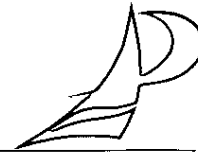


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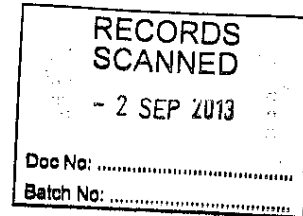
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30 August 2013

The General Manager  
Ballina Shire Council  
PO Box 450  
**BALLINA NSW 2478**



**Attention: Andrew Swan**

Dear Andrew

**RE: Draft DSP for Wastewater Services**

We have reviewed the draft document and wish to draw your attention to a number of areas of concern. While there is insufficient time to document all of the issues before the end of the exhibition period the following issues and examples should be sufficient to illustrate that;

1. The Draft DSP contains significant errors that affect the resulting developer servicing charges and these must be corrected, and
2. The method of delivering the Ballina Heights Estate (BHE) S64 compensation needs to be taken into account and has not been.

Therefore we request that these matters be addressed before the DSP is finalised.

### **Impact of Draft DSP charge/ET on Current Section 64 Credit Claim**

As you are aware from our previous meetings and correspondence the Ballina Heights Estate (BHE) developers are due compensation for sewer infrastructure that they have constructed to provide for the future Cumbalum Urban Release Area A (CURA-A). There are a number of ways of doing this but Councils preferred mechanism is a refund by Council to the developers, with Council recouping the refund from CURA-A through the DSP. As pointed out in the correspondence this method has the potential for making the

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## 11.4 Development Servicing Plans - Adoption.DOC

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developers pay twice for infrastructure, something that is not allowed within a DSP or its application.

In its current form the DSP contains irregularities (discussed later) that impact its calculations but using the values that it presents gives the following results.

The total Area F capital cost of \$8,228/ET is \$8,036/ET in 2010\$. The following figures are 2010\$ unless noted.

Of the \$8,036/ET, \$2,219.57/ET is the contribution for rising mains, gravity mains and pumping stations. The number of ET yet to be developed and paid for in BHE is 855. Therefore the completed BHE will be required to pay an additional \$1,945,602 in 2012\$ for infrastructure that they have been compensated approximately \$1M for. While Council will collect an additional \$2,055,000 from CURA-A to compensate it for the \$1M payment to BHE and approximately \$0.2M in future works (change pumps and provide additional emergency storage in SP2402). Under this arrangement Council collects \$4.0M and spends \$1.2M.

This double payment is not allowed, and if Council wishes to use the DSP in this manner then the DSP must be corrected.

### Infrastructure Existing versus Future

If the BHE S64 claim is to be addressed as preferred by Council then the DSP must accurately identify existing infrastructure and future works. That is, works that BHE has already funded versus future works that DSP charges must fund. The Draft DSP does not do this.

For example;

- Only 1491m of 300mm RM is identified as existing while there is actually 5,125m. The DSP has 3,863m of 300mm rising main from PS3 identified as future DSP works to serve PS3 which is only 1,500m from its receiving PS (SP2402) and will be a developer funded, not a DSP funded, asset.
- The value of existing rising mains by the DSP is \$1.5M, while the actual existing is \$3M. There are no additional rising mains required to cater for the ultimate BHE and CURA-A loads as detailed in advice to you of 18/05/12. But the combined value of the existing and future DSP works is \$2.9M. So the DSP gets the ultimate value correct but not the share that is part of the BHE claim.

This is not an exhaustive list but provides sufficient information to illustrate that the Draft DSP cannot be used to differentiate between works already paid for by BHE and future works.

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**Other Anomalies in Draft DSP**

There are a range of errors and anomalies in the Draft DSP that suggest that it should be reviewed. The following were identified from a quick reading of the document.

- SP2401 is identified as requiring \$285,019 of future emergency storage when no additional storage is required (as detailed in the storage report of 4/09/12 requested by and provided to Council)
- PS3 is identified as DSP work while it is an internal development asset, only serving BHE, to be funded by the developers.
- RM-2401-1 (not related to S64 claim) is work identified as CURA-B work with no link to CURA-B
- RM-PS6 (not related to S64 claim) is a 450mm 5km rising main that appears in Figure 7, would only be required if CURA-B (Area G) used PS2402 (for which it is making no contribution), but does not appear in any of the calculations.
- RWP 27, 29 & 31 (not related to S64 claim) add \$613/ET to BHE and CURA-A charges but are not required to serve either.

