



Notice of Commercial Services Committee Meeting

A Commercial Services Committee Meeting will be held in the Ballina Shire Council Chambers, 40 Cherry Street, Ballina on **Tuesday 17 November 2015 commencing at 4.00 pm.**

Business

1. Apologies
2. Declarations of Interest
3. Deputations
4. Committee Reports

A handwritten signature in black ink, appearing to read 'Paul Hickey', with a long horizontal stroke underneath.

Paul Hickey
General Manager

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1. Apologies
 2. Declarations of Interest
 3. Deputations
-

1. Apologies

Cr Robyn Hordern

2. Declarations of Interest

3. Deputations

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

4. Committee Reports

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

Delivery Program Commercial Services

Objective To determine if Council wish to amend the existing lease terms and conditions, including rental, for the Lennox Head Community Sports and Recreation Club Limited trading as Club Lennox

Background

Council is in receipt of a request from the Lennox Head Community Sports and Recreation Club Limited trading as Club Lennox ("the Club") for a review of their lease terms and conditions. The Club own the building improvements and lease the land from Council.

The lease agreement was previously held by Ramsgate RSL Memorial Club Ltd for a 20 year term commencing on 1 January 2004 and terminating on 31 December 2024. This lease was assigned to Club Lennox in 2013.

In agreeing to the assignment of the lease to the Club, Council also agreed to discount the scheduled rent in the lease over a five year period commencing on 1 January 2014. In Year 1 of the Club's assignment rental was discounted by 80%, and in Year 2 (at present) the rental is discounted by 70%. The current proposal is that the lease reverts to 50% from Year 3 onwards.

The Club has now requested that the rent payable be discounted by 80% of the scheduled rent until the end of the discounted rent agreement term in December 2018.

Key Issues

- Rental subsidy

Information

A number of reports have previously been presented to Council regarding the lease agreement originally held by Ramsgate RSL Memorial Club Ltd and subsequently assigned to the Club.

Resolutions arriving previous reports are noted as follows:

26 September 2013

1. *"That the General Manager advise Club Lennox that if they are successful in re-opening the Lennox Head Bowling Club Council provides in principle support for a concession of the market value for the land as follows:*

Year 1 – 20%

Year 2 – 30%

Year 3 – 50%

2. *That Council ensures that the lease includes security over the poker machine licences.*

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

3. *That Council write to Ramsgate seeking compensation (of the difference between the concession amount) for the first two years of the lease period."*

24 October 2013

1. *"That Council approves the transfer of the existing lease and licence for the Lennox Head Bowling Club from Ramsgate Pty. Ltd. to Club Lennox Ltd, subject to the following amendments:*
- a) Revised rental based on the terms resolved by Council at the September 2013 Ordinary Meeting*
 - b) A caveat or other appropriate legal restriction being placed over 20 poker machine licences to the benefit of Council.*
 - c) That the caveat over 10 of the poker machines in point b) will only apply up until 50% rental is being paid.*
2. *That Council approves the Council seal to be attached to any legal documents associated with this transfer."*

23 January 2014

"That Council confirms that the 50% rebate for the lease of the Lennox Head Bowling Club, to Club Lennox, is applicable for years four and five of the lease, with Council noting that this concession will be reviewed every five years, as part of any review to Council."

The Club is currently in the second year of the discounted rental agreement and is paying 30% + CPI of the scheduled rental. The current rent being paid is \$12,117.30 + GST. The table below demonstrates the scheduled discounts and estimated rentals up to year five of the discounted rental agreement as per the Council resolution of January 2014.

Year	Scheduled Rent p.a. excl GST	Discount	Rent Payable p.a. excl GST
1	\$39,715.83	80%	\$7,943.17
2	\$40,391.00	70%	\$12,117.30
3	\$40,391.00 + CPI	50%	Approx. \$20,500.00
4	Year 3 rent + CPI	50%	Approx. \$20,900.00
5	Year 4 rent + CPI	50%	Approx. \$21,250.00

The Club has written to Council (see **attached**) requesting that they consider setting the rent at 20% of the scheduled rental as noted in the lease to:

"enable the Club to make important improvement for the communities benefit and allow the community to prosper".

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

The Club has advised that works proposed over the next few years include the installation of solar panels, extensions to the club building and external lighting. A copy of the Club's Strategic Planning Outcomes 2015/2015 document is **attached** that identifies other works and projects suggested by the local community.

The Club has also provided documentation in regards to their current financial position (see **attached**).

Rather than continuing to lease the site, the Club has also expressed interest in acquiring the site based upon its value as community land with Council to provide vendor finance.

In a meeting with members of the Club's board, Council's General Manager and Mayor advised that the subject site is classified as community land and as such Council is not in a position to sell it without the land being reclassified to operational land. This would require a public hearing and compliance with other relevant provisions under the NSW LGA 1993. Furthermore, if the site were to be reclassified, Council would be obliged to seek its open market value in the event of a sale.

The General Manager and Mayor advised the Board that sale of the land would not be recommended by staff and was not a preferred option, as the management of the Club can change over time. Retaining the land in Council ownership provides the highest protection to the community of this important asset.

Legal / Resource / Financial Implications

The Club currently pay a rental of \$12,117.30 + GST p.a. On 1 January 2016 the rent is to increase to \$20,500.00 p.a. + GST in accordance with the 50% rental discount agreement and remain at 50% until 2018 when the agreement is to be reviewed.

If Council agree to the Club's current request they (Council) would be foregoing approximately \$26,000 + GST in rental up to the end of the five year rental discount period granted by Council in 2014, as noted in the table above.

The current rental arrangements were granted by Council on the basis that it takes security over twenty gaming machine entitlements until the lessee is paying 50% of the scheduled rent at which time it will then release security on ten machines. The Club has not requested any changes to this arrangement.

Consultation

Club Lennox has provided information in support of their request for the rental to be discounted contrary to the current agreement.

Options

1. Council agree to the Club's request that the rental payable be reduced to 20% of the scheduled rent for the remaining term of the five year rental discount agreement expiring on 31 December 2018.

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

2. Council refuse the request of the Club for a rental reduction as outlined in their submission and require the current rental discounts be applied.

Both options are included in the recommendations to allow Councillors to make a preferred determination.

RECOMMENDATION

That Council agree to the Lennox Head Community Sports and Recreation Club's request that the rental payable be reduced to 20% of the scheduled rent for the remaining term of the five year rental discount agreement expiring on 31 December 2018 to allow the Club to implement their strategic plan.

OR

That Council not agree to the Lennox Head Community Sports Club's request that the rental payable be reduced to 20% of the scheduled rent for the remaining term of the five year rental discount agreement expiring on 31 December 2018, as the 50% proposed from Year 3 onwards is already a significant reduction and is similar to the community service recognition provided by Council for other fees and charges for community groups.

Attachment(s)

1. Club Lennox Submission
2. Club Lennox Audited 2015 Financial Report
3. Club Lennox Strategic Planning Outcomes Document 2014/15

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental



12 October 2015

The General Manager
Ballina Shire Council
Cherry Street
BALLINA NSW 2478



Dear Paul,

Club Lennox Lease Arrangements

Our present Lease arrangements were determined by Council when the club was looking to De-amalgamate from Ramsgate RSL. Ultimately the lease rental will increase and over time this will mean the cost will increase to make the Club start to suffer financially.

Our Club asks Council to reduce the rental under our Lease arrangement to a flat 20% of the present Lease agreement.

Since Club Lennox has commenced we have undertaken the following improvements from our limited resources;

1. Club improvements and repainting to reopen
2. New furniture and seating/tables including new TV's etc
3. New Ebet system \$50,000
4. Established a Kids Zone within the club \$ 4,000
5. Established a small function room \$ 5,000
6. Laid timber decking for outside dining \$ 4,000
7. Installed new kids play equipment \$ 2,000
8. Upgraded the POS cash registers \$ 4,000
9. Renovated the 2 bowling greens

Plus the continual repair to the building and equipment.


The Club wishes to continue to make minor improvements in line with our strategic plan that is a total focus on our Community and the various groups within our area. Presently there are 23 community groups in the Lennox area and 14 of those groups call Club Lennox there home. This is a big increase on the organisations using it from when Ramsgate was in control. The support from the Community is growing all the time.

In conclusion we are asking you to consider setting the rental at 20% as this will allow the Club to make important improvement for the communities benefit and allow the club to prosper, which I know all Councillors would be in favour of. The Club has grown

Lennox Head Community Sports and Recreation Club Limited t/a Club Lennox

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 LENNOX HEAD PHARMACY
It's Personal

ABN 29 163 771 382



membership substantially since we reopened and had nearly 3000 members as at 30/6/2015. The club is home to some 14 different community groups and we try to link in with community events which is a key part of our ongoing strategic plan which we review each year. Our ongoing smaller improvements will have a considerable cost as they evolve and the club has to be profitable for this to occur.

Ideally the club would like to acquire the land from the Council at community land pricing and use the annual lease rentals to repay the land value in the form of a loan from council so that in years to come the Club can grow more to suit the expanded growth that is happening in this part of the shire. This growth expectation and our continual focus on the local community groups and associations in the area is critical to the community, and no doubt is also a key consideration for council as they expand services for the area. Our club is a vital part of that growth, and really without the opportunity to acquire the land to have as our own, we will be limited in what we can do and achieve for the community.

If you require any additional information, please let us know.

Yours faithfully,

P. Carter
Chairperson

LENNOX HEAD PHARMACY
HEAD PHARMACY

**LENNOX HEAD COMMUNITY SPORT AND RECREATION
CLUB LIMITED**

ABN 29 163 771 382

**Financial Report For The Year Ended
30 June 2015**

**Lennox Head Community Sport and Recreation Club
Limited**

ABN 29 163 771 382

**Financial Report For The Year Ended
30 June 2015**

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LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN: 29 163 771 382 REPORT OF THE DIRECTORS'

The Directors of Lennox Head Community Sport and Recreation Club Limited (ABN 29 163 771 382 (the "Club"), submit their report for the company for the year ended 30 June 2015.

Directors

The names of the Directors of the Club in office during the financial year and until the date of this report are:

Pip Carter	Chairperson
Lindsay Clarke	
Col Skennar	
Darel Vidler	
Kevin Watts	(appointed 23/11/14)
Paul Everingham	(appointed 23/11/14)
Neil Kennedy	(appointed 23/11/14)
David Hulme	(resigned 23/11/14)
Beth Heldt	(resigned 23/11/14)

The Directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

Principal Activities

The principal activities of the Club during the financial year have been the operation of a licenced bowls and sports club. There have been no significant changes in the nature of those activities during the financial year.

Short Term Objectives

The Club's short term objectives are:

- Provide a first class sporting and entertainment venue for the Lennox Head community.
- Establish a strong and viable revenue base that will support the ongoing sustainability of the Lennox Head Community Sports and Recreation Club Limited.
- Grow existing membership and enhance the facilities for both members and visitors alike.
- Maximise the Clubhouse facilities to increase our capacity to access new markets in functions and hospitality and leisure.
- Encourage, recognise, value the contribution of all volunteers within the Club.

Long Term Objectives

The Club's long term objectives are:

- Build a stronger brand awareness and recognition in the Region for Club Lennox.
- Enhance our perception in the community as a business of excellence with a focus on social, environment and economic responsibility.

Strategies

To achieve these objectives, the Club has adopted the following strategies:

- Develop appropriate financial model to support the objectives.
- Use targeted promotion of the Club, and a program to increase the profile in the wider community.
- Maintain and improve the bowling and social facilities where necessary.
- Ensure the roles of the existing stakeholders are co-ordinated.

Information on Directors

Pip Carter	— Director
Experience	— Current director since 9th October 2013
Special Responsibilities	— Chairperson
Lindsay Clarke	— Director
Experience	— Current director since 9th October 2013
Special Responsibilities	— Treasurer
Col Skennar	— Director
Experience	— Current director since 9th October 2013
Special Responsibilities	— Director
Darel Vidler	— Director
Experience	— Current director since 9th October 2013
Special Responsibilities	— Director
Kevin Watts	— Director
Experience	— Current director since 23rd November 2014
Special Responsibilities	— Director
Paul Everingham	— Director
Experience	— Current director since 23rd November 2014
Special Responsibilities	— Director
Neil Kennedy	— Director
Experience	— Current director since 23rd November 2014
Special Responsibilities	— Director

Company Secretary

Geoff Martin became the Company Secretary on 23 December 2013.

Meetings of Directors

During the financial year, 13 ordinary meetings of directors were held. Attendances by each director during the year were as follows:

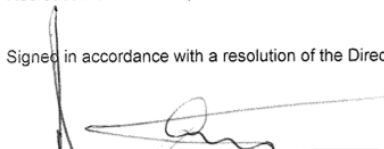
	Directors' Meetings	
	Number eligible to attend	Number attended
Pip Carter	13	9
Lindsay Clarke	13	12
Col Skennar	13	13
Darel Vidler	13	12
Kevin Watts	8	8
Paul Everingham	8	6
Neil Kennedy	8	7
David Hulme	5	5
Beth Heldt	5	4

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

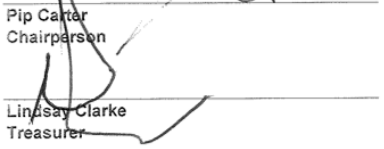
Auditor's Independence Declaration

An independence declaration has been provided to the Directors by the auditor of Lennox Head Community Sport and Recreation Club Limited, MF Partners Chartered Accountants, and is attached to the Directors' report.

Signed in accordance with a resolution of the Directors.



Pip Carter
Chairperson



Lindsay Clarke
Treasurer

Signed at Lennox Head
28th September 2015

**AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF
LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED
ABN: 29 163 771 382**

In relation to our audit of the financial report of Lennox Head Community Sport and Recreation Club Limited for the year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

MF Partners Chartered Accountants



**Mark Charter
Partner**

28th September 2015

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
PROFIT AND LOSS AND STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
Revenue	2	1,517,130	736,889
Other income	2	2,789	106,246
Employee benefits expense	3	(517,774)	(200,509)
Depreciation and amortisation expense	3	(37,048)	(3,512)
Finance costs	3	(4,391)	(3,248)
Bar cost of goods sold	3	(358,618)	(175,163)
Repairs & Maintenance	3	(74,856)	(48,371)
Rental expense	3	(11,436)	(5,406)
Audit expense	3	(6,980)	-
Loss on Disposal of Assets	3	-	-
Other expenses	3	(448,776)	(281,640)
Profit (Loss) before income tax		<u>60,040</u>	<u>125,286</u>
Income tax expense		-	-
Profit (Loss) for the year		<u>60,040</u>	<u>125,286</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>-</u>	<u>-</u>
Profit (Loss) attributable to members of the entity		60,040	125,286
Total comprehensive income attributable to members of the entity		<u><u>60,040</u></u>	<u><u>125,286</u></u>

The accompanying notes form part of these financial statements.

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	127,133	207,810
Trade and other receivables	5	5,740	5,110
Inventories	6	33,027	22,192
Other assets	7	-	-
TOTAL CURRENT ASSETS		<u>165,900</u>	<u>235,112</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,267,512	2,208,787
TOTAL NON-CURRENT ASSETS		<u>2,267,512</u>	<u>2,208,787</u>
TOTAL ASSETS		<u>2,433,412</u>	<u>2,443,899</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	41,345	44,386
Subscriptions in advance	9	-	-
Accrued expenses	10	2,024	41,000
Borrowings	11	36,152	60,000
Short term provisions	12	7,468	3,227
TOTAL CURRENT LIABILITIES		<u>86,990</u>	<u>148,613</u>
NON-CURRENT LIABILITIES			
Borrowings	11	1,096	10,000
Long term provisions	12	-	-
TOTAL NON-CURRENT LIABILITIES		<u>1,096</u>	<u>10,000</u>
TOTAL LIABILITIES		<u>88,086</u>	<u>158,613</u>
NET ASSETS		<u>2,345,326</u>	<u>2,285,286</u>
EQUITY			
Retained earnings		185,326	125,286
Reserves		2,160,000	2,160,000
TOTAL EQUITY		<u>2,345,326</u>	<u>2,285,286</u>

The accompanying notes form part of these financial statements.

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Retained Earnings	Revaluation Surplus	Match Committee Reserve	Cadets Reserve	Total
	\$	\$	\$		\$
Balance at 1 July 2013	-	-	-	-	-
Profit (Loss) attributable to the entity	125,286	-	-	-	125,286
Revaluation of Buildings and Infrastructure Reserve added (utilised)	-	2,160,000	-	-	2,160,000
Reserve added (utilised)	-	-	-	-	-
Total other comprehensive income for the year	-	-	-	-	-
Balance at 30 June 2014	125,286	2,160,000	-	-	2,285,286
Profit (Loss) attributable to the entity	60,040	-	-	-	60,040
Revaluation of Buildings and Infrastructure Reserve added (utilised)	-	-	-	-	-
Reserve added (utilised)	-	-	-	-	-
Total other comprehensive income for the year	-	-	-	-	-
Balance at 30 June 2015	185,326	2,160,000	-	-	2,345,326

The accompanying notes form part of these financial statements.

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members and visitors		1,513,784	731,167
Payments to suppliers and employees		(1,467,051)	(626,945)
Interest received		2,716	1,927
Finance costs		(4,391)	(3,248)
Net cash provided by/(used in) operating activities	17(b)	<u>45,058</u>	<u>102,901</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	-
Payment for property, plant and equipment		(95,772)	(52,299)
Net cash provided by/(used in) investing activities		<u>(95,772)</u>	<u>(52,299)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Fundraising and contributions		2,789	104,931
Fundraising expenses		-	(17,723)
Repayment of borrowings		(59,056)	-
Increase in borrowings		26,304	70,000
Net cash provided by/(used in) financing activities		<u>(29,963)</u>	<u>157,208</u>
Net increase/(decrease) in cash held		(80,677)	207,810
Cash and cash equivalents at the beginning of the financial year		207,810	-
Cash and cash equivalents at the end of the financial year	17(a)	<u><u>127,133</u></u>	<u><u>207,810</u></u>

The accompanying notes form part of these financial statements.

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

The financial statements are for Lennox Head Community Sport and Recreation Club Limited as an individual entity, incorporated and domiciled in Australia. Lennox Head Community Sport and Recreation Club Limited is a company limited

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), the *Australian Charities and Not-for-profit Commission Act 2012* and the *Corporations Act 2001*. Lennox Head Community Sports and Recreation Club Limited has elected to adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements to the annual reporting period beginning 1 June 2010.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Lennox Head Community Sport and Recreation Club Limited is a not-for-profit entity.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of this report are as follows:

Accounting Policies

(a) Revenue

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(b) Inventories

Inventories are measured at the lower of cost and current replacement cost.

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair values as indicated, less, where applicable, accumulated depreciation and impairment losses.

Property

The land is leased from Ballina Shire Council. The buildings have been bought to account at 60% of the insured value of the building following the de-amalgamation from Ramsgate RSL Memorial Club in 2014.

In periods when the buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 1 Summary of Significant Accounting Policies

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are charged to the statement of comprehensive income.

The revalued buildings are to be carried at fair value, with regular reassessment of the value, so hence no depreciation is charged.

Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued recognised at the fair value of the asset at the date it is acquired.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Any plant and equipment acquired for less than \$2,000 are expensed immediately.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	1-2%
Plant and Equipment	10-25%
Office Equipment	10-25%
Furniture and Fittings	10-25%
Poker Machines	10-25%
Motor Vehicles	10-25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 1 Summary of Significant Accounting Policies

(e) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as

- (i) the amount at which the financial asset or financial liability is measured at initial recognition
- (ii) less principal repayments
- (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*, and
- (iv) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investment would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 1 Summary of Significant Accounting Policies

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Club assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(f) Impairment of Assets

At the end of each reporting period, the Club reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon on the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the Club estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(g) Employee Benefits

Provision is made for the Club's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

Note 1 Summary of Significant Accounting Policies

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(j) Income Tax

No provision for income tax has been raised as the Club is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(k) Intangibles

Poker Machine Entitlements

Poker Machine Entitlements which have been acquired for nil cost have not had a value assigned to them. Due to the price volatility and the ability of government policy to dramatically affect the carrying value of the entitlements,

(l) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of reporting period.

(m) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

(n) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(o) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Club.

Key Estimates

Impairment

The buildings had their value assessed in 2014, which is based on 60% of the insured value of the building, and no change has been adopted in 2015.

(p) Economic Dependence

Lennox Head Community Sport and Recreation Club Limited is dependent on the current licencing and gaming rules for a significant portion of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the current licencing and gaming rules will not continue to be favourable for the Club.

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 2 Revenue and Other Income

	Note	2015 \$	2014 \$
Revenue			
— Advertising Income		2,227	-
— ATM Commissions		11,455	4,548
— Bar Sales		827,799	408,726
— Bowls Income		35,427	21,996
— Clubhouse Income		9,700	2,047
— Commissions - TAB and Keno		42,562	12,478
— Coffee Shop Income		16,141	8,597
— Function Income		11,233	-
— Greens Maintenance Ramsgate		-	4,636
— Poker Machine Net Revenue		453,835	157,773
— Pool Table Income		113	214
— Raffle Income		40,466	57,057
— Rental Income		10,391	-
— Restaurant Income		-	3,341
— Subscriptions Members		32,553	52,829
— Sky Rebate		5,000	500
— Vouchers Sold		852	220
— Wages Subsidy		6,503	-
— Other		8,157	-
		<u>1,514,414</u>	<u>734,962</u>
Other Revenue			
— Dividends received		-	-
— Interest received on financial assets not at fair value through profit or loss		2,716	1,927
		<u>2,716</u>	<u>1,927</u>
Total Revenue		<u>1,517,130</u>	<u>736,889</u>
Other Income			
Gain on disposal of property, plant and equipment		-	1,315
Contribution for Capital Assets - Ramsgate		-	17,000
Contribution from Incorporated Association		-	43,214
Donations		-	15,781
Fundraising Income		2,789	28,936
Total Other Income		<u>2,789</u>	<u>106,246</u>
Total Revenue and Other Income		<u>1,519,919</u>	<u>843,135</u>

Note 3 Expenses

	2015 \$	2014 \$
(a) Expenses		
Depreciation and Amortisation	37,048	3512
Total Depreciation and Amortisation	<u>37,048</u>	<u>3,512</u>
Interest expense on financial liabilities not at fair value through profit or loss	4,391	3,248
Doubtful debts expense	-	-
Loss on disposal of non-current assets	-	-
Auditor Remuneration		
— audit services	-	-
— other services	6,980	-
Total Audit Remuneration	<u>6,980</u>	<u>-</u>

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 3	Expenses	2015	2014
		\$	\$
	Employee Benefit Expense	517,774	200,509
	Rental payments	11,436	5,406
	Bar Cost of Goods Sold	358,618	175,163
	Repairs & Maintenance	74,856	48,371
	Advertising	49,474	13,110
	Bingo and Trivia	17,055	1,779
	Computer Expenses	2,898	3,042
	Club Activities	7,647	4,078
	Consultancy and Contractors	100	3,536
	Cleaning	6,462	4,426
	Directors Expenses	20	1,119
	Electricity & Gas	46,165	41,416
	Fees, Permits and Subscriptions	24,016	10,846
	Functions Expenses	9,935	0
	Fundraising Expenses	0	17,723
	Insurance	45,227	22,217
	Kitchen Costs	8,825	4,285
	Keno & TAB Costs	11,331	3,950
	Legal Expenses	809	41,959
	Minor Equipment Purchases	19,599	22,806
	Members Benefits	656	546
	Motor Vehicle Costs	3,994	14
	Music, Entertainment and Amenities	63,851	26,519
	Office Expenses	10,600	7,001
	Raffles and Promotion	49,793	18,594
	Rates & Water	21,667	6,855
	Restaurant Expenses	0	2,495
	Sky Channel	17,914	6,528
	Security	9,737	5,678
	Sponsorship	4,866	3,000
	Telephone/ Internet	5,355	4,803
	Voucher Expenses	3,710	0
	Other	7,070	3,315
	Total Other Expenses	<u>448,776</u>	<u>281,640</u>

Note 4 Cash and Cash Equivalents

	2015	2014
	\$	\$
CURRENT		
Cash at bank	84,012	168,876
Cash on Hand	43,121	38,934
	<u>127,133</u>	<u>207,810</u>

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 5	Trade and Other Receivables	Note	2015 \$	2014 \$
CURRENT				
	Trade receivables		740	110
	Provision for impairment	5(i)	-	-
			<u>740</u>	<u>110</u>
	EFTPOS Receivable		-	-
	Other receivables		5,000	5,000
	Total current trade and other receivables	18	<u>5,740</u>	<u>5,110</u>

(i) Provision for Impairment of Receivables

Current trade receivables are generally on 30 day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in other expense items.

Movement in the provision for impairment of receivables is as follows:

	\$
Provision for impairment as at 1 July 2013	-
- Charge for year	-
- Written off	-
Provision for impairment as at 30 June 2014	-
- Charge for year	-
- Written off	-
Provision for impairment as at 30 June 2015	-

Credit risk - Trade and Other Receivables

The Club does not have any material credit risk exposure to any single receivable or group of receivables.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the company and the customer or counter party to the transaction.

Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Club.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross Amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			<30 \$	31 – 60 \$	61 – 90 \$	>90 \$	
2015							
Trade and term receivables	740	-	-	-	-	-	740
Other receivables	5,000	-	-	-	-	-	5,000
Total	5,740	-	-	-	-	-	5,740

	Gross Amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			<30 \$	31 – 60 \$	61 – 90 \$	>90 \$	
2014							
Trade and term receivables	110	-	-	-	-	-	110
Other receivables	5,000	-	-	-	-	-	5,000
Total	5,110	-	-	-	-	-	5,110

The Club does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

There are no balances within trade receivables that contain assets that are not impaired and are past due. It is expected that these balances will be received when due.

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 6 Inventories

	2015	2014
	\$	\$
CURRENT		
At cost		
Bar Stock	33,027	22,192
	<u>33,027</u>	<u>22,192</u>
At current replacement cost		
Bar Stock	60,049	40,349
	<u>60,049</u>	<u>40,349</u>

Note 7 Other Assets

	2015	2014
	\$	\$
CURRENT		
Accrued Income	-	-
Prepayments	-	-
	<u>-</u>	<u>-</u>

Note 8 Property, Plant and Equipment

	2015	2014
	\$	\$
LAND AND BUILDINGS		
Buildings & Improvements at fair value:		
— Buildings at Directors Valuation - 2014	2,160,000	2,160,000
— Buildings at Cost	-	-
Less accumulated depreciation	(21,600)	-
Total buildings	<u>2,138,400</u>	<u>2,160,000</u>
Total land and buildings	<u>2,138,400</u>	<u>2,160,000</u>
PLANT AND EQUIPMENT		
Plant & Equipment		
At cost	72,685	11,367
Less accumulated depreciation	(4,420)	(1,065)
	<u>68,265</u>	<u>10,302</u>
Office Equipment		
At cost	3,299	2,752
Accumulated depreciation	(550)	(255)
	<u>2,748</u>	<u>2,496</u>
Furniture and Equipment		
At cost	38,180	38,180
Less accumulated depreciation	(6,612)	(2,192)
	<u>31,568</u>	<u>35,988</u>
Poker Machines		
At cost	26,304	-
Less accumulated depreciation	(3,481)	-
	<u>22,823</u>	<u>-</u>
Motor Vehicles		
At cost	4,091	-
Less accumulated depreciation	(384)	-
	<u>3,706</u>	<u>-</u>
Total plant and equipment	<u>129,112</u>	<u>48,787</u>
Total property, plant and equipment	<u>2,267,512</u>	<u>2,208,787</u>

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 8 Property, Plant and Equipment

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Buildings \$	Plant, Furniture and Equipment \$	Motor Vehicles \$	Poker Machines \$	Total \$
2014					
Balance at the beginning of the year	-	-	-	-	-
Additions at cost	-	52,299	-	-	52,299
Transfers between categories	-	-	-	-	-
Disposals	-	-	-	-	-
Revaluation increment	2,160,000	-	-	-	2,160,000
Depreciation expense	-	(3,512)	-	-	(3,512)
Carrying amount at end of year	2,160,000	48,787	-	-	2,208,787
2015					
Balance at the beginning of the year	2,160,000	48,787	-	-	2,208,787
Additions at cost	-	65,378	4,091	26,304	95,773
Revaluation	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation expense	(21,600)	(11,582)	(385)	(3,481)	(37,048)
Carrying amount at end of year	2,138,400	102,583	3,706	22,823	2,267,512

Poker Machine Entitlements

As at 30 June 2015 the Club holds 29 poker machine entitlements, of which 29 are in use currently. The entitlements in certain circumstances can be traded, with government regulation controlling this process. With the uncertainty in valuing the entitlements due to changes in government laws, and the potential for pre-commitment technology impacting this further, the entitlements have continued to be carried at nil.

Asset revaluations

The buildings were valued in 2014 by the Directors. The valuation was based using 60% of the insured value. The land is leased from Ballina Shire Council. No consideration was paid by the Club for the Buildings and infrastructure and the fair value model is used whereby frequent revaluations are used to ensure the assets are carried at fair value.

Note 9 Trade and Other Payables

	2015 \$	2014 \$
CURRENT		
Trade creditors	30,878	33,375
Other current payables	10,467	11,011
9(a)	41,345	44,386

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note	Trade and Other Payables		2015 \$	2014 \$
(a)	Financial liabilities at amortised cost classified as trade and other payables	Note		
	Trade and other payables			
	— Total Current		41,345	44,386
	— Total Non-Current		-	-
			<u>41,345</u>	<u>44,386</u>
	Less deferred income		-	-
	Less annual leave entitlements		-	-
	Financial liabilities as trade and other payables	18	<u>41,345</u>	<u>44,386</u>
Note 10	Accrued Expenses		2015 \$	2014 \$
	Accrued Expenses		<u>2,024</u>	<u>41,000</u>
			<u>2,024</u>	<u>41,000</u>
Note 11	Borrowings		2015 \$	2014 \$
	CURRENT	Note		
	Members Loans	13	12,000	52,000
	Lady Bowlers - RSL Contribution		3,000	-
	Mens Bowlers - RSL Contribution		8,000	8,000
	Hire Purchase Liability		13,152	-
			<u>36,152</u>	<u>60,000</u>
	NON-CURRENT			
	Members Loans	13	-	10,000
	Hire Purchase Liability		1,096	-
			<u>1,096</u>	<u>10,000</u>
	TOTAL BORROWINGS	18	<u>37,248</u>	<u>70,000</u>
	The loans are unsecured.			
Note 12	Provisions		2015 \$	2014 \$
	CURRENT			
	Short-term Employee Benefits			
	Opening balance at 30 June 2014		3,227	-
	Additional provisions raised during year		36,244	14,036
	Amounts used		(32,003)	(10,809)
	Balance at 30 June 2015		<u>7,468</u>	<u>3,227</u>
	Analysis of Total Provisions		2015 \$	2014 \$
	Current		7,468	3,227
	Non-current		-	-
			<u>7,468</u>	<u>3,227</u>

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 13 Capital and Leasing Commitments

(a) Finance Lease Commitments	2015	2014
Payable – minimum lease payments	\$	\$
— not later than 12 months	13,152	-
— later than 12 months but not later than 5 years	1,096	-
— greater than 5 years	-	-
Minimum lease payments	14,248	-
Less future finance charges	-	-
Present value of minimum lease payments	14,248	-

The leased assets will be fully owned at the end of the lease period.

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	2015	2014
Payable – minimum lease payments	\$	\$
— not later than 12 months	-	-
— later than 12 months but not later than 5 years	-	-
— greater than 5 years	-	-

Note 14 Contingent Liabilities and Assets

2015	2014
\$	\$

The directors are not aware of any contingent assets or liabilities at the date of signing this report.

Note 15 Events After the Reporting Period

Since the end of the financial year no matter or circumstance has arisen which significantly affected or may significantly affect the operations of the Club, the results of those operations, or the state of affairs of the Club in subsequent financial years.

Note 16 Related Party Transactions

No related party transactions were noted for the year.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 17 Cash Flow Information

	Note	2015 \$	2014 \$
(a) Reconciliation of cash			
Cash at bank		127,133	207,810
Bank Overdraft		-	-
	4	<u>127,133</u>	<u>207,810</u>
(b) Reconciliation of cash flow from operations with profit after income tax			
Profit (loss) after income tax		60,040	125,286
Non cash flows			
Depreciation and amortisation		37,048	3,512
Net Fundraising Income		(2,789)	(87,208)
Profit on sale of property, plant and equipment		-	-
Loss on sale of property, plant and equipment		-	-
Change in assets and liabilities			
(Increase)/decrease in trade and other receivables		(630)	(5,110)
Increase/(decrease) in trade and other payables		(42,017)	85,386
Increase/ (decrease) in reserves		-	-
Increase/ (decrease) in provisions		4,241	3,227
(Increase)/decrease in inventories		(10,835)	(22,192)
(Increase)/decrease in prepayments		-	-
		<u>45,058</u>	<u>102,901</u>

Note 18 Financial Risk Management

The Club's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2015 \$	2014 \$
Financial Assets			
Cash and cash equivalents	4	127,133	207,810
Receivables	5	740	110
Total Financial Assets		<u>127,873</u>	<u>207,920</u>
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	9	30,878	33,375
— Borrowings	11	37,248	70,000
Total Financial Liabilities		<u>68,126</u>	<u>103,375</u>

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 19 Capital Management

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its mentoring programs and that returns from investments are maximised. The executive committee ensures that the overall risk management strategy is in line with this objective.

The executive committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

The entity's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year. The strategy of the entity is to maintain a gearing ratio below 10%.

The gearing ratios for the years ended 30 June 2015 and 30 June 2014 are as follows:

	Note	2015 \$	2014 \$
Total borrowings	11	37,248	70,000
Total equity (reserves + retained earnings)		2,345,326	2,285,286
Gearing ratio		1.6%	3.1%

Note 20 Reserves

a. Revaluation Surplus

The revaluation surplus records the revaluations of non-current assets. Where revaluations are deemed to represent profits of a permanent nature, dividends may be declared from this surplus.

Note 21 Entity Details

The registered office of the entity is:

Lennox Head Community Sport and Recreation Club Limited
10 Stewart Street
LENNOX HEAD NSW 2478

The principal place of business is:

Lennox Head Community Sport and Recreation Club Limited
10 Stewart Street
LENNOX HEAD NSW 2478

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

Note 22 Members' Guarantee

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstandings and obligations of the entity. At 30 June 2015 the number of members is 2652 (2014: 3522).

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED
ABN: 29 163 771 382
DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Lennox Head Community Sport and Recreation Club Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Fund are in accordance with the Corporations Act 2001 and Australian Charities and No-for-profit Commission Act 2012, including:
 - (i) Giving a true and fair view of the Fund's financial position as at 30 June 2015 and of its performance for the year ended on that date;
 - (ii) Complying with the Accounting Standards and *Corporations Regulations 2001*.
- (b) in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013.

Pip Carter
Chairperson

Lindsay Clarke
Treasurer

Signed at Lennox Head
23th September 2015

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED**

We have audited the accompanying financial statements of Lennox Head Community Sport and Recreation Club Limited, which comprises the statement of financial position as at 30 June 2015 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

The Responsibility of the Directors for the Financial Statements

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Lennox Head Community Sport and Recreation Club Limited on 28th September 2015, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lennox Head Community Sport and Recreation Club Limited as at 30 June 2015, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards' reduced disclosure requirements (including the Australian Accounting Interpretations) as described in Note 1, the Australian Charities and Not-for-profit Commission Act 2012 and the Corporations Regulations 2001.

Name of Firm: **MF Partners Chartered Accountants**



Name of Partner: **Mark Charter**

Address: **95 Tamar St Ballina NSW 2478.**

Dated this 28th September 2015.



CLUB LENNOX STRATEGIC PLANNING OUTCOMES 2014/2015

Lennox Head Community Sports and Recreation Club Limited t/a Club Lennox
PO Box 422 Lennox Head NSW 2478 - info@clublennox.com.au - www.clublennox.com.au - 02 6687 4313
ABN 29 163 771 382

LENNOX HEAD PHARMACY
your local pharmacy



Club Objectives

- Maintain a functioning and profitable club operation with planned growth via the many community groups in the town
- To become the main location for community Groups in Lennox Head (business functions, commercial and social gatherings), including assessing their needs and assisting in working out ways to meet these for the benefit of both groups
- Assess the possibility of reciprocal rights with other clubs (may include members, promotions and events)
- Become the hub for all sporting groups that use the club for their various club activities and special events
- Continue to grow the promotional and entertainment program that has a focus on a variety of events, use the local media outlets for promotion and using the members electronic connections to keep them informed
- Continue to develop a knowledgeable board that has the abilities to manage the club and this may include additional training as needed
- Ensure that the club maintains friendly staff in all interactions with members
- Ensure that the club always maintains a focus on quality food being provided via the restaurant for dining and the various activities that are conducted
- Look at additional membership categories including say a five year membership
- Look for ways to promote additional children's activities within the club (games rooms, crèche etc.)
- Assess ways to develop a functions area for meetings and smaller activities
- Continue to ensure that regular communication is maintained to all members to ensure that all events are fully known to members (this includes some written communication within the club each month- even a one page flyer)
- Advertising Board western end of Club
- Straighten path to make the east end area either outdoor or enclosed

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Community Suggestions

- Alignment of the vision and plans for all social and sporting groups
- Website role expanded to include all sub clubs and even extend to booking in for bowls and other events
- Members draws, look at viability
- Poker machines, card system and upgrade progressively
- BBQ facilities for special occasions (outdoor based only) and or on days when restaurant not opened
- Comfortable seating (expand the lounges) and quiet areas
- Ice cream trolley
- Beer garden area with outdoor decking, maybe a different entrance not only from restaurant. Look at shade sails and or retractable roofing
- Glass bi-fold doors for selected sites opening onto greens area
- Better use of the area between the greens using small tables and chairs for family groups (barefoot bowls), drinks, music (light only), alfresco tables and chairs in front of club for outdoor seating
- Use of greens for special events and using special green covering sheets and boards
- Functions room an opening up a portion of the unused rooms at the western end of the club (and locker rooms)
- Upgrade the front entrance (can we go out a bit onto path and bi-fold doors)
- Big board outside of club to show that the club is home to.... the many groups using the club
- Link in with bus groups (to gain at least 1 weekly visit for meals, social etc.)
- Link in with Landcare and other groups

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Community Suggestions cont'd

- A results board for all sporting groups to be updated by each group weekly, daily or whatever is needed.
- Maintain the community involvement
- Attract weddings, birthdays and other functions for smaller groups (say 50/60 people), develop the function room to handle this capacity
- Honour board for all sporting groups in one designated area
- Children's facilities for the older teenager (X boxes etc.)
- Friendly atmosphere- focus on members
- Food quality
- Space where groups can meet
- Open beer garden
- Growth- develop a ten year plan for this site and also potentially additional sites
- Car raffles each year to boost reserves for future growth
- Sports personality of the year
- Community person of the year (and event) impartial and all groups can nominate people with an impartial judge selection process
- Club to raise funds for rescue helicopter and or other fund raising activities and maybe different to other mainstream fund raising
- Dress up club and staff for special events , Easter, St Patricks Day, Australia Day, surf rescue
- Lights on bowling green (try to gather poles from other clubs that have folded)
- Celebrate success days
- Rest estate auctions in Club
- Antique fairs
- Toy displays
- Travel displays

Lennox Head Community Sports and Recreation Club Limited t/a Club Lennox

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Community Suggestions cont'd

- Cooking demonstrations
- Celebrate open day for Club Lennox – say in February yearly and special events
- Good news stories in newspaper
- Sportsman lunches
- Happy hour Mon Tue 4/5 or 5/6pm
- More sponsorship
- Art exhibitions
- Market days at the club
- Link in with Country Music festival
- Link in with Love Lennox and promote this activity for more club activity (say giveaways)
- Food and wine festival (using food from the restaurant, just served in a different manner, say outside and around the greens)

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4.2 Richmond Christian College Association - Cycleway

4.2 Richmond Christian College Association - Cycleway

Delivery Program Commercial Services

Objective To present cost estimates for Council to construct a cycleway along Tamarind Drive and link up with a cycleway that may be constructed by Richmond Christian College Association.

