



## **Notice of Finance Committee Meeting**

A Finance Committee Meeting will be held in the Ballina Shire Council Chambers, 40 Cherry Streets, Ballina on **Tuesday 6 December 2016 commencing at 5.00 pm.**

### **Business**

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

A handwritten signature in black ink, appearing to read 'Paul Hickey', with a long horizontal line extending from the end.

Paul Hickey  
**General Manager**

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

**2. Declarations of Interest**

**3. Deputations**

4. Committee Reports

4.1 Operational Land - 26 Endeavour Close, Ballina

**Delivery Program** Governance and Finance

**Objective** To respond to a Council resolution seeking information on the options available for 26 Endeavour Close Ballina.

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**Background**

Council at its Ordinary Meeting of 28 July 2016 resolved:

*“That Council receive a report on the options for the land on which the naval cadets are located in Endeavour Close.”*

This report responds to that request. A locality plan for the property is included as attachment one.

**Key Issues**

- Use of operational land by community groups
- Commercial return on operational land

**Information**

The property comprises a waterfront industrial site with an area of 2,796m<sup>2</sup> and zoned “IN1 – General Industrial” under the BLEP 2012.

The property is occupied by TS Lismore Australian Navy Cadets under the umbrella of the Department of Defence. It is understood the Naval Cadets do not receive funding from the Department of Defence, and operate as a community group. Council granted the Naval Cadets leasehold tenure of the property in 1988. Since that time they have constructed various buildings on the property.

A copy of the brief report and subsequent resolution for the 1988 decision is attached. The correspondence from the Unit Committee TS Lismore attached to that report includes mention of the acquisition of the land, albeit that the resolution did not address that issue.

The building improvements include a main building housing office, armory, dormitory, mess and ancillary rooms, two boat sheds, storage shed, pontoon and gangway.

The most recent lease held by the Naval Cadets expired 30 June 2016 and is currently on hold over provisions pending the outcome of Council’s decision with the property. The Naval Cadets do not pay a commercial rent on the property as they are treated as a community group.

#### **4.1 Operational Land - 26 Endeavour Close, Ballina**

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Based upon recent sales of vacant industrial sites on the Southern Cross Industrial Estate the property is worth in the order of \$700,000 + GST (excluding the value of building improvements).

A commercial rental on the property, based upon 5.00% of the capital value estimate of \$700,000 + GST is \$38,500 p.a. + GST.

The reason for the Council resolution asking for this report is that concerns were expressed as to why this community group was receiving such a substantial benefit by occupying Council operational land at minimal rental. The answer to this is that it reflects a decision made in 1988.

In respect to the actual usage of the property, the second attachment to this report advises there is a complement of approximately 20 to 25 cadets from within our region who attend the facility. Activities / training takes place on a weekly basis, primarily on weekends.

Other groups use the facility from time to time, including visiting sporting groups, albeit little is known about these arrangements. There may also be a local business which has regular access to and use of the kitchen within the facility for food preparation.

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

Under the provisions of the NSW Local Government Act the property is classified as operational land and as such Council has the authority to lease or sell it.

#### **Consultation**

There has been consultation with the Naval Cadets.

#### **Options**

This report is in response to a Council resolution asking for information on the property.

The options available include:

- a) Note the contents of the report. This would result in a new lease being finalised based on the current conditions (minimum rental)
- b) Council enter into negotiations for the property to be eventually acquired, or the rental fee to be increased, over time.

Even though it may be an unlikely outcome it is recommended that Council proceed with option two and that we flag our interest in the land being sold or commercially leased to the Navy Cadets, or more likely the Navy or Department of Defence.

The value of this land does represent a significant subsidy to a relatively small group and there may well be options for the current users to negotiate with the Navy / Department of Defence to eventually secure ownership of the land. As it is not possible to relocate the buildings, sale does appear to be the long term logical approach.

The recommendation that follows authorises this option to be canvassed with the Naval Cadets.

It is also recommended that Council approve a new three year community group lease for the property as it is accepted that any discussions may take a lengthy period of time and may not result in the outcomes being sought by Council.

Council could possibly reduce the three year period to two or one years to encourage the other parties to actively undertake these discussions.

#### **RECOMMENDATIONS**

1. That Council authorises the General Manager to commence negotiations with the Naval Cadets to determine what options are available for the eventual sale and transfer of this land to the Cadets, or an associated body. These discussions are also to canvas an increase in the current rental to recognise the significant value of this land to the Ballina Shire community.
2. That Council approves a new three year community group lease for this property, based on minimum rental, as it is accepted that any of the negotiations identified in point one may take a lengthy period of time.
3. The Council seal is authorised to be attached to this lease.

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

1. Locality Plan - 26 Endeavour Close Ballina
2. Report and resolution - Council 8 October 1987
3. Correspondence from TS Naval Cadets



BALLINA SHIRE COUNCIL

FINANCE COMMITTEE MEETING  
18/10/1987

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T.S. LISMORE - WATERFRONT LAND

A copy of a letter from the Unit Committee Training Ship Lismore is attached.

The Naval Cadet organisation has been unsuccessful endeavouring to acquire waterfront land in Ballina for their activities for some years. The Committee has persued every parcel of suitable land, both crown and private, but without success. The present application, I believe, is a last desperate attempt to establish a training facility in Ballina.

Lot 69 is a very large parcel of land and perhaps if the existing road was used for assembly, parades and the like the required area could be substantially reduced. In fact it may be possible to subdivide Lot 69 into two allotments.

If so inclined Council could lease the area at a nominal rental. Rates are payable directly by the Navy.

submitted for consideration.

TEA TREE PLACE, CHICKIBA - RELEASE OF 16 BLOCKS

Tea Tree Place is now ready for sale. A plan is attached showing the blocks. The sub-committees recommended prices are set out below based on 1987 sales and which are also shown on a separate attached plan.

As there are only two blocks remaining unsold in Chickiba it is intended to release these blocks simultaneously on Monday morning to all Agents.

LOT	120	\$ 35,900
	121	\$ 35,900
	122	\$ 35,900
	123	\$ 34,900
	124	\$ 33,500
	125	\$ 31,900
	126	\$ 36,900
	127	\$ 36,500
	128	\$ 36,500
	129	\$ 39,900
	130	\$ 37,900
	131	\$ 39,900
	132	\$ 38,500
	133	\$ 36,500
	134	\$ 36,500
	135	\$ 36,900

THE COUNCIL OF THE  
SHIRE OF BALLINA



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# UNIT COMMITTEE T.S. LISMORE

P.O. BOX 434,  
LISMORE 2480

PRESIDENT: Mr R.C. Battese  
SECRETARY: Mrs B.A. Jolley  
TREASURER: Mrs P.A. Burnap



Shire Clerk  
Ballina Shire Council  
PO Box 450  
BALLINA NSW 2478

28 September 1987

Dear Sir

## ACQUISITION OF WATERFRONT LAND

Members of this Committee have made enquiries concerning the availability of waterfront land in Ballina for use by members of T.S. LISMORE to enhance sailing and boatwork training. The use of such land, should it be available, has yet to be determined by the Committee but one of the following two considerations is likely:

- that an appropriate sailing and boatwork facility would be established, or
- that T.S. LISMORE would be relocated, depending on the suitability of available waterfront land and associated costs.

Although T.S. LISMORE is sponsored by the Royal Australian Navy, the acquisition of land and the supply of buildings to house the Unit are the responsibility of the Unit Committee. To this end land within the Canal Industrial Estate has been inspected and block 69, measuring 2845 sq m, has been viewed with some interest.

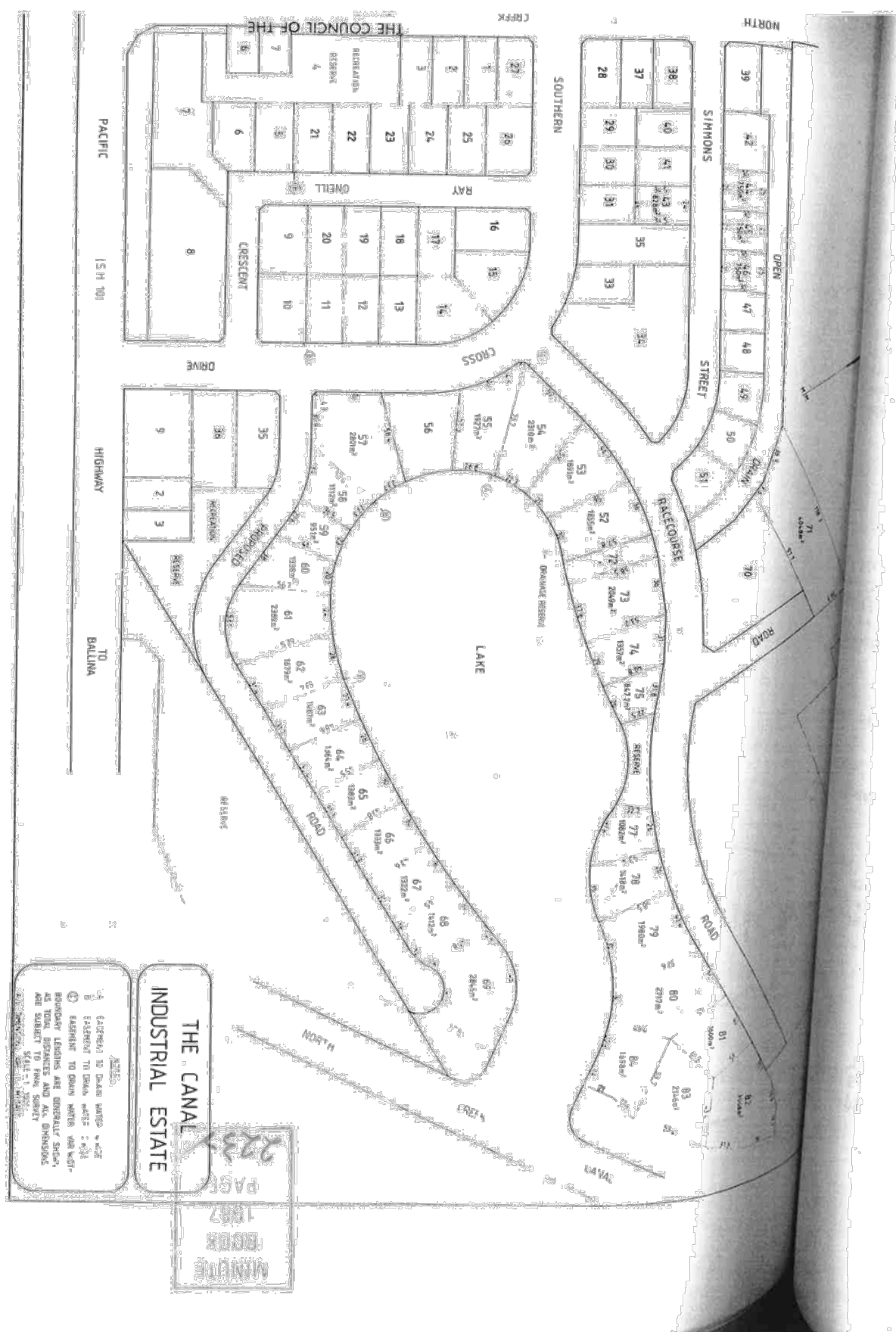
We wish to determine the availability of that land, and any costs, conditions or restrictions associated with its acquisition for use for Naval Reserve Cadets youth training.

Yours faithfully

*R.W. Jones*  
for  
R.W. JONES  
CHAIRMAN  
BUILDING COMMITTEE

	Orig	Copy	For Info
SHIRE CLERK	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SHIRE ENGINEER	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
TOWN PLANNING	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
HEALTH SURVEYOR	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
DEPUTY S/C	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
DEPUTY ENGINEER	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
FIN. OFFICER	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
RAIES	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

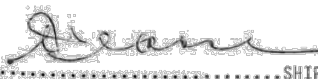

THE COUNCIL OF THE  
SHIRE OF BALLINA  
*[Signature]*  
President



10049 I.S. LISMORE - LOT 69 CANAL INDUSTRIAL ESTATE

On the motion of Cr. Johnson seconded Cr. Wright, it was RESOLVED that Council agree in principle to the allocation of lot 69 Canal Industrial Estate for use by the Naval Cadet Unit but that the Shire Engineer negotiate as to the actual area required.

This is page TWO of the Minutes of Special Meeting - Sunday, 18th October, 1987.

 SHIRE CLERK  PRESIDENT



**TS LISMORE AUSTRALIAN NAVY CADETS**

Endeavour Close, Ballina 2478 NSW

Postal Address PO Box 434, Lismore 2480 NSW

TS Lismore has been located in Endeavour Close for the past 36 years.

The Cadet Unit has been built by the Community over this time into a 1<sup>st</sup> class facility that supports our youth in Ballina and surrounding areas. Presently we have 20 - 25 Cadets attending weekly on Saturdays.

TS Lismore has a fine history as part of the Australian Navy Cadets (ANC) an Australia wide Youth Development Organisation for young people from 12 ½ - 19 years of age. The Cadet Unit routine and training is much like a Royal Australian Navy Ship or Base with Navy principles of Honour, Honesty, Courage, Integrity and Loyalty, our guiding principles also.

Cadets commence training as a Recruit and are promoted up through the ranks. Our training and activities include Marching and Drill, Seamanship, Leadership, Teamwork, Sailing, Powerboating, WHS, Dispute Resolution and of course "Having Fun Safely Done". We attend Camps and Activities with other Navy Cadet Units on the North Coast and Nationally. TS Lismore was very proud to again be awarded "Best in Flotilla" this year.

Community involvements are a very important part of our activities and attend ANZAC Day at various locations around the region and ceremonies for the Naval Association and Australia Day Flag raising for Ballina Shire Council each year. The Cadets and Staff are very proud to assist the Community at these important events throughout the year.

Defence assist with equipment for example boats, computers and some maintenance. This year we had our Fire panel and fire alarms upgraded but on the whole as we are a Community based Unit we are required to raise funds and TS Lismore Unit Committee work tirelessly to raise much needed funds to assist with the day to day running of the Unit with our main expenses being insurances, utilities and council rates. Fundraising is ongoing and sometimes difficult but necessary task and we also receive donations from various organisations.

TS Lismore sincerely appreciates and thanks Ballina Shire Councils for their support and hope that this will continue into the future.

A handwritten signature in black ink that reads 'Heather O'Hehir'.

Lieutenant Heather O'Hehir ANC

Commanding Officer

TS Lismore Australian Navy Cadets

Mobile: 0412957962

## 4.2 Property Development Reserve and Airport Boulevard

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### 4.2 Property Development Reserve and Airport Boulevard

**Delivery Program** Governance and Finance

**Objective** To review Council's financial plan to ensure funding is available for the construction of Airport Boulevard, along with providing an overview of the Property Development Reserve.

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#### **Background**

Council's property reserves are an important component of our financial position as income from these reserves has helped to fund major community infrastructure and property development projects over the past forty years.

There are two major property reserves, being the Property Development Reserve and Community Infrastructure Reserve.

These reserves have been created from revenues generated through Council's commercial property activities, which include:

- Industrial land development at the Russellton and Southern Cross Industrial Estates
- Residential land development and sales, which has included developments in East Ballina, Wollongbar, a major land sale in Lennox Head and there is also residential land still to be developed in Lennox Head
- Commercial property portfolio, which now includes 89 Tamar Street, Wigmore Arcade, ARC Building – Cessna Crescent, the Norfolk Homes site and the Fawcett Park café.

Funds from the property reserves have financed numerous projects with some examples, funded in part, or in full, from these reserves including:

- Prospect Bridge
- Lennox Head Bypass
- Angels Beach Drive
- Ballina Surf Club
- Lennox Head Community Centre
- Northern Rivers Community Gallery
- Ballina Town Centre Beautification
- Fawcett Park
- Wardell Town Centre Beautification
- Alstonville Town Centre Beatification
- Wollongbar Sports Fields
- Marine Rescue Centre

The property reserves operate, largely, by the Property Development Reserve (PDR) undertaking the property development activity and then transferring dividends to the Community Infrastructure Reserve (CIR), along with providing a recurrent dividend to Council to support the General Fund operating budget.

## **4.2 Property Development Reserve and Airport Boulevard**

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Some property rental revenues are also paid directly into the CIR based on historical decisions of Council.

Council has recently received approval (subject to the provision of further information to the Federal Government on the design, costs and social benefits) for a \$3m grant to finance the construction of Airport Boulevard, which is the new link road to the Ballina-Byron Gateway Airport (BBGA).

A location map for the road is included as the first attachment to this report.

To date Council has allocated \$100,000 of our own monies to this project to allow all the relevant planning applications to be prepared and submitted to Council to seek planning consent.

Council applied for the \$3m grant as part of the Federal Government's National Stronger Regions Fund (NSRF).

This application was unsuccessful, however the \$3m was promised to Council as part of the 2016 Federal election campaign.

Importantly when Council resolved to apply for the \$3m grant through the NSRF, this was approved by way of Council resolution, with Council not having any source of funding identified to finance the balance of the project.

The estimated cost of this project was \$6.7m (Ex GST) in the original grant application, based on an estimate provided by Civil Tech Consulting Engineers dated 24 February 2016.

This means we have at least a \$3.7m budget shortfall.

The only realistic option is to finance the shortfall through a review of the cash flows for the PDR and the purpose of this report is to undertake that review.

### **Key Issues**

- Funds available
- Forward financial planning
- Economic benefits of the project

### **Information**

When Council resolved to support an application for Airport Boulevard (Commercial Services Committee meeting dated 16 February 2016 and endorsed at the February 2016 Ordinary meeting) it was well aware that our future property reserve cash flows would need to be reviewed if the grant was successful.

There are no other funding options available, other than the property reserves, to finance this project, as we do not have any spare recurrent funding to allow loan funds to finance the loan repayments, and expenditure of this magnitude cannot be reallocated from within our existing budget, without serious negative impacts on existing service levels.

## **4.2 Property Development Reserve and Airport Boulevard**

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As mentioned in the background to this report, there are currently two major property reserves being the CIR and the PDR. The funds held in the CIR are typically applied to community infrastructure projects (surf clubs, sports fields, community buildings etc).

The funds held in the PDR are applied to activities that generate non-standard revenues (land sales, commercial property rentals etc). A component of the revenues from the PDR is then transferred, where feasible, to the CIR to assist in the funding of community infrastructure.

The next report in this agenda provides an overview of the CIR and these two reports should be read in conjunction with each other, as they provide a holistic overview of the property reserves.

In respect to forecast movements in the PDR the second attachment to this report provides the latest forecasts for that reserve.

Explanations for the various line items in that attachment are as follows, with the comments focused on the movements for 2016/17 onwards.

### **Opening and Closing Balances (Excluding and including Airport Overdraft)**

The BBGA internal reserve has been overdrawn in recent years due to the total operations, including operating and capital, at the BBGA, operating at a net cash deficit. The funds held in the PDR have financed that cumulative overdraft.

This means the opening and closing balances of the PDR reserve are adjusted by the overdraft figure.

Pleasingly, for 2015/16, the total operations of the BBGA generated a cash surplus for the first time in a number of years, which meant that the overdraft improved by \$279,400 (reduced from \$724,200 to \$444,800), with a similar improvement forecast for 2016/17.

Based on the current forecasts this overdraft should be eliminated in 2017/18.

### **Cash Inflows**

- a) Rental Income – For 2016/17 onwards the figures relate to the Norfolk Homes lease and 50% of the ARC Building, both of which are located at the Southern Cross Industrial Estate. The rental from the ARC Building is split evenly between the PDR and the CIR.
- b) Sale – Alstonville Tennis Courts Site – Council has approved this sale, with the sale conditional on the purchaser receiving satisfactory development consent.

This contract should be settled during the current financial year, although the income has been included in 2017/18, as a conservative approach.

- c) Sale – 7 North Creek Road – Represents an approved Council sale for residual land located adjacent to a wastewater pump station.

## 4.2 Property Development Reserve and Airport Boulevard

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- d) 54 North Creek Road – Represents estimated sales income from the development of this property, with four out of a total of six contracts exchanged to date, albeit that the land has still not been developed. Development costs are included in the cash outflows.

With four contracts exchanged there is a reasonable level of confidence that the forecast income of \$2.5m will be achieved this financial year, however the contracts will only be finalised when the civil works are completed and the lots registered.

- e) Sales – Russellton (Large Lot Sales) – Represents potential sales which have previously been reported to Council. These sales are subject to a variety of conditions, which is why the income has been included in 2017/18. There is some risk these sales may not occur.
- f) Sales – Russellton (Standard Lots) – Represents future land sales at the Russellton Industrial Estate, assuming Council expends monies on the development of the next stage(s) of this Estate. The land development expenditure is included in the 2017/18 cash outflows.

There is a sale of \$225,000 included in 2016/17, which Council has previously approved and the contract has exchanged.

- g) Sales – Southern Cross (Standard Lots) – Same principles as the Russellton Standard Lots comments. The sales figure for 2016/17 represents two contracts with one settled to date.
- h) Sales – WUEA (Wollongbar Urban Expansion Area) – Represents forecast sales for the development of this residential land, with development expenditure included in the cash outflows.

The \$1.8m revenue forecast for 2016/17 is based on an estimate of nine sales for Stage Two of this development, and pleasingly ten contracts have been exchanged to date, along with two settlements for Stage One also having been completed this financial year.

Stage Two of the Estate is still to be developed, with the development costs included in the 2016/17 cash outflows. Tenders for that construction contract will be reported to the December 2016 Ordinary meeting.

### Cash Outflows

- a) Operating Expenditure – Represents holding costs for our major land landholdings. The Southern Cross figure is relatively high for 2016/17 as it includes an allowance of approximately \$100,000 for expenses related to a rezoning proposal that is being prepared for the bulky goods zoned land at this Estate.
- b) Community Infrastructure Dividend – For 2018/19 onwards, excluding 2023/24, the figures represent potential transfers from the PDR to the CIR, with those monies then being available in the CIR for expenditure on community infrastructure projects.



## 4.2 Property Development Reserve and Airport Boulevard

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- c) North Creek Road (54) – Land Development – Represents the construction costs for this development, with tenders likely to be reported to the February 2017 Ordinary meeting.
- d) Russellton Land Development – The \$100,000 for 2016/17 relates to subdivision costs for 2016/17 and the \$4.1m for 2017/18 relates to the estimated construction costs of the next stage of this Estate.

This development was subject to a report to the Commercial Services meeting held 18 November 2014, which included a feasibility study by HTW Pty. Ltd.

A figure of \$4,140,000 (excl. GST) was quoted as development costs, based upon estimates provided by Geolink, with this figure including Council development contributions and an estimate for an acoustic barrier of \$690,000.

- e) Shelly Beach Café – Council has resolved to finance works related to the relocation of infrastructure for this property.
- f) Southern Cross Land Development – Represents development costs for forthcoming stages of this Estate.
- g) Southern Cross Master Plan – Costs related to possible works that could be implemented to assist with having zoned land ready for sale.
- h) Wigmore Arcade Roof – This project has now been completed.
- i) WUEA – Development – Estimated development costs for the next stage of this development, with tenders going to the December 2016 Ordinary meeting.
- j) Dividend – General Fund – The PDR provides a recurrent dividend to the General Fund to support the recurrent operations of Council. This continues to drain the PDR, considering that community infrastructure dividends are also paid to the General Fund. Ideally this recurrent dividend should be removed from our Long Term Financial Plan, and current practice has been to reduce the dividend during the year, if the forecast financial result improves during the year.

The forecasts for 2017/18 onwards in the attachment are indicative only and are provided as a guide to Council's future operations and expenditure programs. Reports will be presented to Council for future major projects, prior to the expenditure being incurred.

As property development activities are subject to numerous variations in timing regarding sales forecasts, development costs etc, from a financial planning perspective, a very conservative approach is followed.

Key principles are:

- a) Revenue forecasts for the current budgetary year should always have a high degree of certainty.

## **4.2 Property Development Reserve and Airport Boulevard**

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- b) Uncertain revenues (i.e. sales) are typically pushed back a year and only brought forward if the sale eventuates.
- c) Major capital projects and cash outflows planned for the current budgetary year only proceed if the revenues for the reserve, for that year, are relatively certain.

The major revenues forecast for 2016/17 relate to 54 North Creek Road and WUEA and with a large number of contracts exchanged, no changes are currently recommended to the 2016/17 cash inflows.

### **Airport Boulevard – Funding**

As outlined in the introduction to this report Council has a significant budget deficit for this project.

The latest estimate for the project is \$6.7m, with a copy of the estimate, as prepared by Civiltech Consulting Engineers, included as the third attachment to this report.

If we include a small contingency of 4%, which is relatively small considering this project is still in a very preliminary design phase, a realistic budget is more like \$7m.

This represents an overall funding shortfall of \$4m.

In looking at options to finance this shortfall, the only realistic option is to defer certain projects identified in the PDR cash flows, with the most obvious one being the development of the next stage of the Russellton Estate, which is estimated at \$4.1m.

The fourth attachment to this report provides revised cash flows based on this assumption, along with amendments to other projects based on the latest available information.

Key changes in that revised cash flow are:

- a) There are changes to the Large and Standard Lot sales for Southern Cross for 2018/19 and 2019/20 with these figures representing the likely sales for land in Boeing Avenue, opposite the Harvey Norman Centre.

A rezoning proposal is currently underway for that land and if the rezoning is completed there is the potential for significant sales based on current demand.

The income figures for these two years total \$5.35m, based on two large lot sales totaling \$2.7m and eight regular lot sales totaling \$2.65m.

- b) The Russellton Land Development is deferred to 2020/21, which is the period it takes for the reserve to have sufficient funds to finance that development.
- c) The Russellton Standard Lot sales are then delayed until the expenditure of the development costs.

## 4.2 Property Development Reserve and Airport Boulevard

- d) There is an allowance of \$4m for Airport Boulevard in 2017/18.
- e) The allowance for development costs for the next stage of the Southern Cross Industrial Estate has been increased from \$900,000 to \$3m in 2017/18.

This is the estimated cost of developing the Boeing Avenue land, with sale proceeds estimated at \$5.35m. This project will be reported to Council for approval to proceed, when and if the current rezoning application is approved.

