



Coffs Harbour City Council

18 June 2014

ORDINARY MEETING

The above meeting will be held in the Council Chamber, Administration Building, corner Coff and Castle Streets, Coffs Harbour, on:

THURSDAY 26 JUNE 2014

The meeting commences at **5.00pm** and your attendance is requested.

AGENDA

1. Opening of Ordinary Meeting
2. Acknowledgment of Country
3. Disclosure of Interest
4. Apologies
5. Public Addresses / Public Forum
6. Mayoral Minute
7. Mayoral Actions under Delegated Authority
8. [Confirmation of Minutes of Ordinary Meeting – 12 June 2014](#)
9. [Notices of Motion](#)
10. [General Manager's Reports](#)
11. [Consideration of Officers' Reports](#)
12. Requests for Leave of Absence
13. Matters of an Urgent Nature
14. Questions On Notice
15. Consideration of Confidential Items (if any)
16. Close of Ordinary Meeting.

Steve McGrath
General Manager



COFFS HARBOUR CITY COUNCIL
ORDINARY MEETING
COUNCIL CHAMBERS
COUNCIL ADMINISTRATION BUILDING
COFF AND CASTLE STREETS, COFFS HARBOUR
26 JUNE 2014

Contents

ITEM DESCRIPTION

NOTICES OF MOTION

NOM14/7 THE SPEED LIMITS ON SOLITARY ISLANDS WAY

NOM14/8 TARGETS FOR RENEWABLE ENERGY

The following item either in whole or in part may be considered in Closed Meeting for the reasons stated.

NOM14/9 NEGOTIATE TO PURCHASE THE PROPERTY KNOWN AS 38 BENNETTS ROAD

A portion of this report is confidential for the reason of Section 10A (2):
(g) advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings on the ground of legal professional privilege, and in accordance with Section 10A (1) the meeting may be closed to the public

GENERAL MANAGER'S REPORTS

GM14/16 LOCAL GOVERNMENT NSW ANNUAL CONFERENCE 2014 - BUSINESS SESSIONS CONTENT

CITY INFRASTRUCTURE SERVICES DEPARTMENT REPORTS

The following four items either in whole or in part may be considered in Closed Meeting for the reasons stated.

CIS14/30 CONTRACT NO. RFT-614-TO - REMEDIATION WORKS AT FOUR SITES WITHIN THE COFFS HARBOUR LGA

CIS14/31 CONTRACT NO. RFT-642-TO - CONSTRUCTION OF SPAGNOLOS ROAD DETENTION BASIN

CIS14/32 CONTRACT NO. RFT-652-TO: SUPPLY OF TWO 15,000KG GVM TRUCKS WITH TIPPING BODIES

CIS14/33 CONTRACT NO. RFT-654-TO: PLANT & TRUCK HIRE 2014-2016

A portion of these reports 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.

CORPORATE BUSINESS DEPARTMENT REPORTS

CB14/37 SPECIAL RATE VARIATION - IPART DETERMINATION

CB14/38 MAKING OF RATES AND CHARGES FOR 2014-2015

CB14/39 GRANTING OF VOLUNTARY PENSION REBATES FOR 2014-2015

CB14/40 MONTHLY BUDGET REVIEW FOR MAY 2014

CB14/41 BANK BALANCES AND INVESTMENT FOR MAY 2014

The following two items either in whole or in part may be considered in Closed Meeting for the reasons stated.

CB14/42 TENDER FOR CONSTRUCTION & INSTALLATION OF MANAGER'S RESIDENCE AND OFFICE AT WOOLGOOLGA LAKESIDE HOLIDAY PARK - RFT-644-TO

COMMUNITY DEVELOPMENT DEPARTMENT REPORTS

CD14/12 CONTRACT NO. RFT-647-TO EXCLUSIVE LICENCE OF SPORTZ CENTRAL, BRAY STREET, COFFS HARBOUR

A portion of these reports 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

12 JUNE 2014

Present: Councillors D Knight (Mayor), J Arkan, N Cowling, R Degens, B Palmer, K Rhoades, M Sultana and S Townley

Staff: General Manager, Director City Infrastructure Services, Director City Planning, Director Community Development, Director Corporate Business and Executive Assistant

Leave of Absence: Councillor Innes

The meeting commenced at 5.00 pm with the Mayor, Cr D Knight in the chair.

We respectfully acknowledge the Gumbayngirr Country and the Gumbayngirr Aboriginal peoples who are traditional custodians of the land on which we meet and their Elders both past and present.

The Mayor reminded the Chamber that the meeting was to be recorded, and that no other recordings of the meeting would be permitted.

DISCLOSURES OF INTEREST

The General Manager read the following disclosure of interest to inform the meeting:

Councillor	Item	Type of Interest
Cr Palmer	CIS14/28 CBD Masterplan Committee Progress Report	Non pecuniary - less than significant conflict his wife is a proprietor of a retail outlet in the CBD

APOLOGY

No apologies.

ORDINARY MEETING

12 JUNE 2014

PUBLIC ADDRESS

Time	Speaker	Item
5.00 pm	Rod McKelvey	CIS14/28 – CBD Masterplan Committee Progress Report

CONFIRMATION AND ADOPTION OF MINUTES

- 156 **RESOLVED** (Palmer/Townley) that the minutes of the Ordinary meeting held on 22 May 2014 be confirmed as a true and correct record of proceedings.

CITY INFRASTRUCTURE SERVICES DEPARTMENT REPORT

CIS14/28 CBD MASTERPLAN COMMITTEE PROGRESS REPORT

To report to Council progress of works being undertaken through the CBD Masterplan Committee.

MOVED (Arkan/Sultana) that Council:

1. Note the CBD Masterplan progress report.
2. Endorse the program for progression of the City Square redevelopment project.
3. Note the alternative process adopted by the CBD Masterplan Committee as detailed in the report, including the concerns raised by staff with regards to this process.
4. Receive a further report at the conclusion of the City Square redevelopment design process detailing the outcomes and proposed final design.
5. Require CBD Masterplan Committee to report to Council on milestone projects and to utilise the Councillors monthly bulletin to regularly report on progress of CBD Masterplan projects and events.
6. Note that a workshop be held with the current CBD Masterplan Committee and a report brought back to Council on the Committee Terms of Reference and membership of the CBD Masterplan Committee.
7. That Council actively engage CBD retailers and encourage their participation so as to have proper representation from the retail sector.

Cont'd

CIS14/28 CBD Masterplan Committee Progress Report...(Cont'd)

AMENDMENT

157 RESOLVED (Rhoades/Degens) that:

1. Note the CBD Masterplan progress report.
2. Endorse the program for progression of the City Square redevelopment project.
3. Note the alternative process adopted by the CBD Masterplan Committee as detailed in the report, including the concerns raised by staff with regards to this process.
4. Receive a further report at the conclusion of the City Square redevelopment design process detailing the outcomes and proposed final design.
5. Require CBD Masterplan Committee to report to Council on milestone projects and to utilise the Councillors monthly bulletin to regularly report on progress of CBD Masterplan projects and events. That Councillors be sent an agenda advising of the date, time and venue of the scheduled meetings of the CBD Masterplan committee so that they can attend as observers if they wish.
6. Note that a workshop be held with the current CBD Masterplan Committee and a report brought back to Council on the Committee Terms of Reference and membership of the CBD Masterplan Committee.

The **AMENDMENT** on being put to the meeting was declared **CARRIED**. It then became the **MOTION**.

AMENDMENT

MOVED (Arkan/Degens) that:

1. Note the CBD Masterplan progress report.
2. Endorse the program for progression of the City Square redevelopment project.
3. Note the alternative process adopted by the CBD Masterplan Committee as detailed in the report, including the concerns raised by staff with regards to this process.
4. Receive a further report at the conclusion of the City Square redevelopment design process detailing the outcomes and proposed final design.
5. Require CBD Masterplan Committee to report to Council on milestone projects and to utilise the Councillors monthly bulletin to regularly report on progress of CBD Masterplan projects and events. That Councillors be sent an agenda advising of the date, time and venue of the scheduled meetings of the CBD Masterplan committee so that they can attend as observers if they wish.
6. Note that a workshop be held with the current CBD Masterplan Committee and a report brought back to Council on the Committee Terms of Reference and membership of the CBD Masterplan Committee.
7. That the CBD Masterplan committee actively engage CBD retailers and encourage their participation so as to have proper representation from the retail sector.

The **AMENDMENT** on being put to the meeting was **LOST**.

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

NOTICES OF MOTION

NOM14/4 FEDERAL FUNDING FOR COUNCILS

158 **RESOLVED** (Townley/Cowling) that Council:

1. Notes with concern:
 - 1.1. The Federal Government's decision in the 2014/15 Budget to freeze indexation for Commonwealth funded Financial Assistance Grants.
 - 1.2. That the indexation freeze is projected to cut \$288 million from funding to local councils in NSW which will directly impact on council's ability to provide essential services and maintain and build infrastructure, and
 - 1.3. That 152 local councils in NSW currently have a combined infrastructure backlog of \$7.2 billion.
2. Calls on the Federal Government to immediately abandon its decision to freeze the indexation of Financial Assistance Grants and reinstate the \$1 billion of previously promised funding to Local Governments across Australia.
3. Also write to the Opposition, cross-benchers and minor parties in the Senate to inform them of our view in this matter.

The MOTION on being put to the meeting was carried unanimously.

NOM14/5 COFFS HARBOUR CITY COUNCIL NOMINATE FOR THE TIDY TOWNS COMPETITION

MOVED (Cowling/Sultana) that:

1. Coffs Harbour City Council nominate for 'The Tidy Towns Competition' organised by Keep Australia Beautiful in 2015.
2. A Tidy Towns Committee of seven (7) be formed with the ability to co-opt specialists in their field from time to time with one (1) Councillor representative to be elected at this meeting and the balance of the committee be reported to the 22 August 2014 Council meeting.

AMENDMENT

159 **RESOLVED** (Rhoades/Palmer) that:

1. This matter be referred to the Council meeting of 10 July 2014 and to include an indicative cost to Council.
2. Expressions of interest be called for people who wish to participate in this process.

The **AMENDMENT** on being put to the meeting was declared **CARRIED**. It then became the **MOTION** and on being put to the meeting was declared **CARRIED**.

**NOM14/6 PLANNING ZONES OF HIGHWAY (B6) STRIP BETWEEN TWO
COFFS CREEK BRIDGES AND WITHIN THE JETTY PRECINCT**

MOVED (Degens/Arkan) that:

A report be brought back to Council in the short term outlining the history of planning investigations and issues of contention in the following planning zones.

1. along the Highway (B6) strip between the two Coffs Creek bridges
2. within the Jetty precinct

with a view to conduct a review of existing planning controls inside of Coffs Harbour city, particularly for the two locations mentioned above for the purpose of updating the current LEP given that anomalies exist in these areas.

160 RESOLVED (Cowling/Rhoades) that the motion be put.

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

DIVISION

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

VOTED FOR	VOTED AGAINST
Cr Arkan	Cr Palmer
Cr Degens	Cr Cowling
Cr Sultana	Cr Knight
	Cr Townley
	Cr Rhoades

The meeting adjourned for a short recess, the time being 7.17pm and reconvened at 7.23pm.

CITY PLANNING DEPARTMENT REPORT

CP14/17 HERITAGE STRATEGY 2014 - 2017

This report outlines the Heritage Strategy proposed for the three year period 2014 – 2017 and seeks Council’s endorsement of a 30 day public exhibition process.

161 RESOLVED (Arkan/Rhoades) that:

1. Council endorse the Heritage Strategy 2014 - 2017 for public exhibition purposes for a 30 day period.
2. Following the public exhibition period Council considers a further report including a summary of any submissions received.
3. Should no submissions be received during the public exhibition period, the Heritage Strategy 2014 - 2017 be progressed to the NSW Office of Environment and Heritage for endorsement.
4. Council endorse the continuation of the existing Heritage Executive Committee for the period of the Heritage Strategy 2014 - 2017.

CORPORATE BUSINESS DEPARTMENT REPORTS

CB14/34 COFFS HARBOUR ROAD NETWORK DEVELOPER CONTRIBUTIONS PLAN REVIEW

To present to Council the draft amended Coffs Harbour Road Network Developer Contributions Plan 2014. This report recommends that the draft plan be adopted.

162 RESOLVED (Arkan/Palmer) that the Draft Coffs Harbour Road Network Contributions Plan 2014 be adopted.

Cr Rhoades, Cr Knight, the General Manager and the Director of Corporate Business declared a non pecuniary - less than significant conflict of interest in the following item as they are board members of Prosper Coffs Harbour Limited.

CB14/35 ENVIRONMENTAL TRUST

To report to Council on investigations for the establishment of an account for the purpose of land acquisition, with the intent to improve conditions for the protection of bio-diversity and/or contribution to local forestry resources.

163 RESOLVED (Arkan/Degens) that:

1. Council agrees in principle to the concept of land acquisition to support the protection of bio-diversity.
2. Prosper Coffs Harbour Ltd not accept contributions / donations which are aligned to a claim for tax deductibility as a deductible gift recipient until such time as this fund achieves deductible gift recipient status.
3. Council supports Prosper Coffs Harbour Limited's Protection of the Environment Trust as a mechanism to acquire and fund the acquisition of such land.

CB14/36 TENDER FOR INSTALLATION OF VILLAS AT PARK BEACH HOLIDAY PARK AND SAWTELL BEACH HOLIDAY PARK

To resubmit a report on tenders received for Contract No RFT-643-TO for the construction and installation of Villas at Park Beach Holiday Park and Sawtell Beach Holiday Park.

164 RESOLVED (Palmer/Arkan) that:

1. Council, as Corporate Manager of the Coffs Coast State Park Trust, rescinds its previous resolution for Contract RFT-643-TO, dated 22 May 2014.
2. Council, as Corporate Manager of the Coffs Coast State Park Trust, accept the tender of Wengold Pty Ltd (ABN 26078352824) for Contract No. RFT-643-TO Tender for Installation of Villas at Park Beach Holiday Park and Sawtell Beach Holiday Park for the Lump Sum of \$1,595,000.00, on the basis that:
 - 2.1. The tender is the most advantageous tender following the application of Council's Tender Value Selection System
 - 2.2. The Tenderer has the necessary experience in similar works and his ability and performance are satisfactory
 - 2.3. The Tenderer's financial capacity is acceptable
3. The awarding of the contract will be conditional upon a satisfactory financial assessment of the Tenderer
4. The contract documents be executed under the Seal of Council.

- 165 **MOVED** (Rhoades/Arkan) that item CIS14/29 Proposed Disposal of Land to Health Infrastructure be referred to confidential session at the end of the meeting.

REQUESTS FOR LEAVE OF ABSENCE

No requests for leave of absence.

MATTERS OF AN URGENT NATURE

MUN14/8 Sapphire Beach Naming

Cr Rhoades raised the issue regarding the naming of the area known as Sapphire Beach at the Pacific Highway upgrading works and that it continue to be named as Sapphire Beach.

QUESTIONS ON NOTICE

QON14/1 CBD Masterplan Committee Progress Report

This matter is addressed as part of the report CIS14/28 in the business paper.

CLOSED MEETING – SECTION 10(A)

The Mayor requested a motion to close the meeting to consider a confidential report as outlined in the meeting agenda, the time was 8.32 pm.

- 166 **MOVED** (Rhoades/Palmer) that the meeting be closed to the press and public during consideration of the following items for the reasons as stated:

CIS14/29 - Proposed Disposal of Land to Health Infrastructure
This report was confidential for the reason of Section 10A(2) of the Local Government Act, 1993:

- (d) Contained 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.

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

The press and public vacated the chamber.

**CIS14/29 PROPOSED DISPOSAL OF LAND TO HEALTH
INFRASTRUCTURE**

To seek Council approval for the disposal to NSW Health of land which is currently part of the Coffs Coast Sport and Leisure Park Precinct at Coffs Harbour.

MOVED (Arkan/Degens) that:

1. Council accept the offer contained within the Confidential Attachment to this report by NSW Health for the sale of part Lot 204 DP 1165897.
2. Council provide a licence to NSW Health to commence investigations and works in relation to the proposed car park if required prior to settlement of the sale.
3. Council be guided by its Solicitor in relation to preparation and terms when preparing and executing the Contract for Sale.
4. Any necessary documents required be executed under the Common Seal of Council.
5. The net proceeds of the sale of the land be invested for a period of six months, after which the funds be directed in tackling the Council's infrastructure backlog.

AMENDMENT

167 RESOLVED (Rhoades/Palmer) that

1. Council accept the offer contained within the Confidential Attachment to this report by NSW Health for the sale of part Lot 204 DP 1165897.
2. Council provide a licence to NSW Health to commence investigations and works in relation to the proposed car park if required prior to settlement of the sale.
3. Council be guided by its Solicitor in relation to preparation and terms when preparing and executing the Contract for Sale.
4. Any necessary documents required be executed under the Common Seal of Council.
5. The net proceeds of the sale of the land be invested for a period of six months, after which time a report be brought back to Council with any recommendations for other Council owned facilities and asset improvements.

168 RESOLVED (Palmer/Degens) that the amendment be put.

The **AMENDMENT** on being put to the meeting was declared **CARRIED**. It then became the **MOTION** and on being put to the meeting was declared **CARRIED**.

OPEN MEETING

The Mayor requested an appropriate motion to enable the meeting to resolve into Open Meeting.

- 169** **RECOMMENDED** (Rhoades/Palmer) that the Council now move into Open Meeting.

The General Manager read to the meeting the resolution of the Closed Meeting.

This concluded the business and the meeting closed at 8.48 pm.

Confirmed: 26 June 2014

.....
Denise Knight
Mayor

THE SPEED LIMITS ON SOLITARY ISLANDS WAY

Purpose:

Councillor Mark Sultana has given notice of his intention to move:

That Council investigates why the speed limits on Solitary Islands Way are still "60km ROAD WORK" sign posted when there are no longer road works taking place on these roads. I believe the limits should be 80km and 60km on the approaches to the on and off ramps.

If this is the case then Council should implement the changes immediately.

Staff Comment:

Speed zones in NSW are managed by the Roads and Maritime Services (RMS) on both State and Local roads. Council has no delegated authority to change or implement speed zones.

Council at its meeting of 23 August 2012 resolved that;

Council in relation to the Pacific Highway Sapphire to Woolgoolga project:

1. Seek commitment from Roads and Maritime Services to provide a continuous separated shared pedestrian/cycle path for the Sapphire to Arrawarra Service Road.
2. Seek commitment from Roads and Maritime Services to reconfigure the lane and shoulder widths of the Service Road to match Manning River Drive (Old Pacific Highway) Taree as provided by the RTA in 2001 (similar to Council's construction on Hogbin Drive north of Harbour Drive).
3. Recommends a posted 60kph speed for the Sapphire to Arrawarra Service Road.
4. Seek commitment from Roads and Maritime Services to refer the proposed speed zones for the Pacific Highway Sapphire to Arrawarra Service Road to the Local Traffic Committee for assessment by Council, Police and public transport operators.

In October 2012 the RMS issued a report "*Speed zone review of Sapphire to Woolgoolga Pacific Highway Upgrade and associated road network.*" which recommended an 80kph speed zone on the majority of the service road with 60kph on the approaches to interchanges.

There has subsequently been discussion between the RMS and Council, Public Transport operators and the community on the appropriate Service Road speed zone however RMS advise that no determination has yet been made.

Council will continue to work with RMS through the Traffic Committee on resolution of the issue.

TARGETS FOR RENEWABLE ENERGY

Purpose:

Councillor Sally Townley has given notice of her intention to move:

That Council sets targets for its use of energy from renewable sources.

Rationale:

Electricity is a major cost of CHCC's annual budget. In addition to high cost, generation of electricity from non-renewable sources such as coal-fired power stations has profound impacts on our environment. These effects can include production of greenhouse gas emissions and loss of biodiversity.

Several government agencies have started to set targets for the reduction of energy derived from non-renewable sources. For example, Lismore City Council has recently set a target of 100% renewable energy by 2023. The Federal government's Renewable Energy Target is currently set at 20% by 2020.

I therefore wish to move that Council's sustainability staff work towards setting targets for use of renewable energy so that these targets can be endorsed and adopted by Council.

Staff Comment:

A report can be brought to Council in the latter part of 2014 on this issue.

NEGOTIATE TO PURCHASE THE PROPERTY KNOWN AS 38 BENNETTS ROAD

Purpose:

Councillor Nan Cowling has given notice of her intention to move:

That Coffs Harbour City Council agree to negotiate to purchase the property known as 38 Bennetts Road, Coffs Harbour owned by Paul and Arabella Hay at valuation price due to ongoing financial burden caused by the construction of the Bennetts Road Detention Basin.

Rationale:

The owners can no longer get insurance to cover more than two thirds of their property. The owners cannot live with the moral and social problems this ill-conceived project has become and will cause in the future.

