guidelines. The objective of the Committee is to provide independent assurance and assistance to Council on risk management, control, governance and legal and regulatory obligations.

## Changes to Legislation during the financial year

### Local Government Act 1993 and Regulations 2005

The 2011/2012 Annual Report for Group 1 and 2 Councils is to be prepared under Integrated Planning and Reporting Legislation released in 2010.

The Annual Report should focus on the implementation of Council's Delivery Program and Operational Plan and include information prescribed by the Local Government (General) Regulation 2005 Clause 217.

Changes under the Act and Regulations prescribe that in the year of an ordinary election, the Annual Report is also required to include a report as to the state of the environment in the local government area in relation to the objectives for the environment established by the Community Strategic Plan.

S428A of the Local Government Act 1993 sets out the state of the environment reporting requirements.

The City of Newcastle is classified as a Group 2 Council having submitted their first Community Strategic Plan, Newcastle 2030, in 2011. Therefore, Council has included details of the state of the environment under the section Protected and Enhanced Environment.

### Protection of the Environment Operations (Waste) Regulation 2005

Changes to the Waste and Sustainability Improvement Payment Program (WaSIP) require Councils to commence reporting on environmental sustainability performance/KPIs from Council's Sustainability Action Plan in Council's Annual Report commencing with the 2011/2012 Annual Report.

Details of the WaSIP program are included under Protected and Enhanced Environment and Attachment B to this report.

## Functions delegated by Council to External Bodies

s428 (2) (a)

To better engage the community and reflect local community views and needs, The City of Newcastle delegates a range of its functions to volunteer committees and other organisations.

Changes have included the move for Mainstreets from s355 committees to incorporated associations independent of Council.

### Parks Committees

Parks Committees manage local parks and reserves on behalf of the community. Council supports Parks Committees for:

- Adamstown Park
- Beresfield/Tarro Park
- Centennial Park
- Elmore Vale Reserve
- Federal Park
- Heaton-Birmingham Gardens Park
- Kotara Park
- Myamblah Crescent Oval
- New Lambton Oval
- Stevenson Park
- Stockton Park
- Tuxford Park
- Waratah Park; and
- Wickham Park.

### Community Facility Committees

Community Facility Committees manage local community facilities on behalf of the community.

Council supports Community Facility Committees for:

- Alice Ferguson Community Centre
- Beresfield Child Care Centre
- Carrington Community Centre
- Elmore Vale Community Centre
- Hamilton South Community Centre
- Henderson Park Hall
- Jesmond Neighbourhood Centre
- Maryland Multipurpose Centre
- New Lambton Community Centre
- Newcastle Elderly Citizens Centre
- Tarro Community Hall; and
- Warabrook Community Centre.



## Partnerships, cooperatives and joint ventures including public-private partnerships

S428 (2) (q)

### NSW Local Government Mutual Liability Scheme (Statewide)

The NSW Local Government Mutual Liability Scheme started in 1993 as a joint venture with 96 members forming a 'self insurance mutual' covering public liability and professional indemnity insurance.

Membership has expanded to include councils, the Local Government Association, the Local Government Shires Association, a rural Water Board and a Noxious Weed Eradication Board.

Over 18 years, Statewide has delivered many benefits including stable premiums, reduced premium outcomes for Council as well as cost containment and spread of risk.

### Hunter Councils

Hunter Councils brings together 11 councils to promote cooperation and collaboration to benefit local communities. This has achieved:

- strong communication between councils
- sharing professional expertise; and
- inter-council collaboration.

With the ever-increasing pressure on local government to do more with less, Hunter Councils is constantly striving to reduce the cost of 'doing business' for local government through offering economies of scale and efficiencies.

The General Manager's Advisory Committee, made up of all the Hunter Council General Managers, meets monthly to progress issues of regional importance.

### Together Today

The Together Today Cooperative was launched in April 2007 and was originally made up primarily of the consortium of local organisations that Council brought together in 2006 to bid for a share of \$75 million Solar Cities funding from the Commonwealth Government.

Together Today has now moved from a registered not for profit cooperative to a Network of like minded organisations that are committed to helping to make Newcastle and the Hunter Australia's most energy, water and waste efficient region. In this new structure the CEO's and Senior representatives of member organisation such as NBN Television, the Herald, Hunter Water, TAFE, University of Newcastle, PWCS, Ausgrid, The City of Newcastle, Macquarie Generation etc will have greater capacity to action local environmental projects and programs for our community.





## Smart Grid Smart City

In June 2010, Newcastle was chosen to be the site of Australia's first commercial-scale smart grid. The \$100M, three year, Smart Grid Smart City project is helping households and businesses in Newcastle and ultimately the rest of the country to save energy, connect renewable energy to the grid and deal with climate change.

Smart Grids combine advanced telecommunications and information technology applications with 'smart' appliances to improve the energy efficiency of the electricity system and help people save on their energy bills. Smart grids will provide the ability to manage energy consumption by giving consumers information about how much energy they are using as well as the costs.

Partners include The City of Newcastle, IBM, GE Australia, CSIRO, Transgrid, Gridnet, City of Lake Macquarie, Hunter Water, Sydney Water, University of Newcastle, University of Sydney.



## Newcastle Airport Limited (NAL)

Newcastle Airport Limited (NAL) a company limited by guarantee was formed 25 May 1993 by The City of Newcastle and Port Stephens Council to stimulate economic development for aviation/airport industries and to provide civilian airport infrastructure to the region. All operating surpluses are reinvested into the airport.

NAL has undergone significant improvements and today services all major domestic airlines to destinations along the east coast. As a contributor to the domestic and international growth of business and tourism in the Hunter every three years an economic impact assessment is conducted, a summary of the results follows:

	2005		2008		2011	
	\$ million	Jobs	\$ million	Jobs	\$ million	Jobs
Airport operation	80	404	283	2,234	633	858
Visitor spend/tourism	124	1,580	151	894	254	3,079
Construction	19	174	32	150	73	186
<b>Total</b>	<b>223</b>	<b>2,158</b>	<b>466</b>	<b>3,278</b>	<b>960</b>	<b>4,123</b>
Total Visitors	757,145		1,145,607		1,189,040	





## Legal Proceedings

s428(2) (e)

### Expenses Incurred

During 2011/2012, the total legal expenses in relation to legal proceedings incurred by the City of Newcastle were:

Undertaking litigation	Settlement of costs claims	Total
\$237,873	\$244,777	\$482,650

The majority of the total amounts paid in settlements of costs claims were for costs orders for litigation initiated in 2008/2009, before the Council's Legal Services Unit centralised.

### Progress

- Local Court - *Prosecutions and appeals*

Legal proceedings in the Local Court include prosecutions by Council, usually concerning failure to obtain or comply with orders or development approvals issued by Council. Areas of prosecution range from unauthorised works to failure to comply with animal control orders or clean-up notices. Defendants may appeal any decisions made by the Local Court in relation to prosecutions.

In total for 2011/2012 Council began seven Local Court prosecutions. Of these:

- Five convictions were recorded and fines imposed
- One matter was withdrawn
- One matter is not yet finalised

There was one appeal of a decision made by the Local Court in relation to non-compliance with an order. This appeal was dismissed.

- Court elected penalty notices

Legal proceedings in the Local Court also include enforcement of penalty notices. Court elected parking penalty notices are dealt with by the Police Prosecutors (except in special circumstances where Council may deal with a matter directly). For all other court elected penalty notices, Council's Legal Services Unit will review and determine whether the matter proceed in the Local Court or whether the penalty notice be withdrawn.

In 2011/2012, Council was involved in 11 cases where the recipient of a penalty notice had court elected. Of these:

- Two matters were settled
- Two matters were dismissed
- Seven matters were withdrawn (two of which Council was required to pay professional costs).

### Land and Environment Court

- Class 1 appeals

Class 1 appeals in the Land and Environment Court are related to environmental planning and protection appeals. This includes appeals on the merits only against refusals, or deemed refusals, of development consents or conditions of development consents. In 2011/2012, three Class 1 appeals were lodged in the Land and Environment Court against Council. Of these:

- One appeal was dismissed in favour of Council
- One appeal was settled at a section 34 conciliation conference
- One appeal has not yet been finalised.

- Class 4 applications

Class 4 appeals in the Land and Environment Court relate to environmental planning protection and civil enforcement. This includes breaches of planning law or breaches of conditions of development consent, and also proceedings which question the legal validity of consents or refusals of consent issued by Council.

In 2011/2012, two Class 4 appeals were lodged in the Land and Environment Court against Council. Of these:

- One appeal was discontinued by the applicant prior to the final hearing
- One appeal has not yet been finalised.

## Contracts

*Clause 217 (1) (a2)*

The total value of contracts awarded was \$51.9 million, funding a number of key community projects including:

- Bar Beach Cliff Stabilisation - \$1.3 million
- Stockton Beach Holiday Park Management Services - \$4.8 million
- City Centre Service and Funding Agreements (Newcastle, Hamilton, Mayfield, Wallsend) - \$4.5 million
- Kerbside recycling - \$16.2 million

A full list of awarded contracts is included in Attachment C.

## Supreme Court

Legal Services finalised two outstanding Supreme Court matters with the payment of costs claims; these matters had been running since 2008/2009.

## Other

In 2011/2012, Council was involved in a contract dispute which is being resolved through Arbitration. This matter is yet to be finalised.



## Government Information and Privacy Act

S7 GIPA

Under section 7 of the GIPA Act, agencies must review their programs for the release of government information to identify the kinds of information that can be made publicly available. This review must be undertaken at least once every 12 months.

Our agency's program for the proactive release of information involves a high level of interaction with Council's Communication unit. All Council projects include a communication plan which sets out the preferred method of providing information to members of the public. The plan will usually include posting information about the project on Council's website. Council's Communications Team also proactively releases information about matters of public interest.

During the reporting period, the program was reviewed to ensure that information identified as having a relevance to the community was being communicated appropriately. Further work is required to formalise this process to ensure all sections of Council proactively release appropriate information.

Council proactively released information about the following Council projects, among others:

- Demolition of the Frederick Ash Building and proposed Law Courts project
- A high profile development application for a place of worship at Elernmore Vale
- Council's management of street trees in Laman Street and across the city
- Art Gallery re-development
- Application to IPART for special rate variation
- Proposed sale of Council assets, including three car parking stations
- Changes to bulk waste collection
- Changes to domestic waste collection (new bin system).

### Number of access applications received - Clause 7(b)

During the reporting period, The City of Newcastle received a total of 66 formal access applications (including withdrawn applications but not invalid applications). This includes 16 formal access applications not completed at 30 June 2012. Accordingly, only the valid applications have been reported.

### Number of refused applications for Schedule 1 information - Clause 7(c)

A total of three formal access applications were refused because the information requested was information referred to in Schedule 1 to the GIPA Act. Of those applications, 0 were refused in full, and three were refused in part.

Full details of GIPA applications are included in Attachment D.

## Companion Animals Act

CI 217 (1) (f)

Council submitted their pound data collection return in September 2012. A summary of the report is shown below:

Council uses a range of education and enforcement tools to comply with the Companion Animals Act 1998. Council spent \$1,159,474 on companion animal management and activities in the 2011/2012 financial year.

Education activities carried out by the Compliance Services team included the distribution of brochures and pooch pouches and attendance at a number of community events.

Council promotes the benefits of desexing animals and maintains a relationship with the RSPCA and Hunter Animal watch to facilitate low-cost desexing for persons in financial difficulty. Council has also provided microchips to assist in reducing the overall cost of desexing and registering an animal.

Enforcement activities included the investigation and management of straying, attacking dogs, dangerous, restricted, barking and nuisance dogs, as well as feral and nuisance cats. Council investigated 223 dog attacks during the 2011/2012 financial year with dog attacks reported to the Division of Local Government.

Council's pound is operated by RSPCA NSW. Running costs were \$287,584 with expenditure exceeding income received from registration and release fees which totalled \$110,514.

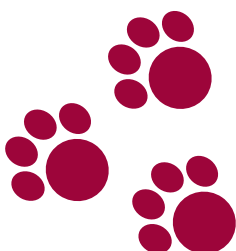
Unclaimed animals in Newcastle are transferred to the RSPCA where homes, if possible, are found for them. Animals are only euthanised when their health or behaviour makes it unsuitable for them to find a home. The RSPCA updates the pound data collection return every month and lodges it with the Division of Local Government on an annual basis.

## Off Leash Areas

Council provides a number of off-leash areas for exercising of dogs. These areas are located across the LGA at:

• Adamstown	• Newcastle
• Carrington	• Newcastle East
• Elmore Vale	• North Lambton
• Islington	• Stockton
• Lambton	• Stockton
• Maryland	• Tarro
• Mayfield	• Wallsend
• Merewether	• Waratah
• Newcastle	

Further information can be found at [http://www.newcastle.nsw.gov.au/\\_data/assets/pdf\\_file/0019/4924/ncc\\_dl\\_off\\_leash\\_brochure\\_for\\_web.pdf](http://www.newcastle.nsw.gov.au/_data/assets/pdf_file/0019/4924/ncc_dl_off_leash_brochure_for_web.pdf)



## Stormwater Management Services

CI 217 (1) (e)

Council levied a Stormwater Management Service Charge of \$25 per residential property, \$12.50 for residential strata lots, \$25/350m<sup>2</sup> for business properties capped at a maximum charge of \$1,000. Business strata units were subject to a minimum of \$12.50 per strata lot for additional works and services.

The projected expenditure on Stormwater Management Service Charge (SMWC) drainage works and services over the 2011/2012 financial year identified in the Delivery Program was \$1,990,000. The actual expenditure of these works and services incurred over the financial year was \$1,041,228 of stormwater management service charge funds.

The reason for the difference in the projected spend and actual expenditure was the deferral of a number of projects including stormwater pit and pipe rehabilitation works in Bar Beach Avenue, Broadmeadow Road, Ocean Street, Denison Street and Glebe Road due to demand for design and construction services being assigned to deliver higher priority works. Catchment investigations and modelling works were deferred due to lack of resources for internal delivery or project management for outsourcing.

The 2011/2012 SMSC program consisted of 30 projects delivering 13 tide gates, one sand filter, one rain garden, 334 m of pipe rehabilitated, eight m of culvert and rehabilitation of 103 street pit entries, open channel rehabilitation as well as education, maintenance and compliance outcomes.

Major achievements in the year include:

- a highly successful community engagement program covering the role of street trees in the delivery of stormwater and urban heat island benefits
- reduction in nuisance flooding from tidal/storm events in low lying areas of Carrington (along Throsby Creek including Hargraves, Garrett, Robertson Streets and Hollingsford Crescent) and at Hexham in Clarke, Merchant and Fenwick Streets
- substantial residential catchments (total 32 ha) were retrofitted with storm water quality treatment devices (gross pollutant traps, rain gardens and sand filters) to improve quality of stormwater entering our urban creekline in Beresfield, New Lambton Heights as well as previous beach discharge at Nobbys
- stormwater drainage outlets and pit/pipe works were completed along Throsby Creek at Tighes Hill in conjunction with Hunter Water Corporation creek bank revetment works
- rehabilitation works along Ironbark Creek in Lower Reserve Wallsend, Dianne Street Reserve Elmore Vale and Elmore Vale Reserve were all successfully completed using rock armouring and revegetation techniques
- rehabilitation of pipeline network using trenchless technology was completed in Newcastle and Merewether with further sites to be delivered in a rolling program
- as well as pipe and pit replacement works in The Hill, Adamstown Heights, Adamstown and Tighes Hill.



## Deferred works

Project Name	Comments
Bar Beach Avenue - New Drainage Construction	Delays due to waiting for approvals from Hunter Water Corporation (HWC) for stormwater connection. Approval received August 2012. Design and Construction programmed for 2012/2013
Selwyn Street Mayfield East - construct drainage	Project deferred to 2012/2013 awaiting ARTC approvals
Glebe Road Merewether - drainage rehabilitation	Works were delayed due to the lack of Engineering Services Staff and scope extension. Project will be constructed in 2012/2013
Glider Avenue Fletcher - sand filter rehabilitation	Council Project cancelled. Works to be completed by contractor under DA maintenance bond
Maitland Road Hexham - tide gate replacement	Design delays due to Roads and Maritime Services approvals. Maritime Part 7 approval has been received, still waiting on necessary roads approvals. Contract to be delivered 2012/13
Moirra Street Adamstown - connect drainage to HWC channel	Works commenced 2011/2012 construction completed in first quarter 2012/2013
Stormwater Management Plan - technical manual review	Initial consultant report completed 2011/2012, Internal Council working group to complete Technical Manual review October 2012
University Drive Waratah West - catchment modelling and design	Access Road constructed. Catchment Modelling Investigation underway
Various Natural Creeks - drainage rehabilitation design	Four creekline rehabilitation project designs completed. Construction to commence 2012/2013
Citywide - trenchless technology drainage rehabilitation	Wet weather hampered project delivery. One site delivered in 2011/2012. Remainder of the sites to be incorporated in the 2012/2013 Trenchless Project
Inspection Erosion and Sediment Control	Compliance audit program complete for 2012 and continuing into 2013
Community Education at environment rehabilitation worksites	Community engagement including Living Street program and natural connections waterways program were successfully completed for 2012 and continuing into 2013
Kotara Park - drainage investigation	Project deferred due to unavailability of Stormwater Engineering Services
Addison Street Beresfield - rehabilitation	Investigations complete and Project Concept Options prepared
Beresfield Golf Course – gross pollutant trap (GPT) connection and sediment trap	Stage One works completed including installation of GPT and off take pipeline. Stage two works to be delivered in 2012/2013
Blackbutt Reserve - stormwater outlet rehabilitation	Project deferred to 2013 due to contractor unavailability because of delivery of the larger creekline rehabilitation works. Project to be completed in 2012/2013
Council Street Cooks Hill - drainage replacement	The groundwater monitoring program commenced - preliminary report delivered. Monitoring ongoing and final report due October 2012
Denison Street Hamilton - drainage rehabilitation	Project deferred due to conflict with Hunter Water Corporation watermain. The project is continuing into 2012/2013
Parker Street Carrington - drainage rehabilitation Stage	Contract for the cutting of open channels commenced 2011/2012 works carried over into 2012/2013
Citywide - drainage investigation and design	Project deferred to 2012/13 due to unavailability of Stormwater Engineering Services
Ocean Street Merewether outlet - design and installation	Design commenced by consultants, project to be delivered in 2012/2013 in conjunction with Coastline Revitalisation projects
Ironbark Creek Diane Street – rehabilitation	Rehabilitation of failed section of concrete lined creekline successfully completed using Council and grant funds

Project Name	Comments
Carrington Tide Management Systems	Contract for the replacement of 13 tide valves completed with successful reduction in inundation
64 Carolyn Street Adamstown Heights - reinstate capacity	Completion of works (dish drain and additional surface water pits) within drainage easement on private property to satisfaction of resident
Broadmeadow Road Broadmeadow - replace stormwater drainage	Project deferred to 2012/13 as works are scheduled in conjunction with road rehabilitation works which cannot commence this financial year
The Terrace to Bingle Street The Hill - drainage rehabilitation	Project completed and delivered drainage infrastructure to alleviate stormwater inundation within The Terrace and to provide access to facilitate pipe relining project within King Edward Park
Bar Beach and Empire Park - stormwater harvesting	Project deferred due to unsuccessful Grant funding application. Alternate funding sources will be investigated
Ironbark Creek Lower Reserve Wallsend - rehabilitation	Soil Conservation service completed 60m creekline rehabilitation works
Lower Throsby Creek - rehabilitate stormwater drainage	Drainage rehabilitation works completed under contract by Soil Conservation Services in conjunction with Hunter Water Corporation rock revetment project
Robertson Street Carrington Drainage Rehab	Ongoing dewatering project. Negotiations underway with BP regarding rehabilitation of storm water pipeline currently inoperable due to oil pipeline obstruction within stormwater pipe/pits.



Raingarden stormwater quality device, Carrington Parade New Lambton (Blackbutt Reserve)



Carrington community inspection 13 new tide gates on Throsby Creek

## Condition of Public Works

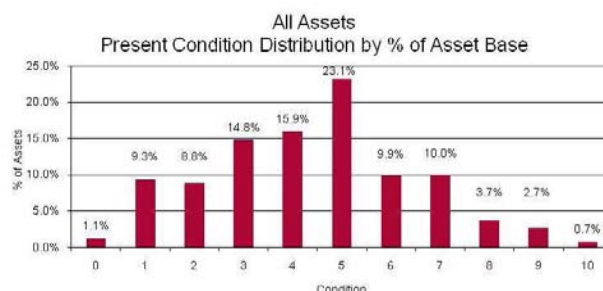
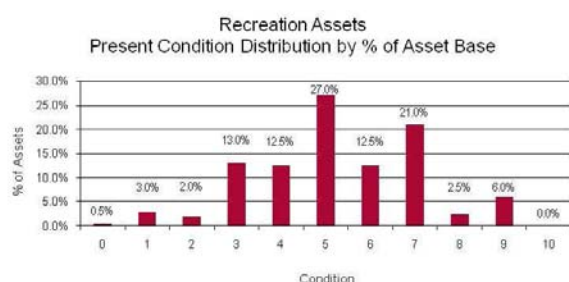
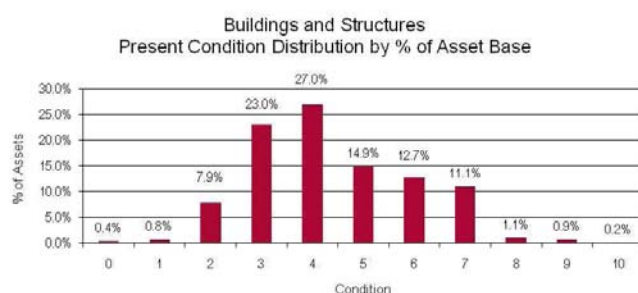
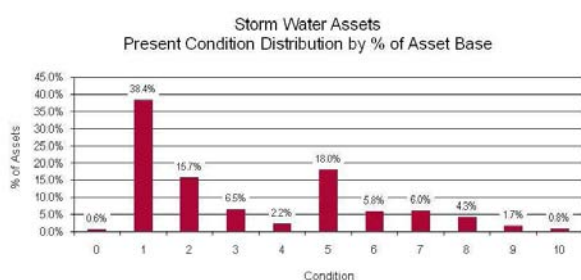
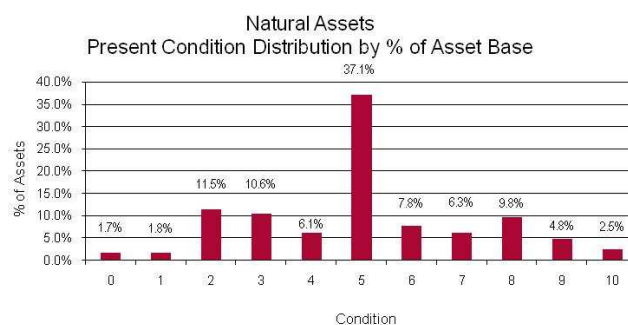
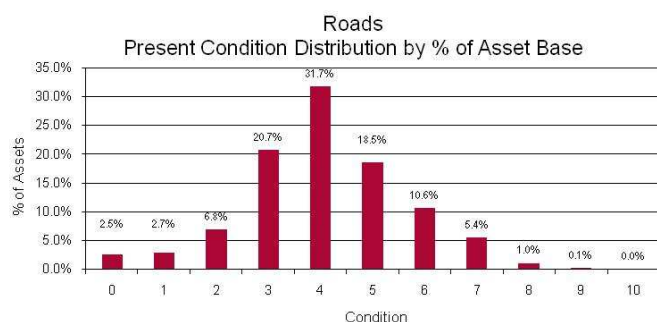
s428 (2) (d)

In 2010/2011 a review was undertaken of all Council's infrastructure assets. The review identified all public assets, their condition, suitable intervention levels, costs to upgrade infrastructure above this intervention level, asset renewal values and the required maintenance costs to maintain assets at an acceptable level. This review was then used to produce our Strategic Asset Management Plans. This review will be ongoing as we continue with strategic asset management planning in the future.

In 2012/2013 a revaluation of land and buildings is scheduled to occur along with a second iteration of the Strategic Asset Management Plan.

Below are the summary graphs indicating the condition of each major asset class. The review set a standard scale for asset condition ranging from 0 (new) to 10 (unserviceable).

The major asset categories have been grouped into Roads, Stormwater Drainage, Building and Structures, Natural and Recreation assets.



Below is a summary of the extent of infrastructure, restoration costs and annual current and required expenditure to renew the assets over their lifecycle.

Asset Class	Asset Type	Number	Length km	Area (m2)	Estimated cost to bring to a satisfactory standard \$000	Required annual maintenance expense \$000	Current annual maintenance \$000
Buildings and Structures						27,053	
	Buildings and Structures	671			88,023		10,228
	Retaining Walls		19		448		1,073
	River Walls		11		1,097		938
	<b>Total</b>	<b>671</b>	<b>30</b>		<b>89,568</b>	<b>27,053</b>	<b>12,239</b>
Roads						15,914	
	Pavement			7,501,777	10,965		9,365
	Footpath			1,203,090	2,380		2,974
	Kerb and gutter		1,487		27		1,873
	Bridges and culverts	265			134		92
	<b>Total</b>	<b>265</b>	<b>1,487</b>	<b>8,704,867</b>	<b>13,506</b>	<b>15,914</b>	<b>14,304</b>
Stormwater Drainage						3,183	
	Pits	18,211			182		426
	Pipes and culverts		527		14,076		675
	<b>Total</b>	<b>18,211</b>	<b>527</b>		<b>14,258</b>	<b>3,183</b>	<b>1,101</b>
Recreation	Parks	130			922	5,200	4,751
	<b>Total</b>	<b>130</b>			<b>922</b>	<b>5,200</b>	<b>4,751</b>
Natural Assets	Trees	110,358			10,403	3,000	2,100
	Creeks		67		7,343	500	315
	<b>Total</b>	<b>110,358</b>	<b>67</b>		<b>17,746</b>	<b>3,500</b>	<b>2,415</b>
<b>Total Classes</b>	<b>Total – all assets</b>				<b>136,000</b>	<b>54,850</b>	<b>34,810</b>

#### Notes:

- a. River walls and sea walls are included together under River Walls

## Private Works

In January 2012 Council was contacted by the Department of Lands (now called Department of Primary Industries – Catchments and Lands) with a request that Council undertake works on behalf of the Department of Lands to stem erosion of Crown Land at Hexham around a Council drainage outlet. Council agreed to do this work on behalf of the Department of Lands because that government department does not have operational capacity in Newcastle.

## Risk Management

### Enterprise Risk Management framework development

During 2011/2012 Council has focused on developing:

- A new Enterprise Risk Management (ERM) Framework including:
  - Risk Management Policy and Guidelines
  - Strategic risk profile
- New risk matrices for consistent strategic, operational and project risks assessments
- Risk appetite and risk tolerance statements
- Business rules to determine escalation of risks within the management chain of command; and
- ERM Committee Charter and structure.

Due for completion in August 2012 the Framework will be implemented and embedded across Council as part of a longer term project.

### Public liability audit by insurer

Each year, Council's insurer (Statewide Mutual) conducts a Public Liability Audit. This audit focuses on the risk management activities in the 10 areas where public liability claims dominate. Council's significant risk management track record has led to Council achieving excellent results over the past five years. These results are detailed below.

Year	Overall Result
2011/2012	95.11%
2010/2011	92.39%
2009/2010	93.39%
2008/2009	94.40%
2007/2008	92.96%

### Business Continuity Plan

Council has a mature Business Continuity Plan which, when enacted, puts in place measures to minimise the effect of any interruptions and ensures re-establishment of services as soon as possible. Regular testing of the plan occurs, including an realistic scenario held at least once annually.

