



Notice of Finance Committee Meeting

A Finance Committee Meeting will be held in the Ballina Shire Council Chambers, 40 Cherry Street, Ballina on **Tuesday 17 April 2018 commencing at 4.00 pm.**

Business

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

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

Paul Hickey
General Manager

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

1. Apologies

An apology has been received from Cr Sharon Parry.

2. Declarations of Interest

3. Deputations

4.1 Policy (Review) - Donations - Financial Assistance

4. Committee Reports

4.1 Policy (Review) - Donations - Financial Assistance

Delivery Program Communications

Objective To review the Donations - Financial Assistance Policy and to consider two requests for a donation.

Background

Council's existing policies are progressively reviewed to ensure they reflect contemporary practices and legislative requirements. The purpose of this report is to review the *Donations – Financial Assistance policy*.

Council first adopted this policy in 2005 and it has been reviewed in 2010 and again in 2014. The purpose of the policy is to provide the:

- Council with guidelines for the management of financial donations
- Community with a clear framework to make a request for financial assistance

Council also resolved in September 2017 as follows:

That Council consider as part of the 2018-2019 Budget and Long Term Financial Plan options to increase the community donations budget over the Council term.

That Council undertake a review of the Community Donations policy.

Now is an opportune time to review the budget so that any changes can be accommodated in Council's long term financial plan.

The second part of this report refers to requests for community donations.

The first is from the Alstonville Plateau Historical Society. They have provided correspondence to Council advising of vandalism to Crawford House Museum and request a donation to assist cover the cost for repairs.

The second request is from Biala Support Services who are seeking to have their Developer Contribution fees waived.

Key Issues

- To ensure the policy meets the requirements of Council and current legislation
- To provide an equitable process for community groups to make application for financial assistance
- Equitable and transparent use of Council funds

Information

This review of this policy identified some changes as follows:

- The template for Council policies has changed since this policy was last adopted and the new template includes information on definitions and policy history.
- Slight change to the name of the policy so it more accurately reflects the purpose (inclusion of additional words: *for Community Groups*)
- Contents have been updated to reflect the Council's relevant plans and to provide links to these plans.
- A new guideline that restricts groups to one application per financial year to avoid situations where groups may continue to ask for support which could put them at an unfair advantage to other groups
- Inclusion of a compliance section to state that Council will not fund retrospective projects, or fund works when acquittal reports are outstanding, and to ensure the organisation has legal tenure if they are in Council owned or managed premises.
- Removal of the reference that any unexpended funds will be automatically rolled forward each year. The rolling forward of funds is reported to Council in July or August and is a matter for Council to determine each year based on the overall financial position.

These changes help to ensure we are consistent across all Council policies related to financial assistance.

The new inclusions have been marked in yellow. Proposed deletions are struck through. Otherwise the policy is still contemporary and reflects current legislation no further changes are recommended.

A copy of the amended policy is attached to the report (Attachment 1).

In terms of the budget Councillors have requested options to increase the budget over the Council term.

The draft General Fund budget, as per a later report in this agenda, includes the following donation allocations for 2018/19:

Item	Amount (\$)
Donations - Rates / Charges	33,000
Donations - SCU Scholarship	10,000
Donations - Halls / Buildings	0
Donations - Lighthouse Chairs	5,400
Donations - Community Groups	62,000
Donations - Sporting Groups	20,000
Donations - Planning Fees	3,000
Total	133,400

4.1 Policy (Review) - Donations - Financial Assistance

The Community Groups donation is currently an inflation increase only as compared to the original 2017/18 budget.

Council needs to be mindful that the policy *Donations - Capital Works Assistance for Public Halls* has recently been rescinded, with the budget being re-allocated to permanently maintain Council owned halls.

The consequence of this decision may impact the *Community Groups* budget as halls not under the direct control of Council were advised in writing in February 2018 to apply through this policy should they be in need of financial assistance. The halls include:

1. McLeans Ridges Hall
2. Meerschaum Vale Hall
3. Tintenbar School of Arts
4. Rous Mill Hall
5. Pearces Creek Hall

In respect to increasing the community donations budget the options available are to increase the budget and offset that increase against savings in other programs. Alternatively Council could increase it by a relatively small and affordable amount each year, which even though it may impact the operating result, it is still manageable in respect to the overall long term financial plan.

The difficulty with the current resolution is that Council has not clarified the magnitude of increase being sought, along with the outcomes being sought from that increase.

From a staff perspective the donations program has worked reasonably well over many years.

It is true that worthwhile groups may miss out on funding however our financial constraints mean that we cannot meet or satisfy all the demands for Council services. There are many programs included in the draft General Fund long term financial plan where requests for additional funding for essential Council services have been declined.

The current level of donations funding, which is \$133,400 from this program budget, does deliver a reasonable level of service, on balance, to the community. This also excludes numerous other subsidised or free rental and in-kind services provided by Council.

With the report on the General Fund budget included later in this agenda and the forecast deficit at approximately \$200,000, if Council does wish to increase the budget the preference would be for Councillors to clarify the required increase and staff could identify potential projects or services that could be reduced.

This information could then be reported back to Council following the exhibition of the draft Operational Plan at the June meeting. In summary the preferred option is to make savings in other programs however Councillors need to provide direction on the outcome(s) being sought.

In reference to the second part of this report, the first request is from Alstonville Plateau Historical Society who operate Crawford House Museum.

4.1 Policy (Review) - Donations - Financial Assistance

In December 2017, the Museum was subject to vandalism including broken windows and burnt floor covering.

The Alstonville Plateau Historical Society has paid for the repair of the windows to the property (\$780) and they are seeking reimbursement for this cost (Attachment 2).

Council has fitted an LED sensor light to the back wall of the Museum in an attempt to deter future vandals.

Crawford House Museum was subject to a community donation for their rates and charges in 2017/18, with the total amount being \$4,055.43.

This request is inconsistent with the policy, as attached, as it does relate to retrospective expenditure.

The second request is from Biala Support Services who operate a special school in Ballina.

They are requesting the have their developer contribution fees waived for DA 2017/258 totaling \$17,650.53, as per the following table, with the yellow highlight itemising the subject of their reimbursement (refer Attachments 3 and 4).

Fee Description	Amount (\$)	Comments
Section 64 Water	1,574.40	Contribution
Section 64 Sewer	4,016.00	Contribution
Inspections Plumbing	785.00	
Inspections Commercial/Industrial	1,680.00	
Section 94 Rous Water	4,033.92	Third party
Section 94 Roads Plan	7,907.66	Contribution
Section 94 Roads Plan Admin	118.55	Contribution
Construction Certificate	2,172.50	
Wastewater Plan Admin Fee	65.00	Contribution
Section 68 Plumbing Application Fee	175.00	Contribution
Long Service Levy	2,730.00	Third party
Advertising	340.00	
DA Fee – Planning	1,538.00	
Compliance Levy	612.89	
Information Technology Fee	429.02	
NSW Government DA Plan First	392.32	Third party
Total	28,570.26	

The contribution fees paid by Biala Support Services to Council for their development application DA 2017/258 are broken down into the following:

1. Section 94 Roads Plan (\$7,907.66) – not for profit organisation's can seek an exemption for these contributions, and the Contributions Plan states that all applicants seeking exemption are to be referred to Council for a determination.
2. Section 64 Water and Sewer (\$5,590.40) – same principle applies as per point one.

4.1 Policy (Review) - Donations - Financial Assistance

3. Section 94 Roads Plan Administration Fee (\$118.55) - same principle applies as per point one.
4. Section 94 Rous Water (\$4,033.92) – these monies are forwarded by Council to Rous County Council.

Council has previously waived developer contributions for community groups such as the Alstonville Preschool.

The waiver of developer contributions is not recorded as a donation (expense) in Council's financial records, as the amounts are typically significant and well beyond the allocated donations budget. Essentially the contributions are waived and not charged to the applicant. In this case they would be refunded.

With the Rous Water contribution, that is a matter for Rous to determine, and they normally make a decision consistent with Council.

Legal / Resource / Financial Implications

The review, public exhibition and implementation of the policy can be accommodated within existing resources.

The implementation of the policy is consistent with Council's current responsibilities where community groups can seek financial assistance when and if required.

In respect to the donation request, the 2017/18 community donations budget has approximately \$500 unallocated.

Consultation

It is recommended that Council adopt the policy as presented, however the document will also be exhibited for public comment. If any submissions are received they can be reported back to Council however if no submissions are received, then there will not be a need for a further report.

The donations requests have not been the subject of community consultation.

Options

Council may accept or amend the proposed changes to the policy. The changes included are largely housekeeping therefore it is recommended that the policy be adopted as presented.

It is also recommended that if no submissions are received from the exhibition process, the policy be adopted with no further actions required.

In respect to the request for a donation by Alstonville Plateau Historical Society of \$780, on balance, the request is not unreasonable and can be largely funded by the remaining funds in the community donations budget.

The one issue is that it is retrospective which is inconsistent with the Council policy, although as a vandalism matter, there are some special circumstances. The recommendation that follows allows Council to make a determination on this matter.

4.1 Policy (Review) - Donations - Financial Assistance

The request from Biala Support Services Inc is a worthy cause; they are a charitable non-government organization with Public Benevolent Institution Status and operate on a non-profit basis.

The recommendation supports their request.

RECOMMENDATIONS

1. That Council adopts the amended Donations – Financial Assistance for Community Groups Policy, as attached to this report.
2. That Council places this policy on exhibition for public comment, with any submissions received to be resubmitted back to Council. If no submissions are received, then no further action is required.
3. That Council approves / declines the request for a donation of \$780 to the Alstonville Plateau Historical Society to refund their payment for repairs to Crawford House Museum to provide a donation
4. That Council confirms its support for the General Manager to waive the Council developer contribution fees of \$13,616.61 paid by Biala Support Services Inc for development consent 2017/258.
5. Council endorses this application for the following reasons:
 - a) The applicant is a not for profit organisation providing an important community service for the Ballina Shire; and
 - b) The consent relates to a capital infrastructure project that will deliver community based services.
6. That Council authorizes the General Manager to make application to Rous County Council for the waiver of their developer contribution charges (\$4,033.92) for development consent 2017/258 with the waiver of those charges a matter for Rous to determine.

Attachment(s)

1. Policy (Review) - Donations - Financial Assistance for Community Groups
2. Alstonville Plateau Historical Society - Cost of Vandalism Repairs to Crawford House Museum - John Simm - APHS President
3. Assistance with Council Fees for Community Groups - request to wavier contribution fee - Biala Support Services Inc
4. Biala Support Services - Receipt for Developer Contributions

POLICY NAME: DONATIONS – FINANCIAL ASSISTANCE
FOR COMMUNITY GROUPS

POLICY REF: D01

MEETING ADOPTED: 23 January 2014
Resolution No. 230114/18

POLICY HISTORY: 280110/28; 240205/36



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OBJECTIVES

To provide clear policy guidelines for the management of financial donations made by Ballina Shire Council.

The policy is also designed to ensure consistency and equity and to assist the community by establishing a reliable and clear framework to make submissions to Council for assistance.

BACKGROUND

Ballina Shire Council in accordance with Section 356 of the Local Government Act will annually allocate funds to provide financial (~~normally cash~~) assistance to community groups. This policy provides a framework to guide how Council will allocate and determine that assistance.

In accordance with Section 356 of the *Local Government Act 1993* a Council resolution is required for each and every donation each year. This policy provides a framework for the donation but not the authority to donate.

SCOPE OF POLICY

The policy applies to:

- Council employees
- Councillors
- Community groups
- Community members

RELATED DOCUMENTATION

Related documents, policies and legislation:

- Ballina Shire Council's ~~Management Plan and Budget~~ Delivery Program, Operational Plan and Community Strategic Plan
- Local Government Act 1993
- ~~Donations - Community Halls - Capital Assistance~~
- Donations - Rates and Charges
- Donations - Assistance with Council Fees for Community Groups
- Donations - Australian Representation
- ~~Donations - In-Kind Assistance for Sporting and Cultural Events & Community Works on Public Land~~
- Donations - Insurance for Environmental Volunteer Groups
- Donations - Waste Disposal Fees for Not-For-Profit Groups
- Donations – Community Sporting Groups Capital Works Assistance

POLICY

Council will annually provide an allocation to fund direct financial assistance to community based organisations. In allocating this funding Council will consider the following guidelines:

Guidelines for Selection

- The recipient organisation will be not for profit and provide a community service within the Ballina Local Government area.
- Assess the level of benefit that the project or service will have on the community or on disadvantaged groups within the community.
- Assess the number of proposed beneficiaries from the proposed project or service.
- Where the project has a smaller number of proposed beneficiaries, consider the relative disadvantage of that group of people (eg; low income, youth, disability, etc).
- Consider the availability of other funding sources.
- Consider the equity of support to other groups across the local government area.
- Assess how the project will achieve an outcome linked to Council's Community Strategic Plan which can be found online at ballina.nsw.gov.au
- Only one application per community group or organisations will be considered per financial year.

Strategies Assessment Process

- 1 Council shall allocate an amount in the annual Operational Plan for the purpose of providing financial donations.
- 2 Council will call for submissions from the community as part of the annual Operational Plan process. Submissions are to be made on Council's application form. Requests for over \$1,000 require at least two written quotes where considered appropriate by the General Manager.
- 3 Following adoption of the Operational Plan Council will appoint a minimum of three Councillors to a committee, with each ward represented.
- 4 The committee will consider all submissions and recommend to the next ordinary meeting of Council a distribution of the available funds. It is not incumbent upon the committee or Council to donate any or all of the funds.
- 5 Following Council's determination successful and non-successful applicants will be advised and arrangements made to forward the donation.
- 6 Council will require certification and acquittal detailing the manner in which funds have been expended and a brief description of outcomes.

- 7 Any application received from organisations following the completion of this process will be advised of Council's Policy and invited to apply in the following year, subject to point eight.
- 8 Only where matters are considered by the General Manager and / or Mayor, or at least two Councillors, to be exceptional circumstances, will such requests be referred to Council for determination.

Compliance

1. Successful applicants must complete their project within 12 months of funding.
2. Applicants must have fully acquitted any previous grant provided by Council.
3. Council will not fund retrospective projects or activities.
4. If applicants are located in a Council owned or managed building, they must have legal tenure of the premises.

Certification and Acquittal of Donations

The acquittal process for donations shall be as follows:

Donations for capital projects

Donations for Capital Projects will be typically paid when the project is completed however it is acknowledged that in some circumstances Council's donation will be paid prior to commencement. Recipients of capital based donations will be required to:

- Complete a Certification and Acquittal of Capital Assistance form:
 - describing how Council's donation has been expended
 - the total value of the project
 - the value of Council's donation and
 - the date the project was completed.
- The acquittal form will require two signatories to attest:
 - that Council funds have been expended for the purpose of the donation
 - the project has been completed to the recipient's satisfaction and
 - that no additional grant or gifted funds have been received that remove or reduce the need for Council's donation.
- Copies of expenditure receipts and photographs are to be attached to the certification form.

Donations for non-specific works or services

Donations for non-specific works or services such as operating expenses will be typically paid at the beginning of the financial year. Recipients will be required to"

- Complete a Certification and Acquittal of Community Donations form:
 - describing how Council's donation has been expended
 - the amounts expended on individual items

- The recipient will also be required to provide:
 - a membership roll of their organisation
 - a statement of activities conducted over the previous 12-months
 - a statement of activities proposed for the forthcoming 12-months.

- The acquittal form will require two signatories to attest:
 - that Council funds have been expended for the purpose of the donation
 - the project has been completed to the recipient's satisfaction and
 - that no additional grant or gifted funds have been received that remove or reduce the need for Council's donation.

- Copies of expenditure receipts are to be attached to the certification form.

Funding Unallocated

~~Any funds unallocated or unexpended from the annual financial donations budget will be transferred to reserve and brought forward as part of the next financial year's budget.~~

REVIEW

This policy is to be reviewed every four years.

Alstonville Plateau Historical Society Inc.

Headquarters and Museum:
"Crawford House"
10 Wardell Rd. Alstonville 2477.



Postal Address: PO Box 65
Alstonville NSW 2477
email: aphis2477@yahoo.com.au

Phone: (02) 6628 1829

13/2/18

Group Secretary
Ballina Shire Council
Ballina 2478



Dear Fiona,

Following a meeting with the Mayor and Matthew Wood on January 31st about vandalism and security issues at Crawford House Museum, we were advised to pay the bill for the boarding-up and reglazing of four windows broken during the attempt to burn down the House just prior to Christmas last year.

As this was such a sizeable amount for a not-for-profit organization, we were then advised to submit the account to Council seeking a donation to cover these costs. We would, of course, be extremely grateful if Council were able to find these funds and would be prepared to pay for repairs to the burn marks on the vinyl floor covering ourselves.

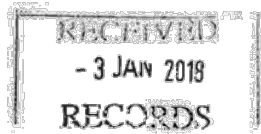
Meanwhile, we wish to thank Council for the prompt attention to our request to fit an LED Sensor light to the back wall of Crawford House. Please thank Nathan for his prompt and efficient work in this regard.

Yours sincerely,

John Sim APHS President.

P.S: Attached is the invoice which we paid - electronically - yesterday.