- f) The Community Infrastructure Dividends are significantly amended to ensure an adequate buffer is retained in the reserve.

A comparison in the forecast in these dividends is outlined in the following table.

### Community Infrastructure Dividend Forecast – Comparison (\$'000)

Item	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Original forecast (attachment one)	1,000	800	1,700	1,100	500	0	700	700
Revised forecast (attachment two)	0	0	1,000	1,100	500	0	700	700
Variation	(1,000)	(800)	(700)	0	0	0	0	0

As per these figures this results in a substantial reduction in these dividends for 2018/19 to 2020/21.

This will have an impact on the community infrastructure projects that can be delivered during those years and the following report in this agenda provides more information on that impact.

It is important to acknowledge that the construction of Airport Boulevard should have a significant stimulatory impact on sales at the Southern Cross Industrial Estate. Once the road is constructed it will provide an entry statement to the BBGA, with passenger numbers above 500,000 travelling the road each year.

There has already been some interest in the land adjoining Airport Boulevard and that interest will only increase as the road is constructed.

Council may well have to outlay more monies in developing that adjoining land for sale and that will have a further negative impact on the forecast cash flows, however it should be offset by increased sales revenue.

Finally the grant application for Airport Boulevard included a business case for the project, prepared by Morrison Low Pty. Ltd, which identified cost benefit ratios from 3.7 to 5.4.

With 1.0 being the normal benchmark for the viability of a project, these are high ratios and no doubt contributed to the Federal Government seeing this as a priority project for funding.

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

As per the information section of this report

### **Consultation**

Staff have been consulted in respect to the preparation of the cash flows.

### **Options**

The objective of this report is to identify a funding source for the balance of Airport Boulevard and to update the cash flows for the PDR.

To finance Airport Boulevard, the recommended approach is to defer the construction of the next stage of the Russellton Industrial Estate, as outlined in attachment four of this report.

This does mean that Council will not be in a position to release smaller lots for sale at the Russellton Estate for the next few years.

Unfortunately the problem with the release of the next stage at this Estate is that a significant amount of infrastructure is needed resulting in a very high development cost, with a lengthy time period likely before those funds are recouped.

There are also other changes identified in that cash flow to ensure Council's Long Term Financial Plan is as up to date as possible.

The recommendation follows is to adopt the revised cash flows for the PDR and approve the revised funding for Airport Boulevard. In adopting this Council needs to be mindful that major expenditures in future years, i.e. \$3m at Southern Cross Industrial Estate in 2017/18, will be subject to further reporting to Council. Also there is the risk that the forecast revenues may not be achieved, which would mean a deferral in projects of this nature.

The only other option is for Council not to accept the funding for Airport Boulevard. This is not recommended, as even though this project places financial pressure on Council, the long term economic benefits and the leveraging of the grant funds, justify the expenditure, with the Morrison Low analysis confirming the economic multiplier benefits for the project.

### **RECOMMENDATIONS**

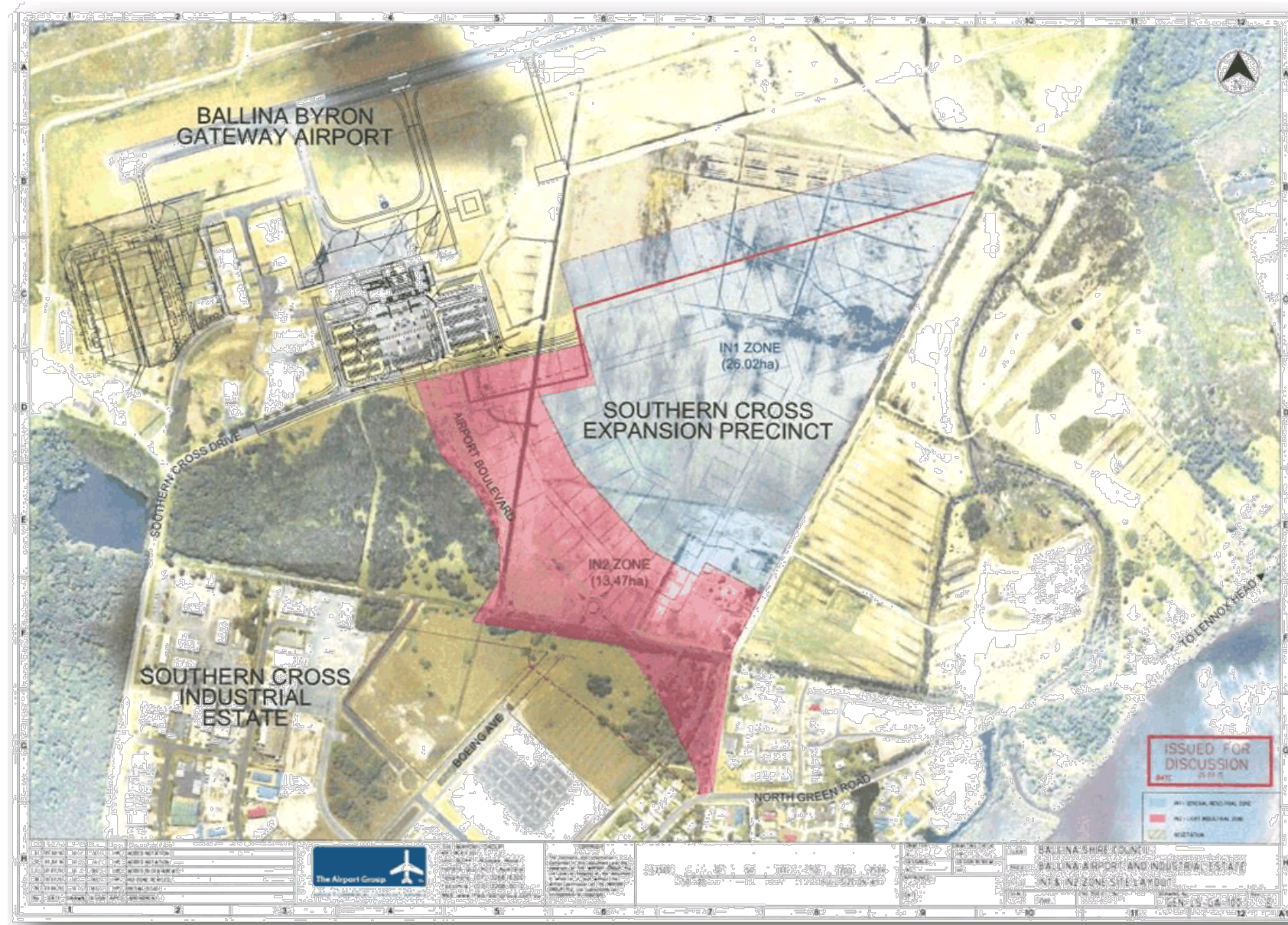
1. That Council approves a revised budget of \$7 million for the construction of Airport Boulevard based on a \$3m Federal Government grant and a \$4m dividend from the Property Development Reserve in 2017/18.
2. That Council approves the inclusion of the revised cash flows for the Property Development Reserve, as per attachment four to this report, in Council's Long Term Financial Plan. In approving these cash flows Council acknowledges that major expenditures in future years (i.e. 2017/18 onwards) will be subject to further reporting to Council prior to commencement.

### **Attachment(s)**

1. Airport Boulevard Location Map
2. Property Development Reserve - Existing Cash Flows
3. Project Estimate - Civiltech
4. Property Development Reserve - Revised Cash Flows



## 4.2 Property Development Reserve and Airport Boulevard





Cash Flow - Property Development Reserve - Forward Financial Plan December 2016															
Item	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Opening Balance Excluding Airport Overdraft	303,500	4,438,100	4,613,900	3,777,600	2,536,800	3,220,000	4,440,000	3,336,100	3,182,900	3,100,700	2,955,900	2,954,000	3,244,400	3,019,600	3,087,200
Less Airport Overdraft Opening Balance	(302,000)	(454,400)	(454,400)	(592,500)	(724,200)	(444,800)	(173,400)	0	0	0	0	0	0	0	0
Revised Opening Balance with Airport Overdraft	1,500	3,983,700	4,159,500	3,185,100	1,812,600	2,775,200	4,266,600	3,336,100	3,182,900	3,100,700	2,955,900	2,954,000	3,244,400	3,019,600	3,087,200
Add: Cash Inflows															
Interest Accrued	261,000	178,000	181,200	110,000	87,000	105,000	111,000	83,000	80,000	78,000	74,000	74,000	81,000	75,000	77,000
Internal Loans Repaid	288,500	0	0	0	29,000	0	0	0	0	0	0	0	0	0	0
Rental - Norfolk Homes	133,600	136,500	140,000	143,000	144,500	147,000	149,300	151,500	153,800	156,900	160,100	163,400	166,700	170,100	173,600
Rental - ARC (50%)	159,100	161,300	165,000	169,800	129,500	125,400	127,300	129,200	131,100	133,800	136,500	139,200	142,000	144,900	147,800
Sale - Alstonville Tennis Courts Site	0	0	0	0	0	0	1,300,000	0	0	0	0	0	0	0	0
Sale - Alstonville Plaza	0	0	0	195,300	0	0	0	0	0	0	0	0	0	0	0
Sale - ARC Residual (50%)	0	269,000	302,500	0	0	0	0	0	0	0	0	0	0	0	0
Sale - Bagotville Quarry	0	0	0	0	450,000	0	0	0	0	0	0	0	0	0	0
Sale - Balance Skennars Hd	0	0	400,700	0	0	0	0	0	0	0	0	0	0	0	0
Sale - Ballina High School Road Reserve	0	0	0	33,600	0	0	0	0	0	0	0	0	0	0	0
Sale - Harvey Norman	4,246,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sale - 7 North Creek Road	0	0	0	0	0	200,000	0	0	0	0	0	0	0	0	0
Sales - 54 North Creek Road	0	0	0	0	0	2,500,000	0	0	0	0	0	0	0	0	0
Sale - Land Adjoining BP (50%)	0	0	250,000	0	0	0	0	0	0	0	0	0	0	0	0
Sale - Russellton (Large Lot Sale)	0	0	0	0	0	0	1,000,000	0	0	0	0	0	0	0	0
Sales - Russellton (Standard Lot Sales)	0	413,000	0	0	225,000	0	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000
Sales - Southern Cross (Standard Lot Sales )	0	0	0	210,300	750,000	725,000	0	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Sales - WUEA (Standard Lots)	0	0	0	2,250,000	630,600	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	400,000	0	0	0	0
Sub Total	5,088,200	1,157,800	1,439,400	3,112,000	2,220,600	5,827,400	4,487,600	3,123,700	3,124,900	3,128,700	1,730,600	1,336,600	1,349,700	1,350,000	1,358,400
Less: Cash Outlays															
Operating Expenditure															
Outgoings - ARC (50%)	3,100	2,800	1,500	600	3,000	4,600	4,700	4,800	4,900	5,000	5,100	5,300	5,400	5,600	5,700
Internal Overheads - Southern Cross	132,400	67,000	69,000	34,000	43,000	36,000	36,700	37,400	38,100	38,900	39,700	40,500	41,300	42,100	42,900
Internal Overheads - Russellton	60,000	80,000	66,000	32,000	33,000	33,000	33,700	34,400	35,100	35,800	36,500	37,200	37,900	38,700	39,500
Internal Overheads - WUEA	0	0	75,000	37,000	48,000	39,000	39,800	40,600	41,400	42,200	43,000	0	0	0	0
Russellton - Operating Exps	35,400	30,000	8,500	14,500	15,000	25,600	26,200	26,800	27,400	28,100	28,800	29,500	30,200	30,900	31,600
Southern Cross - Operating Exps	65,600	66,000	59,200	47,800	162,000	189,300	72,600	74,000	75,400	76,800	78,200	79,700	81,200	82,700	84,200
WUEA - Operating Expenses	7,200	15,000	10,300	43,000	48,000	45,000	46,000	47,000	48,000	49,100	50,200	0	0	0	0
Sub Total	303,700	260,800	289,500	208,900	352,000	372,500	259,700	265,000	270,300	275,900	281,500	192,200	196,000	200,000	203,900
Community Infrastructure															
Animal Shelter	0	0	370,000	0	0	0	0	0	0	0	0	0	0	0	0
Ballina Surf Club	0	0	228,000	0	0	0	0	0	0	0	0	0	0	0	0
Wollongbar Sports Fields	0	0	0	400,000	0	0	0	0	0	0	0	0	0	0	0
Community Infrastructure Dividend	0	0	0	0	0	0	0	1,000,000	800,000	1,700,000	1,100,000	500,000	0	700,000	700,000
Sub Total	0	0	598,000	400,000	0	0	0	1,000,000	800,000	1,700,000	1,100,000	500,000	0	700,000	700,000
Property Projects															
Airport Lease - Feasibility	0	0	0	83,300	27,100	0	0	0	0	0	0	0	0	0	0
Airport Boulevard Road	0	0	0	0	100,000	0	0	0	0	0	0	0	0	0	0
ARC Residual - Selling Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bridge Club Sale Legals	42,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lennox Head Community Centre Legals	0	0	165,800	0	0	0	0	0	0	0	0	0	0	0	0
North Creek Dredging	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
North Creek Road (54) - Land Development	0	0	0	14,000	15,700	1,085,000	0	0	0	0	0	0	0	0	0
89 Tamar Street	0	0	0	0	3,300	0	0	0	0	0	0	0	0	0	0
Russellton - Land Development	60,400	0	86,000	63,700	0	100,000	4,100,000	0	0	0	0	0	0	0	0
Shelly Beach Cade	0	0	0	0	0	80,000	0	0	0	0	0	0	0	0	0
Southern Cross - Land Development	198,000	115,000	0	50,100	155,000	0	900,000	0	0	950,000	0	0	1,000,000	0	0
Southern Cross - Masterplan	63,000	110,000	51,500	0	0	100,000	0	0	0	0	0	0	0	0	0
Wigmore Arcade - Redevelopment	0	0	219,200	1,735,900	140,500	0	0	0	0	0	0	0	0	0	0
Wigmore Arcade - Roof	0	0	0	0	315,000	343,000	0	0	0	0	0	0	0	0	0
Wollongbar Urban Expansion Area - Development	0	48,000	256,700	1,329,500	182,000	2,348,000	0	1,680,000	1,800,000	0	0	0	0	0	0
Sub Total	368,400	273,000	779,200	3,276,500	938,600	4,056,000	5,000,000	1,680,000	1,800,000	950,000	0	0	1,000,000	0	0
Dividend															
General Fund	281,500	448,200	609,000	467,400	246,800	178,900	331,800	331,900	336,800	347,600	351,000	354,000	378,500	382,400	386,000
Total Outlays	953,600	982,000	2,275,700	4,352,800	1,537,400	4,607,400	5,591,500	3,276,900	3,207,100	3,273,500	1,732,500	1,046,200	1,574,500	1,282,400	1,289,900
Closing Balance Excluding Airport Overdraft	4,438,100	4,613,900	3,777,600	2,536,800	3,220,000	4,440,000	3,336,100	3,182,900	3,100,700	2,955,900	2,954,000	3,244,400	3,019,600	3,087,200	3,155,700
Net Change in Airport Overdraft	(152,400)	0	(138,100)	(131,700)	279,400	271,400	173,400	0	0	0	0	0	0	0	0
Closing Airport Reserve Overdraft	(454,400)	(454,400)	(592,500)	(724,200)	(444,800)	(173,400)	0	0	0	0	0	0	0	0	0
Revised Closing Balance with Airport Overdraft	3,983,700	4,159,500	3,185,100	1,812,600	2,775,200	4,266,600	3,336,100	3,182,900	3,100,700	2,955,900	2,954,000	3,244,400	3,019,600	3,087,200	3,155,700
Net Movement - Increase / (Decrease)	4,134,600	175,800	(836,300)	(1,240,800)	683,200	1,220,000	(1,103,900)	(153,200)	(82,200)	(144,800)	(1,900)	290,400	(224,800)	67,600	68,500



Your Ref: Airport Boulevard BOQ  
Our Ref: 15161-BOQ2

24<sup>th</sup> February 2016

Ballina Shire Council  
PO Box 450  
BALLINA NSW 2478

**Attention:** Paul Tsikleas

Dear Sir,

**Re: Airport Boulevard & Associated Road**

CivilTech Consulting Engineers has reviewed and updated the Preliminary Cost Estimates prepared by The Airport Group (TAG) in March 2013 for the construction of Southern Cross Drive (440m), Airport Boulevard (790m) and Boeing Avenue (270m).

The updated cost estimates are as follows:

Road Name	Cost Estimate	GST	Total Cost Estimate
Southern Cross Drive (440m)	\$1,759,359	\$175,936	<b>\$1,935,295</b>
Airport Boulevard (790m)	\$3,559,915	\$355,991	<b>\$3,915,906</b>
Boeing Avenue (270m)	\$1,398,138	\$139,814	<b>\$1,537,952</b>
	<b>\$6,717,412</b>	<b>\$671,741</b>	<b>\$7,389,153</b>

This cost estimate is based on preliminary drawings prepared by TAG in 2013 (GEN-PW-CS-001-A, GEN-PW-NO-001-A and GEN-PW-LP-001-A). Attached are summary budget of quantities for each of the three roads. These are subject to detailed engineering design development approval and final quantities.

Also included are cost and design assumptions made for the preparation of this cost estimate. Listed are any changes made to the Notes and Design Assumptions prepared by TAG on 06.03.2013 (TAG03130451 GEN-PW-NE-001).

Yours faithfully

**CivilTech Consulting Engineers**

A handwritten signature in black ink that reads "Wade Fletcher".

**Wade Fletcher**

**Partner & Civil Engineer**

ABN 21 026 548 150 | Ph: 6624 5580 | PO Box 1020 | LISMORE NSW 2480  
e-mail: [admin@civiltch.net.au](mailto:admin@civiltch.net.au) | [www.civiltch.net.au](http://www.civiltch.net.au)



### Design assumptions, comments and changes to TAG details

Below are the cost and design assumptions made for the preparation of this cost estimate. Listed are any changes made to the "Notes and Design Assumptions" prepared by TAG (TAG03130451 GEN-PW-NE-001).

### General comments and changes

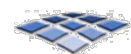
- There appeared to be some variation in the lengths of roads. We have maintained the lengths used by TAG which are slightly conservative.
- Typical fill cost is in the order of \$30-\$35 per cubic meter. Road fill allows for 1.1m of fill to RL 2.1. If sand fill is pumped in from the Ballina Airport sand quarry this figure will likely be reduced.
- The assumed pavement thickness of 300mm is based on an assumed CBR of 7. Local contractors advise that the site is primarily sand under the topsoil layer.
- Consulting, design, survey, construction supervision and project management fees calculates as 5% of total construction cost.
- Average existing surface levels is 1.0m from Mapinfo database. Finished level of 2.1 adopted for bulk earthworks with 1:4 batters.
- Concrete roundabout cost estimates provided by local contractors range from \$310/m<sup>2</sup> to \$400/m<sup>2</sup>. \$380/m<sup>2</sup> has been adopted as there is likely to be heavy traffic. The roundabout area for a typical 2 lane roundabout is 1700m<sup>2</sup> which gives an average cost per roundabout of \$650,000. The roundabout length has removed from roadworks cost.
- Landscaping cost based on turfed verges and established street trees every 50m.
- A 5% contingency has been allowed for.

### Southern Cross Drive

- A single 150 dia water service will be required for the future development but no sewer service.
- Electrical and telecommunications services will be required for street lighting and the future development. Lighting assumed to be required at intersections.
- Bulk earthworks 1.1m deep and 20m wide has been allowed for (includes 3.5m verges and 1:4 fill batters)
- Southern Cross Drive is costed as an 11m wide, crowned bitumen road with 3.5m turfed verges and kerb and gutter on both sides.
- Stormwater costs are calculated assuming 375 dia round concrete pipe (RCP) and inlet pits every 50m.
- A single bio-retention basin and Gross Pollutant Trap (GPT) is required.

### Airport Boulevard

- It is assumed that no water, sewer or communications services will be required along the statement road as all lots will have access from internal roads.
- An additional roundabout is assumed to be required at intersection with North Creek Road.
- An electrical service will be required for street lights, assumed to be at 50m spacing's.
- Bulk earthworks 1.1m deep and 27m wide has been allowed for (includes verges, 4m wide central median and 1:4 fill batters). The sections crossing Southern Cross Drive and Boeing Avenue have been removed from this item.



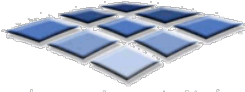

- Statement Road is costed as 2x 7m wide bitumen roads with 3.5m turfed verges. Each road will be one way crossfall with kerb and gutter and upright kerb on either side.
- Stormwater costs are calculated assuming 375 dia RCP and inlet pits every 50m.
- Two bio-retention basins and gross pollutant traps are required.
- The tree removal area of 2,800 sq.m is calculated from aerial photo.
- Corks Lane realignment and intersection has been allowed for.

### **Boeing Avenue**

- A single 150 dia water service will be required for the future development but no sewer service.
- Electrical and telecommunications services will be required for future development. Lighting assumed to be required at intersections.
- Bulk earthworks 1.1m deep and 20m wide has been allowed for (includes 3.5m verges and 1:4 fill batters)
- Boeing Avenue is costed as an 11m wide, crowned bitumen road with 3.5m turfed verges and kerb and gutter on both sides.
- Stormwater costs are calculated assuming 375 dia RCP and inlet pits every 50m.
- A single bio-retention basin and gross pollutant trap is required.
- The tree removal area of 800 sq.m is calculated from aerial photo.



## 4.2 Property Development Reserve and Airport Boulevard

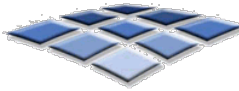
Job I.D:	<b>15161 - Ballina Airport</b>		<b>CivilTech</b> Consulting Engineers
LGA:	Ballina Shire Council		
Job description:	Cost estimate for road construction Southern Cross Drive (440m) Ballina Airport		
			
		Date Prepared:	15.07.2015
		Prepared by:	WF
Drawings:	TAG dwgs (GEN-PW-CS-001-A, GEN-PW-NO-001-A and GEN-PW-LP-001-A)		
<b>PRELIMINARY COST ESTIMATE - SOUTHERN CROSS DRIVE</b>			

ITEM NO.	DESCRIPTION	AMOUNT
1.0	Site establishment, preliminaries and general.	\$34,840
2.0	Bulk Earthworks	\$210,000
3.0	Roadworks (excludes roundabout & drainage), 11m wide crowned road.	\$377,990
4.0	Signage and line marking	\$44,000
5.0	Stormwater drainage & bio-retention basin	\$132,040
6.0	Electrical & Communications service	\$44,000
7.0	Landscaping (turf and street trees)	\$39,210
8.0	Consultants, design, survey and supervision fees (5% typical)	\$80,000
9.0	Roundabout at intersection with Statement Road	\$650,000
10.0	150mm water service main to future development	\$63,500
	Total excl-GST	\$1,675,580
	5% contingency	\$83,779
	GST	\$175,936
	Total incl GST	\$1,935,295

**Notes:**

- 1 The estimate does not include costs for council or other government departments fees and charges
- 2 Quantities and rates are subject to final detailed design and relevant approvals.

## 4.2 Property Development Reserve and Airport Boulevard

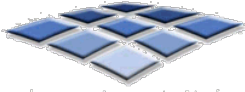
Job I.D:	<b>15161 - Ballina Airport</b>		<b>CivilTech</b> Consulting Engineers
LGA:	Ballina Shire Council		
Job description:	Cost estimate for road construction Airport Boulevard (825m) Ballina Airport		
		● Subdivision Design ● Civil Engineering ● Town Planning ● Project Management	
		Date Prepared:	24.02.16
		Prepared by:	WF
Drawings:	TAG dwgs (GEN-PW-CS-001-A, GEN-PW-NO-001-A and GEN-PW-LP-001-A)		
<b>PRELIMINARY COST ESTIMATE - AIRPORT BOULEVARD</b>			

ITEM NO.	DESCRIPTION	AMOUNT
1.0	Site establishment, preliminaries and general.	\$34,840
2.0	Bulk Earthworks	\$844,830
3.0	Roadworks (excludes roundabout & drainage), 2x 7m dual lanes	\$976,875
4.0	Signage and line marking	\$82,500
5.0	Stormwater drainage & bio-retention basins	\$260,800
6.0	Electrical and Street lighting	\$146,500
7.0	Landscaping (turf, central median and street trees)	\$123,550
8.0	Consultants, design, survey and supervision fees (5% typical)	\$157,500
9.0	Roundabout at intersection with North Creek Road	\$650,000
10.0	Corks Lane realignment & intersection	\$85,000
11.0	Tree removal and chip	\$28,000
	Total excl-GST	\$3,390,395
	5% contingency	\$169,520
	GST	\$355,991
	Total incl GST	\$3,915,906

**Notes:**

- 1 The estimate does not include costs for council or other government departments fees and charges
- 2 Quantities and rates are subject to final detailed design and relevant approvals.

## 4.2 Property Development Reserve and Airport Boulevard

Job I.D:	<b>15161 - Ballina Airport</b>	 <b>CivilTech</b> Consulting Engineers <small>• Subdivision Design • Civil Engineering • Town Planning • Project Management</small>
LGA:	Ballina Shire Council	
Job description:	Cost estimate for road construction Boeing Avenue (220m) Ballina Airport	
		Date Prepared: 15.07.2015 Prepared by: WF
Drawings:	TAG dwgs (GEN-PW-CS-001-A, GEN-PW-NO-001-A and GEN-PW-LP-001-A)	
<b>PRELIMINARY COST ESTIMATE - BOEING AVENUE</b>		

ITEM NO.	DESCRIPTION	AMOUNT
1.0	Site establishment, preliminaries and general.	\$34,840
2.0	Bulk Earthworks	\$184,800
3.0	Roadworks (excludes roundabout & drainage), 11m wide crowned road.	\$197,470
4.0	Signage and line marking	\$44,000
5.0	Stormwater drainage & bio-retention basin	\$76,020
6.0	Electrical & Communications Service	\$22,000
7.0	Landscaping (turf and street trees)	\$19,730
8.0	Consultants, design, survey and supervision fees (5% typical)	\$62,500
9.0	Roundabout at intersection with Statement Road	\$650,000
10.0	150mm water service main to future development	\$32,200
11.0	Tree removal and chip	\$8,000
	Total excl-GST	\$1,331,560
	5% contingency	\$66,578
	GST	\$139,814
	Total incl GST	\$1,537,952

**Notes:**

- 1 The estimate does not include costs for council or other government departments fees and charges
- 2 Quantities and rates are subject to final detailed design and relevant approvals.



