

BUSINESS PAPER



The Hon Peter Anderson AM, Chairman of the Board of the Joan Sutherland Performing Arts Centre, Richard Bonyng AO CBE, Dame Joan Sutherland OM AC DBE and the Mayor of Penrith City, Councillor John Thain, at the Civic Reception held in honour of Dame Joan Sutherland on Sunday 23 October 2005.

(Photo courtesy of Adam Hollingworth)

Policy Review Committee Meeting

14 November 2005

9 November, 2005

Dear Councillor,

In pursuance of the provisions of the Local Government Act, 1993 and the Regulations thereunder, notice is hereby given that a **POLICY REVIEW COMMITTEE MEETING** of Penrith City Council is to be held in the Pasadena Room, Civic Centre, 601 High Street, Penrith on Monday 14 November 2005 at 7:00PM.

Attention is directed to the statement accompanying this notice of the business proposed to be transacted at the meeting.

Yours Faithfully

Alan Travers
General Manager

BUSINESS

1. **APOLOGIES**
2. **LEAVE OF ABSENCE**
 - Leave of absence has been granted to:**
Councillor Bradbury - 31 October 2005 to 4 December 2005 inclusive.
 - Leave of absence has been requested by:**
Councillor Sheehy - 9 November 2005 to 20 November 2005 inclusive.
3. **CONFIRMATION OF MINUTES**
 - Policy Review Committee Meeting - 17 October 2005.*
4. **DECLARATIONS OF INTEREST**
 - Pecuniary Interest (The Act requires Councillors who declare a pecuniary interest in an item to leave the meeting during discussion of that item)*
 - Non-Pecuniary Interest*
5. **ADDRESSING THE MEETING**
6. **MAYORAL MINUTES**
7. **NOTICES OF MOTION**
8. **ADOPTION OF REPORTS AND RECOMMENDATION OF COMMITTEES**
9. **MASTER PROGRAM REPORTS**
10. **URGENT REPORTS (to be dealt with in the master program to which the item relates)**
11. **QUESTIONS WITHOUT NOTICE**
12. **COMMITTEE OF THE WHOLE**

POLICY REVIEW COMMITTEE MEETING

MONDAY 14 NOVEMBER 2005

TABLE OF CONTENTS

MEETING CALENDAR

CONFIRMATION OF MINUTES

MASTER PROGRAM REPORTS

MEETING CALENDAR

November 2005 - December 2005

	TIME	NOV	DEC
		Mon	Mon
Ordinary Meetings	7.00 pm	21 #	5 12
Policy Review Committee	7.00 pm	14	

Meetings at which the Management Plan quarterly reviews are presented.

- Council has two Ordinary Meetings per month where practicable.
- Extraordinary Meetings are held as required.
- Policy Review Meetings are held monthly where practicable.
- Members of the public are invited to observe meetings of the Council.
Should you wish to address Council, please contact the Executive Officer, Glenn McCarthy on 47327649.

**UNCONFIRMED MINUTES OF THE
POLICY REVIEW COMMITTEE MEETING OF PENRITH CITY
COUNCIL HELD IN THE PASSADENA ROOM, PENRITH ON
MONDAY 17 OCTOBER 2005 AT 7:04PM**

PRESENT

His Worship the Mayor Councillor John Thain, Councillors Jim Aitken OAM, Kaylene Allison, Lexie Cettolin, Greg Davies, Ross Fowler, Karen McKeown, Susan Page, Garry Rumble, Pat Sheehy AM.

APOLOGIES

PRC 61 RESOLVED on the MOTION of Councillor Greg Davies seconded Councillor Karen McKeown that apologies be received and accepted from Councillors David Bradbury, Kevin Cramer and Mark Davies.

LEAVE OF ABSENCE

Leave of Absence was previously granted to Councillor Steve Simat for the period 22 August to 25 October 2005 inclusive, and to Councillor Jackie Greenow for 17 October 2005.

CONFIRMATION OF MINUTES

Policy Review Committee Meeting - 12 September 2005

PRC 62 RESOLVED on the MOTION of Councillor Pat Sheehy seconded Councillor Karen McKeown that the minutes of the Policy Review Committee Meeting of 12 September 2005 be confirmed with the amendment that the first sentence of the Leave of Absence section is to read, "Leave of absence was previously granted to Councillor Steve Simat for the period 22 August to 25 October 2005 inclusive, and to Councillor Jim Aitken for the period 16 August to 29 September 2005 inclusive."

DECLARATIONS OF INTEREST

There were no declarations of interest

MASTER PROGRAM REPORTS

LEADERSHIP AND ORGANISATION

1 Code of Conduct and Promoting Better Practice

754/8 Part 4

The Legal Officer, Mr Stephen Britten, gave a short presentation to the meeting about the Model Code of Conduct.

PRC 63 RESOLVED on the MOTION of Councillor Greg Davies seconded Councillor Garry Rumble

That:

1. The information contained in the report on the Code of Conduct and Promoting Better Practice be received
2. Council submit an urgent motion to the 2005 Local Government and Shires Association Annual Conference indicating that the Model Code of Conduct in its current format is unworkable and requires further

consultation between Councils and the Department of Local Government.

There being no further business the Chairperson declared the meeting closed the time being 7:45PM.

MASTER PROGRAM REPORTS

Item		Page
THE CITY AS A SOCIAL PLACE		
1	City of Penrith Regional Indoor Aquatic and Recreation Centre Ltd - Annual Report and Board of Directors 2986/8	1
2	Penrith Whitewater Stadium Ltd - Annual Report and Board of Directors 2988/15	6
THE CITY IN ITS ENVIRONMENT		
3	Domestic Waste Strategy 31/59	15
LEADERSHIP AND ORGANISATION		
4	Service Specification Program 36/35	25
5	Westpool Activities 6011/38	28



THE CITY AS A SOCIAL PLACE

Item		Page
1	City of Penrith Regional Indoor Aquatic and Recreation Centre Ltd - Annual Report and Board of Directors 2986/8	1
2	Penrith Whitewater Stadium Ltd - Annual Report and Board of Directors 2988/15	6



The City as a Social Place

**1 City of Penrith Regional Indoor Aquatic and Recreation Centre 2986/8
Ltd - Annual Report and Board of Directors**

Compiled by: Gary Dean - Facilities Operations Manager

Authorised by: Steve Hackett - Director City Services

Strategic Program Term Achievement: *The City's recreation and leisure facilities and services meet its needs and are optimally used.*

Critical Action: *Facilitate joint use of the City's recreation and leisure facilities, including co-location of programs.*

Purpose:

To provide Council with details following the eleventh Annual General Meeting of the City of Penrith Regional Indoor and Aquatic Recreation Centre Ltd. The Chairman of the Board will make a short presentation. The report recommends that the information be noted, that certain appointments be made to fill the vacancies and that Council agree to underwrite the company for a further period of 12 months.

