NARROMINE SHIRE PROPERTY STRATEGY 2020

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This document has been written and prepared by Narromine Shire Council (Council) staff and was adopted by the governing body of Council on 8 April 2020 (Resolution Number 2020/055) and revised on 13 April 2022 (Resolution Number 2022/054)

The strategy shall be reviewed every 4 years or earlier as required.

Narromine Shire Council (2019) Revision History

Version	Responsible Department	Adoption Date	Review Period
1.0	General Manager	8 April 2020	4 Years
2.0	Governance	13 April 2022	4 Years

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Introduction

Council has a property portfolio comprising of community, operational, residential, industrial and commercial properties throughout the Narromine Local Government Area.

Property forms a vital component of Council's service delivery capability. To maximise the efficiency and effectiveness of Council's services, it is important that the property portfolio is aligned with the priorities identified in Council's overarching, long-term Community Strategic Plan.

The majority of land owned or managed by Council is used for various community and operational purposes including offices, libraries, parks and open spaces, road reserves, operating infrastructure (drainage, sewer and water services), halls, racecourses, aerodrome, halls etc. A small number of properties are leased for commercial purposes providing an income stream to Council.

Purpose

The purpose of this strategy is to provide a strategic framework for the management of Council's property portfolio to ensure current and future community and operational needs are met.

The property strategy is intended to:-
- Ensure that property is treated as a strategic resource and a valued asset
- Ensure that property decisions are made with appropriate data and analysis
- Ensure that property decisions are financially sound, and compliant with legislative and governance requirements
- Ensure that the property portfolio delivers services required by the community
- Challenge continued ownership of non-performing property (underutilised, inappropriately located, or surplus property)

Strategic Framework

This Property Strategy is closely aligned to the Narromine Shire Community Strategic Plan 2027. The Community Strategic Plan identifies the community's main priorities and aspirations for the future of the Narromine Shire and provides a clear set of strategies to achieve this vision for the future.

Council's vision for the shire is "a friendly place to live with a strong sense of community that values our services, facilities and our natural environment and that Council is a leader for our community, sharing the responsibility for growth, development and provision of services".

"The Property Strategy is a direct result of an action detailed in the Community Strategic Plan under the Proactive Leadership Goal, "We are an open and accountable local government that involves our community in the decision making process, effectively manages our public resources through sound financial management and well informed strategic planning for our Shire's future".

This strategy is further supported by:

- Council's Integrated Planning and Reporting Framework Documents
  - Resourcing Strategy (Long Term Financial Plan, Asset Management Policy, Strategy and Asset Management Plans)
  - 4 Year Delivery Program

- Council's Other Strategic Planning Documents
  - Local Strategic Planning Statement
  - Narromine Local Environmental Plan 2011
  - Development Control Plan
  - Residential and Large Lot residential Land Use Strategy
  - Narromine Agricultural Lands Strategy
  - Employment Lands Strategy
  - Community Land Management Plans
  - Narromine Investment Policy

Implementation

Council recognises that property is both a valued and risky resource that can do much to support and deliver Council's vision and strategic objectives. The Property Strategy includes an action plan identifying the critical steps required to meet the property objectives of the Strategy.

Risk Management

Any opportunities developed for consideration as part of the Property Strategy must include the identification and management of risk. Risk management in relation to the operational aspects of Council's service delivery are assessed, reviewed and managed by each department.
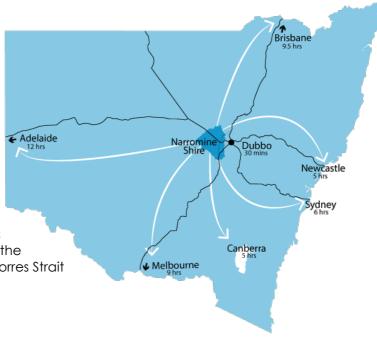
Monitoring and Review

The Property Strategy and its implementation will be monitored by the Executive Leadership Team within Council with focus on whether the actions within the Strategy are being implemented and meeting their objectives. It is intended that the Property Strategy will be reviewed every 4 years from the date it is adopted by Council.

Narromine Shire Profile

Narromine Shire is situated in the Orana region of New South Wales. The Shire is centrally located in the State and covers an area of 5224 km2.

Narromine Shire has a population of approximately 6,444, with a median age of 42 (ABS Census, 2016). The Shire comprises of three urban centres, Narromine, Trangie and Tomingley. The Shire's population consists of 4,116 situated within the urban centres of the Shire and 2,328 within the surrounding rural areas of the Shire. The Shire is located within Wiradjuri Country, with 19.9% of the Shire's population identifying as Aboriginal or Torres Strait Islander.

