



**COFFS HARBOUR CITY COUNCIL**

**SUPPLEMENTARY AGENDA**

**COUNCIL CHAMBERS  
COUNCIL ADMINISTRATION BUILDING  
COFF AND CASTLE STREETS, COFFS HARBOUR**

**3 JULY 2008**

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## COFFS HARBOUR CITY COUNCIL

### SUPPLEMENTARY AGENDA

3 JULY 2008

Mayor and Councillors

#### GENERAL MANAGER'S REPORT

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#### 11 NATIONAL SURF LIFE SAVING CHAMPIONSHIPS, COFFS HARBOUR - SURF LIFE SAVING AUSTRALIA - RENEGOTIATION OF CONTRACT

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##### **Purpose:**

To advise Council of the termination of the contract for the staging of the Australian Surf Life Saving Championships in Coffs Harbour and to seek Council approval to negotiate a new contract with Surf Life Saving Australia.

##### **Description of Item:**

As Council will recall, a report calling for the renegotiation of the contract with Surf Life Saving Australia was to be presented at the Corporate Business Committee Meeting on 15 May 2008 but was withdrawn pending further information being obtained. The further information has been sought and is attached (Attachment 3).

Since 15 May, Surf Life Saving Australia has advised in writing that it has terminated the contract to stage the 2010-2012 Australian Surf Life Saving Championships in Coffs Harbour (Attachment 4). Council has been made aware of this letter at a previous meeting. The implications of the letter were also considered as part of the additional information and a report is attached (Attachment 3).

Surf Life Saving Australia has reaffirmed its commitment to negotiate a new agreement to stage the Championships in Coffs Harbour (Attachment 6), following a request for clarification on the status of the Championships proposal (Attachment 5).

The withdrawn report of 15 May 2008 has been updated through this report.

The Australian Surf Life Saving Championships date from the first New South Wales or Association championships held at Bondi Beach in 1915.

Cont'd

## **11 National Surf Life Saving Championships, Coffs Harbour - Surf Life Saving Australia - Renegotiation of Contract ...(Cont'd)**

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They have become a pinnacle event on the domestic sporting calendar and the largest annual participant-based sporting event in Australia. The Championships attract more than 100,000 spectators over six days, with some 40,000 attending the final day of competition.

The Championships are the climax of the surf life saving season, attracting more than 7,300 competitors representing about 200 Australian clubs, as well as overseas competitors and 500 officials.

From 1997 to 2006 the Championships were conducted at Kurrawa Beach on the Gold Coast, through a contractual arrangement with hosts the Gold Coast City Council and the Queensland Government's Queensland Events Corporation.

As a result of a public tender process conducted by Surf Life Saving Australia (SLSA) in 2003, a contract was awarded to Stirling City Council WA to hold the Titles from 2007 to 2009. Although Coffs Harbour City Council was unsuccessful in that bid, it was successful in being awarded the contract to host the Australian Surf Life Saving Championships for the three-year period from 2010 to 2012, without going through a further tender process. Council endorsed the bid documentation at its meetings of 6 March 2003 and 15 April 2004.

The event requires joint hosting by both State and local government to ensure maximum economic benefits for the host locations and the satisfactory delivery of the event for SLSA. The role of the hosts is to provide essential financial, logistical and government support across all areas of the event. The event is conducted around March each year on dates to be agreed by the destination and SLSA. It is televised nationally.

Council's original proposal provided for Park Beach, Coffs Harbour, to be the site of the event with a number of alternate sites for relocation in case of inclement weather.

Council is aware that the bid was submitted in partnership with the then NSW Government Premier's Department and the NSW Major Events Board and that a contract was agreed and signed with SLSA, including conditions that were to be fulfilled.

The current contract was conditional upon Council providing to SLSA appropriate assurances for the staging of the event by May 2007. There was a deadline of 30 April 2007. This date was confirmed by SLSA on 5 March 2007.

Following serious beach erosion during 2006, Council approached SLSA expressing concern about the economic risk associated with replenishing Park Beach to meet Australian Championship standards. As a consequence, SLSA approved some variations. In further discussions, Council enquired whether SLSA would consider a proposal for a variation to the contract to allow a relocation of the event to Boambee Beach. SLSA agreed to consider the proposal for variation.