Background

Ballina Christian Education Association, as landowners of the Richmond Christian College, is required, as a condition of DA 1999/758 to construct a cycleway connection from the College campus to the Ballina Heights Cycleway. This proposed cycleway traverses Council's Gallans Road Site (Lot 386 DP 755684 and Part Lot 114 DP 755684).

A report was presented to the Commercial Service Meeting of 15 July 2015 (see **attached** report), with the recommendation in that report not being supported, and Council recommending as follows:

"That Council not approve the use of the Gallans Road site for the cycleway and that the General Manager write to the College asking that they seek an amendment to their consent to allow the cycleway to be constructed along Tamarind Drive, to the same extent/value as proposed on the Gallans Road site. Council will also consider extending this revised cycleway to then join the existing network."

This recommendation was adopted at Council's Ordinary Meeting of 23 July 2015.

The purpose of this report is to outline the ramifications of this Council resolution.

Key Issues

- Compliance with development consent
- Funding of cycleway construction costs

Information

The Council resolution referred to above, requires the General Manager to write to the College requesting they consider constructing a cycleway extending from the College campus south along Gallans Road and then eastward to a point about halfway along Council's Gallans Road Site frontage to Tamarind Drive.

Presumably Council would then continue construction of the cycleway eastwards along Tamarind Drive to the corner of North Creek Road and Tamarind Drive (Aldi corner).

4.2 Richmond Christian College Association - Cycleway

The College has responded to Council (see **attached**) outlining its concerns in regards to:

1. Council's commitment to the timing and completion of constructing a cycleway along Tamarind Drive to North Creek Road; and
2. The circuitous route that would be created linking Ballina Heights Cycleway to the proposed new cycleway route along Tamarind Drive.

Council have prepared cost estimates to construct a cycleway from the Gallens Road Site to the corner of Tamarind Drive and North Creek Road (see **attached**). Council's Infrastructure Planning Manager has estimated the cost of these works to be in the order of \$563,000.

The estimate of \$563,000 excludes any works to be undertaken by the College along Tamarind Drive and Gallans Road.

Therefore Council needs to confirm whether it wishes to create a liability of \$563,000 to connect this cycleway to our existing cycleway network.

As an alternative to the works described above, the College's letter requests consideration once again be given to constructing a 165m long cycleway link extending from the College campus across the Council's Gallans Road site to the existing Ballina Heights Cycleway as per the **attached** concept plan prepared by Granatelli & Stone. The College considers this to be a more expedient and cost effective solution.

Legal / Resource / Financial Implications

Legal

The proposal for Council to construct a cycleway along Tamarind Drive to North Creek Road traverses operational land and road reserve. It is noted that Council's current Road Contribution Plan includes a proposed four lane road for Tamarind Drive with works not scheduled to be undertaken until after 2028. Construction of a future four lane road along Tamarind Drive would require relocation of the proposed cycleway as described above.

Financial

At the present time there is no allowance in any capital budget or road contribution plan for the construction of a cycleway along Tamarind Drive to North Creek Road.

Consultation

Council has consulted with Richmond Christian College, who has provided a submission to this report.

Options

1. Council to continue negotiations with Ballina Christian Education Association to construct a cycleway along Gallens Road and Tamarind Drive and Council allocate funds for the construction of a cycleway along Tamarind Drive to the corner of Tamarind Drive and North Creek Road, Ballina.

4.2 Richmond Christian College Association - Cycleway

This option is not recommended as Council has not identified construction of such a cycleway in any capital budget or road contribution plan.

2. Council grant permission to Ballina Christian Education Association to construct a cycleway link across Council operational land at Lot 386 DP 414615 and Part Lot 114 DP 755684 (the Gallens Road Site) located Gallans Road, Ballina as per the **attached** plan prepared by Granatelli & Stone.

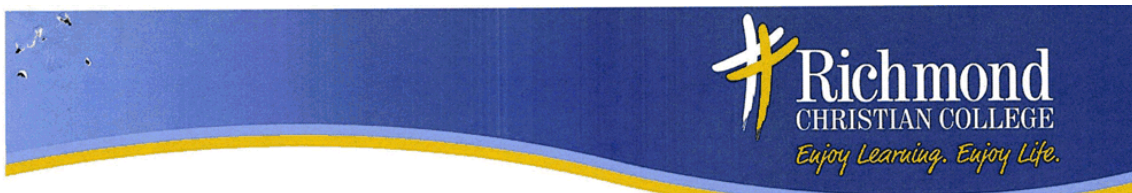
This option is recommended as it allows the Ballina Christian Education Association to comply with the conditions pertaining to DA 1999/758, subject the lodgment of a S.96 Amendment Application if required. It also appears to be a more effective solution to the cycleway network and removes the liability created with the other option. The proposed layout also limits any restrictions to the Council owned land.

RECOMMENDATION

That based on the contents of this report Council grants permission to Ballina Christian Education Association to construct a cycleway link across Council operational land located at Lot 386 DP 414615 and Part Lot 114 DP 755684 (the Gallens Road Site) Gallans Road, Ballina as per the **attached** plan prepared by Granatelli & Stone.

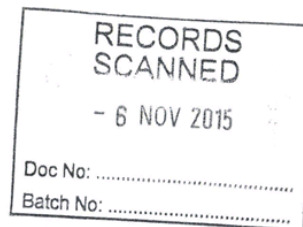
Attachment(s)

1. Richmond Christian College Submission 2 November 2015
2. Granatelli & Stone Cycleway Link Concept Plan
3. Concept Layout - Shared Path Tamarind Drive
4. Commercial Services Report 15 July 2015
5. Commercial Services Meeting Recommendation 15 July 2015
6. Estimated Costs for Concept Layout - Shared Path Tamarind Drive Ballina



2 November 2015

General Manager
Ballina Shire Council
PO Box 450
Ballina NSW 2478



Attention – Leanne Harding (Commercial Services)

Dear Leanne,

RE: Proposed Route of Richmond Christian College Cycleway

I refer to your letter dated 6 August 2015 advising Richmond Christian College (RCC) of the following resolution of Council in relation to the location of the RCC cycleway:

"The Council not approve the use of the Gallans Road site for the cycleway and that the General Manager write to the College asking that they seek an amendment to their consent to allow the cycleway to be constructed along Tamarind Drive, to the same extent/value as proposed on the Gallans Road site. Council will also consider extending this revised cycleway to then join the existing network".

At this stage the RCC does not agree to amending its consent in accordance with the above resolution, as it has a number of significant concerns in relation to Council's decision to allow the cycleway to be constructed along Tamarind Drive. In particular:

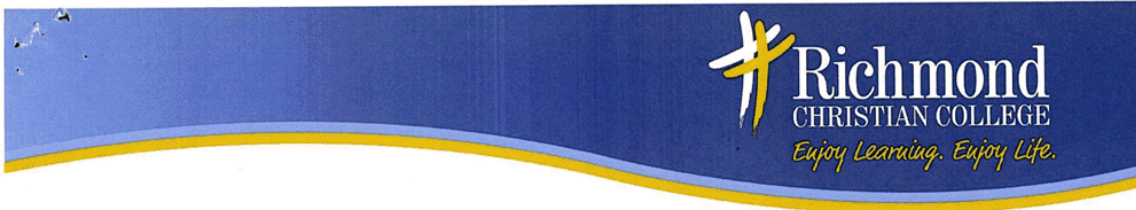
1. RCC are concerned that Council will not immediately extend the cycleway to join the existing network, which is currently only constructed to the ALDI Supermarket. In addition to the considerable distance that Council would need to construct themselves, RCC has previously raised concern about the feasibility of placing the cycleway on Tamarind Drive given the constraints posed by the existing construction of the road and associated table drains; and
2. A considerable number of the students that attend RCC are from Ballina Heights and in this regard it is clear that the proposed cycleway along Tamarind Drive would not practically service the Ballina Heights catchment, which is planned to grow significantly in coming years. To get to RCC, students from Ballina Heights would have to cycle a circuitous route that would take them past the school, the botanical gardens, the caravan park and loop around onto Tamarind Drive and then backtrack to the school. Alternatively, students may seek to take a short cut through the botanical gardens to get onto the cycleway on Tamarind Drive and then back track to the school. This alternative route however raises concerns around student safety.

In view of the above concerns, RCC would request that Council reconsider its decision to construct the cycleway along Tamarind Drive. In this regard, the RCC would prefer the cycleway to be constructed from the school to the existing Ballina Heights cycleway, across Council's land to the east of the stand of trees as shown on the **attached** plan. This plan was previously submitted to Council by RCC in its letter dated 2 June 2015, which is also **attached** for reference and background purposes.

The RCC prefers the cycleway route shown on the **attached** plan for the following reasons:

1. It complies with the terms of Condition 17 of Development Consent 1999/758;
2. It services both the residential catchment to the east (Ballina town) and the residential catchment to the west (Ballina Heights); and

Kindergarten to Year 10
7 Gallans Road, Ballina NSW 2478 | Telephone: 02 6686 7847 | Facsimile: 02 6686 3134 | Email: admin@richmond.nsw.edu.au
www.richmond.nsw.edu.au



3. It is considered to be located in a manner that minimises the potential for sterilisation of Council's land, which may be used by Council for future uses, including the proposed indoor sports facility.

RCC understands that the location of the proposed cycleway is again being reported to the Commercial Services Committee Meeting in mid-November 2015. Please accept this letter as a submission to the Commercial Services Committee Meeting.

Finally, RCC would like to thank Council for its support of the school over many years and for its consideration of this letter. If you have any questions or wish to discuss any of the above, please do not hesitate to contact me.

Kind Regards,

A handwritten signature in black ink that reads 'G. Binks'.

Garry Binks
Principal

MALCOLM SCOTT B.A. & D.U.R.P. (UNE) M.P.I.A.
CONSULTANT TOWN PLANNER

440 Dorrroughby Rd Dorrroughby 2480 NSW (ABN 37 057 633 138)
Ph 0266 895 815 Mobile Ph 0427 202170 Email mscott@spot.com.au

General Manager
Ballina Shire Council
PO Box 450
Ballina NSW 2478

2 June 2015

Att Ms Leanne Harding
Commercial Services

Dear Ms Harding

**Re Richmond Christian College – Lot 7 DP 1018431
Development Application No. 1999/758
Condition No. 17 - cycleway**

I act on behalf of the Landowners, Ballina Christian Education Association and Applicants Richmond Christian College C/- Mr Garry Binks, Principal, 7 Gallans Rd, Ballina, NSW.

Further to the discussions in regard the cycleway at the DA pre-lodgement meeting with Council on 25 May 2015, the School has instructed me to instigate negotiation with Council in regard the final location of and its requirements for the cycleway.

As advised by Mr Neville Smith (representing the School), the School wishes to finalise the location and get the cycleway built.

As you would be aware Condition No. 17 of DA 1999/758, that permitted the School on the land, required the provision of the cycleway. The School sometime later prepared and lodged a Section 96 Application to amend (perhaps indicatively show would be a better description) the location of the cycleway. I have attached copy of the Council's Evaluation Report for the application.

The plan lodged with the Section 96 Application showed in highlighter on an aerial image a location for a cycleway immediately to the west of the stand of trees east of the equestrian facility on land owned by Council.

As discussed at the meeting it appears this route may not be feasible nor practical due to the low lying nature of the land and poor drainage.

At the meeting an alternative location for a cycleway (east of the stand of trees) was presented. I have attached copy of the plans with amendments suggested by Council's engineering staff at the meeting.

Both routes are located in a manner (close to the stand of trees) which minimises potential for sterilisation of land which maybe used by Council (or others) for the various purposes discussed at the meeting (i.e. equestrian use, sportsfields or grazing).

Page 1

Placing the cycleway in the former Pacific Highway (Tamarind Dr) road reserve appears not to be a feasible option given the construction of the road and table drains.

I note that Condition No. 17 does not specify where the cycleway should be located.

On behalf of the School I respectfully request Council's:

- formal feedback on the Schools preferred route (east of the trees) connecting to the existing Council cycleway between Ballina and Ballina Heights and
- advice as to its requirements (applications and details) so it may happen concurrent with the proposed development at the School.

Should you have any queries please in the first instance contact Mr Smith (ph 0429 660383) or me.

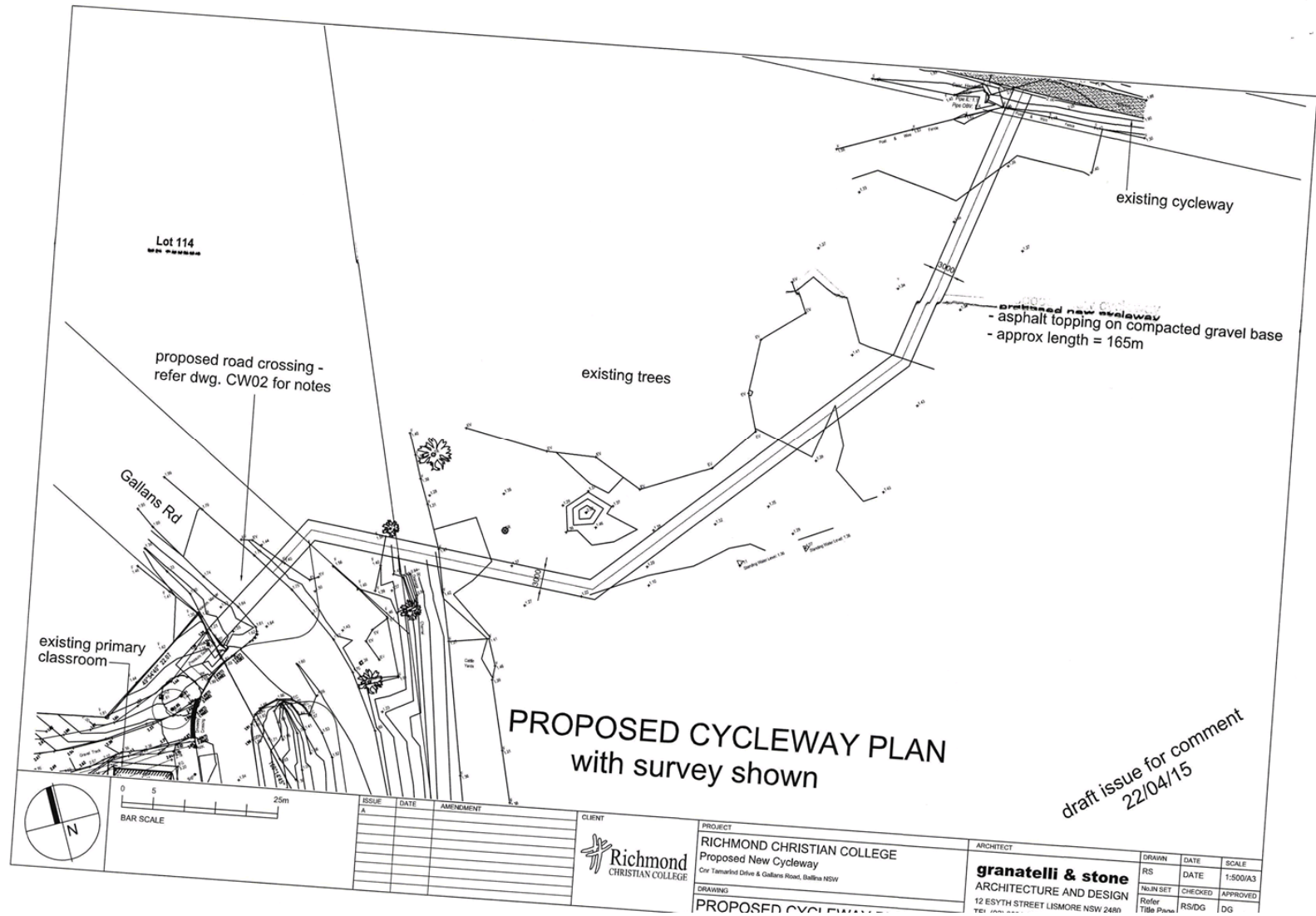
Yours faithfully

Malcolm Scott M.P.I.A.

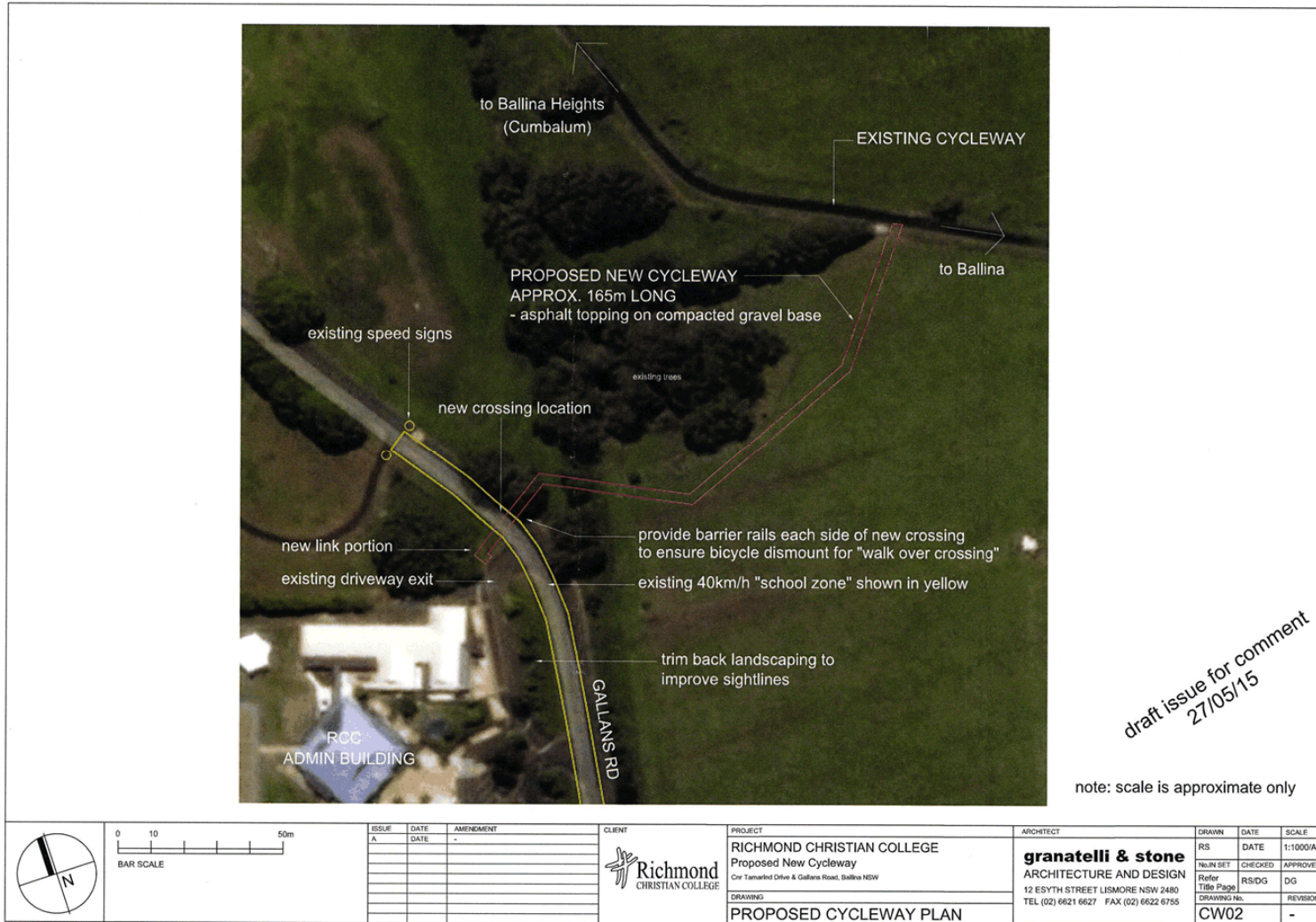
Encl

Cc Richmond Christian College

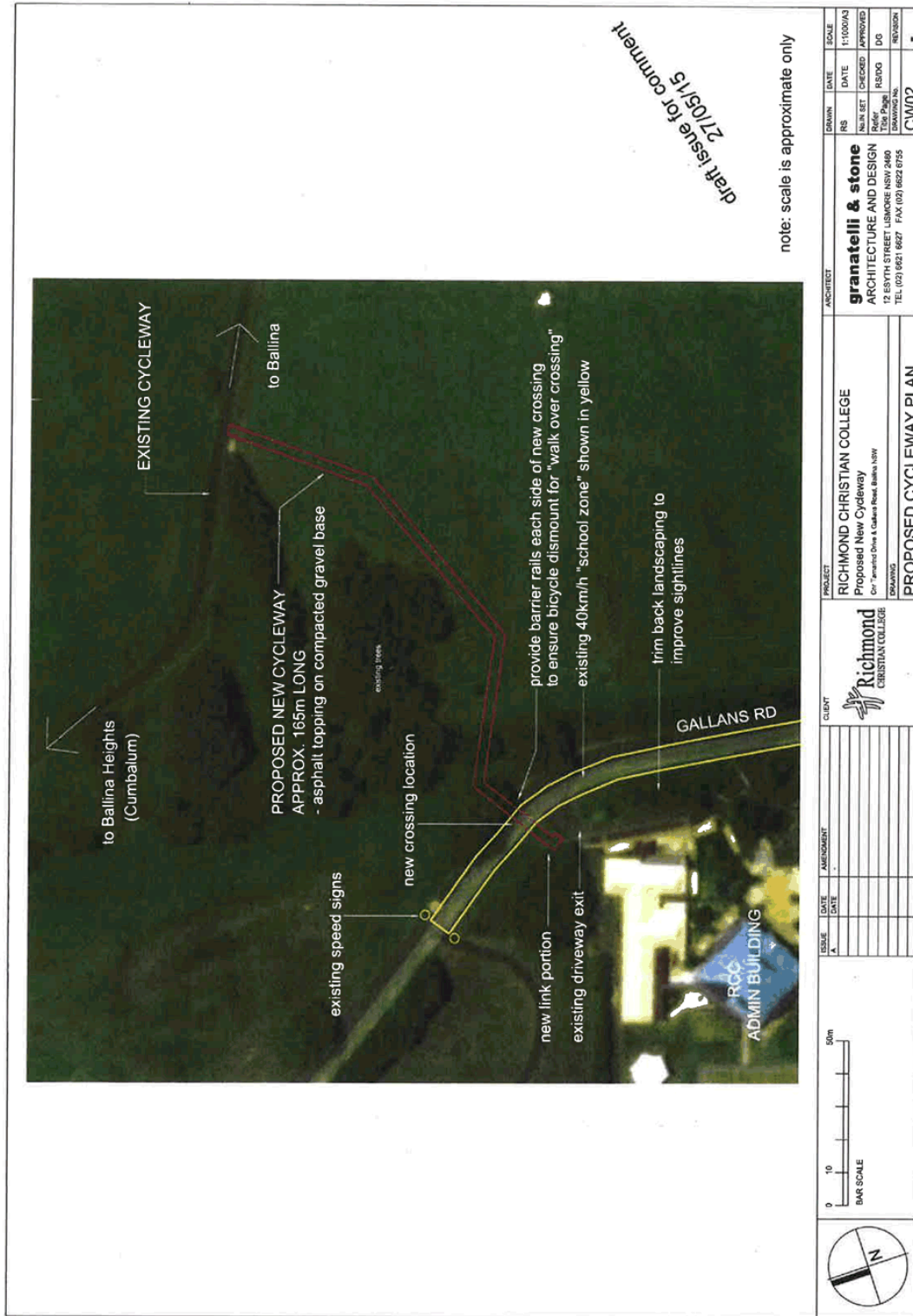
4.2 Richmond Christian College Association - Cycleway



4.2 Richmond Christian College Association - Cycleway

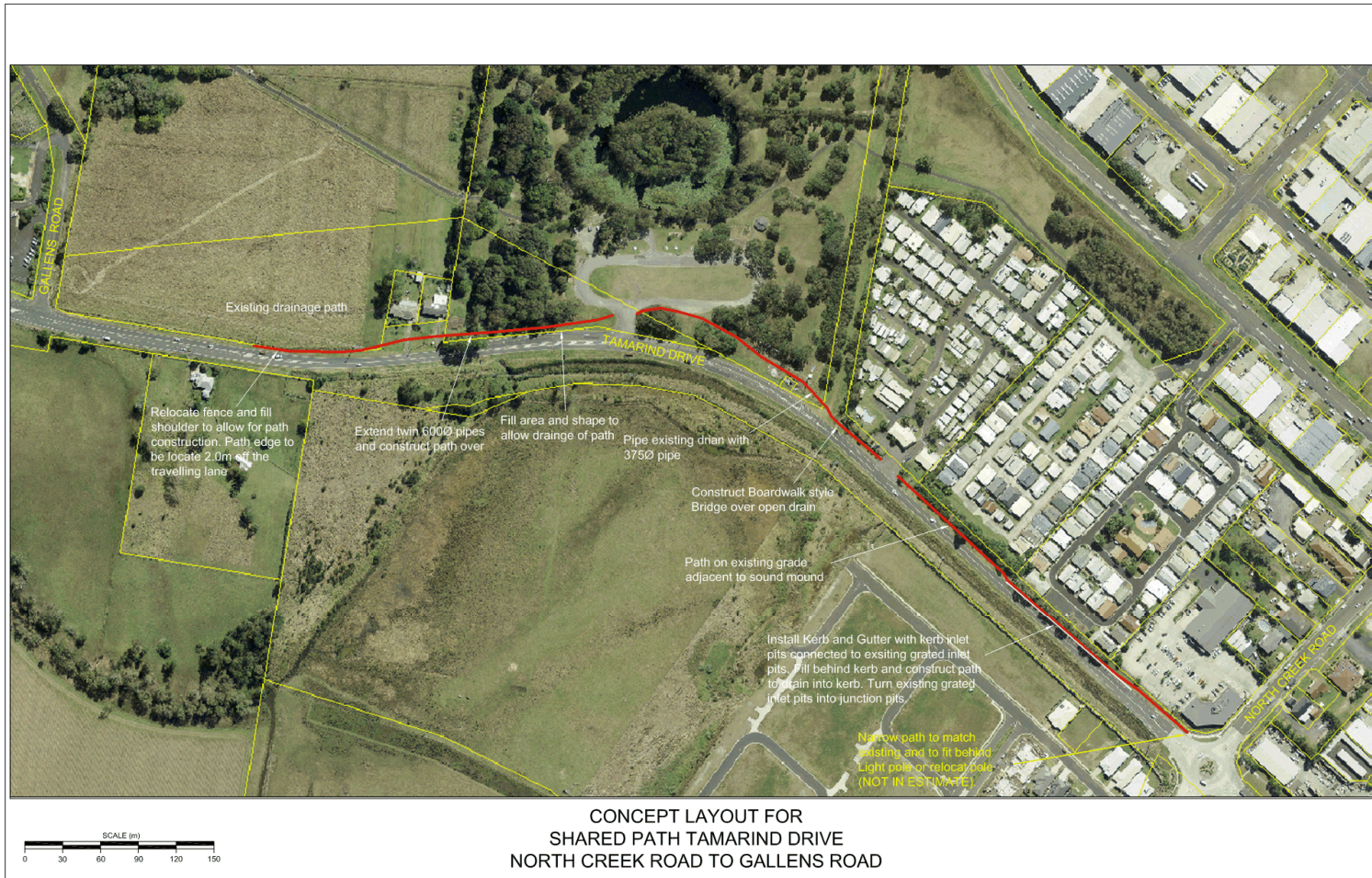


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PROPOSED CYCLEWAY PLAN CW02											

4.2 Richmond Christian College Association - Cycleway



4.1 Richmond Christian College Cycleway

4. Committee Reports

4.1 Richmond Christian College Cycleway

Delivery Program Commercial Services

Objective To examine the preferred cycleway route for the Richmond Christian College and the impact on Council owned operational land.

Background

Ballina Christian Education Association as landowners of the Richmond Christian College received development consent in 1999 (DA 1999/758) on land at Gallans Road, Ballina to:

“subdivide the Subject Land into Two Allotments and to Construct an Educational Establishment comprising a Primary and Secondary School on a Staged Basis.”

Condition 17 of the development consent stated:

“The applicant shall design and construct a cycleway connecting the school with the Ballina Urban area. The cycleway shall extend from the school to the Ballina Gardens Caravan Park adjacent to North Creek Road. The cycleway shall be constructed of a minimum 200mm compacted thickness of roadbase quality material, be a minimum of 2.7m wide and be sealed with a minimum of 25mm asphalt (AC10). Engineering drawings for the cycleway construction shall be furnished to and approved by the Roads and Traffic Authority where the cycleway is proposed to be located within the road reserve of the Pacific Highway.

NB Council has agreed to allow deferment of the cycleway construction for a maximum period of five (5) years from the operation of this consent.”

To date the cycleway is still not constructed and the School maybe in breach of their Development Consent.

The applicant has now requested Council to consider permitting the construction of the cycleway on Council's operational land at Gallans Road, Ballina.

Key Issues

- Complying with development consent conditions
- Safety of users of cycleway
- Use of Council's operational land for private use

4.1 Richmond Christian College Cycleway

Information

Richmond Christian College received development consent in 1999 to construct a school on land they owned at Gallans Road, Ballina. Condition 17 relating to the construction of a cycleway was a deferred development condition that permitted the school to be built and operational prior to completing the cycleway.

Whilst the original condition requested the cycleway be connected adjacent to the Ballina Gardens Caravan Park, this condition was subsequently amended on 3 February 2012 by way of a Section 96 amendment to now be:

To delete condition 17 and replace with the following:

"The applicant shall design and construct a cycleway that connects the educational establishment with the existing cycleway to the north of the site. The cycleway shall be constructed of a minimum 200mm compacted thickness of road base quality material, be a minimum 2.7m wide and be sealed with a minimum 25mm asphalt (AC10). Design plans are to be submitted to and approved by Council prior to the issue of an approval under Section 138 of the Roads Act 1993."

This amendment was to recognise that the Ballina Heights Cycleway was now constructed and operational and the applicants were given an undertaking that they may be able to connect to the cycleway using the Ballina Equestrian Club land on Gallans Road (see plan attached).

To date the school cycleway has not been constructed. Council's compliance section served a formal Notice of Intention to Serve an Order on the school to comply with relevant conditions of consent relating to the cycleway. This was then followed up with a formal Notice on 25 March 2015.

Following on from the action by the Compliance Section, the School requested an extension to enable them to lodge a development application for works that included the cycleway and a pre-lodgement meeting was held.

The School has now formally requested permission for the cycleway to traverse across Council's operational land at Gallans Road, Ballina (see attached plan). As Councillors would be aware this land has been earmarked as a potential site for the proposed indoor sports facility.

Legal / Resource / Financial Implications

Legal

The land that the cycleway would traverse is operational land and as such Council can permit the construction of the cycleway on this land if they so wish.

Financial

The costs for installing the cycleway would be borne by the Ballina Christian Education Association.

4.1 Richmond Christian College Cycleway

Consultation

Staff have consulted with the Ballina Christian Education Association and their appointed town planner.

Options

1. Approve the request from Ballina Christian Education Association to construct a cycleway as per Development Consent 1999/758 across Council's operational land at Lot 386 DP 414615 and Part Lot 114 DP 755684, Gallans Road Ballina.

This option is recommended as it allows the School to construct the cycleway and comply with relevant conditions of development consent and also utilises existing infrastructure, being the Ballina Heights Cycleway.

However as noted, the Gallans Road Site is once again the subject of a feasibility assessment for the indoor sports facility and Council may not wish the cycleway to compromise the use of the land.

2. Refuse the request from Ballina Christian Education Association and advise them to seek Roads Act approval to construct the cycleway within the road reserve along Tamarind Drive, Ballina.

Council could consider this option, however as development consent was granted to the Ballina Christian Education Association to construct a link to the existing cycleway, it may be considered unreasonable to now require them to contribute to constructing a new cycleway along Tamarind Drive connecting with the existing Ballina Heights Cycleway at Bicentennial Gardens, which inevitably Council would need to contribute funds to.

RECOMMENDATION

That Council approves the request from Ballina Christian Education Association to construct a cycleway as per Development Consent 1999/758 across Council's operational land at Lot 386 DP 414615 and Part Lot 114 DP 755684, Gallans Road Ballina with the route to be determined by the Council General Manager or nominated delegate.

Attachment(s)

1. Applicant's Letter 2 June 2015
2. Section 96 cycleway plan
3. Proposed Cycleway Route
4. Locality Plan

4.1 Richmond Christian College Cycleway

MALCOLM SCOTT B.A. & D.U.R.P. (UNE) M.P.I.A.
CONSULTANT TOWN PLANNER
440 Dorrroughby Rd Dorrroughby 2480 NSW (ABN 37 057 633 138)
Ph 0266 895 815 Mobile Ph 0427 202170 Email mscott@spot.com.au

General Manager
Ballina Shire Council
PO Box 450
Ballina NSW 2478

2 June 2015

Att Ms Leanne Harding
Commercial Services



Dear Ms Harding

Re **Richmond Christian College – Lot 7 DP 1018431**
Development Application No. 1999/758
Condition No. 17 - cycleway

I act on behalf of the Landowners, Ballina Christian Education Association and Applicants Richmond Christian College C/- Mr Garry Binks, Principal, 7 Gallans Rd, Ballina, NSW.

Further to the discussions in regard the cycleway at the DA pre-lodgement meeting with Council on 25 May 2015, the School has instructed me to instigate negotiation with Council in regard the final location of and its requirements for the cycleway.

As advised by Mr Neville Smith (representing the School), the School wishes to finalise the location and get the cycleway built.

As you would be aware Condition No. 17 of DA 1999/758, that permitted the School on the land, required the provision of the cycleway. The School sometime later prepared and lodged a Section 96 Application to amend (perhaps indicatively show would be a better description) the location of the cycleway. I have attached copy of the Council's Evaluation Report for the application.

The plan lodged with the Section 96 Application showed in highlighter on an aerial image a location for a cycleway immediately to the west of the stand of trees east of the equestrian facility on land owned by Council.

As discussed at the meeting it appears this route may not be feasible nor practical due to the low lying nature of the land and poor drainage.

At the meeting an alternative location for a cycleway (east of the stand of trees) was presented. I have attached copy of the plans with amendments suggested by Council's engineering staff at the meeting.

Both routes are located in a manner (close to the stand of trees) which minimises potential for sterilisation of land which maybe used by Council (or others) for the various purposes discussed at the meeting (i.e. equestrian use, sportsfields or grazing).

Page 1

4.1 Richmond Christian College Cycleway

Placing the cycleway in the former Pacific Highway (Tamarind Dr) road reserve appears not to be a feasible option given the construction of the road and table drains.

I note that Condition No. 17 does not specify where the cycleway should be located.

On behalf of the School I respectfully request Council's:

- formal feedback on the Schools preferred route (east of the trees) connecting to the existing Council cycleway between Ballina and Ballina Heights and
- advice as to its requirements (applications and details) so it may happen concurrent with the proposed development at the School.

Should you have any queries please in the first instance contact Mr Smith (ph 0429 660383) or me.

Yours faithfully



Malcolm Scott M.P.I.A.

Encl

Cc Richmond Christian College

4.2 Richmond Christian College Association - Cycleway

4.1 Richmond Christian College Cycleway

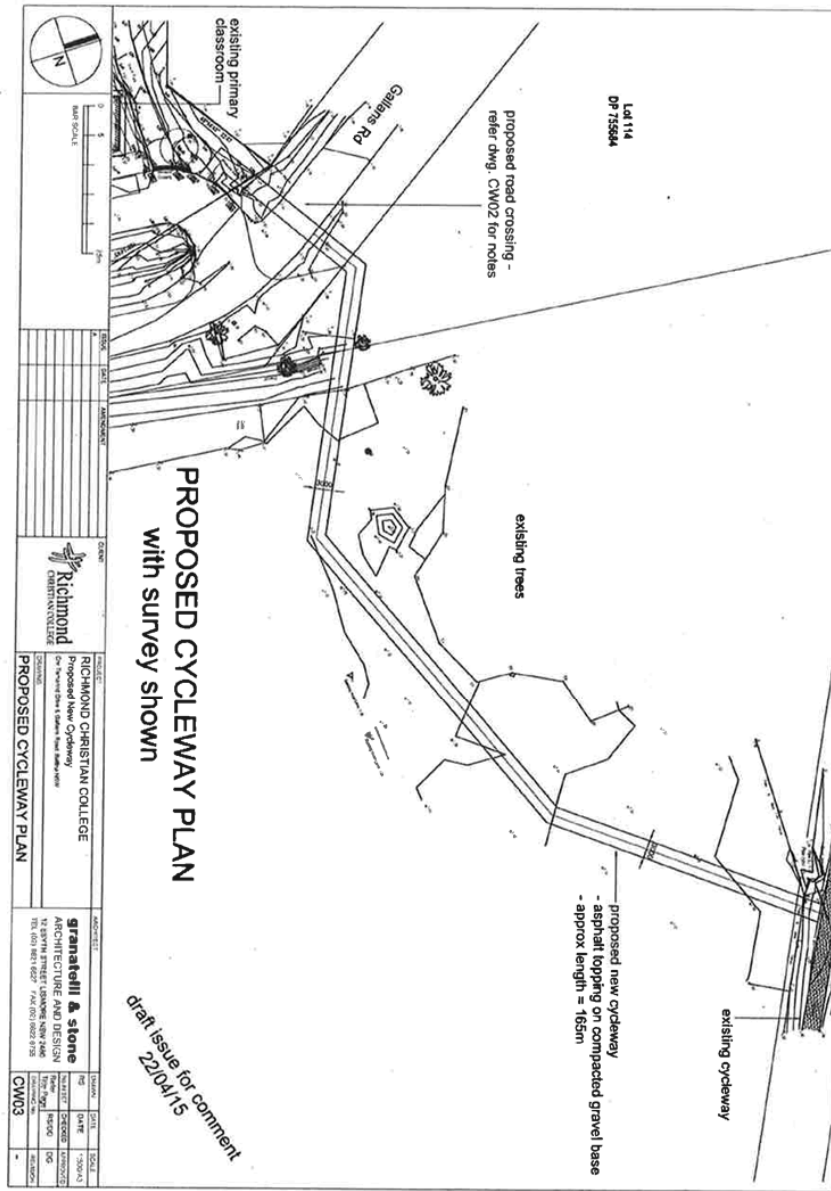


4.1 Richmond Christian College Cycleway



8

4.1 Richmond Christian College Cycleway



4.2 Richmond Christian College Association - Cycleway

4.1 Richmond Christian College Cycleway



MINUTES OF THE COMMERCIAL SERVICES COMMITTEE MEETING
OF THE BALLINA SHIRE COUNCIL
HELD IN THE BALLINA SHIRE COUNCIL CHAMBERS
CNR CHERRY & TAMAR STREETS, BALLINA,
ON 15/07/15 AT 4.00PM

Attendance

Cr David Wright (Chairperson), Cr Jeff Johnson (arrived at the meeting at 4.10pm), Cr Sharon Cadwallader, Cr Keith Johnson, Cr Susan Meehan, Cr Ken Johnston, Cr Paul Worth and Cr Robyn Hordern

Paul Hickey (General Manager), John Truman (Civil Services Group Manager), Steve Barnier (Strategic and Community Facilities Group Manager), Paul Tsikleas (Manager – Commercial Services), Neil Weatherson (Airport Manager), Leanne Harding (Commercial Property Officer) and Joanne Cordery (Secretary) were in attendance.

1. Apologies

An apology was received from Cr Ben Smith

RECOMMENDATION(Cr Robyn Hordern/Cr Sharon Cadwallader)

That such apology be accepted.

FOR VOTE - All Councillors voted unanimously.

2. Declarations of Interest

Nil.

