



Reference: DOC12/035054

Mr Peter Gesling
The General Manager
Port Stephens Council
PO Box 42
RAYMOND TERRACE NSW 2324

Dear Peter

Subject: Management of Port Stephens Crown Caravan Parks

I refer to our meeting on 25th October 2011 concerning the future management of the Crown Caravan Parks and the findings of the audit report prepared by Deloitte. I apologise for the delay in replying.

As agreed at that meeting Council will be provided with an opportunity to address the concerns identified in the subject report, to comply with legislation, policy and to improve its 'operational performance' as reserve trust manager. To this end a period of 24 months will be provided from the date of this letter.

To enable Council to continue with the implementation of a capital works program the embargo on expenditure of Public Reserves Management Funding on Crown reserve land to improve the parks is removed. Reporting requirements as noted in the funding approval will now need to be reinstated by Council.

As Council is aware one of the objective of providing Holiday Parks on Crown reserved land is to provide recreational facilities for the people of NSW and the travelling public. A further benefit of the Crown Holiday Parks is the generation of revenue to enable the development and improvement of the facilities of the Crown Holiday Park and any Crown reserve under the Trust Managers control. Excess funding may then be allocated to other reserve trusts for the improvement of other Crown reserves, with the consent of the Minister administering the Crown Lands Act. It is contrary to Council's role as trust manager for income derived from Crown caravan parks to be used for Council's works and services on land other than Crown reserves managed by the Trust.

/2

Council's recent management of these Crown Holiday Parks has not provided an appropriate financial return which has resulted in a substantial loss of funding to enable works on the Crown Holiday Parks and other Crown Reserves. This has not been in the interests of the people of NSW who have an expectation of an appropriate return from the management of such facilities. Furthermore the Crown estate has been disadvantaged as works required on the Crown reserves have not been able to be financed.

To assist Council to improve its management of these Crown Holiday Park Reserve Trusts, Crown Lands are prepared to work closely with Council. The schedule attached identifies a number of operational criteria that need to be worked through between Crown Lands and Council.

Karen Hembrow, Director North will be contacting you to arrange a time to work through Council's plans to address the operational criteria.

With regards to the question raised in previous discussions on profit comparisons with other local government managed Crown Holiday Parks, accounting for depreciation by Crown Lands has been treated consistently.

I also note that Council and the Department will be meeting shortly on the Samurai Beach Resort lease assignment. I am concerned that Council appears to have developed with YMCA an expectation that the land will be allocated at a loss of revenue to the State.

I will await a report back from the next meeting. Council only has a leasehold interest in the site and any change to the current arrangements and loss of revenue to the State will be matters that the department would need to closely examine.

Yours sincerely


Graham Harding
General Manager
Crown Lands Division

23/3/12

Schedule

Operational Criteria:

1. Investment and accountability of Trust funds as required by the Crown Lands Act 1989;
2. Trust reserve funds accumulated from surplus income derived from these parks to be allocated to Council's Trust management account for these parks;
3. Utilisation of Trust funds on appropriate Crown Reserves;
4. Rationalisation of Park overheads ;
5. Investments in accordance with Trustees Act 1925 and Section 107 of Crown Lands Act 1989;
6. Appropriate and timely reporting of any expenditure of funding provided to Council from Public Reserve Management Fund in accordance with conditions of such funding;
7. Council to provide accurate and complete reports as required in Crown Lands CRRS;
8. Adoption of the NSW Government Procurement and Crown Lands Procurement Guidelines;
9. Finalisation of Plans of Management (POM) and Business Plans for each caravan park ;
10. Reduction in the number of Holiday Vans, as identified in an adopted POM;
11. A strategy for onsite sale of caravans ;
12. Develop guidelines, standards and induction package for holiday vans;
13. Maintain or reinstate the consultation process with caravan park patrons;
14. Council initiates actions from questions in Deloitte report responded to by Council in 2011 but not included in the above criteria.