

## BUSINESS PAPER



The NSW Minister for Juvenile Justice, Minister for Western Sydney, and Minister Assisting the Minister for Infrastructure and Planning (Planning Administration), The Hon Diane Beamer MP, handing a cheque for \$145,000 to the Mayor of Penrith City, Councillor Jackie Greenow on 29 April 2005 to assist Council's staff to prepare a standardised Local Environmental Plan. Council intends to use the grant to establish a new electronic Citywide Local Plan, which will be accessible on the internet and provide residents and developers with immediate information about what is permitted in their area.

## Policy Review Committee Meeting

**23 May 2005**

18 May 2005

Dear Councillor,

In pursuance of the provisions of the Local Government Act, 1993 and Regulations thereunder, notice is hereby given that a **POLICY REVIEW COMMITTEE MEETING** of Penrith City Council is to be held in the Pasadena Room, Civic Centre, 601 High Street, Penrith on Monday 23 May 2005 at 7.00pm.

Attention is directed to the statement accompanying this notice of the business proposed to be transacted at the meeting.

Yours faithfully,

**Alan Travers**  
**General Manager**

***B U S I N E S S***

- 1. APOLOGIES**
- 2. LEAVE OF ABSENCE**
- 3. CONFIRMATION OF MINUTES**  
*Policy Review Committee - 21 March 2005*
- 4. DECLARATIONS OF INTEREST**  
*Pecuniary Interest (The Act requires Councillors who declare a pecuniary interest in an item to leave the meeting during discussion of that item)*  
*Other Interest*
- 5. ADDRESSING THE MEETING**
- 6. MAYORAL MINUTES**
- 7. NOTICE OF MOTION**
- 8. REPORTS & RECOMMENDATIONS OF COMMITTEES**
- 9. MASTER PROGRAM REPORTS**
- 10. URGENT REPORTS (to be dealt with in the Master Program to which the item relates)**
- 11. CONFIDENTIAL BUSINESS**

## MEETING CALENDAR

May 2005 - December 2005

|                                | TIME           | MAY | JUNE | JULY | AUG   | SEPT      | OCT | NOV  | DEC |
|--------------------------------|----------------|-----|------|------|-------|-----------|-----|------|-----|
|                                |                | Mon | Mon  | Mon  | Mon   | Mon       | Mon | Mon  | Mon |
| <b>Ordinary Meetings</b>       | <b>7.00 pm</b> |     | 6    | 4    | 1     | 5✓        |     | 7    | 5   |
|                                |                |     | 20*  | 18   | 15 #+ | 19<br>26^ | 10  | 21 # | 19  |
| <b>Policy Review Committee</b> | <b>7.00 pm</b> | 23  | 27   | 25   | 22@   | 12        | 17  | 14   | 12  |

# Meetings at which the Management Plan quarterly reviews are presented.

#+ General Manager's presentation – half year and end of year review

@ Strategic Program progress reports

❖ Meeting at which the Draft Management Plan is adopted for exhibition

\* Meeting at which the Management Plan for 2005/2006 is adopted

✓ Meeting at which the 2004/2005 Annual Statements are presented

^ Election of Mayor/Deputy Mayor (only business)

- Council has two Ordinary Meetings per month where practicable.
  - Extraordinary Meetings are held as required.
  - Policy Review Meetings are held monthly where practicable.
  - Members of the public are invited to observe meetings of the Council.
- Should you wish to address Council, please contact the Executive Officer, Glenn McCarthy on 47327649.

**POLICY REVIEW COMMITTEE MEETING**

**MONDAY 23 MAY 2005**

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**UNCONFIRMED MINUTES  
OF THE POLICY REVIEW COMMITTEE MEETING OF PENRITH CITY COUNCIL  
HELD IN THE PASSADENA ROOM, PENRITH CIVIC CENTRE  
ON MONDAY 21 MARCH 2005 AT 7.05 PM**

**PRESENT**

Her Worship the Mayor Councillor Jackie Greenow, Councillors Kaylene Allison, David Bradbury (arrived at 7:52PM.), Lexie Cettolin, Kevin Crameri OAM, Greg Davies, Ross Fowler, Karen McKeown, Pat Sheehy and John Thain.

**APOLOGIES**

PRC 10 RESOLVED on the MOTION of Councillor John Thain seconded Councillor Pat Sheehy that apologies be received and accepted from Councillor Steve Simat and Councillor David Bradbury

**LEAVE OF ABSENCE**

Leave of Absence was granted previously to Councillor Jim Aitken OAM, Councillor Susan Page, Councillor Garry Rumble and Councillor Mark Davies for the period 21 March to 22 March 2005 inclusive.

**CONFIRMATION OF MINUTES**

**Policy Review Committee Meeting – 28 February 2005**

PRC 11 RESOLVED on the MOTION of Councillor Pat Sheehy seconded Councillor Ross Fowler that the minutes of the Policy Review Committee Meeting of 28 February 2005 be confirmed.

**DECLARATIONS OF INTEREST**

There were no declarations of interest.

(Councillor John Thain subsequently declared a pecuniary interest in Item 4, Penrith City Children's Services Co-operative Ltd, as his son has special needs and may benefit from some of the funding mentioned in the report.)

**ORDER OF BUSINESS**

PRC 12 RESOLVED on the MOTION of Councillor Greg Davies seconded Councillor John Thain that Item 4 and Item 3 on the business paper be dealt with first, to be followed by Items 1, 2, 5, 6 and 7.

**MASTER PROGRAM REPORTS**

**THE CITY AS A SOCIAL PLACE**

**4 Penrith City Children's Services Co-operative Ltd**

**1343/2**

Councillor John Thain declared a pecuniary interest in Item 4, Penrith City Children's Services Co-operative Ltd, as his son has special needs and may benefit from some of the funding mentioned in the report.

Councillor John Thain left the meeting, the time being 7:21PM, and took no part in the debate or voting on this item.

Ms Denise Gibson, Council's Children's Services Manager, introduced Mr. Max Friend, Chairman of the Penrith City Children's Services Co-operative Ltd who gave a short presentation on the second Annual General Meeting of the Co-operative.

PRC 13 RESOLVED on the MOTION of Councillor Greg Davies seconded Councillor Kevin Crameri

That:

1. The information concerning the Penrith City Children's Services Co-operative be received
2. Council continue to underwrite the operations of Penrith City Children's Services Co-operative to 30 June 2006 subject to receipt of Annual Budgets
3. Council delegate the responsibility for writing off debts incurred to the services managed by the Co-operative to the Penrith City Children's Services Co-operative
4. Council thank Mr Max Friend and the Board of the Penrith City Children's Services Co-operative for their work and achievements, and congratulate Ms Denise Gibson, Council's Children's Services Manager, and her staff for the excellent working relationship they have established with the Co-operative
5. Council continue to lobby the University of Western Sydney, and local Federal and State Members of Parliament to ensure that courses are available at the Penrith Campus to train and graduate students with appropriate qualifications to meet the NSW State Licensing Regulations requirements for teachers in Early Childhood services.

Councillor John Thain returned to the meeting the time being 7:28PM.

**3 Library Services**

**1202/52 Pt2**

Mr Graham Patingale, Council's Information Manager introduced Council's City Librarian, Mr Colin Stephenson, who gave a presentation on the progress of recent and upcoming Library activities and developments since the Library Services Review in 2000.

Council's Information Librarian, Ms Lorraine Stacker, also addressed the meeting about progress in the History of Penrith project

PRC 14 RESOLVED on the MOTION of Councillor Greg Davies seconded Councillor Ross Fowler

That:

1. The information contained in the report on Library Services be received
2. The Library Development Grant for Market research be accepted
3. An application for a Library Development Grant for refurbishment of Branch Libraries be endorsed
4. A further report examining the options for extending Library opening hours be brought back to Council.

Councillor David Bradbury arrived at the meeting, the time being 7:52PM.

## **THE CITY IN ITS REGION**

### **1 Interim Redevelopment of Visitor Information Centre Building 1000-35**

PRC 15 RESOLVED on the MOTION of Councillor Pat Sheehy seconded Councillor Kevin Crameri

That:

1. The information contained in the report on the Interim Redevelopment of the Visitor Information Centre Building be received
2. Council agrees to the use of \$80,000 from the Asset Construction Reserve to redevelop the visitor information centre subject to contributory funding being provided through the Penrith Valley Economic Development Corporation Tourism Task Group as detailed in the report
3. Council officers work with the Tourism Task Group of the Penrith Valley Economic Development Corporation, the sponsors and Panthers to develop a final plan for development approval and subsequent construction of the facility using funds provided by Council along with sponsorship and in-kind support provided by the local business community
4. Council thank the Tourism Task Group of the Penrith Valley Economic Development Corporation for their efforts and hard work.

## **THE CITY IN ITS ENVIRONMENT**

**2 Penrith Lakes Scheme - Water Plan Review**

**4115/26**

PRC 16 RESOLVED on the MOTION of Councillor Ross Fowler seconded Councillor Pat Sheehy

That:

1. The information contained in the report on the Penrith Lakes Scheme – Water Plan Review be received
2. The Department of Infrastructure, Planning and Natural Resources be thanked for the opportunity for Council to participate in the Penrith Lakes Water Committee
3. The Department of Infrastructure, Planning and Natural Resources be advised that Council acknowledges the environmental findings and recommendations of the Penrith Lakes Water Committee, and is of the opinion that:
  - a) the capital, operational and monitoring costs of each scenario need to be fully identified prior to the determination of the preferred lake management scenario
  - b) the preferred lake management scenario should be determined using a Triple Bottom Line Analysis that incorporates substantive social analysis of the implications of each scenario
  - c) the Triple Bottom Line Analysis should be exhibited in association with the exhibition of the proposed amendment to Sydney Regional Environmental Plan (Penrith Lakes Scheme)
  - d) a detailed study should be carried out immediately to explore a range of alternative options for incorporating early effluent reuse in the Penrith Lakes Scheme, as both a source of lake water top-up and for use in the urban and employment areas of the scheme, including interim wetlands and the potential for STP infrastructure upgrades
  - e) the most appropriate management model for Penrith Lakes Parklands is a site specific Management Authority as previously proposed.

