



## COFFS HARBOUR CITY COUNCIL

### ORDINARY MEETING

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

11 FEBRUARY 2010

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	A portion of this report is confidential for the reason of Section 10A (2):	
	(d) commercial information of a confidential nature that would, if disclosed:	
	(i) prejudice the commercial position of the person who supplied it, or	
	(ii) confer a commercial advantage on a competitor of the council, or	
	(iii) reveal a trade secret.	
	and in accordance with Section 10A (1) the meeting may be closed to the public.	



## COFFS HARBOUR CITY COUNCIL

### ORDINARY MEETING

11 FEBRUARY 2010

Mayors and Councillors

#### NOTICE OF MOTION

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#### NOM10/1 FEASIBILITY OF SKATE PARK IN MULLAWAY

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##### **Purpose:**

Councillor John Arkan has given notice of his intention to move:

That council prepare a study/report as to the feasibility of such a skate park in Mullaway, and if such a facility can be funded by Section 94 payments.

##### **Details supporting the case:**

A petition consisting of 288 signatures of residents from Mullaway and Arrawarra Headland requesting a skate park be built in the local area, has been submitted.

##### **Staff comment:**

There have been no Section 94 funds derived from any development in the Mullaway area. Given that there are skate parks in Corindi and Woolgoolga, it is unlikely that Council would consider construction of a skate park in the Mullaway area.

## GENERAL MANAGER'S REPORT

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### GM10/1 2010/2014 DELIVERY PROGRAM / 2010/2011 OPERATIONAL PLAN - PROJECT SCHEDULE

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#### **Purpose:**

To seek approval for a project schedule to develop Council's 2010/2014 Delivery Program and 2010/2011 Operational Plan. This report recommends the schedule be implemented to enable a Draft Delivery Program and Draft Operational Plan to be prepared for adoption for public exhibition in April 2010.

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

Under the Local Government Act 1993, Council has traditionally adopted a Management Plan prior to the commencement of each financial year. The Management Plan outlined the principal activities – based on strategic directions, performance targets, budgets, fees and charges and related policies for services – that Council proposed to pursue for a three-year period, with a detailed focus on the coming year.

The Act was amended in October 2009, allowing the three-year phase-in of a new system which no longer requires councils to prepare a Management Plan. Instead, councils will now be required to prepare and implement a four-year Delivery Program and a one-year Operational Plan as part of a longer-term Integrated Planning and Reporting (IPR) framework.

Coffs Harbour City Council is well-advanced in the development of the components of the framework and has nominated (as a “Group 1” council) to implement the new system from 1 July 2010.

This report outlines the recommended project schedule for the further development of Council's 2010/2014 Delivery Program and 2010/2011 Operational Plan. The project schedule includes details on community engagement and identifies the responsibilities of Councillors in this process.

#### **Sustainability Assessment:**

The Delivery Program and Operational Plan models stem from planning reforms that are based on Sustainability and Quadruple Bottom Line (QBL) principles. That is, there is a requirement that each component identify and address social, environmental, economic and civic leadership issues.

- **Environment**

There are no environmental impacts associated with the adoption of a project schedule. The activities proposed in the project schedule may incur printing and energy costs. Consistent with Council policy, these costs will be kept to a minimum. Environmental issues relating to Council and the city are identified and addressed in a number of strategies encompassed by the Delivery Program and Operational Plan.

Cont'd

- **Social**

The adoption of the proposed project schedule will assist community participation in the development of the Delivery Program and Operational Plan. The Delivery Program and Operational Plan include a number of strategies to enhance the social development of Coffs Harbour.

- **Economic**

**Broader Economic Implications**

There are no broad economic impacts associated with the adoption of a project schedule. The Delivery Program and Operational Plan include a number of strategies to assist and contribute to the economic development of Coffs Harbour.

**2009/2012 Management Plan Implications**

Council's current budget allows for the activities proposed in the project schedule. This expenditure is monitored through Council's monthly and quarterly budget reviews. It should be noted that the Sustainability Assessment section of Council reports will refer to Delivery Program/Operational Plan Implications from 1 July 2010.

**Consultation:**

The State Government has made community engagement a central part of the new Integrated Planning and Reporting framework. The Delivery Program and Operational Plan must represent Council's response to a Community Strategic Plan (in this case, the *Coffs Harbour 2030 Plan*) which has been developed through a lengthy and comprehensive community engagement process. The adoption of the project schedule extends that engagement.

Councillors were invited to participate in a workshop on 25 November 2009 to review Council's current operations in terms of the Themes, Objectives and Strategies identified in the *Coffs Harbour 2030 Plan*. At that time, Council's Strategic Directions were identified as being consistent with the broad principles established by the *2030 Plan*.

A number of workshops are proposed to assist Councillors to consider priorities in preparation of budgets for the next four years (with a special focus on 2010/2011). The information and directions arising from workshops (and other activities, as required) will contribute to the finalisation of projects and budgets by senior staff and managers.

It is recommended that a Draft Delivery Program and Draft Operational Plan be presented to Council for consideration and adoption at Council's meeting on 22 April 2010.

The adopted draft documents will then be placed on public exhibition for a 28-day period from Tuesday, 27 April until close of business on Tuesday, 25 May 2010.

Public consultation during this period will include: meetings with management committees of council facilities; consultations with key community groups; public information and website displays, media releases and newspaper advertising. Feedback from Council's ongoing *2030 Community Engagement Strategy* (especially in relation to *Resourcing 2030*) will also be included in this process.

**Cont'd**

**GM10/1 2010/2014 Delivery Program / 2010/2011 Operational Plan - Project Schedule  
...(Cont'd)**

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Community submissions to the draft plans, a summary of recommended actions and responses to submissions, and a Final Draft Delivery Program and Draft Operational Plan will be presented for consideration at the Council meeting on Thursday, 24 June 2010.

The adopted 2010/2014 Delivery Program and 2010/2011 Operational Plan will be posted on Council's website by 30 June 2010. Where hard copies are required, the documents will be printed and distributed in July 2010.

**Related Policy and / or Precedents:**

This is to be Council's first Delivery Program and Operational Plan prepared under the Local Government Amendment (Planning and Reporting) Act 2009.

**Statutory Requirements:**

Section 404 of the Local Government Act 1993 details the following requirements in relation to a council's Delivery program:

1. A council must have a program (its delivery program) detailing the principal activities to be undertaken by the council to implement the strategies established by the community strategic plan within the resources available under the resourcing strategy.
2. The delivery program must include a method of assessment to determine the effectiveness of each principal activity detailed in the delivery program in implementing the strategies and achieving the strategic objectives at which the principal activity is directed.
3. The council must establish a new delivery program after each ordinary election of councillors to cover the principal activities of the council for the 4-year period commencing on 1 July following the election.
4. A draft delivery program must be placed on public exhibition for a period of at least 28 days and submissions received by the council must be considered by the council before the delivery program is adopted by the council.
5. The general manager must ensure that regular progress reports are provided to the council reporting as to its progress with respect to the principal activities detailed in its delivery program. Progress reports must be provided at least every 6 months.