*Affiliated with the Royal Australian Historical Society
ABN: 14 079 187 469*



TAX INVOICE

Alstonville Plateau Historical Society
 C/- General Manager
 Ballina Shire Council
 PO Box 450
 BALLINA NSW 2478

Invoice Date
23 Dec 2017

Invoice Number
INV-0928

ABN
72 994 459 532

K & K Wilson Pty Ltd
 50 Kookaburra Tce
 GOONELLABAH NSW 2480
 Phone: 0266252620
 Email: info@kkwilson.com.au

Description	Quantity	Unit Price	GST	Amount AUD
After hours callout Tuesday 19/12/17 Board up windows				
Saturday 23/12/17 Reglaze 4 windows 500 x 500	1.00	780.00	10%	780.00
			INCLUDES GST 10%	70.91
			TOTAL AUD:	780.00

Due Date: 23 Jan 2018
 Thank you for your business!

Please send cheques to:
 K & K Wilson Pty Ltd
 50 Kookaburra Terrace
 Goonellabah NSW 2480


Or deposit into account:
 Bank details: Commonwealth Bank, Lismore
 BSB: 062565
 Account No: 10449317
 Account Name: K & K Wilson Pty Ltd
 Please ensure your invoice number is recorded in the reference section.

PAYMENT ADVICE

Customer Alstonville Plateau Historical Society
Invoice Number INV-0928
Amount Due 780.00
Due Date 23 Jan 2018
Amount Enclosed

To: K & K Wilson Pty Ltd
 50 Kookaburra Tce
 GOONELLABAH NSW 2480
 Phone: 0266252620
 Email: info@kkwilson.com.au

Enter the amount you are paying above



BIALA
SUPPORT SERVICES INC.

PO Box 1279 BALLINA NSW 2478
Phone: (02) 6686 4763
Fax: (02) 6681 4785
enquiries@biala.org.au
www.biala.org.au
ARN: 05 399 560 229 CFN: 10797

To: Ballina Shire Council

TO WHOM IT MAY CONCERN:

Re: DA 2017/258

Application to waive contribution fee

Biala Support Services Inc. is a disability service provider and Special School providing support to people of all ages living with a disability. The organisation also operates Ballina's only dedicated Special School educating students with a moderate to severe disability aged 4 – 18 years of age.

As a charitable NGO with Public Benevolent Institution status, the organisation operates purely in a non-profit basis with any surpluses being put back into the organisation to enhance the services we offer to children and adults with a disability and their carers who live in our community.

Biala is an established disability service and special education provider that has operated in Ballina for the past 48 years and the organisation contributes not only to a disadvantaged group in the community but we also contribute to the local economy through the use of local contractors and employee wages of almost \$2m paid in 2017.

Construction has commenced on the new classrooms and life skills centre with us having gained consent from the BGA to use an "invite to tender" process rather than the more national approach so we could engage a local contractor. The Lennox Head based Field Construction Group was the successful tenderer.

Financial viability for any not-for-profit organisation is always a challenge and Biala relies on government funds for our special school, a mixture of state government and NDIS funding for disability services as well as targeted fundraising events such as our annual Black Tie event and spring fair.

We would like to make application to Ballina council to have the DA Contribution fee of \$17,650.53 waived and this fee reimbursed to Biala Support Services Inc. These funds will be then used toward equipping the new school campus with playground and sensory equipment.

If you wish to discuss or require any further information, please don't hesitate to contact me.

Yours sincerely,



Linda Walsh

Chief Executive Officer

11th January 2018

Biala Special School
school@biala.org.au



North Coast Fun Club
northcoastfunclub@biala.org.au



Brokerage/Melaleuca House
brokerage@biala.org.au



Strikers Disabled Bowling
strikers@biala.org.au

4.1 Policy (Review) - Donations - Financial Assistance

2P22

*** REPRINT ***

ABN # 53929887369
 Ballina Shire Council
 PO Box 450
 BALLINA NSW 2478
 Ph: 02 6686 4444 Fax: 02 6686 7035
 Email: council@ballina.nsw.gov.au
 Web: www.ballina.nsw.gov.au

Date 16/11/2017 15:50
 Receipt 00869130:0001 Terminal 2:771
 Biala Support Services
 78 FOX STREET
 BALLINA, NSW 2478

Details

Amount

Trust Rec S64 R S94	4033.92
010.2017.00000258.001	
- S64 Water - Balli	1574.40
010.2017.00000258.001	
- S64 Sewer - Balli	4016.00
010.2017.00000258.001	
- S94 2015 - Roads	118.55
010.2017.00000258.001	
- S94 2015 - Roads	7907.66
010.2017.00000258.001	

Total Value:	17650.53
Tendered	
Cheque	17650.53
Change	0.00

END

E-MAILED
 11/11/17
 to meet

4.2 Policy (Review) - Investment Policy

4.2 Policy (Review) - Investment Policy

Delivery Program Financial Services

Objective To review the Investment Policy.

Background

All of Council's existing policies are progressively reviewed to ensure they reflect contemporary practices and legislative requirements.

Councils are required to have an Investment Policy to ensure that all surplus cash is invested consistent with the terms of the policy. The purpose of this report is to review Council's Investment Policy.

Of particular importance is to note the current legislative requirements as well as implications in relation to Council's ability to take out further loans with NSW Treasury Corporation (TCorp).

Key Issues

- Whether the policy meets the requirements of Council and current legislation.

Information

Current Legislative Requirements and Guidance

There are a number of legislative requirements that govern how a council may invest surplus funds. These include the Local Government Act 1993 (the Act), the Local Government (General) Regulation 2005 (LGGR) and the Ministerial Investment Order (the Order) and circulars periodically released by the Office of Local Government (OLG).

Current legislative requirements and guidance do not make any stipulation of credit risk parameters.

Circular 17-29 released in October 2017 did note that OLG would undertake a broader review and update of the Ministerial Investment Order and Investment Guidelines at some time in the future, with OLG to consult with councils as part of that process.

Implications in relation to Council's current ability to take out further loans with NSW Treasury Corporation (TCorp)

Council has already taken out two loans with TCorp, being a loan of \$6.7 million in June 2017 and a loan of \$5.9 million in October 2017. Both of these loans were for the swimming pool redevelopment.

4.2 Policy (Review) - Investment Policy

In December 2017, Council placed an application with TCorp for a further loan of \$2.9 million, being an additional \$520,000 loan for the pools and \$2.4 million for the airport terminal project.

TCorp's Letter of Offer dated 30 January 2018 subsequently included a requirement that Council's Investment Policy be amended as a condition of a new loan.

This condition had not been placed on the previous two loans.

On discussion, TCorp expressed concerns with councils having investment limits that were above what TCorp would recommend with lower rated (or unrated) credit quality investment counterparties.

The Conditions Precedent included within TCorp's Letter of Offer included the following paragraph:

Revised Investment Policy: to be approved by Council based on the following position agreed with TCorp:

- *By 31 December 2018 ensure that Council investments with any ADI with a Long Term Debt Rating of BBB+ and BBB does not exceed 30% of its investment portfolio;*
- *Limiting the Council's individual counterparty exposure to an ADI with a Long Term Debt Rating of BBB+ and BBB to the lesser of: 10% of the Council's investment portfolio or 2% of the ADIs net assets;*
- *Reducing the Council's exposure to Unrated ADIs to zero.*

The above conditions are outside of Council's current policy requirements and Council's current investment holdings do not meet these requirements.

It was considered appropriate to allow Councillors to give due consideration to proposed changes to the policy prior to locking into a loan agreement, and also given a reassessment of the required timing of the loan proceeds, TCorp's Letter of Offer has not been taken up by Council management at this time.

In the short to medium term, the loans that are more immediately affected are:

- Additional Pools Loan, originally estimated at \$520,000 now revised estimate closer to \$1m to \$1.3m, proposed to be drawn down in June 2018.
- Airport Terminal Project \$2.4 million, now proposed to be drawn down during 2018/19.
- River Street Beautification Moon/Grant Street \$2.7 million, proposed to be drawn down during 2018/19.

These loans, with the exception of the Investment Policy parameters requirement, would otherwise be eligible for TCorp loans.

TCorp loans are generally offered at interest rates lower than otherwise available to Council.

4.2 Policy (Review) - Investment Policy

As an estimation, if we assumed TCorp offered an interest rate of 1.0% below the rest of the market, the above loans would have an interest expense saving of approximately \$60,000 per annum.

Review of Credit Risk Parameters

Table A – Council’s Current Credit Risk Parameters

Council’s investment policy parameters currently include the following Maximum Threshold- Portfolio Limits:

Maximum Thresholds - Portfolio Limits		
Credit Rating	Maximum % of Total Portfolio	Exposure to a Single ADI
A or higher	100%	20% of portfolio
BBB to A-	60%	10% of portfolio
Unrated ADI	10%	\$1m

This allows 60% of the total portfolio to be held in Authorised Deposit-taking Institutions (ADIs) with less than an A rating, i.e. requiring 40% of the total portfolio to be held in ADIs with a rating of A or higher.

The current policy also allows investment in unrated ADI’s up to 10% of the total portfolio.

Table B – Proposed Credit Risk Parameters

Maximum Thresholds – ADI Portfolio Limits			
ADI Credit Rating	Maximum % of Total Portfolio	Minimum % of Total Portfolio	Exposure to a Single ADI
A- or higher	100%	40%	20% of portfolio
BBB and BBB+	60%	n/a	10% of portfolio

Whilst, in practice, Council has not invested in any unrated ADI’s, the policy does allow this to occur. It is proposed that the ability to invest in unrated ADI’s be removed as it is not being used and is considered unnecessary.

It is also proposed that the A- rating be moved into the same band as the other A ratings and the second band relate only to BBB ratings, as this would appear to be a more logical grouping.

Table C – TCorp Loan Application Investment Parameters

TCorp’s Letter of Offer dated 30 January 2018 included a requirement that Council’s Investment Policy be amended as a condition of a new loan.

4.2 Policy (Review) - Investment Policy

Revised Investment Policy parameters that would meet TCorp requirements are as follows:

Maximum/Minimum Thresholds - Portfolio Limits			
Credit Rating	Maximum % of Total Portfolio	Minimum % of Total Portfolio	Exposure to a Single ADI
A- or higher	100%	70%	20% of portfolio or 2% ADI net assets
BBB+ or BBB	30%	n/a	10% of portfolio or 2% ADI net assets
BBB- or Unrated ADI	0%	n/a	n/a

TCorp's loan conditions require that the second band (ie BBB rated ADI's) be limited to 30%, i.e. requiring 70% of the total portfolio to be held in ADIs with a rating of A- or higher.

It is noted that other lenders, who also complete a risk assessment of Council in offering of loans, have not imposed such restrictions on Council to date.

The parameters required by TCorp are a significant change from Council's current parameters which can be demonstrated by analysis of Council's investment holdings as at 31 March 2018 which are as follows:

Council's Investment Holdings 31 March 2018		
Credit Rating	% of Portfolio	\$ of Portfolio
A- or higher	57%	40,000,000
BBB+ or BBB	43%	30,738,300
BBB- or Unrated ADI	-	-

Council currently holds 43% of the portfolio in BBB+ or BBB category, whereas this would need to be limited to 30% for TCorp requirements.

For Council's current portfolio, approximately \$10m would need to be moved from this category to the A- or higher category.

A tightening of the limits allowable for institutions with BBB+ or BBB rating would almost certainly reduce the level of total interest earned on investments.

On the premise that Council takes the most favourable interest rate available at the time, it would be reasonable to assume that having placed these investments in the B band would have provided *at least* a 0.01% higher interest rate. So for the \$10m, this would equate to *at least* an additional \$100,000 per annum in interest earned.

On the reverse side, adoption of these revised parameters would allow Council to take further loans with TCorp, which are currently at a more favourable interest rate than would be otherwise available to Council.

Anticipated Future Requirements

In early March of this year, TCorp advised Council management they are currently in discussions with OLG in respect to updating the Ministerial Investment Order and anticipate a tightening of the Investment Order with similar limits (to what they proposed in the Letter of Offer) in the near future.

Council management's enquiry of OLG late March confirms that the OLG do propose a review of the Investment Guidelines, however a timeframe for this review has not yet been determined.

Furthermore, OLG have confirmed that it is premature to foresee a requirement to mandate credit risk parameters and consultation will take place as part of the review.

Also a tightening of the limits allowable for institutions with BBB+ rating would likely reduce the level of investments held with non-fossil fuel aligned institutions.

Legal / Resource / Financial Implications

The policy looks to establish a framework to invest Council's excess cash in a manner that mitigates risks whilst enabling a fair return on funds invested.

Amendment of credit risk parameters to meet TCorp requirements would allow Council to access TCorp loans, at a more favourable rate than would otherwise be available to Council.

Such amendment, however, would almost certainly reduce the level of total interest earned on investments.

It is estimated that a change in parameters to meet TCorp requirements would result in an overall loss to Council, with the estimated reduced investments interest earned exceeding the loan interest savings.

Consultation

Both NSW Treasury Corporation (TCorp) and the Office of Local Government (OLG) have been consulted in relation to their current requirements and expectations in relation to investment policy parameters.

The policy adopted by Council will be exhibited for public comment. If any submissions are received they can be reported back to Council.

Options

Council may choose between a largely "stay as is and watch this space" approach, or make amendments in compliance with TCorp preferences.

Council management are of the view it is preferable to wait until OLG have completed their review prior to making significant changes to the existing investment policy.

The recommendation made is that the credit parameters be amended as per Table B of this report, representing a minor tightening and tidy up of the existing policy.

Further, it is recommended that a further report be provided to Council should any amendments to existing legislation or guidelines be released by OLG.

RECOMMENDATIONS

1. That Council adopts the Investment Policy, as attached to this report, amending Credit Risk Parameters as per Table B of this report.
2. That in the event that the Ministerial Investment Order or the Investment Policy Guidelines be revised by the Office of Local Government, a further report be provided to Council within three months of that revision.
3. That Council place the policy on exhibition for public comment, with any submissions received to be resubmitted back to Council.

Attachment(s)

1. Policy (Review) - Investment Policy

POLICY NAME: INVESTMENTS
POLICY REF: I01
MEETING ADOPTED: 27 April 2017
Resolution No. 270417/23
POLICY HISTORY: 270417/23; 280416/18; 280515/23; 240714/29; 270613/29;
220312/23; 240311/14; 220710/14; 181208/16; 240507/20;
230206/044



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1. OBJECTIVE

- 1.1 To provide a framework for the investing of Council's funds at the most favourable rate of interest available to it at the time whilst having due consideration of risk and security for that investment type and ensuring that liquidity requirements are being met.
- 1.2 While exercising the power to invest, consideration is to be given to the preservation of capital, liquidity, and the return of investment.
 - Preservation of capital is the principal objective of the investment portfolio. Investments are to be placed in a manner that seeks to ensure security and safeguarding the investment portfolio. This includes managing credit and interest rate risk within identified thresholds and parameters.
 - Investments should be allocated to ensure there is sufficient liquidity to meet all reasonably anticipated cash flow requirements, as and when they fall due, without incurring the risk of significant costs due to the unanticipated sale of an investment.
 - Investments are expected to achieve a market average rate of return in line with the Council's risk tolerance.
- 1.3 This policy only deals with Council's investments with financial institutions and does not consider investments Council may wish to make in other forms of capital, such as property.

2. BACKGROUND

- Council has a fiduciary and legislative responsibility to manage public monies in a prudent and diligent manner. The Investment Policy sets the tone and expectations of Council and establishes guidelines and parameters for staff who are required to actually place the investments on a daily basis.

3. DEFINITIONS

BBSW: The Bank Bill Swap reference rates are independent and transparent rates for the pricing and revaluation of privately negotiated bilateral Australian dollar interest swap transactions. The rates are published daily.

APRA: The Australian Prudential Regulation Authority is a body established by an act of parliament. APRA oversees banks, credit unions, building societies, general insurance and reinsurance companies, life insurance, friendly societies and most members of the superannuation industry. APRA is funded largely by the industries that it supervises. It was established on 1 July 1998.

ADI: Authorised Deposit-taking Institutions are corporations which are authorised under the Banking Act 1959. ADIs include banks, building societies, and credit unions.

3. SCOPE OF POLICY

- This policy applies to Councillors, Committees of Council and Council employees.

4. RELATED DOCUMENTATION

- See section 5 on Legislative Authority for Investments and also Council's Delegation Register.

5. LEGISLATIVE AUTHORITY FOR INVESTMENTS

All investments are to comply with the following:

- Local Government Act 1993;
- Local Government (General) Regulation 2005;
- Ministerial Investment Order;
- Local Government Code of Accounting Practice & Financial Reporting;
- Australian Accounting Standards; and
- Office of Local Government Circulars.

6. DELEGATION OF AUTHORITY

Authority for implementation of the Investment Policy is delegated by Council to the General Manager in accordance with the Local Government Act 1993.

The General Manager may in turn delegate the day-to-day management of Council's investments to the Responsible Accounting Officer and or **the Accountant authorised finance staff**, subject to regular reviews.

Officers' delegated authority to manage Council's investments shall be recorded and required to acknowledge they have received a copy of this policy and understand their obligations in this role.

The placement or redemption of investments requires a minimum of two signatures from officers with delegated authority.

7. PRUDENT PERSON STANDARD

The investment will be managed with the care, diligence and skill that a prudent person would exercise. As trustees of public monies, officers are to manage Council's investment portfolios to safeguard the portfolio in accordance with the spirit of this Investment Policy.