What is Property?

Property in the context of this strategy is defined as any kind of interest in land, which Council either holds or has been granted. Property therefore includes all lands, buildings, leases, licences, easements, rights of way etc.

Property has value in an accounting sense and in the way it contributes to service delivery. The value of a property therefore cannot always be measured solely in monetary terms. It is important to recognise that a large number of Council's property assets have a service potential whereby a property meets the Council's service delivery objectives but does not provide an income.

Purpose of Council's Property

Property directly influences and supports the services that Council delivers to its community in accordance with Council's strategic objectives. Vacant property is also held for future strategic needs. Council also manages land which is held primarily for the purpose of preserving the natural environment. These properties will not be the subject of intensive use and will have limited development.

Property Types

Council provides a number of diverse community services including parks, sporting fields, sporting centre, libraries, aquatic centres, community halls, showgrounds, drainage, footpaths, roads, water, sewer, aerodrome, cemeteries, garbage collection, animal control etc. Council also utilises property for administrative functions.

Property within Narromine Shire comprises of Crown Reserves, Council Owned public roads, Council owned community and operational land, and leased land.

Crown Reserves

Council is the Crown Lands Manager of approximately 63.8ha of crown reserve within the Narromine Local Government Area. The care and control of reserves is governed by the provisions of the Crown Lands Management Act 2016 which authorises Councils as Crown Lands Manager for dedicated or reserved Crown land to manage the Crown Land as it if were public land under the Local Government Act 1993. This includes managing the land as if it were community land unless the Minister administering the CLM Act has given written consent to classify the land as operational.

As such management of the majority of crown reserves will be in accordance with relevant prepared Plans of Management.

Ownership of Crown Lands remains with the NSW State Government.

Council Owned Public Roads

Council is the roads authority for all Council public roads and their use and management is governed by the Roads Act 1993. Roads are held in freehold title and Councils are now responsible for the closure of their roads within their local government area.

Council Owned Land in Freehold

Council is the registered proprietor of the land on the Certificate of Title. Council has a responsibility under the Local Government Act 1993 for the management of public land. Public land is defined as "any land (including a public reserve) vested in or under the control of Council", but does not include a road, a common, land subject to the Trustees of Schools of Arts Enabling Act 1902, or a regional park under the National Parks and Wildlife Act 1974.

All public land must be classified as either community or operational.

Community Land

Community land is further categorised as one or more of the following:-
- A natural area – bushland, wetland, escarpment, watercourse or foreshore
- A sports ground
- A park
- An area of cultural significance
- General community use

The Local Government Act restricts the use, management, reclassification and disposal of community land. The classification of public land does not always indicate the strategic value of the land in terms of service delivery or community use. Accordingly, community needs for recreational, open space and community assets is more effectively determined through Council's Community Strategic Plan, Land Use Strategies and Plans of Management.

Operational Land

This classification reflects the use of the land for operational purposes such as administrative buildings, depots, treatment works etc. There are no special restrictions on the use of the land other than those that apply to any piece of land so it can be used for any purpose including commercial, development or investment.

Council as Lessee

Council has a number of properties for which it is the Lessee. The majority of these properties are leased from statutory authorities or Government.

Property Zoning

Land use within the Narromine Shire is determined by Zoning as defined in the Narromine Local Environmental Plan 2011.

Zones determine:-
* The objectives for development, and
* Development that may be carried out without development consent, and
* Development that may be carried out only with development consent, and
* Development that is prohibited.

The particular aims of the plan are to:-
* Encourage economic development through tourism activities, business, employment initiatives and foster industry growth
* Protect and conserve the natural environment including surface and ground water, soil, air and native vegetation by encouraging sustainable development
* Encourage sustainable agricultural practices, including intensive agriculture, by minimising land use conflicts and facilitating farm adjustments

Council may apply to rezone Council owned or managed land in compliance with these aims. Instances where a rezoning application may be desired include:-
* Future use is not compatible with current zoning
* Development of land in accordance with the existing zone would not be in the public interest
* The rezoning would provide considerable community/public benefit
* An error or anomaly in the Local Environmental Plan

Strategic Property Objectives

The key objectives of this Property Strategy are to allow Council to utilise its property in a capable, effective and cost-effective manner that meets its service delivery objectives.

Specifically the strategy aims to:-

* Objective 1 – Provide property for the services required by residents
* Objective 2 – Maximise the service potential of assets
* Objective 3 – Maximise value for money
* Objective 4 – Promote balance between development and sustainability
* Objective 5 – Balance commercial and community benefits
* Objective 6 – Provide consistency and transparency
* Objective 7 – Meet Legal and statutory compliance

These are described in further detail below.