**COUNCIL'S OPERATING ENVIRONMENT**

**5 Service Specification Program - Service Documentation**

**36/35 part 3**

PRC 17 RESOLVED on the MOTION of Councillor Pat Sheehy seconded Councillor Ross Fowler

That:

1. The information contained within the report “Service Specification Program – Service Documentation” and accompanying Service Specifications for Media Liaison, Information Technology, OH&S and Injury Management, Supply Services, Building Approvals be received
2. The Service Specifications for Media Liaison, Information Technology, OH&S and Injury Management, Supply Services, Building Approvals be adopted.



**6 Progress of Council's 2000-2005 Strategic Program**

**36/27**

PRC 18 RESOLVED on the MOTION of Councillor Greg Davies seconded Councillor Ross Fowler that the information contained in the report on the Progress of Council's 2000-2005 Strategic Program be received.

**7 Variation of Salary Administration Structure**

**909/75**

PRC 19 RESOLVED on the MOTION of Councillor Greg Davies seconded Councillor Ross Fowler that the information contained in the Variation of Salary Administration Structure report be received.

Her Worship the Mayor, Councillor Jackie Greenow informed the meeting that at the Australian Local Government Women's Association conference held last week, she was elected as the Secretary of the organisation, Councillor Susan Page was elected as the Sydney Metropolitan Vice President, and Councillor Karen McKeown was elected to the Executive.

There being no further business the Chairperson declared the meeting closed the time being 8:14PM.

# **PENRITH CITY COUNCIL**

## **Procedure for Addressing Meetings**

Anyone can request permission to address a meeting, providing that the number of speakers is limited to three in support of any proposal and three against.

Any request about an issue or matter on the Agenda for the meeting can be lodged with the General Manager or Public Officer up until 12 noon on the day of the meeting.

Prior to the meeting the person who has requested permission to address the meeting will need to provide the Public Officer with a written statement of the points to be covered during the address in sufficient detail so as to inform the Councillors of the substance of the address and a written copy of any questions to be asked of the Council in order that responses to those questions can be provided in due course.

In addition, prior to addressing the meeting a person addressing Council or Committee will be informed that they do not enjoy any privilege and that permission to speak may be withdrawn should they make inappropriate comments.

It should be noted that speakers at meetings of the Council or Committee do not have absolute privilege (parliamentary privilege). A speaker who makes any potentially offensive or defamatory remarks about any other person may render themselves open to legal action.

Prior to addressing the meeting the person will be required to sign the following statement:

“I (name) understand that the meeting I intend to address on (date) is a public meeting. I also understand that should I say or present any material that is inappropriate, I may be subject to legal action. I also acknowledge that I have been informed to obtain my own legal advice about the appropriateness of the material that I intend to present at the above mentioned meeting”.

Should a person fail to sign the above statement then permission to address either the Council or Committee will not be granted.

The Public Officer or Minute Clerk will speak to those people who have requested permission to address the meeting, prior to the meeting at 6.45pm.

It is up to the Council or Committee to decide if the request to address the meeting will be granted.

Where permission is to be granted the Council or Committee, at the appropriate time, will suspend only so much of the Standing Orders to allow the address to occur.

The Chairperson will then call the person up to the lectern or speaking area.

The person addressing the meeting needs to clearly indicate:

- Their name;
- Organisation or group they are representing (if applicable);
- Details of the issue to be addressed and the item number of the report in the Business Paper;
- Whether they are opposing or supporting the issue or matter (if applicable) and the action they would like the meeting to take;
- The interest of the speaker (e.g. affected person, neighbour, applicant, applicants spokesperson, interested citizen etc).

Each person then has five minutes to make their address. Those addressing Council will be required to speak to the written statement they have submitted. Permission to address Council is not to be taken as an opportunity to refute or otherwise the points made by previous speakers on the same issue.

The Council or Committee can extend this time if they consider it appropriate, however, everyone needs to work on the basis that the address will be for five minutes only.

Councillors may have questions about the address so people are asked to remain at the lectern or in the speaking area until the Chairperson has thanked them.

When this occurs, they should then return to their seat.

Steve Hackett  
**Public Officer**  
02 4732 7637

August 2003

## **MASTER PROGRAM REPORTS**

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## The City in Its Environment

### 1 Pile Burning In Rural Areas

1011/22 Pt7

**Compiled by:** David Leavett-Brown, Health & Environment Unit Co-ordinator

**Authorised by:** Wayne Mitchell, Environmental Health Manager

**Management Plan 4 Year Outcome:** *The purpose and role of the City's rural areas are defined and secured, and their conservation is optimised.*

**Critical Action:** *Manage development consistent with the principles of Council's Rural Lands Strategy and promote best practice rural development.*

#### **Purpose**

*To consider the preparation of a General Approval under the Protection of the Environment Operations Act (Control of Burning) Regulation to permit the burning of dead and dry vegetation in the form of "Pile Burns" on certain rural properties. The report recommends that such a General Approval be prepared.*

#### **Background**

The uncontrolled burning of waste including household rubbish, garden clippings and other vegetation creates air pollution that impacts on the general communities health and well-being and adds to the overall levels of atmospheric pollution. As such legislative measures introduced over time have led to a ban on backyard burning and other controls being put in place. Such measures have contributed greatly to a general reduction in the average levels of particle pollution, especially in the Greater Metropolitan Area. The Protection of the Environment Operations Act 1997 (Control of Burning) Regulation introduced restrictions on the burning of any material, including dead and dry vegetation in rural areas.

#### **Legislation and the Approval Process**

Under this Regulation it is not an offence to cook or barbeque in the open or to light and maintain a fire for recreational purposes such as camping so long as it complies with obligations set out under the Act to minimise air pollution. Furthermore it is not an offence to burn vegetation in the course of carrying out agricultural operations on premises where the vegetation grew including the burning of stubble, orchard pruning, diseased crops, weeds and pest habitats. The Regulation permits farmers to operate an agricultural business to burn vegetation however the burning of miscellaneous waste including cardboard, plastic or other prohibited items or vegetation from land clearance for property development is not permitted.

The burning of dead and dry vegetation in rural areas not related to agriculture however is an activity that is subject to approval. Under the provisions of the Regulation, Penrith City Council is responsible for the issuing of approvals to carry out pile burns of dead and dry vegetation, which originates on rural properties. The present approval process is a joint effort involving the local Rural Fire Service and Council and is quite labour intensive.

Each property owner wishing to burn must first make application for approval. An officer from the Rural Fire Service then attends the subject property and using their "Pile Burning Guidelines" completes a visual inspection of the pile/s and an open burning checklist. This checklist with recommendation and any suggested conditions is then forwarded to Council for processing. Council then reviews this information before issuing an approval letter to the property owner/occupier. As the fire authority in rural areas the Rural Fire Service's recommendation is generally followed.

During an average year Council processes around 200 of these applications, during the non-bushfire danger period (April–September). This process as stated is labour intensive, time consuming and generally administrative. A standard general approval with conditions could provide the same level of environmental protection and community benefit.

### **The Proposal**

Section 9(2) of the Control of Burning Regulation 2000 permits Council's to grant approvals by means of a public notice published annually in a local newspaper circulating in the local government area provided certain provisions were met. Accordingly Council wrote to the Department of Environment and Conservation (DEC) for advice on whether this was an option and what conditions would be required.

The DEC wrote back to Council indicating that the proposed method of issuing a general approval to carry out pile burns is permissible under the requirements of the legislation. Council has the power to grant a general approval for the burning of dead and dry vegetation on the premises on which the vegetation grew for a selected period and conditions of the approval were given as follows.

The approval:

- Remains in force for the period specified by Council, during the period of 1 April until the 30 September each year or until the commencement of the bush fire danger period if this is declared earlier
- Must be published in the local paper prior to April each year
- Relates to properties located outside the NSW Fire Brigade boundaries
- Does not extend to the burning of vegetation resulting from land clearance. (Note: It is not an offence to burn vegetation, in the course of carrying out agricultural operations, on the premises on which the vegetation grew under Clause 8(1)(b) of the POEO (Control of Burning) Regulation 2000
- Does not relate to premises used as a commercial business.

### **Other Consultation**

Apart from the DEC, the local Rural Fire Service, NSW Fire Brigade and other Councils including Wollondilly, Hawkebury, Hornsby and Wingecarribee were consulted regarding the process and in order to clarify any issues of concern. Information from each of these sources was used in developing the approach and in drafting the conditions of a general approval.

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## **Where the Approval Would Apply**

In the Penrith LGA the approval is proposed to apply in the following rural areas as identified in the following planning instruments:

1. LEP 201 – Rural Lands (with a house on the lot and a minimum of 2 ha)  
Zone 1(a) (Rural “A” Zone – General)  
Zone 1(b) (Rural “B” Zone – Small Holdings)  
Zone 1 (c) (Rural “C” Zone – Rural Residential).
2. LEP 2002 – Mulgoa & Wallacia Villages  
Minimum of 4000m<sup>2</sup>, except on certain land in Mulgoa where clause 14 of the LEP 2002 applies.
3. SREP 13 – Mulgoa Valley  
Zone No. 1 – Rural Conservation, minimum of 10ha.
4. SREP 25 – Orchard Hills  
1(a) – Agricultural Protection, minimum of 4ha.  
1(b) -Rural, minimum of 2ha  
The Vines Estate and ‘residential’ properties in Caroline Chase, minimum of 4000m<sup>2</sup>.
5. IDO 93 (This does not apply to land under SREP 11 – Penrith Lakes Scheme)  
Rural (A1), minimum of 2ha  
Rural (A2), minimum of 2ha  
Rural (D), minimum of 2ha.