It is expected that the skills of officers making investments will include:

- an understanding of the current positioning of the financial markets. ie; knowledge of the current 90 day BBSW rate;
- an understanding of the type of investments in which they are dealing. ie; investment rate offered, term to maturity and the underlying conditions of the transaction that impact risk and reward including circumstances in which the user of the funds may default in payment of capital and interest;
- an understanding of the institution that will receive and use the funds including their credit worth. ie; current Standard and Poor's rating and confirmation they are APRA regulated; and
- an understanding of Council's Investment Policy and associated legislation such that when placing an investment all relevant conditions are considered and weighed.

The role of the investing officer will be to:

- avail themselves of current market information and investment options;
- be aware of Council's current liquidity position and the options that best suit Council in terms of length of the investment;
- in most instances the form of investment shall be a term deposit with an ADI and the investing officer shall consider at least three quotes from different ADI's (Typically the investing officer becomes aware of daily rates by phoning the institution or receiving an email);
- phone the preferred institution and advise them that they have been successful, arrange for funds to be transferred as agreed, ensure that the recipient institution provides Council with appropriate acknowledgement and documentation following their receipt of funds, complete Council's investment placement sheet and have verifying officer sign sheet; and
- in instances where the form of investment is not a term deposit then the matter shall be discussed between at least two recognised investment officers, **including the Responsible Accounting Officer** prior to making a placement.

The investment officer shall maintain an investment register which shall include:

- the source and the amount of money invested;
- particulars of the security or form of investment in which the money was invested;
- the term of the investment (ie, placement and maturity dates where applicable);
- if appropriate, the rate of interest to be paid, and the amount of money that the Council has earned, in respect of the money invested; and
- classification as to whether the institution holding the investment is fossil fuel aligned or not.

8. ETHICS AND CONFLICT OF INTEREST

Officers shall refrain from personal activities that would conflict with the proper execution and management of Council's investment portfolio. This policy requires officers to disclose any conflict of interest to the General Manager.

Independent advisors are also required to declare that they have no actual or perceived conflicts of interest.

9. APPROVED AND PROHIBITED INVESTMENTS

- 9.1 Investments are limited to those allowed by the most current Ministerial Investment Order that has been issued by the NSW Minister for Local Government. A copy of the current order is attached to this policy.
- 9.2 In accordance with the Ministerial Investment Order, this Investment Policy prohibits but is not limited to any investment carried out for speculative purposes including:
- Derivative based instruments;
 - Principal only investments or securities that provide potentially nil or negative cash flow; and

- Stand alone securities issued that have underlying futures, options, forwards contracts and swaps of any kind.

This policy also prohibits the use of leveraging (borrowing to invest) of an investment.

10. RISK MANAGEMENT GUIDELINES

Council's primary strategy is to preserve the capital invested by diversifying with different approved financial institutions on the short term (12 months or less) money market.

This minimises the risk in terms of interest rate movement and integrity of individual financial institutions.

Investments obtained are to be considered in light of the following key criteria:

- Preservation of Capital - the requirement for preventing losses in an investment portfolio's total value (considering the time value of money);
- Diversification - setting limits to the amounts invested with a particular financial institution or government authority to reduce credit risk;
- Credit risk - the risk that a council has if an institution fails to pay the interest and or repay the principal of an investment;
- Market Risk - the risk that the fair value or future cash flows of an investment will fluctuate due to changes in market prices;
- Liquidity Risk - the risk an investor is unable to redeem the investment at a fair price within a timely period;
- Maturity Risk - the risk relating to the length of term to maturity of the investment. The larger the term, the greater the length of exposure and risk to market volatilities; and
- Reputational and Environmental Risk – the risk of damage to Council's image and/or risk to the environment resulting from Council taking out investments with institutions who are known to fund fossil fuel activities.

11. LIQUIDITY RISK PARAMETERS

- 11.1 All investments are to be placed with institutions regulated by the Australian Prudential Regulation Authority (APRA) in accordance with the Banking Act 1959, ie Authorised Deposit-taking Institutions (ADIs) or the NSW Treasury Corporation, but excluding subordinated debt obligations.
- 11.2 At least three quotations shall be obtained from qualifying institutions whenever an investment is proposed. The best quote of the day will be successful, providing the investment will not breach any parameters contained within this policy and after allowing for administrative and banking costs.
- 11.3 Not more than 40% of the portfolio can be placed in investments exceeding 12 months to maturity and not more than 20% in investments exceeding 3 years to maturity.

12. CREDIT RISK PARAMETERS

- 12.1 Investment portfolio parameters are risk-management tools used to manage credit risk by diversifying the portfolio to avoid a narrow concentration of investments. Investment credit risk parameters are based on credit rating bands as published by the credit rating agencies (eg Standard & Poor’s, Moody’s, Fitch).
- 12.2 Council will use Standard & Poor’s (S&P) long term credit ratings (or Moody’s or Fitch equivalents). The S&P ratings are broadly defined as follows:

AAA	Extremely strong capacity to repay
AA+, AA, AA-	A very strong capacity to repay
A+, A, A-	A strong capacity to repay
BBB+, BBB, BBB-	Adequate protection and adequate capacity to pay
BB+, BB, BB-	Less vulnerable to non payment however adverse economic conditions could lead to inadequate capacity to meet financial obligations
CCC	Vulnerable to non payment and requires positive economic conditions to meet its financial obligations

- 12.3 The following credit risk parameters apply to the investment portfolio:

Maximum Thresholds – Portfolio Limits		
Credit Rating	Maximum % of Total Portfolio	Exposure to a Single ADI
A or higher	100%	20% of portfolio
BBB to A-	60%	10% of portfolio
Unrated ADI	10%	\$1m

Maximum/Minimum Thresholds – ADI Portfolio Limits			
Credit Rating	Maximum % of Total Portfolio	Minimum % of Total Portfolio	Exposure to a Single ADI
A- or higher	100%	40%	20% of portfolio
BBB and BBB+	60%	n/a	10% of portfolio

13. REPUTATIONAL AND ENVIRONMENTAL CONSIDERATIONS

Where possible (but subject to obtaining a comparable return and compliance with the other investment policy parameters), the investing officer will place the investment with an institution which has been classified as non-fossil fuel aligned. This classification shall be as per current information available from Market Forces (www.marketforces.org.au).

14. PERFORMANCE BENCHMARKS

- 14.1 Investment performance will be measured monthly, in relation to both current month and 12 month rolling returns, against relevant benchmarks.
- 14.2 The investment portfolio's performance as to interest rate achieved should be compared to the 90 day BBSW, and as to earnings to the approved budget.

15. REPORTING

- 15.1 Documentary evidence must be held for each investment and details thereof maintained in an investment register.

The documentary evidence must provide Council legal title to the investment.

All investments are to be appropriately recorded in Council's financial records and reconciled at least on a monthly basis.

- 15.2 The Local Government (General) Regulation 2005 (clause 212) requires a monthly report on investments to be provided to Council.

The monthly report to Council will include, as a minimum:

- the total value of the portfolio and the balance of the trading bank account;
- a complete list of all investments in the portfolio, including the 'Fair Value' of any tradeable investments;
- a break up of the portfolio per institution, showing the rating for each institution;
- a comparison of interest earned to budget for the month and year to date;
- a comparison of weighted average interest rate and 90 day BBSW for the month and year to date;
- a statement as to whether the investments are in accordance with the Local Government Act, Regulations and Council's Investment Policy;
- a commentary on portfolio performance and other matters of interest; and
- an analysis of investments as to whether or not they are fossil fuel aligned.

- 15.3 Annual financial statements must be prepared by Council in accordance with the Local Government Code of Accounting Practice & Financial Reporting (the Code). The Code sets the minimum requirements set by the Australian Accounting Standards and the Office of Local Government, including accounting for investments

16. POLICY REVIEW

The Investment Policy will be reviewed at least once a year or as required in the event of legislative changes. The Investment Policy may also be changed as a result of other amendments that are to the advantage of Council and in the spirit of this policy. Any amendment to the Investment Policy must be by way of Council resolution.

17. THRESHOLD BREACHES

- 17.1 This policy imposes limits and thresholds in relation to the acquisition and holding of investments. However, due to changes in the amount of Council's investment portfolio over time, situations may occur where these limitations or thresholds are breached.
- 17.2 Where limitations or thresholds are breached due to a change in the overall size of the total investment portfolio, or a possible change in ratings of the financial institutions, the following process will apply:
- Details of any breach to be reported to Council in the monthly report immediately following the breach.
 - Immediate forced sale of the investments in breach of the limits or thresholds will not be required unless, in the General Manager's or Council's opinion that such sale is necessary to protect the value of the overall investment portfolio.
 - An immediate freeze on acquisitions of new investments in the relevant category will commence, until the portfolio can be effectively managed back to align with the requirements of this policy.
 - The objective will be to manage the portfolio back in accordance with the policy limits, within three months from the date the portfolio first exceeds the limit or threshold.

18. GRANDFATHERING OF INVESTMENTS

Transitional Arrangements

- 18.1 Transitional arrangements contained in the Minister's Order dated 12 January 2011, state that Council investments purchased prior to 31 July 2008, which complied with the previous Minister's Order, are taken to be in compliance with the current Minister's Order. This same 'grandfathering' provision applies to this Investment Policy.
- 18.2 Council will continue to hold investments that fall under the Minister's grandfathering provisions until maturity or until such time as the market price of such investments will allow a sale considered to be financially beneficial to Council.

CURRENT MINISTERIAL INVESTMENT ORDER

LOCAL GOVERNMENT ACT 1993 – INVESTMENT ORDER
(Relating to investments by councils)

I, the Hon. Barbara Perry MP, Minister for Local Government, in pursuance of section 625(2) of the *Local Government Act 1993* and with the approval of the Treasurer, do, by this my Order, notify for the purposes of section 625 of that Act that a council or county council may only invest money (on the basis that all investments must be denominated in Australian Dollars) in the following forms of investment:

- (a) any public funds or securities issued by or guaranteed by, the Commonwealth, any State of the Commonwealth or a Territory;
- (b) any debentures or securities issued by a council (within the meaning of the *Local Government Act 1993* (NSW));
- (c) interest bearing deposits with, or any debentures or bonds issued by, an authorised deposit-taking institution (as defined in the *Banking Act 1959* (Cwth)), but excluding subordinated debt obligations;
- (d) any bill of exchange which has a maturity date of not more than 200 days; and if purchased for value confers on the holder in due course a right of recourse against a bank which has been designated as an authorised deposit-taking institution by the Australian Prudential Regulation Authority;
- (e) a deposit with the New South Wales Treasury Corporation or investments in an Hour-Glass investment facility of the New South Wales Treasury Corporation.

All investment instruments (excluding short term discount instruments) referred to above include both principal and investment income.

Transitional Arrangements

- (i) Subject to paragraph (ii) nothing in this Order affects any investment made before the date of this Order which was made in compliance with the previous Ministerial Orders, and such investments are taken to be in compliance with this Order.
- (ii) Paragraph (i) only applies to those investments made before the date of this Order and does not apply to any restructuring or switching of investments or any re-investment of proceeds received on disposal or maturity of such investments, which for the avoidance of doubt must comply with this Order.

Key Considerations

An investment is not in a form of investment notified by this order unless it also complies with an investment policy of council adopted by a resolution of council.


All councils should by resolution adopt an investment policy that is consistent with this Order and any guidelines issued by the Chief Executive (Local Government), Department of Premier and Cabinet, from time to time.

The General Manager, or any other staff member, with delegated authority by a council to invest funds on behalf of a council must do so in accordance with the council's adopted investment policy.

Councils have a fiduciary responsibility when investing. Councils should exercise the care, diligence and skill that a prudent person would exercise in managing the affairs of other persons.

When exercising the power of investment councils should consider, but not be limited by, the risk of capital or income loss or depreciation, the likely income return and the timing of income return, the length of the term of the proposed investment, the liquidity and marketability of the proposed investment, the likelihood of inflation affecting the value of the proposed investment and the costs (including commissions, fees, charges and duties payable) of making the proposed investment.

Dated this 12th day of January 2011


Hon BARBARA PERRY MP
Minister for Local Government

4.3 Waste Operations - Long Term Financial Plan

4.3 Waste Operations - Long Term Financial Plan

Delivery Program Financial Services

Objective To review the long term financial plan for Council's waste operations.

Background

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

A report was provided to the March 2018 Finance Committee meeting to endorse the inclusion of the LRM and DWM long term financial plans and fees and charges, as attached to that report, in the draft 2018/19 Delivery Program and Operational Plan for public exhibition.

Subsequent to that resolution, Queensland has confirmed it will be introducing a waste levy and our recycling gate fee is to also increase significantly in response to international market challenges. In light of these changes, a review of the long term financial plans and draft fees and charges has been completed.

This report provides an overview of the latest update of the Long Term Financial Plan (LTFP) for the LRM and DWM operations.

Key Issues

- Financial performance and sustainability
- Industry uncertainty
- Long term aims and objectives
- Affordability

Information

Introduction of a Queensland Waste Levy

The current strategy is to transport waste off site for recycling, reprocessing or landfilling.

The Queensland Government has announced it will re-introduce a Waste Levy. No specific details are available at this stage, but it is anticipated that the levy is likely to be in the range of \$30 to \$70 per tonne, with a commencement date still to be confirmed.

4.3 Waste Operations - Long Term Financial Plan

Our kerbside putrescible waste and inert waste (typically bulky and construction and demolition waste) will be affected by this levy. Waste disposal to Queensland remains the most cost effective disposal option even with a levy of up to \$70 per tonne based on the staff analysis.

National Increase to Recycling Costs

China's National Sword Program has resulted in significant changes to national and international recycling markets. Material Recycling Facilities (MRFs) across Australia are now facing serious operational challenges.

In response to these challenges, Northern Rivers Waste (Lismore City Council) has provided Council with a new gate fee for recycled products.

The gate fee is higher than previously anticipated and introduces financial penalties for loads with more than 3% contamination (the industry standard for recycling contamination is 10%).

Council's response to these gate fee increases is to:

- Review our waste operations and modify the budget to reflect anticipated operational efficiencies
- Amend the budget to utilise a greater portion of the DWM surplus to offset these increases
- Increase the gate fee for commercial (non-transfer station) household recyclables by 3.4% - an increase of \$8.20 per tonne
- Increase the gate fee for commercial mixed putrescible waste and unsorted mixed and bulky waste by \$2 per tonne.

These changes will have minimal impact on domestic customers to the transfer station as they focus on commercial operators and Council's own DWM collection service.

Financial Model

The financial model as follows has had the following revisions from the model that was presented to the March 2018 Finance Committee meeting:

- Price increases for 2018/19 for commercial mixed and bulky waste, mixed putrescible waste and sorted household waste have been revised up from 2.3% to 2.5%.
- Dividends for other General Fund works, of \$1 million from 2020/21 onwards, have been deleted. This dividend was to be expended on the renewal of existing infrastructure assets, as part of Council's Fit for the Future strategy. Due to the changed outlook for the waste operations, this is no longer a viable option. This does make it more difficult for Council to comply with the Fit for the Future benchmarks in respect to asset renewal.

4.3 Waste Operations - Long Term Financial Plan

- Dividends for the Ballina Indoor Sports Centre (BISC) have been revised from \$1.7 million in 2018/19 to an amount of \$2.22 million based on a strategy to reduce the funding needed from asset sales for this facility. The report on the General Fund budget elsewhere in this agenda has more details on the funding for the BISC.
- The previous model had included an amount of \$2.4 million in 2024/25 for remediation of the current cell. The revised estimate for this is now \$1.6 million.

A summary of the revised financial plan is shown in Table One as follows.

Table One: LRM Long Term Financial Plan

Description	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	26/27
Operating Revenue	2,091	2,181	2,097	2,154	2,213	2,275	2,338	2,403	2,430	2,496	2,565
Operating Expense	2,413	2,447	2,804	2,865	2,927	2,993	3,059	3,126	3,193	3,261	3,330
Operating Result	(322)	(266)	(707)	(711)	(714)	(718)	(721)	(723)	(763)	(765)	(765)
Add Back Deprec	1,264	1,050	1,071	1,093	1,115	1,137	1,160	1,183	1,207	1,231	1,256
Cash Surplus	942	784	364	382	401	419	439	460	444	466	491
Capital Income	0	0	0	0	0	0	0	0	0	0	0
Loan Principal	194	0	0	0	0	0	0	0	0	0	0
Capital Expenditure	157	300	300	476	142	147	152	1,742	187	194	201
Dividend – BISC	2,000	2,220	0	0	0	0	0	0	0	0	0
Dividend – General Fund Asset Renewals	0	0	0	0	0	0	0	0	0	0	0
Reserve M'ment	(1,409)	(1,736)	64	(94)	259	272	287	(1,282)	257	272	290
Total Reserves	2,291	555	619	524	783	1,055	1,342	60	317	589	879

The LTFP now indicates that LRM will generate operating deficits for the whole of the forecast period, that is, insufficient to cover depreciation expenses.

This is in contrast to the previous model presented, which indicated operating surpluses for all years.

This is a significant variation and also impacts negatively on the operating result for the entire General Fund, as well as Council's target of achieving Fit for the Future compliance.

The cash result does, however, remain positive for all years, albeit substantially lower than previously predicted.

The negative operating result is not the preferred option however with so many uncertainties, especially in respect to the Queensland Waste Levy, the preference, for at least 2018/19, is to minimise price increases and reduce the cash reserves, until more information is available.