Section 405 of the Act details the following requirements in relation to a council's Operational Plan:

1. A council must have a plan (its operational plan) that is adopted before the beginning of each year and details the activities to be engaged in by the council during the year as part of the delivery program covering that year.
2. An operational plan must include a statement of the council's revenue policy for the year covered by the operational plan. The statement of revenue policy must include the statements and particulars required by the regulations.
3. A council must prepare a draft operational plan and give public notice of the draft indicating that submissions may be made to the council at any time during the period (not less than 28 days) that the draft is to be on public exhibition. The council must publicly exhibit the draft operational plan in accordance with the notice.

**Cont'd**

4. During the period of public exhibition, the council must have for inspection at its office (and at such other places as it may determine) a map that shows those parts of its area to which each category and sub-category of the ordinary rate and each special rate included in the draft operational plan applies.
5. In deciding on the final operational plan to be adopted, a council must consider any submissions that have been made concerning the draft plan.
6. The council must post a copy of its operational plan on the council's website within 28 days after the plan is adopted.

Additional requirements for the Operational Plan are set out in Local Government (General) Regulation 2005 – Clause 201 (relating to the content of Council's annual statement of revenue policy) and Clause 203 (relating to reporting requirements for budget review statements and estimates revisions).

**Issues:**

Further to the reports of 9 July 2009 and 12 November 2009, Council has kept pace with the evolution and introduction of the new Integrated Planning and Reporting framework for NSW councils.

The framework represents a significant local government reform package with the specific intention of improving councils' long term community, financial and asset planning. The changes are expected to assist councils to:

- integrate and streamline statutory planning and reporting;
- strengthen strategic focus;
- align with national sustainability frameworks; and
- ensure accountability and responsiveness to local communities.

The framework is being introduced across the state over a three-year transition period. Council has nominated to be in the first group of councils, electing an implementation date of 1 July 2010.

The framework requires the development and implementation of the following components:

- a Community Strategic Plan – developed and maintained with the assistance of a community engagement strategy, and covering a timeframe of at least 10 years;
- a long term Resourcing Strategy (Financial Plan, Asset Management Strategy and Workforce Management Strategy);
- a four-year Delivery Program (generally aligned to the term of each council);
- a one-year Operational Plan;
- an Annual Report; and
- an ongoing monitoring and review process.

After a comprehensive program of community engagement activities, the *Coffs Harbour 2030 Plan* was adopted by Council as the city's Community Strategic Plan on 17 December 2009.

Council's responsibilities and options in resourcing the 2030 strategies represent an ongoing challenge. The development of Council's Long Term Financial Plan, Asset Management Strategy and Workforce Management Strategy is currently being finalized and should be the subject of reports to Council in coming weeks.

**Cont'd**

The NSW Government has provided guidelines to assist councils in developing their Delivery Programs and Operational Plans. The Guidelines, as well as the full legislation and a Manual, can be accessed via an Integrated Planning and Reporting link on the Department of Local Government website ([www.dlg.nsw.gov.au](http://www.dlg.nsw.gov.au)). The following "Essential Elements" are identified in the guidelines (pages 18 and 21):

*What is the basic structure of the Delivery Program?*

- 3.2 The Delivery Program must directly address the objectives and strategies of the Community Strategic Plan and identify principal activities that council will undertake in response to the objectives and strategies.
- 3.3 The Delivery Program must inform, and be informed by, the Resourcing Strategy.
- 3.4 The Delivery Program must address the full range of council operations.
- 3.5 The Delivery Program must allocate high level responsibilities for each action or set of actions.
- 3.6 Financial estimates for the four year period must be included in the Delivery Program.

*What input should the community have in the development of the Delivery Program?*

- 3.7 Council must consider priorities and expected levels of service expressed by the community during the engagement process for the Community Strategic Plan when preparing its Delivery Program.
- 3.8 The draft Delivery Program must be exhibited for public comment for a minimum of 28 days and public submissions must be accepted and considered before the final program is adopted.

*What is the basic structure of the Operational Plan?*

- 3.13 The Operational Plan must be prepared as a sub-plan of the Delivery Program. It must directly address the actions outlined in the Delivery Program and identify projects, programs or activities that Council will undertake within the financial year towards addressing these actions.
- 3.14 The Operational Plan must allocate responsibilities for each project, program or activity.
- 3.15 It must identify suitable measures to determine the effectiveness of the projects, programs and activities undertaken.
- 3.16 The Operational Plan must include a detailed budget for the activities to be undertaken in that year.

An extensive review of Council operations and performance measures is underway – in tandem with the development of resourcing strategies - to ensure Council is positioned to address its responsibilities under the *2030 Plan*. The completion of this review and the finalization of 2010/2014 budget estimates will enable the Draft 2010/2014 Delivery Program and Draft 2010/2011 Operational Plan to be ready for consideration for adoption by Council by the end of April. A 28-day public exhibition period will follow, with the community encouraged to make submissions.

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**GM10/1 2010/2014 Delivery Program / 2010/2011 Operational Plan - Project Schedule  
...(Cont'd)**

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*2010/2011 Budget*

Items that have been raised during 2009/2010 to be considered during the preparation of the 2010/2014 Delivery Program are:

1. *NightRider Late Night Transport Project*

Council Resolution No. 81, 25 June 2009

A contribution of \$2,000 be considered in the 2010/2011 Budget.

2. *Royal Society of Prevention of Cruelty to Animals Impound Expenses*

Council Resolution No. 141, 10 September 2009

An increase of \$27,130 be factored into the 2010/2011 Budget.

3. *Rail Working Group Request for Funding*

Council Executive Team determination 8.1.2 of 16 December 2009

Requests for funding be considered during the preparation of the 2010/2011 Budget.

*Environmental Levy*

Council has previously resolved to include the determination of projects to be funded from the Environmental Levy in the Management Planning process. It is appropriate at this time to review that resolution in the light of the IPR framework. It is recommended that the adopted 2010/2011 schedule of Environmental Levy projects be incorporated into the Draft 2010/2011 Draft Operational Plan, and that this process be followed in future.

Submissions for the 2010/2011 Environmental Levy closed on 14 December 2009. The Environmental Working Group is due to consider submissions 16 February 2010 and prepare a recommended list of projects for consideration and adoption by Council (in March). These projects will then be incorporated into the Draft 2010/2011 Operational Plan.