Considerable negotiation has occurred over the intervening period regarding the contracted deadline and this report is provided to seek Council direction regarding future negotiations.

This report will not explore in depth the change of venue as this has been dealt with through numerous other reports and briefings. For Councillor reference, the report resulting in the 10 May 2007 resolution is shown below and the Confidential Memo to Councillors of 14 September 2007 is attached (Attachment 2).

**Cont'd**

## 11 National Surf Life Saving Championships, Coffs Harbour - Surf Life Saving Australia - Renegotiation of Contract ...(Cont'd)

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### Sustainability Assessment:

- **Environment**

Council is very conscious that an event on this scale poses environmental management issues. An assessment of all possible sites has been undertaken and it is considered that all environmental issues are manageable.

A full environmental assessment will be completed once negotiations have been finalised and agreed.

- **Social**

The event will provide a spectacular world-class event which is free of charge for residents and visitors alike. Its legacy will be the creation of a surf sport venue capable of attracting and staging future national and state championship events and similar International, national and state beach and surf sport events such as ironman championships, beach volleyball, surfing and bodyboarding, aquathons, outriggers, surf ski and kayak events, sailboarding, kite surfing, beach soccer, surf craft titles, masters games events, triathlons, and ocean swims, among many other possibilities. The venue will also make accessible a new beach at Coffs Harbour for use and enjoyment by the local community and tourist population.

- **Economic**

#### Broader Economic Implications

The economic return to the City from this event is estimated at \$26 million per event (Source: Qld Event Corporation 2003). The regional benefit, as analysed by the NSW Department of State & Regional Development at the time of the bid, was a likely net benefit of about \$63m for the Mid North Coast Region. The Department now estimates the return to the region from both national and NSW surf life saving events would be about \$94 million, creating an average of 98 jobs per annum in the region.

Provision of access and amenities at North Boambee Beach will enable the City to host a range of other surfing, beach and aquatic events, resulting in additional long term economic returns. Council has prepared a complete listing of events that may be secured in the future which would add to the City's prosperity. These are shown attached to this report (Attachment 1).

Current cost estimates for planning, studies and construction of access and amenities for North Boambee Beach are in the vicinity of \$15 million. This figure represents a significant reduction on the initial estimate of \$17 million, following a number of independently facilitated value management workshops with partners and quantity surveyor. As Council is aware, staff had previously estimated the works at approximately \$17 million. The value management workshops were initiated by the State Government to review these costs in relation to their commitment.

Cont'd

## 11 National Surf Life Saving Championships, Coffs Harbour - Surf Life Saving Australia - Renegotiation of Contract ...(Cont'd)

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The State Government has advised that its contribution is limited to \$5 million of the total cost and it is likely that the Federal Government would have similar restrictions. This means that the project must be brought in on budget; that specifications might possibly need to be reduced to achieve the budget, or; Council may need to underwrite any over expenditure.

Although Council has been a party to the value management workshops, it is impossible for staff to ensure that the figure of \$15 million is achievable this far out from the completion of works. The current figure is based on concept plans and known present conditions. The estimated capital cost is \$12.25m inclusive of a 7% allowance (\$800k) for design and supervision by Coffs Council. The budget estimate also includes a \$2.75 million allowance for contingencies and inflation, bringing the total to \$15 million.

Because of the changing environment, variability of the site and the variability of planning works required prior to any construction, it is not possible to guarantee that the \$15 million budget is achievable. Cutting specifications to achieve budgets is a possibility, but could reduce the quality of infrastructure provided.

It should be noted that this price does not presently include allowance for a permanent administration centre or centre of excellence.

### **Management Plan Implications**

There will be impacts on Council's Management Plan with regards to facilities and management and hosting of sporting events. There will also be maintenance and repair costs to be addressed until the end of a new contract and in the future, albeit at a reduced level.

The terminated contract required Council's commitment as a combination of cash and value-in-kind (VIK) contributions. Limited opportunities exist for Council to seek sponsorship and direct business support to mitigate some of the costs involved. Overall it is expected that the event will have a significant economic impact on Council. However, the economic windfall for the City from this event would be unprecedented.