Cash Flow - Property Development Reserve - Forward Financial Plan (Revised) December 2016															
Item	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Opening Balance Excluding Airport Overdraft	303,500	4,438,100	4,613,900	3,777,600	2,536,800	3,220,000	4,215,000	1,105,100	3,611,900	1,554,700	2,070,900	2,047,000	2,314,400	2,066,600	2,111,200
Less Airport Overdraft Opening Balance	(302,000)	(454,400)	(454,400)	(592,500)	(724,200)	(444,800)	(173,400)	0	0	0	0	0	0	0	0
Revised Opening Balance with Airport Overdraft	1,500	3,983,700	4,159,500	3,185,100	1,812,600	2,775,200	4,041,600	1,105,100	3,611,900	1,554,700	2,070,900	2,047,000	2,314,400	2,066,600	2,111,200
Add: Cash Inflows															
Interest Accrued	261,000	178,000	181,200	110,000	87,000	105,000	105,000	28,000	90,000	39,000	52,000	51,000	58,000	52,000	53,000
Internal Loans Repaid	288,500	0	0	0	29,000	0	0	0	0	0	0	0	0	0	0
Rental - Norfolk Homes	133,600	136,500	140,000	143,000	144,500	147,000	149,300	151,500	153,800	156,900	160,100	163,400	166,700	170,100	173,600
Rental - ARC (50%)	159,100	161,300	165,000	169,800	129,500	125,400	127,300	129,200	131,100	133,800	136,500	139,200	142,000	144,900	147,800
Sale - Alstonville Tennis Courts Site	0	0	0	0	0	0	1,300,000	0	0	0	0	0	0	0	0
Sale - Alstonville Plaza	0	0	0	195,300	0	0	0	0	0	0	0	0	0	0	0
Sale - ARC Residual (50%)	0	269,000	302,500	0	0	0	0	0	0	0	0	0	0	0	0
Sale - Bagotville Quarry	0	0	0	0	450,000	0	0	0	0	0	0	0	0	0	0
Sale - Balance Skennars Hd	0	0	400,700	0	0	0	0	0	0	0	0	0	0	0	0
Sale - Ballina High School Road Reserve	0	0	0	33,600	0	0	0	0	0	0	0	0	0	0	0
Sale - Harvey Norman	4,246,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sale - 7 North Creek Road	0	0	0	0	0	200,000	0	0	0	0	0	0	0	0	0
Sales - 54 North Creek Road	0	0	0	0	0	2,500,000	0	0	0	0	0	0	0	0	0
Sale - Land Adjoining BP (50%)	0	0	250,000	0	0	0	0	0	0	0	0	0	0	0	0
Sale - Russellton (Large Lot Sales)	0	0	0	0	0	0	1,000,000	0	0	0	0	0	0	0	0
Sales - Russellton (Standard Lot Sales)	0	413,000	0	0	0	0	0	0	360,000	360,000	360,000	360,000	360,000	360,000	360,000
Sales - Southern Cross (Large Lot Sales )	0	0	0	0	0	0	0	1,350,000	1,350,000	0	0	0	0	0	0
Sales - Southern Cross (Standard Lot Sales )	0	0	0	210,300	750,000	725,000	0	1,325,000	1,325,000	600,000	600,000	600,000	600,000	600,000	600,000
Sales - WUEA (Standard Lots)	0	0	0	2,250,000	630,600	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	400,000	0	0	0	0
Sub Total	5,088,200	1,157,800	1,439,400	3,112,000	2,220,600	5,602,400	4,481,600	4,783,700	4,849,900	3,089,700	1,708,600	1,313,600	1,326,700	1,327,000	1,334,400
Less: Cash Outlays															
Operating Expenditure															
Outgoings - ARC (50%)	3,100	2,800	1,500	600	3,000	4,600	4,700	4,800	4,900	5,000	5,100	5,300	5,400	5,600	5,700
Internal Overheads - Southern Cross	132,400	67,000	69,000	34,000	43,000	36,000	36,700	37,400	38,100	38,900	39,700	40,500	41,300	42,100	42,900
Internal Overheads - Russellton	60,000	80,000	66,000	32,000	33,000	33,000	33,700	34,400	35,100	35,800	36,500	37,200	37,900	38,700	39,500
Internal Overheads - WUEA	0	0	75,000	37,000	48,000	39,000	39,800	40,600	41,400	42,200	43,000	0	0	0	0
Russellton - Operating Exps	35,400	30,000	8,500	14,500	15,000	25,600	26,200	26,800	27,400	28,100	28,800	29,500	30,200	30,900	31,600
Southern Cross - Operating Exps	65,600	66,000	59,200	47,800	162,000	189,300	72,600	74,000	75,400	76,800	78,200	79,700	81,200	82,700	84,200
WUEA - Operating Expenses	7,200	15,000	10,300	43,000	48,000	45,000	46,000	47,000	48,000	49,100	50,200	0	0	0	0
Sub Total	303,700	260,800	289,500	208,900	352,000	372,500	259,700	265,000	270,300	275,900	281,500	192,200	196,000	200,000	203,900
Community Infrastructure															
Animal Shelter	0	0	370,000	0	0	0	0	0	0	0	0	0	0	0	0
Ballina Surf Club	0	0	228,000	0	0	0	0	0	0	0	0	0	0	0	0
Wollongbar Sports Fields	0	0	0	400,000	0	0	0	0	0	0	0	0	0	0	0
Community Infrastructure Dividend	0	0	0	0	0	0	0	0	0	1,000,000	1,100,000	500,000	0	700,000	700,000
Sub Total	0	0	598,000	400,000	0	0	0	0	0	1,000,000	1,100,000	500,000	0	700,000	700,000
Property Projects															
Airport Lease - Feasibility	0	0	0	83,300	27,100	0	0	0	0	0	0	0	0	0	0
Airport Boulevard Road	0	0	0	0	100,000	0	4,000,000	0	0	0	0	0	0	0	0
ARC Residual - Selling Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bridge Club Sale Legals	42,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lennox Head Community Centre Legals	0	0	165,800	0	0	0	0	0	0	0	0	0	0	0	0
North Creek Dredging	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
North Creek Road (54) - Land Development	0	0	0	14,000	15,700	1,085,000	0	0	0	0	0	0	0	0	0
89 Tamar Street	0	0	0	0	3,300	0	0	0	0	0	0	0	0	0	0
Russellton - Land Development	60,400	0	86,000	63,700	0	100,000	0	0	4,500,000	0	0	0	0	0	0
Shelly Beach Cade	0	0	0	0	0	80,000	0	0	0	0	0	0	0	0	0
Southern Cross - Land Development	198,000	115,000	0	50,100	155,000	0	3,000,000	0	0	950,000	0	0	1,000,000	0	0
Southern Cross - Masterplan	63,000	110,000	51,500	0	0	100,000	0	0	0	0	0	0	0	0	0
Wigmore Arcade - Redevelopment	0	0	219,200	1,735,900	140,500	0	0	0	0	0	0	0	0	0	0
Wigmore Arcade - Roof	0	0	0	0	315,000	343,000	0	0	0	0	0	0	0	0	0
Wollongbar Urban Expansion Area - Development	0	48,000	256,700	1,329,500	182,000	2,348,000	0	1,680,000	1,800,000	0	0	0	0	0	0
Sub Total	368,400	273,000	779,200	3,276,500	938,600	4,056,000	7,000,000	1,680,000	6,300,000	950,000	0	0	1,000,000	0	0
Dividend															
General Fund	281,500	448,200	609,000	467,400	246,800	178,900	331,800	331,900	336,800	347,600	351,000	354,000	378,500	382,400	386,000
Total Outlays	953,600	982,000	2,275,700	4,352,800	1,537,400	4,607,400	7,591,500	2,276,900	6,907,100	2,573,500	1,732,500	1,046,200	1,574,500	1,282,400	1,289,900
Closing Balance Excluding Airport Overdraft	4,438,100	4,613,900	3,777,600	2,536,800	3,220,000	4,215,000	1,105,100	3,611,900	1,554,700	2,070,900	2,047,000	2,314,400	2,066,600	2,111,200	2,155,700
Net Change in Airport Overdraft	(152,400)	0	(138,100)	(131,700)	279,400	271,400	173,400	0	0	0	0	0	0	0	0
Closing Airport Reserve Overdraft	(454,400)	(454,400)	(592,500)	(724,200)	(444,800)	(173,400)	0	0	0	0	0	0	0	0	0
Revised Closing Balance with Airport Overdraft	3,983,700	4,159,500	3,185,100	1,812,600	2,775,200	4,041,600	1,105,100	3,611,900	1,554,700	2,070,900	2,047,000	2,314,400	2,066,600	2,111,200	2,155,700
Net Movement - Increase / (Decrease)	4,134,600	175,800	(836,300)	(1,240,800)	683,200	995,000	(3,109,900)	2,506,800	(2,057,200)	516,200	(23,900)	267,400	(247,800)	44,600	44,500

#### 4.3 Community Infrastructure Reserve and Priority Projects

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#### 4.3 Community Infrastructure Reserve and Priority Projects

**Delivery Program** Governance and Finance

**Objective** To provide an overview of Council's Community Infrastructure Reserve and the impact that funding from this reserve has on the non-recurrent projects that are under consideration as part of Council's Long Term Financial Plan.

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#### **Background**

Council's long term financial plan (LTFP) has two main components in respect to capital expenditure, being recurrent and non-recurrent funded projects.

Recurrent refers to items in the LTFP where general revenue funding is provided each and every year, to assist deliver essential capital infrastructure.

Non-recurrent relates to funding for projects delivered on a more ad hoc basis, in response to community desires, or renewal works that may only be required on an infrequent basis, or by Council striving to improve the amenity or services delivered to the community.

The recurrent capital funding in Council's LTFP is focused on core infrastructure and a summary of that funding allocation is as follows:

1. Stormwater / Drainage – Approximately \$440,000 pa
2. Roads – Recurrent revenue funding of approximately \$3.5m with this amount often leveraged by income from sources such as loans, grants and Section 94 contributions
3. Street Lighting – Approximately \$47,000 pa
4. Footpaths / Shared Paths – Approximately \$460,000 pa
5. Parks and Reserves – Approximately \$160,000 pa
6. Sports Fields – Approximately \$160,000 pa
7. Public Amenities – Approximately \$100,000 pa
8. Depot Improvements – Approximately \$162,000 pa
9. Community Buildings – Approximately \$220,000 pa

A number of these revenue streams have been substantially increased during the last ten years, primarily through the use of funds raised from special rate variations. For example, historically there were no recurrent budgets for items such as street lighting, parks and reserves, sports fields and community buildings, prior to recent special rate variations, and other existing programs such as roads and footpaths were substantially increased by those variations.

There is always pressure on Council to increase its recurrent funding allocations with many of the recurrent infrastructure items ideally needing extra funding to match depreciation estimates, along with the need for new for expanded facilities as the population grows.

Council reviews the priority works for recurrent funded projects as part of the annual preparation of the four year Delivery Program, with those priorities typically reflecting technical assessments, based on asset conditions, usage levels etc.

Once the available revenue is allocated to recurrent core infrastructure, a difficulty for any council is to fund classes of community infrastructure that are not required to be financed every year (i.e. they are non-recurrent).

Trying to find the cash contribution for non-recurrent projects is always difficult as very few council budgets have significant unallocated discretionary revenues. Ballina Shire Council has been fortunate to have the ability to fund non-recurrent projects through revenues generated from Council's property reserves, which is a revenue source that many councils do not have.

The purpose of this report is to provide an overview of one of the property reserves, being the Community Infrastructure Reserve, and to commence discussion on the community infrastructure priorities for this term of Council.

### **Key Issues**

- Funding sourced from the Community Infrastructure Property reserve
- Level of funding available
- Priority projects

### **Information**

As mentioned in the previous report in this agenda, Council has two major property related reserves being the Community Infrastructure Reserve and the Property Development Reserve, which are collectively referred to as the Property Reserves.

The Property Reserves operate, largely, by the Property Development Reserve (PDR) undertaking property development activity and then transferring dividends to the Community Infrastructure Reserve (CIR). The PDR also provides a recurrent dividend to Council to support the General Fund operating budget.

Some property rental revenues are also paid directly into the CIR based on historical decisions of Council.

In respect to the current forecast cash flows for the CIR, a copy of the latest forecast, as per Council's LTFP, is included as attachment one.

The previous report in this agenda examined the movements in the PDR and that report should be considered in conjunction with this report to provide a holistic overview of both reserves (i.e. PDR and CIR).

To assist in understanding how the CIR operates a brief commentary on the major movements in the current forecast cash flows for this reserve, as per attachment one, is as follows, with the focus on 2016/17 onwards.



### Cash Inflows

- Community Infrastructure – Property Dividends – The figures for 2018/19 represent forecast dividends from the PDR. These are notional figures only, as they are subject to future land subdivisions and sales, which have significant variability.
- Rental – 89 Tamar Street, ARC, Fawcett Street Café – Represents gross rental incomes from these properties. 100% of the income for 89 Tamar Street and Fawcett Park Café is transferred into this reserve, whereas the ARC rental is split equally between this reserve and the PDR.
- Section 94 – Recouped – This represents developer contributions collected by Council where a project in the Section 94 Plan has been forward funded by Council from other revenues sources, typically being the CIR. Council is able to reimburse or recoup a component of our expended monies consistent with the Section 94 Plan. This income is variable, as it is dependent on the level of Section 94 contributions collected each year.

### Cash Outflows

- Operating Expenditure – Relates to the operating expenses for the rental properties.
- Community Infrastructure Delivery – The numerous items listed under this section relate to the income sourced from the CIR to assist in funding the projects listed.

The amounts may represent 100% of the funding for a particular project, or may represent a portion of the total funding, with many of the projects funded from a variety of sources (i.e. grants, other reserves). This figure is essentially the CIR funding contribution to those projects.

- Loan Repayments Community Infrastructure – The principal and interest repayments relating to certain projects, most notably the recent Ballina Town Centre and River Street upgrades, is financed from this reserve.

This is the primary reason why 100% of the rental income from 89 Tamar Street is transferred into this reserve, in that Council identified that revenue source as the funding for these loan repayments. These repayments are now starting to reduce as the loans are repaid in full.

### Priority Projects

The CIR is always facing the difficult challenge of financing the many non-recurrent community infrastructure projects that Council wishes to see delivered, where there is no other funding source.

In recent years Council has been making good progress completing, or planning, for the delivery of a number of major non recurrent projects and items that have, or are, being addressed are listed in the following summary.

##### ***Works completed, completed or significantly funded***

- Coastal Walk / Coastal Shared Path – A number of shared path components are either complete or have funding confirmed.

A copy of the concept map for this entire project is included as attachment two, with many of the segments in that map completed or in the process of being completed.

The two remaining segments that are incomplete are the Coastal Walk segment from Sharpes Beach to Pat Morton (marked in orange in the attachment) and the Coastal Shared Path segment from Skennars Head Road to Pat Morton (marked in pink).

The Coastal Walk segment has \$850,000 allocated to it based on a total cost of around \$1.6m.

This \$850,000 was previously allocated to the Coastal Shared Path segment from Skennars Head Road to Pat Morton, which has an estimated cost of around \$1.7m.

- Ballina Town Centre – Largely complete with the one remaining unfunded item being the section from Moon Street to Grant Street.
- Wardell and Alstonville Town Centres – Majority of works completed, with the construction of the Wardell Boardwalk currently underway.
- Ballina Surf Club – Complete, excluding Building B which has a funding allocation and is scheduled to be delivered this financial year. However construction tenders were well above budget and the project is currently under review.
- Northern Rivers Community Gallery – Complete
- Kentwell Community Centre – Complete
- Lennox Head Cultural and Community Centre and Skate Park – Complete
- Marine Rescue Tower – Largely complete
- Wollongbar Sports Fields – Fully funded and majority of works to be completed this financial year.
- Ballina and Alstonville Swimming Pool Upgrades – Funding strategy in place through a special rate variation, with works to occur during 2017.
- Wollongbar Skate Park – Funding allocated with works to be completed this financial year, subject to Council agreeing on the preferred project.
- Missingham Park Concept Plan – Second stage of this project now funded and works underway.

#### 4.3 Community Infrastructure Reserve and Priority Projects

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- Shaws Bay Coastal Zone Management Plan – This plan has approximately \$1.8m worth of works, both capital and operational, over the next ten years with Council having a funding strategy in place to deliver the plan.
- NSW Boating Now Plan – Funding strategy in place to finance a three year, part grant funded, program, with the works included in this program as follows.

**Table One – Boating Now Works Plan**

<b>Project Description</b>	<b>Total Cost</b>	<b>Council Contribution</b>
Trawler Harbour – Plan	80,000	40,000
Keith Hall - Ramp / Pontoon	300,000	75,000
East Wardell - Pontoon	100,000	50,000
Captain Cook – Wharf / Pontoon	300,000	50,000
Fishery Creek – Pontoon	100,000	50,000
Faulks Reserve – Pontoon	175,000	75,000
Emigrant Creek - Access	40,000	0
Lennox Head - Ramp	150,000	75,000
Brunswick Street – Ramp	200,000	75,000
<b>Total Expenditure</b>	<b>1,445,000</b>	<b>490,000</b>

- Lake Ainsworth South and South Eastern Precinct – Significant funding for the south eastern precinct allocated. The southern precinct works are not funded.
- Ballina Indoor Sports Centre – Estimated to cost approximately \$8m to \$9.3m with Council in the process of negotiating with the Department of Education in respect to the delivery of this Centre, as part of the Ballina High School re-development.
- Ballina Town Entry Treatments – Around \$1m needed to complete the adopted master plan.
- Captain Cook Park Master Plan – Approximately \$3m required to complete the adopted master plan.
- Pop Denison Park Master Plan – Approximately \$1.8m needed to complete the adopted master plan.
- Airport Boulevard – Estimate of approximately \$7m to complete this project, with a \$3m grant now available.
- Skennars Head Sports Field Expansion – Approximately \$1.3m needed to finalise the expansion of these fields.
- Lennox Head Surf Club – Approximately \$4m to \$5m based on an initial concept plan.
- Lennox Head Main Street Upgrade – Dependent on agreed works program with a master plan in the process of being finalised.

### 4.3 Community Infrastructure Reserve and Priority Projects

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- Martin Street Master Plan – Council has recently adopted this master plan, with the works program ranging from \$8 to \$31m dependent on the option implemented.
- 9 Commercial Road, Alstonville – An amount of approximately \$200,000 is needed to provide public car parking on this Council owned property.
- Section 94 Roads Plan – The Section 94 Roads Plan has tens of millions of dollars of road infrastructure projects that will need to be delivered over the next 20 years.
- Ocean Pool – The Council resolved position on this project is that it is to be funded by the community, with no funding have been allocated to the project to date.

Councillors may also have other major projects that they wish to see considered as part of this discussion and those projects can be raised at this meeting.

#### **Commentary on projects without a confirmed funding strategy**

This next section of the report provides a brief commentary for the various projects listed in the previous summary that are still to have a confirmed funding strategy to fully complete the project, or the funding strategy may have a degree of uncertainty.

Projects where the funding is locked in, or is not considered at risk, are not listed as those projects should proceed as planned.

- *Coastal Walk – Approximately \$1.5m to \$1.6m*

As mentioned, the coastal walk represents the segment from Sharpes Beach, through Boulders Beach and then to the stairs at the top of the Pat Morton car park, on the eastern side of The Coast Road, with this segment marked orange on the attached map.

Council has planning consent for these works, which involves the provision of a mixture of crushed aggregate and boardwalk, to provide a walk that is to National Parks and Wildlife standards. The planning consent is for a walking track and not for a shared path / cycleway.

The estimated cost of these works, as reported to Council at the 4 March 2014 Finance Committee meeting, is as follows:

#### **Section C: Eastern Side of The Coast Road – Coastal Walk**

1. Sharpes Beach to Iron Peg / Boulder Beach - \$300,000
2. Boulder Beach to start of Pat Morton Headland - \$1,100,000

With indexing, the cost of the works may now be closer to \$1.5m or \$1.6m.

Council resolved to reallocate \$850,000 that had been allocated to the Coastal Shared Path for the Skennars Head Road to Pat Morton segment (refer to the following project) and applied for matching funds of \$850,000 from the Crown Lands Public Reserves Management Fund (PRMF) to complete the Coastal Walk.

However that PRMF application, which was for the 2016/17 financial year, was unsuccessful.

The Civil Services Group is now in the process of preparing a report on segment options that could be funded from the \$850,000 in Council funding that is still available, with that report to be presented to Council in the New Year.

As this is a walking track, and there is an informal track already in place, this is the type of project that could be delivered in stages from the \$850,000.

Council may also be in a position to apply for smaller amounts of PRMF funding for this project in future years (eg. a recommended application would be around \$100,000).

The Civil Services report will canvass these options.

- *Coastal Shared Path – Section D - Approximately \$1.8*

The report to the 4 March 2014 Finance Committee identified the cost of this segment as follows:

***Section D: Eastern and Western Side of The Coast Road – Shared Path***

1. Skennars Head Road to The Coast Road to Pat Morton (initially west of The Coast Road and then east of The Coast Road) - \$1.7 million

A revised estimated is most likely now around \$1.8m. This segment is marked pink on the attached map.

As the planning consent for this segment is for a shared path (cycleway), the project is eligible for funding under the RMS Active Transport and Cycling Program.

This program, and earlier versions, has provided a significant contribution to the construction of a large part of Council's shared path network.

The latest advice from the RMS is that they may be in a position to finance 50% of the total cost of this segment over two financial years, being 2017/18 and 2018/19. A 50% grant commitment is the normal allocation under this program.

If this funding becomes available this would mean that Council would need to find a matching contribution in 2017/18 and 2018/19 (i.e. around \$450,000 in each year).

The total recurrent Council budget for footpaths / cycleways is approximately \$460,000, which means the \$450,000 per annum needed for this project, would consume the entire footpath budget for two years.

This is not a preferred funding approach as it is important that Council still undertake footpath / cycleway renewal and expansion works across the entire Shire.

#### 4.3 Community Infrastructure Reserve and Priority Projects

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From a financial management perspective the preferred funding strategy has always been to allocate the \$850,000 previously mentioned for the Coastal Walk to this segment of the Shared Path, which then finishes this project and fully connects Lennox Head and Ballina with a coastal shared path (cycleway).

The Coastal Walk is able to be completed in smaller segments, as the walk already exists informally, and the smaller segments could be funded from PRMF monies and other grants as they become available.

With Council now allocating the \$850,000 to the Coastal Walk, Council may not be in a position to match the RMS grants, if they become available in 2017/18 and 2018/19.

No funding strategy has been identified for this potential shortfall and if the grant funding does become available a further report will need to be submitted to Council, to determine if Council wishes to proceed with the work, along with identifying which other projects that would need to be deferred to fund the project.

- *Ballina Town Centre Beautification (River Street) – Approximately \$2.2m*

The section incomplete is for River Street between Moon and Grant Streets.

The other sections completed under this program have been largely funded by loans, with the loan repayments financed through rental revenues generated from Council's commercial property at 89 Tamar Street, as mentioned in the earlier analysis of the cash flows for the CIR.

The existing loans decrease by approximately \$407,000 per annum in 2019/20 and this means that Council could undertake these works in 2018/19, funded by loans, with the new loan repayments then commencing in 2019/20.

As this work would relate to asset renewal, loans could be sourced from NSW Treasury Corporation at a very competitive interest rate.

Repayments on a 10 year term would be around \$300,000 per annum.

Council's LTFP includes these works in 2018/19 based on this funding model.

The loan repayments in the attached cash flow for the CIR include these repayments from 2019/20 onwards.

As this relates to asset renewal, the works also help Council's compliance with the Fit for the Future Program.

- *Ballina Surf Club – Building B*

Council has approximately \$680,000 remaining in this year's budget for this project however tenders were well above that figure, as presented to the September 2016 Ordinary meeting.

There is also approximately \$120,000 remaining in the reserve that was initially created to finance the entire construction of the new surf club.

#### 4.3 Community Infrastructure Reserve and Priority Projects

Negotiations are continuing with construction companies and the Ballina Surf Club to assess the options to reduce the cost of the project.

The Ballina Surf Club has also previously indicated they will contribute funding to help complete the works.

It is likely that Council may need to allocate additional funds to this project, if we wish to see it completed, however at this point in time, that figure is unknown.

- *Lake Ainsworth – South Eastern Precinct*

Reports to Council have identified the following major construction components for this project:

**Table Two – Lake Ainsworth Precinct Estimates as at March 2015**

No.	Description	Amount(\$)	Status	Funded
	<b>Construction Works</b>			
1	Ross Street Road Works	286,000	Complete	Yes
2	Pacific Parade Transition Area	50,000	Concept and detail design being finalised	Yes
3	Eastern Road (Stage 1 – Road closure related works with offset car parking)	587,000	Car park complete and detail design being finalised for balance	Yes
4	Eastern Road (Stage 2 – Landscaping and access – preferred environmental option)	350,000	Concept and detail design being finalised	Yes
5	Lake Ainsworth Southern Foreshore (Road works /Drainage/Car Parking/Landscaping)	896,000	Concept design not finalised	No
6	Camp Drewe Road (Ross St to Unsealed Section through Caravan Park)	257,000	Unfunded and unclear still a priority	No
7	Camp Drewe (unsealed section to Sport and Rec)	714,000	Unfunded and not a priority for Council	No
8	Disabled access, BBQ's Picnic Shelters, etc	97,000		
	<b>Design/Development</b>			
9	Lake Ainsworth Precinct - Stage 2 (DA/Approvals)	50,000	Awaiting detail design	Yes
10	New Surf Club Development - Stage 2 (DA/Approvals)	100,000	Underway	Yes
	<b>Total</b>	<b>3,387,000</b>		

The three items not listed as funded are the Camp Drewe Road works (item 6 - \$257,000 and item 7 - \$714,000) and the southern foreshore works (item 5 - \$896,000).