## **Proposed Conditions of Approval**

The approval would be granted subject to DEC requirements and the provisions of the Protection of the Environment Operations (Control of Burning) Regulation 2000 and the following conditions:

1. Only dead and dry vegetation, which grew on the property which is included in this approval shall be burnt on that property in accordance with the Rural Fire Service “Guidelines for Pile Burning” June 2003; [www.rfs.nsw.gov.au](http://www.rfs.nsw.gov.au) All fires are to be pile burns where fuel shall not exceed one cubic metre of dry and dead vegetation. Any logs over 150mm in diameter should not be added to the pile.
2. Burning with this approval must at all times be carried out by such practicable means as are necessary to prevent or minimise air pollution. The potential for smoke impacting on any person due to wind direction and weather conditions must be taken into account, especially any nearby sensitive receptors (eg. schools, nursing homes, childcare centres).
3. All reasonable measures should be taken to ensure that the material being burnt is not wet or green

4. Plastics, rubber, chemical and pesticide containers, and also the following specifically prohibited articles shall not be burnt in conjunction with this approval:
  - a. Tyres, plastic coated wire, paint/solvent containers and residues
  - b. Timber treated with copper chromium arsenate (CCA) or pentachlorophenol (PCP) or painted timber
  - c. Grass clippings and leaves are not considered suitable due to the excessive smoke and alternative methods of disposal should be sought.
5. All fires to be a minimum distance of 20m from all buildings and 10m from all property boundaries.
6. In the event of a Total Fire Ban being declared this approval is suspended. Any existing fire is to be extinguished and cannot be re-commenced until the Total Fire Ban is lifted.
7. In the event of a No Burn day being declared by the DEC this approval is suspended for the duration of the declaration. When a “No Burn notice is issued, it applies to the lighting of new fires in the declared areas. Existing fires should be allowed to continue as extinguishing the fire would result in more smoke. No Burn Notices are notified in the Public Notices section of the Sydney Morning Herald not later than on the day on which the order is to take effect. Recorded information about the “No Burn Notices” is usually available after 4pm on the day before the notice comes into effect and can be accessed by calling ph no. 1300130520 or is available on the NSW Department of Environment and Conservation (DEC) website at [www.environment.nsw.gov.au/air/airqual.htm](http://www.environment.nsw.gov.au/air/airqual.htm).
8. Adjoining neighbours and people likely to be affected by smoke are to be notified at least 48 hours before the fire is lit. This will allow for smoke-sensitive people including asthmatics to plan to be away from the area before the burn is conducted.
9. Written or oral notice is to be given to the Cumberland Rural Fire Service, Ph: (02) 4734 7777, fax (47228796), email [cumberland.zone@rfs.nsw.gov.au](mailto:cumberland.zone@rfs.nsw.gov.au) at least 24 hours prior to the burn. Such notice must specify the persons name, contact number, and location of the proposed fire, purpose, period and time that the fire is proposed to be lit.
10. A responsible supervising adult over the age of eighteen shall be on site at all times with enough water to extinguish the fire, if required, for that time the fire is active.
11. Burning shall only be conducted between the hours of 8am – 5pm on any day.
12. Any residue waste from the burning must be disposed of in an environmentally satisfactory manner and in accordance with the Protection of the Environment Operations Act 1997 and the Protection of the Environment Operations (waste) regulation 1996. On the completion of the burn, the burnt area must be maintained in a condition that minimizes or prevents the emission of dust and prevents sediment or ash from fires being washed from the area into waters.
13. Failure to comply with this approval may result in an on the spot fine of \$500.00 for an individual or \$1,000.00 for a corporation. In the event of prosecution the maximum penalty is \$5,500 for an individual and \$11,000 for a corporation.

### **Preparation of the General Approval**

In order to prepare the General Approval an advertisement would be drafted to appear in the local papers on an annual basis with details of where and how it applies and conditions of approval as listed. Further liaison will then occur with the local Rural Fire Service and DEC



to advise of Council's resolution and facilitate the process. The initial commencement date for the General Approval would be from the time the advertisement appears in the local paper until 30<sup>th</sup> September 2005 or earlier if the Bush Fire Danger period is declared. In future years the advertisement would be placed in the local papers prior to April each year.

### **Conclusion**

The preparation of a General Approval for the burning of dead and dry vegetation on certain rural properties will benefit those customers in rural areas that wish to burn small quantities of dead and dry vegetation. At the present time the requirement for individual applications is very time consuming for our customers, the local Rural Fire Service and for Council and largely administrative. The proposal General Approval will remove this unnecessary administrative burden, but will still ensure an appropriate level of environmental protection.

### **RECOMMENDATION**

That:

1. The information contained in the report on Pile burning in rural areas be received
2. Council prepare a General Approval for the Penrith Local Government Area under the provisions set out in the Protection of the Environment Operations Act (Control of Burning) Regulation 2000, to allow certain rural property owners to burn dead and dry vegetation in accordance with the conditions listed in this report.



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## The City as a Social Place

### 2 NSW Food Regulation Partnership Exposure Draft

7005/6 Part 16

**Compiled by:** David Leavett-Brown, Health and Environment Unit Co-ordinator

**Authorised by:** Wayne Mitchell, Environmental Health Manager

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| <b>Management Plan 4 Year Outcome:</b> <i>An improvement in the health of the people and communities of the City.</i> |
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| <b>Critical Action:</b> <i>Deliver statutory and agreed health services.</i> |
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#### **Purpose:**

*To consider Council's future role in food safety in light of the NSW Food Regulation Partnership Exposure Draft which proposes a new model for food safety regulation in New South Wales. The report recommends that a submission be forwarded to the NSW Food Authority supporting the recommendations of Exposure Draft. A presentation on the Exposure Draft will be provided by David Leavett-Brown, Council's Health and Environment Unit Co-ordinator .*

#### **Background**

Traditionally local government has played a key role in protecting health and promoting hygienic conditions and standards in the community. This has included a key focus on regulating and promoting food safety. This role however varies significantly between different councils, as there is still no mandated role for local government in food safety. Different approaches and elements are therefore employed by different councils and some smaller councils may choose not to focus their limited resources on food safety at all. This has led to differing food safety standards across the country.

In 1995 state and territory health ministers requested the Australia New Zealand Food Authority to develop national and uniform food safety standards for Australia. This resulted in the development of the Food Safety Standards and in New South Wales (NSW) the establishment of the NSW Food Authority. The NSW Food Authority is a state government agency that was formed by the merging of SafeFood NSW and the food regulatory activities of the NSW Health Department. As Australia's first integrated food regulation agency, the NSW Food Authority is responsible for food safety across the entire food industry, from primary production until the point of sale. It has been recognised that both the NSW Food Authority and local government play significant roles in food regulation and to provide the best food regulation system in NSW, a strong and genuine partnership is essential.

#### **Legislative Powers**

The national uniform food safety standards were developed and adopted under the Australia New Zealand Food Standards Code in 2001. Such standards are incorporated under each state and territories Food Acts. In New South Wales the principal Act for food safety is the Food Act 2003, which is supported by the Food Regulation 2004. Local government powers to act on food safety matters come principally from the Food Act. The General Manager has the power to authorise officers under this Act and Section 6 of the Food Regulation gives effect to this prescribing local government as an enforcement agency.

### **Present Inspection Program**

In the Penrith City Council LGA there is presently over 500 food premises registered with Council. All registered premises are placed into either a Category A or Category B. The category which premises are placed in is determined by the level of risk associated with the business and the type of food offered for sale. Category A premises are mainly restaurants, cafes and takeaways and receive two routine health and hygiene inspections per year. Category B premises generally consist of service stations; fruit shops etc and presenting a lesser risk receive a minimum of one inspection per year.

There are approximately 350 Category A food premises and approximately 150 Category B premises. This equates to a minimum of 850 routine health and hygiene inspections per year. Inspections are carried out by one of three environmental health officers that are responsible for a given surveillance area. Proprietors are charged an inspection fee after each inspection has been carried out.

Where there are minor matters to attend to the primary mechanism for compliance is the issuing of a non-compliance letter and completing a re-inspection. Where the matter is more serious an on the spot penalty notice or prosecution may result. Council also plays an enforcement role in terms of food safety and has undertaken a number of successful prosecutions over the years for non-compliance. In general though there are very few prosecutions required each year as the standard of food premises overall is quite high. Council's Health and Environment Unit also investigates food related complaints. This is usually where a foreign object contaminates the food product or food preparation is completed in an unhygienic manner leading to a risk to health. Council investigates around 60 such food-related complaints each year.

### **Food Safety Promotion Initiatives**

The basis of our food safety program is on working with our customers through a cooperative and educational approach rather than a heavy emphasis on regulation. Some of our food safety initiatives include the production of a series of fact sheets for shop proprietors and the development and distribution of a quarterly Food Safety Newsletter. Health promotion displays in local shopping centres and Council's foyer area are also held to promote food safety. Food safety seminars are occasionally held and are open to all food handlers working in the local government area. At present there is no requirements for food handlers to obtain any type of formal training and the frequent turn over of staff often makes training difficult.

Whilst we have attempted to run a proactive and educational program, this is difficult with current staff numbers and a high number of inspections. Previously each food premises was required to pay a registration fee up front before operating. With fee for service changes to the legislation introduced in the early 1990's, Council is now restricted in its ability to recoup costs. Fees are based on inspection costs only rather than the overall cost to run the food safety program. This has had the effect of putting too much emphasis on achieving high numbers of inspections rather than a focus on a broad range of initiatives. A secure and alternative funding base would allow greater flexibility in delivering our food safety program.

### **New Food Regulation Proposal**

As part of the ongoing food safety reforms, the NSW Food Authority has developed a Blueprint for the NSW Food Regulation Partnership (April 2005). This document is an exposure draft of a model for a food regulation partnership between the NSW local and state governments. The model has been developed by representatives of the state and local government and reflects the findings of a major consultation conducted between October and December 2004. A copy of the executive summary of the Blueprint and the recommendations are included in the attachment. A fully copy can be provided on request or can be found at [www.foodauthority.nsw.gov.au](http://www.foodauthority.nsw.gov.au).