3. Deputations

4. Committee Reports

4.1 Richmond Christian College Cycleway

RECOMMENDATION (Cr Paul Worth/Cr Robyn Hordern)

That Council not approve the use of the Gallens Road site for the cycleway and that the General Manager write to the College asking that they seek an amendment to their consent to allow the cycleway to be constructed along Tamarind Drive, to the same extent/value as proposed on the Gallens Road site. Council will also consider extending this revised cycleway to then join the existing network.

Cr Jeff Johnson arrived at the meeting at 4.10pm

FOR VOTE - All Councillors voted unanimously.

**CONCEPT ESTIMATE OF COSTS
TAMARIND DRIVE SHARED PATH**

NOTE: THIS IS A CONCEPT ESTIMATE ONLY AND SUBJECT TO DETAILED SURVEY AND DESIGN

Project Length 850m			Date:	06-Nov-15
Establish Site	item	\$ 2,000.00	\$	2,000.00
Provision for Traffic	item	\$ 35,000.00	\$	35,000.00
Sedimentation Control	item	\$ 1,200.00	\$	1,200.00
Earthworks				
Imported Fill	1000 m ³	\$ 75.00	\$	75,000.00
Road pavement				
Base Coarse	150 m ³	\$ 125.00	\$	18,750.00
AC Road Edge Treatment				
30mm AC10	250 m ²	\$ 50.00	\$	12,500.00
Concrete Path				
100mm Concrete path 2.5m wide	2,125 m ²	\$ 120.00	\$	255,000.00
Kerb and Gutter				
Kerb and Gutter	150 m	\$ 125.00	\$	18,750.00
Drainage				
Twin 600dia Pipe Extension	9.76 m	\$ 900.00	\$	8,784.00
375dia Pipe	19.52 m	\$ 250.00	\$	4,880.00
Pits Modifications	4 ea	\$ 2,500.00	\$	10,000.00
Kerb Inlet Pits	2 ea	\$ 2,500.00	\$	5,000.00
Boardwalk Bridge Structure	1 item	\$ 15,000.00	\$	15,000.00
Reinstatement				
Reinstate Grass Edges	1,700 m ²	\$ 15.00	\$	25,500.00
Utilities				
Relocate Fence	100 m	\$ 25.00	\$	2,500.00
Contingency				
Contingency	item	15%	\$	73,479.60
		TOTAL	\$	563,343.60

4.3 Bitupave Boral Asphalt Plant - Tuckombil Quarry, Alstonville

4.3 Bitupave Boral Asphalt Plant - Tuckombil Quarry, Alstonville

Delivery Program Commercial Services

Objective To determine if Council wish to provide landowner's consent for the lodgement of a S.96 Application for Bitupave (Boral) to amend Development Consent 1995/127.

Background

Bitupave (Boral) lease a portion of the Tuckombil Quarry located at Gap Road, Alstonville described as Lot 1 DP 880416. Consultants acting on behalf of Bitupave have requested Council to provide landowner's consent for the lodgment of a Section 96 Application to amend DA 1995/127.

The Site has development consent for an asphalt batching plant however the material must be utilized from the Tuckombil Quarry on Gap Road.

The purpose of the proposed amendment is to alter Condition 1 of DA 1995/127 which states:

"This consent is limited to the production of asphalt from aggregate and dust obtained from the adjoining Gap Road Quarry. Where such material is obtained elsewhere an amended consent will be required."

Key Issues

- Landowners consent

Information

Boral executed a new lease agreement with Council commencing on 1 January 2015 for an initial five year period terminating on 31 December 2020 and has an option for a further term of five years. The lease notes the permitted use as an asphalt batching plant, storage of related bulk materials and storage and repairs of plant and equipment.

Lismore City Council has a lease over Lot 2 DP 1130300 Tuckombil Quarry located at Gap Alstonville and Lot 10 DP 712025 Gap Road Quarry, Uralba that expires on 14 October 2018. The lease permits Lismore City Council to quarry, extract, treat, process, store and remove all raw materials either situated on or brought onto the Land.

It is understood that Boral's current consent only permits them to obtain materials for crushing from the Tuckombil Quarry located at Gap Road Alstonville.

The purpose of this report is to determine if Council wishes to provide landowner's consent for the lodgement of a Section 96 Application to amend DA 1995/127 which covers the operation of the Boral Asphalt Plant.

4.3 Bitupave Boral Asphalt Plant - Tuckombil Quarry, Alstonville

Under Clause 115 of the Environmental Planning and Assessment Regulations an applicant is required to provide a statement that the landowner has granted consent for the lodgment of a development application or amendment.

The proposed Section 96 Application seeks to amend DA 1995/127 as follows:

“Should the adjoining Gap Road Quarry not be able to supply aggregates or dust to the asphalt plant for any reason, the asphalt plant is permitted to source these supplies externally.”

Boral have stated the reason for their request is to provide business and operational certainty for their asphalt plant operations located on the site. It is noted that Lismore City Council’s lease expires prior to Boral’s with no certainty that Lismore City Council may wish to negotiate a new lease with Council. Lismore has also been attempting to terminate their lease early.

Council in its capacity as land owner has only been requested to grant their permission to lodge the S.96 Application. Council has not been requested in their capacity as regulator to grant their consent to the application. The application to amend the development consent will be assessed by Council’s Development and Environmental Health Section and dealt with by delegated authority or referred to Council for determination in its capacity as regulator.

Legal / Resource / Financial Implications

The land upon which the quarry and batching plant is located is classified as operational under the provisions of the NSW LGA 1993 and as such Council is able to lease or sell the land.

Consultation

Council staff have held discussions with consultants acting for Boral.

Options

1. Council resolves to grant landowner’s consent for the lodgment of a Section 96 Application to amend DA 1995/127 to enable Bitupave to source materials for production from quarries other than the Tuckombil Quarry located at Gap Road, Alstonville.

This Option is recommended as Council would only be granting their permission to lodge the S.96 Application. Council is not granting their consent to the application. The application will be assessed by Council’s Development and Environmental Health department and dealt with delegated authority or referred to Council for determination.

2. Council resolves not to grant landowner’s consent for the lodgment of a Section 96 Application to amend DA 1995/127 and enable Bitupave to source materials for production from quarries other than the Tuckombil Quarry located at Gap Road, Alstonville.

4.3 Bitupave Boral Asphalt Plant - Tuckombil Quarry, Alstonville

This Option is not recommended as it would be unreasonable to refuse a request from a tenant/applicant to lodge an amendment application that would be dealt with by Council's formal assessment processes.

RECOMMENDATION

That Council grants landowner's consent for the lodgement of a Section 96 Application to amend DA 1995/127 to enable Bitupave to source materials for production from quarries other than the Tuckombil Quarry located at Gap Road, Alstonville.

Attachment(s)

1. Locality Plan
2. Consultants Letter 18 February 2015
3. Council's Response Letter 6 March 2015
4. Consultants Submission 6 May 2015
5. Lease Plan
6. Consultants Additional Information 15 October 2015



18 February 2015

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

Attention: Anthony Peters



Ground Floor, Suite 01, 20 Chandos Street
St Leonards, NSW, 2065
PO Box 21
St Leonards, NSW, 1590
T +61 2 9493 9500
F +61 2 9493 9599
E info@emgamm.com
www.emgamm.com

Re: DA 1995/127 Alstonville Asphalt Plant - Section 96 Modification to Development Consent

Dear Sir,

The Alstonville Asphalt Plant (the Plant), which is owned and operated by Boral Asphalt (Boral), is located within the Tuckombil Quarry or Gap Road Quarry (the Quarry). The Quarry is owned by Ballina Shire Council (BSC) and operated by Lismore City Council (LCC). The Plant is located on land leased by Boral from BSC.

The Plant operates under a modified development consent (Development Consent No. 1995/127) originally granted by BSC on 30 March 1995. Condition 1 of the development consent states:

This consent is limited to the production of asphalt from aggregate and dust obtained from the adjoining Gap Road Quarry. Where such material is obtained elsewhere an amended consent will be required.

In accordance with the development consent, the Quarry supplies all aggregate and fines (or dust) required for producing asphalt at the Plant.

In addition, the Plant currently utilises the following plant and site facilities at the Quarry for the production of asphalt:

- a water truck and front end loader (FEL) which are owned and operated by LSC;
- stockpiling of some aggregates on Quarry land adjacent to the Plant; and
- water from the Quarry's water management system.

LCC has recently advised Boral of its intention to cease operating the Quarry, and consequently its inability to continue supplying aggregate and fines for the production of asphalt. Consequently, Boral will need to obtain aggregate and fines from an external source(s). Cessation of operations at the Quarry will also necessitate Boral to:

- source and operate a water truck and FEL; and
- modify its lease with BSC to continue use of the aggregate stockpiles and continue to obtain water from the Quarry's water management system.

In accordance with condition 1 of the development consent, Boral propose to modify the development consent (the proposed modification) to include the above amendments and allow for receipt of aggregates and fines by road from other suppliers in the area. In this respect, Boral operates a quarry in Teven approximately 8 km west of the Plant which produces high grade aggregate products suitable for asphalt

production, and is able to supply the Plant with all its aggregate requirements going forward. An alternate (or partial supply) source is located at LCC's Blakebrook Quarry some 28 km away to the north-west.

It is envisaged that use of the Quarry land for stockpiling and water management system can be facilitated through a modification of the lease between Boral and BSC. The additional areas to be leased are provided in Figure 1. Boral does not seek to modify:

- the annual peak production rate;
- hours of operation; or
- any plant on the site.

Boral has met with BSC regarding the proposed modification. BSC advised that the key matters required to be addressed in the application are as follows:

- traffic generation;
- appropriate future haulage routes for receiving aggregates to minimise impacts;
- traffic noise to sensitive receivers;
- requirement for section 94 contributions;
- emergency hours for asphalt production work; and
- need to obtain owners consent from Council.

In addition, BSC advised that Boral should consult the local community about the proposed modification prior to application lodgement.

The intention of this letter is to:

- formally advise BSC of Boral's intent to modify the development consent so that the Plant is able to operate once the Quarry ceases operations;
- obtain confirmation from BSC on the key matters to be addressed in the application as per those above; and
- obtain BSC's written consent as a land owner of the Quarry and Plant site to authorise Boral's application and permit the lease of other parts of its land and facilities to Boral.

It is Boral's intention to lodge the application for the proposed modification at the beginning of March 2015. As such, your response at your earliest convenience would be most appreciated.

Should you have any queries regarding this matter, please do not hesitate to contact the undersigned or Brett McLennan on 02 9493 9500.

Yours sincerely



Mina Aynsley
Town Planner
maysley@emgamm.com

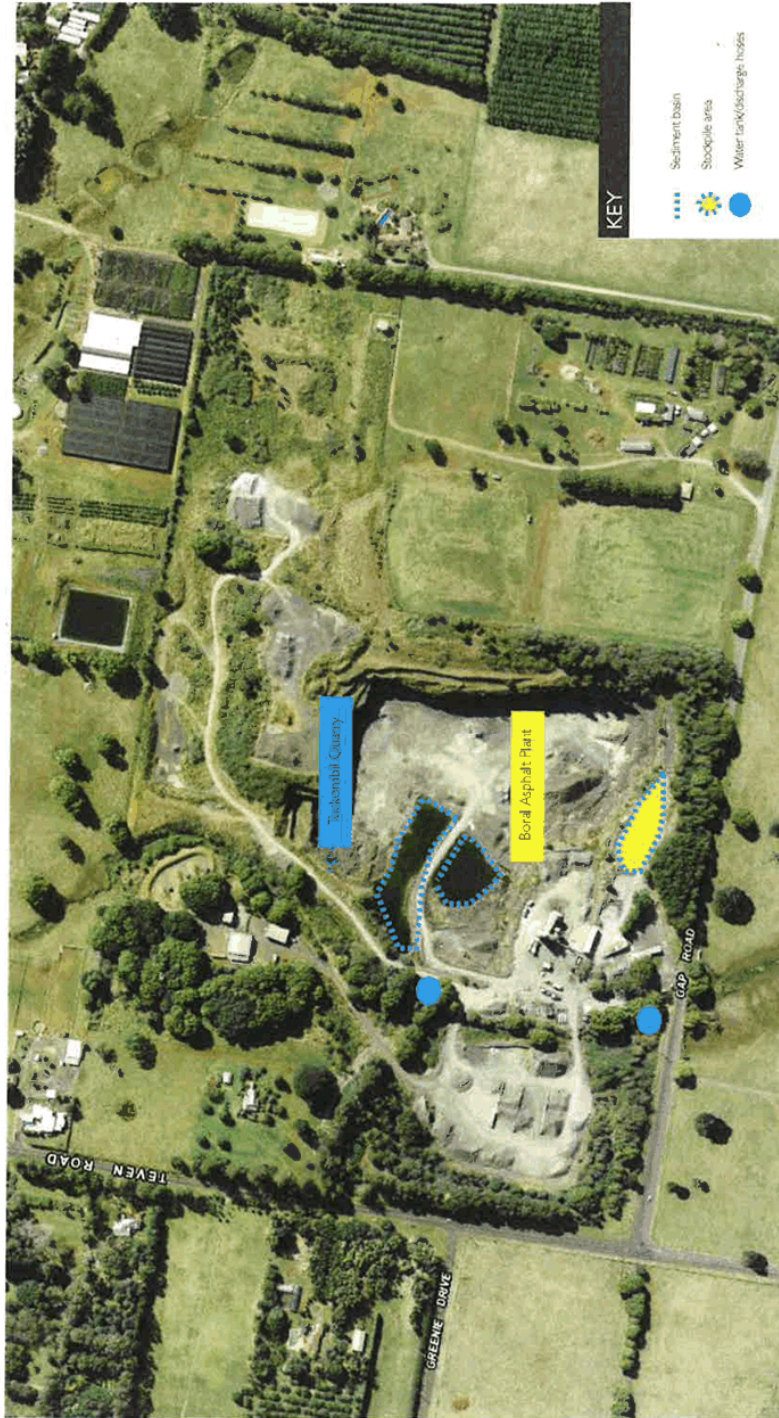


Figure 1 Additional lease areas
 Boral Alstonville Asphalt Plant
 S96 Modification to Development Consent - Letter to Council

enquiries refer
Anthony Peters
in reply please quote
DA 1995/127

6 March 2015

EMGAMM
PO Box 21
ST LEONARDS NSW 1590

Attention: Ms Mina Aynsley



Dear Mina

**Re: Proposed Modification Application to DA 1995/127 (Boral Asphalt Plant)
Lot 1 DP 880416, No. 540 Gap Road, Alstonville**

I refer to your letter of 18 February 2015 (received 23 February 2015) regarding proposed modification to Condition No. 1 which states that aggregate and dust for the production of asphalt at the plant must be obtained from the immediately adjoining Gap Road Quarry.

As you are aware Council owns the land relating to the Asphalt Plant (currently operated by Boral) and Gap Road Quarry (currently operated by Lismore City Council).

Consequently, prior to the submission of any modification or development application, Ballina Council as landowner must provide written owners consent. Please note that based on the long standing condition, namely Condition No. 1 of DA 1995/127 and Council's long time involvement with the local community and it's conditional acceptance of the quarry, a report will need to be prepared to a Council Meeting to ascertain whether or not the Council is satisfied to give landowner's consent to the modification application (also noting the reliant quarry operations).

You will be advised of the outcome in the near future. It would however, be beneficial to your proposal if you could outline the extent of the proposed lease areas of other lands and facilities you allude to in your correspondence so that this may also be considered in the report to Council.

Notwithstanding this matter, Council's Development and Environmental Health Group confirms that the key matters you have outlined are those which will need to be addressed should landowner's authority be granted. As the Alstonville community has a long standing interest in the operation of the quarry, this preliminary list may not be exhaustive.

If you have any enquiries in regard to this matter please contact Anthony Peters on 6686 1254.

Yours faithfully

Rod Willis
Group Manager
Development and Environmental Health

40 cherry street, po box 450, ballina nsw 2478
t 02 6686 4444 • f 02 6686 7035 • e council@ballina.nsw.gov.au • w ballina.nsw.gov.au

4.3 Bitupave Boral Asphalt Plant - Tuckombil Quarry, Alstonville

Leanne Harding

From: Mina Aynsley <maynsley@emgamm.com>
Sent: Wednesday, 6 May 2015 3:39 PM
Subject: RE: DA 1995/127 Boral Asphalt Plant Alstonville NSW
Attachments: G001_SitePlan_20150408_04.pdf

Hi Leanne,

Further to our previous discussions on the above, Boral would like to proceed seeking Council's owners consent at the next Ordinary Meeting for the proposed modification at the asphalt plant in Alstonville.

Our initial letter to Council indicated that the modification is being sought as it was our understanding that Gap Road Quarry operations will cease, and to obtain certainty of aggregate and fines supply.

While LLC have since advised that quarry operations will continue, in order to provide business and operational certainty for asphalt plant operations at the site, we seek an amendment to the consent as follows:

- Should the adjoining Gap Road Quarry not be able to supply aggregates or dust to the asphalt plant for any reason, the asphalt plant is permitted to source these supplies externally.

We continue to seek Council's approval to lease the additional areas/items as identified in the detailed site plan (attached), in particular the stockpile area located in the eastern section of the site.

In the event that LLC/Gap Road Quarry is no longer be able to supply the products, the use of the other proposed lease items/areas owned by Council, including the sediment basins and water truck stand pipes, is sought. During these times (eg LLC /Gap Road Quarry not able to supply products to the asphalt plant), a water truck and a front end loader are also required in order to continue operations.

Please call me if you have any questions on the above. I appreciate your patience with this matter and look forward to hearing from you.

Kind regards
Mina

Mina Aynsley
Environmental Planner

Sydney, Newcastle and Brisbane.



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4.3 Bitupave Boral Asphalt Plant - Tuckombil Quarry, Alstonville



Detailed site plan
Boral Alstonville Asphalt Plant
S96 Modification to Development Consent



4.3 Bitupave Boral Asphalt Plant - Tuckombil Quarry, Alstonville

Leanne Harding

From: Wallace, Rod <Rod.Wallace@boral.com.au>
Sent: Thursday, 15 October 2015 10:04 AM
Subject: RE: DA 1995/127 Boral Asphalt Plant Alstonville NSW

Hi Leanne,

Sorry about the delay on this.

We have decided to limit the development application area to the current lease area.

In terms of terms of the traffic data you requested, below is an extract from the traffic section of the Draft Statement of Environmental Effects.

If this information is satisfactory for your purposes, could you please advise the likely date the Council would make a decision on the owner's consent?

Kind regards

Rod

Production capacity

The existing daily traffic generated by the Alstonville asphalt plant (the plant) is related to its operating level, which has a rated capacity for 130 tonnes of asphalt to be produced per hour. Under normal daily operating conditions, the plant has a corresponding annual production capacity of approximately 100,000 tonnes.

In recent years, the plant has operated at below the maximum production capacity, as follows:

- In 2012, 41,525 tonnes of asphalt were produced;
- In 2013, 33,355 tonnes of asphalt were produced; and
- In 2014, 45,981 tonnes of asphalt were produced

In 2015, the plant is forecast to produce approximately 50,000 tonnes of asphalt, which corresponds to an average of 167 tonnes per day of asphalt being produced over approximately 300 working days each year.

The plant production records, for the five weekdays corresponding to the period of tube traffic surveys taken on Teven Road (15 -19 December 2014) are summarised in Table 1.

Table 1 Summary of Alstonville asphalt plant daily truck loads and tonnage produced

Day and date	Number of truck loads	Total tonnage produced
Monday 15 December	18	185
Tuesday 16 December	23	263
Wednesday 17 December	12	145
Thursday 18 December	6	55
Friday 19 December	1	2
Total for five day period	60	650
Average weekday production	12	130

4.3 Bitupave Boral Asphalt Plant - Tuckombil Quarry, Alstonville

Daily truck traffic movements using Gap Road

During the five weekdays from 15 to 19 December 2014, the average daily heavy vehicle movements using Gap Road (which included the Tuckombil Quarry and the plant truck traffic) was 116 heavy vehicle movements. The daily plant production during this period, which is summarised in Table 2, was an average of 12 daily truck loads (24 daily truck movements). The remainder of the Gap Road heavy vehicle traffic (92 daily heavy vehicle movements) was a combination of truck traffic from direct product sales from the Tuckombil Quarry and other rural locality truck or school bus traffic.

In accordance with the Environment Protection License (EPL) the Tuckombil Quarry has been permitted to produce up to 100,000 tonnes per annum of 'extractive industry' products. For approximately 250 days per year annual production and 20 tonne average truck loads, the 'historic' quarry truck traffic corresponds to 20 daily truck loads (40 daily truck movements).

Subtracting this from the Teven Road/Gap Road traffic survey results from the week of 15 to 19 December 2014, indicates typically 52 daily heavy vehicle traffic movements from other rural locality traffic sources are also using Gap Road, mainly agricultural traffic.

At the plant's current forecast production rate of 50,000 tonnes per annum, for 300 days operation per year, the additional daily number of truck trips which would be generated by the external aggregate transport for 95% weight of the asphalt produced (assuming 20 tonne average truck loads) would be eight additional daily truck loads, which corresponds to 16 additional daily truck movements.

At the plant's maximum production capacity of 100,000 tonnes per annum, for 300 days operation per year, the additional daily number of truck trips which would be generated for the external aggregate transport would be 16 additional daily truck loads, which corresponds to 32 additional daily truck movements.

The net additional daily truck traffic movements for external supply of aggregate for the plant production (adjusted for the removal of the historic Tuckombil Quarry production traffic) for either the current asphalt production rate of 50,000 tonnes per annum or the maximum production capacity of 100,000 tonnes per annum, are summarised in Table 2.

Table 2 Net additional daily truck movements

For asphalt plant production rate	Additional asphalt plant truck traffic from the external supply of aggregates	Daily truck traffic reduction from the closure of Tuckombil Quarry	Net daily increase in (Road) truck loads
	Loads (movements)	Loads (movements)	Loads (movements)
Current annual production, 50,000 tonnes	+8 (+16)	-20 (-40)	-12 (-24)
Maximum production capacity, 100,000 tonnes	+16 (+32)	-20 (-40)	-4 (-8)

The summary in Table 2 of the net additional daily truck movements analysis shows that initially, at the current asphalt plant production level of 50,000 tonnes per annum, there would be an overall net reduction of approximately 12 daily truck loads (24 daily truck movements) using Gap Road from the future plant operations, in comparison to the historic combination of the Tuckombil Quarry and plant daily traffic.

There would still be a small reduction in the longer term future, of approximately four daily truck loads (eight daily truck movements) using Gap Road from the future plant operations in comparison to the historic combination of the Tuckombil Quarry and asphalt plant daily traffic, if the annual plant production were to increase to its maximum production capacity of 100,000 tonnes per annum.

4.4 Old Bagotville Quarry - RMS Acquisition

4.4 Old Bagotville Quarry - RMS Acquisition

Delivery Program Commercial Services

Objective To seek Council's concurrence to the terms and conditions negotiated for the sale of the Old Bagotville Quarry (Lot 5 DP 843369) to RMS for the purposes of a road corridor for the Woolgoolga to Ballina Motorway Upgrade.

Background

Council is the owner of a property described as Lot 5 DP 843369 and is generally known as the "Old Bagotville Quarry". An aerial photo / locality plan is **attached**. It is understood the property was acquired by Council in 1994 with the intention of possibly using it as a land fill site however this proposal was not pursued. Council has not operated the property as a quarry and it has remained dormant since acquisition.

The property comprises an area of 50.53 hectares and features dense heathland to the east whilst the western portion features areas that were quarried in the past but have since regenerated in parts to bushland due to the presence of waterholes. No building improvements are constructed on the site.

RMS has identified the property as being part of the proposed corridor for the Woolgoolga to Ballina Motorway Upgrade. In 2013 RMS advised Council that it had settled upon a route that passes through the property in a north south direction, severing it into three separate portions.

Council commenced negotiations in late 2014 with RMS in regards to its proposed acquisition of a portion of the property for the motorway corridor. Those negotiations have now concluded with RMS agreeing to acquire the whole property. The purpose of this report is to seek Council's concurrence to the terms and conditions negotiated for the sale of the whole property.

Key Issues

1. Terms and conditions of sale
2. Federal Government 20 Million Trees Biodiversity Planting Program grant

Information

The proposed corridor for the Woolgoolga to Ballina Motorway Upgrade passes through the property in a north south direction, severing it into three separate portions.

RMS is seeking a corridor through the property comprising an area of 6.99 hectares, equating to 13.83% of the property's total site area. A copy of the RMS proposed acquisition plan is **attached**. In early 2015 RMS served a valuation on Council offering \$70,000 in compensation plus costs, for the 6.99 hectares it proposed to acquire.

4.4 Old Bagotville Quarry - RMS Acquisition

The problem with the RMS proposal is that it severs the property leaving two small portions of land on the western side of the proposed motorway and one large portion on the eastern side that would be effectively land locked; i.e. lacking direct road access.

Council advised RMS that this proposal was unsatisfactory as, post acquisition, Council would be left with a fragmented property holding blighted by the motorway. Council proposed an alternative whereby RMS acquire the whole property and negotiations commenced accordingly.

Council engaged HTW Property Consultants and Valuers to advise on the value of the property and assist in negotiations with RMS.

Investigations were also undertaken to determine if the development consent to operate a quarry on the property was still current. CH Law undertook an independent review of Council files and advised that DA 1995/89 had lapsed.

It is possible that quarry operations could recommence on the property however this would require investigations to assess what useable material remains upon the property and determine the viability of quarrying same.

If it were to be determined that the quarrying operations could be re-established upon the property, a new development application would have to be prepared and lodged.

RMS advised that based on the valuation it was prepared to offer \$250,000 plus costs for the whole property.

HTW advised that this offer was too low and that a figure excess of \$400,000 would be more appropriate. Accordingly negotiations were recently finalised at a figure of \$450,000 plus GST for the whole property with RMS to pay Council's valuation and legal costs in addition to this figure. A letter from RMS confirming this offer is **attached**.

Council may also be aware that this property is the subject of an \$85,000 grant under the Federal Government's 20 Million Trees Biodiversity Planting Program. The grant provides for planting 5,000 trees on the land to assist in re-vegetating the original ecosystem, with a bias for koala food trees. The area targeted for re-vegetation will not be affected by the proposed motorway corridor.

RMS has been advised of the proposed re-vegetation program and have raised no objections. RMS has agreed, that once it assumes possession of the property, the appropriate licences will be granted to Council to enter the property and carry out maintenance and monitoring of the trees it (Council) is obliged to do under the terms of the grant. The licences will attach to the contract for the sale of the property.

The Federal Government has also been advised of the proposal to sell the property to RMS and have raised no objections so long as the new trees will not be damaged by the proposed motorway and that Council will fulfill its obligations to carry out maintenance and monitoring of the trees as it is obliged to do under the terms of the grant.

4.4 Old Bagotville Quarry - RMS Acquisition

This is considered to be a good outcome as the re-vegetation program will improve the ecosystem on the property and provide habitat for koalas whilst at the same time enabling Council to sell a property that is surplus to our needs.

Legal / Resource / Financial Implications

The property is classified as operational land under the provisions of the NSW Local Government Act 1993 and as such Council has the authority to sell it. The sale of this property is not currently included in the Council's budgets and if sold the funds would be transferred to Council's Property Reserves for future projects.

Consultation

Consultation has been occurring with the RMS, the Federal Government and Council staff.

Options

1. Council resolves to accept RMS' offer to acquire the Old Bagotville Quarry being Lot 5 in DP 843369 as detailed in their letter of offer dated 30 October, 2015, and that Council enters into the relevant licences offered by RMS to secure access to the property and enable it (Council) to enter the property to maintain and monitor trees planted under the Federal Government 20 Million Trees Biodiversity Planting Program.

This option is recommended as the re-vegetation program will improve the ecosystem on the property and provide foodstock for koalas whilst at the same time enabling Council to sell a property that is surplus to its needs.

2. That Council rejects RMS' offer to acquire the Old Bagotville Quarry being Lot 5 in DP 843369 as detailed in their letter of offer dated 30 October, 2015.

This option is not recommended as the acquisition price is considered fair and reasonable. RMS may then return to its original offer to only acquire a portion of the property thereby leaving Council with a fragmented property holding that has no identifiable strategic economic value.

RECOMMENDATIONS

1. That Council authorises the General Manager to finalise negotiations for the sale of Lot 5 DP 843369 to the RMS as detailed within this report.
2. That Council authorises the Council seal to be attached to the contract for sale and any other related documents including sale transfers and licence agreements for access.

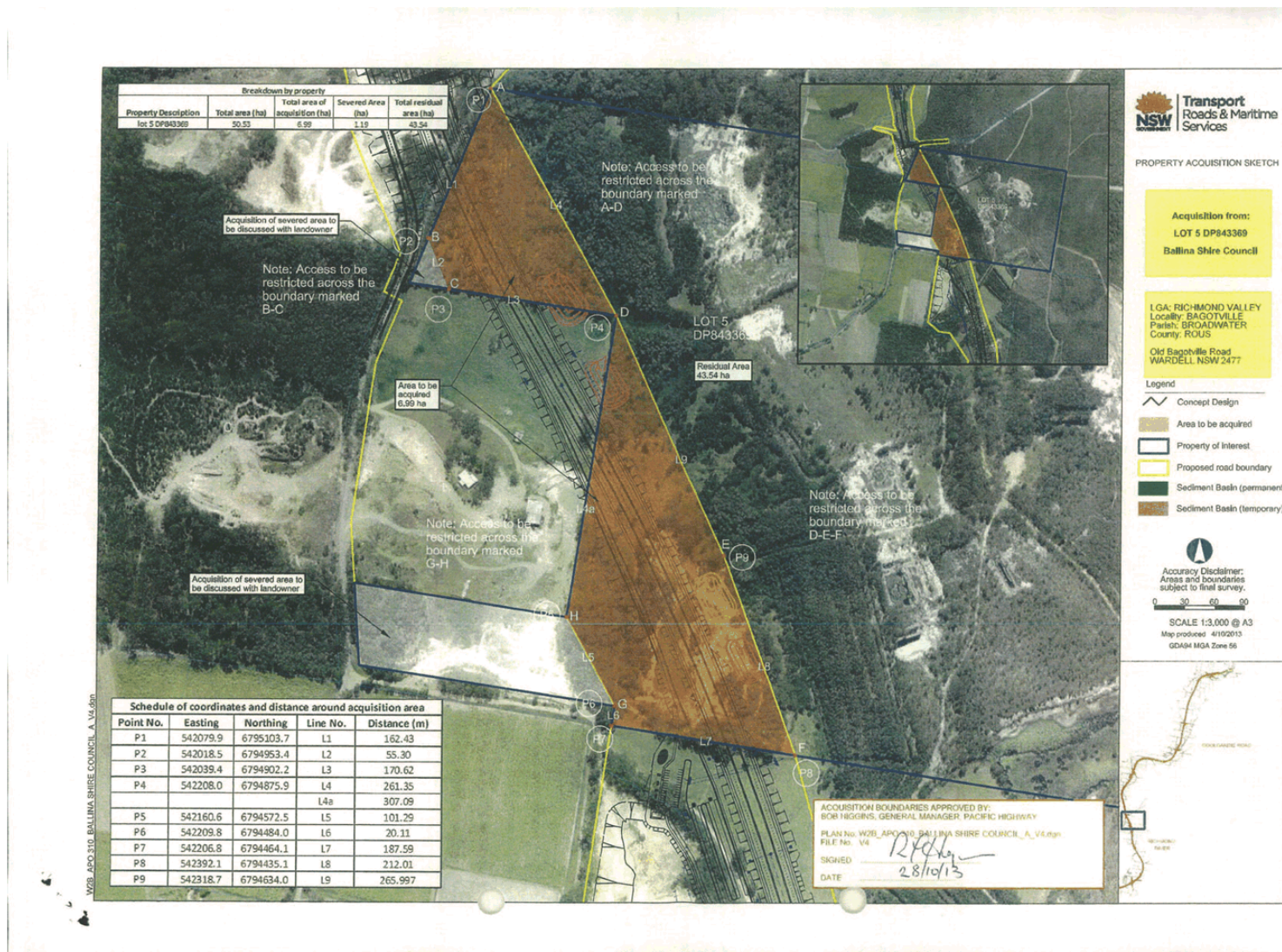
Attachment(s)

1. Aerial Photo - Locality Plan
2. Old Bagotville Quarry - Proposed road corridor for motorway
3. CH Law - Advice regarding status of DA 1995/89
4. RMS offer to acquire Lot 5 DP 843369 dated 30-10-2015

4.4 Old Bagotville Quarry - RMS Acquisition



4.4 Old Bagotville Quarry - RMS Acquisition





Principal
Clarissa Huegill
Lawyer
B.Com, LLB Acc.Spec
(Property Law)



2/130 Tamar Street
PO Box 289
BALLINA NSW 2478
Phone: 02 6681 4155
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DX: 27652 Ballina
Email: clarissa@chuegill.com
Web: www.chuegill.com
ABN: 44 084 438 488

Liability limited by a scheme approved
under Professional Standards Legislation

Our ref: CLH:KD:150167

28th May 2015

Ballina Shire Council
DX 27789
BALLINA NSW

Also by email: pault@ballina.nsw.gov.au

Dear Paul,

RE: BALLINA SHIRE COUNCIL - STATUS OF DA - OLD BAGOTVILLE QUARRY
TITLE REFERENCE: LOT 5 DP843369

I refer to your email to me dated 17 April 2015 and to my conversation with you on 27 May 2015 when I inspected Council's file.

I confirm your instructions that Council purchased the subject land in October 1995.

You asked me in your email dated 17 April 2015 whether a consent to operate a quarry from the subject property is still current. In our conversation on 27 May 2015 you expanded your instructions to ask for my advice generally as to whether there were rights to operate a quarry on the subject site.

I advise:-

1. It is clear from Council's file that some time prior to 1995 the land or part of it, had been used as a shale quarry and was operating pursuant to State Environmental Planning Policy Number 37 - Continued mines and extractive industry. SEPP 37 was repealed on 16 February 2007.
2. On 19 January 1995 Council issued a consent to Development Application Number 1995/89 for the continued operation of the 2 existing shale quarries on the property with deferred commencement conditions. The reason for the application is not clear and, as it is probably irrelevant I have not investigated this aspect.
3. It is also not clear whether, at the time of the consent, the quarries were actually in operation. Again, for the following reasons, this is probably not relevant.
4. Pursuant to section 99(1) of the Environmental Planning and Assessment Act 1979, as it was at the date of the consent, a consent granted to a development application lapsed unless the development the subject of the consent was commenced within two years of the date it became effective. For the purposes of commencement, section 99(2)(b) provides that where the development comprises the use of any land, the development is commenced when the use

of the land is actually commenced. Council's file clearly shows (confirmed by way of letter to the applicant dated 3 January 1996) that the deferred commencement conditions were met by 3 January 1996. There is no evidence however that the land was actually used by Council from that date as a quarry and therefore the consent had not commenced.

5. As the consent was not commenced, it lapsed on 19 January 1997 and can no longer be relied upon to operate a quarry on the land.
6. SEPP 37 has been repealed and therefore cannot be relied upon to operate a quarry on the land.
7. Clearly use of the land as a quarry ceased some time prior to or at October 1995. Whether or not that use was an "existing use" or a "continuing use" pursuant to the provisions of the Environmental Planning and Assessment Act 1979, that use ceased 12 months after the use was abandoned. Therefore any right to commence quarrying on the land pursuant to an existing or continuing use, expired at the latest in October 1996.

Accordingly, it is my advice there is no current right nor consent to operate a quarry on the land.

Please advise if I can be of further assistance.

Yours faithfully



CLARISSA HUEGILL



30 October 2015

General Manager
Ballina Shire Council
PO Box 450
BALLINA NSW 2478

Attention: Mr Paul Tsikleas

HW NO 10 – Pacific Highway. Woolgoolga to Ballina Upgrade. Acquisition of whole of lot 5 in Deposited Plan 843369 from Ballina Shire Council.

Dear Sir,

I refer to Roads and Maritime Services previous correspondence. This offer replaces and is not additional to any previous offer.

Roads and Maritime is prepared to purchase the subject land being whole of Lot 5 in DP 843369 having an area of 50.53ha as shown highlighted on the attached Deposited Plan on the following terms and conditions:-

1. Purchase Price of \$450,000.00 (Four Hundred and Fifty Thousand Dollars) excluding GST in full satisfaction of all claims arising from the acquisition as assessed in accordance with the Land Acquisition (Just Terms Compensation) Act, 1991. In the event the subject sale is a taxable supply under GST legislation, the purchaser shall reimburse the vendor any GST liability that arises on such supply, upon receipt of a valid tax invoice.
2. Vacant possession is to be given on completion. Vacant possession will be deemed have been given if Ballina Shire Council enters into a suitable occupation agreement with Roads and Maritime prior to settlement.
3. The property is to be left in a clean and tidy state with all contents and rubbish removed.
4. Roads and Maritime and its agents to have the right of entry from the date of exchange of contracts for road and ancillary works.
5. Roads and Maritime at settlement to reimburse valuation fees incurred of \$11,641.30 inclusive of any GST.
6. Roads and Maritime at settlement to reimburse legal fees to a maximum of \$1,650.00 inclusive of any GST payable.

Roads and Maritime Services

6 Victoria Street Grafton NSW 2460 | PO Box 576 Grafton NSW 2460 | DX7610 Grafton
T 02 6640 1379 | F 02 6604 9381 | E peter.strickland@rms.nsw.gov.au

www.rms.nsw.gov.au | 13 22 13



4.4 Old Bagotville Quarry - RMS Acquisition

The above offer is subject to exchange of formal contract documents. As you have indicated that you are in agreement with the above offer, formal contract documents will be prepared and forwarded to your Solicitor by Roads and Maritime's Solicitor.

If further information is required regarding the acquisition, please contact Mr Peter Strickland, Property Acquisition Officer on (02) 66401379 or email peter.strickland@rms.nsw.gov.au.