**Options**

Council is required by law to prepare and exhibit a Draft Delivery Program and Draft Operational Plan and, after considering community submissions, to adopt a Delivery Program and Operational Plan. Already underway, the process will consume the remainder of the 2009/2010 financial year, involve the entire Council organization, and require extensive community engagement. The adoption of a project schedule is sound practice in initiating a project of this scale.

**Implementation Date / Priority:**

Subject to Council approval, development of Council's 2010/2014 Delivery Program and 2010/2011 Operational Plan will continue as a high priority project according to the adopted schedule.

**Cont'd**

**Recommendation:**

1. That the following project schedule for developing Council's 2010/2014 Delivery Program and 2010/2011 Operational Plan be adopted.

Meeting/Activity	Date	Councillor Participation
Senior Staff/Managers consultations	Feb/Mar 2010	N/A
Councillor workshops	From 11 February 2010	Yes
Council to consider Draft Delivery Program / Draft Operational Plan for adoption for public exhibition	22 Apr 2010	Yes
28-day public exhibition period (includes information sessions, displays, media activities, etc)	Tues, 27 April to Tues, 25 May 2010	As required
Consideration of Submissions / Review of Draft Plan	From 26 May 2010	As required
Council to consider adoption of final Delivery Program / Operational Plan	24 June 2010	Yes
Lodge adopted Delivery Program / Operational Plan with Department of Local Government	By 30 June 2010	N/A

2. That Councillors note their participation is requested at the meetings, as indicated in the schedule contained within this report, to develop Council's 2010/2014 Delivery Program and 2010/2011 Operational Plan.
3. That the Environmental Working Group's recommended list of projects (to be funded from the 2010/2011 Environmental Levy) be submitted for inclusion in the Draft 2010/2011 Operational Plan for consideration by Council, and that this be the process in future years.

Stephen Sawtell  
 General Manager

## CORPORATE BUSINESS DEPARTMENT REPORTS

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### CB10/1 QUARTERLY BUDGET REVIEW FOR DECEMBER 2009

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#### Purpose:

To report on the estimated budget position as at 31 December 2009.

#### Description of Item:

Estimated Budget Position as at 31 December 2009:

	<b>General Account \$</b>	<b>Water Account \$</b>	<b>Sewer Account \$</b>
Original Budget adopted 30 June 2009	1,113,139 (D)	6,796,677 (D)	5,226,126 (D)
Approved Variations to 31 October 2009	(28,264) (S)	(664,000) (S)	(1,786,500) (S)
Recommended variations for December 2009	(199,197) (S)	(172,700) (S)	306,000 (D)
Estimated result 2008/09 as at 31 December 2009	<u>885,678 (D)</u>	<u>5,959,977 (D)</u>	<u>3,745,626 (D)</u>
<b>General Account</b>			<b>Deficit/ (Surplus) \$</b>
Coramba Fuel Contamination Legal fees net surplus			(200,000) (S)
Restructure of Media staff positions			29,803 (D)
Finance Branch Redundancy & Regrade			35,000 (D)
Revised General fund interest on investments revenue			(102,000) (S)
Revised Extra Charges General Rate income projections			<u>38,000 (D)</u>
Net Variations			(199,197) (S)

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## CB10/1 Quarterly Budget Review for December 2009 ...(Cont'd)

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<b>Water Account</b>	<b>Deficit/ (Surplus) \$</b>
Water Fund contribution to Admin Building & Rigby House Refurbishments	200,000 (D)
Revised Reservoir, Filtration plant & water efficiency costs	58,300 (D)
Revised Water Access Charges projections	32,000 (D)
Revised Water Pensioner Subsidies projections	(15,000) (S)
Revised Water Usage Charges projections	<u>(448,000)</u> (S)
Net Variations	(172,700) (S)

<b>Sewer Account</b>	<b>Deficit/ (Surplus) \$</b>
Sewer Fund contribution to Admin Building & Rigby House Refurbishments	200,000 (D)
Revised Trade Waste Application Fees	22,000 (D)
Revised Sewerage Rate projections	(95,000) (S)
Revised Sewer fund interest on investments revenue	229,000 (D)
Revised Non Ratable Charges projections	<u>(50,000)</u> (S)
Net variations	306,000 (D)

### **Sustainability Assessment:**

- **Environment**

There are no perceived short or long-term environmental impacts.

- **Social**

There are no perceived short or long term social impacts.

- **Economic**

### **Management Plan Implications**

The Original budget for the General Account adopted on the 25 June 2009 provided for a deficit of \$1,113,139.

For substantial budget adjustments the associated council reports have addressed the triple bottom line factors independently in 2009/10.

**Cont'd**

**Consultation:**

This is the second budget review completed online using the new Enterprise budgeting system. The majority of Managers and their relevant staff have updated their budgets for each program in this electronic format. Requested variations and variations adopted by Council have been included in this report.

**Statutory Requirements:**

Under local government regulations Council is required to submit a quarterly budget review to Council. Therefore Council is under no obligation to provide monthly reviews but has recommended they be completed as part of prudent financial management.

The Responsible Accounting Officer believes this report indicates the financial position of the Council is satisfactory, having regard to the original estimate of Income and Expenditure.

**Recommendation:**

The revised Budget position as at 31 December 2009 be noted:

	<b>General Account \$</b>	<b>Water Account \$</b>	<b>Sewer Account \$</b>
<b>Original Budget adopted 30 June 2009</b>	1,113,139 (D)	6,796,677 (D)	5,226,126 (D)
<b>Approved Variations to 31 October 2009</b>	(28,264) (S)	(664,000) (S)	(1,786,500) (S)
<b>Recommended variations for December 2009</b>	(199,197) (S)	(172,700) (S)	306,000 (D)
<b>Estimated result 2008/09 as at 31 December 2009</b>	<u>885,678 (D)</u>	<u>5,959,977 (D)</u>	<u>3,745,626 (D)</u>

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**CB10/2    RELEASE OF EASEMENT TO DRAIN WATER OVER LOT 10 SECTION 9 DP 14800,  
21 CORONATION STREET, SAWTELL**

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**Purpose:**

Report on the proposal to release an easement to drain water over Lot 10 Section 9 DP 14800, 21 Coronation Street, Sawtell.

**Description of Item:**

Council has received a request from Fiona Bennell of Bennell and Associates to release an easement to drain water over her client's land at 21 Coronation Street, Sawtell. The owners of the property are James Klopsteins and Judith Fleming.

The easement in question is in favour of the Council of the Shire of Bellingen to which Coffs Harbour City Council is the successor. The easement as such now benefits the Council and can be released by Council.