**Conclusion**

There is, I believe, sufficient detail in the information provided above to demonstrate that the Draft Wastewater DSP contains errors and anomalies that will prevent its use for setting developer charges in its current form. Therefore the Draft needs to be corrected. The outcomes of the DSP also need to take into consideration the issue of the compensation for excess sewerage capacity provided by the BHE developers for CURA-A. There is no evidence that this has been done. Had it been the discrepancies identified above would not have resulted. The revised DSP, and the BHE S64 compensation, must result in an equitable outcome in keeping with the statutory Section 64 requirements. I trust that this information will be sufficient for you to review both the Draft DSP and the BHE S64 compensation arrangements. Should you require any additional information please contact me on 6686 3280 or 0427 291771.

Yours faithfully



Chris Mulder  
**ARDILL PAYNE & PARTNERS**

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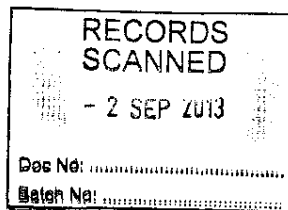
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30 August 2013

The General Manager  
Ballina Shire Council  
PO Box 450  
**BALLINA NSW 2478**



**Attention: Andrew Swan**

Dear Andrew

**RE: Draft DSP for Water Services**

We have reviewed the draft document and wish to draw your attention to errors in the data used that result in a significant over calculation in the Area F charges. While there is insufficient time to document all of the issues before the end of the exhibition period the following examples should be sufficient to demonstrate that the DSP cannot be adopted in its current form, and the errors need to be corrected.

### Errors in Data

1. The Draft DSP includes a cost of \$214,692 (\$112.73/ET) for the existing Ballina Heights Temporary Reservoir which was fully funded by, and remains the property of, the developers. This item should therefore be removed.
2. There is no relationship between the capital costs of reservoirs WR2 serving Area G (CURA-B) and WR1 serving Area F (BHE & CURA-A).

WR2 is a 3.5/2.8 ML reservoir with a capital cost 2011/12\$ of \$1,306,450. Equating from the reference rates to a 2.7 ML reservoir.

WR1 is a 2.2/1.8 ML reservoir with a capital cost 2011/12\$ of \$1,654,000 (external figure). Equating from the reference rates to a 3.0 ML reservoir.

There is obviously a miscorrelation in the use of the external rate for comparison with the reference rate which impacts the fairness of the DSP process.

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**Impact of Errors**

Removing the Ballina Heights Temporary Reservoir and using reference rates for WR1 decreases the Area F Reservoir Capital Charges/ET from  $\$866.49 + \$112.73 = \$979.22$ , to  $\$366.45 + \$0 = \$366.45$ .

A significant change that reduces the resulting Developer Charge from  $\$1,313/ET$  to  $\$790/ET$ .

**Conclusion**

The errors identified have a very significant impact on the outcome of the DSP and need to be corrected.

Should you wish to discuss the matters raised or require any addition information please contact me on 6686 3280 or 0427 291771.

Yours faithfully



Chris Mulder  
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## 11.4 Development Servicing Plans - Adoption.DOC

