



COFFS HARBOUR CITY COUNCIL
ORDINARY MEETING
(PLANNING, ENVIRONMENT & DEVELOPMENT COMMITTEE)
COUNCIL CHAMBERS
COUNCIL ADMINISTRATION BUILDING
COFF AND CASTLE STREETS, COFFS HARBOUR
16 JUNE 2005

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COFFS HARBOUR CITY COUNCIL
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16 JUNE 2005

Mayor and Councillors

GENERAL MANAGER'S REPORT

6 2005-2008 DRAFT MANAGEMENT PLAN

Purpose:

To present Council with the recommended 2005-2008 Draft Management Plan (incorporating Program Budgets 2005-2008 and 2005-2006 Fees & Charges) for consideration and adoption. This report recommends that the draft documents, having been exhibited for public comment, be adopted as the final plan with some amendments.

Description of Item:

The Draft 2005-2008 Management Plan details programs and budgets to enable Council to achieve the objectives set out in its seven Strategic Directions. The plan includes the proposed City Facilities Program of major infrastructure works and the associated proposal for a Special Variation to General Income for 2005-2006.

Attachments to this report include:

- Amendments to Council's Draft Fees & Charges 2005-2006 (Attachment A);
- Summary of Submissions received on the draft plan (Attachment B) – distributed to Councillors with this business paper.

Sustainability Assessment:

The Triple Bottom Line assessment process – balancing environmental, social and economic issues – is factored into all of Council's decision-making and operational activities. The preparation and implementation of the 2005-2008 Draft Management Plan is consistent with this policy.

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6 2005-2008 Draft Management Plan (cont'd)

Consultation:

The draft plan, draft program budgets and draft fees and charges were exhibited for public comment for 31 days from Saturday, 7 May 2005 until Monday, 6 June 2005. The consultation process included:

- A Media Briefing on Tuesday, 3 May 2005.
- Displays at the Council Administration Building foyer; three branch libraries; Karangi, Coramba, Nana Glen and Red Rock general stores; Corindi Beach Post Office; Ulong Rural Transaction Centre and the Coffs Harbour Visitor Information Centre.
- Display on Council's website, including an On-line Submission facility.
- A Public Meeting in Coffs Harbour on Thursday, 12 May 2005.
- Public displays and presentations (with the participation of Councillors and senior staff) at Library branches, shopping centres and gatherings of Chambers of Commerce, Service Clubs and other community groups.
- Extensive advertising (including a double-page, colour feature summarising the City Facilities Program, Rate Variation proposal and major components of the Draft Management Plan) in local newspapers.
- Consultation meetings with representatives of council's community facility management committees.
- Invitations to interested individuals and groups to lodge submissions and to meet with Councillors and senior staff to discuss relevant issues.

Related Policy and / or Precedents:

This is Council's twelfth Management Plan prepared under the 1993 Local Government Act.

Council considered and adopted the project schedule for developing the 2005-2008 Management Plan at the Corporate Services Committee meeting of 3 February, 2005.

Strategic directions and priority projects were reviewed for the Draft Management Plan at a series of workshops involving Councillors and senior staff during February, March and April 2005.

Council considered and adopted the Draft Plan, Draft Program Budgets and Draft Fees & Charges for public exhibition at the Corporate Services Committee meeting on Thursday, 5 May 2004.

Statutory Requirements:

Section 402-407 of the 1993 Local Government Act details the requirements for the completion of Council Management Plans.

Council is required, among other things, to adopt a Management Plan by June 30 each year. The draft plan must be placed on public exhibition for a period of 28 days. Council must consider submissions received on the draft plan before adopting the final plan.

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6 2005-2008 Draft Management Plan (cont'd)

The Local Government Code of Accounting Practice provided by the State Government includes the following:

- 11.1.1. Councils must prepare on an annual basis, a detailed statement of income and expenditure (budget) on an accrual basis presented to council on both a type/item and function/activity basis before commencement of the new financial year (1 July).
- 11.1.2. A summary of the detailed budget format per policy 11.1.1 above, must also be prepared in type format which is consistent with that shown in the statement of financial performance; and also in activity format consistent with that shown in Note 2a. A copy of both summary forms must be forwarded to the Department of Local Government by no later than 4 weeks after commencement of the financial year.

Tables 1 and 2 below show the budget for 2005-2006, in both "type" and "function" formats to meet the requirements of the Code.