### Major building fire assessments

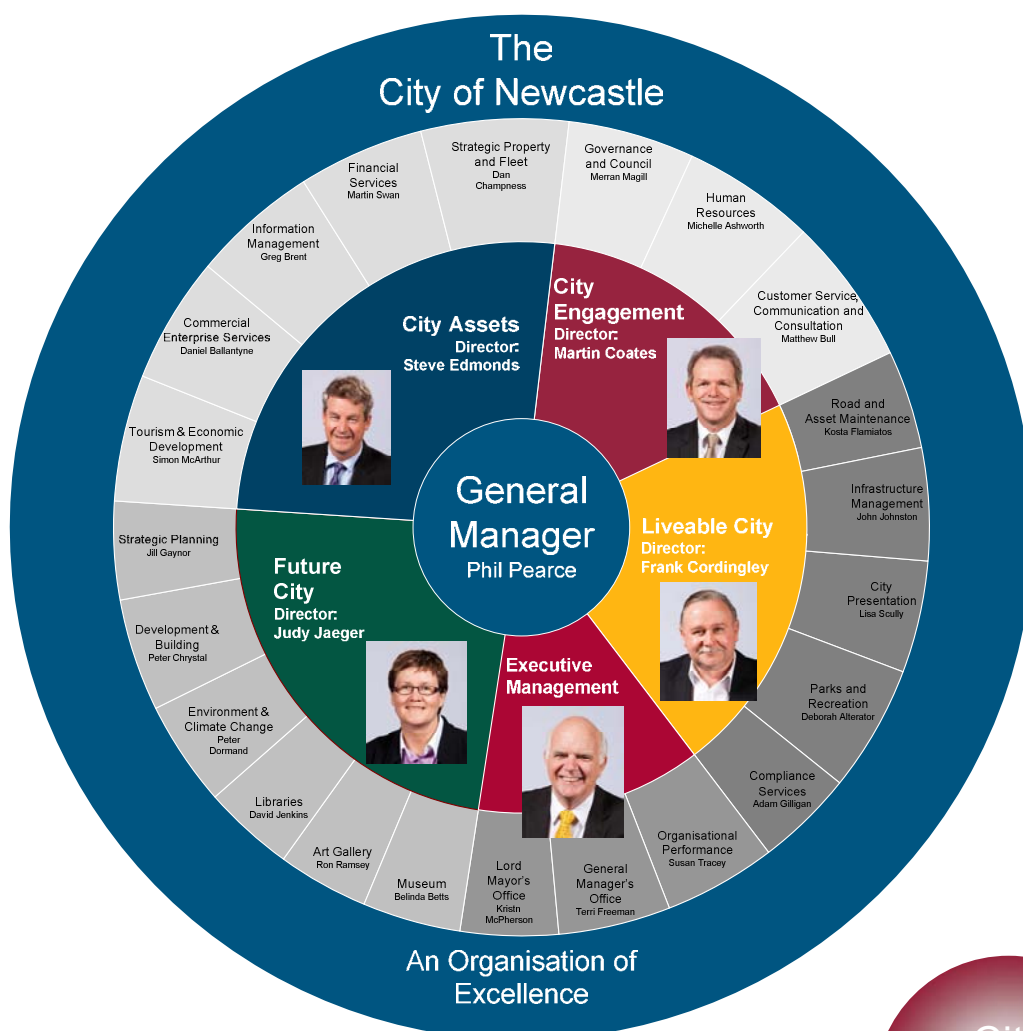
In conjunction with Council's insurer, Council is undertaking a rolling program of fire risk assessments of its major buildings. In 2011/2012 year, Council undertook four audits.

### Insurances

Integral to Council's management of risk is the impact and value of Council's insurance program. Council has a suite of insurances in place to compensate for any direct pecuniary loss. This insurance suite is reviewed annually and is included for a comprehensive review and assessment in the 2012/2013 external audit program.



# Our Staff



# Executive Management

## General Manager Phil Pearce

Phil Pearce was born and educated in the western suburbs of Sydney where he completed a carpentry apprenticeship before entering the Australian Army in 1974 graduating as a Second Lieutenant from the Army's Officer Cadet School (Portsea) before joining the Royal Australian Engineers.

He resigned in 1996 as a Lieutenant Colonel, having commanded the Army's High Readiness Field Engineer Squadron and the Army's Logistic Support Group; he was Chief of Staff of the Army's Logistic Support Force and Military Assistant to the Land Commander.

Phil commenced in local government with the Ararat Rural City Council in second and third level management positions. He was the Chief Executive Officer of the Shire of Campaspe from October 1998 until his appointment as Chief Executive Officer at Mildura Rural City Council in March 2003.

Phil commenced as Chief Executive Officer of the Greater Shepparton City Council on 9 June 2009 and resigned 18 July 2011 to take up the role of General Manager for The City of Newcastle on 1 August 2011.

Phil is committed to achieving business excellence through organisational development, a clear focus on customers and the building of relationships both within and outside the organisation.

Phil holds a Master of Business Administration, a Master of Public Policy and Management and is a graduate of the Australian Army's Senior Management College.

## Overview General Manager's Office

The General Manager's Office is responsible for the overall performance management for The City of Newcastle.

Our directorate has been responsible for a number of key change initiatives. These initiatives have been aimed at addressing the long term sustainability of the organisation and the changes required to ensure the efficiency and effectiveness of our operations.

We have championed the introduction of new values for the organisation, and a new corporate plan based on the Business Excellence Framework called The Way Ahead. This document will evolve as the needs of the organisation change and ensure all staff are aware of the key priorities required to ensure a sustainable organisation.



Our Team also coordinated the Delivery Program and Operational Plan development and a special rate application for a 5% increase in ordinary rates to fund nine key civic projects. This was a 12 month project involving intensive consultation with the community and key stakeholders and staff from across the organisation. Council was advised of the success of this application on 4 June 2012 allowing us to commence work on these key projects from 1 July 2012.

# Future City

## Director - Judy Jaeger

*Positioning for a sustainable future*

Judy Jaeger is currently the Director Future City and part of Council's Executive Leadership Team, reporting directly to the General Manager.

The Future City Group is responsible for strategic planning, development and building services, environment and climate change services, library, art gallery, and the museum.

While her career history has been in Local Government, working for six separate Councils, she has been exposed to private and public sector organisations including non-government, not-for-profit organisations, small and large businesses.

In 1999, Judy relocated to the Hunter Valley to take up a senior management role with Maitland City Council. Since then, she has worked for Wyong Shire Council and The City of Newcastle. Judy has managed portfolios that have a direct service delivery focus as well as strategic and future planning.

All of her senior management experience has involved the management of change, providing visionary leadership, striving for continuous improvement and best practice, focussing on outcomes and actively promoting a team based environment with an emphasis on consultation and participation. Judy holds a Bachelor of Arts (Library & Information Science) and a Master of Business Administration.

## Overview Future City

*Centralised planning throughout Council will lead to a better focused organisation*

Key highlights for Future City:

- Opening of the new Museum in August 2011
- Adoption of the 2020 Carbon and Water Management Action Plan October 2011
- Coastal Revitalisation Masterplan
- The Loft Youth Arts & Culture Centre took delivery of its mobile outreach van and multimedia equipment. This asset, funded through a grant enables the Loft to take workshops and programs throughout the local government area
- Council's Hunter Street Revitalisation Plan won an award for Urban Design Excellence at the annual Australian Institute of Landscape Architects (NSW) awards
- Council staff in collaboration with community groups planted over 3,000 trees across the city
- Our community set a new e-waste recycling record with 66.4 tonnes of unwanted electronic items taking to three drop-off points.

# City Engagement

## Director Martin Coates

*Connecting with our community, focussed on our customers, developing our people*

Martin is the Director City Engagement at The City of Newcastle and leads three Service Units:

- Governance and Council Services
- Human Resource Services
- Customer Service, Communications and Consultation

Martin came to Local Government in October 2009 after 16 years with Telstra. In those years he managed relationships with key stakeholders eg: National Farmers Federation and NSW Farmers Association and assisted rural communities to access grant funding. Martin's other roles with Telstra included: Account Manager, Business Development Manager NSW, NSW / Qld Sales Manager, National Contracts Manager and National Product Lead for Fibre to the Premises.

Martin attained an Advanced Certificate in Management from TAFE in 1991 and graduated from University of Newcastle in 2004 with a Masters in Business Administration (MBA).



## Overview City Engagement

*Integrated community engagement together with a performance based customer focused, organisation is the key driver for this group*

Key highlights for City Engagement include:

- Development and adoption of the communications and marketing strategy
- Development and implementation of telephone answering protocols
- Developed a new Enterprise Risk Management framework, with associated policies, guidelines and assessment tools
- Managed the 2012 local government election
- Induction program for newly elected Councillors
- Conversation with Council November 2011
- Delivery of Code of Conduct training program for managers, coordinators and specialist staff.
- Adoption of a Public Interest Disclosure Policy and training of staff
- Council placed in top eight out of 137 entries in the annual WorkCover NSW SafeWork Awards for the Best Workplace Health and Safety Management System
- Review of Place Making Policy and toolkit redevelopment to ensure legal compliance. The policy was adopted on 17 April 2012
- E-learning and E-recruitment contracts awarded for implementation by 30 June 2012
- Remuneration review commenced
- Pilot program for Council's performance management framework commenced
- Adoption of the City Engagement Charter February 2012
- 1,551 hours of communication and consultation support provided to promote projects, services and facilities
- Communications plans developed to support the City-wide Flood Risk Management Plan and Study

# City Assets

## Director Steve Edmonds

*Making our assets work for us*

Steve Edmonds was born and lived on the North Coast of NSW prior to attending the University of Newcastle. Steve has worked at BHP steelworks in both technical and commercial roles.

Steve commenced work at Maitland City Council in management roles of Economic Development, Corporate Planning and Property. Steve then worked for the Newcastle Port Corporation as General Manager Commercial and Company secretary and reported to the Chairman and Board as Company secretary.

Steve then moved to Landcom as the senior manager in charge of the Hunter and Project Director. Steve acquired, developed and marketed 13 Residential Estates across the Hunter and Project Directed the urban renewal of the Royal Newcastle Hospital site.

Steve's current role as Director City Assets and Chief Financial Officer involves managing: finance, revenue, procurement, rates management, accounting, strategic property, fleet, economic development, tourism and commercial enterprises, civic theatre, town hall, airport, golf course and holiday park, parking stations, printing business, Newcastle airport and Summerhill waste management services.

In addition to Steve's technical undergraduate qualifications, he holds Masters Degrees in the fields of Economics and Property. He also holds Diplomas in Capital Asset Management, Company Directorship and Project Management.

## Overview City Assets

*This group focuses on our strategic assets - commercial, property, fleet, IT and financial - and brings together our commercial enterprises with a stronger economic development focus*

A number of key projects have commenced or been successfully completed over the last 12 months including:

- Light fleet procurement selection process has been developed providing an effective mix of vehicles giving maximum safety and environmental impacts
- Review of commercial activities to increase return on income
- Acquisitions and disposals (\$50.55 million net position) including Sale of Burwood Wedge, Demolition of Fred Ash Warehouse and Car parks – east and west
- Review of financial services requirements and integration with IT systems undertaken
- Successful rate variation application supporting the Long Term Financial Plan and nine key civic projects
- Overview of Information Technology project management to ensure consistent approach to IT projects within the organisation. Projects include introduction of VOIP phone network and implementation of the ICT Strategic Plan including the development of strategic architecture for the Enterprise Resource Project
- Tourism and Economic Development projects include development of the Business Industry Associations, the Tourism Plan, and Newcastle Branding Initiative
- Summerhill Waste Management Centre – Stage 2 DA in place, 370 k tonnes/annum major potential as a regional waste management centre
- Stage 1 cabin precinct completed at Stockton Beach Holiday Park including new management contract
- Major venues – new functional manager and experienced team providing a quality and integrated service to the community.



## Liveable City

### Director - Frank Cordingley

*Enhancing quality of life*

Frank Cordingley was born and educated in Perth, WA and joined BHP in 1969 working in various roles including Assistant Superintendent Operations in the Blast Furnaces in 1980. He then worked in operational management before commencing as the Rod and Bar Division Business Planning Manager which he held from 1990 to 1995.

In 1996 Frank joined Port Waratah Coal Services as Manager Coal Chain Operations, responsible for the logistics of coal movements from the mines to ship in the Hunter Valley Coal Chain.

In 1999 Frank began with NSW Health as Director Corporate Services for the Hunter Area Health Service. This involved executive responsibility for a range of non-clinical functions including ICT, capital works and facilities maintenance, procurement, business planning and other support functions. Frank also held the role as the General Manager Health Technology and establishment of a statewide shared services IT agency to provide the IT needs of NSW Health.

Frank has been with the City of Newcastle since August 2009 and, in his role as Director Liveable City, is responsible for Infrastructure Management, Roads and Asset Maintenance, Traffic, City Presentation, Parks and Recreation, Community Safety and Compliance. Frank holds an honours degree in Mechanical Engineering from the University of WA in 1972 and has studied management short courses from many recognised business schools

### Overview Liveable City

*City presentation is critical to this group with a strong focus on place and infrastructure assets*

Key highlights for Liveable City include:

- Pride of Place continued to beautify our city with completed projects such as Adamstown Rosebuds Grandstand, Broadmeadow toilets, energy mural at Waratah Technology High School, Stockton Bowling Club mural and Lambton pool Mural
- Completion of rehabilitation of 320 m of Pirate Point Seawall at Stockton
- Adoption of the Street Tree Masterplan in February 2012
- Planting of 3,022 trees, shrubs and grasses at Ironbark Creek Elmore Vale
- Implementation of the Merewether Plan of Management commenced with the realignment of Watkins Street and John Parade
- Replacement of three playgrounds at Cook Park Shortland, Lugar Park Kotara and Claremont Reserve Adamstown
- Lambton swim centre aquatic playground
- Road and asset maintenance works totalling \$9.9 million were completed across the city
- Number 2 Sports Ground redevelopment
- The construction of two major retaining walls Elizabeth Street Tighes Hill and Newcomen Street The Hill
- Delivery of Stockton Beach Tourist Park stage one
- Burwood Wedge demolition of New Fred Ash Building
- Opening of Stockton and Wallsend to Glendale (Tramway) Shared Paths
- Bar Beach Cliff Stabilisation and Public Domain Works
- Foreshore Rail Shed rehabilitation
- Flood Lighting of many ovals including Richard Ford Oval, Adamstown Oval
- Ironbark Creek rehabilitation stages one, two and three

## Senior staff employment

S428(2)(g)

Council currently employs five senior staff being the Directors of each division and the General Manager as follows:

Name	Title	Employment 2011/2012
Phil Pearce	General Manager	1 August 2011 - 30 June 2012
Martin Coates	Director City Engagement	1 July 2011 – 30 June 2012
Frank Cordingley	Director Liveable City	1 July 2011 – 30 June 2012
Judy Jaeger	Director Future City	1 July 2011 – 30 June 2012
Steve Edmonds	Director City Assets	1 July 2011 – 30 June 2012

## Senior Staff Remuneration

(S428(2)(g)/C1217(1)(b))

	General Manager	Director Future City	Director City Assets	Director City Engagement	Director Liveable City
Date range in financial year	1 August 2011 - 30 June 2012	1 July 2011 - 30 June 2012	1 July 2011 - 30 June 2012	1 July 2011 - 30 June 2012	1 July 2011 - 30 June 2012
Total value of salary component of the Package	\$247,259.50	\$195,542.90	\$217,692.00	\$204,147.09	\$221,078.00
Total amount of any bonus payments, performance or other payments that do not form part of salary component	N/A	N/A	N/A	N/A	N/A
Total employer's contribution to superannuation (salary sacrifice or employers contribution)	\$24,846.50	\$17,772.00	\$15,959.11	\$15,959.11	\$15,959.11
Total value non-cash benefits	\$11,000	\$11,000	N/A	N/A	N/A
Total fringe benefits tax for non-cash benefits	N/A	N/A	N/A	N/A	N/A

Note: Figures provided in 'total value of salary component of package' are the amounts actually paid to staff excluding reimbursements for expenses.

## Staff Equivalent Full Time (EFT)

The EFT workforce describes the total number of full-time employees required to account for all ordinary time, paid hours of work. It is not a count of the number of employees. The total number of equivalent full-time (EFT) positions across Council as at June 2012 was 1,017.1 EFT.

Group	Total EFT approved by Elected Council	% of total EFT
General Manager's Office	13	1.3%
City Engagement	80.65	8%
City Assets	159.9	15.7%
Future City	174.22	17.1%
Liveable City	589.33	57.9%
Total Council	1,017.1	

## Headcount

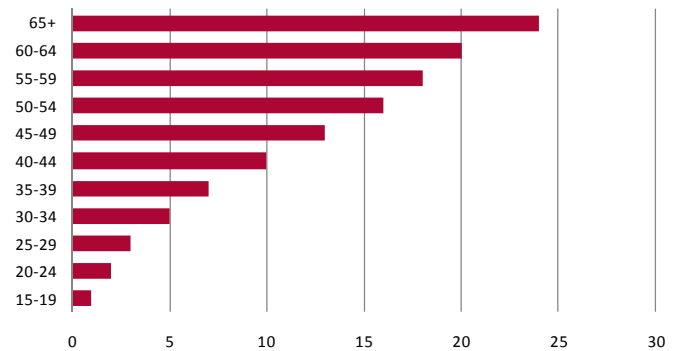
The headcount provides the number of employees who are currently employed by Council including permanent (full-time and part-time), temporary, fixed-term, casuals, apprentices and trainees.

Head Count by Employment Status

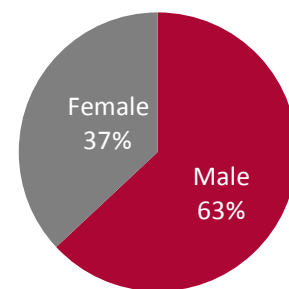
	1 July 2008	1 July 2009	1 July 2010	1 July 2011	4 May 2012
Permanent	966	986	901	979	979
Casual	298*	255*	199*	233*	309*
Temporary	63	69	37	57	72
Apprentice	27	26	21	25	27
Trainee	10	10	8	9	8
Fixed Term	8	11	20	41	46
Contract	2	13	13	13	13
Total:	1,374	1,370	1,199	1,357	1,454

\* Please note not all employment categories are inside Councils establishment

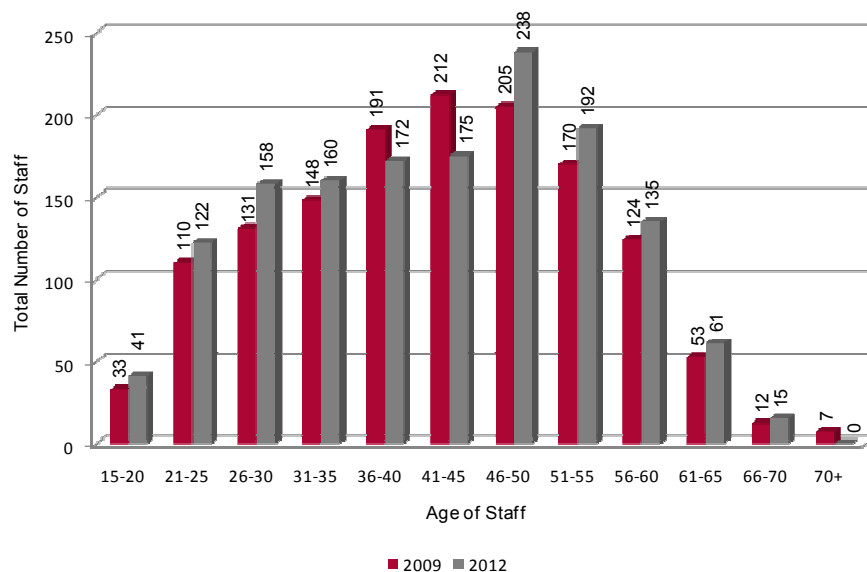
## Years of Service by Age



## Ratio of Years of Service by Age



## Age Profile of The City of Newcastle Staff between 2009 to 2012



- 27% of our current workforce is aged 50 years or older and will likely exit over the next 15 years through retirement
- 20% of the staff that are aged 50 years or older are in 'Hard to Fill' roles
- 16% of the workforce will also then move into the aged 50 years or older age bracket over the next five years
- Our 'potential leadership' pool of 34-44 years age bracket is experiencing the greatest turnover than any other age group.

## Staff Turnover

In the 2011 Local Government and Shires Association HR benchmarking Report the turnover rate for 2010/2011 for comparative council was 9.8% with The City of Newcastle result of 9%.

	1 July 2009 – 30 June 2010	1 July 2010 – 30 June 2011	1 July 2011 – 30 June 2012
Average number of permanent employees	944	940	952
Number of permanent employees who have left Council	85	85	82
Turnover Rate	9%	9%	8.6%



## Work Health & Safety

The NSW Work Health & Safety Act 2011 was applied from 1 January 2012. This change to legislation (harmonisation) seeks to provide for a balanced and nationally consistent framework to secure the health and safety of workers and workplaces. To address the new WHS Act and WHS Regulations Council has provided:

- WHS legislation and due diligence training for all managers and supervisors
- Process of determining officers for Council based on defined criteria
- Determined Designated Work Groups (DWG) and Health & Safety Representatives (HSR) across Council and trained all HSR



- Developed the framework for a new WHS Committee.

The City of Newcastle and its senior management are committed to zero harm for all its Workers. This was demonstrated during the 2011/2012 Financial Year, by the implementation of initiatives that will have future positive benefits to all of our Workers including:

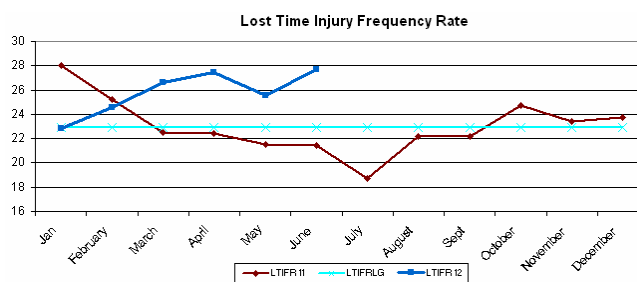
- Manual Handling Focus Group – reviews all Manual Handling, Slip Trip & Fall, Struck By / Against Incidents
- Continual Process of streamlining WHS Management System Procedures, Tools and Forms

- Drug & Alcohol Testing as part of an Industry Trial (the General Manager Phil Pearce undertaking a test)



- Development of a new Incident & Claims Management System
- Process of a Council wide, Health & Wellbeing Program
- An external gap analysis of all five elements of the National Self-Insurer OHS Audit Tool was conducted with an action plan developed to address issues
- Additionally The City of Newcastle conducted the following Audits
  - Over 20 OHS Committee Audits
  - Over 80 OHS Compliance Audits
  - 3 OHS System Audits

As required under Council's National Self-Insurer requirements, Council the following graph shows Lost Time Frequency Rates for the Local Government Average and the past two years.





## Human Resource Services

Our vision is to enable The City of Newcastle to meet the cultural, economic and social impact foreseeable over the next five years and to build an engaged, adaptable and responsive workforce.

### Services provided by this key Service Unit:

#### Human Resource Management

- HR Management to the business
- Aboriginal Employment and Equal Employment Opportunity (EEO)
- HRIS Development & Management
- Workforce Reporting
- HR Projects

#### Human Resource Operations

- HR Operations management and support
- Payroll
- Recruitment
- Industrial Relations
- HR Operational Support

#### Work, Health and Safety (WHS)

- WHS management and support
- Workers Compensation
- Injury Management



#### Learning and Development

- Development of Training Frameworks
- Induction
- Management of apprentices, trainees & work experience
- Coordination of internal and external training delivery.
- Coordination of Undergraduates & Scholarships
- WHS training
- IT training
- E-Learning

#### Change Management

- Change Management & Support
- Remuneration and Reward

### Highlights for the Year

- Implementation of employee culture survey – 68.5% completion rate
- Development of a Capability Framework for implementation
- Remuneration review and development of new salary and reward structure for implementation
- Development & Implementation of new Performance Management Framework
- Implementation of e-recruitment system
- Implementation of e-learning capability and tools
- Ongoing implementation of the Aboriginal Employment Strategy
- Ongoing implementation of the Equal Employment Action Plans
- Introduction of employee self service
- Transitioning Council to the new national WHS framework

The following information provides details on the projects carried out by Human Resources over the last 12 months.

### Human Resources Information System (HRIS) development and management

A process for online leave applications through a Kiosk system has been introduced to reduce paper processing and data input. HRIS functionality has been improved for positions management, Work Health & Safety, payroll, and learning and development and reduces adhoc processing and has streamlined data integrations across the system.

### Workforce reporting

Introduction of workforce reports for the organisation at the Organisational and Service Unit level has been introduced. A full review of Councils EFT and positions was completed to inform new EFT and position management guidelines.

### Human resource projects

A complete review of recruitment processes was undertaken to inform the new policy and training. E-recruitment has been introduced for all recruitment processes which reduces the reliance on printing. Selection methodologies have been reviewed with aptitude and psychometric testing being considered for further rollout across Council for relevant positions. The introduction of iPads for Council's Senior Executive Team and Councillors has provided further efficiencies in information distribution.

In early 2012, Council rolled out a Cultural Survey to the entire organisation and achieved a response rate in excess of 60%. The Cultural Survey results will help to inform development of organisational and team action plans to improve the organisations culture and performance.

Council has developed a Capability Framework for the alignment of positions to a Job Family Structure to determine learning and development needs and align the training spend to organisational priorities.

A benchmarking survey of similar Councils is currently underway to assess Councils resourcing and services against other like Councils.



## HR Operations

### Payroll

A Superannuation Clearing House has been introduced to reduce the administration and processing time for superannuation payments. An internal audit of all employee data was conducted and verified by employees.

### Industrial Relations

The City of Newcastle Enterprise Agreement is underpinned by the Local Government (State) Award and sets the terms and conditions of employment for employees within Council. Staff employed at the Civic Theatre are employed under either the [City of Newcastle Enterprise Agreement 2010](#) or the [Entertainment and Broadcasting Industry - Live Theatre and Concert Award 1998](#)

## Learning and Development

### Induction

A review of Council's induction program has reduced the number of employees in Council that have never been inducted from more than 700 to less than 40, ensuring Council complies with its obligations to prepare staff for their life in council.

### e-learning

Council has incorporated e-learning as a method of delivering training across the organisation. e-learning reduces training costs and staff time away from their job. The initial modules help Council comply with various legislative requirements.

Modules developed include: Code of Conduct, Public Interest Disclosure, Fraud and Ethics, Government Information and Privacy Act (GIPA) and Privacy.

### Trainees and apprentices

To meet our future skilling requirements and to retain knowledge within the business, Council recruited 11 new apprentices and four trainees. These recruits joined 20 other trainees and apprentices as part of the council's trainee and apprentice program. In addition we also have five people employed as part of the Council's undergraduate program which provides workplace experience to students who are completing degrees.

Council applied and received funding from Department of Education, Employment and Workplace Relations to run four training programs under the Workplace English Language and Literacy (WELL) program. This has provided support to staff to increase computer skills and knowledge, and to upgrade their presentation and document writing skills. Feedback from all involved in the program has been extremely positive with noticeable improvements in communication skills in the workplace.

## Aboriginal Employment and Equal Employment Opportunity (EEO)

S428 (2) (n)

Equal Employment Opportunity (EEO) focuses on recognising and valuing diversity within the workplace. This means having workplace policies, practices and behaviours that are fair and do not disadvantage people who belong to particular groups.

Council provides a large number of services to a diverse community and aims to promote an environment free from harassment, bullying, victimisation and discrimination. We have an EEO Management Plan with strategies that assist members of EEO groups to overcome past and present disadvantage.

We also delivered EEO training to staff and developed a set of organisational values to define how staff at Council should work together. Our Executive Leadership Team understands the need for all directors and managers to model EEO principles.

All staff members are asked to make a personal commitment to improve the way they work with co-workers, customers and the community

### Key achievements

- The appointment of a Senior Aboriginal Employment and EEO Advisor, to articulate Council's commitment towards diversity and equity priorities within Council and for the Newcastle community
- Re-establishment of Councils' Workplace Contact Officer network to provide support to all employees within Council and offer general advice on EEO matters
- Commencement of a review of EEO training to ensure all Council employees are familiar with their rights and responsibilities
- Review and ongoing implementation of the Aboriginal Employment Strategy
- Creation of an additional four identified positions across Council

- Commencement of an Aboriginal Scholarship in partnership with University of Newcastle
- Consideration and approval given for Council to have a Reconciliation Action Plan providing the planning and costing of cultural awareness training

### E-learning resource to deliver EEO training

- Review of and ongoing implementation of the Equal Employment Opportunity (EEO) Action Plan
- Relaunch of the Workplace Contact Officer Network and development of an E-learning module on EEO
- In conjunction with HR representatives, a comprehensive review of specific policies and procedures within Human Resource Services is underway. This will result in updated information to ensure efficient and effective business practices
- Websites updated with current information and Contact Officer details
- Data verification initiative developed to ensure compliance with the *Local Government Act 1993*, Section 345 (c) states that 'collection and recording of appropriate information' is required to assist in the development of the EEO Management Plan
- Continue to maintain and build both internal and external networks pertaining to EEO ie: Anti-Discrimination Board, AusPysch, MaiWel Hunter Labourforce Solutions – Disability Employment Service
- Redeveloped and distributed the Employee Assistance Program promotional material



# Appendices

- Attachment A – Newcastle 2030 State of the City Report 2012
- Attachment B – Sustainability Action Plan
- Attachment C – Contracts over \$150,000
- Attachment D – Government Information and Privacy Act Annual Report
- Attachment E – Statutory Financial Reports
- Attachment F – Compliance Matrix



## Attachment A – State of the City Report 2012



Newcastle  
**2030**

Newcastle 2030 is a shared community vision that will guide the policies and actions throughout the city for the next twenty years. Join us in working towards our shared goals.