The SLSA tender documentation had stipulated the following forms of financial support:

*"Only those bids which have two levels of Government involved and providing a minimum level of financial support as outlined in the specification will be considered. The minimum financial offer of support is \$1.5 Million per year. The value in kind as a proportion of the financial offer must be no greater than 15%."*

This requirement implied \$1.275 million in cash and \$225,000 VIK each year that the event was staged, with both contributions indexed to CPI from 2007.

It is Council's understanding that the State Government had indicated that it would provide an annual cash contribution of approximately \$975,000.

In 2004, Council committed to an annual contribution of \$300,000 cash and \$225,000 VIK, to meet the bid criteria.

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## **11 National Surf Life Saving Championships, Coffs Harbour - Surf Life Saving Australia - Renegotiation of Contract ...(Cont'd)**

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Negotiations are ongoing regarding the cost and funding of capital works for all sites. The funding formula which is currently being progressed is a one-third contribution each from the State and Federal Governments and Council.

The Acting Director of Corporate Services has indicated any contribution by Council will be loan funded either from retiring or renegotiated loans. The draft Management Plan for 2008/09 allows for \$6.4 Million in capital works in 2009/10. This amount was originally set aside in the 2007/08 budget for foreshore works and the amount was linked to the retirement of General Fund loans. The \$6.4 Million would meet the estimated \$5 Million one-third cost, plus a buffer.

The loan repayments based on a \$5 million amount would be approximately \$684,000 per year for a 10-year period.

At this point in time there are no funds in the budget to meet costs of direct cash and in kind contributions to the championships and the ongoing operational and maintenance costs of the constructed facilities.

### **Consultation:**

There has been ongoing discussion and negotiation with SLSA and the NSW Department of Premier and Cabinet.

A working group has been established within Council.

A series of meetings have been held in Sydney, Melbourne, on site at Boambee Beach and at Council. A tour of the championships at Perth was conducted in 2007.

A number of presentations have been made to the Area Consultative Committee (ACC) representing the Federal Government.

Information sessions have been provided for interested community groups and individuals. More than 70 community groups, associations and agencies have been provided with Facts Sheets detailing issues and other information regarding the Australian Championships and Boambee Beach proposals. Further community consultation has limited benefits until a commitment to the project is made by the Federal Government.

### **Statutory Requirements:**

The Local Government Act provides for Council to enter into such contracts.

### **Issues:**

Coffs Harbour City Council was unsuccessful in winning the 2007-2009 Australian Surf Life Saving Championships with the event going to Western Australia.

On the strength of the bid, the Australian SLSA offered the rights to host the 2010-2012 championships, without the event going to tender.

**Cont'd**

## 11 National Surf Life Saving Championships, Coffs Harbour - Surf Life Saving Australia - Renegotiation of Contract ...(Cont'd)

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Of most relevance, on 10 May 2007 Council resolved (McKelvey/Ovens) that:

*If this rescission is successful we intend to move the following motion:*

- 1. That Council note the report on progress of the contract to hold the Australian Surf Life Saving Championships 2010 – 2012.*
- 2. That the current official venue of Park Beach be varied and that Council adopt the northern portion of Boambee Beach as the new site for the events.*
- 3. That Council seek and agree to the variation of the contract to enable further advice and commitment from the Surf Life Saving Association of Australia.*
- 4. That Council note funding for capital works is currently under negotiation with the State and Federal Governments and that any financial commitments by Council be limited to one third of the total project costs for capital works.*
- 5. That Council note a comprehensive Business Plan will be developed once agreement is reached on the funding formula with the State and Federal Government and further reported to Council.*

*The MOTION on being put to the meeting was declared CARRIED.*

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### *DIVISION*

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*A division was duly demanded, and those members voting for and against the motion were recorded:*

*FOR*

*Cr Featherstone  
Cr Bonfield  
Cr Ovens  
Cr Rhoades  
Cr Joass  
Cr McKelvey  
Cr Palmer*

*AGAINST*

*Cr Hogbin  
Cr Smithers*

Since Council's resolution, a number of meetings, workshops, inspections and presentations have been held and a significant volume of correspondence has been exchanged with SLSA and the NSW Government (and associated agencies) regarding implementation of Council's resolution with a view to holding the National Titles at Boambee Beach in 2010 (2011 and 2012).

