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1. Acknowledgement to Country

Shellharbour City Council acknowledges the Traditional Owners and Custodians of the Land on which we are meeting.

Webcasting

Administrator's Comment

The public gallery should note that Council records and webcasts its Council Meetings live to enhance the accessibility of Council Meetings to the broader Shellharbour City Community.

Council Meetings can now be viewed live via webcast, downloaded from Council's website for later viewing, or purchased from Council for viewing on a computer.

At the appropriate time during the meeting pre registered or invited members of the gallery may Address the Council at which time their image, comments or submissions will be broadcast live and recorded.

Council accepts no responsibility for any defamatory or offensive statements.

Please ensure that mobile phones and other electronic devices are turned off or are in silent mode for the duration of the meeting.

2. Confirmation of Minutes

2.1 Ordinary Meeting 22 February 2011

That the Minutes of the Ordinary Council Meeting held on 22 February 2011 as circulated be taken as read and confirmed as a correct record of proceedings.

3. Apologies / Leave of Absence

4. Confidential Business (Committee of the Whole)

Nil

5. Pecuniary Interest and Conflict of Interest Declarations

6. Condolences

7. Addresses to Council

8. Adjournment – Consideration of Addresses to Council (only to be taken where deemed to be required by the Council and determined by Resolution of the Council)

9. Administrator's Statements / Reports / Presentations

10. Councillors' Reports (not applicable at this time)

11. Administrator's Minutes

12. Reports

12.1 General Manager's Office

Nil

12.2 Operations & Services Division

12.2.1 NSW Community Building Partnership: Reddall Reserve Kiosk Upgrade (9625794)

To the General Manager

Division: Operations & Services Division
Department: Development & Technical Services

Manager: Max Boenisch - Group Manager Development & Technical Services
Author: Murray Davis - Forward Planning Engineer

Summary

The purpose of this report is to accept \$30,000 grant funding from the NSW State Government under the NSW Community Building Partnership Program. The grant has been offered toward an upgrade of the Reddall Reserve Kiosk.

Recommendation

1. That the Council accept the grant funding totalling \$30,000 from the NSW State Government under the NSW Community Building Partnership Program.
2. That authority be given for the Administrator and General Manager to execute all necessary documents under Council's Seal as appropriate in relation to the program.
3. That the budget be amended accordingly.

Background

The Premier, the Honourable Kristina Keneally MP, has approved grant funding to Council of \$30,000 under the NSW Community Building Partnership Program. The program aims to support jobs, stimulate growth and improve community facilities. Council made a submission for funding for the Reddall Reserve project under the funding program. The grant funding along with matching funding from the Lake Illawarra Authority (LIA) will add to upgrade works currently being carried out to the kiosk situated at Reddall Reserve. Funded works will involve the construction of a shelter connecting to the wind barriers recently erected adjacent to the kiosk. The works are being carried out by the Lake Illawarra Authority.

Consultations

Internal

Director Operations & Services
Group Manager Development & Technical Services

Manager Design
Manager Financial Services

External

Communities NSW
Lake Illawarra Authority

Considerations

Financial/resources implications

The estimated total cost of the proposed works is \$60,000. The LIA has agreed to allocate matching funds over the duration of the project. The project has no impact on Council's budget.

Legal & policy implications

All work will be conducted in accordance with the relevant standards and legislative requirements.

All grant conditions will be complied with.

Public/social impact

The upgrade works will improve amenity for kiosk patrons and visitors to the Lake Illawarra Foreshore.

Options

1. That the Council adopt the recommendation of this report.
2. That the Council not adopt the recommendation of this report.

Political Donations Disclosure

Not Applicable

Conclusions

Reddall Reserve is one of the region's most popular recreational areas and attracts high amounts of visitors to the City. The upgrade works will compliment the reserve's kiosk and will improve amenity at the locality.

Approved for Council's consideration: _____



Attachments

Nil

12.2.2 Requests for Donation (9459189)

To the General Manager

Division: Operations & Services Division

Department: Corporate Services

Manager: Tony Gearon - Group Manager Corporate Services

Author: Julie Larsen - Agenda / Administration Officer

Summary

This report recommends adoption of proposed donation contributions recommended by the Donations Working Group at its meeting on 2 March 2010. Not all requests for funding assistance are granted. Not all requests are approved exactly as requested. Approval is generally recommended in part or in full within Council's budget limits, for those applications which are deemed to fit the guidelines of Council's Donations Policy and Council's programme objectives. The Donations Policy is available on Council's Website, or from Council's Corporate Services department.

The Donations Working Group also considered applications from organisations applying for a portion of proceeds from the Cash for City Charities programme associated with the Australia Day Breakfast by the Lake. The actual amount these charities receive depends on the amount raised at the event held on Australia Day 2011 and the prioritisation of perceived needs by the Working Party.

Recommendation

1. That Council provide financial assistance totalling \$2,200 through the following donations/contributions for the purposes stated:

- 1. St Joseph's Catholic High School**
 - Prizes for Literary Luncheon for Year 11 students from the Illawarra area **\$200**
- 2. Crossroads NSW Inc Shellharbour Branch**
 - assisting with costs for use of Community Transport bus **\$1,000**
- 3. Society of St Vincent de Paul - Oak Flats branch**
 - Financial and material assistance for disadvantaged residents **\$500**
- 4. Gullinja's Aboriginal Dragon Boat Team**
 - sponsorship for entrance to the Dragon Boat Race associated with the Shellharbour Festival of Sport ** **\$500**

2. That the following Shellharbour community service groups, who assisted Council with the Australia Day Breakfast by the Lake event and without whose assistance the event could not proceed, receive between them, a distribution of 70% of the proceeds from the Australia Day Breakfast by the Lake 2011:

- 1. Rotary Club of Shellharbour**
- 2. Dunmore Rural Fire Brigade**
- 3. Oak Flats Lions Club**
- 4. Rotary Club of Albion Park**
- 5. Warilla Barrack Point SLSC**
- 6. Lake Illawarra PCYC**
- 7. Oak Flats Lioness' Club**

Further, that the following groups receive a proportion of the remaining 30% of proceeds from Australia Day Breakfast by the Lake 2011, Cash for City Charities program:

- 8. Dragons Abreast Illawarra**
- 9. Illawarra Dialysis and Transplant Association Inc.**
- 10. Shellharbour Hospital Auxiliary**
- 11. Crossroad NSW Inc. Shellharbour Branch**
- 12. Society of St Vincent de Paul - Oak Flats branch**
- 13. The Denny Foundation**
- 14. Shellharbour Girls Brigade**

***Note: The donation to the Gullinja's Dragon Boat Team is to cover team entrance fees for the Shellharbour Festival of Sport Dragon Boat races. Council is currently working on a sponsorship plan, which would more appropriately deal with fund requests such as this.*

Background

Councils may provide financial assistance to others, under S356 of the Local Government Act 1993 (the Act). Shellharbour Council allocates funds for donations in each annual Management Plan and the distribution of funds is impartially managed by a Donations Working Group, which was established to operate from July 2008. This group of Council officers meets four times per year to consider requests for financial assistance, and make objective recommendations to Council, subject to the Act, Council's budget, policy and programme objectives. The Working Group considers requests for assistance in the forms of cash, as well as reductions or waivers of Council fees and charges, associated with use by these organisations of city facilities or services. In such cases, Council may charge the value of any fee reduction against the budget for donations, thereby ensuring that any fee waiver is recognised as a donation at its full value.

The Donations Working Group met on Wednesday 2 March 2011, to consider donation requests submitted for the third quarter of the financial year 2010/2011. The Working Group considered all applications for assistance and now recommends that

the above organisations receive donations from Council's budget for this purpose, for the combined total of \$2,200.

At the Australia Day Committee Meeting on 17 November 2010 it was resolved that 70% of proceeds from the Australia Day Breakfast by the Lake 2011, should be distributed to those volunteer community service groups which directly assist Council with the event on the day, with the remaining 30% to be divided between other "not for profit" groups, which make applications for a share of the proceeds. Those applications were considered by the Donations Working Group at the meeting on 2 March. A sum of \$14,300, raised from breakfast sales on Australia Day, is now recommended for distribution.

Consultations

Internal

Donations Working Group
Media & Communications Manager
Agenda Review group

External

Nil

Considerations

Financial/resources implications

An amount of \$10,759.60 is currently held in the donations budget for this financial year. Donations are funded from the Donations allocation within Council's budget.

Legal & policy implications

All applications for assistance are assessed by the working group in accordance with Council's Donations Policy and Council Programme objectives.

Public/social impact

Social community benefit is achieved via the efforts of the recipients of Council's financial assistance. It is in the interests of Council's Community Services programmes, to assist the work of aligned community groups and community volunteers, as much as possible.

Options

1. That Council adopt the recommended donation contributions as determined by the Donations Working Group as listed in this report.
2. That Council make some other determination of contributions.

Political Donations Disclosure

Not Applicable.

Conclusions

All requests were considered by the Working Group under the guidelines of the Donations Policy and in accord with Council's objectives for the Financial assistance and Australia Day programmes.



Approved for Council's consideration: _____

Attachments

Nil

12.2.3 Lot 407 DP 225930, 8 Harvey Street, Warilla: Lease Agreement with NSW Land and Housing Corporation (9395490)

To the General Manager

Division: Operations & Services Division

Department: Corporate Services

Manager: Donna Flanagan - Manager Property Services

Author: Trudi Robinson - Property Administration Officer

Summary

This report seeks Council approval to authorise the lease agreement with the New South Wales Land & Housing Corporation for the continued occupation of the purpose built childcare centre building at 8 Harvey Street, Warilla by Shellharbour City Council.

Recommendation

That Council authorise a lease agreement with NSW Land and Housing Corporation, for the continued occupation of the Childcare centre building at 8 Harvey Street, Warilla to commence from 1 January 2012 and continue in force until 31 December 2015 and that the Administrator and General Manager be authorised to sign all relevant documentation on behalf of Council.

Background

Shellharbour City Council has leased the building at 8 Harvey Street, Warilla from the New South Wales Government since 1974 for the operation of the Warilla Childcare Centre.

The current lease between Council and NSW Land & Housing Corporation is due to expire on 31 December 2011.

Following the identification of some asbestos building material at the facility, priority works were undertaken at the Centre in January 2011 to shield the material to protect the health and safety of the users and tenants of the facility. Before the commencement of works, consultation was undertaken with the owners and occupiers of the facility, the parents of all children attending the centre, as well as the WorkCover Authority of NSW. The work was undertaken by qualified contractors under the supervision of an accredited Occupational Hygienist. Work was completed prior to the Childcare Centre re-opening following the Christmas break, to minimise the disruption to Childcare operations.

In order for Council to continue with the service Council provides to this sector of the community, Council has requested NSW Land and Housing Corporation to provide

guaranteed tenure over the property past the lease expiry date of 31 December 2011. Accordingly, NSW Land and Housing Corporation have provided Council with a lease agreement to commence from 1 January 2012 and continue in force until 31 December 2015.

This report seeks the authorisation of the new lease agreement.

Consultations

Internal

Manager HACC Services & Development
Group Manager Community Services & Development

External

New South Wales Land and Housing Corporation

Considerations

Financial/resources implications

The annual rental payable by Council for the occupation of this property is a nominal amount of \$1.00.

Legal & policy implications

There is no provision in either the Local Government Act 1993 ("LG Act") or the Local Government (General) Regulation 2005 which requires the seal of a Council to be affixed to any particular document. Section 683 of the LG Act relevantly provides:

"683 Authentication of documents...