Annual Report

This report to Council follows the Eleventh Annual General Meeting of the Company held 18 October 2005 for the trading period 1 July 2004 to 30 June 2005.

The Chairman of the Board will be in attendance tonight to make a short presentation. Following are their reports extracted from the Annual Report.

Chairman's Report

I am pleased to present the Chairman's Report to the Eleventh Annual General Meeting of the City of Penrith Regional Indoor Aquatic and Recreation Centre Limited.

The 2004/2005 year again presented the Company with a number of challenges to address. The trading result has again been unsatisfactory. Patronage levels have decreased mainly in the Learn to Swim classes. However trading in the Gym is buoyant.

The Company recorded an operating loss of \$316,771 (an improvement from the previous year) after providing for employee benefits of \$1,777,711 and after expenditure of \$76,133 on repairs and maintenance. Capital expenditure was increased from the previous year with \$89,908 being expended on major plant repairs and necessary items. Penrith City Council continues to be kept fully informed with regards to the financial position of the Centre and have agreed to continue to underwrite the Centre's operations.

Water usage is an important community issue. Water wastage is a concern, the Centre is reviewing the option available of timed/free/token-operated showers to its patrons. Introduction of this initiative is estimated to reduce water usage by 20%.

Due to changes in Workcover laws, the Hydrotherapy Centre, as an end supplier of services, suffered a downturn in income from its professional service provision this year. Efforts are already under way to refocus the service delivery to more profitable areas.

The Centre is now entering its 12th year of operation, and strategies have been developed so as to return the facility to profitability. The ongoing maintenance of the Centre is being addressed and Penrith City Council has endorsed an Occupancy Agreement for a further 5 year period. This Occupancy Agreement defines maintenance responsibility between Council and the Centre.

Meeting patrons expectations and keeping the facility attractive is to be the prime focus in the ensuing year. Planning is already underway to improve the amenity and functionality of parts of the main Centre to make it more attractive for patrons to visit.

I would like to take this opportunity to acknowledge the efforts of the General Manager, Geoff Yates and his Management Team, as well as all the staff in continuing to deliver a community facility that remains as a leader in the industry. Through their commitment and positive outlook, the Centre will continue to be acknowledged for its friendly, customer focused and professional management.

I would like to thank my fellow Directors for their contributions and efforts.

Centre General Manager's Report

The financial year ending 30th June 2005 was one that presented the Company with a number of operational matters that had a significant impact on the running of the facilities. These included:

- Dramatic increase in insurance premiums
- Major equipment / plant failures
- Patronage levels below target expectations

Patronage in total has been a concern where the focus on swimming and swimming lessons has waned. This trend is of major concern and the Centre is embarking on a major campaign to focus on the importance of learning to swim. We will be aiming at getting people to become focussed again especially as the rate of infant death by drowning is still at unacceptable levels.

A number of new initiatives are being put into place to ensure that Ripples maintains a strong competitive advantage in the industry and to ensure that we meet our community's expectations. I will cover these more fully later.

Financial Overview

The Company posted a loss of \$316,771 after providing for depreciation of \$168,144 and Repairs and Maintenance of \$76,133 and Capital Outlays of \$89,908.

Operating Revenue was \$2,726,669 representing an increase of 2.84% on last year's revenue. Membership Subscriptions were \$703,969. Total memberships have increased following the upgrading of the gym equipment in September 2004 and continue to rise with 1538 members as at 30th June 2005. Other income from professional activities was \$1,484,968, an increase of 6.4% over last year's result.

As highlighted above, a number of unbudgeted essential maintenance items caused costs, especially gas expenditure, to rise dramatically. To maintain the operations of the pools to customer expectations, this situation was unavoidable.

A conscientious effort by all staff to keep costs under control saw marked savings occur and I commend the staff for their undertakings.

Full financial details are contained in the accompanying accounts and notes to the Financial Statements.

Personnel

Staff turnover again has been a point of concern. This year saw the departure of a number of key staff in the Aquatics department. The issue still seems to be that potential staff does not see this industry as a long-term career choice. We have been fortunate to attract more high calibre staff to replace these people. I wish to particularly mention Mr Matt McDonald our new Aquatics Manager, who has already raised the standard of staff performance in the Aquatics area.

The training of staff to a higher level of competency than the industry standard will be a focus over the next 12 months. The provision of great service and programmes remains a major priority.

The Future

Ripples will be refocussing its business activities, presenting to clients a 'one stop shop' for fitness, recreation, rehabilitation and wellness. Ripples has the strong advantage of having all the essential facilities under one roof. This feature will be used as an essential marketing feature to attract new business.

A new Strategic Plan has been drafted which will see a much more directed enterprise, developing strong product and marketing strategies going into the future.

Hydrotherapy income was expected to produce a breakeven result this financial year. Unfortunately changes to Workcover saw a dramatic drop in patrons being referred for hydrotherapy and thus income to our centre. More promotions work is being undertaken with local hospitals, doctors and physios to gain referral business. This will be part of a major marketing strategy this year.

The year ahead will see an Asset Management programme implemented in conjunction with Penrith City Council to assess and plan for the Centre's future maintenance. This will be an important programme that will ensure that the facility is seen as being well presented at all times. We have already renewed the flooring in the foyer by replacing the old flooring with tiles. (First impressions count.)

Acknowledgements

In conclusion, I would like to thank the Board of Directors for their support guidance and encouragement during the year. I look forward to continuing this relationship in the year ahead.

Finally, to the staff, our greatest asset! I thank them for their support and hard work in what has been a tough year for all of us. With the continuing support of the Ripples Team we will meet the future challenges and see that Ripples remains 'First in Fun Health and Fitness Everytime'.

Board of Directors

The Articles of Association of the company provide, in part, that:

1. To provide continuity the members of the Board shall resign on a rotating basis. At the First Annual General Meeting, three (3) Directors (including one (1) Councillor) shall resign. At the Second Annual General Meeting, three (3) members shall resign

(including one (1) Councillor). Thereafter, the members of the Board, except the Council officer, shall resign after they have served on the Board for three (3) years after appointment or re-appointment to the Board.

2. All retiring Directors shall be eligible for re-appointment.

Council should note that as per the Articles of Association, Councillor John Thain resigned at the Annual General Meeting of the Company held 18 October 2005 and nominated for re-appointment. It was resolved at the Eleventh Annual General Meeting of the City of Penrith Regional Indoor Aquatic and Recreation Centre Ltd that Penrith City Council be requested to endorse the appointment of Councillor John Thain as a continuing Director of the City of Penrith Regional Indoor Aquatic and Recreation Centre Ltd.