Following Council's resolution in May 2007, staff have continued to take the lead role in facilitating a suitable outcome with the interested parties in line with Council's wishes.

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## **11 National Surf Life Saving Championships, Coffs Harbour - Surf Life Saving Australia - Renegotiation of Contract ...(Cont'd)**

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On 13 September 2007, SLSA wrote to CHCC advising SLSA's commitment to the Boambee Beach venue and it being the venue for future Australian Surf Life Saving Championships. This commitment was given to support Council seeking and obtaining funding for the infrastructure needed at Boambee.

SLSA maintains in all correspondence and discussions that it in no way waives any rights it has under any existing contract it has with Council or the State Government and expressly reserves all rights under those contracts.

The State Government has agreed to:

1. Endorse Boambee Beach as the championships venue, and;
2. Allocate up to \$5 million towards the total capital works costs for the Boambee Beach surf sports venue to match contributions from both Council and the Federal Government (formally advised to Council in a letter of 13 March 2008).

It should be noted that at the time of writing this report there has been no formal commitment from the Federal Government. Council has made representations to the Federal Government's Regional Development Australia Committee (previously the Area Consultative Committee) and received strong support in principle. Council's Economic Development Unit is, at the Committee's request, currently reviewing submission details. However, with a relatively new government in place and an even newer body administering grants relative to this sort of infrastructure it can be reasonably assumed that Council will not be able to formally submit an application for approximately one month, with at least a further three months expected for determination of funding.

### **Renegotiation:**

Council has always made clear that at least 12 months is required to secure approvals and to design the infrastructure for the event. A further 12 months is also needed for construction. For the 2010 titles to be held in March of that year and a 'road test' of the event, Council would have required all funding agreements to be in place enabling project commencement in October 2007.

As the October 2007 deadline has passed, SLSA announced in Perth (during the April 2008 Australian Surf Life Saving Championships) that Boambee Beach would not be ready for the 2010 Championships and an alternative venue would be sought for those Championships. As a consequence, SLSA is now in a position to enter formal negotiations and/or selective tender with other potential hosts for the event for 2010-2012.

However, SLSA maintains that it looks forward to reaching agreement with Council and the NSW Government for the hosting of the Championships and other events in the near future and that SLSA, Council and the NSW Government are committed to satisfactorily addressing the various outstanding financial, logistical and environmental requirements.

On May 29, SLSA advised in writing that it had terminated the contract to stage the championships in Coffs Harbour from 2010-2012.

Subsequent to this advice, SLSA has reaffirmed its commitment to negotiate with Council to stage the Championships at a later stage.

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## **11 National Surf Life Saving Championships, Coffs Harbour - Surf Life Saving Australia - Renegotiation of Contract ...(Cont'd)**

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It is recommended that Council negotiates to seek a longer-term agreement for the hosting of the Championships than the previous three-year contract, to ensure better value for Coffs Harbour and surrounding areas, given the investment being placed into the venue.

Further aspects that should be tabled as part of the renegotiation should include, but not be limited to:

- The contract being a tri-partite agreement between the three parties of SLSA, Council and the NSW State Government in preference to individual contracts/arrangements with each party. It would be preferable to have the Federal Government tied in specifically; however, it is not a party to the original bid and therefore this option is not a possibility.
- The general conditions of the contract being expanded.
- VIK obligations clarified and detailed more specifically.
- VIK reviewed in relation to commitment to infrastructure costs.
- The commitment of other related events and the support required for those to be discussed and included where practical and possible.

### **Implementation Date / Priority:**

Council's decision will be communicated to SLSA and the NSW Department of Premier and Cabinet.