# Newcastle 2030



## State of the City Report

Measuring progress towards our vision for a smart, liveable and sustainable city

**Production**

Newcastle Community Strategic Plan  
was prepared by The City of Newcastle Future City Group

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# Introduction

The State of the City Report provides an update on the progress towards achieving our shared vision as described in the Newcastle 2030 Community Strategic Plan. It outlines how Council and other stakeholders have responded over the past year to the strategic objectives identified in the Community Strategic Plan and the progress made towards achieving our long-term community goals.

This report is a requirement under the *Local Government Act 1993* and is part of Council's Integrated Planning and Reporting Framework. It is the first report tracking our progress since the community and Council endorsed the Newcastle 2030 Community Strategic Plan in March 2011. As such it will act as a baseline document for future reports.

## Measuring our Progress

In order to measure progress towards the Newcastle 2030 vision a number of community indicators have been developed under each of the seven strategic directions. The indicators were shaped by the outcomes desired by the community and selected as a way of tracking the impact of initiatives undertaken across the local government area (LGA).

Each indicator is measured using data collected by Council, government or community based agencies. Analysis of the indicators will assist in understanding how effectively we are all contributing to positive change within our community.

The State of the City report is a living document providing an overview of the community indicators and progress achieved. While the most current data available was used to inform the preparation of this report, it is also acknowledged that there can be a considerable lag time in data availability for some indicators.

### An assessment of the current trend has been provided for each indicator

- ➔ Progressing towards community outcome
- ➡ No observable trend / Data not available
- ➠ Moving away from community outcome



## Newcastle 2030 Community Strategic Plan

The Newcastle 2030 Community Strategic Plan was developed following a significant shared planning process with direct input from a wide cross-section of the community. It seeks to build on our strengths and unique assets, and describes our shared long-term vision for a resilient city that is smart, liveable and sustainable.

Reflecting the shared priorities of the Newcastle community, the Newcastle 2030 Community Strategic Plan is a guide to inform policies and actions throughout the local government area. It identifies 23 objectives to be achieved in the next 10 years across seven key strategic directions:

- A connected city
- A protected and enhanced environment
- Vibrant and activated public places
- A caring and inclusive community
- A liveable and distinctive built environment
- A smart and innovative city
- Open and collaborative leadership.

Achieving these objectives requires the involvement and partnerships of government at all three levels, the business sector, community groups and residents. Key strategies are also supported by the NSW 2021 State Plan and associated local regional action plans.

Successful implementation will ensure that the community's economic, social and environmental considerations are integrated into decision-making processes, and that sustainable outcomes are achieved through balancing the short and long-term needs of government, the business sector, community groups, residents and visitors.

## Our vision

### **In 2030 Newcastle will be a Smart, Liveable and Sustainable city.**

We will celebrate our unique city and protect our natural assets. We will build resilience in the face of future challenges and encourage innovation and creativity. As an inclusive community, we will embrace new residents and foster a culture of care. We will be a leading lifestyle city with vibrant public places, connected transport networks and a distinctive built environment. As we make our way towards 2030, we will achieve all this within a framework of open and collaborative leadership.

## Delivering the Plan

In delivering the Community Strategic Plan, Council commits to its responsibility for key areas of the plan and continues to advocate on behalf of the Newcastle community in areas not directly resourced by Council.

The City of Newcastle's four-year Delivery Program and one-year Operational Plan identify the major projects, programs and services that Council is undertaking to help achieve the shared objectives for Newcastle. Resourcing strategies including a Long-Term Financial Plan, Workforce Management Plan and Strategic Asset Management Plan have also been developed to support operational works and key projects over the next 10 years.

These are key elements of Council's Integrated Planning and Reporting Framework.



Nine major civic projects aligned to the Newcastle 2030 Community Strategic Plan will deliver city and economic revitalisation over the next 10 years. Future State of the City reports will include updates on these key projects which are funded by a special rate variation and helping to achieve the seven community strategic directions.

Community Strategic Plan Strategic Directions							
Civic Project	Connected City	Protected and Enhanced Environment	Vibrant and Activated Public Places	Caring and Inclusive Community	Liveable and Distinctive Built Environment	Smart and Innovative City	Open and Collaborative Leadership
Hunter Street revitalisation	✓	✓	✓		✓		✓
Coastal revitalisation		✓	✓	✓	✓	✓	✓
Libraries upgrade program			✓	✓		✓	
Swimming pool upgrade program			✓	✓			
On-street parking strategy	✓				✓	✓	✓
Off-street parking strategy	✓				✓	✓	✓
Newcastle Art Gallery expansion			✓	✓		✓	
Cycleways program	✓	✓		✓	✓		
Blackbutt Reserve upgrade		✓	✓	✓	✓	✓	



# Connected City

In 2030 our transport networks and services will be well connected and convenient. Walking, cycling and public transport will be viable options for getting around the city.

## Community Outcomes

Community outcomes we want to see in our Connected City include a higher use of public transport, with public transport being a valid alternative to driving cars and contributing to a reduction in greenhouse emissions and congestion. Supporting the use of public transport will be the integration of pedestrian paths and cycleways with improved safety and positive health outcomes.

To achieve these outcomes over the next 10 years our strategic objectives for Newcastle are:

- Effective and integrated public transport
- Linked networks of cycle and pedestrian paths
- A transport network that encourages energy and resource efficiency.

## Making Progress

Transport was a major theme throughout the Newcastle 2030 consultation process. The ability to walk and cycle safely on an integrated network is important in supporting an active and healthy lifestyle. As a community we want to see a highly inter-connected system of pedestrian and bicycle paths supported by appropriate 'end of trip' facilities and infrastructure on trains and buses for bikes. These outcomes will be progressed through the Newcastle Cycling Strategy and Action Plan, which was adopted by Council on 6 March 2012.

The Action Plan includes actions relating to cycling infrastructure, education, advocacy, promotion and monitoring. It aims to increase cycling participation in Newcastle to 5% mode share for all short trips, which is consistent with the NSW BikePlan mode share target. Monitoring of cycling participation will be facilitated by Council through ongoing support of the Super Tuesday bike survey.

Completion of key regional routes, such as the Wallsend-Glendale shared pathway, will encourage greater participation in cycling. Officially opened 1 June 2012, the pathway was a joint initiative funded by Roads and Maritime Services, The City of Newcastle and Lake Macquarie City Council. Originally proposed as a strategic route for recreational and transport cycling in the 1996 Newcastle-Lake Macquarie Bike Plan, the 3.65km path provides connecting bike routes between Lake Macquarie, Glendale, the John Hunter Hospital, the University of Newcastle, various TAFE campuses and Newcastle.

The Cycleways Program is one of the nine civic projects to be funded over the next 10 years through Council's special rate variation.

Council continues to advocate for the preparation of a regional transport plan and for the integration of land use and transport planning. The State Government is currently preparing a long-term transport masterplan for NSW that is expected to be released at the end of 2012. Transport for NSW has



indicated this will be followed by preparation of regional plans. The Lower Hunter Regional Strategy is also currently being reviewed by the Department of Planning and Infrastructure.

Public transport facilities in the city are being enhanced under a new tender for the provision of shelters with advertising. These improvements were identified in Council's audit of transport stops to ascertain works required to meet the Commonwealth Disability Standards for Accessible Public Transport.



## Electric Vehicles

Electric vehicles are being trialled in Newcastle as an emerging alternative to petrol-fuelled and hybrid cars. The trial is part of the Smart Grid, Smart City program being run by Ausgrid in conjunction with the Australian Department of Resources, Energy and Tourism.

The trial aims to assess the potential benefits of electric vehicles that are anticipated to include reduced greenhouse gas emissions, better air quality and less street noise. The impact of electric vehicles on the energy network will also be assessed and technical solutions investigated such as charging requirements and the installation of public and private charge points.

Electric vehicle infrastructure and charging points have been installed in the city and Council has successfully trialled one of the Smart Grid, Smart City electric vehicles over the past 12 months. Find out more at [www.smartgridsmartcity.com.au](http://www.smartgridsmartcity.com.au).

Community Indicator	Progress	Trend
Use of public transport in Newcastle	4% mode share to public transport for trips to work (2006 Census)	⊖ 2011 Census data not yet available
Adequacy of available public transport	41% of residents agreed there is enough public transport in Newcastle (2008 Council Community Survey)	⊖ Data not available 2012
Use of bicycles for transport	2% mode share to bike for trips to work (2006 Census)	⊖ 2011 Census data not yet available
Registered electric vehicles	Estimated 20 registered electric vehicles in the Newcastle area	➔

➔ Progressing towards community outcome; ⊖ No observable trend; ⊕ Moving away from community outcome.





# A Protected and Enhanced Environment

In 2030 our unique environment will be understood, maintained and protected.

## Community Outcomes

Community outcomes we want to see in our Protected and Enhanced Environment include the protection of biodiversity, maintenance of bushland and urban forest and appropriate access to natural areas. We want reduced waste generation, sustainable use of water, improved air quality and increased use of renewables. Our vulnerability to climate change will be reduced and we will increase our preparedness for potential risks.

To achieve these outcomes over the next 10 years our strategic objectives for Newcastle are:

- Greater efficiency in the use of resources
- Our unique natural environment is maintained, enhanced and connected
- Environment and climate change risks and impacts are understood and managed.

## Making Progress

In the past 12 months Council has continued with a range of initiatives to improve the environment and reduce our impact. Environmental rehabilitation and restoration works have continued along the estuary and ocean foreshore, local waterways, wetlands and bushlands. Such work typically consists of stormwater improvement activities, bed and bank stabilisation, weed management, revegetation, mulching, monitoring and education.

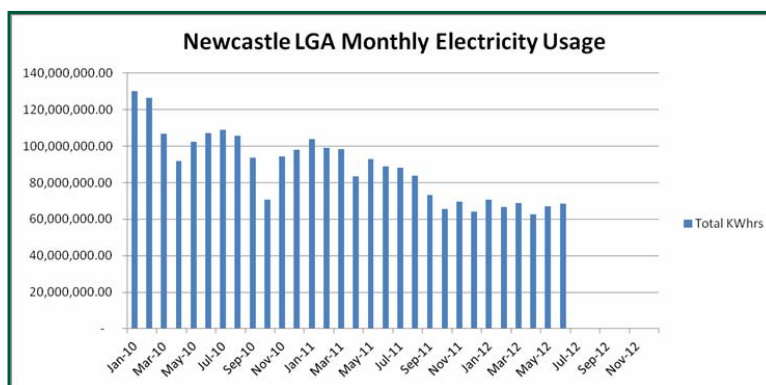
A key achievement has been the identification and management of the significant environmental weed *Caboomba* at Beresfield Golf Course, one of the first records of the weed in our region and one which has significant potential to become a major problem if not managed early.

Other key projects that are helping achieve the Newcastle 2030 environmental objectives include the Living Streets program, adoption of the Blackbutt Plan of Management, preparation of the Stockton Beach Sand Scoping Study and Newcastle Coastal Management Study and Plan, and the adoption of the City-wide Floodplain Risk Management Study and Plan that will guide future flood management activities and investment across Newcastle.

Council has commenced a new initiative in respect to developing a Water Sensitive Vision for the city that will provide future direction on how we manage water within our urban environment.

Focus on reducing potable water consumption and carbon pollution has been maintained with the implementation of the Carbon and Water Management Action Plan. This work includes initiatives within the residential, education and business sectors as well as with Council operations.

The Newcastle community has continued to demonstrate a commitment to efficiency with a reduction across the local area in electricity usage and related emissions over the past 12 months. While the reporting period did include an unusually cool summer and a reported reduction in the use of air conditioning, a downward trend is evident in the graph illustrating monthly electricity usage since January 2010.



Source: Ausgrid

Positive achievements have also been made within the Newcastle area with significant increases in domestic waste diverted from landfill recorded over the past 12 months. Part of this result is attributable to the three waste bin program introduced by Council in 2012. Residents have well utilised the lime green lid bins for green waste collection while the new 140 litre red lid bins are used for weekly general waste collection and the yellow lid bin for recyclables collected fortnightly.

Community Indicator	Progress	Trend
Domestic waste diverted from landfill	42% domestic waste diverted from landfill 2011/2012; an increase from the previous year	➔
Household water usage	Current household water per household unavailable	➔ Data not available
Household electricity usage	Average daily consumption 16.2kwhrs per household 2010/2011; reduction from the previous year (Ausgrid)	➔
Air quality	Daily Regional Air Quality Index in the Newcastle area exceeded 100 units (indicating poor air quality) on only one day during 2011	➔
Canopy cover	Analysis of LIDAR data required	➔ Data not available
Coastal water quality	2011/2012 Beachwatch rated water quality at all 11 swimming locations in the Newcastle area as good or very good	➔
Migratory shorebirds	Decline in numbers in the Hunter Estuary since 1990 benchmarks (Hunter Bird Observer Club)	➔
Greenhouse gas emission from electricity use	746,979 tonnes carbon emissions 2011/2012; decrease in emissions from the previous year (Australian National Greenhouse Accounts)	➔

➔ Progressing towards community outcome; ➔ No observable trend; ➔ Moving away from community outcome.

## ***Migratory Shorebirds***

The Hunter Estuary is the most important site in NSW for both the diversity and abundance of shorebirds. This estuary is internationally recognised for the migratory shorebirds who use the complex mosaic of estuarine habitats for foraging and roosting. Most species arrive during spring after a marathon flight from their northern hemisphere breeding grounds. They stay up to seven months before flying north to breed again in remote areas of Siberia, Mongolia and Alaska. This arduous journey, across open sea and international boundaries, makes migratory shorebirds especially vulnerable to disturbances and accordingly most are listed as protected under various international, federal and state environmental legislation.

Long-term monitoring of the migratory shorebird populations since the 1970s by the Hunter Bird Observer Club indicates that there has been a drastic decline in most species. If this trend continues it is predicted that within 25 years many will not appear at all. Much of this decline is ascribed to human-induced habitat destruction, both overseas and within the Hunter Estuary, and ongoing development within the estuary will exacerbate the environmental problems further. Protection and enhancement of the Hunter's remaining estuarine habitats and ongoing monitoring of the shorebird population are vital if such trends are to be reversed.

For more information on migratory shorebirds visit the Hunter Bird Observers Club website [www.hboc.org.au](http://www.hboc.org.au).



Waders Stockton Sandspit

Photography by Chris Herbert





# Vibrant and Activated Public Places

In 2030 we will be a city of great public places and neighbourhoods promoting people's health, happiness and wellbeing.

## Community Outcomes

Community outcomes we want to see for our Vibrant and Activated Public Places include activation by all age groups, a range of arts, music and cultural destinations and events, and safe and vibrant city and neighbourhood centres. We want social wellbeing through active and healthy communities and well-planned public places with suitable amenities and high quality public and community art. We want Newcastle to continue to be known for its emerging and established artists with high levels of creative activity and expression. We want intergenerational activity that comes with community access and ownership of public space and to see community pride in the city's heritage and culture.

To achieve these outcomes over the next 10 years our strategic objectives for Newcastle are:

- Public places that provide for diverse activity and strengthen our social connections
- Culture, heritage and place are valued, shared and celebrated
- Safe and activated places that are used by people day and night.

## Making Progress

We love our Coast! In partnership with the NSW Land and Property Management Authority and Hunter Surf Lifesaving, Council is undertaking a long-term improvement and management program for coastal assets. In

2010 Council endorsed the Newcastle Coastal Revitalisation Masterplan. Work contributing to achieving the Community Strategic Plan objectives include cliff stabilisation at Bar Beach, car park and promenade renewal at Merewether and detailed public domain planning. One of these detailed plans is for the 6km Bathers Way linking Merewether Ocean Baths to Nobbys Beach. The plan proposes an upgrade of the Bathers Way to provide comfortable pedestrian and cycle access for diverse recreational uses along the coast including wider shared pathways, more shade and seating, and viewing areas.

Following public exhibition and comment, the Bathers Way Public Domain Plan was adopted by Council in August 2012. This and other coastal revitalisation works will be achieved over the next 10 years as one of the special rate variation projects.

Since 2010 three of Council's 10 skate parks have been upgraded including Empire Park at Bar Beach which is now identified as one of the most diverse and progressive skate facilities in the country. The park also features batball courts, seating and shade areas. The facility has already attracted national and international events as well as enthusiastic use by Newcastle locals. The Maryland and Wallsend skate facilities have also benefited from upgrades incorporating new skate areas, furniture, refuges and shelter areas that encourage social engagement and allow for parents and the wider community to share the parks.

Playgrounds and parks are also key public places strengthening our community wellbeing and connections. At Blackbutt Reserve a new regional playground has been built with the help of funding from the Australian Government's Regional and Local Community Infrastructure Program. The playground located in the Carnley Avenue Reserve boasts a bowerbird theme. Additional upgrades at Blackbutt Reserve will be funded under the special rate variation program.



Active play is happening at the water playground developed at Lambton Swimming Centre. The new aquatic playground includes a centralised play structure with large tipping bucket, water jets, concrete splash pad and water slide. A major upgrade of the Lambton Swimming Centre will be undertaken as part of the special rate variation funded civic projects.

The annual Sports Partnership Program enables Council to provide funding to sporting groups, organisations and Park Committees in the Newcastle LGA to assist with minor capital works projects. The funding is provided on a dollar for dollar basis with a maximum grant of \$5,000 and can be used for projects such as pathways, canteen renovations, fencing, park drainage, irrigation and cricket screens.

A major redevelopment was completed over the last 12 months at National Park No. 2 Sportsground. The work transformed the sportsground into a venue with the capacity to attract medium scale regional and interstate sporting activities. The venue has been designed to accommodate cultural and community events ranging from outdoor cinema, youth concerts and Christmas carols through to outdoor community celebrations. The Commonwealth Department of Education, Employment and Workplace Relations supported the redevelopment with grant funding of \$2 million.

The project has acted as a catalyst for tourism and economic development, created direct and indirect jobs, showcase environmental initiatives, contributed to revitalisation of the west end of Newcastle CBD and is supporting

healthy lifestyles through sports participation and diverse social and cultural activities.

In line with the objectives outlined in the Community Strategic Plan, initiatives such as the successful local L!vesites program activates the city's public spaces while stimulating economic outcomes. L!vesites has also become a major contributor to the development and sustainability of Newcastle's creative industries.

To assist in the provision of a safe and active city, Council in collaboration with the State government, police and health organisations have discussed with the community initiatives for increasing public safety, particularly at night. The top priorities identified were public safety, providing a mix of night-time activities and appropriate levels of transport. One of the outcomes of these discussions is the Alcohol Management Strategy 2010-2013 developed to assist in creating a diverse nighttime economy with hospitable and safe entertainment areas, reduced alcohol-related violence and reduced anti-social behaviour and vandalism.

Areas in Hunter Street are set for further improvements under the Hunter Street Revitalisation Masterplan and with funding from Council's special rate variation. The masterplan sets out key themes and priority actions to deliver economic, social, governance and environmental improvements to the vitality of Hunter Street. Priorities include activation via community events, cleanliness, plant biodiversity, street scaping and transport access.



## Place Making

Council has committed to incorporating the principles of place making in the design process for public domains and village centres.



Place making principles include:

- Creation of safe, vibrant and welcoming public places and neighbourhoods where people feel a strong sense of ownership in their community and a commitment to making things better
- Facilitation of active participation by community stakeholders in the use and development of public places at the early planning stages of projects
- Development of public places that reflect community and cultural values, needs and aspirations, and that work well for people
- Creation of public places that feel safe for all including the most vulnerable in the community.

'Our Laneway Park' Community Project Fletcher Street Reserve, Adamstown

Community Indicator	Progress	Trend
Adequacy of good quality parks and recreation areas	72% residents agreed (2008 Council Community Survey)	⊖ Data not available 2012
Adequacy of natural areas for pursuit of leisure time activities	90% of residents agree (2009 Hunter Valley Research Foundation Wellbeing Survey)	⊖ 2012 data not yet available
People attending community events in Newcastle	121,280 attending L!vesite events 2011/2012	➔
Satisfaction with heritage conservation in Newcastle	30% residents were satisfied reflecting a decline in satisfaction (2012 Council Community Survey)	⬅
Cultural participation	351,775 attending events and exhibitions 2011/2012 (Council facilities)	⊖ Established as baseline
Perception of safety in public areas around Newcastle	30% residents agreed public areas were safe (2008 Council Community Survey)	⊖ Data not available 2012
Crime rates	4,157 offences recorded occurring outdoor/public place 2011 (NSW Bureau of Crime Research and Statistics)	⊖ No observable trend

➔ Progressing towards community outcome; ⊖ No observable trend; ⬅ Moving away from community outcome.



# Caring and Inclusive Community

In 2030 we will be a thriving community where diversity is embraced, everyone is valued and has the opportunity to contribute and belong.

## Community Outcomes

Community outcomes we want to see in our Caring and Inclusive Community include appropriate access to community-based services, lifelong learning opportunities and growth in community gardens and farmers markets. We want a city where people know their neighbours, volunteer their time and skills to help others, and actively participate in creating a healthy, more informed and culturally rich community.

To achieve these outcomes over the next 10 years our strategic objectives for Newcastle are:

- A welcoming community that cares and looks after each other
- Active and healthy communities with physical, mental and spiritual wellbeing
- A creative, culturally rich and vibrant community.

## Making Progress

Social isolation and homelessness are major challenges identified in the Community Strategic Plan. The Newcastle and Hunter Homelessness Interagency Network highlights the barriers and creates opportunities to facilitate appropriate responses and services for people who are homeless or at risk of homelessness. It aims to provide a coordinated community and multi-agency response to homelessness. Council partners with the Interagency on initiatives such as the

Homeless Connect Day, providing free services, information and contact opportunities for individuals and families. In addition, the Newcastle Region Library has modified membership requirements to ensure homeless and at risk people are not excluded from using library services and facilities.

The provision of library services in Newcastle is linked more broadly to a significant population in the Lower Hunter under the Newcastle and Hunter Co-operative Library Agreement. This is an example of an efficient and effective regional network between Newcastle, Port Stephens, Dungog and Gloucester Councils. Newcastle and Lake Macquarie Councils' Library Services also work together producing an extensive program of events and activities enriching the lives of community members.

Newcastle has continued to promote a creative and culturally rich community with programs such as Short+Sweet Newcastle and the 2012 Newcastle Short Story Award. These are supported by Council working in partnership with community focused groups such as the Hunter Writers Centre and L!vesites.

Specific projects for youth are developed at The Loft Youth Arts and Cultural Centre and funded in partnership with government and non-government organisations. During 2011/2012 the Aboriginal youth arts program delivered a series of skills development workshops in film, visual arts and music, and

an arts workshop program conducted in partnership with Castle Personnel for young people living with a disability. The Loft Youth Arts and Cultural Centre takes workshops and programs to young people throughout the whole LGA with its mobile outreach van and multimedia equipment.

Encouraging cultural awareness and pride, the Newcastle Museum opened in August 2011. During the Museum's first 12 months it has welcomed 180,000 visitors, inspired and engaged over 130 school groups from around the Hunter and sponsored the 2012 Wandiyali Wonnai Art Gallery associated with the Wandiyali Out of Home Care youth support service.

As the custodian of one of NSW's most substantial public art collections outside capital cities, the Newcastle Art Gallery's exhibition program has been extensive and varied. The value of the growing collection to the community has been evidenced by the substantial contributions from individuals, groups and all levels of government to enable the redevelopment of the Art Gallery.



The Commonwealth government Regional Development Australia fund is also contributing to the redevelopment.

Important participants in many of the community based activities in Newcastle are the volunteers. July 2012 saw the celebration of the 40<sup>th</sup> anniversary of the Volunteer Gallery Guides who demonstrate their commitment to the wider community by enriching the experience of so many visitors to the Art Gallery. During that month the Guides also supported the Art Gallery in hosting over 10,000 visitors during the first three weeks of the Archibald Prize exhibition.

Community Indicator	Progress	Trend
Social support	1% of adults unable to find support from family or friends in times of need (2009 Hunter Valley Research Foundation Wellbeing Survey)	⊖ 2012 data not yet available
Australian Early Development Index	9% of kindergarten students in the LGA estimated to be vulnerable on two or more developmental domains 2010	⊖ 2012 data not yet available
Volunteer participation rates	16% participation rate (2011 Census first release data)	⊖ No observable trend
Sense of community	58% of residents agree their neighbourhood has a strong sense of community (2009 Hunter Valley Research Foundation Wellbeing Survey)	⊖ 2012 data not yet available
Wellbeing Index	Score of 75 where 1 indicates low and 100 indicates high wellbeing (2009 Hunter Valley Research Foundation Wellbeing Survey)	⊖ 2012 data not yet available
Companion animal ownership	56% ownership (2009 Hunter Valley Research Foundation Wellbeing Survey)	⊖ 2012 data not yet available
Satisfaction with local arts, entertainment and culture	62% residents were satisfied reflecting an increase in satisfaction from the previous survey (2012 Council Community Survey)	→

→ Progressing towards community outcome; ⊖ No observable trend; ← Moving away from community outcome



# Liveable and Distinctive Built Environment

In 2030 we will live in an attractive city that is built around people and reflects our sense of identity.

## Community Outcomes

Community outcomes we want to see in our Liveable and Distinctive Built Environment include walkable neighbourhoods with green spaces and a wide range of affordable housing choices supported by multipurpose facilities. We want a balance between retaining heritage and new developments that promotes our unique local culture and provides connections between the city, harbour, foreshore and beaches. We want to see vibrant, safe streets, energy efficient buildings and a built form that achieves an attractive and productive city.

To achieve these outcomes over the next 10 years our strategic objectives for Newcastle are:

- A built environment that maintains and enhances our sense of identity
- Mixed-use urban villages supported by integrated transport networks
- Greater diversity of quality housing for current and future community needs
- Best practice energy and water efficient buildings and infrastructure.

## Making Progress

The updated Newcastle Local Environmental Plan 2012 (LEP) was gazetted in June 2012. The LEP helps achieve the development goals identified in the Community Strategic Plan by reducing possible conflict between

adjoining land uses and planning for adequate land to meet the diverse needs of our sustainable city. The current LEP considers local social, economic and environmental needs while reinforcing the importance of the existing centres within the city including the city centre and suburban business districts.

Preservation and promotion of built heritage within Newcastle is also supported by the LEP which includes 691 heritage items, six heritage conservation areas and the inclusion of 12 archaeological sites. A further 37 items are listed on the State Heritage Register. Work is underway on the development of the Cathedral Park Masterplan. This project is being jointly funded by all three levels of government including grants of over \$378,000.

Council has commenced discussions with the community to develop the Newcastle Local Planning Strategy. This strategy will update the previous Urban Strategy and provide a platform to move towards our shared vision for Newcastle. The Community Strategic Plan includes a number of objectives and strategies that specifically relate to land use planning. The Local Planning Strategy will respond to these and balance competing land uses, ensuring that Newcastle remains a robust, dynamic and resilient city. During the development of the Local Planning Strategy it is anticipated that the State Government's review of the Lower Hunter Regional Strategy will also be finalised and released.



The provision of affordable housing meeting a variety of household needs continues to be a focus as the population and demographic mix within Newcastle shifts. In July 2012 Council resolved to sell the former Wickham Public School to the Samaritans Foundation for a nominal amount for long-term use as a facility to accommodate homeless and/or at risk young people who have made a commitment to engage in ongoing tertiary education or training opportunities.

The former Wickham School is one of the assets managed by the Council's Building Better Cities Housing and Development Committee (BBC). A central objective of the BBC Committee is the revitalisation of inner Newcastle through the provision of rental housing opportunities with an emphasis on sustainability and affordability. Following the sale of the former school the remaining BBC funds will be used to deliver affordable housing projects during 2013/2014.