It is envisaged that in 12 months' time Council will be in a better position to develop a more sustainable financial plan for LRM that does not have recurring deficits.

4.3 Waste Operations - Long Term Financial Plan

Based on this review, LRM does not have the ability to withstand on-going dividends to the General Fund, hence the removal of these from the financial plan (excluding the BISC dividends for 2017/18 and 2018/19).

Total reserves reach their lowest point in 2024/25, the year in which the model includes the remediation expenditure.

Assumptions

- The levy payable will continue to be in the order of \$223,000
- LRM will pay transport and treatment expenses for mixed waste, green waste, recyclates and construction / demolition
- There are capital works in 2024/25 relating to remediation of existing cells \$1.6m
- It is assumed that the existing customer base and gross quantity of waste coming in the gate will remain reasonably consistent with the current financial year.

Operating Revenues

- Commercial properties collection annual charge income of \$578,000, revised from \$571,000
- Gate fees from self-haul \$1.4 million, revised from \$1.3 million
- Gate fees from DWM / Council remains at \$3.4 million.

Operating Expenses

- Transport costs for mixed / inert / recyclates \$2.6 million, revised from \$1.7 million – this reflects the major cost increases
- Overhead and administration expenses \$926,000, revised from \$878,000
- Landfill costs \$384,000, revised from \$402,000
- Transfer preparation and loading \$255,000, revised from \$290,000
- Disposal costs \$255,000, revised from \$274,000
- Weighbridge \$206,000, revised from \$209,000
- Transfer station unchanged at \$196,000
- Baling and recycling \$70,000, revised from \$73,000

Fees and Charges

Table Two: Proposed amendment to 18/19 Fees and Charges

The proposed revision to Fees and Charges for commercial operations / operators is as follows:

Item (Commercial Suppliers)	Per March Finance Committee	Revised 2018/19 Fees and Charges
100% Sorted Household Recyclables	\$238.00	\$246.00
Mixed Putrescible Waste	\$272.00	\$274.00
Mixed and Bulky Waste	\$272.00	\$274.00

All other fees and charges remain the same as per the March 2018 Finance Committee report.

4.3 Waste Operations - Long Term Financial Plan

Domestic Waste Management (DWM)

Financial Model

The financial model has had the following revisions from the model that was presented to the March Finance Committee meeting:

- Price increases for 2018/19 have been revised from 2.3% to 2.5%. Price increases for 2019/20 and following years are also set at 2.5%, consistent with the model previously presented.
- The previous model had capital expenditure for truck replacements of \$1.5 million in 2018/19 and every second year thereafter. This has been reviewed, with replacement of vehicles revised to 2019/20 and 2025/26.

A summary of the revised financial plan is shown in Table Three below.

Table Three: DWM Long Term Financial Plan

Description	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Operating Revenues	6,523	6,671	6,844	6,978	7,159	7,344	7,534	7,730	7,930	8,129	8,278
Operating Expenses	6,094	6,649	6,814	6,983	7,157	7,334	7,515	7,700	7,892	8,087	8,288
Operating Result	429	22	30	(5)	1	10	19	30	38	42	(9)
Add Back Deprec	181	180	184	187	191	195	2199	203	207	211	216
Cash Surplus	609	202	214	182	193	205	218	233	245	253	206
Capital Income	0	0	0	0	0	0	0	0	0	0	0
Loan Principal	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditure	0	0	1,700	0	0	0	0	0	2,000	0	0
Net Reserve M'ment	609	202	(1,486)	182	193	205	218	233	(1,755)	253	206
Total Reserves	2,472	2,674	1,188	1,370	1,563	1,768	1,986	2,219	463	716	923

The plan predicts that the cash surplus will range between \$190,000 and \$260,000 over the ten year period and generally the program achieves a small operating surplus each year.

With the revision to planned vehicle replacements, this is generally sufficient to meet known liabilities and planned vehicle replacements.

Operating Revenues and Expenses

- Annual charge income unchanged \$6.7 million
- Gate fees paid to LRM \$2.2 million, revised from \$2 million
- Green waste collection and gate fees unchanged at \$1.2 million
- Overheads unchanged at \$709,000

Annual Charges

There has been no change to the Fees and Charges for Domestic Waste Management.

Legal / Resource / Financial Implications

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

Consultation

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

Council waste operations staff will attend this meeting to provide a brief presentation to Councillors on the range of changes currently occurring in respect to waste management.

Options

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

RECOMMENDATION

That Council endorses the revision of the fees and charges as per Table Two of this report, along with the inclusion of the revised LRM and DWM long term financial plans in the draft 2018/19 Delivery Program and Operational Plan for public exhibition.

Attachment(s)

Nil

4.4 North East Weight of Loads Group (NEWLOG)

4.4 North East Weight of Loads Group (NEWLOG)

Delivery Program Operations Support

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

Background

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

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

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

A new MOU was drafted through workshops with RMS and four other Weight of Loads Groups within NSW. The draft remained very similar to the former agreement with changes limited to operational matters. The MOU has been delayed with RMS, as it sits within their legal branch.

A temporary Deed of Agreement between the NEWLOG member councils expired 1 July 2012. Member Councils endorsed that this agreement be extended on a month to month basis pending the formalisation of the MOU with RMS.

Despite the best efforts of staff from various councils in attempting to further the MOU with RMS, no progress has been achieved.

Key Issues

- Overview

Information

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

4.4 North East Weight of Loads Group (NEWLOG)

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

To address the declining fines revenue member councils were asked to increase their annual contribution at the commencement of 2014/15, with an overall increase to total contributions of 15.8% in that year.

Since 2014/15, the annual increase to total contributions has been in the range of 1.5% to 3.5%.

The table below shows contributions over recent years.

Table One: Member Contributions - Recent Years

Council	2014/15 Contribution (\$)	2015/16 Contribution (\$)	2016/17 Contribution (\$)	2017/18 Contribution (\$)
Ballina	27,450	28,220	29,208	29,646
Byron	27,450	28,220	29,208	29,646
Clarence	31,300	32,180	33,306	33,806
Kyogle	22,720	23,360	24,178	24,541
Lismore	31,300	32,180	33,306	33,806
Richmond Valley	22,720	23,360	24,178	24,541
Tenterfield	22,720	23,360	24,178	24,541
Tweed	31,300	32,180	33,306	33,806
Total	216,960	223,060	230,867	234,333

The contributions for 2018/19 have recently been resolved, and represent an overall increase of 15.0% from the 2017/18 contribution.

The following table shows the NEWLOG operating results over the last few years together with forecasts for the next few years.

Table Two: NEWLOG – Financial Overview 2015/16 to 2021/22

Actual 2015/16	Actual 2016/17		Estimated				
			2017/18	2018/19	2019/20	2020/21	2021/22
		OPERATING REVENUES					
0	0	Legal Costs Recovered	2,400	2,500	2,600	2,700	2,800
54,000	40,300	Fines	35,800	36,700	37,700	38,700	39,700
181,500	184,600	RMS Contribution	187,300	191,700	196,500	201,500	206,600
0	2,000	Profit on Sale of Assets	0	0	0	0	0
8,000	7,800	Interest on Investments	8,600	8,800	9,100	9,400	9,700
243,500	234,700	Total Operating Revenues	234,100	239,700	245,900	252,300	258,800
		OPERATING EXPENSES					
		Administration					
272,400	278,700	Salaries	268,000	274,200	281,100	288,200	295,500
19,800	20,400	Annual Leave	14,600	15,000	15,400	15,800	16,200
8,300	9,800	Other Leave	9,200	9,500	9,800	10,100	10,400
10,500	15,300	Sick Leave	9,200	9,500	9,800	10,100	10,400
11,100	11,300	Long Service Leave	6,500	6,700	6,900	7,100	7,300
0	0	State Conference Costs	1,200	1,300	1,400	1,500	1,600
6,900	4,400	Workers Compensation	12,800	13,100	13,500	13,900	14,300
22,600	17,500	Superannuation	23,500	24,100	24,800	25,500	26,200
700	100	Uniforms	1,200	1,300	1,400	1,500	1,600

4.4 North East Weight of Loads Group (NEWLOG)

Actual	Actual		Estimated				
			2017/18	2018/19	2019/20	2020/21	2021/22
24,500	29,400	Vehicle Running Costs	32,100	32,900	33,800	34,700	35,600
61,000	69,000	Overheads to NEWLOG	73,000	73,200	75,000	76,900	78,800
		Operation Costs					
1,800	2,400	Administration Costs	1,800	1,900	2,000	2,100	2,200
3,100	8,100	Audit Costs	0	0	0	0	0
200	200	Telephone	800	900	1,000	1,100	1,200
0	2,200	Legal Costs	2,800	2,900	3,000	3,100	3,200
1,800	800	Sundry Expenses	2,800	2,900	3,000	3,100	3,200
2,800	1,000	IPB Processing Fees	4,300	4,400	4,600	4,800	5,000
4,700	1,100	Insurance	5,500	5,700	5,900	6,100	6,300
4,000	5,200	Maintenance of Scales	6,000	6,200	6,400	6,600	6,800
		Non-cash Expense					
0	0	Loss on Sale of Plant	0	13,000	0	0	13,700
19,200	19,400	Depreciation	22,800	23,400	24,000	24,600	25,300
475,400	496,300	Total Operating Expenses	498,100	522,100	522,800	536,800	564,800
(231,900)	(261,600)	Operating Result - (Deficit)	(264,000)	(282,400)	(276,900)	(284,500)	(306,000)
19,200	19,400	Add Back Depreciation and Loss on Sale	22,800	36,400	24,000	24,600	39,000
(212,700)	(242,200)	Cash Result - (Deficit)	(241,200)	(246,000)	(252,900)	(259,900)	(267,000)
		Capital Movements					
223,100	230,900	Add Member Contributions	234,300	269,500	276,300	283,300	290,400
24,100	0	Less Transfer to Reserves	(6,900)	23,500	23,400	23,400	23,400
0	97,800	Add Transfer from Reserves	0	58,000	0	0	63,000
0	0	Less Capital Purchases:	0	58,000	0	0	63,000
13,700	(86,500)	Non Cash balance sheet movement	0	0	0	0	0
0	0	Cash Result after Capital	0	0	0	0	0
		Cash Reserve Balance					
24,100	(97,800)	Net Change in Cash Reserves	(6,900)	(34,500)	23,400	23,400	(39,600)
276,400	300,500	Add Opening Balance	202,700	195,800	161,300	184,700	208,100
300,500	202,700	Closing Balance	195,800	161,300	184,700	208,100	168,500

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

The modelling is based on an increase to member's contributions of 15.0% in 2018/19 and at a cost of living adjustment for 2019/20 and future years.

An operating cash loss is predicted annually which is approximately offset by these member capital contributions.

Capital expenditure is anticipated every second year to replace two vehicles and in those years the reserve balance declines correspondingly.

The current forecast is for the cash reserves to sit between \$160,000 and \$210,000, at the lower end in those years with capital expenditure.

NEWLOG does have leave liabilities that amounted to \$207,000 as at 30 June 2017 which must be considered when assessing what is a reasonable cash reserve balance to have on hand.

4.4 North East Weight of Loads Group (NEWLOG)

Future increases for member contributions in excess of cost of living adjustments may well be necessary in future years and is something that does need to be reassessed each year, to ensure that cash reserves are held at an adequate level.

Legal / Resource / Financial Implications

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

Consultation

This report is provided for the public record.

Options

This report is largely for information, with Council also being asked to support the draft 2018/19 budget.

RECOMMENDATIONS

1. That Council notes the contents of the NEWLOG Annual Report for 2016/17.
2. That Council endorses the draft NEWLOG budget for 2018/19.

Attachment(s)

1. NEWLOG 2016/17 Annual Report (Under separate cover)

4.5 Social and Community Plans

4.5 Social and Community Plans

Delivery Program Community Facilities

Objective To determine how Council's wishes to manage the provision of information related to social and community plans.

Background

Council at the 26 October 2017 Ordinary meeting resolved as follows:

1. *That Council receives a report on the benefits and estimated costs of preparing an updated Social plan, or similar document, for the Ballina shire, as part of the 2018/19 Operational Plan.*
2. *The report is to include input from government agencies and other councils, where possible, on the merits and options of local government and other levels of government working together through a document /strategy such as a social plan to deliver improved social outcomes for the local community.*

This report provides an overview of past and current requirements that all councils are required to consider when addressing social issues. It also highlights changes that have improved access to a range of social data.

Key Issues

- Relevance of Social Plans
- Data sources and Technology

Information

Social plans

Prior to 2012 all councils in NSW were required to prepare a Social / Community Plan every four years. It was mandatory for these plans to address the needs of specific target groups being; children, young people, older people, people with disabilities, Aboriginal people, women and people from culturally and linguistically diverse backgrounds.

The plans also were required to include a comprehensive community profile of the Local Government Area (LGA).

In 2012 the Local Government Act 1993 was amended to remove the requirement for councils to prepare a Social / Community plan.

The amendment to the Act set out requirements for 'Integrated Planning and Reporting' and particularly the preparation of a Community Strategic Plan (CSP). It is now mandatory for the CSP to identify and address the social needs of the community. The requirement for social planning was integrated into a council's overarching CSP.

4.5 Social and Community Plans

The CSP is formulated via input received from community consultation and includes key community objectives and strategies to meet the identified issues.

This is a similar process that was part of the development of the Social / Community plan.

The integration of social issues into the CSP elevates the issues and incorporates them into a whole of community responsibility.

Documentation of Social issues

Whilst LGA based social plans have not been prepared for some time, regional initiatives addressing social issues have been developed.

Regional Development Australia and the Northern Rivers Social Development Council (now known as Social Futures) facilitated the development of the Northern Rivers Regional Social Plan 2013-2016 (NRSP). This plan was developed through community consultation with over 1,200 community members. The community profile that forms part of the plan was based upon the demographic data available at the time.

Stemming from the NRSP, the Northern Rivers Social Change Collaboration was formed to drive the strategies identified and this group continues to meet to work on implementing strategies to address the identified needs across the region.

The NSW State Government has developed the North Coast Regional Plan 2036, which sets out priorities for the region. This plan sets overarching state policy for the region and includes consideration of social issues such as affordable housing.

Council has also produced strategies such as the Ballina Shire Affordable Housing Strategy, Active Ageing Plan and the Disability Inclusion Action Plan (DIAP) which document the needs of the target groups along with specific actions.

The preparation of the DIAP saw local councils working collaboratively to develop questionnaires, conduct community consultations and identify responses to regional issues.

Community Profile

A key feature of a Social / Community Plan was the inclusion of a community profile which was a demographic analysis of a LGA.

The community profile was primarily prepared by council staff and was based on the information contained in the most recent census data. This was a labour intensive process and took a considerable amount of time to prepare.

This process has been vastly improved through the introduction and use of products and programs such as the community profile id.census data platform (available on Council's web site).

4.5 Social and Community Plans

This platform is capable of generating a community profile in a very short period of time.

A feature of the product is that it allows for specific geographic locations within a LGA to be selected and then to further select specific data including age breakdowns, ethnicity, individual income, housing tenure and educational achievement.

This information is currently provided by Council with no restrictions on access at no charge.

Availability of Demographic Data

The availability of a range of social and demographic data has improved in recent years.

The challenge at times is finding data; Council currently has its demographic data available through its website via the profile id platform.

The data available is comprehensive and includes community profile, social atlas, economic profile and population forecasts.

Council's commitment to the provision of data is significant with an annual cost of slightly under \$40,000 per annum which is charged across a number of programs within Council.

This information can be found at:

https://www.ballina.nsw.gov.au/cp_themes/default/page.asp?p=DOC-UQJ-54-54-88

The following are examples of other data sources that assist in tracking current and emerging social issues.

The Bureau of Crime Statistics and Research publishes crime trends for all of NSW, plus each police region and down to the LGA level.

Statistics are available on all reported crime.

This data can be found at: <http://www.bocsar.nsw.gov.au/>

The Northern NSW Local Health District has an extensive collection of health data that is available from their website:

<http://nswlhd.health.nsw.gov.au/about/north-coast-public-health/the-people-and-their-health/health-statistics/>

The NSW Department of Planning and Environment has a dedicated research and demography webpage.

The information available includes information on population and housing projections down to the LGA level. <http://www.planning.nsw.gov.au/Research-and-Demography>

4.5 Social and Community Plans

In summary, key demographic and other statistical information is easily available to parties seeking this type of information through existing platforms.

Provision of this information online also allows access to contemporary information that can be tailored to suit the end user.

Legal / Resource / Financial Implications

There is no statutory requirement for Council to prepare a Social Plan.

Identifying and addressing social issues is a mandatory requirement of the CSP.

The current legislation dictates that the CSP must ensure it;

- a) Addresses civic leadership, social, environmental and economic issues in an integrated manner
- b) Is based on social justice principles of equity, access, participation and rights
- c) Is adequately informed by relevant information relating to civic leadership, social, environmental and economic issues and
- d) Is developed having due regard to the State Government's State Plan and other relevant State and regional plans of the State Government.

Should Council determine that a Social Plan is developed as part of the 2018/19 Operational Plan the limited time frame may necessitate the need to engage a consultant to prepare the plan.

Based on previous plans it is estimated up to \$20,000 would need to be set aside for the preparation and publication of the plan, if Council wishes to prepare a stand-alone plan.