Staff Comment:

This matter was subject to a confidential settlement (details of which are in the confidential attachment) agreed to by both parties in December 2013. In calculating the compensation paid, all actual and potential impacts of the construction of the detention basin and imposition of the easement were considered.

With reference to the problems with insurance, this could be expected in relation to the shed (as it is on flood liable land), however the costs of relocating the shed was identified in the process; and the fencing, which was similarly identified.

The residence is not subject to flooding.

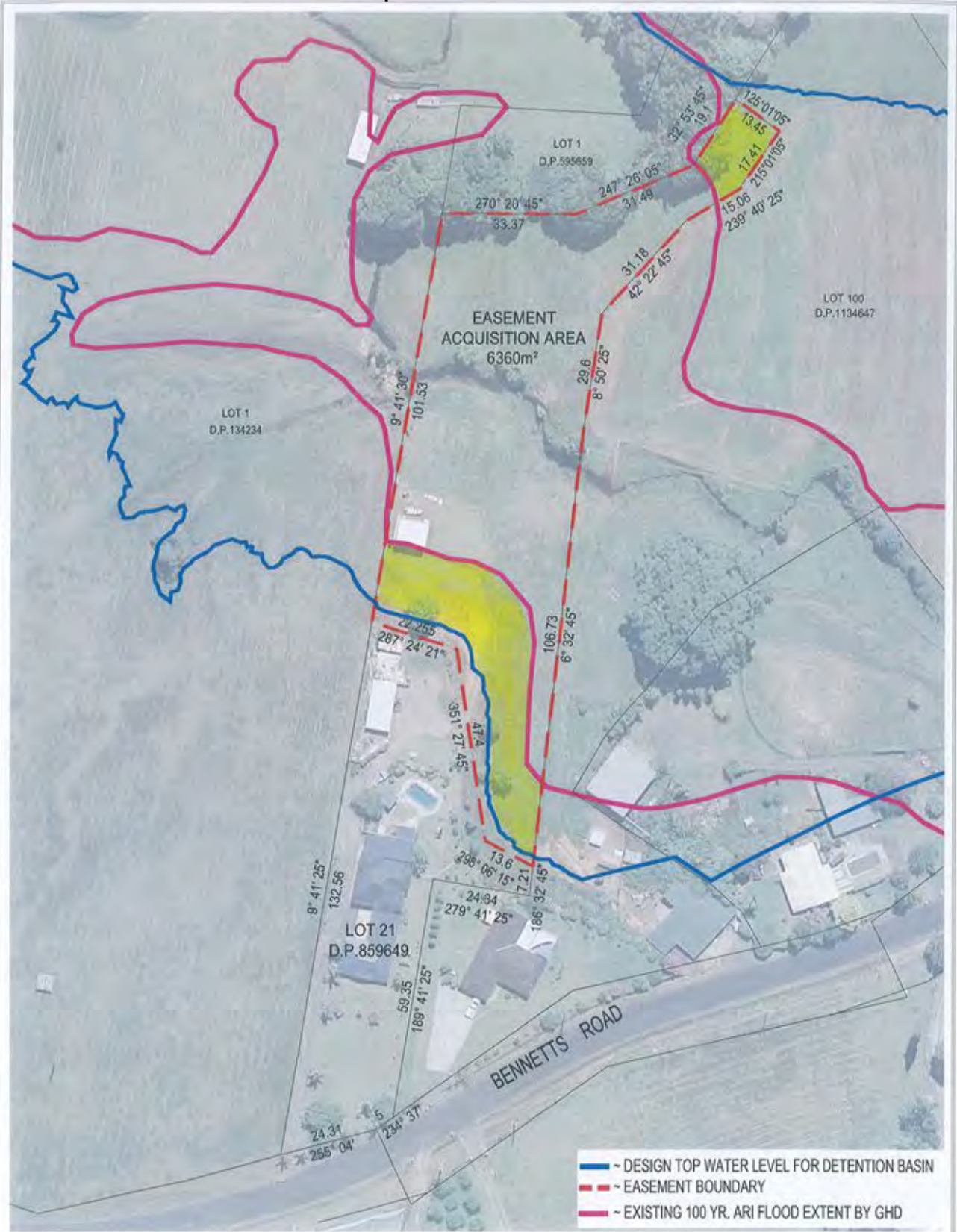
The portion of the property affected by flooding is agricultural land, the majority of which was subject to flooding prior to construction of the detention basin (the basin increased the extent of the flood affected area by 10 to 15%).


These items are noted on the attached diagram.


In conclusion, the majority of the property from a financial perspective (the residence) is not affected by flooding. Those items that are (the shed and fencing) were identified in calculating the impacts of the basin construction.

Satellite image with flood levels before and after the detention basin construction plus easement and boundaries

Attachment 1



 <p>COFFS HARBOUR CITY COUNCIL CITY SERVICES</p> <p>Locked Bag 155 Coffs Harbour NSW 2450 Phone (02) 66484000 Fax (02) 66484477 www.chcc.nsw.gov.au email-coffs.council@chcc.nsw.gov.au</p>	SCALE: NTS	EASEMENT ACQUISITION PLAN FOR DETENTION BASIN REQUIREMENTS	
	DATE: -		
	DESIGN: -	LOT 21, D.P. 859649. COFFS HARBOUR WEST	
	DRAWN: -	DESIGN MANAGER	DATE

 - Additional area impacted by flooding as a result of Detention Basin.

LOCAL GOVERNMENT NSW ANNUAL CONFERENCE 2014 - BUSINESS SESSIONS CONTENT

Purpose:

The purpose of this report is to advise that planning for the 2014 Conference program has commenced and time has been set aside for business sessions to discuss the various significant issues which affect the sector. Local Government NSW (LGNSW) would like to receive input from councils to guide the content of the business sessions.

Description of Item:

The 2014 Annual Conference will be held from 19 - 21 October 2014 at the C.ex Coffs, Coffs Harbour.

Over the years the conference committee of LGNSW has attempted to take motions to the highest sector wide strategic levels. Following feedback from delegates at the 2013 Conference, some delegates requested the discussion of specific motions and others requested the discussion of consolidated overarching issues, the Board of LGNSW has decided to try to balance both. The first day of conference business has been set aside as the primary time to discuss all issues and motions, and a session time will be put aside to ask delegates how they wish to deal with motions and issues into the future.

Councils have been asked to identify issues or motions relating to the following overall categories:

1. Industrial relations and employment
2. Economic
3. Environmental
4. Governance/Civic Leadership
5. Social Policy

and provide these details to LGNSW prior to 1 August 2014.

Details of what functions or issues fall in each category are set out in the LGNSW Conference Business Session Submission Form, attached to this report.

In addition to identifying an issue, councils are encouraged to suggest an appropriate solution by including either a motion which could be considered by the Conference or notes which may guide delegates to an agreed position. This is not compulsory.

LGNSW will review all responses received and identify the top issues as identified overall by member councils. These issues will then be put to the Conference for debate and deliberation as part of the business sessions.

Issues identified by councils which fall outside of main issues will be considered by the Board prior to the conference. Councils will be advised of the outcome of these deliberations by the President.

A copy of the draft program for the 2014 Conference was also attached to the correspondence from LGNSW and a complete copy of this correspondence and draft program is included as an attachment to this report.

LGNSW seeks all issues and associated motions to be submitted no later than close of business on Friday 1 August 2014.

Sustainability Assessment:

- **Environment**

Issues dealing with the environment are a regular feature on the agenda of the conference. The Annual Conference debates changes to policy and strategy.

- **Social**

Social issues are also debated and policy and strategy adopted. Councillors attending are able to network socially with their colleagues from councils across the State and interchange ideas and best practice.

- **Civic Leadership**

There are no civic leadership implications associated with this report.

- **Economic**

Broader Economic Implications

There are no economic implications associated with this report.

Delivery Program/Operational Plan Implications

There are no delivery program or operation plan implications with this report.

Consultation:

Council has submitted motions to previous conferences. No other consultation has occurred to this point in time.

Related Policy and / or Precedents:

Council considers the need to submit conference motions on an annual basis.

Statutory Requirements:

There are no statutory requirements associated with this report.

Issues:

Given that LGNSW has an expectation that issues or motions for discussion at the Annual Conference should follow the five (5) categories suggested, the following matters are put forward for Council's consideration. The matters raised here do not cover all of the categories nominated, nor are they intended to be an exclusive listing. Councillors are encouraged to suggest other issues, bearing in mind the categories nominated by LGNSW.

Industrial Relations and Employment (I.R. & E)

i. Workers Compensation Insurance Premium Increase

Information has just been released in regard to Workcover's Insurance Premium Order for 2014/15. The implications of the increases that result from this Order not only have significant implications for Local Government, but also for small business and other sectors. There has been no warning or consultation, just the slow leak of the resultant information in a manner that suggested it was expected to "slip under the radar".

I.R. & E.

ii. Leadership and Management – Transformational Change

This issue is also linked to the Governance/Civic Leadership category.

One of the issues that is suggested as being missing from the Independent Local Government Review Panels (ILGRP) findings is the need for a "Transformational Change in Culture". Whilst it is acknowledged that the Report does reflect on the need for ".....an increased take-up of leadership training amongst senior managers....." and also suggest some changes to the prescribed roles of various stakeholders etc, there does not appear to be substantial discussion about culture. It has been said before that if we continue to do what we have always done, we will get the same result. To obtain a different result, it is argued that we need a major transformational change in culture. Legislation, boundary and system changes will not deliver the ultimate result that the local government sector needs.

Economic

iii. Financial Sustainability

The ILGRP report does not fully address this, even if the State Government responds positively. Rate pegging continues, cost shifting continues. Take one look at the Federal Budget outcomes and the impact on Financial Assistance Grants.

Governance/Civic Leadership

iv. Structural Reform of Local Government

The State Governments position on the ILGRP report should be known in July 2014. It is therefore suggested it would be appropriate to ensure that the LGNSW Annual Conference allows an opportunity to discuss this important matter.

Councillors may consider that other issues equally have a high priority and should feel free to discuss this matter further and contribute to the discussion on what are the high level issues within the nominated categories that should be raised with LGNSW. Following the advice from LGNSW, should Council wish to consider a motion related to one of the issues identified, then such Notices of Motion should be submitted to LGNSW by 1 August 2014. To enable this to occur, it is suggested that Councillors wishing to submit Notices of Motion for consideration should do so by submitting same to the General Manager by midday on Thursday 10 July 2014. This will enable inclusion in the Business Paper for Council's consideration at its meeting on 24 July 2014, following which the Notices of Motion etc. can be forwarded to LGNSW.

Recommendation:

- 1. That Council nominate the four (4) matters set out in the Issues section of this Report as matters of importance for local government in NSW and provide notification of these issues to Local Government NSW;**
- 2. That Councillors submit any motions in line with the Local Government NSW requirements to the General Manager by 12 noon on Thursday 10 July 2014;**
- 3. That should any motions be received in respect of 2 above, the General Manager prepare a report for Council's consideration of these notices of motion at its meeting held on 24 July 2014, and thereafter should Council resolve to submit these motions that same be provided to Local Government NSW.**

Our ref: R13/0029 Out - 22524

29 May 2014

Cr Denise Knight
Mayor
Coffs Harbour City Council
Locked Bag 155
COFFS HARBOUR NSW 2450

**RETURN REPLY
TO THE MAYOR
BEFORE POSTING
PLEASE**

Dear Cr Knight

Local Government NSW Annual Conference

The Local Government NSW Annual Conference will be held at the C.ex Coffs (formerly ExServices Club, the same venue as the 2007 conference) from Sunday 19 October – Tuesday 21 October 2014.

Following the feedback from delegates in 2013 in Sydney, where some delegates requested the discussion of specific motions and others requested the discussion of consolidated overarching issues, the Board has decided to try to balance both. Taking into consideration your concerns, the Board has set the first day of business as the primary time to discuss all issues and motions, and a session time will be put aside to ask you how you wish to deal with motions and issues into the future.

The Association would now like to receive input from Councils to guide the content of the business sessions. Councils are requested to identify the most important issues which they believe are causing concern to the Council and/or the local community and provide these details to the Association **prior to Friday 1 August 2014**.

Councils should identify issues or motions relating to the following overall categories:

1. Industrial relations and employment
2. Economic
3. Environmental
4. Governance/Civic leadership
5. Social Policy

Details of what functions or issues fall in each category are set out in the LGNSW Conference Business Session Submission Form, with a guide attached to this letter.

In addition to identifying an issue, Councils are encouraged to suggest an appropriate solution by including either a motion which could be considered by the Conference or notes which might guide delegates to an agreed position.

The Association will review all responses received and then identify the top issues as identified overall by member councils. These issues will then be put to the Conference for debate and deliberation as part of the business sessions.

Attachment

Issues identified by Councils which fall outside of the issues will be considered by the Board prior to the Conference and your council will be informed by the President of the outcome of these deliberations. A copy of the Draft Program (as at 27 May 2014) is attached for your information.

It would be appreciated if Councils could provide their identified issues and any accompanying notes or motions using the online form which can be found on the Association's website at <http://www.lgnsw.org.au/events-training/local-government-nsw-annual-conference> prior to **Friday 1 August 2014**.

For any further information regarding this matter please contact Peter Coulton, Director Corporate Services on 9242 4030.

Yours sincerely,



Cr Keith Rhoades AFSM
President

Set out below are the definitions for the issues categories:

1. INDUSTRIAL RELATIONS & EMPLOYMENT

Industrial relations and employment related legislation; industrial awards and rates of pay; WHS and worker compensation compliance; human resources policy, practice and benchmarking; workforce planning and development; staff and councillor training and development; skills shortages; staff attraction, retention and productivity; employment security; workplace change; Code of Conduct; leadership and management capacity; capability framework; council governance.

2. ECONOMIC

Own source revenue (e.g. rates, fees, charges etc.); intergovernmental fiscal relations (e.g. grants, cost shifting etc.); financial management and governance including long term financial planning and asset management; financial sustainability; economic policy affecting Local Government; local and regional economic development (including tourism); transport (e.g. roads, bridges, airports, pedestrian and cycle facilities, rail); Local Water Utilities; stormwater and floodplain infrastructure; other infrastructure and disaster management and recovery.

3. ENVIRONMENTAL

Land use planning (including environmental, heritage conservation and development planning); ecologically sustainable development; waste management in accordance with the waste hierarchy and extended producer responsibility; natural resource management; protection of local, regional and state natural environments including air quality, rivers and waterways and biodiversity, biosecurity and weeds management; pollution prevention including energy consumption and soil contamination; environmental risk management through reduction of hazards and pollutants and remediation/rehabilitation of degraded environments; climate change mitigation and adaptation; and responsible resource consumption and conservation.

4. GOVERNANCE/CIVIC LEADERSHIP

Local Government legislative and regulatory settings (e.g. Australian and/or NSW Constitutional recognition; Local Government Act review); corporate governance (e.g. role differentiation for Mayors, Councillors, General Managers and senior staff; Codes of Conduct; Political donations); structural reform (e.g. amalgamations and/or boundary changes; shared resources and services); Local Government elections (e.g. financial impact of electoral reforms on councils; impact of electoral reforms); participation (e.g. women's participation rates as councillors; cultural diversity in leadership; other opportunities for citizens to genuinely participate in council processes); and policies and programs of other spheres of government that impact on Local Government governance or citizen involvement in local democracy.

5. SOCIAL POLICY

Social planning, social impact assessment, access, equity and social justice; community development and community cultural development; community halls and neighbourhood centres, ageing and disability services, women's services, youth services and children's care and education services); issues of concern and interest to NSW Aboriginal and Torres Strait Islander Peoples; cultural services (performing and visual arts, art galleries, performing arts centres, museums, public art, community arts, festivals, celebrations, heritage, new media and digital arts); Libraries; Health services (regulatory activities reducing public health risks; promoting healthy lifestyles; immunisation, early childhood health centres or rural medical services); Recreation facilities and services; and crime prevention planning.

Local Government NSW Annual Conference 2014

DRAFT PROGRAM 19 - 21 October, 2014 (as of 29 May 2014)

Main conference venue is C.ex Coffs, 1 Vernon Street, Coffs Harbour

Sunday 19 October

3.00pm – 7.00pm *Registration opens, Upstairs Auditorium Lobby, off Blue Room*

5.00pm – 7.00pm President's Welcome Reception at C.ex Coffs
 Welcome To Country (Performance)
 Welcome from **Cr Denise Knight, Mayor of Coffs Harbour City Council**
 Welcome from **Cr Keith Rhoades AFSM, President, LGNSW**

Monday 20 October

Business Session Day 1 - chaired by Cr Keith Rhoades AFSM, C.ex Coffs

8.00am – 5.00pm *Registration opens in Trade Expo. Distribution of voting materials and electronic handsets.*

9.00am – 11.00am Opening of the Business session, Adoption of Standing Orders and Consideration of Motions chaired by the President

11.00am – 11.30am *Morning tea in Trade Exhibition*

11.30am – 11.35am Message from Local Government Super

11.35am – 1.00pm Consideration of Conference business continued chaired by the President

1.00pm – 1.50pm *Lunch in Trade Exhibition sponsored by Local Government Super*

1.50pm - 2.00pm Message from sponsor

2.00pm – 2.05pm Short address from the Mining Related Councils (to be invited)

2.05pm - 3.00pm Consideration of Government's response to the Local Government Review Panel's *Revitalising Local Government*

3.00pm – 4.00pm Consideration of Conference Business continued, chaired by the President

Collection of all electronic handsets and voting cards

4.00pm – 5.00pm *Happy hour in Trade Exhibition*

5.00pm – 5.30pm *Delegate transfers back to accommodation for dinner*

7.00pm – 7.30pm *Transfers for delegates arriving at Dinner*

Conference Dinner, Bonville Golf Resort, North Bonville Road, Bonville

7.30pm Arrival drinks and canapés
 Entertainment with Soulman O'Gaia

8.15pm Delegates seated and main course served
 Welcome from the President
 Introduction of Major Sponsor Statewide Mutual
 Presentation of Outstanding Service Awards

- 8.30pm Entertainment with Lisa Hunt
- 9.30pm Dessert served
- 10.00pm *First transfers offered*
- 11.00pm *Function finishes, final transfer buses*

Tuesday 21 October
Business Session Day 2, C.ex Coffs

- 8.00am – 5.00pm *Registration opens in Trade Expo*
- 8.50am – 9.00am Introduction by Master of Ceremony, **Ellen Fanning** (invited)
- 9.00am – 9.10am Annual Report and AGM from **Cr Keith Rhoades AFSM, President LGNSW**
- 9.10am – 9.20am Treasurers Report
- 9.20am – 9.40am Address from **The Hon Mike Baird MP, Premier of New South Wales** (invited)
- 9.40am – 10.00am Address from **The Hon Paul Toole MP, Minister for Local Government** (invited)
- 10.00am – 10.15am Facilitated Q and A with the **Premier of New South Wales/ Minister for Local Government**
- 10.15am – 10.30am Presentation of the AR Bluett Awards
- 10.30am – 11.15am **Claire Madden, Research Director, McCrindle Forecasts**, Demographic Change, Emerging Generations and the Future
- 11.15am – 11.35am *Morning tea in Trade Exhibition*
- 11.40am – 11.45am Message from sponsor
- 11.45am – 12.30pm **Paul Clitheroe AM, Director Ipac Securities, Chairman Financial Literacy Foundation, Chairman Money Magazine** on Business Trends in Australia (invited)
- 12.30pm – 1.00pm Address from **The Hon Duncan Gay MLC, Minister for Roads and Freight** (invited)
- 1.00pm - 2.00pm Address from keynote speaker on planning issues (to be confirmed).
 Planning Panel facilitated by MC, Ellen Fanning, on 'How to make informed decisions about Planning'
- 2.00pm – 2.15pm Close of Conference
- 2.15pm – 3.00pm *Lunch (Conference closing).*

This program is correct at the time of printing; speakers and program details may have changed due to unforeseen circumstances.

CONTRACT NO. RFT-614-TO - REMEDIATION WORKS AT FOUR SITES WITHIN THE COFFS HARBOUR LGA

Purpose:

To report on tenders received for the supply and installation of slope remediation works at four sites within the Coffs Harbour LGA, and to gain Council's approval to decline to accept any tender and enter into negotiations with preferred tenders regarding alternate offers.

Description of Item:

The road network in the Coffs Harbour LGA suffered extensive flood damage in various locations during the Natural Disaster event that occurred in February 2013. Part of the restoration works are four landslips located on the following roads.

- Eastern Dorrigo Way.
- Whitneys Road.
- Convincing Ground Road.
- Woolgoolga Creek Road.

The damage caused to the roads include down slope instability, scour caused by excessive rainfall run off sheeting across the road and over the downhill embankment and also heightened creek levels scouring the roadside embankment. The project consists of stabilising these sections of road using techniques such as soil nailing into unstable batters to prevent landslips and providing scour protection on the face of the batter.