A document requiring authentication by the council may be sufficiently authenticated without the seal of the council if signed by the general manager or public officer."

However, pursuant to section 377(1) of the LG Act a council cannot delegate certain functions, including the following functions:

"(h) the compulsory acquisition, purchase, sale, exchange or surrender of any land or other property (but not including the sale of items of plant or equipment),

(i) the acceptance of tenders which are required under this Act to be invited by the council,..."

Whilst a council cannot delegate its power to compulsorily acquire, purchase, sell, exchange or surrender land or to accept a tender, the LG Act nevertheless does not require the contractual documents that need to be entered into, in order to implement the Council's decision, to be executed under seal.

Public/social impact

There should be no adverse public or social impact as a result of the approval of this lease.

Options

There is no option to this lease, if Council wishes to maintain this service.

Political Donations Disclosure

Not Applicable

Conclusions

In order to finalise the lease agreement, Council authorisation is required.

A handwritten signature in black ink, consisting of several overlapping loops and a central vertical stroke, positioned above a horizontal line.

Approved for Council's consideration: _____

Attachments

Nil

12.2.4 Lease to Airservices Australia - Part DP 1132715 - Illawarra Regional Airport (9460396)

To the General Manager

Division: Operations & Services Division
Department: Corporate Services

Manager: Tony Gearon - Group Manager Corporate Services
Author: Donna Flanagan - Manager Property Services

Summary

This report seeks Council approval to enter into two consecutive, five year lease agreements with Airservices Australia, for the occupation of land at the Illawarra Regional Airport, for the existing Non Directional Beacon (NDB) site.

Recommendation

- 1. That Council enter into two consecutive, five year lease agreements with Airservices Australia, for the occupation of Lot 1100 DP 1151743, Illawarra Regional Airport, at a nominal rental of \$1.00 per annum.**
- 2. That the Administrator and General Manager be authorised to execute all relevant documentation required for this agreement.**

Background

Airservices Australia has been in occupation of a site at the Illawarra Regional Airport for the operation of the non directional beacon (NDB). The NDB was established when the airport was under the ownership and control of the Commonwealth Government. As part of the Deed between Council and the Commonwealth Government for Council to operate the airport (10 August 1992) there is a clause that the navigational aid be retained at its existing location with the land that the NDB occupies to be leased at nominal consideration.

On the 23 November 2004 Council resolved as follows:-

1. That Council enter into a five year lease agreement with Airservices Australia for the occupation of part lot 111 DP 877164, Illawarra Regional Airport at a nominal rental of \$1.00 per annum.
2. That the Seal of Council be affixed to the lease agreement with Airservices Australia for occupation of part lot 111 DP 877164.

Extensive negotiations have taken place and Airservices Australia have requested that the term of the lease be extended.

An NDB is a navigational aid used to assist aerial navigation. NDBs are used universally and throughout Australia. The facility enhances the services provided at Council's airport and a condition of the lease, will require that the facility be removed should it become obsolete due to new technology.

It is intended that Council enter into two consecutive, five year lease agreements with Airservices Australia, at a nominal rent of \$1.00 per annum. All other terms and conditions will be similar to existing leases at the airport.

Consultations

Internal

Director Operations & Services

External

Airservices Australia
Kells the Lawyers

Considerations

Financial/resources implications

The lessee will be responsible for the legal fees associated with the preparation of the lease agreement.

Legal & policy implications

A Council resolution is required in order to enter into a lease agreement with Airservices Australia.

There is no provision in either the Local Government Act 1993 ("LG Act") or the Local Government (General) Regulation 2005 which requires the seal of a Council to be affixed to any particular document. Section 683 of the LG Act relevantly provides:

"683 Authentication of documents...

A document requiring authentication by the council may be sufficiently authenticated without the seal of the council if signed by the general manager or public officer."

However, pursuant to section 377(1) of the LG Act a council cannot delegate certain functions, including the following functions:

"(h) the compulsory acquisition, purchase, sale, exchange or surrender of any land or other property (but not including the sale of items of plant or equipment),

(i) the acceptance of tenders which are required under this Act to be invited by the council,..."

Whilst a council cannot delegate its power to compulsorily acquire, purchase, sell, exchange or surrender land or to accept a tender, the LG Act nevertheless does not require the contractual documents that need to be entered into, in order to implement the Council's decision, to be executed under seal.

Public/social impact

Airservices Australia is providing an essential service to the airport and aerial navigation, by operating the non directional beacon.

Options

1. The recommendation, i.e. that Council enter into two consecutive, five year lease agreements with Airservices Australia, for the occupation of the land described as Lot 1100 DP 1151743, Illawarra Regional Airport, at a nominal rental of \$1.00 per annum.
2. That Council not enter into two consecutive five year lease agreements with Airservices Australia and requests that the non directional beacon be removed.

Political Donations Disclosure

Not applicable

Conclusions

The non directional beacon is an essential service to the airport and navigation, by providing aid to pilots. Council needs to enter into a formal lease agreement for the occupation of the site on which the beacon is located. Therefore it is recommended that two, consecutive, five year lease agreements be entered into with Airservices Australia.

Approved for Council's consideration: _____

**Attachments**

1. Deposited Plan 1151743

12.3 Community Planning & Strategies Division

Nil

12.4 Shell Cove Business Division

12.4.1 Shell Cove Quarterly Report (9447605)

To the General Manager

Division: Shell Cove Business Division

Department: Shell Cove Business Unit

Manager: Peter O'Rourke - Acting Director Shell Cove Business Division

Author: Kevin James - Shell Cove Commercial Manager

Summary

In accordance with the procedures adopted by Council for the Shell Cove Project, the progress report from 6 December 2010 to 6 March 2011 is presented to the Council.