Table 1

BUDGET STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30th June 2006	
	\$
EXPENSES FROM ORDINARY ACTIVITIES	
Employee Costs	20,082,598
Materials & Contracts	31,636,260
Borrowing Costs	5,310,032
Depreciation & Amortisation	19,009,500
Other Expenses	3,042,409
Loss from Disposal of Assets	-
Total Expenses from Ordinary Activities	79,080,799
REVENUES FROM ORDINARY ACTIVITIES	
Rates & Annual Charges	50,113,185
User Charges & Fees	14,594,526
Investment Revenues	2,923,150
Grants & Contributions - Operating	9,121,739
Other Revenues	2,924,931
Profit from Disposal of Assets	-
Revenues from Ordinary Activities before Capital Amounts	79,677,531
SURPLUS(DEFICIT) FROM ORDINARY ACTIVITIES BEFORE CAPITAL AMOUNTS	596,732
Grants & Contributions - Capital	22,346,934
SURPLUS (DEFICIT) FROM ORDINARY ACTIVITIES AFTER CAPITAL AMOUNTS	22,943,666

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6 2005-2008 Draft Management Plan (cont'd)

Table 2

BUDGET FOR 2005 - 2006 IN NOTE 2a (FUNCTION) FORMAT			
Description	Original Budget for 2005 - 2006		
	Ordinary		
	Revenues	Expenses	Results
	\$	\$	\$
City Image	518,190	2,572,829	(2,054,639)
Basic Infrastructure	1,936,020	12,700,893	(10,764,873)
Transport	3,464,711	13,787,300	(10,322,589)
Environment	11,112,135	10,340,834	771,301
Culture & Community	1,490,237	4,760,075	(3,269,838)
Employment & Investment	2,170,136	3,034,085	(863,949)
Supplement Councils Income	36,337,740	2,851,257	33,486,483
Water & Sewer	44,859,846	19,355,931	25,503,915
Organisational Support	135,450	9,677,595	(9,542,145)
TOTALS	102,024,465	79,080,799	22,943,666

The two budgets bear little comparison to Council's draft budget although they are based on it. The format required is in accordance with the Statement of Financial Performance and Note 2a of the consolidated annual financial reports. The differences include:

1. They are prepared on a consolidated basis, i.e., the General, Water and Sewerage operations are combined.
2. Capital expenditure is not included.
3. Depreciation is included. Depreciation is included in the adopted budget at function level but eliminated by restricted equity transfer, i.e., it has no effect.
4. Loan borrowings are not included.
5. Principal repaid on loans is not included.
6. Internal transactions between operations are eliminated.

Variations between the actual results and the budgets are required to be reported to Council at the meeting when the financial reports are considered.

Issues:

1. City Facilities Program

The centrepiece of the Draft 2005-2008 Management Plan is the proposed City Facilities Program, a schedule of 16 major infrastructure projects with a total budget of \$86.736M. (See Table 1, below)

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6 2005-2008 Draft Management Plan (cont'd)

The program has been prepared in response to long-standing community demands. The completion of these major capital works is expected to make a significant contribution to the social and cultural wealth of the region and create new opportunities for employment and economic development.

Table 3

Proposed City Facilities Program						
Program Number	Description	Estimated Construction Period		Total Cost	New Council Loan Funding	Other Funding
		From	To			
1	Hogbin Drive Extension	05/06	06/07	15.000	5.000	10.000
2	Senior Citizens/ Multi Purpose Centre	05/06		2.100	2.100	
3	Harbourside Project	05/06	09/10	28.500	18.000	10.500
4	Entertainment Centre	05/06	07/08	12.541	10.991	1.550
5	Art Gallery/ Library Construction	08/09	09/10	12.000	11.650	0.350
6	Museum Construction	06/07	07/08	4.000	4.000	
7	Coffs Coast Sport and Leisure Park	05/06	06/07	3.000	3.000	
8	Regional Tennis Complex	05/06	06/07	1.545	0.545	1.000
9	Bray St Cricket Complex	05/06		0.300	0.300	
10	City Park	05/06	06/07	2.700	2.700	
11	Sportz Central Upgrade Works	05/06	06/07	0.860	0.300	0.560
12	Nana Glen Improvement Program	05/06		0.335	0.300	0.035
13	Woolgoolga Town Park Project	05/06	07/08	0.900	0.900	
14	Woolgoolga Town Improvement Program	05/06	06/07	0.400	0.400	
15	Sawtell Headland Improvement Program	05/06		0.380	0.380	
16	Northern Beaches Cycleway Project	06/07	07/08	2.175	0.000	2.175
TOTAL				86.736	60.566	26.170

cont'd

6 2005-2008 Draft Management Plan (cont'd)

Funding for the proposed City Facilities Program includes a loan component of \$60.56m. To meet the loan repayments and increased operating and maintenance costs associated with the new facilities, it is recommended that Council seek approval from the NSW Minister for Local Government for a 21.32% rate increase. (A 17.82% variation in Residential, Business and Farmland Rates in 2005-2006, in addition to the 3.5% rate increase approved under the State Government's rate pegging legislation.)

On 22 March 2005, the Minister formally announced a rate pegging limit of 3.5 per cent for 2005-2006. This would achieve an additional \$770,000 in increased rate income during the year. The rate variation, if approved by the Minister will provide an additional \$4.070m.