Open tenders were called for the supply and installation of the remediation works, advertising in local and capital city newspapers and on Council's Tenderlink portal. Tenders closed 3:30pm on Tuesday 29 April 2014. Eight tenders were received as follows with three tenderers including alternative offers.

1. Civil Team Engineering
2. Earthtec Pty Limited
3. Fusion Civil Pty Ltd
4. Geovert Ltd
5. Mainland Civil Pty Ltd
6. Specialised Geo
7. Specialist Site Services Pty Limited
8. Sporting Services (Const) Pty Ltd

Sustainability Assessment:

- **Environment**

Council is in the process of completing the environment assessments required for the works. The contractors will be working under their own Environmental Management Plan, however, as a condition of contract, it must include all the recommendations and conditions set forth in Council's environmental assessment.

- **Social**

The slips have been sectioned off from the travelling lanes and are not causing access issues for residents at the moment. Regardless, the works need to be completed to ensure a reliable long term access is provided. Whilst the works are undertaken there will be restrictions to access, however these will be advised to the community and works scheduled to cause as little disruption as possible.

Following the remediation works, the local community will have more reliable access, and the risk of road failure will be decreased.

- **Civic Leadership**

The repair of the embankment slips aligns with the community's 2030 Plan in fulfilling the objective MA3.1 – We have a system of well maintained and safe roads for all users. Council's role in achieving this objective is that of the provider.

- **Economic**

Broader Economic Implications

Council has been successful in receiving a Natural Disaster relief funding grant for the repair of these slips. The grant will cover all costs to remediate the slips at the various locations required. The Natural Disaster relief grant is administered by the Roads and Maritime Services (RMS).

Council has utilised a number local suppliers and consultants to achieve all the pre-construction activities, investigations and designs etc. Due to the specialised nature of the soil nail installation process, only contractors from outside of Coffs Harbour have tendered for the work, however it is likely that the successful contractor will also supplement their onsite staff with local resources.

Delivery Program/Operational Plan Implications

These remediation works will have negligible effect on Council's Operation Plan. Council resources will be used to complete smaller portions of the work, however the majority of the remediation works will be completed under this contract.

Risk Analysis:

In accordance with Council's enterprise risk management framework the consequences of a road embankment failure is major to extreme. By repairing the slips at these locations Council is mitigating the likelihood of a failure and reducing the associated risk.

Consultation:

Initial consultation with the RMS (including onsite visits) was conducted to ascertain the eligibility of the damage for grant funding. Council received funding approval in principle, with the amount of funding subject to engineering assessments, ground condition investigations, finalised designs and estimates. Council has carried out the required assessments and designs and these form an integral part of this contract. Council has consulted with the RMS during the tender assessment phase, with agreement reached to proceed with the works.

Related Policy and / or Precedents:

Tendering procedures were carried out in accordance with Council policy. Council's Tender Value Selection System was applied during the tender review process. Council's Policy is that the tenderer with the highest weighted score becomes the recommended tender.

Statutory Requirements:

The calling, receiving and reviewing of tenders was carried out in accordance with Section 55 of the Local Government Act (the Act) and Part 7 Tendering of the Local Government (General) Regulations 2005, (the Regulation). Section 178 of the Regulation requires:

Acceptance of Tenders

(1) After considering the tenders submitted for a proposed contract, the council must either:

- (a) accept the tender that, having regard to all the circumstances, appears to it to be the most advantageous, or
- (b) decline to accept any of the tenders.

(1A)

(2) A council must ensure that every contract it enters into as a result of a tender accepted by the council is with the successful tenderer and in accordance with the tender (modified by any variation under clause 176)

(3) A council that decides not to accept any of the tenders for a proposed contract or receives no tenders for the proposed contract must, by resolution, do one of the following:

- (a) postpone or cancel the proposal for the contract,
- (b) invite, in accordance with clause 167, 168 or 169, fresh tenders based on the same or different details,
- (c) invite, in accordance with clause 168, fresh applications from persons interested in tendering for the proposed contract,
- (d) invite, in accordance with clause 169, fresh applications from persons interested in tendering for contracts of the same kind as the proposed contract,
- (e) enter into negotiations with any person (whether or not the person was a tenderer) with a view to entering into a contract in relation to the subject matter of the tender,
- (f) carry out the requirements of the proposed contract itself.

(4) If a council resolves to enter into negotiations as referred to in subclause (3) (e), the resolution must state the following:

- (a) the council's reasons for declining to invite fresh tenders or applications as referred to in subclause (3) (b)–(d),
- (b) the council's reasons for determining to enter into negotiations with the person or persons referred to in subclause (3) (e).

Implementation Date / Priority:

It is anticipated that onsite works will commence July 2014 and be completed in December 2014 barring unforeseen delays.

Recommendation:

That Council consider tenders received for the Slope Remediation Works at Four Sites Within Coffs Harbour LGA Contract No. RFT-614-TO, and move the motion as detailed in the confidential attachment.

CONTRACT NO. RFT-642-TO - CONSTRUCTION OF SPAGNOLOS ROAD DETENTION BASIN

Purpose:

To report to Council on tenders received for RFT-642-TO: Construction of the Spagnolos Road Detention Basin, West Coffs Harbour and to gain Council approval to accept a tender.

Description of Item:

The work comprises the construction of an on-stream stormwater detention basin on RMS land adjacent Spagnolos Road, west Coffs Harbour in order to reduce downstream flooding impacts on residential and commercial buildings in and around the CBD. This is the third basin, after Bakers and Bennett's Road basins, to be constructed in west Coffs Harbour as part of the Flood Mitigation Program.

The detention basin is to be formed by a 43,000 m³ embankment over a minor stream with the flow diverted through twin piped culverts running under the embankment and Roselands Drive. The work also involves upgrading the section of Roselands Drive north of the intersection with Spagnolos Road to Council's subdivision standard funded from Section 94 contributions.

The embankment will be constructed from clay material sourced from an on-site borrow pit which has the advantage of increasing the storage volume of the basin.

Open tenders were called in local and capital city newspapers and through Council's Tenderlink e-portal. Tenders closed at 3:30pm on Tuesday, 10 June 2014.

Three tenders were received from the following:

- Flintstone Group Pty Ltd
- Trustee For PR Trust & Ryan Earthmoving Pty Limited t/a Ryan Earthmoving
- CivilTeam Engineering Pty Ltd

Tenders were evaluated using both price and non-price criteria:

- Tenderer's financial capacity and tender conformity. These criteria are hurdles and are not scored. Only conforming Tenders and Tenderers with sufficient financial capacity are considered further.
- Tender Price.
- Experience & record of performance in similar works.
- Details and logic of the proposed construction program and methodology to demonstrate the Tenderer's understanding of the scope of works, contract management skills and methodology to minimise environmental impact.
- Work Health and Safety Management System and Quality Control System.



Sustainability Assessment:

- **Environment**

Construction of an embankment over a minor low flow creek will require staged construction involving temporary diversion of the creek, construction of twin 1050mm piped culverts across Roselands Drive, diversion of the creek through the new culvert, building the embankment and extending Roselands Drive. This will result in localised, short term disturbance to the creek, riparian areas and Roselands Drive residents during construction.

Normal erosion, sedimentation and dust control measures will be put in place by the contractor to mitigate the environmental impacts of construction.

- **Social**

Construction of the detention basin will have significant social benefits through mitigation of flood impacts. The implementation of this aspect of the Coffs Creek Floodplain Risk Management Plan, Oct 2005, will improve the well-being and safety of the Coffs Creek community downstream of the works.

"It is estimated that the proposed basin would reduce the number of residential homes inundated by the 1:100 year flood from 308 to 229 and reduce the number of inundated commercial buildings from 111 to 88. The total flood damage for the 100 year flood is estimated to reduce from \$28.3M to \$21.3M. The net present value of flood benefits (from all floods) is estimated at \$2.8M. This provides an attractive economic benefit/cost ratio of 1.3"

- **Civic Leadership**

In line with the Coffs Harbour 2030 Plan, Council needs to take a leadership role addressing flooding and drainage issues for the betterment of the city.

- **Economic**

Broader Economic Implications

Two tenderers (Flintstone and Ryan) are local businesses while CivilTeam are non-local. All tenders include purchasing readymix concrete, filter material and road making materials from local suppliers and pipes from non local suppliers. The business address of the tenderer is not an assessment criteria for tenders of this value.

Delivery Program/Operational Plan Implications

The works are two-thirds funded by grant funding under the 2013-14 Floodplain Management Program administered by the NSW Office of Environment and Heritage (OEH) and one-third Council under the Flood Plan Management program

The extension of Roselands Drive does not form part of the flood mitigation works and will be funded from Section 94 contributions from the West Coffs development area.

OEH have offered to advance \$1M subsidy to Council prior to the works commencing if Council awards a contract prior to 30 June 2014.

Sufficient funds have been allocated by Council in the 2014/15 Operational Plan to carry out the work.

Risk Analysis:

The detention basin embankment is categorised as a high consequence dam under the Dams Safety Act notwithstanding it's a dry storage dam. This is due to the presence of residences immediately downstream of the wall.

The risk of embankment failure is managed through appropriate design, the selection of a competent, experienced tenderer, quality control of the materials and workmanship during construction and monitoring the wall throughout its life.

Consultation:

The community has been consulted during the development of the Coffs Creek Floodplain Risk Management Plan which was overseen by Council's Floodplain Management Advisory Committee.

The land owner, RMS, has been consulted during the planning stage and has granted a license over the land to construct the flood mitigation works. A condition of the license is for Council to acquire the area of land upon which the basin will be built, and that is not required for the future Pacific Highway bypass, upon completion of the bypass.

OEH were consulted during the tender review as they were a member on the tender assessment panel. OEH are in agreement with the tender recommendation.

Related Policy and / or Precedents:

Tendering procedures were carried out in accordance with Council policy. Council's Tender Value Selection System was applied during the tender review process to determine the most advantageous offer.

Council's policy is the tender with the highest weighted score becomes the recommended tender.

Statutory Requirements:

The calling, receiving and reviewing of tenders was carried out in accordance with Part 7 Tendering of the Local Government (General) Regulation 2005 (the Regulation).

The recommended tender was clarified in accordance with clause s176 of the Regulation by seeking further information on how the breakdown of the Lump Sum was spread over the items of work. This clarification did not affect the sum tendered.

Issues:

In clearing the first hurdles of compliance and financial capacity, all tenders were found to be complying and an independent financial assessment is currently being undertaken on the recommended tender. The results are expected to be to hand prior to the Council meeting.

The recommended tenderer has satisfactorily completed large scale dam construction works complying with the Dams Safety Act and has considerable management experience and expertise in civil construction. Client referees have reported favorably on performance and reliability and have praised their proactive approach to quality, safety and heavy plant maintenance which will play a major part in this project.

All tenders were accompanied with construction programs that detailed completion within the 24 week contract period. The programs and methodology were of variable quality in demonstrating their understanding of the works and staging of the tasks involved and were scored accordingly.

The recommended tender is the lowest price and therefore scored well in this criterion. The other non-price criteria of experience, performance, construction program and methodology however had similar weightings to price and contributed to identifying the recommended tender as the most advantageous to Council. The scores of the two lowest priced local tenders were very close with price, program and methodology being the determining factors.

The results of the tender evaluation and recommendations are included in the confidential attachment.

Implementation Date / Priority:

It is expected that work will commence on site within two to three weeks of Council resolving to award a contract with completion expected mid December 2014 subject to good weather and no unforeseen events.

Recommendation:

That Council considers tenders received for the construction of Spagnoles Road Detention Basin, Contract No. RFT-642-TO, and move the motion as detailed in the confidential attachment.

CONTRACT NO. RFT-652-TO: SUPPLY OF TWO 15,000KG GVM TRUCKS WITH TIPPING BODIES

Purpose:

Report to Council the result of going to tender for the supply of a replacement for Council's two 15,000 kg GVM tipper trucks and to gain Council approval to accept a tender.

Description of Item:

The tip truck primary role for Council is to haul rock, gravel, sand, soils and other materials to and from, maintenance and construction sites.

These types of trucks have become a standard plant item for Council's maintenance and construction operations.

The trucks will be administered through Council's Plant Fund and operated and maintained in accordance with general plant procedures.

Open Tenders were called and closed 14 May 2014 for the replacement of the two 15,000kg GVM trucks with tipping bodies. This followed the adoption of the 2013/2014 Plant Replacement Program.

Three conforming tenders were received from the following:

1. K&J Trucks Pty Ltd
2. Southside Truck Centre
3. Mavin Hino

Sustainability Assessment:

Sustainability issues have been considered in the specification and tender assessment, as follows

- **Environment**

- Emission standards are in accordance with Australian standards. 'ADR 80 03'.
- Service frequency and the reduction of waste products on oil and filters.
- The percentage of bio fuel that the machines can operate on so as to reduce Council's reliance on fossil fuels.
- Noise Levels.

- **Social**

A review was undertaken to determine the requirement for the road maintenance unit in the Council fleet. The outcome was that a Council owned machine would provide a higher level of service to the community at a reduced cost to the programs it supports.

The review of tenders included field performance testing to assess

- The tendered unit's ability to carry out designated works.

- Ergonomics.
- Operator safety: including ABS brakes, cab strength.
- The operators' ability to operate the tendered machine to its full potential.

- **Civic Leadership**

The purchase and operation of a road maintenance unit is consistent in achieving the following strategies from the communities 2030 Strategic Plan.

- LC 1.3 Promote a safe community
- LE 3.5 Develop and improve infrastructure to provide appropriate access to environmental experiences
- MA 1.2 Improve the effectiveness of the existing transport system
- MA 2.1 Ensure adequate maintenance and renewal of roads, footpaths and cycleways.

- **Economic**

Broader Economic Implications

Council's policy for the purchase of plant is determined by:

- The need for the unit to support its programs.
- To own plant if owning is more cost effective than hiring.
- Projected resale values.
- Projected repair and maintenance costs.
- The load carrying capacity per vehicle movement.

Delivery Program/Operational Plan Implications

Funds for the purchase have been allocated in the 2013/14 Plant Fund budget

Risk Analysis:

When considering the Enterprise Risk Rating Levels the following main considerations are applicable:

Financial: The financial Risk is that council will encounter from roads not being maintained is the significant decrease in the safe usable life for the council asset.

Reputational: There is some reputational risk at stake. If Coffs Harbour City Council can not provide the service that the tendered machine carries out council's reputation as a service provider will be compromised

Environmental: The maintenance of council's roads system will extend the life of council's asset.

Consultation:

The Tender evaluation has included consultation with CityWorks plant operators, Council's WHS officer plus workshop and operational staff.

Related Policy and / or Precedents:

Tendering procedures were carried out in accordance with Council Procurement Policy.

Council's Tender Value Selection System was applied during the evaluation to determine the most advantageous offer and the results are contained in the attached confidential report.

Statutory Requirements:

The calling, receiving, opening and reviewing of tenders was carried out in accordance with the Local Government (General) Regulations 2005.

Issues:

The highest scoring machine in the tender evaluation was subject to field testing. Council's representatives carried out operational, mechanical and WHS evaluations and submitted test reports.

The trucks that are being replaced by these new units will be disposed of via public auction as soon as possible after the new trucks are accepted by Council and delivered.

Implementation Date / Priority:

The time for the supply of the two tip trucks is 12 weeks. If Council resolves to award the contract, it is expected the two tip trucks will be delivered in late September 2014

Recommendation:

That Council considers tenders received for the supply of two (2) 15,000KG GVM Trucks with Tipping Bodies Contract No. RFT-652-TO and move the motion as detailed in the confidential attachment.

CONTRACT NO. RFT-654-TO: PLANT & TRUCK HIRE 2014-2016

Purpose:

To obtain Council's approval to accept tenders for inclusion in a panel contract for the hire of plant and equipment to Council for the 2014/15 and 2015/16 financial years.

Description of Item:

In order for Council to undertake its maintenance and major capital works programs it is necessary to complement Council's plant fleet with specific contract plant as required. The majority of the plant hired through plant contractors is commonly available within the Coffs Harbour Local Government area such as heavy earthmoving plant, trucks etc. Several major projects are scheduled for 2014/2016 which makes it necessary for Council operations to be able to hire contract plant at competitive market rates to ensure the economical delivery of the works.

Open tenders were called and closed on 10 June 2014 to establish a panel of recognised contractors for the hire of equipment, plant and trucks for works undertaken by Coffs Harbour City Council during the 2014/15 and 2015/16 financial years.

In the previous financial year, 2013/2014, Council spent approximately \$3.8M on the hire of external plant. This expenditure was mainly with locally based plant hire contractors.

Tenderers were given two options; to supply Council with plant including an operator or to supply plant only, excluding an operator. Tenderers were required to submit tendered rates for items of plant and in addition any attachments that can be utilised with the specific plant item.

Contractors are also required to be registered and accredited with BNG Contractor Services Pty Ltd. Registration with BNG is an online service, where accreditation is based on a set of validation criteria such as business licenses, registrations as well as employee qualifications, licenses, trade certificates, insurances and WHS documentation.

If accepted by Council the tenderers may not vary the Contract Rates during the first 12 months of the contract. At the end of the first 12 months, contractors on the panel of suppliers may review their hire rates and will be given the option to increase, decrease or maintain the same rates as the previous 12 months.

To achieve best value for Council all contract plant is assessed in accordance with RMS guidelines and rated in order that the most suitable and cost effective item of plant is engaged. This procedure provides transparency ensuring that probity issues are addressed.

The criteria for ranking on Council's plant hire data base:

- Plant / Truck Classifications
- Contract Rate
- Equipment Compliance/condition
- Contractors performance

Forty one submissions were received as listed below, each tendering on various items of plant, trucks and equipment.

1. A&K McIntyre Pty Ltd	22. J&P Cranes (NSW) Pty Ltd T/A Coffs City Cranes & Rigging
2. Allearth Excavations	23. John Lacey Earthmoving Pty Ltd
3. AMW Transport Pty Ltd	24. KBS Mackay Pty Ltd
4. Arbpro Pty Ltd	25. Kennards Hire Pty Ltd
5. Atigram Pty Ltd T/A Thrifty car rentals	26. Kingston Industries T/A Tutt Bryant Hire
6. Better Heavy Movers Pty Ltd	27. Mal Keough Earthmoving Pty Ltd
7. Blaizes Earthworx Pty Ltd	28. Malin Excavations Pty Ltd
8. Chris Christensen Excavations Pty Ltd	29. McIntyre Tippers Pty Ltd
9. Coates Hire Operations Pty Ltd	30. M & M Water Carriers Pty Ltd
10. Coffs Coast Excavations Pty Ltd	31. Northpipe Constructions Pty Ltd
11. Conplant Pty Ltd	32. Pade's Excavations Pty Ltd
12. Crampos Tippers Pty Ltd	33. Peter Rowan Pty Ltd
13. Dalakalo Pty Ltd T/A Stocks Contracting	34. PL & CV McNickle Pty Ltd T/A Custom Clearing
14. DJ & CA Atkinson Pty Ltd	35. RJ & CM Tate Pty Ltd
15. DT & KB Gray Pty Ltd	36. Sam Water Cartage Pty Ltd
16. Eastern Dorrigo Slashing	37. Serendip Holdings (NSW) Pty Ltd T/A Action hire Vehicles
17. EB & DE Bunts Pty Ltd	38. Sherrin Rentals Pty Ltd, (Pinkenba, Qld).
18. English Cranes Pty Ltd T/A North Coast Cranes	39. SR & A Person
19. Espedan Pty Ltd	40. Toward Holdings Pty Ltd T/A Brycker Hire
20. Extec Solutions Pty Ltd T/A Phil Robinson Earthmoving	41. Troy O'Doherty Pty Ltd
21. Ezyquip Hire	

Three tenders have been received that offer plant that was not requested in the tender documentation. These were received from:

- Far n Wide Concrete Pumping Pty Ltd
- Stabilised Pavements of Australia Pty Ltd
- The Mining Pty Ltd

These offers will be noted and filed for possible future reference.

One nonconforming submission was received, as follows:

- * Diveva Pty Ltd T/A Mid Coast Road Services.

Sustainability Assessment:

- **Environment**

Tendered plant items are assessed to ensure that they comply with RMS Specifications G21 and G22. This compliance addresses adverse environmental issues with the plant such as oil leaks, excessive emissions and noise. Once engaged all plant is required to operate under Coffs Harbour City Council's site rules and in accordance with environmental assessments undertaken on specific projects.

- **Social**

By Council undertaking capital and maintenance works, the community benefits from updated and well maintained assets..

- **Civic Leadership**

By utilising local contractors Council engages businesses that otherwise may have found it difficult to secure the volume of work that is available to them through Council's operations. In frequently engaging plant contractors Council has become a provider within the community supporting a number of businesses and general employment within the local government area.

Contract plant is employed to deliver many of the 2030 objectives where Council's role is that of the provider. Most of the themes in the 2030 plan require works on the ground to accomplish the objectives.

- **Economic**

Broader Economic Implications

The benefits of engaging contract plant flow on to the community and assists in supporting local businesses.