The easement was originally transferred to the Bellingen Shire Council in 1930 and provides an easement 10 feet wide along the western boundary of the property. Council does not direct water into the easement from the road and the existence of the easement is of no benefit to Council either now or in the future.

Council has agreed to release the easement on the basis that all costs are paid by the owner of the property.

The attached plan shows the existing location of the easement.

**Sustainability Assessment:**

- **Environment**

There is no impact upon the environment as a result of this legal procedure.

- **Social**

There is no social impact as a result of the easement being released.

- **Economic**

**Broader Economic Implications**

There will be no implications.

**Management Plan Implications**

There are no costs to Council and as such the release of the easement will not impact on the Management Plan.

**Cont'd**

**CB10/2 Release of Easement to Drain Water over Lot 10 Section 9 DP 14800, 21 Coronation Street, Sawtell ...(Cont'd)**

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**Consultation:**

Consultation has been undertaken with the City Services Department who advise there is no requirement for the easement either now or into the future. City Services have no objection to the release of the easement.

**Issues:**

There are no major issues in relation to this matter. There does not appear any reason why Council should not consent to the release of the easement.

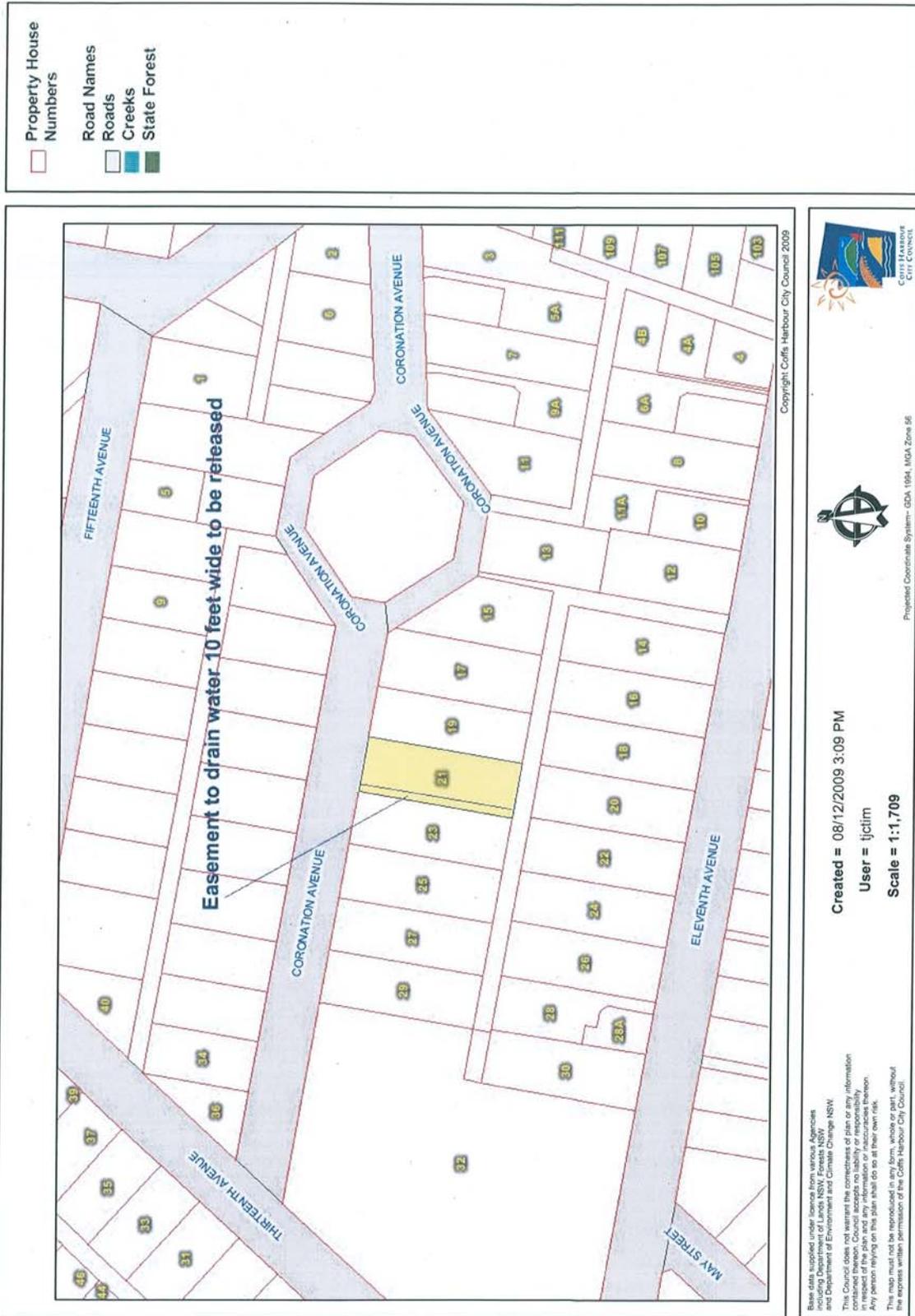
**Implementation Date / Priority:**

The matter will be finalised as soon as practicable after Council's decision.

**Recommendation:**

- 1. That Council consent to the release of the easement to drain water over Lot 10 Section 9 DP 14800 and shown as dealing C5152 on the property's Certificate of Title.**
- 2. That all costs associated with this matter be the responsibility of the owners of 21 Coronation Street, Sawtell.**
- 3. That all necessary documents associated with this matter be executed under the common seal of Council.**

Attachments:



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Prepared Coordinate System: GDA 1994, MGA Zone 56

**Purpose:**

To seek Council approval to accept an offer for an interest free loan of \$2.8M from the State Government (NSW Local Infrastructure Program).

**Description of Item:**

Council has received an offer of \$2.8M as an interest free loan in the NSW Local Infrastructure Program.

The offer was in response to an application to fund construction of the sewer pump station and rising main to service the South Coffs development area.

The sewer is a major impediment to the development of this area due to the high up front cost of the works.

This area was previously identified for development for urban purposes in the Coffs Harbour Urban Development Strategy 1996, and was further identified as a first priority.

The area has been zoned for business and residential development since 2008.

If Council does not accept the loan, developers would need to forward fund these works or request Council to provide them from our contribution funds.

**Sustainability Assessment:**

- **Environment**

The relevant environmental assessment will be carried out in the design process for the engineering works.

- **Social**

Coffs Harbour has a strong population growth rate exceeding 1.5% and developers and land owners in this release area are very keen to develop their land.

There is a significant demand for housing in our local area due to long lead times in the rezoning and development process.

- **Economic**

Council has received several enquiries from owners and developers from this area and sewer has been stated as the main issue impeding development.

Direct employment during the sewer works construction phase will be in the order of 10 full time workers for approximately 6 months.