Yours sincerely

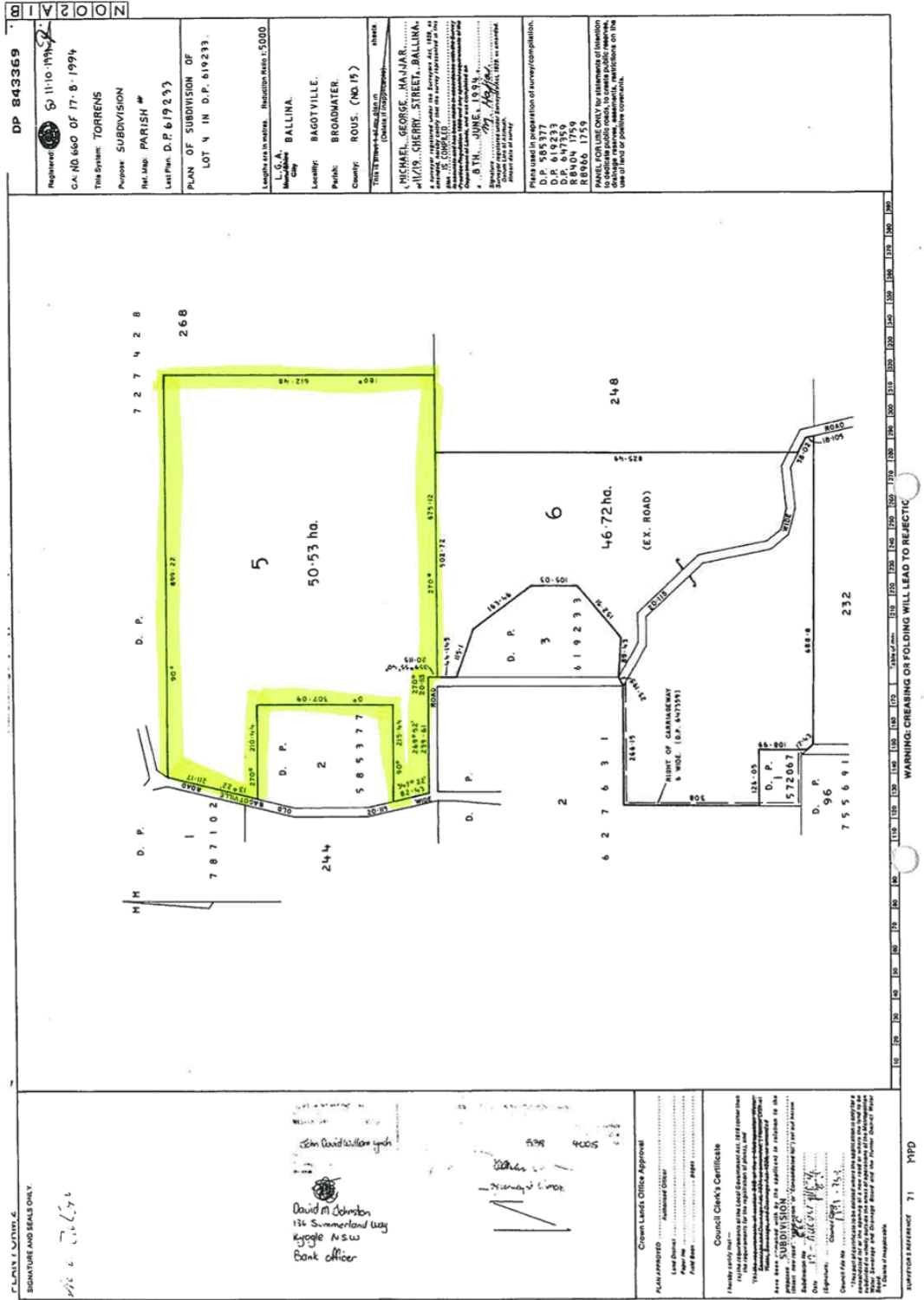


Terry Green

Property Services Manager

Northern

4.4 Old Bagotville Quarry - RMS Acquisition



4.5 Wollongbar Urban Expansion Area - Pump Station Compensation

4.5 Wollongbar Urban Expansion Area - Pump Station Compensation

Delivery Program Commercial Services

Objective To seek Council's agreement for the creation of easements and compensation payable for a sewer pump station located within the Wollongbar Urban Expansion Area

Background

The Wollongbar Urban Expansion Area ("WUEA") required a sewer pump station ("SPS") to be constructed to service approximately 600 residential lots. The SPS was constructed on Lot 75 DP 1213425 (latest legal description), Rifle Range Road, Wollongbar. An aerial photo / locality plan is **attached**.

The land upon which the SPS, associated pipework and services are located is owned by CR Brown, BRS Brown, RL Brown and Two Minus Two Pty Ltd ("the Owners"). The Owners are also the developers of Avalon Estate.

The Owners agreed to allow Council access to construct the SPS and associated pipework on the proviso Council would pay compensation for the easements required for the infrastructure.

Negotiations with the Owners have now been finalized for the easements required and compensation payable.

The purpose of this report is to seek Council's agreement for the creation of easements and compensation payable for same.

Key Issues

- Creation of easements for Council infrastructure
- Compensation payable to Owners

Information

Council has constructed a SPS, associated pipework and services on land owned by CR Brown, BRS Brown, RL Brown and Two Minus Two Pty Ltd.

The Owners agreed to allow Council access to construct the SPS and pipework on the proviso Council would pay compensation for the easements required for the infrastructure.

Based upon plans prepared to date, the area of land required for the proposed easements is 4,813m². A plan identifying the proposed easements is **attached**.

The SPS includes a brick building, pits, lighting and fencing (see site photos and plans **attached**). The SPS has been in operation for the past few years.

4.5 Wollongbar Urban Expansion Area - Pump Station Compensation

Council and the Owners each engaged valuers to assist in negotiations to determine a reasonable amount of compensation in accordance with the *NSW Land Acquisition (Just Terms) Act 1991*, and in particular, Section 55.

Compensation was agreed between the parties at a figure of \$80,000 plus GST and disturbance (reasonable valuation and legal fees).

The figure of \$80,000 reflects the value of land taken from the Owners by way of easements and for what is termed “injurious affection” or diminution in the value of lots to be developed on the Owners’ land and as detailed on the plan **attached**. These proposed lots will overlook the SPS. Assessing “injurious affection” or diminution in the value of lots is a subjective and inexact exercise; however the parties have reached agreement at what is considered by all to be a reasonable figure. Opteon Valuers, who acted for Council, have provided advice in support of the settlement figure (see **attached**).

Legal / Resource / Financial Implications

Legal

Registered easements for the SPS and associated services over the Owner’s will be created in favour of Ballina Shire Council.

Financial

Funding for compensation payable to the Owners will be sourced from the Property Development Reserve and Council’s sewer operations.

Consultation

Negotiations have been undertaken with the Owners of Lot 74 DP 1213425 upon whose land the SPS is located.

Options

1. Council resolves to pay compensation of \$80,000 plus GST and disturbance costs (reasonable valuation and legal fees) to the owners of Lot 75 DP 1213425 (CR Brown, BRS Brown, RL Brown and Two Minus Two Pty Ltd) for the creation of easements for a sewer pump station and associated services.

This Option is recommended as the creation of easements is required for Council’s infrastructure. Council has also received advice that the compensation payable is fair and reasonable.

2. Council resolves not to pay compensation of \$80,000 plus GST and disturbance costs (reasonable valuation and legal fees) to the owners of Lot 75 DP 1213425 (CR Brown, BRS Brown, RL Brown and Two Minus Two Pty Ltd) for the creation of easements for a sewer pump station and associated services.

This Option is not recommended as the matter may then have to be resolved in the NSW Land and Environment Court which will involve additional time and costs without any guarantee of what the outcome maybe.

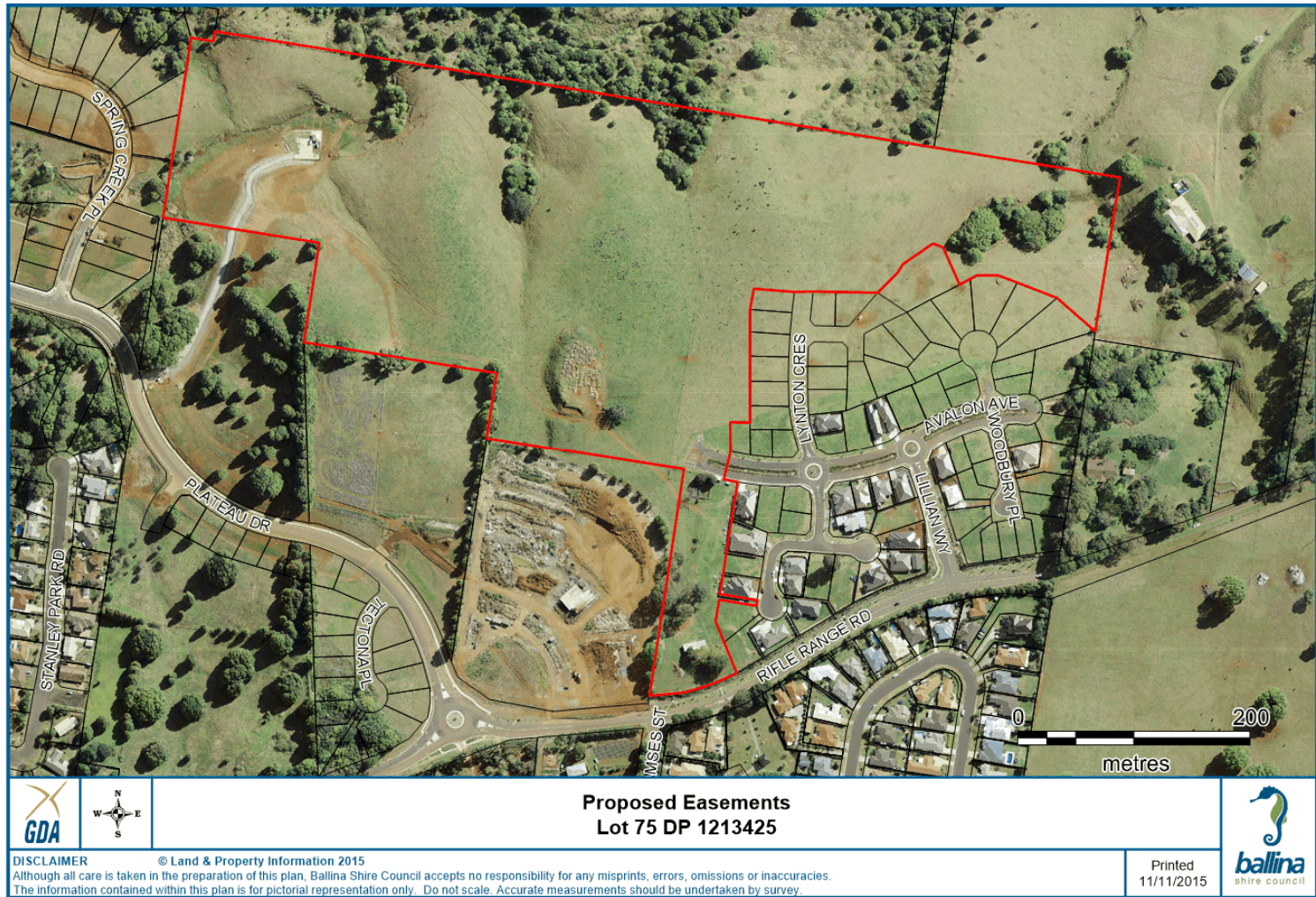
RECOMMENDATIONS

1. That Council resolves to pay compensation of \$80,000 plus GST and disturbance costs (reasonable valuation and legal fees) to the owners of Lot 75 DP 1213425 (CR Brown, BRS Brown, RL Brown and Two Minus Two Pty Ltd) for the creation of easements for a sewer pump station and associated services.
2. Council authorises the General Manager to finalise negotiations with the owners of Lot 75 DP 1213425 (CR Brown, BRS Brown, RL Brown and Two Minus Two Pty Ltd) for the creation of easements for a sewer pump station and associated services, execute all relevant plans and documentation and affix the Council seal to same.

Attachment(s)

1. Aerial Photo Locality Plan
2. Plan of of Proposed Easements
3. WUEA SPS Aerial Photo Site Plan
4. WUEA SPS Site Photos
5. Opteon Valuers' Advice on Compensation Settlement

4.5 Wollongbar Urban Expansion Area - Pump Station Compensation

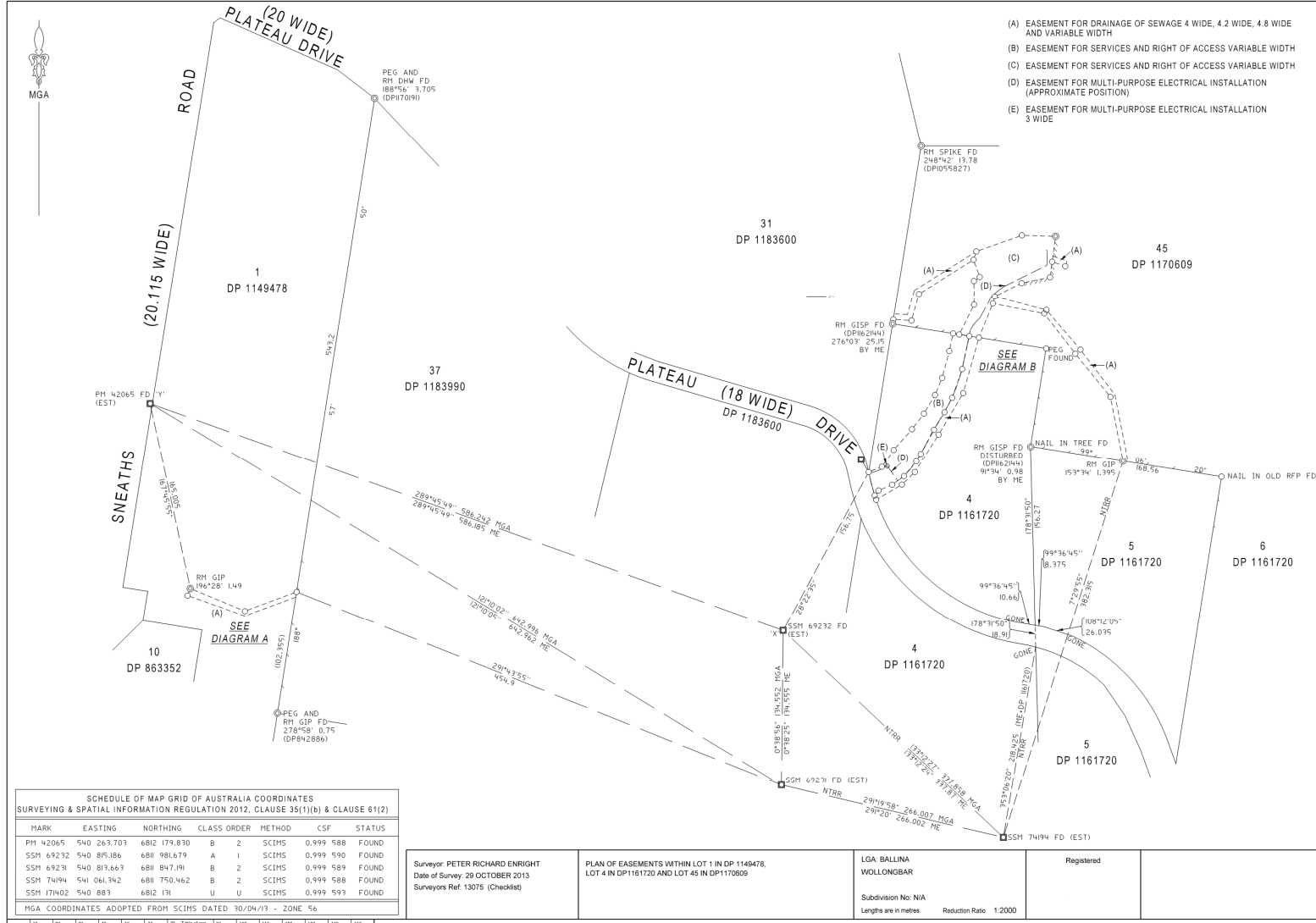


4.5 Wollongbar Urban Expansion Area - Pump Station Compensation

PLAN FORM 2 (A2)

WARNING: CREASING OR FOLDING WILL LEAD TO REJECTION

Sheet 1 of 2 sheets



SCHEDULE OF MAP GRID OF AUSTRALIA COORDINATES
SURVEYING & SPATIAL INFORMATION REGULATION 2012, CLAUSE 35(1)(b) & CLAUSE 61(2)

MARK	EASTING	NORTHING	CLASS ORDER	METHOD	CSF	STATUS
PH 42065	540 263.703	6812 179.830	B 2	SCIMS	0.999 588	FOUND
SSM 69232	540 815.186	6811 981.679	A 1	SCIMS	0.999 590	FOUND
SSM 69231	540 813.663	6811 847.191	B 2	SCIMS	0.999 589	FOUND
SSM 74194	541 061.342	6811 750.462	B 2	SCIMS	0.999 588	FOUND
SSM 17402	540 883	6812 171	U U	SCIMS	0.999 593	FOUND

MGA COORDINATES ADOPTED FROM SCIMS DATED 30/04/13 - ZONE 56

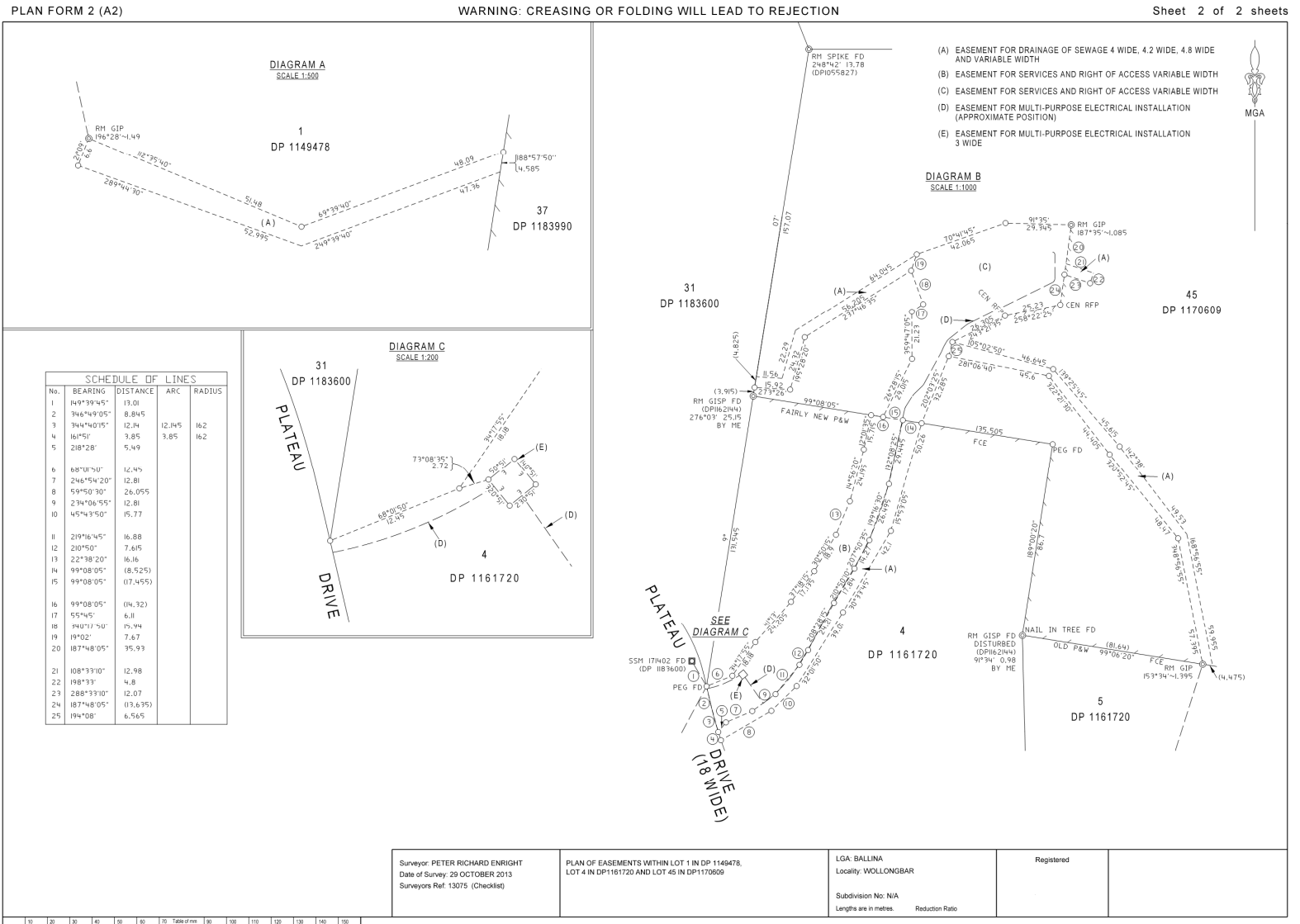
Surveyor: PETER RICHARD ENRIGHT
Date of Survey: 29 OCTOBER 2013
Surveyors Ref. 13075 (Checklist)

PLAN OF EASEMENTS WITHIN LOT 1 IN DP 1149478,
LOT 4 IN DP1161720 AND LOT 45 IN DP1170609

LGA: BALLINA
WOLLONGBAR
Subdivision No: N/A
Lengths are in metres. Reduction Ratio: 1:2000

Registered

4.5 Wollongbar Urban Expansion Area - Pump Station Compensation



4.5 Wollongbar Urban Expansion Area - Pump Station Compensation



TITLE:	Avalon Estate Western Precinct Layout Plan
CLIENT:	BR, RL & CR Brown & Two Minus Two Pty Ltd

ARDILL PAYNE & PARTNERS

Consulting Civil and Structural Engineers
Project Managers Town Planners & Surveyors

45 River Street Ph: 07 6686 3280
P O Box 20 Fax: 02 6686 7920
BALLINA NSW 2478 Email: info@ardillpayne.com.au
Website: www.ardillpayne.com.au

Scale at A4	NTS	Datum	AHD
Design	CAD	Date	20-04-15
Drawn	EE	File	BSC - Avalon
Job No.	5012	Dwg No.	LP01

4.5 Wollongbar Urban Expansion Area - Pump Station Compensation

Lot 60 Rifle Range Road
Wollongbar, NSW 2477
Our Reference: 6009852



Lot 8 - view north over lot 8 from south sector



Lot 8 south sector - view over pump station



Lot 9 - distant view over pump station



Lot 9 - actual view over pump station



Lot 10 - distant view over pump station



Lot 10 - actual view over pump station



Our reference: 6545388

7 October 2015

Mr Paul Tsikleas
Ballina Shire Council
PO Box 450
BALLINA NSW 2478

Dear Paul,

Re: *Lot 60 Rifle Range Road,
Wollongbar, New South Wales*
Matter: *Colin Brown*

We refer to our meeting with Colin Brown, Owen Allsopp, John Truman and Tim Mackney on 1 October 2015 at Council chambers.

The purpose of the meeting was to discuss a settlement for the proposed easements in favour of Council over the Brown land at Rifle Range Road, Wollongbar.

We note that it was agreed between Council and Mr Brown that appropriate compensation was to be \$80,000 plus GST plus disturbance costs including reasonable legal and valuation fees (Section 59).

Our valuation report of 1 September 2015 initially indicated compensation of \$61,378 + GST (Section 55(a) and 55(f)) + disturbance items under Section 59. However, after considering a betterment issue arising from construction by Council of works associated with the sewer pumping station, the compensation in respect of Section 55(a) and (f) was considered to be nil, based upon recent case law. The issue of balancing injurious affection against betterment is, in most instances very subjective, and as such a court considering the matter may take the same or an alternate view. Therefore there can be no guaranteed outcome if the matter were to proceed to court.

In the meeting referred to above, Mr Allsopp also produced evidence in regards to supporting his opinion of value for the easements which we have taken into consideration.

Though not discussed at the meeting, we are also aware that Council and the Browns are adjoining property owners and each has further land to develop in the Wollongbar Urban Expansion Area. Council has lodged a development application for 18 residential lots of which 8 lots require to be drained over land owned by the Browns. The benefit to the Browns in allowing Council to drain the 8 lots over its land is that the Browns have 4 lots adjoining Council land which can immediately be developed, but require access over Council's land.

At the conclusion of the negotiations, the parties agreed that Council pay compensation of \$80,000 plus GST plus disturbance costs (S59). It is understood the parties arrived at this position after considering a number of different

Opteon Property Group

Opteon (North Coast NSW)
PO BOX 955, BALLINA NSW 2478

P 02 6686 8935 E ballina.instructions@opg.net
F 02 6686 8972 W www.opg.net

VALUE MADE VISIBLE

Liability limited by a scheme approved under Professional Standards Legislation

4.5 Wollongbar Urban Expansion Area - Pump Station Compensation

Lot 60 Rifle Range Road
Wollongbar, NSW 2477
Our Reference: 6545388



issues and the desire to maintain an ongoing spirit of co-operation as adjoining owners and developers. This outcome is not considered unreasonable.

We trust this meets your current requirements however should you have any queries please contact us.

Kind regards,

A handwritten signature in black ink that reads "Neale Frogley".

Neale Frogley

Managing Partner

AAPI Certified Practising Valuer

API No: 68273 NSW RV No: VAL3098

E neale.frogley@opg.net

Opteon Property Group | VALUE MADE VISIBLE

4.6 54 North Creek Road Ballina - Marketing

4.6 54 North Creek Road Ballina - Marketing

Delivery Program Commercial Services

Objective To seek Council's concurrence to market industrial lots proposed to be developed at 54 North Creek Road, Ballina

Background

A report was presented to the Commercial Services Meeting of 15 October, 2015, proposing to develop 1.346 hectares of Part Lot 98 DP 1194043 as six serviced industrial lots.

At that meeting Council resolved as follows:

1. *That Council proceed to lodge a development application for the proposed subdivision of Part Lot 98 DP 1194043 as per the proposed lot layout prepared by Civiltech as attached to this report.*
2. *That Council supports the inclusion of the Noise Management Plan as prepared by Tim Fitzroy and Associates and as attached to this report, for inclusion in the subject development application.*

A copy of the report including the feasibility assessment is **attached**.

Since that report was presented, Council has received a number of enquiries from parties interested in purchasing some of the proposed lots.

Accordingly, the purpose of this report is to seek Council's authority to market the six proposed for sale "off the plan."

Key Issues

- Sale of Council land and pricing

Information

Asking prices for the six proposed lots are noted below and are similar to the prices noted in the feasibility assessment contained in the report of 15 October, 2015, the exception being for Lots E and G which are higher than in the previous report.

Lot	Lot Area (m ²)	Useable Lot Area (m ²)	Asking Price \$/m ²	Asking Price Ex. GST (\$)
A	1,250	1,160	250	290,000
B	1,300	1,210	250	302,500
C	1,350	1,260	250	315,000
D	1,400	1,310	250	327,500
E	3,400	2,960	220	650,000
F	1,000 (sewer pump station)	1,000	N/A	N/A
G	3,400	2,850	185	527,000

4.6 54 North Creek Road Ballina - Marketing

The \$/m² asking price rates applied to lots E and G reflect their size and irregular configuration. Lot G also has limited exposure to Cessna Crescent.

The asking prices for Lots E and G may require review if investigations reveal the presence of water and or sewer pipes that cannot be relocated thereby impinging upon the development potential of the lots.

These asking prices are based upon recent sales of Council industrial lots including:

Lot/DP	Price (excl GST)	Area	Date of Sale	\$/m ²
93/1161854	290,000	1,100m ²	11/6/2010	264/m ²
89/1161854	424,000	1,663m ²	22/12/2010	254/m ²
95/1184435	533,150	2,269m ²	4/10/2012	235/m ²
97/1194043	570,058	2,429m ²	2/08/2012	235/m ²
92/1161854	270,000	1,100m ²	10/2014	245/m ²
Pt Lot 98 DP1194043	910,000	3,964m ²	2/2015	230/m ²
87/1161854	500,000	1,995m ²	5/2015	250/m ²
90/1161854	275,000	1,100m ²	8/2015	250/m ²
91/1161854	275,000	1,100m ²	9/2015	250/m ²

An aerial photo / locality plan identifying the lots sold is attached.

It is proposed to market the six lots as follows:

- a) Offer general selling agreements to all local real estate agents with Commercial Services acting as co-ordinator. Commission rate offered to agents; 2.75% + GST of selling price payable upon settlement of contracts.
- b) Erect a for sale board on site directing enquiries to Council's website and all local agents.
- c) Provide information package to all local agents who apply for a general agency agreement.
- d) Place asking prices, proposed lot layout and other information on Council's website.

At this stage it is not proposed to run an advertising campaign through the media. The commission rate offered to agents should encourage them to promote the project through their respective web resources.

Legal / Resource / Financial Implications

Part Lot 98 DP 1194043 is classified as operational land under the provisions of the NSW Local Government Act 1993 and as such Council has the authority to sell it.

Council's 2015/16 budget includes an allowance for the development of this land.

Consultation

This report is provided for public information.

Options

1. That Council authorise the General Manager to place the six industrial lots proposed for Part Lot 98 DP 1194043 on the market for sale “off the plan” at the asking prices noted in this report.

This option is recommended as pre-sales will assist in de-risking the development project for Council and assist prospective purchasers in securing sites they may wish to develop as new premises for their businesses.

2. That Council not place the six industrial lots proposed for Part Lot 98 DP 1194043 on the market for sale “off the plan” at the asking prices noted in this report.

This option is not recommended as future market conditions may change and prospective purchasers currently in the market may lose interest or find alternative sites.

RECOMMENDATIONS

1. That Council authorises the General Manager to place the six industrial lots proposed for Part Lot 98 DP 1194043 on the market for sale “off the plan” at the asking prices noted in this report.
2. That Council authorises the Council seal to be attached to the contracts for sale and any other related documents.

Attachment(s)

1. Commercial Services Meeting Report 15 October 2015
2. Proposed Lot Layout Plan - 54 North Creek Road, Ballina
3. Council Land for Sale - Southern Cross Industrial Estate

4.4 54 North Creek Road, Ballina - Land Subdivision Development Proposal

4.4 54 North Creek Road, Ballina - Land Subdivision Development Proposal

Delivery Program Commercial Services

Objective To seek Council's concurrence to lodge a development application to create six serviced industrial lots.

Background

54 North Creek, Ballina, comprises a 1.346 hectare residue portion of land zoned "Industrial IN1" and described as Part Lot 98 DP 1194043. Existing improvements on the site include a Council sewer pump station and an older style single storey weatherboard clad cottage. A location plan is attached.

A conceptual proposal to develop the site as serviced industrial lots was presented at the Commercial Services meeting held on 19 May, 2015. The resolutions arising from that meeting were:

1. *That Council approves the preparation and lodgement of a DA to undertake subdivision of Part Lot 98 DP 1194043, subject to that subdivision plan first being submitted, in draft form, for Council review and approval.*
2. *That the General Manager establishes a Sound Management Plan (SMP) for the proposed subdivision which has as its purpose the achievement of a subdivision that meets or exceeds the noise attenuation that will be required of it and does so at the least practical cost to the project. This plan to be established immediately.*
3. *That clearing of the land be undertaken as soon as possible together with removal of the house.*
4. *That Council approves an allocation of \$30,000 from the Property Development Reserve to finance the cost of points 1, 2 and 3 above.*
5. *That the General Manager assess other non-commercial sites for the Men's Shed.*

In response to those resolutions, consultants Civiltech were engaged to prepare a development application, development cost estimates and a Sound Management Plan (SMP). That work has now been completed and forms the subject of this Report.

It is noted that this Report does not address Point 5.

Key Issues

- Noise management and acoustic issues.
- Clearance of vegetation.
- Feasibility of land subdivision proposal.

4.4 54 North Creek Road, Ballina - Land Subdivision Development Proposal

Information

Civiltech have prepared a conceptual plan of subdivision that proposes to create seven lots as follows:

Lot	Lot Area (m ²)	Useable Lot Area (m ²)
A	1,250	1,160
B	1,300	1,210
C	1,350	1,260
D	1,400	1,310
E	3,400	2,960
F	1,000 (Sewer Pump Station)	1,000
G	3,400	2,850

A copy of the proposed plan of subdivision is **attached** as is the statement of environmental effects. The difference between "Lot Areas" and "Usable Lot Areas" is due to allowances for fill batters etc.

Lot E is "L" shaped in configuration whilst Lot G lacks in exposure to its street frontage, however these lots are larger and may appeal to users seeking larger sites but not concerned about exposure to passing traffic.

Civiltech have also prepared a preliminary scope of works to develop these lots and cost estimates for same that are included in a feasibility estimate **attached** hereto. Works required to develop these lots include:

- a) Relocation or demolition of the existing timber cottage.

It is proposed that this cottage be offered for sale by tender on the proviso that the successful purchaser is responsible for all costs of removing the cottage from the site.

- b) Clearing of vegetation and compensatory planting.

Consultants Melaleuca Group Pty Ltd have undertaken an ecological assessment of the site and the development proposal (see **attached**). The report notes that the majority of vegetation is proposed to be removed from the site, though some trees may be left along the boundaries to add some degree of amenity to the lots. The report also notes that the majority of vegetation has been degraded due to weed infestation; however there is about 1,200m² of Swamp Oak "that is considered a degraded Endangered Ecological Community" and recommends compensatory planting for its removal.

The report proposes that compensatory planting take place in a SEPP 14 wetland area located to the east of the subject site. The estimated cost for this compensatory planting is \$15,680 inclusive of GST based upon a formula contained in a document that has previously been accepted by Council.

- c) Filling of land.

Cutting and filling of the site is required to bring it up to the required finished fill level.

4.4 54 North Creek Road, Ballina - Land Subdivision Development Proposal

d) Connection to services.

All six lots are to be connected to existing services located in DeHavilland Crescent or North Creek Road.

e) Acoustic Issues

The development application proposes removal of the existing acoustic earthen berm located on the site. Acoustic consultants, Tim Fitzroy and Associates, recommend the combination of a buffer zone and construction of a three metre high masonry wall along the eastern and southern boundaries of the site to act as a sound barrier and reduce potential noise issues affecting houses to the south and east.

The masonry wall could be similar to the one constructed along Ferngrove Estate's boundary to Tamarind Drive and landscaped accordingly. This is point worth considering given that North Creek Road is proposed to be future arterial road extending from North Ballina to Lennox Head.

In response to Point 2 of the Council resolution referred to above, Tim Fitzroy and Associates, have prepared a Noise Management Plan ("NMP") a copy of which is attached. The proposed development meets the criteria set out in the NMP.

f) Relocation of services

To improve the value of proposed Lots E and G pipework pertaining to sewer pump station located on proposed Lot F may have to be removed or relocated. Preliminary advice from Civil Services is their records indicate a number of may have to be relocated, none of which are considered to be a major impediment to the proposed development.

A power pole and cable stay for same is located on proposed Lot G's frontage to Stinson Street / Cessna Crescent. This power pole may require relocation.

Staff have prepared a feasibility estimate for the proposed subdivision which indicates an estimated development profit of \$1,230,000 based on information available. A copy of the feasibility estimate is attached, and summarized below.

Estimated gross sale proceeds		2,255,000
Less selling costs		80,000
		2,175,000
Less		
Estimated development costs including professional fees and contingencies (as per Civiltech estimates).	622,500	
Estimated S.64 & S.94 development contributions	322,500	
		945,000
Estimated development profit		\$1,230,000

4.4 54 North Creek Road, Ballina - Land Subdivision Development Proposal

The estimated sale prices for the lots are based upon recent sales of Council lots including:

Lot/DP	Price (excl GST)	Area	Date of Sale	\$/m ²
93/1161854	\$290,000	1,100m ²	11/6/2010	\$264/m ²
89/1161854	\$424,000	1,663m ²	22/12/2010	\$254/m ²
95/1184435	\$533,150	2,269m ²	4/10/2012	\$235/m ²
97/1194043	\$570,058	2,429m ²	2/08/2012	\$235/m ²
92/1161854	\$270,000	1,100m ²	10/2014	\$245/m ²
Pt Lot 98 DP1194043	\$910,000	3,964m ²	2/2015	\$230/m ²
87/1161854	\$500,000	1,995m ²	5/2015	\$250/m ²
90/1161854	\$275,000	1,100m ²	8/2015	\$250/m ²
91/1161854	\$275,000	1,100m ²	9/2015	\$250/m ²

Development cost estimates can be reviewed once development consent is granted and detailed construction plans and documents are completed.

Legal / Resource / Financial Implications

Legal

The subject land is classified as operational land pursuant to the Local Government Act 1993. There is no impediment to the sale of the land as proposed.

Financial

To fund this development proposal Council has previously resolved to allocated \$736,000 in 2015/16 and \$300,000 in 2016/17 from the Property Development Reserve. To assist in managing the cash flows for the Property Development Reserve the \$300,000 represents the estimate for development contributions with those contributions paid in 2016/17 financial year.

Please note there are minor variations in figures in this report as compared to those in the Property Development Reserve, however the overall magnitude of funds is similar, and as at this stage as these remain early estimates no further changes are recommended.

Policy

Council's Property Investment and Development Policy identifies the following Risk Determination in respect to whether we should proceed with projects.

Level of Risk	Benchmark Above 90 Day BBSW
Low	< 2%
Medium	2% to 5%
High	5% to 10%
Speculative	> 10%

Overall this project is considered to be at most, a medium risk as it is a relatively straight forward project. At present there currently is a lack of serviced industrial lots balanced against a reasonable level of enquiry for same.

This land is also very well located on North Creek Road.

4.4 54 North Creek Road, Ballina - Land Subdivision Development Proposal

Based upon the Feasibility Estimate attached the site is calculated to have a market value in the order of \$525,000 and pre-tax development profit of \$500,000, assuming a developer acquired the site and developed it.

However as Council owns the site the net development profit has been calculated by adding back in land value, acquisition costs, holding charges etc. to arrive at a forecast development profit of \$1,230,000 which is well above these benchmarks.

Consultation

The development proposal will be advertised as per the development application process.

Options

1. Council proceeds to lodge a development application for the proposed subdivision of Part Lot 98 DP 1194043 as per the proposed lot layout prepared by Civiltech, and adopts the Noise Management Plan as prepared by Tim Fitzroy and Associates, both of which are contained in this Report.

This Option is recommended as there is a lack of serviced industrial lots available for sale on the Southern Cross Industrial Estate, at present Council only has one industrial lot available for sale. It is also considered that the Noise Management Plan will adequately assist in ensuring noise levels generated by industrial development on the proposed lots are kept to an acceptable level for houses in the local vicinity.

2. Council rejects the proposal to lodge a development application for the proposed subdivision of Part Lot 98 DP 1194043 as per the proposed lot layout prepared by Civiltech, and also rejects the Noise Management Plan as prepared by Tim Fitzroy and Associates, both of which are contained in this Report.

This Option is not recommended as there is a lack of serviced industrial lots available for sale on the Southern Cross Industrial Estate, at present Council only has one industrial lot available for sale.

4.4 54 North Creek Road, Ballina - Land Subdivision Development Proposal

RECOMMENDATIONS

1. That Council proceed to lodge a development application for the proposed subdivision of Part Lot 98 DP 1194043 as per the proposed lot layout prepared by Civiltech as attached to this report.
2. That Council supports the inclusion of the Noise Management Plan as prepared by Tim Fitzroy and Associates and as attached to this report, for inclusion in the subject development application.