### **Recommendation:**

- 1) That the General Manager be authorised to enter into discussions with Surf Life Saving Australia and the NSW State Government (and other parties as applicable) with a view to forming a renegotiated agreement for the holding of the Australian Surf Life Saving Championships and other events at Boambee Beach on dates to be fixed, and;**
- 2) The terms of a draft agreement to be the subject of a further report to Council for consideration and resolution.**

**Stephen Sawtell  
General Manager**

**Attachments:**

**ATTACHMENT 1 - Beach Events**

Event	Description	Economic Benefit/Value	Month Staged	Comment
Kellogg's Nutri Grain Ironman Series	National surf sports event held annually over 3 weekends	- Competitors 750 - 2 night stay - <b>\$300 000</b>	January-March	- Has been held in the region before - Available during 2010-2012 - Televised nationally
NSW Surf Lifesaving Country Championships	State surf lifesaving event	- Spectators 750 - Competitors 1500 - 2 night stay - <b>\$900 000</b>	January	- Available from 2010 to 2012
Vodafone Beach Volleyball Australian Championships	National beach event	- Spectators 1500 - Competitors 100 - 3 night stay - <b>\$900 000</b>	February	- Nationally televised event on free-to air and Pay TV
Warriors on Water	Interstate craft and boat event	- Spectators and competitors 2500 - 2 night stay - <b>\$1 000 000</b>	February	- Old v NSW. One round in each state
World Surf Lifesaving Titles	International surf lifesaving event	- Spectators and competitors 3000 - 7-9 night stay - <b>\$4 200 000</b>	February	- Biennial - Lorne, Vic. February 2006 - Germany 2008
Hot Tuna Pro	Surfing event	- Spectators and competitors 1000 - 3-4 night stay - <b>\$600 000</b>	March	- 2006 – Soldiers Beach
Bodyboarding Australasia Pro Tour Round 3	Surf bodyboarding event	- Spectators and competitors 1000 - 3 night stay - <b>\$600 000</b>	March (early)	Bodyboarding Australasia is seeking to add extra rounds to add to its professional competition
NSW State Surf Lifesaving Titles	State surf lifesaving event	- Spectators 4000 - Competitors 8000 - 3 night stay - <b>\$5 400 000</b>	March (early)	- Available from 2011-2013
IMG Iron man Triathlon	National surf sports event held annually over 5 weekends	- Competitors 1600 - 2 night stay - <b>\$600 000</b>	April	- Available from 2011-2013 - Televised nationally
Aquathon	Swimming and running event	- State Titles and Australian Championships - Spectators and competitors 1000 - 2 night stay - <b>\$400 000</b>	April	- Coffs Harbour to bid for Australian Championship 2009 and future years
IMG Iron man Triathlon	National surf sports event held annually over 5 weekends	- Competitors 1600 - 2 night stay - <b>\$600 000</b>	April	- Available from 2011-2013 - Televised nationally
Outriggers	Canoe racing held at surf beaches	- AOCRA National Titles - Competitors 1000 - 2 night stay - <b>\$600,000</b>	April	- AOCRA National Titles - International events also available
National Ocean Paddle Events	Surf ski and kayak event	- Spectators and competitors 500 - 3 night stay - <b>\$300 000</b>	August	-
Quiksilver NSW State Titles	NSW Surfing event	- Spectators and competitors 1000 - 3-4 night stay - <b>\$600 000</b>	August	- 2007 - Central Coast

