



COFFS HARBOUR CITY COUNCIL

ORDINARY MEETING

(CORPORATE SERVICES COMMITTEE)

COUNCIL CHAMBERS

COUNCIL ADMINISTRATION BUILDING

COFF AND CASTLE STREETS, COFFS HARBOUR

2 September 2004

Commencing At 5.00pm



ITEM	DESCRIPTION	PAGE
CORPORATE SERVICES DEPARTMENT REPORTS		
F43	BANK BALANCES AND INVESTMENTS AS AT 31 JULY 2004	1
F44	DRAFT SECTION 94 ADMINISTRATION CONTRIBUTION PLAN	4
F45	LAND DEDICATION IN DEVELOPING AREAS	8



COFFS HARBOUR CITY COUNCIL
ORDINARY MEETING
(CORPORATE SERVICES COMMITTEE)
2 September 2004

Mayor and Councillors

CORPORATE SERVICES DEPARTMENT REPORTS

F43 BANK BALANCES AND INVESTMENTS AS AT 31 JULY 2004

Purpose:

To list Council's Bank Balances and Investments as at 31 July 2004.

Description of Item:

A copy of the state of Bank Balances and Investments as at 31 July 2004 is attached.

Sustainability Assessment:

- **Environment**

There are no perceived current or future environmental impacts.

- **Social**

There are no perceived current or future social impacts.

- **Economic**

Broader Economic Implications

Council's investments are held according to the requirements stated within Council's investment policy and the returns are acceptable in relation thereto.

Recommendation:

That the Bank Balances and Investments totalling one hundred and one million, eight hundred and four thousand, nine hundred and seventy one (\$101,804,971) as at 31 July 2004, be noted.

Attachments:

WARRANT NO 01/2005 - COFFS HARBOUR CITY COUNCIL

STATEMENT OF BANK BALANCES AS AT 31/07/04

Fund/Account	Balance at 1/07/04	Receipts to 31/07/04	Payments to 31/07/04	Balance At 31/07/04
GENERAL FUND	7,304,944	9,141,805	13,984,002	2,462,747
TRUST FUND	359,910	877	0	360,787
TOTAL OF ALL BANK ACCOUNTS	7,664,854	9,142,682	13,984,002	2,823,534

INVESTMENTS REPORT - 31/07/04

1. PRINCIPAL BALANCES/INTEREST EARNED

	Princ/Int Balance 1/07/04	Interest Added to	Transfer To (From)	Princ/Int Balance 31/07/04	Interest Earned - July	Interest Earned Yr to Date
	\$	\$	\$	\$	\$	\$
a Cash Plus Funds						
ANZ Cash Plus	10,197,011	44,965		10,241,976	44,965	44,965
UBS Credit Enhan.	18,911,092	89,573		19,000,665	89,573	89,573
Macquarie	18,286,309	79,919	-6,000,000	12,366,228	79,919	79,919
Macquarie Inc. Plus	4,335,140	21,646		4,356,786	21,646	21,646
Deutsche	20,337,586	105,253		20,442,839	105,253	105,253
Perennial Cash Enh.	10,513,356	51,988		10,565,344	51,988	51,988
	82,580,494	393,344	-6,000,000	76,973,838	393,344	393,344
b Credit Unions						
BCCU	2,000,065	10,532		2,000,065	10,532	10,532
BCCU	6,000,000	32,614		6,000,000	32,614	32,614
	8,000,065	43,146		8,000,065	43,146	43,146
c Floating Rate Notes/CDO						
Shield Series	7,000,000	40,606		7,000,000	40,606	40,606
Heritage	500,000	2,752		500,000	2,752	2,752
Elders	500,000	2,714		500,000	2,714	2,714
	8,000,000	46,071		8,000,000	46,071	46,071
d Term Deposits						
Commonwealth	6,007,534	27,093		6,007,534	27,093	27,093
	6,007,534	27,093		6,007,534	27,093	27,093
e Cash						
Westpac-O'night	7,664,854	Working fund balances -- can vary daily	6,000,000	2,823,534	15,174	15,174
Westpac-Cash Fund	0		0	0	0	
	7,664,854		6,000,000	2,823,534	15,174	15,174
TOTALS	112,252,947		0	101,804,971	524,828	524,828

NB.

Council has received a discount of \$77,535 for Shield Series.

Council has paid a premium of \$15,365 for Elders.