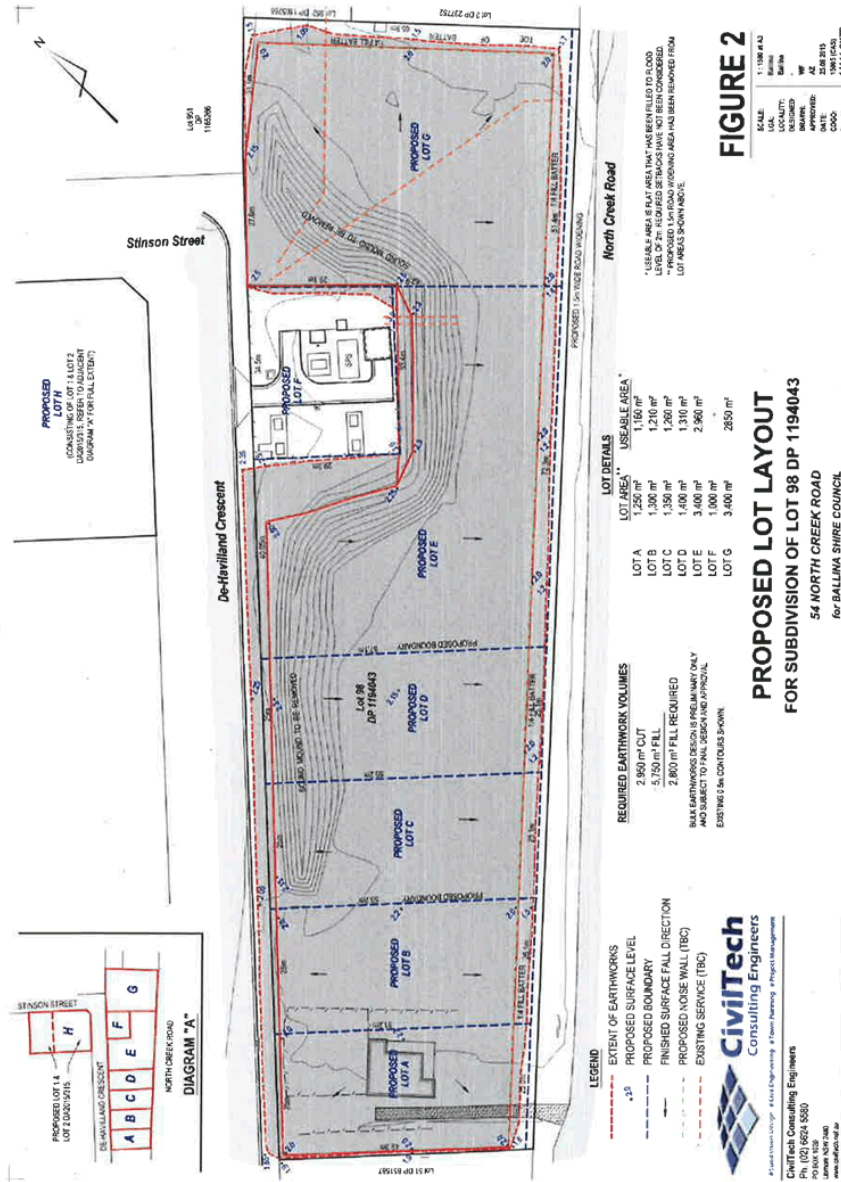
Attachment(s)

1. Locality Plan
2. CivilTech Proposed Plan of Subdivision
3. CivilTech Draft Statement of Environmental Effects
4. Melaleuca Ecological Assessment
5. Tim Fitzroy & Associates NIA & NMP
6. Feasibility Estimates

4.4 54 North Creek Road, Ballina - Land Subdivision Development Proposal

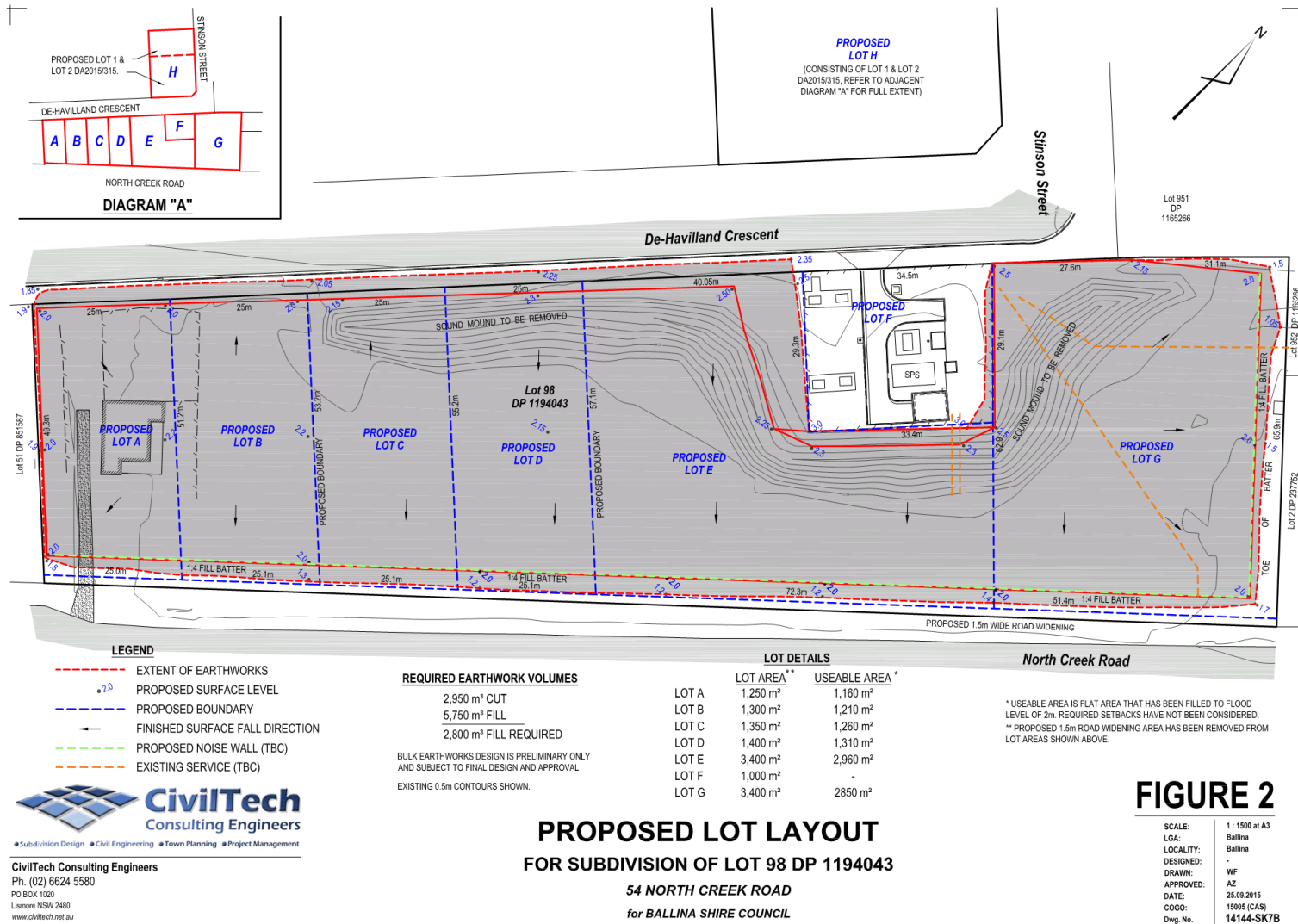


4.4 54 North Creek Road, Ballina - Land Subdivision Development Proposal



Ballina Shire Council
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Commercial Services Committee Meeting Agenda
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BSC Land For Sale
Southern Cross Industrial Estate, Ballina



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Printed
16/10/2015

4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing

4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing

Delivery Program Commercial Services

Objective To seek Council's authority to sell lots "off the plan" pertaining to Stage Two of BSC Wollongbar Residential Estate.

Background

In October 2013 Council approved the development of Stage 1 of the Wollongbar Residential Estate and to date 13 of the 15 lots have sold and Lot 5, the Teak Tree lot, is to go on the market for sale by auction shortly.

A joint development application (DA 2015/351) for Stage 2 of Council's land and a portion of Avalon Estate was lodged on 8 July 2015, by consultants Newton Denny Chapelle ("NDC").

The joint development application proposes 18 lots for Council's land and four lots for Avalon Estate on land owned by the Brown family. A concept plan is **attached** noting each party's landholdings.

A joint development application was lodged as there are mutual benefits to Council and the Brown family as adjoining property owners; i.e.

- a) Council requires easements over Brown's land for stormwater and sewer easements to service eight of its proposed 18 lots; and
- b) The Brown family require access to a road Council will be constructing as part of its Stage 2 works. This will provide access for four lots to be developed by the Brown family.

A deed of agreement has been negotiated with the Brown family so each party can maximise development of their respective land holdings.

As with Stage 1, HTW Property Valuers and Consultants were engaged to undertake a Feasibility Assessment Report for Stage 2 and assess asking prices for the lots.

The purpose of this report is to:

- provide an overview HTW's report on Stage 2
- Gain Council's endorsement to market lots for Stage 2 "off the plan" at the asking prices assessed by HTW and
- Gain Council's endorsement for the deed of agreement negotiated with the Brown family.

4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing

Key Issues

- Project viability and risk.
- Placing lots on the market for sale “off the plan”
- Agreement with adjoining land owner

Information

Stage 1

A brief financial overview of Stage 1 is provided below. Please note that the sale of Lot 15 has fallen through due to the inability of the purchaser to secure a land buyers' subsidy grant.

To date asking prices have been achieved on all but one lot. Details are summarised as follows:

Item	Amount (\$)
Sales to date	2,775,000
Lot 15 for sale at HTW's asking price	215,000
Sub-total	2,990,000
Lot 5 (HTW's price estimate)	255,000
Total	3,245,000

The financial performance of Stage 1 is summarised as follows:

Projected Revenue		3,245,000
Less GST		295,000
Revenue Ex GST		2,950,000
Less selling expenses		120,000
Net Revenue		2,830,000
Less Costs		
	Costs incurred 2012/2013	49,000
	Costs incurred 2013/2014	257,000
	Costs incurred 2014/2015	1,356,000
		1,662,000
Forecast Development Margin (Net Profit)		1,168,000

The costs quoted above are exclusive of GST.

In the report presented to Council in October 2013, HTW's forecast development margin or profit was estimated to be \$1,050,000 (before interest).

The estimated land value for this property in the October 2013 report, was \$525,000 (EX GST), therefore Council will generate additional profits in the vicinity of \$640,000 by undertaking this development, excluding any interest foregone.

Stage 2

HTW has prepared a feasibility assessment of Stage 2, a copy of which is **attached**. The salient points are summarised as follows:

4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing

- a) Assessment of On-Completion Market Values and Estimated Rate of Sales - NDC has prepared a lot layout plan for the 18 serviced residential lots proposed for Stage Two, a copy of which is **attached**. HTW has attributed on-completion market values to each of the lots based upon a review of the current market for residential lots.

The term “on-completion” means the market value of the lot assuming it were complete as at the date of the report.

Lot	Site Area (m²)	Est. On-Completion Market Value (\$)
1	856	210,000
2	1,294	200,000
3	803	220,000
4	674	220,000
5	945	230,000
6	1,037	230,000
7	1,010	230,000
8	1,050	230,000
9	1,050	230,000
10	995	250,000
11	765	250,000
12	756	245,000
13	780	245,000
14	751	240,000
15	730	245,000
16	635	240,000
17	1,308	255,000
18	837	250,000
Total		4,220,000
Averages	904	234,444

The larger lots generally have a higher degree of slope and have been valued accordingly.

HTW consider the current market to present a medium to high risk for residential lots within the Wollongbar Urban Expansion Area (“WUEA”) due to the declining number of Land Buyers Subsidy Scheme (“LBSS”) grants available. As at the time of drafting this report, there were less than 15 grants remaining of the original 96 grants available.

There is a distinct possibility that the LBSS grants may not be available during the marketing of lots on Stage 2 which may potentially impact upon sale rates for lots and prices. This point is well illustrated by the graph on Page 20 of HTW’s report (see extract below) which indicates that 54% of the 127 lots that have sold since January 2013 have done so with the benefit of the subsidy scheme.

4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing

In regards to the effects of the LBSS on the local residential land market, it is worth noting that Ferngrove (who don't have the benefit of the LBSS) have had to compete with Ballina Heights Estate who does. Ferngrove has managed to compete as their lots are level and cheaper to build upon.

Stages 2 and 3 of Council's Wollongbar Residential Estate feature relatively level lots (particularly Stage 3) so should be competitive in the context of the Wollongbar and Goonellabah residential land markets.



HTW estimate that in the current market a rate of sale of one to two lots per month may be achievable; giving a total estimated selling period of 12 months. This period may vary if lots are placed on the market for sale "off the plan" in November 2015.

b) Development Costs

NDC estimate the cost to undertake Stage 2 to be in the order of \$2,507,000 + GST equating to \$139,000 per lot including Council development contributions. This estimate is high in comparison to the actual cost for Stage 1 of \$111,000 per lot which was cost effective to develop as it had no stormwater detention works, major earthworks, arterial road works or major intersections to construct.

The development cost of \$139,000 per lot for Stage 2 incorporates:

- Construction of a major stormwater detention basin for Stages 2 and 3
- Stormwater detention basin for Stage 2.
- Construction of a section of Avalon Avenue to service Stages 2 and 3
- Construction of a roundabout to service Stages 2 and 3
- Bulk earthworks and retaining walls for Stage 2.

4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing

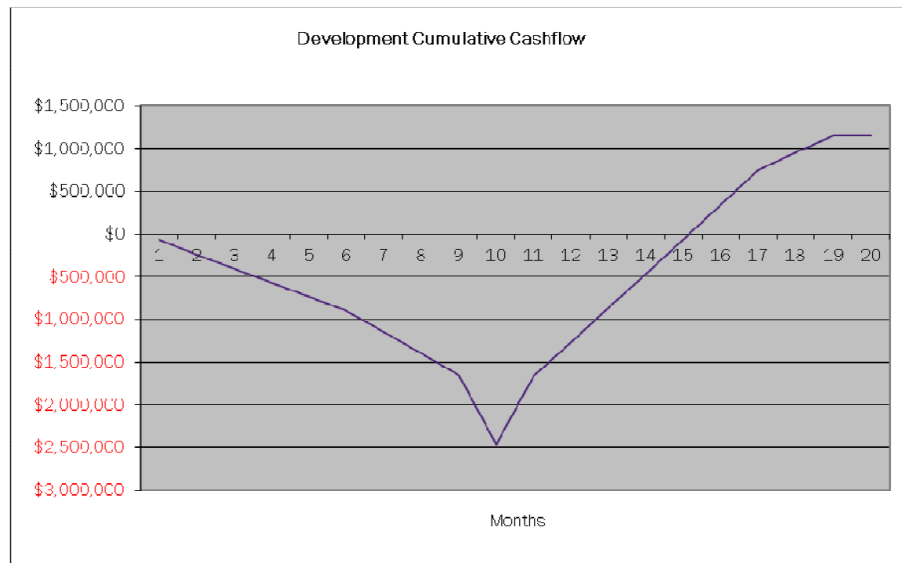
HTW has made adjustments to NDC's estimates for the purposes of assessing the viability of Stage 2, and adopted a figure of \$2,410,000 + GST equating to \$134,000 per lot. This estimate includes a 5.00% contingency allowance and Council development contributions. Final costs will not be known until detailed design and documentation of the proposed works are completed and quotations from contractors obtained.

For the purposes of assessing the viability of Stage 2, cost estimates are summarised as follows:

Item	Est. Cost (\$)	Est. Cost/lot based on 18 lots (\$)
Development costs incl. 5.00% contingency	1,528,000	85,000
Council contributions	750,000	42,000
Professional fees incl. project management	132,000	7,000
Sub – Total (Development Costs)	2,410,000	134,000
Advertising & Promotion	27,000	1,500
Rates	8,000	500
Total (All costs excluding interest)	2,445,000	136,000

- c) Development Period
NDC estimate that, subject to weather, and assuming all approvals are in place, it may take nine months to develop Stage 2.
- d) Development Cashflow Analysis
HTW has prepared a development cash flow for the project over an assumed eighteen month period, which indicates a maximum exposure of approximately \$2,466,000 in about the tenth month, as illustrated by the following chart.

4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing



Annexure six of the HTW report contains a copy of the cashflow analysis.

e) Development Profit

The cashflow analysis indicates that based upon cost estimates provided and assumptions made, the project is forecast to generate a development profit of \$1,223,000, or \$1,156,000 after allowing for interest at a rate of 5.75% p.a. on funds borrowed. These profit forecasts have been calculated on the assumption Council owns the land and therefore the profit includes a component of land value.

f) Development Margin and Profitability

Development margins for the project are calculated, inclusive of all costs, as follows:

1.	Development margin before interest; or alternatively expressed as the rate of return on funds applied before interest	$\frac{\$1,223,000}{\$2,445,000} \times 100$	50.00%
2.	Development margin after interest or alternatively expressed as the rate of return on funds applied after interest	$\frac{\$1,156,000}{\$2,445,000} \times 100$	47.28%

g) Site Value

HTW has assessed the value of the site pertaining to Stage 2 to be \$600,000 + GST (\$33,333 per lot) "as is" assuming development consent is in place to undertake an 18 lot residential subdivision.

This value has been arrived based upon a review of the local market for residential development sites, which is contained in section eight of the HTW report.

4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing

This value has also been confirmed by undertaking hypothetical development assessment of the project (see Section 8.50 and Annexure 5 of the HTW report), which reflects a development profit of \$596,000 or \$478,000 after allowing for interest at a rate of 5.75% p.a. on funds borrowed.

In the local market the generally accepted criteria for a viable land development project of this size is in the order of 15% to 20%.

On this basis of assessment the project reflects a development margin of 19.40% before interest or 15.00% after interest which indicates the project to be viable.

This is also consistent with Council's Property Investment and Development Policy which puts a benchmark of 2% to 5% above the bank bill swap rate for medium risk investments.

The current 90 day BBSW published on 30 October 2015 by the Australian Financial markets Association was 2.095% p.a.

h) Asking Prices

HTW has assessed the following asking prices for the 18 lots in Stage 2 for the purposes of marketing the lots for sale "off the plan". A copy of a letter containing the asking prices is **attached**.

Lot	Site Area (m ²)	Asking prices (\$)
1	856	220,000
2	1,294	210,000
3	803	230,000
4	674	230,000
5	945	240,000
6	1,037	240,000
7	1,010	240,000
8	1,050	240,000
9	1,050	240,000
10	995	260,000
11	765	260,000
12	756	255,000
13	780	255,000
14	751	250,000
15	730	255,000
16	635	250,000
17	1,308	265,000
18	837	260,000
Total		4,400,000
Averages	904	244,444

In regards to marketing the lots it is proposed to follow the same procedure as was adopted for Stage One which proved very effective:

4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing

- a) Instruct one of Council's panel solicitors to prepare sale contracts for each of the eighteen lots.
- b) Offer general selling agreements to all local real estate agents with Commercial Services acting as co-ordinator. Commission rate offered to agents; 3.00% + GST of selling price payable upon settlement of contracts.
- c) Erect a for sale board on site directing enquiries to Council's website and all local agents.
- d) Provide information package to all local agents who apply for a general agency agreement.
- e) Place asking prices, lot layout and other information on Council's website.

It is not proposed to run an advertising campaign through the media, as this was not done for Stage One. The commission rate offered to agents should encourage them to promote the project through their respective web resources.

Legal / Resource / Financial Implications

Legal

The land pertaining to the site proposed for Stage 2 is classified as operational and can be developed for commercial purposes.

A joint development application (DA 2015/351) for Stage 2 of Council's land and a portion of Avalon Estate was lodged on 8 July 2015. This joint development application proposes eighteen lots for Council's land and four lots for Avalon Estate on land owned by the Brown family. An aerial photo / concept plan is **attached** detailing the proposed lots.

The joint development application for Stage 2 requires co-operation between Council and the Brown family as adjoining property owners, including;

- 1(a) Council requires easements over Brown's land for stormwater and sewer pipes to service eight of its proposed eighteen lots;
- 1(b) Council requires a portion of Brown's land to construct a stormwater detention basin (drainage reserve) to service eight of its proposed eighteen lots;
- 1(c) Minor boundary adjustments between the parties are required to improve lot configurations and provide the Brown family with access to Road 2;
- 1(d) The Brown family to provide an easement for a temporary cul-de-sac for Road 4 (Avalon Avenue) to be constructed on their land adjoining proposed lot 38; and
- 1(e) The Brown family require access to Road 2 Council is constructing to service four proposed lots to be developed on their (Brown's) land.

4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing

Agreement in principle has been reached with the Brown family on the points noted above without either party having to pay for easements, access or boundary adjustments. This is considered an excellent outcome, as due to the slope of its land, Council has no other viable option than to run easements through the Brown family's property.

Furthermore Council planners will not release DA 2015/351 unless they are provided with the Brown family's written consent to the stormwater and sewer easements required. Access for easements was sought through the adjoining property to the west, but was denied by the owners (the Smith family).

Co-operation between Council and the Brown family is also required for Stage 3 of Council's residential development for the construction of:

- The completion of Avalon Avenue
- Trelawney Place and
- A roundabout at the intersection of Avalon Avenue and Trelawney Place.

A plan is **attached** detailing these proposed roads and roundabout which are to be constructed on the Brown family's land. To facilitate these construction works, agreement has been reached in principle with the Brown family, the salient points of which are summarised below and include requirements for each party to perform their respective obligations and not delay or frustrate the other party.

- 2(a) Council to purchase from the Brown family, 50.00% of the road reserve required for the completion of Avalon Avenue and Trelawney Place, and 25.00% of the land required for the roundabout proposed at the intersection of these two roads. The value of the land is to be determined by an independent valuer with Council to pay all costs associated with the valuation.
- 2(b) At any time after execution of the deed of agreement, either Council or the Brown family may serve notice on the other party that the land required for road reserves and roundabout is to be valued.
- 2(c) The valuation is to be completed within three months of either Council or the Brown family serving notice.
- 2(d) Within four months of execution of a deed of agreement between Council and the Brown family, Council is to prepare and lodge a DA for Stage 3. Council is required undertake this obligation, irrespective of whether notice has been served by either party that the land required for road reserves and roundabout is to be valued.
- 2(e) Within three months of receiving a DA for Stage 3, Council is to prepare and lodge a construction certificate for same.

4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing

2(f) Within four months of the valuation of the road reserves being completed, construction of Avalon Avenue and Trelawney Place and the roundabout at the intersection of same is to be commenced and completed within a reasonable timeframe.

2(g) Council to hold the construction contract for the proposed roadworks and roundabout. The Brown family to pay their respective share as detailed above.

2(h) Council to pay 50.00% of the cost for the construction of the completion of Avalon Avenue and Trelawney Place.

2(i) Council to pay 25.00% of the cost for the construction of the completion of Avalon Avenue and Trelawney Place.

Council staff estimate the value if the road reserves to be acquired from the Brown family and contribution to roads and roundabout construction to be in the order of \$700,000 + GST.

Council staff have negotiated a deed of agreement with the Brown family to facilitate the obligations of each party as adjoining owners (as outlined above) in regards to Stages 2 and 3. CH Law have drafted the obligations of each party into a deed of agreement should Council resolve to proceed with the deed.

Financial

Funding has already been included in Council's long term financial plan for the development of Stage 2.

Consultation

An independent feasibility assessment has been completed for Stage 2.

Options

1. That Council place the proposed 18 serviced residential lots pertaining to Stage 2 on the market "for sale off the plan" at the asking prices assessed by HTW as noted in this report, and subject to gaining development consent, Council resolves to undertake development the 18 serviced residential lots. Council also resolves enter into the deed of agreement negotiated with the Brown family to facilitate the complete development of Stages 2 and 3 of Council's Residential Estate.

This option is recommended as the HTW report indicates Stage 2 to have a low to medium level of risk and is estimated to generate a cash return to Council in the order of \$1 million. The deed of agreement will also provide each party with certainty in regards to the development of their respective parcels of land.

2. That Council resolve not to proceed with the development of Stage 2 comprising 18 serviced residential lots or enter into deed of agreement with the Brown family to assist in the development of Stages 2 and 3 of Council's Wollongbar residential land holdings.

4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing

This option is not recommended as development consent will not be granted to DA 2015/351 for all 18 lots until it can be demonstrated that easements for stormwater and sewer have been secured with the Brown family. Nor could Council resolve to sell the site “as is” and achieve a price in line with the value of \$600,000 + GST as attributed to it by HTW, without such agreements in place.

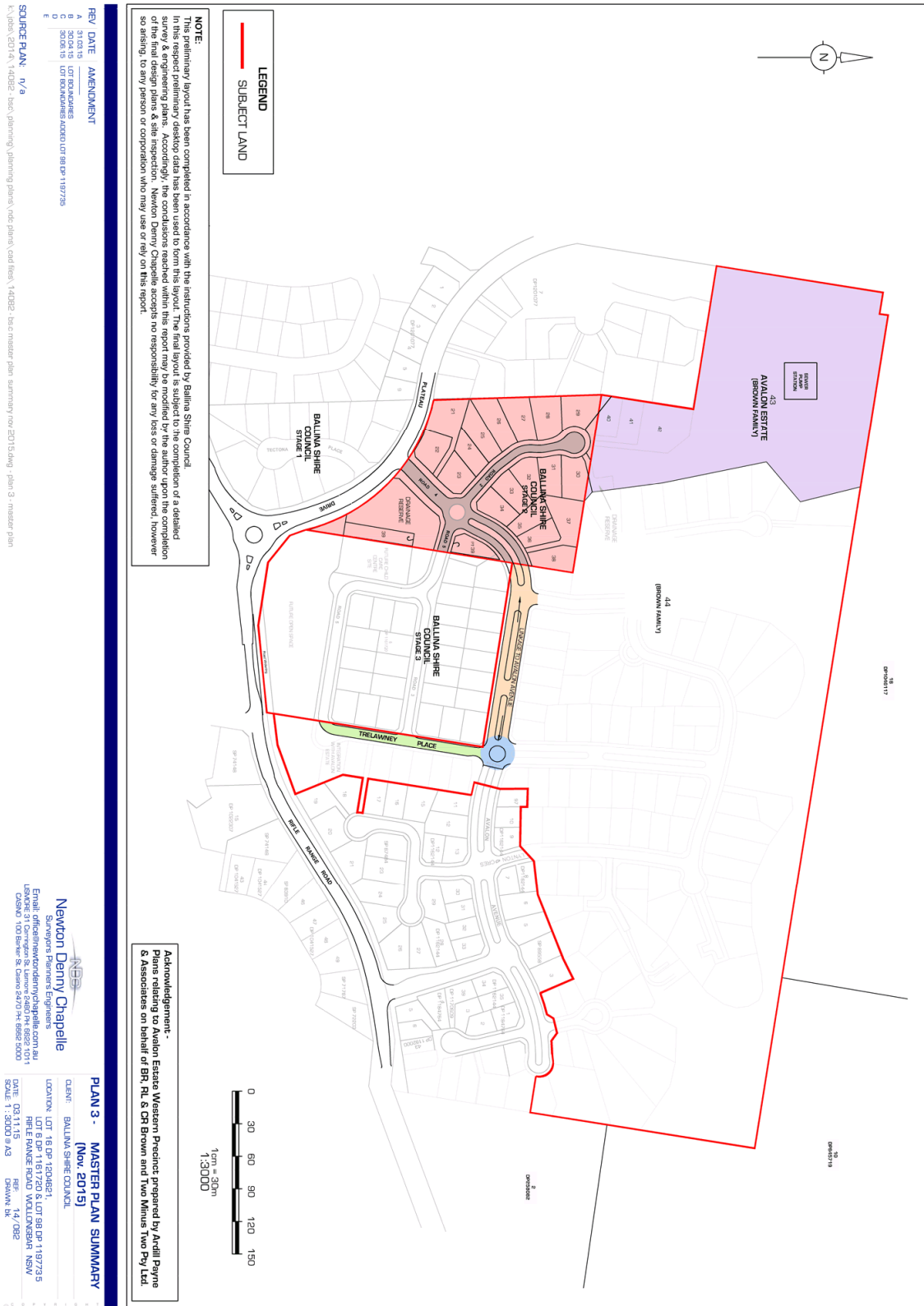
RECOMMENDATIONS

1. That, subject to gaining development consent, Council approves the development of Stage 2 of Council’s Residential Estate, as outlined in this report, comprising 18 serviced residential lots.
2. That Council approves the sale “off the plan”, by private treaty, of the 18 lots identified in Stage 2 of Wollongbar Residential Estate”, as per the asking prices provided in HTW’s letter included as an attachment to this report.
3. The General Manager is authorised to execute general agency agreements with any local agent seeking a listing to sell the lots pertaining to Stage 2 at a commission rate of 3.00% + GST payable upon settlement of contracts.
4. The Council seal is authorised to be attached to the sale contracts and any associated documents, including the deed of agreement with the Brown family as per point five below.
5. The General Manager is authorised to finalise negotiations with the Brown family, execute a deed of agreement, execute all easements, plans of subdivision etc. and all other relevant documentation required to satisfy the deed of agreement between Council and the Brown family.
6. Any land acquired by Council by way of boundary adjustments, drainage reserves or road reserves is to be classified as operational land under the provisions of the NSW Local Government Act 1993.

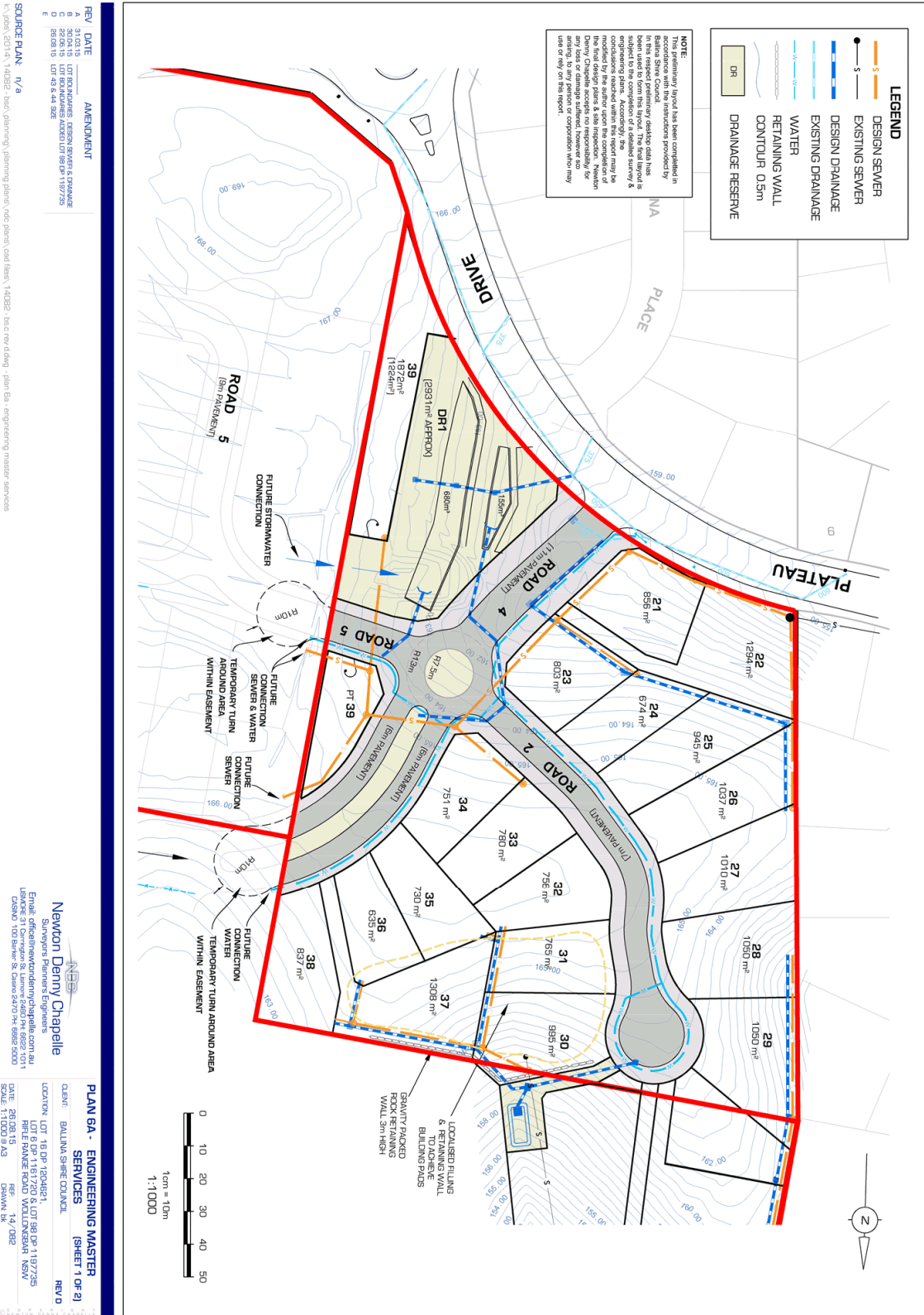
Attachment(s)

1. BSC Wollongbar Residential Estate & Avalon Estate - NDC Combined Concept Plan
2. DA 2015/351 BSC Wollongbar Residential Estate Lot Layout & Services Plan
3. DA 2015/351 Avalon Estate (Brown Family) Lot Layout & Services Plan
4. HTW Feasibility Assessment Report Stage 2
5. HTW Stage 2 Asking Prices

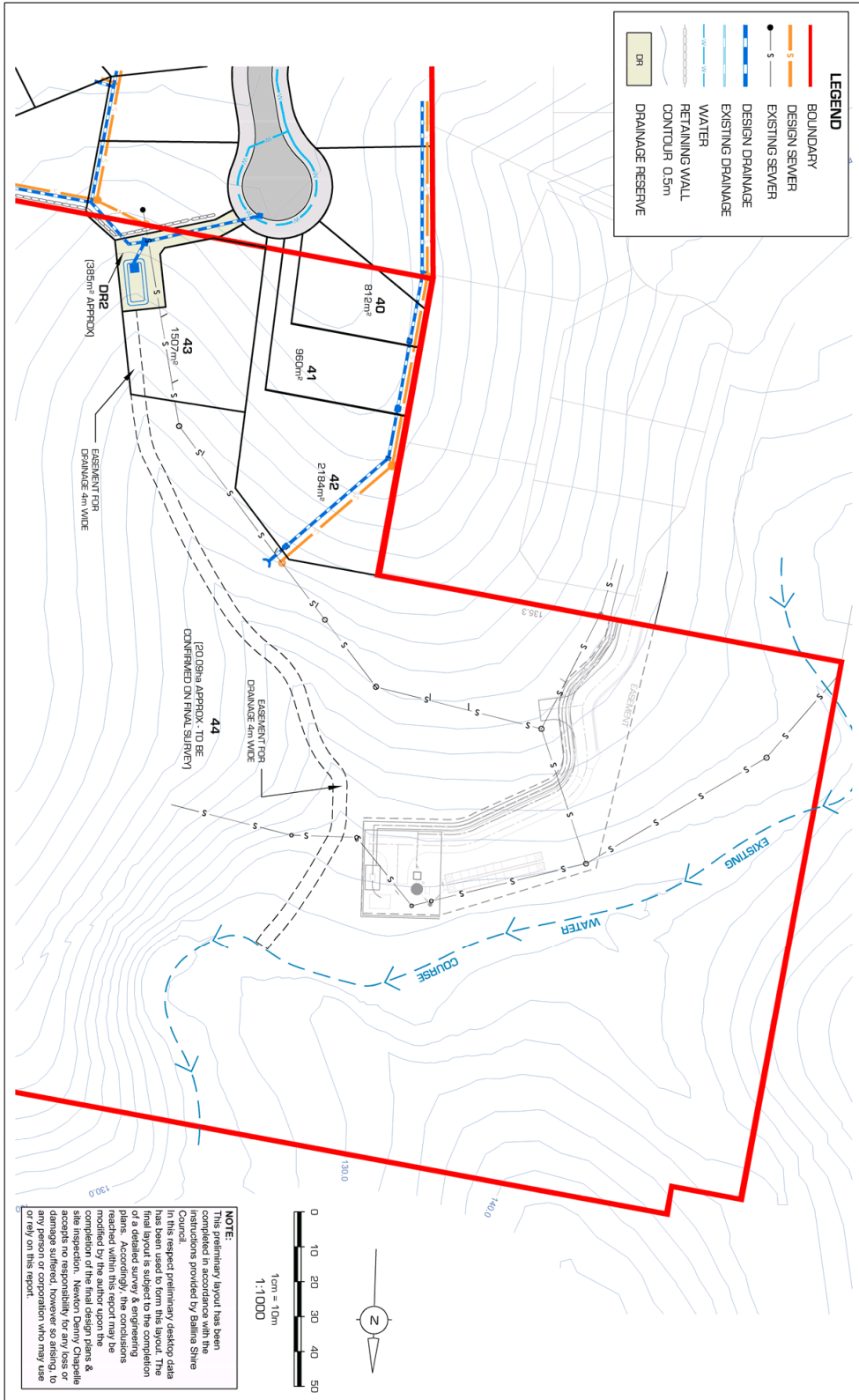
4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing

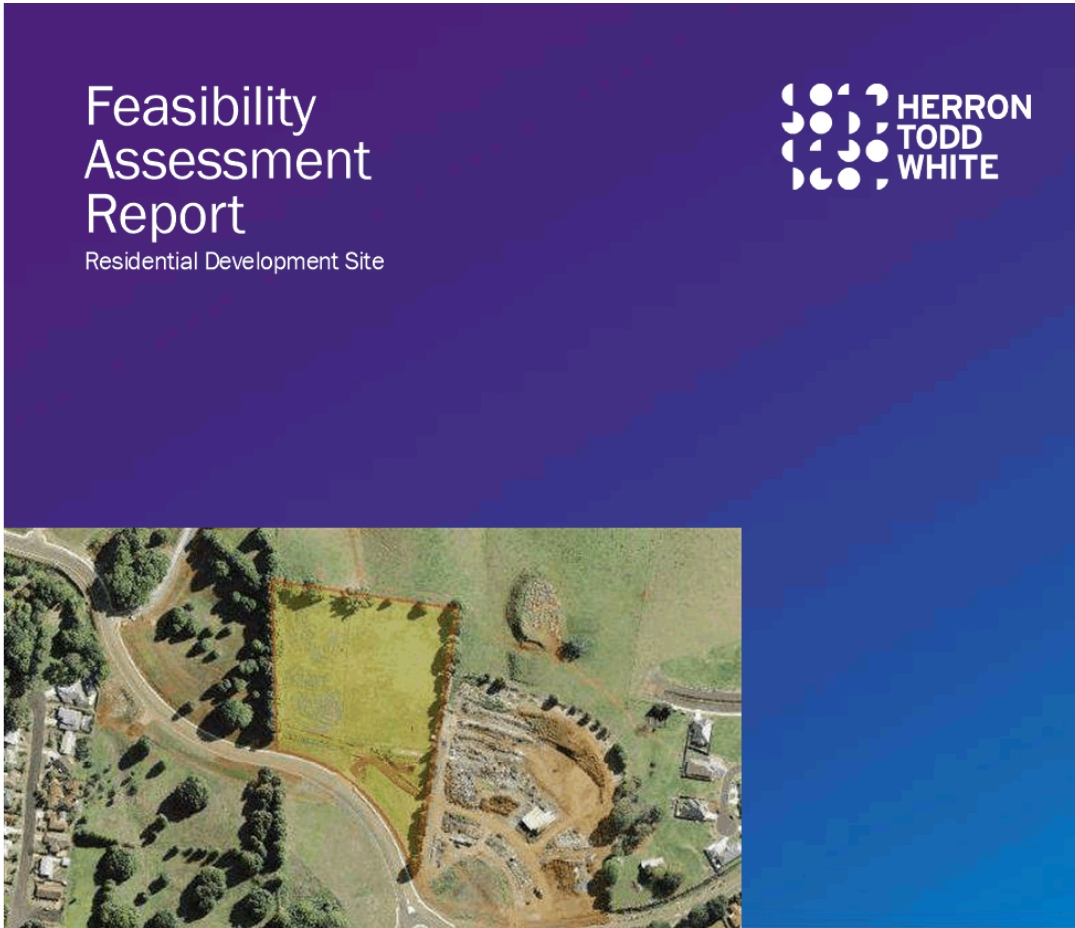


4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing



4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing





Lot 16 Plateau Dr, Wollongbar NSW 2477

As at 25 August 2015
Prepared for Ballina Shire Council
Our Ref NNC096313

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Executive Summary

Property Details

Address	Lot 16 Plateau Dr, Wollongbar NSW 2477.
Instructing Party	Mr Paul Tsikleas of Ballina Shire Council.
Prepared For	Ballina Shire Council.
Basis of Assessment	The interest being valued is the unencumbered fee simple subject to the plans and costs supplied and outlined within this report.
Purpose of Assessment	Our assessment has been prepared for feasibility assessment purposes only.
Date of Inspection and Assessment	25 August 2015.
Registered Proprietor	Ballina Shire Council.
Local Authority	Ballina Council.
Town Planning	<p>The majority of the site is classified within the R3 Medium Density Residential Zone under the Ballina Local Environmental Plan 2012. A small section of the site within the south eastern corner is zoned RE1 Public Recreation.</p> <p>On 15 July 2015, a Development Application was submitted (Reference Number 010.2015.351.001) pertaining to the subject site for a Torrens (Residential) Proposed Subdivision to Create 22 Residential Lots and Associated Works. The DA is inclusive of land to the north which is not under the ownership of the Ballina Shire Council and comprises 4 of the 22 proposed lots to be developed. This application is yet to be approved and our assessment has been undertaken on the basis of this Development Application being approved with no onerous conditions of approval.</p>
Real Property Description	Lot 16 DP 1204621, Parish of Tuckombil, County of Rous.
Property Summary	<p>The subject property is an engobo site forming Stage 2 of a 3 stage development. Stage 1 (situated on the southern side of Plateau Dr) has recently been developed with 15 residential allotments. It is proposed to develop 18 residential lots within Stage 2. Stage 3 (incorporating Lot 6 DP 1161720) is to be located to the east and is to be developed at a future date with approximately 32 residential allotments).</p> <p>The subject site comprises 2.774 hectares and it is located on the north eastern side of Plateau Dr. The land rises moderately from the road to the mid-section of the site which is gently undulating. The land then falls to the western and northern boundaries. The majority of the land has been extensively cleared. The western, northern and eastern boundaries comprise mature tree coverage. There is a section of fill located within the southern section of the land and a water tank is located within the mid-eastern section of the land.</p> <p>The subject site is located on the northern fringe of the established suburb of Wollongbar and it forms part of the Wollongbar Urban Expansion Area. The regional townships of Lismore and Ballina are located approximately 21 kilometres west and 17 kilometres to the east respectively.</p>
Sales History	No historic sales recorded against the property.



