

## Attachment C - Option Analysis and Risk Profile

### Option 1 – Maintain Status Quo

Council resolves that:

1. Council does not contribute to the cost of replacing the Irrigation System within land leased by Boyne Island Tannum Sands Golf Club Inc described as Lease B on SP 253030 in Lot 1 on SP 150256 and Lease E on SP 253030 in Lot 3 on SP 150256.
2. The CEO be authorised to negotiate and effect the renewal of the Lease for Boyne Island Tannum Sands Golf Club Inc on the same terms as the current lease for a term expiring on 31 December 2022.
3. Council continues to operate and maintain the existing Irrigation System in accordance with the terms of the Lease to the earlier of:
  - (a) the expiry of the lease; or
  - (b) the irreparable failure of the Irrigation System.
4. The CEO investigates the most appropriate use of the land.

Financial	Business & Stakeholders	Regulatory & Legal	Reputation	Health & Safety	Environment & Social
<p><b>Consequence:</b> Minor <b>Likelihood:</b> Almost Certain</p> <ul style="list-style-type: none"> <li>• It is anticipated that Council will continue to incur operating costs in the vicinity of \$100,000 - \$150,000 per annum in order to maintain the current Irrigation System</li> <li>• Operational Costs: 19/20 - \$200,000 20/21 - \$150,000 21/22 - \$150,000 22/23 - \$ 75,000 \$575,000</li> <li>• Capital Costs: Nil</li> <li>• RISK – Operating costs may continue to increase if the condition of the current Irrigation System continues to deteriorate.</li> </ul>	<p><b>Consequence:</b> Insignificant <b>Likelihood:</b> Possible</p> <ul style="list-style-type: none"> <li>• Business as usual. This decision will not detract from Council's operational objectives</li> <li>• This resolution is consistent with Council's other sporting and recreational leases</li> <li>• Treated effluent can be redirected to QAL Red Mud Dam</li> </ul>	<p><b>Consequence:</b> Insignificant <b>Likelihood:</b> Possible</p> <ul style="list-style-type: none"> <li>• Council will satisfy its lease obligations</li> <li>• The conditions of the current Lease do not require Council to replace the irrigation system</li> </ul>	<p><b>Consequence:</b> Minor <b>Likelihood:</b> Almost Certain</p> <ul style="list-style-type: none"> <li>• Transparent and equitable approach.</li> <li>• RISK: Strong likelihood of adverse community sentiment within some sectors of the community and press coverage.</li> </ul>	<p><b>Consequence:</b> Insignificant <b>Likelihood:</b> Low</p> <ul style="list-style-type: none"> <li>• There is no additional risk to health and safety associated with the adoption of this resolution.</li> </ul>	<p><b>Consequence:</b> Minor <b>Likelihood:</b> Possible</p> <ul style="list-style-type: none"> <li>• Council will continue to monitor the environment and comply with conditions of the EA.</li> <li>• RISK: If the irrigation system falls into further disrepair Council may be unable to meet the conditions of the EA and may have to cease the supply of treated effluent to the site.</li> <li>• RISK: May result in the dissolution of BITS Golf and the loss of a golf course at Boyne Island Tannum Sands.</li> </ul>

**Option 2 – Undertake detailed design of the replacement of the Irrigation System and provide further report to Council during 2019/2020FY**

Council resolves that:

1. Officers undertake detailed design of the replacement of the Irrigation System with an irrigation system capable of irrigating the existing 13 holes with treated effluent to a standard comparable with other similar regional golf clubs and that a further report be provided to Council during 2019/2020 Financial year for Council's consideration.
2. Officers investigate the most appropriate use of the land and that a further report be provided to Council during the 2019/2020 financial year for Council's consideration.
3. The CEO be authorised to negotiate and effect the renewal of the Lease for Boyne Island Tannum Sands Golf Club Inc on the same terms as the current lease for a term expiring on 31 December 2022.
4. Council continues to operate and maintain the existing Irrigation System in accordance with the terms of the Lease to the earlier of:
  - (a) the expiry or earlier termination of the lease; or
  - (b) the irreparable failure of the Irrigation System.