In respect to item 6 (Camp Drew Road - \$257,000), which relates to the construction of a road on the road reserve, which Council owns that runs through the middle of the caravan park, Council obtained an independent valuation of \$480,000 for that land parcel.

Council authorised the General Manager to determine whether the NSW Crown Holiday Parks Trust is interested in purchasing that road reserve to provide certainty in respect to the Lake Ainsworth Holiday Park being able to operate on the land (otherwise the Park could be split down the middle). The Trust is yet to respond to two items of correspondence forwarded to date.

Council has only authorised the General Manager to determine if the Trust is interested, however if this sale did proceed the \$480,000 would assist in funding the remaining works and eliminate the need for Council to expend \$257,000 formalising that road.

In respect to sealing the balance of Camp Drewe Road (\$714,000), this cannot be justified from a Council expenditure perspective, due to the low traffic counts. It is probable that the State Government will undertake this work if their proposed Winter Olympic Training Facility proceeds.

This means that the one item that is considered a priority is the \$896,000 for the southern foreshore works. Council passed the following resolution in April 2016 in respect to these works.

***Resolution 280416/3***

*That Council receive a report on funding options to fast track the implementation of the southern road section of the Lake Ainsworth Master Plan, with the works priority being the formalisation of the car parking spaces proposed in this location.*

This resolution arose as Council was interested in completing the southern precinct works, as well as the closure of the eastern road, as this would provide improved car parking, access and facilities and result in the majority of the infrastructure works identified in the Complete Urban Master Plan, being completed.

Completing the southern works would formalize the car parking in that location and formalisation typically increases the actual parking delivered, as space is often wasted when drivers park without formal line markings.

Also, it is always beneficial to completely finish a project rather than waiting, possibly years, before sourcing additional funds.

As there is a specific resolution in respect to this item the options section of this report provides funding scenarios to fast track the completion of this work.

- *Skennars Head Sports Field Expansion – Approximately \$1.3m*

The preferred design for this expansion and a cost estimate was completed in 2011. There is an existing deficiency in sports fields for the Lennox Head / Skennars Head precinct, based on the current population, so this project remains a high priority.

Council has purchased land adjoining the existing Skennars Head fields and the proposed expansion of that facility to provide another two fields, along with the provision of parking etc, is estimated at approximately \$1.3m.

This project is identified as a high priority project, due to the existing deficiency in fields based on planning standards, and both this expansion and the bringing on-line of the EPIQ development sports fields, is needed to ensure there is an adequate provision of sporting fields in this locality.



### 4.3 Community Infrastructure Reserve and Priority Projects

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This project is also in the Section 94 Open Spaces Plan and Council has a statutory responsibility to complete the works.

Council also passed a resolution earlier this year seeking a funding strategy to deliver this overdue project. That resolution was as follows:

#### **Resolution 280716/13**

*That Council approves a review of the forecast cash flows for the Community Infrastructure Reserve to allow the expansion of the Skennars Head Sports Fields to be undertaken during 2017/18. This review is to consider the possibility of increased land sales above budget, along with the possible deferral of the Ballina Town Entry Treatments and Captain Cook Master Plan budgets.*

Again, as there is a specific resolution in respect to this item, the options section of this report provides funding scenarios.

- *Lennox Head Surf Club – Approximately \$4m to \$5m*

Council has an allocation of \$100,000 from the Lake Ainsworth redevelopment budget to confirm the designs and approvals for this project. That work is currently underway. Once approvals are obtained the priority will be to obtain significant grant funding.

No funding for capital construction is currently included in the LTFP due to the very early stage of this project.

- *Ballina Indoor Sports Centre – Approximately \$8m to \$9.3m*

Council will shortly receive a report on a proposed legal agreement with the NSW Department of Education to deliver a two court indoor sports centre, as part of the redevelopment of the Ballina High School site. Council has previously resolved to support this proposal, subject to a number of conditions, which will form part of that legal agreement.

The Department of Education will also be funding a two court stadium as part of the redevelopment, resulting in an overall four court facility.

Details on these facilities and the proposed management arrangements will form part of the report on the legal agreement.

Council has previously resolved to include in our LTFP a figure of \$9.35m to fund the estimated construction cost, based on grant funding of \$4.35 and Council funding of \$5m.

The Council funding is sourced from dividends from the Landfill and Resource Management (LRM) reserve. This reserve contains the retained surpluses from Council's landfill operations.

The transfers from the LRM reserve to this project, as per Council's LTFP, are \$1m in 2016/17 and 2017/18, \$1.5m in 2018/19 and \$1.35m in 2019/20, for a total of \$4.85m. As at 30 June 2016, Council had \$257,000 in a reserve for the Ballina Indoor Sports Centre project, with those funds being the balance of an earlier contribution to this project from the CIR.

#### 4.3 Community Infrastructure Reserve and Priority Projects

The LTFP assumes that Council will expend all of these monies in 2019/20, although that expenditure will most likely occur as progress payments are made during the construction phase of the project. The redeveloped Ballina High School is scheduled to open in February 2019.

There are a number of concerns in respect to the overall funding strategy for this project including:

- a) Council resolved to include a mezzanine floor in the facility at an additional cost of approximately \$1.3m. This cost increase has been fully offset on the assumption that additional grant funds would be secured for the same amount. The justification for the mezzanine is tenuous at best and the chances of obtaining a grant for the \$1.35m, or even the total of \$4.35m, remain very uncertain.
- b) As per point a) Council has grant funds included of \$4.35m with no guarantee of any grants being secured. A more fiscally responsible funding strategy is to fully fund Council's contribution with known funding sources, and if a grant is obtained then Council can retain its own monies.
- c) The redeveloped High School is due to be operational by February 2019 and it is likely that the Department of Education will require our full contribution to the project during the 2018/19 financial year. Council's financial plan and the transfers from reserve are based on the funds being paid in the 2019/20 financial year. This may need to be paid one year earlier.
- d) The LRM reserve is susceptible to potential changes in State legislation. For example, Council has been able to avoid paying the NSW State Government waste levy, as our mixed waste is transferred to Queensland, which has no such levy.

If either State Government changed the existing legislation, Council could be faced with increased operating costs of approximately \$1m to \$2m plus per annum, along with the possibility that Council would have to, in the not too distant future, open up new cells at the landfill, along with likely remediation costs for the existing cells, of approximately \$2m.

The likely cost of any new cells could be upwards of \$15m, if not in excess of \$20m.

- e) From 2019/20 the LTFP assumes Council will take further dividends from the LRM to expend on asset renewal.

In order to meet the Fit for the Future asset renewal benchmarks, dividends ranging from \$1m to \$3m are sourced from 2019/20 to 2025/26 as per the following table.

**Table Three - LTFP - LRM Asset Renewal Dividends (\$'000)**

<b>Asset Renewal</b>	<b>19/20</b>	<b>20/21</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>
Roads	500	750	1500	1100	1300	500	750
Open Spaces	250	375	750	550	650	250	375
Buildings	250	375	750	550	650	250	375
<b>Totals</b>	<b>1,000</b>	<b>1,500</b>	<b>3,000</b>	<b>2,200</b>	<b>2,600</b>	<b>1,000</b>	<b>1,500</b>

### 4.3 Community Infrastructure Reserve and Priority Projects

These dividends are needed to ensure Council's long term sustainability, as our forecast operating surpluses and asset renewal allocations without this dividend, are insufficient to meet the 100% asset renewal benchmark required by the State Government.

In summary, after many years of high increases in the fees Council charges for waste disposal, the LRM operations is now operating profitability.

Council is in the process of finalising large loan repayments that resulted from loans of close to \$10m that were needed in around 2005 to remediate the landfill and open new cells.

With these loans being repaid in full, the LRM reserve is forecast to remain at a relatively healthy balance based on our current LTFP, even with the Ballina Indoor Sports Stadium dividends.

This is outlined in the following table.

**Table Four - Current LTFP Forecast LRM Movements (\$'000)**

Item	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Operating Revenues	2,720	3,958	3,844	3,665	3,618	3,735	3,858
Operating Expense (ex dep)	1,199	1,334	2,276	1,787	1,534	1,513	1,536
<b>Net Result</b>	<b>1,521</b>	<b>2,624</b>	<b>1,568</b>	<b>1,878</b>	<b>2,084</b>	<b>2,222</b>	<b>2,322</b>
<b>Less Capital Movements</b>							
Loan Principal	1,053	1,135	1,206	1,111	194	0	0
LRM Capital Expenditure	153	96	477	537	109	113	118
Levy and Grant Adjustments	0	0	(1,256)	0	0	0	0
Dividends – General Fund	148	262	280	149	221	21	21
Dividends – Sports Stadium	0	0	0	1,000	1,000	1,500	1,850
Dividends – Asset Renewal	0	0	0	0	0	0	1,000
<b>Net Cash Movement</b>	<b>167</b>	<b>1,131</b>	<b>861</b>	<b>(919)</b>	<b>560</b>	<b>588</b>	<b>(667)</b>
<b>LRM Reserve Balance</b>	<b>1,534</b>	<b>2,665</b>	<b>3,526</b>	<b>2,607</b>	<b>3,167</b>	<b>3,755</b>	<b>3,088</b>

It is important to be conservative when forecasting our future cash flows and the fact that Council has included a grant figure of \$4.35m for the Ballina Indoor Sports Centre does raise concerns.

From a financial planning perspective Council needs to be more realistic and recognise that these grants may not be secured.

Therefore a preferred approach is to adjust upwards the forecast dividends from the LRM reserve to match at least the minimum contribution of \$8m required for this project, excluding the mezzanine floor.

If these revised figures are included in the LTFP the revised movements in the LRM reserve are as follows.

**Table Five - Revised LRM Movements for Increased Dividend (\$'000)**

Item	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Operating Revenues	2,720	3,958	3,844	3,665	3,618	3,735	3,858
Operating Expense (ex dep)	1,199	1,334	2,276	1,787	1,534	1,513	1,536
<b>Net Result</b>	<b>1,521</b>	<b>2,624</b>	<b>1,568</b>	<b>1,878</b>	<b>2,084</b>	<b>2,222</b>	<b>2,322</b>
<b>Less Capital Movements</b>							
Loan Principal	1,053	1,135	1,206	1,111	194	0	0
LRM Capital Expenditure	153	96	477	537	109	113	118
Levy and Grant Adjustments	0	0	-1,256	0	0	0	0

#### 4.3 Community Infrastructure Reserve and Priority Projects

Dividends – General Fund	148	262	280	149	221	21	21
Dividends – Sports Stadium	0	0	0	2,000	2,000	2,000	2,000
Dividends – Asset Renewal	0	0	0	0	0	0	1,000
<b>Net Cash Movement</b>	<b>167</b>	<b>1,131</b>	<b>861</b>	<b>(1,919)</b>	<b>(440)</b>	<b>88</b>	<b>(817)</b>
<b>LRM Reserve Balance</b>	<b>1,534</b>	<b>2,665</b>	<b>3,526</b>	<b>1,607</b>	<b>1,167</b>	<b>1,255</b>	<b>438</b>

These figures highlight that the LRM balance becomes extremely low and Council may need to defer the asset renewal dividend by one or two years.

On balance this is considered to be a more fiscally responsible approach and the options section of this report recommends that Council amend our LTFP to reflect these revised figures.

When Council recommended inclusion of the mezzanine floor it also asked for funding options for that additional expenditure.

As per Table Five, essentially the LRM reserve is not in a position to allocate an additional \$1.35m to this project.

There are no other identifiable sources for this expenditure and the preferred approach, from a financial management perspective, is to exclude the mezzanine.

Another point to recognise is that the strategy to apply the operating surplus from LRM to other areas of Council's operations raises a number of considerations. There could be debate as to whether LRM charges are the appropriate mechanism to fund an Indoor Sports Centre or other infrastructure for that matter. This supports the argument that the LRM charges may be too high and should be adjusted downwards however that would remove this funding source for Council.

Finally Council's LTFP includes a net operating cost, excluding depreciation, for the Ballina Indoor Sports stadium of approximately \$150,000, once it is operational in 2019, inclusive of the additional staff resources that will need to be engaged to manage the facility.

This highlights that facilities of this nature are provided at a significant cost to the community, as once depreciation is included the net annual operating deficit for this building may be close to \$250,000 per annum.

This impacts negatively on our overall financial sustainability and compliance with the Fit for the Future program.

The deficit is also why the private sector does not construct these facilities.

- *Ballina Town Entry Treatments – Under \$1m needed to finish treatment master plan*

Council has adopted a master plan, which includes seven distinct projects, as per the following table.

#### 4.3 Community Infrastructure Reserve and Priority Projects

**Table Six - Ballina Town Entry Treatment Master Plan – Stages (\$)**

No.	Project	Original Estimate	Status
1	Landscaping of median strip between the roundabouts at Quays Drive and Barlows Road/Keppel Street.	322,000	Funded in 2017/18
2	Installation of tree planting blisters and tree planting along each side of River Street between Burns Point Ferry Road and Barlows Road/Keppel Street.	224,000	Funded in 2017/18
3	Installation of tree planting blisters and tree planting along each side of River Street between Barlows Road/Keppel Street and Boatharbour Road.	97,000	Funded in 2017/18
4	Installation of tree planting blisters and tree planting along each side of River Street between the Canal Bridge and Kerr Street.	95,000	Complete
5	Installation of tree planting blisters and tree planting along each side of Kerr Street between River Street and Fox Street.	140,000	Funded in 2018/19
6	Installation of tree planting blisters and tree planting along each side of Tamarind Drive between the Canal Bridge and Southern Cross Drive. Landscaping/tree planting on the corner of Kerr Street and Tamarind Drive	18,000	Funded however funding insufficient
7	Roadside planting of trees on Tamarind Drive between Southern Cross Drive and Bicentennial Gardens.	16,000	

Council originally allocated \$140,000 for Stages 4, 6 and 7 in the 2013/14 financial year and Council staff are still to finalise the Tamarind Drive component (items six and seven).

Unfortunately the remaining unexpended funds, \$48,500, are insufficient to undertake items 6 and 7 due to various site constraints.

The Civil Services Group will be presenting a report to Council on these items early in the New Year to confirm how Council wishes to progress the works.

Council's LTFP includes \$643,000 for items 1, 2 and 3 in the 2017/18 financial year and \$140,000 for item 5 in 2018/19.

These works are funded from the CIR, with those works listed in the cash flows as per attachment one to this report.

Resolution 280716/13 specifically mentioned the possible deferral of these works to help finance the Skennars Head Sports Fields expansion.

This resolution is considered in the options section of this report.

- *Lennox Head Main Street Upgrade – Dependent on agreed works program*

An agreed works plan is in the process of being developed and until that project is finalised the estimated cost for this work is uncertain.

Dependent on the project cost, loan funding may be an option, similar to that outlined earlier for the final stages of the Ballina Town Centre Beautification (River Street) project.

#### 4.3 Community Infrastructure Reserve and Priority Projects

- *Captain Cook Park Master Plan – up to \$3m*

The various items identified in the master plan are summarised as follows.

**Table Seven – Captain Cook Master Plan – Stages (\$)**

Reference	Project	Estimate
1	Laneway and Car Park – one way access	750,000
2	Public Art / Monument	50,000
3	Improved Pedestrian Entry - River Street	200,000
4	RSL Edge Landscaping	150,000
5	Open Park Land – Paths, planting, furniture	200,000
6	Wharf and Pontoon	350,000
7	Water Play Area – Drainage, equipment, plantings etc	500,000
8	Picnic Shelter – BBQs, Structures	150,000
9	Public Toilets	300,000
10	Jetty	350,000
11	Landscape between activity zone and Fawcett Park	150,000
	<b>Total</b>	<b>3,150,000</b>

A copy of the adopted master plan layout is included as attachment three.

Item 4 is included in Council's 2016/17 budget with the Ballina RSL Club making a contribution of \$60,000 to the project.

This payment of \$60,000 was a condition of the development consent for the approval of the boardwalk on the southern side of their building.

Item 6 has been jointly funded by Council and the NSW Boating Now Program and it should be constructed during 2017, with the funding included in Council's 2016/17 budget.

Feedback from staff on the preferred stages for implementation of this master plan is as follows.

**Table Eight – Captain Cook Master Plan – Staged Implementation (\$)**

Ref. No.	Item	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
1	Laneway / Car Park – one way		750,000			
2	Public Art / Monument					50,000
3	Improve Pedestrian Entry - River St		200,000			
4	RSL Edge Landscaping	150,000				
5	Open Park Land – Paths etc				200,000	
6	Public Wharf and Pontoon	350,000				
7	Water Play Area – Drainage etc					500,000
8	Picnic Shelter – BBQs, Structures				150,000	
9	Public Toilets					300,000
10	Jetty			350,000		
11	Landscape - Activity Zone			150,000		
	<b>Totals</b>	<b>500,000</b>	<b>750,000</b>	<b>700,000</b>	<b>350,000</b>	<b>850,000</b>

In addition to items 4 and 6, which are funded in 2016/17, item 1 (\$750,000) is included in our LTFP in 2018/19 and items 2, 3, 5, 8, 10, 11, at an estimated cost of \$900,000 (which includes a 50% grant for the jetty) are included in 2019/20.

#### 4.3 Community Infrastructure Reserve and Priority Projects

These works are funded from the CIR, as per the cash flows identified in attachment one to this report.

Items 7 and 9 are currently not specifically identified in the LTFP, as they were considered to be a lower priority.

Resolution 280716/13 also mentioned the possible deferral of these works to help finance the Skennars Head Sports Fields expansion. This is examined in the options section of this report.

- *Pop Denison Park – Up to \$2m required to implement master plan.*

This master plan includes works totaling approximately \$2m as per the following table.

**Table Nine – Pop Denison Master Plan**

Stage Number, Timing and Description	Estimate (\$)
<b>Stage One – 2015 to 2018</b>	
Toilet block (with provision for kiosk and storage facility)	100,000
Foreshore path	70,000
Extend road	25,000
Install new southern car park	84,000
Shelter to existing petanque piste with seating	6,000
<b>Sub-total Stage 1</b>	<b>285,000</b>
<b>Stage Two – 2018 to 2023</b>	
Install new northern car park	70,000
Remove two existing southern carparks and regrass	15,000
Central spine path 200m long x 2m wide	36,000
Junior Playground with softfall	210,000
Senior Playground with softfall	250,000
Shade structures to senior and junior playground areas	90,000
New picnic shelters	50,000
New picnic settings	24,000
New seating	15,000
New water bubblers or taps plus provision of water	10,000
New bins	6,000
New bike racks	4,000
new BBQs + provision of electricity	22,000
New tree planting	30,000
<b>Sub-total Stage 2</b>	<b>832,000</b>
<b>Stage Three – Timing 2023 to 2028</b>	
New picnic shelters	40,000
New picnic settings	20,000
New bins	6,000
Curved eastern path	55,000
New seating	15,000
Boardwalk to ecological protection zone	96,000
Interpretive signage	8,000
Information sign at foreshore area	1,000
Park entry signs	6,000
New petanque piste with shelter and seating	20,000
Establish defined bush trails and revegetate disused trails	25,000
Car parking along Fenwick Drive	95,000
Bollards along Fenwick Drive	12,000
Path along Fenwick Drive frontage	40,000
Childrens cycle path	23,000
exercise stations along foreshore path	18,000
Structure at end of central path with seating	15,000
Public art projects to park	100,000
Weed removal program to bushland	35,000
<b>Sub-total Stage 3</b>	<b>630,000</b>

Council's Open Spaces Section 94 Plan has this project listed in the works program, with the project 100% funded from Ballina district park developer contributions. This means the works can be rolled out as the contributions are collected.

Council has a budget of \$350,000 for the implementation of this master plan in the 2016/17 budget, which represents the majority of the developer contributions collected to date.

An internal staff team is working on the implementation of these works, in conjunction with the funding provided for the Shaws Bay Coastal Zone Management Plan.

The primary focus of this team is to ensure that all works undertaken in this precinct integrate with each other.

- *Martin Street Boat Harbour Master Plan - \$8m to \$31m*

This plan contains a significant number of projects and it will need to be delivered in small stages over many years. The master plan includes two redevelopment options and a copy of the options is included as attachment four.

The recommended funding strategy is to gradually seek grants for the works identified, as part of the future rounds of the Boating Now Program.

This was one of the primary drivers behind completing the master plan, as the advice from the NSW State Government was that an overall plan was needed to secure Boating Now funding.

Other feedback from this funding program is that it is likely that much higher percentages of the funding for projects will be funded into the future (i.e. reducing a council's contribution), as it is recognised that councils may not be in a position to match grants for major maritime works.

The high priority in both options A and B is the new harbour and marina infrastructure and this type of work would meet the Boating Now guidelines.

- *9 Commercial Road Alstonville - \$200,000*

Another project that Council needs to keep in mind is the construction of car parking at 9 Commercial Road, Alstonville.

Council purchased this commercially zoned residential property a number of years ago to provide additional car parking in the Alstonville town centre.

The cost of the acquisition of the property, and the future construction of the car parks, is included in the Section 94 Car Parking Plan for Alstonville.

This means the cost of this work (acquisition and construction) will be reimbursed to Council over time, as development occurs in the Alstonville Town Centre.



### 4.3 Community Infrastructure Reserve and Priority Projects

To date no section 94 car parking contributions have been collected due to no commercial development taking place that is required to pay these contributions.

When the property became vacant earlier this year Council resolved to call expressions of interest for the removal of the house. That EOI is in the process of being finalized and the likely cost of the demolition work is approximately \$30,000, with the car park construction works estimated at around \$170,000.

The original report on the future of this property identified that \$46,000 worth of works was needed to bring it to occupation standards, which was balanced with an anticipated rental of \$380 per week.

Based on this information and the desire to provide additional car parking in Alstonville, Council resolved to call for EOIs for the removal of the house.

This means that a budget of \$200,000 is now needed if Council wishes to provide the additional car parking in Alstonville.

Funding strategies for this project are included in the options section of this report.

- *Section 94 Roads Plan*

This plan breaks the works program into three distinct time periods (2011-2019, 2019-2028 and 2028-2036).

Major works required to be completed for the period 2011 to 2019 are as per the following table.

**Table Seven – Section 94 Roads Plan – Works Program 2011 to 2019 (\$'000)**

No.	Description	Cost	% Paid by Developer	Status
6	River Street Fisheries Ck Bridge to Tweed St - Four Laning	3,886	50	
7	Tamarind Dr, North Creek Rd to Kerr St - Four Laning	7,166	99	
9	River St, Upgrade Fisheries Creek Bridge - Four Lane	5,344	50	
10	Tamarind Dr, Duplication of North Creek Canal Bridge - Separate Two Lanes	4,008	99	
11	River St, Fisheries Ck Bridge to Sthn Interchange of Bypass - Four Laning	9,583	74	
11	Other River Street Improvements (land	134	74	
12-14	Hutley Drive Extension	15,303	100	
28a	River Street / Cherry Street Roundabout	1,166	70	Complete
28b	River Street / Moon Street Roundabout	1,166	70	Complete
29	Tamar Street / Cherry Street Roundabout	644	70	Complete
31,33	Ballina Heights Drive	4,858	70	Complete
34	Cumbalum - Interchange, eastern roundabout	3,460	70	Complete

The incomplete works represent major liabilities for Council within the next four years and one objective will be to try and secure grant funds to finance the works.

The actual timing of the works is somewhat dependent on Section 94 contribution collection rates, although those collection rates can often be behind the perceived community need for the work.

#### 4.3 Community Infrastructure Reserve and Priority Projects

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The extension of Hutley Drive to the north and its connection to North Creek Road (part of items 12-14) is the highest priority for this overall works program due to the rate of residential land development in the EPIQ Estate at Lennox Head.

Negotiations are on-going with the owner of the land adjacent to North Creek Road, to acquire the road corridor for a variation in the approved connection of Hutley Drive to North Creek Road.

Council currently holds around \$2.8m in developer contributions for roads and with the Hutley Drive north works estimated to cost around \$4m the shortfall will either need to be funded by Council, or provided by the developers, who would then receive credits for their section 94 contributions.

Hutley Drive is included in Council's LTFP in 2018/19 with the expenditure fully funded from developer contributions.

It is highly likely that amount of developer contributions required for the project will not be collected by 2018/19 and the actual timing of the works will depend on the rate of development, the collection of developer contributions, along with Council's ability to secure other funding sources such as grants for the project.

In respect to the remaining works, which relate to the four laning of Tamarind Drive and River Street, as these works are scheduled within the next four years, and as there is a significant Council liability, they have also been included in the LTFP for 2020/21, funded by a combination of developer contributions and loan funds.

There are other loan repayments for roads that cease in 2019/20 and result in a reduction in annual repayments of approximately \$400,000, which then allows these new works to be loan funded. The repayments for a new loan in the LTFP are approximately \$750,000 based on a 15 year term.

If we are successful, over time, in securing grants for these works, the required loan funds can be reduced.

With loan repayments for roads, the net general fund revenue contribution to road capital expenditure is either increased or decreased dependent on the amount of the loan repayments each year. This then ensures that the overall Council revenue funded expenditure on roads (including loan repayments) remains constant, subject to annual indexing.

- *Ballina Ocean Pool*

Council has not allocated any funding to this project to date. The community committee managing the project has previously approached Council seeking \$15,000 in funding to assist with the design and approval process, however that request was declined. If Council wishes to support this project funds will need to be sourced from the CIR. The project has been identified as a priority in the Ballina Major Regional Centre Strategy and has strong community support.

### Grant Opportunity - Building Better Regions Fund

The Coalition Federal Government has, since 2014, conducted three rounds of what was originally referred to as the National Stronger Regions Fund (NSRF).

At the time of the initial announcement, the program was forecast to invest \$1 billion over five years into community infrastructure projects that promote economic development and address disadvantage in Australia's regions and local communities.