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Executive Summary

Basis of Assessment	Valuation	
	Inclusive of GST	Exclusive of GST
Current Market Value		
Site Value 'As Is'	\$660,000	\$600,000
Gross Realisation - Stage 1 'As If Complete'	\$4,220,000	\$3,836,364
Feasibility Assessment Summary	Total	\$/lot
Number of Proposed Lots:	18	
Adopted Sales Rate:	Per Month	2
Assessed Gross Realisation (incl GST):	\$4,220,000	\$234,444
Assessed Net Realisations:	\$3,667,564	\$203,754
Total Cost (incl advertising, promotion and holding costs)	\$2,444,923	\$135,829.06
Interest:	-\$66,469	
Total Profit:	\$1,156,171	\$64,231.70
DM (Before Interest):	50%	
DM (After Interest):	46%	



David Sullivan
Director
CPV / AAPI
QLD 2250 / NSW 4052



Ken Potter
Director

Important

All data provided in this summary is wholly reliant on and must be read in conjunction with the information provided in the attached report. It is a synopsis only designed to provide a brief overview and must not be acted on in isolation.

The opinion of value expressed in this report has been arrived at by the prime signatory alone. The counter signatory of this valuation, Ken Potter, has not undertaken any part of the valuation process and has only signed this valuation report to verify it as an original Herron Todd White valuation report.

For the avoidance of doubt, the counter signatory has not inspected the property and as such (under the API professional practice) cannot be an author of this report, and is confirming prima facie that the methodology used by the author of the report (the prime signatory) is sound.



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Executive Summary

Risk Profile

Risk Indicator	Comment
----------------	---------

- | | |
|------------------------------|---|
| Market – Englobo Land | <ul style="list-style-type: none"> Steady and slightly improving market conditions prevailing englobo sites on the NSW North Coast since the beginning of the 2014 calendar year. This has been evidenced in increased levels of enquiry and transactions for englobo sites over the past 2 years. The likely buyer for the englobo land 'as is' and subject to DA approval would be a developer. The value of the site at \$600,000 is considered to be a saleable price point for local developers. The subdivision layout proposed for Stage 2 assures an agreement can be reached with the adjoining owner (the Brown family) to drain stormwater and sewer across their land for the benefit of 8 of the 18 lots proposed. The subject property is affected by its situation within the Wollongbar Urban Expansion Area. Due to the continuing development of four separate estates within the WUEA that provide similar and already developed lots, these estates will have a direct impact on the marketability and resultant value of the proposed subject allotments on an 'as if complete' basis. |
|------------------------------|---|

Overall Risk: MEDIUM

- | | |
|---------------------------|--|
| Construction Costs | <ul style="list-style-type: none"> The construction cost estimates used for Assessment purposes have been provided by Newton Denny Chapelle, Surveyors Planners Engineers. Construction costs are a major issue in the feasibility of residential developments. If the provided costs and/or the anticipated expenditure are not accurate, or if there is an increase or decrease in the actual cost of construction, the viability of the development, and the assessed land value, could be adversely affected. The construction costs provided are at the higher end of market parameters for a similar development of this size and nature. NDC have advised that the higher costs are due to the requirement to the construction of a roads that will also service proposed Stage 3 (roads 4 and 5), the construction of a round a bout, the provision of storm water detention basin (that will benefit both Stage 2 and 3), drainage reserve and extra landscaping. Based on our experience of construction costs within Wollongbar and the greater North Coast locality, the provided costs appear to be within tolerances. Notwithstanding our brief comments in this regard, the assessment of construction risk is considered to be outside of our area of expertise. |
|---------------------------|--|

Overall Risk: LOW to MEDIUM



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Executive Summary

Market Risk - Product

- Demand for completed residential allotments within the Wollongbar Urban Expansion Area has improved since 2014. This is in line with the demand experienced for completed lots within the recently developed Stage 1 over the past 18 months.
- However, demand for completed lots within the greater NSW North Coast continues to remain slow for those estates which do not benefit from the current Land Buyer Subsidy Scheme. There have been increased sale rates achieved for those estates which directly benefit from the grants.
- The Land Buyers Subsidy Scheme applied by the Ballina Shire Council to estates situated within the Wollongbar Urban Expansion Area benefits the subject development. This scheme has resulted in improved market conditions and sale rates for lower priced vacant lots and/or new housing product in these estates. Only one lot remains unsold within the recently developed Stage 1. The sale of the subject lots will be in direct competition with lots located within the Avalon, Wollongbar Park, Killarney Park and Spring Creek Place Estates, which have reasonable amounts of stock available and are benefited by the available subsidies.
- The introduction of the Scheme applied to the Ballina Heights Estate impacts slightly on the proposed development due to the availability of competitively priced allotments in a more coastal orientated estate.
- Council have advised that there remain approximately only 20 lots available for potential grants within the Wollongbar Urban Expansion Area and approximately 80 lots available for potential grants within the Ballina Heights estate.
- There is the possibility that the grants may not be available during the marketing of the subject development. This will potentially impact on sale rates which have been achieved within the WUAE since the introduction of the rebates and the marketability and resultant value of the proposed subject allotments.
- It is noted that the grants applied by the Ballina Shire Council to the Ballina Heights Estate have had less impact on the nearby located estates of River Oaks and Ferngrove (which do not benefit from the subsidies) than originally anticipated when they were first introduced. However, these estates benefit from their central Ballina location, close proximity to the various town facilities and the level nature of the allotments
- It is imperative that lots must be competitively priced in order to maintain acceptable sale rates, particularly as house building costs remain relatively high and due to the subsidies available in competing estates.

Overall Risk: MEDIUM to HIGH



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Asset Profile

- Located within the northern fringe of the established Wollongbar residential locality. New subdivisions have recently been or are currently being developed to the east and north of the subject property, within the Wollongbar Urban Expansion Area.
- Located within close proximity to various residential amenities.
- The proposed Development with the 18 residential lots ranging in size from 635 sqm to 1,308 sqm is consistent with the assessed highest and best use.
- The subject site has an area of 2.774 hectares and is irregular in shape. The land rises slightly to moderately above road height. The majority of the site is cleared and the proposed lots will predominately have a northern aspect.
- 12 of the proposed allotments will be accessed via a two lane cul de sac. The lots fronting Plateau Dr will be impacted by increased traffic volumes.
- Development of eight (8) lots (being Lots 28, 29, 30, 31, 32, 36, 37 & 38) are subject to the adjoining owner (the Brown Family) granting easements to Council to drain stormwater and sewer from these lots and construct a stormwater detention basin. The Brown Family are also reliant upon Council granting access to them so they can develop the four (4) lots proposed on their land under the DA. Negotiations are in progress to come to an agreement over these matters.

Overall Risk: LOW-MEDIUM



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Assumptions, Conditions and Limitations

- Critical Assumptions**
- This feasibility assessment report is provided subject to the assumptions, disclaimers, limitations and qualifications detailed within this report. Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements.
 - We have made assumptions and conditional comments in respect to Easements (section 2.2), Town Planning (section 3.1), Approvals (section 3.2), Services (section 4.2), Development Costs (section 6) and GST (section 8.5)
 - At the time of assessment, development approval had not been obtained, however, in accordance with our instructions received from Ballina Shire Council, we have been requested to undertake an assessment on the basis that development approval has been obtained. This assessment is conditional upon approval being obtained subject to no onerous approval conditions. Once the final approval has been granted the report should be requisitioned for further comment by the valuer as if any of the above assumptions were to vary the value could be detrimentally affected.
 - Our assessment is undertaken on the condition that the development will be completed in accordance with the plan of development, Plan 5A Proposed Subdivision with Slope Analysis and Building Envelopes dated 8 July 2015 as prepared by Newton Denny Chapelle appended to this report without significant alterations.
 - An agreement with the adjoining owner (the Brown family) is created in order to drain stormwater and sewer across their land for the benefit of 8 of the 18 lots proposed subject lots.
 - To the best of the valuer's knowledge, the subject property is not affected by Heritage, landslip, pest infestation; however, no searches have been undertaken in this regard.
 - To the best of the valuer's knowledge, the land is not affected by unstable, hazardous, or toxic soil material; however, no searches have been undertaken in this regard. This assessment assumes that there are no problems, however, should any such issues arise, and then this matter should be referred to the valuer for further comment.
 - Confirmation that the subject estate can be completed without any adverse impacts created by the various easements and encumbrances which are registered on the title search.
 - There are no surface or sub-surface soil problems including instability, toxic or hazardous wastes or building material hazards in, or on the property that would adversely affect its existing or proposed use or reduce its marketability.
 - The 'as if complete' values assessed herein are the market values of the proposed improvements as detailed in the report on the assumption that all construction had been satisfactorily completed in all respects at the date of this report and individual titles are issued for the completed lots. The valuation reflects the valuer's view of the market conditions existing at the date of the report and does not purport to predict the market conditions and the value at the actual completion of the improvements because of time lag.
 - We have assumed that, on a hypothetical sale of the subject property, an incoming purchaser would gain ownership and control of all intellectual material associated with the proposed development including professional reports, approvals, working drawings, building contracts and pre-sale contracts.
-



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- Accordingly, the 'as if complete' assessment must be confirmed by a further inspection by the valuer, initiated and instructed by the lender, on completion of the development. The right is reserved to review and, if necessary, vary the assessment in this report if there are any changes in relation to the project itself or in property market conditions and prices.
- The land can be developed in accordance with the cost estimates summarised in this report, including the anticipated development programme and cost distribution as advised by the client.
- Our assessed gross realisation of the soon to be developed lots 'as if complete' within Stage 2 is based on a professional marketing campaign, undertaken by agents experienced in the sale of this type of property, with an appropriate marketing budget and selling period. Failure to undertake a full professional marketing program may impact on the anticipated rate of sale and achievable selling prices.
- Our valuation of the englobo land 'as is' has largely been assessed using a cash flow model. Our cash flow model has been prepared for feasibility assessment purposes only. Cash flow projections are forecasts of estimated future operating characteristics and they are based on the information and assumptions contained within our valuation report. The achievement of the financial projections will be affected by fluctuating economic and property market conditions and it is dependent upon other future occurrences that cannot be assured. The actual results may vary from the projections contained herein.
- The englobo land is professionally marketed and promoted with an adequate promotional budget and an orderly marketing campaign. The marketing of this property should only be undertaken by an experienced real estate agency with an appropriate promotional budget.
- All other assumptions or qualifications contained within this report.
- The limitations and qualifications detailed at the rear of this report.

Should any of the assumptions, qualifications or limitations contained within this report not prove to be reasonable, we would reserve the right to review our valuation.



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1 INTRODUCTION

1.1 Instructions

We have been instructed by Mr Paul Tsikleas on behalf of Ballina Shire Council to undertake a feasibility assessment of the Englob Residential Property located at Lot 16 Plateau Dr, Wollongbar NSW 2477.

Specifically, we have been instructed to assess the parcel of land situated on the northern side of Plateau Dr which is currently subject to a Development Application determination. Subject to approval, the land is to be developed with a total of 22 residential allotments, with 18 allotments forming the basis of this assessment. The development is to be Stage 2 of a 3 stage subdivision. As per our instructions, the feasibility assessment report is to undertake the following:

- the gross realisation from the individual sale of the proposed allotments "as if complete";
- overview of the residential land market for Wollongbar, the broader Ballina Shire and Goonellabah;
- the current market value of the development site "as is";
- feasibility/profitability analysis based upon development time frames provided and anticipated selling periods.

1.2 Basis of Assessment

The interest being valued is the unencumbered fee simple subject to the plans and costs supplied and outlined within this report.

Our assessment has been prepared for internal feasibility assessment purposes for use by Ballina Shire Council. It has been prepared in accordance with the Australian Property Institute's Valuation Practice Standards.

The report is not available for any other purpose, nor is any liability extended to any third party, without the valuer's written authority and consent.

1.3 Definitions

This assessment has been undertaken in accordance with the following definitions:

Market Value

"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Highest and Best Use

"the use of an asset that maximises its potential and that is physically possible, legally permissible and financially feasible".

'As Is'

"means a valuation that provides the current market value of the property as it currently exists rather than the value of the proposed development".



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'As If Complete'

"the valuer, when assessing the value of an asset from plans and specifications 'as if complete', assesses the value having regard to the market at the date that the assessment was made. The valuer reserves the right to review, and if necessary vary, the valuation if there are changes to the project itself or in market conditions and prices".

Please note the assessment 'as if complete' is not a forward projection of value but is at today's value assuming all proposed works are fully completed.

Gross Realisation

The gross realisation is the sum of the 'as if complete' market values of the individual end lots which the property is expected to achieve over a specified selling period, assuming orderly sales between willing buyers and willing sellers, in arm's length transactions, after proper marketing, wherein the parties acted knowledgeably, prudently and without compulsion.

1.4 Date of Inspection and Assessment

25 August 2015.



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2 TITLE AND STATUTORY DETAILS

2.1 Title Details

Search Date	06 August 2015
Title Reference	16/1204621
Real Property Description	Lot 16 DP 1204621, Parish of Tuckombil, County of Rous.
Registered Owner	Ballina Shire Council.
Encumbrances	<ol style="list-style-type: none">1. Land excludes minerals and is subject to reservations and conditions in favour of the Crown – see Crown grant(s).2. DP1204621 Easement for multi – purpose electrical installation 4.2 metre(s) wide affecting the part(s) shown so burdened in the Title diagram.3. DP1204621 Restriction(s) on the use of land referred to and numbered (6) in the S.88B instrument.4. DP1204621 Positive covenant.
Unregistered Dealings	Nil.
Administrative Advices	Nil.

A copy of the recently searched Certificate of Title and a copy of the Deposited Plan are annexed to this report.

2.2 Easements, Encumbrances and Interests

The subject property includes an easement for multi – purpose electrical installation. This easement is improved with an electrical substation and is located to the south of the existing road entry to the development. The easement has limited impact on either the subject site 'as is' or the proposed residential allotments.

Restrictions will be placed on the Title of all lots fronting Plateau Drive to ensure that access to these lots is from the proposed cul-de-sac only.

The above noted easements have not been individually searched nor a legal opinion obtained regarding their precise impact on the land.

Our valuation is based on the assumption that the approved subdivision can be completed without any adverse impact created by these easements, encumbrances and restrictions.

Our valuation is further based on the assumption that there are no other easements or encumbrances which would have a detrimental effect on the value or marketability of the subject property or the approved subdivision. Should any such easement or encumbrance become apparent, we would reserve the right to review our assessment.

2.3 Statutory Assessments

\$700,000 effective from 1 July 2014 for local authority rating and land tax purposes.



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3 TOWN PLANNING AND APPROVALS

3.1 Town Planning Summary

Local Authority	Ballina Council.
Planning Scheme	Ballina Local Environmental Plan 2012.
Land Use/Zoning	Part R3 Medium Density Residential Zone and RE1 Public Recreation Zone.
Objectives	<p>The R3 Medium Density Residential Zone objectives are:</p> <ol style="list-style-type: none">Objectives of zone<ul style="list-style-type: none">To provide for the housing needs of the community within a medium density residential environment.To provide a variety of housing types within a medium density residential environment.To enable other land uses that provide facilities or services to meet the day to day needs of residents.To provide development that is compatible with the character and amenity of the surrounding neighbourhood.To encourage housing and infrastructure that supports the ageing population.To provide for development that meets the social and cultural needs of the community.To encourage development that achieves the efficient use of resources such as energy and water.Permitted without consent<ul style="list-style-type: none">Environmental protection works; Home-based child care; Home occupations.Permitted with consent<ul style="list-style-type: none">Attached dwellings; Boarding houses; Child care centres; Community facilities; Extensive agriculture; Group homes; Home industries; Kiosks; Markets; Multi dwelling housing; Neighbourhood shops; Places of public worship; Respite day care centres; Roads; Roadside stalls; Seniors housing; Any other development not specified in item 2 or 4.



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4. Objectives of zone

- To provide for the housing needs of the community within a medium density residential environment.
- To provide a variety of housing types within a medium density residential environment.
- To enable other land uses that provide facilities or services to meet the day to day needs of residents.
- To provide development that is compatible with the character and amenity of the surrounding neighbourhood.
- To encourage housing and infrastructure that supports the ageing population.
- To provide for development that meets the social and cultural needs of the community.
- To encourage development that achieves the efficient use of resources such as energy and water.

5. Permitted without consent

- Environmental protection works; Home-based child care; Home occupations.

6. Permitted with consent

- Attached dwellings; Boarding houses; Child care centres; Community facilities; Extensive agriculture; Group homes; Home industries; Kiosks; Markets; Multi dwelling housing; Neighbourhood shops; Places of public worship; Respite day care centres; Roads; Roadside stalls; Seniors housing; Any other development not specified in item 2 or 4.

7. Prohibited

- Advertising structures; Agriculture; Air transport facilities; Airstrips; Amusement centres; Animal boarding or training establishments; Boat building and repair facilities; Charter and tourism boating facilities; Commercial premises; Correctional centres; Crematoria; Dairies (pasture-based); Depots; Eco-tourist facilities; Farm stay accommodation; Forestry; Freight transport facilities; Heavy industrial storage establishments; Highway service centres; Industrial retail outlets; Industrial training facilities; Industries; Marinas; Mooring pens; Moorings; Mortuaries; Recreation facilities (major); Restricted premises; Rural industries; Rural workers' dwellings; Service stations; Sex services premises; Storage premises; Transport depots; Truck depots; Vehicle body repair workshops; Vehicle repair stations; Veterinary hospitals; Warehouse or distribution centres; Waste or resource management facilities; Wharf or boating facilities; Wholesale supplies.



The RE1 Public Reserve Zone objectives are:

1. Objectives of zone
 - To enable land to be used for public open space or recreational purposes.
 - To provide a range of recreational settings and activities and compatible land uses.
 - To protect and enhance the natural environment for recreational purposes.
 - To provide for a diversity of development that meets the social and cultural needs of the community.
 - To provide for public access to open space and natural recreation areas.
 - To protect and conserve landscapes in environmentally sensitive areas, particularly in foreshore and visually prominent locations.
 - To provide for development that is consistent with any applicable plan of management.
 - To encourage development that achieves the efficient use of resources such as energy and water.
2. Permitted without consent
 - Environmental protection works; Flood mitigation works; Roads.
3. Permitted with consent
 - Boat launching ramps; Boat sheds; Camping grounds; Car parks; Caravan parks; Cemeteries; Charter and tourism boating facilities; Child care centres; Community facilities; Emergency services facilities; Entertainment facilities; Environmental facilities; Extensive agriculture; Forestry; Function centres; Heliports; Information and education facilities; Jetties; Kiosks; Markets; Public administration buildings; Recreation areas; Recreation facilities (indoor); Recreation facilities (major); Recreation facilities (outdoor); Registered clubs; Research stations; Respite day care centres; Restaurants or cafes; Sewerage systems; Signage; Take away food and drink premises; Water recreation structures; Water supply systems; Wharf or boating facilities.
4. Prohibited
 - Any development not specified in item 2 or 3.

We assume that planning data provided to us by the relevant Local Planning Authority is accurate. In the event that a Town Planning Certificate or any other relevant Planning Certificate or document is obtained and the information therein is later found to be materially different to the town planning information detailed within the assessment, we reserve the right to amend the assessment.



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3.2 Approvals

On 15 July 2015, a Development Application was submitted (Reference Number O10.2015.351.001) pertaining to the subject site for a Torrens (Residential) Proposed Subdivision to Create 22 Residential Lots and Associated Works. The DA is inclusive of land to the north is now under the ownership of the Ballina Shire Council that is benefit from 4 of the 22 proposed lots to be developed. This application is yet to be approved and our assessment has been undertaken on the basis of this Development Application being approved with no onerous conditions of approval.

In accordance with our instructions, we have assessed the value subject to development approval being obtained. Our assessment assumes the development approval will be subject to there being no onerous conditions and being in accordance with the plans provided. Should this not be the case it may impact upon our assessed value. We recommend any party relying upon this assessment satisfy themselves in regard to the development approval and conditions and once issued, should be referred to the valuer for comment.

Our assessment proceeds on the basis the abovementioned Development Application Decision Notice is not subject to appeal however, we have not undertaken any searches in this regard.

3.3 Town Planning Comments

The town planning issues pertaining to the subject property are complex and outside of our area of expertise.

Whilst we have provided a summary of the town planning matters as we understand them, we would recommend you seek specialist town planning advice to confirm the reasonableness of our comments and assumptions.

We reserve the right to review our assessment, should our understanding of the town planning and approval status of the subject property be shown to be incorrect.



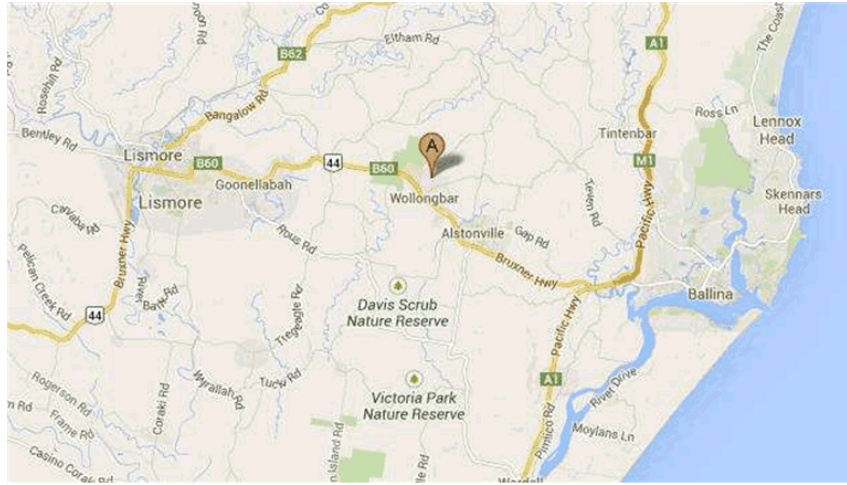
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4 THE LAND

4.1 Location Details

The general location of the subject property is indicated by the markers on the maps below.



Source: Google Maps



Source: Six Maps

Note: Satellite image includes the total property (Lot 16)



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4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing

Locality	<p>The property is located within the Wollongbar Urban Expansion Area. This is a predominantly developing residential locality situated within the northern fringe of the suburb of Wollongbar.</p> <p>Wollongbar is an established village which is located approximately 2 kilometres west of the village of Alstonville, approximately 21 kilometres east of Lismore and approximately 17 kilometres north-west of Ballina. The Wollongbar village is situated on the northern side of the Bruxner Highway and the urban residential development in this area typically comprises conventional sized residential allotments which are improved with a mixture of semi-modern to modern style, average quality houses, duplex dwellings and small townhouse/villa complexes. The Wollongbar village is surrounded by broad acreage rural residential properties, the majority of which are currently or were formally used for agricultural and farming purposes.</p> <p>Wollongbar, together with the nearby village of Alstonville and the locality of Goonellabah, form the eastern urban extension of the major urban residential and regional commercial centre of Lismore. The future growth of the Wollongbar residential area will mostly consist of a major urban release area which is referred to by the Ballina Council as the Wollongbar Urban Expansion Area. This area consists of several large adjoining rural properties which are located on the northern fringe of Wollongbar. It is proposed that this area will ultimately be developed with a mixture of detached housing, duplex units and medium density townhouses and villas.</p> <p>Wollongbar has a small local shopping centre which includes an IGA supermarket, professional consultation suites (doctor), newsagency, chemist, takeaway cafe/restaurant and a licensed tavern. Regional shopping is available at both Ballina and Lismore. An industrial estate is located on the southern side of the Bruxner Highway. Primary and Secondary schools are located in the area. According to the ABS 2011 Census, Wollongbar has a population of 2,396.</p>
Situation	<p>The property is situated on the north eastern side of Plateau Dr, being on the second allotment to the north of the intersection of Plateau Dr and Rifle Range Rd.</p> <p>The Wollongbar Post Office is approximately 2 kilometres by road to the south of the subject property.</p>
Surrounding Development	<p>The subject property is located within a further expanding residential suburb of Wollongbar. Undeveloped land adjoins the subject property to the north, west and east. The recently completed Stage 1 of the subject development is located opposite to the south. Established, modern style residential dwellings situated on standard size residential allotments are situated opposite Rifle Range Rd to the south. New residential subdivisions currently under construction are located further to the north, west and east of the subject property.</p> <p>The proposed development is a use that is consistent with the surrounding development.</p>



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4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing

Infrastructure

The property is located close to the following infrastructure: arterial roads, major transport routes and public transport.

Urban amenities which are situated within reasonable proximity of the subject property include:

- The Palms local shopping centre which includes an IGA supermarket and a doctors surgery
- Pioneer Tavern
- service station
- Wollongbar State Primary School
- Wollongbar Pre School
- Alstonville State Primary School
- Alstonville State High School
- Alstonville Catholic Primary School
- North Coast Institute Tafe Campus
- local school bus service
- sports fields at Alstonville.

Regional shopping and commercial facilities and a hospital, airport and other educational establishments including a Southern Cross University campus are situated in Lismore.

4.2 Land Description



Source: Six Maps

Note: Satellite image includes the total property (Lot 16)



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4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing



View of subject property facing east



View of subject property facing north west



View over subject property facing south



View of subject property facing west



View of subject property facing north east



View over subject property north west

Area

Lot 16 has a total land area of **2.774 hectares**.

Topography

The subject site comprises 2.774 hectares and it is located on the north eastern side of Plateau Dr. The land rises moderately from the road to the mid-section of the site which is gently undulating. The land then falls to the western and northern boundaries.

The land rises gently to moderately from the road to the rear mid-section with a contour range from RL159m AHD to 166m AHD. The land generally provides a northerly aspect.

The majority of the land has been extensively cleared. The western, northern and eastern boundaries comprise mature tree coverage. There is a section of fill located within the southern section of the land and a water tank is located within the mid-eastern section of the land.



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Flooding We have not undertaken a formal flood search to confirm whether or not the property is subject to flooding or other impediments caused by excess water saturation and/or flood.

As the property appears to be located in an area that is not subject to flooding we do not consider a flood search necessary.

Services The following major services are available for connection: reticulated water, sewerage, telephone, electric power.

We have physically identified the boundaries upon inspection and there do not appear to be any encroachments. However, we are not surveyors and no warranty can be given without the benefit of an identification survey.

To the best of the valuer's knowledge, the subject property is not affected by landslip, pest infestation or resumption matters, however, no searches have been undertaken in this regard.

Confirmation of a suitable soil compaction test.

4.3 Road System/Access



View north west along Plateau Drive



Front of proposed development

Road System The property has a single road frontage to Plateau Dr.
Plateau Dr is a bitumen sealed, two lane local road; it has concrete kerbing and channelling.

A new roundabout located directly to the south east of the subject property has been completed. This roundabout provides access to the residential estates being developed within the WUEA.

Access Vehicular access is easy and direct.

All of the residential allotments in Stage 2 of the estate will have frontage to two bitumen sealed cul de sacs with concrete kerb and channel.



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4.4 Environmental Issues

Previous potentially contaminating use	Unknown
Environmental planning overlay	Yes
Contamination uses on adjoining properties	Not apparent
Known contamination issues in surrounding areas	Unknown
Known groundwater contamination in surrounds	Unknown
Potentially contaminating processes or materials on site	Not apparent
Known past underground storage of contaminant materials	Not evident from our inspection
Listed on contaminated or environmental site registers	No
Do operations require environmental licensing	No

Whilst we did not note any hazardous or toxic material on site, it should be noted that our assessment has been prepared without the benefit of soil tests or environmental studies. Accordingly, our assessment is subject to there being no surface or sub-surface soil problems including instability, toxic or hazardous wastes or building material hazards in or on the property that would adversely affect its existing or potential use or reduce its marketability.

It should be noted that environmental matters are beyond the scope of our expertise and as such, we would recommend that anyone relying on our assessment for investment or finance purposes satisfy themselves in relation to any environmental risks or contamination issues. Should any such problem become apparent, we would reserve the right to review our assessment.



5 PROPOSED DEVELOPMENT

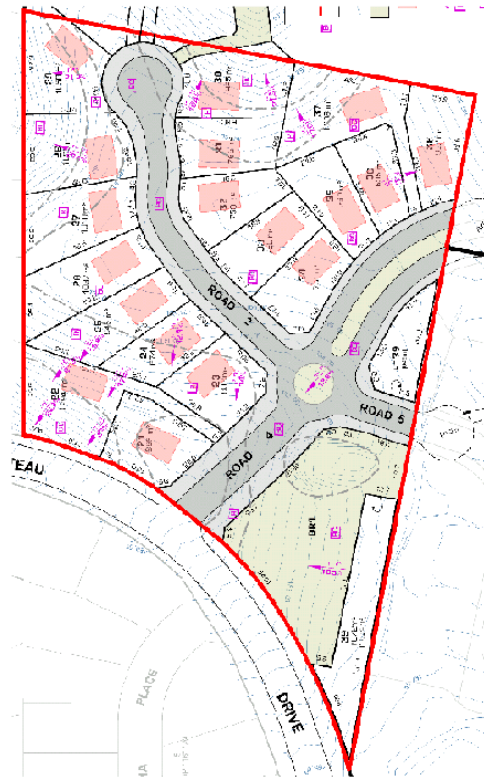
5.1 Introduction

The property is proposed to be developed into an 18 lot subdivision. The development is to comprise Stage 2 of a 3 stage development. Stage 1 (situated on the southern side of Plateau Dr) has recently been developed with 15 residential allotments. Stage 3 (incorporating Lot 6 DP 11617 20) is to be located to the east and is to be developed at a future date with approximately 32 residential allotments

As discussed in Section 3.2, development consent is currently being sought for subdivision of land, including the construction of a cul-de-sac and associated urban service infrastructure. The proposed 18 residential lots are to range in size from 674 to 1,308 square metres. The application includes the removal of all trees and vegetation on site.

5.2 Plan of Subdivision

The plan of subdivision for the subject land is as follows:



A copy of the Proposed Plan is annexed to this report.



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5.3 Development Yield

The proposed development yield, lot type and area are as follows:

Lot	Type	Land Area (sqm)
21	Standard	856
22	Standard	1294
23	Standard	803
24	Standard	674
25	Standard	945
26	Standard	1037
27	Standard	1010
28	Standard	1050
29	Standard	1050
30	Standard	995
31	Standard	765
32	Standard	756
33	Standard	780
34	Standard	751
35	Standard	730
36	Standard	635
37	Standard	1308
38	Standard	837
39 (Public Reserve)	Balance Land/Public Reserve	1872
Drainage Reserve	Drainage Reserve	

5.4 Design Analysis

The subject site is to be developed with 18 standard residential allotments accessed via two cul de sacs which extend off Plateau Dr.

All of the proposed lots are to be an irregular shape. Lots 22 and 37 are located internally and have a hatchet shape with narrow road frontage.

Proposed Lots 21 and 22 will have a moderate slope falling to the rear southern boundary which fronts Plateau Dr. Lots 23 to 29 will fall from the road to the rear western/south western boundaries. Lots 28 and 29 will have more moderate slopes to the rear of the lot. These lots will provide local views to the west.

Lots 30 and 31 will have cross falls from south to north. This will result in possible views being obtained to the north over the surrounding development and hill in the distance. Similar potential views will be obtained from Lots 37 and 38.

Lots 30 and 37 will have retaining walls constructed to reduce the impacts of slope.

Lots 32 to 36 will be slightly undulating, rising slightly from the road to the rear boundary. These lots will provide local views.

Lot 39 (positioned within the south eastern section of the site) is to be bisected by a road and a landscaped drainage reserve. This lot forms balance land and is to be utilised in Stage 3 as part public reserve and a residential lot. This lot does not form part of this assessment. And positioned to the south east of the main part of stage 2, with direct street frontage to Plateau Drive.

The locations of proposed allotments are detailed in the plan of subdivision detailed in Section 5.2.



Road Network & Access

A road will extend from Plateau Dr to the north east over the site. This road will extend into future Stage 3 and will be a 11 metre wide carriageway. A cul-de-sac will extend off this road to the north west providing access to the majority of proposed lots. The cul-de-sac will be a 7 metre wide carriageway. Both roads will have layback kerb and gutter.

Restrictions will be placed on the title of all lots fronting Plateau Drive to ensure that access to these lots is from the proposed cul-de-sac.

A 1.2 metre wide concrete footpath is currently provided along the Plateau Dr frontage.

Services

We have assessed the value of the proposed lots on the basis that all major services are adjacent to the boundary of the lots.

Electrical and telecommunications supply will be provided via the existing underground services, with the location of (or requirement for) transformer substations to be determined during the detail design phase of the project.

The subdivision layout proposed for Stage 2 assures an agreement can be reached with the adjoining owner (the Brown family) to drain stormwater and sewer across their land for the benefit of 8 of the 18 lots proposed.



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6 DEVELOPMENT COSTS

6.1 Cost Schedule

We have been provided with development cost estimates prepared by Newton Denny Chapelle (Surveyors Planners Engineers) in August 2015. The cost estimates as provided by NDC for the proposed development are summarised as follows:

Item	Cost
Civil Design Fees	\$42,000
Civil Construction	\$1,165,000
Stormwater Treatment Areas	\$85,000
Electricity/Telstra	\$180,000
Landscaping	\$40,000
Site Supervision	\$30,000
Council Levies	\$750,000
Plan Registration	\$40,000
Total Development Costs	\$2,332,000
Rate Per Lot	\$129,556

NDC have advised that the development cost estimates are exclusive of consultant fees to date and legal fees for the preparation of contracts and 88b. The costs are also exclusive of:

- Land costs,
- Sales and marketing,
- Legal fees,
- Any bonding or security costs
- Contingency allowance
- Professional fees other than those relating to engineering and survey fees.

N.B. Marketing Fees, Stamp Duty, Legal Fees, Holding Costs (council rates and Land Tax) and Interest, have been accounted for separately in our hypothetical development exercise.

We have allowed for a 5% contingency for civil construction, \$20,000 for 'other' possible professional fees such as geo technical, environmental, electrical communications, landscaping, etc. The cost estimates adopted for this assessment are summarised as follows:

Item	Cost
Civil Works	\$1,470,000
Contingency Allowance on Civil Works	\$58,250
Council Fees and Charges	\$750,000
Professional Fees	\$132,000
Total Development Costs	\$2,410,250
Rate Per Lot	\$133,903



6.2 Comments on Costs

We note the costs provided are at the higher end of market parameters for a similar development of this size and nature. NDC have advised that the higher costs are due to the requirement to the construction of a roads that will also service proposed Stage 3 (roads 4 and 5), the construction of a round a bout, the provision of storm water detention basin (that will benefit both Stage 2 and 3), drainage reserve and extra landscaping.

We note that this report provides assessment advice alone and as such, we are not qualified to comment upon the accuracy of the development cost estimates provided. We recommend that any party relying on this assessment should satisfy themselves and carryout an independent audit of the proposed development costs by a qualified Quantity Surveyor. Should such an audit reveal that the costs, as reported within this report, are incorrect, we reserve the right to review our assessment either in part or in full.

As our assessment of the balance englobo site has, in part, been determined using a cash flow model which utilises the cost estimates summarised in this section of the report, the accuracy of the cost estimates and their distribution have a significant bearing on our valuation.

Accordingly, should the final costings (and/or their distribution) differ significantly from the estimates summarised in this report and used in our cash flow model, we would reserve the right to review our assessment. Any significant increase in the development costs (or the expenditure program) could impact on the viability of the estate and subsequently on the assessed land value of the englobo parcel.

6.3 Construction Time Frames

Having regard to our experience with similar projects, information provided by Newton Denny Chapelle and the recent construction times in relation to Stage 1, we have adopted a construction period of 9 months for the purposes of our cash flow. We have also allowed for a 4 week period for the preparation of construction certificate documentation, construction and tender and an 8 week period for plan registration. It should be noted however, that these time frames can vary from project to project and is also subject to the availability of materials/labour and weather conditions.

6.4 Goods and Services Tax

The cost estimates provided are exclusive of GST.

Our cash flow analysis includes appropriate allowances for the GST and input tax credits relating to the operational works, construction costs and, professional fees. GST is not payable on Council infrastructure charges and other Council fees.

The developer of a residential subdivision, assuming they are a registered enterprise, is able to claim an input tax credit on the GST paid in relation to the cost of developing and selling (marketing, commissions and legal costs) the completed vacant lots.

Accordingly, the developer should not incur any additional net increase in development costs due to the GST. The only additional cost issue for the developer, depending upon their cash flow position, is that there will be a period between the time they pay the GST in developing the land and the time that they receive the input tax credit on this money spent.



7 MARKET REPORT

7.1 Local Land Market Overview

The market for vacant lots on the NSW North Coast was particularly difficult over the period of 2008 to 2012. These conditions were particularly evident for fringe estates which are not located within recognised and established townships.

The rapidly softening market conditions over this time frame resulted in reduced demand for vacant residential lots and as a result, the majority of developing estates reported poor sale rates and softening sale prices.

However, the overall residential real estate market has shown signs of steady improvement over the course of mid to end 2013, 2014 and the 2015 year to date. Whilst this improvement was initially focused in the central established, lower end housing markets, the improved demand has now also been reflected in a level of improvement in the vacant lot market over the past 2 years.

Also, over the course of 2012, the NSW Government instigated various increased incentives with the aim to stimulate the property and new housing construction industries. The incentive programs are more highly geared towards new home buyers. The incentives broadly include exemptions or partial exemptions on stamp duty and also increased government grants, for purchasers of vacant land (to build on) or new homes/units.

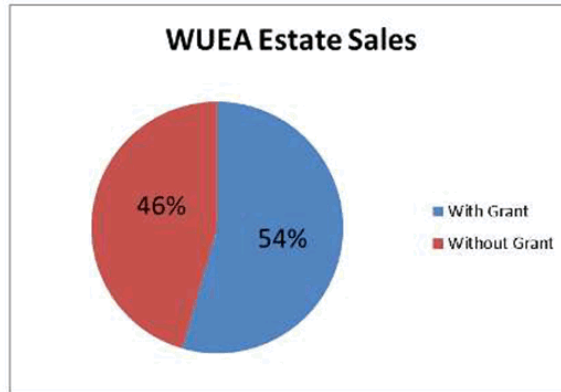
The introduction of the Land Buyers Subsidy Scheme (LBSS) has had a positive impact on sale rates and price levels in those estates which benefit from the Scheme. The LBSS is a result of the Ballina Shire Council grant from the Federal Government's Building Better Regional Cities (BBRC) program. The Council first secured BBRC funding for \$4.5 million in 2012 which resulted in grants implemented for estates situated within the Wollongbar Urban Expansion Area. The Ballina Shire Council also secured a \$5 million grant from the Federal Government to construct Ballina Heights Drive which has resulted in the introduction of a Land Buyers' Subsidy Scheme for the Ballina Heights Estate and CURA A. Ballina Shire Council have advised that approximately only 20 lots available for potential grants within the Wollongbar Urban Expansion Area and approximately 80 lots available for potential grants within the Ballina Heights estate.

Since the commencement of the Land Buyers' Subsidy Scheme within the Wollongbar Urban Release Area and Ballina Heights Estate, there have been improved market conditions and increased rates of sale for vacant lots. Due to the historical slow rates of sale for vacant land and the limited depth on the land market on the NSW North Coast, there is evidence that the LBSS impacted on sale rates and sale prices for land situated outside of those estates approved for the Scheme. This is particularly the case for estates in the Alstonville, Wollongbar and Lismore regions in which lots are not reduced to compete with the net purchase price available for buyers suitable for the full subsidy/rebate within the WURA.