## Key Features

The draft model for food regulation partnership between NSW local and state governments will, if adopted:

- Clearly define the respective roles of councils and the NSW Food Authority
- Mandate a role for local government in food regulation
- Provide a dedicated program to support and assist council roles in food regulation
- Establish arrangements for coordination of the NSW food regulatory system
- Provide a secure funding base for Council's food regulatory work

## Discussion

At the present time there is no regulatory requirement for local government to play a role in food regulation. However, as the community perceives food safety as an important issue, most councils choose to devote resources to this area. However, the commitment made to food regulation varies greatly, with some councils running food surveillance programs whilst others have minimal involvement. In an attempt to make the food regulation partnership a viable option for all councils, the NSW Food Authority has established three different service levels at which councils can choose to operate.

The three different service levels are outlined below:

|                   |  |
|-------------------|--|
| <b>Category A</b> | <ul style="list-style-type: none"> <li>• Food premises approvals</li> <li>• Emergency response</li> <li>• Urgent food recalls</li> </ul>   |
| <b>Category B</b> | <p>Category A, plus</p> <ul style="list-style-type: none"> <li>• For retail food service businesses (excepting those businesses for which a Food Safety Scheme applies)</li> <li>• Premises inspections (to determine compliance with Food Safety Standards 3.1.1, 3.2.2 and 3.2.3 and basic Food Standards matters and including taking samples as appropriate).</li> <li>• Investigation of complaints (including single cases of food borne illness)</li> <li>• Enforcement action (including serving notices, orders and taking court action)</li> </ul> |
| <b>Category C</b> | <p>Category A &amp; B, plus</p> <ul style="list-style-type: none"> <li>• Any other role negotiated directly between councils and the NSW Food Authority, for example (but not limited to):</li> <li>• Premises inspections of manufacturers</li> </ul>   |

Category A is proposed to be the base minimum role for all councils. It represents current statutory requirements and activities where council involvement is critical to protecting consumers.

It is recognized that many councils currently undertake food premises inspections and follow up enforcement action in retail and food service businesses. A defined service band (Category B) is therefore proposed to enable councils to easily opt into this role.

Some councils are interested in and have the capacity to perform food regulatory services in addition to those proposed for Category B. It is likely that different councils will seek to undertake different activities.

## **Our Present Role**

When assessing the service bands it is apparent our present role would best fall into Category B, however if the proposed funding levels and opportunities are adopted we could work towards a Category C service band. Such an expansion of our current role could provide a greater level of food safety protection and be beneficial in terms of our staff's professional development. Importantly though a decision on which level of food regulatory activity would be selected is not likely to be required before 1 January 2006.

For sometime now we have been reviewing our existing food hygiene surveillance program and exploring how our resources could be better focused. Over the years changes have been made to our program to incorporate risk assessment strategies and ratings of food premises. The challenge has always been on how we can secure a solid funding base for the program to cover administrative and other costs without heavily impacting on the local food business operators. As stated our current program relies on partial cost recovery. The exposure draft has identified a secure funding base, thereby providing an opportunity to build some flexibility and expand our current program to incorporate new initiatives and activities to improve food safety.

The options proposed in order to provide a secure funding base are comprised of:

- An annual administration fee for food businesses
- Charging inspection fees (fee for service under the provisions of the Local Government Act)
- Preventing non-payment of administration and inspection fees via the provision of the issuing of penalty notices for non-payment
- Prescribing a fee to recover the administrative costs associated with the issuing improvement and prohibition notices.

## **Conclusion**

In summary the key benefits of the proposal are the establishment of:

- A secure funding base, which will allow more proactive and targeted food safety activities to be initiated
- A clearly defined food safety role for local government
- An ongoing commitment from the NSW Food Authority for support, training and consultation, and
- Professional development opportunities for council staff involved in food inspection.

The proposal by the NSW Food Authority provides solid foundation for the future regulation of food safety in NSW. The Food Authority has consulted extensively and appears to have addressed the main concerns raised by Local Government.

## **RECOMMENDATION**

That:

1. The information contained in the report on the NSW Food Regulation Exposure Draft be received
2. A submission be forwarded to the NSW Food Authority supporting the recommendations of the exposure draft.



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## **Council's Operating Environment**

### **3 Annual Insurance Renewals - Westpool**

**6011/112 & 6011/117**

**Compiled by:** Ken Muir, Risk Management Co-ordinator

**Authorised by:** Barry Husking, Chief Financial Officer

|  |
|--|
| <p><b>Management Plan 4 Year Outcome:</b> <i>Effective risk management is practiced.</i><br/><b>Critical Action:</b> <i>Incorporate appropriate risk exposure assessment in the organisation's decisions and activities.</i></p> |
|--|

#### **Purpose:**

*To consider the claims excess layers for insurance cover with Westpool. The report recommends that Council retain the current claim excess for property insurance and increase the excess for liability insurance.*

#### **Background**

Westpool comprises the following Local Government bodies:

- Blacktown City Council
- Blue Mountains City Council
- Fairfield City Council
- Hawkesbury City Council
- Liverpool City Council
- Parramatta City Council
- Penrith City Council.

Westpool has a total resident population of 1,040,000 representing some 26.3% of the population of Metropolitan Sydney.

Penrith City Council is a founding member of Westpool.

Westpool provides:

- Insurance coverage for property and industrial special risk
- Insurance coverage for public and professional indemnity liability
- Comprehensive motor vehicle insurance cover
- A forum for the management of insurance claims
- A forum for the exchange of best practice for prevention and minimisation of risk
- Training for member councils to help minimise risk
- A platform to pursue legislative change.

Council has a risk profiling program in place as part of the enterprise risk management practices called for in the new strategic program. Risk profiling assists the identification, assessment, monitoring and management of risks throughout the organisation. Outcomes of the initial profiling program have assisted with improving claims management, risk exposure assessments and insurance budget forecasting.

### **Industrial Special Risk and General Property Insurance**

Council's Industrial Special Risk and General Property Insurance cover is due to expire on 30 June 2004. Cover is provided for insurance categories of Industrial Special Risk (ISR), fire & all risk (property only), machinery breakdown and computer breakdown.

In 2003, Council joined Westpool's ISR self insurance program.

Westpool has provided variable ISR excesses for 2005/06. These are

|                                   |           |           |           |
|-----------------------------------|-----------|-----------|-----------|
| <b>ISR Claims Excess</b>          | \$10,000  | \$20,000  | \$50,000  |
| <b>Premium Contribution 05/06</b> | \$288,000 | \$280,000 | \$275,000 |

Council has an excess of \$10,000 per incident. While a higher claims excess will result in premium savings it will increase Council's exposure to loss or damage to its numerous decentralised buildings.

It is considered prudent for the excess to remain at \$10,000.

The Penrith contribution for Westpool ISR is \$288,000 and represents 0.14 cents in the dollar for the value of all Council's property assets. The premium amount is \$69,000 less than the premium for 2004/05 and represents a saving of \$189,000 since joining the Westpool ISR self insurance program. The 2005/06 premium has been factored into the budget estimate.

### **Liability Insurance**

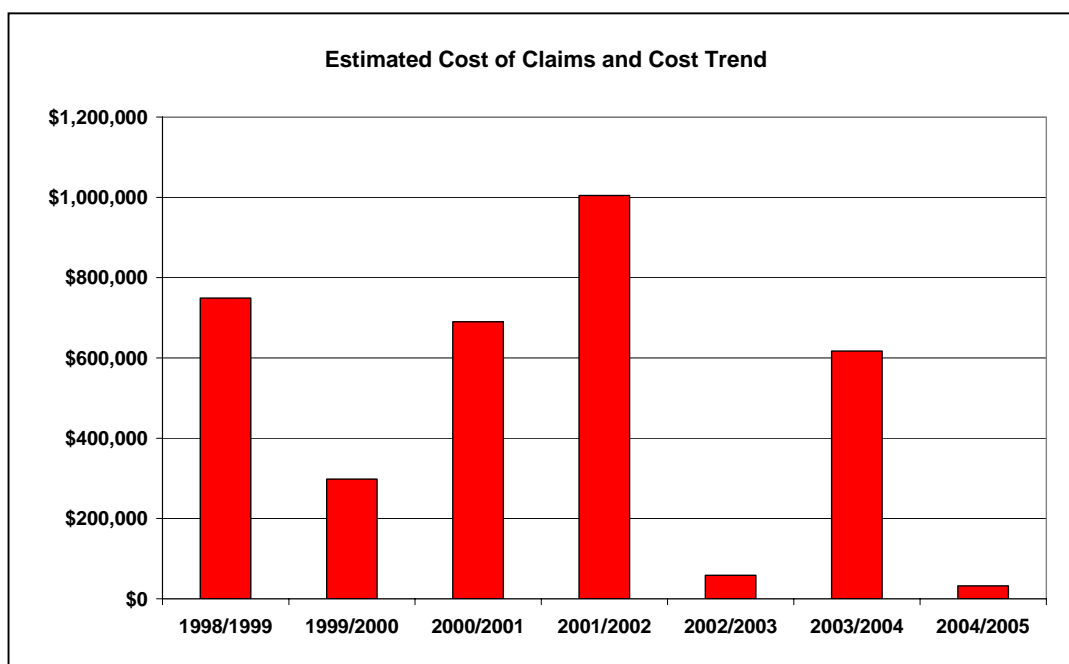
Westpool's liability program provides pooled insurance cover for public liability, professional indemnity and Councillors, Directors and Officers.

The contribution to Westpool liability cover for 2004/05 was \$898,000 with a \$75,000 claims excess layer.