The City Facilities Program and rate rise proposals have been widely publicised throughout the Local Government Area during the public exhibition period for the Draft Management Plan. At the conclusion of the 31-day exhibition period, Council had received 409 submissions (including 247 form letters) relating to the proposals. There are 28,500 rateable properties in the Coffs Harbour LGA.

An assessment of the submissions shows a high representation of pensioners/retirees and rural landowners among those who have tendered comments. While submissions have been forthcoming from locations throughout the Coffs Harbour Local Government Area, a substantial number have been forwarded from the Sawtell and Eastern Dorrigo areas in particular.

The overwhelming majority of submissions indicate that Coffs Harbour residents are engaged in the debate over the city's present and future infrastructure needs. A number of respondents commend Council for initiating the City Facilities Program proposal, identifying the challenges involved in delivering much-needed infrastructure works with limited financial resources.

Submissions consistently reinforce the community's commitment to completing a number of key projects including the extension of Hogbin Drive, the Senior Citizens/Multi-Purpose Centre, the Entertainment Centre, Sawtell Headland works, and the Nana Glen and Woolgoolga Town improvements.

However the submissions also show a widely varying level of support for individual projects, often at odds with those set out in the City Facilities Program. For example, a considerable number of submissions identify basic infrastructure works – kerb and guttering, footpaths, etc – as a top priority.

Similarly, submissions express widespread concern about the ability of ratepayers to accommodate the costs associated with a rate increase. Pensioners are prominent among those who argue that Coffs Harbour's many low-income households will encounter hardship if rates are increased.

Submissions from farmland ratepayers also object to the proposal. Without the mitigating effect of water and sewer rates held steady, they will experience a greater proportional increase in rates than other ratepayers in 2005-2006. Additionally, rural landholders remain unconvinced that outlying communities will enjoy major benefits from the infrastructure projects (largely focused on the city's coastal settlements) being funded through the rate rise.

An assessment of submissions shows that 20 offer unqualified support for the rate rise proposal; 142 express varying degrees of concern or opposition to the rate rise and proposed works; the 247 form letters are clearly opposed to the rate rise.

cont'd

6 2005-2008 Draft Management Plan (cont'd)

Table 4

Community submissions to Draft 2005-2008 Management Plan	
Individual submissions supporting proposals	20
Individual submissions expressing opposition or concerns about some or all of the proposals	142
Form letters (expressing opposition to proposals)	247
Total	409

Among other issues raised in submissions, respondents suggest:

- the range and scale of projects in the City Facilities Program could be reduced to minimize the level of any rate increase;
- a reluctance to endorse major infrastructure proposals (e.g., the Harbourside project, the Entertainment Centre) prior to the completion of community-approved plans and costings;
- the projects could be staged over a longer time-frame with rate rises phased in;
- some projects should be deferred until funding commitments are secured from the State and Federal governments and private sector;
- Council should restore a concessional rating system for farmland ratepayers;
- Council re-evaluate 7A (Environmental Protection) zoning provisions relating to rural landholdings; and
- Measures may be needed in 2006-2007 to ease potential rate impacts associated with a new round of land valuations.

(Attachment B provides a Summary of Community Submissions, including an additional 19 submissions relating to other issues in the Draft Management Plan).

The submissions underscore the community's expectations that Council should provide infrastructure to help advance the city. However they also demonstrate that many ratepayers are unwilling to accept a share of the costs that are involved.

This is not a new phenomenon. Council has proceeded with a number of major capital works programs in the past (e.g., the Regional Airport upgrade and the City Centre revitalisation project) despite opposition from sections of the community. In each instance, Council has successfully managed and completed the project, delivering positive outcomes for the city.

Council is equally proud of its record of sound financial administration. The introduction of the Environmental Levy in 1997-1998 has been an unquestioned success in generating important environmental benefits for the Local Government Area. Similarly, the City Centre Business Rate, introduced in 2000-2001, has won resounding community support for its success in reinvigorating Coffs Harbour's central business district.

Apart from its performance in responsible budgetary management, Council has also implemented a program of efficiencies to generate significant savings across the organisation. That commitment has been renewed in the preparation of the Draft Management Plan. Council has resolved to continue to pursue cost efficiency measures to reduce the deficit during 2005-2006 and to secure savings of up to \$500,000 in Council's net operating expenses.

cont'd

6 2005-2008 Draft Management Plan (cont'd)

The Special Variation proposal before Council represents its first application for a general rate increase since Coffs Harbour was proclaimed a city in 1987.

Community consultation is an essential component in the Management Planning process - as it is in all of Council's activities. The submissions forwarded to Council, like the personal representations made by residents to Councillors and staff during the exhibition period, reflect a range of views.

The challenge for Council is to consider all available information – including the views of residents – to make a balanced decision that secures the best possible outcome for the Coffs Harbour community.