However, the stimulus created by the Land Buyers Subsidy Scheme within the Ballina Heights Estate has had less impact on the 'Femgrove' Estate and the adjoining 'Riveroaks' Estate. This is mainly due to a combination of the inferior location of the Ballina Heights Estate and the inferior topography of the lots which require extra site costs (which nullify the potential subsidy/rebate). In saying this, it is still evident that in order to maintain an acceptable sale rate, the developers have been required to aggressively price lots in order to be competitive with the subsidy provided by the LBSS.



Our analysis of the sale history for land within the WUEA since the introduction of the Land Buyers Subsidy Scheme reveals that of the 127 lots sold since January 2013, 73 lots have been issued grants for the Scheme. The breakup of lots sold which have benefitted from the Scheme is as follows:



The above graph illustrates the benefit that the Land Buyers Subsidy Scheme has had on the various lots estates situated within the Wollongbar Urban Expansion Area and resultant impact on sale rates achieved. However, it also indicates that of the 127 lots sold since January 2013, 54 lot sales have still been achieved without the benefit of the Scheme.

7.2 Market Overview

Current Activity	There is currently increased market activity for estates situated within the Wollongbar Urban Expansion Area as a combined result of the introduction of the Land Buyers Subsidy Scheme, lowering interest rates and ease of borrowing.
Market Volatility	The property is situated within central location between the major townships of Lismore and Ballina. Historically, this locality has proven to have a low level of price volatility.
Price Point	Our assessed values range from \$200,000 to \$255,000 for the 18 standard sized residential allotments. These are at the mid to upper range for new allotments within this locality and are a reflection of the superior topography, size and potential views to be obtained from the proposed allotments.
Buyer Profile	Buyers for new allotments within this price bracket and location generally are owner occupiers.
Market Depth	Demand for the proposed product in this locality is considered to be reasonable due to the recent introduction of the Land Buyers Subsidy Scheme. Sale rates for vacant land within the WUEA increased with the introduction of the Land Buyers Subsidy Scheme. There is the possibility that the Government subsidies will be unavailable during the marketing of the subject development. This will potentially impact on sale rates which have been achieved within the WUAE since the introduction of the rebates and the marketability and resultant value of the proposed subject allotments.

Market data has been obtained from a range of sources, or as reported by real estate agents. As well as using such documented and generally reliable evidence or market transactions, it was also necessary to rely on hearsay evidence. Except as noted herein, a reasonable attempt has been made to verify all such information.



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4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing

7.3 Pending Supply

Below is a list of residential estates recently developed or under construction within the locality of Wollongbar detailing the proposed number of residential lots, current status and impending stock levels:

Estate	No of Lots Proposed	Status
Avalon Estate	240	75 lots released, 165 remain
Wollongbar Park Estate	92	83 lots released, 9 remain
Killamey Park Estate	82	22 lots released, 60 remain
Spring Creek Place Estate	30	30 lots released
Rancher Court Estate	14	14 lots released
Ballina Heights Estate	753	363 lots released, 390 remain

7.4 Sales Evidence – Gross Realisation

The subject property is proposed to be developed into 18 residential allotments and the appropriate assessment method is considered to be the Direct Comparison Method; whereby the subject property is compared to recent sales of similar properties. The recent market activity within the surrounding or relevant estates is discussed in the following sections of this report.

7.5 Sales Reconciliation

1. Plateau Dr Stage 1, Wollongbar

Description: Stage 1 of the Plateau Drive Estate located on the northern fringe of the established suburb of Wollongbar and it forms part of the Wollongbar Urban Expansion Area.

The estate has recently been completed with a total of 15 residential allotments ranging in size from 600 – 1,458 square metres. The majority of the lots are accessed via a two lane cul de sac and 8 of the allotments have frontage to either Plateau Dr or Rifle Range Rd and are impacted by increased traffic volumes. 10 of the 14 lots sold have been issued grants for the Land Buyers Subsidy Scheme. The most recent sales within Stage 1 are follows:

Recent Confirmed Sales

Lot No.	Address	Area (sqm)	Lot Type	Sale Date	Sale Price
1	1 Tectona Pl	861	Standard	7/07/2014	\$205,000
2	3 Tectona Pl	817	Standard	24/07/2014	\$205,000
14	88 Plateau Dr	879	Standard	25/06/2014	\$195,000
13	4 Tectona Pl	890	Standard	10/11/2014	\$220,000
12	6 Tectona Pl	650	Standard	6/11/2014	\$230,000
11	8 Tectona Pl	627	Standard	20/10/2014	\$230,000
9	12 Tectona Pl	666	Standard	31/10/2014	\$230,000
8	14 Tectona Pl	680	Standard	15/09/2014	\$220,000
4	7 Tectona Pl	780	Standard	18/08/2014	\$205,000
3	5 Tectona Pl	809	Standard	18/07/2014	\$205,000
10	10 Tectona Pl	626	Standard	16/10/2014	\$230,000
15	86 Plateau Dr	795	Standard	U/C	\$207,500
7	13 Tectona Pl	775	Standard	7/05/2015	\$200,000
6	11 Tectona Pl	837	Standard	U/C	\$200,000



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4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing

2. Avalon Estate, Wollongbar

Description:

The Avalon estate is located in Rifle Range Road, Wollongbar, in the Wollongbar Urban Expansion Area. The estate has a total development yield of approximately 240 residential allotments.

The civil works for the first two stages of the subdivision (49 allotments) were completed in the first half of 2011. The off the plan marketing of the estate was commenced in February 2010. There is 1 lot remaining in Stages 1 and 2 with an asking price of \$265,000. Marketing for stages 3a and 3b has commenced with 11 lots released in stage 3a and 15 lots released in stage 3b.

The asking prices generally range from \$220,000 to \$270,000 for residential lots sizes from 472 – 952 square metres and \$230,000 to \$320,000 for duplex lots from 808 – 2,297 square metres. The marketing agent advises that the asking prices are negotiable.

The estate benefits from the land buyers subsidy scheme.

The most recent sales within the estate are follows:

Recent Confirmed and Reported Sales

Lot No.	Address	Area (sqm)	Lot Type	Sale Date	Sale Price
57	Taunton Pl	917	Standard	10/04/2015	\$290,000
4	Woodbury Pl	824	Standard	19/05/2015	\$195,000
50	Taunton Pl	501	Standard	U/C	\$200,000
70	Selkirk Pl	952	Standard	U/C	\$230,000
62	Lynton Cr	713	Standard	U/C	\$265,000
61	Lynton Cr	716	Standard	U/C	\$260,000
68	Lynton Cr	692	Standard	U/C	\$265,000
51	Taunton Pl	606	Standard	U/C	\$250,000
67	Lynton Cr	676	Standard	U/C	\$260,000
49	Taunton Pl	2297	Duplex	U/C	\$320,000



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4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing

3. Wollongbar Park Estate, Wollongbar

Description: The Wollongbar Park Estate is located on Plateau Dr which is a link road between Sneaths Rd and Rifle Range Road. This estate forms part of the Wollongbar Urban Expansion Area (WUEA) and is located on the north western fridge of Wollongbar. The estate has a total development yield of approximately 92 residential allotments. Stages 1 and 2 of the estate have been developed with approximately 6 lots remaining. The asking prices for these lots range from \$148,000 to \$180,000. Stage 3 has been released with only one block remaining with an asking price of \$180,000.

The estate benefits from the land buyers subsidy scheme.

The most recent sales within the estate are as follows:

Recent Confirmed and Reported Sales

Lot No.	Address	Area (sqm)	Lot Type	Sale Date	Sale Price
77	40 Bolwarra Cct	660	Standard	U/C	\$200,000
62	19 Murrogun Pl	602	Standard	U/C	\$210,000
66	11 Murrogun Pl	683	Standard	22/04/2015	\$230,000
68	7 Murrogun Pl	553	Standard	U/C	\$220,000
69	5 Murrogun Pl	583	Standard	06/07/2015	\$220,000
70	3 Murrogun Pl	580	Standard	01/07/2015	\$185,000
35	6 Callicoma Ct	904	Standard	U/C	\$145,000
38	3 Bolwarra Cct	674	Standard	U/C	\$145,000
55	6 Quandong Pl	656	Standard	U/C	\$165,000
63	17 Murrogun Pl	578	Standard	U/C	\$220,000

4. Killarney Park Estate, Wollongbar

Description: Killarney Park Residential Estate is located on Plateau Dr which is a link road between Sneaths Rd and Rifle Range Road. This estate forms part of the Wollongbar Urban Expansion Area (WUEA) and is located on the north western fridge of Wollongbar. The estate has a total development yield of approximately 82 residential allotments with 75 single residential lots, 5 duplex lots and 2 medium density sites.

Stage 1 has been completed consisting of 6 lots with 1 lot remaining (asking price for lot 5 is \$167,500). Stage 2 of the estate is currently being marketed with the release of 11 lots selling off the plan. Asking prices for these lots range from \$170,000 - \$229,000 with sizes ranging from 604 - 1,339 square metres. There has been one reported sale within stage 2.

The estate benefits from the land buyers subsidy scheme.

The most recent sales within the estate are as follows:

Recent Confirmed and Reported Sales

Lot No.	Address	Area (sqm)	Lot Type	Sale Date	Sale Price
2	Plateau Dr	600	Standard	23/07/2013	\$165,000
3	Plateau Dr	600	Standard	1/08/2013	\$170,000
1	Plateau Dr	800	Duplex	24/09/2013	\$227,000
6	Plateau Dr	617	Standard	24/09/2013	\$165,000
7	Plateau Dr	647	Standard	2/09/2013	\$210,000
16	Plateau Dr	608	Standard	U/C	\$170,000
4	Plateau Dr	601	Standard	20/01/2015	\$165,000



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5. Spring Creek Place Estate, Wollongbar

Description: Spring Creek Place Estate is located approximately half way along Plateau Dr, with the land rising to the north from the lowest part of Plateau Dr. Plateau Dr is a link road between Sneaths Rd and Rifle Range Road. This estate forms part of the Wollongbar Urban Expansion Area (WUEA) and is located on the north western fridge of Wollongbar. The estate has a total development yield of 30 lots. All 30 lots have recently been developed and 23 have sold. The balance 2 lots have asking prices ranging from \$175,000 to \$275,000 for lot sizes ranging from 848 to 1,798 sq.m. Each has frontage to nature reserve at the rear.

The estate benefits from the land buyers subsidy scheme.

The most recent sales within the estate are as follows:

Recent Confirmed and Reported Sales

Lot No.	Address	Area (sqm)	Lot Type	Sale Date	Sale Price
10	Spring Creek Pl	1,363	Duplex	U/C	\$300,000
16	Spring Creek Pl	811	Standard	29/05/2015	\$210,000
19	Spring Creek Pl	1,201	Standard	26/11/2014	\$235,000
15	Spring Creek Pl	790	Standard	24/09/2014	\$233,000
28	Spring Creek Pl	2,465	Standard	25/06/2014	\$295,000
26	Spring Creek Pl	1,600	Standard	28/02/2014	\$245,000
6	Spring Creek Pl	669	Standard	27/02/2014	\$210,000
11	Spring Creek Pl	1,105	Standard	08/01/2014	\$250,000
22	Spring Creek Pl	994	Standard	06/12/2013	\$265,000
24	Spring Creek Pl	1,092	Standard	17/12/2013	\$270,000

6. Rancher Court Estate, Wollongbar

Description: This is a boutique estate which is located on the southern side of Rifle Range Rd. The estate is closer to the township of Wollongbar than newer estates located opposite the estate and to the north of Rifle Range Rd. The estate has frontage to Rifle Range Road and the rear southern boundary has frontage to Rancher Court, which is a cul-de-sac road extending to the boundary of the property.

The 'Rancher Court Estate' development is fully complete and comprises 14 residential allotments (12 standard residential allotments and 2 duplex allotments).

All of the lots are of a regular shape with the exception of Lots 6 to 9, which are located at the end of the cul-de-sac and therefore have an irregular road frontage. Local views are provided from the 14 lots being developed within the southern section of the property. Local and district views are generally to the south-east over the surrounding development and hills in the distance from the second level of the dwelling situated on the residue lot.

The lots are currently being marketed and sold as house and land packages with asking prices starting at \$515,000 for a 3 bedroom, 2 bathroom product.

The estate does not benefit from the 'Land Buyers Subsidy Scheme'.

The most recent sales within the estate are as follows:

Recent Confirmed Sales

Lot No.	Address	Area (sqm)	Lot Type	Sale Date	Sale Price
1	Rancher Ct	722	Standard	19/02/2013	\$235,000
8	Rancher Ct	887	Standard	18/10/2013	\$260,000
6	Rancher Ct	800	Standard	13/02/2014	\$270,000
5	Rancher Ct	641	Standard	13/02/2014	\$222,500



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4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing

7. Ballina Heights Estate, Cumbalum

Description: The Ballina Heights residential estate is a large subdivision which is being developed to the north of the Ballina urban area, on an elevated ridge to the east of the Pacific Highway. The estate has a total development yield of 753 allotments over 16 stages, as well as sites for medium density development, a retirement village, a school and a village centre.

A total of 363 allotments have been developed to date in Stages 1 to 9a. The estate has a further 390 allotments yet to be developed. The asking prices generally range from \$240,000 to \$280,000 for lots sizes from 600 to 864 sqm.

The Ballina Shire Council are currently offering rebates under the 'Land Buyers Subsidy Scheme' for low to middle income earners for lots within the estate. This is considered an advantage to the estate. The subsidy was introduced in July 2013 and Council have advised that 84 lots remain available for possible rebates.

The most recent sales within the estate are as follows:

Recent Confirmed Sales

Lot No.	Address	Area (sqm)	Lot Type	Sale Date	Sale Price
309	14 Higgins Pl	954	Standard	10/04/2015	\$250,000
211	46 Unara Pky	900	Standard	29/04/2015	\$215,000
371	5 Bannockburn	672	Standard	3/06/2015	\$220,000
398	9 Kirby Pl	904	Standard	20/01/2015	\$235,000
399	10 Kirby Pl	803.4	Standard	16/01/2015	\$225,000
396	5 Kirby Pl	662	Standard	12/01/2015	\$205,000
390	8 Power Dr	727	Standard	04/02/2015	\$220,000
394	1 Kirby Pl	705	Standard	11/03/2015	\$210,980
397	7 Kirby Pl	705	Standard	02/04/2015	\$215,000
395	3 Kirby Pl	701	Standard	26/02/2015	\$210,000

7.6 Assessment Considerations

In assessing the gross realisation of the proposed lots within Stage 2 we have had regard to the following factors:

- the general location and surrounding development
- its proximity to urban amenities and infrastructure
- the proposed plan of subdivision
- the land area and topography of the proposed allotments
- the available views/aspect to the north over the surrounding development and hills
- the competitive supply of allotments within the surrounding estates
- the available market evidence in comparable estates
- the current demand and market conditions for vacant residential allotments within the Wollongbar Urban Expansion Area
- the sale rates in the other estates (including the improved rates of those estates benefited by the Land Buyers Subsidy Scheme)
- the recent sales evidence within Stage 1



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4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing

The sales evidence detailed within Stage 1 of the Plateau Dr Estate and Stages 3A and 3B of the Avalon Estate are considered to be the most relevant in terms of assessing the gross realisation of the subject allotments.

The allotments situated within Stage 1 were of a similar to slightly smaller size and are situated in a slightly inferior location due to the greater number of lots having frontage to either Plateau Dr or Rifle Range Rd.

The Avalon estate allotments are of a smaller land area, however, the topography is level and slightly superior and the lots within Stages 3A and 3B obtain superior views.

The sales within the Wollongbar Park estate and Killarney Park estate indicated the lower value tolerance for the subject lots.

The Spring Creek Place sales evidence provides a good indication of value.



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7.7 Assessment – Residential Allotments

Based on the available sales evidence, we have assessed the gross realisation from the individual sale of the proposed residential allotments, inclusive of GST, as follows:

Lot	Type	Land Area (sqm)	Market Value
21	Standard	856	\$210,000
22	Standard	1294	\$200,000
23	Standard	803	\$220,000
24	Standard	674	\$220,000
25	Standard	945	\$230,000
26	Standard	1037	\$230,000
27	Standard	1010	\$230,000
28	Standard	1050	\$230,000
29	Standard	1050	\$230,000
30	Standard	995	\$250,000
31	Standard	765	\$250,000
32	Standard	756	\$245,000
33	Standard	780	\$245,000
34	Standard	751	\$240,000
35	Standard	730	\$245,000
36	Standard	635	\$240,000
37	Standard	1308	\$255,000
38	Standard	837	\$250,000
Total Gross Realisation - Inclusive of GST			\$4,220,000

We are advised by the applicant company that the sale of the subject lots will be treated as Fully Taxable Supply. On this basis and in accordance with API guidelines, the GST will be assessed at the full 1/11th of our gross realisation assessment (inclusive of GST). The GST payable is assessed at \$383,636. Therefore our Gross Realisation of Stage 2 "as if complete", exclusive of GST, is assessed at \$3,836,364.

We advise however that we are not experts in GST matters and our valuation is subject to confirmation of the reasonableness of our approach to this matter.

7.8 Comments on Assessment

It should be noted that our indicative gross realisation assessment of the developed allotments are subject to the issue of individual titles and they do not include an allowance for selling costs, including:

- Agents' commission
- Legal fees
- Advertising and promotion.

Our assessments are in current dollar terms. The gross realisation reflects our view of the market conditions existing as at the date of this report and it does not purport to predict the market conditions and value of the lots at the actual completion date of each stage of the subdivision.

Our indicative assessments are based on the assumption that the estate is professionally marketed and promoted with an adequate promotional budget and an orderly marketing campaign. Our indicative assessments are also based on individual sale and do not reflect the value of the lots if they were sold "in one line".



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8 SITE ASSESSMENT AND PROFITABILITY ANALYSIS

8.1 Introduction.

In assessing the current market value of the subject property, we have undertaken both a direct comparison approach based on comparable sales evidence, as well as a feasibility analysis. Our primary methods of assessment are:

- Feasibility Analysis
- Direct comparison (Secondary Check Method)

Our assessment of the subject land using these two assessment methodologies is discussed in the following sections of this report. Our principal assessment of current market value herein assumes an effective marketing campaign of up to 6 months.

8.2 Development Site Market Overview

Market conditions for englobo land on the NSW North Coast have stabilised to some degree since mid 2013, following the preceding soft five year period.

The overall demand for englobo land was soft during the 2008 to 2013 timeframe, primarily as a reflection of the falling demand and easing sale prices/sale volumes for vacant lots. Whilst there was still interest in some englobo sites in this period, it was mainly from opportunistic buyers who were purchasing sites from distressed vendors, and sale prices generally showed significant reductions from peak market value levels. These market parameters were particularly evident for the fringe localities which did not benefit from nearby proximity to a regional town centre.

However with the general improvement in the residential market over the past 2 years and with local economic conditions also strengthening; there is now a level of improved demand being shown for englobo development sites, provided they are available at a competitive price to ensure the viability of proposed subdivision. This is confirmed with specialist agents advising of improved enquiry and demand being shown for englobo development sites on the NSW Far North Coast.

Recent sales have resulted in limited current availability for this type of site. It should be noted however that whilst demand for englobo development sites has improved, at this stage, we are yet to see a significant volume of site sales which indicates that underlying englobo land values have firmed in accordance with the improved enquiry.

The marketability (and value) of this type of development site is also still impacted to some extent by the tightened lending policies of the major financial institutions, and the limited availability of finance for the acquisition of development land.

Specialist agents confirm that most 'developer' buyers require due diligence periods, extended settlement terms or purchases being subject to gaining Development Approvals. Conversely, a level of improved demand is shown for those parcels which are located in stronger, established areas with existing amenities and/or which are inclusive of a Development Approval. However, there still exists a more restricted buyer market for 'secondary' sites such as the subject property which have extended development time frames, a large supply of competitive stock for completed lots and costly development constraints.

There is one recent sale within Wollongbar which is considered to be similar in terms of location, topography and development yield. Apart from this one sale, there are no other recent sales of englobo parcels that we are aware of in the North Coast which are considered to be directly comparable to the subject property in terms of close proximity within the township of Wollongbar, similar topography, land area or development yield.



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8.3 Sales Evidence

We have examined market activity within the locality and also searched the records of the Land and Property Information for details of comparable sales. We have inspected all readily accessible parts of the sales evidence.

The more relevant sales are summarised in the following schedule.

No	Address	Sale Date	Sale Price	Land Area (ha)	Rate \$/Lots
1.	66 Rifle Range Rd, Wollongbar	21/10/2011	\$1,275,000	2.02	\$37,500
Comments:	<p>A slightly irregular shaped internal allotment which is level at road height and falls slightly to the rear southern boundary. The englobo site has a land area of 2.02 hectares. The property's northern boundary has frontage to Rifle Range Road and the rear southern boundary has frontage to Rancher Court, which is a cul-de-sac road extending to the boundary of the property.</p> <p>The property is currently improved with a large, two storey, semi modern style dwelling of bagged brick and tile construction which was built in 1973. The dwelling comprises 4 bedrooms, 3 bathrooms, 2 living areas and a double garage. Living area 314sqm; garage 50sqm; patios 26sqm. The dwelling is generally in its original condition with some refurbishments undertaken in recent times. The land is also improved with good quality landscaping surrounding the dwelling, a garden shed and a large metal clad machinery shed. The rear southern section of the property was previously utilised as a nursery and various irrigation lines and several concrete slab areas remain.</p> <p>The site is zoned 2(v) Village Area under the current Ballina Shire Council Local Environmental Plan and is designated P1 - Planned Urban Development under the current Development Control Plan. The land is also to be zoned R3 Medium Density Residential Zone in the draft LEP. Based upon the Wollongbar Urban Expansion Area DCP, the property is suitable for a notional development of up to 23 dwellings. The site was purchased with out a DA for subdivision. Since the sale, the site has received DA approval for 14 lots and a residual lot of 8,269 sqm. The residual lot can potentially be subdivided into a further 8 lots. At the time of sale, the value of the residual lot including the dwelling and ancillary improvements was \$750,000. The developable land analyses to \$525,000 or \$37,500 per lot based on the DA approval for 14 lots. The sale price analyses to a premium of 27.5% for future redevelopment potential over and above the residential only value (\$1,000,000). The sale price is exclusive of GST.</p>				
Comparison:	<p>Similar location. Similar site attributes. Smaller land area. Similar development yield. Superior quality building improvements. Older yet relevant sale. Overall the subject property would be expected to reflect a similar rate per site and a lower quantum value.</p>				
2.	79C Fischer St, Goonellabah	09/10/2013	\$400,000	15.86	\$12,903
Comments:	<p>This is a gently to moderately to steeply sloping, irregular shaped site. Views are provided to the south and west over the surrounding development. The site is difficult to develop and geotechnical/engineering studies could uncover problems that are not obvious. The property is contained within a Residential & Rural town planning precinct (Lot 3 DP883865 is zoned residential and comprises 12.7ha, the remainder lots are zoned rural). The property has a road frontage to Fischer St. There is a powerline easement that bisects the property near the northern boundary.</p> <p>The property received DA approval in 2004 for the subdivision of 31 lots and a residual lot over 5 stages. Civil works have commenced for stage 1, with the cost of works expended to date advised to be ranging from \$200,000 to \$500,000.</p> <p>The property is adjoined by rural residential dwellings, and vacant land recently purchased by Woolworths for development.</p> <p>The property was reportedly purchased by a developer who has since obtained a DA for townhouse development. Sold mortgagee in possession.</p>				
Comparison:	<p>Inferior location. Inferior site attributes. Larger land area. Similar town planning classification. Superior development yield. Older yet relevant sale. Overall the subject property would be expected to reflect a higher rate per lot and a higher quantum value.</p>				



4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing

No	Address	Sale Date	Sale Price	Land Area (ha)	Rate \$/Lots
3.	5 Apo St, Goonellabah	06/05/2014	\$1,318,181	3.03	\$47,078
Comments:	<p>This is a sloping, irregular shaped, inside site that is at road height. The site provides a reasonable building contour without significant adverse features and is contained within a R1-General residential zoning. The property has a single road frontage to Apo St. Apo St is a bitumen sealed local road.</p> <p>Surrounding development includes established residential development adjoining the northern, southern and western boundaries with a smaller residential englobo site that is currently being developed adjoining to the east. The site is located close to the Goonellabah shopping and aquatic centres and the Goonellabah RSL Sports Club. Telephone, electricity, town water and sewerage are available to the site.</p> <p>There is no Development Application for the site. However, the site was sold with a concept plan for a proposed 28 residential lot subdivision (prepared by GM Project Development and Management).</p> <p>The sale price analyses to \$435,043 per hectare or \$43,500 per square metre and \$47,078 per site based on the advertised concept plan for a 28 lot residential subdivision.</p>				
Comparison:	<p>Slightly superior 'in fill' location. Superior topography. Slightly larger land area. Higher potential development yield. Inferior approval status. Overall the subject property would be expected to reflect a lower rate per site and a lower quantum value.</p>				
4.	Lot 5 Skennars Head Rd, Lennox Head	14/08/2014	\$3,250,000	20.924	\$57,308
Comments:	<p>Vacant residential englobo Land. This is an undulating, irregular shaped englobo parcel with a land area of 20,924 hectares. The property comprises the balance of the Lennox Palms Estate, which is an existing residential estate developed in 1996. The land benefits from the amenity created by the initial completed stages of this subdivision. Henderson Dr and Kellie-Anne Cr, which are two sealed local roads constructed as part of the existing development, intersect the land. The land situated on the western side of Henderson Dr is slightly to moderately undulating and generally falls to low lying land within the western boundaries. The land situated to the east of Henderson Dr and to the north of Kellie-Anne Cr is slightly to moderately undulating and is bounded by a littoral rainforest which adjoins the eastern and northern boundaries. This section of the land is elevated and provides view corridors over the surrounding development, hinterland and ocean. The south western section of the property is low lying and appears susceptible to flooding. This section of the property is to be dedicated as public reserve and is considered to have minimal impact on the value of the property or its future development potential. The property is located within the southern fringe of the coastal village of Lennox Head, which is approximately 10 kilometres north of Ballina in Northern New South Wales.</p> <p>The property is contained within the RU1 Primary Production, R2 Low Density Residential, R3 Medium Density Residential and 7(a) Environmental Protection - Wetlands zonings under the current Ballina Shire LEP. Parts of the northern section of the property are also designated Deferred Management under the current LEP.</p> <p>Council granted Development Consent No 82/149 on 22 April 1982 in relation to the Lennox Palms Estate. The subdivision approval provided for the creation of 57 single dwelling, 2 farmlet, 4 rural residential and 2 medium density lots. Part of the subdivision was undertaken in the northern part of the estate in 1996 and a plan of subdivision was registered on 19th December 1996. The lots are yet to be created pursuant to subdivision DA approval 82/149.</p> <p>Planners North, on behalf of the intending purchaser, submitted a Section 96 Modification to Consent Application for the proposed amendments to DA 82/149. The Section 96 Modification will result in the creation of 6 rural residential allotments, a residential development site (with a potential yield of 26 residential allotments) and a parcel to be dedicated as public reserve. The area of the development site is 4.152ha.</p> <p>The 'in one line' value of the 6 rural residential allotments subject to the Section 96 Modification analyses to \$1,760,000 (\$293,333/lot). The apportioned purchase price attributed to the development site is \$1,490,000 (\$57,308/lot or \$358,863/ha).</p>				
Comparison:	<p>Superior location on the fringe of a beachside township. Superior site attributes and view corridor. Inferior topography. Larger land area. Higher development yield. Overall the subject property would be expected to reflect a far lower rate per site and a far lower quantum value.</p>				



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4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing

No	Address	Sale Date	Sale Price	Land Area (ha)	Rate \$/Lots
5.	57 Fraser Dr, Tweed Heads South	01/12/2014	\$5,100,000	10.08	\$40,800
<p>Comments: Comprises an irregular shaped, internal, englobo parcel having a land area of 10.08 hectares, located at Tweed Heads South. The land is mostly level with some minor undulation throughout, however in the far western portion of the site, there is a small steeply sloping section that rises to the western boundary. The site appears to have been previously filled. There are various earth mounds located on the site and there are also boulders and rubbish in some areas. The land is vacant and has been mostly cleared, with only dense grass and shrubs remaining.</p> <p>The land is designated as being in in the R1 –General Residential Zone under the Tweed Council LEP 2014. It is also situated within the Banora Point West – Tweed Heads South section of the Tweed Shire DCP 2008. On 13 June 2014 the NSW State Government Minister for Planning approved a Modification of Approved Residential Subdivision, allowing for the carrying out of a residential subdivision in 15 Stages including 156 residential lots, 5 open space lots, 1 wetland conservation lot, 1 commercial lot and 1 “super lot” for future integrated housing development. This approval applies to the sale property and an adjoining parcel. The approved yield for the sale property is for Stages 1 to 7 (83 residential lots, 1 commercial site and a medium density (super) site).</p> <p>We are aware that the purchase price of \$5,610,000 includes GST. The GST exclusive price is \$5,100,000. We are also advised that the proposed commercial lot within the approved subdivision will be handed back on completion of construction to the vendor and that the contract price was previously adjusted \$400,000 to accommodate this. The sale price reflects approximately \$505,952 per hectare (10.08 hectares) or approximately \$40,800 per proposed dwelling (83 proposed lots and 42 proposed townhouses).</p> <p>Note: The contract was due to settle on 10 February 2015, however we have been advised that the contract date has been extended.</p>					
<p>Comparison: Broad indicator situated within the Tweed Coast region. Superior location. Larger land area. Overall similar topography. Higher development yield. Overall the subject property would be expected to reflect a lower rate per site and a far lower quantum value.</p>					
6.	11a Linden Av, Boambee East, NSW, 2452	15/02/2014	\$915,000	2.547	\$36,600
<p>Comments: The property comprises a vacant allotment, of irregular shape. The site slopes below Linden Ave gently through good cleared building contour rising to elevated portion in the mid point. From here the slope is gradual to the north and west. The far western area is designated flood liable. We estimate less than 4,000sqm is affected by 1:100 year flood description. There are good rural mountain views to the west. The balance appears well suited to development. Access to the property is easy and direct. The site is contained within a Zone R2 Low Density Residential town planning precinct. The property has a single road frontage to Linden Av.</p> <p>This zoning would allow possible residential development, with consent of lots to a minimum lot size of 400 sqm. Enquiries with Council indicate that there is no development application approved at this stage for redevelopment of the site. The site may be suitable for residential subdivision with Council consent. The services are well positioned and landform is favourable. The timbered recreation reserve to the south presents a favourable amenity however fire set back provisions may impose some constraints on potential development to that land component. We consider standard subdivision size lots would yield in vicinity of 20 to 25 residential allotments. There is no formal approval by Council for the redevelopment of this site at the date of sale.</p> <p>The property has excellent presentation. Department of Education asset sale. Auction purchase, local developer, competitive bidding, estimated 25 lot yield, all services close by, good topography and access. Completed lot price estimate \$190,000. Sale shows \$36,600 per lot. Land Area 2.547 ha.</p>					
<p>Comparison: Broad indicator situated within the Coffs Coast region. Superior location. Similar land area. Slightly superior topography. Higher development yield. Overall the subject property would be expected to reflect a slightly lower rate per site and a lower quantum value.</p>					



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4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing

No	Address	Sale Date	Sale Price	Land Area (ha)	Rate \$/Lots
7.	Solitary Beach, 45 Hearnes Lake Rd, Woolgoolga	16/04/2014	\$1,600,000	5.54	\$42,105
<p>Comments:</p> <p>The property comprises an irregular shaped, elevated, gently to moderately sloping englobo parcel of 5.54 hectares, which is located at the eastern end of Hearnes Lake Road, having frontage to a relatively narrow vegetated reserve adjoining Hearnes Lake Beach. The land has been extensively cleared with generally only scattered mature tree coverage and regrowth. The only significant vegetation is located in the eastern portion of the site which adjoins the coastal environmental reserve. A water body also appears to extend into the vegetated area. This vegetated area is to be retained as an ephemeral wetland reserve/Littoral Rainforest and rehabilitated as part of approved subdivision.</p> <p>The parcel is located approximately 3 kilometres to the south of the Woolgoolga local township and approximately 25 kilometres north of Coffs Harbour, on the far mid north coast of New South Wales.</p> <p>The property is currently improved with two dwellings. The central western section of the property is currently improved with a semi-modern, two storey dwelling of brick and tile construction built circa 1990. The dwelling comprises 3 bedrooms and 2 bathrooms including separate lower living with kitchenette and tandem garage. The central eastern section of the property is currently improved with a semi-modern, single storey dwelling of brick and tile construction built circa 1970. The dwelling comprises 5 bedrooms, 2 bathrooms and 2 living areas and an inground pool.</p> <p>The property is designated as Deferred under the Coffs Harbour Local Environmental Plan 2013. This area of the LEP is identified as Deferred, pending more specific planning and environmental studies. The site is almost entirely situated in the 2E Residential Tourist Zone under the previous Coffs Harbour Local Environmental Plan 2000.</p> <p>On 15 December 2009, a Major Projects Approval was issued pertaining to the land for a 41 Lot Subdivision (38 Residential Lots, 1 Drainage Reserve Lot, 1 'Pocket' Park Lot and 1 Environmental Reserve Lot). This approval lapses 5 years from the date of determination (December 2014), unless commenced prior.</p> <p>The majority of the lots on completion will have a southerly aspect. There is also some road noise emanating from the recently upgraded four lane Pacific Highway which is approximately 400 metres immediately to the west of the subject property. The road noise is in the vicinity of low to moderate. In addition, the highway is also visible from the most proposed elevated lots.</p> <p>The development costs provided analyse to \$157,530 per approved lot and are inclusive of an amount totalling \$455,000 for forward funding work of external infrastructure. De Groot & Benson (engineers) have advised that the inclusion of the forward funding costs are provided on a 'worst case scenario'. There are a number of englobo parcels which surround the property, which if developed prior, would incur the majority of the provided the forward funding costs.</p> <p>The property has been sold inclusive of GST for \$1.6m with the margin scheme advised to have been adopted. Based on the previous purchase in November 2003 for \$3,500,000, the sale price is not subject to GST.</p>					
<p>Comparison: Broad indicator situated with in the Coffs Coast region. Superior location. Broad sales evidence in an inferior North Coast beachside regional location. Similar site attributes and topography. Larger land area. Greater development yield. Overall the subject property would be expected to reflect a lower rate per site and a lower quantum value.</p>					

8.4 Sales Commentary and Conclusion

Based on the direct comparison approach to assessment, we have assessed the current market value of the subject englobo parcel, exclusive of GST, as follows:

Basis of Assessment	No. of Lots	\$/Lot	Total Value (Rounded)	Total Value (Rounded)
Lower Range of Value	18	\$32,500	\$585,000	\$590,000
Upper Range of Value	18	\$37,500	\$675,000	\$680,000
Adopt			\$630,000	\$630,000



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8.5 Hypothetical Development Method

In undertaking our current market assessment of the subject development site 'as is' and subject to the proposed DA, we have undertaken a Hypothetical Development analysis using a cash flow model, a copy of which is annexed to this report (Annexure 5).

The key performance measure used for a development of this size and nature is as follows:

- **Development Margin** - The Development Margin (also referred to as Profit Margin) is the net profit expressed as a percentage of total costs. This measure is the difference between the net achievable revenue derived from a project less all costs, expressed as a percentage of the total land, development and holding costs. It is the principal measure used for comparison on smaller or shorter term projects (typically less than 3 years duration) and can be expressed on a before interest or an after interest basis.
- **Internal Rate of Return** - The Internal Rate of Return (IRR) is the discount rate that equates the anticipated future cash flows from the property with the present value of the capital investment (i.e. it is the rate at which the Net Present Value equals zero). It is expressed as an annualised rate and can be measured on either a before or after interest basis. The IRR is a principal point of comparison for larger and longer term projects, typically in excess of 3 years duration.

The following parameters have been adopted in our cash flow model:

Gross Realisation:	\$4,220,000
Rate of Sale:	Approx 2 lots per month
Development Costs:	Refer to Section 6
Marketing Costs:	
- Commission and Legal Costs	4.4% of gross realisation (inclusive of GST)
- Advertising and Promotion	\$1,500 per residential lot
Rates and Taxes:	Total of \$7,673
Interest Rate:	5.75% per annum

In a development of this size and nature, extending for a total period of under 2 years, we consider the most appropriate investment parameter to establish the value of the subject land is the Development Margin (DM) after interest. We have also referred to the Internal Rate of Return (IRR) after interest as a secondary check for investment parameters.

Having regard to the subject development proposal, we consider that a purchaser of the englobo parcel would require a DM after interest in the order 15%.

Based on our assessed indicative gross realisations, the advised development costs and the other development parameters of the proposed estate, the adopted englobo land value of \$660,000 (inclusive of GST) utilising the direct comparison approach reflects an DM of 15% after interest charges and an IRR of 20% after interest charges.



4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing

The more significant results in the cash flow model are summarised as follows:

Gross Realisation (Inclusive of GST)	\$4,220,000
Net Realisation	\$3,667,564
Total Development Costs	\$2,444,923
Adopted Land Value (Inclusive of GST)	\$660,000
Land plus Costs	\$3,071,323
Development Profit (After Interest)	\$478,055
Interest	-\$118,185
Payback Period (Months)	17
Maximum Exposure	-\$3,123,823
Development Margin (Before Interest)	19.4%
Development Margin (After Interest)	15.0%
Internal Rate of Return (Before Interest)	25.1%
Internal Rate of Return (After Interest)	20.0%

Our assessment of the subject property using the hypothetical cash flow approach is inclusive of GST.

We have assessed the GST liability on our site assessment on a fully taxable supply basis. Against this background, the GST payable is reflective of the full 1/11th of the assessed site assessment including GST.

Against this rationale, the GST payable on our assessment would be \$60,000. Therefore, our assessment of the subject land, exclusive of GST, using the Hypothetical Cash Flow Analysis would be \$600,000.

We stress we are not experts in assessment of GST. We are not privy to the financial circumstances of the owners, nor previous transaction upon the property which may impact upon the status of the property for GST. We recommend any party relying upon this valuation seek independent advice in regard to any GST liabilities which may attach to the property.

Our assessment of the site has, in part, been assessed using a discounted cash flow model. Our cash flow model has been prepared for feasibility assessment purposes only. We have adopted certain cash flow projections/forecasts based upon our reasonable investigations and enquiries that include forecasts of estimated future operating characteristics/income. These forecasts have been based on the information and assumptions referred to in our valuation report and where information has been provided by others, we have indicated who has provided that information although we do not adopt or verify the reliability, correctness or completeness of that information, although such information has been accepted as a basis of assumption for the valuation.

The achievement and/or sustainability of financial projections will, by their very nature, be affected by a variety of fluctuating economic and property market conditions of the type that are not necessarily capable of being known or predicted at this or any given time.

Therefore, dependent upon other future occurrences that cannot be foreseen, the actual results/value may vary considerably from the value contained herein.

Accordingly, whilst all reasonably ascertainable attempts have been made to verify the likelihood of such forecasts/projections being achieved and/or sustained and subject to our comments above, the valuer does not warrant nor assume responsibility for the ultimate correctness of those projections given the possibility of unforeseen events effecting such projections/forecasts. Therefore, to that extent this valuation must be qualified and read within the context of these warnings and assumptions.



Lot 16 Plateau Dr Wollongbar, NSW 2477
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8.6 Sales and Settlement Rate

In assessing the appropriate sales rate for the subject property we have looked at the sales rate of competing developments in the area. We have also considered whether the sales rate was limited by the supply.

Estate	Rate of Sale			
	2012	2013	2014	2015 YTD
Plateau Drive Estate Stage 1	N/A	N/A	0.9	0.4
Avalon Estate	0.6	1.1	0.8	1.3
Wollongbar Park Estate	1.0	2.8	1.3	3.0
Killamey Park Residential Estate	N/A	0.4	N/A	0.3
Spring Creek Estate	N/A	0.9	0.5	0.3
Rancher Court Estate	N/A	0.2	0.2	N/A
Ballina Heights Estate	1.6	2.8	2.8	3.8

Based on the current market conditions, the adopted value level, statistical data, and quantity of stock in the market place and the possibility that the Government subsidies will be unavailable during the marketing of the subject development, we consider an appropriate sales rate at 2 lots per month to be appropriate. The adopted rate is less than that currently being achieved within the Wollongbar Park Estate due to this estate having residential product with a lower price bracket. The adopted sale rate is higher than that being achieved within the Avalon estate due to the lower asking price and larger land size which would have greater appeal to the market place.

