



## Notice of Finance Committee Meeting

A Finance Committee Meeting will be held in the Ballina Shire Council Chambers, 40 Cherry Streets, Ballina on **Tuesday 12 April 2016 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 horizontal line underneath.

Paul Hickey  
**General Manager**

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

Apologies have been received from Cr Jeff Johnson and Cr Keith Johnson.

**2. Declarations of Interest**

**3. Deputations**

## **4.1 Waste Operations - Long Term Financial Plan**

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### **4. Committee Reports**

#### **4.1 Waste Operations - Long Term Financial Plan**

**Delivery Program** Governance and Finance

**Objective** To review the long term financial plan for Council's waste operations and confirm the proposed pricing for 2016/17.

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#### **Background**

This report was submitted to the March 2016 Finance Committee meeting, with Council resolving to have a briefing on the pricing structure proposed for 2016/17.

With that briefing now held the same report is presented to Council to seek endorsement for the proposed 2016/17 fees and charges.

Council's waste service comprises two distinct programs being Landfill and Resource Management (LRM) and Domestic Waste Management (DWM). LRM is responsible for the waste management facility plus the collection of kerbside non residential waste and DWM is responsible for the collection of kerbside residential waste.

The Local Government Act requires DWM to be treated as a separate program due to the manner in which the revenues are raised via an annual charge. Each year the auditor does an assessment to see that DWM is not being run with the intent of making a surplus that is beyond the needs of the business.

LRM has been struggling financially for many years and to keep the program viable there have been cross subsidies from DWM, as DWM has paid higher tonnage rates than self-haul. It has been an aim to remove any cross subsidies and this position was generally achieved this financial year.

Also, due to the price adjustments, a strategy to export waste off site and loans starting to be paid out, the financial outlook is becoming very positive.

#### **Key Issues**

- Legislative change
- Long term aims and objectives
- Affordability

## 4.1 Waste Operations - Long Term Financial Plan

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### Information

#### **Legislative Position**

The legislation in respect to the New South Wales (NSW) State Government Waste levy has not changed over the last twelve months. Ballina can avoid paying the levy due to a clause relating to proximity to the Queensland (QLD) border so long as the waste is trucked off site to another lawful processing facility.

Council has primarily avoided paying the levy over the last few years by taking advantage of the legislation and trucking virtually all waste off site.

This strategy means that we do not have to pay approximately \$1.5 to \$2 million in external tax and we do not consume valuable landfill cell space.

The loading and trucking costs that we do incur tend to be reasonably predictable without the latent liability of providing a licensed landfill.

At this stage there is no current news in respect to legislative change however it does seem possible that Queensland will introduce a waste levy in the not too distant future, albeit most likely at a much lower rate than the current rate per tonne than NSW.

The cost of the levy has not been included in our pricing structure (currently \$76.70/tonne).

There is no indication that the levy will become payable in 2016/17 however it is important to be aware that this report and the proposed pricing structures that it contains, assume that Council will pay only minor amounts (under \$200,000) in respect to the levy.

#### **Landfill and Resource Management (LRM)**

The recent financial results for LRM together with the forecast for 2015/16, as at 31 December 2015, are as follows.

**Table One: Actual and Forecast Results for LRM**

Description	2013/14 Actual \$000	2014/15 Actual \$000	2015/16 Estimate \$000
Operating Revenues	2,720	3,958	3,959
Operating Expenses (include dep)	2,494	2,612	3,057
<b>Operation Surplus / (Deficit)</b>	<b>226</b>	<b>1,346</b>	<b>902</b>
Excl Depreciation / Remediation	1,295	1,278	1,306
<b>Cash Surplus / (Deficit)</b>	<b>1,521</b>	<b>2,624</b>	<b>2,208</b>
Less Loan Principal	1,053	1,135	1,205
Less Capital Expenditure	153	96	467
Less Dividend to General Fund	50	162	0
Capital income	0	0	0
<b>Cash Increase / (Decrease)</b>	<b>265</b>	<b>1,231</b>	<b>536</b>
<b>Reserve Balance</b>	<b>2,332</b>	<b>3,563</b>	<b>4,099</b>

The operating performance of LRM has improved considerably since the introduction of the Waste Operations charge in 2014/15, which increased recurrent income by approximately \$1.2 million.

## 4.1 Waste Operations - Long Term Financial Plan

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The new revenue stream was introduced to compensate for lost 'internal income' (presents as a negative expense) once DWM green waste ceased to be managed by LRM and was trucked directly to Lismore. The annual charge provides a surety of income that can be adjusted to suit the needs of the day.

The bottom line is that the operating performance is now quite strong with an operating surplus of \$902,000 predicted this financial year. The cash surplus is estimated to be \$2.2 million and loan principal repayments are \$1.2 million.

The forecast cash reserve at year's end is in the order of \$4 million. The reserve balance includes one restricted reserve (estimated to be approximately \$600,000) that can only be used for specific purposes.

The estimates are conservative due to the volatile nature of waste streams and they do not include proposed capital expenditure of \$315,000 for capital improvements to the waste transfer system. Council considered a report in November 2015 that gave approval for these works subject to further clarification at a workshop. At this stage the workshop has not occurred.

The estimated balance of outstanding debt at the end of the current financial year is approximately \$1.3 million. Loan repayments in respect to the debt are scheduled to be completed in 2017/18 however the major loan is repaid in 2016/17 with a final capital repayment of \$1.1 million.

### *Strategy*

The plan at this stage is to continue to truck off site and generally keep operations similar to current practices. This includes the proposal to upgrade the transfer station at the Waste Centre.

At this stage the costs/benefits to truck off site are preferable to landfilling. Council needs to be mindful that if this situation alters due to legislative change in respect to the waste levy, a large amount of capital will be required to construct new waste cells or alternatively look at trucking the waste to other landfills in the region.

Council will also need to provide for the rehabilitation of the cells currently in use, which is estimated to be in the order of \$2 million.

The paragraphs below are excerpts from a report presented to the November 2015 Council meeting on the Waste strategy;

*'The existing system capacity is estimated at three to four years based on current compaction rates and volumes received at the landfill.'*

*'Council still has in place approvals to construct the remaining three cells at the Ballina waste facility with an approximated construction cost of \$17m.'*

*'This estimated cost to construct the cells is a critically important cost when placed into prospective with the cost to construct similar sized cells in 2006 (\$7.9m). It highlights the increasing costs to develop landfills and potentially means that if Council did defer the construction of another three cells then the cost could potentially increase to \$27m by 2025. (\$1m annually).'*'

## 4.1 Waste Operations - Long Term Financial Plan

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Given the rapid escalation in the cost to construct new cells, unless Council puts aside strong cash reserves, landfilling may cease to be an option due to the set up cost.

LRM is currently achieving a sound operating surplus with cash reserves increasing by between \$0.5 million and \$1 million annually. Outstanding loans will soon be paid out with the last major payment being in 2016/17 of \$1.2 million. Hence from the 2017/18 financial year cash reserves will increase by some \$2 million annually. The pricing structure will soon be generating a cash surplus of around \$2 million annually and the cost of new cells is increasing by around \$1 million. This scenario at least provides Council with the option to consider future landfilling.

If funds are not gathered for a potential return to landfilling then the issue is whether Council accepts the significant cash surplus to finance other works, or looks to reduce gate fees.

The good thing is that after many years of financial struggle the dilemma is now what to do about an operating surplus in contrast to trying to limit the impact of yet another price increase at the gate.

### *Financial Model*

The current outlook for LRM is positive with all outstanding loans will be paid by 2017/18 and the forward plan does not propose any new borrowings nor does it include the construction of new cells. LRM has assets valued at \$13.3 million which mainly relates to property plant and equipment. The next biggest asset is the cash reserves, which have been discussed earlier in this report.

The capital works in the plan are quite minor in comparison to the revenue stream and are generally funded from the levy reimbursement reserve.

The plan does foresee a time when approximately \$2 million will be required to be spent on remediating the current cell however given current practices it is difficult to know exactly when this will be necessary. For modelling purposes an amount of \$2.5 million has been included in 2023/24.

Notably the plan does include provision for a dividend to be taken on an annual basis and it ranges from \$2.5 to \$4.6 million per annum.

Only one scenario has been presented, which presumes a 2% increase to price. It is considered that a price increase beyond CPI is difficult to justify based on current information.

Council may be interested in an increase of less 2 % however it is considered that to at least keep pace with CPI is prudent at this stage. This is because the financial fortunes of LRM have been and remain volatile. So the outlook may change rapidly if, for example legislation changes and the levy becomes payable.

The next table shows the latest financial plan for LRM.

## 4.1 Waste Operations - Long Term Financial Plan

**Table Three: LRM Long Term Financial Plan**

Description	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Operating Revenue	3,959	3,702	3,796	3,916	4,043	4,119	4,196	4,272	4,348	4,436
Operating Expense	3,057	2,942	2,861	2,903	2,956	3,008	3,062	3,117	3,175	3,232
<b>Operating Result</b>	<b>902</b>	<b>760</b>	<b>935</b>	<b>1,013</b>	<b>1,087</b>	<b>1,112</b>	<b>1,134</b>	<b>1,155</b>	<b>1,173</b>	<b>1,204</b>
Add Back Deprec	1,306	1,308	1,264	1,289	1,315	1,342	1,369	1,396	1,424	1,453
<b>Cash Surplus</b>	<b>2,208</b>	<b>2,068</b>	<b>2,199</b>	<b>2,302</b>	<b>2,402</b>	<b>2,453</b>	<b>2,503</b>	<b>2,551</b>	<b>2,597</b>	<b>2,657</b>
Capital Income	0	0	0	0	0	0	0	0	0	0
Loan Principal	1,206	1,112	194	0	0	0	0	0	0	0
Capital Expenditure	467	105	109	113	118	123	128	133	2,638	144
Dividend	0	(0)	(0)	(0)	2,500	2,600	2,704	2,813	4,626	3,810
Reserve M'tment	536	852	1,896	2,189	(216)	(270)	(329)	(395)	(4,667)	(1,297)
<b>Total Reserves</b>	<b>4,099</b>	<b>4,951</b>	<b>6,847</b>	<b>9,036</b>	<b>8,820</b>	<b>8,550</b>	<b>8,220</b>	<b>7,825</b>	<b>3,158</b>	<b>1,861</b>
<b>% Increase in Annual Charge</b>		2	2	2	2	2	2	2	2	2

The plan indicates that LRM is rapidly becoming very profitable with a cash surplus of \$2 million predicted in 2016/17.

The model assumes that prices will rise by approximately 2% annually and operating expenditure is also predicted to have increases in the order of 2%.

The reserve balance increases quickly and there is a balance on hand of \$9 million in 2018/19. This plan assumes an annual dividend commencing in 2019/20 as per the original forecast for this program when adopted by Council in June 2015.

Options for this dividend and variations to the dividend are examined further in the report, later in this agenda, in respect to non-recurrent community infrastructure works.

The reserve balance in this forecast excludes externally restricted items such as grants and the waste levy returned by the State Government.

### Assumptions

- Council will continue to export virtually all waste off site and essentially avoid paying the levy
- The levy refund will be in the order of \$20,000
- LRM will pay transport and treatment expenses for mixed waste, green waste, recyclates and construction / demolition
- There are proposed capital works in 2023/24 relating to remediation of existing cells \$2,500,000.
- It is assumed that the existing customer base and gross quantity of waste coming in the gate will remain reasonably consistent with the current financial year.

### Operating Income

- Waste operations annual charge \$1.2 million and the business collection annual charge \$0.5 million
- Gate fees from self-haul \$1.7 million



#### **4.1 Waste Operations - Long Term Financial Plan**

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- Gate fees from DWM/Council work \$3.2 million. This item is presented as a negative expense. It has been included in the income section of this narrative to compare against other gate fees.
- The gate fees paid by DWM represent a very significant percentage of total gate fees, which emphasises the importance of DWM to LRM.

##### ***Operating Expenses***

- Transport fees for mixed/inert/recyclates \$1.7 million
- Transfer preparation and loading \$300,000
- Weighbridge \$220,000
- Transfer station \$190,000
- Baling and recycling \$80,000
- Loan interest \$70,000
- Overhead and administration \$1 million

The primary expense relates to preparing, loading, transporting and paying gate fees, which amounts to approximately \$2 million.

##### ***Fees and Charges***

Fees and charges for waste services have increased substantially for many years. The price increase has been driven by a combination of high debt levels and the State levy. For the 2015/16 financial year it was possible to apply a cost of living increase of 2.4% across most fees and charges.

The same approach is recommended for the 2016/17 financial year such that fees and charges are generally increased by 2%. In some instances the percentage increase will vary depending on rounding to enable sensible prices to be charged.

In respect to the annual charges raised for non-domestic waste collection, GST legislation has changed such that these charges are no longer subject to GST (NB the amendment excludes the Waste Operations annual charge as it already excluded GST).

This amendment occurred during the year so the 2016/17 fees for non-domestic annual collection charges have been reduced by 10% and incremented by 2%. The net reduction to annual fees does not affect the net income received by Council as in the past we remitted 10% of revenue received to the Australian Taxation Office, and going forward this will not be necessary.

Proposed LRM waste charges are shown in the next table.

## 4.1 Waste Operations - Long Term Financial Plan

**Table Five – LRM Waste Charges**

<b>Charge Type</b>	<b>2015/16 (\$)</b>	<b>2016/17 (\$)</b>	<b>% Change</b>
Kerbside Non Domestic Mixed Waste (Annual)	369	342	(7.3)
Kerbside Non Domestic Recycling (Annual)	182	169	(7.3)
Kerbside Non Domestic Green Waste (Annual)	322	299	(7.3)
DWM Gate Fee Mixed Waste	256/tonne	261/tonne	2
Self-Haul Mixed Waste Under 300kg	221/tonne	225/tonne	1.8
Over 300kg	256/tonne	261/tonne	2
Gate Fee Recyclates > 600kg	215/tonne	219/tonne	1.9
Gate Fee Recyclates < 600kg	88/tonne	90/tonne	2.3
Self-Haul Green Waste	70/tonne	71/tonne	1.4
Remaining Gate Fees	Various up to 5%	Various up to 5%	Up to 5%
Waste Operations Annual charge	72	73	1.4

### ***Domestic Waste Management (DWM)***

DWM is, in comparison to LRM, a smaller and more predictable operation. The business must pay wages and provide collection vehicles for residential mixed and recycled kerbside collections, plus meet contract payments for the kerbside collection of residential green waste.

A guaranteed income stream is available in the form of the annual charge and this charge can be adjusted at Council's discretion, subject to certain requirements of the Local Government Act.

DWM owns six collection vehicles with the useful life of each vehicle approximately six years. The business must generate sufficient cash to replace these trucks and repay outstanding loans.

One new collection vehicle was purchased this financial year at a cost of \$376,000 and the truck that it replaced has been retained as a spare.

So very roughly DWM requires an annual transfer to reserve of \$350,000 (assumes \$30,000 trade in value) per annum to provide for vehicle replacement and \$160,000 for the capital component of the loan repayment.

However 2015/16 will see all loans completely paid out hence the requirement going forward is just for vehicle replacement.

The next table shows the recent financial results for DWM.

#### 4.1 Waste Operations - Long Term Financial Plan

**Table Six - DWM Operating Results (\$'000)**

Item	2013/14 Actual \$000	2014/15 Actual \$000	2015/16 Estimate \$000
Operating Revenues	6,736	5,865	6,054
Operating Expenses	6,082	5,865	5,750
<b>Operating Surplus / (Deficit)</b>	<b>654</b>	<b>0</b>	<b>303</b>
Less Depreciation	179	177	177
<b>Cash Surplus / Deficit)</b>	<b>833</b>	<b>177</b>	<b>480</b>
Less Loan Principal	143	153	163
Less Capital Expenditure	0		376
<b>Cash Increase / (Decrease)</b>	<b>690</b>	<b>24</b>	<b>(58)</b>
<b>Reserve Balance</b>	<b>1,563</b>	<b>1,587</b>	<b>1,529</b>

The charging structure for DWM was proving to be excessive and resulted in unnecessary profits being recorded, as is evidenced by the 2013/14 cash operating surplus of \$833,000.

In 2014/15 the DWM annual charge was reduced by \$70 as Council raised a new Waste Operations charge of \$70 per service benefitting LRM. This adjustment, together with other operational changes, resulted in a modest cash surplus of \$177,000 being recorded in 2014/15.

The current forecast for 2015/16 is for a cash surplus \$480,000 which is reasonable given the liabilities facing the business.

#### *Financial Model*

DWM is in a sound financial position with no debt owing after the end of the current year and reserves are anticipated to be approximately \$1.5 million, again at the end of the current financial year.

The next major capital outlay (purchase of four new trucks) is scheduled for 2017/18, at an estimated cost of \$1.5 million.

The 2015/16 financial model is based on an increase to the annual charge of 2% and continuing at 2% for a number of years.

The next table shows a summary of the model.

**Table Seven: DWM Long Term Financial Plan**

Description	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Operating Revenues	6,054	6,094	6,242	6,354	6,524	6,695	6,868	7,034	7,211	7,373
Operating Expenses	5,750	5,827	5,943	6,060	6,180	6,303	6,428	6,556	6,687	6,821
<b>Operating Result</b>	<b>303</b>	<b>267</b>	<b>300</b>	<b>294</b>	<b>344</b>	<b>392</b>	<b>440</b>	<b>478</b>	<b>524</b>	<b>552</b>
Add Back Deprec	177	177	181	184	188	192	196	200	204	208
<b>Cash Surplus</b>	<b>480</b>	<b>444</b>	<b>480</b>	<b>478</b>	<b>532</b>	<b>584</b>	<b>636</b>	<b>678</b>	<b>728</b>	<b>760</b>
Capital Income	0	0	0	0	0	0	0	0	0	0
Loan Principal	163	0	0	0	0	0	0	0	0	0
Capital Expenditure	376	0	1,600	0	0	0	420	0	1,900	0
Net Reserve M'ment	(58)	444	(1,120)	478	532	584	216	678	(1,172)	760
<b>Total Reserves</b>	<b>1,528</b>	<b>1,972</b>	<b>852</b>	<b>1,330</b>	<b>1,863</b>	<b>2,447</b>	<b>2,663</b>	<b>3,341</b>	<b>2,168</b>	<b>2,928</b>
<b>% Increase in Annual Charge</b>		2	2	2	2	2	2	2	2	2

## 4.1 Waste Operations - Long Term Financial Plan

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The plan predicts that the cash surplus will range around the \$440,000 to \$500,000 mark for the next four years. This is more than sufficient to meet known liabilities given that the reserve is predicted to be \$2.8 million in 2021/22 which is when the next vehicle replacement is due after 2017/18.

The plan will need to be monitored, but if it proves to be reasonably accurate it may be that a CPI increase is not required in one of the years after 2017/18.

The main threat to this scenario is changes to LRM operations that will impact gate fees and therefore DWM.

The main DWM assumptions in the financial plan are:

- Charges to increase by 2%
- Waste streams will remain similar to the current year
- Costs for labour, plant and contracts to rise by approximately 2%
- Capital outlays limited to approximately 1 replacement vehicle per year
- No external loans

The main features of the 2016/17 plan include:

- Annual charge income of \$6.2 million
- Kerbside collection costs \$950,000
- Gate fees paid to DWM \$2.8 million
- Green waste collection and gate fees \$1.1 million
- Overheads \$640,000

### *Annual Charges*

Based on the assumptions outlined in the financial plan the proposed 2016/17 charges as compared to 2015/16 are as follows.

**Table Eight - Domestic Waste Charges**

<b>Charge Type</b>	<b>2015/16 Charge \$</b>	<b>2016/17 Charge \$</b>	<b>% Increase</b>
DWM - Rural (excludes green)	314	320	1.9
DWM – Urban (all three collections)	360	367	1.9
Additional Extra Mixed Waste Urban – Fortnight	108	110	1.9
Additional Mixed Waste Rural – Weekly	215	219	1.9
Additional Domestic Recycling	108	110	1.9
Additional Green Waste Collection - Urban Only	215	219	1.9
DWM – Vacant Land	39	40	2.6

### Council Comparison

The next table provides a comparison of our existing DWM charges to our immediate neighbours. It is difficult to get a fair comparison in terms of service provided however the table outlines the charges for urban domestic waste annual charges where mixed, recycling and green waste services are provided.

## 4.1 Waste Operations - Long Term Financial Plan

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**Table Nine – Comparison of Urban Domestic Waste Charges (2015/16)**

Ballina	Lismore	Byron	Richmond Valley	Tweed
432	473	441	405	425

The figure for Ballina includes the \$72 Waste Operations annual charge that benefits LRM.

### Late Matter

Staff have very recently become aware of incidents of asbestos contamination that will affect the waste budget.

Green waste received at the waste facility was tested and found to be clean prior to being provided to the Wollongbar Sports Fields project and one private property. Subsequent tests on site at Wollongbar found evidence of asbestos contamination.

Whilst the contamination is low, Council has been working with the Environmental Protection Authority, Workcover and asbestos contractors to resolve the matter as quickly as possible.

Following these incidents testing of construction and demolition material on site at the Waste Facility revealed further asbestos contamination.

The financial implications of the clean-up are not clear, although the current estimate is likely to be in the order of \$400,000. It is also possible that there will be implications for work practices going forward however again it is too soon to know for sure.

The financial modelling in this report has not made any allowance for these costs and any changes to the 2015/16 budget will be reported as part of the March 2016 Quarterly review.

Based on information known to date it is very likely that the increase to reserves for 2015/16 will be significantly less than currently forecast.

Importantly the overall reserve balance will still remain healthy and Councillors will be kept informed as the matter progresses.

### **Legal / Resource / Financial Implications**

Council needs to consider carefully the financial implications of any proposed changes in waste charges and the need to meet appropriate legislative and environmental standards.

### **Consultation**

The proposed waste charges will be subject to community consultation through the exhibition of the draft Operational Plan.

### **Options**

Council has the option of endorsing the proposed charges or examining further alternatives. The recommendation is to exhibit the proposed fees and charges as per the contents of this report.

## 4.1 Waste Operations - Long Term Financial Plan

### RECOMMENDATION

That Council endorses the inclusion of the LRM and DWM long term financial plans, as attached to this report, and the following waste charging structure, in the draft 2016/17 Delivery Program and Operational Plan for public exhibition:

#### LRM Waste Charges

Charge Type	2015/16 (\$)	2016/17 (\$)	% Change
Kerbside Non Domestic Mixed Waste (Annual)	369	342	(7.3)
Kerbside Non Domestic Recycling (Annual)	182	169	(7.3)
Kerbside Non Domestic Green Waste (Annual)	322	299	(7.3)
DWM Gate Fee Mixed Waste	256/tonne	261/tonne	2
Self-Haul Mixed Waste Under 300kg	221/tonne	225/tonne	1.8
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Remaining Gate Fees	Various up to 5%	Various up to 5%	Up to 5%
Waste Operations Annual charge	72	73	1.4

#### Domestic Waste Charges

Charge Type	2015/16 Charge \$	2016/17 Charge \$	% Increase
DWM - Rural (excludes green)	314	320	1.9
DWM – Urban (all three collections)	360	367	1.9
Additional Extra Mixed Waste Urban – Fortnight	108	110	1.9
Additional Mixed Waste Rural – Weekly	215	219	1.9
Additional Domestic Recycling	108	110	1.9
Additional Green Waste Collection - Urban Only	215	219	1.9
DWM – Vacant Land	39	40	2.6

#### Attachment(s)

1. Landfill and Resource Management and Domestic Waste Management Long Term Financial Plans



DOMESTIC WASTE MANAGEMENT																	
ACTUAL					LEDGER ACCOUNT	BUDGET ITEMS	ESTIMATED										
2011/12	2012/13	2013/14	2014/15	%			2015/16	%	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>OPERATING REVENUES</b>																	
5,919,400	6,497,100	6,810,300	5,919,100	(13)	22290	Domestic Waste Mgmt Annual Charges	6,129,000	4	6,188,000	6,326,000	6,467,000	6,625,000	6,783,000	6,942,000	7,102,000	7,263,000	7,425,000
(302,700)	(309,300)	(307,500)	(276,000)	(10)	22290	Pensioner Abandonments	(279,000)	1	(312,000)	(314,000)	(316,000)	(318,000)	(320,000)	(322,000)	(324,000)	(326,000)	(328,000)
17,200	18,300	20,300	21,100	4	22290	Vacant Property Annual Charges	22,000	4	24,000	25,000	25,000	26,000	26,000	27,000	28,000	28,000	29,000
166,500	170,100	169,100	151,800	(10)	22291	State Government - Pensioner Subsidy	150,500	(1)	155,500	156,400	157,300	158,200	159,100	160,000	160,900	161,800	162,700
65,400	25,200	44,300	49,100	11	22292	Interest on Investments	31,000	(37)	38,000	49,000	21,000	33,000	47,000	61,000	67,000	84,000	84,000
0	177,800	0	0	0	22292	Gain / (Loss) on Disposal of Assets	0	0	0	0	0	0	0	0	0	0	0
<b>5,865,800</b>	<b>6,579,200</b>	<b>6,736,500</b>	<b>5,865,100</b>	<b>(13)</b>			<b>6,053,500</b>	<b>3</b>	<b>6,093,500</b>	<b>6,242,400</b>	<b>6,354,300</b>	<b>6,524,200</b>	<b>6,695,100</b>	<b>6,868,000</b>	<b>7,033,900</b>	<b>7,210,800</b>	<b>7,372,700</b>
<b>OPERATING EXPENSES</b>																	
<b>Administration</b>																	
146,200	142,500	188,500	181,500	(4)	32360	Administration - Salaries and Other Costs	223,200	23	200,000	203,000	206,000	209,000	212,000	216,000	220,000	224,000	228,000
44,400	43,300	39,700	45,400	14	32360	North East Waste Membership	47,000	4	48,000	49,000	50,000	51,000	52,000	53,000	54,000	55,000	56,000
370,000	387,000	406,000	619,000	52	32360	Indirect Expenses - Overheads	630,000	2	643,000	656,000	669,000	682,000	696,000	710,000	724,000	738,000	753,000
(530,500)	(521,200)	(563,500)	(530,500)	(6)	22292	Waste Trucks - Internal Charges	(609,000)	15	(621,000)	(633,000)	(646,000)	(659,000)	(672,000)	(685,000)	(699,000)	(713,000)	(727,000)
2,300	2,600	5,100	10,300	102	32361	Promotion and Education	11,000	7	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
<b>Debt Servicing</b>																	
44,900	36,500	27,800	18,200	(35)	32361	Interest on Loans	8,000	(56)	0	0	0	0	0	0	0	0	0
<b>Collection</b>																	
17,300	15,200	0	0	0	32364	Rural Sticker	0	0	0	0	0	0	0	0	0	0	0
531,700	496,700	519,700	451,100	(13)	32364	Collection Kerbside - Mixed Waste	514,000	14	524,000	534,000	545,000	556,000	567,000	578,000	590,000	602,000	614,000
602,700	771,000	775,700	1,146,300	48	32364	Collection Kerbside - Organics	1,126,000	(2)	1,149,000	1,172,000	1,195,000	1,219,000	1,243,000	1,268,000	1,293,000	1,319,000	1,345,000
2,476,900	3,023,700	2,919,400	1,992,400	(32)	32364	Collection Kerbside - Disposal Fees	1,825,000	(8)	1,862,000	1,899,000	1,937,000	1,976,000	2,016,000	2,056,000	2,097,000	2,139,000	2,182,000
355,500	350,100	341,000	334,500	(2)	32364	Collection Kerbside - Recycling	416,000	24	424,000	432,000	441,000	450,000	459,000	468,000	477,000	487,000	497,000
479,000	841,500	892,500	982,400	10	32364	Collection Kerbside - Recycling Disposal	964,000	(2)	983,000	1,003,000	1,023,000	1,043,000	1,064,000	1,085,000	1,107,000	1,129,000	1,152,000
58,400	18,500	37,300	47,600	28	32364	Collection Kerbside - Bin Purchases/Distr	41,000	(14)	42,000	43,000	44,000	45,000	46,000	47,000	48,000	49,000	50,000
381,700	304,800	314,300	389,700	24	32364	Waste Trucks - Operating Expenses	377,000	(3)	385,000	393,000	401,000	409,000	417,000	425,000	434,000	443,000	452,000
<b>Non-Cash Expenses</b>																	
109,900	250,900	179,100	177,200	(1)	32360	Depreciation	177,000	(0)	177,000	180,600	184,300	188,000	191,800	195,700	199,700	203,700	207,800
<b>5,090,400</b>	<b>6,163,100</b>	<b>6,082,600</b>	<b>5,865,100</b>	<b>(4)</b>		<b>Total Operating Expenses</b>	<b>5,750,200</b>	<b>(2)</b>	<b>5,827,000</b>	<b>5,942,600</b>	<b>6,060,300</b>	<b>6,180,000</b>	<b>6,302,800</b>	<b>6,427,700</b>	<b>6,555,700</b>	<b>6,686,700</b>	<b>6,820,800</b>
<b>775,400</b>	<b>416,100</b>	<b>653,900</b>	<b>0</b>	<b>(100)</b>		<b>Operating Result - Surplus / (Deficit)</b>	<b>303,300</b>	<b>100</b>	<b>266,500</b>	<b>299,800</b>	<b>294,000</b>	<b>344,200</b>	<b>392,300</b>	<b>440,300</b>	<b>478,200</b>	<b>524,100</b>	<b>551,900</b>
110,000	251,000	179,100	177,200	(1)		Add Back Depreciation	177,000	(0)	177,000	180,600	184,300	188,000	191,800	195,700	199,700	203,700	207,800
<b>885,400</b>	<b>667,100</b>	<b>833,000</b>	<b>177,200</b>	<b>(79)</b>		<b>Cash Result - Surplus / (Deficit)</b>	<b>480,300</b>	<b>171</b>	<b>443,500</b>	<b>480,400</b>	<b>478,300</b>	<b>532,200</b>	<b>584,100</b>	<b>636,000</b>	<b>677,900</b>	<b>727,800</b>	<b>759,700</b>
<b>Capital Movements</b>																	
125,500	134,000	142,800	152,500			Less Loan Principal Repayments	162,800		0	0	0	0	0	0	0	0	0
759,900	533,100	690,200	24,700			Less Transfer to Reserves	317,700		443,500	480,400	478,300	532,200	584,100	636,000	677,900	727,800	759,700
1,417,500	0	0	900			Add Transfer from Reserves	376,000		0	1,600,000	0	0	0	420,000	0	1,900,000	0
0	0	0	0			Add Capital Income	0		0	0	0	0	0	0	0	0	0
1,417,500	0	0	0			Less Capital Expenditure	376,000		0	1,600,000	0	0	0	420,000	0	1,900,000	0
<b>0</b>	<b>0</b>	<b>0</b>	<b>900</b>	<b>100</b>		<b>Cash Result after Capital Movements</b>	<b>0</b>	<b>(100)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## **4.2 Wastewater Operations - Long Term Financial Plan**

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### **4.2 Wastewater Operations - Long Term Financial Plan**

**Delivery Program** Governance and Finance

**Objective** To review the long term financial plan for Council's wastewater operations

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#### **Background**

This report was submitted to the March 2016 Finance Committee meeting, with Council resolving to have a briefing on the pricing structure proposed for 2016/17.

With that briefing now held the same report is presented to Council to seek endorsement for the proposed 2016/17 fees and charges.

The only extra comment provided is to highlight that the proposed increases in the annual charges are designed to generate sufficient funds to ensure that the business achieves an operating surplus, with the cash from that surplus used initially to finance the large loan principal repayments each year. Any surplus after that is then used to finance capital expenditure.

If Council wishes to pursue lower increases in the annual charges it will impact on the forecast operating surplus and may result in a drain in the reserves held.

The balance of this report is as per the March 2016 Finance Committee meeting.

Council's wastewater operations have recently completed a major upgrade to existing infrastructure as well as providing new recycled water infrastructure. The upgrade has left the business with substantial debt and some uncertainties in respect to operating expenses.

For many years the price for wastewater annual charges has been on a steep incline. Initially increases were to position the business to cope with the borrowings that were on the horizon and in recent times it has been to manage borrowings, ongoing capital works and variations to operating expenses.

Modelling is indicating that price increases above CPI will be required for up to another five years, depending on the quantum of the increases.

#### **Key Issues**

- Financial sustainability
- Affordability

#### **Information**

The next table shows actual results for the previous two financial years together with the current year's estimated result to June.

## 4.2 Wastewater Operations - Long Term Financial Plan

**Table One: Wastewater Financial Performance and Current Forecast**

Description	2013/14 Actual \$000	2014/15 Actual \$000	2015/16 Estimate \$000
Operating Revenues	14,463	15,356	16,493
Operating Expenses (include dep)	17,024	28,727	16,666
<b>Operation Surplus / (Deficit)</b>	<b>(2,561)</b>	<b>(13,371)</b>	<b>(173)</b>
Excl Depreciation / loss on sale	3,057	14,880	2,901
<b>Cash Surplus / (Deficit)</b>	<b>496</b>	<b>1,509</b>	<b>2,728</b>
Less Loan Principal	2,385	2,188	2,793
Less Capital Expenditure	8,112	4,320	3,920
Less Dividend to General Fund	20	20	20
Capital income	1,352	1,475	900
<b>Cash Increase / (Decrease)</b>	<b>(10,021)</b>	<b>(3,544)</b>	<b>(3,105)</b>
<b>Reserve Balance</b>	<b>18,598</b>	<b>15,054</b>	<b>11,949</b>

The table highlights that the operating result is particularly variable. This is because, as well as depreciation, it also includes losses on sale of assets, which typically refers to infrastructure that has been replaced (i.e: renewal of the treatment plants at Ballina and Lennox Head).

These anomalies are eliminated to calculate the cash surplus (deficit) which shows that the result has and is forecast to improve by approximately \$1 million annually. This is primarily attributable to the price increases that have been applied to the annual charge to gradually get the business to a point where cash reserves are not required to meet capital expenditure and recurrent operations.