For 2005/06, Westpool has offered the following claims excess layers for liability cover:

|                               |             |           |           |
|-------------------------------|-------------|-----------|-----------|
| <b>Liability Claim Excess</b> | \$50,000    | \$75,000  | \$100,000 |
| <b>Contribution 05/06</b>     | \$1,088,000 | \$942,000 | \$866,000 |





The number of claims and incidents and claims costs have significantly decreased since 2000/01.

The following table shows that the number of reported incidents have decreased but the percentage of incidents that result in claims is increasing.

| Year of Incident | Claims & Incidents | % Claims |
|------------------|--------------------|----------|
| 1999/2000        | 149                | 26%      |
| 2000/2001        | 135                | 27%      |
| 2001/2002        | 141                | 38%      |
| 2002/2003        | 85                 | 33%      |
| 2003/2004        | 97                 | 54%      |
| 2004/2005        | 54                 | 50%      |

Over the last 10 years the maximum number of claims with estimated costs between \$75,000 and \$100,000 is 3 in any one year and for most of those years there has been only 1 claim. In the last two years 50% of reported incidents became claims but the 90% of claims have cost estimates less than \$50,000. The containment in the number and cost of claims is the result of improved Council systems that facilitate the resolution of claims and the early impact of the Civil Liabilities legislation. These changes have resulted in:

- Reducing Council's contingent liability from \$800,000 in 2000/01 to \$180,000 in 2004/05
- Council having an opportunity to increase the level of acceptable risk by increasing the excess from \$20,000 to \$75,000 and
- Continued premium savings.

With the improvement in more recent claims cost trends and Council's ability to resolve claims it is considered viable to increase Council's excess to \$100,000. The premium for 2005/06 will be \$866,000 representing a saving of \$32,000 on the 2004/05 premium. The 2005/06 premium has been factored into the budget estimate.

### **Controlled Entities**

Controlled entities have been offered a range of claims excesses for ISR and liability cover with appropriately varied contributions based on the Westpool contribution formula.

### **RECOMMENDATION**

That :

1. The information contained in the Annual Insurance Renewals - Westpool report be received.
2. Council retain its \$10,000 claims excess for Industrial Special Risk and General Property cover and agree to pay a contribution of \$288,000 to Westpool.
3. Council adopt a \$100,000 claims excess for Public Liability and agree to pay a contribution of \$866,000 to Westpool for liability cover.



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## Council's Operating Environment

### 4 Proposed Suburb Boundary Changes - Luddenham, Badgerys Creek and Kemps Creek

4103/3

**Compiled by:** Glenn McCarthy, Executive Officer and David Yee,  
Development Services Coordinator

**Authorised by:** Steve Hackett, Director - City Services

|   |
|---|
| <b>Management Plan 4 Year Outcome:</b> <i>Effective corporate governance has been maintained.</i> |
| <b>Critical Action:</b> <i>Undertake effective local government.</i>                              |

#### **Purpose:**

*To review the alignment of the boundaries between the suburbs of Luddenham, Badgerys Creek and Kemps Creek. The report recommends that a submission be made to the Geographical Names Board to change the alignment of the suburb boundaries as detailed in the report.*

#### **Background**

Under the provisions of the Geographical Names Act 1966, the Geographical Names Board (GNB) has the power and the function to approve suburb and locality names and boundaries. The boundaries of all suburbs within the City of Penrith were approved by the GNB and notified in the NSW Government Gazette on 10 October 1997.

#### **Current Situation**

The rural residential and golf course development known as "Twin Creeks" is in four (4) stages with Stage 1 being wholly within the suburb of Luddenham and the subsequent stages being wholly within the suburb of Badgerys Creek. In these circumstances it is prudent to take action to avoid the situation where a single residential area falls into two or more suburbs so that postal/delivery and emergency/enforcement service providers are not hampered.

It is suggested that the boundary between the suburbs of Luddenham and Badgerys Creek be re-aligned to follow the southern and eastern boundaries of the Twin Creeks development as depicted in the attached plan – Attachment 1.

The opportunity is also being taken to align the rear (western) boundaries of 805-859 Mamre Road, Kemps Creek.

Following discussions of the above process with the developer, Luddenham Management, a submission was subsequently received from the developer requesting the new suburb name of Twin Creeks.

The developer has previously been advised by Council officers that naming of a separate suburb would not be supported in this instance.

### **Developer's Submission**

The developer's submission in support of the Twin Creeks suburb name is summarised in the following points:

- Aid for postal delivery, emergency services and general servicing of the estate.
- Avoid confusion as to the locality identity due to the Twin Creeks signage at the entrance to the estate on Luddenham Road.
- Avoid potential for residents to unofficially adopt the estate name Twin Creeks as a suburb name.
- Avoid confusion in an emergency on the golf course with players being unaware of a difference between the golf course name and the suburb name.
- The Community Titling of portions of the development creates a different community and unique identity than can be reinforced by a separate suburb name.

### **Comment**

The name "Twin Creeks" is a marketing name for the site adopted by the developer. The name is based on the fact that South Creek forms the eastern boundary of the site and Cosgrove Creek flows through the site.

The proposed suburb would only contain approximately 189 residences with an area of approximately 310 ha the majority of which contains the golf course and associated facilities. This is relatively small compared to the overall current Luddenham suburb area of 2326 ha, and is also significantly smaller than other rural suburbs in the city.

There is no objection to the use of the name Twin Creeks for marketing purposes. However, the creation of a new suburb to be called Twin Creeks is not considered to be appropriate.

There are a number of other similar rural residential developments in the city that have had "marketing names" such as "Capitol Hill" at Mt Vernon and "The Vines" at Orchard Hills. These developments have retained the original suburb name.

Council is unaware of any of the issues raised in the submission by Luddenham Management occurring in these localities. The issue of confusion for emergency services and others is largely overcome by the Council and GNB policy of creating unique street names. In regard to the golf course it is quite common for a golf course to have a different name to its geographical location. Golf courses are major facilities that are specifically noted in street directories and emergency services geographic information systems (GIS).

It is Council's aim to create new communities that are integrated with the existing community. The naming of a relatively small development as a separate suburb is not in keeping with this objective.

It is not uncommon in rural areas to adopt a property name as part of the address. This would not prevent residents using the "Twin Creeks" nomenclature in their address. If residents wished to adopt this it could be in the form as shown below:

Mr & Mrs Resident  
XX Portrush Crescent  
"Twin Creeks"  
Luddenham NSW 2745

The suburb name of Luddenham is a longstanding and historic locality in the city area. The name dates back to 1813 when 6710 acres was granted to John Blaxland elder brother explorer Gregory Blaxland.

In 1997 council went through a lengthy process of reviewing and amending suburb names and boundaries to remove anomalies that had arisen over a period of time. The revised

names and boundaries were gazetted in October 1997. The majority of the anomalies had arisen from the practise of developers adopting a marketing name for their development that then became a de-facto suburb name. It is not appropriate to support a reinstatement of this practise.

### **Conclusion**

The suburb boundaries of Luddenham, Badgerys Creek and Kemps Creek should be amended as outlined above. However, for the reasons previously stated, the creation of new suburb name for this development is not considered appropriate.

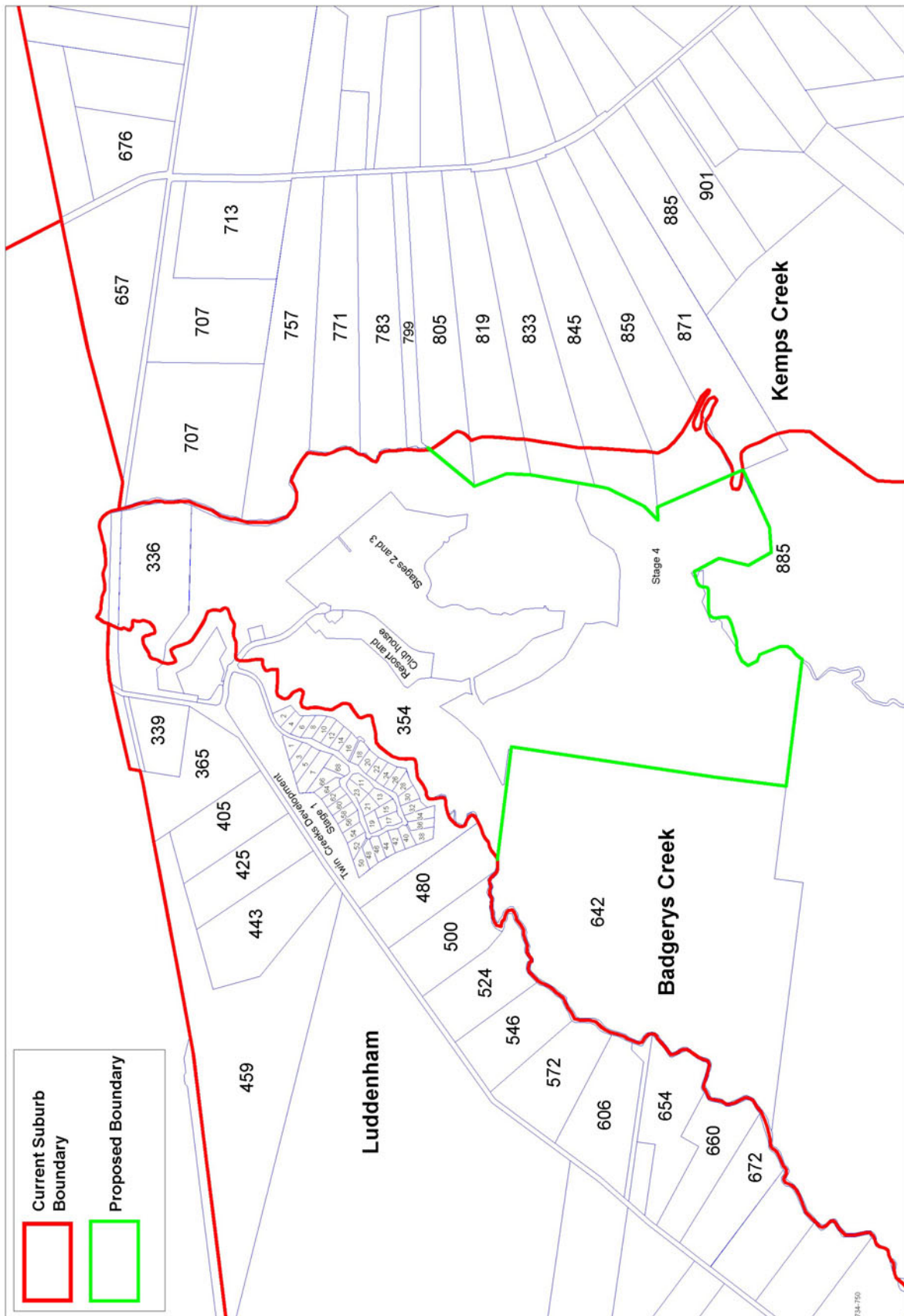
Any changes to the existing suburb boundaries or new suburb name must be submitted to the GNB for their approval. Council does not have the power to formally adopt suburb boundaries or names itself. The GNB will publicly exhibit the draft boundary adjustments for a month, providing an opportunity for public comment. This public consultation will be supplemented by Council's own advertisements in the local press and letters to the owners of all affected properties.