In 2010 the BBC Committee allocated \$2 million in funding for another innovative housing model that provides short and

medium term accommodation for homeless people supported by a range of appropriate service agencies. The 'This Way Home' project was completed in 2011 in partnership with Housing NSW and Compass Housing and has been acknowledged as leading the way in NSW in terms of affordable housing outcomes and financial autonomy.

Council continues to encourage the implementation of sustainability principles in the development of new homes and improvement of community assets through building guidelines and the ClimateCam program.



Community Indicator	Progress	Trend
Satisfaction with neighbourhood	91% of residents were satisfied (2009 Hunter Valley Research Foundation Wellbeing Survey)	⊖ 2012 data not yet available
Listed heritage items	691 heritage items in Newcastle Local Environmental Plan; 37 items in the State Heritage Register; increase from 2010 listing	➔
Reasons for living in neighbourhood	25% of residents nominated proximity to services such as shops, recreation facilities and schools (2009 Hunter Valley Research Foundation Wellbeing Survey)	⊖ 2012 data not yet available
Agreement that a range of housing types needed is available in the local area	79% residents agreed (2008 Council Community Survey)	⊖ Data not available 2012
Homes with solar photo voltaic systems installed	3,828 systems connected December 2011 (Ausgrid)	➔
The City of Newcastle potable water consumption against 2020 targets	Data not available	⊖ 2012 data not yet available

➔ Progressing towards community outcome; ⊖ No observable trend; ⊕ Moving away from community outcome.





# Smart and Innovative City

In 2030 we will be a leader in smart innovations with a healthy, diverse and resilient economy.

## Community Outcomes

Community outcomes we want to see in our Smart and Innovative City include smart energy and contemporary communications services across Newcastle with sustainable regional employment based on an educated and skilled workforce. We want continuous cultural activity across the city, distinctive suburban commercial centres, strong business growth and a mix of small and large business activity for a dynamic local economy. We want to see growth in attainment of training and tertiary education outcomes as well as an increase in tourist accommodation and length of stay by visitors to the city.

To achieve these outcomes over the next 10 years our strategic objectives for Newcastle are:

- A vibrant diverse and resilient green economy built on educational excellence and research
- A culture that supports and encourages innovation and creativity at all levels
- A thriving city that attracts people to live, work, invest and visit.

## Making Progress

Significant research and trial projects are occurring across Newcastle aimed at the development of new technologies and services within the green energy sector.

The CSIRO Energy Centre at Mayfield is home to the National Solar Energy Centre. Recent funding for projects include for the development of solar-hybrid fuel, carbon power capture and storage, and solar-driven air-conditioners

The Smart Grid, Smart City program in the Newcastle region by Ausgrid has built significant momentum since it was launched in 2010. Forty red flow storage battery systems and 25 gas fuel cell systems have been installed in households. In addition, thousands of advanced smart meters have been installed that will communicate through a new WiMax system across the city enabling households to have feedback on their energy usage in real time.

Council has also collaborated with the Hunter Business Chamber and Hunter TAFE in a successful \$1.2 million grant with the Australian Government Energy Efficiency Information Program designed to help small to medium business across the Hunter to reduce their energy costs and carbon footprints. The rollout of this program will commence in September 2012 with 500 businesses being offered real time electricity displays and a range of educational products.

Innovation in creativity and business development is progressing with *Renew Newcastle* continuing to find short and medium term uses for buildings in Newcastle's CBD that were vacant, disused, or awaiting redevelopment. With support from Council

and the arts and business communities, *Renew Newcastle* assists artists, cultural projects and community groups to use and maintain these buildings until their initiatives become commercially viable or the buildings are redeveloped. There are currently more than 30 projects activating these otherwise empty spaces featuring local creative enterprises.



In 2011 stakeholders from across the city contributed to the development of a Newcastle brand which subsequently was nationally recognised by jointly winning its category at the Government Communications Australia 2012 Awards. The award recognises the contemporary shift from separate branding for tourism, business and community sectors to a broader, more inclusive brand.

Since May 2011 Newcastle has hosted over 30 major events bringing approximately \$61 million into the Newcastle economy in combined overnight and day visitor spend. Increasingly, Newcastle is seen as an ideal location to hold world-class events such as Australian Rugby Union test matches, music festivals and community events. In June 2012 it was confirmed that Newcastle will host the 2013 Special Olympics Asia - Pacific Games. This event will see 1,700 Special Olympic athletes, 600 coaches, 4,000 volunteers and 200,000 spectators from 25 nations across the Asia Pacific region enjoying the event and experiencing the vibrancy and diverse culture Newcastle has to offer.

Community Indicator	Progress	Trend
Research projects undertaken for the green economy	Baseline to be established 2012	⊖ Baseline data to be established
Skills in green economy	2,301 enrolments in Hunter Institute TAFE NSW courses generating skills in occupations contributing to a green economy 2011	⊖ 2012 data not yet available
Growth in creative industry occupations	1,904 enrolments Hunter Institute TAFE NSW courses generating skills in creative industry occupations 2011	⊖ 2012 data not yet available
Growth in business tourism	\$ 8,099,326 value spend retained in the region for annual confirmed bookings through the Newcastle Convention Bureau 2011	⊖ Baseline data
Economic growth from commercial developments	Baseline to be established 2012	⊖ Baseline data to be established
Occupancy of major short term accommodation	75% average occupancy rates of major short term accommodation reflecting increase from previous year	➔

➔ Progressing towards community outcome; ⊖ No observable trend; ⊖ Moving away from community outcome.



# Open and Collaborative Leadership

In 2030 we will have a strong local democracy with an actively engaged community and effective partnerships.

## Community Outcomes

Community outcomes we want to see with Open and Collaborative Leadership include high levels of community participation in identifying and achieving local and regional priorities. We want to be an informed and empowered community with open, accountable and democratic leadership supporting ethical and robust decision-making and a resilient civil society. We want a highly skilled Council workforce delivering community focused outcomes and improved service delivery that balances customer expectation, value of service and organisational capacity to deliver and provide sustainable local governance.

To achieve these outcomes over the next 10 years our strategic objectives for Newcastle are:

- Integrated, sustainable long-term planning for Newcastle and the Region
- Considered decision-making based on collaborative, transparent and accountable leadership
- Active citizen engagement in local planning and decision-making processes and a shared responsibility for achieving our goals
- The City of Newcastle: a local government organisation of excellence.

## Making Progress

In 2011 the NSW Government established the Hunter Infrastructure and Investment Fund (HIIF) to enhance local infrastructure, support economic growth and enhance the liveability of the region. The HIIF is preparing a Hunter Region 20 Year Infrastructure Plan setting out the long-term infrastructure priorities in the region based on five, 10 and 20-year increments.

This plan will inform recommendations for the \$350 million fund to be allocated over four years and provide an ongoing framework for future investment. In July 2012 the NSW Government put out the first Call for Proposals for local community priority based projects to be undertaken by State agencies and local councils in partnership with private sector organisations. Projects are already underway in the areas of transport, health and education.

Council undertakes a wide range of programs that promote community leadership in partnership with agencies, business groups and community organisations. The Place Making Policy was adopted on 17 April 2012 and commits Council to early engagement with the community and other stakeholders in planning and improving public places, before the drafting and exhibition of strategic documents such as masterplans or designs.

***Make Your Place***  
**Community Projects 2010 - June 2012**

**57 projects**  
**614 people directly involved**  
**\$68,916 Council grant funding**  
**\$192,662 community in-kind contributions**

At Blackbutt Reserve an active volunteer program assists with maintaining this important community facility. This program encompasses work experience students on a weekly basis, with interests in tourism and captive animals.

The Loft Youth Arts and Cultural Centre works across the city and with the Newcastle Youth Council to provide opportunities and build capacity with young people. In 2012 Newcastle Youth Council was an organising partner with Lake Macquarie Youth Council in delivering the State Conference of Youth Councils. This conference provides young people the opportunity to attain new skills and knowledge aimed at helping them run their own Youth Councils or committees more effectively.

Youth Council was an active participant in Youth Week, Bounceback (an exhibition in partnership with Hunter New England Area Health and Newcastle Community Arts Centre), Hunter Homeless connect, Rainbow Visions, and YEAH (Youth Empowered Against HIV Aids). The Loft also provides opportunities for Council to work with young people on issues important to the city.

Council adopted the City Engagement Charter in February 2012. This charter guides how The City of Newcastle engages with the community. The Newcastle Voice community reference panel is one of the ways in which this happens.

Newcastle Voice was developed in 2008 to consult and engage with the community through workshops, face-to-face meetings, quick polls and surveys. It actively encourages people to participate in community engagement activities which assist in identifying what is important to the community, planning services to meet the community's needs and expectations, and creating better governance through open and collaborative engagement. The panel currently consists of 2,700 members many of which have identified contributing to the Newcastle community, creating a better city and support for community involvement and grassroots democracy as key reasons for joining.

### ***Business Excellence***

The Australian Business Excellence Framework (ABEF) is an integrated leadership and management system that describes the elements essential to sustainable organisational excellence. Council uses the tools of ABEF to improve processes and integrate a culture of continuous improvement into normal business operations. Council is implementing ABEF throughout its operations.

Recent examples of the application of ABEF within Council include:

- The development of The Way Ahead; the General Manager's path for Council to be a local government organisation of excellence
- Benchmarking activities against other organisations to identify opportunities for process and outcome improvements
- Ongoing documentation of Council processes to standardise and improve outcomes for the community.

Both Council's Integrated Planning and Reporting Framework and ABEF underline the importance of Council's long-term planning to aid decision-making, problem solving and to guide future action.

Community Indicator	Progress	Trend
Hunter Infrastructure and Investment Fund projects in the Newcastle LGA	Fund commenced in 2011; baseline data not available	⊖ Baseline data to be established
Membership of local community organisations	Baseline to be established 2012	⊖ Baseline data to be established
Opportunity to express views on community issues	80% of residents believe they do have opportunity to express their views (2009 Hunter Valley Research Foundation Wellbeing Survey)	⊖ 2012 data not yet available
Business Excellence score	232 (2012 Council Organisational Health Check)	⊖ Previous assessment undertaken in 2009 not comparable
Overall City of Newcastle performance	34% of residents rated Council's overall performance as adequate, excellent or good (2012 Council Community Survey)	⊖ Not comparable with 2008 Community Survey due to question change
Council has a reputation as a good employer	48% residents agreed (2008 Council Community Survey)	⊖ Data not available 2012

→ Progressing towards community outcome; ⊖ No observable trend; ← Moving away from community outcome.



# Next Steps

This report will inform the review and development of the next iteration of Integrated Planning and Reporting documents to be adopted by Council in June 2013 as required by the *Local Government Act 1993*.

The State of the City Report will also be incorporated into Council's 2011/2012 Annual Report.

Following the local government elections in September 2012 the legislation requires that the current Community Strategic Plan be reviewed and the planning period rolled forward to maintain a minimum 10-year timeframe. Council will also be required to review and update the other documents in the planning framework including the four-year Delivery Program. This process will commence in the last quarter of 2012 and is required to be completed by June 2013.

The Newcastle 2030 process will further the ongoing discussion about how we can best continue to respond to the strategic objectives outlined in the Community Strategic Plan and the actions required to achieve the identified community outcomes.

Key to this discussion will be an increased awareness of the Community Strategic Plan, understanding of our shared goals and the development of partnerships to support implementation.

Work will continue on the development and monitoring for the community indicators discussed in this report. This will support our ability to track our progress and the effectiveness of the strategies we take in moving forward towards our long-term vision.



## Attachment B – Sustainability Action Plan

Actions	Measures	Council Document/ Plan	Status	Comment
<b>Waste Stream</b>				
Develop a Sustainable Event Management policy and guidelines.	Policy developed and endorsed by Council by 30 June 2011.	WaSIP Standard	Complete	Policy Developed and currently being implemented.
Conduct a household residual waste and recycling composition audit.	Audit report completed and submitted to Department of Environment, Climate Change and Water.	WaSIP Standard	Complete	Audits undertaken.
Develop an integrated plan and program addressing prevention, infrastructure, education and enforcement for littering and illegal dumping.	Development of the litter and illegal dumping plan.	WaSIP Standard	Complete	<p>Compliance Services has continued to use high visibility tape on illegal dumped materials throughout the LGA. This has resulted in a number of illegally dumped materials being removed.</p> <p>Compliance Services is investigating the use of covert surveillance cameras to detect offenders dumping waste in locations that are known to be prone to illegal dumping.</p>
Increase the frequency of e-waste collection days from 1 per annum to 3 per annum.	Tonnes of e-waste collected	Waste Review Report 15/12/2009	Complete	3 e-waste events were held during 2011/2012 with 96.2 tonnes collected.
Implement a kerbside 140 litre weekly general waste bin collection replacing the weekly 240 litre weekly general waste bin collection.	Implementation of new service and roll out of new bins	Waste Review Report 15/12/2009	Complete	General waste bins changed over to 140 litre weekly collection in July 2011.
Implement a kerbside 240 litre fortnightly green waste bin collection replacing the quarterly tied and bundled green waste collections.	Implementation of new service and replacement of existing 240 litre bin lids with lime green lids	Waste Review Report 15/12/2009	Complete	240 litre Green waste bins were rolled out in July 2011.
Increase recycling receptacles within new contract from 240 litre to 360 litre fortnightly upon request	New contract specification for implementation 2011	Waste Review Report 15/12/2009	Complete	New contract commences November 2012. Optional upgrade to 360 litres will be available.

Actions	Measures	Council Document/ Plan	Status	Comment
Increase resource recovery by improving bulk waste service.	Implementation of booking service with grab truck instead of compactor to aid resource recovery	Waste Review Report 15/12/2009	Complete	<p>A new system was implemented 1 March 2012. Property owners have two options for disposing of bulk waste:</p> <p>*Request a self haul voucher to drop off of bulk waste at Summerhill Waste Management Centre</p> <p>OR</p> <p>*Utilise the on-demand booking system to organise a bulk waste collection.</p>
Enhancement of communication and community outreach programs including recycling education for household battery used motor oil, CFL, mobile phone, clothing, printer cartridge recycling programs and composting.	Communications plan implementation with roll out to the community	Waste Collection Project Implementation Plan	Complete	<p>A complete educational program was undertaken in 2011 in conjunction with the green waste bin rollout including:</p> <ul style="list-style-type: none"> <li>• TV advertising</li> <li>• Newspaper advertising</li> <li>• Rates notice flyers</li> <li>• Newcastle News to each resident</li> <li>• Radio advertising</li> <li>• Media launch</li> <li>• Educational DVD</li> </ul> <p>Council currently has a list of all recycling programs available on its website.</p>
Provide waste reduction and recycling information on Council's website.	Communications plan implementation with roll out to the community	Waste Collection Project Implementation Plan	Complete	An A to Z recycling directory has been developed and is on Council's website.
Develop and adopt a waste reduction policy for the organisation.	Policy developed	Newcastle 2020 Carbon and Water MAP	In progress	A Waste Reduction Policy is currently being developed.
<b>Carbon &amp; Water</b>				
Council to develop and adopt the Newcastle 2020 Carbon and Water Management Action Plan (Carbon and Water MAP), including measurable actions and targets to improve council's and the LGA's environmental bottom line.	Carbon and Water MAP Adopted	WaSIP Standards	Complete	The Carbon and Water Management Plan was adopted by Council in November 2010 and actions on this plan are currently being implemented.

Actions	Measures	Council Document/ Plan	Status	Comment
Develop and adopt a Carbon and Water data management and reporting system. Ensuring ongoing maintenance, review and development of the system.	System developed and adopted	WaSIP Standards, Newcastle 2020 Carbon and Water MAP	In progress	<p>Stage 1 of the system developed in house in 2010/2011.</p> <p>Implementation of stage 2 includes the installation of smart metering for electricity, water and gas at key sites and sub-metering for electricity.</p> <p>Stage 2 also includes the establishment of an automated online monitoring and reporting system.</p>
Commence reporting on environmental sustainability performance / KPIs from the Carbon and Water MAP in Council's annual report, commencing with the 21011/2012 report.	Performance and KPIs integrated into annual report	WaSIP Standards, Newcastle 2020 Carbon and Water MAP	In progress	Reporting against aspirational goals has begun and results are available via Council website.
<b>Energy Savings</b>				
Develop and adopt an electricity usage policy for the organisation that includes specific reference to hours of operation, the provision of heating and cooling systems, temperature settings of these heating and cooling systems. The policy will also include the progressive switch to renewable and alternate energy sources and generation.	Policy developed	Newcastle 2020 Carbon and Water MAP	In progress	An electricity usage policy is currently being developed.
Undertake an audit using 12 months of energy usage data to identify councils existing baseline energy use for its facilities.	Baseline identified	WaSIP Standards	Complete	Baseline established for energy in 2010/11. Baseline year is 2008/2009
Identify the top 10 energy usage sites.	Number of sites identified	WaSIP Standards	Complete	Delivered through the development of Council's Energy Saving Action Plan in 2008. Under new baseline this group has not changed

Actions	Measures	Council Document/ Plan	Status	Comment
Develop and commence implementation of initiatives to reduce energy consumption at these 10 sites.	Number of initiatives commenced	WaSIP Standards	Complete	<p>In the 2011/2012 financial year Council commenced the following energy efficiency projects at the top 10 sites:</p> <ul style="list-style-type: none"> <li>Retrofitting of 300 halogen down lights with LED at the Newcastle Regional Museum</li> <li>Natural Day lighting installed Depot Building and trades office</li> <li>HVAC Audits at 8 sites</li> <li>Commencement of the ClimateCam Smart Buildings Smart Workforce staff engagement program across Council</li> <li>Installation of a evacuated tube solar hot water system at the Depot bath house.</li> </ul>
Audit all The City of Newcastle Heating Ventilation and Cooling Systems in regard to efficiency, rationalisation and appropriateness.	Number of audits undertaken	Newcastle Energy and Water Savings Action Plan (NEWSAP), Newcastle 2020 Carbon and Water MAP	Complete	8 Audits Complete
Call for proposals from the private sector for energy systems and solutions for Council facilities. Collate and review all proposals and opportunities.	Number of proposals received Number of options gathered	NEWSAP, Newcastle 2020 Carbon and Water MAP	In Progress	Tender released 6/07/2012
Audit all NCC lighting systems and develop a long term implementation plan to replace all inefficient systems.	Number of audits undertaken	NEWSAP, Newcastle 2020 Carbon and Water MAP	Complete	Audits complete in 2010/2011. Actions being implemented as shown above.
Undertake an audit of NCC facilities to identify all unnecessary use of electricity specifically at times when facilities are not occupied or fully utilised.	Number of audits undertaken	NEWSAP, Newcastle 2020 Carbon and Water MAP	Complete	Audits undertaken in 2010/2011
Undertake a systematic audit and feasibility study of roof space on Council facilities with the potential for solar photo voltaic installations.	Number of facilities and m2 of roof space identified	Newcastle 2020 Carbon and Water MAP	Complete	Desktop study of key sites complete. Roof top yield across 11 suitable sites is 1.25 MW



Actions	Measures	Council Document/ Plan	Status	Comment
Install solar photovoltaic energy generation system/s on Council facilities.	Number of kW's of solar photovoltaic installed	Newcastle 2020 Carbon and Water MAP, NEWSAP	In Progress	Tender for supply and installation of solar system for the City Works Depot was released 6/07/2012.
<b>Water Savings</b>				
Develop and Adopt a water use Policy for the organisation that includes specific references to the application of annual water budget allocations for each NCC service unit, Service Unit managers responsible for meeting annual water budget allocations and reporting guidelines.	Policy Developed	Newcastle 2020 Carbon and Water MAP	In progress	A Water usage policy is currently being developed.
Undertake an audit using 12 months of water usage data to identify councils existing baseline water use for its facilities.	Baseline identified	WaSIP Standards	Complete	Baseline established for water in 2010/2011. Baseline year is 2008/2009.
Identify the top 10 water usage sites.	Number of sites identified	WaSIP Standards	Complete	Sites identified in 2010/2011.
Develop and commence implementation of initiatives to reduce water consumption at these 10 sites.	Number of initiatives commenced	WaSIP Standards	Complete	<p>During 2011/2012 Council developed the Lower Hunter Stormwater Reuse initiative in partnership with Hunter Water and Lake Macquarie Council. The project was submitted to the funding program; National Urban Water and Desalination Plan – Stormwater Harvesting and Reuse projects.</p> <p>Other Projects undertaken were:</p> <ul style="list-style-type: none"> <li>• Installation of irrigation system from bore water supply through above ground tanks at Learmonth Park</li> <li>• Installation of concrete water tanks and irrigation pump and controllers, to pump spring water from Arthur Edden Oval to Harker Oval to be stored and used to irrigate the turf thus reducing the need to use potable water for irrigation of Harker Oval.</li> </ul>

Actions	Measures	Council Document/ Plan	Status	Comment
				<ul style="list-style-type: none"> <li>Currently Council is capturing water from a natural spring in Wallarah Park at Lambton to irrigate Arthur Edden Oval.</li> </ul>
Install smart meters and online monitoring systems, for five high consuming sites for base flow detection and monitoring of water consumption patterns.	Number of with systems installed	Newcastle 2020 Carbon and Water MAP	Complete	Installed at 5 sites: <ul style="list-style-type: none"> <li>Lambton Pool, three meters</li> <li>Blackbutt Reserve, three meters</li> <li>Stockton Pool, one meter</li> <li>Beresfield Pool, one meter</li> <li>Pacific Park, one meter</li> <li>Civic Park, two meters</li> </ul>
Conduct turf specific irrigation audit, analysis and scheduling for top consuming irrigated facilities.  No 1 Sportsground to be used as the trial site.	Number of sites audited  Number of kL saved through action	Newcastle 2020 Carbon and Water MAP	In Progress	Tenders called for sites in June 2012 with works to be complete September 2012.
Conduct a water audit of Council Works Depot. Including the identification of capture and reuse opportunities.	Audit undertaken	Newcastle 2020 Carbon and Water MAP , NEWSAP	In Progress	Tenders called for sites in June 2012 with works to be complete September 2012.
Call for proposals from the private sector for water systems and solutions for Council facilities. Collate and review all proposals and opportunities.	Number of proposals received  Number of options gathered	NEWSAP, Newcastle 2020 Carbon and Water MAP	In Progress	Proposals to be called following outcome of audits.
<b>Sustainable Fleet</b>				
Develop and adopt a program to reduce Council's fleet emissions.	Program developed and Adopted	WaSIP Standards	In progress	Council is also proposing a 3.5 star minimum rating for all passenger vehicles in its motor vehicle policy, this is planned to be implemented in 2012/2013.
Investigate the opportunities to expand sustainable fuel use in Council's fleet.	Number of opportunities identified	Newcastle 2020 Carbon and Water MAP		Currently trialling a Toyota Prius in the Council Fleet.  Currently trialling a Mitsubishi Miev as part of the Smart Grid Smart City Project.  All Council passenger vehicles utilise E10. Council is currently trialling E-Flex fuel (E85) in a number of V6 3.0 litre Holden Omega's (only dedicated vehicle available to operate on this fuel).

Actions	Measures	Council Document/ Plan	Status	Comment
Develop sustainable fleet policy.	Sustainable fleet policy developed	WaSIP standards, Sustainability Roadmap	Complete	Council has a sustainable Fleet Policy.
Continue to utilise alternative fuel sources such as bio-diesel for plant, equipment and fleet.	Council currently utilises bio-diesel	WaSIP standards		<p>Trends are showing that common rail turbo diesel powered vehicles (CRTD) will dominate the market within five years.</p> <p>This has resulted in the introduction of 27 common rail turbo diesel Hyundai i30's in the fleet. The Hyundai i30 is Council's standard passenger vehicle and has an average consumption of 6.0 litres per 100 kilometres. (3.5 star rating).</p> <p>Council currently has 90 vehicles in their fleet using bio-diesel (the majority of these vehicles are over 3.5t). Council plans to continue to grow the number of its fleet using bio-diesel.</p>
Utilise fleet vehicles from six cylinder to four cylinder where possible.	<p>Number of four cylinder cars in Council fleet</p> <p>As part of the sustainable fleet policy all new vehicles are four cylinder unless operationally required as larger</p>	CCP Action Plan	In Progress	<p>Prior to purchasing light vehicles off the State Government 653 contract, Council assigns weighting criteria. The weighting criteria is as follows:</p> <ul style="list-style-type: none"> <li>• Annual Whole of life costs 70%</li> <li>• CO2/Greenhouse emissions 10%</li> <li>• Air pollution rating 10%</li> <li>• Safety 10%</li> </ul> <p>Council is also proposing a 3.5 star minimum rating for all passenger vehicles in its motor vehicle policy, this is planned to be implemented in 2012/2013.</p>
Newcastle Urban Strategy that incorporates encouraging walking, cycling and non car use.	Number of alternative transport users	Newcastle Urban Plan		<p>The Newcastle Cycling Strategy and Action Plan was adopted by Council on 6 March 2012. It recognises that various strategies are needed to increase participation in cycling. Strategies and actions covering the following broad areas are proposed:</p> <ul style="list-style-type: none"> <li>• bicycle network and infrastructure</li> <li>• promotion and education</li> </ul>

Actions	Measures	Council Document/ Plan	Status	Comment
				<ul style="list-style-type: none"> <li>• leadership and advocacy</li> <li>• planning for active transport</li> <li>• monitoring and review.</li> </ul> <p>The Lower Hunter Transport Guide was updated to include updated bus routes and information on walking, cycling and public transport in the Newcastle Area.</p>
Sustainable Procurement				
Develop and adopt a program to increase Council's sustainable procurement.	Program developed and Adopted	WaSIP Standards	In progress	<p>Council promotes the purchase of Earth Saver products through is contracted supplier - Corporate Express. Council limits staff to purchase where possible earth saver products which are environmentally preferable products.</p> <p>For a product to be classified as EarthSaver, the supplier must meet one or more of the following criteria:</p> <ul style="list-style-type: none"> <li>• Recycled content – Products that contain at least 20 per cent recycled materials.</li> <li>• End of Life Management – Products that are at least 70 per cent recyclable, biodegradable, compostable or degradable.</li> <li>• Low Ecological Footprint – Products that are certified as organic and/or biodynamic by the Australian or New Zealand Organic and Biodynamic Certification body.</li> <li>• Sustainable Source – Products that come from a sustainable source and/or are certified under FSC – Forest Stewardship Council.</li> </ul> <p>From march 2011 to March 2012, 25.7% of products purchased from corporate express were from the earth saver range.</p>

Actions	Measures	Council Document/ Plan	Status	Comment
<b>Sustainable Event Management</b>				
Develop a sustainable events policy for Council	Program developed and Adopted	WaSIP Standards	Complete	Policy Developed and currently being implemented.
<b>Biodiversity</b>				
Street tree planting for the City of Newcastle.	Number of trees planted.	The Street Tree Masterplan was adopted by Council on Tuesday 21 February 2012. The plan provides a blueprint for street tree planting for the City of Newcastle.	Complete and ongoing	1,334 street trees were planted in 2011/2012.
Restoring riparian zones along Styx Creek, Coalmine Creek, and Dark Creek.	Kilometres of restored riparian zones.	Condition audit (GIS mapping process assessing the condition and value of all creek lines under council control.)	Complete	<p>Riparian remediation at:</p> <ul style="list-style-type: none"> <li>Styx Creek (Nesbitt Park, Kotara) completed in 2009</li> <li>Coalmine Creek (New Lambton) completed in 2010</li> <li>Dark Creek (Roberts Circuit, New Lambton Gardens) completed in 2010</li> </ul> <p>A total of 600 linear metres of creek line was remediated.</p>
Bushland improvement actions undertaken in Aries Way George McGregor and Dark Creek to reduce weed invasion and improve resilience of natural assets.	Square metres of restored zones.	Condition audit (GIS mapping process assessing the condition and value of all bushland areas under council control and wetlands).	Complete	All three areas have completed for primary work and secondary work is ongoing.
Mapping habitat trees in Blackbutt Corridor.	Number of trees identified.	Transforming existing GIS and condition data into Habitat tree assessment within the Glenrock to Blackbutt corridor	Complete	<p>Council has progressed to now complete:</p> <ul style="list-style-type: none"> <li>Stage 1 Glenrock to Blackbutt,</li> <li>Stage 2 Blackbutt to Minmi, and</li> <li>Stage 3 Jesmond to Sandgate</li> </ul> <p>Total number of habitat trees for stage 1 and 2 is 1,109.</p>



Actions	Measures	Council Document/ Plan	Status	Comment
Community Education programs including: Blackbutt dip netting and creek watch Junior Ranger programs Blackbutt Spotlight night walks Throsby Creek Bushcare, Dunecare, Adopt-A-Park volunteer programs.	Number of participants Number of participants Number of educational signs installed Tonnes of weeds removed Number of volunteers Number of indigenous species planted Number of participants	Transforming existing GIS and condition data into Habitat tree assessment within the Glenrock to Blackbutt corridor	Complete	Number of program participants: Dip netting- 68 Junior Rangers- 817 Spotlight Adventures- 843 Throsby Creek and catchment education program with Hamilton North Public School.