Delivery Program/Operational Plan Implications

All plant engagements are funded through capital and maintenance programs approved in the 2014/2016 Operational Plan.

Risk Analysis:

In accordance with Council's enterprise risk management framework the consequences of not having a contract arrangement when employing plant contractors is high. A panel contract allows an open tendering and assessment process which yields the most economical and low risk option for Council.

Related Policy and / or Precedents:

The tendering process has been carried out in accordance with Council's Purchasing and Procurement Policy.

Statutory Requirements:

The calling, receiving, opening and reviewing of tenders were carried out in accordance with the Local Government (General) Regulations 2005.

Issues:

To date a number of tenderers have not provided sufficient information enabling the assessment of their submission. It is expected that Council will receive the information prior to Council meeting and their inclusion in the panel contract is recommended. Point 2 of the recommendation recommends that upon completion of their submission Council includes these tenderers in the panel contract.

Implementation Date / Priority:

The Plant and Truck hire panel contract will take effect from 1 July 2014 subject to Council's resolution.

Recommendation:

That Council considers tenders received for the hire of plant and trucks, 2014/16 Contract No. – RFT-654-TO and move the motion as detailed in the confidential attachment.

SPECIAL RATE VARIATION - IPART DETERMINATION

Purpose:

To formally inform Council of the Independent Pricing and Regulatory Tribunal's (IPART) determination in regards to Council's application for a three year Special Rate Variation (SRV) to general income.

Description of Item:

Council through its application to IPART sought a multi-year SRV under Section 508A of the Local Government Act (the Act). Council had requested annual rate increases over three years of 7.9% (2014/2015), 8.14% (2015/2016) and 7.75% (2016/2017), a cumulative increase of 25.73%, and to permanently incorporate this increase into its general income base.

On 29 May 2014 IPART provided Council with a confidential Draft Determination on the SRV application. A response was immediately provided to IPART dated 30 May 2014 (Attachment 1). On 3 June 2014, IPART formally advised Council that it had approved only a one year (permanent) rate increase to general income of 7.9% for 2014/2015 – under Section 508(2) of the Act. No correspondence was received offering to discuss the concerns raised by Council in its response to the Draft Determination.

This represents an increase of 5.6% above the previously announced 2.3% rate pegging increase for 2014/2015. In dollar terms this rate rise above the pegging limit represents an increase to Council's general income of approximately \$2 million per annum.

IPART's approval is subject to the following conditions:

1. Council uses the additional income from the special variation for the purposes of rehabilitation, maintenance and renewal of infrastructure as outlined in Council's SRV application.
2. Council reports in its annual report for each year from 2014/2015 to 2023/2024 on:
 - 2.1. Expenditure consistent with Council's works program submitted with its SRV application and the reasons for any significant differences from the proposed expenditure.
 - 2.2. The outcomes achieved as a result of the actual program of expenditure.
 - 2.3. Council reports to the Office of Local Government by 30 November each year on its compliance with these conditions.

IPART provided its rationale for its decision in section 3 on page 4 of the Determination (Attachment 2) as follows:

During the 3-year special variation period, the council planned to spend \$12.3 million on asset maintenance, rehabilitation and renewal programs, funded by the special variation. (Coffs Harbour City Council Application Part A, Worksheet 6.)

We found that the application met most but not all of the criteria. In particular, we found:

- 1. The need for the proposed revenue is demonstrated in the council's IP&R documents, and reflects community priorities.*
- 2. The council provided evidence that the community is aware of the need for a rate rise, it had considered the community's capacity and willingness to pay the proposed rate rises. However, the evidence indicates that the extent of the rate rise in percentage terms was communicated ambiguously, and that the community could possibly have interpreted that the council sought rate increases of 5% per annum over the 3-year period from 2014/15 to 2016/17. Overall, we consider the council did not satisfactorily meet the requirements of this criterion.*
- 3. The impact of the proposed rate rises on ratepayers is significant though reasonable given the purpose of the special variation and that the council has taken account of ratepayers' willingness and capacity to pay.*
- 4. The council made realistic assumptions concerning its projected service delivery and budget.*
- 5. The council reported productivity savings in past years, and indicated its intention to realise further savings during the period of the special variation.*

In relation to point 2 above, IPART provided a more fulsome explanation of the communication ambiguity in section 3.1 on page 7 as follows:

We consider the council has not made the community completely aware of the impact on rates of the special variation and hence we have determined a permanent special variation for one year. The community was made aware of the proposed rate rise through a letter to all ratepayers, media advertising, public information sessions and online surveys. However, the awareness campaign did not clearly communicate the extent of the rate rise in percentage terms; with written material headlining a 5% per annum rise in total water, sewerage and general fund rates over 3 years. This understated the impact on general fund ratepayers (approximately 8% pa), as special variation does not apply to water and sewerage rates.

Council officers dispute this subjective assessment and in fact consider the more fulsome impact of the SRV on the annual rates and charges bill to be one measure of importance to ratepayers. Consultation documentation also included the measures showing the general fund impact and the dollar impact by type of rate or charge.

Sustainability Assessment:

- **Environment**

There are no environmental implications for Council.

- **Social**

There are no social implications for Council.

- **Civic Leadership**

Rates and charges are an essential component of Council's revenue platform which fund works and services aimed at achieving the objectives of the *Coffs Harbour 2030* Community Strategic Plan.

- **Economic**

Broader Economic Implications

The additional expenditure on asset renewal and maintenance works to be funded by the increases in years two and three of the SRV cannot occur which may have some economic impact on suppliers and contractors in the local area.

Delivery Program/Operational Plan Implications

Council's 2014/2015 Operational Plan allows for the implementation of a 7.9% increase in 'General Income' (income from ordinary and special rates), which includes both the 2.3% rate peg increase announced for 2014/2015 and the approved one year (permanent) additional rate increase approved by IPART. However, Council's Delivery Program will need to be reviewed for the further years of 2015/2016 to 2017/2018.

Risk Analysis:

IPART's determination has fundamentally undermined Council's current Financial Sustainability Strategy, which therefore needs review and further consideration by Council to mitigate the obvious financial risks.

Consultation:

IPART's determination has been communicated to Councillors and staff. IPART and Council have also previously issued media releases on the matter.

Related Policy and / or Precedents:

The SRV application was a critical part of Council's Financial Sustainability Strategy as detailed in Council's suite of Integrated Planning and Reporting Framework documents.

Statutory Requirements:

The multi-year SRV application was made under Section 508A of the Local Government Act.

Issues:

On 3 June 2014, IPART advised that it had approved only a one year (permanent) rate increase of 7.9% for 2014/2015.

This determination by IPART undermines Council's long term Financial Sustainability Strategy by leaving a \$4.2 million financial gap in the annual cash result or continues the growth in the infrastructure backlog. The asset renewal maintenance works planned to be funded by further rate increases will need to be reassessed along with associated levels of service.

Delivery Program and Operational Plan

At the Ordinary Meeting of 22 May 2014, Council adopted its revised 2014/2018 Delivery Program and 2014/2015 Operational Plan and associated budgets.

It was noted at that time that the Independent Pricing and Regulatory Tribunal (IPART) had yet to announce its determination on Council's application for a three year special rate variation to general income.

Council resolved to adopt the Delivery Program and Operational Plan incorporating two budget scenarios (a first option including the three-year special rate variation; a second option without the special rate variation).

Council at this time also resolved that if special rate variation application is refused, the associated programs of works will be deferred and a further review of 'levels of service' and funding options will be necessary to assist Council to meet its infrastructure maintenance and renewal needs and to achieve financial sustainability.

Impact on Council's Financial Sustainability Strategy

The determination for the one year increase only, undermines Council's articulated Financial Sustainability Strategy. The asset renewal and maintenance works planned to be funded by the increases over three years can no longer be 'ramped up' and the fundamental infrastructure backlog will continue to grow. The current coherent strategy will no longer be adequate so Council is likely to need to revisit its levels of service; an issue that the community had indicated is unacceptable during Phase 1 of Council's Engagement Strategy.

Further, IPART's determination reduces Council's confidence in the veracity of the Integrated Planning and Reporting Framework which has underpinned Council's approach to the Financial Sustainability Strategy. Council is wishing to follow a long term strategic approach to resolving its financial issues, not an annual ad-hoc approach.

The Way Forward

There are several options which need to be considered by Council to address the \$4.2 million shortfall and prevent the ongoing growth of the infrastructure backlog, which include:

1. Revisiting services delivered and levels of service;
2. Increasing the reliance on the Transformation to Sustainability (T2S) Program
3. Reapplying for an SRV from 2015/16; or
4. A combination of any of the above.

In terms of revisiting services delivered and levels of service a clear message has already been delivered by the community to broadly maintain services at current levels.

Increasing reliance on the T2S Program may assist in bridging the financial gap; however, it can only provide part of the overall solution without affecting service levels.

It is therefore likely a further SRV application will be required from 2015/16 to fully bridge the financial gap. It is therefore recommended that a further report be prepared to further examine the above options and the process necessary to undertake further community consultation for a future SRV to increase general income.

Implementation Date / Priority:

This report is for noting with a further options report to be prepared for Council consideration in July 2014.

Recommendation:

That Council:

1. **Note the Independent Pricing and Regulatory Tribunal's (IPART) advice of 3 June 2014, approving a one year (permanent) Special Variation to General Income of 7.9% for 2014/2015; and**
2. **Request a further options report to determine the way forward to bridge the \$4.2 million financial gap in the annual cash result to prevent the ongoing growth of the infrastructure backlog.**

COFFS HARBOUR CITY COUNCIL



Our ref: 5193694

30 May 2014

Local Government Team
The Independent Pricing and Regulatory Tribunal
Level 17, 1 Market Street
SYDNEY NSW 2000

Dear Sir/Madam

Response to SRV Draft Determination – Coffs Harbour City Council

Council has recently received the confidential draft determination in regards to its application for a Special Rate Variation (SRV). IPART has currently made a draft determination to approve only a one-year rate increase of 7.90% for 2014/15.

Council was also seeking to secure further rate increases, as detailed in our application, for a further two-years in line with its Integrated Planning and Reporting documents, which imbeds a comprehensive and critical strategy for long term financial sustainability.

On review of the draft determination document it seems that IPART have considered Council's community consultation process has been ambiguous with respect to the percentage increase in the general rate, with this being the reason for Council not being granted the further two-years of increase. This would appear to be a subjective assessment as the community consultation often expressed a view, either in support or not in support of the SRV proposal, rather than a focus on the specific percentage increase.

While Council understands that IPART must assess SRV applications against a set of criteria, Council strongly believes the community consultation process undertaken was appropriate, transparent and in accordance with the principals of this requirement. The documentation provided to the community was purposefully designed to communicate the rate increases in several ways to assist ratepayers to fully understand the impacts. These included:

- Rate increase as a percentage of average residential rates bill;
- Rate increase as a dollar amount of average residential rates bill; and
- Rate increase broken into components, sufficient to allow application to each ratepayers own circumstances.

The third point is most relevant to IPART's deliberations in that all correspondence and material produced by Council directed ratepayers to Council's website where this detailed information was contained.

In determining the consultation strategy Council was very mindful of the need to communicate the impacts on ratepayers transparently using direct dollar impacts, which people could relate to their own household budget circumstances. Relying on percentages alone, in whatever form, requires a higher level of numeracy.

- Communications to: The General Manager, Locked Bag 155, Coffs Harbour 2450 • Administration Building, 2 Castle Street, Coffs Harbour • Tel: (02) 6648 4000
- Fax: (02) 6648 4199 • DX: 7559 • ABN 79 126 214 487
- Email: coffs.council@chcc.nsw.gov.au
- Website: www.coffsharbour.nsw.gov.au

- 2 -

The Independent Pricing and Regulatory Tribunal**30 May 2014**

Please find the following comments which support our belief that the community consultation process undertaken by Council was appropriate.

Council's Letter to all Ratepayers (Attachment 19 - SRV Application)

The letter (dated 13 December 2013) which was sent out to all ratepayers (including farmland and business ratepayers) was produced with the intention of keeping the information in the correspondence clear and concise with the direct dollar impacts included.

The letter not only reconfirmed the previous messages relayed through the media in regards to Council's unsustainable financial position, but how Council was working with its community to solve its funding shortfalls.

The data table within this letter was again trying to keep the message about rate impacts clear and simple and did have the intention of demonstrating the proposed cumulative rate increases for not only the general ordinary rate but the total annual rate burden (inclusive of all rates and annual charges) for the average residential property. The total annual rate increases detailed in this table show dollar increases which are actually far greater than just the proposed dollar increases in the general ordinary rate component for the average ratepayer. We believe this is a more accurate representation of the impact than to focus solely on the general ordinary rate.

The rate increases in this table do accurately equate to an approximate 5% increase to the total annual rate bill per year for three years, and once again this commentary was to keep the message easy to understand, as we believe the majority of ratepayers are more interested (and probably understanding) in the total amount they might have to pay and not the individual components of their rate bill. This is probably more relevant to regional Council's that supply water and sewer services as these utility charges can represent a larger impost on the total rate bill than the ordinary general rate.

This letter also provided a web site address where ratepayers could seek further information including more detailed tables on cumulative rate impacts including those for farmland and business properties.

Council's Full Page Newspaper Advice (Attachment 21 – SRV Application)

Council's consistent approach in trying to keep its message clear and simple was again demonstrated in the full page newspaper advice placed in the Coffs Coast Advocate on 8 January 2014.

The table in this newspaper advertisement was once again based on the average residential property but included more details on the rate charge component increases in both dollar and percentage terms. This table also showed the cumulative increases over the three years. The total rate increase (including all charges) was again demonstrated to be approximately 5% per annum for the 3 years.

This newspaper advice, like the letter to all ratepayers, provided details on how ratepayers could seek further information on the SRV proposal through Council's web site.

The Independent Pricing and Regulatory Tribunal

30 May 2014

Council's Web Site

Council has a dedicated area on its website (under the banner of 'Road to Financial Sustainability') which enables the community to be informed about the 'whole story' on why it is important that Council becomes financially sustainable and how this might be achieved.

As mentioned above this area of Council's website also contains further details on rate impacts for all ratepayers.

Impact on Council's Financial Sustainability Strategy

The draft determination for the one year increase only, undermines Council's articulated Financial Sustainability Strategy. The asset renewal and maintenance works planned to be funded by the increases over three years can no longer be 'ramped up' and the fundamental infrastructure backlog will continue to grow. The current coherent strategy will no longer be adequate so Council is likely to need to revisit its levels of service, an issue that the community has indicated in unacceptable during Phase 1 of Council's Engagement Strategy.

Further, IPART's draft determination reduces Council's confidence in the veracity of the Integrated Planning and Reporting Framework which has underpinned Council's approach to the Financial Sustainability Strategy. Council is wishing to follow a long term strategic approach to resolving its financial issues, not an annual ad-hoc approach.

Council's commitment to continue to find cost savings through improved efficiencies and additional funding sources to offset future rate increases is evident by the following amendment to the resolution made on 13 February 2014 to make formal application to IPART for a SRV from 2014/2015 for a three year period under Section 508(A).

"That management bring a report back to Council prior to the end of year 2 of the Special Rate Variation period summarising the overall results from the Special Rate Variation, transformation to sustainability project and other initiatives thus enabling Council to determine whether or not to continue with Year 3 of the Special Rate Variation."

While Council respects the draft determination made by IPART, Council requests IPART to consider a revised determination that supports at a minimum a rate increase (pursuant to Section 508(A)) over a two-year period in accordance with percentage increases requested through Council's SRV application. This would provide Council and the greater Coffs Harbour community the opportunity to move forward with the Financial Sustainability Strategy intact and provides an appropriate timing for review during the second year. Council officers would also like the opportunity to discuss this matter further, preferably before IPART's publishes a final determination, at a time of your convenience.

For further information regarding this matter please contact Council's Director Corporate Business, Mr Andrew Beswick on (02) 6648 4202.

Yours faithfully



Steve McGrath
General Manage

Attachment 2

Independent Pricing and Regulatory Tribunal



Our reference: 12/591

Your reference:

4 June 2014

Mr Steve McGrath
General Manager
Coffs Harbour City Council
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COFFS HARBOUR NSW 2450

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Dear Mr McGrath

INSTRUMENT OF APPROVAL AND FULL REPORT FOR SPECIAL RATE VARIATION APPLICATION 2014/15

I refer to IPART's determination on Coffs Harbour City Council's application for a special rate variation in 2014/15 which was issued on 3 June 2014.

I am writing to advise you that copies of the final reports on our special variation determinations are now available on the IPART website. I have attached a hard copy of the final report and the Instrument for Approval for Coffs Harbour City Council for your records.

If you have any queries, please contact Michael Seery on 9290 8421 or Tony Camenzuli on 02 9113 7706.

Yours sincerely



Hugo Harmstorf
Chief Executive Officer

ELECTRICITY

GAS

WATER

TRANSPORT

OTHER INDUSTRIES

LOCAL GOVERNMENT ACT 1993
INSTRUMENT UNDER SECTION 508(2)
COFFS HARBOUR CITY COUNCIL

The Independent Pricing and Regulatory Tribunal (IPART), delegate of the Minister for Local Government, pursuant to the delegation dated 6 September 2010, determines:

1. under section 508(2) of the *Local Government Act 1993* (the Act), that the percentage by which Coffs Harbour City Council may increase its general income for the year 2014/2015 is 7.90%.
2. the percentage increase set out in clause 1 above (special variation) is subject to the following conditions:
 - I. The council uses the Additional Income for the purposes of funding the program of maintenance, rehabilitation and renewal of infrastructure. This program of expenditure is listed in Appendix A of IPART's determination dated June 2014 of the council's application under section 508(2) of the Act (IPART's Determination).

Additional Income means:

- a) the additional general income raised in accordance with clause 1 of this instrument, less
 - b) the additional general income that would otherwise be available to the council under section 506 of the Act.
- II. The council reports in its annual report for each rating year over the period from 2014/2015 to 2023/2024 on:
 - a) the program of expenditure that was actually funded by the special variation and the reasons for any significant differences from the program listed in Appendix A of IPART's Determination; and
 - b) the outcomes achieved as a result of the special variation.
 - III. The council reports to the Office of Local Government by 30 November each year on its compliance with these conditions for each rating year over the period from 2014/2015 to 2023/2024.

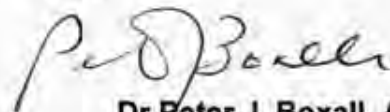
Dated this

3rd

day of

June

2014



Dr Peter J. Boxall, AO
Chairman, Independent Pricing and Regulatory Tribunal



Independent Pricing and Regulatory Tribunal

Coffs Harbour City Council's application for a special variation for 2014/15

under section 508(2) of Local Government Act 1993

Local Government — Determination
June 2014



Independent Pricing and Regulatory Tribunal

Coffs Harbour City Council's application for a special variation for 2014/15

under section 508(2) of Local Government Act 1993

Local Government — Determination
June 2014

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ISBN 978-1-925032-90-1

The Tribunal members for this review are:

Dr Peter J. Boxall AO, Chairman

Dr Paul Paterson

Ms Catherine Jones

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1 Determination

The Independent Pricing and Regulatory Tribunal of NSW (IPART) is responsible for setting the amount by which councils may increase their general income, which mainly comprises rates income. Each year, we determine a standard increase that applies to all NSW councils, based on our assessment of the annual change in their costs and other factors. This increase is known as the rate peg.

Councils may apply to us for a special variation that allows them to increase their general income by more than the rate peg. We are required to assess these applications against criteria in the Guidelines set by the Office of Local Government (OLG),¹ and may allow special variations under either section 508A or 508(2) of the *Local Government Act 1993* (the Act).

Coffs Harbour City Council applied for a multi-year special variation from 2014/15, under section 508A. The council requested annual increases over 3 years of 7.90% (2014/15), 8.14% (2015/16) and 7.75% (2016/17), a cumulative increase of 25.73%, and to permanently incorporate this increase into its general income base.² After assessing its application, we decided to approve a one year permanent increase of 7.90% in 2014/15. We made this decision under section 508(2) of the Act.

Box 1.1 The Guidelines for 2014/15

We assess applications for special variations using criteria in the *Guidelines for the preparation of an application for a special variation to general income*, issued by the Office of Local Government.

The Guidelines adopt the same criteria for applications for a special variation under either section 508A or 508(2) of the *Local Government Act 1993*.

The Guidelines emphasise the importance of the council's Integrated Planning and Reporting (IP&R) documents to the special variation process. Councils are expected to engage with the community about service levels and funding when preparing their strategic planning documents. As a result, for most criteria, the IP&R documents (eg. Delivery Program and Long Term Financial Plan) must contain evidence that supports a council's application for a special variation.

¹ Division of Local Government, Department of Premier and Cabinet, *Guidelines for the preparation of an application for a special variation to general income for 2014/15*, September 2013 (the Guidelines). Effective February 2014 the Division of Local Government became the Office of Local Government.