Objective 1: Provide property for the services required by residents

Council has a responsibility under the Local Government Act to plan strategically for the provision of effective and efficient services to meet the diverse needs of the local community. This includes managing property and other assets so that current and future local community needs can be met in an affordable way.

Council's property will therefore be used to provide services to users, rather than solely for ownership purposes. Council will focus on well used community and civic facilities and provide places and spaces for the current and future wellbeing of the community.

In addition, Council will only acquire property that is required by Council as part of a plan or strategy adopted by Council to provide for planned infrastructure, or which contribute to economic, environmental or community benefits to the Shire.

Objective 2: Maximise the service potential of assets

The service potential of an asset is defined as the capacity of the asset to continue to provide services in accordance with the entity's objectives. The potential of an asset is fully realised when operated at maximum efficiency with the maximum longevity and for the lowest cost.

Council's asset management policy, strategy and plans aim to improve the management of Council's existing asset base, improve the flexibility of the asset base and use economies of scale to ensure more cost effective service delivery.

As part of the asset management process, Council regularly reviews its property assets to determine whether these assets are in the right location, being properly utilised, meeting user suitability requirements, and to report on physical deterioration and operating efficiency.

Objective 3: Maximise value for money

Value for money implies a balanced approach to assessing costs and benefits. Whilst a key factor in the assessment of value for money is the direct financial impacts of a decision or approach, the community, social, economic and equity impacts will also be considered when assessing value for money.

Objective 4: Promote balance between development and sustainability

Sustainable development refers to development which meets the needs of the present without compromising the ability of future generations to meet their own needs (*Sustainable Property Guide – Department of Environment and Climate Change, NSW, 2009*). In order for Council to be considered sustainable, property development and property management should address the following matters early in the development process:-

- Land use, urban form and urban quality – good urban and site design, reuse of land and buildings, appropriate density
- Transport – convenient access to public transport, facilities for pedestrians and cyclists
- Business and community – local labour and skills, local procurement, community facilities, community involvement, designing for community, equality and diversity, health and wellbeing, safety and security, accessibility
- Environmental protection and enhancement – support for biodiversity, avoiding and minimising pollution to air, water and land, noise abatement
- Resources – energy efficient design, renewable energy, water conservation, low-impact building materials, minimising waste to landfill

Objective 5: Balancing Commercial and Community Benefits

Council properties that do not meet community, strategic or commercial expectations will be considered for disposal to allow reinvestment. Funds generated from divestments will be disbursed for community infrastructure and property acquisition/development purposes.

Objective 6: Provide Consistency and Transparency

Decisions and actions taken by Council in relation to property must be capable of explanation. It is important that Council and its officers adhere to relevant policy and that any actions are aligned with Council's strategic objectives and plans. The attached assessment framework (where relevant) provides procedural guidance for the consideration of property matters to ensure that data and analysis supports transparent decision making.

Objective 7: Meet Legal and Statutory Compliance

Council's property portfolio will be managed within the necessary legislative and statutory requirements, specifically:-
- Local Government Act 1993
- Crown Lands Management Act 2016
- Compulsory Land Acquisition (Just Terms Compensation) Act 1991
- Roads Act 1993
- Retail Leases Act 1994
- Residential Tenancies Act 2010, and Residential Tenancies Regulation 2010
- Conveyancing Act 1919
- Encroachment of Buildings Act 1922
- Narromine Local Environmental Plan 2011

Key Property Functions

Council has identified six key property functions that are central to the effective management of Council's property portfolio – acquisition, leasing, operation/service delivery, maintenance, disposal and develop/partner.

Acquisition

This function relates to the identification of a property need to support or facilitate the delivery of a Council provided service, the assessment of options, analysis of costs and benefits and approval to proceed with a property purchase.

Council is committed to deliver services within its adopted budget and long term financial plans to ensure that value for money is achieved. Property acquisition will only occur where there is a budget and funding source identified for the proposed acquisition, and due diligence is undertaken for the assessment of options and evaluation/analysis of purchase and life cycle costs, community benefits and long term financial impacts. Where Council acquires property it will ensure that the price paid for the property does not exceed the fair market value of the land plus any improvements assessed on the basis of an independent market valuation.

Acquisition of property may be either through private agreement or by using the provisions of the Land Acquisition (Just Terms Compensation) Act 1991.