Ballina Shire Council - Response to submission from Public Exhibition of the DSP

Issue	Common Understanding of the Issue (as discussed between Council staff and APP staff 14/10/2013)	Council Commentary	Council Action	
WW1	The Draft DSP contains significant errors that affect the resulting developer servicing charges and these must be corrected	That identified errors should be corrected	None	The errors identified within the DSP will be resolved prior to submission to NSW Office of Water for Registration
WW2	The method of delivering the Ballina Heights Estate (BHE) S64 compensation needs to be taken into account and has not been.	That inclusion of developer supplied infrastructure within the DSP may cause the developer to pay again for infrastructure that they built	Within BHE the developer undertook work to construct infrastructure which services their development. According to the methodology of the DSP Guidelines this infrastructure is now part of Council's wastewater conveyance network and is included within the charge. However there is no intention that the developer who constructed the infrastructure would pay Council again for infrastructure they already built. This would be taken into account when considering the amount that the developer would need to pay Council, pursuant to Sections 305 and 306 of the Water Management Act (2000)	None (to the DSP)
WW3	Double payment of BHE infrastructure	As above (WW2)	As above (WW2)	As above (WW2)
WW4	Only 1,491 m of 300mm RM is identified as existing while there is actually 5,125m. The DSP has 3,863m of 300mm rising main from PS3 identified as future DSP works to serve PS3 which is only 1,500m from its receiving PS (SP2402) and will be a developer funded, not a DSP funded, asset	The diagrams and tables within the DSP appear to show an inconsistency with the existing infrastructure and the servicing strategy of PS3, a pump station that services Cumbalum developments.	The documentation in the DSP and the Wastewater Servicing Strategy does not clearly convey the nature of the existing assets in this area or the servicing strategy related to PS3. Council's Wastewater Servicing Strategy does rely on the use of PS3 as a conveyance pump station, which services multiple developments and would subsequently be a developer funded asset. This is consistent with the Cumbalum Infrastructure Delivery Plan	Update the commentary in the Wastewater Servicing Strategy to be clearer Ensure that existing assets are appropriately identified in the DSP Ensure that PS3 is appropriately costed against the developments it is designed to service
WW5	The value of existing rising mains by the DSP is \$1.5M, while the actual existing value is \$3M. There are no additional rising mains required to cater for the ultimate BHE and CURA-A loads as detailed in advice to Council of 18/05/12	As above (WW6)	As above (WW6)	As above (WW6)
WW6	SP2401 is identified as requiring \$285019 of future emergency storage when no additional storage is required (as detailed in the storage report of 4/09/12 requested by and provided to Council)	The DSP and the storage report of 4/9/12 appear inconsistent	These two reports were generated for different purposes and may contain different design assumptions. However on face value this may be an error	Review the DSP calculations against the storage report of 4/9/12 and, if an error is identified, make any necessary changes
WW7	PS3 is identified as DSP work while it is an internal development asset, only serving BHE, to be funded by the developers	As above (WW6)	As above (WW6)	As above (WW6)
WW8	RM-2401-1 (not related to S64 claim) is work identified as CURA-B work with no link to CURA-B	This rising main appears to be identified as servicing CURA-B when, in fact, it is located within BHE	None	Ensure that RM-2401-01 is correctly costed to the appropriate DSP area
WW9	RM-PS6 (not related to S64 claim) is a 450mm 5km rising main that appears in Figure 7, would only be required if CURA-B (Area G) used PS2402 (for which it is making no contribution), but does not appear in any of the calculations	Incorrectly labelled in the DSP, should be RM-PS3. as above (WW6)	As above (WW6)	As above (WW6)

## 11.4 Development Servicing Plans - Adoption.DOC

Ballina Shire Council - Response to submission from Public Exhibition of the DSP

Issue	Common Understanding of the Issue (as discussed between Council staff and APP staff 14/10/2013)	Council Commentary	Council Action	
WW10	RWP 27, 29 & 31 (not related to S64 claim) add \$613/ET to BHE and CURA-A charges but are not required to serve either	The schematic nature of these pipes do not convey their intended servicing strategy	These pipes are a necessary component of Council's Recycled Water Supply Strategy. Recycled Water Pipes are costed to the Wastewater Catchment they service.	None required
W1	The Draft DSP includes a cost of \$214692 (\$112.73/ET) for the existing Ballina Heights Temporary Reservoir which was fully funded by, and remains the property of the developers. This item should therefore be removed	The Draft DSP includes a cost for the existing Ballina Heights Temporary Reservoir which was fully funded by, and remains the property of the developers.	None	Update the DSP appropriately
W2	There is no relationship between the capital costs of reservoirs WR2 serving Area G(CURA-B) and WR1 serving Area F (BHE & CURA-A).WR2 is a 3.5/2.8 ML reservoir with a capital cost 2011/12\$ of \$1,306,450. Equating from the reference rates to a 2.7 ML reservoir.WR1 is a 2.2/1.8 ML reservoir with a capital cost 2011/12\$ of \$1,654,000 (external figure). Equating from the reference rates to a 3.0 ML reservoir. Process.	The future Ross Lane Reservoir is larger than the current reservoir under construction in Ballina Heights, however it is costed lower than the Ballina Heights Reservoir in the DSP	At the time the DSP was written a detailed cost estimate had been completed for the Ballina Heights Reservoir, this estimate was used in the DSP. Council has not undertaken any design based cost estimates for the future Ross Lane Reservoir, so it is costed using the NSW Reference Rates and is subsequently less expensive than the Ballina Heights Reservoir. Council has followed the DSP Guidelines in determining these costs and has no further data about the expected costs of the future Ross Lane Reservoir	None required