² Coffs Harbour City Council, *Special Variation Application 2014/15 – Part A* (Coffs Harbour City Council Application Part A), Worksheet 1.

Our decision enables the council to partly increase its infrastructure maintenance and renewal expenditure in line with its Integrated Planning and Reporting (IP&R) documents and the proposed special variation, which it adopted after extensive community consultation.

1.1 Our decision

We determined that Coffs Harbour City Council may increase its general income by 7.9% in 2014/15, including the rate peg of 2.3% that is available to all councils (see Table 1.1). The increase can be retained in the council's general income base permanently.

We have attached conditions to this decision, including that the council uses the income raised from the special variation for the purposes set out in its application.

Table 1.1 sets out our decision and Box 1.2 summarises the conditions attached to it.

Table 1.1 IPART's decision on Coffs Harbour City Council's application for a special variation in 2014/15

Component	%
Increase (to fund asset maintenance, rehabilitation and renewal programs)	5.6
Rate peg	2.3
Total increase	7.9

Source: Coffs Harbour City Council, *Special Variation Application 2014/15 – Part A, Worksheets 1*.

In making this decision, we recognise that the council will not be able to undertake the full allocation of expenditure on the purposes set out in its application (see Appendix A), and will need to prioritise planned expenditure in future years.

Box 1.2 Conditions attached to the approved special variation

IPART's approval of a permanent, one year special variation for Coffs Harbour City Council is subject to the following conditions:

- ▼ The council uses the additional income from the special variation for the purposes of rehabilitation, maintenance and renewal of infrastructure as outlined in the council's application and listed in Appendix A.
 - ▼ The council reports in its annual report for each year from 2014/15 to 2023/24 on:
 - expenditure consistent with the council's application and listed in Appendix A, and the reasons for any significant differences from the proposed expenditure
 - the outcomes achieved as a result of the actual program of expenditure
 - the council reports to the Office of Local Government by 30 November each year on its compliance with these conditions.
-

2 What did the council request and why?

Coffs Harbour City Council applied to increase its general income by a cumulative 25.73% over the 3-year period from 2014/15 to 2016/17, and to permanently incorporate this increase into its general income base.³

Table 2.1 Coffs Harbour City Council's application for a special variation for 2014/15 to 2016/17

Year	Increase applied for (%)	Cumulative increase applied for (%)	Annual increase in general income (\$)	Permissible general income (\$)
Adjusted notional income 30 June 2014				36,070,064
2014/15	7.90	7.90	2,869,200 ^a	38,939,264
2015/16	8.14	16.68	3,169,656	42,108,920
2016/17	7.75	25.73	3,263,441	45,372,362

^a Including adjustments of \$19,665

Source: Coffs Harbour City Council, *Special Variation Application 2014/15 – Part A*, Worksheets 1 and 6.

The council estimated that if its requested special variation was approved, its adjusted notional general income would increase from \$36.1m in 2013/14 to \$45.4m in 2016/17. This would generate additional revenue of \$18.2m over 3 years, or \$12.3m above the rate peg increase.⁴

³ Coffs Harbour City Council, Application Part A, Worksheet 1.

⁴ Coffs Harbour City Council, Application Part A, Worksheet 1; IPART calculations.

During the 3-year special variation period, the council planned to spend \$12.3m on asset maintenance, rehabilitation and renewal programs, funded by the special variation.⁵

More detail on the council's proposed program of capital expenditure to 2016/17 is provided in Appendix A.

3 How did we reach our decision?

We assessed Coffs Harbour City Council's application against the criteria in the Guidelines. In making our assessment we also considered the council's most recent IP&R documents, which support its application, as well as a range of comparative data about the council (set out in Appendix B).

Coffs Harbour City Council has applied on the basis of its adopted IP&R documents, in particular *its Delivery Program, Long Term Financial Plan (LTFP) and Asset Management Plan (AMP)*.

The rate increases for which the council has applied are significant over 3 years. We carefully considered, among other things, the council's need for the increase, its consideration of the community's priorities, capacity and willingness to pay, and the impact of the rate increase on ratepayers.

We found that the application met most but not all of the criteria. In particular, we found:

1. The need for the proposed revenue is demonstrated in the council's IP&R documents, and reflects community priorities.
2. The council provided evidence that the community is aware of the need for a rate rise, it had considered the community's capacity and willingness to pay the proposed rate rises. However, the evidence indicates that the extent of the rate rise in percentage terms was communicated ambiguously, and that the community could possibly have interpreted that the council sought rate increases of 5% per annum over the 3-year period from 2014/15 to 2016/17. Overall, we consider the council did not satisfactorily meet the requirements of this criterion.
3. The impact of the proposed rate rises on ratepayers is significant though reasonable given the purpose of the special variation and that the council has taken account of ratepayers' willingness and capacity to pay.
4. The council made realistic assumptions concerning its projected service delivery and budget.

⁵ Coffs Harbour City Council Application Part A, Worksheet 6.

5. The council reported productivity savings in past years, and indicated its intention to realise further savings during the period of the special variation.

Table 3.1 summarises our assessment against the criteria.

Table 3.1 Summary of IPART's assessment against criteria in the Guidelines

Criterion	IPART findings
<p>1. Need for and purpose of the special variation must be clearly articulated in the council's IP&R documents. Evidence could include community need/desire for service levels/projects and limited council resourcing alternatives, and the assessment of the council's financial sustainability made by the NSW Treasury Corporation (TCorp). The LTFP must include scenarios both with and without the special variation.</p>	<p>IP&R documents identified the need for additional revenue to maintain current infrastructure, consistent with community priorities outlined in the Delivery Program and Asset Management Strategy.^a</p> <ul style="list-style-type: none"> ▪ The LTFP base case indicates an operating deficit exceeding 15% over the next 10 years - well below the benchmark operating deficit of 4%.^b ▪ TCorp's most recent financial sustainability outlook for council is 'negative', with underinvestment on asset renewal highlighted.^c
<p>2. Evidence that the community is aware of the need for, and the extent of, the proposed rate rises. The IP&R documents should clearly explain the rate rise, canvas alternatives to the rate rise, the impact of any rises on the community, and the council's consideration of community capacity and willingness to pay higher rates. The council should demonstrate use of an appropriate variety of engagement methods to raise community awareness and provide opportunities for input.</p>	<p>The council has engaged the community through a variety of methods, including a letter to all residential ratepayers, media advertising, public information sessions and online self-selected and invitation-only surveys.^d</p> <p>The extent of the rate rise was ambiguous and not clearly communicated to the community (refer section 3.1 below). A proposal for a 5% increase on the total rate bill (including general, sewer and water rates) was headlined instead of the 8% (general fund) increase applied for by council^e. The cumulative dollar impact for residential ratepayers was communicated broadly and correctly. However, the annual dollar impact was presented only twice plus on the council website.</p>
<p>3. Impact on affected ratepayers must be reasonable, having regard to current rate levels, existing ratepayer base and the proposed purpose of the variation. The council's IP&R process should establish that proposed rate rises are affordable, having regard to the community's capacity to pay.</p>	<p>Council concluded that the rise was affordable based on:</p> <ul style="list-style-type: none"> ▪ Council's 2011/12 average residential rate being 13% lower than the comparable council reference group average.^f ▪ Vulnerable socio-economic groups, including pensioners, are covered under council's hardship policy.^g <p>A mid-range SEIFA ranking (70 out of 153) considered alongside the current relative rate level suggests capacity to pay, however this is counteracted by average annual income being 15% lower than peer average.^h</p>

Criterion	IPART findings
4. Delivery Program and LTFP must show evidence of realistic assumptions.	<p>Community feedback to consultation includes:</p> <ul style="list-style-type: none"> ▼ 47 written submissions to council, of which 42 opposed the application. IPART has received 36 submissions. Objections mostly addressed affordability, and council financial management and governance concerns. ▼ The results of open public online survey were against the special variation proposal.ⁱ <p>The assumptions for income and expenditure growth in the LTFP are reasonable, including allowances for property growth in rates revenue. The sustainable budget model appropriately reflects the special variation and projected additional cost saving initiatives.^j</p>
5. Productivity improvements and cost containment strategies realised in past years must be explained, as well as plans to realise savings over the proposed special variation period.	<p>Council's past savings projects include the introduction of a VOIP phone system (2008/09) resulting in savings estimated at over \$150,000 per annum.</p> <p>Future improvements are centred on implementation of opportunities to be identified by the Transformation to Sustainability program. Forecast savings associated with this project are \$1.3m in 2014/15.^k</p>
6. IPART's assessment of the size and resources of the council, the size of the increase, current rate levels and previous increases, the purpose of the special variation and other relevant matters.	<p>Coffs Harbour LGA has been declared a natural disaster area on four occasions since February 2009. As identified by TCorp, this has increased the cost of maintaining the road network to community standards, which has resulted in other capital projects being delayed.^l</p>

^a Coffs Harbour City Council, Special Variation Application 2014/15 – Part B, (Coffs Harbour City Council Application Part B), Attachments 1-5, Delivery Program 2013-2017; and Attachments 8-10, Buildings, Recreational and Transport Asset Management Plan.

^b Coffs Harbour City Council Application Part B, Attachment 25, *LTFP, Baseline and Sustainable Models*.

^c Coffs Harbour City Council Application Part B, Attachment 13, *TCorp Financial Assessment and Benchmarking Report*, p 16. Infrastructure Backlog ratio is 5.6% (2012/13) against a benchmark of < 2.0%. Building and Infrastructure Renewal Ratio is 21.4% (2012/13) against a benchmark of >100%. IPART calculations.

^d Coffs Harbour City Council Application Part B pp 24–26; and Attachments 17–22, *Community Engagement*.

^e Coffs Harbour City Council Application Part B, Attachments 19–22.

^f Coffs Harbour City Council Application Part B, p 43.

Coffs Harbour residential rates are \$804 (2011/12) compared to reference group average of \$911.

^g Coffs Harbour City Council Application Part B pp 42–43; Council's hardship policy includes forgiving rates, fees and interest accrued and considering alternative payment arrangements.

^h OLG, Unpublished data, *Socio-Economic Indexes for Areas (SEIFA) 2011*, March 2013; Coffs Harbour average total income is \$36,684 pa compared to the OLG Group 5 average of \$42,258.

ⁱ Coffs Harbour City Council Application Part B, pp 31–32.

Note: A reference panel survey was also conducted and 28% were strongly against the proposal to increase rates versus 17% who strongly supported the proposal.

^j Coffs Harbour City Council Application Part B, Attachment 25.

^k Coffs Harbour City Council Application Part B, pp 10, 47–49.

^l Coffs Harbour City Council Application Part B, Attachment 13, *TCorp Report Financial Assessment and Benchmarking Report*, p 4.

The sections below discuss our findings for some criteria in further detail.

3.1 Awareness of Extent of Proposed Rate Rises

We consider the council has not made the community completely aware of the impact on rates of the special variation and hence we have determined a permanent special variation for one year. The community was made aware of the proposed rate rise through a letter to all residential ratepayers, media advertising, public information sessions and online surveys. However, the awareness campaign did not clearly communicate the extent of the rate rise in percentage terms; with written material headlining a 5% per annum rise in total water, sewerage and general fund rates over 3 years. This understated the impact on general fund ratepayers (approximately 8% pa), as special variation does not apply to water and sewerage rates.

The actual residential rates increase proposed by council, and the cumulative 25.73% increase, were referred to in a supporting table that contained information on both the ordinary residential rate and other charges, including water and sewer charges. However, it did not provide comparable information for business and farmland ratepayers.

We consider the presentation of the special variation to the community by the council did not clearly communicate the full impact on residential rate increases in percentage terms. It is possible that the community is not properly aware of the extent of the proposed rate rises.⁶

In approving the increase applied for by the council for 2014/15 we have looked at other aspects of the council's consultation with the community around awareness of the extent of the rate rise, including the presentation of dollar impacts and supporting tables.

4 What does our decision mean for the council?

Our decision means that Coffs Harbour City Council may increase its general income by an estimated \$2.87m, including a catch-up adjustment in 2014/15 as indicated by Table 4.1. This will be permanently incorporated into the council's revenue base. After 2014/15, general income will increase by the annual rate peg unless we approve further special variations.⁷

⁶ IPART, *Fact Sheet – Community awareness and engagement for special variation applications*, October 2013.

⁷ General income in future years cannot be determined with precision, as it will be influenced by several factors apart from the rate peg. These factors include changes in the number of rateable properties and adjustments for previous under- or over-collection of rates. The DLG is responsible for monitoring and ensuring compliance.

Table 4.1 Impact of approved special variation on Coffs Harbour City Council income in 2014/15

Notional general income 2013/14 (\$)	Adjustment: expiring special variation	Increase in general income (%)	Adjustments: Catch-ups, valuations ^a	Annual increase in general income (\$)	Permissible general income 2014/15 (\$)
36,070,064	-	7.9	19,665	2,849,535	38,939,264

^a For Coffs Harbour City Council, these are a prior catch-up of \$19,665.

Source: Coffs Harbour City Council Application Part A, Worksheet 4.

5 What does our decision mean for ratepayers?

We set the allowable increase in general income, but it is a matter for each individual council to determine how it allocates any increase across different categories of ratepayers, consistent with our determination.

If the council changes its rates as indicated in its application, average ordinary rates, including the environmental levy, would increase in 2014/15 (including the rate peg) as follows:

- ▼ average residential rates will increase by 7.9% or \$76
- ▼ average business rates will increase by 7.9% or \$328
- ▼ average farmland rates will increase by 7.9% or \$139.⁸

Table 5.1 Indicative rate increases under the approved special variation

Category ^a	Average rate 2013/14 (\$)	Approved increase (\$)	Approved increase (%)	Average rate 2014/15 (\$)
Average residential rate	969	76	7.9	1045
Average business rate	4100	328	8.0	4428
Average farmland rate	1770	139	7.9	1909

^a Average rates include all applicable ordinary and special rates rounded to the nearest dollar.

Source: Coffs Harbour City Council Application Part A, Worksheet 5a and IPART calculations.

⁸ Coffs Harbour City Council Application Part A, Worksheet 5a, and IPART calculations.

8 | IPART Coffs Harbour City Council's application for a special variation for 2014/15

Attachment 2



Appendices

A Expenditures to be funded from the special variation above the rate peg

Tables A.1 and A.2 show Coffs Harbour City Council's proposed expenditure of the special variation funds over the next 10 years.

The council proposed to use the additional special variation revenue of \$55.7m over 10 years) to fund:

- ▼ \$11.6m of maintenance operating expenditure (Table A.1), and
- ▼ \$44.1m of capital expenditure (Table A.2).

In partially approving Coffs Harbour City Council's application, we recognise that the council will not be able to undertake the full allocation of expenditure on the purposes set out in its application (see Appendix A), and will need to re-prioritise planned expenditure in future years.

The council will indicate in its Annual Reports how its actual expenditure compares to its proposed program of expenditure.

Table A.1 Income and proposed expenditure related to the special variation (\$000)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Special variation income above rate peg, comprising:	2,020	2,081	2,143	2,207	2,274	2,342	2,412	2,484	2,559	2,636
Funding for increased operating expenditures, asset management and maintenance	410	422	435	448	461	475	490	504	519	535
Funding for capital expenditure	1,610	1,658	1,708	1,759	1,812	1,866	1,922	1,980	2,039	3,171

Notes: This table does not include figures related to program indexation after 2016/17.

This table varies from what was submitted by council in Worksheet 6 due to our decision to partially approve the special variation.

Source: Coffs Harbour City Council Application Part A, Worksheet 6.

Table A.2 Proposed capital program related to the special variation (\$000)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Additional Road Rehabilitation Program	680	1,342	2,005	2,005	2,005	2,005	2,005	2,005	2,005	2,005
Other Transport Assets Renewal Program	190	390	600	600	600	600	600	600	600	600
Buildings Renewal Program	480	980	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Recreation Services Asset Renewal Program	260	520	800	800	800	800	800	800	800	800
Total Proposed Special Variation Capital Program	1,610	3,232	4,905	4,905	4,905	4,905	4,905	4,905	4,905	4,905

Notes: This table does not include figures related to program indexation after 2016/17.

In making this decision, we recognise that the council will not be able to undertake the full allocation of expenditure on the purposes set out in its application (see Appendix A), and will need to re-prioritise planned expenditure in future years.

Source: Coffs Harbour City Council Application Part A, Worksheet 6.

B Comparative indicators

Indicators of council performance may be considered across time, either for one council or across similar councils, or by comparing similar councils at a point in time.

In Table B.1 we show how selected indicators for Coffs Harbour City Council have changed over the 3 years to 2011/12.

Table B.1 Trends in selected indicators for Coffs Harbour City Council 2009/10 to 2011/12

	2009/10	2010/11	2011/12
Productivity (labour input) indicators^a			
FTE staff (number)	524	515	509
Ratio of population to FTE	137	139	139
Average cost per FTE (\$)	\$65,397	\$65,612	\$72,083
Employee costs as % operating expenditure (General Fund only) (%)	27.9	30.7	32.5
Consultancy/contractor expenses (\$m)	20.6	23.0	26.0
Consultancy/contractor expenses as % operating expenditure (%)	16.8	16.9	18.7

^a Based upon total council operations that include General Fund, Water & Sewer and other funds, if applicable.

Source: OLG, unpublished data.

Consultancy/contractor expenses increased from \$20.6m in 2009/10 to \$26.0m in 2011/12. This was driven by an increase in garbage and recycling contracts and a rise in temporary staff.

In Table B.2 we compare the latest selected published data on Coffs Harbour City Council with the average of the councils in the OLG Group and with NSW councils as a whole.

Table B.2 Select comparative indicators for Coffs Harbour City Council 2011/12

	Council	OLG Group 5 average ^a	NSW average
General profile			
Area (km ²)	1175		
Population	70,933		
General Fund operating expenditure (\$m)	91.1		
General Fund operating revenue per capita (\$)	1,078	1,177	2,011
Rates revenue as % General Fund income (%)	48.8	48.4	45.7
Average ordinary rate indicators^b			
Average rate – residential (\$)	804	911	685
Average rate – business (\$)	3,587	4,330	2,552
Average rate – farmland (\$)	1,459	1,724	2,123
Socio-economic/capacity to pay indicators^c			
Average annual income for individuals, 2010 (\$)	36,684	42,432	44,140
Growth in average annual income, 2006-2010 (% pa)	3.7	3.5	3.0
Average residential rates 2011/12/ average annual income, 2010 (%)	2.2	2.2	1.6
SEIFA, 2011 (NSW rank; 153 is least disadvantaged)	70		
Outstanding rates & annual charges ratio (incl water & sewerage charges) (%)	5.3	5.4	7.0
Productivity (labour input) indicators^d			
FTE staff (number)	509	695	293
Ratio of population to FTE	139	169	126
Average cost per FTE (\$)	72,083	79,825	74,438
Employee costs as % operating expenditure (General Fund only) (%)	32.5	34.5	36.8
Consultancy/contractor expenses (\$m)	26.0	21.3	6.9
Consultancy/contractor expenses as % operating expenditure (%)	18.7	11.7	9.3

^a OLG Group 5 is classified Urban large/very large regional town/city with a population greater than 70,000. The group comprises 6 councils including: Lake Macquarie City Council, Newcastle City Council and Tweed Shire Council.

^b Average rates equal total ordinary rates revenue divided by the number of assessments in each category.

^c Average annual income includes income from all sources excluding government pensions and allowances.

^d Based upon total council operations. There are difficulties in comparing councils using this data because councils' activities differ widely in scope and they may be defined and measured differently between councils.

Source: OLG, unpublished data; ABS, *National Regional Profiles*, NSW, November 2011; ABS, *Regional Population Growth*, July 2012; ABS, *Estimates of Personal Income for Small Areas, 2005-06 to 2009-10*, February 2013; ABS, *Socio-Economic Indexes for Areas (SEIFA) 2011*, March 2013.

MAKING OF RATES AND CHARGES FOR 2014-2015

Purpose:

To 'make' the rates, annual charges, user charges and interest charges in support of Council's 2014/2015 budget and operational plan.

Description of Item:

At the Ordinary Meeting of 22 May 2014, Council adopted its revised 2014/2018 Delivery Program and 2014/2015 Operational Plan and associated budgets.

It was noted at that time that the Independent Pricing and Regulatory Tribunal (IPART) had yet to announce its determination on Council's application for a three year special rate variation to general income.

Council resolved to adopt the Delivery Program and Operational Plan incorporating two budget scenarios (a first option including the three-year special rate variation; a second option without the special rate variation).

Council at this time also resolved that if special rate variation application is refused, the associated programs of works will be deferred and a further review of 'Levels of Service' and funding options will be necessary to assist Council to meet its infrastructure maintenance and renewal needs and to achieve financial sustainability.

On 3 June 2014, IPART advised that it had approved only a one year (permanent) rate increase of 7.90% for 2014/2015.