## Attachment C – Contracts awarded in excess of \$150,000 for the period 1 July 2011 to 30 June 2012

S 428 (2) (h)

Contractor Name	Description of Goods or Service	Contract price or service estimate*
Powerdirect Pty Ltd	Electricity Supply for Small Non Contestable Sites - 3 years	*\$1,500,000.00
Paramount Landscaping Pty Ltd	Stockton Beach Tourist Park Landscaping Works	\$242,216.00
Michilis Pty Ltd	Bar Beach Cliff Stabilisation	\$1,328,908.00
Oz Haulage Pty Ltd	Processing of Green Waste – up to 4 years (contract terminated)	*\$1,000,000.00
Patterson Building Group Pty Ltd	Foreshore Park Amenities Building Refurbishment	\$322,637.00
Paramount Landscaping Pty Ltd	No 2 Sports Ground Playing Field Construction	\$476,225.98
SNP Security	Security Services – up to 4 years	*\$2,100,000.00
Australian Tourist Park Management P/L	Stockton Beach Tourist Park Management Services – up to 6 years	*\$4,800,000.00
Sharpes Tractor Centre Pty Ltd	Procurement of 3 Parks Tractors	\$173,306.12
JCB Construction Equipment Australia	Procurement of 4 Backhoes	\$737,772.00
Bic Boys Gutter Vacuum Pty Ltd	Building Gutter Cleaning & Maintenance Services – 2 years	*\$300,000.00
SMS Golf	Beresfield Golf Course Management Services – up to 5 years	\$155,268.00
North Construction & Building	Federal Park Grandstand Alterations & Additions	\$419,998.00
Newcastle Business Improvement Association Inc.	Newcastle City Centre 10 Year Service & Funding Agreement	*\$1,500,000.00
Hamilton Chamber of Commerce Inc	Hamilton City Centre 10 Year Service & Funding Agreement	\$1,150,000.00*
Mayfield Business Association Inc	Mayfield City Centre 10 Year Service & Funding Agreement	*\$650,000.00
Wallsend Town Business Association Inc	Wallsend City Centre 10 Year Service & Funding Agreement	*\$1,200,000.00
GCM Enviro Pty Ltd	Procurement of One Landfill Compactor	\$1,047,200.00
Water Art Australia Pty Ltd	Specialist Plumbing Services – 2 years	*\$200,000.00
Soil Conservation Service	Stockton Seawall (Pirates Point) Restoration Works	\$508,000.00
Australian Demolition Industries Pty Ltd	Demolition of Fred Ash Building	\$508,000.00
Fuji Xerox Australia Pty Ltd	Lease of Digital Colour Copier	\$484,656.00

Contractor Name	Description of Goods or Service	Contract price or service estimate*
Australian Election Company	Management of Local Government Elections 2012	\$617,207.80
Insituform Pacific Pty Ltd	City Wide Drainage Rehabilitation	\$305,470.00
F & D deVitis	Corroba Oval Amenities Building Extensions	\$252,700.00
Michilis Pty Ltd	Grange Avenue Reserve Skate Park Construction	\$183,625.00
Soil Conservation Service	Dianne Reserve Drainage Rehabilitation Works	\$170,750.00
Corporate Express Ltd	Stationery & Ancillary Items – 2 years	*\$600,000.00
Smith & Tzannes Pty Ltd	Newcastle Art Gallery Redevelopment Architectural Services	\$889,495.00
Exeloo Pty Ltd	Perkins Street Toilet Block	\$252,910.00
River Bend Quarry Pty Ltd	Processing of Green Waste – up to 4 years	*\$260,000.00
Labourco Council Services	Outdoor Labour Hire – 2 years	*\$5,000,000.00
Four contractors accepted	Electrical & Communication services – 2 years	*\$3,000,000.00
Three contractors accepted	Tree Maintenance Services – 2 years	*\$1,500,000.00
Three contractors accepted	Guardrail Installation Services – up to 3 years	*\$500,000.00
Solo Waste Pty Ltd	Kerbside Recycling Services – 10 years	*\$16,200,000.00
Rosmech Sales & Service Pty Ltd	Procurement of Road/Footpath Suction Sweeper	\$182,453.70
TJT Brown Pty Ltd	Newcastle Museum Catering & Café Services – up to 6 years <income>	*\$183,600.00
Soil Conservation Service	Beresfield Golf Course 9 <sup>th</sup> Fairway Construction	\$481,015.00
Colliers International	Appointment of Agent for Sale of Four Car Parks	*\$69,799.81
Soil Conservation Service	Ferry Road Sandgate Foreshore Rehabilitation Works	\$160,930.00
IVECO Trucks Australia Ltd	Supply one Green Waste Collection Vehicle	\$396,711.40

Notes: \* means the amount is an estimate with some estimates based on historical expenditure.  
All amounts are GST inclusive.

## Attachment D – Government Information and Privacy Act Annual Report 2012

Agency Name	The City of Newcastle (Newcastle City Council)
Principal Department (if applicable)	N/A
Reporting Period	1 July 2011- 30 June 2012

### Appendix 1 – Obligations under the GIPA Act

#### 1. Review of proactive release program - Clause 7(a)

Under section 7 of the GIPA Act, agencies must review their programs for the release of government information to identify the kinds of information that can be made publicly available. This review must be undertaken at least once every 12 months.

Our agency's program for the proactive release of information involves high level of interaction with Council's Communication unit. All Council projects include a communication plan which sets out the preferred method of providing information to members of the public. The plan will usually include posting information about the project on Council's website. Council's Communication also proactively releases information about matters of public interest.

During the reporting period, we reviewed this program to ensure that information identified as having a relevance to the community is being communicated appropriately. Further work is required to formalise this process to ensure all sections of Council proactively release appropriate information.

Council proactively released information about the following Council projects, among others:

- Demolition of the Frederick Ash Building and proposed Law Courts project
- A high profile development application for a place of worship at Elmore Vale
- Council's management of street trees in Laman Street and across the city
- Art Gallery re-development
- Application to IPART for special rate variation
- Proposed sale of Council assets, including three car parking stations
- Changes to bulk waste collection
- Changes to domestic waste collection (new three bin system)

## 2. Number of access applications received - Clause 7(b)

During the reporting period, our agency received a total of 66 formal access applications (including withdrawn applications but not invalid applications). This includes 16 formal access applications not completed at 30 June 2012. Accordingly, only the valid applications have been reported in the attached tables.

## 3. Number of refused applications for Schedule 1 information - Clause 7(c)

During the reporting period, our agency refused a total of 3 formal access applications because the information requested was information referred to in Schedule 1 to the GIPA Act. Of those applications, 0 were refused in full, and 3 were refused in part.

## 4. Statistical information about access applications - Clause 7(d) and Schedule 2

Table A: Number of applications by type of applicant and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	2	1	0	5	0	0	0
Not for profit organisations or community groups	0	1	0	0	0	0	0	0
Members of the public (application by legal representative)	1	2	0	0	1	0	0	0
Members of the public (other)	6	18	2	0	9	1	0	1

\*More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.



Table B: Number of applications by type of application and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications*	5	15	0	0	0	0	0	0
Access applications (other than personal information applications)	3	5	2	0	13	1	0	0
Access applications that are partly personal information applications and partly other	0	3	0	0	2	0	0	1

\*A **personal information application** is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

The total number of decisions in Table B should be the same as Table A.

Table C: Invalid applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	6
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	6
Invalid applications that subsequently became valid applications	4

Table D: Conclusive presumption of overriding public interest against disclosure: Matters listed in Schedule 1 of the Act

	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	3
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

\*More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

Table E: Other public interest considerations against disclosure: Matters listed in table to section 14 of the Act

	Number of occasions when application not successful
Responsible and effective government	11
Law enforcement and security	0
Individual rights, judicial processes and natural justice	22
Business interests of agencies and other persons	2
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table F: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	47
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	3
Total	0

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner*	0	0	0
Internal review following recommendation under section 93 of Act	0	1	0
Review by ADT	0	0	0
Total	0	0	0

\*The Information Commissioner does not have the authority to vary decisions, but can make recommendation to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made.

Table H: Applications for review under Part 5 of the Act (by type of applicant)

	Number of applications for review
Applications by access applicants	1
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

## Attachment E – Statutory Financial Report



The City of Newcastle

# Financial Statements

## Annual Financial Statements 2011-2012

PO Box 489 (282 King Street)  
NEWCASTLE NSW 2300  
Ph 02 4974 2000  
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## General purpose financial statements for the year ended 30 June 2012

### Contents

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Statement of comprehensive income	2
Balance sheet	3
Statement of changes in equity	4
Statement of cash flows	5
Notes to the financial statements	6
Auditors' reports	(ii)

These financial statements are a general purpose financial statement of The Council of the City of Newcastle and its controlled entities and are presented in Australian currency.

The Council of the City of Newcastle is constituted under the Local Government Act (1993) (as amended), and has its principal place of business at

282 King Street  
Newcastle NSW 2300

The financial statements are authorised for issue by the Council on 15<sup>th</sup> November 2012. Council has the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our reporting is timely, complete, and available at minimum cost. All press releases, financial statements and other information are available on our website: [www.ncc.nsw.gov.au](http://www.ncc.nsw.gov.au).



## General purpose financial statements for the year ended 30 June 2012

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

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

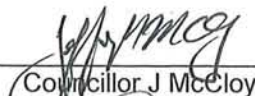
- The Local Government Act 1993 (as amended) and the Regulations made thereunder
- The Australian Accounting Standards and professional pronouncements
- The Local Government Code of Accounting Practice and Financial Reporting

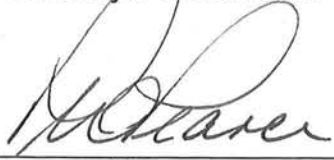
To the best of our knowledge and belief, these Statements

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


We are not aware of any matter that would render the Report false or misleading in any way.

Signed in accordance with a resolution of Council made on 27<sup>th</sup> November 2012

  
Councillor J McCloy  
Lord Mayor of Newcastle

  
P Pearce  
General Manager

  
Councillor

  
S Edmonds  
Responsible Accounting Officer

# Council of the City of Newcastle

## Income statement for the year ended 30 June 2012

Original Budget*			Actual 2012 \$'000	Actual 2011 \$'000
2012 \$'000		Notes		
<b>Income from continuing operations</b>				
<b>Revenue:</b>				
107,502	Rates and annual charges	3a	<b>107,020</b>	103,988
54,751	User charges and fees	3b	<b>53,363</b>	54,700
8,430	Interest and investment revenue	3c	<b>11,796</b>	13,518
6,944	Other revenues	3d	<b>8,294</b>	6,576
23,055	Grants and contributions provided for operating purposes	3e,f	<b>30,724</b>	26,153
707	Grants and contributions provided for capital purposes	3e,f	<b>11,017</b>	21,266
<b>Other Income:</b>				
1,427	Net gain from the disposal of assets	5	-	1,462
<u>202,816</u>	<b>Total income from continuing operations</b>		<u><b>222,214</b></u>	<u>227,663</u>
<b>Expenses from continuing operations</b>				
86,554	Employee benefits and on-costs	4a	<b>89,558</b>	87,930
3,027	Borrowing costs	4b	<b>3,922</b>	3,148
49,002	Materials and contracts	4c	<b>54,864</b>	63,311
39,102	Depreciation and amortisation	4d	<b>55,168</b>	42,417
37,410	Other expenses	4e	<b>30,647</b>	31,117
	Net loss from the disposal of assets	5	<b>374</b>	
<u>215,095</u>	<b>Total expenses from continuing operations</b>		<u><b>234,533</b></u>	<u>227,923</u>
<u>(12,279)</u>	<b>Operating result from continuing operations</b>		<u><b>(12,319)</b></u>	<u>(260)</u>
<u>(12,279)</u>	<b>Net operating result for the year</b>		<u><b>(12,319)</b></u>	<u>(260)</u>
Attributable to:				
<u>(12,279)</u>	- Council		<u><b>(12,319)</b></u>	<u>(260)</u>
<u>(12,986)</u>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<u><b>(23,336)</b></u>	<u>(21,526)</u>

\* Original budget as approved by Council - refer Note 16

The above Income statement should be read in conjunction with the accompanying notes.

**Council of the City of Newcastle**

## **Statement of comprehensive income for the year ended 30 June 2012**

	Notes	Actual 2012 \$'000	Actual 2011 \$'000
<b>Net operating result for the year - from Income statement</b>		<b>(12,319)</b>	(260)
<b>Other comprehensive income</b>			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	20(b)	-	68,263
Gain (loss) on revaluation of available-for-sale investments	20(b)	-	583
Realised available-for-sale investment gains recognised in revenue	20(b)	<b>(74)</b>	(1,478)
Deconsolidation of Hunter Councils Limited	20(b)	-	200
Adjustment to reflect prior period depreciation on revaluation of infrastructure, property, plant and equipment	20(a)	<b>1,485</b>	(400,906)
Realised sale of infrastructure, property, plant and equipment applicable to the asset revaluation reserve	20(b)	<b>(230)</b>	(456)
Transfer of realised sale of infrastructure, property, plant and equipment from the Asset revaluation reserve to Retained earnings	20(b)	<u><b>230</b></u>	<u>456</u>
<b>Total other comprehensive income for the year</b>		<b>1,411</b>	(333,338)
<b>Total comprehensive income for the year</b>		<u><b>(10,908)</b></u>	<u>(333,598)</u>
<b>Attributable to - Council</b>		<b>(10,908)</b>	(333,598)

The above Statement of comprehensive income should be read in conjunction with the accompanying notes.

# Council of the City of Newcastle

## Balance sheet as at 30 June 2012

	Notes	Actual 2012 \$'000	Actual 2011 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6a	51,941	31,769
Investments	6b	42,508	65,941
Receivables	7	16,981	15,775
Inventories	8	837	745
Other	8	624	395
Non-current assets classified as held for sale	21	18,197	4,445
<b>Total current assets</b>		<b>131,088</b>	<b>119,070</b>
<b>Non-current assets</b>			
Investments	6b	89,743	88,801
Receivables	7	7,987	7,968
Infrastructure, property, plant and equipment	9	1,278,042	1,291,982
Investment property	14	13,135	12,815
Intangible assets	24	689	451
Other	8	16	22
<b>Total non-current assets</b>		<b>1,389,612</b>	<b>1,402,039</b>
<b>Total assets</b>		<b>1,520,700</b>	<b>1,521,109</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	10	24,230	24,216
Borrowings	10	3,220	2,687
Provisions	10	35,988	33,782
<b>Total current liabilities</b>		<b>63,438</b>	<b>60,685</b>
<b>Non-current liabilities</b>			
Borrowings	10	58,053	50,664
Provisions	10	9,125	8,769
<b>Total non-current liabilities</b>		<b>67,178</b>	<b>59,433</b>
<b>Total liabilities</b>		<b>130,616</b>	<b>120,118</b>
<b>Net assets</b>		<b>1,390,084</b>	<b>1,400,991</b>
<b>EQUITY</b>			
Retained earnings	20	1,075,432	1,086,035
Revaluation reserves	20	314,652	314,956
<b>Total equity</b>		<b>1,390,084</b>	<b>1,400,991</b>

The above Balance sheet should be read in conjunction with the accompanying notes.



## Council of the City of Newcastle

### Statement of changes in equity for the year ended 30 June 2012

		Actual 2012 \$'000	Actual 2012 \$'000 Asset revaluation reserve	Actual 2012 \$'000 Other reserves	Actual 2012 \$'000 Total equity	Actual 2011 \$'000 Retained earnings	Actual 2011 \$'000 Asset revaluation reserve	Actual 2011 \$'000 Other reserves	Actual 2011 \$'000 Total equity
	Notes Ref.	Retained earnings							
Opening balance	20	1,086,035	314,882	74	1,400,991	1,486,545	247,075	969	1,734,589
Restated opening balance		<u>1,086,035</u>	<u>314,882</u>	<u>74</u>	<u>1,400,991</u>	<u>1,486,545</u>	<u>247,075</u>	<u>969</u>	<u>1,734,589</u>
Net operating result for the year	20	(12,319)			(12,319)	(260)			(260)
Other comprehensive income	20	1,715	(230)	(74)	1,411	(400,250)	67,807	(895)	(333,338)
Total comprehensive income	20	(10,604)	(230)	(74)	(10,908)	(400,510)	67,807	(895)	(333,598)
Closing balance	20	<u><u>1,075,431</u></u>	<u><u>314,652</u></u>	<u><u>-</u></u>	<u><u>1,390,083</u></u>	<u><u>1,086,035</u></u>	<u><u>314,882</u></u>	<u><u>74</u></u>	<u><u>1,400,991</u></u>

The above Statement of changes in equity should be read in conjunction with the accompanying notes.

# Council of the City of Newcastle

## Statement of cash flows for the year ended 30 June 2012

Budget 2012 \$'000		Notes	Actual 2012 \$'000	Actual 2011 \$'000
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
107,502	Rates and annual charges		106,588	104,086
54,751	User charges and fees		58,799	60,787
8,430	Investment revenue and interest		12,106	13,020
23,762	Grants and Contributions		28,287	40,156
	Deposits and retentions received		162	
6,944	Other		7,373	7,587
<i>Payments:</i>				
(86,554)	Employee benefits and on-costs		(88,154)	(87,543)
(49,002)	Materials and contracts		(56,105)	(68,268)
(3,027)	Borrowing costs		(3,266)	(2,319)
	Deposits and retentions refunded		(249)	
(37,408)	Other expenses		(30,216)	(32,934)
25,398	<b>Net cash provided by (or used in) operating activities</b>	11(b)	<b>35,325</b>	<b>34,572</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
214,923	Sale of investments		176,638	121,289
1,427	Sale of infrastructure, property, plant and equipment		4,209	6,256
<i>Payments:</i>				
(212,816)	Purchase of investments		(153,168)	(115,596)
(37,183)	Purchase of infrastructure, property, plant and equipment		(50,514)	(40,514)
	Other		(238)	
(33,649)	<b>Net cash provided by (or used in) investing activities</b>		<b>(23,073)</b>	<b>(28,565)</b>
<b>Cash flows from financing activities</b>				
<i>Receipts:</i>				
10,000	Borrowings and advances		10,647	10,284
<i>Payments:</i>				
(1,749)	Borrowings and advances		(2,381)	(3,410)
	Lease liabilities		(346)	(69)
8,251	<b>Net cash provided by (or used in) financing activities</b>		<b>7,920</b>	<b>6,805</b>
-	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>20,172</b>	<b>12,812</b>
-	<b>Cash and cash equivalents at beginning of reporting period</b>	11(a)	<b>31,769</b>	<b>18,957</b>
-	<b>Cash and cash equivalents at end of reporting period</b>	11(a)	<b>51,941</b>	<b>31,769</b>

The above Statement of cash flows should be read in conjunction with the accompanying notes.



## Notes to the financial statements For the year ended 30 June 2012

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

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

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **(a) Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the Local Government Act (1993) and Regulation, and the Local Government Code of Accounting Practice and Financial Reporting.

#### ***Historical cost convention***

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

#### ***Critical accounting estimates***

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. Refer to 1(dd) for further information.

#### **(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 the entity and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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. 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.

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.

Control over granted 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 is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and 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 conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g). The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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

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

### ***User charges and fees***

User charges and fees (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.

### ***Sale of plant, property, infrastructure 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***

Interest and rents are recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

## **(c) Principles of consolidation**

### ***(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 which must be applied only for the purposes of or in accordance with the trusts relating to those monies. Trust monies and property subject to Council's control have been included in these reports.

Trust monies and property held by Council but not subject to the control of Council, have been excluded from these reports. A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

### ***(iii) Joint ventures***

#### ***Jointly controlled assets***

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings. Details of the joint venture are set out in Note 19.

#### ***Jointly controlled entities***

The interest in a joint venture partnership is accounted for using the equity method and is carried at cost. Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet. Details relating to the partnership are set out in Note 19.

#### ***Jointly controlled operations***

Council has no jointly controlled operations at present. However, when such operations are entered into the assets which are controlled and the liabilities incurred by Council are recognised in the balance sheet. Expenses incurred and Council's share of income are recognised in the Income statement.

## **(d) Leases**

Leases of property, plant and equipment where Council, as lessee, 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 fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged 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. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that Council will obtain ownership at the end of the lease term.



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

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

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

### **(e) Acquisition of assets**

The purchase method of accounting is used to account for all acquisitions of assets. Cost is measured as the fair value of the assets given, plus costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. 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.

### **(f) Impairment of assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### **(g) Cash and cash equivalents**

For cash flow statement 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 which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### **(h) Receivables**

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is 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.

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

### **(i) Inventories**

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

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. 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. Cost includes the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of raw material. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### ***(ii) Land held for resale/capitalisation of borrowing costs***

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

### **(j) Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

Non-current assets 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.

### **(k) Investments and other financial assets**

#### ***Classification***

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

#### ***(vi) Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in other receivables (note 8) and receivables (note 7) in the balance sheet.

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

### ***(vii) Held-to-maturity investments***

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

### ***(viii) 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. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

### ***Financial assets – reclassification***

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, Council may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

### ***Recognition and de-recognition***

Regular purchases and sales of financial assets are recognised on trade-date - the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

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

### ***Subsequent measurement***

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

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when Council's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Details on how the fair value of financial instruments is determined are disclosed in note 1(l).

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

### ***Impairment***

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

If there is evidence of impairment for any of Council's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the income statement.

### ***Investment Policy***

Council has an approved investment policy complying with Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005. Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council maintains an investment policy that complies 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 the Council holds are no longer prescribed, however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

### **(I) Fair value estimation**

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. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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.

## Note 1 Summary of significant accounting policies

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

Council's assets have been progressively revalued to fair value in accordance with a staged implementation advised by the Division of Local Government. At balance date the following classes of IPPE were stated at their fair value:

- ☐ Operational land (External Valuation).
- ☐ Buildings – Specialised/Non Specialised (External Valuation).
- ☐ Plant and equipment (as approximated by depreciated historical cost).
- ☐ Road assets – roads, bridges and footpaths (Internal Valuation).
- ☐ Drainage assets – (Internal Valuation).
- ☐ Bulk earthworks – (Internal Valuation).
- ☐ Community land – (Internal Valuation).
- ☐ Land Improvements (as approximated by Internal Valuation).
- ☐ Other structures (as approximated by Internal Valuation).
- ☐ Other assets (as approximated by depreciated historical cost/External Valuation).

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.

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the Income statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Office equipment	5-10 years
Computer equipment	3 years
Furniture and fittings	10 years
Drainage	60-100 years
Motor vehicles	5 years
Other plant and equipment	5-25 years
Buildings	20-60 years
Sealed roads - surface	30 years
Sealed roads - pavement	120 years
Sealed roads - kerb and gutter	80 years
Footways	50 years
Roadside furniture	20 years
Bridges – substructure, superstructure	50 years
Other structures	10-80 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Land, other than land under roads, is classified as either operational or community in accordance with Part 2 of Chapter 6 of the Local Government Act (1993). This classification is made in Note 9(a).

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

### **(n) Investment property**

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. These valuations are reviewed annually by a member of the Australian Property Institute. Changes in fair values are recorded in profit or loss as part of other income.

### **(o) Payables**

These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### **(p) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

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

### **(q) Borrowing costs**

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

### **(r) Provisions**

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. 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.

### **(s) Employee benefits**

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

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.



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

### ***(ii) Other long-term employee benefit obligations***

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### ***(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.

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 accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans (see below).

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities. As a result, they have asked for significant increases in contributions to recover that deficiency. Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has, 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.

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.

### **(t) Rounding of amounts**

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

### **(u) Land under roads**

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.

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

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

### **(v) Provisions for close down and restoration and for environmental clean up costs – Tips**

#### ***(i) 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 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. The amortisation of the discount is shown as a borrowing cost.

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.

#### ***(ii) 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 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. 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.

### **(w) Allocation between current and non-current assets and liabilities**

In the determination of whether an asset or liability is 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 ensuing 12 months, being the Council's operational cycle. 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 not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

## Note 1 Summary of significant accounting policies

### (x) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. Newcastle City Council's assessment of the impact of these new standards and interpretations is set out below.

- (i) AASB 9 *Financial Instruments*, AASB 2009 11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective from 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed.

- (ii) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the jointly controlled entity will be classified as a joint venture under the new rules. As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. Council is still assessing the impact of these amendments.

## Note 1 Summary of significant accounting policies

Council does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

(iii) AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

(iv) Revised AASB 119 *Employee Benefits*, AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* and AASB 2011-11 *Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements* (effective 1 July 2013)

In September 2011, the AASB released a revised standard on accounting for employee benefits. It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively. Council does not recognise defined benefit assets and liabilities for the reasons set out in note 1 (s)(iii) and so these changes will not have an impact on its reported results.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### (y) Self insurance

Council has determined to self-insure for Workers' Compensation. 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) Intangible assets

#### *IT development and software*

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line 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.

### (aa) 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 the reserves are recognised within Council's Income Statement.

Representations from both State and Local Government are being sought to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

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

### **(bb) Rural Fire Service assets**

Under section 119 of the Rural Fire Services Act 1997, "all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed". Until such time as discussions on this matter have concluded and the legislation changed, Council will (will not) recognise rural fire service assets including land, buildings, plant and vehicles.

### **(cc) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

### **(dd) Critical accounting estimates and judgments**

Estimates and judgments 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.

#### ***Critical accounting estimates and assumption***

The 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 discussed below.

#### **(i)      *Provision for asset remediation***

The council is required to estimate the future removal, restoration and rehabilitation costs of various sites including tips at the end of each reporting period. A provision is made for the estimated present value of these costs outstanding at each balance sheet date. In most instances the removal of these assets, restoration and remediation work will occur many years in the future.

The estimate of costs therefore requires management to make judgements regarding the expected date of restoration, future environmental legislation, the extent of restoration activities required and therefore the expected costs.

#### **(ii)      *Provision for self insurance claims***

The council carries a provision for self insurance claims specifically in relation to workers compensation insurance.

The council obtains an independent report from a consulting actuary at the end of each financial year. Based on the information received in this report which includes estimates of future claims, management update their assessment of the provision.

The provision is recognised based on a net position with recoveries factored into this net position.

### **(ee) Comparative Information**

Where the presentation or classification of items in the financial report have been amended, comparative amounts have been reclassified.