Council applied for the following projects under the three rounds:

- Round one - Marine Rescue Tower (unsuccessful)
- Round two - Airport Boulevard and Marine Rescue Tower (successful)
- Round three - Airport Boulevard and Community Swimming Pools

Council was successful in obtaining \$850,000 in funds for the Marine Rescue Centre under round two of this program. In addition to this, under round three, Council applied for funding for Airport Boulevard, which even though it was unsuccessful as an application, the project was funded as part of a 2016 Federal election commitment.

The previous report in this agenda provides further details on the status of that project.

The Federal Government has just announced a new funding program, titled Building Better Regions, and attachment five to this report provides a media statement on that program. There are two streams to this program being:

1. Community Investment stream
2. Infrastructure Projects Stream

Attachments six and seven provide fact sheets for those streams.

The Community Investment stream is for smaller grants from \$5,000 to \$100,000 (albeit there is no maximum figure mentioned in the factsheet) and staff are reviewing what projects / tasks in our Delivery Program may be appropriate for this funding.

In respect to the Infrastructure Projects stream this is a very similar program to the NSRF. As per that program there is a very strong focus on projects to be creating jobs or economic growth.

Some of the key criteria in the program guidelines for this infrastructure funding include:

- projects should be completed by December 2019
- ideally planning approvals should be in place
- projects should be ready to commence construction within 12 weeks of signing the agreement
- the four merit criterion are

#### 4.3 Community Infrastructure Reserve and Priority Projects

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a) Economic benefits (15 points)

Examples include:

- increasing the number or value of jobs, new businesses or the production of goods and services in the region
- providing opportunities for growth in existing sectors, e.g. tourism, agriculture, manufacturing
- the use of local suppliers and goods
- increasing efficiency of the transport system or service delivery
- increasing Indigenous economic participation
- the degree to which the project delivers benefits beyond the construction phase.

b) Social benefit (10 points)

Examples include:

- making a region a more attractive place to live
- improving community connections and social inclusion
- supporting or protecting local heritage and culture
- strengthening community institutions, governance and leadership capacity
- increasing community volunteering
- the degree to which the project delivers benefits beyond the construction phase
- addresses disadvantage within the community.

c) Value for money (five points)

Examples include:

- the extent to which the project leverages additional funding (this includes cash contributions above the co-funding requirement and in-kind contributions)
- the extent to which the project leverages additional partnerships
- the likelihood of the project going ahead without the grant funding.

d) Project delivery (five points)

Examples include:

- Your capacity, capability and resources to carry out the project
- Your readiness to commence the project with appropriate approvals planned for or in place
- Your track record with similar projects
- How you will operate and maintain the infrastructure and benefits of the project (see section 9.4).
- a detailed Project Management Plan which addresses project:
  - scope
  - timeframes
  - budget/costing
  - risk

### 4.3 Community Infrastructure Reserve and Priority Projects

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As mentioned this criteria is very similar to the NSRF program.

There is only a total of \$298 million available for four years from 2016/17 to 2019/20, and with around 600 councils in Australia, this highlights the difficulties in trying to secure a successful application. For example, no Council in this region obtained funding under round three of the NSRF.

Typically around \$10,000 to \$20,000 needs to be expended on an application to complete all the application conditions relating to demonstrating economic benefits, project budgets, financial feasibility etc.

Fortunately this information can often be used for other grant applications.

For round three of the NSRF Council approved applications for Airport Boulevard and the swimming pool redevelopments. Both of these projects now have funding strategies in place.

After each funding round feedback can be obtained from the Federal Government on your application and a brief summary on the feedback on Council's swimming pools application is as follows:

- Super competitive round
- Our application met all benchmarks to proceed
- Economic assessment criterion is the highest weighted criterion
- Our feedback and scores:
  - a) Economic Assessment Criterion – 4/5  
Business case strong. The assessors felt that there needed to be a better demonstration of how the economic benefits would be delivered post construction. Where would the additional 16 jobs come from?
  - b) Disadvantage Criterion 2a – 5/5 and 2b – 3/5  
2a – full marks. 2b - we needed to provide more substantial evidence as to how the project will address disadvantage such as obesity.
  - c) Investment and Partnerships Criterion – 4/5  
We couldn't get any higher here unless we had additional funding partners. Our ratio of funding was excellent also (Council \$10M, NSRF \$5M)
  - d) Applicants Financially Viable – 4/5  
We could have scored higher here if we had a tender ready, detailed design.

This last point is important in that it is almost essential to have the planning approvals in place, and a tender ready design, to secure the majority of larger grants that are offered by State and Federal Governments.

Governments want certainty that major projects will be delivered if the funding is provided.

This is why it is important to complete the design and planning approval for projects to ensure that Council is in a position to apply for grants.

#### **4.3 Community Infrastructure Reserve and Priority Projects**

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In reviewing the infrastructure projects listed in this report the project that is considered to have the highest chance of success is Hutley Drive.

The advantages of this project are:

- Planning consent in place
- Council has section 94 contributions collected available to part fund the project and recognise Council as a co-contributor to the works
- We may be able to obtain contributions from the EPIQ developers to demonstrate additional co-funding
- Significant job creator as the EPIQ development needs this road to improve access to the commercial precinct, along with the numerous residential allotments
- Securing this road should fast track the timing for commercial businesses (i.e. grocery store) to build and operate in the commercially zoned precinct of this development
- Improves access to sporting fields and other community facilities that will be provided over time
- This project is a significant liability for Council and grant funding will assist in reducing this liability.

The one other project considered to have merit is the Ballina Indoor Sports Centre, which has the following advantages:

- Strong partnership with the State Government
- Council funding identified
- Job creation through the programs that will operate in the centre
- Assist with disadvantage by providing obesity related programs along with programs for people with a disability.

The major disadvantages are that there are no planning approvals in place and the designs are still at a concept stage.

The one other project that Council has often considered as an application is the Coastal Path / Walk from a tourism and job creation perspective.

However previous advice from the Federal Government is that this project does not adequately meet a number of the essential criteria, especially the economic benefits.

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

This report is focused on Council's overall financial position.

#### **Consultation**

The projects listed in this report reflect community aspirations for the Ballina Shire based on an extensive amount of consultation Council has undertaken in recent years.

#### **Options**

#### 4.3 Community Infrastructure Reserve and Priority Projects

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This report initially provides an overview of the non-recurrent projects that are under consideration as part of our long term financial planning.

It also provides an opportunity for Councillors to identify other projects that they wish to see delivered during this term of Council.

During February to April 2017 a number of Finance Committee meetings will be scheduled to confirm Council's preferred works program for inclusion in the adopted Delivery Program, based on reports of this nature.

In respect to the contents of this report there are a number of matters that need to be addressed.

##### 1. Lake Ainsworth Southern Road

Resolution 280416/3 states as follows:

*That Council receive a report on funding options to fast track the implementation of the southern road section of the Lake Ainsworth Master Plan, with the works priority being the formalisation of the car parking spaces proposed in this location.*

The estimated cost of this work is approximately \$900,000 with detailed designs not yet completed. The concept plan for the works is included as attachment eight.

With Council having now confirmed that the eastern road will close, with this closure likely to take place in February 2017, the completion of the southern precinct would help to ensure that the proposed car parking, embankment and stormwater improvements. maximize the social and environmental benefits of this entire project. The difficulty is in finding the funding.

The earlier mentioned possible sale of the road reserve through the Lake Ainsworth Holiday Park, with an estimated value of \$480,000 would assist significantly. However there is still no indication as to whether the North Coast Holiday Parks Trust wishes to acquire this land, and Council still needs to confirm whether it wishes to sell the land.

In reviewing the CIR movements as per attachment one, when Council adopted the 2016/17 budget we were forecasting that the CIR would have a closing balance of \$500,300 as at 30 June 2017.

Due to higher than anticipated Section 94 recoupments in 2015/16, along with improvements in some income items during 2015/16, the forecast closing balance for 30 June 2017 is now \$915,000. This represents an improvement of approximately \$415,000.

Council has subsequently resolved to bring forward the \$124,000 needed for the Administration Centre roof and air-conditioning project, which was originally funded in 2017/18.

When this figure is included, the estimated 30 June 2017 balance for the CIR is estimated at \$791,000 which is still approximately \$300,000 higher than the originally anticipated figure of \$500,300.

#### **4.3 Community Infrastructure Reserve and Priority Projects**

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This means it is reasonable to assume this magnitude of funding could be allocated to the Lake Ainsworth southern precinct works, if this was the priority of Council.

This would then leave a shortfall of around \$600,000 (\$900,000 less the \$300,000).

In reviewing the other Council projects that are funded from the CIR for 2016/17, there are not considered to be any items that could be deferred, with the major amounts of funding provided to projects listed as follows:

- Administration Centre Roofing and Air-conditioning – Tender accepted with an original transfer of \$45,000 and an additional transfer brought forward of \$124,000 from 2017/18
- Seagulls Rugby League Club - \$30,100 – Approved as a Council contribution towards grandstand improvements
- Boat Ramps and pontoons - \$125,000 – Funds that are being leveraged by grants
- Captain Cook Park Master Plan - \$90,000 – Funds that are being leveraged by a contribution from the Ballina RSL to complete landscaping at the western end of this Park
- Missingham Park - \$150,000 – Works in the process of being completed
- Shaws Bay CZMP - \$75,000 – Being leveraged by grants for a high priority CZMP.

As no projects are recommended for deferral, another option would be to reduce the forecast closing balance for the CIR as at 30 June 2017 (i.e. transfer a higher level of funds out of the reserve during the year).

As mentioned we are now estimating a revised closing balance of around \$491,000 (\$791,000 less the \$300,000 extra transfer).

As the income sources for the CIR are largely guaranteed for 2016/17 an additional \$200,000 transfer could be an option, as it still leaves a small buffer of approximately \$291,000 in the CIR as at 30 June 2017.

Although in saying this, \$291,000 is starting to get a little low, remembering that other projects such as Ballina Surf Club Building B may need additional funding.

If we do allocate the additional \$200,000 this means we are still have a funding shortfall of around \$400,000 (i.e. \$900,000 less \$500,000).

Looking at the other major Council reserves, the LRM Reserve is fully committed, and the Quarry Reserve is under financial pressure due to the quarries not operating and the quarry expansion project.

The previous report in this agenda on movements in the PDR identified that Council has had a one off sale at the Russellton Industrial Estate that will net proceeds of \$225,000 (Lot 20, DP 1047320).

This sale was originally not forecast for 2016/17 and the sale proceeds could be fully transferred to the CIR and allocated to this project without significantly impacting on Council's property development activities.



#### 4.3 Community Infrastructure Reserve and Priority Projects

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This would then leave a shortfall of around \$175,000.

In reviewing the Engineering Works Program for 2016/17 the Civil Services Group has identified project in the stormwater program that could be deferred, with those projects listed as follows:

- Coogee Street - \$80,000 – The timing of this remains uncertain due to land acquisition related matters
- Data Collection - \$59,000 – This is on-going to improve our understanding of the condition of the stormwater system
- Stormwater Management Plan Actions - \$21,000 – Nominal allowance for actions identified in the stormwater plan.
- Urban Lanes Improvements - \$15,000 – Recurrent budget for minor capital works.

As the southern precinct works relate to stormwater improvements there is some nexus in deferring these stormwater works.

If Council supports this overall approach a budget of \$900,000 is available for the southern precinct works.

One final option is a contribution from the Lake Ainsworth Holiday Park to these works. It has been previously discussed with Park Management that these works will benefit parking, drainage etc and there has been some level of support in respect to a contribution. This is separate to the road closure and sale proposal.

Therefore it is also recommended that Council seek a contribution from the Lake Ainsworth Holiday Park and if that funding is forthcoming it can reduce the various funding sources identified in this report.

Finally it is important to acknowledge that the estimate of \$900,000 (or \$896,000 as per the original report) is somewhat dated and \$900,000 may be insufficient for the entire scope of works.

This being the case, the recommendation is that Council allocate the proposed \$900,000 to this project, with the scope of works to be amended to reflect that budget.

Importantly this will allow a significant amount of works to be undertaken during the 2016/17 financial year as part of the project to close the eastern road.

#### 2. Skennars Head Sports Fields Expansion

Resolution 280716/13 states as follows.

*That Council approves a review of the forecast cash flows for the Community Infrastructure Reserve to allow the expansion of the Skennars Head Sports Fields to be undertaken during 2017/18. This review is to consider the possibility of increased land sales above budget, along with the possible deferral of the Ballina Town Entry Treatments and Captain Cook Master Plan budgets.*

This resolution is seeking to undertake this project in 2017/18.

### 4.3 Community Infrastructure Reserve and Priority Projects

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In reviewing the CIR cash flows, as per attachment one, the major project funded in 2017/18 is a \$643,000 contribution for implementation of the Ballina Town Entry Treatments.

This project would need to be pushed back if Council wishes to undertake the Skennars Head Sports Fields expansion.

If Council defers that project, the Skennars Head Sports Fields project could be funded as follows:

- a) \$643,000 – original contribution for Ballina Town Entry Statement deferred by one year
- b) \$257,000 – Increase the contribution from the CIR and accept a lower closing balance for the reserve as at 30 June 2018. This is the same logic as applied to the Lake Ainsworth southern precinct for 30 June 2017.
- c) \$200,000 – adjust the forecast for Section 94 contributions recouped in 2017/18 from \$450,000 to \$650,000. The average actual collections for the last four years have been \$719,000 and an increase to \$650,000 remains under that average.

As this income can be variable, in reality what would happen is that ideally the 2016/17 actual results will be above the 2016/17 estimate of \$450,000, and once those results were confirmed at the end of the 2016/17 financial year, the surplus funds could be applied to this project.

- d) \$150,000 – accept a dividend from the Flat Rock Tent Park reserve of \$150,000. This reserve is forecast to be \$776,000 by 30 June 2018 and a transfer of \$150,000 still leaves a healthy reserve for future improvements to this park. Commercial Services are in the process of preparing a forward capital works program for inclusion in the LTFP.

The overall impacts on the CIR reserve of this proposal are included in the revised cash flows for that reserve, as per attachment nine to this report.

The original Ballina Town Entry Treatment works of \$643,000 (2017/18) and \$140,000 (2018/19) are now included as a combined figure of \$800,000 in 2018/19.

Similarly the Captain Cook Master Plan allocations of \$750,000 (2018/19) and \$900,000 (2019/20) are now pushed back to 2019/20 and 2020/21.

Also the dividend from the PDR (Community Infrastructure – Property Dividends) figures in the revenue now reflect the revised figures as outlined in the previous report in this agenda.

The last two lines in the expenditure figures for attachment nine include unallocated amounts for community infrastructure projects, based on the revised PDR dividends and the general availability of funds in this reserve.

At this point in time those monies have not been allocated to any projects and Council can consider how those monies are allocated when the 2017/18 to 2020/21 Delivery Program is prepared during February to April next year.

Overall this is considered to be realistic review of the CIR to firstly fund the Skennars Head Sports Fields in 2017/18, complete the Ballina Town Entry Statement program in 2018/19 and undertake a significant amount of the Captain Cook Master Plan by 2020/21. This review also includes the funding for the Lake Ainsworth Southern Precinct.

#### **3. Ballina Indoor Sports Stadium – Funding Strategy**

It is acknowledged that the current Council has still to consider the legal agreement for the construction and operation of the proposed Ballina Indoor Sports Stadium. That report will be submitted to Council shortly.

However in the meantime it is reasonable for Council to review its LTFP to ensure it is as realistic as possible. As referenced in Table Five of this report it is more fiscally responsible for Council to ensure that our LTFP has a confirmed funding strategy for this facility, with Table Five including \$2m dividends to this project for the four years from 2016/17 to 2019/20.

It is recommended that Council adjust our LTFP to include these revised cash flows, for financial planning purposes only as:

- a) It is a more realistic financial model
- b) It highlights that the LRM is already significantly committed to this project and reduces the risk of Council resolving to take ad hoc dividends from that reserve.

In respect to the mezzanine level, the forecast for the LRM reserve highlights that there is no funding available for that expenditure, and this is a luxury item that Council cannot afford.

These changes are recommended to the LTFP, in the knowledge that a further report will be shortly presented to Council to confirm its commitment, or otherwise, to the Ballina Indoor Sports Stadium.

#### **4. 9 Commercial Road, Alstonville**

Based on the information outlined in this options section of the report there is no funding available to complete the entire car parking project for 9 Commercial Road, which is estimated at \$200,000.

It is considered important to finalise the demolition and removal of the existing residence and an allocation of \$30,000 is recommended to be sourced from the Civil Works Contingency Reserve. This reserve, which assists in managing unders and overs in the recurrent capital works program for the Engineering Works Section, has a balance of approximately \$270,000 and is in a position to finance the works.

It is important to keep this reserve at a reasonable level due to the overall size of the roads reconstruction program and a revised balance of \$230,000 is considered reasonable.

As to the remaining funds needed for Commercial Road, it is recommended that Council receive a report on funding options as part of the 2016/17 Delivery Program and Operational Plan deliberations.

### **5. Building Better Regions Program**

As outlined in the report, on balance, the construction of Hutley Drive is considered to have the highest chance of success in respect to this funding program.

It is still not clear whether more than one application can be submitted and if that is the case the second preference is for the Ballina Indoor Sports Stadium

In conclusion attachment nine to this report is the revised forecast to the CIR based on the various recommendations outlined in this options section.

In adopting this revised forecast it may also be necessary to adjust the forecast for the PDR as per the previous report, which includes the \$225,000 net revenue from the sale of Lot 20, DP 1047320.

### **RECOMMENDATIONS**

1. That Council notes the contents of this report in respect to the community infrastructure projects under consideration as part of our Long Term Financial Plan and the forecast movements in the Community Infrastructure Reserve.
2. That in respect to resolution 280416/3 to fast track the construction of the southern precinct works for Lake Ainsworth, Council approves a total budget of \$900,000 in the 2016/17 Operational Plan, funded as follows:
  - a) Increased contribution of \$500,000 from the Community Infrastructure Reserve
  - b) Net proceeds from the sale of Lot 20, DP 1047320, Russellton Industrial Estate, estimated at \$225,000
  - c) Transfer of funds from the following stormwater related works:
    - Coogee Street - \$80,000
    - Data Collection - \$59,000
    - Stormwater Management Plan Actions - \$21,000
    - Urban Lanes Improvements - \$15,000
3. That Council authorises the General Manager to seek a contribution from the Lake Ainsworth Holiday Park to the southern precinct works in recognition that the works will significant benefit the amenity at the Holiday Park.
4. That in respect to resolution 280716/13 to examine options to finance the expansion of the Skennars Head Sports Fields in 2017/18, Council approves a budget of \$1.3m, funded as follows for the project in 2017/18:
  - a) Contribution of \$950,000 from the Community Infrastructure Reserve
  - b) Increase of \$200,000 to the Section 94 contributions recouped in that reserve for 2017/18 to help finance the \$950,000
  - c) Transfer from the Flat Rock Tent Park reserve of \$150,000

#### **4.3 Community Infrastructure Reserve and Priority Projects**

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5. That Council approves an amendment to the Long Term Financial Plan to include dividends of \$2m per annum from the Landfill and Resource Management Reserve for the period 2016/17 to 2019/20 to finance Council's contribution to the Ballina Indoor Sports Stadium. This does not exclude Council from applying for grant applications to assist with financing this project.
6. That in respect to 9 Commercial Road, Alstonville, Council approves a transfer from the Civil Works Contingency Reserve of \$30,000 to finance the demolition and removal of the existing residence. As part of the formulation of the 2017/18 Operational Plan Council is to receive a report on options to finance the construction of the car park in 2017/18 based on a current estimated cost of approximately \$170,000.
7. That in respect to the Building Better Regions Program Council confirms its number one priority project is Hutley Drive and if more than one application is permitted the second priority is the Ballina Indoor Sports Stadium.
8. That Council endorses the inclusion of the revised forecasts for the Community Infrastructure Reserve as per attachment nine to this report, along with approving a further adjustment to the Property Development Reserve forecasts, with the \$225,000 sale proceeds from Lot 20, DP 1047320 to be transferred from the Property Development Reserve to the Community Infrastructure Reserve.

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

1. Community Infrastructure Reserve - Current Cash Flows
2. Coastal Recreational Path / Walk - Concept Map
3. Captain Cook Master Plan
4. Martin Street Boat Harbour - Master Plan
5. BBRC Media Statement
6. BBRC Fact Sheet - Community Investments Stream
7. BBRC Fact Sheet - Infrastructure Projects Stream
8. Lake Ainsworth Concept Plan
9. Community Infrastructure Reserve - Revised Cash flows

Cash Flow - Community Infrastructure Reserve - Forward Financial Plan December 2016															
Item	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Opening Balance	4,453,800	3,269,500	2,718,400	2,946,600	1,778,800	1,141,800	915,000	923,600	992,100	1,076,900	1,067,900	1,139,300	1,172,400	1,221,800	1,291,500
Add: Cash Inflows															
Interest Accrued	355,000	121,000	17,900	80,200	41,000	16,000	23,000	23,000	25,000	27,000	27,000	28,000	29,000	31,000	32,000
Community Infrastructure - Property Dividends	0	0	0	0	0	0	0	1,000,000	800,000	1,700,000	1,100,000	500,000	0	700,000	700,000
Int Loan Repaid - Flat Rock	41,000	41,300	0	0	0	0	0	0	0	0	0	0	0	0	0
Int Loan Repaid - Plant	33,500	33,800	0	0	0	0	0	0	0	0	0	0	0	0	0
Int Loan Repaid - Street Lighting	33,000	36,500	53,500	0	0	0	0	0	0	0	0	0	0	0	0
Lennox Head Community Centre	0	0	0	600,000	30,000	0	0	0	0	0	0	0	0	0	0
Rate Revenue - Roundabouts (30%)	308,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rental - 89 Tamar St (100%)	690,800	724,100	813,200	641,900	703,800	702,500	703,800	703,800	714,400	714,400	726,700	743,300	758,200	773,400	788,900
Rental - ARC (50%)	159,100	161,300	165,000	169,800	129,500	125,400	127,300	129,200	131,100	133,800	136,500	139,200	142,000	144,900	147,800
Rental - Fawcett Park Cafe (100%)	69,900	0	0	57,100	67,000	65,800	67,000	68,500	70,100	72,000	73,500	75,100	76,700	78,300	79,900
Fawcett Park Cafe - Insurance Claim	0	0	75,000	0	0	0	0	0	0	0	0	0	0	0	0
Sale - ARC Residual Southern Cross (50%)	0	250,000	262,500	0	455,000	0	0	0	0	0	0	0	0	0	0
Sale - Harvey Norman Sale (Part)	1,780,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sale - Land Adjoining BP (50%)	0	0	250,000	0	0	0	0	0	0	0	0	0	0	0	0
Sale - Southern Cross Land	400,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Section 94 - Recouped	447,200	631,300	845,200	729,800	669,700	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Sub Total	4,317,500	1,999,300	2,482,300	2,278,800	2,096,000	1,359,700	1,371,100	2,374,500	2,190,500	3,097,200	2,515,700	1,935,600	1,455,900	2,177,600	2,198,600
Less: Cash Outlays															
Operating Expenditure															
Outgoings - 89 Tamar Street (100%)	49,800	68,100	53,000	51,900	77,300	56,600	58,000	59,500	61,000	62,500	64,000	65,600	67,200	68,800	70,400
Outgoings - ARC (50%)	3,100	2,800	1,500	600	3,000	4,600	4,700	4,800	4,900	5,000	5,100	5,300	5,400	5,600	5,700
Outgoings - Fawcett Park Cafe (100%)	4,900	33,000	17,700	18,900	21,700	20,600	21,100	21,700	22,300	22,900	23,500	24,100	24,800	25,500	26,200
Development Application Refund	27,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Donations	0	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Henderson Farm - Consents	0	2,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Master Plan - Captain Cook Park	60,000	0	15,000	0	0	0	0	0	0	0	0	0	0	0	0
Master Plan - Kingsford Smith Park	0	0	18,000	0	0	0	0	0	0	0	0	0	0	0	0
Property Investigations	20,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sharpes Beach Masterplan	40,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub Total	204,800	110,900	105,200	71,400	102,000	81,800	83,800	85,000	88,200	90,400	92,600	95,000	97,400	99,900	102,300
Community Infrastructure Delivery															
Administration Centre	0	0	0	0	0	45,000	124,000	0	0	0	0	0	0	0	0
Animal Shelter	280,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ballina Cenotaph	0	0	0	25,000	0	0	0	0	0	0	0	0	0	0	0
Ballina Seagulls Rugby League Club	0	0	0	0	0	30,100	0	0	0	0	0	0	0	0	0
Ballina Sports and Events Centre	34,000	26,000	18,000	33,000	244,000	3,000	0	0	0	0	0	0	0	0	0
Ballina Surf Club	746,000	1,682,000	995,000	506,000	119,800	0	0	0	0	0	0	0	0	0	0
Ballina Town Entry Treatments	0	0	0	0	0	0	643,000	140,000	0	0	0	0	0	0	0
Boat Ramps and Pontoons - Captain Cook	0	0	0	0	0	75,000	0	0	0	0	0	0	0	0	0
Boat Ramps and Pontoons - Faulks Reserve	0	0	0	0	25,000	0	0	0	0	0	0	0	0	0	0
Boat Ramps and Pontoons - Keith Hall	0	0	0	0	0	50,000	0	0	0	0	0	0	0	0	0
Captain Cook Park Master Plan	0	0	0	0	0	90,000	0	750,000	900,000	0	0	0	0	0	0
Coastal Recreational Path	324,900	0	0	0	850,000	0	0	0	0	0	0	0	0	0	0
Fawcett Street Cafe - Refurbishment	0	34,000	154,000	0	0	0	0	0	0	0	0	0	0	0	0
Lennox Head Community Centre	382,000	73,000	0	20,000	0	30,000	0	0	0	0	0	0	0	0	0
Lennox Head Rural Fire Shed	0	72,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan Repayments Community Infrastructure	428,100	501,500	557,600	582,000	566,700	402,600	407,700	330,000	317,600	315,800	321,700	327,500	309,100	308,000	308,000
Main Street - Ballina	1,500,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marine Rescue Centre	0	21,000	100,000	100,000	200,000	0	0	0	0	0	0	0	0	0	0
Missingham Park	0	0	0	0	0	150,000	0	0	0	0	0	0	0	0	0
Newrybar Hall	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Northern Rivers Community Gallery	0	0	55,000	0	0	25,000	0	0	0	0	0	0	0	0	0
River Street - 139 Refurbishment	0	0	54,200	0	0	0	0	0	0	0	0	0	0	0	0
Shaws Bay Coastal Zone Management Plan	0	0	0	0	0	75,000	104,000	0	0	0	0	0	0	0	0
Shellys on the Beach - Land Purchase	0	0	56,600	242,200	0	0	0	0	0	0	0	0	0	0	0
Sports Fields - Skennars Head Approvals	21,000	20,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Sports Fields - Wollongbar	1,573,000	0	0	1,684,000	625,500	0	0	0	0	0	0	0	0	0	0
Street Lighting	13,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Swimming Pools	0	0	0	200,000	0	0	0	0	0	0	0	0	0	0	0
Tamar Street - 89 Refurbishment	0	0	138,500	3,000	0	29,000	0	0	0	0	0	0	0	0	0
Wardell Hall	0	0	20,000	0	0	0	0	0	0	0	0	0	0	0	0
Wollongbar Skate Park	0	0	0	0	0	500,000	0	0	0	0	0	0	0	0	0
Community Infrastructure - Prop Dev Dividend	0	0	0	0	0	0	0	1,000,000	800,000	1,700,000	1,100,000	500,000	0	700,000	700,000
Community Infrastructure	0	0	0	0	0	0	0	0	0	1,000,000	930,000	980,000	1,000,000	1,000,000	1,000,000
Sub Total	5,307,000	2,429,500	2,148,900	3,376,200	2,631,000	1,504,700	1,278,700	2,220,000	2,017,600	3,015,800	2,351,700	1,807,500	1,309,100	2,008,000	2,008,000
Total Outlays	5,511,800	2,540,400	2,254,100	3,446,600	2,733,000	1,586,500	1,362,500	2,306,000	2,105,800	3,106,200	2,444,300	1,902,500	1,406,500	2,107,900	2,110,300
Closing Balance	3,259,500	2,718,400	2,946,600	1,778,800	1,141,800	915,000	923,600	992,100	1,076,900	1,067,900	1,139,300	1,172,400	1,221,800	1,291,500	1,379,800
Net Movement - Increase / (Decrease)	(1,194,300)	(541,100)	228,200	(1,167,800)	(637,000)	(226,800)	8,600	68,500	84,800	(9,000)	71,400	33,100	49,400	69,700	88,300