This determination by IPART undermines Council's long term Financial Sustainability Strategy. The asset renewal and maintenance works planned to be funded by rate increases over the next three years will need to be reassessed along with associated levels of service.

The rates and annual charges for 2014/2015 have to be formally 'made' under Section 535 of the Local Government Act 1993, by Council resolution. The rates and charges are required to be made by 1 August each year.

Council's 2014/2015 Operational Plan allows for the implementation of a 7.90% increase in 'General Income' (income from ordinary and special rates), which includes both the 2.3% rate peg increase announced for 2014/2015 and the approved one year (permanent) additional rate increase approved by IPART.

The following rates and charges are to be 'made' for 2014/2015:

1. Ordinary (General) Rates

- Residential – 0.36801 cents in the dollar with a Base Amount of \$330.00.
- Business – 0.85745 cents in the dollar with a minimum of \$555.50.
- Business (City Centre Business) – 1.18235 cents in the dollar with a minimum of \$539.50.
- Farmland – 0.36801 cents in the dollar with a Base Amount of \$330.00.

2. Environmental (Special) Rate

Environmental – 0.01038 cents in the dollar, Base Amount \$20.15.

3. Waste Management Charges:

- Domestic Waste – Occupied - \$566.00 per service
- Domestic Waste – Subsidiary General Waste Charge - \$233.00 per service
- Domestic Waste – Subsidiary Recycling Charge - \$87.00 per service
- Domestic Waste – Subsidiary Recycling Upgrade Charge - \$32.00 per upgrade
- Domestic Waste – Subsidiary Organic Waste Charge - \$137.00 per service
- Domestic Waste – Vacant Land - \$106.00 per assessment
- Non-Domestic Waste – Occupied - \$566.00 per service (excluding GST)
- Non-Domestic Waste – Subsidiary General Waste Charge - \$233.00 per service (excluding GST)
- Non-Domestic Waste – Subsidiary Recycling Charge - \$87.00 per service (excluding GST)
- Non-Domestic Waste – Subsidiary Recycling Upgrade Charge - \$32.00 per upgrade (excluding GST)
- Non-Domestic Waste – Subsidiary Organic Waste Charge - \$137.00 per service (excluding GST)
- Non-Domestic Waste – Vacant Land - \$106.00 per assessment (excluding GST)
- Non-Domestic Waste (Non-Rateable) - \$566.00 per service (excluding GST).

4. Sewerage Access Charges:

- Residential Properties - \$806.00 per occupation
- Non-Residential Properties - Calculated using the formula: $SDF \times MF \times AC$ (with a minimum charge of \$556.00).

Where: SDF = Sewer Discharge Factor
MF = Meter Factor (*refer to table 1 within recommendations*)
AC Factor = Access Charge = \$789.00.

5. Sewerage Access Charges – Vacant Properties:

- Residential Vacant - \$556.00 per assessment
- Non-Residential Vacant - \$556.00 per assessment.

6. Onsite Sewage Administration Fee:

- \$31.00 per system (low risk)
- \$62.00 per system (medium risk)
- \$186.00 per system (high risk).

7. Private Pump Station Annual Management Charge:

\$120.00 per sewer pump station.

8. Water Access Charges:

- Residential Properties - \$143.00 per occupation
- Non-Residential Properties - \$143.00 per meter factor (MF)
- Water Backflow Charge (Residential) - \$15.50 per testable backflow device
- Water Backflow Charge (Non-Residential) - \$62.00 for the first testable backflow device then \$15.50 for any additional testable devices.

9. **Water Access Charges – Vacant Properties:**
 - Residential Vacant - \$143.00 per assessment
 - Non-Residential Vacant - \$143.00 per assessment
10. **Water Usage Charges – Residential / Non-Rateable (residential nature):**
 - Tier 1 (up to 1 kilolitre per day, averaged over reading period) - \$2.63 per kilolitre
 - Tier 2 (over 1 kilolitre per day) - \$3.95 per kilolitre.
11. **Water Usage Charges – Non-Residential / Non-Rateable:**

\$2.63 per kilolitre for all water used.
12. **Water Usage Charges – Fire Service:**

\$7.89 per kilolitre for all water used (except for usage, supported by evidence related to fire fighting).
13. **Water Usage Charges – Raw Water Supply:**
 - Tier 1 (up to 1 kilolitre per day, averaged over reading period) - \$1.32 per kilolitre
 - Tier 2 (over 1 kilolitre per day) - \$1.97 per kilolitre.
14. **Sewer Usage Charges – Non-Residential / Non-Rateable:**

Sewer Discharge Factor (SDF) x \$2.06 per kilolitre (based on water usage).
15. **Sullage (Effluent) Collection Charge:**

\$468.00 per service.
16. **Effluent Charge (Special):**

\$806.00 per service.
17. **Trade Waste Annual Charge: (based on number of trade waste generators)**
 - 1 generator - \$190.00
 - 2 to 4 generators - \$380.00
 - 5 to 9 generators - \$855.00
 - 10 to 14 generators - \$1,520.00
 - 15 to 19 generators - \$2,280.00
 - 20 to 24 generators - \$3,230.00
 - > 24 generators - \$4,180.00.
18. **Trade Waste Usage Charges – Non-Residential / Non-Rateable:**
 - **Compliant trade waste discharge for Charge Category 2 generators -**
Trade Waste Discharge Factor (TWDF) x \$1.63 per kilolitre (based on water usage)
 - **Non-Compliant trade waste discharge for Charge Category 2 generators -**
Trade Waste Discharge Factor (TWDF) x \$14.98 per kilolitre (based on water usage)
 - **Non-Compliant trade waste discharge for Charge Category 1 generators -**
Trade Waste Discharge Factor (TWDF) x \$1.63 per kilolitre (based on water usage)

19. Stormwater Service Charges:

- Residential Properties (except strata units) - \$25.00 per property
- Residential Strata Units - \$12.50 per property
- Business Properties – per property (amounts based on land area @ \$25.00 per 350m²)
- Business Strata Units (mixed development with residential units) - \$12.50 per property
- Business Strata Units (in a complex having business units only) – per property (amounts based on land area and unit entitlement) – Minimum charge of \$5.00 applies to each unit.

20. Interest on overdue rates and charges:

Council will apply an interest rate of 8.5% (as determined by the Minister for Local Government) calculated daily on a simple basis, on overdue rates and charges.

Sustainability Assessment:

- **Environment**

There are no environmental implications for Council.

- **Social**

There are no social implications for Council.

- **Civic Leadership**

Rates and Charges are an essential component of Council's revenue platform which fund works and services aimed at achieving the objectives of the *Coffs Harbour 2030* Community Strategic Plan.

- **Economic**

Broader Economic Implications

The rates and annual charges have to be adopted by Council so that rate notices and usage accounts can be issued in 2014/2015. Failure to issue such accounts would detrimentally affect Council's ability to fund expenditure.

Delivery Program/Operational Plan Implications

The rates and charges included in this report are in accordance with the related income yields in the 2014/2015 Operational Plan.

Risk Analysis:

Rates and annual charges are required by legislation to be adopted (made) by Council before being levied for 2014/2015. Failure to levy these rates and charges would detrimentally affect Council's ability to fund expenditure.

Consultation:

The rates and charges in this report have been considered as part of the preparation and adoption of Council's 2014/2015 Operational Plan.

Related Policy and / or Precedents:

Each year Council is required to adopt its rates and charges.

The adoption of a budget structure is a requirement under the Local Government Act 1993.

Statutory Requirements:

Section 535 of the Local Government Act requires Council to 'make' (adopt) its rates and charges each year.

Issues:

The report seeks adoption of rates and charges which are required to achieve income yields as stipulated in Council's 2014/2015 Operational Plan.

Implementation Date / Priority:

The rates and charges detailed in this report will apply to the 2014/2015 financial year.

Recommendation:

That Council:

1. **Note the Independent Pricing and Regulatory Tribunal's (IPART) advice of 3 June 2014, approving a one year (permanent) Special Variation to General Income of 7.90% for 2014/2015.**
2. **Make an Ordinary Rate - Residential, pursuant to Section 494 of the Local Government Act, for 2014/2015 of (0.36801 cents) in the dollar with a Base Amount of \$330.00 for all rateable land in the Coffs Harbour LGA categorised as 'Residential'.**
3. **Make an Ordinary Rate – Business, pursuant to Section 494 of the Local Government Act, for 2014/2015 of (0.85745 cents) in the dollar with a minimum rate of \$555.50 for all rateable land in the Coffs Harbour LGA categorised as 'Business' EXCEPT land under the sub-category of Business named 'City Centre Business'.**
4. **Make an Ordinary Rate – City Centre Business, pursuant to Section 494 of the Local Government Act, for 2014/2015 of (1.18235 cents) in the dollar with a minimum rate of \$539.50 for all rateable land in the Coffs Harbour LGA sub-categorised as 'City Centre Business'.**
5. **Make an Ordinary Rate – Farmland, pursuant to Section 494 of the Local Government Act, for 2014/2015 of (0.36801 cents) in the dollar and a Base Amount of \$330.00 for all rateable land in the Coffs Harbour LGA categorised as 'Farmland'.**
6. **Make a Special Rate – Environmental, pursuant to Section 495 of the Local Government Act, for 2014/2015 on all rateable land in the Coffs Harbour LGA of (0.01038 cents) in the dollar with a Base Amount of \$20.15.**
7. **Make an Annual Charge for Domestic Waste Service – Occupied, pursuant to Section 496 of the Local Government Act, for 2014/2015 on all occupied rateable land, categorised Residential or Farmland, to which a domestic waste service is (or able to be) provided.**

The amount of the annual charge will be the amount derived by applying the formula: $C = S \times UD$

Where 'C' equals the annual charge, 'S' equals the number of general waste bins provided to the parcel of land or lot in a strata plan for collection or the number of separate occupations, or one (1), whichever is the greater, and 'UD' (Unit Price Domestic Waste) is \$566.00.

Subsidiary (or extra) Domestic Waste Services pursuant to Section 501 of the Local Government Act, for 2014/2015 will incur the following annual charges per service:

- 7.1. Domestic General Waste Service - \$233.00
- 7.2. Domestic Recycling Service - \$87.00
- 7.3. Domestic Recycle Upgrade Service - \$32.00
- 7.4. Domestic Organic Waste Service - \$137.00.

- 8. Make an Annual Charge for Non-Rateable (Non-Domestic) Waste Service, pursuant to Section 496(2) of the Local Government Act, for 2014/2015 on all occupied non-rateable properties to which a waste collection service is provided.

The amount of the annual charge will be the amount derived by applying the formula $C = S \times UN$, where 'C' equals the annual charge, 'S' equals the number of general waste bins provided for collection or the number of separate occupations, or one (1) whichever is the greater and 'UN' (Unit Price Non-Rateable) is \$566.00 (excluding GST).

Subsidiary (or extra) Non-Rateable (Non-Domestic) Waste Services pursuant to Section 501 of the Local Government Act, for 2014/2015 will incur the following annual charges per service:

- 8.1. Non-Rateable General Waste Service - \$233.00 (excluding GST)
- 8.2. Non-Rateable Recycling Service - \$87.00 (excluding GST)
- 8.3. Non-Rateable Recycle Upgrade Service - \$32.00 (excluding GST)
- 8.4. Non-Rateable Organic Waste Service - \$137.00 (excluding GST)

- 9. Make an Annual Charge for Domestic Waste – Vacant Land, pursuant to Section 496 of the Local Government Act, for 2014/2015 of \$106.00, on all vacant rateable land categorised Residential and Farmland, to which a domestic waste service is available.

- 10. Make an Annual Charge for Non-Domestic Waste – Occupied, pursuant to Section 501 of the Local Government Act for 2014/2015 on all occupied rateable land categorised Business or sub-categorised City Centre Business, to which a waste collection service is provided (or is able to be provided).

The amount of the annual charge will be the amount derived by applying the formula $C = S \times UB$, where 'C' equals the annual charge, 'S' equals the number of general waste bins provided to the parcel of land or lot in a strata plan for collection or the number of separate occupations, or one (1) whichever is the greater and 'UB' (Unit Price - Non Domestic) is \$566.00 (excluding GST).

Subsidiary (or extra) Non-Domestic Waste Services pursuant to Section 501 of the Local Government Act, for 2014/2015 will incur the following annual charges per service:

- 10.1. Non-Domestic General Waste Service - \$233.00 (excluding GST)
- 10.2. Non-Domestic Recycling Service - \$87.00 (excluding GST)
- 10.3. Non-Domestic Recycle Upgrade Service - \$32.00 (excluding GST)
- 10.4. Non-Domestic Organic Waste Service - \$137.00 (excluding GST)

11. **Make an Annual Charge for Non-Domestic Waste – Vacant Land**, pursuant to Section 501 of the Local Government Act, for 2014/2015 of \$106.00 (excluding GST), on all vacant rateable land categorised Business or sub-categorised City Centre Business to which a non domestic waste service is available.
12. **Make an Annual Charge – Sewerage Access Charge**, pursuant to Section 501 of the Local Government Act, for 2014/2015 on all rateable land categorised Residential or Farmland, EXCEPT land prescribed under Section 552 (3) (a) and (b) of the Local Government Act.

The amount of the annual charge will be \$806.00 per occupation or \$556.00 for vacant land.

13. **Make an Annual Charge – Private Sewer Pump Station Management Charge**, pursuant to Section 501 of the Local Government Act, for 2014/2015 on all rateable land.

The amount of the annual charge will be \$120.00 per private sewer pump station.

14. **Make an Annual Charge – Sewerage Access Charge**, pursuant to Section 502 of the Local Government Act, for 2014/2015 on all rateable land categorised Business or within the Business subcategory 'City Centre Business' EXCEPT land prescribed under Section 552(3) (a) and (b) of the Local Government Act.

The amount of the annual charge will be:

For vacant land - \$556.00.

For occupied land the charge will be calculated using the formula:

$SDF \times MF \times AC \text{ factor}$ (with a minimum charge of \$556.00).

Where: SDF = Sewer Discharge Factor
 MF = Meter Factor (refer to table 1 below)
 AC factor = \$789.00 (charge for 2014/2015).

Where no Council water service is installed on an occupied property (and able to be connected to the sewerage system) a Meter Factor (MF) equal to one (1) and a Sewer Discharge Factor (SDF) equal to 95% will be assumed for the calculation of the annual sewer access charge (i.e. $1 \times 95\% \times \$789.00 = \749.55).

Table 1 - Meter Charge Factors - Annual Sewer Access Charge (Non-Residential)

Meter Size (in mm)	Charge Factor	Meter Size (in mm)	Charge Factor	Meter Size (in mm)	Charge Factor
15	1.00	40	4.00	100	25.00
20	1.00	50	6.30	150	56.30
25	1.60	65	10.60	200	100.00
32	2.60	80	16.00	Fire Service	Nil

15. **Make an Annual Fee for On-site Sewage Administration (low risk systems)**, pursuant to Section 608 of the Local Government Act for 2014/2015 on each property on which an on-site sewage management system(s) is installed.

The amount of the fee will be the amount derived by applying the formula

$C = OS \times UPL$ where 'C' equals the annual fee, 'OS' equals the number of on-site sewage management systems and 'UPL' (Unit Price) is \$31.00 for low risk on-site sewage systems.

16. **Make an Annual Fee for On-site Sewage Administration (medium risk systems)**, pursuant to Section 608 of the Local Government Act for 2014/2015 on each property on which an on-site sewage management system is installed.

The amount of the fee will be the amount derived by applying the formula:

$C = OS \times UPM$ where 'C' equals the annual fee, 'OS' equals the number of on-site sewage management systems and 'UPM' (Unit Price) is \$62.00 for medium risk on-site sewage systems.

17. Make an Annual Fee for On-site Sewage Administration (high risk systems), pursuant to Section 608 of the Local Government Act for 2014/2015 on each property on which an on-site sewage management system is installed.

The amount of the fee will be the amount derived by applying the formula

$C = OS \times UPH$ where 'C' equals the annual fee, 'OS' equals the number of on-site sewage management systems and 'UPH' (Unit Price) is \$186.00 for high risk on-site sewage systems.

18. Make an Annual Charge – Water Access Charge, pursuant to Section 501 of the Local Government Act, for 2014/2015 on all rateable land categorised Residential or Farmland EXCEPT: Land prescribed under Section 552(2) of the Local Government Act (or) Farmland rated properties using water for a commercial farming purpose.

The amounts of the annual charge will be:

- 18.1. For vacant land or land comprising a single residential dwelling or a lot within a strata plan - \$143.00.

- 18.2. For land on which is erected a building or buildings adapted for two or more separate occupations, including (but not limited to) a dual occupancy or residential flat building(s) not being part of a strata plan, the amount derived by applying the formula $AC = T \times \$143.00$ where 'AC' equals the Annual Charge, 'T' equals the number of separate occupations.

19. Make an Annual Charge – Water Access Charges, pursuant to Section 501 of the Local Government Act, for 2014/2015 on all rateable land categorised Business (and sub-category City Centre Business) or Farmland EXCEPT: Land prescribed under Section 552(2) of the Local Government Act (or) Farmland rated properties using water for a residential purpose.

The amount of the annual charges will be:

- 19.1. For vacant land or occupied land that is not connected to the water supply - \$143.00.

- 19.2. For land not included in (i) above the amount is derived by applying the formula $AC = MF \times \$143.00$ where 'AC' equals the Annual Charge, 'MF' equals the aggregate of the charge factors for all meters on the property (see table 2 below for charge factors), and \$143.00 is the unit price.

Table 2 – Meter Charge Factors - Water Access Charge (Non-Residential)

Meter Size (in mm)	Charge Factor	Meter Size (in mm)	Charge Factor	Meter Size (in mm)	Charge Factor
15	1.00	40	4.00	100	25.00
20	1.00	50	6.30	150	56.30
25	1.60	65	10.60	200	100.00
32	2.60	80	16.00	Fire Service	1.00

20. Make an Annual Charge - Water Backflow Charge, pursuant to Section 501 of the Local Government Act, for 2014/2015 of \$15.50 per testable backflow device on rateable properties under the category of Residential or Farmland in respect of land prescribed under Section 552(1).

21. **Make an Annual Charge - Water Backflow Charge, pursuant to Section 501 of the Local Government Act, for 2014/2015 of \$62.00 for the first testable backflow device and \$15.50 for any additional testable backflow device(s) on rateable properties under the category of Business or sub-category of City Centre Business in respect of land prescribed under Section 552(1).**
22. **Make an Annual Charge for Effluent Removal, pursuant to Section 501 of the Local Government Act, for 2014/2015 of \$468.00 for each system able to be connected to the sewerage system (properties with this charge applied may also be charged an annual sewer access charge).**
23. **Make an Annual Charge for Effluent Removal, pursuant to Section 501 of the Local Government Act, for 2014/2015 of \$468.00 for each system not yet on Council's subsidised pump-out service and not able to be connected to the sewerage system.**
24. **Make an Annual Charge for Effluent Removal (Special), pursuant to Section 501 of the Local Government Act, for 2014/2015 of \$806.00 for each system not able to be connected to the sewerage system. A subsidised effluent pump-out service is provided with this charge.**
25. **Make an Annual Charge for Trade Waste, pursuant to Section 501 of the Local Government Act, for 2014/2015. This annual charge is based on the number of trade waste generators at each property.**

Table three shows the annual charge applicable for a particular number of trade waste generators at a property.