The reserves have been decreasing and this is a trend that can only continue for a limited period. The strategy going forward is to reverse this trend by minimising expenses and increasing price.

### Long Term Financial Plan

The business is approaching a point where it will start to make an operating surplus, inclusive of depreciation, which is positive. The next goal is to achieve a cash surplus to fund capital expenditure and perhaps look to increase reserves to cater for growth and improved service levels.

The primary source of operating income is the annual availability charge, which currently generates approximately \$14 million out of the total income of \$16.5 million. Adjustments to this charge are the primary lever used to direct the financial performance of the business.

Operating expenses have been through a settling period as staff come to terms with new infrastructure and processes. Costs should be reasonably predictable now although staff continue to search for improvements that will benefit operations.

The proposed introduction of recycled water to households in July 2016 will introduce a new dimension to both income and expense, although in the scheme of the total business it will not be significant.

## 4.2 Wastewater Operations - Long Term Financial Plan

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A major cost in operating expenses is the interest portion of the loan repayment which will be \$4.2 million in 2016/17. As the year's progress, the interest portion of the loan reduces by approximately \$150,000 annually, whilst the capital element of the repayment increases by the same amount.

This is an issue to consider when comparing total operating expenses from one year to the next, as it can distort the comparison.

Capital income refers to contributions from developers relating to new subdivisions. This income source can be difficult to predict and typically a conservative approach is taken to forecasting. The models assume \$900,000 to \$1 million from this source however in a good year the figure can be considerably higher.

The capital works program is a key driver in the long term financial plan and upwards of 70% of the estimated works relate to growth. The timing of these works will often vary from the forecast depending on what growth does occur and in what locations.

The models predict capital works of around \$4 to \$6 million annually, although the final two years of the plan anticipate capital works of approximately \$1 million, which causes cash reserves to rise significantly.

The next table details the forecast movements in the total loan liability. The amount outstanding tends to decline by approximately \$3 million per annum.

**Table Two: Total Outstanding Loans**

Loan	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Principal Paid	2,793,300	2,958,000	3,095,600	3,134,000	3,280,300	2,453,500
Interest Paid	4,358,200	4,193,500	4,055,900	3,744,300	3,598,000	3,439,800
<b>Loan Balance</b>	<b>62,529,000</b>	<b>59,571,000</b>	<b>56,475,400</b>	<b>53,341,400</b>	<b>50,061,100</b>	<b>47,607,600</b>

Significant events in respect to loans, over the next few years, include the completion of an interest free loan in 2019/20, which will reduce capital repayments by \$985,000.

Also a five year fixed term loan comes up for renewal in 2017/18. The balance outstanding on this loan will be \$11.3 million and the revised loan rate should be less than that currently being paid. The current rate on this loan is 7.47% and the model assumes a revised rate of 6%.

In June 2015 Council took an existing loan of \$48 million back to the market to try and improve the contract rate of interest. The outcome was to switch the loan from the ANZ to the NAB and the rate dropped from 7.67% to 7.21%.

The financial model presented includes an increase to prices of 7% in 2016/17 followed by 7% for two years then 6% for three years, as per the following summary.

## 4.2 Wastewater Operations - Long Term Financial Plan

**Table Three: Wastewater Financial Model - 7% Price Increase**

Description	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Operating Revenue	16,493	17,352	18,558	19,922	21,242	22,653	23,509	24,396	25,313	26,359
Operating Expense	16,666	17,148	16,966	16,811	16,863	16,904	16,976	17,114	17,256	17,323
<b>Operating Result</b>	<b>(173)</b>	<b>204</b>	<b>1,592</b>	<b>3,111</b>	<b>4,379</b>	<b>5,749</b>	<b>6,533</b>	<b>7,282</b>	<b>8,058</b>	<b>9,036</b>
Add Back Deprec	2,901	2,927	2,926	2,921	2,912	2,900	2,958	3,017	3,077	3,139
<b>Cash Surplus</b>	<b>2,728</b>	<b>3,131</b>	<b>4,518</b>	<b>6,032</b>	<b>7,291</b>	<b>8,649</b>	<b>9,491</b>	<b>10,299</b>	<b>11,135</b>	<b>12,175</b>
Capital Income	900	930	950	970	990	1,010	1,040	1,070	1,100	1,130
Loan Principal	2,793	2,958	3,096	3,134	3,280	2,454	2,654	2,844	2,987	3,211
Capital Expenditure	3,920	5,405	4,754	4,732	6,271	6,462	4,698	5,101	1,125	1,158
Dividend	20	20	20	20	20	20	20	20	20	20
Net Reserve M'ment	(3,105)	(4,322)	(2,402)	(884)	(1,290)	724	3,159	3,404	8,103	8,916
<b>Total Reserves</b>	<b>11,950</b>	<b>7,628</b>	<b>5,227</b>	<b>4,342</b>	<b>3,053</b>	<b>3,776</b>	<b>6,935</b>	<b>10,339</b>	<b>18,442</b>	<b>27,358</b>
<b>% Increase in Annual Charge</b>		7	7	7	6	6	6	3	3	3

An operating surplus is predicted in 2016/17 and it takes until 2020/21 to have a positive reserve movement.

This model allows reserves to fall to a low ebb (\$3 million) and below this level is not desirable for a business of this size.

The next model is identical to the one above, other than the proposed price increase in 2016/17 is 8%.

**Table Four: Wastewater Financial Model - 8% increase to price.**

Description	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Operating Revenues	16,493	17,511	18,725	20,103	21,441	22,871	23,728	24,618	25,538	26,623
Operating Expenses	16,666	17,148	16,966	16,811	16,863	16,904	16,976	17,114	17,256	17,323
<b>Operating Result</b>	<b>(173)</b>	<b>364</b>	<b>1,758</b>	<b>3,292</b>	<b>4,578</b>	<b>5,967</b>	<b>6,752</b>	<b>7,504</b>	<b>8,283</b>	<b>9,301</b>
Add Back Deprec	2,901	2,927	2,926	2,921	2,912	2,900	2,958	3,017	3,077	3,139
<b>Cash Surplus</b>	<b>2,728</b>	<b>3,291</b>	<b>4,684</b>	<b>6,213</b>	<b>7,490</b>	<b>8,867</b>	<b>9,710</b>	<b>10,521</b>	<b>11,360</b>	<b>12,440</b>
Capital Income	900	930	950	970	990	1,010	1,040	1,070	1,100	1,130
Loan Principal	2,793	2,958	3,096	3,134	3,280	2,454	2,654	2,844	2,987	3,211
Capital Expenditure	3,920	5,405	4,754	4,732	6,271	6,462	4,698	5,101	1,125	1,158
Dividend	20	20	20	20	20	20	20	20	20	20
Net Reserve M'ment	(3,105)	(4,162)	(2,236)	(703)	(1,091)	941	3,378	3,626	8,328	9,181
<b>Total Reserves</b>	<b>11,950</b>	<b>7,788</b>	<b>5,552</b>	<b>4,849</b>	<b>3,758</b>	<b>4,699</b>	<b>8,077</b>	<b>11,703</b>	<b>20,031</b>	<b>29,211</b>
<b>% Increase in Annual Charge</b>		8	7	7	6	6	6	3	3	3

The financial performance is just that bit stronger, with a better operating surplus and reserves reach a low of \$3.7 million. Whilst this model is preferable from a financial point of view we must also be mindful of the impact on the ratepayer.

The business could manage with a price increase in 2016/17 of 7% and this is the recommended adjustment for annual charges.

## 4.2 Wastewater Operations - Long Term Financial Plan

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Council may prefer a more conservative approach and adopt a higher percentage increase, or alternatively Council may wish to pursue lower increases and cut costs. If higher price rises are accepted now it will bring forward the date when a standard cost of living price adjustment can be proposed.

The remainder of the report assumes that Council will adopt the recommended 7% price increase to annual charges.

In respect to forecast operating expenses the 2016/17 year includes new budgets for the provision of household recycled water and increased budget for salaries. In respect to recycled water, it is anticipated that there will be costs associated with pump stations, reservoirs, mains and treatment that are estimated to be \$192,000.

In respect to salaries two new positions are proposed with costs to be shared with Water Services relating to communications and administration. It is estimated that the cost will be an extra \$130,000 in total, or \$65,000 per business. The preference is for the justification of these positions to be reported to Council and this is included in the recommendations.

### Assumptions Applied

- The increase to annual charges (availability/consumption) in 2016/17 will be 7%
- Income from funds invested will decline along with reserve balances
- Income from recycled water is forecast at \$50,000 being 80% of the potable water step one tariff
- Operating expenses, excluding non-cash items (depreciation etc) and loan interest to increase by 7%. Recycled water and new salaries are the primary reasons for the high percentage increase
- Operating expenses in years following 2016/17 are forecast to increase by approximately 2%
- Developer contributions estimated at \$900,000
- Capital expenditure forecast is \$5.4 million

### Fees and Charges

The proposed annual charges for 2016/17 are shown in the next table.

**Table Five: Proposed Annual Charges**

Charge Type	2015/16 \$	2016/17 \$	% Increase
Residential availability charge	864	925	7.06
Residential availability charge vacant land	651	697	7.06
Non Residential Usage charge	2.19	2.34	6.8
Non Residential Access charge	Variable based on meter size		7%
Recycled Water	80% of potable water step 1		2.8%*

\*The report on water operations that forms part of this agenda in respect to water pricing recommends that the annual charge for water (steps 1 and 2) be increased by 2.8%

## 4.2 Wastewater Operations - Long Term Financial Plan

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The current pricing position in respect to recycled water is as follows:

- There is no availability charge
- The usage charge is set at 80% of the step one price of potable water
- There is no charge for commercial properties already receiving recycled water such as the Jockey and Golf clubs
- There is no charge to connect recycled water (includes provision of the meter) to a property unless it is only recycled water that is being connected.

This report does not contemplate changing any of these principles however if Council is of a mind to make amendments it would be appropriate to do so as part of the recommendation.

### Council Comparison

The next table compares the 2015/16 wastewater charges of various councils for a residential property.

Charge (\$)	Ballina	Byron	Coffs	Lismore	Richmond	Tweed
Wastewater	864	1,156	806	808	918	782

Ballina's charge is fast becoming approaching the high range when compared to the council's listed. This remains a concern, particularly from an affordability perspective.

### Legal / Resource / Financial Implications

As outlined in the information section of this report.

### Consultation

Any charges proposed for 2016/17 will be subject to formal exhibition.

### Options

The purpose of this report has been to highlight the issues facing Council in respect to formulating the wastewater budget and prices for 2016/17 onwards. Council may choose to vary the proposed budgets or the price path.

**RECOMMENDATIONS**

1. That Council notes the contents of this report in respect to the modeling undertaken in respect to the long term financial plan for Council's Wastewater Operations.
2. That Council endorses the annual charges, as per the following table, for exhibition in the draft 2016/17 Operational Plan, as well as the long term financial plan included, as per the attachments to this report.

<b>Charge Type</b>	<b>2015/16 \$</b>	<b>2016/17 \$</b>	<b>% Increase</b>
Residential availability charge	864	925	7.06
Residential availability charge vacant land	651	697	7.06
Non Residential Usage charge	2.19	2.34	6.8
Non Residential Access charge	Variable based on meter size		7%
Recycled Water	80% of potable water step 1		2.8%

3. That Council receive a further report on the justification for the two additional positions as outlined within this report, with those positions not to be recruited until that report is endorsed by Council.

**Attachment(s)**

1. Wastewater Operations Long Term Financial Plan

WASTEWATER OPERATIONS - LONG TERM FINANCIAL PLAN (2013/14 to 2024/25)															
ACTUAL			ITEM	ESTIMATED											
2013/14	2014/15	%		2015/16	%	2016/17	%	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>OPERATING RESULTS</b>															
14,462,800	15,355,900	6	Operating Revenues	16,492,700	7	17,351,900	5	18,558,200	19,922,000	21,242,400	22,653,400	23,508,900	24,395,800	25,313,200	26,358,800
13,967,000	13,846,900	(1)	Less Operating Expenses	13,764,700	(1)	14,220,700	3	14,040,400	13,890,100	13,951,000	14,004,000	14,018,200	14,096,600	14,178,500	14,183,500
<b>495,800</b>	<b>1,509,000</b>	<b>204</b>	<b>Operating Result before Non-cash Items</b>	<b>2,728,000</b>	<b>81</b>	<b>3,131,200</b>	<b>15</b>	<b>4,517,800</b>	<b>6,031,900</b>	<b>7,291,400</b>	<b>8,649,400</b>	<b>9,490,700</b>	<b>10,299,200</b>	<b>11,134,700</b>	<b>12,175,300</b>
2,643,100	2,314,300	(12)	Depreciation Expense	2,600,000	12	2,678,000	3	2,732,000	2,787,000	2,843,000	2,900,000	2,958,000	3,017,000	3,077,000	3,139,000
394,000	349,200	(11)	Less Unwinding Interest Free Loans	301,000	(14)	249,000	0	194,000	134,000	69,000	0	0	0	0	0
20,300	12,216,800	60,081	Less Loss on Disposal of Infrastructure Assets	0	(100)	0	0	0	0	0	0	0	0	0	0
<b>(2,561,600)</b>	<b>(13,371,300)</b>	<b>422</b>	<b>Operating Result after Depreciation</b>	<b>(173,000)</b>	<b>(99)</b>	<b>204,200</b>	<b>(218)</b>	<b>1,591,800</b>	<b>3,110,900</b>	<b>4,379,400</b>	<b>5,749,400</b>	<b>6,532,700</b>	<b>7,282,200</b>	<b>8,057,700</b>	<b>9,036,300</b>
<b>Add Capital Grants and Contributions</b>															
0	0	0	Capital Grants and Contributions	0	0	0	0	0	0	0	0	0	0	0	0
1,351,900	1,385,900	3	Section 64 Contributions Collected	900,000	(35)	930,000	3	950,000	970,000	990,000	1,010,000	1,040,000	1,070,000	1,100,000	1,130,000
<b>Add Non-operating Funds Employed</b>															
690,000	0	(100)	Loan Funds Used	0	0	0	0	0	0	0	0	0	0	0	0
559,600	409,000	(27)	Transfer from Section 64 Recoupments BBRC	0	(100)	0	0	0	0	0	0	0	0	0	0
<b>Subtract Funds Deployed for Non-operating Purposes</b>															
(8,112,100)	(4,320,400)	(47)	Capital Expenditure	(3,920,000)	(9)	(5,405,000)	38	(4,754,000)	(4,732,000)	(6,271,000)	(6,462,300)	(4,698,000)	(5,101,000)	(1,125,000)	(1,158,000)
(559,600)	(409,000)	(27)	Contributions - Section 64 Recoupments BBRC	0	(100)	0	0	0	0	0	0	0	0	0	0
(2,384,800)	(2,187,900)	(8)	Repayment of Principal on Loans	(2,793,300)	28	(2,957,900)	0	(3,095,600)	(3,134,000)	(3,280,300)	(2,453,500)	(2,654,100)	(2,844,100)	(2,987,000)	(3,211,000)
(20,000)	(20,000)	0	Dividends Paid	(20,000)	0	(20,000)	0	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
<b>Net Movement in Other Working Capital Items</b>															
468,500	89,600	(81)	Net Incr / (Decr) in Leave and Working Capital	0	(100)	0	0	0	0	0	0	0	0	0	0
<b>Add Back Non-Cash Expense</b>															
2,643,100	2,314,300	(12)	Depreciation	2,600,000	12	2,678,000	3	2,732,000	2,787,000	2,843,000	2,900,000	2,958,000	3,017,000	3,077,000	3,139,000
394,000	349,200	(11)	Unwinding Interest Free Loans	301,000	(14)	249,000	0	194,000	134,000	69,000	0	0	0	0	0
20,300	12,216,800	60,081	Loss on Disposal of Infrastructure Assets	0	(100)	0	0	0	0	0	0	0	0	0	0
<b>(7,510,700)</b>	<b>(3,543,800)</b>	<b>(53)</b>	<b>Wastewater Reserves - Increase / (Decrease)</b>	<b>(3,105,300)</b>	<b>(12)</b>	<b>(4,321,700)</b>	<b>39</b>	<b>(2,401,800)</b>	<b>(884,100)</b>	<b>(1,289,900)</b>	<b>723,600</b>	<b>3,158,600</b>	<b>3,404,100</b>	<b>8,102,700</b>	<b>8,916,300</b>
<b>Movement in Reserves - Increase / (Decrease)</b>															
(8,407,300)	(4,663,700)		Wastewater Reserves	(3,741,900)		(5,022,000)		(3,477,800)	(2,004,300)	(2,455,400)	(488,100)	1,889,700	2,076,600	6,715,300	7,467,700
896,600	1,119,900		Developer Contributions - Section 64	636,600		700,300		1,076,000	1,120,200	1,165,500	1,211,700	1,268,900	1,327,500	1,387,400	1,448,600
<b>(7,510,700)</b>	<b>(3,543,800)</b>		<b>Total Movement in Reserves (incl Section 64)</b>	<b>(3,105,300)</b>		<b>(4,321,700)</b>		<b>(2,401,800)</b>	<b>(884,100)</b>	<b>(1,289,900)</b>	<b>723,600</b>	<b>3,158,600</b>	<b>3,404,100</b>	<b>8,102,700</b>	<b>8,916,300</b>
<b>Reserves - Balances as at 30 June</b>															
14,964,000	10,790,099		Wastewater Reserves	7,048,199		2,026,199		(1,451,601)	(3,455,901)	(5,911,301)	(6,399,401)	(4,509,701)	(2,433,101)	4,282,199	11,749,899
3,634,300	4,264,700		Developer Contributions - Section 64	4,901,300		5,601,600		6,677,600	7,797,800	8,963,300	10,175,000	11,443,900	12,771,400	14,158,800	15,607,400
<b>18,598,300</b>	<b>15,054,799</b>		<b>Total</b>	<b>11,949,499</b>		<b>7,627,799</b>		<b>5,225,999</b>	<b>4,341,899</b>	<b>3,051,999</b>	<b>3,775,599</b>	<b>6,934,199</b>	<b>10,338,299</b>	<b>18,440,999</b>	<b>27,357,299</b>







WASTEWATER - CAPITAL EXPENDITURE (cont'd)

Asset Description	Expenditure Summary										Funding Sources 2016/17				Funding Sources 2017/18				Funding Source 2018/19				Funding Source 2019/20							
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Grants	Sect 64	Loans	Reserves	Grants	Sect 64	Loans	Reserves	Grants	Sect 64	Loans	Reserves	Grants	Sect 64	Loans	Reserves				
<b>Wastewater Mains - Renewals</b>																														
Gravity Pipe Rehabilitation	3,000																													
Main Renewals	387,000	200,000	200,000	461,000	475,000	489,000	504,000	519,000	535,000	551,000				200,000				200,000							461,000		475,000			
Low Pressure Sewer Sys Cooper Cl Lennox Head	150,000																													
<b>Service Connections</b>																														
New Wastewater Connection (Gravity)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000				1,000				1,000								1,000	1,000			
New Wastewater Connection (E-one)	50,000	52,000	53,000	55,000	56,000	58,000	60,000	61,000	63,000	65,000				52,000				53,000								55,000	56,000			
<b>Plant and Equipment</b>																														
Plant Replacement Sewer	87,000	0	27,000		126,000	118,000	141,000	113,000	51,000	52,000								27,000									126,000			
Replacement Sewer CCTV		120,000												120,000																
Vacuum Excavation Truck			50,000															50,000												
<b>Other Miscellaneous Works</b>																														
Telemetry	15,000	15,000	16,000	16,000	17,000	17,000	18,000	18,000	19,000	20,000				15,000				16,000								16,000	17,000			
Reloc W&WW Network Servers Pine Av	30,000																													
Ethernet Telemetry Upgrade			50,000	100,000														50,000								100,000				
Gravity Sewer Flow Meters	35,000																													
<b>Reuse Program</b>																														
Ross Lane Dual Reticulation Reservoir								3,112,000																						
Ballina Heights Boosted Pump Stn Recycle	40,000																													
Lennox Palms Estate Reticulation Mains			197,000															197,000												
Montwood Drive Distribution Mains		575,000												575,000																
Hendersons Farm Distribution Mains					280,000																					280,000				
Meadows Distribution Main				270,000																						270,000				
Greenfield Grove Distribution Mains						158,000	162,000																							
Lennox Head Distribution Mains									362,000																					
Fig Tree Hill Distribution Mains									472,000																					
CURA B Distribution Mains							2,336,000																							
Replace Lennox - Angels DV Main				200,000																						200,000				
Recycled Water Standpipes			40,000															40,000												
Recycled Water Hydrant Installations		30,000	30,000	30,000										30,000				30,000								30,000				
Reservoir Access and Integrity Upgrades	5,000	65,000												65,000																
Kings Court	180,000																													
Recycled Water Comms	133,000	60,000												60,000																
Connection Audits	10,000																													
Alstonville Recycled Water	40,000	10,000	10,000	10,000	10,000									10,000				10,000								10,000	10,000			
Reim Dual (Recyc) Water Ballina Heights	65,000																													
<b>Total Capital Expenditure</b>	<b>3,920,000</b>	<b>5,405,000</b>	<b>4,754,000</b>	<b>4,732,000</b>	<b>6,271,000</b>	<b>6,462,300</b>	<b>4,698,000</b>	<b>5,101,000</b>	<b>1,125,000</b>	<b>1,158,000</b>	<b>0</b>	<b>517,000</b>	<b>0</b>	<b>4,888,000</b>	<b>0</b>	<b>1,137,000</b>	<b>0</b>	<b>3,617,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,732,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,271,000</b>

### **4.3 Recycled Water Pricing Structure - Open Space Users**

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#### **4.3 Recycled Water Pricing Structure - Open Space Users**

**Delivery Program** Water and Wastewater

**Objective** To determine a preferred pricing structure for recycled water supplied to open space users across the Shire.

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#### **Background**

In March 2014, Council resolved that the recycled water price for the urban dual reticulation schemes at Ballina and Lennox Head be based on 80% of the potable water price. Some of the background to that decision includes:

- A report provided to Council's Ordinary Meeting of 25 July 2013 which proposed that the future pricing of the recycled water for the urban dual reticulation scheme be based on 80% of the drinking water price, pending better understanding of community views.
- A report to Council's Finance Committee Meeting of 18 March 2014 highlighting the results of a community survey carried out in late 2013 regarding the community's views on recycled water use and charges. The report suggested there are no obvious reasons for Council to alter the proposed recycled water price of 80% of the price for drinking water, and therefore recommended the charge be included in Council's schedule of fees and charges.

A recycled water charge that is yet to be determined is for recycled water provided to open space customers. The report of 25 July 2013 suggested that recycled water provided to open space customers continue to be supplied at no charge until rollout of the recycled water program.

Given Council is poised to begin supply of recycled water to urban dual reticulation customers in Lennox Head in July 2016, a review of charges for open space customers is now warranted.

Draft charges were presented to a Council workshop on 11 February 2016. The proposed charges in this current report have incorporated Councillor comments from that workshop.

#### **Key Issues**

- Price for recycled water supplied to open space customers
- Comparison to alternative water sources

#### **Information**

When setting the price of recycled water for open space users there is a need to balance a number of pricing principals:

- Provide an incentive to take-up and usage

### 4.3 Recycled Water Pricing Structure - Open Space Users

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- Follow National Water Commission guidelines setting prices consistent with substituted products (eg drinking water, rainwater, bore water or stormwater)
- Recognise that the perception of recycled water quality and certainty of supply may be lower or higher than other alternative water (depending on the source)
- Consider benefits such as unrestricted use during times of drought
- Consider the length of time recycled water, albeit of a lesser quality, has been provided free of charge to open space customers
- Account for benefits to the broader community such as reducing discharges and deferring water supply capital works
- Account for the large volumes of recycled water generally used by open space customers and the positive impact this has on reducing the cost/kL to supply
- Not differentiate geographically when pricing recycled water

Council currently provides recycled water of varying quality for a number of purposes including the watering of sporting fields, use in nurseries and for use at the race track and golf course. Many of these users have had access to recycled water at no cost for many years. Some of these entities are likely to be sensitive to price increases given the long history of no charges and the large volume of water used.

The National Water Commission suggests the cost of alternative supplies should be considered when setting costs. The cost of alternative supplies of irrigation water varies across the State.

In the Murray Darling Basin irrigation water typically varies from 20-70 cents a kilolitre but this price does not provide any guarantee of supply (security) during times of drought.

Similarly the costs of collected rainwater can also vary from 50 cents through to \$5.00 kilolitre, again with no guarantee of supply during drier periods.

Bore water costs can also vary depending on the local availability and water quality as many bores are salt affected. Sunk asset costs for bores can vary from \$1,000 - \$10,000 depending on access, while annual operating costs can vary to a similar degree subject to local constraints and licences.

In the Ballina region there is reliable access to groundwater in many areas but in coastal and low lying regions it is expected that the majority of ground waters will be shallow and only reliable for low volume uses due to the presence of underlying saline waters.

Other local government areas provide similar quality recycled water under similar climatic and land use conditions at similar cost to the proposed charges. For example Port Macquarie Hastings Council charges 50% of the value of drinking water.

Provision of incentives for take up of recycled water are critical in the early stages of the scheme as this strongly influences the long run marginal cost of delivering recycled water services to the broader community. Any increment in use provides a reduction of the shared cost of the scheme.

### **4.3 Recycled Water Pricing Structure - Open Space Users**

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Consequently the price proposed is considered to be competitive with alternative sources but has the singular advantage of long term reliability which allows it to be priced in the upper range of alternative supply options.

Taking into consideration the above issues, and Council's response during the recent recycle water workshop, the proposed charging structure is:

Choose to proceed with public exhibition of the proposed pricing for recycled water supplied to open space users whereby:

1. recycled water will continue to be provided at no charge up to July 2017
2. from July 2017 charging will commence at a lower rate and move to the proposed rate over five years
3. from July 2022 the charge be set at 50% of the price for recycled water supplied to urban dual reticulation (ie 40% of the drinking water price)

This approach balances the benefits of encouraging maximum uptake, charging a reasonable price when compared to alternative sources, and is sensitive to impacts on users due to the introduction of charges.

Nothing in this report or proposed charging structure restricts Council's powers to grant exemptions or relief from charges for specific users or periods of time.

#### **Legal / Resource / Financial Implications**

The Council will need to meet the statutory requirements in terms of the establishment of a fee and charge.

Increased use of recycled water provides an income stream to Council and reduces the cost per kilolitre cost of recycled water provision.

#### **Consultation**

Initial consultation was undertaken with high volume open space users that are both internal and external to Council.

Statutory requirements mean the draft charges will be placed on public exhibition for comment prior to adoption.

#### **Options**

Council can either:

1. Choose to proceed with public exhibition of the proposed pricing for recycled water supplied to open space users whereby:
  - a. recycled water will continue to be provided to open space users at no charge up to July 2017;
  - b. from July 2017 charging will commence at a lower rate and move to the proposed rate over five years;

### **4.3 Recycled Water Pricing Structure - Open Space Users**

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- c. from July 2022 the charge be set at 50% of the price for recycled water supplied to urban dual reticulation (ie 40% of the drinking water price)
2. Choose to propose a lower or higher price for recycled water
3. Choose to alter the 'no charge' or "incremental charge" periods

Option One is the preferred approach based on initial positive discussions with a small number of open space users, and because Council will have another opportunity to review the charges after they have been placed on public exhibition.

#### **RECOMMENDATION**

That Council approves the exhibition of the following pricing strategy for the supply of recycled water supplied to open space users, as part of the draft Delivery Program and Operational Plan:

- a) recycled water will continue to be provided to open space users at no charge up to July 2017
- b) from July 2017 charging will commence at a lower rate and move to the proposed rate over five years
- c) from July 2022 the charge be set at 50% of the price for recycled water supplied to urban dual reticulation (i.e. 40% of the drinking water price)

#### **Attachment(s)**

1. Council Report July 2013 - Recycled Water - Pricing Structure
2. Finance Report March 2014 - Recycled Water Pricing Structure

### 11.6 Recycled Water - Pricing Structure

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#### 11.6 Recycled Water - Pricing Structure

**Delivery Program** Water and Wastewater

**Objective** To discuss a preferred pricing structure for the recycled water service.

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#### **Background**

The following report was presented to Council at the last meeting. The Council determined to defer a decision to enable a workshop to be held. The workshop was convened on 16 July 2013 and the previous report has been amended to include a discussion of the information presented to the workshop. The new comments are identified in italics.

Council adopted its Urban Water Management Strategy (UWMS) in 2004. The policy was reviewed in 2012 and the outcomes of this review reported to Council. From this report an update to the UWMS has been prepared and will be reported to Council for adoption shortly.

In developing the UMWS, there was a very strong view in the community that wastewater was to be considered as a resource and be reused rather than discharged to the marine environment. In response to this the UWMS proposed a number of targets in respect of the reuse of wastewater and one of the major strategies that is being implemented to assist in achieving the targets is the Council's ambitious urban dual reticulation scheme.

In accordance with the Ballina Lennox Head Recycled Water Master Plan, as adopted by Council in September 2007, the urban dual reticulation (UDR) will be installed in all new major subdivisions in the Ballina and Lennox Head areas. This will mean the provision of recycled water to an estimated 7,242 new lots by 2026. This water will be used for garden watering, toilet flushing and the cold water tap to washing machines.

There are already approximately 600 properties plumbed with dual reticulation infrastructure and services. These properties are currently being supplied with drinking water to their recycled water service.

The upgrades to the Lennox Head and Ballina Waste Water Treatment Plants (WWTP) and the construction of the distribution infrastructure are scheduled for completion by the end of 2013. Once this work is complete and following a period of verification and testing, Council will be able to commence distributing the high quality, fit for purpose recycled water for use in residential lots fitted with dual reticulation.

Now that we are getting close to the introduction of the service, it is an appropriate time for Council to consider its fees for this service. The consideration of this issue is the purpose of this report.

#### **Key Issues**

- Price for recycled water
- Comparison to potable water



### 11.6 Recycled Water - Pricing Structure

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#### Information

A number of councils and water utilities in Queensland, NSW and Victoria have introduced the supply of recycled water for use for domestic and industrial purposes.

Queensland and Victoria have introduced a rating system based on the level of treatment and quality of the recycled water in order to assist users in determining the quality of the water. This rating system outlines the purposes for which the recycled water can be used for. These grades typically align with the level of treatment the water has had, with the highest level treatment being classified as A (Vic) and A+ (QLD).

Council currently provides recycled water of varying quality for a number of purposes including the watering of sporting fields, use in nurseries and for use at the race track and golf course; with the water treatment typically aligning with the Class B type of water in both Victoria and QLD, that is, tertiary treated water as per the Australian Government National Water Commission Guideline.

The treatment plant upgrades will ensure that the discharge water from the Ballina and Lennox Head WWTPs will align with the Class A level in that the water will be treated using membranes, UV and have chlorine residual. This will ensure the water is fit for dual reticulation.

UDR is classified as direct potable replacement effectively offsetting up to 40% of a typical household's demand for drinking water. This will significantly reduce the demand on the water supply from growth making development more sustainable, thus helping to put off the need for upgrades to regional water supply infrastructure.

There is a cost in providing recycled water in this way. Along with capital and operating costs, Council needs to ensure education and regulation of the supply is provided for. This will entail additional staff and resources, and the recycled water will be supplied in lieu of drinking water that would have generated income.

#### Cost of production

Recycled water typically costs more than raw water from a river source to process for use as a secondary water supply for household. However in making this comparison, only those costs for production above the level that would have been required to allow that water to be discharged to the environment should be considered.

It is also important to recognise the benefits to the water supply from the displaced demand which reduces or defers the need for water supply capital works.

The water that is being processed for reuse at the Ballina and Lennox Head WWTPs has required the addition of chlorination and additional infrastructure to pump the water to allow supply, and the Ballina supply is likely to need to be further treated using Reverse Osmosis to reduce salinity.

### 11.6 Recycled Water - Pricing Structure

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New properties have had additional costs to plumb them to accept the recycled water and there will be a need to monitor and inspect properties to minimise the chance of cross connection and contamination of the drinking water supply.

During the early stages of any new scheme the cost will also be higher given the limited uptake.

Ballina's supply will initially only cater for about 10% of the proposed capacity of the system, with the unit cost of supply decreasing with development and increased usage of the scheme.

#### Pricing Principles

The National Water Commission paper, *Pricing Principles for Recycled Water and Stormwater Reuse* proposed 'that recycled water prices must be set in a way that is consistent with the efficient, sustainable pricing of the products and services for which the recycled water is a substitute'.

This means that Council needs to consider the cost of the water that is being replaced when making the pricing decision.

The price also needs to be compatible with the achievement of the overall objectives and goals of Council in relation to the need to provide an incentive to use this resource and to preserve drinking water.

At other water utilities the price has been set to encourage its use. As opposed to potable water, where it is more sustainable to reduce demand, with recycled water, its use is encouraged to avoid discharge to the marine environment.

Pricing also recognises that recycled water may be viewed as a lesser quality product, albeit one that is suitable for the proposed purpose for which it is to be used.

The ability to provide and use recycled water during drought and whilst supply restrictions are in place is also a considerable benefit which may be used to offset any perceived quality issues.

A further matter to consider is that while the recycled water is only distributed to new subdivision areas, the scheme is a benefit to all residents in terms of managing our wastewater (avoided discharge) and water supply (deferred or avoided capital works).

Typically this Council has not sought to apply fees and charges with a geographic difference even though the costs to supply, collect, and treat may be different in each locality.

#### Pricing in other organisations

The table below lists other organisations that produce and/or sell recycled water and the relativity of the price charged for recycled water to their drinking water.