Consultation

Local Government New South Wales (LGNSW) was contacted in the preparation of this report and they indicated that they were not aware of any council that still develops stand-alone Social Plans.

LGNSW expressed a concern that a standalone Social Plan can sideline social issues and as such be forgotten or are not addressed as part of the CSP.

That is, integration of social considerations along with economic, environmental, governance objectives and actions is preferred.

Further, consultations with neighbouring councils have shown that none currently have a Social Plan nor do they have any plans to prepare one. They indicated that their identified social issues are incorporated into their respective CSP.

In addition to the consultations a desktop audit could find no evidence of any Council in NSW that stills prepares a standalone Social Plan.

Options

Council has a number of options available to respond to the resolution.

Option one is to maintain the status quo and continue to document social issues in the CSP.

In addition changes can be made to Council's web page to incorporate additional links to demographic data and other sources of information.

This option would not create the need for any additional resource allocation as the tasks can be accommodated utilising existing resources.

Option two is to prepare a standalone social plan which would document identified needs of specific target groups in the local community. Based on previous plans it is estimated that in order to prepare a plan a budget of approximately \$20,000 would be required.

Option one is the preferred recommendation as the current approach through the CSP and associated information is a reasonable taking into account Council's overall resources.

One further outcome is recognition that Council's website could be further improved by linking some of the various websites mentioned in this report and recommendation two highlights this improvement.

RECOMMENDATIONS

1. That Council notes the contents of this report in respect to the preparation of Social and Community Plans.
2. That Council's website is updated to include additional links to demographic and research data to improve the social and community information available, as outlined in this report.

Attachment(s)

Nil

4.6 Plant Replacement Program

4.6 Plant Replacement Program

Delivery Program Operations Support

Objective To complete the annual review of the Plant Replacement Program for 2018/19 to 2028/29

Background

Council owns and operates a wide range of fleet and plant items to meet its operational needs. The fleet range from light vehicles (utility and passenger) to heavy plant (graders, excavators, rollers, trucks backhoes, loaders, tractors and a street sweeper).

To maintain Council's fleet in a serviceable condition and to optimize operational costs, a rolling replacement program has been prepared, which is updated annually.

Replacement dates are based on industry recommended replacement intervals of age and utilisation (hours / kilometres operated), along with staff assessments to ensure the ownership decisions for the fleet are optimised.

This report presents an update to Council's 10 year Plant Replacement Program, which if endorsed, will be included in Council's Delivery and Operational Plan for 2018/19.

Key Issues

- Optimum plant replacement to minimise operational costs
- Funding replacements by utilising operating surplus from fleet and plant operations (excluding depreciation)
- Update of strategic program

Information

The Plant Replacement Program proposed for 2018/19 to 2028/29 (attachments one to four) includes fleet covered under the General, Water, Wastewater and Domestic Waste Management plant funds. These have been separated accordingly in the program.

The plant funds work by Council charging internal hire rates to the jobs using the plant, with the net surplus on those hire rates then transferred to an internal reserve to fund the plant replacements.

The replacement program does not allow for any expansion in the size of the fleet. Any additional plant items need external or extra funding for their purchase. Once purchased the renewals are managed by the on-going internal hire charges.

Funding for the Replacement Program has been considered, using the following:

4.6 Plant Replacement Program

- Industry referenced material / advice on annual depreciation to ensure resale value is optimised.
- Forecasting of plant operational income and expenses
- Predictions on the available plant reserve balance
- Estimated plant changeover costs (net values)
- Reducing the risk of uneconomic major maintenance costs later in a plant item's life

To meet the proposed Plant Replacement Program, a 10 year Financial Plan (attachment five) has been prepared for the replacements under the General Plant fund. The financial plan predicts the required Capital Expenditure needed to be transferred from the Plant Reserve, along with the effect on the Reserve Balance at the end of each Financial Year.

The capital funds required for meeting the 2018/19 General Fund replacements will be \$1,272,000 and the predicted reserve balance is a negative \$200,000. While this is not preferred, typically the full program is not completed in a financial year meaning funds are carried forward. In the event the Reserve Balance is a concern, procurement for individual items of plant can be deferred.

Legal / Resource / Financial Implications

The replacement of plant is internally funded from the plant reserve. Income is generated from internal plant hire rates and the surplus (equivalent to depreciation) is transferred to the reserve for this purpose.

The last few years of the program see a significant deficit and that information will need to be reviewed as the program progresses.

Consultation

Consultation has been undertaken with internal staff regarding the proposed replacement program.

Options

This program is submitted for endorsement while noting that it is monitored and annually reviewed as part of budget deliberations and operational needs.

RECOMMENDATIONS

That the draft 2018/19 Delivery and Operational Plan include a fleet procurement program as per the contents of this report.

Attachment(s)

1. Replacement Program - General Fund
2. Replacement Program - Water Fund
3. Replacement Program - Wastewater Fund
4. Replacement Program - DWM Fund
5. Financial Plan - General Fund LTFP

4.6 Plant Replacement Program

WATER FUND				2019		2020		2021		2022		2023		2024		2025		2026		2027		2028		
Fleet Number	Make/Model	Body Type	Delivery Date	Purchase Price	Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase		
239	TRAYMARKCARAVAN	GARAVANS/LUNCH ROOM	18/08/2004	32160	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
253	PERKINSGENERATOR	GENERATOR	15/08/2005	39141	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
263	SPRAY PUMP (WTR FD)SPRAY PUMP	WATER CARTS	01/02/2001	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
310001	HOOKED ONGENERATOR TRAILER	TRAILER BOX DUAL AXLE	29/03/2011	6818.18	0	0	0	0	800	8727.84	0	0	0	0	0	0	0	0	0	0	0	0		
11001	ISUZUNPR400	TRUCK 4X2 SINGLE CAB TRAY BACK	26/06/2014	66523.91	0	0	0	0	20000	79076.02	0	0	0	0	0	0	0	0	0	0	0	26000	93996.54	
23001	MITSUBISHICANTER	TRUCK 4X2 DUAL CAB SERVICE BODY & CRANE	26/08/2015	87981.07	0	0	0	0	0	0	0	0	0	25000	107196.4	0	0	0	0	0	0	0	0	
212001	MITSUBISHICANTER	TRUCK 4X2 SINGLE CAB TIPPER & CRANE	24/11/2015	91436.78	0	0	0	0	0	0	0	0	0	26000	111406.8	0	0	0	0	0	0	0	0	
301002	ISUZUDMAX	UTILITY 2WD SINGLE CAB	03/05/2016	26373.88	0	0	0	0	9000	29839.62	0	0	0	0	0	0	0	0	8500	33760.79	0	0	0	
303002	ISUZUDMAX	UTILITY 2WD SINGLE CAB	05/09/2016	26525.2	0	0	0	0	0	0	8500	30010.82	0	0	0	0	0	0	0	0	8500	33954.49	0	
S2803	STIHLGS 461 CONCRETE CHAINSAW	CONSTRUCTION EQUIPMENT	10/05/2017	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
300002	FORDRANGER	UTILITY 2WD SINGLE CAB	07/07/2017	26447.99	0	0	0	0	0	0	9000	29923.47	0	0	0	0	0	0	0	0	9000	33855.66	0	
304002	FORDRANGER	UTILITY 2WD SINGLE CAB	07/07/2017	26447.99	0	0	0	0	0	0	9000	29923.47	0	0	0	0	0	0	0	0	9000	33855.66	0	
S2718	SHINDAIWAM230 POWER BROOM	CONSTRUCTION EQUIPMENT	14/12/2017	898.36	0	0	0	0	0	0	0	0	200	1041.82	0	0	0	0	0	0	0	0	0	
TOTAL					0	0	0	0	29000	117943.8	0	0	0	0	26000	118293.0	0	0	0	0	20000	21406.8	26000	10916.54
# of Replacements					0	0	0	0	1	1	0	0	0	0	1	1	0	0	0	0	1	1	0	

4.6 Plant Replacement Program

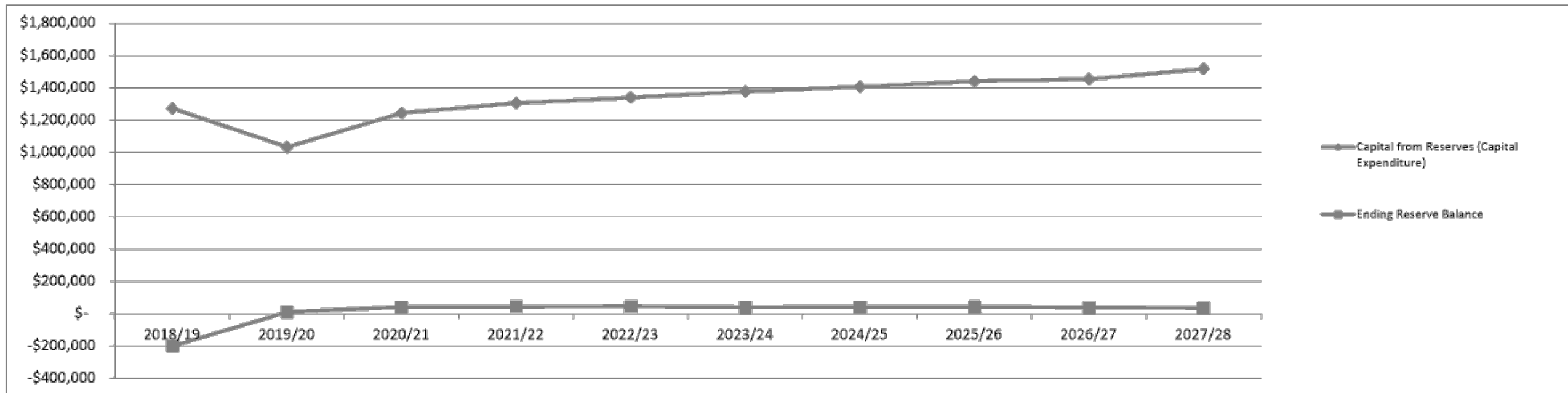
WASTEWATER

Fleet #	Make/Model	Body Type	Delivery Date	Purchase Price	2019		2020		2021		2022		2023		2024		2025		2026		2027		2028												
					Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase											
208	CUMMINS262KVA	GENERATOR	24/05/1999	20285	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
209	VOLVO200KVA	GENERATOR	24/05/1999	19285	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
247	TRAYMARKCARAVAN	CARAVANS/LUNCH ROOM	05/05/2005	33462	1000	47280.93	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
249	REDCOTRAILER/BOAT	TRAILER FLOAT	01/04/2005	5340	0	0	1000	7733.91	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
254	PERKINSGENERATOR	GENERATOR	15/08/2005	25400	500	35014.18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
5693	TRAILERBESTOS/SPILLS RESPONSE TRAILER	TRAILER BOX DUAL AXLE	18/06/2010	4180	0	0	300	5350.74	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
186001	ISUZUNPR400	TRUCK 4X2 SINGLE CAB SERVICE BODY & CRANE	26/06/2013	92885.13	0	0	0	0	30000	113171.5	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
344001	HOME MADE8X5 RESCUE TRAILER	TRAILER BOX SINGLE AXLE	26/08/2013	9288	0	0	0	0	0	0	0	0	0	0	500	11889.42	0	0	0	0	0	0	0	0											
41001	ISUZUNPR400	TRUCK 4X2 SINGLE CAB SERVICE BODY & CRANE	24/09/2013	101938.19	0	0	0	0	0	0	30000	124201.8	0	0	0	0	0	0	0	0	0	0	0	0											
234001	FORDRANGER	UTILITY 2WD XTRA CAB HIGH RIDE	23/10/2014	29480.71	0	0	9000	33354.71	0	0	0	0	0	0	0	0	9000	37737.8	0	0	0	0	0	0											
233001	FORDRANGER	UTILITY 2WD XTRA CAB HIGH RIDE	30/10/2014	28884.12	0	0	9000	32679.73	0	0	0	0	0	0	0	0	9000	36974.11	0	0	0	0	0	0											
232001	FORDRANGER	UTILITY 2WD XTRA CAB HIGH RIDE	31/10/2014	29249.12	9000	32285.55	0	0	0	0	0	0	9000	35637.2	0	0	0	0	0	0	9000	39336.81	0	0											
308002	FORDRANGER	UTILITY 2WD SINGLE CAB HIGH RIDE	16/12/2016	27138.47	0	0	0	0	0	0	9000	30704.68	0	0	0	0	0	0	0	0	9000	34739.53	0	0											
241001	SEWERQUIPRANGER	PRESSURE WASHER	24/01/2017	69586	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	20000	89075.96	0	0											
365001	VOLKSWAGONTRANSPORTER	VAN 4X4	11/07/2017	43402.5	0	0	0	0	0	0	20000	49105.94	0	0	0	0	0	0	0	0	20000	55558.86	0	0											
367001	PEERLESSPV25PFB PETROL AIR COMPRESSOR	AIR COMPRESSOR	12/05/2017	3636.36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	200	4654.84	0	0											
372001	GODWINNC150 DRI-PRIME	TRAILER PLANT DUAL AXLE	15/09/2017	56894	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15000	72829.13	0	0											
364001	IPEKROVION	CCTV PIPE INSPECTION EQUIPMENT	22/09/2017	130732	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	20000	167346	0	0											
TOTAL					1000	159231.1	19000	511258	30000	112771.5	80000	322011.4	0	0	0	500	11889.42	9000	37737.8	9000	36974.11	9000	39336.81	9000	34739.53	20000	89075.96	20000	55558.86	200	4654.84	15000	72829.13	20000	167346
# of Replacements					7	7	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4		

DWM																							
Fleet Code	Make/Model	Delivery Date	Purchase Price	2019		2020		2021		2022		2023		2024		2025		2026		2027		2028	
				Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase
102	TRUCK 6X4 SINGLE CAB GARBAGE	28/11/2006	274883.18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
192001	TRUCK 6X4 SINGLE CAB GARBAGE	12/06/2012	346029.4	0	0	30000	455000	0	0	0	0	0	0	0	0	0	0	30000	530000	0	0	0	0
193001	TRUCK 6X4 SINGLE CAB GARBAGE	12/06/2012	346029.4	0	0	30000	455000	0	0	0	0	0	0	0	0	0	0	30000	530000	0	0	0	0
230001	TRUCK 6X4 SINGLE CAB GARBAGE	12/06/2012	346029.4	0	0	30000	455000	0	0	0	0	0	0	0	0	0	0	30000	530000	0	0	0	0
238001	TRUCK 6X4 SINGLE CAB GARBAGE	12/06/2012	346029.4	0	0	30000	455000	0	0	0	0	0	0	0	0	0	0	30000	530000	0	0	0	0
360001	TRUCK 6X4 SINGLE CAB GARBAGE	26/04/2016	380579.25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL						120000	1350000	0	0	0	0	0	0	0	0	0	0	120000	1350000	0	0	0	0
# of Replacements						4	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	0	0

Plant Capital Expenditure & EOFY Reserve Balance

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Starting Reserve Balance	\$ (138,900)	\$ (199,104)	\$ 10,951	\$ 41,809	\$ 43,793	\$ 44,130	\$ 39,817	\$ 41,289	\$ 43,053	\$ 38,224
Operating Result (Surplus)	\$ 211,400	\$ 223,000	\$ 233,800	\$ 245,700	\$ 257,000	\$ 268,700	\$ 280,800	\$ 293,500	\$ 276,500	\$ 319,900
Depreciation	\$ 1,000,000	\$ 1,020,000	\$ 1,040,400	\$ 1,061,300	\$ 1,082,600	\$ 1,104,300	\$ 1,126,400	\$ 1,149,000	\$ 1,172,000	\$ 1,195,500
Transfer to Reserves (Cash Result / Surplus)	\$ 1,211,400	\$ 1,243,000	\$ 1,274,200	\$ 1,307,000	\$ 1,339,600	\$ 1,373,000	\$ 1,407,200	\$ 1,442,500	\$ 1,448,500	\$ 1,515,400
Capital from Reserves (Capital Expenditure)	\$ 1,271,604	\$ 1,032,945	\$ 1,243,342	\$ 1,305,016	\$ 1,339,264	\$ 1,377,312	\$ 1,405,728	\$ 1,440,737	\$ 1,453,329	\$ 1,517,206
Ending Reserve Balance	\$ (199,104)	\$ 10,951	\$ 41,809	\$ 43,793	\$ 44,130	\$ 39,817	\$ 41,289	\$ 43,053	\$ 38,224	\$ 36,418



4.7 Grant Opportunity - Regional Growth Fund

4.7 Grant Opportunity - Regional Growth Fund

Delivery Program Communications

Objective Confirm priority project for grant funding.

Background

The Federal Department of Infrastructure, Regional Development and Cities has announced the opening for initial applications to the \$272.2 million Regional Growth Fund (RGF or the Program).

The Regional Growth Fund will provide grants of \$10 million or more for major transformational projects, which support long-term economic growth and create jobs in regions undergoing structural adjustment. This competitive funding opportunity will be limited to projects that benefit areas outside of the major capital cities.

Selection of projects will be undertaken in two stages. Stage One requires submission of an initial application for competitive assessment. Stage Two is for the submission of a Full Business Case. Only successful applications will be invited to submit a Full Business Case.

Initial applications close Friday 27 April 2018.