The various construction components such as pipes and pump wells will need to be fabricated which will stimulate the local industrial businesses. Construction materials will also need to be sourced so this will aid quarry and transport companies.

**Cont'd**

The multiplier and flow effects from projects such as this provide a great stimulus to our local economy which flows on throughout the state.

**Broader Economic Implications**

Construction of the proposed sewer works will encourage development of this important urban release area.

Development of the area for urban purposes will have input into the local economy during the construction phase, and the future land use will have an input post construction.

Construction of roads and infrastructure, and subsequent residential buildings will generate many millions of dollars of income in the construction industry.

Post construction land use opportunities include tourist accommodation associated with major sporting events at the adjoining Marshalls Estate. Provision of appropriate sports related accommodation could result in greater success of such events, and generate non-seasonal tourist attractions.

Tourism is a major industry in the Coffs Harbour LGA; it has grown into a renowned visitor destination offering a wide range of accommodation levels.

Sport tourism is also a growing sub-industry, where facilities are available for playing sport at international and elite levels. This has been helped by the use of Coffs Harbour in recent years as the home training ground for The Wallabies and now for the South Sydney Rugby League Club.

Tertiary education facilities are well developed in Coffs Harbour, with Southern Cross University and the North Coast Institute of TAFE operating out of a shared campus in conjunction with the Coffs Harbour Senior College.

Additional nursing and doctor training has recently been provided at Southern Cross University. This will assist in providing additional qualified workers for the health care and aged care fields. This is important for the sustainability of health services and the health / aged care industry in the region.

**Management Plan Implications**

The proposed interest free loan is to be repaid over the maximum term of 10 years. The annual repayment will be \$280,000.

The loan will be repaid using Section 64 developer contributions from this area or if development fails to proceed from other Section 64 development funds.

**Consultation:**

Council's Water and Sewerage Managers have been consulted and agree with the recommendations.

The Department of Local Government has been advised of this proposed borrowing.

**Cont'd**

**Related Policy and / or Precedents:**

There are no perceived related policies and / or precedents.

**Statutory Requirements:**

The Department of Local Government under its 'Borrowing Order' stipulates that a council shall not borrow from any source outside the Commonwealth of Australia nor in any other currency other than Australian currency.

This proposed loan meets the requirements of this order.

**Issues:**

It is anticipated that these proposed funds will be made available by the State Government from 1 March 2010 with design and construction of the sewer works commencing in 2010/11.

As the funds will be used to meet capital works in a relatively short period, it is intended to invest the proceeds in secure shorter term investments. Returns are improving with advertised short term deposits (i.e. 90 days) in rated institutions ranging from 5.00% to 5.50%.

**Implementation Date / Priority:**

If Council wishes to accept this loan, it must do so by executing the loan agreement by 1 March 2010 after which time the offer of funding will lapse.

**Recommendation:**

- 1. Delegated approval is given to the General Manager to accept the interest free loan offer and that design and construction of the sewer works be programmed for 2010/11.**
- 2. The Mayor and General Manager be authorised to execute all documents associated with the loan under common seal of Council.**
- 3. That developers and land owners in the area be advised that the major sewer pump station and rising main for the South Coffs development area will be constructed by Council and that development applications will be accepted by Council on this basis.**

**Purpose:**

To seek Council approval to grant a rate concession to residents that were displaced as a result of the March 31 storms.

**Description of Item:**

As a result of the March 31 storms a number of residents suffered severe damage to their homes and were unable to return to their properties once the flood waters had receded.

While Council has offered residents in storm affected areas free water and free disposal of storm damaged items, some residents that suffered severe damage to their homes were not always able to take advantage of these benefits.

Due to a number of requests from displaced residents, Council staff has to date postponed the payment of rates for these effected properties. This was done to not only ease financial pressures for these residents but to also allow time for a consideration to be made in regards to a possible rate concession.

This report provides 3 possible options whereby Council could offer a concession against the land rates for these people.

**Option 1 - Extension of Payment**

One option is for Council to offer effected residents an extension to pay-off their rate accounts over a longer period. While this option does not involve a reduction in the rate charges it would provide a form of financial assistance.

It is suggested that this (interest free) payment extension be for a maximum period of 12 months and be offered to residents that had been displaced for a period greater than 2 months.

Property owners with displaced tenants would only be eligible for this rate payment extension if they did not have insurance which covered a loss in rental income during the displacement.

As this option does not involve a rate reduction there is no impact on Council's budget and minimal impact on Council's normal cash flow.

**Option 2 - Rate Concessions based on Vacant Land Charges**

Another option would be to reduce the annual rate charges to a level of charge normally applied to vacant land. These reduced charges could be applied for the period in which the property was inhabitable.

This concession would therefore vary depending on the period of displacement.

The following tables show the comparison between the annual rate charges levied for an occupied residential property (having a single dwelling) and vacant residential land for both 2008/2009 and 2009/2010.

**Cont'd**

**CB10/4 Proposed Rate Concessions for March 31 Storm Victims ...(Cont'd)**

**Annual Rate Charges for 2008/2009**

<b>Rate / Charge</b>	<b>Occupied Property Charge</b>	<b>Vacant Land Charge</b>
Ordinary Rate - Residential	No difference in charge	No difference in charge
Special Rate - Environmental	No difference in charge	No difference in charge
Sewer Access Charge	\$630.00	\$428.00
Water Access Charge	No difference in charge	No difference in charge
Stormwater Management Charge	\$25.00	\$0.00
Domestic Waste Charge	\$314.00	\$52.00

The difference in annual rate charges for 2008/2009 between an occupied residential property and vacant residential land is **\$489.00**.

**Annual Rate Charges for 2009/2010**

<b>Rate / Charge</b>	<b>Occupied Property Charge</b>	<b>Vacant Land Charge</b>
Ordinary Rate - Residential	No difference in charge	No difference in charge
Special Rate - Environmental	No difference in charge	No difference in charge
Sewer Access Charge	\$676.00	\$465.00
Water Access Charge	No difference in charge	No difference in charge
Stormwater Management Charge	\$25.00	\$0.00
Domestic Waste Charge	\$330.00	\$54.00

The difference in annual rate charges for 2009/2010 between an occupied residential property and vacant residential land is **\$512.00**.

This option would grant a pro-rata concession based on the difference between the annual rate charges for an occupied residential property and vacant residential land.

**For example:** If a property was not able to be occupied for 7 months (say from April 2009 to October 2009), Council would grant a concession as follows:

Concession for 2008/2009 (3 months)	= 3/12 x \$489.00
	= <u>\$122.25</u>
Concession for 2009/2010 (4 months)	= 4/12 x \$512.00
	= <u>\$170.67</u>
Total Concession for 7 months	= \$122.25 + \$170.67
	= <u>\$292.92</u>

**Eligibility and Limits to the Concession of Option 2**

It is suggested that the following criteria would be used when making determinations on what properties may be eligible for a rate concession under 'Option 2'.