In this instance, it is considered that no overwhelming evidence has been put forward to dissuade Council from proceeding with the proposals. The infrastructure works provided by the City Facilities Program will create social, cultural and economic opportunities that will help position Coffs Harbour for many years of sustainable growth. The rate increase is the only viable means of proceeding with the City Facilities Program in a timeframe acceptable to the community.

At the same time, Council recognises the need to continue to take a sympathetic approach when considering affordability issues that may arise as a result of a rate increase.

It is recommended that Council, as part of its rating structure review 2006-2007 consider the re-establishing of a concessional farmland rate. This should take into account the impacts of new land valuations due to take effect on 1 July 2006.

The issue of land revaluations and their impacts on Council revenue is widely misunderstood. The *total* income that Council can raise from general rates (i.e., Residential, Business, Farmland and Environmental Rates) is limited by NSW Government legislation. There are only three ways that *total* amount can be increased:

- The "Rate Pegging" limit set by the Government each year (approximates the CPI increase);
- Growth – the development of new rateable properties (e.g., housing estates) providing additional revenue; and
- An extraordinary rate increase (as proposed by Coffs Harbour City Council in 2005-2006).

Land re-valuations (set by the NSW Valuer General) do not affect the *total rate income* amount that Council can raise from general rates. If, for example, every property in the local government area trebled in value, general rates on each property would remain unchanged (apart from the Rate Pegging allowance).

However revaluations can affect the amount that individual properties have to contribute towards that *total rate income*. Rates may increase or decrease depending on how each valuation compares to the average increase throughout the city.

Any time that land is revalued in the Local Government Area, Council has to look very carefully at each of the general rating groups (i.e., Residential, Business, Farmland and Environmental) to ensure it maintains an equitable level of rates on each.

In considering the impact of the city's next land re-valuation as part of its annual rate structure review, Council will need to reflect on equity issues taking into account the accessibility of services and the distribution of expenditure on programs across the Coffs Harbour Local Government Area.

cont'd

6 2005-2008 Draft Management Plan (cont'd)

2. Residential Rate

If the proposed rate increase is approved, the average ratepayer (with a land valuation of \$60,000) will expect a total rate increase of \$139.69 in 2005-2006 (or \$2.68 a week). With water and sewerage rates and charges held steady, this represents an actual increase of 6.95% in total rates and annual charges.

The impact upon the average residential ratepayer's rate notice and annual water usage accounts is as follows:

Table 5

	2004-2005	2005-2006	Increase	
	\$	\$	Amount - \$	%
Residential Rate	589.80	719.56	129.76	22.00
Environmental Levy	26.75	27.68	0.93	3.48
Sewerage Charge	553.00	553.00	0.00	0.00
Water Standing Charge	193.00	193.00	0.00	0.00
Water Usage (300kl)	393.00	393.00	0.00	0.00
Domestic Waste Service and Greenwaste	255.00	264.00	9.00	3.53
Total	2,010.55	2,150.24	139.69	6.95

The following comments should be considered in conjunction with the above information:

1. The average residential ratepayer's valuation in 2004-2005 and 2005-2006 is considered to be \$60,000.
2. As mentioned previously, the above impact statement incorporates a 21.32% increase in the Residential Rate which represents an overall increase of 6.95% in all rates and annual charges. Water usage charges have been averaged at 300kl pa. The overall increase of \$139.69 is equal to \$2.68pw.
3. Water and Sewer charges have been kept at the previous years level to minimize impact on the ratepayer. A notional increase of 3.5% on those charges represents an amount of \$39.87, which has not been applied.
4. It should be noted that the impact on a residential pensioner with the same land value, i.e. \$60,000, is \$129.30pa or \$2.49pw.
5. Water and Sewerage rates and charges and the Domestic Waste Service are not subject to rate restrictions.
6. In 2004-2005, the Domestic Waste Service is \$220 and the Greenwaste Service is \$35.00 (optional). In 2005-2006 the Green Waste charge will be levied separately for five months until a new contract applies, and then incorporated with the Domestic Waste Charge as provided under the new contract.