Council's Director of City Planning, Mr Craig Butler, remains on the Board as Council's General Manager's representative and Company secretary.

Councillors Fowler and Thain were elected Chairman and Deputy Chairman respectively.

Financial Accountant - Entities comment

As mentioned by both the Chairman and the General Manager the Company operated in a very difficult financial environment over the past twelve months, Learn to Swim in particular and swimming in general has seen attendance numbers fall, whilst the activities of the refurbished Gym have been very positive.

The Company recorded an operating loss of \$316,771, an improvement from 2003/04 (\$418,946). This was achieved through an increase in revenue from ordinary activities of 2.9% and a reduction in operating expenses of 1% despite employee costs increasing by 3.2%. Council advanced the Company \$100,000 and accumulated unpaid accounts, including repayments of the advance for the Hydrotherapy centre, of \$505,721 during the year to assist the Company with its cash flow.

The operation of the Hydrotherapy Centre continues to be a significant drain upon the financial operation of the facility. The Board Chairman and General Manager have met with Council officers on a number of occasions to discuss the impact of the Hydrotherapy Centre on the overall operation of the company. A further report is being prepared for Council to consider concerning the options available for the operation of the Hydrotherapy Centre.

The Board has refocused its strategic plan to better target its marketing and service delivery programs to ensure improved performance next year and subsequently.

RECOMMENDATION

That:

1. The information contained in the report on City of Penrith Regional Indoor Aquatic and Recreation Centre Ltd - Annual Report and Board of Directors be received.
2. Councillor John Thain be appointed to fill the vacancy that occurred at the Eleventh Annual General Meeting of the City of Penrith Regional Indoor Aquatic and Recreation Centre Ltd.
3. Council agree to underwrite the operations of the City of Penrith Aquatic and Recreation Centre Ltd for 12 months to the end of June 2006.
4. Council congratulate the Board of the City of Penrith Aquatic and Recreation Centre on their success and achievements over the 12 months to the end of June

2005.

ATTACHMENTS/APPENDICES

There are no attachments for this report.

The City as a Social Place

2 Penrith Whitewater Stadium Ltd - Annual Report and Board of Directors 2988/15

Compiled by: Gary Dean - Facilities Operations Manager

Authorised by: Steve Hackett - Director City Services

Strategic Program Term Achievement: *The City's recreation and leisure facilities and services meet its needs and are optimally used.*

Critical Action: *Facilitate joint use of the City's recreation and leisure facilities, including co-location of programs.*

Purpose:

To provide details to Council following the seventh Annual General Meeting of Penrith Whitewater Stadium Ltd. The Chairman and the Stadium Manager will be making a brief presentation to this meeting. The report recommends that the information be noted, that certain Directors be re-appointed and that Council underwrite the operations of the Company for a further period of 12 months.

Background

Each year following the Annual General Meeting of the Company a report is presented to Council on the year's activities, including the financial position. That Council report also includes the Chairman and Stadium Manager's reports which are extracted from the Company's Annual Report.

Annual Report

The Seventh Annual General Meeting of the Company was held on 15 September 2005 for the period ended 30 June 2005.

The Chairman of the Board and Stadium Manager will be in attendance tonight to make a short presentation. Following are their reports extracted from the Annual Report.

Chairman's Report

It gives me much pleasure to present the Chairman's Report to the Seventh Annual General Meeting of Penrith Whitewater Stadium Limited.

The operations for the year have produced a financial result that is particularly pleasing and very encouraging for the future of the company. We continue to witness an increase in patronage particularly in whitewater rafting as well as in canoeing based activities. Revenue for the year was \$2,710,059 an increase on the previous year of 11%. The financial outcome for the year ended 30 June 2005 resulted in a surplus before depreciation, amortisation and interest of \$380,449, an increase of 23% on 2004. The venue has also benefited by a capital expenditure of \$329,105.

The Stadium continued to contribute to the overall Penrith economy and to the advancement of the sport of canoe slalom both locally and internationally. This was boosted this year through the venue hosting the Canoe Freestyle World Championships in January. This event

injected considerable funds into the local community as athletes, coaches and families visited from throughout the world.

Penrith Whitewater Stadium continues to generate a great deal of publicity both nationally and internationally, adding to its reputation as one of the world's premier sporting facilities. Preparations for the 2005 World Canoe Slalom Championships and the response from international teams to this event again emphasises the outstanding quality of the stadium. Throughout the year the venue has successfully hosted both international and local competitions and has continued to attract a significant number of European athletes who see the stadium as their preferred off-season training venue. Penrith City Council's original objective of delivering a world-class recreation facility, providing training and development initiatives to all levels of athletes, continues to be successfully met.

Throughout the year the Penrith Whitewater Staff have shown great dedication to the business and the Manager and his management team are to be congratulated for the efficient and effective operations of the business and the manner in which the services are delivered to the public at large. This underlying enthusiasm and commitment of staff is fundamental to venue's success.

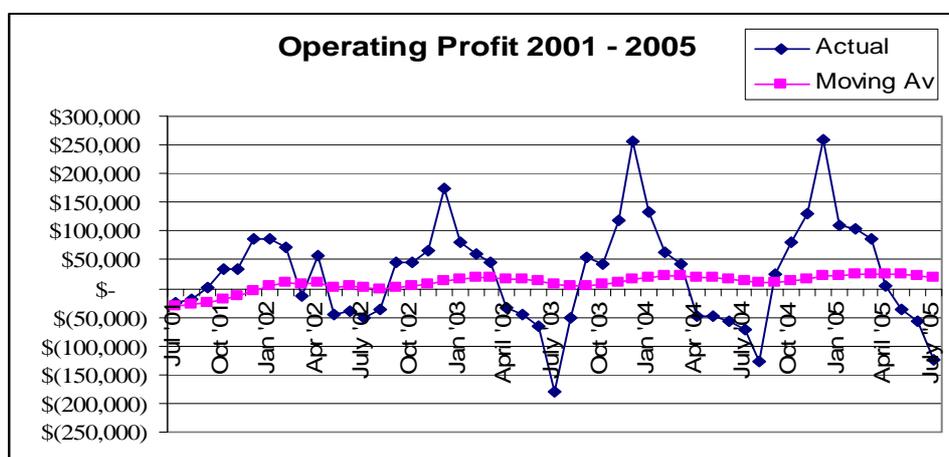
I would like to take this opportunity to thank my fellow directors for their continuing commitment and input to the operations of Penrith Whitewater Stadium. I particularly thank Greg Davies, who retired from the Board of Directors at the end of this financial year, for his contributions to the success of the centre.