The key activities and highlights were:

- There are 7 lots available to the public, as at 6 March 2011.
- 14 sales occurred.
- The Project had a surplus of \$25,223,000, as at 28 February 2011.
- The expected sales income from lots that have not yet settled, called the Sales Due Value, is in the order of \$21.4 million. It is an asset of the Project.
- The audit by Council's Auditor, KPMG, concluded that the Project's 2009/10 financial statements and report were properly drawn up so as to present fairly the financial position and its performance for that year.
- The Minister for Planning approved the Boatharbour Precinct Master Plan in late February 2011.
- The start of the construction works for the harbour and breakwaters remains deferred. Council is continuing to explore every option to enable work to start at the earliest possible time on this vital piece of regional infrastructure.
- Progress on the review of the 2009 Feasibility Study continues. At the appropriate time, it will be reported to Council for subsequent action in accordance with the Management Agreement.
- 90.4% of all employment on Shell Cove Project works over the last 3 months (as distinct from non-Project works, eg, housing) were residents of the Illawarra region.

Also, Council is requested to resolve to affix the Seal on plans and documents.

Recommendation

1. That the quarterly report for the period 6 December 2010 to 6 March 2011 for the Shell Cove Project be received and noted.
2. That Council authorise the Administrator and General Manager to execute the Subdivision Plan and 88B Instrument for the subdivision of Lot 7301 DP 1060603, and any documents associated with the sale (including the Transfers) of proposed lots 7501 to 7504 (Stage 7B (7301)), under Council Seal.
3. That Council authorise the Administrator and General Manager to execute the Subdivision Plan and 88B Instrument for the subdivision of Lot 8248 DP 1153225, and any documents associated with the sale (including the Transfers) of proposed lots 8301 to 8316 (Stage 8B2), under Council Seal.

Background

SHELL COVE

Key Elements of Shell Cove

- Shell Cove will house some 10,000 residents on approximately 3,000 **residential lots/dwellings**, with 1,466 lots already developed. Community facilities include a public school (opened 2005), community centre (interim – opened 2005), sporting facilities and a small shopping/commercial centre. Extensive public open space networks (with walkways and cycleways) traverse the estate, linking with the harbour, beaches and Shellharbour Village.
- A par 71, 18-hole championship standard **golf course** with associated clubhouse facilities – **The Links – Shell Cove** (opened 2004).
- The land-based component of the **harbour** precinct will feature a 1.5km public promenade/boardwalk with associated facilities including a hotel, shops, restaurants and cafes, residential accommodation, boat haul-out and maintenance facilities, carparking and public parks.
- The water-based component of the harbour precinct will feature a 300 berth **marina** (will cater for charter and tourist boats) and a public boat ramp, within a 20 hectare harbour.
- The 14 hectare freshwater and estuarine **Myimbarr Wetlands** at the Myimbarr Community Park (completed 2005).

Aims & Outcomes of the Project

Shell Cove will provide a catalyst for economic development and employment generation, particularly tourism based, in the Shellharbour Local Government Area and the Illawarra region.

The Project has:

- A Net Present Value (20 years) of **\$3.71 billion**.

Significant employment generation will be created, both during construction and in the long term:

- Direct Employment of **2,687 full-time equivalent jobs**.
- Indirect Employment of **3,451 full-time equivalent jobs**.
- Supported Employment of **1,249 full-time equivalent jobs**.

(Source: MacroPlan Australia Oct 2007).

Management Agreement & Roles

Shell Cove is being delivered via a financial and legal agreement established between Shellharbour City Council – as the Developer – and Australand Holdings Ltd (through its subsidiary, Australand Corporation (NSW) Pty Ltd, previously named Walker Corporation Ltd) – as the Project Manager.

Essentially, Council's contribution to the Project is the land and its role is to monitor the development of its land and to protect its interests.

Australand finances the Project (without any ability to mortgage Council's land), and this supplements the profits from land sales to fund future land development and major infrastructure costs, such as the boatharbour and (previously) the golf course. Australand engages consultants and contracts the construction activities.

Council receives an Administration Fee whilst Australand is paid a Management Fee - both Fees are a percentage of the selling price of the lot, and paid when the lot is settled. In addition, Australand is eligible to be paid Commission that is based on Project profits. Various conditions/events/contingencies impact upon the structure of these arrangements.

The Project is audited annually by Council's Auditor.

Timing of the Project

Construction work on the Boatharbour has been deferred.

As project financing is Australand's responsibility, Council staff are meeting regularly with Australand's senior management in order to progress the Boatharbour as soon as possible.

1. RESIDENTIAL SUBDIVISION

Sales

There were 2 sales releases during the period from 6 December 2010 to 6 March 2011:

- 6 lots in Stage 8B2 on 12 February 2011
- 4 lots in Stage 7B (7301) on 5 March 2011

The first release in Stage 8B2 was from "off the plan" and all sold on the day. The construction will start shortly. Stage 7B involves a subdivision of a former unsold medium density lot to create 4 large standard lots, each with the potential for duplex housing. It is being sold "off the plan".

The current sales summary, compared to the previous report, is:

SALES SUMMARY	6 MARCH 2011	5 DECEMBER 2010
Total Settled	1,407	1,375
Total Exchanged	17	33
Total Deposit	10	12
TOTAL "SOLD"	1,434	1,420
For Sale	7	11
To be released/not for sale	25	10
TOTAL LOTS	1,466	1,441

There were 14 sales for the period – a reasonable result given that the reporting period included the Christmas/New Year/Summer Holiday slowdown and the low level of available stock.

Marketing

Shell Cove marketing initiatives during the period involved:

- Television commercials
- Print and Electronic Media advertising.
- Internet advertising.
- Signage – Shell Cove, F6 Kanahooka, Princes Highway Heathcote and Albion Park Rail.
- Sales & Information Centre – open 7 days pw.

Our general marketing theme changed from:



to, as part of the 2011 market refresh of the Shell Cove image:



The opening of the new section of the Princes Highway from Oak Flats to Dunmore continues to be a sales winner because of the easier access and the prominent RTA signage to Shell Cove (suburb name).