If Council does not proceed with the variation, it is proposed to implement the 3.5% rate increase approved under NSW rate pegging legislation. Under this scenario, the average ratepayer would expect a total rate increase of \$71.57 in 2005-2006 (or \$1.38 a week).

cont'd

6 2005-2008 Draft Management Plan (cont'd)

3. Items for adjustment to 2005-06 draft budget

A number of other issues have arisen during the public exhibition phase of the draft management plan:

- **Bid to host the 2007 Local Government Aboriginal Network Conference (Program 516)**
Council resolved at the City Services Meeting of 21/4/05 to consider including an allocation of \$5,000 in the 2005-06 draft budget. It is considered funding of \$5,000 for the bid could be sourced from the Events Reserve.
- **Boambee East Community Centre Operating costs (Program 516)**
The draft budget provides \$5,150 for operating costs. This has been revised to \$3,000 resulting in a surplus effect of \$2,150.
- **Woolgoolga Senior Citizens Centre Operating Costs (Program 516)**
A report will shortly be presented to Council recommending that Council accept care and control of the Woolgoolga Senior Citizens Centre. Anticipated operating costs of \$10,000 per annum will be required to meet Council's obligations.
- **Roads to Recovery Funding (Programs 531 & 535)**
Council has recently been notified that the 2005-06 Roads to Recovery grant allocation will be \$768,392. A recommended schedule of works for expenditure of the funds will be dealt with in a separate report to Council at a later date. As the draft budget was prepared on estimate of \$716,000 the additional \$52,392 should now be included. This item has a neutral effect on the budget as the additional expenditure is offset by grant funds.
- **Regional Roads – Traffic Facilities and Block Grants (Program 531)**
The 2005-06 Regional Roads Block Grant and Traffic Facilities grant have recently been advised by the RTA. Each grant has increased by \$9,000 over the draft budget estimate. These items have a neutral effect on the budget as the additional expenditure is offset by grant funds.
- **Loan Repayments for 2004/05 \$500,000 loan Jetty Foreshores (Program 120)**
The 2003-04 Management Plan provided for a loan of \$500,000 to be raised for Jetty Foreshores Improvements. Due to delays in progressing the Harbour Redevelopment the loan was not raised in 2003-04 and was revoted to 2004-05. Provision for the loan repayments were omitted when preparing the 2005-06 budget. Negotiations are underway to raise the loan prior to the 30 June and it is anticipated the annual loan repayment will be \$52,433.
- **Repayments for Purchase & Replacement of Office Equipment (Program 430)**
Additional & replacement office equipment has recently been purchased. The equipment is financed by way of an internal loan from the ELE Reserve and repaid over the anticipated life of the equipment. The draft budget provided for internal lease charges of \$82,656 which now need to be increased to \$156,572. The repayments to the ELE Reserve will have a nil net effect on the operating budget as the repayments will be financed from existing operating budgets.
- **Parks and Street Litter Bin Contract (Program 230)**
Council considered a confidential report at the Corporate Services meeting held on the 2 June 2005 regarding tenders for collection services for the Coffs Coast Regional Waste Services. The tender accepted for the Parks and Street Litter Bin service was \$35,000 greater than the draft budget allocation.

cont'd

6 2005-2008 Draft Management Plan (cont'd)

- **Waste Management Contract (Programs 260 & 270)**

Council considered a confidential report at the Corporate Services meeting held on the 2 June 2005 regarding tenders for collection services for the Coffs Coast Regional Waste Services. The tender accepted for the Domestic Waste/Recycling Contract was \$407,920 in excess of the Draft Budget allocation and the Waste Processing Contract reduced by \$260,000 from the Draft Budget allocation. These two items have a nil effect on the budgeted result as funding is from the Waste Management Reserve.

- **Community Facilities Management Committees (Program 516)**

Council met with representatives of two Community Facilities Management Committees on 1 June 2005. As a result of the consultation process it is necessary to provide \$1,000 for the acquisition of furniture for the Bayldon Community Centre.

- **Beach Bathing Expenses and Signage (Program 240)**

A number of public safety issues have arisen with the contracted services between Clarence Valley Council and Surf Life Savings Services Australia for the provision of lifeguards at Corindi and Red Rock beaches. It is most desirable from a risk management perspective that Council provides two lifeguards on duty at these beaches, in line with the standard for all other beaches within the CHCC local government area. The additional cost to increase the level of service is estimated at \$15,500. In addition, the draft budget estimate is \$9,000 short in overall funding based on revised costs for 2004-05.

Replacement of 30 signs is required at an average cost of \$330 per sign (\$10,000 in total). The draft budget estimate of \$2,000 requires an increase of \$8,000 to \$10,000 (which was the amount allocated in 2004-05).

- **Contribution towards employment of Strategic Alliance Project Co-ordinator (Program 010)**

The position will facilitate resource sharing opportunities through five regional work groups within the Mid North Coast Group of Councils. Workgroups include Human Resources, Information Technology/GIS, Town Planning, and Works. This position is hosted by Hastings Council and employed on a part-time basis.

4. Financial Assistance Grants

Council is awaiting advice on these grants. The draft plan allows for a rise of about 3.5% above the actual grants received in 2004-2005.

5. Water and Sewerage Programs

No matters have arisen during the exhibition period that require any variation to Water and Sewerage Programs as set out in the Draft Management Plan.