### 11.6 Recycled Water - Pricing Structure

Organisation	Base rate drinking water Per KI	Recycled water charge Per KI	Recycled water as a % of base drinking water rate
Gold Coast City Council	3.2692	1.6791	51.36%
South East Water Melbourne	1.7511 (1 <sup>st</sup> 440 l per day, 2.1266 440l – 880l per day, 3.4401 above 880l per day)	1.6635	95%
Sydney Water	2.13	1.70*	79.8%
Ballina Shire Council	1.77	N/A	N/A
Pitt Town Water	2.25	2.03	90%

As shown by the table the price charged for recycled water ranges between 51% and 95% of the rate charged for potable (drinking) water with most charges being around the 90% rate, albeit this is a small sample.

*It is understood the Gold Coast Council opted for the lower charge as issues in the implementation phase meant there was a need to build some trust within the community regarding the value of the scheme.*

*At the workshop information was provided to Council that around 43% of the household consumption can be expected to be drawn from the recycled scheme. If a typical residential water bill is taken to be around \$314, it is expected in the first year of the scheme the foregone revenue to Council would around \$9,500 for a charge of 90% of the potable water charge and \$47,200 for the 50%. By 2035 it is estimated (in today's dollars) the revenue forgone would be \$98,500 for the 90% option and \$343,830 for the 50%.*

*It was also noted that it costs more to produce the recycled water, however it is important to recognise that these costs also provide benefits towards the Council meeting its wastewater objectives.*

*The Council does not differentiate geographically in respect of its other water and wastewater services even though the services are provided in different catchments with different costs and there is an argument that the pricing of recycled water should be consistent with this philosophy.*

*Based on this, and the relative small impacts in terms of foregone revenue, it is suggested the issues for Council to consider is the perceived value and acceptance of the service rather than its cost.*

*Councillors were interested in ensuring the water in the scheme was used to its maximum potential to ensure the Council meets its objective to reduce to the extent possible marine and estuary discharges from its wastewater treatment facilities.*

*Two important aspects to consider are price and planning controls.*

*In regards to price, the price elasticity of demand is difficult to assess, although the following point was noted at the workshop. Even with the 50% subsidy, the saving to the customer is around \$54 with the typical residential charge expected to \$300 at 90% and \$246 at 50%. At a dollar a week it is unlikely that pricing will have a significant impact on use of the scheme for most customers.*

### 11.6 Recycled Water - Pricing Structure

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*The scheme has been supported by planning controls that only allow houses to be plumbed with one external potable tap. Therefore the choices available to residents in respect of which supply they use for garden and other purposes are limited. Furthermore, Council has an education program to ensure residents understand the objectives of the scheme and the safety and quality of the recycled water.*

#### Sustainability Considerations

- **Environment**  
The principles in the UMWS were to develop the most appropriate approach in terms of environmental sustainability for water, wastewater and stormwater services. The UDR scheme avoids discharges to the marine environment and it reduces demands on the potable water supply.
- **Social**  
The provision of recycled water to new developments will ensure the availability of services in a sustainable and affordable manner. Recycled water will be available in periods of drought and this will assist residents connected to the scheme maintain their outside areas.
- **Economic**  
The adoption of a charge for recycled water will ensure it is valued appropriately to recognise the resource value of the product.

#### Legal / Resource / Financial Implications

The Council will need to meet the statutory requirements in terms of the establishment of a fee and charge.

Depending on the water rate selected, it is possible that the revenue to Council can change compared to the current situation where Council is receiving revenue based on the water supply rate.

#### Consultation

Staff consulted with a number of other Local Water Utilities that were providing recycled water in NSW, QLD and Victoria. The National Pricing Principles for recycled water and stormwater reuse (October 2010) were also used in the formulation of this report.

#### Options

Council can either:

1. Choose to model and charge the full cost of producing recycled water however this would likely lead to a cost significantly higher than the cost of potable water.
2. Establish a price to residential and commercial customers for recycled water based on a percentage of the cost of potable water. This will help to encourage the use of recycled water thus preserving potable (drinking) water.

### 11.6 Recycled Water - Pricing Structure

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*The workshop did not settle on a final consensus although there appeared to be a majority of support for in the range between 75 and 90 percent of the drinking water price.*

This scheme is considered to have a range of environmental and water supply benefits that are to the advantage of the whole community, not just the recipients of the service. Furthermore, it is important to encourage the use of the scheme. For these reasons, option two is preferred.

If Council is inclined to support this view, then the question becomes is the rate as a proportion of the water rate. As per the earlier table above, the price charged has varied at the other organisations that have implemented recycled water for use in dual reticulated systems, with the charge typically established at between 80 – 95% of the charge for potable water and only the Gold Coast electing to go at a substantially lower level (50%).

The lower the figure, for example 80%, says the following;

- the Council is encouraging the use of the water, however it is noted that it is unlikely the price elasticity of demand is sensitive to this degree
- the water does not have all the uses of the potable supply
- drought supply is not a significant or material benefit

However, in the alternative, a figure closer to 100% has

- The advantage of additional revenue
- Retains the equity approach with the broader community with the cost of all water and wastewater services being shared.

This is a subjective decision and one for the Council to determine. For the purposes of making a recommendation, it is considered appropriate to recognise a discount as the water is not available for all uses however for the proposed use of the water this is not a significant disadvantage. Therefore achieving equity in pricing and service across the Shire is preferred. *As noted above the workshop attendees held different opinions in the range of 75 -90%.*

The recommendation only seeks an in principle decision at this point in time. The reason for this is the implementation is still at least six months away and a community information program will be delivered to ensure householders understand all the elements of participating in the scheme. Through this program staff will be able to assess any feedback in relation to the proposed pricing and this can be reported to Council.

The actual setting of the charge will require formal advertising at the appropriate time. Having an in principle decision will allow staff to indicate to the community a direction of Council which they can then comment on. Although it is noted, when asking about price, a typical response will be to support the least expensive charge.

There is also an option for Council to levy a charge against open space customers (i.e. racecourse, golf course, Council sports fields) however this may discourage use and the uptake of this is a key element of the UWMS objectives relating to diversion. The maintenance of our open spaces is also important in respect of preserving the amenity of the local area.

### 11.6 Recycled Water - Pricing Structure

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It is generally considered that, at this point in time where we are in the process of rolling out the service to residential customers, that we should be not suddenly charging for this service to the open space customers, especially where that service has been provided for many years at no cost. This will only result in significant negative feedback to Council which in turn could impact on the effectiveness of our roll out to residential customers. Rather than charging now, the preference is to bed down the roll out to residential customers and once that system is operating effectively revisit the issue of charging our open space customers.

The staff recommendation to the original report was 90%. Based on the feedback from the workshop there appeared to be a consensus for 80% and on that basis a revised recommendation has been listed for consideration by Councillors.

#### RECOMMENDATIONS

1. That Council confirms, for the purposes of the community education program and current financial modelling that the pricing of the recycled water for the urban dual reticulation system is to be based on 80% of the potable water price.
2. The principles Council has endorsed in confirming this preferred pricing structure include:
  - a) A recognition that as this is a new service to the public and there may be a perception that it is a lower quality product than potable water
  - b) To assist in overcoming this perception Council is prepared to provide a lower pricing structure to encourage use of the recycled water and to highlight the benefits of the service
  - c) Council accepts that as the service relates to areas such as toilets, washing machines and outside areas that demand may not be price elastic, but at the same time a lower price is a recognition by Council that the service is new and needs to be integrated into the community over time
  - d) Council acknowledges that due to the actual high quality of this product that over time the price should move closer to parity with the potable water supply.
3. That confirms that it will continue to provide recycled water to open space customers at no charge, subject to this being reviewed following the rollout of the recycled water program.
4. That Council receive a further report providing details of the community feedback in relation to point one, to enable Council to then make a final decision prior to formally exhibiting the proposed charge for recycled water.

#### Attachment(s)

Nil

### 4.2 Recycled Water - Pricing Survey

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#### 4.2 Recycled Water - Pricing Survey

**Delivery Program** Water and Wastewater

**Objective** To consider the results of the recycled water pricing survey and to determine a preferred pricing structure.

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#### **Background**

A report was provided to Council's Ordinary Meeting of 25 July 2013 entitled 'Recycled Water Pricing Structure'. That report provided a preliminary analysis of a possible future pricing structure for recycled water supplied to Dual Reticulation areas. The report is attached (refer Attachment One)

Point four of the resolution from that report included an action:

- 4. That Council receive a further report providing details of the community feedback in relation to point one, to enable Council to then make a final decision prior to formally exhibiting the proposed charge for recycled water.*

Point one is reproduced below:

- 1. That Council confirms, for the purposes of the community education program and current financial modelling that the pricing of the recycled water for the urban dual reticulation system is to be based on 80% of the potable water price.*

Council's water section conducted a telephone survey during the period of 11 to 17 October 2013. The aim of the survey was to gain community feedback towards the proposed recycled water price of 80% of the price for drinking water.

A total of 54 Ballina Shire 'dual reticulated' as well as 'non dual reticulated' residents were surveyed, with 29 of these residents living in dual reticulated properties and 25 living in non dual reticulated properties.

Further questions also prompted feedback on attitudes to recycled water use, and perceptions as to why Council is recycling water.

This report outlines the results of that survey.

#### **Key Issues**

- Price for recycled water
- Comparison to potable water

#### **Information**

The survey was broken into three key sections focussing on recycled water pricing, attitudes to various end uses for recycled water, and perceptions regarding the need for recycled water.

### 4.2 Recycled Water - Pricing Survey

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#### a) Pricing Options

*Both groups of residents were asked to rate their responses on a scale from 1 "much too low" to 10 "much too high".*

When asked about the intended price of recycled water, not one respondent thought the price was too low.

However, out of the 25 non dual reticulated residents, 80% (20 residents) said that they would be interested in gaining access to recycled water if it was priced at 80% of the price for drinking water. When asked to rate their opinion on the intended price, 57% of non dual reticulated residents were indifferent to the price, 43% thought it was a "little too high" and nobody thought it was "much too high". Non affected residents cared less about pricing.

Alternatively, residents with dual reticulation felt more strongly that the intended price was too expensive with 44% saying it was a "little too high" and 26% saying it was "much too high". When asked for their reasoning most felt strongly that they should pay less than 80% as the quality was not the same as drinking water. Further questioning revealed a general lack of understanding of the complexities of the treatment process and resulting water quality.

Comments were generally only provided by those who felt negatively with regards to pricing. Residents who were happier with 80% pricing generally did not feel the need to make further comment and nor were they prompted. (See Attachment Two).

#### b) Attitudes Towards Recycled Water Purposes

Both groups of residents were asked to rate their comfort level with regards to using recycled water around the home. Unsurprisingly, comfort levels reduced as the level of human contact with recycled water increased. Again, residents with dual reticulation expressed stronger feelings regarding discomfort.

Challengingly for Council, 45% of dual reticulated residents were uncomfortable using recycled water for their clothes-washing and nearly 30% said they would be uncomfortable using it to water their herbs and vegetables.

Most 'uncomfortable' residents were concerned about the quality of the water for these particular purposes. Mothers made comment they would not be comfortable washing their young children's clothes in the recycled water and the fact that herbs and vegetable are ingested seems to make people nervous due to the fact they cannot drink the recycled water. The 'yuck factor' becomes more prevalent as human contact level increases with many admitting it was probably "all in their heads".

Residents were also asked about hypothetical recycled water uses such as showering/bathing and cooking/washing dishes. Unsurprisingly, the majority were uncomfortable with these areas of use. Discomfort definitely increases with closer the contact and higher perceived risk.



### 4.2 Recycled Water - Pricing Survey

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These results suggest Education/Communication opportunities exist to improve understanding of the high quality of the recycled water. Also worth noting is that when respondents are given high contact scenarios they then seem to be more favourable towards lower contact purposes (although further study would be required to definitively confirm this effect). (See Attachment Two).

#### c) *Public Perceptions Regarding the Need for Recycled Water*

Both groups of residents were asked how important they felt recycling water was with regards to sustainability. Over 90% of all respondents felt recycling water was important to help combat drought and to use our Shire's water resources more efficiently.

Dual reticulated residents believed it slightly more necessary to take pressure off our drinking water supplies (90%) than non dual reticulated residents (80%).

Overall the majority of residents agreed the project was necessary for future growth (slightly less dual reticulated residents). When asked about cleaner waterways, many residents struggled to make the connection that the project also reduced discharges to the marine environment. Further explanation was needed to obtain an accurate answer from respondents which illustrates a need for further education in this area. (See Attachment Two).

#### d) *Survey result conclusions*

The survey comprises a small sample and was relatively informally controlled and reported. Therefore any conclusions should be considered in that context. Also it is fair to say that Council continues to increase the public education component of the scheme as we move closer to implementation.

However it is also fair to say that the anecdotal evidence confirms that there is a public perception that undervalues recycled water because of the limitations of its use. The current possibility of water restrictions and the continued availability of recycled water in dry times will highlight one of the advantages of recycled water when compared to drinking water.

The results regarding the acceptability of pricing shows dual reticulation residents are less supportive than non-dual reticulation residents:

- The majority of residents with dual reticulation suggested a price of 80% of the price for drinking water is too high. Of these 44% felt it was "a little too high" and 26% felt it was "much too high". People's reasoning was generally because the perceived quality of the water is much lower than drinking water.
- In contrast, a clear majority (80%) of non dual reticulated residents said they would be interested in having access to the water if it was priced at 80% of the price for drinking water.

### 4.2 Recycled Water - Pricing Survey

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Given non-dual reticulation residents showed interest in possible cost savings, the less positive response from dual reticulation residents could simply highlight a common reaction to paying any Council charges.

The results also showed a direct correlation between level of discomfort and level of human contact with recycled water:

- The hypothetical uses of bathing/showering and cooking/washing dishes produced high levels of discomfort.
- Intended uses of watering lawns and toilet flushing produced low levels of discomfort, with over 85% of dual reticulated residents very comfortable with those uses.
- Intended use of clothes washing via cold water laundry produced moderate levels of discomfort, with 45% uncomfortable with this use. *(Note: the dual reticulated residents surveyed, committed to the project before council resolved to make cold water clothes washing taps a mandatory fixture for recycled water).*

An overwhelming majority of residents agree that water needs to be recycled for a sustainable future.

#### Legal / Resource / Financial Implications

The Council will need to meet the statutory requirements in terms of the establishment of a fee and charge.

Depending on the water rate selected, it is possible that the revenue to Council can change compared to the current situation where Council is receiving revenue based on the water supply rate.

Ongoing resourcing is required given the identified need for further community education regarding the high quality of recycled water, and its safe end uses. Refinements could also be made to improve any future surveys for greater consistency, to better reflect positive and negative opinions, and to provide greater educational benefits such as promoting recycled water as a drought resistant source and improving understanding of the high quality of recycled water.

#### Consultation

Consultation was undertaken by randomly cold calling approximately 60 residents, half of whom were from dual reticulation areas, and half from non-dual reticulation areas.

#### Options

Council can either:

- 1) Choose to proceed with public exhibition of the proposed price for recycled water set at 80% of the price for drinking water
- 2) Choose to propose a lower price for recycled water

### 4.2 Recycled Water - Pricing Survey

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- 3) Choose to commence the scheme at a lower price, however communicate an intention to move to the preferred 80% over time, say five years.

The July 2013 Council report suggested the perceived value of recycled water and its acceptance should be the key considerations when setting the price of recycled water. The report also suggested the need to balance a number of pricing principals:

- Provide an incentive to take-up and usage
- Recognises that recycled water is a new public service and there may be a perception that it is a lower quality product than drinking water
- Follow National Water Commission guidelines setting prices consistent with substituted products (i.e. drinking water)
- Consider benefits such as unrestricted use during times of drought
- Account for benefits to the broader community such as reducing discharges and deferring water supply capital works
- Not differentiate geographically when pricing recycled water

The survey results have provided preliminary community feedback in relation to the proposal to set the pricing of recycled water for the urban dual reticulation system at 80% of the potable water price. Based on those results it is considered that:

- there are no obvious reasons for Council to alter its current proposed recycled water price of 80% of the price for drinking water
- it is considered that this price will be acceptable to a majority of the community
- ongoing public education regarding the value and use of recycled water and the treatment processes and quality assurance would be required regardless of the final price
- a key concern of the Council when the first report was presented was in relation to the concept of reduced pricing would increase the take up of the use of the water. While it is possible pricing may influence the extent of use, it is also noted that codified plumbing arrangements don't provide the residents with the choice in respect of how the scheme is applied to their property meaning access to potable water in the garden area has practical limitations or inconveniences.

It is therefore recommended that Option One is the preferred approach.

#### RECOMMENDATIONS

1. That Council's schedule of fees and charges for the draft 2014/15 Delivery Program and Operational Plan include a recycled water price of 80% of the priced for drinking water.
2. That Council continue to implement its Recycled Water Education Program, including the monitoring of feedback from the community in relation to the quality and price of the recycled water supply.

#### Attachment(s)

1. Copy of Report July 2013 - Recycled Water - Pricing Structure

## **4.3 Recycled Water Pricing Structure - Open Space Users**

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### **4.2 Recycled Water - Pricing Survey**

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2. Recycled Water Survey Analysis
3. Recycled Water Pricing Survey

## 4.3 Recycled Water Pricing Structure - Open Space Users

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### 4.2 Recycled Water - Pricing Survey.DOC

#### 11.6 Recycled Water - Pricing Structure

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#### 11.6 Recycled Water - Pricing Structure

**Delivery Program** Water and Wastewater

**Objective** To discuss a preferred pricing structure for the recycled water service.

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#### **Background**

The following report was presented to Council at the last meeting. The Council determined to defer a decision to enable a workshop to be held. The workshop was convened on 16 July 2013 and the previous report has been amended to include a discussion of the information presented to the workshop. The new comments are identified in italics.

Council adopted its Urban Water Management Strategy (UWMS) in 2004. The policy was reviewed in 2012 and the outcomes of this review reported to Council. From this report an update to the UWMS has been prepared and will be reported to Council for adoption shortly.

In developing the UMWS, there was a very strong view in the community that wastewater was to be considered as a resource and be reused rather than discharged to the marine environment. In response to this the UWMS proposed a number of targets in respect of the reuse of wastewater and one of the major strategies that is being implemented to assist in achieving the targets is the Council's ambitious urban dual reticulation scheme.

In accordance with the Ballina Lennox Head Recycled Water Master Plan, as adopted by Council in September 2007, the urban dual reticulation (UDR) will be installed in all new major subdivisions in the Ballina and Lennox Head areas. This will mean the provision of recycled water to an estimated 7,242 new lots by 2026. This water will be used for garden watering, toilet flushing and the cold water tap to washing machines.

There are already approximately 600 properties plumbed with dual reticulation infrastructure and services. These properties are currently being supplied with drinking water to their recycled water service.

The upgrades to the Lennox Head and Ballina Waste Water Treatment Plants (WWTP) and the construction of the distribution infrastructure are scheduled for completion by the end of 2013. Once this work is complete and following a period of verification and testing, Council will be able to commence distributing the high quality, fit for purpose recycled water for use in residential lots fitted with dual reticulation.

Now that we are getting close to the introduction of the service, it is an appropriate time for Council to consider its fees for this service. The consideration of this issue is the purpose of this report.

#### **Key Issues**

- Price for recycled water
- Comparison to potable water

## 4.3 Recycled Water Pricing Structure - Open Space Users

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### 4.2 Recycled Water - Pricing Survey.DOC

#### 11.6 Recycled Water - Pricing Structure

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##### Information

A number of councils and water utilities in Queensland, NSW and Victoria have introduced the supply of recycled water for use for domestic and industrial purposes.

Queensland and Victoria have introduced a rating system based on the level of treatment and quality of the recycled water in order to assist users in determining the quality of the water. This rating system outlines the purposes for which the recycled water can be used for. These grades typically align with the level of treatment the water has had, with the highest level treatment being classified as A (Vic) and A+ (QLD).

Council currently provides recycled water of varying quality for a number of purposes including the watering of sporting fields, use in nurseries and for use at the race track and golf course; with the water treatment typically aligning with the Class B type of water in both Victoria and QLD, that is, tertiary treated water as per the Australian Government National Water Commission Guideline.

The treatment plant upgrades will ensure that the discharge water from the Ballina and Lennox Head WWTPs will align with the Class A level in that the water will be treated using membranes, UV and have chlorine residual. This will ensure the water is fit for dual reticulation.

UDR is classified as direct potable replacement effectively offsetting up to 40% of a typical household's demand for drinking water. This will significantly reduce the demand on the water supply from growth making development more sustainable, thus helping to put off the need for upgrades to regional water supply infrastructure.

There is a cost in providing recycled water in this way. Along with capital and operating costs, Council needs to ensure education and regulation of the supply is provided for. This will entail additional staff and resources, and the recycled water will be supplied in lieu of drinking water that would have generated income.

##### Cost of production

Recycled water typically costs more than raw water from a river source to process for use as a secondary water supply for household. However in making this comparison, only those costs for production above the level that would have been required to allow that water to be discharged to the environment should be considered.

It is also important to recognise the benefits to the water supply from the displaced demand which reduces or defers the need for water supply capital works.

The water that is being processed for reuse at the Ballina and Lennox Head WWTPs has required the addition of chlorination and additional infrastructure to pump the water to allow supply, and the Ballina supply is likely to need to be further treated using Reverse Osmosis to reduce salinity.

### 4.2 Recycled Water - Pricing Survey.DOC

#### 11.6 Recycled Water - Pricing Structure

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New properties have had additional costs to plumb them to accept the recycled water and there will be a need to monitor and inspect properties to minimise the chance of cross connection and contamination of the drinking water supply.

During the early stages of any new scheme the cost will also be higher given the limited uptake.

Ballina's supply will initially only cater for about 10% of the proposed capacity of the system, with the unit cost of supply decreasing with development and increased usage of the scheme.

##### Pricing Principles

The National Water Commission paper, *Pricing Principles for Recycled Water and Stormwater Reuse* proposed 'that recycled water prices must be set in a way that is consistent with the efficient, sustainable pricing of the products and services for which the recycled water is a substitute'.

This means that Council needs to consider the cost of the water that is being replaced when making the pricing decision.

The price also needs to be compatible with the achievement of the overall objectives and goals of Council in relation to the need to provide an incentive to use this resource and to preserve drinking water.

At other water utilities the price has been set to encourage its use. As opposed to potable water, where it is more sustainable to reduce demand, with recycled water, its use is encouraged to avoid discharge to the marine environment.

Pricing also recognises that recycled water may be viewed as a lesser quality product, albeit one that is suitable for the proposed purpose for which it is to be used.

The ability to provide and use recycled water during drought and whilst supply restrictions are in place is also a considerable benefit which may be used to offset any perceived quality issues.

A further matter to consider is that while the recycled water is only distributed to new subdivision areas, the scheme is a benefit to all residents in terms of managing our wastewater (avoided discharge) and water supply (deferred or avoided capital works).

Typically this Council has not sought to apply fees and charges with a geographic difference even though the costs to supply, collect, and treat may be different in each locality.

##### Pricing in other organisations

The table below lists other organisations that produce and/or sell recycled water and the relativity of the price charged for recycled water to their drinking water.

## 4.3 Recycled Water Pricing Structure - Open Space Users

### 4.2 Recycled Water - Pricing Survey.DOC

#### 11.6 Recycled Water - Pricing Structure

Organisation	Base rate drinking water Per KI	Recycled water charge Per KI	Recycled water as a % of base drinking water rate
Gold Coast City Council	3.2692	1.6791	51.36%
South East Water Melbourne	1.7511 (1 <sup>st</sup> 440l per day, 2.1266 440l – 880l per day, 3.4401 above 880l per day)	1.6635	95%
Sydney Water	2.13	1.70*	79.8%
Ballina Shire Council	1.77	N/A	N/A
Pitt Town Water	2.25	2.03	90%

As shown by the table the price charged for recycled water ranges between 51% and 95% of the rate charged for potable (drinking) water with most charges being around the 90% rate, albeit this is a small sample.

*It is understood the Gold Coast Council opted for the lower charge as issues in the implementation phase meant there was a need to build some trust within the community regarding the value of the scheme.*

*At the workshop information was provided to Council that around 43% of the household consumption can be expected to be drawn from the recycled scheme. If a typical residential water bill is taken to be around \$314, it is expected in the first year of the scheme the foregone revenue to Council would around \$9,500 for a charge of 90% of the potable water charge and \$47,200 for the 50%. By 2035 it is estimated (in today's dollars) the revenue foregone would be \$98,500 for the 90% option and \$343,830 for the 50%.*

*It was also noted that it costs more to produce the recycled water, however it is important to recognise that these costs also provide benefits towards the Council meeting its wastewater objectives.*

*The Council does not differentiate geographically in respect of its other water and wastewater services even though the services are provided in different catchments with different costs and there is an argument that the pricing of recycled water should be consistent with this philosophy.*

*Based on this, and the relative small impacts in terms of foregone revenue, it is suggested the issues for Council to consider is the perceived value and acceptance of the service rather than its cost.*

*Councillors were interested in ensuring the water in the scheme was used to its maximum potential to ensure the Council meets its objective to reduce to the extent possible marine and estuary discharges from its wastewater treatment facilities.*

*Two important aspects to consider are price and planning controls.*

*In regards to price, the price elasticity of demand is difficult to assess, although the following point was noted at the workshop. Even with the 50% subsidy, the saving to the customer is around \$54 with the typical residential charge expected to \$300 at 90% and \$246 at 50%. At a dollar a week it is unlikely that pricing will have a significant impact on use of the scheme for most customers.*



### 4.2 Recycled Water - Pricing Survey.DOC

#### 11.6 Recycled Water - Pricing Structure

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*The scheme has been supported by planning controls that only allow houses to be plumbed with one external potable tap. Therefore the choices available to residents in respect of which supply they use for garden and other purposes are limited. Furthermore, Council has an education program to ensure residents understand the objectives of the scheme and the safety and quality of the recycled water.*

##### Sustainability Considerations

- **Environment**  
The principles in the UMWS were to develop the most appropriate approach in terms of environmental sustainability for water, wastewater and stormwater services. The UDR scheme avoids discharges to the marine environment and it reduces demands on the potable water supply.
- **Social**  
The provision of recycled water to new developments will ensure the availability of services in a sustainable and affordable manner. Recycled water will be available in periods of drought and this will assist residents connected to the scheme maintain their outside areas.
- **Economic**  
The adoption of a charge for recycled water will ensure it is valued appropriately to recognise the resource value of the product.

##### Legal / Resource / Financial Implications

The Council will need to meet the statutory requirements in terms of the establishment of a fee and charge.

Depending on the water rate selected, it is possible that the revenue to Council can change compared to the current situation where Council is receiving revenue based on the water supply rate.

##### Consultation

Staff consulted with a number of other Local Water Utilities that were providing recycled water in NSW, QLD and Victoria. The National Pricing Principles for recycled water and stormwater reuse (October 2010) were also used in the formulation of this report.

##### Options

Council can either:

1. Choose to model and charge the full cost of producing recycled water however this would likely lead to a cost significantly higher than the cost of potable water.
2. Establish a price to residential and commercial customers for recycled water based on a percentage of the cost of potable water. This will help to encourage the use of recycled water thus preserving potable (drinking) water.

## 4.3 Recycled Water Pricing Structure - Open Space Users

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### 4.2 Recycled Water - Pricing Survey.DOC

#### 11.6 Recycled Water - Pricing Structure

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*The workshop did not settle on a final consensus although there appeared to be a majority of support for in the range between 75 and 90 percent of the drinking water price.*

This scheme is considered to have a range of environmental and water supply benefits that are to the advantage of the whole community, not just the recipients of the service. Furthermore, it is important to encourage the use of the scheme. For these reasons, option two is preferred.

If Council is inclined to support this view, then the question becomes is the rate as a proportion of the water rate. As per the earlier table above, the price charged has varied at the other organisations that have implemented recycled water for use in dual reticulated systems, with the charge typically established at between 80 – 95% of the charge for potable water and only the Gold Coast electing to go at a substantially lower level (50%).

The lower the figure, for example 80%, says the following:

- the Council is encouraging the use of the water, however it is noted that it is unlikely the price elasticity of demand is sensitive to this degree
- the water does not have all the uses of the potable supply
- drought supply is not a significant or material benefit

However, in the alternative, a figure closer to 100% has

- The advantage of additional revenue
- Retains the equity approach with the broader community with the cost of all water and wastewater services being shared.

This is a subjective decision and one for the Council to determine. For the purposes of making a recommendation, it is considered appropriate to recognise a discount as the water is not available for all uses however for the proposed use of the water this is not a significant disadvantage. Therefore achieving equity in pricing and service across the Shire is preferred. *As noted above the workshop attendees held different opinions in the range of 75 -90%.*

The recommendation only seeks an in principle decision at this point in time. The reason for this is the implementation is still at least six months away and a community information program will be delivered to ensure householders understand all the elements of participating in the scheme. Through this program staff will be able to assess any feedback in relation to the proposed pricing and this can be reported to Council.

The actual setting of the charge will require formal advertising at the appropriate time. Having an in principle decision will allow staff to indicate to the community a direction of Council which they can then comment on. Although it is noted, when asking about price, a typical response will be to support the least expensive charge.

There is also an option for Council to levy a charge against open space customers (i.e. racecourse, golf course, Council sports fields) however this may discourage use and the uptake of this is a key element of the UWMS objectives relating to diversion. The maintenance of our open spaces is also important in respect of preserving the amenity of the local area.

### 4.2 Recycled Water - Pricing Survey.DOC

#### 11.6 Recycled Water - Pricing Structure

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It is generally considered that, at this point in time where we are in the process of rolling out the service to residential customers, that we should be not suddenly charging for this service to the open space customers, especially where that service has been provided for many years at no cost. This will only result in significant negative feedback to Council which in turn could impact on the effectiveness of our roll out to residential customers. Rather than charging now, the preference is to bed down the roll out to residential customers and once that system is operating effectively revisit the issue of charging our open space customers.

The staff recommendation to the original report was 90%. Based on the feedback from the workshop there appeared to be a consensus for 80% and on that basis a revised recommendation has been listed for consideration by Councillors.

#### RECOMMENDATIONS

1. That Council confirms, for the purposes of the community education program and current financial modelling that the pricing of the recycled water for the urban dual reticulation system is to be based on 80% of the potable water price.
2. The principles Council has endorsed in confirming this preferred pricing structure include:
  - a) A recognition that as this is a new service to the public and there may be a perception that it is a lower quality product than potable water
  - b) To assist in overcoming this perception Council is prepared to provide a lower pricing structure to encourage use of the recycled water and to highlight the benefits of the service
  - c) Council accepts that as the service relates to areas such as toilets, washing machines and outside areas that demand may not be price elastic, but at the same time a lower price is a recognition by Council that the service is new and needs to be integrated into the community over time
  - d) Council acknowledges that due to the actual high quality of this product that over time the price should move closer to parity with the potable water supply.
3. That confirms that it will continue to provide recycled water to open space customers at no charge, subject to this being reviewed following the rollout of the recycled water program.
4. That Council receive a further report providing details of the community feedback in relation to point one, to enable Council to then make a final decision prior to formally exhibiting the proposed charge for recycled water.

#### Attachment(s)

Nil

### 4.2 Recycled Water - Pricing Survey.DOC



## Recycled Water Pricing Survey

### Executive Summary

From anecdotal responses it can be concluded that there is an overwhelming public perception that recycled water is of a lower quality than drinking water. The majority of residents with dual reticulation feel that the price of 80% of the cost of drinking water is too high with 44% feeling it was "a little to high" and 26% feeling it was "way too high". However 80% of non dual reticulated residents said they would be interested in having access to the water if it was the considered price.

There is a direct correlation between discomfort and level of intended purpose with the hypothetical uses of bathing/showering and cooking/washing dishes bringing about high levels of discomfort. Over 85% of dual reticulated residents are very comfortable with the intended uses of watering lawns and toilet flushing however 45% are uncomfortable using recycled water for washing clothes. The majority of residents agree that water needs to be recycled for a sustainable future.

Ongoing community education is needed in order to help residents reduce the 'yuck factor' associated with recycled water and convince residents that the product is highly treated, instantaneously monitored for quality assurance and therefor safe for intended uses.

### Background

Council resolution is that the urban dual reticulation system is to be based on 80% of the cost of drinking water price. This preferred pricing structure recognises the fact that recycled water is a new public service and there may be a perception that it is a lower quality product than drinking water. Community feedback through a telephone survey was necessary in relation to this price in order to make a final decision.

A recycled water telephone survey was conducted during the period of the 11<sup>th</sup>-17<sup>th</sup> Oct 2013. The aim of the survey was to research both 'dual reticulated' as well as 'non dual reticulated' resident attitudes towards Council's intention to price recycled water at 80% of the costs for drinking water. Further questions were asked in relation to purposes for recycled water as well as perceived reasons as to why Ballina Council is recycling water.

A total of fifty four Ballina Shire residents were surveyed, with twenty nine of these residents living in dual reticulated properties and twenty five living in non dual reticulated properties.

### Objectives

- a.) Pricing Options

### 4.2 Recycled Water - Pricing Survey.DOC



When asked about the intended price of recycled water, not one respondent thought the price was too low.

However, out of the 25 non dual reticulated residents, 80% (20 residents) said that they would be interested in gaining access to recycled water if it was priced at 80% of the costs of drinking water. When asked to rate their opinion on the intended price, 57% of non dual reticulated residents were indifferent to the price, 43% thought it was a little too high and nobody thought it was way too high.

Alternatively, residents with dual reticulation felt more strongly that intended price was too expensive with 44% saying it was a little too high and 26% saying it was way too high. When asked for their reasoning most felt strongly that they should pay less as the quality was not the same as drinking water and there was a distinct lack of understanding of the treatment process.