Financial	Business & Stakeholders	Regulatory & Legal	Reputation	Health & Safety	Environment & Social
<p><b>Consequence:</b> Minor <b>Likelihood:</b> Almost Certain</p> <ul style="list-style-type: none"> <li>• It is anticipated that Council will continue to incur operating costs in the vicinity of \$100,000 - \$150,000 per annum in order to maintain the current Irrigation System.</li> <li>• Operational Costs: 19/20 - \$200,000 20/21 - \$150,000 21/22 - \$150,000 <u>22/23 - \$ 75,000</u> \$575,000</li> <li>• Capital Costs: \$150,000 to undertake detailed design during the 19/20 financial year.</li> <li>• RISK – Operating costs may continue to increase if the condition of the current Irrigation</li> </ul>	<p><b>Consequence:</b> Insignificant <b>Likelihood:</b> Possible</p> <ul style="list-style-type: none"> <li>• Business as usual. This decision will not detract from Council's operational objectives.</li> <li>• Treated effluent can be redirected to QAL Red Mud Dam if required.</li> <li>• Detailed design will allow Council to make a more informed decision.</li> <li>• Detailed design will provide BITS Golf with more information on operating costs and system capability.</li> </ul>	<p><b>Consequence:</b> Insignificant <b>Likelihood:</b> Possible</p> <ul style="list-style-type: none"> <li>• Council will satisfy its lease obligations</li> <li>• The conditions of the current Lease do not require Council to replace the irrigation system.</li> </ul>	<p><b>Consequence:</b> Minor <b>Likelihood:</b> Possible</p> <ul style="list-style-type: none"> <li>• Transparent and equitable approach.</li> <li>• RISK: BITS Golf may see this as a reverse of Council's previous position.</li> </ul>	<p><b>Consequence:</b> Insignificant <b>Likelihood:</b> Rare</p> <ul style="list-style-type: none"> <li>• There is no additional risk to health and safety associated with the adoption of this resolution.</li> </ul>	<p><b>Consequence:</b> Minor <b>Likelihood:</b> Possible</p> <ul style="list-style-type: none"> <li>• Council will continue to monitor the environment and comply with conditions of the EA.</li> <li>• RISK: If the irrigation system falls into further disrepair Council may be unable to meet the conditions of the EA and may have to cease the supply of treated effluent to the site.</li> </ul>

System continues to  
deteriorate.

### Option 3 – Council funds the full replacement of the Irrigation System – BITS Golf to operate and maintain the new Irrigation System

Council resolves that:

1. Council will replace the Irrigation System within land leased by Boyne Island Tannum Sands Golf Club Inc (BITS Golf) described as Lease B on SP 253030 in Lot 1 on SP 150256 and Lease E on SP 253030 in Lot 3 on SP 150256 with an irrigation system capable of irrigating the existing 13 holes with treated effluent to a standard comparable with other similar regional golf clubs and satisfactory to Council provided that:
  - (a) the existing lease between BITS Golf and Council is surrendered; and
  - (b) prior to the commencement of the installation of the new Irrigation System, BITS Golf enter into a new lease for a period of 10 years on terms consistent with policy; and
  - (c) the new lease contains a condition requiring BITS Golf to have responsibility for the operation and maintenance of the new irrigation system in accordance with Council's requirements after a period of 1 year from the commissioning of the Irrigation System.
2. The CEO is authorised to negotiate and effect the lease arrangements and in the event that the CEO is unable to reach agreement with BITS Golf, the status quo will remain until the expiration or earlier termination of the lease.

Financial	Business & Stakeholders	Regulatory & Legal	Reputation	Health & Safety	Environment & Social
<p><b>Consequence:</b> Moderate <b>Likelihood:</b> Almost Certain</p> <ul style="list-style-type: none"> <li>• Commissioning of the Irrigation System is not likely to occur until 20/21 and Council would be responsible for the operation of the existing irrigation system until 21/22.</li> <li>• Operational Costs up to 1 year post commissioning: 19/20 FY - \$200,000 20/21 FY - \$150,000 <u>21/22 FY – \$100,000</u> \$450,000</li> <li>• Council will continue to incur costs post handover to monitor compliance with EA conditions. This is estimated at \$50,000 per annum.</li> <li>• Capital Costs: \$750,000 of capital funds is currently allocated for the</li> </ul>	<p><b>Consequence:</b> Insignificant <b>Likelihood:</b> Possible</p> <ul style="list-style-type: none"> <li>• Resolution is inconsistent with Council's management of other property assets used for sporting and recreational purposes. Lessees are generally required to fund improvements to the lease area.</li> <li>• RISK: Council may receive requests for assistance from other community groups.</li> <li>• RISK: BITS Golf is situated on freehold land. Increased investment in the site by either BITS Golf or Council may impact Council's ability to dispose or otherwise deal with the land in the future.</li> </ul>	<p><b>Consequence:</b> Insignificant <b>Likelihood:</b> Possible</p> <ul style="list-style-type: none"> <li>• A new lease will be negotiated to include conditions regarding the operation and maintenance of the irrigation system.</li> <li>• Council as holder of the EA is ultimately responsible for compliance with the EA.</li> <li>• RISK: If BITS Golf do not have the necessary knowledge or capability to manage the environmental requirements under the EA Council may become liable for a breach of the EA conditions.</li> </ul>	<p><b>Consequence:</b> Insignificant <b>Likelihood:</b> Possible</p> <ul style="list-style-type: none"> <li>• Likely to be received favourably by both the Boyne Island Tannum Sands and the golfing community.</li> <li>• RISK: Potential to be perceived as inequitable particularly from other sectors of the community who have not been fortuitous to receive a similar capital contribution.</li> </ul>	<p><b>Consequence:</b> Insignificant <b>Likelihood:</b> Rare</p> <ul style="list-style-type: none"> <li>• There is no additional risk to health and safety associated with the adoption of this resolution.</li> </ul>	<p><b>Consequence:</b> Minor <b>Likelihood:</b> Possible</p> <ul style="list-style-type: none"> <li>• Council will continue to monitor the environment and comply with conditions of the EA.</li> <li>• RISK: If the irrigation system falls into further disrepair Council may be unable to meet the conditions of the EA and may have to cease the supply of treated effluent to the site.</li> <li>• RISK: May result in the dissolution of BITS Golf and the loss of a golf course at Boyne Island Tannum Sands.</li> </ul>