Other Departments' Comments:

Extensive consultation was undertaken with senior staff and managers to prepare the draft management plan, and consultations have continued throughout the public exhibition phase and review of the draft management plan. Issues raised are outlined in the Issues section of this report.

cont'd

6 2005-2008 Draft Management Plan (cont'd)

Economic Implications

The budgetary impacts of the recommendations of this report are set out in Table 6 below.

Table 6

ITEM	FUNDING	SOURCE	BUDGET IMPACT
Bid for 2007 LG Aboriginal Network Conference	\$5,000	Events Reserve	Nil
Boambee East Community Centre Operating Costs	\$2,150	Revenue	\$2,150 (S)
Woolgoolga Senior Citizens Centre Operating Costs	\$10,000	Revenue	\$10,000 (D)
Roads to Recovery	\$52,392	Grant	Nil
Regional Roads Block Grant	\$9,000	Grant	Nil
Regional Roads Traffic Facilities Grant	\$9,000	Grant	Nil
2004-05 Jetty Foreshores Loan Repayments	\$52,433	Revenue	\$52,433 (D)
Internal Lease Charges	\$73,916	Reserve	Nil
Parks & Streets Litter Bins Contract	\$35,000	Revenue	\$35,000 (D)
Waste/Recycling Contract	\$407,920	Waste	Nil
Reduce Waste Processing Contract	\$260,000	Waste	Nil
Bayldon Community Centre Furniture	\$1,000	Revenue	\$1,000 (D)
Beach Bathing Expenses	\$24,500	Revenue	\$24,500 (D)
Beach Signage	\$8,000	Revenue	\$8,000(D)
Contribution towards employment of Strategic Project Co-ordinator - Mid North Coast Group of Councils	10,000	Revenue	\$10,000(D)
BUDGET RESULT			\$138,783 (D)

The draft budget deficit of \$366,893 will increase to \$505,676 as a result of recommendations contained in this report responding to issues raised by Council and the community.

Fees & Charges

One submission from the community has been received in relation to the proposed increase in the fee for 735A Certificates.

cont'd

6 2005-2008 Draft Management Plan (cont'd)

A number of amendments are proposed to the Draft Fees & Charges following the exhibition of the schedule. The proposed amendments are detailed in the attachment to this report.

Implementation Date / Priority:

Subject to Council approval, the 2005-2008 Management Plan will be forwarded to the Minister for Local Government for consideration. It is anticipated that the plan will be finalised for implementation by 30 June 2005.

Recommendation:

That:

- 1. The 2005-2006 budgets, prepared in Type and Function format and in accordance with the Statement of Financial Performance and Note 2a of the annual financial reports, be adopted, subject to any variations in the adopted 2005-2008 Management Plan.**
- 2. Council adopts the Draft 2005-2006 Fees and Charges as the final 2005-2006 Fees and Charges, with the amendments listed in the attached document.**
- 3. Council adopts the Draft 2005-2008 Management Plan as the final 2005-2008 Management Plan, including the budget adjustments and schedules listed in the Issues section of this report, resulting in an estimated Budget deficit of \$505,676.**
- 4. Council seeks the approval of the NSW Minister for Local Government for a Special Variation to General Income of 21.32% in 2005-2006.**
- 5. Council, as part of its rating structure review for 2006-2007, considers the re-establishment of a concessional farmland rate, taking into account the impact of new land valuations.**
- 6. Council notes the issues raised and the proposed actions and responses to community submissions to the Draft 2005-2008 Management Plan, and all those who have made submissions be thanked and informed of Council's decision.**

Mark Ferguson
General Manager

Attachments:

ATTACHMENT A

AMENDMENTS TO DRAFT FEES AND CHARGES 2005-2006

These fee variations have arisen since the draft list of Fees and Charges was prepared.

The page numbers mentioned relate to the draft Fees and Charges list.

Detail	First Draft Fee \$	Amendment \$
Page 5 Building and Development - Construction Certificates Commercial Works		
Exceeding \$100,000 but not exceeding \$250,000	409.75	412.22
Exceeding \$250,000	709.75	712.25
Withdrawal of Development Applications and Construction Certificate		
If a site inspection has already been undertaken	70.00	+70.00
Page 12 Building and Development - Building Inspections Class 1 Dwellings (additions/alterations)		
\$50,001 to \$100,000	-	350.00
\$100,00 to \$200,000	-	420.00
\$50,001 to \$200,000	210.00	Deleted
Page 28 Waste Management - Englands Road Waste Facility		
Trailer/Utility – Garbage up to 150kg	-	11.00
Trailer/Utility – Garbage up to 151kg - 300kg	-	22.00
Trailer/Utility – Garbage up to 300kg	18.40	Deleted
Car/Wagon – Garbage 60kg	5.00	4.50

PED17 BASIX - THE BUILDING SUSTAINABILITY INDEX

Purpose:

The purpose of this report is to:

- advise Council of new NSW Government Policy (Department of Infrastructure, Planning and Natural Resources) (DIPNR) for sustainable residential development, The Building Sustainability Index (BASIX);
- explain the ramifications to Council with regard to existing policies;
- explain the implications of implementing BASIX with respect to resources;
- explain the potential ramifications to the local building industry and first home buyers; and
- recommend to Council that its current Energy Efficiency Information Sheet be repealed from 1 July 2005 as it applies to new development applications.