With regards to comments, they were predominantly negative with regards to pricing. This is due to the fact that the residents who were happier with 80% pricing did not feel the need to make further comment. (See Appendix A for quotations and figures)

#### b.) Attitudes towards recycled water purposes

Both groups of residents were asked to rate their comfort level with regards to using recycled water around the home. Unsurprisingly, comfort levels reduced as the human contact level with recycled water increased. As with the topic of pricing, residents with dual reticulation had stronger feelings with regards to their discomfort.

Challengingly for council, 45% of residents with dual reticulation were uncomfortable using recycled water for their clothes-washing and nearly 30% said they would be uncomfortable using it to water their herbs and vegetables. Most 'uncomfortable' residents were concerned about the quality of the water for these particular purposes. Mothers made comment they would not be comfortable washing their young children's clothes in the recycled water and the fact that herbs and vegetable are ingested seems to make people nervous due to the fact they cannot drink the recycled water.

Residents were also asked about unrelated areas of 'recycled water use' such as showering/bathing and cooking/washing dishes. Unsurprisingly, the majority were uncomfortable with these areas of use and this was directly related to the 'yuck' factor. Residents were then told that these were not intended areas of use which positively affected attitudes towards intended areas of use.

Educational opportunities exist here as there is a correlation between increasing grades of human-contact purpose and the decreasing perceptions of cleanliness and health concerns. (See Appendix B for quotations and figures).

#### c.) Public perceptions regarding the need for recycled water

Both groups of residents were asked how important they felt recycling water was with regards to sustainability. Over 90% of all respondents felt recycling water was important to help combat drought and to use our shire's water resources more efficiently.

4.2 Recycled Water - Pricing Survey.DOC



Dual reticulated residents believed it slightly more necessary to take pressure off our drinking water supplies (90%) than non dual reticulated residents (80%).

Overall the majority of residents agreed the project was necessary for future growth (slightly less dual reticulated residents). When asked about cleaner waterways, many residents struggled to make the connection between the project and effluent release. Further explanation was needed to obtain an accurate answer from respondents which illustrates a need for further education. (See Appendix C for figures).

Review

Refinements can be made in order to improve our next survey. Opinion scales need to be narrowed down to 5 numbers and consistently move from negative to positive responses 1-5(too high-too low), 1-5(too high-too low), 1-5(too high-too low). The lack of consistency in this survey as well as too much choice meant the surveyor needed to prompt respondents too often for answers potentially skewing results. Questions as to why respondents had a certain opinion need to be asked in relation to both positive AND negative opinions, in order to help us understand the thinking of residents who are more comfortable with purposes and price.

Appendix A

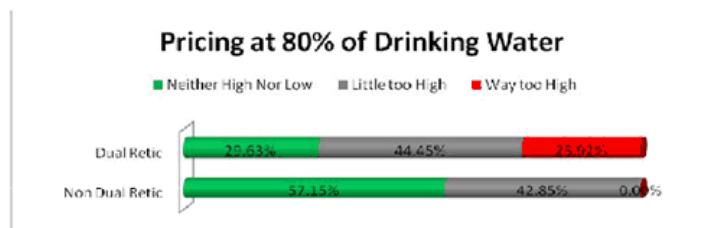


Figure 1

Pricing Opinions

- "Bit Too high - almost same as drinking water price but cannot drink it"

4.2 Recycled Water - Pricing Survey.DOC



- *"It is sewage and I don't think it should be nearly the costs of drinking water"*
- *"At least it's cheaper....fair amount of costs in processing and delivering"*
- *"Too high....it's been recycled at the end of the day you're not getting 100% quality"*
- *"Happy because it's cheaper drinking water"*
- *"Because it's recycled water but I don't really know how much effort goes into it"*
- *"It's a good encouragement"*
- *"It should be half the price cause after all it's not drinkable"*
- *"Should be free"*
- *"P\*\*s off it's recycled sh\*t"*
- *"Used in Sydney and it was 20% of the cost"*
- *"I don't believe the process costs that much"*
- *"At least it's cheaper....fair amount of costs in processing and delivering"*

Appendix B

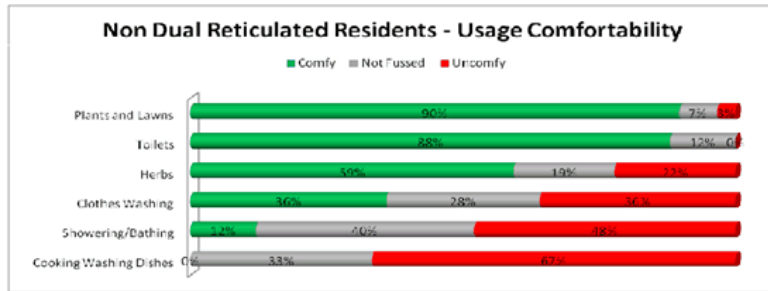


Figure 2

4.2 Recycled Water - Pricing Survey.DOC

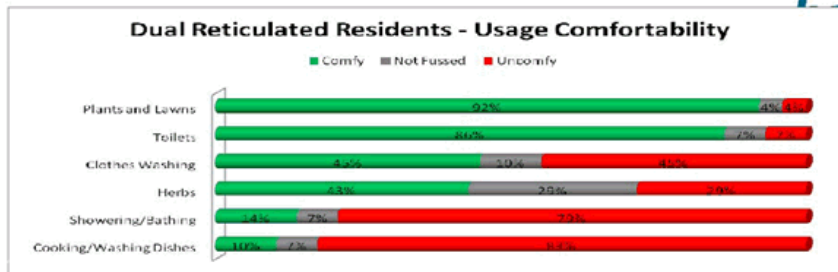


Figure 3

Purpose Opinions

- "Don't like the thought of washing my baby's clothes in it, even tho it's obviously going to be good"
- "Only ignorance...If he knew how well it's being treated"
- "I like to wash clothes in clean water"
- "Don't know that it's treated to high level...how does he know there's no bacteria 100% of the time"
- "What if there's a mistake with the cleaning process"
- "Herbs and veggies - gonna eat them... If it's not good enough to drink so why water herbs"
- "I don't think I want the clothes against my skin"
- "I care for kids for a living and I wouldn't wash my kid's clothes in it"
- "Not sure of quality yet"



4.2 Recycled Water - Pricing Survey.DOC

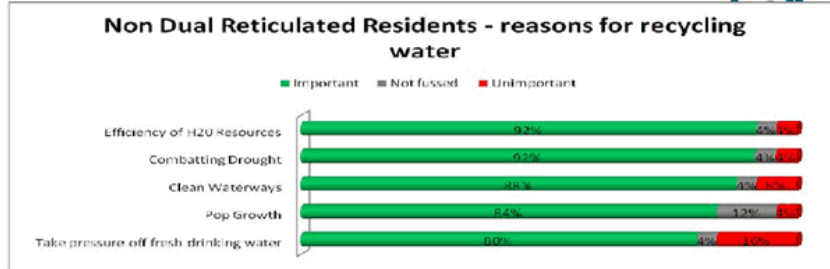


Figure 4

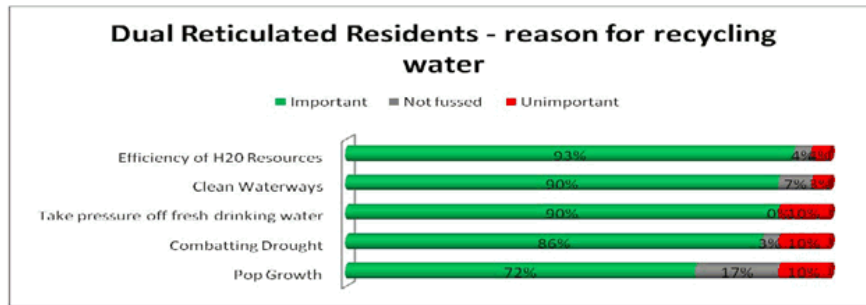


Figure 5

**Further Information**

Please contact Council's Kate Pye on telephone 02 6686 4444 for more details.

4.2 Recycled Water - Pricing Survey.DOC

Recycled Water Survey

Page 1 of 4

### Recycled Water Survey

Good afternoon my name's Kate I'm calling from Ballina Council.

We're conducting a quick phone survey about the price of recycled water in Ballina and I was wondering if you have a two minutes to quickly help me with your feedback on this issue.

Introduction: Ballina Council is recycling our waste water which means our sewage is treated to a high quality through filtration and disinfection.

The recycled water will then be used in new houses toilets, cold water washing machine taps and outdoor taps as well as open public spaces.

1. **Have you heard about Ballina Shire Council's Recycled Water Project**

Mark only one oval.

- Yes
- No
- Option 3

2. **Please circle the area in which you live**

Mark only one oval.

- Alstonville or Wardell
- Lennox or Skennars Head
- West Ballina
- East Ballina
- Central Ballina
- Other: .....

3. **Mark only one oval per row.**

	Yes	No	N/A
Does your property have dual reticulation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If No, are you the property Owner?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If Yes (owner) If recycled water was 80% of the costs of drinking water, would you be interested in having recycled water plumbed to your home?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4.2 Recycled Water - Pricing Survey.DOC

Recycled Water Survey

Page 2 of 4

4. **4.) Council is considering pricing recycled water at 80% of the cost of drinking water. On a scale of 1-10 where 1 is much too low and 10 is much too high, how do you feel this is priced?**

*Mark only one oval per row.*

	1 = much too low	2	3	4	5 = neither low nor high	6	7	8	9	10 = much too high
What is your feelings about this price?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. **Why?**

.....

.....

.....

.....

6. **On a scale of 1-10 where 1 is very comfortable and 10 is very uncomfortable, please indicate how comfortable you would be using it for the following purposes around the home**

*Mark only one oval per row.*

	1 = Very Comfortable	2	3	4	5 = Neither	6	7	8	9	10 = Very Uncomfortable
water plants and lawns	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
water herbs and vegetables	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
flush toilets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
wash clothes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
shower or bath	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
cook and clean dishes with	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. **If answered 5-10, please explain why....**

inform the respondent that recycled water will be approved for use around the home in outdoor taps, toilets and cold water washing machine taps

.....

.....

.....

.....

4.2 Recycled Water - Pricing Survey.DOC

Recycled Water Survey

Page 3 of 4

**Optional Questions**

8. **On a scale of 1-10 where 1 is very unimportant and 10 is very important, please rate how important you think the following reasons are for recycling water:**  
*Mark only one oval per row.*

	1 = Very Unimportant	2	3	4	5 = Neither	6	7	8	9	10 = Very Important
Take pressure off drinking water supplies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cleaning up our water-ways	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Population Growth	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Improving efficient use of water resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Combating the effects of drought	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. **Please indicate your gender:**  
*Mark only one oval.*

Male  
 Female

10. **Age Range**  
*Mark only one oval.*

0-15  
 16-25  
 26-40  
 41-55  
 56-70  
 70+

11. **Any questions you have with regards to recycled water?**

-----  
 -----  
 -----  
 -----  
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#### **4.4 Ballina Visitor Information Centre Volunteer Staff**

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#### **4.4 Ballina Visitor Information Centre Volunteer Staff**

**Delivery Program** Community Facilities and Services

**Objective** Investigating volunteer support at the Ballina Visitor Information Centre.

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#### **Background**

At its January 2016 Ordinary Meeting, Council resolved as follows [Resolution 280116(19)]:

*That as part of the Delivery Program for 2016/17 Council receive a report on options for volunteering at the Visitor Information Centre.*

The Ballina Visitor Information Centre (BVIC) is located on River Street in Ballina's CBD. The BVIC operates for 364 days per year delivering accredited tourist information and referral advice on local businesses, tours and accommodation to visitors and local residents of Ballina Shire.

The BVIC currently operates with a staff complement of a full time team leader (Alicia Wallace) and three part-time staff members (Sandra Jackson, currently on secondment to Council's Open Spaces Section, Karen Hirst and Teegan Bruncke). In addition to delivering front line customer services, these staff also undertake important work relating to promoting and supporting the visitor economy of the shire including: working with regional and State tourism bodies on marketing campaigns for the region; working with local business operators to drive accommodation visitation in the shire; and producing publications such as the Ballina and Hinterland Visitor Guide.

Visitor Services staff also manage the Airport Ambassador volunteer program, as well as a number of volunteers currently contributing to the BVIC operations.

#### **Key Issues**

- Provision of visitor services
- Investigation of the use of volunteers to support existing staffing resources at the Ballina Visitor Information Centre, both now and into the future

#### **Information**

Whilst the Ballina Visitor Information Centre does already utilise a number of volunteers for limited 'back of house' operational tasks, such as brochure replenishment, it could potentially benefit from the introduction of additional volunteers to undertake 'front of house' duties, on the proviso that those volunteers could be relied upon to undertake the full spectrum of work that is required.

#### **4.4 Ballina Visitor Information Centre Volunteer Staff**

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It should be noted that whilst volunteers provide a substantial contribution to Council services such as visitor services and the Northern Rivers Community Gallery, the administration and oversight of these volunteer programs requires significant staff time and resources and can have limitations. Some valuable lessons learned from the existing volunteer programs need to be acknowledged in considering the viability and sustainability of supplementing volunteers for staff in high demand roles such as the BVIC Customer Service roles.

For an increase in volunteering to work effectively at the BVIC, the volunteers would need to be recruited with clearly articulated duties on a responsible and accountable level. They would need to be able to serve customers with the same level of skill and knowledge currently offered by existing staff in order to adequately service all enquiries, including making reservations and processing sales.

This level of competence is often only achieved and maintained through regular attendance and comprehensive training, which requires significant investment and time from both the volunteers and employed staff.

It is suggested that a volunteer Visitor Services Ambassador program would not result in a measurable saving of existing staffing costs. Any time saved from frontline customer service enquiries would be allocated to volunteer management and the existing demand on wider visitor services.

As per Council's previously endorsed Destination Management Plan however, an intention exists to see the existing visitor service levels expanded to Lennox Head, the future highway service centre and possibly also Alstonville. Without an increase in staffing budgets these endorsed plans cannot be easily realised. This is on the understanding that the existing level of service at the BVIC is preserved.

These are operational issues which will continue to be assessed by Council's General Manager, in liaison with relevant staff. The extent to which volunteer programs can be effective in delivering services to the community will continue to be monitored, and implemented where practical.

#### **Legal / Resource / Financial Implications**

Volunteer programs of this type would need to be supported by developing updated position descriptions and recruitment processes, internal procedures and processes and comprehensive induction and training materials.

#### **Consultation**

This report has not involved any community consultation.

#### **Options**

This report is not seeking direction from Council, as the matter of volunteer programs is an operational one, administered by the General Manager. For the purpose of discussion however, the following comments are made.

#### **4.4 Ballina Visitor Information Centre Volunteer Staff**

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The BVIC could act as a training facility for a 'Visitor Services Ambassador' volunteer program. Once proficient, volunteers could be rostered to work across the existing BVIC and Ballina Byron Gateway Airport locations, as well as other proposed locations and services including the Lennox Community Centre, proposed highway service centre and guided tours within Ballina Shire.

Volunteers would operate all aspects of customer service 'front of house' with supervision from staff who would work 'back of house'. This would enable staff to develop the tourism product and streamline information for visitor services. This will be vital as face-to-face visitor services decline and online service and accommodation bookings require more web-based administration and promotion management to maintain and grow visitation in the shire.

The volunteer's areas of responsibility may include:

- Customer service, both face to face and over the telephone
- Merchandising (labelling, display and checking expiry dates)
- Reservations
- Brochure folding, ordering and shelf stocking
- Sales, cash handling, processing transactions, reconciliation.

As outlined above, it would be vital that volunteers commit to both regular shifts and the full spectrum of 'front of house' duties in order to maintain currency of knowledge, as information changes constantly within both the local and wider industry.

Staff would continue to be responsible for all other functions executed with the day to day operations of the centre.

With the Ballina Visitor Information Centre operating seven days per week from 9am until 5pm, the proposed volunteer shifts could be:

- 8:45am - 11:45am
- 9:30am - 1:30pm (primarily for brochure coordination)
- 11:30am – 2:30pm
- 2:15pm – 5:15pm

This arrangement would allow time for each shift to reconcile their daily banking and handover to the next shift.

The program would require a minimum of fourteen volunteers, each undertaking a minimum commitment of seven hours per week over a minimum of 12 months. This would equate to two shifts per week and allow time for weekly familiarisation tours to bring volunteers up to date with the latest tourism product offering of the shire.

The basic requirements set out above may vary (ie likely to increase) if and when visitor services are delivered from the additional outlets identified in this report.

#### **4.4 Ballina Visitor Information Centre Volunteer Staff**

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If the General Manager authorises the establishment of a volunteers program, the following basic actions would be undertaken:

1. Work with Council's Human Resources and Risk Section to redevelop existing volunteer recruitment programs to accommodate the increased skills and commitment that would be required for a Visitor Services Ambassador Program; including the development of new induction and training handbooks and other associated documentation.
2. Undertake a recruitment drive in the later period of 2016 to determine if suitable applicants can be sourced to undertake the volunteer work required of the program.
3. Commence training of successful applicants in late 2016 to commence rostering of volunteers as front line customer service representatives from 2017. This could be done in conjunction with a launch of visitor services at Lennox Community Centre and the Ballina Byron Gateway Airport at the same time; with the highway service centre service to commence upon the opening of that centre, anticipated to be in 2018.
4. Source funding to meet the costs associated with this program. Indicatively, this recurrent budget may be in the order of \$2,500 - \$3,000.

#### **RECOMMENDATIONS**

1. That Council notes the contents of this report relating to the potential for an expanded Council visitor services volunteer program.
2. That the General Manager monitor opportunities for increased involvement by volunteers in the delivery of visitor services.

#### **Attachment(s)**

Nil



## **4.5 Ballina Fair Go Skateboarding Festival 2016 - Submissions**

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### **4.5 Ballina Fair Go Skateboarding Festival 2016 - Submissions**

**Delivery Program** Governance and Finance

**Objective** Review of submissions for the Ballina Fair Go Skateboarding Festival 2016

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#### **Background**

Each year Council allocates a budget of \$4,000 for the coordination of a youth skateboarding event, Fair Go.

In February 2016, Council called for proposals from the previous organisations that submitted an expression of interest to coordinate the event in 2015.

This report examines the two proposals submitted to coordinate the event in 2016.

#### **Key Issues**

- Equitable and transparent allocation of Council funding

#### **Information**

Council staff notified the two previous applicants by email in February 2016, and called for proposals by March 2016. The responses are attached to this report.

Eligibility criteria was established, and is as follows:

<b>History of organising similar events</b>	Any history of hosting community events
<b>Evidence of Public Liability Insurance</b>	The organiser must hold a minimum \$20,000,000 public liability insurance to cover the scheduled event
<b>Event details</b>	Proposed name and anticipated audience numbers
<b>Preferred dates</b>	The event must be held between 1 July and 31 December 2016
<b>Event Program</b>	A draft program of activities is to be provided
<b>Community Partnerships</b>	Plans to leverage the event to strengthen community capacity. Engagement of local organisations in the development of the event program
<b>Site Map</b>	A proposed site map is to be provided
<b>Event budget</b>	A draft budget is to be provided
<b>Cost to participate</b>	Indicate whether the event will be free to participate or whether there will be a cost for skateboarders to be involved
<b>Sponsorship</b>	Seeking additional sponsorship is a significant factor in determining the final budget and viability of the event. An indication of how the organisation plans to seek sponsorship should be included

## 4.5 Ballina Fair Go Skateboarding Festival 2016 - Submissions

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### **Submission One - Ownlife**

The submission proposes a series of 12 half day workshops and four small competitions for the Ballina Shire at the Ballina Missingham Park Skate Park.

The total cost for this year round activity is \$6,300.

### **Submission Two – TruckStop Sk8**

<b>History of organising similar events</b>	Successfully organised Ballina Fair Go 2015 in conjunction with the Ballina Prawn Festival,
<b>Evidence of Public Liability Insurance</b>	LCIS \$20 M – to be sought in future
<b>Event details</b>	Fair Go 2016 – Skateboarding Festival
<b>Preferred dates</b>	Mid November 2016
<b>Event Program</b>	Similar to last year including: heats for junior boys and girls, open division, finals, bowl jam,
<b>Community Partnerships</b>	Byron Bay Skateboarding School, Byron Youth Services, Nimbin Skateboard Committee
<b>Site Map</b>	Missingham Skatepark in conjunction with the Ballina Prawn Festival
<b>Event budget</b>	\$9,000 income, \$9,000 expenses
<b>Cost to participate</b>	Free. Possibility of small fee (\$2 to \$5) depending on requirements for fencing.
<b>Sponsorship</b>	Seeking \$5000 in sponsorship from business community.

### **Legal / Resource / Financial Implications**

An agreement on financing between the successful applicant and Council will be prepared. A total of \$4,000 has been allocated in the draft 2016/17 budget.

### **Consultation**

In 2015 an expression of interest document was prepared and promoted via Council's website and local paper and were open for six weeks. This process provided Council with two applicants.

### **Options**

It is difficult to compare the two proposals, as submission one is proposing an entirely different approach with a year-long program, where submission two has addressed the eligibility criteria for a one-off event.

The benefits of awarding the \$4,000 to TruckStop Sk8 include:

- Current experience in organising skating events
- Collaboration and support for an existing festival
- Local business with knowledge of skateboarding industry

The benefits of awarding the \$4,000 to Ownlife include:

- Annual program of workshops
- Four mini competitions
- Grass root development for skateboarding
- Experience in organising skating events

#### **4.5 Ballina Fair Go Skateboarding Festival 2016 - Submissions**

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The Council does need to be aware that both applicants, Truckstop Sk8 and Ownlife, are registered as individual/sole traders on the Australian Business Register website. Historically, Council provides event funding to not for profit incorporated organisations.

There are benefits with both proposals, however in order to be fair to the process, Council staff recommend that funding be awarded to the submission that addressed the criteria, being TruckStop Sk8.

The only other option Council may wish to consider is not to proceed with this funding, however this has not been recommended as the \$4,000 allocated does assist with providing a youth focused activity which is always in demand by the community.

#### **RECOMMENDATION**

That Council award \$4,000 funding for Fair Go 2016 Skateboarding Festival to TruckStop Sk8 and that a finance agreement be prepared and determined by the General Manager, subject to an acquittal process.

#### **Attachment(s)**

1. Submission One - Ownlife
2. Submission Two - Truckstop Sk8

## 4.5 Ballina Fair Go Skateboarding Festival 2016 - Submissions



BALLINA SHIRE COUNCIL X OWNLIFE  
 SKATEBOARDING WORKSHOP PROGRAM 2016/2017 - PROPOSAL / BUDGET  
 Feel free to speak to Dylan McNamara on 0413 001 495 or at dylan@ownlife.com.au



IMPORTANT School Holidays Special Dates	DATE	CLIENT / OCCASION	EVENT TYPE	LOCATION	TIME	COLE COST	TRAVEL COST	INVOICED COST
NSW, NT, QLD, TAS, VIC	Sunday, 3 July 16	Ballina Shire	Workshop (half day)	Ballina	9.00am - 11.30am	\$475	\$0	
	Sunday, 7 August 16	Ballina Shire	Workshop (half day)	Ballina	9.00am - 11.30am	\$625	\$0	
	Sunday, 4 September 16	Ballina Shire	Workshop (half day)	Ballina	9.00am - 11.30am	\$475	\$0	
NSW, NT, QLD, SA	Sunday, 2 October 16	Ballina Shire	Workshop (half day)	Ballina	9.00am - 11.30am	\$475	\$0	
	Sunday, 6 November 16	Ballina Shire	Workshop (half day)	Ballina	9.00am - 11.30am	\$625	\$0	
QLD	Sunday, 11 December 16	Ballina Shire	Workshop (half day)	Ballina	9.00am - 11.30am	\$475	\$0	
NSW, NT, QLD, TAS, VIC, SA	Sunday, 8 January 17	Ballina Shire	Workshop (half day)	Ballina	9.00am - 11.30am	\$475	\$0	
TAS	Sunday, 5 February 17	Ballina Shire	Workshop (half day)	Ballina	9.00am - 11.30am	\$675	\$0	
QLD, VIC	Sunday, 5 March 17	Ballina Shire	Workshop (half day)	Ballina	9.00am - 11.30am	\$475	\$0	
	Sunday, 2 April 17	Ballina Shire	Workshop (half day)	Ballina	9.00am - 11.30am	\$475	\$0	
	Sunday, 7 May 17	Ballina Shire	Workshop (half day)	Ballina	9.00am - 11.30am	\$625	\$0	
	Sunday, 4 June 17	Ballina Shire	Workshop (half day)	Ballina	9.00am - 11.30am	\$475	\$0	
						<b>\$6,350</b>	<b>\$0</b>	<b>\$6,300</b>

REGULAR PROGRAM COSTING INFORMATION				TRAVEL COST CALCULATOR			
STAFF/TEACHERS	DURATION	TOTAL ACTIVITY COST (Excludes travel costs)	COST BREAKDOWN	PETROL AND WEAR-N-TEAR			
PROGRAM WORKSHOPS (minimum 6 event per year) Series of interactive learn to skateboard sessions with demonstration and games included				BREAkdOWN OF COSTS			
ONE (One teacher can handle School groups up to 10 students at a time)	Half Day (2.5 hours of activity)	\$275	Teachers paid \$200 for a Half Day	Google maps round trip and keep in mind we don't charge travel allowance for 4hrs RETURN and extra	Enter RM RETURN Here ..		
	Full Day (5 hours of activity)	\$375	Teachers paid \$300 for a Full Day	Cost per RM	multiplied by	Distance	
TWO (Teams of Two are standard for events at workshops)	Half Day (2.5 hours of activity)	\$475	Event liaison and database reporting* \$50 per event	\$0.27	X	0	\$0.00
	Full Day (5 hours of activity) DEAL FOR BUREAU TRIPS	\$675	Ownlife management, outdoor poster advice, equipment press release and insurance** \$25 per event	Wear N Tear (1.3 cents per RM after 5000's)			
*The event liaison is the Head Teacher who is first point of contact for Client, notifies and organises equipment prior to event and enters participant data into database then reports to Client after each event				Cost per RM	multiplied by	Distance	
**Ownlife management is the Client liaison for program scheduling issues (such as rainouts), provides digital marketing material, use of infrastructure (20 sets of skateboards and equipment), and public liability insurance				\$01.3	X	0	\$0.00
SMALL COMPETITION Best Trick competition with prizes provided added to last half-hour of a Workshop. Great incentive for core skaters to demonstrate skill and be rewarded for talent.						SUB-TOTAL	\$0.00
TWO	30 Minutes	\$150	6 items on offer (board, helmet, knee, etc)	ACCOMMODATION			
Accommodation cost per night, minimum (enter below)				Amount of night stayed (enter below)			
\$100				\$0.00			
				SUB-TOTAL			
				DAYS IN TRANSIT COMPENSATION (DOES NOT INCLUDE DAYS OFF-MID-TRIP)			
Day rate per person in transit				Amount of days in transit	Number of staff		
\$100							
				SUB-TOTAL			
				TOTAL TRAVEL COSTS			
				TOTAL			
				\$0.00			



Truckstop Sk8 <truckstopsk8@gmail.com>

**Request for proposal - Coordination of Ballina Fair Go Skateboarding Event 2016**

3 messages

Caroline Klose <carolinek@ballina.nsw.gov.au>  
 To: Truckstop Skate <truckstopsk8@gmail.com>

11 February 2016 at 15:41



Good Afternoon Graeme and Tony

Each year Council allocates a budget for the coordination of a youth skateboarding event, Fair Go. In 2016/17 the preliminary budget is \$4000. The purpose of this email is to call for proposals from the two previous organisations that submitted an expression of interest to coordinate the event in 2015. In the proposal, you might like to address the following criteria:

<b>History of organising similar events</b>	Any history of hosting community events
<b>Evidence of Public Liability Insurance</b>	The organiser must hold a minimum \$20,000,000 public liability insurance to cover the scheduled event
<b>Event details</b>	Proposed name and anticipated audience numbers
<b>Preferred dates</b>	The event must be held between 1 July and 31 December 2016
<b>Event Program</b>	A draft program of activities is to be provided
<b>Community Partnerships</b>	Plans to leverage the event to strengthen community capacity. Engagement of local organisations in the development of the event program
<b>Site Map</b>	A proposed site map is to be provided
<b>Event budget</b>	A draft budget is to be provided
<b>Cost to participate</b>	Indicate whether the event will be free to participate or whether there will be a cost for skateboarders to be involved
<b>Sponsorship</b>	Seeking additional sponsorship is a significant factor in determining the final budget and viability of the event. An indication of how the organisation plans to seek sponsorship should be included

#### 4.5 Ballina Fair Go Skateboarding Festival 2016 - Submissions

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Previously this event has been coordinated by a number of different organisations including Skateboarding Australia, Ownlife and a local community group. Last year, Council called for expressions of interest to organise the event which was awarded to Ballina Skateboard Competition Committee as part of the Ballina Prawn Festival 2015.

Should you wish to proceed with a proposal, please ensure that it is received by Council by **Friday 4 March 2016**. This matter will then be reported the April Finance Committee meeting.

If you have any further questions, please don't hesitate to contact me.

Regards  
Caroline

**Caroline Klose**  
Coordinator Corporate Communications  
General Manager's Group

Dear Ballina Shire Council,

Truckstop Sk8 Ballina (previously submitted under the Ballina Skateboard Competition Committee in 2015) would like to put forward an expression of interest to hold a skateboarding event this year between 1<sup>st</sup> July and 31<sup>st</sup> December 2016 and wish to seek any council funding that may be available.

### History of organizing similar events

Last year we successfully teamed up with the Ballina Prawn Festival to include our event, Fair Go, as an integral part of the festivals program. We have already met with the Ballina Chamber of Commerce this year with the vision to improve on last year's event and make 2016's event even better. We had an overwhelmingly positive response from everyone who attended the event, both competitors and spectators. Everyone said they enjoyed the idea of combining our event with the festival atmosphere. Some feedback received even said that Fair Go completed the Ballina Prawn Festival filling in the missing link to include an event targeted at the youth of the area.

### Evidence of Public Liability Insurance

As we did last year after attending the councils Risk Management Workshop for event organizers we will apply for \$20 million public liability insurance through Local Community Insurance (LCIS) once we have confirmation to organize a skateboarding event. Also as last year we will have our \$20 million business insurance as a backup. We are currently in the process of renegotiating our business insurance and awaiting final quotes.

### Event details

The proposed name of the event will be Fair Go 2016 – Skateboarding Fest.

It is hard to anticipate numbers, as it was last year because the Prawn Festival crowd numbers move around throughout the day.

Attendance: 2000-3000

Competitors: 150+

### Preferred date

The event will be held mid November but is yet to be confirmed by the Ballina Prawn Festival organizers.

### Event Program

The event program is likely to be the same as last year due to its success, although this might change

9am – 11am Registration open for all divisions

Practice for all registered competitors

11am – 1:15pm Heats for Under 10, 14, 18, Girls Jr, Girls Opens and Over 35's.

1:15pm – 1:45pm Open division practice

1:45pm – 3pm Open division heats

3pm – 4:30pm Finals all divisions

4:35pm – 5:10pm Bowl Jam

5:15pm – 5:45pm Fun event

6:15pm Presentations on main stage

Community partnerships

The biggest plus for us last year was our partnership with the Ballina Prawn Festival. We have already met with Nadia from the Ballina Chamber of Commerce. We continue to work closely with local organizations and events such as Ballina Youth Week, Byron Bay Skateboarding School, Byron Youth Service and Nimbin Skateboard Committee.

Site map



Our location will remain the same as last year's festival and we will continue to have a First Aid tent located next to the Skatepark.

Event Budget (Draft)

<b>Income</b>	<b>Description</b>	<b>Contributor</b>
\$4000	Event Grant	Ballina Council
\$5000	Sponsorship	Local business and Distributors
<b>\$9000 Total</b>		
<b>Expenses</b>	<b>Description</b>	
\$1000	Insurance Policy	
\$1000	Print Ad in Slam Skateboarding Magazine	
\$500	First Aid Tent – donation to Surf Life Saving	
\$1500	Fencing	
\$2400	Comp Prize money	
\$600	Trophies	
\$500	Graphic design and poster printing	
\$1500	Security	
\$0	Wages / Volunteers	
<b>\$9,000 Total</b>		



Prize money for competitors will be determined by the amount of sponsorship money raised to cover costs. Last year we were able to raise \$5,000 cash sponsorship which we were able to use solely for prize money. This year we are expected an increase in some costs and will now have to add 2 security guards to cover the skateboarding and outside area of the festival so with no increase in funding we will need to

Cost to participate

Free. There is a slight possibility this could change to a small fee (between \$2-\$5) depending on fencing plans with the Ballina Prawn Festival and

Sponsorship

Last year we successfully raised \$5,000 in cash sponsorship through predominately local businesses. Wishing to either advertise with us in the Ballina Prawn Festival program (see last years sponsorship proposal attached) or signage display at the event.

We believe should be able to attract even better sponsorship this year after seeing the success of last and plan to approach larger companies. Due to the normal increase in costs each year we will need this to make sure we can cover the costs and make the event even better than 2015.

We successfully gained sponsorship through donated goods to be used for prize packs for competitors last year and do not envisage this to be a problem again this year.

We are also hoping to have merchandise available this year to be able to sell in conjunction with the Prawn Festival at their merchandise table as well as at our event as well. This will be essential in trying to generate additional money to offset costs.

Truckstop Sk8  
180 River St Ballina NSW 2478  
02-66865816  
truckstopsk8@gmail.com

Owner: Tony Chavez  
Manager: Graeme McDonald

#### **4.6 North East Weight of Loads Group (NEWLOG)**

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#### **4.6 North East Weight of Loads Group (NEWLOG)**

**Delivery Program** Financial Management

**Objective** To provide Council with an annual update on the operations of NEWLOG.

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#### **Background**

North East Weight of Loads Group (NEWLOG) represents a resource sharing co-operative of the eight member Councils Ballina, Byron, Clarence Valley, Kyogle, Lismore, Richmond Valley, Tenterfield and Tweed. The objective is to reduce damage to Council and classified roads and promote road safety, by policing of vehicle weights as prescribed in the Acts and Regulations pertinent to overloading.