### **RECOMMENDATION**

That:

1. The information contained in the report on Proposed Suburb Boundary Change – Luddenham, Badgerys Creek and Kemps Creek be received
2. A submission be made to the Geographical Names Board seeking the re-alignment of the boundary between the suburbs of Luddenham, Badgerys Creek and Kemps Creek as depicted on the attached plan
3. The creation of a new suburb name for the rural residential and golf course development not be supported
4. The owners of all properties affected by the proposed changes be invited to make submissions to the Geographical Names Board on the proposal.





## Council's Operating Environment

### 5 Investment Policy

6023/4

Compiled by: Pauline Johnston, Expenditure Accountant

Authorised by: Vicki O'Kelly, Senior Financial Accountant

|  |
|--|
| <p><b>Management Plan 4 Year Outcome:</b> <i>Maintain a sound financial position and liquidity.</i><br/><b>Critical Action:</b> <i>Ensure the timely provision of financial advice and information to support Council's decision making processes.</i></p> |
|--|

#### Purpose:

*To give Council an opportunity to review the current Council Investment Policy, which was last amended in June 2000. It is considered appropriate to review this policy so that Council can move with the changing market place and new investment opportunities that are currently available. The Finance Working party considered this policy on 10 May 2005. The report recommends that the proposed Investment policy be adopted.*

#### Background

Council's investments are governed by the Minister's order and investment guidelines, which were updated with minor amendments on 24 November 2000. It is considered appropriate to examine Council's current Investment policy, which has been in place since June 1995, albeit with a number of minor amendments

The main change to the investment guidelines is for a Council to determine a prudent investment i.e. investment decisions must be made by a "prudent person" suitably qualified and experienced, not just an "average person". The revised legislation has also broadened the range of professionally managed funds available to Councils

This review of the policy will allow Council to move with the changing market place and take advantage of new opportunities available. To comply with the amended legislation and consistent with best practice, many Council treasury operations have outsourced part of the investment management function to professional investment advisors to reduce administration, increase yields, improve controls and save time and money.

The proposed policy (attachment A) includes the Minister's Guidelines, a glossary of terms and a definition of the Standard and Poors (S&P) credit ratings referred to in the policy. The proposed policy clearly states the objectives, the legislative constraints, Council's own constraints and the strategy.

#### Variations to existing policy

##### Managed Funds (cash and cashplus)

It is proposed to recommence investing a proportion of Council's portfolio in Managed Funds, including Ethical Funds which are Managed Funds dealing only in socially responsible investments. Managed Funds provide Council with the ability to build a balanced and diversified investment portfolio, which, by combining short and longer term securities with an overall mix of "A" or above, complies with Council's policy. The level of risk involved in investing with a Fund is assessed in the same way as with a Financial Institution as both are assigned ratings by S & P. A minimum rating of "A" for Managed Funds is still considered appropriate.

Security Class

Currently all Council's surplus funds are invested in securities classed as Australian Cash and Fixed Interest as this is the area of least risk. No amendment to this is recommended.

Securities in this class currently held by Council include Negotiable certificates of Deposit (NCDs), Interest bearing/term deposits (IBDs), Bank Accepted Bills (BABs) and 11am call funds. It is proposed to invest in another security in this class, Floating Rate Notes (FRNs) which have a floating rate of interest returning an agreed rate above the Bank Bill Swap Rate (BBSW).

The premium makes FRNs especially popular compared to other securities returning merely the base rate, and the coupon is reset, usually quarterly, throughout the life of the note, so, unlike a long term fixed investment it offers some protection against inflation in a rising rate environment.

Minimum acceptable S & P ratings are A (long term) and A-1 (short term)

No change - this minimum remains for both Financial Institutions and Managed Funds, however it is proposed to recommence investment in NSW Building Societies.

Council's current policy was adopted when the NSW Financial Institutions Commission (FINCOM) was the supervising authority for all Building Societies in NSW and their assessment of asset levels and capital adequacy ratio was the standard used by Council to determine minimum acceptable risk levels. Two of the largest NSW Building Societies (IMB and Newcastle Permanent) applied to be rated by S & P and recently received an investment grade rating.

Using this rating as a minimum will ensure that funds are placed with only those Building Societies which have undergone a rigorous assessment process by an international credit rating agency.

Not more than 20% of Council's portfolio permitted to be held in institutions rated below AA-

The proposed change is "not more than 20% of Council's portfolio is permitted to be held in a single institution/Fund rated below AA-. This restriction also applies to Building Societies as a group.

Term of investments may not exceed three years

This restriction is proposed to be amended for:

- a. Investments placed in Managed Funds as the leading cash plus funds are permitted to have a maximum average weighted days to maturity of up to two and a half years. No actual restriction is placed on the term to maturity of their investments.
- b. Floating Rate Notes which generally have a duration between 1 and 5 years. Dependent on market conditions, it is sometimes prudent to sell them prior to duration, however they may be held full term.

The average weighted days to maturity of Council's average total investment portfolio must not exceed 548 days.

This is no longer appropriate, as Managed "Cash Plus" Funds must by definition include securities of medium and longer term to enhance returns/outperform bank bills. It is proposed that the new policy read: The average weighted days to maturity of Council's average total investment portfolio must not exceed two and a half years.

Direct investments exceeding one year's duration must be limited to 20% of the average total portfolio

This will not change as it ensures that the bulk of Council's investment portfolio is realisable, without penalty, within a reasonable timeframe.

No institution may hold more than 25% of Council's total investments



No change – this restriction will continue to apply to Financial Institutions, Managed Funds and Building Societies. Point 13 of the proposed policy gives additional details of the diversification recommended for Council's invested funds.

#### Council's Portfolio interest rate compared to the WBC 90 Day Bank Bill Rate

It is proposed to use the UBS Warburg Australian Bank Bill Index as a benchmark in line with many other Councils, superannuation funds and investment brokers.

#### **Anticipated earnings on portfolio**

Investment earnings are expected to increase substantially under the proposed regime within acceptable risk parameters. Managed Funds (rated "A" or above) consistently achieve a return (net of fees) 40 to 50 points above the UBS Australian Bank Bill Index (refer attachments B and C). In recent months Council's portfolio has exceeded its benchmark only marginally, whilst the portfolios of other Councils utilising Funds Managers have performed significantly better.

Based on Council's average portfolio of \$50million interest rates of 40 points above BBSW would earn Council an additional \$200,000 each year.

The current Investment Policies of many other councils (including Sydney City, Blacktown Hurstville and Blue Mountains) have been carefully scrutinised and extensively reviewed as part of the research determining these proposed amendments. These Councils have incorporated many of the changes for a number of years already and, without exception, report significantly increased earnings yet consider the revised guidelines maintain risk minimisation.

#### **Investment Advisors**

As part of the new strategy it is proposed to improve the portfolio's performance, credit quality and liquidity by out-sourcing a portion of the investment portfolio to professional investment advisors thus allowing Council to take advantage of specialists. Professional investment advisors have an excellent proven record of increasing earnings on many councils' investments, by providing expert advice on alternative investments which are still within Council's policy guidelines. Any funds placed through an investment adviser will be held in Council's name.

As with Managed Funds, there is of course a fee incurred for financial advice, support, reporting and portfolio administration. It is anticipated that the increased earnings on Council's investments net of fees under this revised strategy will be well in excess of current benchmarks.

#### **Expressions of Interest to provide investment advice**

It is intended to seek expressions of interest from those organisations interested in providing investment advice to Council. At the finalisation of the process it is envisaged that a panel of suitably experienced and qualified advisers will be established.

#### **Summary of New Policy and Strategy**

The new policy provides for:

- The opportunity to invest in new products for greater return whilst still maintaining low risk investments (e.g. floating rate notes, Ethical Funds)
- The opportunity to seek expressions of interest from professional investment advisers
- Revision of the outdated existing policy to better comply with the guidelines issued by the Minister

- Return on investments to be benchmarked against the UBS WA Bank Bill Rate.

**RECOMMENDATION**

That:

1. The information contained in the report on Investment Policy be received
2. Council adopt the attached Investment policy
3. Expressions of interest from investment advisers be sought.



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## Council's Operating Environment

### 6 Use of Property Development Funds

950/45

**Compiled by:** Barry Husking, Chief Financial Officer

**Authorised by:** Barry Husking, Chief Financial Officer

**Management Plan 4 Year Outcome:** *Maintain a sound financial position and liquidity.*  
**Critical Action:** *Ensure the timely provision of financial advice and information to support Council's decision-making processes.*

#### **Purpose:**

*To propose a policy on the disbursement of property development funds. This policy was considered by the Finance Working party on 10 May 2005. The report recommends that the proposed policy be adopted.*

#### **Background**

Property development has been an important part of Council's financial strategy for many years. With an operational asset base valued at around \$60 million, and annual income from rental properties of \$1.6 million, the Property Development Fund has provided funding solutions to several major projects. Examples include the Civic Centre, Cranebrook Shopping Village, Community Connections and, more recently, the Performing Arts Centre extensions and the new North St Marys Neighbourhood Centre. The Property Development Fund also funds town planning land acquisitions, in addition to Section 94 funding, and the majority of Council's building renewal program.