<p>replacement of the Irrigation System in the Long-Term Financial Plan for the 19/20 financial year. A more accurate assessment of likely costs will not be possible until detailed design has been undertaken. The allocated funds may need to be spread over the 19/20 and 20/21 financial years.</p> <ul style="list-style-type: none"><li>• RISK: Actual costs may exceed the funds allocated in the Long Term Financial Plan.</li><li>• RISK: BITS Golf may be unable to afford the cost of the operation and maintenance of the new system following installation.</li><li>• RISK: Should the clubhouse fall into disrepair, BITS Golf may be unable to fund the necessary repairs or replacement. A further capital contribution may be sought from Council.</li></ul>					
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**Option 4 – Council terminates the Lease with BITS Golf and ceases maintenance and repair activities on the existing irrigation system**

Council resolves that the CEO be authorised to negotiate and effect the termination or surrender of the lease between Council and BITS Golf and that following surrender or termination, Council ceases the maintenance and repair of the Irrigation System.

Financial	Business & Stakeholders	Regulatory & Legal	Reputation	Health & Safety	Environment & Social
<p><b>Consequence:</b> Minor <b>Likelihood:</b> Almost Certain</p> <ul style="list-style-type: none"> <li>It is anticipated that Council will continue to incur operating costs in the vicinity of \$100,000 - \$150,000 per annum in order to maintain the current Irrigation System.</li> <li>Operational Costs: 19/20 - \$200,000 20/21 - \$150,000 21/22 - \$150,000 22/23 - \$ 75,000 \$575,000</li> <li>Capital Costs: Nil</li> <li>RISK – Negotiations with BITS Golf may be protracted.</li> <li>RISK – Operating costs may continue to increase if the condition of the current Irrigation System continues to deteriorate.</li> </ul>	<p><b>Consequence:</b> Insignificant <b>Likelihood:</b> Possible</p> <ul style="list-style-type: none"> <li>Business as usual. This decision will not detract from Council’s operational objectives.</li> <li>Treated effluent can be redirected to QAL Red Mud Dam if required.</li> </ul>	<p><b>Consequence:</b> Insignificant <b>Likelihood:</b> Possible</p> <ul style="list-style-type: none"> <li>The termination or surrender of the lease will be negotiated in good faith.</li> <li>The initial term of the lease has expired and it is unclear whether the options was ever exercised.</li> <li>RISK – Negotiations with BITS Golf may be protracted.</li> <li>RISK – BITS Golf may elect to pursue legal proceedings against Council.</li> </ul>	<p><b>Consequence:</b> Minor <b>Likelihood:</b> Almost Certain</p> <ul style="list-style-type: none"> <li>RISK: Strong likelihood of adverse community sentiment (within some sectors of the community) and adverse press.</li> </ul>	<p><b>Consequence:</b> Insignificant <b>Likelihood:</b> Rare</p> <ul style="list-style-type: none"> <li>There is no additional risk to health and safety associated with the adoption of this resolution.</li> </ul>	<p><b>Consequence:</b> Minor <b>Likelihood:</b> Possible</p> <ul style="list-style-type: none"> <li>Council will continue to monitor the environment and comply with conditions of the EA while the Irrigation System remains in operation.</li> <li>RISK: If the irrigation system falls into further disrepair Council may be unable to meet the conditions of the EA and may have to cease the supply of treated effluent to the site.</li> <li>RISK: Likely to result in the dissolution of BITS Golf and the loss of a golf course at Boyne Island Tannum Sands.</li> </ul>