Essentially all the corporate services for NEWLOG such as finance, administration, employment of staff etc are provided by Ballina Shire Council with Council then charging an overhead cost against the member contributions.

The NEWLOG group, which is not a separate legal entity, operates under a Memorandum of Agreement (MOU) with the Roads and Maritime Services (RMS) which expired 31 December 2011, but which was extended on a month to month basis.

A new agreement has been delayed pending a review by the RMS. It is understood this task has now been completed and a revised agreement has been approved by the member councils and is currently with the RMS for their approval. The revised agreement is very similar to the former agreement with changes limited to operational matters.

There is also a Deed of Agreement between member councils which expired 1 July 2012 which has been extended on a month to month basis. The new MOU will be prepared and executed following completion of the RMS MOU.

This is precisely the same position that the memorandum and agreement was in 12 months ago and there has been no change. Apparently the MOU has been with the RMS legal branch and despite the best efforts of staff from various councils no progress has been achieved.

#### **Key Issues**

- Overview

#### **Information**

The latest annual report for NEWLOG is attached and provides comprehensive information on the operational and financial activities for the subject period. NEWLOG has operated effectively for many years and it is anticipated that this will continue to be the case.

#### 4.6 North East Weight of Loads Group (NEWLOG)

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NEWLOG is confronting a decline in fines revenue primarily stemming from a new fines structure that has been put in place. The Heavy Vehicles National Law and regulations have been in place since February 2014 and penalties have been reduced dramatically, some by up to 50%.

To address the declining fines revenue member councils were asked to increase their annual contribution at the commencement of 2014/15. The table below shows contributions over recent years. Member contributions increased in 2014/15 by approximately 16% to compensate for reduced fine income

**Table One: Member Contributions - Recent Years**

<b>Council</b>	<b>2012/13 Contribution (\$)</b>	<b>2013/14 Contribution (\$)</b>	<b>2014/15 Contribution (\$)</b>	<b>2015/16 Contribution (\$)</b>
Ballina	22,500	23,265	27,450	28,200
Byron	22,500	23,265	27,450	28,200
Clarence	26,790	27,700	31,300	32,200
Kyogle	18,620	19,255	22,720	23,400
Lismore	26,790	27,700	31,300	32,200
Richmond Valley	18,520	19,255	22,720	23,400
Tenterfield	18,620	19,255	22,720	23,400
Tweed	26,790	27,700	31,300	32,200
<b>Total</b>	<b>181,130</b>	<b>187,395</b>	<b>216,960</b>	<b>223,200</b>

The following table shows the NEWLOG operating results over the last few years together with forecasts for the next few years. It can be seen that income from fines in 2015/16 is forecast at \$92,200 and in 2016/17 the estimate is \$70,000.

This is because income received in the current financial year is trending towards \$70,000 and a reduction to this budget will be processed with the March quarterly review for 2015/16.

## 4.6 North East Weight of Loads Group (NEWLOG)

Table Two: NEWLOG – Financial Overview 2013/14 to 2019/2020

Actual 2013/14	Actual 2014/15		Estimated				
			2015/16	2016/17	2017/18	2018/19	2019/20
		<b>OPERATING REVENUES</b>					
1,200	0	Legal Costs Recovered	6,200	6,400	6,600	6,800	7,000
87,500	73,200	Fines	92,200	70,000	71,400	72,900	74,400
173,600	178,800	RMS Contribution	182,800	186,500	190,300	194,200	198,100
10,000	8,800	Interest on Investments	8,200	8,400	8,600	8,800	9,000
<b>272,300</b>	<b>260,800</b>	<b>Total Operating Revenues</b>	<b>289,400</b>	<b>271,300</b>	<b>276,900</b>	<b>282,700</b>	<b>288,500</b>
		<b>OPERATING EXPENSES</b>					
		<b>Administration</b>					
257,700	267,000	Salaries	268,800	274,200	279,700	285,300	291,100
25,200	10,400	Annual Leave	18,000	18,400	18,800	19,200	19,600
8,300	7,200	Other Leave	8,800	9,000	9,200	9,400	9,600
8,200	12,200	Sick Leave	8,800	9,000	9,200	9,400	9,600
10,700	10,300	Long Service Leave	6,200	6,400	6,600	6,800	7,000
0	2,000	State Conference Costs	1,000	1,100	1,200	1,300	1,400
8,600	7,700	Workers Compensation	12,300	12,600	12,900	13,200	13,500
26,800	27,100	Superannuation	22,600	23,100	23,600	24,100	24,600
0	1,000	Uniforms	1,000	1,100	1,200	1,300	1,400
25,300	23,800	Vehicle Running Costs	35,900	36,700	37,500	38,300	39,100
89,000	69,000	Overheads to NEWLOG	70,700	73,000	74,500	76,000	77,500
		<b>Operation Costs</b>					
100	100	Administration Costs	1,600	1,700	1,800	1,900	2,000
2,900	3,000	Audit Costs	3,100	3,200	3,300	3,400	3,500
500	300	Telephone	600	700	800	900	1,000
100	0	Legal Costs	2,600	2,700	2,800	2,900	3,000
600	1,100	Sundry Expenses	2,600	2,700	2,800	2,900	3,000
2,800	2,900	IPB Processing Fees	4,100	4,200	4,300	4,400	4,500
4,700	4,700	Insurance	5,200	5,400	5,600	5,800	6,000
6,500	3,400	Maintenance of Scales	5,700	5,900	6,100	6,300	6,500
		<b>Non-cash Expense</b>					
0	0	Loss on Sale of Plant	12,000	0	12,500	13,000	0
23,900	21,800	Depreciation	30,000	30,000	30,600	31,300	32,000
<b>501,900</b>	<b>475,000</b>	<b>Total Operating Expenses</b>	<b>521,600</b>	<b>521,100</b>	<b>545,000</b>	<b>557,100</b>	<b>555,900</b>
<b>(229,600)</b>	<b>(214,200)</b>	<b>Operating Result - (Deficit)</b>	<b>(232,200)</b>	<b>(249,800)</b>	<b>(268,100)</b>	<b>(274,400)</b>	<b>(267,400)</b>
23,900	21,800	Add Back Depreciation and Loss on Sale	42,000	30,000	43,100	44,300	32,000
<b>(205,700)</b>	<b>(192,400)</b>	<b>Cash Result - (Deficit)</b>	<b>(190,200)</b>	<b>(219,800)</b>	<b>(225,000)</b>	<b>(230,100)</b>	<b>(235,400)</b>
		<b>Capital Movements</b>					
187,400	217,000	Add Member Contributions	221,700	226,200	230,800	235,500	240,300
2,500	24,600	Less Transfer to Reserves	31,500	6,400	5,800	5,400	4,900
0	0	Add Transfer from Reserves	56,000	0	58,000	0	60,000
<b>(20,800)</b>	0	Less Capital Purchases:	56,000	0	58,000		60,000
<b>(41,600)</b>	<b>0</b>	<b>Cash Result after Capital</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
		<b>Cash Reserve Balance</b>					
2,500	24,600	Net Change in Cash Reserves	<b>(24,500)</b>	6,400	<b>(52,200)</b>	5,400	<b>(55,100)</b>
291,100	294,000	Add Opening Balance	318,600	294,100	300,500	248,300	253,700
<b>293,600</b>	<b>318,600</b>	<b>Closing Balance</b>	<b>294,100</b>	<b>300,500</b>	<b>248,300</b>	<b>253,700</b>	<b>198,600</b>

## **4.6 North East Weight of Loads Group (NEWLOG)**

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The statement shows that operations are forecast to remain reasonably similar to previous years with most items, including member's contributions, looking at a cost of living adjustment.

An operating cash loss is predicted annually which is approximately equalled by the members' capital contribution. Capital expenditure is anticipated every second year which is to replace two vehicles and in these years the reserve balance declines by approximately the value of the capital outlay.

Hence the forecast is for the cash reserve to gradually decline such that by 2025/26 a negative balance is envisaged by the financial model. Obviously corrective action is required before this point.

Given the amount of reserves on hand and the rate of their decline corrective action must be taken over the next few years following renewal of formal agreements. One option to improve financial performance would be to down size the operation however this would presumably further reduce fines income and the level of service provided. In all likelihood, failing increased fines revenue, increased member contributions will be necessary.

NEWLOG does have leave liabilities that amounted to \$178,000 as at 30 June 2015 which must be considered when assessing what is a reasonable cash reserve balance to have on hand.

Council is hopefully getting close to finalising agreement with the Roads and Maritime Services in respect to their continuing commitment to NEWLOG. Once this is completed a new memorandum will be negotiated with other member councils and as part of this process it will be necessary to consider member contributions that look to halt the regular decline in cash reserves.

### **Legal / Resource / Financial Implications**

Council contributes financially to the operations of NEWLOG as well as providing support and management of the joint venture, costs which are recovered through overhead charges.

### **Consultation**

This report is provided for the public record.

### **Options**

This report is largely for information, with Council also being asked to support the draft 2016/17 budget.

### **RECOMMENDATIONS**

1. That Council notes the contents of the NEWLOG Annual Report for 2014/15.
2. That Council endorses the draft NEWLOG budget for 2016/17.

### **Attachment(s)**

1. North East Weight of Loads Group - Annual Report 2014/15



**2014/2015**

**Annual Report**



Participating Councils



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### OBJECTIVE

Newlog operates with the objective to generally advance the aims of reducing damage to Council and classified roads and promotion of road safety, by policing of vehicle weights as prescribed in the Acts and Regulations pertinent to overloading.

### OVERVIEW OF OPERATIONS

The group operates as a resource sharing cooperative of the 8 member Councils (Ballina, Byron, Clarence Valley, Kyogle, Lismore, Richmond Valley, Tenterfield and Tweed) in accordance with its constitution, and with financial assistance from the RTA under the terms of a Memorandum of Understanding.

Its purpose is to enforce Mass Limits on heavy vehicles operating within the member councils' areas to reduce damage caused to the road network by overloading.

Ballina Shire Council is the administrative council, managing the group's operations and employing Newlog staff.

Enforcement is carried out by fixed and mobile patrols over the area's local, regional and state road network utilising mobile and static weigh operations. Weigh in Motion (WiMO) operations are carried out in selected locations based on logistic and access factors.

The inspectors operate as two crews with two inspectors in each vehicle. Processing of breaches and the associated administration is carried out by the team members.

### MANAGEMENT ARRANGEMENTS

The Group operates under a Memorandum of Agreement (MOU) with the RMS. This agreement was initially due to expire on 30 June 2011, however it was subsequently extended pending a review by the RMS of the Weight of Loads program.

RMS and the other Council's Weight of Loads Groups have been communicating regularly and the MOU is now in final draft form.

Member Councils have executed a Deed of Agreement which details the management and functions of Newlog. This Deed of Agreement expires on 1 July 2012, and has by agreement been extended on a month to month basis until the final MOU is executed with RMS.

The RMS has delegated certain functions under "The Roads Act and Road Transport (General) Acts and Regulations" to member Councils and in turn member Council's have delegated the necessary functions to Ballina Shire Council (the "Administrative Council") to undertake these functions on their behalf by Newlog.

### KEY AREAS OF OPERATIONS

#### Staff

Newlog operates with four inspection staff, one of whom also completes duties as the team leader. These staff are supported by a pool of casual relief staff. This means two patrols of two inspectors each operates each week of the year. Rosters are prepared by the Team Leader to deploy patrols to maximise impact, meet seasonal freight movement needs, ensure member coverage and respond to reported breaches from members and the public.

Most administrative tasks are carried out by the inspector teams, which include breach checking and issuing, member council liaison, breach reconciliation and RTA member reporting.

### *Vehicles*

The inspectors operate two Holden Colorado utility vehicles. These vehicles have an aluminum tray back and canopy. The separate load compartment provides for operator safety and a comfortable loading height for the scales and allows easy access to equipment through the offside doors. Standard logos and signwriting has been applied and the approved Weight of Loads Group magenta light bars are fitted.

Based on the utilization of these vehicles, replacement is due at the end of 2015.

### *Weighing Equipment*

Weighing equipment consists of two sets of six portable Haenni wheel scales (each set sufficient to weigh one rigid truck in one operation, or one semitrailer in two operations), and one set of Weigh in Motion (WIMO) scales that allow quick screening of a large volume of trucks at appropriate sites such as Kerr Street on the old Pacific Highway in Ballina, Johnson Street in Casino, Dawson Street in Lismore, Tarban Creek in Tenterfield. This means there are minimal delays for trucks that are loaded in accordance with the regulations. Due to the completion of the Ballina Bypass the Kerr Street site presents fewer vehicles for weighing and hence is now of reduced value as a weigh site.

The weight in motions scales are easy to transport and quick to deploy at suitable sites.

The two sets of six Haenni individual wheel scales are also operating effectively and providing good service, with any service issues being promptly dealt with by the agent located on the Gold Coast. The annual calibration and certification can now be carried out efficiently on the Gold Coast.

### *Breach Processing*

Newlog has entered a Service Level Agreement for a Premium Processing Service with State Debt Recovery. For a standard fee the SDRO process all breaches issued under the SEINS system and remits the fine income to Newlog and issues Court Attendance Notices for unpaid fines. After the notice is issued by the SDRO for Court elected matters, the prosecution is managed by a local solicitor.

Some breaches require the automatic issue of a Court Attendance Notice, and these too are handled by a local solicitor.

### Communication

Member councils are provided standard monthly reports by email, and a report is provided monthly to the RTA as required under the MOU with operational performance statistics.

Inspectors regularly communicate with staff from member councils regarding compliance problems in their areas.

### Annual Weight of Loads Conference

The inspectors normally attend the annual conference hosted on rotation by the Groups. The last conference was held in late August 2013 at NWWOLG headquarters in Moree. This year, Newlog will be hosting the event which will include speakers from the RMS, NHVR, and the Highway Police.

### RMS / WOLG Consultative Group

The last meeting held between RMS and the WOLG was 11 August 2014. This was held to move the MOU into prepare the new agreement. Since this meeting, teleconferences have been held to get the MOU to its final stages.

The WOLG will meet together during the Annual Weight of Loads Conference to discuss future financial models to be proposed to RMS.

### 2014/15 ENFORCEMENT SUMMARY

#### Enforcement Summary and Breach Categories

The Road Transport Act 2013 provides for 3 levels of Mass breaches:

- a) minor risk breaches, (less than 5%)
- b) substantial risk breaches, (greater than 5% less than 20%)
- c) severe risk breaches, (greater than 20%) Automatic Court Attendance Notice issued.

These breakpoints are defined by relating to the risk of damage to road infrastructure and risk to public safety caused by the overloading.

Additionally, Newlog issues infringements for B-Doubles off route, exceeding posted load limits on roads and bridges and 4.5 tonne.

During the 2014/15 year a total of 146 breaches were detected, 8 more than the previous year. These breaches included:

- 32 Minor risk (less than 5%)
- 54 Substantial risk (between 5% and 20%)
- 0 Severe risk (greater than 20%)
  
- 12 Off-route
- 44 Load-limited exceedances
- 4 Issues to 4.5 tonne

## 4.6 North East Weight of Loads Group (NEWLOG)

*Table 1- Intercept, Load Type, and Council Area Breach Statistics*

The following table provides a summary of compliance, intercepts and breaches by load type and Council area.

Load Type	Interceptions	Council								TOTAL
		Ballina	Byron	Clarence Valley	Kyogle	Lismore	Richmond Valley	Tenterfield	Tweed	
AGG/SAND/SOIL	Stopped	103	137	121	61	168	70	52	113	825
	Breached	3	1	2	0	3	1	0	8	18
	Compliance	97%	99%	98%	100%	98%	99%	100%	93%	98%
BRICKS/TILES	Stopped	3	1	1	0	0	1	0	5	11
	Breached	0	0	1	0	0	1	0	1	3
	Compliance	100%	100%	0%	0%	0%	0%	0%	80%	73%
CEMENT	Stopped	0	2	5	5	6	4	6	6	34
	Breached	0	0	0	0	0	0	0	0	0
	Compliance	0%	100%	100%	100%	100%	100%	100%	100%	100%
CONCRETE	Stopped	12	20	7	4	5	9	3	19	79
	Breached	0	1	0	0	1	0	0	1	3
	Compliance	100%	95%	100%	100%	80%	100%	100%	95%	96%
FUEL	Stopped	5	5	11	11	17	9	32	7	97
	Breached	0	0	0	0	0	0	0	2	2
	Compliance	100%	100%	100%	100%	100%	100%	100%	71%	98%
GENERAL	Stopped	55	86	115	56	160	58	161	162	853
	Breached	2	2	2	1	3	1	0	18	29
	Compliance	96%	98%	98%	98%	98%	98%	100%	89%	97%
MACHINERY	Stopped	18	29	48	36	37	26	46	52	292
	Breached	0	0	0	0	0	0	0	7	7
	Compliance	100%	100%	100%	100%	100%	100%	100%	87%	98%
LIVESTOCK	Stopped	5	8	37	91	34	27	101	6	309
	Breached	0	0	2	1	1	0	5	0	9
	Compliance	100%	100%	95%	99%	97%	100%	95%	100%	97%
GRAIN	Stopped	1	2	7	49	15	22	35	0	131
	Breached	0	0	0	0	1	0	1	0	2
	Compliance	100%	100%	100%	100%	93%	100%	97%	0%	98%
SUGAR CANE	Stopped	0	0	87	0	0	194	0	190	471
	Breached	0	0	1	0	0	14	0	24	39
	Compliance	0%	0%	99%	0%	0%	93%	0%	87%	92%
PERISHABLE	Stopped	6	13	7	11	13	12	8	14	0
	Breached	0	1	0	0	0	0	0	0	0
	Compliance	100%	92%	100%	100%	100%	100%	100%	100%	0%
REFRIGERATED	Stopped	7	11	20	3	18	11	34	21	125
	Breached	0	0	0	0	0	0	0	4	4
	Compliance	100%	100%	100%	100%	100%	100%	100%	81%	97%
STEEL	Stopped	9	22	33	11	21	10	14	28	148
	Breached	0	0	3	0	0	1	0	5	9
	Compliance	100%	100%	91%	100%	100%	90%	100%	82%	94%
TIMBER	Stopped	15	23	24	10	33	19	15	23	162
	Breached	0	0	2	0	1	1	0	1	5
	Compliance	100%	100%	92%	100%	97%	95%	100%	96%	97%
LOGS	Stopped	0	1	40	13	3	15	3	2	77
	Breached	0	0	8	1	0	1	1	2	13
	Compliance	0%	100%	80%	92%	100%	93%	67%	0%	83%
EMPTY	Stopped	2	0	0	0	5	1	0	7	15
	Breached	0	0	0	0	1	1	0	3	5
	Compliance	100%	0%	0%	0%	80%	0%	0%	57%	67%
TOTAL	Stopped	241	360	563	361	535	488	510	655	3629
	Breached	5	5	21	3	11	21	7	76	148
	Compliance	98%	99%	96%	99%	98%	96%	99%	88%	96%

Significant areas of non-compliance are noted as:

- tip trucks working from job sites that are loaded using equipment not fitted with load scales, and
- Logging trucks not using onboard scales

## 4.6 North East Weight of Loads Group (NEWLOG)

*Table 2-Distribution of Patrol Hours by Council Area*

The following table provides a summary of distribution hours between each member Council's area.

Council	Area (km2)	Road Type	Total Hrs	By Council (Target=60/40%)	Distribution of Hours	
					Actual	Target
BALLINA	484	Classified	74	19%	10.93%	12.50%
		Local	315	81%		
BYRON	567	Classified	176	36%	13.67%	12.50%
		Local	311	64%		
CLARENCE VALLEY	10,441	Classified	208	41%	14.32%	14.50%
		Local	302	59%		
KYOOGLE	3,589	Classified	250	68%	10.39%	10.50%
		Local	120	32%		
LISMORE	1,290	Classified	123	26%	13.44%	14.50%
		Local	356	74%		
RICHMOND VALLEY	3,051	Classified	190	41%	13.09%	10.50%
		Local	276	59%		
TENTERFIELD	7,332	Classified	220	64%	9.64%	10.50%
		Local	123	36%		
TWEED	1,309	Classified	171	33%	14.53%	14.50%
		Local	347	67%		
<b>TOTAL</b>	<b>28,063</b>		<b>3,565</b>		<b>100.0%</b>	<b>100%</b>

## 4.6 North East Weight of Loads Group (NEWLOG)

*Table 3- Overall Performance of Mobile and WIMO operations*

Month	No. of Trucks Stopped			Method		No. of Breaches							Overall Compliance			
	Mobile	Wimo	Total	Mobile	Wimo	Minor	Substantial	Severe	Off Route	Load Limit	4.5 Tonne	Other	Total	Mobile	Wimo	Average
July	250	116	366	17	4	7	9		3	2			21	93%	97%	94%
August	228	0	228	13		5	6			2			13	94%	N/A	94%
September	341	28	369	19	2	7	7		1	6			21	94%	93%	94%
October	234	151	385	9	4	5	4		1	2	1		13	96%	97%	97%
November	273	133	406	14	3	2	8			5	2		17	95%	98%	96%
December	227	0	227	7		1	2		1	3			7	97%	N/A	97%
January	235	0	235	10		2	1			7			10	96%	N/A	96%
February	229	0	229	12			5		2	5			12	95%	N/A	95%
March	317	0	317	5		1	2		1	1			5	98%	N/A	98%
April	230	138	368	6			1		1	4			6	97%	100%	98%
May	269	79	348	9		1	4			3	1		9	97%	100%	97%
June	235	0	235	12		1	5		2	4			12	95%	N/A	95%
<b>TOTAL</b>	<b>3068</b>	<b>645</b>	<b>3713</b>	<b>133</b>	<b>13</b>	<b>32</b>	<b>54</b>	<b>0</b>	<b>12</b>	<b>44</b>	<b>4</b>	<b>0</b>	<b>146</b>	<b>96%</b>	<b>98%</b>	<b>96%</b>



## 4.6 North East Weight of Loads Group (NEWLOG)

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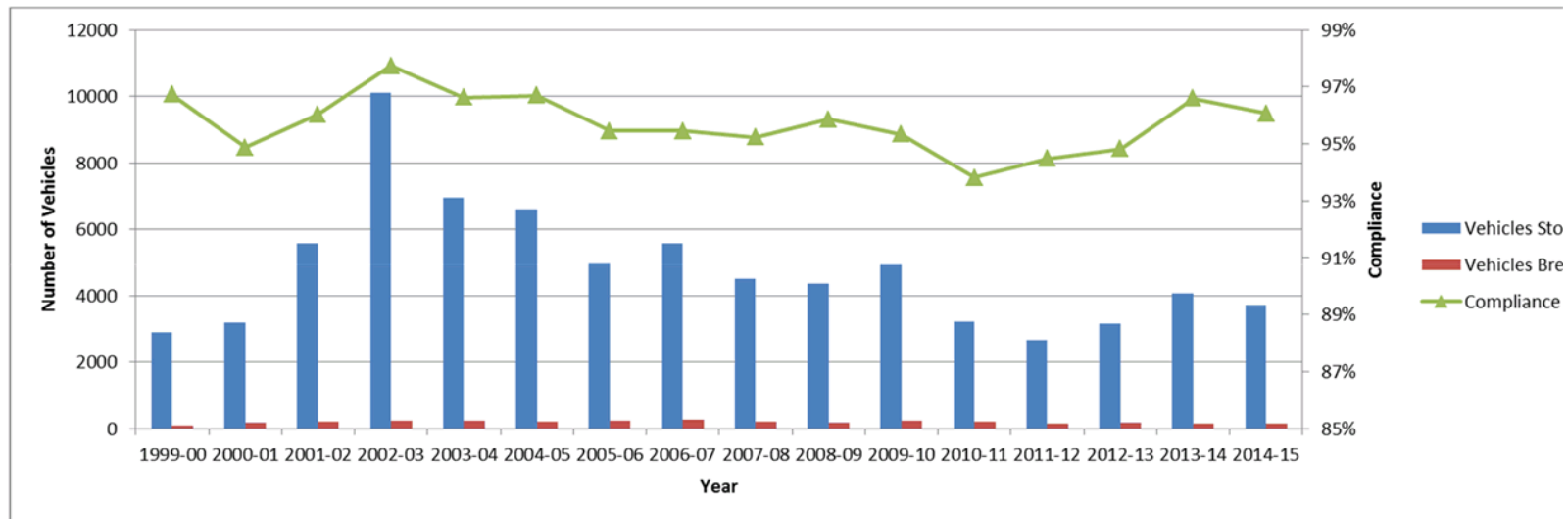
A comparison of the number of vehicles stopped against breaches is provided since 1999/2000. It shows compliance in our region is remaining high.

*Table 4 – Vehicles Stopped vs Breaches – Historical data to present*

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Vehicles Stopped</b>	2906	3199	5571	10092	6961	6605	4977	5591	4512	4341	4951	3204	2649	3167	4051	3713
<b>Vehicles Breached</b>	95	164	221	228	235	218	226	254	215	180	231	198	146	164	138	146
<b>Compliance</b>	97%	95%	96%	98%	97%	97%	95%	95%	95%	96%	95%	94%	94%	95%	97%	96%

## 4.6 North East Weight of Loads Group (NEWLOG)

Graph 1 - Vehicles Stopped vs Breaches – Historic trends to present



## 4.6 North East Weight of Loads Group (NEWLOG)

### FINANCIAL POSITION

#### NEWLOG Financial Analysis

There was a decline of \$14,326 in fine revenue from the previous year. This is a result of the implementation of the Heavy Vehicle National Law (HVNL) and Regulations (NHVR) which rolled out on 10 February 2014. A number of the previously used penalty codes have had the fines reduced dramatically (some reduced up to 50%).

This reduction was predicted and as a result the member contributions were increased to account for this reduced revenue. An Income and Expense analysis compared to the previous financial year was monitored and an update issued to all member councils at the 6 month mark. The final comparative results for the financial year are shown below.

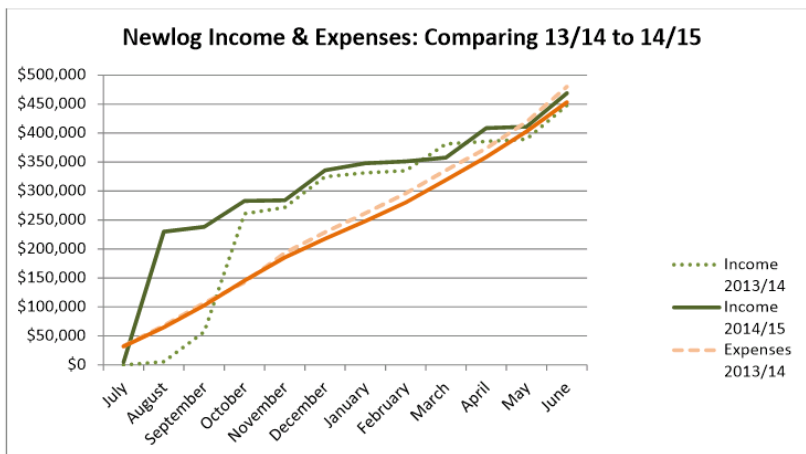
#### Incomes (YTD)

		July	August	September	October	November	December	January	February	March	April	May	June
2013 / 14	RMS	\$0	\$0	\$43,305	\$43,405	\$43,405	\$86,810	\$86,810	\$86,810	\$130,215	\$130,215	\$130,215	\$173,619
	Members	\$0	\$0	\$0	\$186,630	\$186,630	\$186,630	\$186,630	\$186,630	\$186,630	\$186,630	\$186,630	\$186,630
	Fines	\$0	\$5,554	\$13,814	\$30,918	\$41,698	\$51,407	\$58,048	\$61,596	\$64,516	\$68,853	\$72,659	\$87,547
	<b>TOTAL</b>	\$0	\$5,554	\$57,119	\$260,953	\$271,733	\$324,847	\$331,488	\$335,036	\$381,361	\$385,698	\$389,504	\$447,796
2014 / 15	RMS	\$0	\$0	\$0	\$44,708	\$44,708	\$89,416	\$89,415	\$89,415	\$89,415	\$134,122	\$134,122	\$178,829
	Members	\$0	\$216,969	\$216,969	\$216,969	\$216,969	\$216,969	\$216,969	\$216,969	\$216,969	\$216,969	\$216,969	\$216,969
	Fines	\$4,555	\$12,882	\$21,316	\$21,285	\$22,286	\$29,481	\$41,628	\$44,891	\$51,410	\$57,530	\$60,018	\$73,221
	<b>TOTAL</b>	\$4,555	\$229,851	\$238,285	\$282,962	\$283,963	\$335,866	\$348,012	\$351,275	\$357,794	\$408,621	\$411,109	\$469,019

#### Expenses (YTD)

		July	August	September	October	November	December	January	February	March	April	May	June
2013 / 14	Admin	\$32,779	\$67,280	\$103,782	\$138,959	\$185,390	\$220,969	\$251,890	\$284,871	\$319,978	\$357,492	\$402,151	\$459,775
	Operation	\$76	\$612	\$3,197	\$3,506	\$7,941	\$7,985	\$9,884	\$11,144	\$16,016	\$16,251	\$17,387	\$20,462
	<b>TOTAL</b>	\$32,855	\$67,893	\$106,979	\$142,465	\$193,331	\$228,955	\$261,774	\$296,015	\$335,994	\$373,743	\$419,538	\$480,237
2014 / 15	Admin	\$31,969	\$64,259	\$99,109	\$141,646	\$178,535	\$209,852	\$239,773	\$271,527	\$305,205	\$344,734	\$387,746	\$437,740
	Operation	\$0	\$762	\$3,644	\$3,768	\$6,881	\$7,952	\$8,269	\$8,721	\$13,919	\$14,112	\$15,177	\$15,448
	<b>TOTAL</b>	\$31,969	\$65,021	\$102,753	\$145,414	\$185,416	\$217,804	\$248,042	\$280,248	\$319,124	\$358,846	\$402,923	\$453,188

## 4.6 North East Weight of Loads Group (NEWLOG)



Further information is contained in the attached Financial Statement.

## 4.7 Asset Management Plans

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### 4.7 Asset Management Plans

**Delivery Program** Asset Management

**Objective** To adopt an update of Council's Asset Management Plans.

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#### **Background**

Council adopted a set of asset management plans (AMP) in 2010. These plans, were described as core, meaning they met the requirements of an organisation developing its asset management maturity. Since that time, Council has adopted a new asset hierarchy, established a new corporate asset management system and has collected a range of asset condition & related data.

Armed with this new information, Council has been able to prepare a more robust series of asset management plans that covers our nine asset groups, a corporate (financial) summary document and an accompanying risk management plan.

The purpose of this report is to seek Council's adoption of the new plans.

#### **Key Issues**

- Asset Management
- Stewardship of Councils assets
- Council is responsible for over \$1.3 billion worth of infrastructure
- IPART planning & reform program, 'living' within the Resourcing Strategy.

#### **Information**

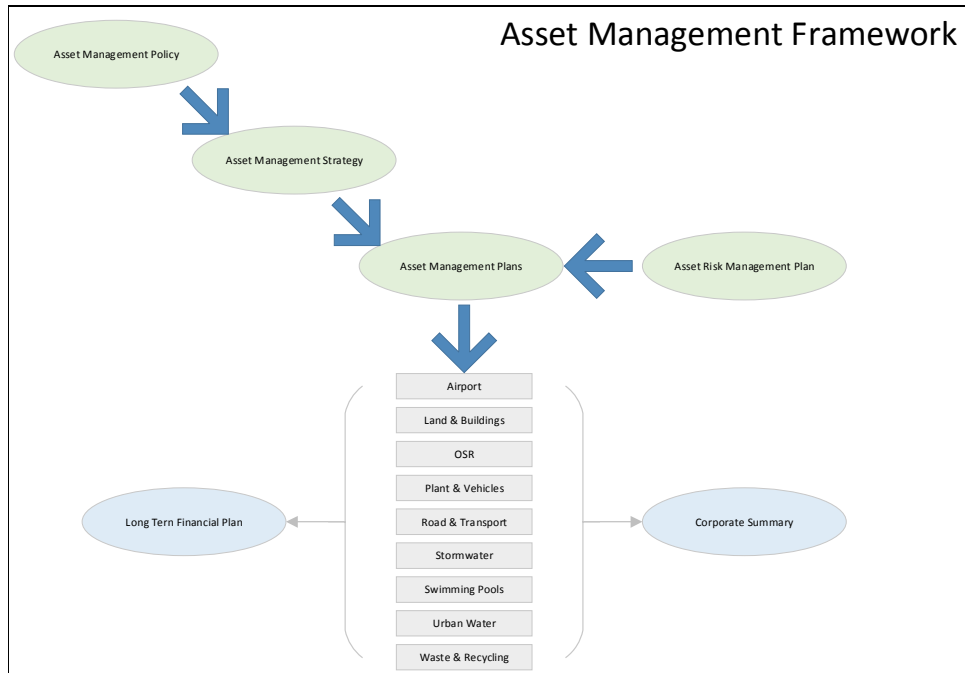
A suite of new asset management plans have been created based on the International Infrastructure Management Manual (IIMM). The IIMM is regarded as the industry standard and is used Australia wide and internationally.

The new suite includes:

- Corporate Summary AMP
- Individual Asset Management Plans (AMP x9)
  - Ballina Byron Gateway Airport
  - Buildings, Structures & Land
  - Open Spaces & Reserves
  - Plant & Vehicles
  - Roads & Transport
  - Storm Water
  - Swimming Pools
  - Urban Water
  - Waste & Recycling
- Infrastructure Risk Management Plan

## 4.7 Asset Management Plans

Asset management planning is an essential part of the Integrated Planning and Reporting Framework established by the NSW Government for local councils. Within this framework, asset management planning makes a significant contribution to a Resourcing Strategy. The asset management framework is illustrated below.