The 2004/05 Management Plan calls for the development of a policy on the disbursement of returns from property development activity. The following proposed policy reflects the purposes for which these funds have been used in the past.

#### **Policy on Disbursement of Property Development Funds**

Funds received from property development activities are transferred to the property development reserve. These funds are then used for the following purposes:

##### Reinvestment for profitable return

The acquisition, development and disposal of properties to achieve a profitable return is necessary to ensure a consistent supply of funding for Council's use. Properties that are surplus to current requirements can be sold, contributing to Council's financial capacity.

Properties suitable for rental return should be identified and rental returns on existing properties maximised, subject to agreed community service objectives.

Council has an asset base of property that is classified as "Operational" which can be developed and disposed of to achieve a profitable return. Recent examples include the Mulgoa Road Industrial land and surplus property in Nepean Street Cranebrook that will become part of the new Waterside Green development. Council's Great Western Highway property at Kingswood is also being investigated for future residential development.

##### Compulsory land acquisition

Council has a statutory obligation to acquire private land to assist the implementation of planning schemes, in particular, purchases for road widening, open space, drainage, car parking, neighbourhood centres and children's centres. Current examples include property in North Street, for the Jane/North streets bypass.

Property development funds will be used for this purpose only in the absence of developer contributions.

#### Orderly development of the city

At times the acquisition of private property, while discretionary, is necessary to facilitate or encourage development. For example, negotiations are underway to purchase property in North Cranebrook that contains an area of public reserve to be dedicated to Council as well as additional land that can be developed for residential purposes.

Property development funds should be used to acquire property, including land and buildings in strategic locations, to facilitate future development.

#### Advancing delivery of services and infrastructure

There are successful examples of property development funds being used to acquire and develop properties to provide economic and social benefits to the community earlier than market forces could deliver, for example: Cranebrook Shopping Centre, Cranebrook Hardware Store and the Glenmore Park General Store.

Funds have also been used to provide infrastructure, e.g. in Carinya Avenue, St Marys for car parking, or to remove obstacles to road and open space improvements by purchasing residue land from past developments.

The use of property development funds for this purpose should continue.

#### Influencing the Form of Future Development

Council property developments can influence the form of future city developments. A proposal for residential accommodation above retail and commercial was prepared for the Woodriff Street, Penrith site. Although this project has not yet proceeded the current CBD vitality and viability review will, when finalised, likely include provision for this type of development.

Using property development funds for a profitable benchmark development achieves both financial and town planning objectives.

#### Major Projects

Traditionally Council has relied on property development activity to contribute to the funding of major projects, including the Civic Centre and, more recently, the JSPAC extensions, the St Marys Arts Precinct and the North St Marys and Kingswood Neighbourhood Centres. The capacity for the property reserve to finance projects is dependent on available funds, after allowing for all other budget demands on the reserve, and expectations for property sale income. The health of these two elements can determine the admission or otherwise of a major project into the budget. The reserve will obviously continue as a primary source of funding for major projects—sometimes just what's needed to break through. It's important therefore that short-term gains don't compromise the capacity for major project funding solutions.

The nature of reserve demands and the timing of sales produce large differences in reserve balances from year to year. Often times the achievement of estimated sales income is necessary for the reserve to maintain a positive balance, given project expenditure can be committed in advance of sales. The reserve's liquidity and the consequent impact on Council's financial position must be considered in these circumstances.

Net sales income estimates with, at best, a medium chance of being realised should be deducted from the expected year-end reserve balance to ensure the reserve will remain positive. If this results in a negative balance, and project expenditure included in the reserve budget is to remain, the negative balance will be drawn from all reserves and repaid in the short-term when the property is sold. The resulting impact on Council's liquidity should still maintain the Unrestricted Current Ratio above the Council adopted KPI target of 1.25:1. In some circumstances a loan, with repayments to be met by future property development activity, can be considered as a way of financing project expenditure. This is the proposed method of funding for the Queen Street St Marys and old Council Chambers site development proposals for State Government office accommodation.

#### Building asset renewal

The introduction of a local government accounting standard (AAS 27) in 1993 has without doubt increased the attention given to asset maintenance funding in local government. Council has clearly stated its objective of developing a funding solution to the long-term maintenance of its assets.

In 2002 a report identified a shortfall of \$450,000 in the amount required to maintain building assets in their current condition: the total budget required was \$750,000 of which \$300,000 was funded from general revenue. With its significant property asset base the property reserve was seen as an appropriate solution to the problem and in 2002/03 it contributed \$150,000 to building asset renewal expenditure. The amount contributed from the reserve in 2003/04 was \$300,000 and increased to \$450,000 in 2004/05 and 2005/06.

The information which led to a determination of a required funding level for building asset renewal was based on an industry standard: an expected annual expenditure of 2.5% of asset value. A more substantial assessment of the condition of all building assets needs to be completed before accurate costing and future demands for capital funding can be determined. Current reserve funding, and that required when all condition assessments are completed and incorporated into the Asset Management Strategy, should be linked to property rental income. Property rentals provide a long-term consistent income source, producing an estimated average \$1.6 million per annum. It is proposed that the reserve continues to provide a base funding of \$450,000 towards building asset renewal and additional funding from the reserve be considered when the building asset component of the asset management strategy is completed.

The building condition assessment will also include rental properties. The cost of rental property asset renewal should be met from the property reserve.

#### Investigating Alternative Funding Mechanisms

Proceeds from property development have long provided an alternative source of project finance to the traditional revenue options available to Council. Several current projects, including the further stages of Penrith Stadium re-development, await funding solutions. Property Development activity alone will not always have the capacity to provide the solution and more innovative funding mechanisms will need to be explored.

The Management Plan includes the following Critical Action: 'Explore and promote opportunities for self-funding or alternative sources of funding for City amenities'. To date

the 10-year special rate increase that commenced in 2002/03 to finance environmental, economic and community safety initiatives has been a major contributor to the achievement of this Critical Action. Other opportunities deserve further investigation. The potential for borrowing to finance infrastructure improvements, either in the traditional way or through a bond issue is being investigated. Similarly, the potential for partnerships with the private sector to deliver major projects is worthy of consideration. It is important to analyse the feasibility of these alternative income sources and the reserve is an appropriate source of funding for the costs associated with this.

#### Salaries and associated Administration Costs

The PDR currently meets the cost of staff time involved in property development activity. Administration costs such as insurance, subscriptions, printing, office equipment, motor vehicles, mobile phones and other office expenses are also paid from the reserve. As a principle, the practice of offsetting the cost of earning property development income against that income is valid and should continue.

#### **Finance Working Party**

The Finance Working Party has endorsed the proposed policy on the disbursement of property development funds and requested a review of property development performance measures for inclusion in the Management Plan.

#### **RECOMMENDATION**

That

1. The information contained in the report on Use of Property Development Funds be received
2. The proposed policy on the use of funds derived from property development activity be adopted
3. A revised set of property development performance measures be included in the 2005/06 Management Plan.



## Council's Operating Environment

### 7 Rates Payment Agencies

6000/8

Compiled by: David Thorpe, Financial Accountant - Entities

Authorised by: Vicki O'Kelly, Financial Services Manager

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|--|
| <p><b>Management Plan 4 Year Outcome:</b> <i>Maintain a sound financial position and liquidity.</i><br/><b>Critical Action:</b> <i>Ensure the timely provision of financial advice and information to support Council's decision making processes.</i></p> |
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#### Purpose:

*To provide Council with an overview of agencies currently available for paying Council rate and sundry debtor accounts. The report recommends that Council continue to accept agency payments for the 2005-06 financial year through Australia Post and Bpay, but cease accepting payments through Cardpay, the Commonwealth Bank branch network and Commsecure.*

#### Background

Council currently allows payments of its rate and sundry debtor accounts through the following agencies: - Australia Post, Bpay, Cardpay, Commonwealth bank and Commsecure. Some of these agencies have been available for a considerable period of time whereas Commsecure was taken on as a trial for the 2004-05 financial year. Changes to technologies have led to the availability of new collection methods and changed the demand for some of the older methods. Each payment method is advertised on Council's notices, and some of the agencies require specific information be included on the notices. Australia Post requires that a barcode be included on the notice for processing over the counter and mail payments, whilst the Commonwealth Bank require magnetic ink character recognition (MICR) encoding on the notices for processing at the branches. The requirement for MICR encoding does not allow the rate notices to be printed on recycled paper as the print quality is not sufficient for the banks processing department. This report reviews the current usage and cost of collection for each agency payment method and recommends those collection methods deemed most suitable for 2005/06.

#### Current Situation

Council currently allows payments of its rate and sundry debtor accounts through the following agencies: - Australia Post, Bpay, Cardpay, Commonwealth Bank and Commsecure.

**Australia Post** - provides collection facilities via a number of methods:

- Locked Bag - accepts payment by cheque or credit card through the mail.
- Over the Counter - accepts payments by cash, cheque, credit card and for registered users, debit cards.
- Phone- Interactive Voice Recognition (IVR) - accepts payments by credit card and for registered users, debit cards.
- Internet - accepts payments by credit card and for registered users, debit cards.

Australia Post remains the most popular of Council's collection agencies, the over the counter and locked bag combination accepting almost 39 % of all rates and debtor payments. The complete suite of Australia Post services currently collects 53 % of payments. This percentage has been reasonably consistent over the past few years. Australia Post has flagged

that their pricing structure outlined in attachment one is being reviewed and new prices will be announced. These new prices are expected to reflect a reduction in price of approximately 10 %.