- A minimum period of 2 months displacement.
- Concessions will be granted up to a maximum period of 7 months displacement.
- Concessions to be granted to properties of a residential nature.
- Concessions are calculated on a pro-rata basis up to a maximum of \$292.92.
- Property owners with displaced tenants would only be eligible for this concession if they did not have insurance which covered a loss in rental income during the displacement.

**Cont'd**

**Approximate Cost to Council of Option 2**

While it is difficult to know exactly how many properties may be eligible for this concession, current estimates suggest that 50 properties may have had displaced residents for a period greater than 2 months.

Based on this estimate of properties this option would cost Council approximately \$15,000 to \$20,000 in lost rate income.

As these concessions are not recoverable from the State Government they would need to be recognised as a form of Council donation.

**Option 3 – Rate Concessions based on a Total Rate Exemption**

A further option would be to grant a total rate exemption for the period in which the property was inhabitable. This concession would vary depending on the rates applicable for the property and again the period of displacement.

The following table shows the annual rate charges levied for an average occupied residential property within Coffs Harbour for both 2008/2009 and 2009/2010.

<b>Rate / Charge</b>	<b>2009/2010</b>	<b>2008/2009</b>
Ordinary Rate - Residential	\$699.50	\$695.48
Special Rate - Environmental	\$29.91	\$29.76
Sewer Access Charge	\$676.00	\$630.00
Water Access Charge	\$124.00	\$113.00
Stormwater Management Charge	\$25.00	\$25.00
Domestic Waste Charge	\$330.00	\$314.00
<b>Totals</b>	<b>\$1,884.41</b>	<b>\$1,807.24</b>

This option would grant a pro-rata rate exemption based on the annual rate charges and the period of displacement for an individual property.

**For example:** If a property was not able to be occupied for 7 months (say from April 2009 to October 2009), Council would grant a rate exemption as follows (using the tables above):

Exemption for 2008/2009 (3 months)	= 3/12 x \$1,807.24
	= <u>\$451.81</u>
Exemption for 2009/2010 (4 months)	= 4/12 x \$1,884.41
	= <u>\$628.14</u>
Total Exemption for 7 months	= \$451.81 + \$628.14
	= <u>\$1,079.95</u> (based on average rates)

**Eligibility and Limits to Concession of Option 3**

It is suggested that the following criteria would be used when making determinations on what properties may be eligible for a rate concession under 'Option 3'.

- A minimum period of 2 months displacement.
- Concessions will be granted up to a maximum period of 7 months displacement.
- Concessions to be granted to properties of a residential nature.

**Cont'd**

## CB10/4 Proposed Rate Concessions for March 31 Storm Victims ...(Cont'd)

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- Concessions are calculated on a pro-rata basis up to a maximum of \$1,079.95.
- Property owners with displaced tenants would only be eligible for this concession if they did not have insurance which covered a loss in rental income during the displacement.

### Approximate Cost to Council of Option 3

Again it is difficult to know exactly how many properties may be eligible for this concession, but estimates suggest that 50 properties may have had displaced residents for a period greater than 2 months.

Based on this estimate of properties this concession would cost Council over \$55,000 in lost rate income.

As these concessions are not recoverable from the State Government they would need to be recognised as a form of Council donation.

### Sustainability Assessment:

- **Environment**

There are no perceived environmental implications for Council.

- **Social**

Rate concessions for these severely effected residents would provide them with a form of financial assistance.

- **Economic**

Under 'Option 2' there is an estimated cost to Council of \$15,000 to \$20,000 in lost rate income.

Under 'Option 3' there is an estimated cost to Council of over \$55,000 in lost rate income.

### Management Plan Implications

There is no provision in Council's Management Plan for the rate concessions detailed in this report.

Council to date has granted concessions against water usage accounts totalling some \$10,700 in relation to the March 31 storms. These concessions were allowed due to the additional water used by approximately 120 properties for the storm cleanup.

Council's previously adopted "Donations" and "Rates Subsidy" programs for 2009/2010 has seen an amount of \$104,650 paid out to various charities and community groups.

### Consultation:

Council has previously made the following comment via an article under the headline "Rate Cut for Victims" published in the Coffs Coast Advocate (27 August 2009).

*"Coffs Harbour Mayor Keith Rhoades said yesterday they had requests from a number of members of the public and so had deferred payment of the first instalment of rates for those people who were still not back home and who had contacted the council, while they looked for a suitable formula."*

**Cont'd**

**Related Policy and / or Precedents:**

There are no perceived related policies and / or precedents.

**Statutory Requirements:**

Under Section 356 of the Local Government Act 1993, Council may contribute money or otherwise grant financial assistance to persons for the purpose of exercising its functions.

Public notice of this contribution is not required if the program's proposed budget for the year does not exceed 5 per cent of Council's proposed income from the ordinary rates levied for the year and the program applies uniformly to all persons within the Council area.

The rate concession options detailed in this report do not exceed this 5 per cent limit.

**Issues:**

While at this time it is difficult to know exactly how many properties may be eligible for a possible rate concession, if a concession is approved a transparent and uniform application process would need to be implemented.

Applications for this a concession would be advertised in the local media to ensure a concession was available to all residents meeting the recommended criteria.

**Implementation Date / Priority:**

If a rate concession is approved an application process would be implemented immediately.

**Recommendation:**

1. **That Council approves a rate concession for displaced residents based on pro-rata vacant land charges as described under 'Option 2' of this report.**
2. **The Council approves the following criteria in which applications for this concession can be assessed:**
  - **A minimum period of 2 months displacement.**
  - **Concessions will be granted up to a maximum period of 7 months displacement.**
  - **Concessions to be granted to properties of a residential nature.**
  - **Concessions are calculated on a pro-rata basis up to a maximum of \$292.92.**
  - **Property owners with displaced tenants would only be eligible for this concession if they did not have insurance which covered a loss in rental income during the displacement.**

**Craig Milburn  
Director  
Corporate Business**

## CITY SERVICES DEPARTMENT REPORT

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### CS10/1 ASSET MANAGEMENT POLICY

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#### **Purpose:**

The purpose of this report is to present to Council an Asset Management Policy and recommend that it be adopted by Council.

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

##### Background

Coffs Harbour City Council is the custodian of infrastructure assets with an estimated replacement value of well over \$1 billion. Its assets base includes water and sewer infrastructure, roads, bridges, pathways, buildings and recreational services assets.

As custodian of these assets, Council has an obligation to manage them in a sustainable manner and to achieve this, a long-term approach must be taken in asset management planning.