Leasing

This function relates to Council's role as a Landlord (Lessor) in either leasing property to third parties to deliver Council services, community or concessional leasing to not for profit organisations or community associations or commercial leasing of property unrelated to delivery of services. Leasing also refers to Council's role as a tenant (lessee) of facilities owned by others but used by Council to deliver services.

Where Council leases to a community association or not for profit organisations, it will ensure that the lease contains the minimum standards such as insurances, make good and maintenance and upkeep of facilities.

Where Council proposes to enter into a commercial lease as the Lessor it will ensure that the lease is for a period and purpose which does not conflict with an identified and approved current service to be provided by or on behalf of Council; the proposed lease is tested to demonstrate that at a minimum market rental is achieved; and the lease can demonstrate the highest return to Council rather than other options such as disposal.

Where Council is the tenant (Lessee) Council is to ensure that the lease is for a purpose of an identified and approved current service to be provided by or on behalf of Council; that any proposed lease is tested to demonstrate leasing is the best option to deliver the service; and ensure the lease can demonstrate value for money.

Operation/Service Delivery

This function relates to Council's role in delivering services that are required and identified in an approved plan for which property facilitates delivery of the service. Property use must be planned in a way that is efficient; minimises unnecessary cost and can adapt to our communities changing demands and needs.

Current and future service needs will be reviewed regularly to ensure that Council's property portfolio meets these changing demands. Any underutilised or substandard properties will be reviewed for greater use, service provision, or disposal.

In considering utilisation of property to deliver required services, the value of the community benefit delivered by the asset will be a key factor in decision making.

Maintenance

This function relates to the activities associated with the routine, reactive and programmed maintenance of property assets held by Council. Council must maintain its property assets to a minimum safety, environmental and security standard. This function is supported by Council's Asset Management Policy and associated Asset Management Plans; Council's Procurement Policy and Financial Delegations.

Disposal

This function relates to the assessment of property assets held by Council for which there is no ongoing service need or where the delivery has changed and the property is no longer required to supply the service to the community. The disposal function will consider the assessment of disposal options, testing of alternative uses of the property, consider the benefits of disposal including alternative uses of capital and timing of sale.

Where Council disposes of property it will ensure that a balanced consideration is given to ensure that the highest possible value for money is achieved through the disposal. This will be done on a case by case basis for each disposal. The value for money assessment will consider criteria such as potential for community use after disposal, alignment of the purchaser's plans for the site with Council's priorities as well as the price achieved for the property. The requirement for the value offered to at least equal or to preferably greater than the independent assessment of fair market value of the land (adjusted for approved community and/or other non-financial benefits) is mandatory. If there is an opportunity for Council to value add (e.g. by reviewing planning controls to maximise development potential or community benefits, or obtaining development consent for a preferred development purpose, or improving the condition of infrastructure) Council should do this before the property is offered for sale.

Develop/Partner

This refers to the potential opportunities to increase the value of land and buildings through alliances or partnerships with third parties. Interested parties can range from Statutory Authorities, to not-for-profit organisations, public companies to private organisations and can take various forms from Public-Private Partnerships (PPP), Agreements, Joint Ventures of land swaps/transfers.

Property Assessment Framework

Acquisition Assessment

- **Acquisition Proposal Overview:** Includes an executive summary of the proposed acquisition, financial analysis, key risks and recommendation
- **Service Delivery:** Includes a detailed explanation of the proposed service(s) to be delivered from the property
- **Alignment with Community Strategic Plan and Delivery Program:** Includes an explanation of how the proposed acquisition aligns with approved Council plans and proposed service(s) to be delivered.
- **Property Description:** Incudes a detailed description of the proposed acquisition including details of the property etc.
- **Rationale for Property Acquisition:** Includes analysis/discussion on why the acquisition or service(s) requires a property solution owned by Council and in particular this specific property
- **Other Options:** Includes details of other project alternatives and options that could deliver the benefits of the proposal and why acquisition is the best method
- **Key Financial Details, Costs and Benefits:**
  - Determines how an expected total cost was arrived at (including land, construction, operating and life cycle costs). Discusses type of acquisition (compulsory acquisition, negotiated position on market transaction, proposed purchase at auction etc.).
  - Discusses the expected benefits to the community including service benefits, financial returns, economic benefits and wider community benefits. Where relevant discusses return on investment.
  - Discusses how acquisition and delivery of service(s) will be funded
- **Risks – Financial, Service Delivery, Other:** Includes an analysis of the strategic and operational risks and how these will be managed.
- **Recommendation:** Includes a succinct recommendation for consideration