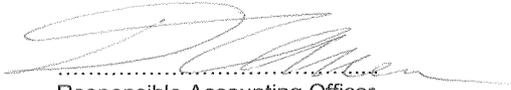
Council has paid a premium of \$17,735 for Heritage.

These discounts/premiums will be amortised over the life of the securities.

2. PERFORMANCE REVIEW TO July 2004

PERIOD ENDING	11am Indicative Cash Rate (avg)	Wpac O'Nite	UBSWA BANK BILL INDEX	RETURN - ANNUALISED (before fees) %										
				Cash Plus Funds						Cr Unions		CDO	FRN's	
				DEUT	MACQ	ALLIANCE	PERENNIAL	ANZ	UBS	BCCU (\$2M \$6M)		Shield Series (CTB) \$7m	Heritage (\$0.5m)	Elders (\$0.5m)
1 mths	5.25	5.07	5.64	6.39	6.36	6.26	6.26	6.09	6.00	6.20	6.40	6.83	6.48	6.39
3 mths	5.25	5.09	5.65	6.23	6.29	6.14	6.92	6.15	6.14	6.24	6.40	6.86	6.48	6.39
6 mths	5.25	5.11	5.65	6.38	6.26	5.89	6.62	6.20	6.21	6.20	6.23	-	-	-
12 mths	5.08	4.91	5.30	6.10	5.90	5.44	6.19	5.86	6.01	5.71	5.81	-	-	-
													6.48	6.39

I hereby certify that Council's investments have been made in accordance with the Local Government Act, 1993, Regulation and Council's Investment Policy.


Responsible Accounting Officer

Purpose:

To report to Council on the draft Section 94 Administration Contribution Plan. This report recommends that the Draft Plan, which is to be included in Councils existing Regional, district, and neighbourhood Contributions Plan, be placed on exhibition for a period of 28 days and submissions invited.

Description of Item:

The administration and management of Council's Developer Contributions Plans is an ongoing task. Previously an administration charge of 2.5% of all contributions collected was charged to cover management and administration costs. This administration charge was contained in all plans.

This approach has however been questioned during recent plan exhibitions for new release areas and has also been the subject of internal discussions with the Section 94 Team.

A draft Section 94 Plan for Fund Management and Administrative costs has now been developed and provides a more transparent and equitable approach.

Council's Management Plan was formulated on this basis and a permanent Section 94 Co-ordinator has now been appointed. This position will enhance Council's ability to maximize its potential with infrastructure planning and resourcing and will also improve service levels to developers and prospective investors.

Sustainability Assessment:

- **Environment**

There are no environmental issues raised by the proposal. Whilst works undertaken in accordance with the items included in Council's Developer Contributions Plans will often have environmental effects, these issues are addressed during the formulation of the contributions plans.

- **Social**

The appointment of a full time developer contributions co-ordinator will result in a better level of facility and service provision for the residents of Coffs Harbour, particularly the new population by way of providing a better level of infrastructure and services.

- **Economic**

Management Plan Implications

The position of Developer Contributions Co-ordinator is to be funded from contributions received from the Draft Developer Contributions Co-ordinator Contributions Plan. The position is therefore cost neutral. The 2004-05 Management Plan, has been formulated on this basis.

cont'd

F44 Draft Section 94 Administration Contribution Plan (cont'd)

The draft Contributions Plan will fund all administrative costs associated with the management of Section 94 Plans and Contributions. The impact of the plan will be \$294.56 per lot and approximately \$70 less per lot than previously charged depending on the contribution levels in each catchment area.

Issues:

The role of developer contributions co-ordinator has been carried out on a temporary basis for the past 9 months. This has enabled additional contributions plans including the Road Network Plan and the Surf Rescue Equipment plan to be developed, thus resulting in additional income being raised for the provision of additional facilities. Further there is a need to formulate long term financial forecasts for works included in Councils contributions plans. Many financial impediments can arise if contributions plans are not closely monitored.

Recommendation:

That the Draft Section 94 Administration Contribution Plan be exhibited for a period of 28 days.

Attachments:

FOR INCLUSION IN THE “REGIONAL, DISTRICT & NEIGHBOURHOOD CONTRIBUTIONS PLAN”

Section 94 Administration

The preparation, review, and administration of Council’s Developer contributions plans is currently undertaken by the Developer Contributions Team, which includes representatives from all areas of Council. Additionally other staff are required to ensure the smooth and effective operation of Developer Contributions. These additional staff include, but are not limited to, Executive Team members (policy decisions etc), Strategic Planning staff, and Information Services staff support.