Event	Description	Economic Benefit/Value	Month Staged	Comment
Australian Open Surfmasters	National Surfing event	- Spectators and competitors 1000 - 5-7 night stay - <b>\$1 200 000</b>	September	- The 2007 Australian Open Surf Masters is scheduled for Coffs Harbour on September 1st to September 8th.
NSW State Junior Titles	NSW Surfing event	- Spectators and competitors 1000 - 5 night stay - <b>\$1 200 000</b>	September	- The 2007 NSW State Junior Titles are scheduled for Coffs Harbour on September 6th to September 10th.
Wavesailing	NSW sailboard event held at surf beaches	- Competitors 150 - 3 night stay - <b>\$100 000</b>	September	- Woolgoolga Beach – September 2006
Kite Surfing	Sailboard event held at surf beaches	- Competitors 300 - 3 night stay - <b>\$200 000</b>	September	- Woolgoolga Beach – September 2006
North Coast Regional Teams Titles	NSW Surfing event	- Spectators and competitors 300 - 2 night stay - <b>\$100 000</b>	October	- October 1-2.
Australian Longboard Titles	National Surfing event	- Spectators and competitors 1000 - 5-7 night stay - <b>\$1 200 000</b>	October	- Yallingup WA – October 2007
Beach Soccer	International Sport in its infancy. Sanctioned by FIFA. Soccer Australia is keen to promote this sport as part of overall strategy to increase profile of football.	- Competitors 2000 - 3 night stay - <b>\$1 200 000</b>	October	- Pro Beach Soccer Tour - Durban, South Africa – September 2007 - Copa Latina, Brazil – December 2007 - FIFA Beach Soccer World Cup - Rio de Janeiro – November, 2007
North Coast Boat Premiership Finals	Competitive surf craft event	- Spectators and competitors 1000 - 2 night stay - <b>\$400 000</b>	November	- Boambee beach is able to accommodate significant numbers of surf craft
NSW State Craft Titles	Competitive surf craft event	- Spectators and competitors 1500 - 3 night stay - <b>\$900 000</b>	November	- Boambee beach is able to accommodate significant numbers of surf craft
Australian Craft Titles	Competitive surf craft event	- Spectators and competitors 3000 - 4 night stay - <b>\$2 400 000</b>	November	- Boambee beach is able to accommodate expected large numbers of craft
NSW State IRB Titles	Competitive rescue boat event	- Spectators and competitors 500 - 2 night stay - <b>\$200 000</b>	November	- Boambee beach is able to accommodate significant numbers of surf craft
Australian IRB Titles	Competitive rescue boat event	- Spectators and competitors 1500 - 3 night stay - <b>\$900 000</b>	November	- Boambee beach is able to accommodate expected large numbers of craft

## Other Sporting Carnivals incorporating Beach Events

Event	Description	Comments	Month Staged	Precedents
Australian Masters Games		<ul style="list-style-type: none"> <li>- Includes</li> <li>- Beach volleyball</li> <li>- Dragon boats</li> <li>- Sailing</li> </ul>	October	- NZ – 15-22 January 2008
Maccabi Games		<ul style="list-style-type: none"> <li>- Includes</li> <li>- Beach volleyball</li> <li>- Swimming</li> </ul>	January	- Adelaide – October 2007.
Ocean Swims		- Numbers of competitors could be expanded with the proximity of the Boambee Beach facilities	February	- Coffs Harbour annual event
Triathlon – Olympic class		<ul style="list-style-type: none"> <li>- Flat water off Jetty Beach is more suitable for Olympic class triathlon swims</li> <li>- New roads in Boambee facility would assist for cycling and running legs. Less disruption from closure of these roads than to other existing roads.</li> </ul>	February	- Coffs Harbour in previous years
Beach Volleyball Tour		<ul style="list-style-type: none"> <li>- One leg of the Annual Beach Volleyball Tour</li> <li>- Open Pro Beach Volleyball Tournament e.g. 2006</li> </ul>	April	<ul style="list-style-type: none"> <li>- Pt Macquarie 2006 &amp; 2007</li> <li>- Coffs Harbour 4-5<sup>th</sup> April 2006</li> </ul>

## Other Events and unquantified Benefits

Event	Description	Comments	Season	Precedents
Open Air Cinema	Community Event	- Subject to vagaries of weather	Summer	- Subject to vagaries of weather
Opera on the beach	Cultural Event	<ul style="list-style-type: none"> <li>- Natural amphitheatre, would need little development</li> <li>- Estimated capacity 2000 people</li> </ul>	Summer	- Cronulla model
Additional public beach for tourism	Community facility	- South-east facing, winds are offshore in summer	All year	-
Additional public open space	Community facility	- Potential trade-off in Harbourside project negotiations	All year	-
NSW Institute of Sport	Sports related education	- Bachelor of Sport and Exercise Science Lismore	All year	-
NSW Institute of Sport	Sports related education	- Triathlon Facility – Lennox Head	All year	-
Southern Cross University	Sports related education	- Diploma of Sport Management (Surfing Studies)	All year	-
Ocean view restaurant	Revenue producing – not quantified	- Coffs Harbour has a limited choice of water view restaurants	All year	-
Sports Centre	Revenue producing – not quantified	<ul style="list-style-type: none"> <li>- Fully equipped gymnasium</li> <li>- Treatment / Education rooms</li> <li>- sports / sports medicine related</li> <li>- Clubhouse and storage for SLS, Nippers</li> </ul>	All year	-