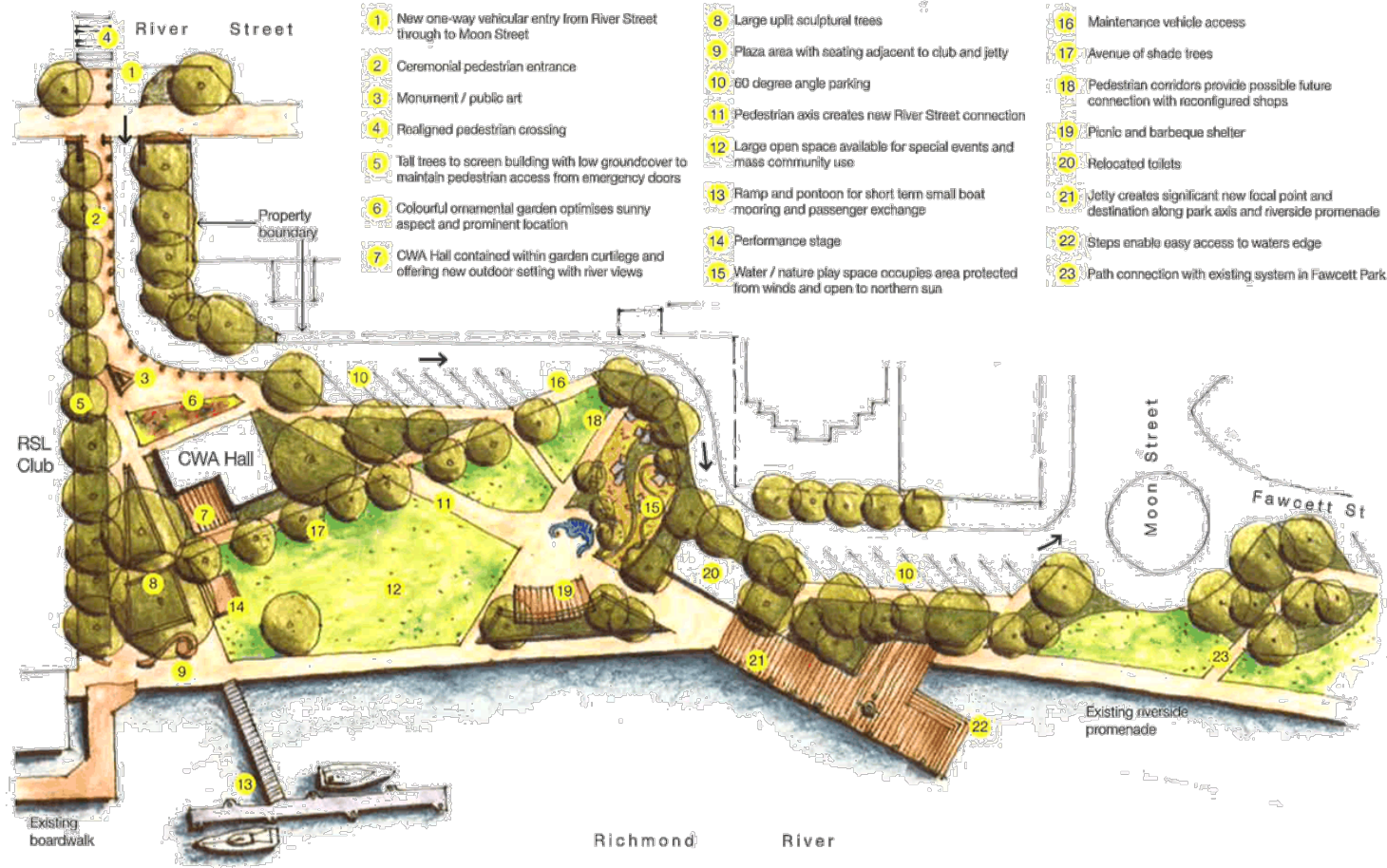


-  A shared path from the Angels Beach underpass to Flat Rock carpark and then through to the Sharpes Beach underpass. Red perforated – Subject to approval.
-  A coastal walk from the Sharpes Beach underpass, built to National Parks and Wildlife standards, largely along the existing walking track through Boulder Beach and up to Pat Morton carpark.
-  On road section (The Terrace)
-  A shared path from Skennars Head Road intersection north of The Coast Road to connect to the Pat Morton Lookout car park.
-  Existing shared path



## 5. LANDSCAPE MASTER PLAN

5



Captain Cook Memorial Park, Ballina LANDSCAPE MASTER PLAN

FEBRUARY 2014

Red Belly Landscape Architecture + Urban Design 6 Canale Drive Boombah NSW 2450 T 0428 517 665 www.redbellydesign.com.au Ref: 13010

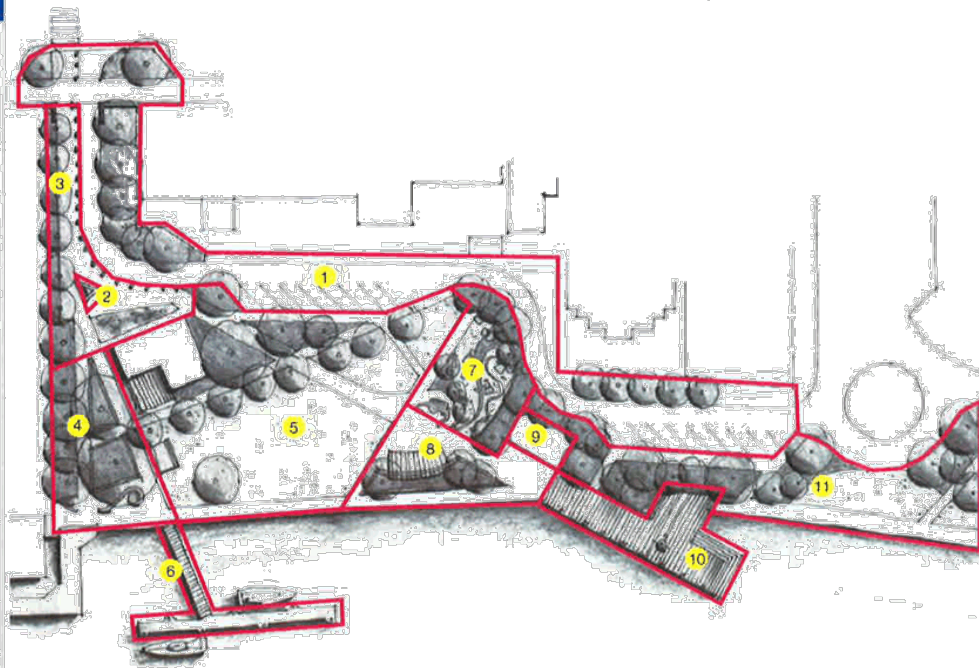




## APPENDIX A: BROAD ESTIMATE OF COSTS

16

	ITEM	DETAIL	EST. COST
1	LaneWAY /carpark	New and reconstructed AC roadway, kerbs, ramps, drainage, signs, lights, bollards, planting, other services, fees	\$500 - \$750K
2	Monument	Artist, sculpture construction, footings, feature lighting	\$20 - 50K
3	Pedestrian entry	Paving, planting, drainage, lighting, furniture, fees	\$200K
4	RSL edge landscape	Paths, retaining walls, drainage, planting, uplighting, furniture, fees	\$150K
5	Open parkland	Paths, planting, lighting, furniture, 3-phase power, performance stage, fees	\$200K
6	Public wharf	Piles, decking, lighting, fees	\$200 - \$250K
7	Water play area	Drainage, retaining walls, hydraulics, fence, play equipment, natural play structures, sculptures, surface materials, planting, fees	\$400 - \$500K
8	Picnic Shelter	Structure, barbecues, furniture, paving, planting, lighting, retaining walls, fees	\$150K
9	Public toilets	Building installation, services, fees	\$300K
10	Jetty	Piles, decking, steps, lighting, sculpture, fees	\$200 - \$350K
11	Landscape between activity zone and Fawcett Park	Seating walls, planting, drainage, feature and functional lighting, paving, furniture, signage, fees	\$150K
<b>TOTAL</b>			<b>\$2.47M - \$3.05M</b>



Captain Cook Memorial Park, Ballina LANDSCAPE MASTER PLAN

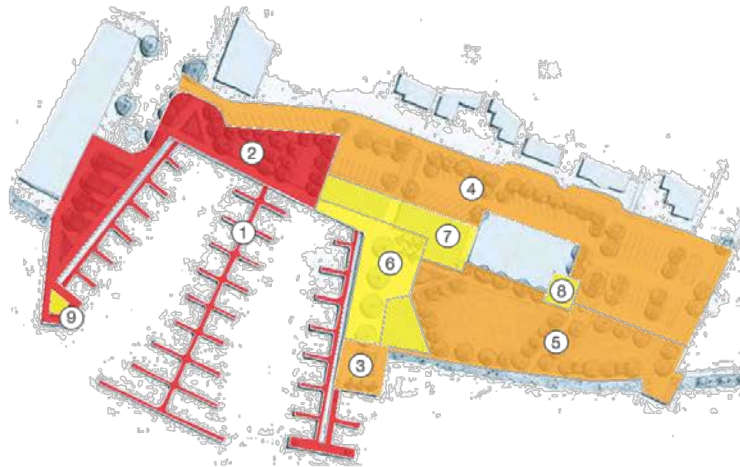
FEBRUARY 2014

Red Belly Landscape Architecture + Urban Design 6 Canale Drive Boombay NSW 2450 T 0428 517 685 www.redbellydesign.com.au Ref: 13010



## 8. IMPLEMENTATION

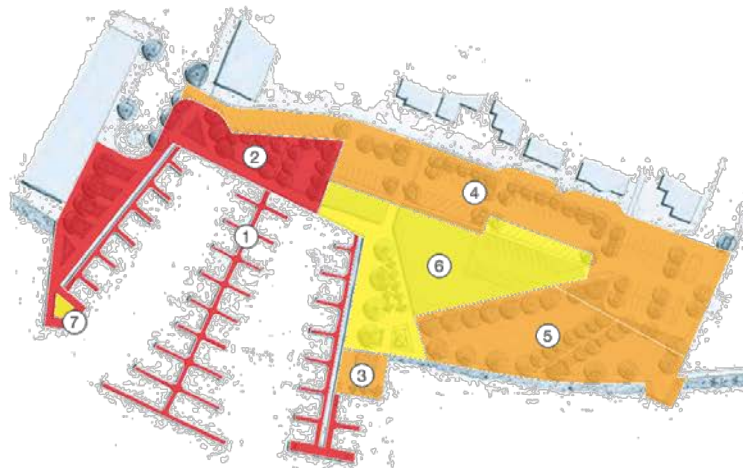
### OPTION A



No	ITEM	DETAIL	EST. COST \$/M	
			LOW	HIGH
HIGH PRIORITY				
1	New harbour and marina infrastructure	Civil work to create new larger bay and provision of new floating pontoons, gangways, berths and associated marine services	3	6
2	Harbour parkland and western plaza	New soft and hard landscape elements including pavements, walls, lighting, planting and park / urban furniture	0.4	0.5
MEDIUM PRIORITY				
3	Pilot Station	Relocate and refurbish the existing structure, new paving and urban furniture	0.2	0.4
4	Regatta Avenue and new car park	Road reconstruction and provision of new and modified car park including civil work, services and street tree planting	0.8	1.2
5	Parkland upgrade	New path routes, raised planting beds, tree planting grass, shelters, park furniture and river edge terrace and access steps	0.3	0.5
LOW PRIORITY				
6	Harbourside plaza	New paved pedestrian plaza, services and planting	0.4	0.6
7	Harbourside development	Three x 2-storey mixed use buildings	3	3.5
8	Museum foyer	Internal building alterations, new built addition with glass facade and paved external plaza	0.2	0.5
9	Harbour beacon	New beacon structure and public viewing platform	0.1	0.2
TOTAL			\$8M	\$13M

## 4.3 Community Infrastructure Reserve and Priority Projects

OPTION B



No	ITEM	DETAIL	EST. COST \$/M	
			LOW	HIGH
HIGH PRIORITY				
1	New harbour and marina infrastructure	Civil work to create new larger bay and provision of new floating pontoons, gangways, berths and associated marine services	3	6
2	Harbour parkland and western plaza	New soft and hard landscape elements including pavements, walls, lighting, planting and park / urban furniture	0.4	0.5
MEDIUM PRIORITY				
3	Pilot Station	Relocate and refurbish the existing structure, new paving and urban furniture	0.2	0.4
4	Regatta Avenue and new car park	Road reconstruction and provision of new and modified car park including civil work, services and street tree planting	0.8	1.2
5	Parkland upgrade	New path routes, raised planting beds, tree planting grass, shelters, park furniture and river edge terrace and access steps	0.3	0.5
LOW PRIORITY				
6	Consolidated harbourside development	Removal of existing buildings including museum, construction of new 5-storey building, paved pedestrian plaza, services and planting	19	22
7	Harbour beacon	New beacon structure and public viewing platform	0.1	0.2
TOTAL			\$24M	\$31M



**Senator the Hon Fiona Nash**  
Minister for Regional Development  
Minister for Local Government and Territories  
Minister for Regional Communications  
Deputy Leader of The Nationals

Wednesday, 23 November 2016

### **Coalition Building Better Regions**

Rural, regional and remote Australia can apply for funding to build better regions under a new fund announced by Minister for Regional Development Fiona Nash today.

Speaking at the Rural Press Club in Victoria, Minister Nash said the economic case for investing in Australia's regions was clear.

"Our regions allow our cities to exist," Minister Nash said.

"Our regions supply the water, food, the gas and electricity which powers city households. Regional Australia supplies the milk which city people put on their breakfast, their cheese, butter and toast; the meat and vegetables they eat for dinner and the fruit and cream they have for dessert.

"Governments make huge, necessary investments in keeping our cities running. A Victorian Bureau of Infrastructure, Transport and Regional Economics analysis found total Melbourne urban public transport operating costs in 2013-14 were almost \$2 billion, with ticket fees recovering just 28 per cent of that.

"Our capital cities would grind to a halt within an hour if these investments ended. Of course these investments in the city are not seen as "bailouts" – they're sensible ongoing investments, and this is the mindset which must be adopted to government investment in rural, regional and remote Australia.

"Investment in rural, regional and remote areas are necessary investments to keep Australia's powerhouse running smoothly."

Minister Nash said there were some key differences between the new Building Better Regions Fund and previous funds.

"Projects in major capital cities will not be eligible under the Building Better Regions guidelines. This is a Fund for rural, regional and remote communities.

"A brand new source of funding will be available for community projects – a Community Investments Stream. I realise regional Australia is made of more than bricks, mortar, roads and bridges. The Community Investments Stream might help expand a local festival, attract a theatre production or major sporting event to the region to bring more visitors to the town, or it might be leadership or business training for young locals.

"A new social benefit criteria will allow applicants to show how their project will make their region a more attractive place to live, or improve community connections for example, rather than being encouraged to list as many local ills as possible.

Parliament House Canberra ACT 2600 Telephone: (02) 6277 7495

2

"Projects in remote and very remote areas will receive a loading on their project score, and also will not need to produce 1:1 matching funding. The Government will provide up to 75 per cent of the investment for remote and very remote projects.

"Also, projects will now be assessed against projects of similar size, so small community projects are not competing against huge projects worth tens of millions, for example."

Media contact: Les White 0409 805 122 [les.white@regional.gov.au](mailto:les.white@regional.gov.au)



Australian Government  
Department of Industry,  
Innovation and Science  
Department of Infrastructure  
and Regional Development

Business

business.gov.au  
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### Factsheet

## Building Better Regions Fund Community Investments Stream

*The Community Investments Stream funds community investment projects that will create jobs, drive economic growth and build stronger regional communities into the future.*

### What does it offer?

The **Community Investments Stream** will fund community building activities including, but not limited to, new or expanded local events, strategic regional plans and leadership and capability building activities. These projects will deliver economic and social benefits to regional and remote communities.

- The minimum grant amount is \$5,000.
- There is no maximum grant limit, although most grants are expected to be under \$100,000.
- You must complete your project within 12 months of entering into a grant agreement.
- Co-funding is strongly encouraged for **all projects** and projects with co-funding will score more highly against the merit criteria.
- The co-funding amount will vary depending on your project size and project location.

### How does it work?

Grant funding will be awarded through an open competitive process.

**Eligible applicants must apply during a funding round and applications are assessed against the merit criteria and other eligible applications in the funding round.**

Opening and closing dates for each funding round will be published on [business.gov.au/bbrf](http://business.gov.au/bbrf).

### Who can apply?

To be eligible you must:

- have an ABN
- be a local governing body or not for profit organisation
- be seeking a grant of at least \$5,000
- have a project located outside the major capital cities of Sydney, Melbourne, Brisbane, Perth, Adelaide, and Canberra
- provide evidence confirming all co-funding contributions
- have a project that has not started at the time of application.



The full eligibility criteria are in the Program Guidelines. Please read the guidelines before filling out an application.

### Who is not eligible to apply?

You are not eligible to apply if you are:

- a for profit organisation
- an individual, partnership or trust (however, an incorporated trustee may apply on behalf of a trust)
- a Commonwealth, state or territory government agency or body (including government business enterprises)
- a university, technical college, school or hospital
- a Regional Development Australia Committee.

### What activities are eligible?

Eligible activities must directly relate to the project and may include:

- local events and activities
- strategic planning
- regional leadership and capability building activities.

Refer to the Programme Guidelines for further details.

### How will my application be assessed?

If your application is eligible, we will assess it against the merit criteria. To be competitive you must score highly against all of the following criteria:

- the **economic benefit** your project will deliver to the region during and beyond the construction phase
- the **social benefit** your project will deliver to the region during and beyond the construction phase
- the **value for money** offered by your project
- the **project delivery** - your capacity, capability and resources to carry out the project.

Projects will also be assessed relative to project size, complexity and the grant amount requested.

### What will I need to do if successful?

You will need to sign a grant agreement with the Commonwealth within 60 days of receiving the written offer. The terms and conditions of the grant agreement are not negotiable.

The grant agreement requires you to report on your progress and completed activities.

The project must be completed within 12 months of executing the grant agreement.

### How do I apply?

You should read the [Program Guidelines](#) and the [Are you Ready to Apply](#) documents before you apply.

To apply you must:

- complete the online application form
- address all eligibility and merit criteria
- attach all of the mandatory documents
- submit your application by the advertised closing date.

### Where can I find more information?

Visit [business.gov.au/bbrf](http://business.gov.au/bbrf) or call 13 28 46.



Australian Government  
Department of Industry,  
Innovation and Science  
Department of Infrastructure  
and Regional Development

Business

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### Factsheet

## Building Better Regions Fund Infrastructure Projects Stream

*The program funds infrastructure projects that will create jobs, drive economic growth and build stronger regional communities into the future.*

### What does it offer?

The **Infrastructure Projects Stream** supports projects which involve the construction of new infrastructure, or the upgrade or extension of existing infrastructure that provides economic and social benefits to regional and remote areas.

- The minimum grant amount is \$20,000.
- The maximum grant amount is \$10 million.
- You must complete your project by 31 December 2019.
- For most projects, grant funding will be up to 50 per cent or up to 75 per cent of your eligible project costs. Your location will determine the percentage of grant funding you can receive.
- In exceptional and very rare circumstances an exemption to the requirement for co-funding may be granted.

### How does it work?

Grant funding will be awarded through an open competitive process.

**Eligible applicants must apply during a funding round and applications are assessed against merit criteria and other eligible applications in the funding round.**

Opening and closing dates for each funding round will be published on [business.gov.au/bbrf](http://business.gov.au/bbrf).

If successful in being awarded funding, the project must commence within 12 weeks of executing the grant agreement.

### Who can apply?

To be eligible you must:

- have an ABN
- be a local governing body, or a not for profit organisation established for at least two years
- be seeking a grant of at least \$20,000 and up to a maximum of \$10 million
- have a project located outside the major capital cities of Sydney, Melbourne, Brisbane, Perth, Adelaide and Canberra
- provide evidence confirming all co-funding contributions
- have a project that has not started at the time of application.

The full eligibility criteria are in the Program Guidelines. Please read the guidelines before filling out an application.



### Who is not eligible to apply?

You are not eligible to apply if you are:

- a for profit organisation
- an individual, partnership or trust (however, an incorporated trustee may apply on behalf of a trust)
- a Commonwealth, state or territory government agency or body (including government business enterprises)
- a university, technical college, school or hospital
- a Regional Development Australia Committee.

### What activities are eligible?

Eligible activities must directly relate to the project and can include:

- purchase of materials
- external labour hire
- plant and equipment hire
- external consulting costs directly related to the delivery of the construction.

### How will my application be assessed?

If your application is eligible we will assess it against the merit criteria. To be competitive you must score highly against all of the following criteria:

- the **economic benefit** your project will deliver to the region during and beyond the construction phase
- the **social benefit** your project will deliver to the region during and beyond the construction phase
- the **value for money** offered by your project
- the **project delivery** - your capacity, capability and resources to carry out the project.

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You will need to sign a grant agreement with the Commonwealth within 60 days of receiving the written offer. The terms and conditions of the grant agreement are not negotiable.

The grant agreement requires you to report on your progress and completed activities.

### How do I apply?

You should read the [Program Guidelines](#) and the [Are You Ready to Apply](#) documents before you apply.

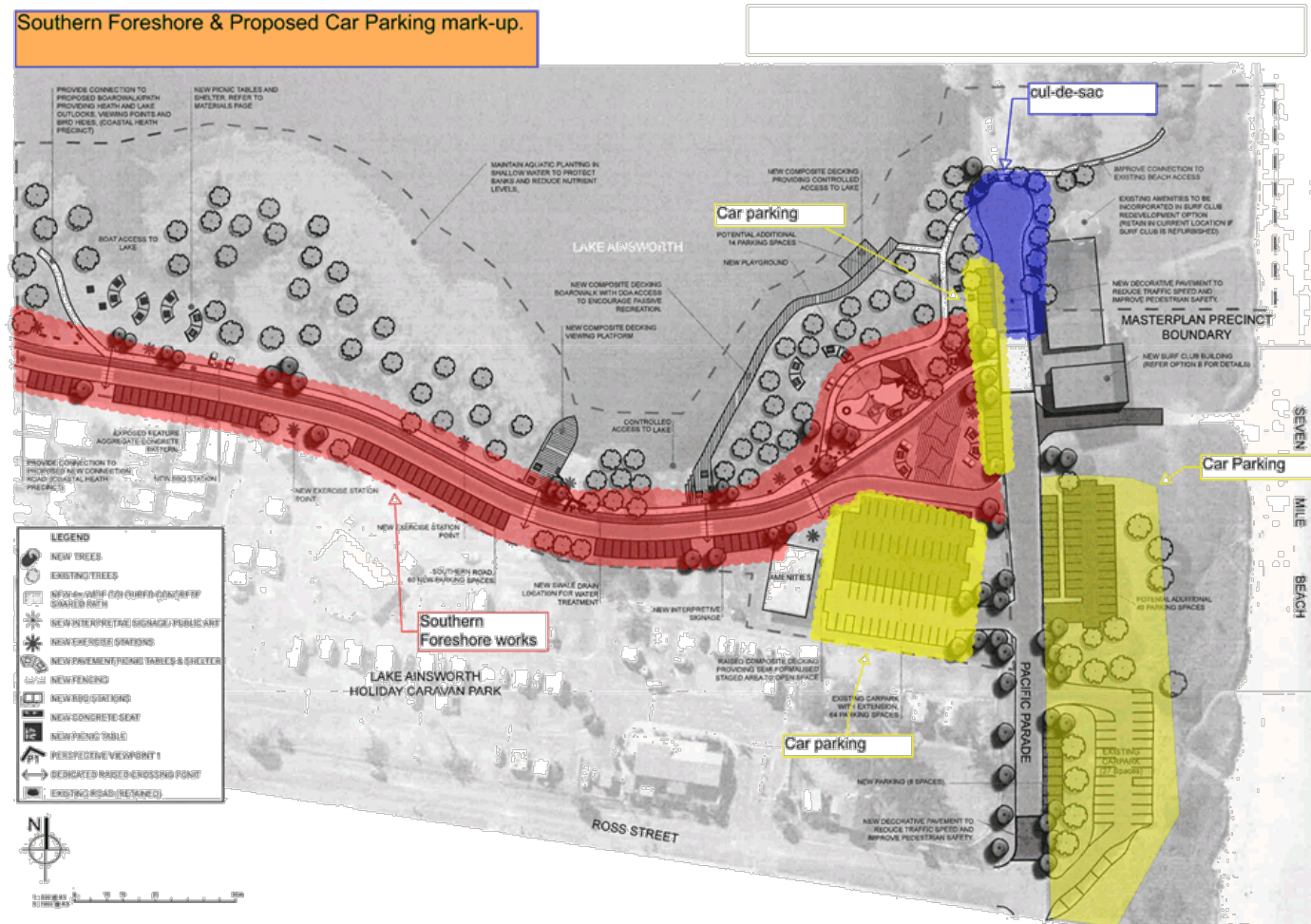
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- complete the online application form
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- submit your application by the advertised closing date.