This process is co-ordinated by Council’s Developer Contributions Co-ordinator.

Functions undertaken by this role include preparation of new contributions plans, review of, and amendments to existing plans, preparation and monitoring of short and long term budgets for expenditure of contributions, and synchronising of forward work plans.

Nexus

The Developer Contributions co-ordinators role is required to assist in ensuring that all contributions plans are operating in accordance with their objectives, and that plans are regularly reviewed to ensure that facilities are provided in a timely manner.

Part 4 of the Environmental Planning and Assessment Regulation sets out the requirements surrounding the approval, amendment and repeal of contributions plans. It further requires Council’s to maintain a contributions register, account for contributions, and prepare annual statements. These requirements are the result of Council choosing to implement contributions plans so that the costs of providing public facilities and amenities to the incoming population are equitably borne by those who will receive their benefit.

Therefore the co-ordinators role, together with the input of other staff involved on the Developer Contributions Team, is required as a direct result of development. Contributions towards the costs of this role and other associated support roles and some “one off” costs associated with the provision of office space & equipment are to be funded by way of contributions.

This contribution is to be levied on all development applications where Section 94 developer contributions are applied.

Calculation of Contribution

The cost of co-ordination and administration of developer contribution plans for the next five years is \$628,640. Of this approximately \$150,000 is applicable to contributions other than those levied under S94. This proportion will be funded from sources other than contributions under S94.

The net amount to be collected is therefore \$478,640.

Contribution

Total cost of service	C = \$628,640
Funds from other sources	O = \$150,000
Total Future population	P = 4,550

Contribution per person

= $\frac{(C - O)}{P}$

= $\frac{628,640 - 150,000}{4,550}$

= \$105.20 per person

F45 LAND DEDICATION IN DEVELOPING AREAS

Purpose:

To report on current issues and risks associated with land acquisitions principally relating to land in subdivisions.

This report recommends that, wherever possible Council should seek to have land dedicated.

Description of Item:

For some years Council has been operating with developer contributions plans (Section 94) which principally include contributions collected for the purpose of purchasing land to be held in Council's ownership. These lands include open space (active & passive recreation), drainage reserves, buffer zones, roads, and conservation value land.

Up until the early 1990's Council's policy was to have land dedicated at subdivision where appropriate. In the mid 1990's this changed to include land purchases in a contributions plan and therefore compensate the landowner or developer for this land. The practice appears generally to have had little regard for proposed land use. The current West Cooffs and North Boambee Valley contributions plans provide for purchase of much land that is undevelopable, eg drainage lands.

As a consequence Council must collect and manage contributions, negotiate with the land owner, and then effect a property purchase/sale transaction. Predominantly this results in purchases being required prior to sufficient funds being collected through S94 contributions and therefore forward funding is required. This will still occur in the future for some classes of land. However if this proposed change is introduced it will greatly reduce this burden. Council has, in the past, had difficulty in keeping valuations within the plans up to date. This was due mainly to the way the Section 94 plans were structured where even when valuations were adjusted it took a considerable time to put into effect. This coupled with a rapidly rising market left Council exposed. However recent changes adopted by Council to the way the Section 94 plans can be amended have gone some way towards addressing this problem.

However, should Council opt to require land to be dedicated wherever possible, much of the risk and extended costs can be dissipated. Council can require the dedication of most parcels of land if it is clearly demonstrated that the land is reasonably required as a result of development.

Land zoned 6A and 5A under council's current LEP must be acquired by council upon demand and these lands should continue to be acquired through Section 94 plans.

Such lands must be acquired under legislation and court precedent that requires the purpose for which they are to be purchased to be disregarded. In many cases land zoned for open space will be required to be purchased at residential value.

It should further be noted that until legislation is changed that will set the date of valuation at the date of rezoning, councils will never be able to collect sufficient funds to meet acquisition costs in a rising market.

cont'd

F45 Land Dedication In Developing Areas (cont'd)

Sustainability Assessment:

- **Environment**

Much of the land to which this paper refers is land that may be required for environmental purposes eg conservation, creek buffers etc. This paper is dealing with the method of obtaining the land and is not suggesting any changes to the type of land proposed to be required.