Status of the Stages

STAGE	NO. OF LOTS	GROSS PROCEEDS
Stage 1		
➤ Completed & all available sold	165	\$14,678,000
Not for sale (interim shop)	1	To be determined
TOTAL	166	\$14,678,000+
Stage 2		
➤ Completed & all sold		
TOTAL	142	\$12,346,000
Stage 3		
➤ Completed & all sold		
TOTAL	198	\$26,019,000
Stage 4		
➤ Completed & all sold		
TOTAL	279	\$44,458,000
Stage 5		
➤ Completed & all available sold	135	\$38,424,000
Not for sale (medium density)	1	To be determined
TOTAL	136	\$38,424,000+
Stage 6A		
➤ Completed & all available sold	41	\$11,720,000
Not for sale (carpark & display village)	2	To be determined
TOTAL	43	\$11,720,000+
Stage 6B		
➤ Completed		
Settlements	25	\$6,975,000
Exchanges	1	\$2,200,000
Deposits	0	\$0
Sub-total	26	\$9,175,000
For sale	0	\$0
Not for sale (carpark)	1	To be determined
TOTAL	27	\$9,175,000+
Stage 6C		
➤ Completed & all sold		
TOTAL	35	\$10,777,000
Stage 6E		
➤ Completed		
Settlements	26	\$7,830,000
Exchanges	1	\$260,000
Deposits	1	\$300,000
Sub-total	28	\$8,390,000
For sale	1	\$355,000
TOTAL	29	\$8,745,000
Stage 6F5		
➤ Completed & all sold		
TOTAL	33	\$8,430,000

STAGE	NO. OF LOTS	GROSS PROCEEDS
Stage 6G1 ➤ Completed & all sold TOTAL	34	\$9,035,000
Stage 6G2 ➤ Under construction TOTAL	33	To be determined
Stage 6 (balance) ➤ DA approved	136	To be determined
Stage 7B (7301) ➤ Off the plan; to be constructed Settlements Exchanges Deposits Sub-total For sale TOTAL	0 0 0 0 4 4	\$0 \$0 \$0 \$0 \$1,540,000 \$1,540,000
Stage 7 (balance) ➤ Completed & all available sold Not for sale (carpark) TOTAL	155 1 156	\$29,853,000 To be determined \$29,853,000+
Stage 8A ➤ Completed & all sold TOTAL	47	\$12,934,000
Stage 8B1 ➤ Completed Settlements Exchanges Deposits Sub-total For sale TOTAL	28 15 8 51 1 52	\$7,914,000 \$8,115,000 \$1,145,000 \$17,174,000 \$300,000 \$17,474,000
Note: • Includes lot for Retirement Village/Seniors Living.		
Stage 8B2 ➤ Off the plan; to be constructed Settlements Exchanges Deposits Sub-total For sale To be released TOTAL	0 2 4 6 0 10 16	\$0 \$480,000 \$1,155,000 \$1,635,000 \$0 To be determined \$1,635,000+
Stage 8B3 ➤ DA approved	21	To be determined

STAGE	NO. OF LOTS	GROSS PROCEEDS
Stage 9 ➤ DA under assessment	40	To be determined
Stage 10A ➤ Completed		
Settlements	64	\$19,821,000
Exchanges	0	\$0
Deposits	1	\$260,000
Sub-total	65	\$20,081,000
For sale	1	\$310,000
Not for sale (medium density)	2	To be determined
TOTAL	68	\$20,391,000+
Stage 10D (previously called 10B & 10C) ➤ DA approved	75	To be determined
Boatharbour ➤ Precinct Master Plan approved	Up to 1,200 dwellings	To be determined

Note: gross proceeds for a lot are initially based on listed sales records but are adjusted to actual amounts as the sale progresses to settlement.

Retirement Village/Seniors Living (Stage 8B)

An exchanged contract with Warrigal Care exists over a zoned site being subdivided, having frontage to the future Harbour Boulevard and the extended Brigantine Drive.

Warrigal Care state that it plans to develop a multi-purpose integrated village that will incorporate 60 independent living units and a 160 bed 'aging in place' facility.

This sale satisfies a key component in the Shell Cove Project's aim to develop a complete community.

Major Construction

Stage 6G2 Subdivision – works commenced in September 2010 for 33 lots and are expected to finish this month.

Stage 8B2 Subdivision – works were tendered for 16 lots and are expected to start shortly.

Stage 8B3 Earthworks – works commenced in January 2011 and are expected to finish this month.

2. FINANCIAL STATUS**2010/11 Financial Year**

	@ 28 February 2011
Total Income	\$2,144,000
Total Development Costs	(\$678,000)
Surplus/(Deficit)	\$1,466,000

Note: all figures unaudited

Project to date

	@ 28 February 2011	@ 31 October 2010
Total Income	\$264,293,000	\$247,945,000
Total Development Costs	(\$239,070,000)	(\$233,766,000)
Surplus/(Deficit)	\$25,223,000	\$14,179,000

Note: all figures unaudited

Income during the report period came from settlements in Stage 6C, 6E and 8B. Costs mostly involved the progressive payments for rock supply (breakwater), Stages 6G2 and 8B1 subdivision civil works, landscaping and the marketing and selling of the lots.

The Project is shown in surplus at this point in time.

However, as evidenced in some previous reports, it is important to remember that the Project can be in deficit at times due to the major costs being expended ahead of the receipt of income for that activity. For this reason, the Sales Due Value must be taken into account in assessing the overall financial performance of the Project.

Sales Due Value

The sales due value is defined as the expected sales income from existing and proposed lots that have not yet settled. These include lots that are:

- available for sale,
- sales with part deposits paid,
- exchanged contracts, and
- withheld for operational and marketing reasons.