In recent years, the NSW Government has clearly indicated its position in regard to long-term asset and financial planning for local government. The introduction of Integrated Planning and Reporting is one measure which has been introduced which includes specific requirements relating to asset management planning.

In 2007, the Department of Local Government (DLG) released a paper entitled "*Asset Management Planning for NSW Local Government*". The paper contained a number of recommendations relating to long-term asset management planning and the adoption of asset management planning systems which include improvement programs. Council subsequently resolved to provide in principle support to the recommendations of that paper.

In order to develop sound asset management systems and practices and to comply with DLG recommendations and legislative requirements, Council will need to have in place a framework for asset management which will support long term asset and financial planning.

In its simplest form, an asset management framework is composed of an asset management policy supported by an improvement strategy and specific asset management plans.

This report presents the first component of this framework, the Asset Management policy.

##### The Asset Management Policy

The asset management policy is an overarching component of the asset management framework. It is a broad statement of Council's intent in regard to asset management planning and will be used to guide the strategic management of Council's assets.

The policy will be complemented by an asset management strategy and asset management plans which will provide specific details on the management of individual classes of assets. An asset management strategy is currently being prepared.

**Cont'd**

**Sustainability Assessment:**

- **Environment**

Sound asset management practice and efficient lifecycle costing and maintenance will lead to more efficient use of resources such as road making materials, and this will lead to potential environmental benefits.

- **Social**

Well maintained infrastructure will provide benefits to the community such as improved access, water supply, sewerage services and recreational opportunities. The implementation of sound asset management practices will lead to the effective management of assets to the adopted levels of service.

- **Economic**

Management Plan Implications

The adoption of the Asset Management Policy has no specific implications for the Management Plan. The policy will guide the development of strategic asset management across the organisation and this will ensure that assets are managed in the most cost effective way.

There will be a number of costs associated with the development of asset management. These costs will include such things as staff time in developing the asset management strategy and plans, as well as the costs associated with the collection of asset data, condition monitoring and the like. These costs will be met from current programs.

Broader Economic Implications

Having robust asset management systems in place will enable Council to manage its assets in a sustainable and cost effective manner. The systems will enable Council to deliver services in a sustainable manner with the limited resources it has available. It will also aid Council in developing long-term financial plans.

**Consultation:**

Council staff from across a number of branches have been consulted in the development of this policy

**Related Policy and / or Precedents:**

There are no related policies or precedents for this issue

**Statutory Requirements:**

The introduction of Integrated Planning and Reporting (IPR) framework for local government requires Council to develop a resourcing strategy which includes asset management planning. The Asset Management Policy forms part of an asset management framework which supports the development and improvement of asset management planning in line with the IPR framework.

**Cont'd**

**Issues:**

The goal of asset management planning is to ensure that services provided by Council can be done so in a sustainable manner for present and future generations. It will ensure that services are provided in the most cost effective ways and allow for continuous improvement in asset management activities.

The adoption of an Asset Management Policy will guide the development of asset management planning for Council. It will set the broad direction and allow for the development of supporting asset management strategies and plans.

**Recommendation:**

**That Council adopt the Asset Management Policy.**

**Attachments:**

<p style="font-size: 1.2em; margin: 0;">COFFS HARBOUR CITY COUNCIL</p>  <h2 style="margin: 20px 0 0 0;">Asset Management Policy</h2>	
<p><b>Policy Statement</b>                  Coffs Harbour City Council is committed to</p> <ul style="list-style-type: none"> <li>▪ Implementing a systematic approach to the management of its assets and ensuring that appropriate asset management practices are applied across all areas of the organisation</li> <li>▪ Planning, creating, operating, maintaining, renewing and disposing of assets in a manner that ensures cost effective service delivery</li> <li>▪ Developing and regularly reviewing an Asset Management Strategy and Asset Management Plans which will detail the approach taken in managing assets and which facilitate the continuous improvement of asset management practices</li> <li>▪ Implementing a lifecycle approach to asset management whereby the costs and benefits of assets are considered over the asset's life</li> <li>▪ Providing the necessary resources and operational capabilities to adequately manage assets and to comply with legislative requirements</li> <li>▪ Undertaking long-term planning for assets which takes into consideration the benefits and costs to present and future generations and their ability to pay</li> <li>▪ Integrating Asset Management planning with Council's Community Strategic Plan and Long Term Financial Plan</li> </ul>	
<p><b>Related Legislation, Circulars or Guidelines (as amended)</b></p> <ul style="list-style-type: none"> <li>▪ Local Government Act 1993 No. 30 and Regulation</li> <li>▪ IPWEA International Infrastructure Management Manual</li> </ul>	
<p><b>Does this Document Replace an Existing Policy, Procedure or Plan?</b> <span style="float: right;">No</span></p>	
<p><b>Related Council Policy or Procedure</b>                  Coffs Harbour City Council Asset Management Strategy                  Coffs Harbour City Council Asset Management Plan</p>	
<p><b>Approved by:</b>                  Executive Team.....                  [Meeting date]</p> <p>Council .....                  [Meeting date &amp; Resolution No.]</p>	<p><b>Signature:</b></p> <hr style="border: 0.5px solid black;"/> <p><i>General Manager</i></p>
<p><b>Effective:</b></p> <p><b>Distribution :</b></p>	<p><b>Review Date:</b></p> <p><b>Record Number:</b></p>
<p><b>Responsible Council Department/Officer:</b>                  Manager, Asset Systems &amp; Manager Strategic Infrastructure.</p>	
<p><b>Version History Table:</b></p>	

## Key Responsibilities

<i>Position</i>	<i>Directorate</i>	<i>Responsibility</i>
Mayor	Council	To lead Councillors in their understanding of, and compliance with, this Policy and Guidelines.
General Manager	Executive	To lead staff (either directly or through delegated authority) in their understanding of, and compliance with, this Policy and Guidelines. To approve resources to develop, implement and review this Policy and Guidelines.
Manager Asset Systems & Manager Strategic Infrastructure		To develop an Asset Management Strategy and Asset Management Plans and to ensure these documents are reviewed on a regular basis
Directors	All Directorates	To communicate, implement and comply with this Policy and related Guidelines.
Director of Corporate Services	Corporate Business	To ensure (directly or through delegation) the distribution and communication of the Policy and Guidelines to specified persons. To ensure (directly or through delegation) the approved Policy and Guidelines are available in hard copy and electronically on Council's website.
Executive Manager HR & Organisational Development	Corporate Business	Facilitate the provision of regular training to all Council officials on their role and responsibilities in relation to this Policy, Guidelines and related procedures.
Executive and Managers	All Directorates	To implement this Policy, Guidelines and related procedures. To lead staff in their understanding of, and compliance with, this Policy and Guidelines
Information Technology Manager	Corporate Business	To assist with the development of systems to support public access to this Policy, Guidelines and related information.
All Council officials	Council	To comply with this Policy, Guidelines and related procedures.

