



enquiries refer
Paul Hickey
in reply please quote
(1297)

4 January 2013

Kyme Lavelle
General Manager
Richmond River County Council
floodplain@rrcc.nsw.gov.au

Dear Mr Lavelle

Re: Australian Research Council Project

In respect to Council's contribution of \$120,000 per annum for the next three years to the Australian Research Council project I am pleased to advise that Council has resolved to support the funding for 2012/13.

In order to obtain this contribution please contact Mr John Truman who will be the contact in Council for this project.

In respect to the contributions for years two and three, Council will provide support as a last resort however our preference remains for the three constituent councils to make an equal contribution for those years.

It is unreasonable for Ballina Council to fully fund this project without some support from the other councils and it would be appreciated if all efforts could be made to ensure that contributions are obtained from the other members. The request for funding should be made as early in the budget cycle as possible so that all three constituent councils can allocate the necessary funds.

We look forward to your assistance with this request and if you require any more information please call Mr Truman.

Yours faithfully

Paul Hickey
General Manager

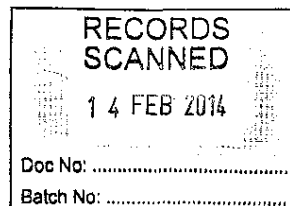


RICHMOND RIVER COUNTY COUNCIL
Floodplain Services

Our Ref: KL/HMc: 2252/12 (43414)

12 February 2014

General Manager
Ballina Shire Council
PO Box 450
BALLINA NSW 2478



Dear Mr Hickey

I refer to previous communications in relation to the post-doctoral research project into blackwater management with Southern Cross University. Council today considered its position in relation to funding for year 2 of the project having regard to responses from Lismore City and Richmond Valley Councils in relation to a request to provide financial support. I can advise that Council resolved as follows:

That Council:

1. Advise Ballina Shire Council that RRCC is unable to assist with additional funding for the project and of the responses received from other member Councils in relation to the shared funding request.
2. Request advice from Ballina Shire Council regarding its position with respect to funding the year 2 contribution of \$120,000 consistent with the 'last resort' position outlined in its letter dated 4 January 2013.
3. Make further representations to Lismore City and Richmond Valley Councils regarding shared contributions for the 2014/15 financial year.

Earlier this year you requested that the County make all efforts to ensure that financial contributions were obtained for the project from other member councils. The County made representations to Lismore City and Richmond Valley Councils and both Councils have indicated that they are not positioned to support funding for year 2 of the project in 2013/14, but will consider submissions for year 3 of the project to their 2014/15 budget processes. The County will continue to make representations to those councils in an effort to secure financial support for year 3, being the final year of the project. Should such support not be forthcoming, the County will again need to review its position.

In the meantime, consistent with item 2 of the above resolution, it is requested that Ballina Shire Council formally advise the County of its position.

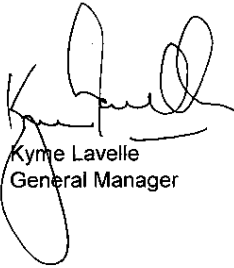
The County shares the view of Ballina Shire Council that this project is of value to the region and will enable better management of water quality in the Richmond River. It will form the

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basis of a comprehensive model that will allow local councils and State agencies to further optimise land use decisions to help minimise the intensity and duration of deoxygenation events in the Richmond.

I look forward to receiving your advice in relation to this matter and if you require any further information please contact me directly by telephone on (02) 6623 3810 or (0427) 068 854 or by email at: kyme.lavelle@rouswater.nsw.gov.au .

Yours faithfully



Kyme Lavelle
General Manager

**Post-Doctoral Research into Blackwater Management:
funding arrangements**

(Item 9. 1 of meeting agenda)

(2252/12)

Business activity priority		Fostering collaborative relationships
Strategic objective	3	Develop and maintain strong linkages with stakeholders

Purpose

To determine a position with respect to funding for the collaborative post-doctoral research blackwater management project with Southern Cross University (SCU).

Background

A post-doctoral research project on blackwater management is being undertaken by SCU. Council will recall that in July 2012, SCU was successful in receiving \$360,000 in funding for the project through the Australian Research Council's (ARC) Linkage Projects scheme. Reports were provided to Council's August and October 2012 meetings with information about and updates on the project.

The research project is a collaborative venture involving SCU, Richmond River County Council (RRCC), Monash University and the Federal government through the ARC grant.

SCU initiated the project through discussions with Ballina Shire Council (BSC) and the County. RRCC's role and commitment to the project was progressed on the basis it would:

- Facilitate the grant as an intermediary between BSC and SCU
- Oversee the project with SCU
- Contribute in-kind services with the Richmond digital elevation flood model, and investigation support from County staff through the Floodplain Services Manager
- Provide a one-off cash contribution of \$15K.

Currently at issue is the commitment for funding year 2 and year 3 of the project.

The ARC Linkage grant was entered into on 4 March 2013 between SCU, RRCC and Monash University. The cash contribution committed under that grant was \$120K for each of year 1, year 2 and year 3 of the project, being \$360K in total. BSC resolved to fund the year 1 contribution of \$120K and a one third share of the balance for the remainder.

BSC's position is that its financial commitment was for the 2012/13 financial year only. The matter was first reported to BSC in September 2012 where it was resolved as follows:

1. That in respect to the Australian Research Council grant for the Richmond River Council confirms its support for the project and that representations be made to Richmond River County Council requesting that the financial contribution be managed by the County Council in consultation with the constituent councils.