Table 3 – Annual Charge for Trade Waste

Number of Trade Waste Generators	Annual Trade Waste Charge
1	\$190.00
2 to 4	\$380.00
5 to 9	\$855.00
10 to 14	\$1,520.00
15 to 19	\$2,280.00
20 to 24	\$3,230.00
>24	\$4,180.00

26. **Make a Water Usage Charge, pursuant to Section 502 of the Local Government Act, for 2014/2015 of \$2.63 per kilolitre for each kilolitre of water registered, up to a daily average of one (1) kilolitre per occupation for the period read, this is to be known as the Tier 1 (or Step 1) water usage charge.**
27. **Make a Water Usage Charge, pursuant to Section 502 of the Local Government Act, for 2014/2015 of \$3.95 per kilolitre for each kilolitre of water registered, over a daily average of one (1) kilolitre per occupation for the period read, this is to be known as the Tier 2 (or Step 2) water usage charge.**
28. **Make a Water Usage Charge (Raw Water Supply), pursuant to Section 502 of the Local Government Act, for 2014/2015 of \$1.32 per kilolitre for each kilolitre of water registered, up to a daily average of one (1) kilolitre per occupation supplied for the period read, this is to be known as the Tier 1 (or Step 1) raw water usage charge.**
29. **Make a Water Usage Charge (Raw Water Supply), pursuant to Section 502 of the Local Government Act, for 2014/2015 of \$1.97 per kilolitre for each kilolitre of water registered, over a daily average of one (1) kilolitre per occupation supplied for the period read, this is to be known as the Tier 2 (or Step 2) raw water usage charge.**

30. **Make a Water Usage Charge, pursuant to Section 502 of the Local Government Act, for 2014/2015 of \$2.63 per kilolitre for each kilolitre of water registered on any meter fitted to any Non-Residential property.**
31. **Make a Water Usage Charge, pursuant to Section 502 of the Local Government Act, for 2014/2015 of \$7.89 per kilolitre for each kilolitre of water registered on any meter fitted for providing a fire service at a property.**
32. **Make a Sewerage Usage Charge, pursuant to Section 502 of the Local Government Act, for 2014/2015 of \$2.06 per kilolitre. Sewerage discharge is based on water usage and varies depending on Sewer Discharge Factors (SDF) allocated to individual water meters on individual properties. Usage is generally determined with the use of meters, which in certain circumstances may not be directly connected to Council's water supply.**
33. **Make a Trade Usage Charge (for compliant trade waste discharge – Charge Category 2 generators), pursuant to Section 502 of the Local Government Act, for the 2014/2015 charge period of \$1.63 per kilolitre.**
34. **Make a Trade Usage Charge (for non-compliant trade waste discharge – Charge Category 1 generators), pursuant to Section 502 of the Local Government Act, for the 2014/2015 charge period of \$1.63 per kilolitre.**
35. **Make a Trade Usage Charge (for non-compliant trade waste discharge – Charge Category 2 generators), pursuant to Section 502 of the Local Government Act, for the 2014/2015 charge period of \$14.98 per kilolitre.**
36. **Make an Annual Stormwater Management Service Charge, pursuant to Section 496A of the Local Government Act, for 2014/2015, to be applied against rateable properties categorised as Business or Residential within Council's stormwater catchments. The amount of the annual charges will be:**
 - 36.1. **Residential properties (not being strata units) - a flat charge of \$25.00 will apply.**
 - 36.2. **For Residential Strata Units - a flat charge of \$12.50 will apply.**
 - 36.3. **For Business properties (not being strata units) the charge is based on total (estimated) impervious land area using the following criteria:**

Divide the total impervious land area by 350 square metres. This will result in an amount which, (rounded up to the nearest whole number) is multiplied by \$25.00. This annual charge will therefore be an amount divisible by \$25.00 with the minimum charge being \$25.00 for properties having a land area of 350 square metres or less.
 - 36.4. **For Business Strata Units (in a complex containing only business units) - the charge is determined by a method similar to that detailed in point (III) above, except that the total land area charge for the strata complex (being a multiple of the \$25.00 charge) is further apportioned to individual strata units within the complex using the unit entitlement recorded for each unit. A minimum charge of \$5.00 per strata unit applies to calculated charges less than this amount.**
 - 36.5. **For Business Strata Units (in a mixed complex containing residential units) – the charge for these units will be the same as residential strata units being a flat charge of \$12.50.**
37. **Make an Interest Charge of 8.5%, pursuant to Section 566 of the Local Government Act, for 2014/2015 being the maximum amount determined by the Minister for Local Government; calculated daily on a simple basis, on overdue rates and charges (EXCEPT water, sewer and trade waste usage charges).**

GRANTING OF VOLUNTARY PENSION REBATES FOR 2014-2015

Purpose:

To confirm the granting of voluntary pension rebates for Domestic Waste Charges for 2014/2015 and extend the voluntary rebate to apply to the Environmental Special Rate for 2014/2015.

Description of Item:

The Local Government Act 1993, (the Act) provides that the Council must grant a mandatory rebate to eligible pensioners for rates and charges. Council is then reimbursed by subsidy payment for a proportion of the amount rebated. Section 582 of the Act provides that Council may grant an additional voluntary rebate.

The mandatory rebate for Ordinary Rates, Domestic Waste and the Environmental Special Rate is 50% (to a maximum of \$250) of the sum of those three components.

In most instances this would result in pensioners not receiving any rebate on Domestic Waste charges and/or on the Environmental Special Rate (where the Ordinary Rate alone is \$500 or more for example).

Sustainability Assessment:

- **Environment**

There are no environmental impacts.

- **Social**

The voluntary rebate on the Domestic Waste Charge provides, on average, a reduction in the amount payable by eligible pensioners of about \$87.50 per annum.

The voluntary rebate on the Environmental Special Rate provides, on average, a reduction in the amount payable by eligible pensioners of about \$19 per annum.

Cessation of these benefits would obviously create a significant financial burden to these ratepayers.

- **Civic Leadership**

The granting of voluntary pensioner rebates supports a number of objectives that have been identified within the Coffs Harbour 2030 Community Strategic Plan and is directly connected to the theme 'Looking after our Community' within the plan.

Relevant strategies include:

LC 1.4 Promote a caring, inclusive and cohesive community

LC 1.5 Support the vulnerable and disadvantaged

- **Economic**

Broader Economic Implications

The total cost of the voluntary rebates is built into the Operational Plan at approximately \$620,000 (\$510,000 for Domestic Waste and \$110,000 for the Environmental Levy). The rates and charges structure for 2014/2015 has been set to take this into account.

Any cessation of these voluntary rebates, or any reduction in the level of the benefit, only reduces the costs to Domestic Waste or the Environmental Levy, both of which virtually operate as their own funds. The reduction cannot be diverted to any general purpose area.

Council must also provide mandatory rebates in 2014/2015 for Ordinary (General) Rates (approximately \$1,530,000), Water charges (approximately \$460,000) and Sewer charges (approximately \$470,000) - a total of approximately \$2.46 million.

The State Government currently provides a grant equivalent to 55% of the mandatory rebates. This will leave Council bearing a cost of approximately \$1,107,000 for the mandatory rebates. When added to the cost of voluntary rebates the total cost to Council for 2014/2015 will be approximately \$1,727,000.

Delivery Program/Operational Plan Implications

The total cost of the voluntary rebates is built into the Operational Plan at approximately \$620,000.

Risk Analysis:

A risk analysis is not applicable in this instance.

Related Policy and / or Precedents:

The Council's current policy (adopted by resolution on 18 June 2002) is to grant a voluntary rebate on Domestic Waste charges, where applicable, to a maximum of \$87.50. It is considered appropriate to continue this policy. Council has previously indicated that it wished to provide for a 50% rebate on the Environmental Levy (Special Rate).

Statutory Requirements:

The original application to the Minister for the Special Rate Variation for the Environmental Levy stated that a pensioner rebate would apply. A voluntary rebate under Section 582 of the Local Government Act is the appropriate mechanism to achieve this.

Implementation Date / Priority:

The proposed voluntary pensioner concessions detailed in this report will apply for the 2014/2015 financial year.

Recommendation:

- 1. That Council grants a voluntary rebate under Section 582 of the Local Government Act in 2014/2015 to eligible pensioners in respect of the Environmental Special Rate and Domestic Waste charges. The level of rebate to be:**
 - 1.1. In the case of the Environmental Special Rate – the amount that is the difference between 50% of the ad valorem rate and 50% of the Base Amount and the mandatory rebate to be applied under Section 575 of the Local Government Act.**
 - 1.2. In the case of the Domestic Waste Charge – the amount that is the difference between \$87.50 and the mandatory rebate to be applied under Section 575 of the Local Government Act.**
- 2. That it be noted that Council provides an amount over and above the Government subsidy of approximately \$1,727,000 in its 2014/2015 budget to meet the cost of providing pension rebates of which approximately \$620,000 is provided on a voluntary basis.**

MONTHLY BUDGET REVIEW FOR MAY 2014

Purpose:

To report on the estimated budget position as at 31 May 2014.

Description of Item:

Estimated Budget Position as at 31 May 2014:

	General Account \$	Water Account \$	Sewer Account \$
Original Budget adopted 13 June 2013	426,307 (D)	4,553,442 (D)	3,165,226 (D)
Approved Variations to 30 April 2014	(423,707) (S)	(556,076) (S)	(300,000) (S)
Recommended variations May 2014	Nil	Nil	(350,000) (S)
Estimated result as at 31 May 2014	<u>2,600 (D)</u>	<u>3,997,366 (D)</u>	<u>2,515,226 (D)</u>

General Account

Deficit/(Surplus)

Address storm damage at Sawtell Pool's Learn to Swim facility	6,500 (D)
Buildings Maintenance and Repairs budget savings identified to address storm damage at Sawtell Pool	(6,500) (S)
Corporate Information staff costs savings due to vacancies.	(80,000) (S)
Development Assessment and Building Services staff cost savings due to vacancies.	(70,000) (S)
Reallocate staff costs surplus to computer software contingency funds to meet future needs	150,000 (D)
Funding required to repair leak issues at Woolgoolga Pool	35,000 (D)
Strategic Asset Planning staff cost savings due to vacancies.	(35,000) (S)
Construction of a 2.5 metre sharepath on the western side of North Sapphire Road (between Split Solitary and North Solitary Roads)	45,000 (D)
North Sapphire Road sharepath funded by S94 Developer Contributions	(45,000) (S)

Total

Nil

Water Account

S64 contributions income revised to reflect current market conditions	1,533,000 (D)
S64 contributions income offset to Water Fund reserve	(1,533,000) (S)
Additional interest on reserves income above budget forecast	(175,000) (S)
Interest income offset to Water Fund reserve	175,000 (D)

Total

Nil

Sewer Account

S64 contributions income revised to reflect current market conditions	1,147,900 (D)
S64 contributions income offset to Water Fund reserve	(1,147,900) (S)
Additional interest on reserves income above budget forecast	(183,000) (S)
Interest income offset to Water Fund reserve	183,000 (D)
Additional interest on investments income above budget forecast	(350,000) (S)
Total	<u>(350,000) (S)</u>

Sustainability Assessment:

- **Environment**

There are no perceived short or long term environmental impacts.

- **Social**

There are no perceived short or long term social impacts.

- **Civic Leadership**

Council strives to reach a balanced budget cash position by June 30 each year in conjunction with meeting its short term priorities.

- **Economic**

Broader Economic Implications

When dealing with increased community demands Council has to focus on the balance of providing services with the limited funds available. Council aims to ensure that a healthy financial position is maintained to ensure ongoing viability of the organisation.

Delivery Program/Operational Plan Implications

The Original budget for the General Account adopted on the 13 June 2013 provided for a deficit of \$426,307. According to this review the projected deficit for 13/14 has reduced by \$423,707 to \$2,600.

For substantial budget adjustments the associated council reports have addressed the triple bottom line factors independently in 2013/14.

Risk Analysis:

This is not applicable to this report.

Consultation:

Managers and their relevant staff have been provided with electronic budget reports for each program on a monthly basis. Requested variations and variations adopted by Council have been included in the report.

Related Policy and / or Precedents:

The Director of Corporate Business has provided guidelines to staff regarding their responsibilities relating to effective and transparent budget review and assessment processes. This framework provides guidance in achieving the objective of a year end balanced budget in the General Fund.

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.

Issues:

Currently any major budget issues are collated and addressed on a monthly basis via a separate report to the Corporate Development Team.

Implementation Date / Priority:

Management will continue to monitor the organisation's performance with a view to improving service delivery.

Recommendation:

That the budget adjustments be approved and the current budget position be noted.

Estimated Budget Position as at 31 May 2014:

	General Account \$	Water Account \$	Sewer Account \$
Original Budget adopted 13 June 2013	426,307 (D)	4,553,442 (D)	3,165,226 (D)
Approved Variations to 30 April 2014	(423,707) (S)	(556,076) (S)	(300,000) (S)
Recommended variations May 2014	Nil	Nil	(350,000) (S)
Estimated result as at 31 May 2014	<u>2,600 (D)</u>	<u>3,997,366 (D)</u>	<u>2,515,226 (D)</u>

BANK BALANCES AND INVESTMENT FOR MAY 2014

Purpose:

To list Council's Bank Balances and Investments as at 31 May 2014.

Description of Item:

A copy of the state of Bank Balances and Investments as at 31 May 2014 is attached.

It should be noted that Council is required to account for investments in accordance with the Australian International Financial Reporting Standards. Term deposits are shown at face value and all other investment balances at the end of each month reflect market value movements which would be inclusive of accrued interest.

Interest when paid, say quarterly, would result in reductions in the market value of the investments.

The investment report reflects the above requirements and reflects the interest earned (or accrued) on each investment, based on the acquisition price.

Reports written by CPG Research & Advisory Pty Ltd (Council's investment portfolio advisors), which examine economic and financial markets data for May 2014, and review the performance of Council's investment portfolio for the month ended 31 May 2014, are available in the Councilors' Resource Centre.

Sustainability Assessment:

- **Environment**

There are no perceived current or future environmental impacts.

- **Social**

There are no perceived current or future social impacts.

- **Civic Leadership**

Council invests surplus funds to maximise investment income and preserve capital to assist with funding requirements for projects listed under the Coffs Harbour 2031 Community Strategic Plan.

- **Economic**

Broader Economic Implications

Council's investments are held according to the requirements stated within Council's investments policy and the returns are acceptable in relation thereto. In the long term earnings from investments can vary due to economic conditions and financial markets. Council constructs its investment portfolio with consideration of current conditions and to comply with the Office of Local Government (OLG) investment policy guidelines.

Delivery Program/Operational Plan Implications

For May 2014 it is noted that after deducting, from the total bank and investment balances of \$151,862,852 the estimated restricted General, Trust, Water and Sewerage cash and investments (\$151,727,972), the Unrestricted Cash is \$134,880.

Risk Analysis:

The likelihood of risks associated with New South Wales Local Government's investing funds is now remote due to the conservative nature of investments permitted under statutory requirements. The risk of capital not being returned in relation to each individual investment Council owns is indicated in the attachment.

The main risks for Council's investment portfolio are liquidity and credit risk, both of which are being managed under the advice of CPG Research & Advisory Pty Ltd. Liquidity risk is the risk that the investor is unable to redeem the investment at a fair price within a timely period and thereby incurs additional costs (or in the worst case is unable to execute its spending plans). Credit risk is the risk of loss of principal stemming from a financial institution's failure to repay that principal when that principal is due. Investors are compensated for assuming credit risk by way of interest payments from the financial institutions issuing the investment security.

Credit risk is rated by various rating agencies. Investment securities in Council's current portfolio are rated by either Standard and Poors or Fitch, with the majority of the portfolio rated by Standard and Poors. Standard and Poors' credit ratings and an explanation of their ratings are as follows:

Rating	Ratings Explanation
AAA	Extremely strong capacity to meet financial commitments. Highest Rating.
AA	Very strong capacity to meet financial commitments.
A	Strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances.
BBB	Adequate capacity to meet financial commitments, but more subject to adverse economic conditions.
BBB	Considered lowest investment grade by market participants.
BB+	Considered highest speculative grade by market participants.
BB	Less vulnerable in the near term but faces major ongoing uncertainties to adverse business, financial and economic conditions.
B	More vulnerable to adverse business, financial and economic conditions but currently has the capacity to meet financial commitments.
CCC	Currently vulnerable and dependent on favorable business, financial and economic conditions to meet financial commitments.
CC	Currently highly vulnerable.
C	Currently highly vulnerable obligations and other defined circumstances.
D	Payment default on financial commitments.

Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Types of investment securities by credit risk ranking from highest to lowest are as follows:

- Deposits/Covered Bonds – these share first ranking
- Senior debt – Floating Rate Notes/Fixed Coupon Bonds.
- Subordinated debt
- Hybrids
- Preference shares
- Equity shares (common shares)

Subordinated debt, hybrids, preference and equity shares are not a permitted investment under the current Ministerial Order. Term deposits of \$250,000 or less per financial institution are covered under the Commonwealth Government Deposit Guarantee Scheme and therefore by default have the same credit rating as the Commonwealth Government, ie AAA.

All credit unions, building societies and mutual banks are authorised deposit-taking institutions (ADI's) and are regulated in the same way as all other Australian banks. ADI's are regulated by the Australian Securities and Investment Commission (ASIC) under the Corporations Act 2001, and by the Australian Prudential Regulatory Authority (APRA) under the Banking Act 1959.

Consultation:

Council's investment advisors, CPG Research & Advisory Pty Ltd have been consulted in the preparation of this report.

Related Policy and / or Precedents:

Council funds have been invested in accordance with Council's Investment Policy (POL-049), which was adopted on 22 August 2013.

Statutory Requirements:

Local Government Act 1993 – Section 625

Local Government Act 1993 – Investment Order (dated 12 January 2011).

Local Government General Regulation 2005

The Trustee Amendment (Discretionary Investments) Act 1997 – Sections 14A(2), 14C(1) and 14C(2).

Issues:

Nil.

Implementation Date / Priority:

Nil.

Further details are provided as a note on the attachment.

Recommendation:

- 1. That the bank balances and investments totaling (from loans, Section 94 and other avenues that form the restricted accounts and are committed for future works) one hundred and fifty one million, eight hundred and sixty two thousand, and eight hundred and fifty two dollars (\$151,862,852) as at 31 May 2014 be noted.**
- 2. That the general fund unrestricted cash and investments totaling one hundred and thirty four thousand, eight hundred and eighty dollars (\$134,880) as at 31 May 2014 be noted.**

BANK BALANCES AND INVESTMENTS AS AT 31 MAY 2014

	Credit Rating at 31/5/14	Legal Maturity	Acquisition Price \$	Market Value as at 1/5/14 \$	Market Value as at 31/5/14 \$	Income Earned (net of fees) Financial Yr to Date \$	Annualised Monthly Return/ Current Coupon	Risk of capital not being returned
OVERNIGHT FUNDS:								
Cash - Fair Value movements through profit & loss								
NAB - Bank Accounts	AA-			3,933,003	4,377,568	82,451	2.33	Low
UBS Cash Management Trust	AAA			84,581	95,471	21,077	1.60	Low
Members Equity Bank - Business Investment Account	BBB+			72	72	2	3.25	Low
NAB Professional Funds Account	AA-			1,037,112	5,024,954	100,613	2.90	Low
Delphi Bank - Cash M'ment Acc'l	A-			84,744	91,614	778	2.50	Low
Suncorp Business Saver	A+			193,107	193,538	4,217	2.75	Low
ANZ Negotiator Saver - Trust A/c	AA-			133,350	133,700	2,447	3.20	Low
Credit Union Australia Prime Access	BBB+			82	82	-	0.01	Low
Total				5,466,050	9,916,998	211,585		
BENCHMARK RATE - 11 AM INDICATIVE CASH RATE							2.50	
BENCHMARK RATE - UBS BANK BILL INDEX							2.68	
Term Deposits - Fair Value movements through profit & loss								
Investec 17/11/14	BBB-	17/11/2014	8,000,000	8,000,000	8,000,000	552,888	7.53	Low
Investec 29/6/16	BBB-	29/06/2016	1,000,000	1,000,000	1,000,000	68,560	7.47	Low
Investec 8/7/15	BBB-	8/07/2015	1,000,000	1,000,000	1,000,000	66,174	7.21	Low
Investec 8/8/16	BBB-	8/08/2016	2,500,000	2,500,000	2,500,000	153,503	6.69	Low
Investec 6/6/17	BBB-	6/06/2017	2,000,000	2,000,000	2,000,000	99,856	5.44	Low
Investec 14/8/15	BBB-	14/08/2015	1,800,000	1,800,000	1,800,000	106,227	6.43	Low
AMP 24/5/16	A+	24/05/2016	5,000,000	5,000,000	5,000,000	337,295	7.35	Low
AMP 7/5/15	A+	7/05/2015	1,000,000	-	1,000,000	2,499	3.80	Low
Arab Bank 7/5/18	BBB-	7/05/2018	1,500,000	1,500,000	1,500,000	64,705	4.70	Low
Arab Bank 10/9/15	BBB-	10/09/2015	2,000,000	2,000,000	2,000,000	61,247	4.25	Low
Westpac 27/6/14	AA-	27/06/2014	1,000,000	1,000,000	1,000,000	59,658	6.50	Low
NAB 9/3/15	AA-	9/03/2015	2,000,000	2,000,000	2,000,000	82,052	4.47	Low
NAB 12/3/15	AA-	12/03/2015	2,500,000	2,500,000	2,500,000	103,483	4.51	Low
NAB 4/3/16	AA-	4/03/2016	2,000,000	2,000,000	2,000,000	19,673	3.98	Low
NAB 13/5/16	AA-	13/05/2016	1,500,000	-	1,500,000	2,944	4.08	Low
Delphi Bank 29/1/15*	A-	29/01/2015	2,000,000	2,000,000	2,000,000	80,584	4.39	Low
Delphi Bank 5/8/15*	A-	5/08/2015	2,000,000	2,000,000	2,000,000	122,986	6.70	Low
Suncorp 11/8/14	A+	11/08/2014	3,000,000	3,000,000	3,000,000	173,466	6.30	Low
Bank of Queensland 4/9/17	A-	4/09/2017	2,000,000	2,000,000	2,000,000	103,712	5.65	Low
Bank of Queensland 5/2/18	A-	5/02/2018	3,000,000	3,000,000	3,000,000	141,801	5.15	Low
Bank of Queensland 5/3/18	A-	5/03/2018	2,000,000	2,000,000	2,000,000	93,616	5.10	Low
Bank of Queensland 17/5/17	A-	17/05/2017	1,000,000	1,000,000	1,000,000	42,678	4.65	Low
Bank of Queensland 20/2/18	A-	20/02/2018	1,000,000	1,000,000	1,000,000	12,748	4.70	Low
Rabo Direct 24/3/16	AA	24/03/2016	5,000,000	5,000,000	5,000,000	328,116	7.15	Low
Rabo Direct 10/8/15	AA	10/08/2015	1,000,000	1,000,000	1,000,000	61,493	6.70	Low
Rabo Direct 13/4/15	AA	13/04/2015	1,000,000	1,000,000	1,000,000	41,301	4.50	Low
ING 17/8/17	A-	17/08/2017	2,000,000	2,000,000	2,000,000	110,321	6.01	Low
ING 8/9/17	A-	6/09/2017	2,000,000	2,000,000	2,000,000	102,795	5.60	Low
ING 7/5/18	A-	7/05/2018	1,500,000	1,500,000	1,500,000	64,155	4.66	Low
ING 20/8/14	A-	20/08/2014	1,000,000	1,000,000	1,000,000	10,307	3.80	Low
ING 26/11/14	A-	26/11/2014	2,000,000	2,000,000	2,000,000	19,727	3.83	Low
ING 2/3/18	A-	2/03/2018	2,000,000	2,000,000	2,000,000	22,189	4.55	Low
Wide Bay 29/7/16	BBB	29/07/2016	1,000,000	1,000,000	1,000,000	65,164	7.10	Low
Wide Bay 8/8/16	BBB	8/08/2016	1,000,000	1,000,000	1,000,000	65,164	7.10	Low
ME Bank 2/6/14	BBB+	2/06/2014	2,000,000	2,000,000	2,000,000	77,096	4.20	Low
ME Bank 18/2/19	BBB+	18/02/2019	3,000,000	3,000,000	3,000,000	42,337	5.05	Low
ME Bank 7/5/19	BBB+	7/05/2019	2,000,000	-	2,000,000	5,535	4.81	Low
Police Credit Union 26/2/15	NR	26/02/2015	1,000,000	1,000,000	1,000,000	42,495	4.63	Low
Police Credit Union 17/5/16	NR	17/05/2016	500,000	500,000	500,000	20,697	4.51	Low
Police Credit Union 1/3/19	NR	1/03/2019	1,000,000	1,000,000	1,000,000	12,314	5.05	Low
Old Police Credit Union 16/5/16	NR	16/05/2016	2,000,000	-	2,000,000	3,638	4.15	Low
WAW Credit Union 27/5/16	NR	27/05/2016	1,000,000	-	1,000,000	455	4.15	Low
Bank of Sydney 4/3/15	NR	4/03/2016	1,000,000	1,000,000	1,000,000	9,403	3.90	Low
Bank of Sydney 14/10/14 - Regional Parks Trust	NR	14/10/2014	1,220,000	1,220,000	1,220,000	6,127	3.90	Low
CBA 16/5/16	AA-	16/05/2016	1,000,000	1,000,000	1,000,000	41,301	4.50	Low
CBA 17/5/16	AA-	17/05/2016	1,000,000	1,000,000	1,000,000	41,301	4.50	Low
CBA 23/5/16	AA-	23/05/2016	1,000,000	1,000,000	1,000,000	41,760	4.55	Low
CBA 30/5/16	AA-	30/05/2016	1,000,000	1,000,000	1,000,000	41,760	4.55	Low
CBA 6/6/16	AA-	6/06/2016	1,000,000	1,000,000	1,000,000	41,760	4.55	Low
CBA 29/10/17	AA-	29/10/2017	2,234,315	1,947,411	2,234,315	64,032	2.67	Low
Total			92,254,315	84,467,411	92,254,315	3,935,101		