Its importance must not be forgotten as it is the unrealised income created from the current and past land subdivisions – it will be received in the future as

the lots are sold. These lots generally do not require further costs other than those minor ones for selling and conveyancing. It is viewed as a 'paid in full' asset of the Project.

The current Sales Due Value is in the order of \$21.4 million
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Long-term Project Note

Council is reminded that the fluctuating surplus/deficit position is typical for all large scale residential and infrastructure projects at this stage of its development lifecycle. Profits for distribution occur in the final stages once the infrastructure costs are recouped through the earlier sales. Although the current approved long-term financial plan has the year 2014 as the breakeven point, the delayed start to construction of the boatharbour will impact upon this date. Therefore, the date is now expected to be in the year 2018. Shell Cove is a long-term investment and is conducted on a key principle for prudential financial strategy. In addition, regular auditing of the Project's books occurs. This principle involves timing the start of the various Project components to link to and be dependent upon the rate of land sales.

Audit – Financial Year 2009/10

Council's Auditor, KPMG, performed the annual audit of the Project's financial statements and report. KPMG's recent audit report concluded that these were properly drawn up so as to present fairly the financial position and its performance for that year.

2009 Feasibility Study

In March 2009, Australand submitted the latest Study for the Shell Cove Project and it is commercial-in-confidence. The Study outlines what Australand suggests are the anticipated future activities, timetable and financials of the Project to its expected completion.

The present review of the Study to date has confirmed previous advice that the entire Shell Cove Project remains financially viable, but because of the previous periods of general downturn in land sales, there must be generalised delays to future activities, incomes and costs. The most noticeable public impact is regarding the start date for the boatharbour/marina.

When the review and the analysis of funding options and strategies (see next section on boatharbour) are completed, the Study will be reported to Council for subsequent action in accordance with the Management Agreement.

3. **BOATHARBOUR/MARINA & RELATED PRECINCTS**

Boatharbour

The boatharbour has development consent to transform a degraded swamp and surrounding land into a 20ha waterbody with 300 wet berths and a platform for associated harbourside development and facilities. Its construction includes a major breakwater, a groyne, entrance channel, and excavation in an acid sulphate soil environment, old tip waste removal, revetment edge treatments, boardwalks and marina berthing facilities.

Tenders closed for construction of the harbour and breakwaters, followed by Australand announcing the preferred tenderer as BMD Constructions Pty Ltd. However, Council announced on 7 August 2008 (as a result of advice from Australand), that a start to the construction work had been deferred because of the (then) quieter residential market due to the (then) global financial situation.

Council is continuing to explore every option to enable work to start on this vital piece of regional infrastructure. The present review of the latest draft feasibility study has confirmed previous advice that the entire Shell Cove project remains financially viable, but the 2007 - 2009 (early) slowdown in land sales income is still to be compensated.

Council wants a start date at the earliest time and is exploring various options and strategies. One of these is pursuing various potential sources of state and federal funding.

Council will make more announcements on progress when it is in a position to do so.

There was no further stockpiling of large rocks for the construction of the breakwater and groyne in the nearby Hanson Bass Point Quarry and on the Project lands. The current stockpiles are considered sufficient to enable a start for when construction commences.

Precinct Master Plan

The Plan will set the structure, the form and the focus for the future development of roads, buildings and features of the commercial, retail and residential precincts around the boatharbour.

The Plan and its accompanying consultant studies were lodged with the Department of Planning under its Major Projects (Part 3A) on 1 March 2010. The Department placed it on its website and undertook public consultation from 17 March 2010 to 16 April 2010. A copy of the submissions (including those from government departments and agencies) received by the Department were sent to Australand (as the Applicant) for comment. These

were reviewed and considered, before the Preferred Project Report and the response to the submissions were sent to the Department in October 2010.

The Minister approved the Plan in late February 2011.

The approved Master Plan and its consent conditions provide a framework under which each future detailed Project Application (similar to a development application) can be prepared and lodged for a specific precinct.

Acoustic Barriers along Quarry Haul Road

The barriers have development consent to minimise the noise impacts on residents from trucks travelling along the haul road to the Hanson (Pioneer) Bass Point Quarry.

The last remaining section is along the northern side of the haul road, adjacent to the eastern end of the yet-to-be-developed Stage 10D residential areas. Construction is expected to start soon.

Native Title / Legal Matters

There are no known native title claims affecting Shell Cove.

4. NORTH WEST LINK ROAD – HARBOUR BOULEVARDE

The route for this road is from the Shellharbour/Wattle Roads intersection, skirting the proposed Shell Cove Town Centre/Cove Boulevarde intersection, and out to Bass Point. Council endorsed the road as part of the overall Shell Cove Structure/Master Plan.

Strategic planning for the road determined that it should be broken into 3 sections – a northern, a central and a southern. Separate development applications for each section of the road (and the subdivision of the adjoining land, where appropriate) have been prepared.

The status of each DA is:

- the northern section was lodged and completed the statutory period of public exhibition. Its assessment is continuing;
- the middle section is part of Stage 9 which is lodged and under assessment;
- the southern section was approved on 26 November 2007.

5. COMMUNITY

Community Plan – developed by the Shell Cove Project and continues to be successfully delivered, with the assistance of the Project-funded part-time

Community Worker at Shell Cove, Mr Craig Swaney. Mr Swaney works for Council's Community Planning & Strategies Division.

Interim corner store – is open.

Interim community centre – is open.

New primary school – is open.

6. **LOCAL LABOUR CONTENT**

The Shell Cove Management Agreement sets a minimum performance criteria for all combined Project works of 50% for local labour content.

The statistics for the 3 months ending 31 January 2011 were:

Local	90.4%
Other	<u>9.6%</u>
Total	100.0%

The predominant works were on the subdivision civil and landscape works for Stages 6G2 and 8B1.

The cumulative statistic for the Shell Cove Project is 84.6%. Importantly, the Shell Cove Project has significantly exceeded its obligations for all combined Project works and this is beneficial to the local community.