### Where can I find more information?

Visit [business.gov.au/bbrf](http://business.gov.au/bbrf) or call 13 28 46.

## 4.3 Community Infrastructure Reserve and Priority Projects



BALLINA SHIRE COUNCIL | COMPLETE URBAN

STAGE 1 REPORT - REVIEW AND CONSULTATION

Cash Flow - Community Infrastructure Reserve - Forward Financial Plan (Revised) December 2016															
Item	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Opening Balance	4,453,800	3,259,500	2,718,400	2,946,600	1,778,800	1,141,800	291,000	300,600	444,100	664,900	545,900	534,300	532,400	565,800	618,500
Add: Cash Inflows															
Interest Accrued	355,000	121,000	17,900	80,200	41,000	16,000	7,000	8,000	11,000	17,000	14,000	13,000	13,000	14,000	15,000
Community Infrastructure - Property Dividends	0	0	0	0	0	0	0	0	0	1,000,000	1,100,000	500,000	0	700,000	700,000
Int Loan Repaid - Flat Rock	41,000	41,300	0	0	0	0	0	0	0	0	0	0	0	0	0
Int Loan Repaid - Plant	33,500	33,800	0	0	0	0	0	0	0	0	0	0	0	0	0
Int Loan Repaid - Street Lighting	33,000	36,500	53,500	0	0	0	0	0	0	0	0	0	0	0	0
Lennox Head Community Centre	0	0	0	600,000	30,000	0	0	0	0	0	0	0	0	0	0
Rate Revenue - Roundabouts (30%)	308,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rental - 89 Tamar St (100%)	690,800	724,100	813,200	641,900	703,800	702,500	703,800	703,800	714,400	714,400	728,700	743,300	758,200	773,400	788,900
Rental - ARC (50%)	159,100	161,300	165,000	169,800	129,500	125,400	127,300	129,200	131,100	133,800	136,500	139,200	142,000	144,900	147,800
Rental - Fawcett Park Cafe (100%)	69,900	0	0	57,100	67,000	65,800	67,000	68,500	70,100	72,000	73,500	75,100	76,700	78,300	79,900
Fawcett Park Cafe - Insurance Claim	0	0	75,000	0	0	0	0	0	0	0	0	0	0	0	0
Sale - ARC Residual Southern Cross (50%)	0	250,000	262,500	0	455,000	0	0	0	0	0	0	0	0	0	0
Sale - Harvey Norman Sale (Part)	1,780,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sale - Land Adjoining BP (50%)	0	0	250,000	0	0	0	0	0	0	0	0	0	0	0	0
Sale - Russellton Land	0	0	0	0	0	225,000	0	0	0	0	0	0	0	0	0
Sale - Southern Cross Land	400,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Section 94 - Recouped	447,200	631,300	845,200	729,800	669,700	450,000	650,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Sub Total	4,317,500	1,999,300	2,482,300	2,278,800	2,096,000	1,584,700	1,555,100	1,359,500	1,376,600	2,387,200	2,502,700	1,920,600	1,439,900	2,160,600	2,181,600
Less: Cash Outlays															
Operating Expenditure															
Outgoings - 89 Tamar Street (100%)	49,800	68,100	53,000	51,900	77,300	56,600	58,000	59,500	61,000	62,500	64,000	65,600	67,200	68,800	70,400
Outgoings - ARC (50%)	3,100	2,800	1,500	600	3,000	4,600	4,700	4,800	4,900	5,000	5,100	5,300	5,400	5,600	5,700
Outgoings - Fawcett Park Cafe (100%)	4,900	33,000	17,700	18,900	21,700	20,600	21,100	21,700	22,300	22,900	23,500	24,100	24,800	25,500	26,200
Development Application Refund	27,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Donations	0	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Henderson Farm - Consents	0	2,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Master Plan - Captain Cook Park	60,000	0	15,000	0	0	0	0	0	0	0	0	0	0	0	0
Master Plan - Kingsford Smith Park	0	0	18,000	0	0	0	0	0	0	0	0	0	0	0	0
Property Investigations	20,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sharps Beach Masterplan	40,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub Total	204,800	110,900	105,200	71,400	102,000	81,800	83,800	86,000	88,200	90,400	92,600	95,000	97,400	99,900	102,300
Community Infrastructure Delivery															
Administration Centre	0	0	0	0	0	169,000	0	0	0	0	0	0	0	0	0
Animal Shelter	280,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ballina Cenotaph	0	0	0	25,000	0	0	0	0	0	0	0	0	0	0	0
Ballina Seagulls Rugby League Club	0	0	0	0	0	30,100	0	0	0	0	0	0	0	0	0
Ballina Sports and Events Centre	34,000	26,000	18,000	33,000	244,000	3,000	0	0	0	0	0	0	0	0	0
Ballina Surf Club	746,000	1,682,000	995,000	506,000	119,800	0	0	0	0	0	0	0	0	0	0
Ballina Town Entry Treatments	0	0	0	0	0	0	0	800,000	0	0	0	0	0	0	0
Boat Ramps and Pontoons - Captain Cook	0	0	0	0	0	75,000	0	0	0	0	0	0	0	0	0
Boat Ramps and Pontoons - Faulks Reserve	0	0	0	0	25,000	0	0	0	0	0	0	0	0	0	0
Boat Ramps and Pontoons - Keith Hall	0	0	0	0	0	50,000	0	0	0	0	0	0	0	0	0
Captain Cook Park Master Plan	0	0	0	0	0	90,000	0	0	750,000	900,000	0	0	0	0	0
Coastal Recreational Path	324,900	0	0	0	850,000	0	0	0	0	0	0	0	0	0	0
Fawcett Street Cafe - Refurbishment	0	34,000	154,000	0	0	0	0	0	0	0	0	0	0	0	0
Lake Ainsworth	0	0	0	0	0	725,000	0	0	0	0	0	0	0	0	0
Lennox Head Community Centre	382,000	73,000	0	20,000	0	30,000	0	0	0	0	0	0	0	0	0
Lennox Head Rural Fire Shed	0	72,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan Repayments Community Infrastructure	428,100	501,500	557,600	562,000	566,700	402,600	407,700	330,000	317,600	315,800	321,700	327,500	309,100	308,000	308,000
Main Street - Ballina	1,500,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marine Rescue Centre	0	21,000	100,000	100,000	200,000	0	0	0	0	0	0	0	0	0	0
Missingham Park	0	0	0	0	0	150,000	0	0	0	0	0	0	0	0	0
Newrybar Hall	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Northern Rivers Community Gallery	0	0	55,000	0	0	25,000	0	0	0	0	0	0	0	0	0
River Street - 139 Refurbishment	0	0	54,200	0	0	0	0	0	0	0	0	0	0	0	0
Shaws Bay Coastal Zone Management Plan	0	0	0	0	0	75,000	104,000	0	0	0	0	0	0	0	0
Shellys on the Beach - Land Purchase	0	0	56,600	242,200	0	0	0	0	0	0	0	0	0	0	0
Sports Fields - Skennars Head	21,000	20,000	0	0	0	0	950,000	0	0	0	0	0	0	0	0
Sports Fields - Wollongbar	1,573,000	0	0	1,684,000	625,500	0	0	0	0	0	0	0	0	0	0
Street Lighting	13,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Swimming Pools	0	0	0	200,000	0	0	0	0	0	0	0	0	0	0	0
Tamar Street - 89 Refurbishment	0	0	138,500	3,000	0	29,000	0	0	0	0	0	0	0	0	0
Wardell Hall	0	0	20,000	0	0	0	0	0	0	0	0	0	0	0	0
Wollongbar Skate Park	0	0	0	0	0	500,000	0	0	0	0	0	0	0	0	0
Community Infrastructure - Prop Dev Dividend	0	0	0	0	0	0	0	0	0	1,000,000	1,100,000	500,000	0	700,000	700,000
Community Infrastructure - Other	0	0	0	0	0	0	0	0	0	200,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Sub Total	5,307,000	2,429,500	2,148,900	3,375,200	2,631,000	2,353,700	1,461,700	1,130,000	1,067,600	2,415,800	2,421,700	1,827,500	1,309,100	2,008,000	2,008,000
Total Outlays	5,511,800	2,540,400	2,254,100	3,446,600	2,733,000	2,435,500	1,545,500	1,216,000	1,155,800	2,506,200	2,514,300	1,922,500	1,406,500	2,107,900	2,110,300
Closing Balance	3,259,500	2,718,400	2,946,600	1,778,800	1,141,800	291,000	300,600	444,100	664,900	545,900	534,300	532,400	565,800	618,500	689,800
Net Movement - Increase / (Decrease)	(1,194,300)	(541,100)	228,200	(1,167,800)	(637,000)	(850,800)	9,600	143,500	220,800	(119,000)	(11,600)	(1,900)	33,400	52,700	71,300

#### **4.4 Ocean Pool and Shaws Bay - Outstanding Resolution**

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#### **4.4 Ocean Pool and Shaws Bay - Outstanding Resolution**

**Delivery Program** Governance and Finance

**Objective** To respond to Council resolution 290916/28.

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##### **Background**

At the September 2016 Ordinary meeting, Council resolved as follows:

1. *That Council receive a report on options required to fully fund an ocean pool at Shelly Beach within this term of Council.*
2. *As part of this report, Council also receives modelling and additional funding requirements required to bring Shaws Bay to what would be considered ocean pool standard, including, but not limited to removal of excess seagrass and improved water flow between the bay and ocean.*

The purpose of this report is to determine how Council wishes to progress this resolution.

##### **Key Issues**

- Comparison of projects

##### **Information**

In order to try and respond to this resolution discussions have been held with Hydrosphere Pty. Ltd. being the firm that prepared the Shaws Bay Coastal Zone Management Plan (CZMP) for Council, and who are also managing Council's project to try and obtain approvals for dredging in North Creek. Hydrosphere has extensive experience in managing coastal water bodies. The objective of engaging Hydrosphere was to ensure that we had an independent professional report based on the Council resolution.

Following discussions with Hydrosphere, a brief was prepared, and an estimated consultancy fee provided, to fully respond to the Council resolution. The estimated fee for that consultancy is close to \$30,000.

There is no budget for this project and from a staff perspective the expenditure of these monies to comply with the Council resolution cannot be justified. Therefore guidance is now sought from Council as to whether monies are to be expended on complying with this resolution.

If Council wishes to expend the monies the recommendation would be to source the funds from the Community Infrastructure Reserve, as per the previous report in this agenda.

If Council does not wish to expend the monies on the consultancy, a brief staff response to the resolution is as follows.

Point one of the resolution.

#### 4.4 Ocean Pool and Shaws Bay - Outstanding Resolution

*That Council receive a report on options required to fully fund an ocean pool at Shelly Beach within this term of Council.*

The previous report in this agenda highlights the forecast movements in the Community Infrastructure Reserve.

An independent quantity surveyor's estimate for the construction cost for the Ocean Pool has not been obtained, although it is likely that the overall cost, including development consent conditions, would be \$1m plus.

This figure could be reduced if in-kind support was provided for the project, with any in-kind support needing to comply with Council's contract procedures, work health and safety guidelines etc.

If Council wishes to fund this project during this term of Council, the recommendation would be to further defer the Ballina Town Entry Statement and Captain Cook Park works identified in the previous report.

Those works are valued at \$800,000 in 2018/19 and \$750,000 in 2019/20, in the revised cash flow forecast for the Community Infrastructure Reserve.

Deferral of both of these items should allow the construction of the Ocean Pool, however as mentioned, an independent cost estimate is currently not available.

Point two of the resolution.

*As part of this report, Council also receives modelling and additional funding requirements required to bring Shaws Bay to what would be considered ocean pool standard, including, but not limited to removal of excess seagrass and improved water flow between the bay and ocean.*

Council has adopted the Shaws Bay CZMP and this plan has been gazetted the State Government. The plan has a ten year works program, which Council is in the process of implementing. A brief overview of that program follows.

##### Shaws Bay Actions and Estimated Cost (\$'000)

Action / Year	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Action 1: Arm bank erosion	25	175	0	0	0	0	0	0	0	0
Action 2: Dredging	27	25	350	0	0	0	0	0	0	0
Action 3: Stormwater	0	0	0	25	0	0	0	0	0	0
Action 4: Western foreshore	20	100	80	0	0	0	0	0	0	0
Action 5: Pop Denison Park	0	30	120	100	100	0	0	0	0	0
Action 6: Fenwick Drive	0	0	20	50	50	0	0	0	0	0
Action 7: Breakwall steps	0	0	0	0	20	130	0	0	0	0
Action 8: Mangroves	0	0	0	0	0	0	0	0	0	0
Action 9: Weed management	10	5	2	2	2	1	0	0	0	0
Action 10: Education – health	3	0	0	0	0	0	0	0	0	0
Action 11: Education – vegetation	0	0	0	0	0	0	0	0	0	0
Action 12: Education – fishing	0	0	0	0	0	0	0	0	0	0
Action 13: Education – irritants	3	0	0	0	0	0	0	0	0	0
Action 14: Foreshore signage	5	0	0	0	0	0	0	0	0	0
Action 15: Beachwatch	1	1	1	1	1	1	1	1	1	1
Action 16: Monitoring	0	6	0	0	6	0	0	6	0	0
Action 17: Hydrographic survey	0	0	5	0	0	0	0	5	0	0
Action 18: Inundation risk	0	0	0	0	0	0	0	0	0	0
Action 19: Review of CZMP	0	0	0	0	0	0	0	0	0	0
Action 20: 10 year review	0	0	0	0	0	0	0	0	0	50
<b>Total Expenditure</b>	<b>94</b>	<b>342</b>	<b>578</b>	<b>178</b>	<b>179</b>	<b>132</b>	<b>1</b>	<b>12</b>	<b>1</b>	<b>51</b>

#### **4.4 Ocean Pool and Shaws Bay - Outstanding Resolution**

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The implementation of the actions is running slightly behind schedule and the timing of the program of works will not be exactly as identified in the CZMP, based on the availability of funds and grants, however the key works that are currently underway include:

- a) \$350,000 allocated in the 2016/17 Council budget to implement the first stage of the adopted Pop Denison Master Plan (action five)
- b) \$151,000 allocated in the 2016/17 budget to replace / refurbish the Pop Denison public toilets (action five)
- c) \$42,700 allocated in the 2016/17 budget for the various approvals and studies needed to obtain planning consents, licences and grant funds for the major works identified in the CZMP. This includes approval for the dredging (action 2)
- d) \$382,700 now available in 2016/17 funded from Council revenue, reserves and a Crown Lands PRMF grant of \$95,000, for sediment and erosion works at Fenwick Drive, plus part of the western foreshore works at Compton Drive (actions 1, 4 and 6).
- e) \$208,000 allocated in the 2017/18 budget, plus applications for grant funding of \$335,000 with Office of Environment and Heritage (OEH) to finalise actions 1, 4 and 6.

The works listed will provide improved accessibility, increased recreational facilities (i.e. picnic tables etc) and defined entry points.

In addition to this the Engineering Works section has monies to extend the footpath around the western side of Shaws Bay, however that project is proving to be problematic, due to concerns being raised by adjoining properties, and the cost will be above the current budget for 2016/17.

Council is also corresponding with two Ministers (Roads and Primary Industry) to seek funding for dredging.

Siltation/shoaling within Shaws Bay underlies a number issues, including poor flushing and tidal exchange, poor water quality, smothering of seagrass and shallowing of high-usage swimming areas.

Dredging will directly help address these issues and encourage users to sections of Shaws Bay with better water quality, allow the creation of an environmental zone in the northern section and generate material for the creation of sandy beaches.

The dredging action has a strong focus on addressing the underlying causes of several issues discussed in the CZMP, whilst recognising physical and environmental constraints. This project action is a key component in the long-term management of Shaws Bay.

Historically, Shaws Bay was regularly dredged to maintain the desired condition and to maintain sandy beaches utilising the dredged material.

Dredging has not occurred since the 1990s and there is a need for an updated understanding on the volume and nature of the material to be dredged, the environmental risks associated with this activity and evaluation of the best opportunities to utilise the dredged material. A proposal and grant application is currently being finalised to be submitted to OEH.

#### **4.4 Ocean Pool and Shaws Bay - Outstanding Resolution**

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The above program of works will achieve the majority of the high value infrastructure projects identified in the plan, within the next few years.

As to whether these actions will meet ocean pool standards, that is a matter of opinion, however the works will improve the recreational use of this important community asset.

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

As outlined in the information section of this report. The financial implications are dependent on where Council wishes to allocate its resources.

##### **Consultation**

The Shaws Bay CZMP was subject to an extensive community consultation process and the Ocean Pool has strong community support.

##### **Options**

The first option available is to allocate the approximate \$30,000 needed for a comprehensive report to comply with Council resolution 290916/28.

That option is not recommended as the expenditure of these funds is not considered to be a good use of public monies. The information that may be gained will not significantly add to the decision making process in respect to deciding between priorities for an Ocean Pool, or the implementation of the Shaws Bay CZMP.

The second option is to accept this report as complying with the information requested in resolution 290916/28. This is the recommended option, as the report provides a basic overview of the issues and ultimately it is a matter for Councillors to determine the projects they wish to see funded for the community.

##### **RECOMMENDATION**

That Council notes the contents of this report in respect to resolution 290916/28.

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

Nil



#### 4.5 Long Term Financial Plan and Fit for the Future

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#### 4.5 Long Term Financial Plan and Fit for the Future

**Delivery Program** Governance and Finance

**Objective** To review the long term financial plan and Council's progress towards being Fit for the Future, along with considering whether Council wishes to apply for a special rate variation to commence in the 2017/18 financial year.

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#### **Background**

In order to comply with the State Government's Fit for the Future Program, Council was required to submit to the Independent Pricing and Regulatory Tribunal (IPART) a financial plan that identified how Council was going to meet the seven financial benchmarks set under that program. Those benchmarks are as follows:

1. Infrastructure Backlog Ratio – Less than 2%
2. Asset Maintenance Ratio – Greater than 100% average over three years
3. Debt Service Ratio – Greater than 0 and less than or equal to 20% average over three years
4. Own Source Revenue Ratio – Greater than 60% average over three years
5. Decrease in Real Operating Expenditure per capita over time.
6. Building and Infrastructure Asset Renewal Ratio – Greater than 100% average over three years
7. Operating Performance Ratio – Greater or equal to a break even average over three years

Generally speaking Council is complying with items 1 to 4, item 5 places increasing pressure on Council's current expenditure programs, whereas items 6 and 7 have been far more difficult to achieve.

Item 7 can only be improved by decreasing operating expenses, increasing revenues, or a combination of both. If item 7 is improved, the increase in the operating result frees up additional funds for investing in asset renewal.

In order to provide a suitable response to the Fit for the Future Program, Council's submission to IPART, which was due by 30 June 2015, included a number of commitments, including:

- a) Future loans are minimised to help reduce interest repayments and our operating costs
- b) Minimising increases in operating expenses for major programs such as roads and open spaces
- c) Council will continue to pursue non-standard revenue opportunities through an expansion of its commercial property portfolio
- d) Higher than CPI increases for Council fees and charges are to be pursued, where it is considered the charge remains competitive, and / or affordable



#### 4.5 Long Term Financial Plan and Fit for the Future

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- e) Council will continue to improve our focus on asset management and refine items such as depreciation and required maintenance levels
- f) Operating procedures and processes will continue to be reviewed to generate efficiencies
- g) Existing service levels will be reviewed to identify opportunities for reductions in service levels, where considered acceptable to the community.
- h) Council will investigate the privatisation of certain functions, with the notable example being the long term lease of the Ballina – Byron Gateway Airport
- i) Significant dividends for expenditure on asset renewal are to be sourced from the Landfill and Resource Management (LRM) reserve from 2019/20 onwards, as per the following summary:

**Table One – LRM Dividends as per the Fit for the Future Submission**

Asset	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Road Capital	500,000	750,000	1,500,000	1,100,000	1,300,000	1,300,000	1,300,000
Open Spaces	250,000	375,000	750,000	550,000	650,000	650,000	650,000
Community Buildings	250,000	375,000	750,000	550,000	650,000	650,000	650,000
<b>Total</b>	<b>1,000,000</b>	<b>1,500,000</b>	<b>3,000,000</b>	<b>2,200,000</b>	<b>2,600,000</b>	<b>2,600,000</b>	<b>2,600,000</b>

- j) Subject to other revenue opportunities Council will consider applying for special rate variations of 2.9% plus the rate pegging limit (assumed to be 3%) for 2017/18, 2018/19 and 2019/20. The additional revenue derived from these special variations will be fully allocated to asset renewal.

Council was subsequently declared as a Fit for the Future Council, by IPART, based on our submission. In declaring Council as a Fit for the Future Council, IPART identified that our submission provided a pathway to financial sustainability and it was now a matter for Council to achieve that sustainability.

In reviewing the commitments included in the submission, items a) to g) represent core functions that are constantly under review by Council staff and to some extent by Councillors.

Item h) was investigated by the previous Council, with the outcome being that Council would not proceed with privatization, based on the current financial position of the Ballina – Byron Gateway Airport.

Item i) is a longer term plan for the LRM reserve and the availability of the funds will depend on the financial position of Council's waste operations in 2019/20.

## 4.5 Long Term Financial Plan and Fit for the Future

Item j) is the key issue for this report in that if Council wishes to apply for special rate variations of 2.9% for 2017/18 to 2019/20, IPART needs to be informed of that proposal by 9 December 2016 and the final submission, following community consultation, needs to be completed by mid-February 2017. IPART has only just released these guidelines for the 2017/18 financial year.

This report seeks Council direction as to whether an application for a special rate variation is to proceed, along with providing an overview of the Council's financial position in respect to the General Fund.

### Key Issues

- Long term financial sustainability
- Level of rate income and affordability

### Information

This report focuses entirely on Council's General Fund operations, as the Water and Wastewater operations are excluded from the Fit for the Future benchmarks. Also the special rate variation only relates to ordinary land rates, with those revenues all retained in the General Fund.

Council's water and wastewater charges are not restricted by rate pegging.

In respect to the Fit for the Future benchmarks, Council's audited financial results for 2015/16 has Council meeting all benchmarks, excluding the operating performance ratio, which was negative 1.33%.

In addition to this, the latest version of Council's LTFP is forecasting the following results for the benchmarks.

**Table Two - FFP Indicator Summary – As Per Current LTFP**

Indicator	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
Infra. Backlog	0.45%	0.45%	0.44%	0.44%	0.44%	0.43%	0.43%	0.42%	0.42%	0.42%
Asset Maintenance	104%	105%	104%	106%	104%	106%	104%	106%	104%	106%
Debt Service	9%	9%	8%	8%	7%	8%	7%	5%	4%	1%
Own Source Op Rev	63%	77%	78%	74%	79%	79%	79%	80%	79%	91%
Operating Expend	100%	95%	93%	93%	91%	92%	89%	90%	88%	88%
Asset Renewal	245%	71%	64%	76%	173%	142%	86%	88%	93%	94%
Operating Performance	-1%	0%	2%	3%	4%	4%	4%	5%	5%	5%

Red represents the benchmark not being met, with only asset renewal not meeting the benchmark on a consistent basis from 2017/18 onwards.

The figures in Table Two are the annual figures for the benchmarks and for the purposes of Fit for the Future, the asset renewal target is based on a three year average.

Table Three provides that three year average, and there is only three years out of ten, where Council does not meet the benchmark.

**Table Three – Asset Renewal Indicator – Three Year Average**

Indicator	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
Asset Renewal	140%	138%	127%	70%	104%	130%	134%	106%	89%	92%

## 4.5 Long Term Financial Plan and Fit for the Future

The figures in Tables Two and Three are based on Council's LTFP, which includes the additional 2.9% rate increases for 2017/18 to 2019/20.

If the extra 2.9% increases are removed from the LTFP, the revised asset renewal and operating performance benchmarks, which are the two benchmarks that benefit the most from the increase, do deteriorate as per Table Four.

**Table Four - FFP Indicator Summary – No Special Rate Variation**

Indicator	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
Asset Renewal	245%	66%	55%	61%	158%	127%	70%	72%	77%	78%
Operating Performance	-1%	-1%	0%	0%	0%	0%	1%	1%	1%	2%
Asset Renewal (3 year)	140%	137%	122%	60%	91%	115%	118%	90%	73%	76%

As per these figures, the operating performance is only just meeting the benchmark for 2018/19 onwards, albeit it is 0% for three years.

The asset renewal benchmark is achieved for only three out of the ten years, on an annual basis, and for five of the ten years based on the three year average.

Council did pass a resolution at the September 2016 Ordinary meeting to look at a financial model with no rate increases, and if this logic was applied for the three year period from 2017/18 to 2019/20, the revised results for these key benchmarks would be as follows.