Finally I would like to take the opportunity to congratulate the coach and members of the Australian Canoe Slalom Team on their successes throughout the year and wish them all the best as they prepare for the 2005 ICF World Canoe Slalom Championships to be conducted at Penrith Whitewater.

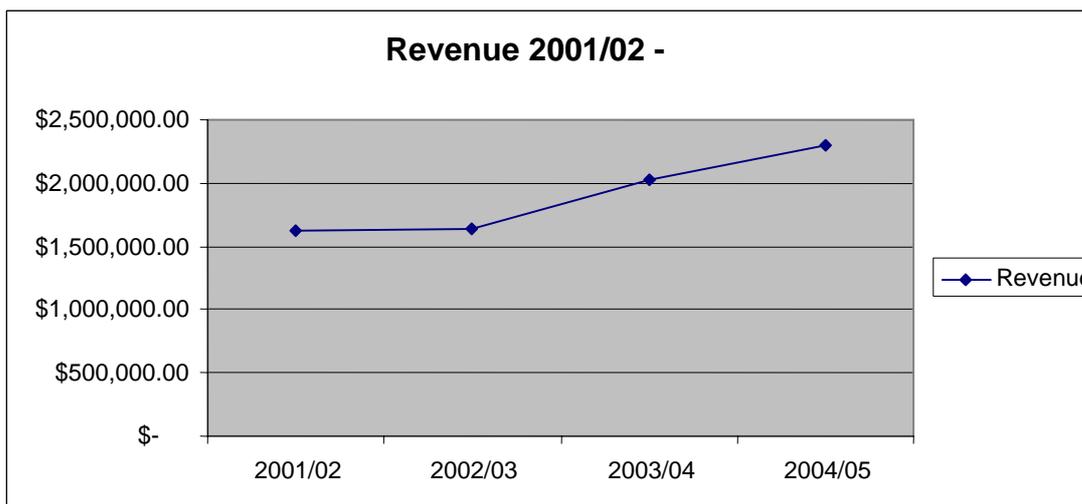
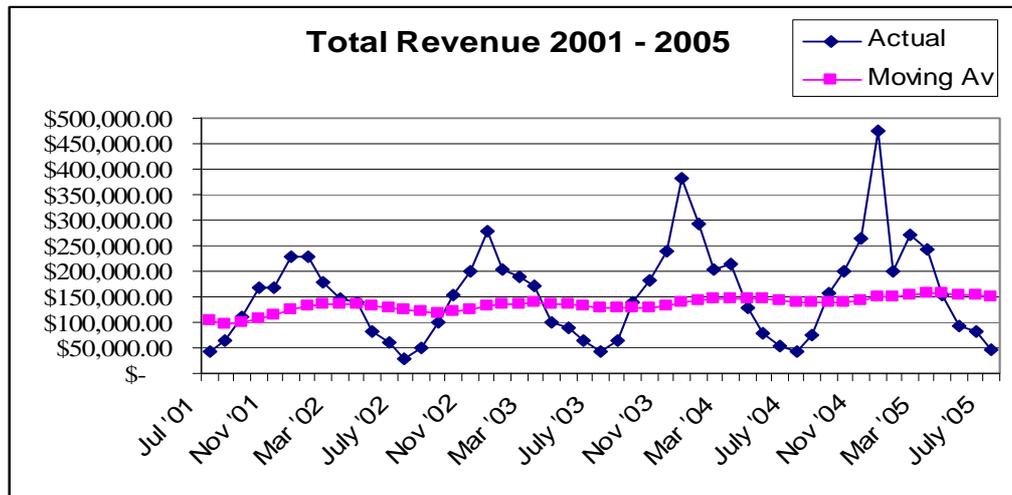
The Stadium Manager's Report

2004 – 2005 has been the most successful year of trading for Penrith Whitewater since the company's inception. Throughout the year the operating profit of the business increased significantly achieving an increase in total revenue of 16% and an increase in expenses of only 8%. All major segments of the business have performed extremely well throughout the year cementing the stadiums place as a world leader in the provision of artificial whitewater recreation activities and sport. The targeted growth of the business for the year was 5% and it is pleasing to note that this has been significantly exceeded.

The graph below shows the increase in Operating profit achieved on a monthly basis since July 2001



The following graphs show the increase in revenue received since July 2001 by months followed by the annual increase in total revenue 2001 – 2005



Rafting continues to be the major revenue source of the business and has continued to operate in an efficient manner with over 30,000 clients participating in the activity throughout the year. This represents a 9% increase compared to 2003-2004. The rafting fleet was also improved with the purchase of 9 new rafts throughout the year replacing the oldest craft in the fleet. The marketing campaign for commercial rafting remained strong and obviously effective using television and a wide range of print media. All promotional brochures were reviewed and enhanced during the year. During December the television advertising campaign focused on the purchase of Gift Certificates and this proved to be very successful. Gift Certificate sales in December 2003 compared to December 2004 increased by approximately 48%.

Canoe / Kayak Instruction Programs have been well attended throughout the year. General instruction grew, in revenue terms, by approx 26% and in participation hours by 7%. However the big achiever was the Development Program which is aimed at school aged

participants. This program, in terms of revenue grew by 64% and in terms of participation hours by 20%. The Development program forms a major part of the Company's community contribution as it continues to be provided "at cost" with no commercial gain to the company.

The success of the development program is also shown by the results achieved by its members. Of the four classes in competition the PWS squad has three paddlers ranked as the No 1 Junior in Australia. These three paddlers also represented at the Junior Pre World Championships. Then program has maintained its links with the Western Sydney Academy of Sport and through this we allow venue and water access to their 9 members which represents a total value of approx \$20,000 per annum. The squads have also competed at the National Championships, National Schools Championships, State Championships and various regional events throughout the year.

Canoe/kayak competition is the other major focus of the venue and this year we were hosts to the International Freestyle Committees 2005 World Championships in January. This attracted over 192 athletes from 22 nations of the world. The event was deemed extremely successful by the International Freestyle Committee and Penrith Whitewater Management. This major event was televised in Australia as well as Great Britain, Other Europe, The US and New Zealand.

Other major events conducted throughout the past 12 months included:

- NSW Canoeing Inc State Slalom Championships - October 2004
- Penrith Whitewater Freestyle Classic
(Aust National Team Selection race) - November 2004
- Australian Canoeing National Canoe Slalom Championships - January 2005
- The Australian Youth Olympic Festival - January 2005
- Penrith Whitewater International Slalom Series - February 2005
- The Energy Australia national Team selection Events - March 2004

This year the Annual International Slalom Series attracted over 120 athletes from 12 different nations. The event has grown each year since its inception in 1999 and has cemented its place on the international canoeing calendar.