Each AMP incorporates the following structure,

1. Executive Summary
  - Brief summary
2. Introduction
  - Goals
  - framework
3. Levels of Service
  - Legislative requirements
  - Levels of service
4. Future Demand
  - Drivers
  - forecasts
5. Lifecycle Management Plan
  - Operations & maintenance
  - Renewals
  - Upgrades & new assets
6. Financial Summary
  - Projections
  - Funding strategy
  - Valuations

## 4.7 Asset Management Plans

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7. Plan Improvement & Monitoring
  - Monitoring & review
8. Appendices
  - Summaries

In developing these plans, considerable effort has been undertaken to ensure the asset management plans and our long term financial plan is integrated.

The Council has an existing asset management policy and asset management strategy which is guiding the development of our asset management practices. Robust asset management planning is an essential part of the Government's Fit for the Future program and this has been highlighted to Council through the presentation last year by Council's auditor dealing with our financial statements.

The Council has completed internal audit reviews of its asset management practices. Furthermore, the results of an audit completed by the Office of Local Government have been previously reported to Council. The outcomes of these audits, and a recent benchmarking activity undertaken by our auditor have been used to inform the development of the new asset management plans and how we intend to continue their development into the future.

The key deficiencies identified in the former audits related to a lack of integration within our systems and insufficient critical risk assessment. The completion of the Authority Asset Management Project has addressed this first issue, and this round of updates to the AMPs has improved our risk management planning, along with a range of other tasks.

The development of these plans will be an ongoing process. Staff are currently preparing an update to our Asset Management Strategy as this is the document that will guide this development and ensure it meets community expectations as well as compliance with the Government's reform agenda.

As we have limited resources for this program it is essential that this strategy identifies the key priorities and focuses our resources on the best value opportunities for continuous improvement.

It is also the case that there are differences in the risks and service level provision across the different asset classes and this means the Council is able to allocate its resources to asset planning tasks that carry the most benefits compared to cost.

Sometime ago the Council endorsed a strategy to deal with the preferred service level for the renewal of our bitumen and asphalt surfaces.

While that program has been implemented successfully, the formal resolution to seek public comment has been deferred to enable the strategic options previously canvassed with Council to be incorporated into the asset management plan.

## **4.7 Asset Management Plans**

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The reason for this approach was to identify the whole of life assessment considerations that were undertaken and to highlight that the sustainable management of our road surfaces is only part of the planning needed to ensure our roads meet the expectations of our community into the future through proper maintenance and renewal programs.

As the nine asset management plans are a substantial amount of documentation, a corporate summary document has been prepared and a copy of this summary is attached to this report.

The individual plans are not attached, however these can be provided electronically should any Councilor desire a copy prior to the meeting.

The recommendation to this report is to place the plans on exhibition. A briefing can be arranged during the exhibition period if Councillors are interested in the further details within the plans.

It is noted that we have suggested this approach as the key document from Council's perspective is the Long Term Financial Plan which is regularly reported and discussed with Council. The asset management plans at the current level of development take an even more strategic approach with projections for the very long term (30 plus years). Various elements in the LTFP, such as asset renewals, are informed by the AMPs and assessed against the Council's short term financial capacity to support the preferred outcomes.

As discussed previously in this report, the AMPs are a continuous development project and will need further update and reporting to Council in the future.

### **Legal / Resource / Financial Implications**

The purpose of this report is to provide for the financial sustainability of Council's asset base.

### **Consultation**

It is proposed to place the new asset management plans, corporate summary and risk management plans on public exhibition.

### **Options**

1. That Council endorse the updated Asset Management Plans for public exhibition.
2. That Council decline to place the updated Asset Management Plans on public exhibition.

As these plans are an essential requirement for Council's compliance with NSW Government reform programs it is recommended that these updates be adopted as soon as possible. A workshop can be arranged if Councillors would like to understand more detail in respect of the information in the plans. It is also noted that the plans will be developed further as part of our program to improve our asset management capability.



**RECOMMENDATIONS**

1. That the updates to Council's Asset Management Plans, as outlined in this report, be placed on public exhibition.
2. If no submissions are received in response to the exhibition in point one above, the plans will be considered adopted by Council. A further report to Council will be prepared in response to any submissions.

**Attachment(s)**

1. Corporate Summary Plan (Under separate cover)

## 4.8 Rating Structure - 2016/17

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### 4.8 Rating Structure - 2016/17

**Delivery Program** Governance and Finance

**Objective** To confirm the ordinary rating structure for 2016/17.

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#### **Background**

The Local Government Act (LGA) provides a variety of options for councils in adopting an ordinary rating structure. Typically Council has minimised major changes to the actual rating structure applied each year, as changes to the structure do not result in increased revenue, but rather they vary the manner in which the ordinary rate burden is distributed across all rateable properties.

The key objective is to try and determine a structure that is fair and equitable within the limitations of the LGA. The information that follows outlines the proposed rating structure for the 2016/17 rating year.

#### **Key Issues**

- Determine an equitable rating structure

#### **Information**

There are a number of options Council can consider in respect to implementing its overall rating structure. Council can choose a base amount (current structure) or minimum rating structure, and can also choose to levy different rates for groups of properties categorised as residential, business, farmland or mining. Groups of properties can also be sub-categorised.

In respect to rating structures, the onus is on Council to adopt a fair and equitable structure that also complies with criteria outlined within the LGA. It is the elected Council that determines the fairest and most equitable rating structure for its ratepayers.

#### **Base Amount Rating Structure**

Council has been using the base amount rating structure since 2005/06. This structure comprises two components that make up the total ordinary land rate a property pays being:

- The **base amount** is the fixed amount levied on each rateable property, or category of properties (i.e. residential, farmland and business). The base amount levied assumes that all properties benefit equally in respect of works and services provided by Council. Under the LGA, the base amount cannot generate more than 50% of the total rate income in each rating category.

- The balance of a property's ordinary rate within each category is then calculated by multiplying a **rate in the dollar by the property's land valuation**. The higher the land value, the more the property will pay.

The base amount rating structure tends to flatten out the rates payable by individual residential properties, as only half of the ordinary rate is determined by the property's land valuation.

Council determined this to be the most equitable structure, as there is an underlying assumption that properties are benefiting equally from Council services.

Council has adopted a uniform base amount for all residential, business and farmland properties. The residential base amount derives just less than the maximum 50%, which means that, because business and farmland category properties tend to have higher land valuations (and fewer properties) than the residential category, the base amount for business and farmland categories raises significantly less than the maximum 50% (for 2015/16, around 15% and 32% respectively).

As a result, the land valuation determines the majority of the total ordinary rate paid by business and farmland properties, which results in higher valued properties accepting a greater share of the rate burden.

The primary reason for implementing this strategy was to provide a more equitable distribution of the rate burden for business and farmland properties.

Unlike residential properties, business and farmland properties are generally income producing, so it can be argued that our rating structure recognises a correlation between the land valuation and the level of potential income able to be generated by the land (i.e. the "ability to pay" principle).

There are no changes proposed to be made to the current base amount rating structure in 2016/17.

### **Yield from Business Category to be 20% of the Total Yield**

Due to Ballina having the lowest average rate for the business category of properties for similar sized councils, in 2006 Council resolved to increase the yield from business properties from 10% of the total rate yield to 20% over a period of five years (i.e. incrementally increase by 2% per annum).

This strategy was commenced in the 2006/07 rating year and in 2010/11, the yield from the business category had reached the desired 20%.

In all following rating years, Council decided to retain the 20% proportion of total income from the business category regardless of actual growth movements between rating categories from year to year.

Generally properties within the residential category generate the most growth in property assessments (through subdivisions etc), and if the total rate burden between rating categories was altered each year based on actual growth, the business category proportion would be slightly less than 20% of the total income generated.

As Council has supported this strategy for many years, it has again been included within the proposed 2016/17 rating structure.

### **Ordinary Rate Calculation Methodology**

The following steps outline the current methodology used to set the base amount rating structure and ordinary rate.

It is intended to use the same methodology in the setting of the 2016/17 ordinary rates.

1. Calculate the total notional income for 2015/16 and total notional income yield allowable for 2016/17. This entails using the base amount and rate in the dollar set in 2015/16 and applying it to the current properties and land valuations on hand (rather than those on hand when the 2015/16 rates were set in July 2015). This effectively creates a growth allowance for the total allowable income for 2016/17. The rate pegging limit or special variation percentage is then applied to the calculated notional income. In addition to this, legislative adjustments such as income lost in previous years due to land value objections (one off adjustment) and previous year catch up/excess results are included.
2. Implement the current strategy adopted by Council to set the total business category income as 20% of the total allowable income. As reported earlier, Council may wish to consider allowing natural growth between rating categories from year to year to calculate the desired income from the business category. The natural growth in recent years has been +/- 1% of the 20% fixed percentage.
3. Take into account growth in assessments and land valuations between categories from the previous year to arrive at a percentage of total income required from the farmland and residential categories (business already set at 20% and currently no mining category properties).
4. Calculate the base amount (flat charge) for the residential category to be marginally less than 50% to conform to legislative requirements. This base amount is then utilised as the base amount for the business and farmland categories.
5. Calculate the rate in the dollar for each category, with the mining category to be set at the same rate as the business category. The farmland category rate in the dollar is set at approximately 80% of the residential rate in the dollar.

### **Legal / Resource / Financial Implications**

Ordinary rate income represents a major source of revenue to Council.

### **Consultation**

The proposed rating structure will be exhibited for public comment.

### Options

Council can vary the rating structure through changes in the base charge, higher or lower differentials between categories and differentials within categories.

The preferred approach is to retain the existing structure as it is a reasonably fair structure within the confines of the restrictions of the LGA.

A copy of the proposed rating structure is as per the following table.

Rating Category	5.41% Increase	
	Base Amount	Rate in Dollar
Residential	470	0.001902500
Business	470	0.007579200
Farmland	470	0.001509900
Mining	470	0.007579200

It is important to note the impact this rating structure is having on the rate in the dollar differentials. As mentioned earlier the farmland property rate in the dollar is approximately 80% of the residential rate in the dollar.

On the other hand, the business rate in the dollar is approximately 400%, or four times, the residential rate in the dollar. This reflects the impact of the decision to raise 20% of the total rate revenue from business properties. To achieve that outcome, the 400% differential must be applied to the business property values.

Prior to the decision in 2006 to increase the yield from business properties to 20% of the total income, the residential and business property rate in the dollar was the same figure.

What has happened over time is that the land values of the residential properties have grown proportionally faster than the business properties and we have had to gradually increase the business differential to achieve the 20% outcome.

No change is recommended to the current structure, however it is important to Council to note the magnitude of the differentials for both farmland and business properties as compared to residential properties.

### RECOMMENDATIONS

1. That Council, for the 2016/17 Draft Operation Plan, include a base rating structure, modelled on the existing structure, which applies the following principles:
  - a) Marginally less than 50% of the rate income for the residential category of properties being generated from the base amount
  - b) Business, farmland and mining categories to have the same base amount as the residential base amount
  - c) A total of 20% income from the rate yield to be sourced from the business category properties

## 4.8 Rating Structure - 2016/17

- d) Farmland rate in the dollar is approximately 80% of the residential rate in the dollar
- e) The mining category rate in the dollar to be set as the same rate as the business category (currently no mining category properties in the shire).
2. That Council notes the indicative figures for this rating structure for 2016/17, are as follows

### Proposed 2016/17 Rating Structure

Rating Category	5.41% Increase	
	Base Amount	Rate in Dollar
Residential	470	0.001902500
Business	470	0.007579200
Farmland	470	0.001509900
Mining	470	0.007579200

**Table Eight: Proposed Income per Category (Cat.) at 5.41%**

Rate Category	2015/16			2016/17		
	Income 5.41% increase	Cat % of yield	Ave Rate	Income 5.34% increase	Cat % of yield	Ave Rate
Residential	13,895,275	72.43	900	14,748,183	72.55	943
Business	3,836,591	20.00	2,982	4,065,675	20.00	3,160
Farmland	1,451,321	7.57	1,382	1,514,776	7.45	1,448
Mining	0	0	0	0	0	0
<b>Total</b>	<b>19,183,187</b>	<b>100.00</b>	<b>1,079</b>	<b>20,328,634</b>	<b>100.00</b>	<b>1,131</b>

### Attachment(s)

Nil

## **4.9 Fees and Charges - 2016/17**

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### **4.9 Fees and Charges - 2016/17**

**Delivery Program** Governance and Finance

**Objective** To obtain Council approval to exhibit the draft 2016/17 fees and charges for public comment.

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#### **Background**

An important part of Council's resourcing strategy is the setting of fees and charges for the provision of works and services. The Ordinary Rates, Waste, Water and Wastewater charges are the primary income sources for Council and this report deals with the myriad of other fees and charges either required or allowed to be raised for Council services.

A list of all these fees and charges is compiled annually and advertised for public comment as part of the draft Operational Plan. A copy of that draft document, for 2016/17, is included as an attachment to this report.

The Local Government Act and National Competition Policy also require councils to establish pricing categories to allocate against each fee and charge, with the category identifying the nature or level of cost recovery for the fee.

The Council's adopted categories are as follows, with these categories fairly standard for nearly all councils:

- Business/Commercial - Fee set in accordance with the marketplace with the fee aiming to generate a return for Council
- Full Cost Recovery - Fees set to recover the full cost of the service
- Partial Cost Recovery - Fees set at what Council considers is a reasonable cost for the user to bear. The balance of the cost of providing that service is then funded from general revenue
- Fixed by Legislation - Fees set by legislation

The document details whether the fee is or is not subject to the goods and services tax (GST). This is a critical determination so as well as Council staff checking this aspect of the document an external local government GST specialist confirms, approximately every two years, that the GST treatment is correct.

The fees and charges document, as attached, is divided into the four groups that represent the Council's organisation structure.

#### **Key Issues**

- Variations in fees
- New fees
- Opportunities to recover the cost of Council services
- Affordability
- Reasonableness

### **Information**

The fees mentioned in this report relate to either new fees or price increases that exceed a cost of living adjustment. As mentioned the complete document is attached to this report providing the opportunity for discussion on any of the proposed fees for 2016/17.

### **Strategic Services**

A new fee is proposed for Development Control Plan amendments (\$7,200) for new release areas. New release areas require a much greater amount of staff time than other amendments.

A new fee is proposed of \$220 for site investigations of community land where a community group is seeking use or access to the land. The fee is intended to provide a minor contribution towards staff time that is required to investigate these matters.

### **Community Spaces**

Fees and charges for community centres commence on page 37 and end on page 46 of the document. There are a number of proposed price changes that exceed cost of living adjustments and others that reduce fees. The adjustments are based on a combination of the cost to provide the service and the market.

For the Lennox Head Community Centre there are numerous new fees that relate to the transitioning of the centre from sports focussed to sports and events. New fees include the film program.

### **Visitor Information Centre**

A fee to hire out marquees has been removed from the document. It is proposed to discontinue this service.

Council previously provided a number of small marquees for public hire that were stored at, and issued by, the Ballina Visitor Information Centre (BVIC). These assets were rarely used but easily dirtied and damaged.

The impractical nature of the hire item meant that VIC staff were unable to inspect the returned marquees and so damage/soiling were often only identified by new hirers once in use.

The cumulative amount of damage to the collective assets was such that the cost to repair/replace was greater than the allocated budget this financial year.

A cost benefit analysis identified that it would be cheaper, more practical and sustainable long term to redirect the annual budget to the community services budget to hire marquees from external providers as part of Council's annual contributions to local events such as NAIDOC week.

The storage space at the BVIC has now been reallocated to the storage of Visitor Guide stock, reducing the need for Visitor Services to hire external storage space for this purpose.



### Swimming Pools

Pool fees have been increased by varying amounts with some quite large percentage rises proposed. These changes are identified on pages 47 to 49.

The increases on all entry fees are part of an ongoing process to bring the fees in line with wider industry standards for pool entry. At \$5 per adult and \$4 per child pool entry charges still represent good value.

The amended charges also include the following new initiatives to improve fairness in the pricing structure and encourage greater patronage of the two complexes.

- The introduction of a single entry 'Concession Ticket' (Senior Card Holders, Student Card Holders, Pensioners/Health Care Card Holders and People with a Disability).
- The introduction of a single entry 'Family Ticket' (For the purposes of Ballina Shire Council Community Pools entry, a Family is defined as two adults and two children; one adult and three children, or all persons listed on a single Medicare or Health Care Card).
- The removal of the exiting 'Family Season Pass' in favour of a new 'Discount for Multiple Season Pass Purchases' structure.

Previously the 'Family Season Pass' defined a family as being two adults and two children (only) and offered a discount of approximately 50% on the total cost of those four season passes.

To allow greater fairness for the diverse range of families that reside in the Shire, the new structure provides a 'sliding scale' of discounts from two to four season tickets, of any combination, up to the existing discount amount of 50%.

For families of more than four persons the full discount can be applied to all persons listed on a Medicare or Health Care Card.

It is believed that this model will provide a more affordable option for Ballina Shire families and encourage greater patronage and sale of Season Passes.

### Building Services

*Single Dwelling/Dual Occupancy building certificates* \$1,650 to \$1,800

The price shown is for a single dwelling only. Prices vary for single dwellings, dual occupancies, etc however they are all proposed to be increased by \$8% to 10%. The price increase is set to deliver full cost recovery and meet the market.

*Bed and Breakfast application/inspection* \$500 to \$570

The \$14% fee increase is intended to more accurately reflect the real cost of providing the service.

### Environmental Health

*On site Sewerage Management - annual fee* \$45 to \$50

## 4.9 Fees and Charges - 2016/17

The proposed fee increase is 11%, which is as per a report approved by Council last year to increase fees to pay for a second compliance officer.

*Animal surrender fee* *\$100 to \$140*

The cost to Council associated with veterinary bills to euthanise animals is in excess of the proposed \$140. Hence the price increase will recover a greater percentage of costs than is currently the case, however staff were reluctant to pass on the full cost of the service given the magnitude of the increase.

*Commercial Premises –skin penetration*

*Low risk- hairdressers*  
*Medium risk – beauty salons*  
*High risk- Tattooists/major salons*  
*Mortuaries*

\$95	to	\$50
\$140		\$150
\$180		\$250
\$180		\$250

Staff reviewed programs undertaken by the Public Health and Environmental Health section given increasing demands and limited resourcing.

The review highlighted that some modifications to the register and the inspection programs are warranted to best identify and target the higher risk skin penetration premises from a public health and safety perspective.

It is recommended that the current register be altered from categorisation by business type (i.e. hairdresser, beauty salon or skin penetration) to categorisation by risk type. The proposal is to categorise the register into approximately 50 premises as low risk, being standard hairdressing salons, 30 as medium risk being standard beauty salons and 10 as high risk being skin penetrators such as tattooists, major beauty salons.

Low risk premise will be charged a reduced registration and inspection fee of \$50 annually and a random sample of these premises will be inspected each year. Medium risk premises will be charged a fee of \$150 consistent with existing fees and will continue to be inspected annually. High risk premises will be charged an increased fee of \$250 and will be inspected twice a year given the higher risk associated with activities on site.

It has been estimated that the proposed changes will result in a minor loss of income that is more than compensated by better use of resources.

*Public Swimming Pools*  
*Semi-public pools*  
*Public pools*  
*Re-inspections*

\$140	to	\$80
\$180		\$220
\$140		\$184

Council's Public Swimming Pool and Spa Pool Monitoring Program includes the registration and inspection of the Shire's public swimming pools and spa pools during the warmer months of November through to March each year. The aim of the Program is to determine compliance with the *Public Health Act 2010*, *Public Health Regulation 2012* and the *NSW Health Public Swimming Pool and Spa Pool Advisory Document*.

## 4.9 Fees and Charges - 2016/17

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A review of Council's Public Swimming Pool and Spa Pool Register indicates we currently have 43 registered premises. These are made up of 4 Public Swimming Pools/Spas and 39 Semi Public Swimming Pools/Spas.

Under the current program the public swimming pools/spas are inspected monthly (4 x 5 inspections = 20) over the monitoring period. While the semi-public pools are inspected once over the monitoring period (39 inspections).

Council is not required to carry out a routine inspection program under the *Public Health Act 2010* or *Public Health Regulation 2012*. However *Clause 20 of the Public Health Regulation 2012* states:

*'Each local government authority is to maintain a register of public swimming pools and spa pools (other than natural swimming pools) in its area'.*

To reduce the load on Council's resources while still monitoring their compliance with the *Public Health Act 2010*, *Public Health Regulation 2012* and the *NSW Health Public Swimming Pool and Spa Pool Advisory Document* it is proposed to modify this program and the related fees and charges.

The program will still require all public and semi-public swimming pools and spa pools to be registered with Council, which will involve an annual renewal along with the appropriate fee being paid.

It is however proposed to reduce the number of inspections being carried out.

This includes the reduction of public swimming pools/spas being inspected monthly during the monitoring period to once during this period. While a third or 33% (13 premises) of the semi-public swimming pools/spas will be inspected during the monitoring period.

It is proposed to charge the public swimming pools/spas an annual registration/inspection fee of \$220.00. The semi-public swimming pools/spas will be charged an annual registration/inspection fee of \$80.00 whether they are inspected during this period or not.

Although the proposed modifications will result in an income reduction of approximately \$5,000 the reduction in inspections will reduce the load on Council's resources whilst still monitoring the operations of the swimming pools and spas for public safety.

*Vehicle Signs* *\$165 to \$184*

Fee increased to equal the hourly inspection rate of Environmental health staff which more appropriately reflects the cost of the service.

### **Asset Management**

A new fee is proposed for occupation of airspace above a road reserve by fencing or hoardings. A fee is already in place for actual occupation of the road reserve. The new fee covers situations where the airspace is occupied, as this usually involves partial obstruction and inconvenience to users of the reserve. The fee also serves to encourage timely removal of any temporary structures. The new fee is \$2.70 per week per lineal meter which is 50% of the fee for occupation of the road reserve.

### Open Space and Recreation

#### *Four wheel Drive Permits – Annual*

- *Six month*
- *Thirty Day*
- *One Day*

\$75	to	\$90
\$45		\$54
\$30		\$36
\$10		\$12

Prices have increased by approximately 20% to pay for new technology that was introduced to automate the payment/ticket system. Also the initial pricing was set at an introductory level and it was always intended to increase prices over time.

### Information Services / Records

It is intended to raise a new fee called the 'Information and Technology Services fee'. The fee is levied against all development applications (DA's) to recover costs associated with:

- Operating the archive. The majority of the floor space is dedicated to storing DAs.
- Contribution towards hardware and software licences relating to the DA online server hardware, firewall hardware, GMP connection, scanners, Civica's 'Authority' product and the Trim document management system.
- Cost to meet the State government DA tracking requirements.
- Records staff servicing DA requests which is in the order of 5 man days per week.

These costs total to approximately \$138,000 in 2015 dollars. It is proposed to set the fee at .07% which is forecast to yield approximately \$138,000 based on modelling of 2015 DAs.

Investigations of other councils show that Port Macquarie, Cessnock, Nambucca and Bathurst all charge fees for archiving/scanning and those fees vary from \$10 to over \$200 per DA.

Lismore City Council charges a fixed archiving fee, which varies from \$57 to \$115 depending on the value of the application, plus 0.1% of the DA value. By way of comparison a DA with an estimated cost of \$200,000 would be charged \$144 in Ballina whilst in Lismore the fee would be \$289.

This fee will generate additional income of approximately \$138,000. At this stage this revenue is not included in the budget forecast. It is proposed to allocate \$65,000 from this new revenue stream over 2016/17 and 2017/18 to the implementation of a new telephony system. These funds will be leveraged using contributions from Water/Wastewater/Waste to implement the new system during the 2017/18 financial year.

The upgrade is important as the current system has been in place for some 25 years and has served the organisation very well, however we have been advised that the system will cease to be supported by the supplier. Hence a new system is necessary inside approximately two years. Council did investigate the possibility of doing a joint purchase with other Council's however this project did not work out.

## **4.9 Fees and Charges - 2016/17**

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Further it is proposed to place unallocated revenue (138,000 less \$65,000) in to an Information Services reserve. This is to ensure that firstly the level of income anticipated comes to fruition and if so to then prepare a report for Council consideration on the highest priorities for support.

### **Airport**

Meeting Room: A new fee is proposed to hire out the meeting room that is located in the old terminal building of \$75 per half day. It is an opportunity to improve service to customers and raise a new income stream, although very minor, from existing assets.

### **Legal/Resource / Financial Implications**

There are financial and resource issues associated with all aspects of this report. Council needs to be satisfied that the proposed fees and charges meet the requirements of the organisation.

### **Consultation**

This report has been prepared following consultation with staff across Council's entire operations. Once approved the draft document will be exhibited for public comment as part of the 2016/17 Draft Delivery Program and Operational Plan.

### **Options**

Council may approve the contents of this report or resolve to add, delete or amend the proposed 2015/16 fees and charges.

In reviewing the fees Council needs to be mindful that there are many services provided at a significant cash loss. The issue is whether or not Council wishes to substantially increase fees to lessen the impact of the recurrent deficit whilst also recognising that Council rates also assist in providing these services.

Finally, the Independent Panel review into Local Government in NSW highlighted the need for councils to increase fees to reflect the value of services. Council staff have been mindful of this in reviewing the fees for 2016/17 and ideally every effort should be made to reduce subsidies where possible.

### **RECOMMENDATIONS**

1. That Council approves the exhibition of the draft schedule of fees and charges for 2016/17, as attached, including any amendments resulting from this meeting.
2. That Council approves the inclusion in the draft Delivery Program the forecast income and expense associated with the new Information Services/Records fee as detailed within this report, with part of this funding to be allocated to the replacement of the existing telephony system and the balance transferred to reserve.

#### **4.9 Fees and Charges - 2016/17**

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##### **Attachment(s)**

1. Draft Fees and Charges - 2016/17 (Under separate cover)

#### **4.10 Coastal Zone Management - Beach Nourishment, Seven Mile Beach**

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#### **4.10 Coastal Zone Management - Beach Nourishment, Seven Mile Beach**

**Delivery Program**      Engineering Works

**Objective**              To determine Council's response to an offer from NSW Crown Lands to complete a beach nourishment project in conjunction with the Richmond River entrance bar project.

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#### **Background**

Under Council's Coastal Zone Management Plan (CZMP) a number of management plan actions are described. One of the actions listed is to consider opportunities for the nourishment of Lennox Head beach by considering availability of sand spoil from dredging operations such as the Richmond River entrance bar. A copy of the relevant table from the CZMP is attached.

NSW DPI (Crown Lands) has recently been investigating the one-off dredging of the Richmond River entrance bar. As part of this preliminary investigation Council has received an inquiry from Crown Lands regarding Council's interest in taking-up opportunities to fulfil its CZMP management plan actions.

Completing these projects concurrently potentially represents an opportunity for costs savings and better use of dredged material, however Crown Lands have asked for a funding contribution which is presently not included in Council's budget.

The purpose of this report is to consider the request from Crown Lands.

#### **Key Issues**

- Project Feasibility
- Availability of Funding
- Opportunity to implement CZMP actions

#### **Information**

The inquiry from Crown Lands seeks Council's interest in making a financial contribution towards the additional cartage associated with depositing the sand from the bar dredging directly at Lennox Head beach, compared to closer disposal at say Shelly Beach or Angels Beach.

From a whole of government perspective it is commendable that Crown Lands is discussing this matter with Council, as considerable effort has been invested into the preparation of the CZMP by Council together with OEH.

The inquiry from Crown Lands is shown below:

*"Subject: Informal Advice - Richmond River Entrance*

*Paul*

*I refer to previous advice from the Department of Primary Industries (DPI) Lands and your recent discussions with Mr Edward Couriel (NSW Public*

#### **4.10 Coastal Zone Management - Beach Nourishment, Seven Mile Beach**

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*Works - Manly Hydraulics Laboratory) regarding preliminary investigations for dredging the Richmond River entrance bar.*

*DPI Lands is working with the Department of Public Works with the view to undertake a broad economic analysis and a preliminary environmental assessment to inform government on the benefits, costs and risks of a dredging intervention at the entrance to the Richmond River of up to 30,000 cubic metres of marine sand.*

*Should government support a "once off" trial dredging campaign the next steps would be to undertake the necessary detailed environmental assessments and gain all relevant approvals (including a permit from the Commonwealth Government under the Sea Dumping Act).*

*Preliminary investigations completed to date suggests that an ocean going (trailing cutter suction hopper) dredge would be required to undertake work. Both the Office of Environment & Heritage and Public Works have recommended the dredged sand be used for beneficial beach nourishment by placement in the near shore zone to the north of the river entrance to minimise south bound ingress of the dredged sand back into the entrance.*

*Public Works has suggested three options/locations and respective costs.*

- 1. Placing material directly on Shelley Beach (lowest cost option) but noting the need to carefully monitor south bound littoral transport to assess any reduced dredge effectiveness and any increased dredge maintenance requirements if some of this material returns into the entrance under persistent east and north-easterly wave climates;*
- 2. if affordable, place material north of Flat Rock on Sharps Beach, some 5 km north of the entrance, adding about \$140,000 (i.e. approximately \$5 per cubic metre) in transport costs for the proposed 30,000 m<sup>3</sup> of dredge spoil, with likely reductions in future dredge maintenance costs and improved coastal alongshore sediment transport potential towards the sediment deficient Seven Mile Beach to the north; or*
- 3. place dredged material offshore of Seven Mile Beach, some 10 km north at Lennox Head, adding about \$280,000 (i.e. approximately \$9 per cubic metre) in transport costs for the proposed 30,000 m<sup>3</sup> of dredge material.*

*Option 3 would be in keeping with Ballina Shire Council's Coastal Zone Management Plan and the intentions of the new Coastal Management Bill (2015) by returning sand directly to an area that has been deprived of natural littoral process supply for several decades.*

*Options 1 and 2 would also be consistent with the intentions of the new Coastal Management Bill (2015) by retaining dredge spoil material within the relevant coastal sediment compartment, although beach amenity benefits for Seven Mile Beach would be indirect and dependent on natural coastal processes that are likely to take several years to materialise.*

*I understand from Mr Couriel that Council may be interested in contributing to the extra cost for carting sand from the Richmond River entrance dredging project if used as sand nourishment on Seven Mile Beach.*

*I look forward in due course whether there may be interest from within council on the above.*



#### **4.10 Coastal Zone Management - Beach Nourishment, Seven Mile Beach**

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The consideration of placing sand at Lennox Head beach (when the opportunity arises) has been well documented within Council's CZMP due to the predicted continuation of long term beach recession. Although there will be likely fluctuations with the health of the dune system at any point in time due to periodic weather patterns, the overall historic trend is for recession of the beach to continue. This will also be exacerbated by sea level rise. The placement of sand is therefore consistent with CZMP management actions.

The description of the dredging operation provided by Crown Lands describes a "trailing cutter suction hopper" arrangement for the dredging and transportation of sand. This will likely consist of an ocean going vessel which will deposit sand offshore by way of underwater discharge, in a minimum depth of water. The sand will therefore be placed underwater and will rely on the active beach zone to shift and further move the sand on or near the shore. This is unlike a piped system or a truck transport system where sand may be placed directly on the beach or beach dune. Under the hopper disposal system there may be some risk that the sand may not provide the full benefit due to undetermined movement of sand underwater, and additionally the sand movement will likely take some time to (possibly years). However, overall it is still viewed as generally positive to have sand added to the beach zone, as it provides a positive sand budget, and assists to mitigate long term recession and possible storm affects. However, the extent of the benefits is not easily quantifiable.

Informal discussion with OEH about this inquiry has also revealed that this management action may be able to be funded as part of the State Government's Coastal Program, and may therefore be considered for grant funding.

Given the above, it is suggested that Council continue to support the investigation by Crown Lands, and provide in principle support. Further information would also assist with consideration of grant opportunities with OEH. Therefore it is not proposed for Council to fully commit to this project at this point in time, however if the negotiations with Crown Lands are to continue it is important to consider the budget's capacity and the priority of this project in the event that the project is confirmed as representing value for money at this point in time.

#### **Legal / Resource / Financial Implications**

The inquiry from Crown Lands is primarily about seeking Council's interest toward financial assistance for the extra cost associated with cartage of dredged sand for Lennox Head beach nourishment, in accordance with Council's CZMP.

The quantum of this contribution is not clearly identified yet by Crown Lands, however staff have been assuming an amount of up to \$50,000 is an amount the department is seeking to offset the additional costs of the transport to Lennox Head.

#### 4.10 Coastal Zone Management - Beach Nourishment, Seven Mile Beach

##### Consultation

There has been preliminary consultation with OEH coastal specialists who have advised that there is an opportunity for possible grant funding under the Coastal Program.

##### Options

1. Provide in principle support to this proposal and authorise the General Manager to continue to negotiate with Crown Lands.
2. Approve Council's support and confirm the financial commitment.
3. Decline the request on the basis that the works, while consistent with our CZMP, are not a priority for funding at this point in time.

As there is the possibility of grant assistance combined with the opportunities associated with the dredging project option one is recommended, however no final commitment to the project will be made until further reporting to Council confirming the benefits of the proposal and grant funds is determined.

If Council was concerned that this approach may create some doubts in respect to the Ballina bar dredging, which has been a high priority action for Council, in our lobbying of the State Government, the preferred approach would be to provide a funding commitment as per option two.