## Note 2(a) Functions or activities

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note 2(b).													
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants Included in income		Total assets held (current and non current)	
	Original Budget 2012 \$'000	Actual 2012 \$'000	Actual 2011 \$'000	Original Budget 2012 \$'000	Actual 2012 \$'000	Actual 2011 \$'000	Original Budget 2012 \$'000	Actual 2012 \$'000	Actual 2011 \$'000	Actual 2012 \$'000	Actual 2011 \$'000	Actual 2012 \$'000	Actual 2011 \$'000
Executive Management		115		863	1,047	449	(863)	(932)	(449)			12	24
City Assets	48,652	46,996	47,025	58,589	64,871	53,560	(9,937)	(17,875)	(6,535)	503	87	407,466	414,515
Liveable City	18,975	26,021	27,550	103,367	110,456	128,570	(84,392)	(84,435)	(101,020)	6,090	9,876	957,786	1,033,132
Future City	8,458	13,252	24,056	28,780	27,470	24,475	(20,322)	(14,218)	(419)	3,467	2,413	154,370	72,577
City Engagement	330	873	633	17,060	24,309	15,925	(16,730)	(23,436)	(15,292)	92	90	1,066	861
Governance				6,436	6,380	4,944	(6,436)	(6,380)	(4,944)				
<b>Total activities</b>	76,415	87,257	99,264	215,095	234,533	227,923	(138,680)	(147,276)	(128,659)	10,152	12,466	1,520,700	1,521,109
<b>General purpose income *</b>	126,401	134,957	128,399				126,401	134,957	128,399	19,065	12,804		
<b>Totals</b>	202,816	222,214	227,663	215,095	234,533	227,923	(12,279)	(12,319)	(260)	29,217	25,270	1,520,700	1,521,109

\* Includes: Rates and Annual Charges (including Ex-gratia)  
Non-capital General Purpose Grants  
Interest and Investment Revenue



## **Note 2(b) Components of functions or activities**

The activities relating to the Council's functions or activities reported on in Note 2(a) are as follows:

### **Executive Management**

Lord Mayor/ Council, General Manager's Office, Internal Audit and Organisational Planning (exclusive of Governance below)

### **City Assets**

Strategic Property and Fleet Management Services; Financial Services; Information Management Services; Commercial Enterprise Services and Tourism and Economic Development Services

### **Liveable City**

City Presentation Services; Infrastructure Management Services; Road and Asset Maintenance Services; Place Management Services and Compliance Services

### **Future City**

Strategic Planning Services; Development and Building Services; Environment and Climate Change Services; Life Services; Newcastle Art Gallery and Newcastle Museum

### **City Engagement**

Human Resource Services and Customer Service, Communication and Consultation Services

### **Governance**

Costs relating to the Council's role as a component of democratic government, including elections, member's fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance, together with related costs.

## Note 3 Income from continuing operations

	Actual 2012 \$'000	Actual 2011 \$'000
<b>(a) Rates and annual charges</b>		
<b>Ordinary rates</b>		
Residential	54,086	52,258
Farmland	27	28
Business	33,288	32,566
<b>Total ordinary rates</b>	<b>87,401</b>	<b>84,852</b>
<b>Special rates</b>		
Town improvement	69	69
Mainstreet	1,023	999
<b>Total special rates</b>	<b>1,092</b>	<b>1,068</b>
<b>Annual charges (pursuant to s.496, s.501 and s.611)</b>		
Domestic waste management services	15,622	15,288
Waste management services (not domestic)	827	710
Stormwater management service charge	1,962	1,961
Section 611 charges	116	109
<b>Total annual charges</b>	<b>18,527</b>	<b>18,068</b>
<b>Total rates and annual charges</b>	<b>107,020</b>	<b>103,988</b>

Council has used 2009 valuations provided by the NSW Valuer General in calculating its rates.  
Valuations are updated every three years.

## Note 3 Income from continuing operations (continued)

	Actual 2012 \$'000	Actual 2011 \$'000
<b>(b) User charges and fees</b>		
<b>User charges (pursuant to s.502)</b>		
Waste management services (not domestic)	1,488	1,413
<b>Total user charges</b>	<b>1,488</b>	<b>1,413</b>
<b>Fees</b>		
Building services - Other		
Planning and building - Regulatory		
Planning and building - Inspection fee		
- Regulatory/Statutory	2,076	2,311
- Subdivision fees	478	178
- Building inspection fee	406	444
S603 certificates	258	228
Dog control/ registration fees	161	160
Licence fees	258	120
Local committee's	422	495
Inspection fees food shops	330	288
Tipping fees/Resource recovery	14,457	17,602
Library fees	338	375
Regional Museum	328	
Art Gallery	156	151
City Hall	502	646
Civic Theatre	2,026	2,251
Parks/Gardens rent	627	572
Golf courses	344	364
Ocean Baths/Inland pools	1,024	980
Newcastle Airport	10,704	10,323
Parking stations/Meter fees	6,513	6,707
Road restorations	83	128
Stockton Caravan Park	1,671	1,677
Tourism	37	41
RTA works (State Roads not controlled by Council)	5,802	3,978
Professional services	15	39
Private works	265	346
Childcare	1,334	1,212
Merchant service fee	97	109
Fort Scratchley	285	249
Reprographics income	116	106
Other	762	1,207
<b>Total fees</b>	<b>51,875</b>	<b>53,287</b>
<b>Total user charges and fees</b>	<b>53,363</b>	<b>54,700</b>

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

	Actual 2012 \$'000	Actual 2011 \$'000
<b>(c) Interest and investment revenue</b>		
Interest		
- Overdue rates and charges	350	309
- Cash and investments	11,393	11,746
- Other		
Available for sale revaluation reserves realised	148	1,478
Amortisation of discounts and premiums on financial instrument transactions	Note 6(b) (95)	(15)
<b>Total interest and investment revenue</b>	<b>11,796</b>	<b>13,518</b>
<b>(d) Other revenues</b>		
Parking fines	2,760	2,390
Other fines	270	305
Other charges for overdue rates and charges (legal fees)	270	326
Insurance claims	212	89
Insurance recovery/bonus	254	327
Commissions and Agency fees	93	95
Rental Income:		
- Investment property	1,404	1,561
- Other property	1,204	1,045
Investment Recoupment	1,000	
Fair value adjustments - investment properties	320	
Summerhill Waste Management - Electricity Generation	210	240
Other	297	198
<b>Total other revenue</b>	<b>8,294</b>	<b>6,576</b>

## Note 3 Income from continuing operations (continued)

	Operating		Capital	
	Actual 2012 \$'000	Actual 2011 \$'000	Actual 2012 \$'000	Actual 2011 \$'000
<b>(e) Grants</b>				
<b>General purpose (Untied)</b>				
- Financial assistance	13,153	9,457		
- Financial assistance (In advance)	6,789	3,264		
- Pensioner' rate subsidies:				
- General	1,277	1,386		
<b>Special purpose</b>				
- Pensioners' rate subsidies				
- DWM	385	322		
- Community services	2,081	1,762		149
- Recreation and culture	644	1,127	2,563	2,106
- Community safety		61		
- Other	289	247		23
- Natural disaster	12	3,250		
- Transport (3x3,Road to Recovery, other transport)	1,076	661	948	1,455
<b>Total grants</b>	<b>25,706</b>	<b>21,537</b>	<b>3,511</b>	<b>3,733</b>
<b>Comprising:</b>				
- Commonwealth funding	20,509	13,005	1,558	35
- State funding	5,197	8,532	1,953	3,698
- Other Funding				
	<b>25,706</b>	<b>21,537</b>	<b>3,511</b>	<b>3,733</b>

## Note 3 Income from continuing operations (continued)

	Operating		Capital	
	Actual 2012 \$'000	Actual 2011 \$'000	Actual 2012 \$'000	Actual 2011 \$'000
<b>(f) Contributions</b>				
Developer contributions (S94)				
- S94 management	19	16		
- Traffic facilities	11	4		
- Open space	32	71		8
- Community facilities	75	49		
- Studies	2	10		
- Blue Gum Hills Place	333	315		
- Transport facilities Blue Gum Hills	122	112		
- S94A Plan			1,133	942
Roads and Drainage		23	3,398	4,401
RTA contributions (Regional/Local, Block Grant)	1,378	1,442	211	355
Art Gallery Donations	5	43	1,406	5,095
Regional Museum	21	5	17	6,139
Community facilities	68	206	524	212
Parks and gardens	14	126	686	126
Library		10	46	77
Other	436	11	84	73
Aged housing	6		1	
Mainstreet programs	23	15		
Employee's corporate fitness/entitlements	1,004	737		
Civic and community events	571	566		
Housing and community amenities	21	36		105
Economic development		46		
Waste reduction/ diversion incentive	873	769		
Beach bathing/pools	4	4		
<b>Total contributions</b>	<b>5,018</b>	<b>4,616</b>	<b>7,506</b>	<b>17,533</b>
<b>Total grants and contributions</b>	<b>30,724</b>	<b>26,153</b>	<b>11,017</b>	<b>21,266</b>



## Note 3 Income from continuing operations (continued)

(g) Restrictions relating to grants and contributions	Actual 2012 \$'000	Actual 2011 \$'000
Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner:		
Grants and contributions recognised in the current period which have not been spent	9,553	3,066
<b>Less:</b>		
Grants and contributions recognised in previous reporting periods which have been spent in the current reporting period	5,163	3,144
<b>Net increase/(decrease) in restricted grants and contributions</b>	<u><u>4,390</u></u>	<u><u>(78)</u></u>

## Note 4 Expenses from continuing operations

	Actual 2012 \$'000	Actual 2011 \$'000
<b>(a) Employee benefits and on costs</b>		
Salaries and wages	63,856	62,803
Travelling	51	69
Employee leave entitlements	13,309	11,039
Superannuation	9,371	9,591
Occupational Health and Safety	1,082	956
Workers' Compensation Insurance	3,295	3,266
FBT	517	345
Training costs (excluding salaries)	822	903
Other	771	666
Less: Capitalised costs	(3,516)	(1,708)
<b>Total employee costs expensed</b>	<b>89,558</b>	<b>87,930</b>
Number of FTE employees	952	926
<b>(b) Borrowing costs</b>		
Interest on Overdraft		
Interest on loans	3,557	3,078
Charges on hire purchases	78	17
Amortisation of discounts and premiums:		
- Waste management remediation	287	53
<b>Total borrowing costs expensed</b>	<b>3,922</b>	<b>3,148</b>
<b>(c) Materials and contracts</b>		
Raw materials and consumables	31,813	41,869
Contractor and consultancy costs	20,686	19,571
Remuneration of Auditors <sup>(1)</sup>	100	96
Legal fees:		
- Planning and development	364	86
- Other	738	1,053
Operating leases:		
- Parking meters		
- Other	1,163	637
<b>Total materials and contracts</b>	<b>54,864</b>	<b>63,311</b>
(1) During the year the following fees were paid or payable for services provided by the Council's auditor - PricewaterhouseCoopers:-		
<i>(i) Audit and other assurance services</i>		
Audit and review of financial statements	83	85
Other assurance services:		
- Audit of regulatory returns	3	
Total remuneration for audit and other assurance services	86	85
<i>(ii) Taxation services</i>		
Tax compliance services	10	3
	10	3
<i>(iii) Other services</i>		
Accounting advice	4	8
	4	8
<b>Total remuneration of PricewaterhouseCoopers</b>	<b>100</b>	<b>96</b>

## Note 4 Expenses from continuing operations (continued)

	Actual 2012 \$'000	Actual 2011 \$'000
<b>(d) Depreciation, amortisation and impairment</b>		
Intangibles - software		
Plant and equipment	5,385	4,756
Office equipment	958	1,077
Furniture and fittings	244	218
Land improvements (depreciable)	2,378	1,324
Buildings		
- Non specialised		
- Specialised	9,329	9,675
Other structures	4,104	2,729
Infrastructure		
- roads, bridges and footpaths	26,749	18,516
- storm water drainage	5,077	3,325
Other assets		
- Heritage collections	12	201
- Library books	1,146	523
- Other	1	1
Waste management asset	105	218
Less: Capitalised costs	(320)	(146)
<b>Total depreciation and total impairment</b>	<b>55,168</b>	<b>42,417</b>
<b>(e) Other expenses</b>		
Other expenses for the year including the following:		
Bad and doubtful debts	451	357
Mayoral allowance	71	68
Councillors' fees and allowances	316	305
Councillors' expenses (incl. Lord Mayor)	109	70
Street lighting	3,458	2,788
Electricity	2,141	1,742
Telephone	1,190	1,042
Water	706	893
Contributions and donations	44	520
Emergency services levy	2,745	2,704
Bank charges	478	374
S355 Local committee working expenses	745	928
Insurance	3,286	3,105
Newcastle Airport	3,476	3,397
NSW Government Waste Levy	10,862	12,824
Election costs	28	
Other	541	
<b>Total other expenses from continuing operations</b>	<b>30,647</b>	<b>31,117</b>

## Note 5 Gain or loss from the disposal of assets

	Actual 2012 \$'000	Actual 2011 \$'000
<b>Gain (or loss) on disposal of Property</b>		
Proceeds from disposal	97	
Less: Carrying amount of assets sold	160	
<b>Gain (or loss) on disposal</b>	<u>(63)</u>	<u></u>
<b>Gain (or loss) on disposal of Infrastructure, Plant and Equipment</b>		
Proceeds from disposal	2,876	1,869
Less: Carrying amount of assets sold	4,264	567
<b>Gain (or loss) on disposal</b>	<u>(1,388)</u>	<u>1,302</u>
<b>Gain (or loss) on disposal of Non-current assets held for sale</b>		
Proceeds from sales	1,236	987
Less: Cost of sales	159	827
<b>Gain (or loss) on disposal</b>	<u>1,077</u>	<u>160</u>
<b>Net gain (or loss) from disposal of assets</b>	<u>(374)</u>	<u>1,462</u>

## Note 6(a) Cash and cash equivalents

	Actual 2012	Actual 2011
	\$'000	\$'000
Cash at bank and on hand	15,941	13,769
Deposits at call	36,000	18,000
	<u>51,941</u>	<u>31,769</u>

## Note 6(b) Investments

The following financial assets are held as investments:

	Actual 2012		Actual 2011	
	Current	Non-Current	Current	Non-Current
	\$'000	\$'000	\$'000	\$'000
Held to maturity investments	42,508	89,743	63,515	88,801
Available for sale financial assets <sup>(1)</sup>			2,426	
<b>Total</b>	<b>42,508</b>	<b>89,743</b>	<b>65,941</b>	<b>88,801</b>
<b>Held to maturity investments</b>				
At beginning of year	63,515	88,801	66,908	84,476
Amortisation of discounts and premiums	(80)	(15)	124	(138)
Additions	109,510	43,658	79,803	35,793
Disposals	(162,138)	(11,000)	(114,650)	
Transfer to current	31,701	(31,701)	31,330	(31,330)
At end of year	<b>42,508</b>	<b>89,743</b>	<b>63,515</b>	<b>88,801</b>
<b>Comprising of:</b>				
- Term deposits	12,936	15,500	33,565	20,000
- Negotiable certificates of deposit		12,000	4,000	10,000
- Floating rate notes	8,997	37,497	18,964	17,498
- CDO's			1,000	
- Bonds	20,575	24,746	5,986	41,303
- Equity linked notes				
	<b>42,508</b>	<b>89,743</b>	<b>63,515</b>	<b>88,801</b>
<b>Available for sale financial assets</b>				
At beginning of year	2,426		9,960	
Additions	0			
Disposals	(3,500)		(7,855)	
Revaluation to Equity	74		321	
Recoupment of previously impaired assets	1,000			
At end of year	-		<b>2,426</b>	
<b>Comprising of:</b>				
- CDO's			2,426	
	-		<b>2,426</b>	
<b>Total investments</b>	<b>42,508</b>	<b>89,743</b>	<b>63,515</b>	<b>88,801</b>

(1) Fair values for all investments in this Category are determined by quoted prices in active markets for identical investments



## Note 6(c) Restricted cash, cash equivalents and investments

	Actual 2012		Actual 2011	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
<b>Total cash, cash equivalents and investments</b>	<b>94,449</b>	<b>89,743</b>	97,710	88,801
External restrictions	18,028	17,129	18,102	16,452
Internal restrictions	74,007	70,321	75,643	68,746
Unrestricted	2,414	2,293	3,965	3,601
	<b>94,449</b>	<b>89,743</b>	<b>97,710</b>	<b>88,801</b>

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

	Opening Balance 1-Jul-11 \$'000	Transfers to Restrictions \$'000	Transfers from Restrictions \$'000	Closing Balance 30-Jun-12 \$'000
<b>External restrictions</b>				
<i>Included in liabilities</i>				
RTA advances (A)	211		211	
Self insurance claims (B)	8,391	1,067	745	8,713
	<u>8,602</u>	<u>1,067</u>	<u>956</u>	<u>8,713</u>
<i>Other</i>				
Developer contributions (C) - Sec 94	17,631	2,434	4,811	15,254
Specific purpose unexpended grants (D)	7,639	7,846	4,295	11,190
Domestic waste management (E)	682		682	
	<u>25,952</u>	<u>10,280</u>	<u>9,788</u>	<u>26,444</u>
<b>Total external restrictions</b>	<u>34,554</u>	<u>11,347</u>	<u>10,744</u>	<u>35,157</u>
<b>Internal restrictions</b>				
Replacement of plant and equipment	18,271	7,642	10,720	15,193
Asset preservation	44,265	17,478	23,804	37,939
Employee leave entitlement	10,104	3,168	3,271	10,001
Acquisition of land and property enhancement	35,093	17,477	4,981	47,589
Unexpended loans	10,000	10,000	10,000	10,000
Security and other deposits	934		87	847
Contribution to specific works programs	18,952	4,535	9,289	14,198
Newcastle Airport Limited	6,770	1,791	0	8,561
<b>Total internal restrictions</b>	<u>144,389</u>	<u>62,091</u>	<u>62,152</u>	<u>144,328</u>
<b>Total restrictions</b>	<u>178,943</u>	<u>73,438</u>	<u>72,896</u>	<u>179,485</u>

- A. Advances by the Roads and Traffic Authority for works on the State's classified roads.  
B. Self Insurance liability resulting from reported claims or incurred claims not yet reported.  
C. Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans.  
D. Grants which are not yet expended for the purposes for which the grants were obtained (see Note 1).  
E. Domestic Waste Management (DWM) and Stormwater Management funds are externally restricted assets which must be applied for the purposes for which they were raised.

## Note 7 Receivables

Purpose	Actual 2012		Actual 2011	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Rates and annual charges	5,281	437	4,866	420
Interest and extra charges	655	420	559	114
User charges and fees	5,875		5,607	
RTA charges	121		678	
GST	734		1,025	
Accrued revenues - interest on investments	1,484		2,248	
Government grants and subsidies	2,603		296	
IPB - NSW State Government <sup>(1)</sup>	709	343	737	274
Other - Lehman Brothers		8,781		10,795
<b>Total</b>	<b>17,462</b>	<b>9,981</b>	<b>16,016</b>	<b>11,603</b>
Less: Provision for impairment				
- Rates and annual charges	62		40	
- Interest and extra charges	13		4	
- User charges and fees	340		131	
- IPB - NSW State Government <sup>(1)</sup>	66	25	66	25
- Other - Lehman Brothers		1,969		3,610
	<b>16,981</b>	<b>7,987</b>	<b>15,775</b>	<b>7,968</b>
<b>Restricted receivables</b>				
<b>Externally restricted receivables</b>				
Domestic waste management	863		850	
Stormwater service charge	126		111	
Special rates	122		100	
<b>Total externally restricted receivables</b>	<b>1,111</b>		<b>1,061</b>	
<b>Unrestricted receivables</b>	<b>15,870</b>	<b>7,987</b>	<b>14,714</b>	<b>7,968</b>
<b>Total receivables</b>	<b>16,981</b>	<b>7,987</b>	<b>15,775</b>	<b>7,968</b>

(1) IPB - Infringement Processing Bureau

## Note 8 Inventories and other assets

	Actual 2012		Actual 2011	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
<b>Inventories</b>				
Stores and materials	837		745	
<b>Total inventories</b>	<u>837</u>	<u></u>	<u>745</u>	<u></u>
<b>Other assets</b>				
Prepayments	624	16	395	22
<b>Total other assets</b>	<u>624</u>	<u>16</u>	<u>395</u>	<u>22</u>
<b>Externally restricted inventories and other assets</b>				
<b>Total externally restricted inventories and other assets</b>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
<b>Unrestricted inventories and other assets</b>	<u>1,461</u>	<u>16</u>	<u>1,140</u>	<u>22</u>
<b>Total inventories and other assets</b>	<u>1,461</u>	<u>16</u>	<u>1,140</u>	<u>22</u>

## Note 9(a) Infrastructure, property, plant and equipment

	At 30 June 2011				Movements during year					At 30 June 2012			
	Cost / Deemed cost \$'000	Fair value \$'000	Accum deprn and impairment \$'000	WDV \$'000	Additions \$'000	WDV of disposals \$'000	Depn and impairment \$'000	Transfers/ Adjustments \$'000	Revaluation increments/ (decrements) \$'000	Cost / Deemed cost \$'000	Fair value \$'000	Accum deprn and impairment \$'000	WDV \$'000
Capital WIP	24,554		1	24,553	9,750	22		(7,537)		26,745		1	26,744
Plant and equipment		46,568	27,836	18,732	12,110	1,143	5,385	1,309			49,886	24,262	25,624
Office equipment		13,055	11,389	1,666	644		958	338			14,037	12,347	1,690
Furniture and fittings		6,924	6,048	876	535		244	17			7,476	6,292	1,184
Land:													
- Operational land		103,345		103,345				(13,200)			90,145		90,145
- Community land		118,021		118,021	1,459	43		393			119,830		119,830
Land Under Roads													
- Post 1 July 2008		8,250		8,250	3,029						11,279		11,279
Depreciable land improvements		81,709	61,715	19,994	11,090		2,378	2,553			95,351	64,094	31,257
Buildings <sup>(1)</sup>													
- Non specialised		700		700							700		700
- Specialised		382,173	201,014	181,159	589	117	9,329	2,385			385,373	210,686	174,687
Other structures		54,334	29,211	25,123	1,607		4,104	368			56,309	33,315	22,994
Infrastructure: <sup>(1)</sup>													
- Roads, bridges, footpaths		1,138,975	525,445	613,530	12,137	2,981	26,749	1			1,144,085	548,147	595,938
- Stormwater drainage		162,462	64,510	97,952	2,231	165	5,077	1,483			165,777	69,352	96,425
Other assets:													
- Heritage collections		71,622	751	70,871	1,449		12	3			73,074	763	72,311
- Library books		18,597	12,266	6,331	866		1,146				19,463	13,412	6,051
- Other		34	29	5	34	27	1	21			62	30	32
- Waste management asset		2,400	1,526	874			105	382			2,782	1,631	1,151
<b>Totals</b>	<b>24,554</b>	<b>2,209,169</b>	<b>941,741</b>	<b>1,291,982</b>	<b>57,530</b>	<b>4,498</b>	<b>55,488</b>	<b>(11,484)</b>	<b>-</b>	<b>26,745</b>	<b>2,235,629</b>	<b>984,332</b>	<b>1,278,042</b>

Notes:

(1) Additions to Buildings and Infrastructure are made up of New Assets \$7,285,000 and Asset Renewals  
Renewals are defined as replacements of existing assets as opposed to the acquisition of new assets.

\$7,673,000

(2) Excludes investment properties and non-current assets held for sale.

## Note 9(b) Restricted infrastructure, property, plant and equipment

	At 30 June 2012					At 30 June 2011			
	Cost /	Fair	Accum			Cost /	Fair value	Accum	
	Deemed	value	depn and	WDV		Deemed		depn and	WDV
	cost	\$'000	impairment	\$'000		cost	\$'000	impairment	\$'000
	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000
Total externally restricted infrastructure, property, plant and equipment									
	Nil	Nil	Nil	Nil		Nil	Nil	Nil	Nil



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

	Actual 2012		Actual 2011	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Payables</b>				
Goods and services	13,688		10,304	
Accrued wages and salaries	1,721		2,121	
Accrued expenses - Other	2,304		1,631	
Payments received in advance	5,647		8,959	
Advances			211	
Deposits and retentions	847		934	
Other payables	23		56	
<b>Total payables</b>	<u>24,230</u>		<u>24,216</u>	
<b>Current payables not expected to be settled within the next 12 months</b>	<u>Nil</u>		<u>Nil</u>	
<b>Borrowings</b>				
Loans: Secured <sup>(1)</sup>	2,805	57,444	2,266	49,715
Hire purchase liability	415	609	421	949
Finance lease liability				
<b>Total interest bearing liabilities</b>	<u>3,220</u>	<u>58,053</u>	<u>2,687</u>	<u>50,664</u>
<b>Provisions <sup>(2)</sup></b>				
Annual leave	8,679		8,242	
Sick leave	9,171		9,022	
Long service leave	16,596	863	15,430	942
Self insurance - Workers compensation	1,280	4,950	917	5,183
Asset remediation (Note 23)		3,312		2,644
Other	262		171	
<b>Total provisions</b>	<u>35,988</u>	<u>9,125</u>	<u>33,782</u>	<u>8,769</u>
<b>Current provisions not expected to be settled within the next 12 months</b>	24,090		23,546	
<b>Liabilities relating to restricted assets</b>				
Domestic waste management	2,533	721	1,524	930
Self insurance	1,280	4,950	917	5,183
<b>Total</b>	<u>3,813</u>	<u>5,671</u>	<u>2,441</u>	<u>6,113</u>

(1) Loans are secured over the rating income of Council.

(2) Vested ELE is all carried as a current provision.

## Note 10(b) Description of and movements in provisions

Class of provision	Opening Balance \$'000	Increases in provision \$'000	Payments \$'000	Remeasurement \$'000	Closing balance \$'000
Annual leave	8,242	4,089	(3,652)		8,679
Sick leave	9,022	1,645	(1,496)		9,171
Long service leave	16,371	2,177	(1,090)		17,458
Self insurance	6,100	745	(745)	130	6,230
Asset remediation	2,644	287		381	3,312
Other	171	353	(262)		262
<b>Total</b>	<b>42,550</b>	<b>9,296</b>	<b>(7,245)</b>	<b>511</b>	<b>45,112</b>

## Note 11 Reconciliation of operating result to net cash movement from operating activities

	Notes	Actual 2012 \$'000	Actual 2011 \$'000
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalents	6a	51,941	31,769
<b>Balances as per cash flow statement</b>		<u>51,941</u>	<u>31,769</u>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
Net operating result from Income statement		(12,319)	(260)
<b>Add:</b>			
Depreciation and impairment		55,168	42,417
Increase in leave entitlements		1,673	213
Increase in provision for doubtful debts			3
Loss on sale of assets		374	335
Decrease in receivables		175	415
Increase in payables		778	1,969
Decrease in prepayments			227
Amortisation of discounts and premiums recognised			14
Increase in other provisions		889	463
		<u>59,057</u>	<u>46,056</u>
<b>Less:</b>			
Increase in inventories		(91)	(13)
Decrease in provision for doubtful debts		(1,399)	
Increase in other current assets		(224)	
Decrease in other provisions			
Non cash donations		(8,313)	(9,749)
Fair value adjustments to investment property		(320)	
Fair value adjustments to financial assets at fair value through profit and loss		(1,000)	
Amortisation of discounts and premiums recognised		(53)	
Gain on sale of assets			(1,462)
Decrease in accrued interest payable		(13)	
<b>Net cash provided from (or used in) operating activities from Cash flow statement</b>		<u>35,325</u>	<u>34,572</u>
<b>(c) Non cash financing and investing activities</b>			
Dedications		8,313	9,749
		<u>8,313</u>	<u>9,749</u>
<b>(d) Financing arrangements</b>			
Unrestricted access was available at balance date to the following:			
Corporate credit cards		350	350
		<u>350</u>	<u>350</u>

## Note 12 Commitments for expenditure

	Actual 2012 \$'000	Actual 2011 \$'000
<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:		
Buildings	678	4,202
Plant and equipment	1,068	4,609
Other	3,385	2,543
<b>Total</b>	<b>5,131</b>	<b>11,354</b>
These expenditures are payable as follows:		
Not later than one year	5,131	11,354
<b>Total</b>	<b>5,131</b>	<b>11,354</b>
<b>(b) Finance lease commitments</b>		
Commitments under finance leases at the reporting date are payable as follows:		
- Not later than one year	472	501
- Later than one year and not later than 5 years	676	1,038
<b>Total</b>	<b>1,148</b>	<b>1,539</b>
Minimum lease payments	1,148	1,539
Less: Future finance charges	(124)	(169)
<b>Lease liability</b>	<b>1,024</b>	<b>1,370</b>
Representing lease liabilities:		
- Current	415	421
- Non-current	609	949
<b>Total</b>	<b>1,024</b>	<b>1,370</b>
<b>(c) Non-cancellable operating lease commitments</b>		
Commitments under non-cancellable operating leases at the reporting date but not recognised in the financial statements are payable as follows:		
Not later than one year	791	117
Later than one year and not later than 5 years	2,368	228
<b>Total</b>	<b>3,159</b>	<b>345</b>
<b>(d) Repairs and maintenance: investment property</b>		
Contracted obligations for future repairs and maintenance		
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

## Note 13 Statement of performance measures - Consolidated results

		Current year indicators	2011	2010
1	Unrestricted current ratio <sup>(1)</sup>	Amounts \$'000		
	Current assets less all external restrictions <sup>(2)</sup>	\$ 111,949	315%	288%
	Current liabilities less specific purpose liabilities <sup>(3)(4)</sup>	\$ 35,535		299%
2	Debt service ratio			
	Debt service cost	\$ 6,362	3.26%	3.38%
	Income from continuing operations excluding capital items and specific purpose grants/contributions	\$ 194,903		2.88%
3	Rate coverage ratio			
	Rates and annual charges	\$ 107,020	48.16%	45.68%
	Income from continuing operations	\$ 222,214		47.58%
4	Rates and annual charges outstanding percentage			
	Rates and annual charges outstanding	\$ 6,718	5.92%	5.35%
	Rates and annual charges collectible	\$ 113,555		5.70%
5	Asset renewals ratio <sup>(5)</sup>			
	Asset renewals (depreciable land improvements, other structures, buildings and infrastructure)	\$ 7,673	18.64%	16.08%
	Depreciation, amortisation and impairment (depreciable land improvements, other structures, buildings and infrastructure)	\$ 41,155		12.45%
6	Total capital additions (excl capital donations & contributions) ratio <sup>(6)</sup> (Non mandatory disclosure - for information purposes)			
	Total capital additions and MAPP expenditure	\$ 61,839	111.45%	149.78%
	Depreciation, amortisation and impairment	\$ 55,488		117.28%

Notes:

(1) The ratio would be 276% if the abnormal increase in Note 21 Assets held for sale was excluded

(2) Refer to Notes 6-8 inclusive

(3) Refer to Note 10(a)

(4) Provisions not expected to be settled in the next 12 months deducted. Refer Note 10(a). \$24,090

(5) Refer Note 9a - Notes. Ratio excludes Other Structures, Retaining Walls, Monuments and Other Infrastructure

(6) Total capital expenditure includes all additions per Note 9a (adjusted for capital donations and contributions) and expenditure under Council's Major Asset Preservation Program (MAPP). Ratio is included as it provides a more meaningful measurement of capital expenditure on asset renewal and repairs and maintenance.