The Stadium has continued to support the National Canoe / Kayak Slalom Program in partnership with the Australian Institute of Sport, The New South Wales Institute of Sport and Australian Canoeing. The stadium has supplied over 400 hours of water for team training sessions. This represents a significant sponsorship of approx \$100,000 in value.

Throughout 2003 – 2004 the Whitewater Terrace Café has continued to provide quality food and service to the clients of the venue. While profits are less than the previous year the dedication of the staff has remained high.

The Company's Charity Program has continued to operate with over 240 Gift Certificates being distributed throughout the local area and to the wider Metropolitan area for use by various charity organisations, schools, sporting associations and local fundraising campaigns.

All staff, both permanent and casual, has continued to work in a dedicated manner and have shown a real commitment to the business and its future. I take the opportunity of thanking

them for their input and dedication. Our coordinators and supervisors all require special mention as these people continually work beyond the call of duty in order to keep the venue running smoothly and operating efficiently.

As we move into the third year of our current business plan it is pleasing to report on the company's success in not only meeting but surpassing the targets set for most aspects of the business. We now look forward to ensuring that this year is as successful and that the business continues to grow to meet our expectations.

Board of Directors

The Articles of Association of the above company provide, in part, that:

1. To provide continuity the members of the Board shall resign on a rotating basis. At the First Annual General Meeting, three (3) Directors (including one (1) Councillor) shall resign. At the Second Annual General Meeting, three (3) members shall resign (including one (1) Councillor). Thereafter, the members of the Board, except the Council Officer, shall resign after they have served on the Board for three (3) years after appointment or re-appointment to the Board.
2. All retiring Directors shall be eligible for re-appointment.

Council should note that as per the Articles of Association Conrad Ozog and Deborah Waugh resigned at the Seventh Annual General Meeting of Penrith Whitewater Stadium Ltd held on 15 September 2005 and nominated for reappointment. It was resolved at the Seventh Annual General Meeting of Penrith Whitewater Stadium Limited that Penrith City Council be requested to endorse the appointment of Conrad Ozog and Deborah Waugh as Directors of Penrith Whitewater Stadium Ltd.

Council's Director of City Strategy, Mr Alan Stoneham is the General Manager's representative and Company secretary.

Councillor Ross Fowler was reappointed Chairman and Helen Brownlee OAM, Deputy Chairman.

Financial Accountant - Entities comment

Penrith Whitewater Stadium Ltd has produced a greatly improved financial result for the 2004/05 financial year. The operation of the stadium generated its second consecutive profit result after financing depreciation, amortisation and interest. With profit from ordinary activities increasing in the 2004/05 year from \$1,152 (2003/04) to \$ 48,738.

This result was achieved by increasing key revenue areas such as rafting activities (9 %), Canoe / Kayak instruction program (26%) and development program (64 %), whilst limiting increases in operating expenses to 8%. This is an excellent result for the stadium and the board and management are to be congratulated on their achievement.

The board's current business plan would appear to have placed the company on a stable financial base which should allow the company to move ahead over the next few years.

RECOMMENDATION

That:

1. The information contained in the report on Penrith Whitewater Stadium Ltd - Annual Report and Board of Directors be received
2. Conrad Ozog and Deborah Waugh be appointed to fill vacancies that occurred at the Seventh Annual General Meeting of the Penrith Whitewater Stadium Ltd.
3. Council agree to underwrite the operations of the Penrith Whitewater Stadium Ltd for 12 months to the end of June 2006.
4. Council congratulate the Board of the Penrith Whitewater Stadium Ltd on their success and achievements over the 12 months to the end of June 2005.

ATTACHMENTS/APPENDICES

There are no attachments for this report.

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THE CITY IN ITS ENVIRONMENT

Item

Page

3 Domestic Waste Strategy 31/59

15



The City in its Environment

3 Domestic Waste Strategy

31/59

Compiled by: Geoff Brown - Waste Services Supervisor

Authorised by: Barry Ryan - Waste and Community Protection Manager

Strategic Program Term Achievement: *Waste to landfill and indiscriminate dumping are significantly reduced and resource recovery is optimised.*

Critical Action: *Develop and progressively implement a waste strategy that complements the State Government's Waste Avoidance and Resource Recovery Strategy.*

Purpose:

To present to Council the draft Domestic Waste Strategy. The report recommends that Council adopts a strategy with staged implementation of source separated organic collections in conjunction with improved (co-mingled) recycling services and residual waste disposal and treatment. The report also recommends that the Waste and Community Protection Manager be authorised to develop tender documents for the services and processes as outlined in this report and that a further report be presented to Council on the development of tender documents for new waste collection, disposal and treatment services.

Background

The Domestic Waste Working Party has been established to progress the development of a Domestic Waste Strategy for Penrith.

At the Domestic Waste Working Party Meetings of 2 November 2005, 20 July 2005 & 12 May 2005, the following issues were considered:

- The strategic direction other councils were considering in relation to domestic waste management services
- The NSW Waste Avoidance and Resource Recovery Strategy
- Waste treatment and recycling systems
- The major factors influencing a Domestic Waste Management Strategy for Penrith

At these meetings it was stressed that a strategy for Penrith must embody a "keep it simple" principle wherein new services can be readily introduced and understood, achieve broad support across the community, meet Council's high value standards and practices for service provision and resource recovery, and take fully into account the occupational health and safety and industrial relations issues that Council embraces for all its business activities.

Strategy Development

NSW Strategy

The *NSW Waste Avoidance and Resource Recovery Strategy's* overall objective is to achieve 66% resource recovery by 2014. A major key outcome of the Strategy is to increase recovery and use of secondary resources.

The strategy also requires collection systems and processes that will recover products of higher resource value; for example, the collection and processing of food and garden organics will provide a higher resource value than the collection and processing of garden organics alone.

The State Strategy's Draft Local Government Action Plan identifies two scenarios for local government to improve current resource recovery systems with the view of achieving the 66% recovery level by 2014. The scenarios are:

By 2008:

- Increased garden organics diversion
- Increased collection of recyclables
- Treat and process mixed residual waste

and

By 2014:

- Collect food waste with garden waste
- Further increase collection of recyclables
- Increase the treatment and processing of residual waste

Councils may decide to implement service and collection systems comprising the above scenarios. However, due to local or regional waste characteristics, councils may decide to adopt other ways to increase resource recovery. This may include full alternative waste technology (AWT) processing, for example.