Description of Item:

BASIX is a web-based planning tool designed by DIPNR to assess the potential performance of residential developments against a range of sustainability indices. BASIX has been introduced to ensure that all new residential developments within regional NSW satisfy targets set by the State Government through DIPNR. From 1 July 2005 all new homes, including dual occupancies and all multi-unit developments, must be designed to achieve the following:

- 40% reduction in potable water consumption;
- 25% reduction in greenhouse gas emissions;
- achievement of “an appropriate level” of thermal performance.

These reductions are detailed by the following requirements either in total or a combination:

- How to achieve Energy Saving target
 - Solar, heat pump or high efficiency gas hot water systems
 - Ceiling fans, evaporative coolers, fixed flue gas heating or very high efficiency air conditioning
 - Energy efficient lighting
 - Increased efficiencies for pool heating and pumps
 - Alternative energy – photovoltaics
- How to achieve Water Reduction target
 - Internal efficiencies (3A-4A)
 - Showerheads
 - Toilets
 - Tap fittings
 - Alternative water
 - Rainwater capture and use for garden irrigation and toilet flushing or clothes washing

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PED17 - BASIX - The Building Sustainability Index (cont'd)

- How to achieve Thermal Comfort level
 - Good orientation
 - External shading
 - Performance glazing
 - Cross ventilation
 - Insulation.

Coffs Harbour City Council was a partnership Council involved in the development of BASIX with DIPNR from its original concept.

BASIX has applied to new dwellings in the Sydney metropolitan area since 1 July 2004.

Sustainability Assessment:

- **Environment**

BASIX is designed to reduce overall energy consumption and thus greenhouse gas emissions. This is an environmentally-beneficial policy that Council should support and is clearly in accordance with Council's objectives in respect of the "Healthy City" and its other policy initiatives in regard to sustainability. BASIX will result in a reduction in water usage from the City's reticulated water supply in the long term.

- **Social**

It is considered that there is general community acceptance of the objectives and the policies enshrined in BASIX. From a social perspective it enables individuals within the community to feel they are making a worthwhile contribution to the reduction in energy consumption, greenhouse gases and water consumption to create real environmental benefits.

From a social aspect it needs to be noted, however that BASIX as a web-based tool depends upon access to the internet. In regional areas such as Coffs Harbour not every resident is afforded home access and may therefore be disadvantaged in terms of producing their own BASIX certificate. Consultants will be able to provide residents with this service and residents could utilise the Council library for internet access.

- **Economic**

Broader Economic Implications

From a broader economic viewpoint, some concern is raised regarding the cost of implementing the requirements of the BASIX initiative and the potential impact of this upon the local building industry and in particular, first home buyers. It is estimated that the cost of implementing BASIX in Coffs Harbour will range up to \$10,000 per dwelling. This estimate of costs is substantially lower in Coffs Harbour than other Local Government areas due to its existing Energy Efficiency Policy. Whilst most of the local project home building companies appear to be generally accepting of the policy and its potential financial impacts, Council should be concerned if this cost increase leads to an overall reduction in the number of dwellings constructed. Although it appears likely that BASIX will have its greatest impact (including financially) on very large dwellings, there is some concern raised that the policy may impact adversely on first home buyers and/or on the age group 20-39 years, those that Coffs Harbour would most like to attract.

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PED17 - BASIX - The Building Sustainability Index (cont'd)

BASIX is a state wide policy so will affect all coastal towns in a similar way.

Management Plan Implications

There are no direct implications to Council's Management Plan, however, the implementation of BASIX will require additional resources in the development approval and water sections of Council.

Consultation:

A multi-disciplinary team involving Building and Development, Coffs Water, Environmental Services and City Parks has met several times to consider implementation issues.

Council organised a BASIX briefing session with DIPNR for the industry in March which approximately 100 people attended. Also, staff representatives from the Building and Development Branch have addressed meetings of the Urban Development Institute of Australia (UDIA), Housing Industry Association (HIA) and other local building industry groups to outline the implementation of BASIX from a Council perspective. This included advice regarding submission requirements and matters considered at inspection and occupation stage.

A joint Development Industry/UDIA forum was held on 14 June 2005 during which one of the issues for discussion was BASIX. Council staff again outlined Council's role in the implementation and inspection process.

DIPNR placed its BASIX policy for regional NSW on public exhibition from 4 April to 16 May 2005. Planning Environment and Development's (PED's) Building and Development Branch prepared and lodged a submission on Council's behalf.