Disposal Assessment

- **Disposal Proposal Overview:** Includes an executive summary of the proposed disposal, financial analysis, key risks and recommendation
- **Change in Service Delivery Need:** Includes a detailed explanation of the service(s) currently delivered from the property and the reason as to why the service(s) is no longer required or able to be delivered by alternate means (another property, outsourced etc.)
- **Property Description:** Includes a detailed description of the proposed disposal including details of the property, background of the existing asset and other considerations etc.
- **Rationale for Property Disposal:** Includes analysis/discussion on why the service(s) is no longer required as a property solution owned by Council and in particular this specific property.
- **Other Options:** Discusses alternatives such as rezoning and why this option would not achieve uplift in value or development potential, compatible use etc.
- **Key Financial Details, Costs and Benefits:**
  - Discusses the proposed disposal method (public sale process, private treaty etc.).
  - Discusses how the assumed financial value was derived (e.g. agent's advice, valuation, residual land value, unsolicited proposal etc.).
  - Discusses how fair market value will be demonstrated and achieved by the proposed disposal. Discusses cost of disposal.
- **Community Benefit Considerations:** Discusses and quantifies the community/non-financial considerations and potential benefits that could be incorporated into the sale.
- **Risks – Financial, Service Delivery, Reputational, Timing, Other:** Includes an analysis of the major risks associated with the disposal or non-disposal.
- **Recommendation:** Includes a succinct recommendation for consideration

Action Plan

Property Strategy and Implementation of the Community Strategic Plan (CSP)

CSP Guiding Principles/ Objectives	CSP Objectives	Property Strategy Objectives	Actions	KPI
Vibrant Communities	1.1 A safe, active and healthy community	• Provide the services required by residents • Maximise the service potential of assets • Maximise value for money • Balance commercial and community benefits	• Accessible, affordable and modern facilities at swimming pools • Enhance existing health services using Council property • Provide active and passive recreation facilities • Maintain open spaces to encourage greater use by the community • Promote facilities that foster healthy lifestyles	• Funding applications submitted for projects identified in Sporting Precinct Plans
	1.4 Accessible facilities and services are available for people with limited mobility	• Provide the services required by residents • Balance commercial and community benefits	• Continue to improve accessibility of all Council properties	• DIAP targets met as per Disability Inclusion Action Plan
Growing our economy	2.2 The ongoing development, diversification and sustainability of the local business and industry base	• Balance commercial and community benefits • Maximise the service potential of assets • Promote balance between development and sustainability	• Industrial Hangar Development • Dappo Road Residential Subdivision Development • Review tenure arrangements for Council owned and managed properties • Identify and progress development opportunities	• Sale of industrial hangar lots • Completion of Dappo Road subdivision and commencement of sale of lots • Leases reviewed and renewed as required

			• Conduct land acquisitions to meet future Council and community requirements • Identify underutilised or substandard properties – review for greater use, service provision or disposal • Industrial Hub and Freight Exchange Development • Derribong Street, Trangie – potential development	• Continuation of Industrial Hub and Freight Exchange development • Completion of Business Case for potential development of Derribong Street, Trangie • Consideration of Narromine Saleyards • Consideration of expansion of Narromine cemetery • Consideration of future use of Doctor's Surgery • Consideration of future use of Girl Guides Hall Trangie
Protecting and enhancing our environment	3.1 Manage our natural environments for current and future generations	• Promote balance between development and sustainability • Provide property for the services required by residents	• Construction Narromine wetlands redevelopment • Investigate energy efficiency and sustainable building design options for Council property • Minimisation of waste to landfill • Water Treatment Plant • Drainage Strategy	• Completion of Wetlands Extension • Installation solar panels, improved irrigation, use of sustainable building materials by 30 June 2023 • Implementation of Waste Management Strategy • Investigation of construction of Permanent Water Treatment Plant Narromine as well as river water extraction • Implementation of capital works identified in Drainage Strategies – potential acquisition of land

				• Implementation of capital works identified in Section 7.12 Contributions Plan • Development Approval of Council's quarries
	3.3 A community that values the efficient use of utilities, natural resources and energy	• Promote balance between development and sustainability	• Investigate energy efficiency and sustainable building design options for Council property	• Installation solar panels, improved irrigation, use of sustainable building materials by 30 June 2023
Proactive Leadership	4.3 A financially sound Council that is responsible and sustainable	• Provide consistency and transparency • Meet legal and statutory compliance • Balance commercial and community benefits • Maximise value for money	• Monitor cost of maintenance and management of properties • Data and analysis framework utilised for property acquisition and disposal	• Property Strategy actions completed