However if Council requires dedication rather than purchase, the land owner is more likely to argue about whether the land is clearly required to be dedicated as a result of development.

Care is required to distinguish between:

- What is required for dedication as a result of development
- What land the developer wishes to dedicate as public reserve for the benefit of marketing a residential development
- What is unable to be developed, and therefore, of no value to the land owner and Council will accept as dedication as the best future land manager, and
- What is required to serve a wider community purpose and therefore should be purchased eg a large cleared area for playing fields or a large area of endangered habitat

- **Social**

The principal social issue is to ensure that a land owner is not severely disadvantaged by a requirement for a parcel of land to be dedicated. There will be instances where dedication is unjust to a developer and purchase of the land will be more equitable. In such instances such lands would still be acquired through the Section 94 plans.

- **Economic**

Broader Economic Implications

The current method of collecting contributions to fund the purchase of land in subdivisions often results in a shortfall in the amount held.

Council staff are required to spend considerable time negotiating property transfers. The current method of purchasing also results in tens of thousands in legal fees being paid each year. There is also a greater need to review contributions plans more regularly.

A general change in procedures, from purchase to requiring dedication where appropriate, would result in substantial savings in staff time, legal fees, and would minimise the risk associated with fluctuating purchase prices. (note that it is anticipated that land is dedicated in subdivision on registration of the linen plan).

From a developers point of view, in some instances there could be a reduction in income balanced by a reduction in the levels of developer contributions imposed. If council adopts the philosophy of dedication of certain lands, and this is clearly indicated in the development control plans it prepares, then a developer buying land for subdivision will be able to factor in this requirement in calculating the price he is prepared to pay.

cont'd

F45 Land Dedication In Developing Areas (cont'd)

Consultation:

Valuation Services

If Council were to adopt a policy of land dedication (where appropriate) it would, as indicated above, result in cost savings in staff time and legal fees. The Section 94 plans would also be simpler.

However the biggest savings to Council would be in any shortfall between the amount collected and the actual cost of acquisition. The timing of most acquisitions is outside Council's control. As a simple example, if Council was to buy land in a developing area and the value of the land is \$100,000/ha at the commencement of the Section 94 plan and prior to purchase half the area is developed, Council has collected \$50,000/ha towards the cost. Suddenly there is a substantial rise in land values to \$300,000/ha. Council buys the land at this value level. Not only does it have to forward fund \$250,000/ha, but by the time the rest of the area is developed it is required to fund from revenue the shortfall of \$100,000/ha. As stated earlier in the report this will only be rectified by a change in legislation.

There will be instances where dedication will not be appropriate, particularly some large conservation areas. However for lands along creeks and under roads etc it is a very efficient and cost effective method of land acquisition with little or no financial risk to Council. The recommendation is supported. New development Control Plans and Section 94 Plans would need to clearly indicate which lands are earmarked for dedication and which are earmarked for purchase.

City Parks

Manager, City Parks concurs with the recommendations of this report. It should be noted however that since 2000 Council has acquired an additional 500 ha of open space - mainly bushland which Council is responsible for maintaining. Whilst Council tries to ensure that it is transferred free of weeds and in an easily maintained condition, there are longer term consequences for Council's maintenance budget. This will increase as changes to environmental laws reflect the community concerns and aspirations in these areas and larger parcels are placed under Council control.

Issues:

Release areas generally have different characteristics and each area would have to be assessed on its own merit. However generally land to be dedicated would include:

- Drainage reserves
- Land required for buffers to creeks
- Land not capable of being developed due to flooding
- Land containing threatened species
- Land required for adequate bushfire buffers
- Land under roads.

cont'd

F45 Land Dedication In Developing Areas (cont'd)

Recommendation:

- 1. That Council adopt a policy of seeking to have land dedicated in new subdivisions wherever possible.**
- 2. That this policy be adopted for the preparation of all future Development Control Plans and Section 94 Plans eg Moonee and West Woolgoolga release areas.**
- 3. That it be noted that dedication would generally include**
 - Drainage reserves**
 - Buffer zones**
 - Land containing threatened species**
 - Land not capable of being developed due to flooding**
 - Land under roads**
- 4. That it be noted that exceptions to this policy may include**
 - Land required for the provision of community facilities eg sporting fields**
 - Land required where the owner/developer will be severely disadvantaged**
 - Larger areas of land required for conservation purposes**

K O Lavelle
Director of Corporate Services