Residual Waste Processing

Council's current resource recovery practices for domestic waste are to provide kerbside recycling with the remaining residual component going to landfill. This process comprises a two-bin garbage and recycling service, which has been in operation since 1997. This service is currently achieving 19% resource recovery levels and is a simplistic service, which is easily understood and managed by the community. However, changes need to be made if Council is to achieve the targets and objectives of the State Strategy.

During the period of the Western Sydney Waste Board all Western Sydney Councils were supporting the treatment and processing of waste using the two-bin system. Any organics found in the garbage bins would be treated and processed for re-use. On this basis Council supported a two-bin system in lieu of introducing a third bin for organics.

Not long after the demise of the Waste Boards and the introduction of Resource NSW, Waste Service NSW was developing a waste treatment facility (UR-3R) at Eastern Creek with a projected 85% resource recovery level. It was considered at this time that this method of treatment would achieve Council's objectives without the introduction of additional services. Council officers were optimistic about delivering our domestic waste to this facility.

Since the commissioning of the UR-3R Waste Treatment Facility two Councils, Blacktown and Fairfield, have negotiated short and long-term contracts for delivery and treatment of domestic waste at this facility. This plant is still being developed and refined in order to reach the projected outcomes.

Recent advice from WSN Environmental Solutions (previously Waste Service NSW) is that the UR-3R resource recovery level is 75%. Council needs to be confident if contemplating the use of this type of treatment technology that the process can deliver the environmental and resource recovery outcomes that satisfy the State Strategy.

Organics

Garden and food organics comprise approximately 50% of the total domestic waste stream (30% and 20% respectively). Alternative waste treatment facilities, such as the UR-3R at Eastern Creek, process organic waste that is collected in the domestic waste stream. However, the resource recovered does not have as high a resource value as that obtained from a source separated organics collection and processing service.

The State Strategy has, in the short term, targeted garden organics as a resource recovery service and identifies the inclusion of food waste in the longer term to improve resource recovery outcomes. This, however, is subject to market and technology development in the region. The Department of Environment and Conservation (DEC) advised councils in 2003 to delay the introduction of garden organics collections, as there were insufficient markets for this resource.

The introduction of garden organics and food waste collections at different stages may create confusion and logistically becomes a problem, as the service frequency needs to be increased from fortnightly to weekly because of the food waste component.

It is therefore considered that a full organics collection service (in lieu of a garden organic service) provides greater resource recovery levels at higher resource values and is logistically easier to implement.

As part of Council's Waste Education program, community surveys are conducted in conjunction with promotional campaigns and also by random mail-out. These surveys include general questions in regard to the garbage and recycling service and, in more recent times, a question relating to the provision of additional services, such as garden organics, has been included. In the last 12 months 1,911 surveys were completed and the results are as follows:

- 70.31 % of residents want a kerbside garden organics collection service
- 23.45 % of residents do not want a kerbside garden organics collection service
- 48.91 % of residents are prepared to pay an additional \$50 pa for a garden organics service
- 7.00 % of residents are prepared to pay an additional \$75 pa for a garden organics service
- 2.9 % of residents are prepared to pay an additional \$100 pa for a garden organics service
- 5.29 % of residents are prepared to pay an additional \$0 for a garden organics service

The Domestic Waste Working Party has considered the implementation of a garden organics service. However, due to the lack of available markets for composted garden organics, ease of introduction of a full organics service (rather than a two-staged approach; i.e., introduce a green waste then a food waste service) and the development of suitable processing technologies, the Working Party agreed to delay the implementation of this service.

Recycling

Details of ten other Western Sydney Councils' services and service contracts were presented to the Domestic Waste Working Party meeting of 20 July 2005. Of these ten Councils, five were providing fully co-mingled recycling services and three were considering a change from split to fully co-mingled and the remaining two Councils provided a crate system. The change from split bin recycling to fully co-mingled recycling services has been brought about by a number of reasons. These reasons are:

- Improved Materials Recovery Facility (MRF) processing

- Technology development to process and re-use broken glass and glass fines
- Logistics in dealing with split bin recyclables and co-mingled recyclables at the MRF
- Increased resource recovery as a result of the divider being removed
- Increased productivity in collection

DEC commissioned a study into preferred resource recovery practices by local councils to develop a minimum best-practice standard for collection systems and resource recovery. The study revealed that the preferred minimum service level for the collection of dry recyclables is either separate bins for paper/cardboard and containers or a fully co-mingled recycling bin.

Council's split-bin recycling service currently produces a resource recovery rate of approximately 19% of the total domestic waste stream. This level of recycling has been constant since 1997, even though intensive educational and promotional activities have been conducted with the view of increasing output. Audits of our domestic garbage service have revealed that there is still approximately 15% of recyclable material being disposed of at landfill. The removal of the divider from the bin and the truck will create more space for the placement of recyclable material and create greater productivity levels.

The Working Party has considered the introduction of a co-mingled recycling service and agreed that whilst it would require an additional educational campaign, resource recovery levels are expected to climb to at least 24%. The Working Party also agreed that it might be more practical to introduce the co-mingled service prior to the commencement of new contracts in 2007. A further report will be presented to Council on this issue in the near future.

The Department of Environment and Conservation commissioned studies on the life-cycle assessment of both kerbside collection of dry recyclables (paper/cardboard, plastics, glass, cans and cartons) and kerbside collection of source separate organics (food and garden waste). Nolan ITU conducted both studies, taking into account environmental impacts of additional collection trucks, processing, transport, and avoided landfill emissions, and found that the introduction of both dry recycling and organics recycling collections offer significant improvements to the environment.

Penrith's Draft Domestic Waste Strategy

A draft Penrith Domestic Waste Strategy (attached) has been developed, which considers two broad strategic directions. These directions are:

1. Alternative Waste Technology (AWT) processing of mixed residual waste maintaining current service levels with improved (co-mingled) recycling services.
2. Source separated organics collection in conjunction with improved (co-mingled) recycling services with residual waste disposal/treatment.

There appears to be opportunity to provide a mix of the two strategic directions, if necessary, incorporating delayed implementation to take advantage of current landfill/treatment costs and to provide time for the development of markets and processing facilities for organic waste.

From these two broad strategic directions five service options have been considered, taking into account a staged implementation. The staged approach considers:

- Our current service level
- The introduction of co-mingled recycling with residual to landfill
- Co-mingled recycling with split (50/50) residual to landfill and AWT

- The introduction of organics and residual to landfill
- Organics and residual AWT processing

The benefits of a staged approach is that it will improve recycling services, take advantage of current lower-priced landfill costs, allow time for the development of markets and technology for organics processing, and enable closer assessment of AWT.