## Note 14 Investment properties

	Actual 2012 \$'000	Actual 2011 \$'000
<b>At fair value</b>		
Opening balance at 1 July	12,815	12,815
Net gain (loss) from fair value adjustment	320	
<b>Closing balance at 30 June</b>	<b>13,135</b>	<b>12,815</b>
<b>(a) Amounts recognised in profit and loss for investment property</b>		
Rental income	1,404	1,561
Net gain (loss) from fair value adjustment	320	
Direct operating expenses from property that generated rental income	(409)	(438)
	<b>1,315</b>	<b>1,123</b>
<b>(b) Valuation basis</b>		
The basis of the valuation of investment properties is fair value being the amount for which the properties could be exchanged between willing parties in an arm's 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 valuations were based on independent assessments made by Baker & Magin Valuers, Lambton.		
<b>(c) Contractual obligations</b>		
Refer to Note 12 for disclosure of any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
<b>(d) Leasing arrangements</b>		
The investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows.		
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:		
Within one year	1,453	1,475
Later than one year but not later than 5 years	4,656	5,523
Later than 5 years	2,225	3,472
	<b>8,334</b>	<b>10,470</b>



## Note 15 Financial risk management

### Risk management

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and 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 Financial Services under policies approved by the Council.

Council held the following financial instruments at balance date:

	Carrying value		Fair value	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	51,941	31,769	51,941	31,769
Receivables **	24,968	23,743	26,710	25,139
Available-for-sale financial assets **	-	2,426	-	2,426
Held-to-maturity investments **	132,251	152,316	133,805	152,707
	<u>209,160</u>	<u>210,254</u>	<u>212,456</u>	<u>212,041</u>
<b>Financial liabilities</b>				
Payables	24,230	24,216	24,230	24,216
Borrowings **	61,273	53,351	61,273	53,351
	<u>85,503</u>	<u>77,567</u>	<u>85,503</u>	<u>77,567</u>

\*\* Current and non-current

### Fair value measurement

AASB7 "Financial Instruments: Disclosures" of fair value measures by level the following fair value hierarchy:  
(a) quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1);  
(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived by prices) (Level 2); and  
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

At 30 June 2012	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Available-for-sale financial assets				
Debt Securities			-	-
<b>Total assets</b>			-	-
<b>At 30 June 2011</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Available-for-sale financial assets				
Debt Securities			2,426	2,426
<b>Total assets</b>			2,426	2,426

Fair value is determined as follows:

- \* Cash and Cash Equivalents, Receivables, Payables - estimated to be the carrying value which approximates net market value.
- \* Borrowings, Held-to-Maturity Investments - estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- \* Financial Assets at Fair Value through profit and loss, Available for Sale Financial Assets - based on quoted market prices in active markets for identical investments.

## Note 15 Financial risk management (continued)

**a) Cash and cash equivalents**  
**Financial assets at fair value through profit and loss**  
**Available-for-sale financial assets**  
**Held-to-maturity investments**

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. Financial Services manages the cash and investments portfolio with the assistance of independent advisers. Council has an investment policy which complies with the Local Government Act and Minister's Order. The policy is regularly reviewed by Council and an Investment Report provided to Council monthly sets out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash and investments is credit risk - the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from its independent advisers before placing any cash and investments.

**30 June 2012**  
**\$'000**

Impact of a -10% <sup>(1)</sup> movement in price of Available for sale investments:

- Equity	- (2)
----------	-------

Impact of a PAR <sup>(1)</sup> movement in price of Available for sale investments:

- Equity	- (2)
----------	-------

Impact of a 1% <sup>(1)</sup> movement in interest rates on cash and investments (incl Available for sale):

- Equity	1,855 <sup>(1)</sup>
- Income statement	1,855

Impact of a -1% <sup>(1)</sup> movement in interest rates on cash and investments (incl Available for sale):

- Equity	(1,855) <sup>(1)</sup>
- Income statement	(1,855)

**30 June 2011**  
**\$'000**

Impact of a -10% <sup>(1)</sup> movement in price of Available for sale investments:

- Equity	(498) <sup>(2)</sup>
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Impact of a -1% <sup>(1)</sup> movement in interest rates on cash and investments (incl Available for sale):

- Equity	(1,824) <sup>(1)</sup>
- Income statement	(1,824)

Notes:

(1) Sensitivity percentages based on management's expectation of future possible market movements. (Price movements calculated on investments subject to fair value adjustments. Interest rate movements calculated on cash, cash equivalents, managed funds, and FRN's).

(2) Maximum impact.

## Note 15 Financial risk management (continued)

### b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk - the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing stringent debt recovery policies.

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land - 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 payment.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required.

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

The profile of the Council's credit risk at balance date was:

	30 June 2012	30 June 2011
Percentage of rates and annual charges:		
- Overdue	100%	100%
Percentage of controllable receivables:		
- Current	95%	99%
- Overdue	5%	1%
	<u>100%</u>	<u>100%</u>

Controllable receivables exclude Government Grants and Subsidies, RTA, IPB and other receivables for which Council has no control over collection and payment and there is no defined/ agreed credit terms over the receipt of this income.

## Note 15 Financial risk management (continued)

### c) Payables Borrowings

Payables and borrowings are both subject to liquidity risk - that is 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 be extended and overdraft facilities drawn upon in extenuating circumstances.

The contractual undiscounted cash flows of Council's payables and borrowings are set out in the Liquidity sensitivity table below:

2012 \$'000	Due within 1 year Principle + Interest	Due between 1 and 5 years Principle + Interest	Due after 5 years Principle + Interest	Total contractual cash flows Principle + Interest	Carrying values
Payables	24,230			24,230	24,230
Borrowings	7,208	24,696	71,924	103,828	61,273
	<b>31,438</b>	<b>24,696</b>	<b>71,924</b>	<b>128,058</b>	<b>85,503</b>

2011 \$'000	Due within 1 year Principle + Interest	Due between 1 and 5 years Principle + Interest	Due after 5 years Principle + Interest	Total contractual cash flows Principle + Interest	Carrying values
Payables	24,216			24,216	24,216
Borrowings	6,325	22,506	64,256	93,087	53,351
	<b>30,541</b>	<b>22,506</b>	<b>64,256</b>	<b>117,303</b>	<b>77,567</b>

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate. Financial Services regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

	30 June 2012		30 June 2011	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Bank loans				
- Fixed	6.79%	55,996	7.01%	53,351
- Variable <sup>(1)</sup>	6.13%	5,275		
		<b>61,271</b>		<b>53,351</b>

Note:

(1) The interest rate risk applicable to Variable Rate Bank Loans is not considered significant.

## **Note 16     Material budget variations**

Council's budget was incorporated as part of the Delivery Program 2011/12 -2014/2015 and Operational Plan 2011/2012 adopted by the Council on 21 June 2011. The original projections on which the budget was based have been affected by a number of factors. These include State and Federal Government decisions including new grant programs, changing economic activity, the weather, and by decisions made by the Council.

### **Revenues**

#### **1 Interest and investment revenue**

Revenue was up on budget due mainly to a very conservative estimate being made in the budget based on known financial market conditions at the time.

#### **2 Other Revenues**

Other revenues have increased due to the revaluation of Council's investment properties and recoupment of \$1,000 of CDO's.

#### **3 Grants and contributions**

Variance in grants and contributions has arisen due to Payments made in advance for the Financial Assistance Grant and unbudgeted Subdivision donations

### **Expenses**

#### **1 Borrowing costs**

Finance Charges were greater than budget due to higher than expected interest rates.

#### **2 Depreciation and amortisation**

Depreciation and amortisation was greater than budget due to the impact of the revaluation of roads and drainage in the 2009/ 2010 financial year.

#### **3 Other expenses**

Other expenses were below budget due to costs associated with NSW State Government Waste Levy due to reduced waste tonnages.

All favourable and unfavourable budget to actual variations are reported to Council on a quarterly basis as part of the Quarterly Review document.

## Note 17 Statement of developer contributions

### (a) Summary of developer contributions

Purpose	Opening Balance \$'000	Contributions received during year		Interest and investment income earned during year \$'000	Expended during year \$'000	Internal borrowings during the year \$'000	Held as restricted asset \$'000	Projected future Contributions \$'000	Projected costs of works still outstanding \$'000	Projected over/under funding \$'000
		Cash \$'000	Non cash \$'000							
Section 94A Plan	11,084	1,273	-	493	1,603	-	11,247	-	-	-
Section 94 Contribution Plan No 4	14	122	-	4	-	-	140	686	7,783	(6,957)
Section 94 Plan No 1 2005 BGH	6,533	333	-	209	3,208	-	3,867	3,844	16,861	(9,150)
<b>Total Contributions</b>	<b>17,631</b>	<b>1,728</b>		<b>706</b>	<b>4,811</b>		<b>15,254</b>	<b>4,530</b>	<b>24,644</b>	<b>(16,107)</b>

With the introduction of the s94A plan and the development of a works program council has pooled the funds and is applying them progressively towards the provision of services in the relevant plan.

## Note 17 Statement of developer contributions (continued)

### (b) Section 94A Plan

Purpose	Opening Balance \$'000	Contributions received during year		Interest and investment income earned during year \$'000	Expended during year \$'000	Internal borrowings during the year \$'000	Held as restricted asset \$'000	Projected future Contributions \$'000	Projected costs of works still outstanding \$'000	Projected over/under funding \$'000
		Cash \$'000	Non cash \$'000							
Section 94A Plan	11,084	1,273	-	493	1,603	-	11,247	-	-	-
<b>TOTAL</b>	<b>11,084</b>	<b>1,273</b>		<b>493</b>	<b>1,603</b>		<b>11,247</b>			<b>-</b>

### (c) Section 94 Contribution Plan No 4

Purpose	Opening Balance \$'000	Contributions received during year		Interest and investment income earned during year \$'000	Expended during year \$'000	Internal borrowings during the year \$'000	Held as restricted asset \$'000	Projected future Contributions \$'000	Projected costs of works still outstanding \$'000	Projected over/under funding \$'000
		Cash \$'000	Non cash \$'000							
Transport Facilities - Blue Gum Hills	14	122	-	4	-	-	140	686	7,783	(6,957)
<b>TOTAL</b>	<b>14</b>	<b>122</b>		<b>4</b>			<b>140</b>	<b>686</b>	<b>7,783</b>	<b>(6,957)</b>



## Note 17 Statement of developer contributions (continued)

### (d) Section 94 Plan No 1 2005 BGH

Purpose	Opening Balance \$'000	Contributions received during year		Interest and investment income earned during year \$'000	Expended during year \$'000	Internal borrowings during the year \$'000	Held as restricted asset \$'000	Projected future Contributions \$'000	Projected costs of works still outstanding \$'000	Projected over/under funding \$'000
		Cash \$'000	Non cash \$'000							
Open Space	4,160	170	-	113	2,440	-	2,003	2,733	5,046	(310)
Regional Open Space	16	5	-	1	-	-	22	40	9,974	(9,912)
Community Facility	2,363	115	-	86	729	-	1,835	850	1,842	843
Other (Bikeways)	22	-	-	1	-	-	23	-	-	23
Other (Studies)	142	-	-	6	5	-	143	-	-	143
S94 Management	38	26	-	2	34	-	32	133	-	165
BGH Place Management	(208)	17	-	-	-	-	(191)	89	-	(102)
<b>TOTAL</b>	<b>6,533</b>	<b>333</b>		<b>209</b>	<b>3,208</b>		<b>3,867</b>	<b>3,845</b>	<b>16,862</b>	<b>(9,150)</b>

## Note 18 Contingencies

### Contingent liabilities

#### *The Local Government Superannuation Scheme*

The Local Government Superannuation Scheme – Pool B (the Scheme) is a defined benefit plan that has been deemed to be a “multi-employer fund” for purposes of AASB119. Sufficient information under AASB119 is not available to account for the Scheme as a defined benefit plan, because the assets to the Scheme are pooled together for all employers. The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2012 was \$3,870,000. The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 16 February 2010 and covers the period ended 30 June 2009. However the position is monitored annually and the Actuary has estimated that as at 30 June 2012 a deficit still exists. Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit. The share of this deficit that can be broadly attributed to the employer was estimated to be in the order of \$10,948,294 as at 30 June 2012.

#### *Long Term Receivable (Note 7)*

Council has a long term receivable disclosed at Note 7 which represents balances previously recognised as investments. The original investments were administered by Lehman Bros Europe and are now held in trust by Bank of New York Mellon as trustee on behalf of note holders including Council. The nature of the asset changed on this transfer and is no longer operating as an investment with consistent returns or maturity date.

A court hearing was held in the United Kingdom in July 2009 and note holders, including Council received a favourable judgement securing priority over disbursements of the collateral of the defaulted Lehman Brothers investments. An appeal was lodged in October 2009 by Lehman Brothers however in November 2009 the Court of Appeal upheld the original assessment of note holder priority over the disbursements of the collateral.

Lehman Brothers again appealed the November 2009 assessment in the English Supreme Court and the appeal was granted. This appeal was heard in the English Supreme court from 1 March 2011 to 3 March 2011.

A determination was made by the English Supreme Court on 27 July 2011 that note holders again be granted favourable judgment securing priority over disbursements of the collateral of the Lehman Brothers Investments. This is a pleasing result and deemed a material victory for Lehman CDO note holders. However legal proceedings are continuing in the US Court System with the trustee unwilling to distribute collateral to note holders whilst there are incompatible UK and US Court judgments.

Council's current status in the US Court System is as follows: In February 2011 note holders filed a motion in the US Bankruptcy Court to intervene in adversary proceedings that Lehman Brothers initiated in September 2010 against the trustee of the notes (Bank of New York Mellon) challenging the note holder priority to collateral. Our motion was denied by the Judge and an appeal was lodged with the US District Court. The appeal was heard on 21 June 2011 and dismissed by the US District Court. After the dismissal a second notice of appeal with the Second Circuit of the District Court was filed in July 2011 after the favorable outcome in the UK. The appeal to the Second Circuit was heard in May 2012 with a decision still awaited as at 30 June 2012. Meanwhile the adversary proceedings between Lehman Brothers and Bank of New York Mellon have been subjected to continual stayed proceedings throughout the course of the last twelve months.

In an effort to expedite the stalled proceedings in the US new legal proceedings were lodged by Council's legal representatives, on 9 February 2012. The lodged proceedings were a complaint in the Bankruptcy Court against BNY and LBSF to enforce the UK Supreme Court decision upholding note holder priority. At the same time a motion was filed in the District Court to have the new proceedings heard immediately in the District Court rather than in the Bankruptcy Court. On 20 April 2012 BNY filed a supportive response to our motion focusing on the currently incompatible UK and US judgments, whilst Lehman Brothers objected to the motion. On 11 May 2012 we filed our response to Lehman's objection. As at 30 June 2012 a hearing date is yet to be set for this motion.

Council believes it has fully recognised the extent of any probable loss in the provision against the receivable at Note 7 and that no further loss is expected to be realised.

#### *Other Contingent Liabilities*

Council has been named the defendant in a number of proceedings for parties who seek compensation for property and employment related matters. The amount of this liability cannot be accurately determined at this time and as such has not been brought to account in the financial statements. Further details have not been disclosed as it would be prejudicial to Council.

## Note 19 Interests in joint ventures

Council participates in the following joint ventures, the activities of which are not controlled by any one member:-

1. Newcastle Airport Limited
2. Hunter Council's Limited

### 1. Newcastle Airport Limited

The Council is involved in a joint venture with Port Stephens Council for the operation of civil aviation facilities at Newcastle Airport. The Council has a 50% interest in the assets, liabilities and output of this joint venture. The councils have a lease with the Commonwealth Government for 40 years to operate the civil aviation facilities. Control over the airport's operations on behalf of the two councils is exercised by Newcastle Airport Limited, a company limited by guarantee, which collects revenues, incurs expenses and operates assets.

Council's share of income and expenditure applicable to the joint venture are included in the Income statement as follows:-

	2012	2011
<b>Newcastle Airport Limited</b>		
Council's respective interests are:		
- interest in outputs of the joint operation	50%	50%
- ownership interest in the joint operation	50%	50%
- the proportion of voting power in the joint operation	50%	50%

Revenues, expenses, assets and liabilities of these operations have been consolidated within these reports in accordance with Australian Accounting Standards AASB 131 Interests in Joint Ventures and are summarised below. Reporting periods and accounting policies adopted conform to those adopted by Council. No events have occurred after balance date the financial effects of which may materially affect the financial or operating performance of the joint operations for the next reporting period.

During the year, the Newcastle Airport Venture identified a series of fraudulent transactions that occurred over a period of 3 - 4 years. The value of these transactions have been adjusted for in the current year's result.

	2012 \$'000	2011 \$'000
<b>Movements in investment in joint operation (unconsolidated)</b>		
Opening balance	19,560	16,860
Share in operating result	2,523	2,700
<b>Share in equity of joint operation</b>	<b>22,083</b>	<b>19,560</b>
<b>Income statement (consolidated)</b>		
Share of joint venture revenues in operating revenues	11,154	10,347
Share of joint venture costs in operating expenses	8,631	7,647
<b>Net Contribution</b>	<b>2,523</b>	<b>2,700</b>

## Note 19 Interests in joint ventures (continued)

### Share of joint venture's assets and liabilities (consolidated)

	2012 \$'000	2011 \$'000
<b>Current assets</b>		
Cash and cash equivalents	8,561	6,770
Receivables	1,678	1,357
Other	60	39
<b>Total current assets</b>	<b>10,299</b>	<b>8,166</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	22,338	22,397
Other	17	22
<b>Total non-current assets</b>	<b>22,355</b>	<b>22,419</b>
<b>Total assets</b>	<b>32,654</b>	<b>30,585</b>
<b>Current liabilities</b>		
Payables	2,554	1,632
Borrowings	983	924
Provisions	171	132
<b>Total current liabilities</b>	<b>3,708</b>	<b>2,688</b>
<b>Non-current liabilities</b>		
Borrowings	4,499	5,413
Provisions	65	52
<b>Total non-current liabilities</b>	<b>4,564</b>	<b>5,465</b>
<b>Total liabilities</b>	<b>8,272</b>	<b>8,153</b>
<b>Net assets</b>	<b>24,382</b>	<b>22,432</b>

### Expenditure commitments

Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

#### (a) Operating lease commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2012 \$'000	2011 \$'000
Not later than one year	-	23
Later than one year and not later than 5 years	-	52
	<b>-</b>	<b>75</b>

The above operating leases exclude the lease agreement with the Commonwealth of Australia.

The entity has a lease agreement with the Commonwealth of Australia for the period to 31 March 2045. The expenditure commitment consists of base rental adjusted for CPI and an additional rental related to the revenue of the entity as defined in the lease agreement.

## Note 19 Interests in joint ventures (continued)

### (b) Capital commitments

Commitments for the acquisition of leasehold improvements contracted for at the reporting date but not recognised as liabilities, payable

	2012 \$'000	2011 \$'000
Within one year	2,054	251
	<u>2,054</u>	<u>251</u>

This amount relates to accounting software and IT infrastructure upgrades. In 2009 this primarily included construction relating to upgrades to the bronze carpark, car parking roadworks and the rehabilitation of the apron and taxiway. These commitments are to be funded through financial assistance from the joint venture parties and operating cash flows.

### (c) Hire purchase commitments

Commitments under hire purchase at the reporting date are payable as follows:

	2012 \$'000	2011 \$'000
Not later than one year	472	501
Later than one year and not later than 5 years	676	1,038
<b>Total</b>	<u>1,148</u>	<u>1,539</u>
Minimum hire purchase payments		
Less: Future finance charges	124	169
<b>Hire purchase liability</b>	<u>1,024</u>	<u>1,370</u>
Representing lease and hire purchase liabilities:		
- Current	415	421
- Non-current	609	949
<b>Total</b>	<u>1,024</u>	<u>1,370</u>

### Contingent liabilities

Each member of the operation is jointly and severally liable for the debts of the operation

- arising from Council's share of the joint operation
- arising from joint and several liability of all members

## Note 19 Interests in joint ventures (continued)

### 2. Hunter Council's Limited

Council has an interest in Hunter Council's Limited, along with other Member Councils. The activities of this organisation are not controlled by any one Council.

Hunter Council's Limited has been established to improve the quality and efficiency of local government service throughout the Hunter Region. One such service is the establishment and provision of a Record Repository Centre for the use of the Member Councils and to outsource this service to other organisations.

This Organisation was established in January 2003 after receiving Minister's consent, pursuant to Section 358(1)(a) of the Local Government Act 1993 (as amended).

<b>Hunter Council's Limited</b>	<b>2012</b>	<b>2011</b>
Council's respective interests are:		
- interest in outputs of the joint operation	<b>19.492%</b>	19.492%
- ownership interest in the joint operation	<b>19.492%</b>	19.492%
- the proportion of voting power in the joint operation	<b>15.385%</b>	15.385%
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Movements in investment in joint operation (unconsolidated)</b>		
Opening balance		(200)
Transfer to Equity Accounting		200
Share in operating result		
<b>Share in equity of joint operation</b>		

## Note 19 Interests in joint ventures (continued)

### Joint venture partnership

Council has an interest in Hunter Councils Limited, along with other Member Councils of Hunter Councils. The activities of this organisation are not controlled by any one Council.

Hunter Council Limited has been established to improve the quality and efficiency of local government service throughout the Hunter Region. One such service is the establishment and provision of a Record Repository Centre for the use of the Member Councils and to outsource this service to other organisations.

This Organisation was established in January 2003 after receiving Minister's consent, pursuant to Section 358(1) (a) of the Local Government Act 1993.

<b>Hunter Councils Limited</b>	<b>2012</b>	<b>2011</b>
Council's respective interests are:		
- interest in outputs of the joint operation	<b>19.492%</b>	19.492%
- ownership interest in the joint operation	<b>19.492%</b>	19.492%
- the proportion of voting power in the joint operation	<b>15.385%</b>	15.385%
	<b>Actual 2012 \$'000</b>	<b>Actual 2011 \$'000</b>
<b>Carrying amount of investment in partnership</b>	<b>138</b>	<b>(172)</b>
<b>Share of partnership's assets and liabilities</b>		
Current assets	55	42
Non-current assets	655	369
<b>Total assets</b>	<b>710</b>	<b>411</b>
Current Liabilities	75	59
Non-current liabilities	497	524
<b>Total liabilities</b>	<b>572</b>	<b>583</b>
<b>Net assets</b>	<b>138</b>	<b>(172)</b>
<b>Share of partnership's revenue, expenses and results</b>		
Revenues	177	153
Expenses	149	126
<b>Operating result</b>	<b>28</b>	<b>27</b>
<b>Share of partnership's commitments</b>		
Lease commitments	1	3
Other commitments (other than for the supply of inventories)	-	-
Total expenditure commitments	1	3
Capital commitments	-	2
	<b>1</b>	<b>5</b>

### Contingent liabilities relating to joint ventures

Each of the partners in Hunter Council's Limited are jointly and severally liable for the debts of the organisation.

As at 30 June 2012 the company had no contingent liabilities.



## Note 20 Revaluation reserves and retained earnings

	Notes	Actual 2012 \$'000	Actual 2011 \$'000
<b>(a) Retained earnings</b>			
Movements in retained earnings were as follows:			
At beginning of year		1,086,035	1,486,545
Adjustment to correct prior period errors	20(d)	1,485	(400,906)
Equity Accounting of Hunter Councils Limited			200
Net operating result for the year		(12,319)	(260)
Transfer from Infrastructure, property, plant and equipment revaluation reserve		230	456
At end of year		<u>1,075,431</u>	<u>1,086,035</u>
<b>(b) Revaluation reserves</b>			
Available-for-sale investments revaluation reserve		-	74
Infrastructure, property, plant and equipment reserve		314,652	314,882
		<u>314,652</u>	<u>314,956</u>
<b>Movements:</b>			
<i>Available-for-sale investments revaluation reserve</i>			
At beginning of year		74	969
Revaluation - gross		-	583
Transfer to net profit - gross		(74)	(1,478)
At end of year		<u>-</u>	<u>74</u>
<i>Property, plant and equipment revaluation reserve</i>			
At beginning of year		314,882	247,075
Revaluations	9(a)		68,263
Transfer to Retained earnings for previously revalued assets disposed during the year		(230)	(456)
At end of year		<u>314,652</u>	<u>314,882</u>

### (c) Nature and purpose of reserves

#### i) Available-for-sale investments revaluation reserve

Changes in fair value are taken to the available-for-sale investments revaluation reserve, as described in Note 1(k). Amounts are recognised in profit and loss when the associated assets are sold or impaired.

#### ii) Infrastructure, property, plant and equipment revaluation reserve

The infrastructure, property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

## Note 20 Revaluation reserves and retained earnings

	Actual 2012 \$'000	Actual 2011 \$'000
<b>(d) Correction of errors in previous years</b>		
<i>Depreciable Land Improvements, Other Structures and Other assets</i>		
Council had not previously reassessed the useful life of its depreciable Land Improvements, Other Structures and Other Assets on a regular basis and, as a result, was found to have significantly over or understated their depreciation of these assets. A revaluation exercise in the 2011 year identified these errors and An adjustment has been made against the current year balances of IPPE and Retained Earnings to account for these errors. It is considered impractical to restate the priors year comparatives.		
Depreciable Land Improvements depreciation understated		(6,781) <sup>(1)</sup>
Community Land overstated		(375,170) <sup>(1)</sup>
Other Structures depreciation understated and value overstated		(20,582) <sup>(1)</sup>
Other Assets depreciation overstated		1,627 <sup>(1)</sup>
Adjustment to Retained earnings		<u><u>(400,906)</u></u> <sup>(2)</sup>
<i>Storm Water Quality Devices</i>		
Council had not previously identified assets in relation to Storm Water Quality Devices and, as a result, was found to have significantly understated the depreciation of these assets. A Strategic Asset Management Plan exercise in the 2012 year identified these errors and an adjustment has been made against the current year balances of IPPE and Retained Earnings to account for these errors. It is considered impracticable to restate the prior year comparatives.		
Drainage assets not previously identified	1,485	<sup>(1)</sup>
Adjustment to Retained earnings	<u><u>1,485</u></u>	<sup>(2)</sup>

### (e) Voluntary changes in accounting policies

No voluntary changes in accounting policies.

(1) Adjusted to Retained earnings

(2) Corrections have been made against the current year balances of IPPE, Retained earnings and Revaluation Reserves because it was found to be too impractical to restate the prior year comparatives

## Note 21      Non-current assets classified as held for sale

	Actual 2012 \$'000	Actual 2011 \$'000
Land & Buildings	<u>18,197</u>	<u>4,445</u>
	<u>18,197</u>	<u>4,445</u>

Council has parcels of land and buildings which it has made a decision to dispose of.