Key Issues

- Identify Council's priority project(s) to apply for funding under the RGF

Information

The RGF will run over four years from 2018/19 to 2021/22 with the key criteria for the funding program being:

- Proposals that are transformational and grow and develop our local region
- Grant applications for a minimum of \$10 million will be considered
- Proponents to contribute at least 50 per cent cash funding to the project. Therefore, the total project costs must be at least \$20 million (GST exclusive)
- There is no cap on the maximum amount that may be applied for, however, it should be noted there is only \$272.2 million available in total
- Projects must be completed and acquitted by 30 June 2022.

Funding Objectives

The objectives of the Program are to provide grants of \$10 million or more for major transformational projects, which support long term economic growth and create jobs in regions, including those undergoing structural adjustment.

4.7 Grant Opportunity - Regional Growth Fund

The grant funding is expected to leverage investment from the private sector, not-for-profit organisations and other levels of government in the region.

The Program will fund projects across a range of key economic categories including, but not limited to: transport and communications, tourism, manufacturing and primary industries.

Funding Outcomes

The expected outcomes of the Program are to:

- create jobs
- drive economic growth
- build stronger regional communities.

Funding Eligibility

To be eligible for funding consideration, the proposal must be considered 'investment ready'. Investment-ready projects are those that have co-funding and all required regulatory and/or development approvals identified, and can demonstrate robust planning, in order to commence following execution of a grant agreement.

The Program will fund projects that are for 'common-use' infrastructure or private use infrastructure that will deliver significant and sustainable benefits to the region by creating jobs and flow-on benefits to the economy.

Examples of 'common-use' infrastructure projects include freight hubs, roads, ports and terminals, medical hubs, communication infrastructure, and integrated tourism activities and assets that enhance and support Australia's regional tourism experience.

The project must be a capital project involving the construction of new infrastructure, or the upgrade or an extension of existing infrastructure. The upgrade or extension of existing infrastructure will only be eligible if it demonstrates a significant increase in benefit.

The project may include a number of strategically linked projects which together form a Package of Works that will deliver economic benefits to a region or regions.

Priority Project for grant funding consideration

The priority project must meet the Program's eligibility criteria which focus on common-use infrastructure that will deliver significant and sustainable benefits to the region by creating jobs and flow-on benefits to the economy.

In reviewing Council's Long Term Financial Plan the major liabilities now facing Council in the short to medium term are the implementation of the large road works identified in the Section 94 Roads Contribution Plan.

The projects in the Roads Contribution Plan are split into three main time periods being 2011 to 2019, 2019 to 2028 and 2028 to 2036.

4.7 Grant Opportunity - Regional Growth Fund

Council is still to complete all the projects in the 2011 to 2019 period, with a summary of those projects as follows.

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

Ref. No.	Description	Total Cost	Council Liability	Comment
6	River Street Fisheries Ck Bridge to Tweed St - Four Laning	3,886	1,959	
7	Tamarind Dr, North Creek Rd to Kerr St - Four Laning	7,166	102	
9	River St, Upgrade Fisheries Creek Bridge - Four Lane	5,344	2,694	
10	Tamarind Dr, Duplication of North Creek Canal Bridge - Separate Two Lanes	4,008	57	
11	River St, Fisheries Ck Bridge to Sthn Interchange of Bypass - Four Laning	9,583	2,506	
11	Other River Street Improvements (land)	134	35	
12-14	Hutley Drive Extension	15,303	0	Progressing
28a	River Street / Cherry Street Roundabout	1,166	350	Complete
28b	River Street / Moon Street Roundabout	1,166	350	Complete
29	Tamar Street / Cherry Street Roundabout	644	193	Complete
31,33	Ballina Heights Drive	4,858	1,457	Complete
34	Cumbalum - Interchange, eastern roundabout	3,460	1,038	Complete

The estimated costs in this Table are based on the last review of the Roads Contribution Plan in 2015.

The two laning of the River Street and Tamarind Drive entrances to Ballina, including the duplication of Fishery Creek and Canal Bridges (i.e. project references 6, 7, 9, 10, 11) is essential in ensuring there is reasonable traffic flows into Ballina.

The Section 94 Roads Contribution Plan monies are being collected at a much slower rate than forecast in the Plan and Council is still well short of having the monies collected for the total construction of Hutley Drive.

The complete construction of Hutley Drive is one option for this funding although applications for that project have already been submitted to the NSW State Government's Growing Local Economies Program and the Federal Government's Building Better Regions Fund.

The preferred application is for the two laning of River Street and Tamarind Drive for a number of reasons including:

- it meets the RGF Program's common-use infrastructure projects
- it will create broader flow-on benefits to the economy by providing improved traffic flow to cater for residential and industrial development
- it is of a scale and magnitude consistent with the program guidelines
- Council is in a position to promptly finalise the design for the works, with limited planning approvals needed for the infrastructure
- the project has other funding sources available to help match the grant, being the collection of developer contributions.

If Council was successful the proposal would be to obtain loan funding for Council's contribution, with the loan principal and interest able to be repaid through the collection of the developer contributions for roads.

4.7 Grant Opportunity - Regional Growth Fund

It is highly unlikely that Council will be successful with this initial application (based on experiences with other projects where typically Council may make two or three applications before being successful) however from an overall financial planning and infrastructure delivery perspective it is now timely that Council starts proactively seeking funding for these projects, as it may well be a few years before we are successful in securing funding. The information used in this application can be used in future grant applications.

Legal / Resource / Financial Implications

Applicants are required to contribute at least 50 percent cash funding to the project. Therefore, the total project costs must be at least \$20 million (GST exclusive).

As mentioned, based on the current collection rate for developer contributions for roads, Council would need to fund its half of the total cost from loans, with the loan repayments financed through the future collection of Section 94 roads contributions.

Consultation

If Council wishes to proceed with the application we are encouraged to seek support from the Regional Development Australia (RDA) Committee for the project.

Options

Council has limited projects of the scale and magnitude identified in the program guidelines. Other items considered included:

- Lennox Head Surf Club – estimated cost of \$6m which is under the threshold
- Ballina Marina Master Plan – estimated cost in excess of \$10m, however it is not on Council owned land, the project is dependent on the relocation of the RMS which is beyond Council's control and there are numerous planning approvals to be obtained, with there being no certainty that the approvals will be obtained.

On balance the duplication or dual laning of Tamarind Drive and River Street is essential to the long term economic growth of Ballina and Ballina Shire and the recommendation is to seek funding for those projects as per Council's adopted Section 94 Roads Contribution Plan. A copy of that plan is located on Council's website (refer to planning & development / plans & policies / developer contribution plans).

RECOMMENDATION

That Council proceed with the initial application under the Regional Growth Fund for the Duplication of Entry Roads (North and West Ballina) Projects.

Attachment(s)

1. Regional Growth Fund Fact Sheet



Australian Government

Regional Growth Fund Fact Sheet

1. What is the Regional Growth Fund?

The Regional Growth Fund is a \$272.2 million investment program to provide grants of \$10 million or more for major transformational projects, which support long term economic growth and create jobs in regions, including those undergoing structural adjustment.

The Australian Government's grant funding, through this Program, is expected to leverage investment from the private sector, not-for-profit organisations and other levels of government in the region.

The expected outcomes of the Program are to:

- create jobs
- drive economic growth
- build stronger regional communities.

2. Who can apply?

The Program is open to state and territory governments, local governments, the private sector and not-for-profit organisations.

3. What will be funded?

The Program will fund projects across a range of key economic categories including, but not limited to: transport and communications, tourism, manufacturing and primary industries.

The Program will fund projects that are for 'common-use' infrastructure or private use infrastructure that will deliver significant and sustainable benefits to the region by creating jobs and flow-on benefits to the economy.

4. How are projects selected?

Selection of projects will be undertaken in two stages. Stage One requires submission of an Initial Application for competitive assessment. Stage Two is for the submission of a Full Business Case.

A two stage process will allow applicants to submit an Initial Application for assessment without having to spend the time and resources developing a Full Business Case and associated documents. Projects that proceed to the second stage will then be required to submit comprehensive project management plans, asset maintenance/management plans, five year cash flows, evidence of use of project post completion, audited financial statements and information on any grants previously received from governments.

Stage One has now opened and will close on 27 April 2018 at 5pm AEST.

5. When is funding available?

The Program funding will commence in the 2018-19 financial year and cease on 30 June 2022.

6. Where can I find out more?

The Program guidelines which outline the eligibility and merit criteria, and Frequently Asked Questions are available on the Grants Connect website at www.grants.gov.au.

4.8 Fees and Charges - 2018/19

Delivery Program Financial Services

Objective To obtain Council approval to exhibit the draft 2018/19 fees and charges for public comment.

Background

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

A list of all these fees and charges is compiled annually and advertised for public comment as part of the draft Operational Plan. A copy of the draft fees and charges document, for 2018/19, is included as an attachment to this report.

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

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

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

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

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

Key Issues

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

Information

The fees mentioned in this report relate to new fees, removed fees, or price changes outside of a cost of living adjustment.

General Manager's Group – Rates and Charges

Provision of Sundry Rates Information *page 4*

Fees currently exist as cost recovery in providing detailed rating transaction listings or copies of rates and charges notices. These fees are not applied to information for the current and previous rating year.

On an occasional basis, additional information requests are received from ratepayers, for example requesting detailed calculations of estimated rates and charges for future years.

A new fee, of \$55.00 per hour, is proposed as cost recovery for staff time in providing this type of information, where the request relates to information outside of the current and previous rating year, and/or relates to detailed information over and above information that is usually made available.

General Manager's Group - Byron Bay Gateway Airport

Airport Other Charges – Facilitation Fees *page 7/8*

A new facilitation fee is proposed for the provision of airport staff to supervise airside vehicle access to private charters.

This fee is proposed as \$200 per hour, or part thereof, during business hours, or "price on asking" for outside of business hours.

Airport Public Car Park *page 7*

Car parking charges have been retained at the 2017/18 charges.

Airport Meeting Room

These charges have been removed as the room is not available.

Civil - Water and Wastewater Services

Network Connection Supervision *page 10*

This proposed fee is for supervision by an appropriately qualified officer or engineer when contractors are constructing connections to our networks.

This cost recovery was previously managed through the 'private works' process which is not particularly time efficient for small amounts such as these.

This fee is proposed as \$300 when supervision is undertaken by a Council water operator, or \$600 when undertaken by a Council engineer, determined on a case by case basis based on the complexity or operational risk.

Civil Services – Engineering Services

Road Transfer – Crown road transferred to Council administration page 16

Crown roads can be transferred to Council's care and control when access, construction or subdivision works require approval by Council under the provisions of the Roads Act 1993 or in conjunction with a development application. The roads can be constructed or unconstructed when transferred to Council.

A new fee of \$250 is proposed as cost recovery in relation to these transfers.

Road Closure/Purchase Application page 16

The proposed fee for the initial application has been increased from \$470 to \$650.

The processing of road closing and purchase applications has seen many tasks formally done by Crown Lands now undertaken by Council. The increase in the proposed fee reflects this increased processing time.

With further changes for Council scheduled over the next year, with State Government shifting the processing to Council, it is envisaged this fee will increase significantly again in 2019/20.

Civil Services – Burns Point Ferry page 18

Concessional Tickets

At the April 2017 Council meeting, Council resolved as follows:

“That Council trial, for a period of 12 months, the introduction of a 50% pensioner/health care card holder discount for ferry season tickets by altering current ferry fees applicable to caravans and trailers to replace the current relevant fee and introduce two new fees. The first fee to be \$11.60 for vehicle and 1-axle trailer and the second fee to be \$17.40 for vehicle and 2-axle trailer and all caravans”.

The 2017/18 fees for vehicle and 1-axle trailer and vehicle and 2-axle trailer subsequently adopted at June 2017 were \$12.00 and \$18.00, respectively, with the 2-axle reduced to \$14.00 at the November 2017 Council meeting.

For information purposes, the following table outlines the concessional tickets for the period 1 July 2017 to 28 February 2018;

Ticket Type	# Concessional Tickets	# Non-Concessional Tickets	# Total Tickets
Bicycle	14	12	26
Annual Vehicle	57	126	183
Annual Motorcycle	1	0	1
Quarterly Vehicle	81	324	405
Quarterly Motorcycle	2	4	6
	155	466	621

The number of concessional tickets sold represents approximately 25% of all tickets sold.

4.8 Fees and Charges - 2018/19

An analysis of ferry fee income (excluding internal income from Council vehicles) as at 28 February 2018 is shown below. This is provided as an update of the introduction of concessional discounts and the introduction of separate 1-axle and 2-axle trailer fees.

Item	8 months to 28/2/17	8 months to 28/2/18
Toll Fees	\$266,992	\$262,465
Season Tickets	\$ 84,791	\$ 85,200
Totals	\$351,783	\$347,665

Ferry income, in total to date, has remained very consistent with that of the previous year.

The draft Fees and Charges document proposes a continuation of the concession and separate 1-axle and 2-axle trailer fees.

Discussion of Fee Structure and Proposed Price Increases

Increases, generally in the range of 2.2% to 3.7% (due to rounding) have been proposed, as per below:

Vehicle Type	17/18 charge	Proposed 18/19 charge
Motor cycles	\$3.00	\$3.00
Motor car & vehicles (under 3 tonne capacity)	\$6.00	\$6.00
Vehicles (3 to 10 tonne capacity)	\$13.50	\$14.00
Vehicles (3 to 10 tonne capacity) book of 25	\$337.50	\$350.00
Vehicle and 1-axle trailer including caravans	\$12.00	\$12.50
Vehicle and 2-axle trailer including caravans	\$14.00	\$14.50
Vehicle (> 10 tonne carrying capacity) (truck only)	\$15.50	\$16.00
Vehicle (> 10 tonne carrying capacity) (truck and dog)	\$22.50	\$23.00
Vehicle (> 10 tonne carrying capacity) (truck only) book of 25	\$387.50	\$400.00
Vehicle (> 10 tonne carrying capacity) (truck and dog) book of 25	\$562.50	\$575.00

Feedback has been received by Council staff that, for the heavy vehicles, consideration should be given to lowering of fees and also to the introduction of season tickets.

Season tickets are currently available to motor vehicles (under 3 tonne carrying capacity), motor cycles and agricultural tractors.

An analysis of ferry toll fees (not including internal Council vehicles or season tickets) for 2017/18 as at 28 February 2018, by vehicle type, is shown below:

Vehicle Type	8 months to 28/2/18
Motor cycles (including weekly)	\$ 1,985
Motor car & vehicles (under 3 tonne capacity) (including weekly)	\$207,602
Vehicle and 1-axle trailer including caravans	\$ 14,084
Vehicle and 2-axle trailer including caravans	\$ 480
Bicycles	\$ 3,282
Vehicle (3 to 10 tonne capacity)	\$ 2,663
Vehicle (> 10 tonne carrying capacity) (truck only)	\$ 5,103
Vehicle (> 10 tonne carrying capacity) (truck and dog)	\$ 27,266
	\$262,465

4.8 Fees and Charges - 2018/19

Heavy vehicle fees (i.e. vehicles above 3 tonne capacity) amounted to \$35,032, which represented 13.3% of toll fees (not including season tickets). This represented 10.1% of the total ferry income of \$347,665 (including season tickets).

One justification provided for the lowering of fees and/or introduction of season tickets for large vehicles is that it may increase business on the ferry, however this really is an unknown.

If Councillors are of the view that further consideration or concession to heavy vehicles is justified, a resolution to amend the recommended and/or introducing season tickets could be made in this regard.

DEHG - Development Services

Development Application Fees – Erection of building for hospital, school or police station by public authority

This fee has been removed, as State Government legislation now prescribes that these types of buildings and uses no longer require consent from the local council.

Amusement Devices (Private Land)

page 29

A new fee, of \$112 per device, is proposed for partial cost recovery for processing of applications (not including small inflatable devices).

Essential Fire Services

A new fee is proposed for provision of a written response to enquiries for required Essential Fire Services Investigations.

This is a sliding charge dependent on the complexity of the matter and time taken to provide response, and references to the Compliance Officer hourly charge of \$190 per hour, with a minimum charge of \$90.

Strategic and Community Services - Community Spaces

Northlakes Hall and Pimlico Hall

page 35

With Council having taken over the management of these halls, the following fees are proposed;

Northlakes Hall	Proposed 18/19 charge
Existing User hourly rate	\$12
Existing User half day rate	\$35
Existing User daily rate	\$55
Commercial hourly rate	\$40
Commercial daily rate	\$200
Community hourly rate	\$20
Community daily rate	\$100

4.8 Fees and Charges - 2018/19

Pimlico Hall	Proposed 18/19 charge
Commercial hourly rate	\$20
Commercial daily rate	\$120
Community hourly rate	\$10
Community daily rate	\$60

Richmond Room

page 34

An additional fee category is proposed to accommodate the existing West End Hall hirers.

Existing West End Hall Hirers	Proposed 18/19 charge
Hourly rate	\$10
Half day	\$30
Daily	\$50

Park Lane Theatre

pages 37-39

Community auditorium hire rates are proposed to remain the same as 2017/18 charges.

Reasonably large increases have been proposed for the majority of the commercial auditorium hire rates, in the range of 16.7% to 33.3% increases to ensure that Council is covering staff costs.

Alstonville Leisure & Entertainment Centre

pages 42-43

The Multi-Function Hall and Sports Hall charges for school sports are based on a per student basis.

Minimum charges, of \$30 and \$55 respectively, have now been introduced for these charging structures.