Related Policy and / or Precedents:

Coffs Harbour City Council currently has an Energy Efficiency Information Sheet requiring new dwellings to achieve a minimum 3.5 star NatHERS rating and water efficient fittings. BASIX, through legislation, will override any environmental planning instruments or Development Control Plans (DCPs) and policies relating to aspects of sustainability that are addressed by BASIX. As Council's Energy Efficiency Information Sheet will be overridden by BASIX, it is recommended that Council repeal this document for all development applications lodged after 1 July 2005.

Statutory Requirements:

The legislative basis for BASIX is:

- Environmental Planning and Assessment Amendment Building Sustainability Index (BASIX) Regulation 2004
- State Environmental Planning Policy (SEPP) (Building Sustainability Index: BASIX) 2004.

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PED17 - BASIX - The Building Sustainability Index (cont'd)

Issues:

- **Lodgment of DAs**

BASIX requires that any DA for a new dwelling including multi-unit residential must be accompanied by a BASIX certificate from 1 July 2005. Council will not be able to accept a DA unless it is accompanied by a BASIX certificate. This is a change to Council's current procedures where DAs are generally accepted with the understanding that outstanding information will be received during the processing period. In accordance with BASIX, the application must also indicate the applicant's means of complying with the BASIX targets. These are termed the applicant's "commitments". These must be shown on the DA plans and must be checked by Council's staff. These requirements will impact on customer service staff as well as technical resources.

- **Greywater Reuse**

Part of the water reduction target may be achieved by reusing greywater. Greywater is domestic wastewater excluding toilet waste but may include wastewater from a hand basin, kitchen, bath, shower and laundry. Council will use the NSW Health – "Domestic Greywater Treatment Systems Accreditation Guidelines" as its reference. It is recommended that where greywater reuse is proposed that a separate onsite waste water application be submitted for Council's consideration.

- **Landscaping**

Part of the water reduction target may be achieved by nominating indigenous species for use as landscaping in conjunction with a dwelling. Species, areas and location must be indicated on plans lodged with the DA and landscaping must be completed prior to issue of the Occupation Certificate. This requirement will necessitate an additional input from Council's City Parks Branch in respect of assessing DA plans and ensuring these "commitments" are implemented on-site.

- **Cross Connection Control**

Part of the water reduction target may be achieved by the collection and re-use of rainwater. Installing a rainwater tank and re-using that water for external (indigenous landscaping) and internal uses (washing machine/toilet flushing) appear to be the simplest, most cost-effective way to achieve the water reduction target.

Internal rainwater re-use will create possible cross connection problems and resultant contamination of Council's mains water supply. To assist in limiting possible cross connection, Coffs Water will be recommending that a Urban Rainwater Tank Policy be adopted (see separate report).

- **Community use of web-based tool**

DIPNR's original intent was and remains, that "mums and dads" are able to use and complete a BASIX certificate without hands-on assistance or requiring consultants. However, Council staff experience with the web tool has indicated a variety of problems in using the tool and in completing an assessment to obtain the compulsory BASIX certificate. These include accessing the web site, having the system drop out during the assessment and being unable to get a pass score even though the requirements of the policy have been met.

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PED17 - BASIX - The Building Sustainability Index (cont'd)

- **Exempt Development**

Council's policy for Exempt development, which is incorporated in Local Environmental Plan (LEP) 2000, may require amendment as a result of the implication of BASIX.

- **Resources**

Council is responsible for ensuring that the DA and construction process up to occupancy stage are at all times consistent with the BASIX certificate (commitments). Consultation with metropolitan Councils currently using and assessing BASIX has confirmed that significant resources would be required to successfully implement such changes and for the ongoing increased assessment time. These resources will be drawn from those existing within Council and it is considered that a further assessment of resources be undertaken within six to 12 months of the implementation. As with previous unfunded mandates, no funding or resources will be provided by DIPNR.

Implementation Date / Priority:

BASIX commences in regional NSW from 1 July 2005. It has been operational in Sydney since 1 July 2004. DIPNR has stated that BASIX will be extended to apply to residential alterations, additions and extensions from 1 October 2005. This will apply to the whole of NSW and will incorporate BASIX requirements for developments such as swimming pools.

Recommendation:

1. That Council note the contents of the report.
2. That Council repeal the Coffs Harbour City Council Energy Efficiency Information Sheet in respect of all development applications submitted after 1 July 2005.
3. That proposed greywater reuse systems from 1 July 2005 be subject to an approval for an On-site Sewage Management System (OSMS).
4. That references to the Energy Efficiency Information Sheet be replaced with references to the Building Sustainability Index (BASIX) in all Development Control Plans as they are modified, reviewed or updated.
5. That the impact on Council resources from the implementation of BASIX be assessed prior to adoption of 2006/07 Management Plan.



Gina Vereker
Director of Planning, Environment and Development