If funding was approved the recommended funding source would be from the quarry reserve. The forecast movements in that reserve in the draft LTFP are as follows:

##### Quarry Cash Flows – 2016/17 to 2024/25

Item	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Revenues	31	182	185	189	193	197	201	205	209
Expenses	52	54	55	56	58	59	61	62	63
<b>Operating Result</b>	<b>(21)</b>	<b>128</b>	<b>131</b>	<b>133</b>	<b>135</b>	<b>138</b>	<b>141</b>	<b>143</b>	<b>146</b>
Capital Movement	(250)	(304)	(200)	(200)	(200)	(200)	(115)	(50)	(50)
<b>Cash Movement</b>	<b>(271)</b>	<b>(176)</b>	<b>(70)</b>	<b>(67)</b>	<b>(65)</b>	<b>(62)</b>	<b>26</b>	<b>93</b>	<b>96</b>
<b>Reserve Balance</b>	<b>672</b>	<b>496</b>	<b>427</b>	<b>360</b>	<b>295</b>	<b>233</b>	<b>258</b>	<b>352</b>	<b>448</b>

We do need to be careful with this reserve now that it is likely that revenues will decrease substantially once Lismore City Council stops operating the quarries.

The revenue figure for 2016/17 is conservative on the assumption that Council may take a number of months to recommence generating revenues from the quarries and the LTFP still has dividends of around \$200,000 per annum from the quarry supporting Council's operations.

If Council did wish to provide a financial commitment to this proposal the recommendation would be to initially offer \$30,000 from this reserve. The reserve can handle this amount however Council should not be looking for additional dividends from this reserve until the future of the quarries is known.

A revised recommendation based on this approach is as follows.

#### **4.10 Coastal Zone Management - Beach Nourishment, Seven Mile Beach**

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- 1. That Council confirms its support to implement a beach nourishment program in partnership with the Crown Land's delivery of the Richmond River bar dredging project.*
- 2. That Council approves funding of \$30,000 from the quarry reserve, as our initial offer, to support this work.*
- 3. The General Manager is authorised to continue to investigate the proposal in point one above with Crown Lands and seek out available grant opportunities.*

#### **RECOMMENDATIONS**

1. That Council provides in principle support to the proposal to implement a beach nourishment program in partnership with the Crown Land's delivery of the Richmond River bar dredging project.
2. The General Manager is authorised to continue to investigate the proposal in point one above with Crown Lands and seek out available grant opportunities.
3. A further report is provided to Council, prior to any final commitment being made to the invitation from Crown Lands, to enable Council to consider additional information regarding the cost, benefits and priority for this project.

#### **Attachment(s)**

1. Table 4.4 Recommended Coastal Zone Management Actions - Protective Works & Associated Investigations

Table 4.4 Recommended Coastal Zone Management Actions – Protective Works and Associated Investigations

Action	Beach units	Recommended Coastal Zone Management Action – Longer-Term Works	Responsibility (in bold)	Performance measure	Cost bracket	Funding (Table 4.1)
<b>Immediate (0-5 years)</b>						
I1	LHS	Conduct coastal engineering investigation to determine condition and adequacy of the constructed levee to mitigate against hazards from design storm events and shoreline recession. Investigation to include survey of the levee to inform <b>Management Action 16</b> , for returning the levee to a minimum design crest elevation of RL 5.5 mAHD.	<b>BSC</b>	Investigation complete and determination made	3	S1, S2, L1, L2, L4, L5, L6, L7, L8, L9, P1
I2	LHN	Conduct coastal engineering investigation to determine alignment, condition and adequacy of existing buried rock wall between Byron Street and the SLSC and Lake Answorth Sport and Recreation Centre. Investigation is to include survey of the dune to inform <b>Management Action ST1</b> to ensure the dune has a minimum crest elevation of RL 6.0 mAHD.	<b>BSC</b> <b>OEH (support)</b>	Investigation complete and determination made	3	S1, S2, L1, L2, L4, L5, L6, L7, L8, L9, P1
I3	BB	Conduct survey and investigations, prepare designs and obtain approval for protective works to prevent loss of walking track at the southern end of Boulder Beach.	<b>BSC</b>	Design complete Approval obtained	1	S1, S2, L1, L2, L4, L5, L6, L8
I4	LHN LHS	Investigate potential to redesign stormwater outlets to minimise adverse effects on foreshore, in particular those discharging near <ul style="list-style-type: none"> <li>▪ Ross Street</li> <li>▪ Williams Street</li> <li>▪ Lennox Street</li> <li>▪ Foster Street</li> <li>▪ Rutherford Street</li> <li>▪ The southern end of the constructed levee at the southern end of Seven Mile Beach</li> </ul>	<b>BSC</b>	Investigations complete	2	L1, L2, L4, L5, L6, L7, L8, L9
I5	LHN LHS	Seek to utilise dredge spoil from the Richmond River on an opportunistic basis to nourish and improve the amenity of Seven Mile Beach if required.	<b>BSC</b> <b>OEH (support)</b>			
I6	LHS	Upgrade constructed levee on basis of investigation under <b>Management Action 11</b> . Upgrade to include importation and stabilisation of additional sand to ensure that the crest elevation of the constructed levee is returned to the design level of RL 5.5 mAHD along its full length and maintained at that level.	<b>BSC</b> <b>OEH (support)</b>	Levee core upgraded as necessary Crest elevation of levee is RL 5.5 mAHD	3	S1, S2, L1, L2, L4, L5, L6, L7, L8, L9, P1
I7	BB	Install rock revetment, earth backfill and track works to prevent loss of walking track at southern end of Boulder Beach.	<b>BSC</b>	Works in place	3	S1, S2, L1, L2, L4, L5, L6, L8
I8	LHN LHS	Redesign and install new stormwater drains if investigation determines redesign is feasible. (Note: can be carried over to following years if investigation results in multiple and/or expensive redesigns).	<b>BSC</b>	Works in place	3-4	L1, L2, L4, L5, L6, L8
I9	All	Implement Precinct Plans.	<b>BSC</b>	As per management actions in Precinct Plans	Various	Various
<b>Short-term (5-10 years)</b>						



Coastal Zone Management Plan for the Ballina Shire Coastline  
0766-100x

## 4.10 Coastal Zone Management - Beach Nourishment, Seven Mile Beach

Action	Beach units	Recommended Coastal Zone Management Action – Longer-Term Works	Responsibility (in bold)	Performance measure	Cost bracket	Funding (Table 4.1)
ST1	LHN	Following suitable beach erosion event, upgrade or reconstruct existing buried rock wall, or install a new seawall between Byron Street and the SLSC and Lake Ainsworth Sport and Recreation Centre on the basis of investigations under Management Action 11. Upgrade to include importation and stabilisation of additional sand to ensure that the crest elevation of the dune above the existing buried rock wall is at or above RL 6.0 mAHD. Seek to utilise dredge spoil from the Richmond River on an opportunistic basis to nourish and improve the amenity of Seven Mile Beach if required.	<b>BSC</b> OEH (support)	Seawall upgraded as necessary Dune crest is RL 6.0 mAHD	5	S1, S2, L1, L2, L4, L5, L6, L7, L8, L9, P1
ST2	LHN LHS	Seek to utilise dredge spoil from the Richmond River on an opportunistic basis to nourish and improve the amenity of Seven Mile Beach if required.	<b>BSC</b> OEH (support)			
ST3	All	Implement Precinct Plans.	<b>BSC</b>	As per management actions in Precinct Plans	Various	Various
<b>Medium-term (10-25 years)</b>						
MT1	LHN LHS	Conduct detailed investigations to ensure continuing adequacy of protective measures.	<b>BSC</b> OEH (support)	Investigations complete	2	S1
MT2	LHN LHS	Implement maintenance measures of dunes, seawalls and levee as required on basis of monitoring program	<b>BSC</b> OEH (support)	Implemented as required	2-3	S1, L1, L2, L4, L5, L6, L7, L8, L9
MT3	LHN LHS	Seek to utilise dredge spoil from the Richmond River on an opportunistic basis to nourish and improve the amenity of Seven Mile Beach if required.	<b>BSC</b> OEH (support)			
MT4	LHS	Design and install boardwalk on existing seawall between Raymers Lane and Byron Street if public foreshore access is constrained too frequently.	<b>BSC</b>	Boardwalk installed	4	State and Federal funding L1, L2, L4, L5, L6, L7, L8, L9
MT5	LHN LHS	Investigate and determine the feasibility of marine, estuarine and/or terrestrial sources of sand for larger scale beach nourishment in the future in order to provide for beach amenity under projected sea level rise induced long term recession impacts. Investigation to include concept design of beach nourishment works, statutory planning and policy requirements, planning, comparing costs, and social and environmental impacts at source and destination locations. Conduct nourishment of beach as necessary (if feasible)	<b>BSC</b>	Identification of suitable source. Design of beach nourishment works.	3	S1, L1, L2, L4, L5, L6, L7, L8, L9
MT6	LHN LHS	Conduct nourishment of beach as necessary (if feasible)	<b>BSC</b> OEH (support)	Nourishment conducted	5	tbc
<b>Long-term (25+ years)</b>						
L1	LHN LHS	Conduct re-nourishment of beach as necessary (if feasible)	<b>BSC</b> OEH (support)	Re-nourishment conducted	Variable	tbc

Note: Responsibility for actions remains with BSC and OEH provides guidance and technical support. Other State Government agencies may be required to participate as necessary.

#### **4.11 Wollongbar Sporting Fields - Funding Update**

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#### **4.11 Wollongbar Sporting Fields - Funding Update**

**Delivery Program** Open Spaces and Reserves

**Objective** To review the project budget based on the latest available information.

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#### **Background**

In February 2015, Council resolved to accept the negotiated price from Synergy Resource Management to undertake the construction of the Wollongbar Sporting Fields. Due to budget constraints, the final scope of works to be undertaken by Synergy excluded the tennis courts, lighting, fencing and tennis clubhouse.

Council further resolved to proceed with the construction of the tennis courts when funding became available, with the resolution allowing the General Manager to proceed with these works if they could be funded within the available contingencies.

This report now provides the latest update on the project budget.

#### **Key Issues**

- Project Budget

#### **Information**

The final construction certificate for this project, along with the relevant planning approvals, significantly expanded the scope of stormwater and drainage works that had been tendered for by Synergy resulting in an increase in the contract price of approximately \$479,000.

These additional works related to:

- Increased size and number of bio-retention swales
- Significant increase in the number of rock lined stormwater outlets
- Increased stormwater piping to accommodate swales and outlets and
- Increased culverts for creek crossing and depth of fill.

The adjustment of \$479,000 was reviewed by Council's independent project manager, Mr Craig Zerk, along with Council staff the revised pricing was considered reasonable and acceptable given the changes in the scope of works.

The adopted Council budget also included \$500,000 for the construction of the amenities building, with the lowest tender price, which was from Bennetts Constructions, coming at in \$612,200.

These factors have had implications for the project budget and have limited Council's ability to construct the tennis courts, lighting, fencing and clubhouse from the available budget.

#### 4.11 Wollongbar Sporting Fields - Funding Update

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Based on this information the following is a breakdown of the current state of project budget, including the tennis courts, fencing and clubhouse.

Item	Amount (\$)
<b>Current 2015/16 budget allowance</b>	<b>5,188,300</b>
Expended for year to date	1,490,000
<b>Items still to be expended</b>	
Balance of Synergy contract	2,628,000
Allowance for additional Synergy contract variations	200,000
Predicted cricket field savings from Synergy contract	(45,000)
Amenities block contract	612,200
Architect fees for tennis clubhouse design / approvals	15,000
Allowance for tennis clubhouse construction	400,000
Tennis courts, lighting and fencing quotation	448,500
Miscellaneous expenses plus contingency	50,000
<b>Total Expenditure</b>	<b>5,798,700</b>
<b>Net budget shortfall</b>	<b>(610,400)</b>

This means there still is insufficient funding to undertake the construction of the tennis courts etc and clubhouse within the current available budget.

At the March 21016 Finance Committee Council resolved as follows:

*That Council confirms the Ballina Marine Rescue Centre contingency funds, currently set aside in an internal reserve, are allocated firstly as a priority for any contingency for the Rescue Centre and secondly to allow the Wollongbar Sports Fields to be finalised.*

The contingency amount referred to in this resolution is \$625,500. The reallocation of this funding would allow the Wollongbar Sports Field project to be completed in full, assuming there are no more major budget variations.

The existing Ballina Marine Rescue Centre budget is as follows:

Item	Amount (\$)
Expended (Design, approval, Council Fees)	140,000
<b>Tender</b>	
Construction of new building	1,415,000
Refurbishment of public toilets including removal of top deck room etc	98,000
Demolition of existing tower	28,000
Construction of car park, stormwater drainage works etc.	189,000
Landscaping	52,000
<b>Other</b>	
Design/Project management	25,000
Contingency (15% due to location of building)	268,000
<b>Total</b>	<b>2,215,000</b>

Works are progressing well on this project and it is likely that there will be savings within the \$268,000 contingency. This contingency remained quite high primarily due to the large amount of funding Council eventually sourced for the project.

#### **4.11 Wollongbar Sporting Fields - Funding Update**

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What this means is that Council can be reasonably confident in that reallocating the \$625,500 to the Wollongbar Sports Fields will not impact on delivering the Rescue Centre.

The benefits of reallocating these monies are as follows:

- It allows the Wollongbar Sports Fields to be completed in full, rather than having a partially completed sports complex.
- Synergy has provided updated quotations for the tennis courts, lighting and fencing (\$448,500), with these works being part of their original tender, prior to being removed by Council. With that contractor currently on site this means that Synergy is in a position to complete those works within timely manner
- The Building Better Regional Cities (BBRC) funding agreement with Council requires Council to complete the tennis courts and associated facilities.

The entire BBRC program is being reviewed across the country as many councils have either not completed the works promised or provided the necessary affordable housing rebates. Council is very well advanced in respect to the BBRC program with Ballina Heights Drive completed, 94 of the 96 rebates at Wollongbar granted, 59 of the 120 rebates at Ballina Heights Drive granted and the Wollongbar Sports Field complex contract with Synergy due to be completed this financial year. There is talk of councils having to provide additional rebates or reimburse monies if they have not met their BBRC commitments and the preference is to comply with our commitments as much as we can, including the completion of the works in full.

- It allows Council to more proactively market the sale of the existing tennis courts site at the Russellton Industrial Estate.

#### **Legal / Resource / Financial Implications**

The remaining budget for the construction of the Wollongbar Sports Fields is insufficient to undertake the construction of the tennis courts and associated infrastructure.

The agreement with the Building Better Regional Cities, includes the construction of the tennis courts as part of the overall project.

#### **Consultation**

The preparation of this report has involved internal staff discussions and negotiations with the existing contractor.

#### **Options**



#### **4.11 Wollongbar Sporting Fields - Funding Update**

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The options are to proceed or not proceed with the reallocation of the \$625,500 in contingency monies to the Wollongbar Sports Fields project, or even defer any decision until the Marine Rescue Centre is completed.

There are considered to be significant financial, and practical, benefits in allow Synergy to now proceed with the construction of the tennis courts and associated facilities, as they are on site and have previously tendered for these works. Also the existing contingency for the Marine Rescue Centre of \$268,000 is considered more than adequate.

On this basis the recommendation is to confirm the reallocation of the monies to the Wollongbar Sports Fields to allow the project to be completed in full.

#### **RECOMMENDATION**

That Council approves the reallocation of the \$625,500 currently held in reserves to the Wollongbar Sporting Fields project, to allow that project to be completed in full.

#### **Attachment(s)**

Nil

## **4.12 Fit for the Future - Update**

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### **4.12 Fit for the Future - Update**

**Delivery Program** Governance and Finance

**Objective** To provide an update on Council's compliance with the State Government's Fit for the Future Program.

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#### **Background**

The NSW State Government commenced the Fit for the Future (FFTF) Program in response to the Independent Review Panel's report into the future of NSW Local Government and to determine the long term future of Local Government in NSW.

Council provided an action plan to the FFTF Program to confirm our long term financial sustainability and based on that plan the State Government declared Ballina Shire Council as a fit for the future council.

It is one thing to submit an action plan and another to comply with that plan and the purpose of this report is to provide an update on our compliance with the FFTF Program.

#### **Key Issues**

- Financial sustainability
- Benchmarks and compliance

#### **Information**

The FFTF Program requires councils to comply with seven key financial indicators to be financially sustainable, with compliance required by 2019/20.

Those seven indicators are as follows.

- Infrastructure Backlog Ratio – Less than 2%
- Asset Maintenance Ratio – Greater than 100% averaged over three years
- Debt Service Ratio – Greater than 0% and less than or equal to 20% average over three years
- Own Source Revenue Ratio – Greater than 60% averaged over three years
- Building and Infrastructure Asset Renewal Ratio – Greater than 100% averaged over three years
- Decrease in Real Operating Expenditure per capita over time.
- Operating Performance Ratio – Greater or equal to a break even averaged over three years

The first attachment to this report is titled "Long Term Financial Plan – Overview" and this document provides a summary of the Long Term Financial Plan (LTFP) as presented to this meeting, along with identifying three different modelling options in respect to the General Fund operations of Council.

## 4.12 Fit for the Future - Update

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The three models in that document are as follows:

- Model One – This model reflects Council's Fit for the Future Submission and the recommended LTFP for 2016/17 as presented to Council for this meeting. The model assumes Council will implement rate increases of 5.41% and 5.34% in 2015/16 and 2016/17 (as already approved by the Minister) and 5.90% from 2017/18 to 2019/20 and 3% (CPI) thereafter.

The 5.90% reflects a 2.9% increase above an estimated rate pegging limit of 3% each year. The additional funds from the 2.9% are invested fully into asset renewal works.

A figure of 2.9% was selected as there are indications that any applications for rate increases of a figure less than 3% above the rate pegging limit may be subject to a more streamlined approval process than is currently the case from 2017/18 onwards.

In addition to the extra rate increases, the model assumes significant dividends from our Waste Management Operations for 2019/20 onwards. Those dividends are invested into asset renewal as per the following summary.

Expenditure Item	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Road Reconstruction	500,000	750,000	1,500,000	1,100,000	1,200,000	1,250,000	1,250,000
Open Spaces	250,000	375,000	750,000	550,000	600,000	625,000	625,000
Community Buildings	250,000	375,000	750,000	550,000	600,000	625,000	625,000

- Model Two – This model removes the 2.9% additional rate pegging increases and the waste dividends on the assumption that the rate pegging is not approved by the Minister, or potentially not supported by a future Council. Similarly the assumption with waste is that those funds are no longer available, possibly due to the need for the monies to be expended on waste related activities.

To offset this loss in revenue the Roads to Recovery Grant is maintained at 2016/17 levels, plus indexed by CPI, from 2017/18 onwards.

The background to this is that the Federal Government has funded significant increases to the Roads to Recovery Grant for 2015/16 and 2016/17, with the funding approved being \$1.706m and \$1.971m respectively. However for 2017/18 onwards it will revert back to its previous levels, which is forecast to be \$597,000. There is always the possibility this funding will continue and Model Two highlights the benefits that this brings to our operating result and other indicators.

- Model Three – This is a business as usual model that assumes that Council takes no action to raise additional revenue through the rate pegging increases, does not apply the waste dividend to asset renewal and the Roads to Recovery Grant reduces to traditional levels. This model highlights the financial implications of Council taking no action to improve our financial position.

The following three tables provide a summary of the level of compliance we are forecasting in our long term financial plan, in respect to the seven key indicators, based on the three models. The items marked green mean that we are compliant whereas the red items represent a fail against the criteria.

## 4.12 Fit for the Future - Update

**Table One - FFTF Indicator Summary – As Per Model One**

Indicator	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
Infrastructure Backlog	0.46%	0.45%	0.45%	0.44%	0.44%	0.44%	0.43%	0.43%	0.42%	0.42%	0.42%
Asset Maintenance	99.20%	101.06%	102.41%	101.32%	102.33%	102.41%	102.44%	102.47%	102.50%	102.52%	102.51%
Debt Service	10.6%	10.3%	9.8%	8.9%	8.1%	7.4%	7.3%	6.9%	6.3%	5.1%	3.3%
Own Source Operating Rev	68.6%	69.7%	71.7%	75.3%	75.5%	77.6%	77.9%	79.3%	79.6%	79.6%	83.5%
Operating Expenditure	102.5%	94.4%	96.3%	92.9%	92.8%	91.1%	91.3%	89.1%	89.3%	87.8%	88.6%
Asset Renewal	96.3%	125.3%	120.5%	96.5%	68.2%	107.4%	136.0%	141.7%	113.3%	96.8%	98.7%
Operating Performance	-11.9%	-4.9%	-3.1%	0.8%	2.0%	3.9%	5.0%	5.7%	6.6%	7.4%	8.0%

**Table Two - FFTF Indicator Summary – As Per Model Two**

Indicator	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
Infrastructure Backlog	0.46%	0.45%	0.45%	0.44%	0.44%	0.44%	0.43%	0.43%	0.42%	0.42%	0.42%
Asset Maintenance	99.20%	101.06%	102.41%	101.32%	102.33%	102.41%	102.44%	102.47%	102.50%	102.52%	102.51%
Debt Service	10.6%	10.3%	9.7%	8.8%	8.1%	7.4%	7.3%	6.9%	6.3%	5.2%	3.4%
Own Source Operating Rev	68.6%	69.7%	71.1%	73.8%	73.3%	75.1%	75.4%	76.7%	77.0%	77.1%	81.8%
Operating Expenditure	102.5%	94.4%	96.3%	92.9%	92.8%	91.1%	91.3%	89.1%	89.3%	87.8%	88.6%
Asset Renewal	96.3%	125.3%	122.8%	99.5%	67.4%	99.4%	118.4%	120.9%	90.3%	75.0%	76.2%
Operating Performance	-11.9%	-4.9%	-2.6%	1.4%	2.4%	3.5%	4.1%	4.9%	5.7%	6.4%	7.0%

**Table Three - FFTF Indicator Summary – As Per Model Three**

Indicator	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
Infrastructure Backlog	0.46%	0.45%	0.45%	0.44%	0.44%	0.44%	0.43%	0.43%	0.42%	0.42%	0.42%
Asset Maintenance	99.20%	101.06%	102.41%	101.32%	102.33%	102.41%	102.44%	102.47%	102.50%	102.52%	102.51%
Debt Service	10.6%	10.3%	9.8%	9.0%	8.3%	7.6%	7.5%	7.1%	6.5%	5.3%	3.4%
Own Source Operating Rev	68.6%	69.7%	71.6%	75.0%	75.0%	76.9%	77.2%	78.6%	78.9%	79.0%	83.0%
Operating Expenditure	102.5%	94.4%	96.3%	92.9%	92.8%	91.1%	91.3%	89.1%	89.3%	87.8%	88.6%
Asset Renewal	96.3%	125.3%	118.8%	91.6%	55.7%	87.6%	106.7%	109.2%	78.6%	63.3%	64.5%
Operating Performance	-11.9%	-4.9%	-3.5%	-0.4%	-0.3%	0.9%	1.5%	2.3%	3.2%	3.9%	4.6%

Table One highlights that even with the rate increases and waste dividends we are still not compliant for the entire period in respect to the asset renewal ratio, with this modelling having changed slightly since our FFTF submission.

For 2016/17 and 2017/18 we are compliant, primarily as Council is about to commence the redevelopment of the Alstonville and Ballina swimming pools, which has a total budget of over \$10m. As this is a capital project involving renewal of existing infrastructure it greatly assists the asset renewal ratio.

The more pressing issue is the non-compliance for 2018/19 and 2019/20. To achieve compliance we need to increase our capital renewal expenditure for 2018/19 by \$1.3m and for 2019/20 by \$10.7m.

The reason for such extreme variations is that the swimming pool redevelopments in 2016/17 and 2017/18, which are estimated to cost \$11.5m, excluding any Federal Government grants, are assumed to be 90% asset renewal, which then greatly assists the three year average figures for 2016/17 and 2017/18.

#### 4.12 Fit for the Future - Update

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Without this level of capital expenditure, our typical annual asset renewal figure is around 60% to 70%, therefore for 2018/19 and 2019/20 the three year average drops accordingly.

The figure then increases rapidly in 2020/21 as the four laning works for River Street and Tamarind Drive, which are Section 94 Roads Plan related projects, are included in the capital works program, at an estimated cost of \$22m and \$13m respectively. These works are largely funded from developer contributions and it has been assumed that 50% of these works will be asset renewal.

Also from 2020/21 onwards the dividends from waste management are being invested into asset renewal, along with the monies that are being sourced from the 2.9% additional rate increases.

Non-compliance then occurs again in 2024/25 and 2025/26 although based on the lengthy timeframe and relatively small variance from the benchmark the last two years is not considered to be a significant concern.

If we do a ten year average (2016/17 to 2025/26) for the asset renewal ratio the average percentage is 110%, which meets the Fit for the Future benchmark. However as the benchmark is on three year averages, there are certain years where we are below 100%.

The key message from this model is that even with the additional investment into asset renewal from the proposed rate increases and the waste dividends, which represents approximately \$3m to \$5m extra in recurrent funding above current levels each year by 2020/21, Council will still struggle to achieve compliance with the Fit for the Future benchmarks.

The Asset Renewal ratio is calculated as follows:

*Expenditure on Asset renewals (building and infrastructure) divided by the total of depreciation, amortisation and impairment (building and infrastructure) expenses*

Further fine tuning of the depreciation forecasts and asset renewal percentages for capital expenditure projects is on-going as investing another \$3m to \$5m into asset renewal does represent a huge difference to current service levels, with Council's existing asset base in a reasonable condition. Therefore we need to ensure the underlying assumptions are as accurate as possible before pursuing options such as further rate increases.

For the next three financial years Council is setting aside \$5m in dividends for the proposed indoor sports stadium, which does not represent asset renewal, and once that project is completed there will be a need to ensure that future Councils only focus on renewing existing assets rather than constructing more buildings that create increased financial liabilities and reduce our financial sustainability.

The figures in Table Two reinforce the benefit that retention of the Roads to Recovery grant monies at current levels would bring. As per this table the asset renewal ratio is very similar under this model to Model One, as Council is able to invest the significantly higher Roads to Recovery monies each and every year into asset renewal, without any additional rate increases and waste dividends.

## **4.12 Fit for the Future - Update**

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It also helps to improve our operating result as the Roads to Recovery grants are considered as operating revenues, even though they are being expended on capital works. The reason for this is that the expenditure of these grant monies is discretionary as Council can expend the grants on operating expense items or capital works. The prudent financial strategy is to expend the monies on capital works to ensure existing assets are adequately replaced.

This model highlights one of the issues for local government in that reductions in State and Federal Government grants over time have resulted in councils needing to increase revenue from sources such as rates to fund infrastructure renewal. This is essentially the basis of cost shifting.

If the higher levels of Roads to Recovery monies are included in Model One, we actually achieve compliance with the asset renewal ratio in 2018/19, 2019/20 increases to 80%, and 2024/25 and 2025/26 are compliant. This again highlights the importance of grant monies.

Table Three is provided to demonstrate that without additional revenues the asset renewal and the operating performance ratios do not meet the Fit for the Future benchmarks by 2019/20. This again represents non-compliance with the FFTF Program.

### **Legal / Resource / Financial Implications**

As outlined within this report.

### **Consultation**

Council may need to undertake further community consultation as our response to the FFTF Program is implemented over time.

### **Options**

This report provides an overview of our current financial position for the General Fund as compared to the Fit for the Future benchmarks. The supporting document also provides an overview of the LTFP and the various models or scenarios that could occur.

As per this report there is still a lot of work for Council to do to ensure we are compliant with the asset renewal ratio, for the FFTF Program, as our core asset renewal figures each year are well below the benchmark.

### **RECOMMENDATION**

That Council notes the contents of this report highlighting the need for further work to be undertaken to improve Council's Asset Renewal ratio and Operating Result ratio to ensure we meet the Fit for the Future benchmarks.

### **Attachment(s)**

1. Long Term Financial Plan - Overview (Under separate cover)

#### 4.13 Long Term Financial Plan - Consolidated Forecast

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#### 4.13 Long Term Financial Plan - Consolidated Forecast

**Delivery Program** Governance and Finance

**Objective** To provide a final update on the consolidated Long Term Financial Plan for 2016/17 onwards prior to exhibiting the information for public comment.

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#### Background

The Council budget or Long Term Financial Plan (LTFP) forms a major component of the exhibition of the draft Delivery Program and Operation Plan. Through the two Finance Committee meetings, plus various other reports and adopted strategies and plans, the draft LTFP for 2016/17 onwards is now at a stage where it can be exhibited, subject to any changes that arise from this meeting.

The latest copy of the draft LTFP is included as a separate attachment to this report.

#### Key Issues

- Overall financial position
- Works and services included for 2016/17 onwards

#### Information

That attached document provides details on the various operating budgets for the Council programs along with information on capital works, capital income and reserve movements.

Council operates on a fund basis with Water and Wastewater being the subject of separate reports in this agenda therefore the focus of the balance of this report will be on the General Fund.

The latest forecast operating result for the **General Fund**, as per page three of the attachment is as follows.

**Table One - Forecast General Fund Operating Result (\$'000)**

Year	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Operating Revs	52,034	53,051	55,110	57,087	58,652	60,270	61,898	63,699	65,370	67,104
Operating Exps	51,613	53,540	53,782	54,627	55,833	56,907	57,866	58,938	60,343	61,278
<b>Result (Deficit)</b>	<b>423</b>	<b>(489)</b>	<b>1,328</b>	<b>2,460</b>	<b>2,819</b>	<b>3,363</b>	<b>4,032</b>	<b>4,761</b>	<b>5,027</b>	<b>5,826</b>

The Fit for the Future Program is asking Council to achieve an operating surplus for the General Fund and it is anticipated that this outcome will be achieved over the next few years.

#### 4.13 Long Term Financial Plan - Consolidated Forecast

Whilst there are many benchmarks that are included in the Fit for the Future Program it is considered that a recurrent operating surplus is perhaps the most important. An operating surplus indicates that the organisation is sufficiently sustainable to maintain current service standards and most of the other benchmarks will be achieved with appropriate resource allocation. A critical point in the forward forecasts is that they include an anticipated special variation increase to ordinary rates of 2.9% in each of the three financial years 2017/18-2019/20.

The table shows the anticipated increase once forecast rate peg maximums are included.

**Table Two - Forecast increase to Ordinary Rates**

Item	2016/17 (%)	2017/18 (%)	2018/19 (%)	2019/20 (%)
Estimated rate pegging limit	1.80	2.0	3.0	3.0
Special variation	5.34	2.9	2.9	2.9
<b>Total % increase</b>	<b>5.34</b>	<b>4.9</b>	<b>5.9</b>	<b>5.9</b>

The 2016/17 special variation has been approved

The additional revenue generated from the special variations will be applied to asset renewal, which will help to keep existing assets at a satisfactory standard, reduce long term maintenance requirement and assist with achieving Fit for the future benchmarks.

The main short term focus of Council in respect to the General Fund has traditionally been the working capital result and as per page three the forecast results are as follows:

**Table Four - Forecast General Fund Working Capital Result (\$'000)**

Year	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
<b>Result</b>	<b>(190)</b>	<b>(172)</b>	26	253	91	80	204	486	752	1,512

The current forecast deficit of \$190,000 is considered manageable for 2016/17 acknowledging the overall size of the General Fund budget, along with Council being able to manage items such as office salaries during the year to assist in improving the budget.

The table indicates that for the next two years the working capital forecast is negative and to some extent this is because initial estimates need to be conservative.

For example the budget for Development Services legal expenses is \$150,000 and the actual cost may be considerably less than this figure but in a bad year it could also exceed the budget.

Ideally however we would start the year with a forecast working capital of zero or positive. The negative start point is symptomatic of the fact that it is always extremely difficult to balance the need for General Fund works and services with the revenues available.

Brief comments on the operating budgets and capital works are as follows.



### **Operating Budgets (Part B of Draft LTFF)**

From an operating budget perspective (i.e. operating revenues less operating expenses), and on a cash basis, which is how working capital is calculated, the major movements/items of interest when comparing 2015/16 to 2016/17 are as follows.

#### ***Strategic and Community Facilities Group***

- Community Centres and Halls – Revenues are remaining relatively static with a small decrease anticipated whilst expenses are forecast to increase by just 1% in total. The net cash cost of this program has increased by 5% (from \$401,100 to \$419,800).
- Swimming Pools – The cash operating deficit for this program has increased by 55% as the loan repayments for the swimming upgrades are included, however the additional rate income to finance those loan repayments is included in a separate program, being Financial Services – General Purpose Revenues.

#### ***Development and Environmental Health Group***

- Building Services – The forecast surplus for this program has reduced by 25%. This is because staff who, in the current year, were only in place for a part year will be remunerated for a full twelve months.

Secondly, forecast income is 5% less than the current 2015/16 estimate and based on current trends possibly as much as 15% less than 2015/16 actual income (i.e. the current 2015/16 estimate looks like it will be exceeded). A conservative approach has been adopted as income has approximately doubled to \$1.2 million since 2012/13 and there is concern that the boom must end at some point.

- Administration and Public Order – The net deficit for this program has increased by 8%. This is due to a moderate growth in expenses and a 15% reduction to anticipated income. A conservative approach has been taken to fines income, which tends to be unpredictable.

#### ***Civil Services Group***

- Open Spaces and Reserves– The net result for the program is a decrease of 3% compared to the previous year, which is because the 2015/16 program includes revenue funded works such as the Town Entry Beautification program and capital works that are not repeated in 2016/17.
- Stormwater- A forecast increase to costs of 29% which is mainly due to the fact that the capital program (typically in the order of \$400,000) is funded from reserves in 2015/16 to \$221,000. The forecast deficit for the year is similar to the original forecast for 2015/16.
- Quarries - Minimal income is predicted in 2016/17 given the uncertainties of current contract negotiations and accordingly there has been a decrease in the dividend provided to General fund.

## 4.13 Long Term Financial Plan - Consolidated Forecast

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### **General Manager's Group**

- Financial Services – General Purpose Revenues - The Financial Assistance Grant has not been indexed by CPI resulting in foregone income of around \$100,000 for the second successive year. There is a three year moratorium on indexation of this grant with 2016/17 being the final year.
- Information Services – The operating deficit has increased by 8% due to the employment of a trainee as approved by Council
- Human Resources and Risk Management- A decrease of 35% is forecast in comparison to the current year's budget as at December. This is because workers compensation is estimated to be \$100,000 less in 2016/17. There is minimal increase to superannuation because the additional contribution that has been required by Local Government super in respect to the retirement scheme has been reduced by \$50,000. Salary oncosts (internal income) are predicted to increase by 4% in comparison to the previous year.