Strategic and Community Services - Northern Rivers Community Gallery

Additional fees and charges are proposed to support the new scope of services and operations identified with the expansion of the Northern Rivers Community Gallery (NRCG) to include the former Ballina Fire Station.

Promotional Advertising Services

page 43

New proposed fees and charges are as follows:

Fee Description	Proposed 18/19 charge
Social Media – Facebook and Instagram	\$30
Online single stream – E news or Website	\$35
Online two streams – E news and Website	\$55
Print – Annual Program Booklet – 1/3 page 60mm H x 100mm W	\$55
Print – Annual Program Booklet – 1/2 page 90mm H x 100mm W	\$70
Print – Annual Program Booklet – Full page 180mm H x 100mm W	\$150

Partner Programs

page 44

It is proposed that facility space hire fees for programs and events co-hosted by Council may be adjusted by mutual agreement. Where this is the case, a commission of 25% would be applied for ticketed events.

Proposed available concessions are as follows:

Concession Description	Proposed 18/19 charge
20% reduction of space hire fee	20% discount
50% reduction of space hire fee	50% discount
Hire fee waived	No charge

The above concessions are only to be applied by NRCG management for specified partner programs and events.

Booking Fee

page 44

A new fee is proposed to manage event or program bookings conducted at the NRCG facilities.

Fee Description	Proposed 18/19 charge
Third party program/events (online only)	\$7.50
Partner program/events (over the counter and online)	\$5.00

This service is at the discretion of NRCG management and may not always be available.

Additional Cleaning Fees

page 44

New fees are proposed in the event that any additional cleaning is required after hiring of the venue.

Fee Description	Proposed 18/19 charge
Cleaners to attend outside standard business hours (Weeknights 5.30pm to midnight and weekends)	\$220
Cleaners to attend during standard business hours (Monday to Friday 8am – 5pm)	\$110

Room Hire Cancellation Policy

page 44

It is proposed that cancellation fees be introduced, with the charge applied dependent on the notice period provided.

Cancellation Notice Period	Proposed 18/19 charge
If cancelled 8 days or more prior to booking – no cancellation fee	100% refunded
If cancelled 7 days or less prior to booking – cancellation fee	50% refunded
No-show: where no notification is received and the booking is not utilised, or notification is received on the day of the booking – no refund will be given and the full amount is payable	Nil refunded

Strategic and Community Services - Swimming Pools

The swimming pools fees and charges will be subject to a separate report to Council.

Legal/Resource / Financial Implications

Discretionary fees and charges are a major source of revenue to Council.

Consultation

This report has been prepared following consultation with staff across Council's entire operations. Once approved the draft document will be exhibited for public comment as part of the 2018/19 Draft Delivery Program and Operational Plan.

Options

Council may approve the contents of this report or resolve to add, delete or amend the proposed 2018/19 fees and charges.

RECOMMENDATION

That Council approves the exhibition of the draft schedule of fees and charges for 2018/19 as attached, including any amendments resulting from this meeting.

Attachment(s)

1. Fees and Charges - 2018/19 (draft) (Under separate cover)

4.9 Workforce Plan - 2018/19

4.9 Workforce Plan - 2018/19

Delivery Program Human Resources and Risk Management

Objective To provide an overview of the Council's draft Workforce Plan.

Background

The Office of Local Government's Integrated Planning and Reporting (IP&R) requirements require councils to have a resourcing strategy which consists of the Long Term Financial Plan (LTFP), the Asset Management Plan and the Workforce Plan.

The Workforce Plan is a document that outlines the human resourcing requirements of Council's Delivery Program and it must be for a minimum period of four years.

This report discusses the draft Workforce Plan for 2018/19.

Key Issues

- Human resource strategies
- Resource limitations

Information

The draft Workforce Plan is included as a separate attachment to this report.

The document provides an overview of Council's organisation structure and workforce profile, along with a summary of the various actions (Section 5) that are being implemented, on an on-going basis, to ensure that Council has a motivated and contemporary workforce.

The two appendices provide a summary of current and forecast employee numbers. Appendix A outlines the workforce distribution and movements in employee numbers, whereas Appendix B is a summary of the additional resources sought by Section Managers to ensure that adequate services are delivered to the community. As per that summary the majority of the positions are not funded in the LTFP. Unfortunately that reflects the funding limitations for local government (and all levels of government).

There are a few positions that are recommended for inclusion in the draft LTFP and a summary of the recommended appointments for 2018/19, as sourced from Appendix B, is as follows:

Open Spaces and Reserves

- Horticulturalist Tradesperson - \$60,000 - A horticultural tradesperson is proposed within the Open Spaces and Reserves Team to manage the increase in open space and sports fields such as the construction of Wollongbar, Lennox Head and Ballina Heights. This position is funded through the higher than CPI increase in maintenance budget allocations to these areas.

Engineering Works

- Stormwater Officer (Water Sensitive Urban Design) - \$132,000. This position will enable Council to improve our management and planning processes to ensure that stormwater systems are designed, constructed and maintained to best practice standards. A key focus of this role will be to review the funding strategy, develop guidelines and asset management systems, prepare development control plans, lead consultation with key stakeholders and implement priority catchment actions. This will enable Council to deliver a more sustainable asset management framework with greater efficiencies in the construction and maintenance of hard and soft stormwater assets.

The role has not yet been included in the draft LTFP as it is to be funded from the reallocation of capital expenditure monies as follows:

Stormwater	2018/19	2019/20	2020/21	2021/22
Urban Lanes	24,000	24,000	24,000	25,000
Reallocate to new position		-24,000	-24,000	-25,000
Kerr St (Tamar St to Richmond River)	100,000			
Urban Stormwater Management Plan	23,000	24,000	25,000	26,000
Reallocate to new position		-24,000	-25,000	-26,000
Asset Data Collection	123,000	63,000	64,000	65,000
Reallocate part to new position	-60,000	-33,000	-34,000	-35,000
Tide Gates to Urban Streets	51,000	53,000	53,000	54,000
Tanamera Drive, Alstonville	43,000	44,000	45,000	46,000
Dodge Lane ,Lennox Head	85,000			
Alison Avenue Lennox Head (re-lining)	85,000			80,000
Moon Street (Tamar Street to Holden Lane)	80,000			
Henry Philp Avenue, Ballina	32,000	23,000		
Rutherford St and Tresise Place,	10,000	132,000		
Martin Street (River Street to Richmond River)		90,000		
Williams Reserve, Lennox Head		40,000	40,000	
Reallocate part to new position		-40,000		
Compton Drive, Ballina		85,000		
Banglow Road (Moon St intersection)		41,300		
Kerr Street (River St - Tamar St)		72,000		76,000
Fox Street, Ballina		72,000	9,000	
Reallocate part to new position		-9,000		
Owen Street, Ballina			85,000	
Grant Street, Ballina			60,000	
Temple Street (Near 82)			120,600	
Martin Street, Ballina			200,000	
Hickey Street, Ballina			82,000	140,000
Reallocate part to new position			-47,000	
Oakland Avenue				66,000
Riverside Drive (Quays Dr - Oaklands)				60,000
Kingsford Smith Drive, Ballina				90,000
River Street, Ballina				50,000
Moon Street, Ballina				54,000
Reallocate part to new position				-44,000
New Position plus vehicle	60,000	130,000	130,000	130,000
Totals	656,000	763,300	807,600	832,000

The recommendations seek Council approval for the reallocation of these monies.

Support Operations

- Electrician - \$68,000 - This position is intended to save the amount of work outsourced by Council and will be funded from existing operational budgets. This will also assist in ensuring our programmed maintenance is completed on time and reduce the risks and costs associated with reactive maintenance of all of Council assets.
- Fitter - \$60,000 - This position will be funded from existing operational budgets. This position will increase preventative maintenance within the water and wastewater section through ensuring our programmed maintenance is completed on time and reduce the risks and costs associated with reactive maintenance in pump stations.

Information Services

- Technology Training and Support Officer - \$100,000. This position is considered essential to respond to the increasing level of IT literacy needs of the organisation.

This role will support the Information Services and Risk and Human Resources sections to deliver essential information technology training to staff and develop e-learning training modules.

Over the past three years Council has placed a strong focus on upskilling and developing IT confidence in the field and introducing technology to improve efficiencies. Council was able to receive smart and skilled State Government funding in 2017 to support the commencement of this program, with clear benefits already achieved.

This position will continue this essential program and support the ability to implement further improvements such as online timesheets and increase use of mobile devices.

Training to office based staff and induction in technology for new staff is essential to ensure our systems are being used efficiently. This role will replace the use of external trainers and support this program through a range of delivery modes such as face to face and development of e-learning modules. This position will ensure the training is tailored to our corporate needs.

The position has been funded by a direct reduction in the staff training budget of \$60,000 and \$40,000 in savings in information technology software and hardware expenses.

Public and Environmental Health

- Environmental Health Officer (Food) - \$19,500 – The existing part time position of Environmental Health Officer (4 days) will be increased to a full time position to enable the section to adequately respond to the recent changes to Food Regulation Partnership by the NSW Food Authority. This position will be funded through the increase in the general food fees.

4.9 Workforce Plan - 2018/19

The extra day has been funded by an assumed increase in Food Inspection fees of \$23,000.

Community Facilities

- Ballina Indoor Sports Centre and Alstonville Leisure and Entertainment Centre (ALEC) – Nominal staffing allowances have been provided for these two facilities with no decision yet made as to how both facilities will be managed on a permanent basis. This will be subject to further reporting to Council.

Legal / Resource / Financial Implications

The positions identified as funded in the Workforce Plan are included in the draft LTFP, excluding the stormwater officer.

Consultation

The preparation of the Workforce Plan involves internal consultation across the entire organisation.

Options

The Workforce Plan forms part of the IP&R documents for Council. The options are to approve the document as submitted or amend based on differing priorities from the elected Council.

The additional permanent positions identified for 2018/19 equate to 5.2 equivalent full time staff members, excluding the community facilities staff.

Each position is focused on ensuring that staff can deliver our delivery program objectives and be able to respond to internal and external customer service requirements.

In summary the draft Workforce Plan reflects the resources allocated in the draft LTFP and as such it is recommended that Council approve the exhibition of the document as part of the exhibition of the draft Delivery Program and Operational Plan.

RECOMMENDATIONS

1. That Council approves the reallocation of the capital expenditure projects for stormwater, as outlined in this report, to fund a new permanent position of stormwater officer to achieve improved outcomes for Council's stormwater management program.
2. That Council approves the exhibition of the draft Workforce Plan as part of the exhibition of the draft 2018/19 Delivery Program and Operational Plan.

Attachment(s)

1. Workforce Plan - 2018/19 to 2021/22 (Under separate cover)

4.10 Long Term Financial Plan - General Fund

4.10 Long Term Financial Plan - General Fund

Delivery Program Financial Services

Objective To provide an overview of the Long Term Financial Plan for the General Fund prior to the exhibition of the document for public comment.

Background

The Long Term Financial Plan (LTFP) forms a major component of the exhibition of the draft Delivery Program and Operational Plan.

Through the Finance Committee meetings, plus various other reports and adopted strategies and plans, the draft LTFP for 2018/19 onwards is now at a stage where it can be exhibited, subject to any changes that arise from this meeting.

The Council's finances operate on a fund basis with Water and Wastewater having been the subject of separate reports to the March Finance Committee meeting therefore the focus of this report is on the General Fund.

Key Issues

- Forecast working capital deficit and financial sustainability

Information

In managing a Council's finances one of the key objectives is to maximise the cash operating surplus, with those surplus funds then invested into capital activities such as asset expenditure, loan principal repayments and transfers to reserve for future activities.

The attachments to this report are the Long Term Financial Plan (Attachment 1) which provides an overview of Council's entire financial plan, and the draft Budget (Attachment 2). The draft Budget consists of seven main sections:

Part A – Provides an overview of the forecast results, from an operating result and working capital perspective.

Part B – Provides the operating revenues and expenses for each of the General Fund programs.

Part C – Provides a summary of the capital expenditure planned, along with how that expenditure is funded.

Part D – Provides a summary of capital income items and movements in Section 94 contributions.

Part E – Outlines the transfers to and from the reserves held within the General Fund.

Part F – Summarises the General Fund loan repayments and loan debt.

Part G – Appendices for the document.

The purpose of this report is to focus on the General Fund.

4.10 Long Term Financial Plan - General Fund

The current forecast operating results, and working capital movements, for General Fund are as follows:

Table One - Forecast General Fund Operating Result (\$'000)

Year	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Operating Revs	52,767	54,405	57,013	58,497	60,074	61,777	63,089	64,834	66,589	68,428	70,259
Operating Exps	55,899	55,556	57,831	58,915	60,146	61,641	63,007	64,703	65,799	67,076	68,668
Result (Deficit)	(3,133)	(1,151)	(818)	(417)	(72)	137	82	131	790	1,352	1,591
Result Ex Dep	10,371	12,824	13,730	14,395	15,039	15,553	15,809	16,176	17,158	18,050	18,626
WC Result	(61)	(208)	(210)	(233)	(219)	(266)	(284)	(346)	(316)	(299)	(220)
WC Balance	3,243	3,035	2,824	2,591	2,372	2,106	1,822	1,476	1,160	861	640

Key points from this summary are:

1. The Operating Result, inclusive of depreciation, is forecast to be in surplus from 2022/23 onwards. This is one of the key benchmarks for the Fit for the Future Program, with this forecast assuming Council's special rate variation is approved.
2. The Working Capital (WC) forecasts are in deficit, meaning that cash savings need to be made in recurrent programs or capital works, otherwise the WC balance reduces to an unsatisfactory balance.

The forecast operating results indicate difficulty for the General Fund to meet the Fit for the Future requirements. Previous forecasts had indicated that Council would reach an operating surplus by 2020/21 and this is now achieved in 2022/23.

Recent developments within the waste industry have required a revision of the LTFP for the Landfill and Resource Management (LRM) section of Council. This has negatively impacted on the operating result of the General Fund as a whole, with the forecast results for LRM revised significantly downwards.

LRM is now forecast to generate operating deficits of approximately \$700,000 per annum whereas previously it was forecast to generate operating surpluses.

It is envisaged that in 12 months' time Council will be in a better position to develop a more sustainable financial plan for LRM that does not have recurring deficits, and this will improve the outlook of the General Fund as a whole.

Further information is outlined in the separate report in this agenda on Council's waste operations.

The forecast working capital deficit for 2018/19 is \$208,000, with that deficit increasing in future years. This again highlights the financial pressures on the General Fund.

This figure is at the upper limit of what could be considered reasonable and does not allow room for any deterioration in the result for the year.

4.10 Long Term Financial Plan - General Fund

Council will need to continue to pursue savings and efficiencies during 2018/19 and following years, as the level of working capital deficits are too high and will result in our working capital being depleted.

Ideally we would like to start every financial year with a forecast working capital result of zero or positive.

The negative starting point is symptomatic of the fact that it is always extremely difficult to balance the demand for General Fund works and services against the revenue available.

One of the major reasons for the deficit increasing in 2019/20 and 2020/21 is due to the future operation of the Ballina Indoor Sports Stadium, which is anticipated to operate at a loss. The first full year of operation for this facility is 2019/20 which results in the increase in the forecast deficit for that year.

The swimming pool operations also represent a significant financial risk as outlined elsewhere in this agenda.

In respect to the actual budget document itself brief comments on the operating budgets and capital works for the General Fund are as follows.

Operating Budgets (Part B of Draft LTFP)

From an operating result perspective (i.e. operating revenues less operating expenses), and on a cash basis, which is how working capital is calculated, the major movements/items of interest when comparing 2017/18 to 2018/19 are as follows.

Strategic and Community Facilities Group

- Strategic – The starting 2018/19 forecast revenues are consistent with 2017/18, as this is an area in which variations in rezoning fees, grant income and the like are matched with associated expenditure during the year.

Expenditure is 16% lower than 2017/18, with 2017/18 being impacted by planning proposals expenditure carried forward from 2016/17 and the addition of \$50,000 expenditure for a Significant Tree Register in 2017/18.

- Community Centres and Halls – Overall, revenue and expenses are increased, largely impacted by the Ballina Indoor Sports Centre (BISC) and the Alstonville Leisure & Entertainment Centre (ALEC).

The forecasts for BISC are based on an expectation of five months of operation in 2018/19, with revenue forecast at \$92,000, operating costs of \$85,000 and salary costs of \$60,000. This represents an additional net cash cost of \$53,000 in 2018/19.

The forecasts for ALEC are based on the assumption that Council manages this facility, with anticipated revenue of \$60,000, operating costs of \$71,000 and salary costs of \$144,000 for 2018/19. This compares to total forecast 2017/18 revenue of \$22,000 and costs of \$187,000 which include contract management costs. This represents a reduction in the net cash cost of \$10,000 in 2018/19.

4.10 Long Term Financial Plan - General Fund

The net cash cost of the Community Centres and Halls program has increased from \$598,600 in 2017/18 to \$653,000 in 2018/19.

- Gallery – The net cash cost of this program has remained reasonably consistent, increased from \$222,800 in 2017/18 to \$230,000 in 2018/19.
- Library – The net cash cost of this program has increased from \$1,363,200 in 2017/18 to \$1,406,000 in 2018/19.

This increase primarily represents the increase in Council's required contribution.