RRCC Council Meeting 12 February 2014

2. That Council invite representatives from Southern Cross University to provide an update to Councillors regarding this project.
3. That Richmond River County Council be contacted to place this item on their first meeting agenda for consideration

(270912/29 RESOLVED)

A further report was put to BSC in December 2012 in respect of which that Council determined:

1. That in respect to the Australian Research Council grant for the Richmond River, Council confirms its will provide the \$120,000 contribution for the 2012/13 financial year.
2. The preferred options for the sourcing of this funding are to be included in the December 2012 Quarterly Budget Review, which will be presented to Council at the February 2013 Council meeting.
3. That in respect to the contributions required for 2013/14 and 2014/15 Council confirms its preference is for these contributions to be shared equally amongst the constituent councils of the Richmond River County Council (RRCC), with the General Manager and RRCC delegates to make strong representations to RRCC in support of this equal sharing of the cost.
4. That Council write to the State and Federal Governments and seek NOROC and NRCMA support to assist with rehabilitation of the Richmond River.

(201212/26 RESOLVED)

BSC maintains that its position was to 'fully' fund year 1 and 'in part' fund year 2 and year 3, as per item 1 and 3 of the December 2012 resolution. Accordingly BSC has allocated funding of \$40K for the 2013/14 and 2014/15 financial years.

This results in a \$160K shortfall based on the funding commitment under the ARC grant.

BSC has advised that it assumed that this shortfall would be financed by RRCC. The County's financial commitment however, as reported to the August and October 2012 meetings, was limited to a one-off cash contribution of \$15K and in-kind support.

RRCC subsequently received representations from BSC by letter dated 4 January 2013, consistent with item 3 of its December 2012 resolution (see above 201212/26). Among other things, BSC stated:

In respect to the contributions for years two and three, Council will provide support as a last resort however our preference remains for the three constituent councils to make an equal contribution for those years.

It is unreasonable for Ballina Council to fully fund this project without some support from the other councils and it would be appreciated if all efforts could be made to ensure that contributions are obtained from the other members. The request for funding should be

RRCC Council Meeting 12 February 2014

made as early in the budget cycle as possible so that all three constituent councils can allocate the necessary funds.

The County subsequently wrote to Lismore City and Richmond Valley Councils requesting financial support for the project. The response from both Councils was not supportive of any contribution for 2013/14, however both Councils indicated that they would consider submissions to their 2014/15 budget processes.

It has been suggested by BSC that RRCC cover the shortfall in project funding. The continuation of the research project is important but there is a limit to the County's capacity to fund the shortfall based on asset maintenance priorities and available reserve funds.

Council currently holds \$1.836m in its infrastructure replacement reserve. Forecast renewal liabilities are expected to exceed this amount within the short term. This source of funding is also accessed to provide matching funds for small natural resource management grants when available.

The 2013/14 operational budget contains a structural deficit of \$55,000 generated by the need to engage a qualified engineer to progress contemporary asset management in the organisation. This has been included in Council's financial model and a review of service levels/asset management practices is presently being undertaken to contain this deficit.

The primary financial concern is the lack of any capacity to replenish these reserve funds within our existing funding/service level model.

Given this position, it is not recommended that the County contribute any of its reserve funding this financial year.

With the views of Lismore City and Richmond Valley Councils known and on the basis that no additional funding is available from RRCC, it is recommended that RRCC notify BSC that it seeks to exercise the option foreshadowed in its 4 January 2013 letter to provide support as a last resort, but at this stage, only in relation to this financial year. In the meantime, it is proposed that further representations be made to Lismore City and Richmond Valley Council regarding shared contributions for the 2014/15 financial year.

Governance

The background to this matter spans Council terms (previous and current) and involves multiple parties. Given the County's footprint it is not unusual for it to fulfil the role of facilitator in these circumstances where there are multiple parties to a project with regional benefit.

RRCC has long held the view that projects that deliver whole of region benefits should where possible be funded on a cost sharing basis. However, any such arrangement would ordinarily be negotiated and determined prior to submission of any grant funding application. This does not appear to have happened in this instance.

Regardless, given the existence of the ARC grant and the contractual commitment to SCU, a decision on funding must be made. The constituent councils have declined to provide financial support (at least for 2013/14) and for reasons outlined earlier in this Report it is not recommended that the County vary its original commitment to the project.

RRCC Council Meeting 12 February 2014

Finance

All financial commitments for the 2012/13 financial year have been met.

For the 2013/14 financial year a liability to SCU exists for works incurred to date. Confirmation of the matching funding source for the existing liability and the balance of the project is required to continue the SCU engagement.

Consultation

This report has been prepared in consultation with Council staff and BSC staff.

Conclusion

While the County is of the view that the benefits for the region from this research outweigh the investment in the wider context, it is now a matter for the County to determine its position with respect to BSC's request for funding support from the County. What is now required from BSC is clarification of its position with respect to funding year 2 of the project.

RECOMMENDATION that Council:

1. Advise Ballina Shire Council that RRCC is unable to assist with additional funding for the project and of the responses received from other member Councils in relation to the shared funding request.
2. Request advice from Ballina Shire Council regarding its position with respect to funding the year 2 contribution of \$120,000 consistent with the 'last resort' position outlined in its letter dated 4 January 2013.
3. Make further representations to Lismore City and Richmond Valley Councils regarding shared contributions for the 2014/15 financial year.



Kyme Lavelle
General Manager

RRCC Council Meeting 12 February 2014