8.7 Feasibility Analysis

As per our instructions, we are to undertake a feasibility/profitability analysis based upon development time frames provided and anticipated selling periods. In undertaking our feasibility assessment of the subject development, we have prepared a cash flow model, a copy of which is annexed to this report (Annexure 6).

8.8 Profit As A Percentage of Cost

This measure is the difference between the net achievable revenue from a project less all costs, expressed as a percentage of the total land, development and holding costs. It is the principal measure used for comparison on smaller or shorter term projects and can be expressed on a before interest or an after interest basis. For the purposes of this assessment, our principal measure is the after interest profit margin.

Our principal assumptions for this feasibility assessment are as follows:

Site Purchase:	\$1
Gross Realisation:	\$4,220,000
Rate of Sale:	Approx 2 lots per month
Development Costs:	Refer to Section 6
Marketing Costs:	
- Commission and Legal Costs	4.4% of gross realisation (inclusive of GST)
- Advertising and Promotion	\$1,500 per residential lot
Rates and Taxes:	Total of \$7,673
Interest Rate:	5.75% per annum
GST Assumption	Fully Taxed Supply

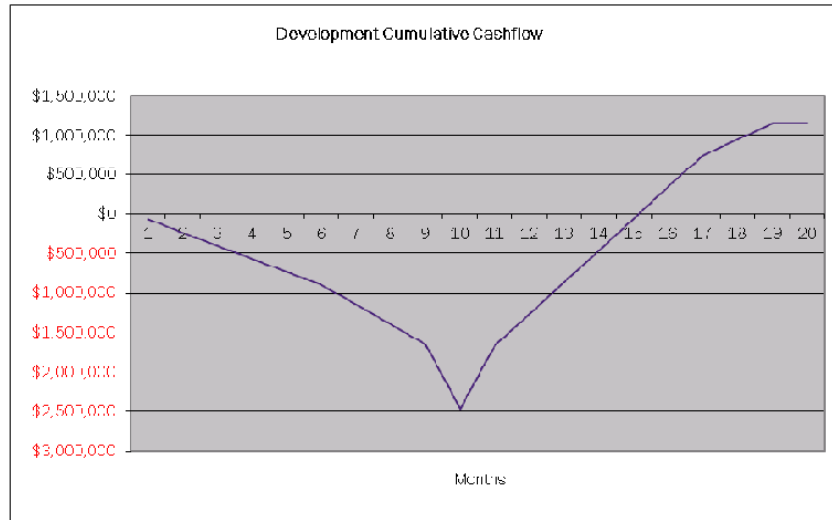


8.8.1 Feasibility Conclusions

The more significant results in the feasibility analyses are summarised as follows:

Gross Realisation (Inclusive of GST)	\$4,220,000
Net Realisation	\$3,667,564
Total Development Costs	\$2,444,923
Adopted Land Value (Inclusive of GST)	\$1
Land plus Costs	\$2,444,924
Development Profit (After Interest)	\$1,156,171
Interest	5.75%
Payback Period (Months)	16
Maximum Exposure	-\$2,466,440
Development Margin (Before Interest)	50.0%
Development Margin (After Interest)	46.0%
Internal Rate of Return (Before Interest)	70.8%
Internal Rate of Return (After Interest)	66.7%

Based on the advised development period and the anticipated selling periods, the total timeframe for the development will be 20 months. The cumulative cash flow over the total development period is indicated in the following graph:



9 ASSESSMENT

Subject to the assumptions and qualifications contained within the body of this report, the Valuer has assessed the market value of the subject property (exclusive of GST) and feasibility analysis at:-

Basis of Assessment	Valuation	
	Inclusive of GST	Exclusive of GST
Current Market Value		
Site Value 'As Is'	\$660,000	\$600,000
Gross Realisation - Stage 1 'As If Complete'	\$4,220,000	\$3,836,364
Feasibility Assessment Summary	Total	\$/lot
Number of Proposed Lots:	18	
Adopted Sales Rate:	Per Month	2
Assessed Gross Realisation (incl GST):	\$4,220,000	\$234,444
Assessed Net Realisations:	\$3,667,564	\$203,754
Total Cost (incl advertising, promotion and holding costs)	\$2,444,923	\$135,829.06
Interest:	-\$66,469	
Total Profit:	\$1,156,171	\$64,231.70
DM (Before Interest):	50%	
DM (After Interest):	46%	



David Sullivan
 Director
 CPV / AAPI
 QLD 2250 / NSW 4052



Ken Potter
 Director

This assessment is for the use only of Ballina Shire Council to whom it is addressed and for no other purpose. No responsibility is extended to any third party who may use or rely on the whole or any part of the content of this assessment. No responsibility will be accepted for photocopied signatures.



Lot 16 Plateau Dr Wollongbar, NSW 2477
 NNC096313

10 DISCLAIMERS

Please note that all specific disclaimers are indicated in italics within the relevant sections of the report.

Accuracy of Information	We advise that any objective information, data or calculations set out in the assessment will be accurate so far as is reasonably expected from a qualified and experienced valuer, reflecting due skill, care and diligence. However, we have not independently verified third party information, adopted it as our own, or accepted its reliability. If any of the information provided by others and referred to in the assessment report is incorrect, it may have an impact on the assessment. The assessment is provided on the proviso that the reliant party accepts this risk.
Cashflow Projections	<p>We have adopted certain cash flow projections/forecasts based upon our reasonable investigations and enquiries that include forecasts of estimated future operating characteristics/income. These forecasts have been based on the information and assumptions referred to in our valuation report and where information has been provided by others, we have indicated who has provided that information although we do not adopt or verify the reliability, correctness or completeness of that information, although such information has been accepted as a basis of assumption for the valuation.</p> <p>The achievement and/or sustainability of financial projections will, by their very nature, be affected by a variety of fluctuating economic and property market conditions of the type that are not necessarily capable of being known or predicted at this or any given time. Therefore, dependent upon other future occurrences that cannot be foreseen, the actual results/value may vary considerably from the value contained herein.</p>
Conflict of Interest	Neither the valuer, nor to the best of their knowledge, any member of this firm, has any conflict of interest, or direct, indirect or financial interest in relation to this property that is not disclosed herein.
Encroachments	There do not appear to be any encroachments, however, we are not surveyors and no warranty can be given without the benefit of an identification survey.
Excluded Searches	The following searches have not been undertaken: Flood, Land Survey Plan, Building Survey Plan, Formal Flood, Detailed Town Planning, Contaminated Land, Heritage Register, Local/State Road Widening, Vegetation Protection, Native Title. Our valuation assumes such searches would identify no issues that may affect the value and/or liquidity of the property. Should any person relying on the contents of this report be aware or become aware of an issue that may affect value and/or liquidity then the searches should be referred to the valuer for comment.
Goods and Services Tax (GST)	We stress we are not experts in assessment of GST. We are not privy to the financial circumstances of the owners, nor previous transaction upon the property which may impact upon the status of the property for GST. We recommend any party relying upon this valuation seek independent advice in regard to any GST liabilities which may attach to the property.
Land Not Affected	To the best of the valuer's knowledge, the land is not affected by unstable, hazardous or toxic soil material, pest infestation or resumption matters however, no searches have been undertaken in this regard. This valuation assumes that there are no problems, however, should any such issues arise, then this matter should be referred to the valuer for further comment.
Limited Liability	Liability limited by a scheme approved under professional standards legislation. This scheme does not apply in Tasmania.
Market Movement	This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 90 days from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation. However, it should be recognised that the 90 day reliance period does not guarantee the value for that period; it always remains a valuation at the date of valuation only.
No Compliance Certificate	No Compliance Certificate/Certificate of Classification has been obtained, and this valuation is subject to the building(s) complying in all material respects with any restrictive covenants affecting the site and has been built, occupied and is/are being operated, in all material respects, in full compliance with all requirements of law, including all zoning, land-use classifications, building, planning, fire and health by-laws (including asbestos and legionnaires disease), rules, regulations, orders and codes of all authorities, and that there are no outstanding requisitions.
No Pecuniary Interest	The valuer has no pecuniary interest in the subject property either past, present or prospective at the date of preparing this report and the opinion expressed is free of any bias in this regard.
Not to be reproduced without permission	Neither the whole nor any part of this valuation or any reference thereto may be included in any published documents, circular or statement, nor published in part or full in any way, without written approval of the form and context in which it may appear.



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Annexure 1 Title Search

Information Provided Through
InfoTrack
P.O. 1800 JESS ST/4 FAX 1800 138 533

Title Search

InfoTrack
An Approved LPI NSW
Information Broker

LAND AND PROPERTY INFORMATION NEW SOUTH WALES - TITLE SEARCH

POLIO: 16/1204621

SEARCH DATE	TIME	SECTION NO	DATE
6/8/2015	11:40 AM	1	17/4/2016

LAND

LOT 16 IN DEPOSITED PLAN 1204621
AT WOLLONGBAR
LOCAL GOVERNMENT AREA BALLINA
PARISH OF TUCKERBELL COUNTY OF ROUS
TITLE PLANNING 16/1204621

FIRST SCHEDULE

BALLINA SHIRE COUNCIL

SECOND SCHEDULE (5 NOTIFICATIONS)

- 1 LAND EXCLUDE MINERALS AND IS SUBJECT TO RESERVATIONS AND CONDITIONS IN FAVOUR OF THE CROWN - SEE CROWN GRANT(S).
- 2 DE1204621 EASEMENT FOR MULTI-PURPOSE ELECTRICAL INSTALLATION 4.2 METRE(S) WIDE AFFECTING THE PART(S) SHOWN SO RESPECTED TO THE TITLE DIAGRAM
- 3 DE1204621 RESTRICTION(S) ON THE USE OF LAND REFERRED TO AND NUMBERED (6) IN THE 5.888 INSTRUMENT
- 4 DE1204621 RESTRICTION(S) ON THE USE OF LAND REFERRED TO AND NUMBERED (7) IN THE 5.000 INSTRUMENT
- 5 DE1204621 POSITIVE COVENANT

NOTICES

UNREGISTERED DEALINGS: NIL

*** END OF SEARCH ***

NNC096313

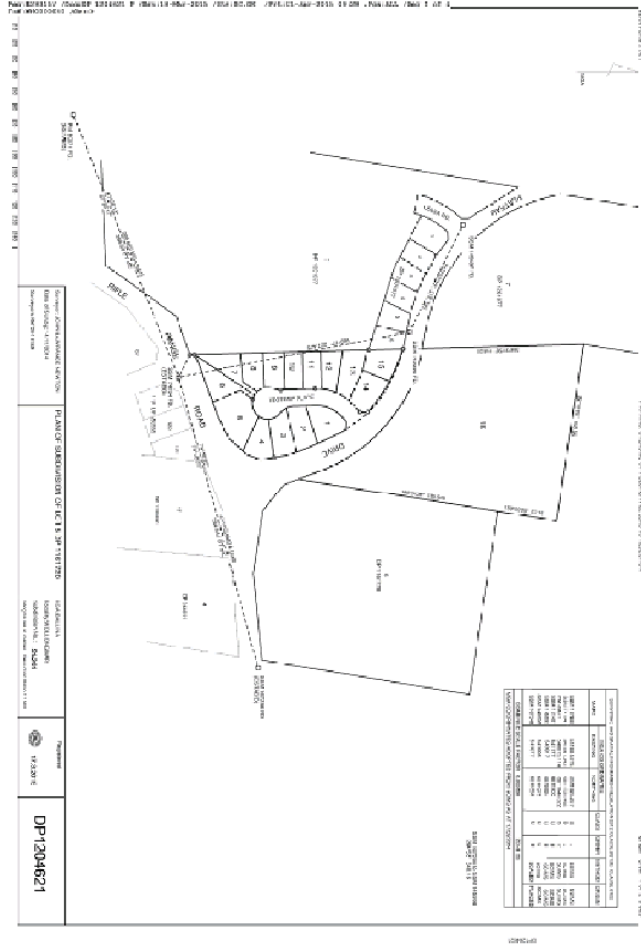
PRINTED ON 6/8/2015

* Any entries preceded by an asterisk do not appear on the current edition of the Certificate of Title. Warning: the information appearing under notations has not been formally recorded in the Register. InfoTrack an approved NSW Information Broker hereby certifies that the information contained in this document has been provided electronically by the Register General in accordance with Section 96B(2) of the Real Property Act 2000.



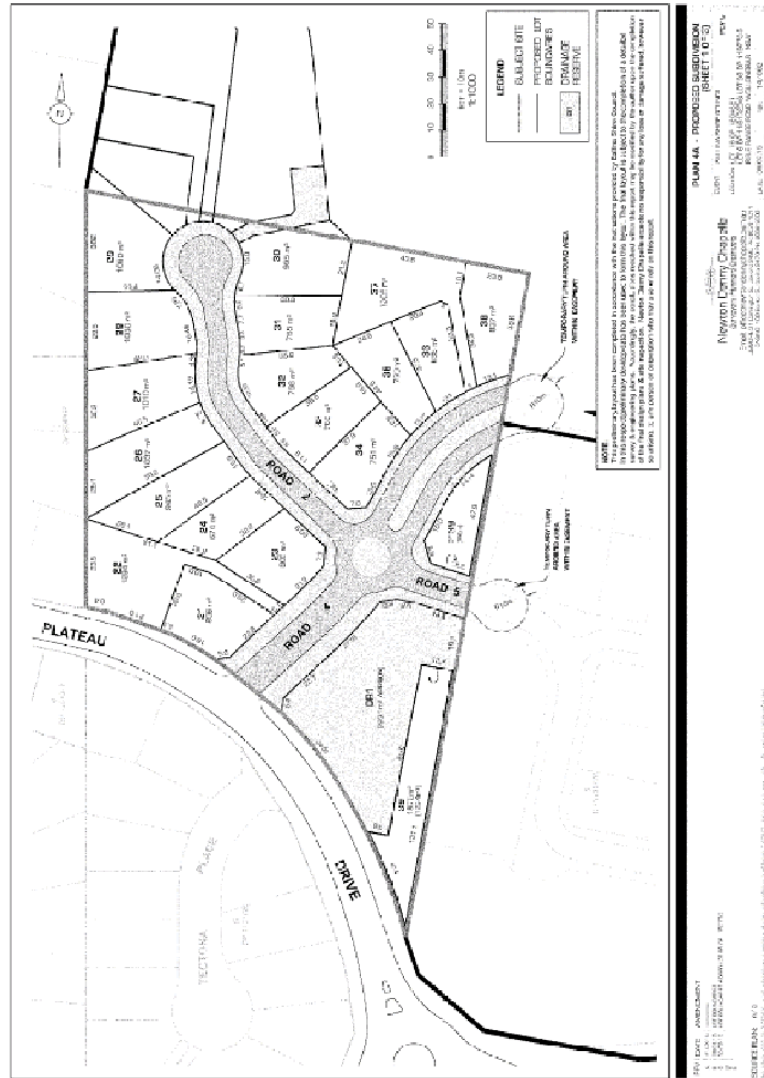
Lot 16 Plateau Dr Wollongbar, NSW 2477
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Annexure 2 Deposited Plan



Lot 16 Plateau Dr Wollongbar, NSW 2477
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Annexure 3 Subdivision Plan



 Lot 16 Plateau Dr Wollongbar, NSW 2477
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Budget Estimate

2014/08\$

Wollongbar Residential Estate, Plateau Drive Wollongbar

Wollongbar Residential Estate being 83 residential lots, 1 public reserve and one residual lot to be incorporated into the next stage. The following are the sample items for budget purposes prior to the preparation of any engineering design plans as well as any other related information.

Civil Design Fees	
Including design of roads drainage sewer and water reticulation to Construction	\$12,000.00
Civil Construction	
(i) Including all standard items specified with the Construction Certificate for 18 lots	\$ 860,000.00
(ii) Road substructure construction	\$ 125,000.00
(iii) Entrance Statement Road, additional width	\$ 50,000.00
Stormwater Treatment Areas	
Including bulk earthworks and retaining walls for stormwater treatment areas	
(i) Stage 1	\$30,000.00
(ii) Stage 2	\$85,000.00
(iii) Stage 3	\$85,000.00
Electricity/Telstra	
Includes underground electricity/telstra and padmount substations if required	\$130,000.00
Landscaping	
Includes all street trees and planting within Stormwater treatment areas as well as embellishments to parks and sediment control areas	
(i) Stage 1	\$10,000.00
(ii) Stage 2	\$40,000.00
(iii) Stage 3	\$40,000.00
Site Supervision	
Includes supervision by suitably qualified engineer throughout the construction period	\$ 30,000.00
Council Levies	
Includes all fees and charges for construction certificates, bonds, D & S4 levies as well as final plan sign off fees	\$720,000.00
Plan Registration	
Includes Surveying throughout project and preparation of subdivision plan, street works, lodgement fees and LPI charges	\$10,000.00
Totals	\$2,500,000.00
per lot	\$130,277.78

derived from the above figures are 2014/08\$ associated with the following development costs. Cost estimates are indicative figures, a more rigorous analysis



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Lot 16 Plateau Dr Wollongbar, NSW 2477
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Lot 16 Plateau, Wollongbar NINC096313 26 August 2016			Month 0	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	
DEVELOPED STOCK																								
At beginning of period Produced	18										(1)	(2)	(3)	(4)	12	10	8	6	4	2	1			
- Residential Lots	18									1	1	1	1	2	2	2	2	2	2	1	1			
Total Rate of Sale	18									1	1	1	1	2	2	2	2	2	2	1	1			
GROSS REALISATIONS	NUMBER	RATE	TOTAL																					
- Residential Lots	18	\$23,444	\$4,220,000												537,776	468,889	468,889	468,889	468,889	468,889	468,889	234,444	234,444	
TOTAL GROSS REALISATION			\$4,220,000																					
GROSS REALISATION - ESCALATED @		4.4%	\$4,220,000																					
Less selling costs			(\$185,693)																					
Input Tax Credit on Selling Costs			\$15,890																					
Less allowance for GST payable			(\$393,636)																					
NET REALISATION			\$3,967,564																					
LAND PURCHASE			\$992,000	680,000																				
Input Tax Credit on Land Purchase			(\$92,000)																					
Plus Acquisition costs		4.4%	\$22,040	20,040																				
Input Tax Credit		10.0%	(\$2,640)	(2,640)																				
DEVELOPMENT COSTS (excl GST)																								
Civil Works			\$1,470,000			147,000	147,000	147,000	147,000	147,000	220,500	220,500	220,500	73,500										
Contingency Allowance on Civil Works			\$64,250			5,825	5,825	5,825	5,825	5,825	8,738	8,738	8,738	2,913										
Council Fees and Charges			\$750,000			15,000								795,000										
Professional Fees			\$132,000		52,800	6,600	6,600	6,600	6,600	6,600	6,600	13,200	13,200	13,200										
Advertising & Promotion		\$1,500	\$27,000							1,500	1,500	1,500	1,500	3,000	3,000	3,000	3,000	3,000	1,500	1,500				
Rates and Land Tax			\$7,675							3,956				2,677							1,000			
Costs (excl GST)			\$2,444,925	52,800	174,425	159,425	159,425	159,425	166,101	237,336	243,938	246,108	827,613	3,000	5,677	3,000	3,000	3,000	1,500	1,500	1,000			
GST On Costs		10.0%	\$168,725	5,280	15,943	15,943	15,943	15,943	16,063	23,734	24,394	24,394	9,261	300	300	300	300	300	150	150				
Input Tax Credit			(\$168,725)		(5,280)	(15,943)	(15,943)	(15,943)	(16,063)	(23,734)	(24,394)	(24,394)	(9,261)	(300)	(300)	(300)	(300)	(300)	(150)	(150)				
LAND + Costs			\$3,071,320	689,440	(4,366)	188,686	159,425	159,425	166,011	244,976	244,938	246,108	812,480	(5,361)	5,677	3,000	3,000	3,000	1,350	1,500	600			
MONTHLY CASH FLOW			\$296,240	689,440	4,366	(188,686)	(159,425)	(159,425)	(166,071)	(244,976)	(244,938)	(246,108)	(812,480)	817,224	423,755	424,507	424,507	424,507	424,507	424,507	424,507	203,841	203,754	930
INTEREST		5.78%	(\$118,185)	(3,302)	(3,302)	(4,906)	(6,982)	(9,775)	(13,427)	(18,384)	(25,200)	(34,307)	(46,407)	(62,107)	(82,107)	(107,107)	(138,107)	(174,107)	(214,107)	(259,107)	(309,107)	(364,107)	(424,107)	(490,107)
MONTHLY CASH FLOW - after interest			\$178,055	686,138	1,064	(193,592)	(166,407)	(169,195)	(182,648)	(266,660)	(270,238)	(270,238)	(858,887)	755,117	420,448	421,407	421,407	421,407	421,407	421,407	421,407	200,734	199,647	830
CUMULATIVE CASH FLOW			\$178,055	686,138	687,202	493,610	327,185	157,760	(25,888)	(292,548)	(563,786)	(834,024)	(1,105,262)	(1,376,500)	(1,647,738)	(1,918,976)	(2,190,214)	(2,461,452)	(2,732,690)	(3,003,928)	(3,275,166)	(3,546,404)	(3,817,642)	(4,088,880)
PROFIT after interest			\$478,655																					
DEVELOPMENT MARGIN - before int		19.4%																						
DEVELOPMENT MARGIN - after int		15.0%																						
IRR (per annum) - before interest		25.1%																						
IRR (per annum) - after interest		20.0%																						
MAXIMUM EXPOSURE			(\$3,123,823)																					
PAYBACK PERIOD - month			17																					

Annexure 5 Cashflow



Lot 16 Plateau Dr Wollongbar, NSW 2477
NINC096313

Lot 16 Plateau, Wollongbar NINC096313 26 August 2015			Month 0	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	
DEVELOPED STOCK																								
At beginning of period Produced	18										(1)	(2)	(3)	(4)	12	10	8	6	4	2	1			
- Residential Lots	18									1	1	1	1	2	2	2	2	2	2	1	1			
Total Rate of Sale	18									1	1	1	1	2	2	2	2	2	2	1	1			
GROSS REALISATIONS																								
	NUMBER	RATE	TOTAL																					
- Residential Lots	18	\$234,444	\$4,220,000																					
TOTAL GROSS REALISATION			\$4,220,000																					
Less selling costs	4.4%	\$185,280																						
Input Tax Credit on Selling Costs		\$16,880																						
Less allowance for GST payable		(\$383,638)																						
NET REALISATION			\$3,167,594																					
LAND PURCHASE																								
Input Tax Credit on Land Purchase		\$1	1																					
Plus Acquisition costs	4.4%	(\$0)	0	(0)																				
Input Tax Credit	10.0%	(\$0)	0	(0)																				
DEVELOPMENT COSTS (excl GST)																								
Civil Works	\$1,470,000			147,000	147,000	147,000	147,000	147,000	220,500	220,500	220,500	73,500												
Contingency Allowance on Civil Works	\$68,250			5,825	5,825	5,825	5,825	5,825	8,738	8,738	8,738	2,913												
Council Fees and Charges	\$70,000			15,000								736,000												
Professional Fees	\$132,000			52,800	6,800	6,800	6,800	6,800	6,800	6,800	13,200	13,200												
Advertising & Promotion	\$1,500	\$27,000						1,500	1,500	1,500	1,500	3,000	3,000	3,000	3,000	3,000	3,000	1,500	1,500					
Rates and Land Tax	\$7,673							3,996					2,677											
Costs (excl GST)			\$2,444,924	52,800	174,425	155,425	155,425	155,425	164,921	237,308	243,936	243,936	87,613	3,000	5,677	3,000	3,000	3,000	1,500	1,500	1,000			
GST On Costs	10.0%	\$189,725		5,280	15,943	15,943	15,943	15,943	16,063	23,734	24,394	24,394	8,251	300	300	300	300	300	150	150				
Input Tax Credit		(\$189,725)		(5,280)	(15,943)	(15,943)	(15,943)	(15,943)	(16,063)	(23,734)	(24,394)	(24,394)	(8,251)	(300)	(300)	(300)	(300)	(300)	(150)	(150)				
LAND + Costs			\$2,444,924	1	58,080	165,088	165,425	165,425	165,425	165,071	244,579	244,596	243,936	812,480	(5,961)	5,677	3,000	3,000	3,000	1,500	1,500	850		
MONTHLY CASH FLOW																								
MONTHLY CASH FLOW		\$1,222,440	(1)	(58,080)	(165,088)	(165,425)	(165,425)	(165,425)	(165,425)	(165,071)	(244,579)	(244,596)	(243,936)	(812,480)	812,224	405,705	404,507	404,507	404,507	404,507	404,507	203,841	203,754	938
INTEREST	5.75%	(380,453)		(0)	(278)	(1,965)	(1,934)	(2,700)	(3,488)	(4,294)	(5,109)	(6,087)	(7,187)	(8,419)	(9,793)	(11,319)	(12,997)	(14,828)	(16,814)	(18,956)	(21,259)	(23,824)	(26,554)	
MONTHLY CASH FLOW - after interest		\$1,156,171	(1)	(58,080)	(165,366)	(167,390)	(167,359)	(167,324)	(167,324)	(167,324)	(249,273)	(249,691)	(249,691)	(820,667)	802,405	393,744	393,744	393,744	393,744	393,744	393,744	203,841	203,754	938
CUMULATIVE CASH FLOW			(1)	(58,081)	(243,447)	(404,038)	(565,399)	(727,533)	(894,000)	(1,145,263)	(1,385,440)	(1,616,672)	(2,446,440)	(1,661,634)	(1,265,288)	(856,844)	(456,400)	(64,219)	341,431	747,636	951,479	1,155,233	1,196,171	
PROFIT after interest																								
DEVELOPMENT MARGIN - before int		50.0%																						
DEVELOPMENT MARGIN - after int		46.0%																						
IRR (per annum)-before interest		78.8%																						
IRR (per annum)-after interest		66.7%																						
MAXIMUM EXPOSURE		(\$2,466,440)																						
PAYBACK PERIOD-month		16																						

Annexure 6 Feasibility Analysis

25 September 2015



Paul Tsikleas
Commercial Services Manager
Ballina Shire Council
Cherry St
BALLINA NSW 2478

Our Ref: NNC096313 -1

Dear Paul

Re: Asking Prices – Subdivision of Lot 16 Plateau Dr, Wollongbar

We refer to your recent instructions to set asking prices for the lots to be used for the marketing of the abovementioned subdivision.

The full description of the subdivision is contained in our detailed valuation report which is dated 25 August 2015 (our reference NNC096313). This letter must be read in conjunction with our previous full report and is considered to form part of the previous report.

In accordance with your instructions, our assessment of asking prices is presented in a brief letter format. A detailed report can be prepared based on the receipt of further instructions. In order to set asking prices, we have analysed both sales evidence and current asking prices for individual allotments situated within the Wollongbar Urban Expansion Area. The sales evidence and current asking price levels are discussed within 7 of the report.

Sales Commentary and Considerations

The recent sales detailed within Stage 1 of the Plateau Drive Estate, the Avalon Estate, the Wollongbar Park Estate and the Spring Creek Place Estate are considered to be the relevant in terms of assessing the asking prices for proposed lots.

As per our instructions, we have provided asking prices for the lots to be used for the marketing of the subject subdivision based on both asking prices within the competing estates situated within the Wollongbar Urban Expansion Area and the resultant sale prices.

NSW Far North Coast

Herron Todd White (Gold Coast &
NSW Far North Coast) Pty Ltd
ABN 84 568 359 889

Level 1
105 Molesworth St
Lismore NSW 2480
PO Box 503
Lismore NSW 2480

Telephone 02 6621 8933
Admin.nnc@htw.com.au

Liability limited by a scheme approved under Professional Standards Legislation. The scheme does not apply within Tasmania.

4.7 Wollongbar Residential Estate Stage Two - Feasibility and Pricing



Our assessments of the asking prices for the lots to be used for the marketing of the subject subdivision are as follows:

Lot	Land Area (sqm)	Asking Price
21	856	\$220,000
22	1294	\$210,000
23	803	\$230,000
24	674	\$230,000
25	945	\$240,000
26	1037	\$240,000
27	1010	\$240,000
28	1050	\$240,000
29	1050	\$240,000
30	995	\$260,000
31	765	\$260,000
32	756	\$255,000
33	780	\$255,000
34	751	\$250,000
35	730	\$255,000
36	635	\$250,000
37	1308	\$265,000
38	837	\$260,000
Total Asking Price - Inclusive of GST		\$4,400,000

The asking prices are also noted on the attached site plan.

Note: If the subject residential subdivision lots were to be sold individually by the developer they would attract a GST liability on sale.

Our assessment is subject to the registration of the plan of subdivision, and the issue of separate titles for the individual allotments.

Our assessment is also based on a professional marketing and promotion campaign, undertaken by selling agents experienced with the sale of this type of property, and an appropriate marketing and promotion budget and sales period.

This assessment is current as at the date of letter only. The asking prices are subject to negotiation and the prices herein may change significantly and unexpectedly over a relatively short period of time, including as a result of general market movements or factors specific to the particular property. We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of this comment, we do not assume any responsibility or accept any liability where this assessment is relied upon after the expiration of three months from the date of the assessment, or such earlier date if you become aware of any factors that have any effect on the assessment.

This report is for the use of and may be relied upon only by Ballina Shire Council and no other parties are entitled to use or rely upon it and the valuer does not assume any liability or responsibility to any other party who does so rely upon the valuation without the express written authority of Herron Todd White (NSW North Coast) Pty Ltd.



Neither the whole nor any part of this report or any reference thereto may be included in any published documents, circular or statement, nor published in part or full in any way, without written approval of the form and context of which it may appear.

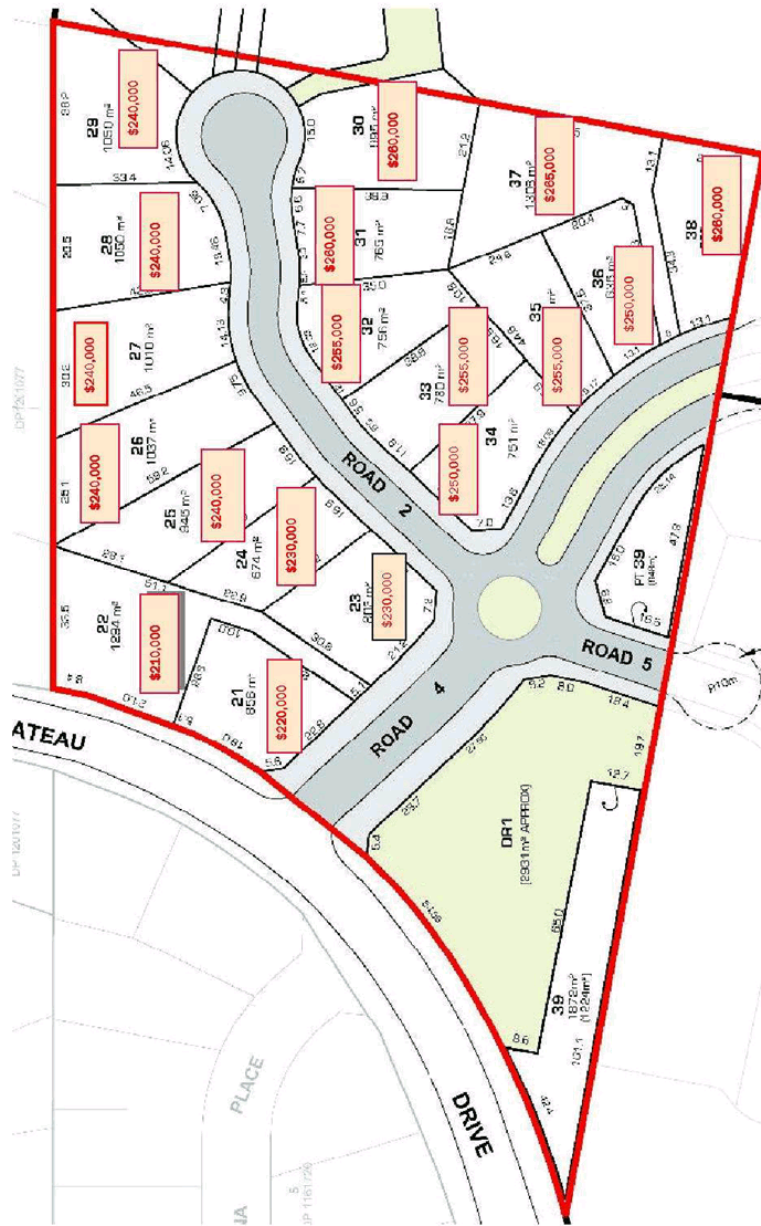
Liability limited by a scheme approved under Professional Standards Legislation. The scheme does not apply within Tasmania.

Should you require any further information regarding our assessment, do not hesitate to contact the undersigned.

Regards

A handwritten signature in blue ink, appearing to read "D Sullivan", with a long horizontal flourish extending to the right.

DAVID SULLIVAN
Director
CPV / AAPI
QLD 2250 / NSW 4052



4.8 Fishheads @ Shellys - Update

4.8 Fishheads @ Shellys - Update

Delivery Program Commercial Services

Objective To provide a brief update on the status of the redevelopment of the Shelly's Beach cafe site.

Background

Land tenure issues including leasing and land acquisition relating to Shelly's on the Beach Café (now known as "Fishheads@Shellys") have been considered and dealt with at various Commercial Services Committee and Council meetings in recent years. A summary of recent resolutions and tasks completed are as follows:

- 26 February 2013 - Commercial Services Committee resolved to extend the lease term for Fishheads@Shellys from twelve to twenty years (inclusive of lease options) with the final expiry date being 30 June 2033.
- 26 September 2013 – Council resolved to grant 100% rental relief to Fishheads@Shellys for a maximum period of six months in recognition of the time needed to finalise the acquisition of Crown land reconstruction of the building on the site. To date rental relief has not been granted to Fishheads as the General Manager has not been advised as to when construction of the new building will commence.
- 26 September 2014 – Acquisition by Council of the portion of Crown land described as Lot 1 DP 1192961 was published in the NSW Government Gazette.
- 1 December 2014 - Council resolved to classify the portion of Crown land acquired (Lot 1 DP 1192961) as "operational land" and that the classification take effect immediately.
- Land acquired (Lot 1 DP 1192961) and Council's existing land holdings (Lot 1 DP 1095427) are consolidated into one land holding described as Lot 3 DP 1205999 and registered on 27 March 2015.
- 28 May, 2015 - Council resolved to vary Fishheads' current lease by changing the description of the leased property from Lot 1 DP 1095427 to Lot 3 DP 1205999 and extend the remaining lease term from fifteen to twenty years (i.e. 5+5+5+5 years) with the final expiry date being 30 June 2035. The initial commencement rental to be \$53,500 p.a. + GST.

Key Issues

- On-going delays in the redevelopment of the site

Information

The current lease over the Shelly's site was assigned from Elizabeth Anne Keemink to Fishheads@Byron Pty Ltd on 1 May 2012. Details of the lease are summarised as follows:

4.8 Fishheads @ Shellys - Update

Lease Commencement Date	1 July 2010
Lease Term	5 + 5 + 5 years
Current Rental	\$36,558.72 p.a. + GST
Property Outgoings	The Lessee to pay Council rates and land tax (if applicable).

Fishheads exercised the option to renew the current lease for a further time of five years effective from 1 July 2015.

Fishheads held a licence over a portion of the land acquired from the Crown, however this licence has effectively ceased to exist because the land has been transferred to Council and the title description of land has changed.

Fishheads are still paying the rental due under the licence of \$11,475.14 p.a. + GST for 81.7m². Therefore the total current rental being paid by Fishheads to Council is the sum of \$48,033 p.a. + GST.

The total area of Crown land acquired by Council is 129m² however Fishheads are not paying rental on the additional 47.3m² as they are not using the area and the building has not been built, nor has the lease been amended to take in the additional area.

On 28 May, 2015 Council resolved to vary Fishheads' current lease by changing the description of the leased property from Lot 1 DP 1095427 to Lot 3 DP 1205999 and extend the remaining lease term from fifteen to twenty years (i.e. 5+5+5+5 years) with the final expiry date being 30 June 2035. All other lease terms and conditions to generally remain unchanged including the requirement for annual CPI rental reviews and rental reviews to market every five years. The initial commencement rental to be \$53,500 p.a. + GST.

To date, amendment of the current lease in accordance with this resolution has been placed on hold as Fishheads are still assessing their best long term options for the site.

Some of the decisions / concerns that are being expressed by Fishheads relate to:

- a) Currently any structure built on the site will become the property of Council at the end of the lease, unless the structure is relocatable. As this would not be possible with the type of building that is envisaged by Fishheads they wish to have a dialogue with Council in respect to options such as Council buying out the value of the structure at the end of the lease, or paying off the cost of the structure during the term of the lease, or any other commercial option that could be negotiated.

Fishheads have advised they are having trouble raising finance to construct the proposed building which is estimated to cost at least \$750,000 plus fitout costs in the order of \$250,000. Financiers are concerned over the adequacy of the proposed building as security; i.e. it would have no residual value to the lessee and be classified as a "wasting asset".

- b) Fishheads also still have concerns in respect to the following condition contained in DA 2012/348 for the construction of the new building:

4.8 Fishheads @ Shellys - Update

- *Condition 9 – The applicant is required to re-route or construct over the existing stormwater line that traverses the site at no cost to Council. Details are to be provided addressing how the main shall be both protected and remain structurally sound during all phases of the development proposal.*

Council's "Building Over Council Assets Policy" (26 April 2012) relates to underground assets including stormwater pipes and notes that:

"...where a structure has been given permission, previously by Council, to be built over an asset then no further extensions, additions or reconstructions will be allowed. Council recognises that the existing structure presents a risk to both the building and Council's liability. Therefore Council will not be prepared to increase this risk by approving further structures or additions and alterations".

The policy does provide scope for review in certain instances:

"...where this policy unreasonably restricts the ability to develop in an appropriate manner for that area (eg commercial areas) then proposals will be investigated on an individual basis in line with the objectives of this policy. Applicants dissatisfied with a decision of a Council officer made under this section, may appeal, in writing to the General Manager. In response, the General Manager will complete a review, and where practical, be advised by a different officer to the person who completed the initial assessment. The General Manager's decision represents the Council's final consideration of the appeal."

Fishheads' preference is that the stormwater line that runs under the existing building remain in place and be encased in concrete (for strengthening) or replaced (depending on its condition) and encased in concrete. The alternative option of re-routing the stormwater pipe around the proposed building will create disturbance to existing vegetation and be far more expensive to construct.

An inspection of the existing stormwater pipe is required to determine its condition and whether replacement is warranted. However, this maybe difficult to fully determine until the pipe is exposed by way of excavation.

Subject to determining a scope of works and gaining quotes for same, it is estimated to cost at least \$10,000 to excavate around the existing stormwater pipe and encase it in concrete to permit building above it. If the pipe requires replacement the cost will be higher. Fishheads previously addressed the Council Meeting held on 22 November 2012, requesting that Council assume responsibility for the cost of dealing with the stormwater pipe. Council rejected this request.

All of these issues remain unresolved and discussions with Fishheads are continuing.

Legal / Resource / Financial Implications

There are no direct implications from this report as the report is for information only.

Consultation

Council has consulted with Mr Ralph Mamone and Mr Mark Simms of Fishheads.

4.8 Fishheads @ Shellys - Update

Options

This report is to update Council on the status of the Fishheads redevelopment.

As per the report a number of matters remain unresolved and there is still no firm timeframe for the redevelopment of the site.

RECOMMENDATION

That Council notes the contents of this report regarding the update on the status of the Shelly Beach café site redevelopment.

Attachment(s)

Nil