**Table Five - No Rate Increases for 2017/18 to 2019/20**

Indicator	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
Asset Renewal	245%	66%	55%	61%	159%	128%	71%	73%	77%	79%
Operating Perform	-1%	-2%	-1%	-3%	-2%	-2%	-1%	-1%	-1%	-1%
Asset Renewal (3 yr)	138%	135%	122%	61%	92%	116%	119%	91%	74%	76%

Under this model Council does not achieve an operating surplus at any point in time.

When IPART reviewed Council's Fit for the Future submission they made mention that Council was only targeting very small operating surpluses (i.e. operating performance ratio), which leaves very little room for a deterioration in the forecasts. It is also leaves little room to change existing service levels, unless another service is also reduced.

In examining the issue of what is a reasonable level of asset renewal, one option is to compare the annual depreciation expense for core infrastructure classes against the recurrent capital expenditure budget. This information is shown in Table Six, with the actual depreciation expense for 2015/16 compared to the typical recurrent capital budget for those assets.

**Table Six – Depreciation Expense and Recurrent Budget**

<b>Infrastructure Class</b>	<b>2015/16 Depreciation</b>	<b>Recurrent Capital Budget</b>
Roads	5,850,000	(1) 5,500,000
Footpaths	413,000	460,000
Stormwater	1,456,000	440,000
Public Toilets	50,000	100,000
Parks and Sports Fields	918,000	330,000
Community Centres / Buildings	1,402,000	220,000
<b>Totals</b>	<b>10,089,000</b>	<b>7,050,000</b>

(1) This figure includes an estimate of the average grant monies Council receives for road asset renewal works each year.

General Fund business activities such as waste, plant, quarries and the airport have been excluded from these figures, as they are able to generate their own revenues to finance asset renewal.

Council still has a long way to go in improving its asset management practices and this will result in the depreciation expense figures changing over time, however from a staff perspective the figures in Table Six tend to reflect the general feeling that there are shortfalls in recurrent funding, particularly for buildings, stormwater and open spaces and to a lesser extent roads.

Significant increases (in the hundreds of thousands of dollars each year) in Roads to Recovery grant monies has substantially helped in funding road reconstruction works in recent years, and hopefully those higher levels of revenue will continue.

One other important issue with Table Six is that the recurrent funds allocated are sometimes used for asset expansion works (i.e. creation of new assets), and when this occurs the asset renewal budget is even less than the figures in the Table.

As per the previous reports in this agenda, the Property Reserves have significantly helped with asset renewal and expansion works. However, our land resources, both residential and industrial have a finite life, and there will come a time when those revenues will no longer be available.

This is why it is important to facilitate commercial property leases such as 89 Tamar Street and the ARC Building, as that type of development provides income streams that are sustainable in the longer term, as against selling off land, which provides one-off cash injections.

### **Rate Income and Affordability**

Whenever Council is considering a rate increase, comparisons are made to other councils.

Table Seven provides a comparison of the average rates for 2016/17.

The bottom half of the table then provides a comparison of the total rate revenue Ballina Shire Council would receive, if we applied the average rates for the other councils, by the number of assessments we have for those rating categories.

**Table Seven – Average Rate and Total Rate Revenue Comparison**

Indicators	Ballina	Byron	Clarence Valley	Coffs Harbour	Lismore	Richmond Valley	Tweed
Average residential rate (\$)	943	1,136	999	1,172	1,207	889	1,348
Average business rate (\$)	3,160	2,644	3,151	4,090	4,740	2,514	2,976
Average farmland rate (\$)	1,448	1,606	1,382	2,152	2,300	1,450	2,006
<b>Ballina assessments (#)</b>							
Residential properties	15,642	15,642	15,642	15,642	15,642	15,642	15,642
Business properties	1,287	1,287	1,287	1,287	1,287	1,287	1,287
Farmland properties	1,046	1,046	1,046	1,046	1,046	1,046	1,046
<b>Total rate revenue (\$'000)</b>	<b>20,332</b>	<b>22,852</b>	<b>21,127</b>	<b>25,847</b>	<b>27,386</b>	<b>18,658</b>	<b>27,013</b>
<b>Variance to Ballina (\$'000)</b>	<b>0</b>	<b>2,520</b>	<b>795</b>	<b>5,515</b>	<b>7,054</b>	<b>(1,674)</b>	<b>6,681</b>

As shown by these figures the level of additional rate income sourced by particularly Coffs Harbour, Lismore and Tweed Councils is substantial.

These three councils do have significant road networks, which is no doubt consuming a significant amount of this additional revenue.

Byron Shire is currently consulting on three options for a special rate variation being 7.5%, 10% or 12.5% each year, for four years, from 2017/18 onwards.

The information on their website identifies that the 7.5% option will result in further deterioration of their asset base, 10% represents maintaining the status quo and 12.5% to improve their assets.

Lismore City Council has previously resolved to apply for a 1.8% increase plus rate pegging for 2017/18 and they have a 7.2% increase identified for 2018/19 in their Fit for the Future submission.

Richmond Valley already has approval of 5.5% increases for 2017/18 and 2018/19, which is part of a five year program of increases, which was approved in 2014/15.

It is all very well and good to consider rate increases however it is also important to consider the impact that these increases can have on our residents.

Table Eight provides a comparison of the total rates and charges currently paid by an average residential property.

**Table Eight – Average Total Rates and Charges Comparison**

Indicators	Ballina	Byron	Clarence Valley	Coffs Harbour	Lismore	Richmond Valley	Tweed
Ordinary Residential Rate	943	1,136	999	1,172	1,207	889	1,348
Stormwater	25	25	0	25	25	25	25
Water Access Charge	200	179	116	143	248	139	166
Water Consumption (150kl)	321	371	356	407	512	318	428
Waste Water	925	1,097	1,092	806	855	934	805
Waste Collection	440	386	360	636	460	425	325
<b>Total</b>	<b>2,854</b>	<b>3,194</b>	<b>2,923</b>	<b>3,190</b>	<b>3,307</b>	<b>2,730</b>	<b>3,097</b>
<b>Ballina % Comparison</b>	<b>100%</b>	<b>112%</b>	<b>102%</b>	<b>112%</b>	<b>116%</b>	<b>96%</b>	<b>109%</b>

These are substantial amounts for any person, and particularly pensioners.

## 4.5 Long Term Financial Plan and Fit for the Future

Table Nine provides a comparison of the increases in the average rates payable based on an assumed rate pegging increase of 2% for 2017/18, to 2019/20 as compared to the 4.9% increase proposed.

The comparison is based on 4.9% being the 2.9% proposed special variation and an assumed rating pegging limit of 2.0%.

Council's original Fit for the Future submission was based on a rate pegging standard limit of 3%, for a total increase of 5.9% per annum. However with low inflation continuing to occur, a 4.9% total increase is considered more reasonable.

**Table Nine – Average Total Rates and Charges Comparison**

<b>Financial Impact – 2%</b>	<b>Current</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Average residential rate (\$)	943	962	981	1,001
Average business rate (\$)	3,160	3,223	3,288	3,353
Average farmland rate (\$)	1,448	1,477	1,506	1,537
<b>Financial Impact – 4.9%</b>	<b>Current</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Average residential rate (\$)	943	989	1,038	1,089
Average business rate (\$)	3,160	3,315	3,477	3,648
Average farmland rate (\$)	1,448	1,519	1,593	1,671
<b>Financial Impact – Variance</b>	<b>Current</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Average residential rate (\$)	0	27	57	88
Average business rate (\$)	0	92	190	294
Average farmland rate (\$)	0	42	87	135

### **Additional Rate Income**

The following table outlines the additional rate income likely to be raised from the proposed 4.9%.

**Table Ten – Additional Rate Income**

<b>Financial Impact – 2%</b>	<b>Current</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Assumed 2% Rate Pegging	20,454,700	20,966,100	21,490,300	22,027,500
4.9% Increase	20,454,700	21,559,300	22,723,600	23,950,700
<b>Additional Income</b>	<b>0</b>	<b>593,200</b>	<b>1,233,300</b>	<b>1,923,200</b>

The rate pegging legislation operates by capping the limit a council's rate income can increase by each year. For example, if you collected \$10m in Year One and the State Government approved a 2% increase, the total rate income (referred to as the yield) you could raise in Year Two, would be \$10.2m (an increase of 2%).

Individual rates on properties can vary, both up and down by more than the rate pegging percentage, as rates are levied on land values, but importantly the total income is capped by that peg limit.

There is one slight variance to this, in that when new land releases occur, the subsequent multiple allotments typically have a higher combined land value than the original allotment.

The higher land values allow the base yield to be adjusted, which in turn provides some natural growth in the total rate yield. This effectively reflects that your population is growing, which in turn is increasing the demand for Council services.

The major benefit of having a higher rate yield is the compounding of that figure over the years. It is far better to be receiving a 2% increase on \$20m than it is \$10m.

This is the same principle as compound interest and it has significant revenue benefits over the medium to long term.

### Works Program

The Fit for the Future submission is based on the additional revenue being focused on asset renewal, with the revenues allocated to road reconstruction works.

In reviewing the depreciation expense and recurrent budget figures in Table Six, stormwater, open spaces and sports fields and community buildings have the highest deficiencies.

In the recent Micromex Community Research project, roads had the highest importance score (4.73 out of 5) of any the Council services measured, and it had the second highest performance gap (difference between level of importance and level of satisfaction) at 1.42. This gap has reduced in the eight years Council has been collating this information.

The only item with a higher gap in this survey was "Overall health of the Richmond River" at 1.42.

Roads is constantly the highest priority for the community in these types of surveys, with the level of importance (i.e. priority) for other key infrastructure, typically well below the roads result (i.e. public toilets 4.17, drainage / flooding 4.22, parking 4.37, community centres and public halls 3.58, parks and sporting facilities 3.90, quality of town centres and public spaces 4.20).

This information is important when considering an application for a special rate variation, as every possible effort must be made to positively engage the community during the consultation process. It will assist the consultation if the proposed works are important to the community.

In reviewing the revenue that would be raised from a special rate variation, a possible distribution of works could be as per Table 11. The figures in Table 11 represent the additional revenues from the 2.9% extra increase, with the remaining 2% spread across existing programs.

**Table 11 – Distribution of Additional Revenues**

Item	2017/18	2018/19	2019/20	%
<b>Additional Income</b>	<b>593,200</b>	<b>1,233,300</b>	<b>1,923,200</b>	<b>100</b>
Road and Stormwater	593,200	813,300	1,163,200	60
Community Buildings	0	150,000	280,000	15
Open Spaces and Sports Fields	0	270,000	480,000	25

## **4.5 Long Term Financial Plan and Fit for the Future**

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This final column represents the percentage of the total rate revenue raised in 2019/20 allocated to each asset class.

This would provide total recurrent budgets of approximately \$500,000 for Community Buildings (currently \$220,000) and \$810,000 (currently \$330,000) for open spaces and sports fields, along with the additional \$1.17m for roads and stormwater. More detailed works programs could be drawn up if Council supported this approach.

Finally it is important to recognise that this proposal is for the renewal of existing assets and not for the creation of additional assets, although renewal can result in a more expanded or modern facility (i.e. contemporary playground equipment has changed significantly over the years).

### **Other Services**

Based on our comparatively low level of recurrent rate income, Ballina Shire Council's focus has always been on core local government services, such as infrastructure.

There are numerous pressures within the organisation to meet existing service demands, or to respond to areas where elements of the community may be expecting higher levels of service.

Examples include additional staff in the compliance, planning, building, rating, risk management, development and design engineering areas, increased roads maintenance budgets, increased parks and open spaces maintenance budgets, along with increases in the recurrent capital budgets for the infrastructure assets identified in this report.

Unfortunately these types of issues represent the standard pressures of delivering Government services, with limited resources and service deficiencies.

In looking at areas that could benefit from additional funding, the one item that is mentioned constantly is the concern over the health of the Richmond River.

This was identified as one of the most important issues in the Micromex community survey (importance score of 4.65) and it had the biggest gap in respect to satisfaction levels, with a performance gap of 1.42.

The difficulty that Council has always faced with the Richmond River is that we have virtually no legal authority over the waterway, many of the adjoining lands are privately owned, or owned by other Government Agencies, and a large part of the negative impact occurs upstream in the Lismore and Richmond Valley local government areas.

As a member of Rous County Council (formerly Richmond River County Council consisting of Ballina, Lismore and Richmond Valley Councils), Council has been contributing approximately \$230,000 in current dollars to flood management related activities, but unfortunately the Richmond remains one of the unhealthiest rivers in NSW.



## 4.5 Long Term Financial Plan and Fit for the Future

The three constituent councils and Richmond River County Council prepared and adopted the Richmond River Estuary Coastal Zone Management Plan in 2011 with that plan having been gazetted by the Minister in February 2012.

This plan provides a ten year program of key actions to address the management issues effecting the estuary.

A copy of that document is available on Council's website as per the following link:

[https://www.ballina.nsw.gov.au/cp\\_themes/default/page.asp?p=DOC-DAT-00-74-55](https://www.ballina.nsw.gov.au/cp_themes/default/page.asp?p=DOC-DAT-00-74-55)

The high and medium priority actions identified in that document are as follows.

Table 2: Overview of the CZMP implementation schedule

Action		Lead Organisation	Support Organisations	Management Zones	10 Year Cost (\$'000)
<b>FUNDAMENTAL MANAGEMENT STRATEGIES</b>					
<i>Strategy 1: Administration and Governance</i>					
1.1	Review estuary governance and administration	EMC	BSC, LCC, RVC, RRCC, DECCW, I&I NSW, NRCMA, LPMA	Estuary-wide	200
<i>Strategy 2: Climate Change Adaptation</i>					
2.1	Planning for sea level rise and climate change impacts	EMC	BSC, LCC, RVC, RRCC, DECCW, I&I NSW, NRCMA, LPMA	Estuary-wide	100
<i>Strategy 3: Monitoring and Evaluation</i>					
3.1	EcoHealth monitoring program	EMC	BSC, LCC, RVC, RRCC, I&I NSW, DECCW, NRCMA, SCU	Estuary-wide	2,000
3.2	Develop catchment/water quality modelling tool to support decision making	EMC	BSC, LCC, RVC, RRCC, I&I NSW, DECCW, NRCMA, SCU	Estuary-wide	45
<b>HIGH PRIORITY</b>					
<i>Strategy 4: Floodplain Infrastructure Management</i>					
4.1	Identify, prioritise and optimise drains and levees	RRCC	BSC, LCC, RVC, DECCW, I&I NSW	Estuary-wide	3,420
4.2	Review floodgate management protocols	RRCC	BSC, LCC, RVC, DECCW, I&I NSW	Estuary-wide	55

## 4.5 Long Term Financial Plan and Fit for the Future

### RICHMOND RIVER ESTUARY MANAGEMENT STUDY AND COASTAL ZONE MANAGEMENT PLAN: SUMMARY

Action		Lead Organisation	Support Organisations	Management Zones	10 Year Cost (\$'000)
Strategy 5: Farm Management					
5.1	Scientific investigations: strategies for retention of water on backswamp areas	I&I NSW	BSC, LCC, RVC, EMC, DECCW, RRCC, SCU	Zones 7, 10, 11	300
5.2	Farm management planning	I&I NSW	BSC, LCC, RVC, EMC, DECCW, RRCC	Estuary-wide	5,000
5.3	Liaise with agriculture industry bodies to improve education and ensure estuary friendly practices are incorporated into industry guidelines	I&I NSW	RRCC, EMC	Estuary-wide	90
MEDIUM PRIORITY					
Strategy 6: Riparian Zone Management and Erosion					
6.1	Identify priority riparian areas and rehabilitate	EMC	BSC, LCC, RVC, LPMA, NRCMA	Estuary-wide	2,300
6.2	Riparian buffer establishment (planning)	BSC, LCC, RVC	LPMA	Estuary-wide	30
Strategy 7: Vegetation Management					
7.1	Retain, rehabilitate and conserve existing native floodplain vegetation	BSC, LCC, RVC	RRCC, LPMA, NRCMA, DECCW, FNCW	Estuary-wide	930
7.2	Aquatic weed management	FNCW, I&I NSW RRCC	BSC, LCC, RVC	Estuary-wide	1,000
Strategy 8: Education					
8.1	Estuary-wide community education and consultation program	EMC	BSC, LCC, RVC, RRCC, DECCW, I&I NSW, NRCMA, FNCW	Estuary-wide	500
Strategy 9: Waterway Usage					
9.1	Develop strategic plan for estuary usage	EMC	BSC, LCC, RVC, NSW Maritime, LPMA, DECCW, I&I NSW	Estuary-wide	75
9.2	Cost benefit analysis of dredging operations in lower estuary	BSC	LPMA, DECCW, I&I NSW, NSW Maritime	Zones 1,2	20
Strategy 10: Wastewater Management					
10.1	Sewerage system risk assessment and prioritisation study	DECCW	BSC, LCC, RVC	Estuary-wide	25
10.2	On-going on-site sewerage management inspections and improvements	BSC, LCC, RVC		Estuary-wide	not estimated
Strategy 11: Urban Runoff					
11.1	Stormwater Management	BSC, LCC, RVC	DECCW	Estuary-wide	not estimated

Many of these items require actions by either Rous County Council or State Government Agencies however Council could potentially pursue additional rate funding to undertake activities such as riparian regeneration and revegetation, albeit that most of these activities would occur on land not owned by Council.

In reviewing the proposed special rate variation, Council could reallocate part of the monies to undertaking works in this CZMP. An example of this is outlined in Table 12.

**Table 12 – Distribution of Additional Revenues including CZMP**

Item	2017/18	2018/19	2019/20	%
<b>Additional Income</b>	<b>593,200</b>	<b>1,233,300</b>	<b>1,923,200</b>	<b>100</b>
Road and Stormwater	593,200	813,300	1,153,200	60
Community Buildings	0	100,000	190,000	10
Open Spaces and Sports Fields	0	220,000	380,000	20
Richmond River CZMP	0	100,000	200,000	10

The actual distribution depends on the Council's priorities.

If funds are reallocated to the CZMP, this means there is no improvement in our operating result from that specific reallocation, as the additional rate revenues would be offset by additional operating expenses.

The majority of the works in the CZMP would be treated as operating expenses and not capital expenditure, therefore there is no net improvement to our operating result from works on the CZMP. The benefits are environmental, social and economic from the improved river health outcomes.

The other option would be to increase the proposed special rate variation percentage. For example the proposal could be increased by an extra 0.5% to 5.4%. The impact of that change is outlined in Table 13.

**Table 13 – Additional Rate Income - 5.4% Increase**

Financial Impact – 2%	Current	2017/18	2018/19	2019/20
Assumed 2% Rate Pegging	20,454,700	20,966,100	21,490,300	22,027,500
4.9% Increase	20,454,700	21,559,300	22,723,600	23,950,700
<b>Additional Income from 4.9%</b>	<b>0</b>	<b>593,200</b>	<b>1,233,300</b>	<b>1,923,200</b>
5.9% Increase	20,454,700	21,661,500	21,661,500	21,661,500
<b>Additional Income from 5.4%</b>	<b>0</b>	<b>695,400</b>	<b>1,449,300</b>	<b>2,265,500</b>
<b>Extra Income Compared to 4.9%</b>	<b>0</b>	<b>102,200</b>	<b>216,000</b>	<b>342,300</b>

This would then provide an extra \$342,300 per annum for works related to the CZMP.

Council could even consider allocating this revenue to the implementation of all of our CZMPs, which are:

- Shaws Bay CZMP
- Coastal Zone Management Plan (this relates to the coastline)
- Richmond River Estuary CZMP
- Lake Ainsworth Management Plan (currently a management plan but the next review should make it a CZMP)

The recent Micromex survey also identified that 71% of the sample were supportive of Council expending more monies on the health of our waterways (i.e. Richmond River, Shaws Bay, Lake Ainsworth) although the survey doesn't clarify whether people were prepared to actually pay more.

From a branding perspective this extra rating percentage could be titled "Health of our waterways".

A possible allocation of the monies could be as per Table 14.

**Table 14 – Distribution of Additional Revenues plus Healthy Waterways**

Item	2017/18	2018/19	2019/20	%
<b>Additional Income</b>	<b>695,400</b>	<b>1,449,300</b>	<b>2,265,500</b>	<b>100</b>
Road and Stormwater	593,200	813,300	1,163,200	51
Community Buildings	0	150,000	280,000	12
Open Spaces and Sports Fields	0	270,000	480,000	21
Healthy Waterways	102,200	216,000	342,300	15

**Legal / Resource / Financial Implications**

The purpose of this report is to provide an overview of the General Fund finances and current resource levels.

**Consultation**

Any proposal for a special rate variation would be subject to an extensive consultation process.

This has usually involved direct correspondence to all ratepayers, an online survey, a statistically reliable community survey of 500 residents and public meetings.

The cost of this consultation is approximately \$30,000 with this normally charged to existing operational budgets.

**Options**

There are considered to be four main options in respect to the contents of this report.

**Option One**

That Council defer any proposal for a special rate variation and continue to strive for improvements in our operating result through increased efficiencies and other revenue raising measures such as increased fees and entrepreneurial activities.

**Option Two**

That Council commence a consultation process with the community to seek an additional 2.9% rate pegging increase, on top of an estimated 2.0% increase, for the three year period from 2017/18 to 2019/20.

The additional revenue raised from this increase is to finance increased expenditure on asset renewal for core infrastructure, largely consistent with Table 11 of this report; i.e.

Item	2017/18	2018/19	2019/20	%
<b>Additional Income</b>	<b>593,200</b>	<b>1,233,300</b>	<b>1,923,200</b>	<b>100</b>
Road and Stormwater	593,200	813,300	1,163,200	60
Community Buildings	0	150,000	280,000	15
Open Spaces and Sports Fields	0	270,000	480,000	25

## 4.5 Long Term Financial Plan and Fit for the Future

### Option Three

That Council commence a consultation process with the community to seek an additional 2.9% rate pegging increase, on top of an estimated 2.0% increase, for the three year period from 2017/18 to 2019/20. The additional revenue raised from this increase is to finance increased expenditure on asset renewal for core infrastructure, along with actions identified in the Richmond River Estuary Coastal Zone Management Plan, largely consistent with Table 12 of this report; i.e.

Item	2017/18	2018/19	2019/20	%
<b>Additional Income</b>	<b>593,200</b>	<b>1,233,300</b>	<b>1,923,200</b>	<b>100</b>
Road and Stormwater	593,200	813,300	1,153,200	60
Community Buildings	0	100,000	190,000	10
Open Spaces and Sports Fields	0	220,000	380,000	20
Richmond River CZMP	0	100,000	200,000	10

### Option Four

That Council commence a consultation process with the community to seek an additional 3.4% rate pegging increase, on top of an estimated 2.0% increase, for the three year period from 2017/18 to 2019/20. The additional revenue raised from this increase is to finance increased expenditure on asset renewal for core infrastructure, along with actions to improve our waterways, largely consistent with Table 14 of this report; i.e.

Item	2017/18	2018/19	2019/20	%
<b>Additional Income</b>	<b>695,400</b>	<b>1,449,300</b>	<b>2,265,500</b>	<b>100</b>
Road and Stormwater	593,200	813,300	1,163,200	51
Community Buildings	0	150,000	280,000	12
Open Spaces and Sports Fields	0	270,000	480,000	21
Healthy Waterways	102,200	216,000	342,300	15

Ultimately it is a matter for Councillors to decide on the level of service provided to the community.

Therefore the recommendation to this report provides all four options for determination by Council.

*(NB: IPART advised that the rate pegging increase for 2017/18 is 1.5% on 29 November 2016. This report was finalised prior to that announcement, which means that any reference to an estimated 2% rate pegging increase for 2017/18, should be adjusted to reflect the 1.5% figure).*

## RECOMMENDATIONS

Option One – That Council notes the contents of this report and defers any proposal to apply for a special rate variation for a period of 12 months, to better allow the newly elected Council to assess the overall level of services provided to the community.

OR

Option Two - That Council commence a consultation process with the community to seek an additional 2.9% rate pegging increase, on top of an estimated 2.0% increase, for the three year period from 2017/18 to 2019/20. The additional revenue raised from this increase is to finance increased expenditure on asset renewal for core infrastructure, largely consistent with Table 11 of this report; i.e.

Item	2017/18	2018/19	2019/20	%
<b>Additional Income</b>	<b>593,200</b>	<b>1,233,300</b>	<b>1,923,200</b>	<b>100</b>
Road and Stormwater	593,200	813,300	1,163,200	60
Community Buildings	0	150,000	280,000	15
Open Spaces and Sports Fields	0	270,000	480,000	25

OR

Option Three - That Council commence a consultation process with the community to seek an additional 2.9% rate pegging increase, on top of an estimated 2.0% increase, for the three year period from 2017/18 to 2019/20. The additional revenue raised from this increase is to finance increased expenditure on asset renewal for core infrastructure, along with actions identified in the Richmond River Estuary Coastal Zone Management Plan, largely consistent with Table 12 of this report; i.e.

Item	2017/18	2018/19	2019/20	%
<b>Additional Income</b>	<b>593,200</b>	<b>1,233,300</b>	<b>1,923,200</b>	<b>100</b>
Road and Stormwater	593,200	813,300	1,153,200	60
Community Buildings	0	100,000	190,000	10
Open Spaces and Sports Fields	0	220,000	380,000	20
Richmond River CZMP	0	100,000	200,000	10

OR

Option Four - That Council commence a consultation process with the community to seek an additional 3.4% rate pegging increase, on top of an estimated 2.0% increase, for the three year period from 2017/18 to 2019/20. The additional revenue raised from this increase is to finance increased expenditure on asset renewal for core infrastructure, along with actions to improve our waterways, largely consistent with Table 14 of this report; i.e.

Item	2017/18	2018/19	2019/20	%
<b>Additional Income</b>	<b>695,400</b>	<b>1,449,300</b>	<b>2,265,500</b>	<b>100</b>
Road and Stormwater	593,200	813,300	1,163,200	51
Community Buildings	0	150,000	280,000	12
Open Spaces and Sports Fields	0	270,000	480,000	21
Healthy Waterways	102,200	216,000	342,300	15

That Council advise IPART of our intention to apply for a three year special rate variation commencing in 2017/18.

## Attachment(s)

Nil