**Bpay** - accepts payment by both *phone (IVR)* and *Internet* for users who are registered for electronic banking with their bank or financial institution. Payment can be from either credit or debit accounts. The acceptance of Bpay payments was introduced in 2002/03 and has grown steadily from 24 % to 30% of all payment methods.

**Cardpay** - provides an *operated assisted phone* payment system by credit card. This system had previously provided 24 hour a day, 7 day a week access for ratepayers. During this financial year this was reduced to between 7am and 11pm. A recent change of administrative procedures has also resulted in a two-day delay in obtaining payment details made through this service. Following the introduction of Phone payment options through both Australia Post and Bpay the usage of Cardpay has reduced from 9.4 % to 5.6 %. Cardpay is also the most expensive of Council's current agency payment methods.

**Commonwealth Bank** - accepts payments *over the counter* at any branch by cash or cheque. Traditionally the banks have discouraged agency payments through their branches, both by closing the number of branches available for collection and in their pricing structures. Recent discussions with representatives of the Commonwealth bank has indicated that the bank is keen to reverse this trend and develop its non banking transactions at all of its branches and agencies. The Bank remains one of the more expensive options and only allows payments to be made by cash or cheque. The usage of the bank branch network has dropped to around 2% of all payment methods.

**Commsecure** - provide an *online Internet* payment option by credit or debit card. The online component allows the bill to be sent electronically and viewed online thereby eliminating the need for a physical notice to be produced and mailed. This service has been developed in association with the Local Government and Shires Association (LGSA) and was implemented for the first time in November 2003. Take up of this option has been relatively slow with only 1 % of payments being made via this option. The administration of this option has proven to be difficult with significant time being taken up to deal with ratepayers forgetting they have signed up, forgetting passwords and duplicating payments. Council is now currently sending both paper and electronic bills to ratepayers who have struggled to come to grips with this new technology. This practice defeats one of the major benefits of the system, that is paperless billing and reduced postage costs. On a per transaction basis this collection method is very expensive.

Appendix One shows the pricing structure and usage patterns for each payment type.

### **New Agency Option**

**Bill EXPRESS** has offered its services as a payment agency. **Bill EXPRESS** offer three payment channels, In-Person, Internet and IVR. Council can select any or all of these payment methods.

#### ▪ **In-Person Payment Channels**

Over The Counter (OTC) payments are available through a strategic alliance with the Australian Newsagents Federation (ANF). The OTC service can accept payments by cash, cheque, Money Order, Credit Card, Debit Card and Charge Cards. **Bill EXPRESS** has identified 12 News agencies in the local area. The OTC service can accept cash, cheque, money order, credit and debit cards

ServiceATM (SATM) is a card based payment channel. The current device comprises a PINpad, a barcode scanner and a printer. It enables card based bill payment transactions where the customer scans the bill to capture the bill details and then completes the payment using a debit, credit or charge card. The SATM will print a receipt for immediate issue to our



ratepayers. The SATM is positioned in high traffic areas at the front of more than 450 Coles Supermarkets Australia-wide. *Bill EXPRESS* have identified 3 Coles SATM's in the local area. The SATM service can accept credit and debit cards.

- **Internet**

The Internet service links Council's website to a secure payment page which retains Penrith City Council look and branding. The Internet service can only accept credit cards.

- **Telephone**

This is a 24-hour, 7 day per week IVR service. The telephone service can only accept credit cards.

### **Evaluation of Agencies**

Of the existing agencies **Australia Post** and **Bpay** have had continuing strong usage patterns, their pricing structures are competitive and they represent 53 % and 30 % of all council's payments respectively. The extension of these two agencies is recommended.

The **Cardpay** service, which provides an operator, based phone service rather than IVR has seen a continuing decline in its usage and the 'per transaction' fee is comparatively high. This service has seen a significant reduction in its customer service, moving from a 24 hour per day operation to 16 hour a day operation, and introducing a two-day delay in transmitting payments to Council. This agency is not recommended for renewal.

**Commonwealth Bank** agency has also suffered a significant drop in usage and now collects only 2% of council's payments. The requirement of the bank to have a MICR encoding on the notices, to be read at the branches, requires a special printer to produce the notices. The proportion of the notice taken up with the Banks requirements is significant. The banks also only accept cash and cheque payments through this service. This agency is not recommended for renewal.

**Commsecure** was introduced in November 2003 as part of a pilot project with the LGSA. Council's experience with this service has been less than ideal. A number of administrative difficulties have been encountered with ratepayers who have signed up, either forgetting passwords, forgetting to make payments or requesting paper copies of notices already sent electronically. A significant number of ratepayers have deregistered after suffering these administrative difficulties. The pricing structure of the Commsecure service includes a fixed monthly fee of \$895 regardless of the number of transactions processed. This fixed fee means that with Council's current poor usage the 'per transaction' cost of payments from this method is extremely high. The major benefit of this service was to provide a paperless issue and payment cycle. Less than 50 % of ratepayers who have signed up to this scheme have made their instalment payments. This percentage of payments has reduced with each subsequent instalment. This agency is not recommended for renewal.

The new service, offered by **Bill EXPRESS**, is essentially a duplication of the existing service provided by Australia Post, the major differences being the additional trading hours of the Coles supermarkets and the newsagencies. The pricing structures are competitive but to introduce Bill EXPRESS would require an additional barcode to be added to the notice. This would make an already cluttered notice even more confusing and could lead to processing errors with two agencies having a barcode. As the Australia Post agency is currently widely used and generally accepted it is not considered necessary to introduce another agency providing similar facilities.

Should Council adopt the recommendation of this report ratepayers would still be able to pay their rates by the following methods:

**In Person** with Cash, cheque or EFTPOS - at Council's Penrith and St Marys Offices and any Australia Post outlet.

**Phone payment** – through either the Australia Postbillpay or Bpay agencies, using credit or debit accounts.

**Internet payment** – through either the Australia Postbillpay or Bpay agencies, using credit or debit accounts.

### **Communication Strategy.**

Acceptance of the recommendations contained in this report represent a significant change to Council's current practice. Whilst it is possible to make this change from 1 July 2005 it is recommended that implementation be deferred to 1 January 2006 to allow appropriate communication of Council's decision to ratepayers. An appropriate communication strategy will be developed to ensure that ratepayers are fully aware of the changes being proposed including:

- Direct notification to ratepayers who use the agencies proposed to be discontinued
- Newspaper advertising
- Council's Web Site
- Notations on the front of the rates notice and instalment reminders highlighting the changes to payment methods as of 1 January 2006.

### **Merchant service fees**

On January 1 2003 a Reserve Bank standard for recovering credit card merchant fees came into effect. This standard removed the restriction placed by international credit card schemes that prevented merchants from recovering from cardholders the cost of accepting credit cards.

The passing on of credit card fees is becoming a more common commercial practice. Since the introduction of the Reserve Banks standard a number of leading companies as well as a number of other New South Wales councils have introduced a surcharge or fee for taking credit card payments. The introduction of such a surcharge or fee would require software changes by both Council and Council's agencies. These software changes are currently being investigated or developed. Council officers will continue to investigate the applicability and suitability of introducing a surcharge or fee. A further report will be presented to Council on this matter.

### **RECOMMENDATION**

That:

1. The information contained in the report on Rates Payment Agencies be received
2. Council continue to accept agency payments for the 2005-06 financial year through Australia Post and Bpay, and cease accepting payments through Cardpay, Commonwealth Bank branch network and Commsecure from 1 January 2006
3. The communication strategy outlined in the report be implemented.



## Rates payment agencies – Appendix One

### Pricing Structure

| Payment Type                                | Cost per transaction | MSF for credit transactions | Other fees        |
|---|----------------------|-----------------------------|-------------------|
| <b>Australia Post - Locked Bag</b>          | \$1.397              | 0.8019 %                    | N/A               |
| - Over The Counter                          | \$1.397              | 0.759 %                     | N/A               |
| - Phone IVR                                 | \$0.55               | 0.8019 %                    | N/A               |
| - Internet                                  | \$0.55               | 0.8019 %                    | N/A               |
| <b>Bpay - Phone IVR</b>                     | \$0.88               | 0.66 %                      | N/A               |
| - Internet                                  | \$0.88               | 0.66 %                      | N/A               |
| <b>Cardpay - Phone</b>                      | \$1.65               | 0.813 %                     | N/A               |
| <b>Commonwealth Bank - Over the Counter</b> | \$2.00               | N/A                         | \$0.35 per cheque |
| <b>CommSecure</b>                           | \$0.50 per bill      |                             |                   |
| - Online Internet                           | \$0.30 per payment   | 0.93 %                      | \$895 per month   |

### Usage statistics

| Payment Type                             | 2004/05 YTD     | 2003/04         | 2002/03         |
|--|-----------------|-----------------|-----------------|
| <b>Australia Post - Locked bag / OTC</b> | 46,214 (38.8%)  | 86,389 (39.44%) | 82,607 (38.98%) |
| - Phone                                  | 15,679 (13.16%) | 30,774 (14.05%) | 28,229 (13.32%) |
| - Internet                               | 1,350 (1.13%)   | 2,462 (1.12%)   | 827 (0.39%)     |
| <b>Bpay - Phone</b>                      | 13,619 (11.43%) | 23,796 (10.86%) | 22,697 (10.71%) |
| - Internet                               | 22,115 (18.57%) | 36,504 (16.67%) | 28,980 (13.67%) |
| <b>Cardpay - Phone</b>                   | 6,695 (5.62%)   | 14,670 (6.70%)  | 19,895 (9.39%)  |
| <b>Commonwealth Bank - OTC</b>           | 2,461 (2.07%)   | 4,427 (2.02%)   | 5,127 (2.42%)   |
| <b>Commsecure # - Internet</b>           | 1,300 (1.09%)   | 943 (0.43%)     | N/A             |

# Commsecure commenced November 2003