## **Note 22     Events occurring after balance sheet date**

(a) The passage of the Clean Air Legislation (Clean Energy Act 2011 and supporting legislation) will have an impact on Council's operating results going forward, Council expects to pay more for its energy usage including electricity, gas, water and fuel but will be compensated to some extent through additional rate revenue and domestic waste management charges that it proposes to raise. the operation of Councils landfill site is expected to result in Council being liable for a carbon tax gas emissions but it is proposed to increase tipping fees to cover this additional costs.

Council also expects construction materials such as concrete and asphalt to increase in price but is unable to quantify the effect of these increases at the present time.

The financial effects of the Clean Air Legalisation have not been brought to account at 30 June 2012.

(b) As at 30 June 2012 Council had listed for sale three Car Parks. These assets held for sale were still in the tender process at end of year and consisted of the following properties:

Newcastle West - 291 King Street, Newcastle  
Bolton Street - 50 Bolton Street, Newcastle  
Mall - 92 King Street, Newcastle

Subsequently, the sale of the Newcastle West car park settled on 1 October 2012 for an amount of \$4.1 million. The sale of the Bolton Street car park is due to settle on 30 November 2012 for an amount of \$5.6 million.

The above assets have been identified by inclusion in Note 21 Non Current Assets Held For Sale at cost. Any subsequent gain or loss on sale will be recognised in future years.

## Note 23 Reinstatement, rehabilitation and restoration liabilities

### Asset remediation

Council is required to perform rehabilitation and environmental works at the present waste management site at Summerhill Waste Management Centre. The projected cost of this restoration is \$3.25 million based on feasibility and engineering studies. The project cost has been discounted to its present value at 7% per annum being the risk-free cost of borrowing to Council.

	Actual 2012 \$'000	Actual 2011 \$'000
At beginning of year	2,644	2,628
Amortisation of discount - expensed to borrowing costs	287	53
Capital expenditure incurred		(37)
Amounts capitalised to Tip asset		
- New disturbance		
- Revised costs	381	
- Revised life		
- Revised discount rate		
At end of year	<u>3,312</u>	<u>2,644</u>

## Note 24 Intangible assets

	Actual 2012 Software \$'000	(1)	Actual 2011 Software \$'000
<b>Year ended at 30 June 2011</b>			
Opening net book amount	451		
Additions - acquisition	156		429
Additions - internal development	82		22
Amortisation charge	(2)		
Closing net book amount	<u>689</u>		<u>451</u>
<b>At 30 June 2012</b>			
<b>Cost</b>	<b>689</b>		<b>451</b>
<b>Accumulated amortisation and impairment</b>			
<b>Net book amount</b>	<u><b>689</b></u>	<b>(1)</b>	<u><b>451</b></u>

(1) Software includes capitalised development costs being an internally generated intangible asset.

(2) The asset is classified as WIP at year end therefore no amortisation charge in the current year.



## **Special Schedules For the year ended 30 June 2012**

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# Special Schedule No. 1

## Net cost of services

for the year ended 30th June 2012  
\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations (non-capital)	Income from continuing operations (capital)	Net Cost of Services
<b>Governance</b>	<b>6,380</b>			<b>6,380</b>
<b>Administration</b>	<b>36,214</b>	<b>7,369</b>		<b>28,845</b>
<b>Public Order &amp; Safety</b>				
Fire Service Levy, Fire protection, Emergency services	3,041	12		<b>3,029</b>
Beach Control	4,421	53		<b>4,368</b>
Enforcement of Local Govt Regs	1,837	402		<b>1,435</b>
Animal Control	739	313		<b>426</b>
Other	1,005	157	115	<b>733</b>
<b>Total Public Order &amp; Safety</b>	<b>11,043</b>	<b>937</b>	<b>115</b>	<b>9,991</b>
<b>Health</b>	<b>578</b>	<b>111</b>		<b>467</b>
<b>Environment</b>				
Noxious Plants and Insect/ Vermin Control	450	41		<b>409</b>
Other Environmental Protection	5,741	1,475		<b>4,266</b>
Solid Waste Management	32,007	17,101		<b>14,906</b>
Street Cleaning	2,719			<b>2,719</b>
Stormwater Management	6,585			<b>6,585</b>
<b>Total Environment</b>	<b>47,502</b>	<b>18,617</b>		<b>28,885</b>
<b>Community Services &amp; Education</b>				
Administration & Education	534	105	1	<b>428</b>
Aged Persons and disabled	569	132		<b>437</b>
Childrens Services	4,060	2,963		<b>1,097</b>
<b>Total Community Services &amp; Education</b>	<b>5,163</b>	<b>3,200</b>	<b>1</b>	<b>1,962</b>
<b>Housing &amp; Community Amenities</b>				
Public Cemeteries	88	84		<b>4</b>
Public Conveniences	686	-		<b>686</b>
Street Lighting	3,486	432		<b>3,054</b>
Town Planning	5,748	1,788	1,133	<b>2,827</b>
Other Community Amenities	805	225	845	<b>(265)</b>
<b>Total Housing &amp; Community Amenities</b>	<b>10,813</b>	<b>2,529</b>	<b>1,978</b>	<b>6,306</b>
<b>Recreation &amp; Culture</b>				
Public Libraries	8,987	728	46	<b>8,213</b>
Museums	3,103	664	17	<b>2,422</b>
Art Galleries	2,548	313	2,457	<b>(222)</b>
Community Centres & Halls	3,325	886		<b>2,439</b>
Other Cultural Services	6,033	2,590	359	<b>3,084</b>
Sporting Grounds & Venues	4,270	416	758	<b>3,096</b>
Swimming Pools	4,450	975		<b>3,475</b>
Parks & Gardens (Lakes)	16,573	427	318	<b>15,828</b>
Other Sporting & Recreation	1,148	297	33	<b>818</b>
<b>Total Recreation &amp; Culture</b>	<b>50,437</b>	<b>7,296</b>	<b>3,988</b>	<b>39,153</b>

# Special Schedule No. 1

## Net cost of services

for the year ended 30th June 2012  
\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations (non-capital)	Income from continuing operations (capital)	Net Cost of Services
<b>Mining, Manufacturing &amp; Construction</b>				
Building Control	4,895	2,820		2,075
<b>Total Mining, Manufacturing &amp; Construction</b>	<b>4,895</b>	<b>2,820</b>		<b>2,075</b>
<b>Transport &amp; Communication</b>				
Urban Roads (UR) - Local	24,827	(145)	4,919	20,053
Urban Roads - Regional	6,625	6,534		91
Bridges on UR - Local	1,591	-		1,591
Parking Areas	5,111	9,201		(4,090)
Footpaths	7,917	-	17	7,900
Aerodromes	7,938	11,097		(3,159)
Other Transport & Communication	215	52		163
<b>Total Transport &amp; Communication</b>	<b>54,224</b>	<b>26,739</b>	<b>4,936</b>	<b>22,549</b>
<b>Economic Affairs</b>				
Camping Areas and Caravan Parks	1,116	1,671		(555)
Other Economic Affairs	6,534	5,317		1,217
<b>Total Economic Affairs</b>	<b>7,650</b>	<b>6,988</b>		<b>662</b>
<b>Totals - Functions</b>	<b>234,900</b>	<b>76,606</b>	<b>11,018</b>	<b>147,276</b>
<b>General Purpose Revenues <sup>(2)</sup></b>				<b>134,957</b>
<b>Net Operating Result for the year <sup>(1)</sup></b>				<b>12,319</b>

(1) As reported in the Income statement

(2) Includes:

\* Rates and annual charges (including ex-gratia)

\* Non-capital general purpose grants

\* Interest on investments

# Special Schedule No. 2(a)

## Statement of Long-Term Debt (All Purpose)

for the year ended 30th June 2012

\$'000

Classification of Debt	Principal outstanding at beginning of Year (1)			New loans raised during the year (2)	Debt redemption during the year (3)		Transfers to Sinking Funds	Interest applicable for year	Principal outstanding at end of year		
	Current	Non-current	Total		From Revenue	Sinking Funds			Current (4)	Non-current (5)	Total
<b>Loans (by source)</b>											
Other State Government											
Financial Institutions	1,477	44,102	45,579	10,537	1,476	54,640		3,118	1,927	52,713	54,640
Joint Venture - PSC	789	5,613	6,402		795	5,607		439	878	4,729	5,607
<b>Total Loans</b>			<b>51,981</b>	<b>10,537</b>	<b>2,271</b>			<b>3,557</b>	<b>2,805</b>	<b>57,442</b>	<b>60,247</b>
<b>Other long term debt</b>											
Finance Leases			-								
Hire Purchase Agreements	421	949	1,370	110	456			78	415	609	1,024
<b>Total long term debt</b>	<b>421</b>		<b>1,370</b>	<b>110</b>	<b>456</b>			<b>78</b>	<b>415</b>	<b>609</b>	<b>1,024</b>
<b>Total</b>	<b>421</b>	<b>-</b>	<b>53,351</b>	<b>10,647</b>	<b>2,727</b>			<b>3,635</b>	<b>3,220</b>	<b>58,051</b>	<b>61,271</b>

Exclude: Internal Loans and refinancing of loans except for any additional borrowings

Please check that for each debt line category:

Principal outstanding (previous year) + New Loans Raised - Debt Redemption = Principal Outstanding (Current Year)

(1) Show same values as reported on previous year's Special Schedule 5 (1). If values are different, please provide reason for variation.

(2) Values should agree with Proceeds from Loans and Other Borrowings shown on the Cash Flow Statement (Financing Activities), excluding Finance Leases.

(3) Values should agree with Reduction of Loans and Other Liabilities shown on the Cash Flow Statement (Financing Activities).

(4) Total should agree with Current Liabilities - Borrowings (Balance Sheet).

(5) Total should agree with Non-Current Liabilities - Borrowings (Balance Sheet).

Discounts or premiums recognised on initial loan raising and unwinding of those discounts or premiums is excluded.

## Special Schedule No. 7

### Condition of Public Works

as at 30 June 2012

\$'000

Asset Class	Asset Category (as determined by Council)	Depreciation Rate % (specific rate or range of rates)	Depreciation Expense \$'000	Cost \$'000	Valuation \$'000	Accumulated Depreciation and Impairment \$'000	WDV \$'000	Asset Condition <sup>(4)</sup>	Estimated cost to bring to a satisfactory standard <sup>(1)</sup> \$'000	Required Annual Maintenance Expense <sup>(2)</sup> \$'000	Current Annual Maintenance <sup>(3)</sup> \$'000
		Per Note 1	Per Note 4	Per Note 9				Per Section 428 (2d)			
Buildings & Structures	Buildings Long Life								75,505		5,303
	Buildings Short Life								18		810
	Building Services								12,500		4,115
	Retaining Walls								448		1,073
	River Walls								1,097		938
		1.67 - 5.00	13,433	0	442,382	244,001	198,381		89,568	27,053	12,239
Public Roads	Wearing Surface - Regional										618
	Pavement - Regional										277
	Wearing Surface - Local								6,792		5,900
	Pavement - Local								4,173		2,570
	Footpath - Local								2,380		2,974
	Kerb & Gutter - Local								27		1,873
	Bridges & Culverts - Local								134		92
		2.00 - 6.67	26,749	0	1,144,085	548,147	595,938		13,506	15,914	14,304
Drainage Works	Stormwater Pits								182		426
	Stormwater Pipes & Culverts								14,076		675
		1.67 - 3.33	5,077	0	165,777	69,352	96,425		14,258	3,183	1,101
<b>Total classes</b>	<b>Total - all assets</b>		<b>45,259</b>	<b>0</b>	<b>1,752,244</b>	<b>861,500</b>	<b>890,744</b>		<b>117,332</b>	<b>46,150</b>	<b>27,644</b>

Notes:

(1) Satisfactory refers to estimated cost to bring the asset to a satisfactory condition as deemed by Council. It does not include any planned 'enhancements(s)' to the existing asset.

(2) Required Annual Maintenance is what should be spent to maintain assets in a satisfactory standard.

(3) Current Annual Maintenance is what has been spent in the current year to maintain assets.

(4) Asset Condition from International Management Manual (2011 - Section 2.5.4)

Rank	Description of Condition	Maintenance Level
1	Very Good Condition	Only normal maintenance required.
2	Minor Defects Only	Minor maintenance required (5%).
3	Maintenance Required to Return to Accepted Level of Services	Significant maintenance required (10-20%).
4	Requires Renewal	Significant renewal/ upgrade required (20-40%).
5	Asset Unserviceable	Over 50% of asset requires replacement

## Special Schedule No. 8

### Financial Projections

	2012 <sup>(1)</sup> \$m	2013 \$m	2014 \$m	2015 \$m	2016 \$m
<b>Operating budget</b>					
Income from continuing operations	222	224	225	232	244
Expenses from continuing operations	234	235	241	246	259
Operating result from continuing operations	(12)	(11)	(16)	(14)	(15)
<b>Capital budget</b>					
New capital works <sup>(2)</sup>	58	52	55	49	53
<b>Total Budget</b>	<b>70</b>	<b>63</b>	<b>71</b>	<b>63</b> 0	<b>68</b>
Funded by:					
- Reserves	39	30	31	43	46
- Asset sales		12	24	4	6
- Loans	10	10	10	10	10
- Grants/Contributions	21	11	6	6	6
- Recurrent revenue					
	70	63	71	63	68

*Notes:*

(1) From Income Statement

(2) New capital works are major non-recurrent projects

(3) Financial Projections are in accordance with Councils Integrated Planning and Reporting framework

The City of Newcastle

# Financial Statements

## Special Purpose Financial Statements 2011-2012

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## **Special purpose financial statements For the year ended 30 June 2012**

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# Income statement of other business activities

for the year ended 30 June 2012

	Business Activities			
	Waste Management Collection Service Cat 1	Waste Management Collection Service Cat 1	Waste Management Disposal Service Cat 1	Waste Management Disposal Service Cat 1
	Actual 2012 \$'000	Actual 2011 \$'000	Actual 2012 \$'000	Actual 2011 \$'000
<b>Income from continuing operations</b>				
Rates and annual charges	10,402	10,532	6,201	5,107
User charges and fees	1,945	2,569	16,775	21,549
<b>Total income from continuing operations</b>	<b>12,347</b>	<b>13,101</b>	<b>22,976</b>	<b>26,656</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	2,888	2,650	1,893	1,922
Materials and contracts	10,619	11,595	19,226	21,136
Borrowing costs			437	53
Depreciation and impairment	206	335	1,086	1,805
Calculated taxation equivalents			29	16
<b>Total expenses from continuing operations</b>	<b>13,713</b>	<b>14,580</b>	<b>22,671</b>	<b>24,932</b>
<b>Surplus/(deficit) from continuing operations before capital amounts</b>				
	(1,366)	(1,479)	305	1,724
<b>Surplus (deficit) from all operations before tax</b>	<b>(1,366)</b>	<b>(1,479)</b>	<b>305</b>	<b>1,724</b>
Less: Corporate Taxation Equivalent (30%)			92	517
<b>Surplus (deficit) after tax</b>	<b>(1,366)</b>	<b>(1,479)</b>	<b>213</b>	<b>1,207</b>
<b>Opening retained profits</b>	<b>2,673</b>	<b>4,152</b>	<b>13,020</b>	<b>11,280</b>
<b>Adjustments for amounts unpaid</b>				
- Taxation equivalent payments			29	16
- Corporate taxation equivalent			92	517
<b>Closing retained profits</b>	<b>1,307</b>	<b>2,673</b>	<b>13,354</b>	<b>13,020</b>
RETURN ON CAPITAL (%)	2.4%	4.9%	2.4%	4.9%
SUBSIDY FROM COUNCIL				

**Income statement of other business activities (continued)**

for the year ended 30 June 2012

	<b>Business Activities</b>			
	<b>Civic Theatre &amp; Playhouse Cat 1</b>	<b>Civic Theatre &amp; Playhouse Cat 1</b>	<b>City Hall Cat 2</b>	<b>City Hall Cat 2</b>
	<b>Actual 2012 \$'000</b>	<b>Actual 2011 \$'000</b>	<b>Actual 2012 \$'000</b>	<b>Actual 2011 \$'000</b>
<b>Income from continuing operations</b>				
User charges and fees	1,701	1,886	895	922
<b>Total income from continuing operations</b>	1,701	1,886	895	922
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	668	656	803	754
Materials and contracts	1,860	2,183	886	894
Depreciation and impairment	1,098	825	1,189	1,096
Calculated taxation equivalents	31	28	32	34
<b>Total expenses from continuing operations</b>	3,657	3,692	2,910	2,778
<b>Surplus/(deficit) from continuing operations before capital amounts</b>	(1,956)	(1,806)	(2,015)	(1,856)
<b>Surplus (deficit) from all operations before tax</b>	(1,956)	(1,806)	(2,015)	(1,856)
Less: Corporate Taxation Equivalent (30%)				
<b>Surplus (deficit) after tax</b>	(1,956)	(1,806)	(2,015)	(1,856)
<b>Opening retained profits</b>	1,035	2,813	9,958	11,780
<b>Adjustments for amounts unpaid</b>				
- Taxation equivalent payments	31	28	32	34
- Corporate taxation equivalent				
<b>Closing retained profits</b>	(890)	1,035	7,975	9,958
RETURN ON CAPITAL (%)	2.4%	4.9%	2.4%	4.9%
SUBSIDY FROM COUNCIL				

**Income statement of other business activities (continued)**

for the year ended 30 June 2012

	<b>Business Activities</b>			
	<b>Off Street Parking Stations Cat 2</b>	<b>Off Street Parking Stations Cat 2</b>	<b>Commercial Properties Cat 2</b>	<b>Commercial Properties Cat 2</b>
	<b>Actual 2012 \$'000</b>	<b>Actual 2011 \$'000</b>	<b>Actual 2012 \$'000</b>	<b>Actual 2011 \$'000</b>
<b>Income from continuing operations</b>				
User charges and fees	2,050	2,029	1,307	1,561
Fair value adjustments - Investment properties				
<b>Total income from continuing operations</b>	2,050	2,029	1,307	1,561
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	574	566	11	3
Materials and contracts	702	657	415	437
Depreciation and impairment	820	833		
Calculated taxation equivalents	121	119	73	86
<b>Total expenses from continuing operations</b>	2,217	2,175	499	526
<b>Surplus/(deficit) from continuing operations before capital amounts</b>	(167)	(146)	808	1,035
<b>Surplus (deficit) from all activities before tax</b>	(167)	(146)	808	1,035
Less: Corporate Taxation Equivalent (30%)			242	311
<b>Surplus (deficit) after tax</b>	(167)	(146)	566	724
<b>Opening retained profits</b>	11,779	11,806	17,830	16,709
<b>Adjustments for amounts unpaid</b>				
- Taxation equivalent payments	121	119	73	86
- Corporate taxation equivalent			242	311
<b>Closing retained profits</b>	11,733	11,779	18,711	17,830
<b>RETURN ON CAPITAL (%)</b>	2.4%	4.9%	2.4%	4.9%
<b>SUBSIDY FROM COUNCIL</b>				

**Income statement of other business activities (continued)**

for the year ended 30 June 2012

	<b>Business Activities</b>			
	<b>Stockton Caravan Park Cat 2</b>	<b>Stockton Caravan Park Cat 2</b>	<b>Beresfield Golf Course Cat 2</b>	<b>Beresfield Golf Course Cat 2</b>
	<b>Actual 2012 \$'000</b>	<b>Actual 2011 \$'000</b>	<b>Actual 2012 \$'000</b>	<b>Actual 2011 \$'000</b>
<b>Income from continuing operations</b>				
User charges and fees	1,671	1,711	344	364
<b>Total income from continuing operations</b>	1,671	1,711	344	364
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	37	38	30	43
Materials and contracts	1,140	1,198	167	158
Borrowing costs	1	1		
Depreciation and impairment	76	123	14	84
Calculated taxation equivalents	14	14		
<b>Total expenses from continuing operations</b>	1,268	1,374	211	285
<b>Surplus/(deficit) from continuing operations before capital amounts</b>	403	337	133	79
<b>Surplus (deficit) from all operations before tax</b>	403	337	133	79
Corporate Taxation Equivalent (30%)	121	101	40	24
<b>Surplus (deficit) after tax</b>	282	236	93	55
<b>Opening retained profits</b>	9,156	8,805	2,759	2,680
<b>Adjustments for amounts unpaid</b>				
- Taxation equivalent payments	14	14		
- Corporate taxation equivalent	121	101	40	24
<b>Closing Retained Profits</b>	9,573	9,156	2,892	2,759
RETURN ON CAPITAL (%)	2.4%	4.9%	2.4%	4.9%
SUBSIDY FROM COUNCIL				

# Balance sheet of Other business activities

for the year ended 30 June 2012

	Business Activities			
	Waste Management Collection Service Cat 1	Waste Management Collection Service Cat 1	Waste Management Disposal Service Cat 1	Waste Management Disposal Service Cat 1
	Actual 2012 \$'000	Actual 2011 \$'000	Actual 2012 \$'000	Actual 2011 \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Receivables	2,194	3,098	14,531	16,349
<b>Total current assets</b>	2,194	3,098	14,531	16,349
<b>Non-current assets</b>				
Infrastructure, property, plant and equipment	368	977	2,262	1,828
<b>Total non-current assets</b>	368	977	2,262	1,828
<b>Total assets</b>	2,562	4,075	16,793	18,177
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	11	174	24	2,021
Provisions	1,235	1,225	546	480
<b>Total current liabilities</b>	1,246	1,399	570	2,501
<b>Non-current liabilities</b>				
Provisions	9	3	2,869	2,656
<b>Total non-current liabilities</b>	9	3	2,869	2,656
<b>Total liabilities</b>	1,255	1,402	3,439	5,157
<b>Net assets</b>	1,307	2,673	13,354	13,020
<b>EQUITY</b>				
Retained earnings	1,307	2,673	13,354	13,020
<b>Total equity</b>	1,307	2,673	13,354	13,020

# Balance sheet of Other business activities

for the year ended 30 June 2012

	Business Activities			
	Civic Theatre & Playhouse Cat 1	Civic Theatre & Playhouse Cat 1	City Hall Cat 2	City Hall Cat 2
	Actual 2012 \$'000	Actual 2011 \$'000	Actual 2012 \$'000	Actual 2011 \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Receivables	168	122		
Other				
<b>Total current assets</b>	168	122		
<b>Non-current assets</b>				
Infrastructure, property, plant and equipment	11,554	12,329	14,735	16,524
<b>Total non-current assets</b>	11,554	12,329	14,735	16,524
<b>Total assets</b>	11,722	12,451	14,735	16,524
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	5,278	4,052	6,520	6,353
Provisions	118	143	239	211
<b>Total current liabilities</b>	5,396	4,195	6,759	6,564
<b>Non-current liabilities</b>				
Provisions	2	6	1	2
<b>Total non-current liabilities</b>	2	6	1	2
<b>Total liabilities</b>	5,398	4,201	6,760	6,566
<b>Net assets</b>	6,324	8,250	7,975	9,958
<b>EQUITY</b>				
Retained earnings	(891)	1,035	7,975	9,958
Revaluation reserves	7,215	7,215		
<b>Total equity</b>	6,324	8,250	7,975	9,958

# Balance sheet of Other business activities

for the year ended 30 June 2012

	Business Activities			
	Off Street Parking Stations	Off Street Parking Stations	Commercial Properties	Commercial Properties
	Cat 2	Cat 2	Cat 2	Cat 2
	Actual 2012 \$'000	Actual 2011 \$'000	Actual 2012 \$'000	Actual 2011 \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Receivables	4,908	4,102	5,902	5,015
<b>Total current assets</b>	4,908	4,102	5,902	5,015
<b>Non-current assets</b>				
Infrastructure, property, plant and equipment	20,046	20,880	12,815	12,815
<b>Total non-current assets</b>	20,046	20,880	12,815	12,815
<b>Total assets</b>	24,954	24,982	18,717	17,830
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	12	4		
Provisions	107	94	6	
<b>Total current liabilities</b>	119	98	6	
<b>Non-current liabilities</b>				
Provisions	2	5		
<b>Total non-current liabilities</b>	2	5		
<b>Total liabilities</b>	121	103	6	
<b>Net assets</b>	24,833	24,879	18,711	17,830
<b>EQUITY</b>				
Retained earnings	11,733	11,779	18,711	17,830
Revaluation reserves	13,100	13,100		
<b>Total equity</b>	24,833	24,879	18,711	17,830



# Balance sheet of Other business activities

for the year ended 30 June 2012

	Business Activities			
	Stockton Caravan Park Cat 2	Stockton Caravan Park Cat 2	Beresfield Golf Course Cat 2	Beresfield Golf Course Cat 2
	Actual 2012 \$'000	Actual 2011 \$'000	Actual 2012 \$'000	Actual 2011 \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Receivables	3,668	2,642	1,675	
<b>Total current assets</b>	3,668	2,642	1,675	
<b>Non-current assets</b>				
Infrastructure, property, plant and equipment	6,322	6,922	1,813	3,712
<b>Total non-current assets</b>	6,322	6,922	1,813	3,712
<b>Total assets</b>	9,990	9,564	3,488	3,712
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	2		8	372
Provisions	12	5	11	5
<b>Total current liabilities</b>	14	5	19	377
<b>Non-current liabilities</b>				
Provisions				
<b>Total non-current liabilities</b>				
<b>Total liabilities</b>	14	5	19	377
<b>Net assets</b>	9,976	9,559	3,469	3,335
<b>EQUITY</b>				
Retained earnings	9,573	9,156	2,892	2,758
Revaluation reserves	403	403	577	577
<b>Total equity</b>	9,976	9,559	3,469	3,335

## Note 1 Significant accounting policies

A statement summarising the supplemental accounting policies adopted in the preparation of the SPFS for National Competition Policy reporting purposes follows.

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by the Council and Division of Local Government. For the purposes of these statements, the Council is not a reporting entity.

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition criteria of applicable Australian Accounting Standards, other authoritative pronouncements of the AASB and Australian Accounting Interpretation. The disclosures in these special purpose financial statements have been prepared in accordance with the Local Government Act and Regulation and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. 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 on the 'Application of National Competition Policy to Local Government'. The 'Pricing & Costing for Council Businesses A Guide to Competitive Neutrality' issued by the Division of Local Government in July 1997 has also been adopted.

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. 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 & Costing for Council Businesses - A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

#### Category 1

Name	Brief description of Activity
Waste Management Collection Services	Collection of commercial, domestic and other waste
Waste Management Disposal Services	Waste disposal site activities
Civic Theatre and Playhouse	Operation of entertainment theatre

#### Category 2

Name	Brief description of Activity
City Hall	Provision of conference, reception and entertainment facilities
Off Street Parking Stations	Commercially operated parking stations
Commercial Properties	Commercial rental properties
Stockton Caravan Park	Operation of caravan park and swimming centre
Beresfield Golf Course	Operation of golf course and entertainment facilities

## Note 1 Significant accounting policies

### Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of Note 2 (Water Supply Best Practice Management Disclosures A513) and Note 3 (Sewerage Best Practice Management Disclosures A514). As required by the NSW Office of Water, Department of Environment, Climate Change and Water, the amounts shown in Notes 2 and Note 3 are shown in whole dollars.

### (i) Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations (General Purpose Financial Statements) just like all other costs. However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council nominated business activities and are reflected in the SPFS. 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 Tax Rate	30%
Sales Tax	10%
Land Tax	For the 2012 land tax year a \$396,000 threshold will apply to owners of liable land. The land tax rate for 2012 will be at 1.6% (plus \$100) on the combined value of all taxable land in excess of \$396,000. If the land tax liability is less than \$100, no land tax will be payable
Stamp Duty	Calculated accordingly to the nature of the instrument or transaction subject to duty
Payroll Tax	5.45%
Other Taxes or Charges\	Adjusted accordingly

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business activities. The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a "Dividend for Taxation equivalent", may be applied for any purpose allowed under the Local Government Act, 1993. Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

### Income tax

An income tax equivalent has been applied on the profits of the business. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of 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/(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 the taxation equivalent is notional, that is, it is payable to the "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 the GPFR. The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

## **Note 1 Significant accounting policies**

### ***Local Government rates and charges***

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all 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 the 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 where 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. The overall effect of subsidies is contained within the Income statement of Business Activities.

### ***(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”. Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council’s business activities on the 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.

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus. The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed 50% of this surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2012 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are submitted to the NSW Office of Water.