These options have been evaluated against the five strategy objectives (convenience, resource recovery targets, risk, competition, and health and safety) established by the Domestic Waste Working Party for comparative and evaluation purposes.

The use of AWT in conjunction with a co-mingled recycling service as Council's approach in this strategy has potential. However, it appears at this stage that alternative waste technology is not achieving the high resource recovery values and sustainability principles expected by Council and the NSW Resource Recovery Strategy. Alternative waste technologies, however, are continuing to develop and, in the short term, are able to separate low-grade recyclables for processing, generate energy and produce low-grade compost.

The alternative approach to source separate organics, improve recycling and to process residual waste appears to be the option that provides the better outcome. This option should satisfy Council's Strategic Plan Term Achievement, Sustainable Penrith Action Plan and the State Government's objectives to achieve resource recovery targets with a higher resource value.

Approach to Tendering

Based on the strategy and preferred option outlined in this report it is proposed to develop tender documents for the following:

Collection Services

- Residual collections – contract term 10 years
- Organic collections – contract term 7 years (delayed commencement)
- Recycling collections – contract term 10 years

In line with the Strategy, it is proposed to continue the current level of service (including co-mingled recycling) for three years prior to the implementation of organic collections. The purpose for this is to provide opportunity for the further development of technology and/or to allow treatment processes to establish in the region.

Organics collection services, however, may not apply or be suitable for all residential properties in the City, rural and residential flat developments being typical examples. Single dwellings and dual occupancies in the urban areas would comprise the bulk of premises for organics collection services.

Disposal/Treatment Services

- Landfilling residual waste – contract term 3 + 3 + 4 years
- AWT processing of residual waste - contract term 3 + 3 + 4 years
- Organics composting/processing – contract term 7 years (delayed commencement)
- Recycling resource processing – contract term 10 years

Advice provided to the working party by Paul Howlett is that as AWT and organics technology are still emerging, any move to these services should be delayed to allow for the technologies to be tested and proven.

Whilst tenders will be called for all of these options Council has the discretion to consider or reject any option.

Industrial Relations

In developing the specifications for new contracts, consideration will be given to maintaining existing employment conditions that apply to existing waste contractors' staff, wherever possible. Discussions will be held with peak industry bodies including the Transport Workers' Union in this regard.

Sustainability

Council's Sustainability Unit confirms that the Penrith Domestic Waste Strategy is aligned to the Sustainable Penrith Action Plan. However, the Sustainability Units also recognises that the introduction of a full organics collection and processing service is the most sustainable outcome.

Summary

The NSW Strategy for Waste Avoidance and Resource Recovery has a target of 66% of resource recovery from the total waste stream by 2014. This is an over-arching target (including commercial, industrial, demolition and domestic waste). The criteria for the measurement of resource recovery is currently being reviewed by DEC and the outcome of this review will be reported when the details become available. DEC has advised that resource recovery levels for recycling and organics is measured based on total tonnes of resources collected less the amount of contamination. The resource recovery levels for AWT processing is measured based on the tonnes processed compared to the tonnes of material that go to landfill.

There appears to be two fundamental questions to be answered; namely, what percentage of resource recovery do we want to achieve with Penrith's domestic waste and what value is placed on the recovered resources. These two parameters will influence the options to be taken in the collection and disposal of domestic waste and the cost of implementing such systems.

The collection and treatment of domestic waste is seen as a key sustainability issue for the City. Council's Strategic Plan identifies, as a Term Achievement, that waste to landfill is significantly reduced and resource recovery is being optimised.

The proposed Domestic Waste Strategy will provide sustainable outcomes for the City in a staged approach that should meet the objectives including convenience, resource recovery targets, risk management, benefits from competition, and maintaining health and safety.

To meet the identified objectives and achieve high sustainability outcomes, the staged approach with the longer term introduction of organics collection and use of AWT processing for residual waste is seen as the preferred option.

RECOMMENDATION

That:

1. The information contained in the report on Domestic Waste Strategy be

received

2. Council adopts the draft Domestic Waste Management Strategy identified in this report
3. The Waste and Community Protection Manager be authorised to develop tender documents for the services and processes as outlined in this report
4. A further report be presented to Council on the development of tender documents for new waste collection, disposal and treatment services.

ATTACHMENTS/APPENDICES

1. Draft Domestic Waste Strategy 29 Pages Attachment

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LEADERSHIP AND ORGANISATION

Item		Page
4	Service Specification Program 36/35	25
5	Westpool Activities 6011/38	28



Leadership and Organisation

4 Service Specification Program

36/35

Compiled by: Eric Shen - Service Specification Officer

Authorised by: Ross Kingsley - Corporate Development Manager

Strategic Program Term Achievement: *Services and programs that Council provides are determined based on equity, customer requirements, community benefits and best value.*

Critical Action: *All services are provided to adopted service levels.*

Purpose:

To provide Council with the draft Service Specifications for the following Services for its consideration - City Partnerships; City Marketing; Neighbourhood Facilities Management; Community Safety. The report recommends that these service specifications be adopted.

Given the size of these documents, copies have been provided separately to Councillors. Additional copies of any of these documents can be obtained on request.

Background

Council established the Service Specification Program in 2002-03 in order to:

1. Comprehensively analyse and document all services and the present level of service provided (stage 1 of the Program)
2. Enable Council in a fully informed manner to review and where appropriate adjust service levels to better meet the needs of the community and align to Council's strategy (stage 2).

Documentation of Council's 80 external and internal services is a major exercise with significant benefits to the efficient and effective management of the organisation. The program has seen the formal adoption to date of 28 Service Specifications with an additional 4 specifications presented tonight for Council's consideration. A large body of specifications is approaching completion and will be progressively reported to Council in the new year.

Stage 2 of the program, that is review and adjustment of service levels has already been undertaken by Council in selected key areas. Particularly notable has been the review of the Parks Maintenance service, leading to a major enhancement of the service level in this area introduced from 2005-06. A more comprehensive review of service levels has commenced in conjunction with management's further assessment of the requirements of Council's new Strategic Program. This will be discussed in detail with Council early in the new year, as part of preparations for the next Management Plan.

Assessment of Draft Service Specifications

The four draft Service Specifications presented tonight for Council's consideration are:

- City Partnerships (Economic Development and City Marketing Manager)
- City Marketing (Economic Development and City Marketing Manager)
- Neighbourhood Facilities Management (Facilities Operations Manager)
- Community Safety – (Asset Manager)

Prior to their reporting to Council, all draft specifications undergo a rigorous process of validation and assessment, leading to approval by the Corporate Management Team. The aim is to ensure that each specification accurately communicates the existing levels of service and activities that the service provides in terms of quantity, quality and cost to Council. Once adopted by Council the specification will be used as the basis for testing service performance and for service review, including any changes to services levels, calls for additional resourcing or for changes in priority setting within an existing service.