7. **COUNCIL SEAL**

The Shell Cove Management Agreement provides the authorities to undertake the following activities, however, a resolution of Council is required under the Local Government Act 1993 to affix the Seal to a document.

Land Subdivision & Sale – Stage 7B (7301)

Land is to be subdivided to create 4 residential lots off Montague Crescent – see attached map for location.

Land Subdivision & Sale – Stage 8B2

Land is to be subdivided to create 16 residential lots off Sloop Avenue – see attached map for location.

To have each Plan registered at Land and Property Management Authority, Council will need to sign the Plan and 88B Instrument as the owner of the land under its Seal. Also, to complete the sale and conveyance of each lot, Council will need to sign the associated documents (including the Transfers) as owner

of the land under its Seal. Therefore, Council is requested to execute these documents under Seal.

Consultations

Internal

- General Manager
- Acting Director Shell Cove Business Division
- Shell Cove Project Engineer
- Manager, Financial Services

External

- Australand Corporation (NSW)
- Shellcove Estate Realty
- Blake Dawson Lawyers
- Heard McEwan Lawyers
- KPMG

Considerations

Financial/resources implications

If Council resolves to not affix the Seal of Council, then the Plans of Subdivision will not be registered. This will prevent the sale of residential lots. Hence there will be a loss of income to the Shell Cove Project. Also, Council would be in breach of the Management Agreement.

Otherwise, it is considered that there are no additional implications as a consequence of this report.

Legal & policy implications

It is a requirement of the *Local Government Act 1993, as amended*, and its Regulations for there to be a resolution of Council in order to execute the documents under Seal.

If Council resolves to not affix the Seal of Council, then Council would be in breach of the Management Agreement.

The recommendations do not conflict with Council's Policy with regard to this matter of having granted delegated authority to the General Manager to proceed with the Shell Cove Project, subject to all necessary approvals being obtained.

Otherwise, it is considered that there are no additional implications as a consequence of this report.

Public/social impact

If Council resolves to not affix the Seal of Council, then the Plans of Subdivision will not be registered. This will prevent the sale of residential lots to the public (as explained above) and may have negative public relations impacts upon Shell Cove and Council.

Otherwise, it is considered that there are no additional impacts as a consequence of this report.

Options

There are no options for this report as the items are either submitted for information or required under the Management Agreement or a requirement of the *Local Government Act 1993, as amended*, and its Regulations for there to be a resolution of Council in order to affix the Seal to documents.

Political Donations Disclosure

Not Applicable.

Conclusions

This report summarises the tasks, achievements, activities and results of the Shell Cove Project from 6 December 2010 to 6 March 2011. The key activities and highlights are in the Summary at the start of this report.

To advance the sale of lots to the public, the Plans of Subdivision and associated documents require the Seal of Council to be affixed. Council is asked to resolve to affix the Seal to these documents.

The report is submitted for information and action.

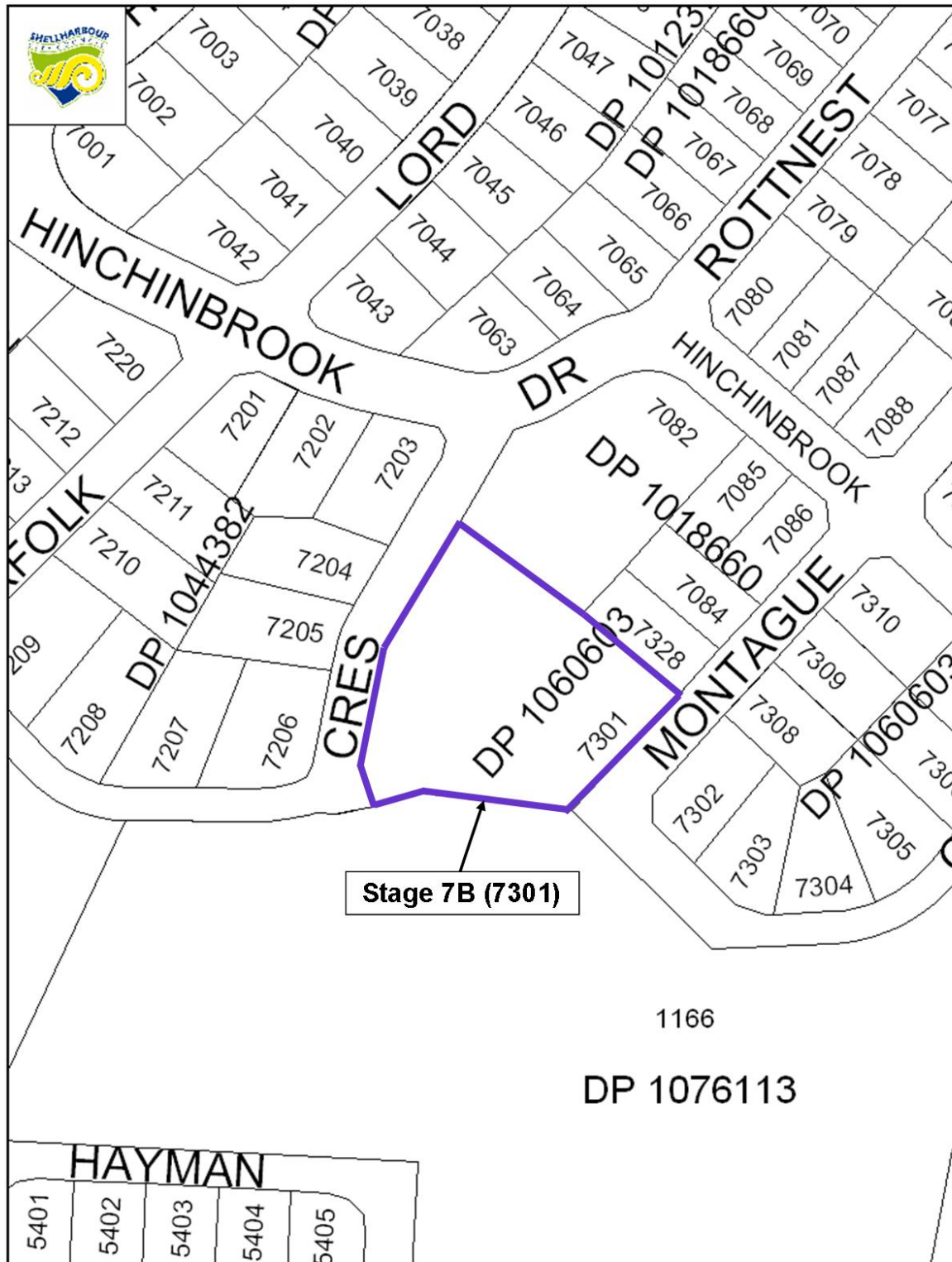
Approved for Council's consideration:



Attachments

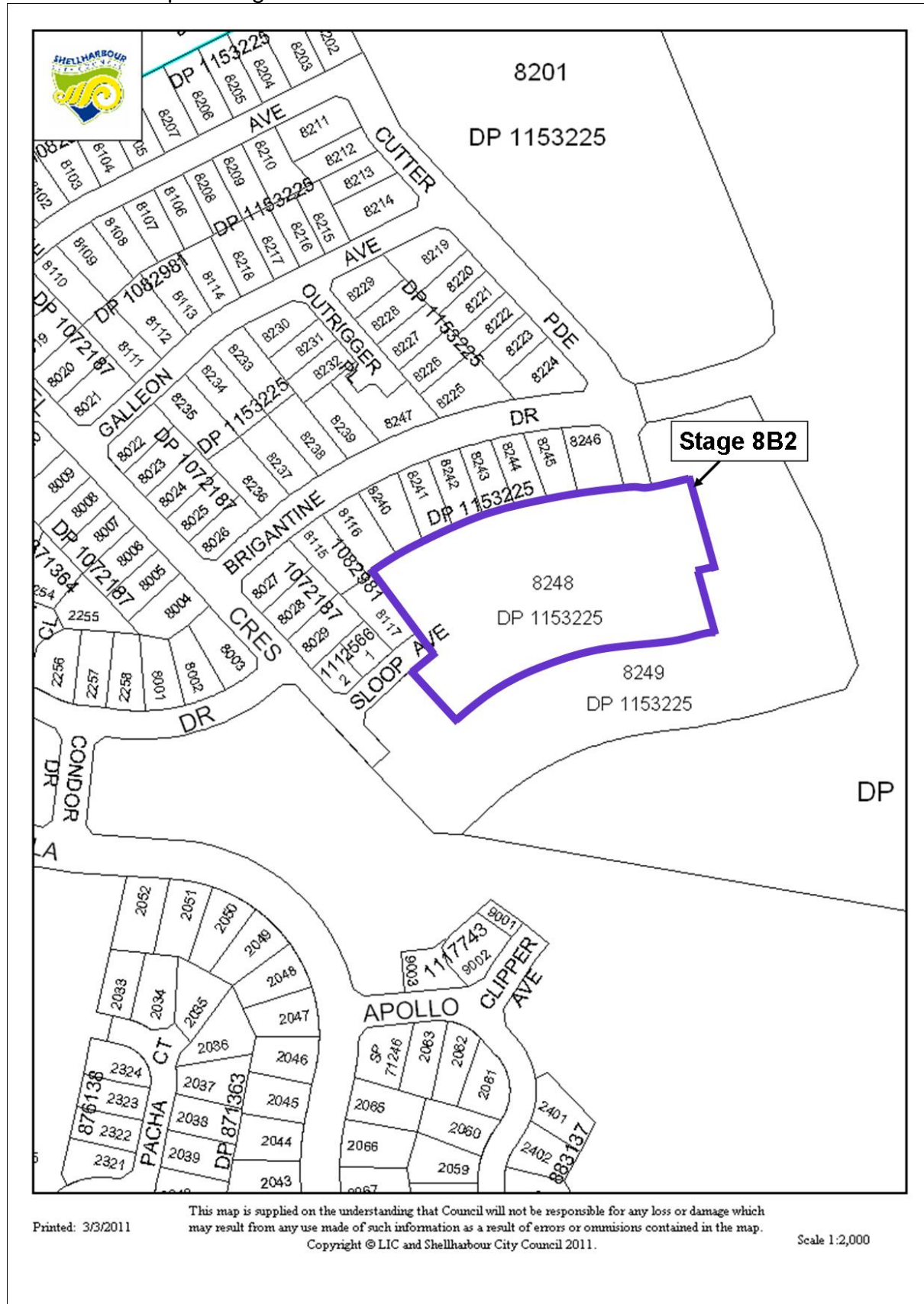
1. Location map of Stage 7B (7301)
2. Location map of Stage 8B2

1. Location map of Stage 7B (7301)



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2. Location map of Stage 8B2



13. Committee Recommendations

13.1 Recommendations from the Aboriginal Advisory Committee Meeting held 1 March 2011 recommended for adoption.

That the Recommendations from the Aboriginal Advisory Committee Meeting held of 1 March 2011 be adopted.

13.2 Recommendations from the Shellharbour Traffic Committee Meeting held 2 March 2011 recommended for adoption.

That the Recommendations from the Shellharbour Traffic Committee Meeting held of 2 March 2011 be adopted.

14. Items for Information

15. Notices of Rescission/Alteration Motions

Nil

16. Notices of Motion

17. Questions on Notice

18. Urgent Business

19. Committee of the Whole in Closed Session: Adjournment

20. Committee of the Whole: Consideration of Adoption of Decisions Reached in Closed Session

21. Consideration of Motions to Declassify Reports Considered in Closed Session