# Asset Management Policy

## Policy Guidelines

### 1. Introduction

In order to provide safe, efficient and reliable services to its community, Coffs Harbour City Council provides a range of assets. These assets include infrastructure, property, plant and equipment assets with an estimated replacement cost in excess of \$1 Billion (2009). As custodian of these assets, it is Council's responsibility to manage them in a manner which ensures cost effective service delivery

### 2. Definitions

**Asset** - A physical component of a facility which has value, enables services to be provided and has an economic life of greater than 12 months

**Asset Management** - the combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost-effective manner.

**Asset Management Strategy** - A strategy for asset management covering the development and implementation of plans and programmes for asset creation, operation, maintenance, rehabilitation/replacement, disposal and performance monitoring to ensure the desired levels of service and other operational objectives are achieved at optimum cost

**Asset Management Plan** - A plan developed for the management of one or more infrastructure assets that combines multi-disciplinary management techniques (including technical and financial) over the lifecycle of the asset in the most cost-effective manner to provide a specified level of service.

**Lifecycle** - The cycle of activities that an asset goes through while it retains an identity as a particular asset ie from planning and design to decommissioning or disposal

### 3. Principles

By developing a formalised approach to asset management, the following benefits will be derived

- Improved governance and accountability by
  - Demonstrating to owners, customers and other stakeholders that services are being managed sustainably and delivered efficiently and effectively
  - Providing the basis for evaluating and balancing service/price/quality trade-offs
  - Improving accountability for the use of resources
  - Clear audit trail for the appropriateness of decisions taken and associated risks
- Enhanced service management and customer satisfaction through
  - Improved performance and control of service delivery to the required standards
  - Improved understanding of service requirements and options
  - Formal consultation with users on the service levels

- Improved risk management by
  - Assessing the probability and consequence of asset failure
  - Addressing continuity of service
  - Addressing the inter-relationships between different networks and risk management strategies
  - Considering the social and environmental impacts associated with asset ownership
- Improved financial efficiency by
  - Improved decision making based on costs and benefits of alternatives
  - Prioritisation of investments, interventions and asset care activities
  - Justification for forward works programs and funding requirements
  - Recognition of all costs of owning and operating assets over their lifecycle

#### **4. Access**

- Public access to information about the Asset Management Policy will be through Council's website. Hard copy information will also be available from Council's libraries.
- Reasonable access assistance will be available to persons with special needs

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**CS10/2 TENDER: PLANT REPLACEMENT PROGRAM - SUPPLY OF FIVE TRACTORS,  
CONTRACT NO. 09/10-421-TO USING LGP CONTRACT 506**

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**Purpose:**

To advise Council of the result of going out to quotation for the purchase of five tractors and attachments and recommend approval to purchase under the 2009/2010 Plant Replacement Program.

**Description of Item:**

The tractors are used in Council's operational areas for vegetation control and varied duties. The attachments include grass slashers, front grading blades and a reach mower. They will be administered through Council's Plant Fund operated and maintained in accordance with general plant procedures.

Quotes were called and closed on the 15 December 2009 for the purchase of five new tractors using the Local Government Procurement Contract 508 - Small Plant and Outdoor Power Equipment.

Quotations were called to supply the following options:

- (a) Supply five new tractors.
- (b) Trade in offers for Council's existing tractors.
- (c) Outright purchase of Council's existing five tractors without the supply of replacement machines.

Four quotes were received for options (a) and (b) from the following:

- 1. G W S Machinery Pty Ltd.
- 2. O'Halloran Motors Pty Ltd.
- 3. Australian Hammer Pty Ltd.
- 4. Stan Cork Machinery Pty Ltd.

No quotes were received for option (c):

**Sustainability Assessment:**

Quotes for the tractors were called in accordance with the 2009/2010 Plant Replacement Program. Sustainability issues have been considered in the specification and tender assessment, as follows.

- **Environment**

- Emission standards are in accordance with European standards. 'Tier III'.
- Service frequency and the reduction of waste products on oil and filters.
- Noise levels.
- The percentage of bio fuel that the machines can operate on so as to reduce Council's reliance on fossil fuels.

**Cont'd**

• **Social**

A review was undertaken to determine the requirement for the tractors in the Council plant fleet. The outcome showed that Council needed to maintain its fleet of five units to meet its minimum service levels to the community.

The review of tenders included field performance testing to assess ergonomics, operator safety and the ability to carry out designated works.

• **Economic**

Funds for the changeover have been allocated in the 2009/10 Plant Fund budget.

Council's change over policy for the replacement of all plant is determined by:

- The continued need for the unit.
- The hiring of plant externally compared to the owning and operating plant items.
- Projected resale values.
- Projected repair and maintenance costs.
- Current operational downtime of the units to be replaced.

**Management Plan Implications:**

The most advantageous method for the purchase is that Council accepts the supply with trade option on the quoted machines from the recommended supplier using the Local Government Procurement contract 508.

**Consultation:**

The quotation evaluation has included consultation with Council's City Services, plant operators and workshop, operational staff.

**Related Policy and / or Precedents:**

Procurement procedures were carried out in accordance with Council's Purchasing Policy.

**Statutory Requirements:**

Council is exempt from inviting tenders under the Local Government Act when contracts for the required goods and services have already been put in place by entities prescribed under Clause 163 of the Local Government (General) Regulation. Local Government Procurement (LGP) is one such entity allowing Council to utilise their supply arrangements without the need to go to tender in its own right.

**Issues:**

There are four suppliers for the machines required registered with the Local Government Procurement, Contract 508. The Quotation Value Selection System was applied to all tenders and the assessment details are contained in the attached confidential supplement. During the assessment it was found that four of the five machines from G.W.S Machinery Pty Ltd did not comply to the transmission requirements as specified in the quotation document and the machines from Australian Hammer Pty Ltd did not comply with the engine environmental standard requested.

**Cont'd**

**CS10/2 Tender: Plant Replacement Program - Supply of Five Tractors, Contract No. 09/10-421-TO Using LGP Contract 506 ...(Cont'd)**

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The highest ranked tendered machine was subject to field evaluation. Council's tractor operators, operational staff and workshop staff carried out the evaluation and submitted test reports. After the evaluation the recommended machine was deemed best overall package for Councils operations.

**Recommendation:**

**That Council consider quotations received for the supply of five tractors No. 09/10-421-TO using LGP Contract 508 and move the motion as detailed in the confidential attachment.**

**Jenni Eakins  
Acting Director  
City Services**