In most cases revenue streams and services provided in 2016/17 remain reasonably consistent with the current year, as does income and expense forecasts.

### **Capital Expenditure (Part C of draft LTFP)**

The draft budget includes an extensive capital works program with the total works for the General Fund estimated at almost \$28m.

The program largely reflects the works confirmed at the March 2015 Finance Committee meeting, subject to any changes arising from this meeting.

### **Legal / Resource / Financial Implications**

This report provides outlines the total budget.

### **Consultation**

The draft document will be placed on exhibition for public comment for a minimum period of 28 days.

### **Options**

Council is required to exhibit the draft document for public comment and the recommendation is to endorse the exhibition process, subject to any changes arising from this report or other reports elsewhere in this agenda.

### **RECOMMENDATION**

That Council endorses the exhibition of the draft Long Term Financial Plan document for 2016/17 as attached to this report, subject to any amendments arising from this meeting.

### **Attachment(s)**

1. Draft Long Term Financial Plan 2016/17 (Under separate cover)

#### **4.14 Information and Resourcing Requests - Various**

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#### **4.14 Information and Resourcing Requests - Various**

**Delivery Program** Governance and Finance

**Objective** To review any outstanding matters raised to date as part of the preparation of the Draft Delivery Program and Operational Plan and to seek direction on requests for additional resources received to date.

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#### **Background**

As part of the budget preparation process Councilors, staff and community members have lodged requests for consideration to be included in the 2016/17 budget.

This report provides updates on the current status of Council resolutions and also seeks direction from Council in respect to some requests.

#### **Key Issues**

- Priorities, projects and funding

#### **Information**

##### 1. Bitou Bush and Weed Control

At the February 2016 Ordinary meeting it was resolved that a report be presented to Council as part of the 2016/17 budget deliberations, on the options to increase the overall rate of bitou bush and other high priority weed control for key scenic areas.

Council has been successful in maximising the benefits gained from its existing weed control budget through the hard work of volunteers and the efficient application and use of grant funding.

Some sites, including scenic areas such as Lennox Headland, Boulders Headland, Ballina Headland, Black Head and The Serpentine are difficult to implement control programs due to physical constraints of cliff edges and additional issues associated with access and safety. Control measures available for weed management in difficult areas include helicopter boom spraying, drone aerial spraying or abseiling bush regenerators.

Based on previous experience there are concerns regarding the effectiveness and ability of helicopters to undertake these works. The use of drone spraying is in its infancy and may be an emerging technology for use in future years. Council has previously used abseiling bush regenerators and achieved effective results, however this option is seen as cost prohibitive.

#### **4.14 Information and Resourcing Requests - Various**

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A quote to undertake a five year weed control program using abseiling bush regenerators at Lennox Headland, Boulders Headland, Ballina Headland, Black Head and The Serpentine program is \$593,313. A five year program is seen as the minimum timeframe required to achieve sustainable results and effectively control the present seed bank.

Existing open spaces resources are currently fully allocated and unable to be diverted from current management activities to assist in funding additional weed control in scenic areas.

Whilst Bitou Bush has been identified as a key weed in these scenic areas and is a noxious weed, it is categorised as a class 4 weed, and not a high priority weed for control by Far North Coast Weeds, where the majority of Council's current budget is currently allocated (\$100,000).

##### **2. Killen Falls upgrade**

At the February 2016 Ordinary meeting it was resolved that a report be presented to Council as part of the 2016/17 budget deliberations, on the possibility of funding toilet facilities and improving visitor facilities at Killen Falls. The report is to consider whether Rous Water will assist with funding.

The report is now scheduled to be presented to the May 2016 Ordinary meeting of Council and no funds are included in the draft budget for Killen Falls for 2016/17.

##### **3. Ballina Naval and Maritime Museum**

Council has previously received several reports concerning future management options for the historic vessel *MV Florrie* which is owned by Council and housed within the Ballina Naval and Maritime Museum. The preferred management option for the vessel has been endorsed, and staff are working with volunteers of the Museum to implement the approved plan.

The earlier reports which Council considered foreshadowed the need for the enclosure of the western and north-western sections of the Museum building to afford improved protection for *Florrie* once the approved modification works have been carried out, and then to enable her to be presented for display as part of the Museum's collection.

Detailed construction estimates for the enclosure of the building have not been prepared, nor has regulatory approval been obtained to enable the enclosure work to be undertaken. The Council, in its capacity of Trust Manager for the Crown reserve on which the Museum operates, would also need to authorise the work.

For budgetary purposes however, it is estimated that the cost of preparing and lodging a development application and, subject to approval, undertaking the building enclosure will be in the vicinity of \$25,000. This enclosure will comprise external colorbond cladding to match the remainder of the building.

Executive members of the Museum have indicated their organisation may be in a position to contribute funds toward the building enclosure works, however the extent of that contribution has not yet been documented.

#### **4.14 Information and Resourcing Requests - Various**

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Staff have been monitoring opportunities to secure grant funding to pay for the building enclosure. Whilst a potential grant source was recently identified, it was determined that there was little likelihood of success as the project is not "shovel ready". Consequently, an application was not lodged.

The timely enclosure of the building will enable the approved management measures for the historic timber vessel to be fully implemented. Accordingly, Council is asked whether it wishes to consider including an amount of \$25,000 in the forthcoming 2016/17 draft Operational Plan/Delivery Program to facilitate this work. At this stage no funding has been included.

##### **4. Ballina Fire Station (former)**

At the February 2016 Ordinary meeting it was resolved that a report be presented to Council as part of the 2016/17 budget deliberations, to consider the engagement of professional services to investigate options for the adaptive reuse of the former Ballina Fire Station.

At this meeting Council indicated that over the longer term it would be preferable if the building became part of the cultural and/or artistic space aligned with the Northern Rivers Community Gallery.

It has been estimated that a budget of \$30,000 would be adequate to enable the engagement of a suitably qualified professional to prepare a concept plan and report.

This request has not been included in the 2016/17 draft budget.

##### **5. Ballina Rugby League Football Club**

A letter has been received (copy attached) requesting a donation by Council towards maintenance of the existing grandstand. Typically a request such as this would be addressed along with other requests for financial assistance as part of the donations process in June/July however the funding is largely than that typically allocated as part of that process.

Council may wish to consider whether it wishes to fund this request as part of the donations process, seek another funding solution, or not fund the request.

##### **6. The Rotary on Richmond District Conference**

Richmond District Rotary is holding a major conference in May 2017 and they have asked Council to sponsor the event (letter attached). Typically a request such as this would be addressed along with other requests for financial assistance as part of the donations process in June/July.

As per the previous item Council may well wish to consider another approach for this proposal.

##### **7. Ballina Tennis Club - Resurface Road Verge**

Correspondence has been received from the Ballina Tennis Club (copy attached) asking Council to include in the 2016/17 budget funds to enable the road verge adjacent to the Ballina tennis courts in Burnet street to be sealed.

#### 4.14 Information and Resourcing Requests - Various

Staff have investigated the site and identified there is only a light amount of shale on the surface and for the parking area to be sealed and operate effectively it is necessary to reconstruct the road pavement to a depth of 300mm. The location of the site and the area proposed for treatment is shown as follows.

The cost for this work is estimated to be \$42,500. This project is worthwhile having regard to the demand for parking at this location.

However as this is a significant cost, it has not been deemed a priority and is not currently in the draft budget.



#### 8. Lennox Head Cultural and Community Centre (LHCC) - auditorium air-conditioning

Recent events held in the LHCC auditorium have highlighted that it would be beneficial to have this space air-conditioned. It has been estimated that to have the space cooled using an equivalent system to the rest of the buildings would cost in the order of \$600,000. It may well be possible to attempt alternative cooling options however their level of success over an extended period may be questionable.

The budget does not make provision for this project as whilst it would be beneficial to the hall and usage, other projects in the budget have been deemed to be a higher priority.

#### **4.14 Information and Resourcing Requests - Various**

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##### **Legal / Resource / Financial Implications**

The finance and resource implications are outlined in the information section of this report.

##### **Consultation**

Many of the items discussed in this report have been raised due to consultation with various members of the community.

##### **Options**

For each of the items listed in this report there are options to proceed or not to proceed with the works / services proposed.

The recommendations that follow support the information section of this report. Where the items are noted, no further action is planned as the funding is not allocated. Therefore if any of the noted items are to be actioned, the recommendations will need to be amended.

##### **RECOMMENDATIONS**

1. That Council notes the contents of this report in respect to the cost of bitou bush management.
2. That Council notes the contents of the report in respect to the Killen Falls report.
3. That the Executive of the Ballina Naval and Maritime Museum be asked to submit an application to the annual donation process.
4. That Council notes the contents of this report in respect to the cost of cultural precinct including the former Ballina Fire Station building
5. That the Ballina Rugby League Club be asked to submit an application to the annual donation process.
6. That the Rotary Club be asked to submit an application to the annual donation process.
7. That Council notes the request from the Ballina Tennis Club.
8. That Council notes the request in respect to air-conditioning at the Lennox Head Cultural and Community Centre.

##### **Attachment(s)**

1. Letter from Seagulls Rugby League Club
2. Letter from Ballina on Richmond Rotary Club
3. Letter from Ballina Tennis Club

### Sandra Bailey

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**From:** Sandra Bailey  
**Sent:** Thursday, 31 March 2016 2:42 PM  
**To:** Sandra Bailey  
**Subject:** FW: Grant application Seagulls to council  
**Attachments:** Letter of support BRLFC..doc; Support letters for grandstand.pdf; BALLINA RUGBY LEAGUE - MAIN GRANDSTAND.DOC; BALLINA RUGBY CLUB - GRANDSTAND.PDF; NRL Ballina council.docx; 20160216153945.pdf; IMG\_6660.jpg; IMG\_6659.jpg; IMG\_6663.jpg; IMG\_6662.jpg; IMG\_6661.jpg; 20160216153945.pdf; Application Local Sport Grant to Ballina Shire Council.docx; GCTPS01\_Canon iR-ADV C5045 - Lower Lvl 1\_2658\_001.pdf

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**From:** Max Beecher  
**Sent:** Friday, 26 February 2016 7:52 AM  
**To:** Paul Hickey  
**Subject:** FW: Grant application Seagulls to council

Hello Paul,  
Please find an application for Grant money of the upgrade of the grandstand at Kingsford Smith Reserve.  
If you have any questions please feel free to give myself a call.  
Regards  
Max Beecher  
0427288473





**President Brian Rix**  
m. 0409129410  
h. 66866236  
e. [vbplus@bigpond.com](mailto:vbplus@bigpond.com)  
e. [Brian.RIX@rms.nsw.gov.au](mailto:Brian.RIX@rms.nsw.gov.au)

**Secretary Tanya Booth**  
m. 0410691340  
Postal: 420 Tomewin Road,  
Dungay, NSW, 2484  
f. 02 6672 6918  
e. [nrrrlsec@yahoo.com.au](mailto:nrrrlsec@yahoo.com.au)

**Treasurer Garry Williams**  
m. 0411795339  
e. [garry.williams@gdsc.com.au](mailto:garry.williams@gdsc.com.au);

Dear Sir / Madam,

I am writing this letter to support the Ballina Rugby League Football Club in their endeavour to gain financial support in improving their grandstand facility at the Kingsford Smith ground.

Over the years the Ballina ground has hosted many very important rugby league fixtures and is regarded as one of the best grounds in the CRL / NRRRL competition.

Important NRL trial games, Junior and Senior CRL representative fixtures, NRRRL representative trials and state wide under 18 competitions have been played on the ground, as well as the NRRRL season competition round games every second week.

One of the main reasons why these fixtures have been held at the Kingsford Smith ground, has been the availability of a covered grandstand to make it an all weather facility to hold these fixtures. It also is a very central venue for all the surrounding areas to hold Representative training nights/days, which has happened frequently over the past years.

Another NRL programme is for the Titans and Balmain Tigers to visit every year and train at this ground.

Looking to the future the NRRRL and CRL are keen to utilise this ground for Representative fixtures.

Yours in Rugby League

Brian Rix  
President NRRRL

**NRRRL  
MAJOR SPONSOR**





Mr Kevin Hill  
CRL Regional Area Manager  
East Coast Region  
Banora Point NSW  
PO Box 570

- **NSW Footy Facility Funds**

Grants Committee Members

As Country Rugby League Regional Area Manager, I would like to add my support, to the Ballina Seagulls SRLC application, for Funding assistance thru the NSW Footy Facility Funds Program.

The Ballina Seagulls Senior Club, has identified are very specific & beneficial area of need, which I believe definitely meets both the identified Program objectives.

- *Increase regular & on-going participation opportunities in Rugby League*
- *Improve the standard of Rugby League Grounds & Facilities*

The Kingsford Smith Park venue is already one of the leading Regional Rugby League grounds within the East Coast Region of NSW Country Rugby League, which would definitely be enhanced, with the addition of an up to date grandstand incorporating a medical assessment room underneath.

Please contact me personally, on mobile (0447427327) if I can be of any more assistance with this application.

Yours in League

Kevin Hill



**Ballina Minister's Association Inc.**  
**Ballina and Districts**

**Chairman:** Jeff Frankham  
**Secretary:** Bob Hogbin  
**Treasurer:** Bert Bos

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18<sup>th</sup> December, 2014

To whom it may concern,

We understand that Ballina Ruby League Football club are seeking funds under NSW Footy Facilities Fund to replace their grandstand that has fallen into substantial disrepair.

Since the early 1990's our community of local churches has worked with the Ballina Rugby League to host our annual Riverside Carols for the community of Ballina and surrounds.

The Club is a strong community contributor and without their generosity of use of the venue, the staging of the event would be much more difficult. We use the grandstand as a staging support and for marshalling performers, including young children so any works that improve the safety of the facility would be welcomed.

The request to support the Rugby League in their application is a recognition of the substantial role they play in our community.

Yours sincerely



Jeff Frankham  
President

PO Box 56, Ballina NSW 2478. Email [hoggies7@yahoo.com.au](mailto:hoggies7@yahoo.com.au) ABN 405 332 163



## KOELLNER STEEL PTY LTD

STRUCTURAL STEEL FABRICATORS  
ABN – 99 105 183 980  
LICENCE No. : 166910C

### QUOTATION

To: **BALLINA RUGBY LEAGUE CLUB**  
Date: **31 March 2016**  
Re: **REPAIRS TO MAIN GRANDSTAND**

I am pleased to submit the following quotation to supply all materials for main grandstand.

#### Includes

- All galvanised rhs stringers
- All galvanised masonry bolts and stainless steel fixing bolts
- Aluminium seats and brackets

#### Not Including

- Labour to remove old seats and fit new members – all volunteer labour

PRICE - \$ 30,100.00  
GST - \$ 3,010.00  
TOTAL - \$ 33,110.00

Yours faithfully

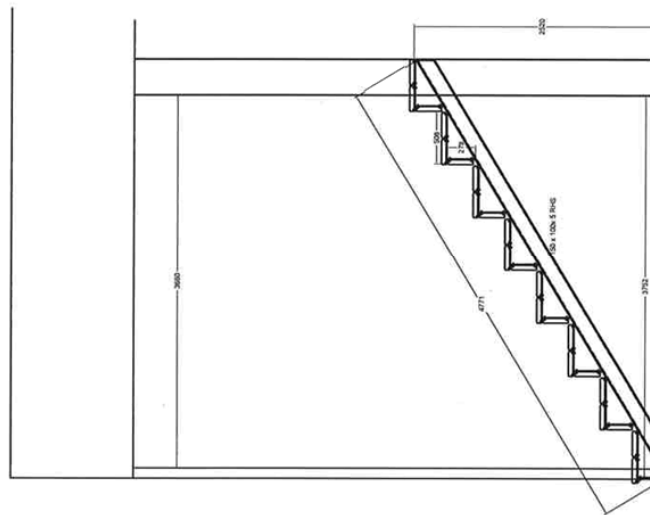
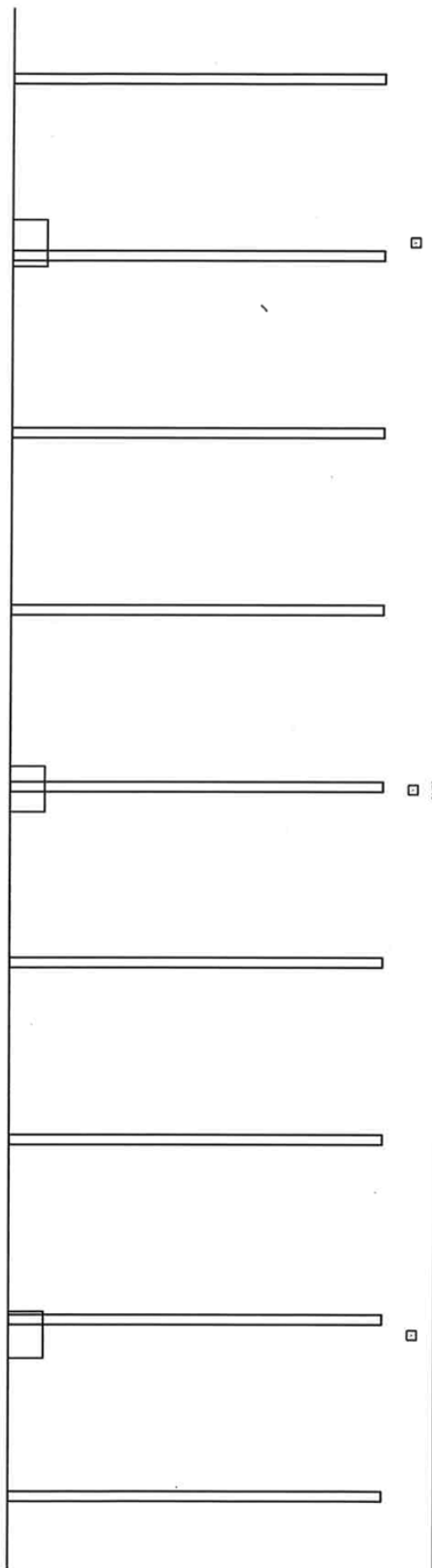
**MICK KOELLNER**

DUE TO REGULAR STEEL PRICE RISES QUOTES ARE ONLY VALID FOR 30 DAYS  
IF YOU HAVE ANY CONCERNS PLEASE FEEL FREE TO CONTACT OUR OFFICE  
NORMAL QUOTATION TERMS & CONDITIONS APPLY  
ASK FOR COPY IF REQUIRED

Mick Koellner  
190 FLATHEAD LANE  
BALLINA NSW 2478

Phone: (02) 6686-7750  
Fax: (02) 6686-7751  
Mobile: 0428 867750  
Email: [koellnersteel@bigpond.com](mailto:koellnersteel@bigpond.com)

4.14 Information and Resourcing Requests - Various





**The Greatest Game of All**

Date 12.02.2016

Name Ballina Council  
Company Ballina Shire Council  
Address Tamar and Cherry Street  
Suburb State Postcode. Ballina NSW 2478.

To Whom it may Concern

My name is Kelvin Menchin , I am the Game Development Officer for the National Rugby League in the Ballina Shire.

SUBJECT : Support Ballina Seagulls for maintenance , repair or renewal of Grandstand and facilities.

As game development staff , our roles include running skills , education , holiday clinics and gala days. We also support other community activities at this venue including N.A.I.D.O.C activities. All of these events in Ballina are run at the Kingsford Smith rugby league precinct.

We run both primary and high school gala days at this venue and the grandstand is an integral focus area on these days , especially at the finals and the end of our days. The final of our Ben Kennedy Legends day held at Ballina usually sees the grandstand filled to capacity as all participants from the day move into the main oval to view the final and we then have a presentation of awards.

The upgrade of this venue and the associated facilities would be an opportunity to further promote this venue as a preferred location for our planned activities , in so doing offering a safe and enjoyable experience to all stakeholders , players , coaches , support staff and including the very young through to the elderly, who attend this venue to watch and support our active participants .

Thank you for your time in considering the Rugby League proposal and I look forward to being involved in many community activities at this venue .

Yours sincerely

Kelvin Menchin Game Development Officer , NRL .



mob. 0407069101. E. kmenchin@nrl.com.au



Ballina Shire Council  
P.O. Box 450  
Ballina NSW 2478  
15/2/16

On behalf of the Ballina Oztag Association Incorporated, I am writing this in support of the Ballina Rugby League Club and the application for a new grandstand facility at the Ballina Seagulls ground. Ballina Oztag is played every Monday evening at the Ballina Seagulls ground and the grandstand is used by players, officials and spectators every time Oztag is played.

The grounds and the Club facilities are fantastic to use and our Association consider it a pleasure to be involved with the Ballina Seagulls Rugby League Club, a replacement grandstand would further enhance the facilities and would even attract more participants and spectators.

Once again our Association fully supports the Ballina Seagulls Rugby League Club in its application for a replacement grandstand. Any questions about this can be directed to Phillip Melville on 0434631340.

A handwritten signature in blue ink, consisting of a large, stylized initial 'P' followed by a long horizontal line.

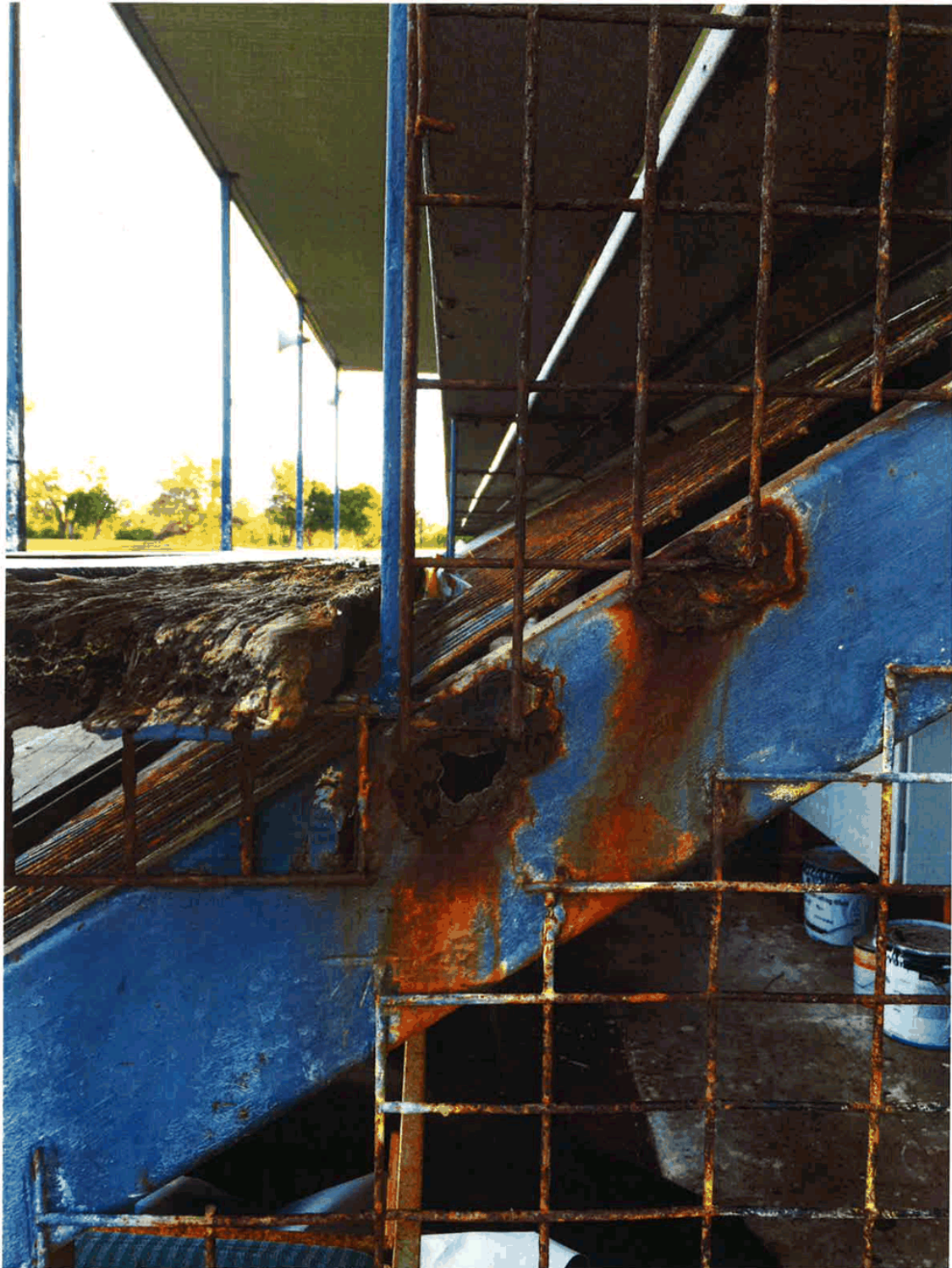
Phillip Melville



12 Madden Place, Cumbalum NSW 2478  
Tel: (02) 6686 9062 Mob. 0434 631340  
ballina@oztag.com.au















President: Donella Kinnish  
Secretary: Trevor Emery  
Treasurer: Betty Spindler

PO Box 891  
BALLINA NSW 2478  
ABN: 14839627091

[www.rotaryclubofballinaonrichmond.org.au](http://www.rotaryclubofballinaonrichmond.org.au)

Colin Lee OAM  
Conference Chair  
2017 District 9640 Rotary Conference Committee  
07/10/15

Mr. Paul Hickey  
General Manager  
Ballina Shire Council

Subject: 2017 Rotary District 9640 Conference in Ballina and Alstonville

Dear Paul,

Thank you for the opportunity of meeting with you and Council's Communication Manager Ms Caroline Klose along with Rotarian Phil Silver on Wednesday 9<sup>th</sup> of September 2015 in respect of Rotary's 2017 District Conference.

To recap, the following was discussed:

1. I have been asked by the incoming Rotary District Governor, Professor Michael Irving to chair the district conference committee. This committee has Rotarians from the three Rotary Clubs in Ballina Shire (*Ballina, Ballina-on-Richmond and Alstonville*), and we have been honoured to be asked to undertake the organisation of this conference. DGE Michael Irving has an international reputation for his research into breast and paediatric cancers, and he has held professorial appointments in Universities in Canberra, Brisbane, Gold Coast, New Zealand, Oman and the USA. He has been a University Vice-Chancellor in Wellington NZ, and Sohar, Oman.
2. The conference which will be held from 5-8<sup>th</sup> of May 2017 is expected to attract in the order of 700 domestic and international delegates and visitors, and will be held at venues in Ballina and Alstonville. Professor Irving has invited a number of internationally renowned keynote speakers. It is estimated that the conference attendees will spend over \$400,000 before any multiplier in the local community.
3. In addition to promoting the values of and achievements of Rotary, the conference will also promote the tourist and business opportunities in the Ballina shire, with a number of pre and post-conference programs to enable conference attendees to explore the attractions of our shire.
4. A key component of promoting the Ballina shire during the conference will be the Ballina/Byron Gateway Airport, which will be the gateway for many conference attendees. We respectfully request that you and the airport manager consider the following bundle of promotional support for the Rotary conference:
  - Support from the the three airline operators for airline tickets for the conference speakers to a value of \$5000.
  - To welcome Rotarian visitors to Ballina shire and to thank Rotarians for their contributions to supporting the citizens of Ballina it is suggested the Mayor sponsor a Mayoral reception prior to the opening of the conference on Friday evening May 5. Cost of this reception could be \$10,000.

#### 4.14 Information and Resourcing Requests - Various

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- We would be most grateful if the Mayor would consent to open the District conference at the dinner to be held in the Ballina RSL on May 5.
- We plan to promote the conference with print material as well as using the electronic media. This promotional material will feature the Airport as well as scenes of Ballina and attractions in the shire. We consider that the level of beneficial exposure to the Airport and Shire might warrant sponsorship of \$10,000.

We realise that we have requested a large amount of funding from the operational budgets of the Airport and Council, but given size and nature of this four-day event we do believe that it offers value for the airlines, the Ballina/Byron Gateway Airport and the Mayor and the Ballina Shire Council.

We ask that you consider our submission, and we request an opportunity to discuss this submission with you.

Yours sincerely,

Col Lee OAM

**Sandra Bailey**

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**From:** Doug & Margaret Oldham <dmoldham@bigpond.net.au>  
**Sent:** Friday, 19 February 2016 3:04 PM  
**Subject:** Road adjacent to Ballina Tennis Club

Dear Councillor

For several years the committee of the Tennis Club has been requesting Council to resurface the road verge adjacent to the tennis courts in Burnet Street. This area is not only used daily by tennis club patrons but, ever increasingly, by Ballina High School students. Portion of it is also used by people on mobility scooters to access the Ballina Bowling Club. It is difficult for them to negotiate the (often large) potholes to gain access to the footpath beside the tennis courts.

Last year we were informed by the Council's Civil Service's Group that the cost of the works was too great to be done without it being budgeted. I am therefore writing to urge you to please include these works in budget considerations for 2016.

Regards  
Margaret Oldham  
President, Ballina Tennis Club

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#### **4.15 Delivery Program and Operational Plan - Exhibition**

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#### **4.15 Delivery Program and Operational Plan - Exhibition**

**Delivery Program** Governance and Finance

**Objective** To obtain Council approve to exhibit the draft Delivery Program and Operational Plan for public comment.

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The Office of Local Government's (OLG's) Integrated Planning and Reporting Framework requires councils to review the Delivery Program and prepare a new Operational Plan each financial year.

The purpose of this report is to obtain Council approval to exhibit those documents for public comment.

#### **Key Issues**

- Format and content of documents
- Ensuring the documents reflect the objectives of Council, particularly for 2016/17

#### **Information**

The OLG's Integrated Planning and Reporting Framework specifies a range of information that must be included in the Delivery Program and the Operational Plan.

A summary of the major elements for each document are as follows.

#### *Delivery Program*

- A council must have a Delivery Program, detailing the principal activities it will undertake to achieve the objectives established in the Community Strategic Plan, within the resources available under the Resourcing Strategy.
- The Delivery Program must include a method of assessment to determine the effectiveness of each principal activity detailed in the Delivery Program in achieving the objectives at which the activity is directed.
- A council must prepare a new Delivery Program after each ordinary election of councillors to cover the principal activities of the council for the four year period commencing on 1 July following the election.
- The General Manager must ensure that progress reports are provided to the council, with respect to the principal activities detailed in the Delivery Program, at least every six months.
- A council must review its Delivery Program each year when preparing the Operational Plan



#### **4.15 Delivery Program and Operational Plan - Exhibition**

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##### *Operational Plan*

- Council must have an annual Operational Plan, adopted before the beginning of each financial year, outlining the activities to be undertaken that year, as part of the Delivery Program.
- The Operational Plan will include the Statement of Revenue Policy.
- The draft Operational Plan must be publicly exhibited for at least 28 days and public submissions can be made to Council during the period.
- The exhibition must be accompanied by a map showing where the various rates will apply within the local government area.
- Council must accept and consider any submissions made on the draft Operational Plan before adopting the Operational Plan.
- Council must post a copy of the Operational Plan on our website within 28 days after the plan is adopted

This includes details of:

- Estimated income and expenditure
- Ordinary rates and special rates
- Proposed fees and charges
- Council's proposed pricing methodology
- Proposed borrowings.

Council took the step in 2013/14 to provide a combined Delivery Program and Operational Plan to avoid unnecessary documentation and duplication. This approach has worked reasonably well and a combined document is once again submitted for 2016/17, with that document provided as a separate attachment to this report.

The OLG could argue that the combined document is not within the spirit of the legislation however it is far more practical to be exhibiting the one combined document as part of the consultation process and this avoids the substantial duplication that occurs with two documents.

The key part of the attached document is the section titled "Heading in the Right Direction" (pages 10 to 33), as this section outlines the various activities (or tasks) that are planned for 2016/17, along with activities planned for later years.

It is paramount that Councillors have their priorities included in this section of the document as it is these actions that will direct staff resources during 2016/17. Ensuring that this section accurately reflects the goals of Council then assists in ensuring that ad hoc notices of motion for the pursuit of other actions are not lodged during the year.

#### **4.15 Delivery Program and Operational Plan - Exhibition**

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Notices of motion can result in the redirection of staff resources towards other projects which then impact on planned priorities. The Operational Plan should be the document that reflects the Council's goals for the year and through its public exhibition and formal adoption the community is then in a position to measure how Council is performing against those goals.

The other key elements of the document are the Capital Expenditure and Revenue Policy sections.

Capital expenditure reflects the outcomes from Council's earlier Finance Committee meetings and the Revenue policy summarises all Council's major fees and charges.

A few of the tables in the document are still to be finalised as they depend on information arising from this meeting.

#### **Legal / Resource / Financial Implications**

Council is legally required to review the Delivery Program and exhibit the Operational Plan for public comment. The documents provide an overview of how Council's resources are allocated and a summary of our finances.

#### **Consultation**

Both documents will be exhibited for public comment following adoption of this meeting's minutes at the April Council meeting.

The exhibition will occur during May and early June, with the outcomes from the exhibition period then reported to the June meeting.

In respect to public meetings, in recent years Council has only held meetings in Lennox Head and Wardell and a similar approach is recommended for 2016/17.

#### **Options**

Council is required to exhibit the documents therefore the options are to exhibit as presented or exhibit inclusive of any amendments arising from this meeting. The recommendation allows for any amendments to be included.

#### **RECOMMENDATION**

That Council approves the exhibition of the draft Delivery Program and Operational Plan document, as attached to this report, inclusive of any changes arising from this meeting.

#### **Attachment(s)**

1. 2016/17 - to 2019/20 Delivery Program and Operational Plan (Draft)  
(Under separate cover)