As previously determined by Council, all completed draft service specifications are reported to its Policy Review Committee for consideration and adoption. Where additional information or further consideration is required, resulting in a specification not being adopted at that meeting, the relevant specification would be referred to the Services Review Working Party. This working party would be scheduled to meet every quarter or as required. Recommendations from the Services Review Working Party would then be reported to the next Ordinary or Policy Review Committee meeting for adoption.

Summary of Key Information

Service Specifications are very detailed documents. By policy, full documentation is provided under separate cover to all Councillors and is available to the public on request. To assist in Council's consideration of the draft specifications submitted tonight, executive summaries of the four service specifications are provided in the appendices to this report.

These summaries contain :-

- Service Description
- Service Objectives
- Scope of Service
- Key Statistics
- Key Performance Indicators
- Service Funding
- Service Summary Chart

Please note that while all information in the draft specifications is current, in the case of Neighbourhood Facilities Management, 2004-05 budget figures are utilised, as this service is a significant income area, where the most recent year's actual results are the most meaningful to present in the specification.

RECOMMENDATION

That:

1. The information contained in the report on Service Specification Program be received
2. The specification for the City Partnerships service be adopted
3. The specification for the City Marketing service be adopted
4. The specification for the Neighbourhood Facilities Management service be adopted
5. The specification for the Community Safety service be adopted.

ATTACHMENTS/APPENDICES

1. Service Specifications Executive Summaries 10 Pages Attachment

Leadership and Organisation

5 Westpool Activities

6011/38

Compiled by: Ken Muir - Risk Management Co-ordinator

Authorised by: Barry Husking - Chief Financial Officer

Strategic Program Term Achievement: *A contemporary system of risk management and internal control is operating.*

Critical Action: *Develop and implement an enterprise risk management policy and plan including integrated risk management, compliance and internal control systems that identify, assess, monitor and manage risks throughout the organisation.*

Purpose:

To provide Council with an update on the activities and financial health of Westpool. The report recommends that the information be received.

Background

Westpool provides:

- Insurance coverage for public and professional indemnity liability
- Comprehensive motor vehicle insurance cover
- A forum for the management of insurance claims
- A forum for the exchange of best practice for prevention and minimisation of risk
- Training for member councils to help minimise risk
- A platform to pursue legislative change.

Council is represented at Westpool by:

- Councillor Ross Fowler; re-elected, at the recent AGM, as Chairman for the twelfth consecutive time.
- Alan Travers; Representative to the Board
- Barry Husking; Strategic Planning Committee
- Vicki O'Kelly; Finance Committee
- Ken Muir; Management Committee.

Current Situation

Westpool has released its annual report for 2004/2005 and a copy has been circulated to Councillors with this Business paper. This year's report outlines the achievements of Westpool and explains that the financial performance of the Pool is strong within an environment where claim numbers and costs are reducing.

Liability Cover

Over the past 2 years Westpool has applied a rigid financial strategy, which has ensured that all liabilities are funded with a prudential margin of 20% and the Pool now has a healthy surplus of approximately \$1M.

The Civil Liability Act and good claims management has resulted in a reduction in claims costs placing less burden on Pool funds.

Less claims payments has had the positive affect of increasing Westpool's investment funds and along with a sound financial and investment strategy has lead to a \$580,000 increase in investment income over the last 12 months.

The cost of professional indemnity/public liability insurance for 2004/05 was 8% lower than 2003 terms. In October 2005 members of Westpool and MetroPool attempted to negotiate a three year term of cover with the London underwriters. Multi year terms could not be negotiated because of external market pressures but the performance by both pools in managing liability was recognised in the form of a further reduction in premium.

Industrial Special Risk (Property cover)

In June, 2003 Westpool Members paid approximately \$1.9M for their property insurance and it was expected premiums were due to rise 10%. A major review was undertaken and the Property Pool established. Westpool is now into the third year of the Property Pool and Members are insuring properties with a combined asset value 20% greater than 2003. The insurance coverage is vastly improved with the added bonus of the engineering expertise of FM Global. All this has been achieved at a reduced cost and there is a small surplus within the Pool.

Westpool was able to use its experience as an ISR Pool to encourage MetroPool to contemplate a combined pool cover under the banner of United Independent Pools. As a result, the current terms have been guaranteed for a three year period, which in light of recent worldwide losses, is a prudent decision.

Motor Vehicle Insurance Cover

Westpool continues to facilitate bulk comprehensive motor vehicle cover resulting in financial savings for its members. In October terms of cover were renewed in the marketplace resulting in a reduced premium. Council, in recognition of its positive performance, will receive a rebate from the 2004/05 premium and a reduced premium for 2005/2006.

Other Insurance Cover

The Pool has increased the package of funded insurances during the past two years to include:

- \$3M Directors & Officers Cover
- Fidelity Guarantee
- Corporate Travel
- Semi Volunteers Cover
- Personal Accident Insurance.

In the past these insurances came as an additional cost to Members but are now part of the

Westpool cover.

Westpool Training Program

Westpool provided a forum for information exchange on the liabilities associated with tree management and best practice risk management as exemplified by the risk management award entries from Westpool and MetroPool in 2004.

Westpool supported participation in the Risk Management Institution of Australasia (RMIA) national conference in Hobart and continues to encourage professional development and networking through the NSW RMIA seminars.

Risk Management Award

Westpool conducts a competition to encourage and recognize initiatives in risk management. In 2004 a combined MetroPool Westpool risk management award was introduced to further encourage risk management and exchange of ideas. Members submit entries to be judged by an external expert panel and the winner is announced at the Westpool Annual General Meeting.

Penrith City Council based its entry on the implementation of Tree Inspection and Assessment Procedures that is leading to the development of a tree replacement strategy. Council was declared the winner of the Westpool Local Government Risk Management Excellence Award for 2005 and the Joint Local Government Pools (Westpool & MetroPool) Risk Management Award.

Conclusion

In conclusion, through the efforts of all involved, Westpool is operating smoothly and is now in a strong position to market its services to other Members if the opportunities arise. Claims have levelled out at a more manageable level allowing the Members to place more emphasis on risk management strategies and implementing Enterprise Risk Management

RECOMMENDATION

That the information contained in the report on Westpool Activities be received.

ATTACHMENTS/APPENDICES

1. Westpool 2004-2005 Annual Report 61 Pages Attachment