	Credit Rating at 31/5/14	Legal Maturity	Acquisition Price \$	Market Value as at 1/5/14 \$	Market Value as at 31/5/14 \$	Income Earned (net of fees) Financial Yr to Date \$	Annualised Monthly Return/ Current Coupon	Risk of capital not being returned
Floating Rate Notes:								
<i>Fair Value through Profit & Loss Accounting - movements through profits & loss.</i>								
Bank of Queensland	A-	30/05/2016	3,000,000	3,054,540	3,034,410	143,366	3.98	Low
CBA	AA	24/12/2015	8,310,300	8,326,921	8,356,007	437,003	3.76	Low
NAB	AA	20/05/2019	1,500,000	-	1,502,850	2,850	3.53	Low
Macquarie Bank	A	9/03/2017	5,000,000	5,269,765	5,276,280	211,976	5.55	Low
Arab	BBB-	12/12/2014	5,000,000	5,018,130	5,015,970	154,733	4.16	Low
Bendigo Bank	A-	14/11/2018	1,000,000	1,015,350	1,010,710	5,062	3.98	Low
ME Bank	BBB+	28/11/2016	500,000	505,045	502,465	12,062	3.95	Low
Bank of China	A	15/05/2017	994,620	-	997,010	3,000	3.81	Low
Credit Union Australia	BBB+	20/03/2017	1,500,000	502,230	1,513,545	(2,732)	3.96	Low
Total			26,804,920	23,691,981	27,209,247	967,321		
Capital Protected Notes								
<i>Fair Value through Profit & Loss Accounting - movements through profits & loss.</i>								
Lehman #	D	15/06/2009	300,000	-	-	-	0.00	High
Lehman # ^A	D	15/06/2009	500,000	-	-	84,763	0.00	High
Total			800,000	-	-	84,763		
Floating Rate Term Deposits:								
Bank of Queensland	A-	26/02/2016	1,500,000	1,500,000	1,500,000	57,086	4.19	Low
ING	A	27/02/2015	2,000,000	2,000,000	2,000,000	76,563	4.20	Low
Total			3,500,000	3,500,000	3,500,000	133,649		
Fixed Coupon Bonds								
Heritage Bank	BBB+	20/06/2017	9,395,544	9,580,563	9,810,616	556,438	7.25	Low
CBA	AA-	31/10/2018	1,000,490	1,007,600	1,020,820	42,333	4.50	Low
Total			10,396,034	10,588,163	10,831,436	598,771		
Covered Bonds								
ANZ	AAA	16/08/2023	995,350	1,026,110	1,052,470	67,850	5.00	Low
NAB	AA-	11/03/2024	994,560	1,017,173	1,044,824	50,264	5.00	Low
Total			1,989,910	2,043,283	2,097,294	118,114		
Floating Rate Transferrable Certificate of Deposit								
Greater Building Society	BBB	15/04/2016	2,000,000	2,019,660	2,026,800	92,205	4.21	Low
CBA	AA-	24/04/2019	4,000,000	4,011,280	4,026,760	26,760	3.53	Low
Total			6,000,000	6,030,940	6,053,560	118,965		
Other:								
Southern Phone Company Shares	N/A	N/A	2	2	2	-	N/A	Low
Securities No Longer Held								
Accumulated at April 2014			-	-	-	962,649		
Rabo Bank - Premium Cash Manager	AA		-	6,413	-	6,413	0.00	Low
Arab Bank 14/5/14	BBB-	14/05/2014	1,000,000	1,000,000	-	18,948	3.80	Low
Westpac 6/5/14	AA-	6/05/2014	4,000,000	4,000,000	-	142,685	4.20	Low
Credit Union Australia 12/5/14	BBB+	12/05/2014	2,000,000	2,000,000	-	117,050	6.76	Low
Credit Union Australia 9/5/14	BBB+	9/05/2014	500,000	500,000	-	25,512	5.95	Low
ME Bank 15/5/14	BBB+	15/05/2014	2,000,000	2,000,000	-	74,288	4.25	Low
Bank of Sydney 12/5/14	NR	12/05/2014	1,000,000	1,000,000	-	19,726	4.00	Low
Total			10,500,000	10,506,413	-	1,367,270		
GRAND TOTAL (before fees)				146,294,242	151,862,852	7,535,538		
Less Portfolio Fees (Advice & Salary)						(152,268)		
GRAND TOTAL				146,294,242	151,862,852	7,383,270		

Capital Guaranteed at maturity, ^ Ex Infrastructure IMP, * Fitch Rated

The dates quoted alongside the name of the product for FRN's and Fixed Bonds are first call dates.

First call dates for FRN's & fixed bonds are the likely date of maturity because the investment issuer is severely penalised if monies are not redeemed by that date, via damage in the market to their reputation, increased coupon rates and additional capital requirements by APRA.

Term deposits of \$250,000 or less per financial institution are covered under the Commonwealth Government Deposit Guarantee Scheme & therefore by default have the same credit rating as the Commonwealth Government i.e. AAA.

Add: Transfer of Capital Gains from Available For Sale Investments Reserve to Capital Gains Income
Income to Profit & Loss

\$ 263,205
\$ 7,646,476

TOTAL CASH & INVESTMENTS AS AT 31 MAY 2014

\$ 151,862,852

LESS ESTIMATED RESTRICTED EQUITY FOR WATER & SEWER FUNDS

Water Fund \$ 33,335,131
Sewer Fund \$ 53,416,116 **\$ 86,751,247**

GENERAL FUND CASH & INVESTMENTS

\$ 65,111,605

LESS TRUST FUND BALANCES AS AT 31 MAY 2014

\$ 1,463,228

LESS ESTIMATED RESTRICTED EQUITY FOR GENERAL FUND (\$94 contributions, grants, reserves).

\$ 63,513,497

ESTIMATED GENERAL FUND UNRESTRICTED CASH & INVESTMENTS AS AT 30 JUNE 2014

Unrestricted Cash & Investments as at 30 June 2013 \$ 137,480
Deduct 2013/14 Budget Deficit as at 30/4/14 (adopted 22/5/14) \$ (2,600)

ESTIMATED GENERAL FUND UNRESTRICTED CASH & INVESTMENTS AS AT 30 JUNE 2014

\$ 134,880

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


Responsible Accounting Officer.

TENDER FOR CONSTRUCTION & INSTALLATION OF MANAGER'S RESIDENCE AND OFFICE AT WOOLGOOLGA LAKESIDE HOLIDAY PARK - RFT-644-TO

Purpose:

To submit a report on tenders received for Contract No RFT-644-TO for the construction and installation of a Manager's Residence and Office at Woolgoolga Lakeside Holiday Park.

Description of Item:

Open tenders were called for a lump sum contract in local and capital city newspapers and via Council's electronic Tenderlink portal. Tenders closed at 3.30 pm on Tuesday, 10 June 2014.

Tenders were evaluated on the following criteria:

- The tenderer's financial capability and tender conformity. These criteria were hurdles and were not scored. Only conforming Tenders and Tenderers with adequate financial resources were considered further.
- Tender Price
- Experience
- Schedule
- Workplace Health and Safety.

Two tenders were received from the following:

1. Creative Tendencies Pty Ltd T/A Prestige Cabins
2. Wengold Pty Ltd T/A East Coast Homes and Park Cabins.

Sustainability Assessment:

- **Environment**

Park guests consume resources whilst in the Coffs Harbour local government area (LGA) however this is offset by the fact that they are not consuming resources at their place of residence. Revenues generated within the Woolgoolga Beach Reserve are put back into the reserve system including the environmental management of the locations. Woolgoolga Beach Holiday Park is committed to environmental initiatives aimed at reducing their impact upon the environment. This includes environmentally sustainable design and the use of environmentally sustainable construction materials.

- **Social**

The holiday park is an important resource in meeting the recreational needs of the greater community. Funds generated through the park contribute to the development of social and recreational facilities within the reserve system.

There was one tender received with a local business address.

- **Civic Leadership**

The operation of the holiday parks is consistent with the following 2030 strategies:

- LP 1.1 Promote opportunities around renewable energy, sustainable tourism, sustainable agriculture and fisheries, local produce, creative and clean industries
- PL 2.2 Provide public spaces and facilities that are accessible and safe for all.

- **Economic**

Broader Economic Implications

The holiday parks are important tourist facilities drawing visitors to the region. Flow-on effect of visitation is deemed to have a generally positive impact upon the economic performance of the region.

Delivery Program/Operational Plan Implications

The Woolgoolga Beach Reserve Trust generates funds that are used within the reserves and contributes to the care, control and management of the reserves, reducing the demand on alternate funding sources.

The Woolgoolga Beach Reserve Trust has taken out Public Reserve Management Fund loans to meet the capital costs of the project and the loans will be repaid using revenue generated by holiday park trading.

Risk Analysis:

The installation of the residence and office is in line with the sustainable improvement strategies for the holiday park. The inherent risks with this type of capital investment have been ameliorated through comprehensive business planning and the residual risk will be regularly monitored as part of the holiday parks standard business practices.

Consultation:

The operation of the Park is a team effort with the enthusiastic support of all Council Departments being pivotal in their success. Consultants have also been used to assist in the development of the sustainable improvement strategies for the businesses and the design for the residence and office.

Related Policy and / or Precedents:

Tendering procedures were carried out in accordance with Council policy. Council's Tender Value Selection System was applied during the tender review process to determine the most advantageous offer.

Council's policy is that the tender with the highest weighted score becomes the recommended tender.

Statutory Requirements:

The calling, receiving and reviewing of tenders was carried out in accordance with Part 7 Tendering of the Local Government (General) Regulations 2005.

Issues:

The recommended tenderer has been selected as they possess strong experience in the construction and installation of moveable dwellings, their schedule is within the acceptable limits of the project and their lump sum price was within the forecasted project budget.

Implementation Date / Priority:

A contract can be awarded upon Council's resolution to accept a tender. Failing any unforeseen events it is expected that the works will be completed by 31 October 2014.

Recommendation:

That Council, as Corporate Manager of the Woolgoolga Beach Reserve Trust, considers tenders received for the construction and installation of a manager's residence and office at Woolgoolga Lakeside Holiday Park, Contract No. RFT-644-TO, and move the motion as detailed in the confidential attachment.

**CONTRACT NO. RFT-647-TO EXCLUSIVE LICENCE OF SPORTZ CENTRAL,
BRAY STREET, COFFS HARBOUR**

Purpose:

To report to Council on submissions received for the exclusive licence of Sportz Central Bray Street, Coffs Harbour - Contract No RFT-647-TO.

Description of Item:

This matter has been before Council on several occasions with the history summarized as follows;

- Council advertised for Tenders in April 2012 as a management agreement and no tenders were received.
- As a result of no tenders an internal review process was undertaken.
- Reports were presented to Council on 27 March 2013 and 24 April 2013 which provided relevant information to allow the matter to be considered in terms of accepted industry practices, key challenges for the future, legislation and suggested industry processes to enable the most appropriate model for the future management of the facility to be assessed.
- At the 24 April Council meeting it was resolved that Council seek fresh tenders for the management of Sportz Central based on previously advertised conditions but also invite alternative proposals.
- The tender was re-advertised in September 2013 inviting tenders based on two distinct models which were the management agreement under the supervision of a Section 355 Management Committee or an alternative management model.
- This resulted in the tender attracting two submissions being from PCYC & YMCA. Both tenders offered to operate under an alternative management model. However the tender assessment panel agreed that the process failed to yield an acceptable tender due to a range of issues and at the 28 November Council meeting it was resolved not to accept any of these tenders.
- Following legal advice a report was presented to Council on the 10 April 2014 and Council resolved to call for submissions from interested parties for the operation of Sportz Central using an exclusive licence agreement.

On 6 May 2014 submissions were sought from interested parties for the operation of Sportz Central under an exclusive licence agreement and advertisements were placed in local and capital city papers and via Tenderlink closing on 3 June 2014. The main terms of the agreement are summarized below;

- The agreement is for a term of 3 years commencing 1 July 2014 or as soon as possible with a further 3 year option subject to the licensee meeting the terms of the agreement.
- Licensee to nominate an annual licence fee (a minimum administration fee of \$600 per annum will apply).
- Fees and charges to be approved by Council.

- Licencee to maintain minimum operating hours as set by Council and detailed in the agreement.
- Licencee responsible for internal operational maintenance & Council will provide a contribution of \$30,000 per annum.
- Licencee has full responsibility for cleaning.
- The licencee to be subject to an annual performance appraisal.
- Licencee to assist the Sportz Central Advisory Committee.

As a result 4 submissions were received from:

1. Coffs Harbour Basketball Association
2. NSW Basketball Association Ltd
3. A & A Pickup
4. YMCA

The submissions received from A & A Pickup & YMCA were both non-conforming.

The applications were evaluated using Council's Tender Value Selection System by an assessment panel comprising Council staff and committee representatives using the following criteria;

- Staff and professional development.
- Service Delivery.
- Financial Management.
- Marketing.
- Service to the Advisory Committee.
- Governance.

Sustainability Assessment:

- **Environment**

As Council wishes to licence a facility that is on community land and the term of the licence agreement is greater than 5 years (inclusive of the option) Council is subject to Section 47 of the Local Government Act which states;

If council proposes to grant a lease, licence or other estate in respect of community land for a period (including any period for which the lease, licence or other estate could be renewed by the exercise of an option) exceeding 5 years it must;

- a) Give public notice of the proposal,
- b) Exhibit notice of the proposal on the land to which the proposal relates, and
- c) Give notice of the proposal to such persons as it appears to it to own or occupy the land adjoining the community land, and
- d) Give notice of the proposal to any other person, appearing to the Council to be the owner or occupier of land in the vicinity of the community land, if in the opinion of the council the land the subject of the proposal is likely to form the primary focus of the person's enjoyment of community land.

The Act provides information on what must be included in the notice of proposal and the process for managing submissions. Upon providing notice submissions can be made in writing to Council within a 28 day period.

- **Social**

This proposal aims to provide for the continuation of effective management of a highly used and valuable community facility which results in significant health and social benefit to a broad range of community members.

- **Civic Leadership**

The proposal supports the themes of the Coffs Harbour 2030 Strategic Plan specifically “Places for Living” and “Looking After Our Community” by addressing the specific priorities of; “provide public spaces and facilities that are accessible and safe for all” and “promote healthy living”.

- **Economic**

Broader Economic Implications

The economic implications of broadening the management model for this facility as invited under this process has the potential to enhance opportunities for service delivery and cost efficiency.

Delivery Program/Operational Plan Implications

Under the conditions of the licence the following implications are relevant;

- Council will continue to contribute current funding of \$30,000 per annum to internal maintenance.
- Council is responsible for the Sportz Central loan as outlined in previous reports. The previous cleaning contribution of \$25,000 per annum will now be used to offset this cost.

Risk Analysis:

The risks associated with this proposal including reputational risk, continuity of services, community access, affordability and asset maintenance have all been considered and wherever possible measures to mitigate have been included in the conditions for the facilities ongoing management, through the licence.

Consultation:

Throughout the assessment process discussion has occurred with relevant sections of Council staff, the Section 355 Management Committee and the existing contractor as appropriate.

Related Policy and / or Precedents:

Tendering procedures were carried out in accordance with Council Policy.

Statutory Requirements:

The calling, receiving and reviewing of submissions were carried out in accordance with Part 7 Tendering of the Local Government (General) Regulations 2005.

The requirements of Section 47 of the Local Government Act in respect of leases or licences on community land were implemented.

Issues:

As mentioned this process attracted 2 conforming submissions being from Coffs Harbour Basketball Association and NSW Basketball Association.

An assessment panel of both Sportz Central Management Committee members and Council staff assessed the submissions received which resulted in the preferred operator being selected.

The preferred applicant was chosen for a range of reasons including their strong industry experience and qualifications, service delivery expertise including evidence of stakeholder engagement and diverse community usage, financial capacity, marketing skills, experience in working with advisory committee's and governance structures.

The submission received from A & A Pickup was deemed non-conforming as it consisted of a one page expression of interest and no returnable documents were included.

Likewise the submission from YMCA was also deemed non-conforming as it consisted of a one page letter advising that the organization was not in a position to submit an application at this point in time and no returnable documents were included.

In regards to Section 47 of the Local Government Act in respect of the leasing or licencing of community land the following was undertaken;

- Public notice of the proposal was given by way of advertisements in the local newspaper and exhibiting of a notice of proposal at Sportz Central, in the Council foyer and on the Council website.
- Letters were distributed to adjoining land owners and others within the vicinity of Sportz Central.
- A period of 28 days was given to lodge submissions concerning the proposal to Council which closed on the 11 June 2014.

As a result no submissions under Section 47 were received by Council.

It should also be noted that the current Section 355/377 Management Committee upon commencement of this licence will become an advisory committee. This will require the terms of reference, delegations and membership of the committee to be reviewed and a separate report will be provided to Council for this purpose.

Implementation Date / Priority:

The current management contract with Sportsrite Pty Ltd will cease on the 30 June 2014 with the licence commencing on the 1 July or as soon as possible.

Recommendation:

That Council considers tenders received for contract no. RFT-647-TO for the operation of Sportz Central Bray Street, Coffs Harbour and move the motion as detailed in the confidential attachment.