- Swimming Pools – The cash operating deficit for 2018/19 is estimated at \$772,000, comparing to a revised forecast of \$807,600 for 2017/18. The swimming pools are subject to a separate report to Council.
- Tourism – Overall deterioration in the operating cash deficit is forecast, from \$407,400 in 2017/18 to \$444,900 in 2018/19.

Forecast operating income is consistent with 2017/18 income, with the exception that 2018/19 income includes forecast advertisement and promotions income of \$90,000 from the Visitor Information Guide, which is released every few years. A corresponding expense has also been raised in 2018/19.

Salaries increase by \$31,000 and this represents the largest individual increase to the cash deficit. These increases reflect salaries for existing staff and do not represent an increase in service levels.

Development and Environmental Health Group

- Development Services – The overall deficit of this section is expected to improve by \$460,600 to \$883,000, with a forecast decrease in income more than offset by a forecast decrease in legal costs and salaries.

The 2018/19 estimates for forecast development application and related fees have been set at a conservative level, at \$672,000 (average of 3.8%) lower than the 2017/18 current forecast. This revenue is dependent on the level of activity and is difficult to predict, however it is anticipated that the level of activity is on the decline.

The budget for legal expenses has been set at \$160,000. This compares to the current 2017/18 budget of \$500,000, which has been particularly high due to the CURA B development and has significantly impacted the result for 2017/18. It is noted that this is a potentially very variable expenditure.

Salaries costs are expected to be lower than the current year, with forecast employee costs reduced by \$149,000 to \$1,272,000.

Extra temporary resources were applied in 2017/18 due to the high workload and legal cases.

4.10 Long Term Financial Plan - General Fund

- Building Services – The 2018/19 estimates for forecast income have been set reasonably consistent with the 2017/18 current forecast, increased in total by \$17,000 (approximately 1%).

Salaries costs are expected to be \$150,000 higher than the current 2017/18 forecast, bearing in mind that the 2017/18 forecast has been positively impacted by significant leave taken by a senior staff member.

The budget for legal expenses has been set at \$10,000, compared to the current 2017/18 budget of \$70,000.

Overall, there is an anticipated deterioration of \$70,300 in the operating surplus for the Building Service area, which is forecast at \$98,800 for 2018/19.

This reflects that recent years have been unusually high in income and a conservative approach has been taken for 2018/19.

- Environmental and Public Health – The cash operating deficit for this area has remained consistent, decreasing only slightly from \$1,230,900 in 2017/18 to \$1,222,200 in 2018/19, being a less than 1% movement.

Income and expenditure in 2017/18 includes grant funding of \$98,500, and a corresponding expense, for the Coastal EEC Environmental Trust.

Salaries costs are expected to increase by \$148,000, bearing in mind that the 2017/18 forecast has been positively impacted by significant leave taken by a senior staff member.

An increase in salaries costs is offset in part by a decrease in legal costs. The budget for legal expenses has been set at \$10,000, compared to the current 2017/18 budget of \$70,000.

The operating expense line item for the Healthy Waterways Program, \$315,300 for 2018/19, is subject to the special rate variation approval by IPART.

Civil Services Group

- Engineering Management – User fees and charges have been set at a level consistent with 2017/18.

Salaries costs are expected to increase by \$146,000, bearing in mind that the 2017/18 forecast has been positively impacted by significant periods of time with unfilled positions.

- Procurement and Building Management – The budget for Public Halls maintenance has been increased by \$41,000, with that budget transferred from the Donations budget, as per a previous Council resolution.
- Stormwater – The cash operating deficit for this area has remained consistent, improving slightly from \$472,900 in 2017/18 to \$392,000 in 2018/19.

4.10 Long Term Financial Plan - General Fund

The main income for this area is the annual stormwater charge. The major expense for this area is contribution to Richmond River County Council.

Other movements in income and expenses occur to the nature and timing of grant revenue.

The Section Manager requested a much higher increase in the stormwater maintenance budget and this was unable to be funded based on the forecast working capital deficit.

- Roads and Bridges – The large movement in the cash operating deficit for this area, forecast as \$2,973,200 for 2018/19, is due to the fluctuation in the Roads to Recovery grant money.

Operating expenses for 2018/19 are relatively consistent with those of 2017/18, albeit that the Section Manager requested a much higher increase in the maintenance budget.

- Ancillary Transport Services – The cash operating deficit for this area has remained consistent, increasing only slightly from \$826,100 in 2017/18 to \$827,800 in 2018/19.
- Ferry and Water Transport – The cash operating deficit for this area has improved from \$220,800 in 2017/18 to \$108,600 in 2018/19.

The main contributor to this is the annual slippage and overhaul expenditure, for which there is major work undertaken every second year, the next large expenditure anticipated to take place in 2019/20.

- Open Spaces and Reserves – The net cash deficit for the program has been held consistent with 2017/18, increased by 0.5%, to \$2,410,400.
- Vegetation Management – The net cash result for the program has decreased by \$96,000 from 2017/18, to \$245,400. Expenditure is lower than 2017/18, with 2017/18 being impacted by expenditure carried forward from 2016/17.
- Fleet and Plant – The net cash result for the program has improved from \$1,021,600 to \$1,210,500. Plant operation expenses have been reduced by \$82,000, to \$1,700,000, and lease payments are anticipated to reduce by \$37,000 to \$280,000. Internal plant hire income is forecast to increase by \$85,000, to \$3,550,000.
- Rural Fire Service – The net cash deficit for the program is anticipated to remain consistent with 2017/18, at \$230,800, being a 0.5% increase.
- Quarries – A net cash surplus of \$21,400 is forecast for 2018/19 compared to a net cash deficit of \$587,900 for 2017/18.

The 2017/18 budget has a number of significant items including the Quarry Expansion Study \$241,000, the Stokers Stage 1 Rectification Works \$250,000 and Dredging/Sand Nourishment \$115,000. These items are funded from reserve and will carry forward to the 2018/19 year if not completed in the current financial year.

General Manager's Group

- Communication – The net cash result forecasts an increase in the deficit of 0.5% compared to the previous year, to a deficit of \$2,331,700.

As previously noted, a budget of \$41,000 for Public Halls capital donations has been transferred to maintenance budgets within the Procurement and Building Management section of Council.

- Financial Services – General Purpose Revenues – Forecast rates revenue is based on the assumption that the Special Rate Variation will be approved by IPART.

Council will not be notified of this until mid-May 2018.

- Information Services – The operating deficit has increased from \$2,528,000 to \$2,813,100. The main contributors are an increase in employee costs of \$149,000, an increase in software licence fees of \$75,000 and an increase in software support of \$59,500.
- Human Resources and Risk Management – The operating deficit has decreased from \$1,112,000 to \$725,200. Forecast internal income from salary on-costs has been increased by \$237,000, being a 3.5% increase.

Revenue from the Statewide Mutual Bonus Refund and the Statecover Workers Compensation Refund are variable and a conservative basis has been taken for the 2018/19 estimates.

Employee entitlement expenses have been decreased by \$86,000, being a 2.6% decrease.

A budget of \$35,000 for risk management projects was in place for 2017/18. No corresponding budget has been raised for 2018/19.

- Property Management – The operating cash surplus has increased from \$58,500 to \$954,300.

The main differences for the 2018/19 forecasts are that 2017/18 includes expense for the final year of recoupment, of \$725,000, from water and wastewater funds for the BBRC scheme and also includes the Southern Cross Masterplan expense of \$170,000.

Capital Expenditure (Part C of draft LTFP)

The draft budget includes an extensive capital works program with the total works for the General Fund estimated at almost \$24m.

The program largely reflects the recurrent works and non-recurrent works confirmed at the March 2018 Finance Committee meeting.

In respect to major non-recurrent projects key items included in the capital expenditure are:

- Ballina Indoor Sports Centre - \$1m in 2017/18 and \$7m in 2018/19.

4.10 Long Term Financial Plan - General Fund

The 2018/19 funding has been revised to include a grant (\$700,000 from the State Government Stronger Country Communities Round Two), dividends of \$700,000 from the Community Infrastructure Reserve, \$2.332m previously transferred from the Landfill and Resource Management (LRM) reserve, along with another \$2.220m from LRM, \$98,000 from the former Coastal Shared Path reserve (only \$752,000 of the \$850,000 in the reserve is needed to match the Coastal Walk grant), which then leaves an amount of \$950,000 generated from asset sales.

Hopefully the asset sale will not be required if Council can secure a significant State or Federal Government grant. A significant grant will also mean that Council can reduce the transfers from our internal reserves.

- Airport Terminal - \$2.4m in 2017/18 and \$4m in 2018/19 – This project is largely rolling forward from 2017/18.
- Shaws Bay Coastal Management Plan - \$265,000 in 2018/19 for the next stage of this project. This is subject to Council receiving Public Reserve Management funding of \$95,000.
- Airport Boulevard - \$100,000 in 2017/18 and \$6.9m in 2018/19. This project is also largely rolling forward from 2017/18.
- Lake Ainsworth Precinct – \$1.62m in 2018/19 – It is assumed Council will expend monies in this precinct although the exact nature of that expenditure will depend on Council's determination in respect to the current planning application.
- River Street Beautification - \$2.7m in 2018/19 fully funded from loans for the final stage of this project.
- Lennox Head Village Renewal - \$4.2m in 2020/21 and \$1.3m in 2021/22 funded from loans and reserves. It has been necessary to increase the loan funding as the dividends from the Landfill and Resource Management (LRM) have been significantly reduced.
- Hutley Drive - \$4m in 2019/20 and \$13.233m in 2020/21 fully funded from developer contributions. It is probable that this level of contributions may not have been collected by those dates and Council may need to loan fund some of these works.
- River Street and Tamarind Drive – Four Laning – Over \$20m in expenditure included in 2021/22 funded by a combination of loans and developer contributions. It is important that Council start proactively planning for these works and seeking grant funds.
- Coastal Walk - \$1.502m in 2018/19 funded from a confirmed grant of \$750,000 and Council internal reserves of \$752,000.
- Coastal Shared Path - \$1.76m in 2018/19 fully funded from confirmed State and Federal Government grants.
- Skennars Head Sports Fields - \$2.15m in 2018/19 funded from reserves and a \$900,000 grant from the State Government (not yet confirmed).

4.10 Long Term Financial Plan - General Fund

Based on the funding revisions there are no monies now allocated to the Captain Cook Master Plan and the Ballina Town Entry Statements Master Plan in the LTFP.

Also the next stage of the Pop Denison Master Plan is dependent on the collection of Section 94 developer contributions and there are insufficient funds collected to date to undertake the next stage of this plan.

Section 94 Contributions and Other Capital Income (Part D of draft LTFP)

This section provides an overview of capital income movements, with many of those items helping to fund capital expenditure projects. There is a mixture of confirmed grants and grant applications (still to be determined) in the capital income section.

Reserve Movements (Part E of draft LTFP)

This section provides details on all of the reserves held for the General Fund, including movements to and from those reserves, along with the reserve balances.

Legal / Resource / Financial Implications

This report outlines the total budget.

Consultation

The draft document will be placed on exhibition for public comment for a minimum period of 28 days.

Options

Council is required to exhibit the draft document for public comment and the recommendation is to endorse the exhibition process, subject to any changes arising from this report or other reports elsewhere in this agenda.

As touched on in the report Council still needs to be looking for savings in the recurrent budget to improve our working capital results for the General Fund in future years.

RECOMMENDATION

That Council approves the exhibition of the draft Long Term Financial Plan (budget) document, as attached to this report, including any amendments arising from this meeting.

Attachment(s)

1. Long Term Financial Plan (Summary) (Under separate cover)
2. Long Term Financial Plan (Budget) (Under separate cover)

4.11 Delivery Program and Operational Plan - Exhibition

4.11 Delivery Program and Operational Plan - Exhibition

Delivery Program Communications

Objective To seek approval to exhibit the draft Delivery Program and Operational Plan for public comment.

Background

The Office of Local Government's (OLG's) Integrated Planning and Reporting Framework require councils to review the Delivery Program and prepare a new Operational Plan each financial year.

The purpose of this report is to obtain Council approval to exhibit those documents for public comment.

Key Issues

- Format and content of documents
- Ensuring the documents reflect the objectives of Council, particularly for 2018/19

Information

The OLG's Integrated Planning and Reporting Framework specify a range of information that must be included in the Delivery Program and the Operational Plan.

A summary of the major elements for each document are as follows.

Delivery Program

- A council must have a Delivery Program, detailing the principal activities it will undertake to achieve the objectives established in the Community Strategic Plan, within the resources available under the Resourcing Strategy.
- The Delivery Program must include a method of assessment to determine the effectiveness of each principal activity detailed in the Delivery Program in achieving the objectives at which the activity is directed.
- A council must prepare a new Delivery Program after each ordinary election of councillors to cover the principal activities of the council for the four year period commencing on 1 July following the election. The Delivery Plan is based on a four year plan.
- The General Manager must ensure that progress reports are provided to the council, with respect to the principal activities detailed in the Delivery Program, at least every six months.
- A council must review its Delivery Program each year when preparing the Operational Plan

Operational Plan

- Council must have an annual Operational Plan, adopted before the beginning of each financial year, outlining the activities to be undertaken that year, as part of the Delivery Program. The Operational Plan focuses on actions and activities to be delivered during the current year.
- The Operational Plan will include the Statement of Revenue Policy, which provides an overview of the major fees and charges.
- The draft Operational Plan must be publicly exhibited for at least 28 days and public submissions can be made to Council during the period.
- Council must accept and consider any submissions made on the draft Operational Plan before adopting the Operational Plan.
- Council must post a copy of the Operational Plan on our website within 28 days after the plan is adopted

The Operational Plan also includes details of:

- Estimated income and expenditure
- Ordinary rates and special rates
- Proposed fees and charges
- Council's proposed pricing methodology
- Proposed borrowings.

Council has been producing a combined Delivery Program and Operational Plan for a number of years to avoid unnecessary documentation and duplication. This approach has worked reasonably well and a combined document is once again submitted for 2018/19, with that document provided as a separate attachment to this report.

The key part of the attached document is the section titled "*Heading in the Right Direction*", as this section outlines the various activities (or tasks) that are planned for 2018/19, along with activities planned for later years.

It is important that Councillors have their priorities included in this section of the document as it is these actions that will direct staff resources during 2018/19. Ensuring that this section accurately reflects the goals of Council can reduce ad hoc notices of motion for other actions that are not lodged during the year.

Notices of motion can result in the redirection of staff resources towards projects, which then impact on planned priorities. The Operational Plan should be the document that reflects the Council's goals for the year and through its public exhibition and formal adoption the community is in a position to measure how Council is performing against those goals.

The other key elements of the document are the Capital Expenditure and Revenue Policy sections.

4.11 Delivery Program and Operational Plan - Exhibition

Capital Expenditure reflects the scheduled capital works for the four year period and the Revenue Policy summarises all Council's major fees and charges.

Legal / Resource / Financial Implications

Council is legally required to review the Delivery Program and exhibit the Operational Plan for public comment. The documents provide an overview of how Council's resources are allocated and a summary of our finances.

Consultation

The document will be exhibited for public comment following adoption of this meeting's minutes at the April Council meeting.

The exhibition will occur during May and early June, with the outcomes from the exhibition period reported to the June meeting.

In respect to public meetings, in recent years Council has only held meetings in Lennox Head and Wardell and a similar approach is planned for 2018/19.

Options

Council is required to exhibit the documents therefore the options are to exhibit as presented or exhibit inclusive of any amendments arising from this meeting. The recommendation allows for any amendments to be included.

RECOMMENDATION

That Council approves the exhibition of the draft Delivery Program and Operational Plan document, as attached to this report, inclusive of any changes arising from this meeting.

Attachment(s)

1. 2018/19 Draft Delivery Program and Operational Plan (Under separate cover)

4.12 Swimming Pools Redevelopment - Update

4.12 Swimming Pools Redevelopment - Update

Delivery Program Financial Services

Objective To review the redevelopment of the swimming pools, the capital and operating budget for 2017/18, along with determining the preferred opening season, budget and fees and charges for 2018/19.

Background

This report provides an update on a range of matters in respect to the Ballina and Alstonville swimming pools including:

- the 2017/18 operating budget
- the redevelopment program and budget
- the proposed 2018/19 swimming season
- the draft 2018/19 operating budget and
- the draft 2018/19 entrance fees.

Key Issues

- Capital funding
- Financial performance and sustainability
- Affordability of pricing
- Pricing risk
- Equity and fairness to ratepayers in funding pool operating losses

Information

With the redevelopment of the swimming pools close to being finalised there has been on-going dialogue with Council's Pool Management Contractors to determine the optimum period for opening the pools, along with the preferred fee structure and operating hours.

There are a wide range of issues that Council needs to consider in respect to the operational arrangements and this report examines the options available, along with updates on the operating and capital budgets for 2017/18.

The latest timeframe for the full completion of the development works is likely to be late May, with a reasonable time period then needed to ensure all aspects of the new equipment are operational.

With this effectively representing the middle of winter, the preferred opening time is to bring forward the 2018/19 season from the traditional date in early September to late July or early August.

If this option is supported the pools will not be operational during 2017/18 and the revised budget for 2017/18 would be as per the following table, which outlines actual results for 2014/15 to 2016/17, the existing budget for 2017/18, actual figures to 31 March 2018 and the revised budget for 2017/18.

4.12 Swimming Pools Redevelopment - Update

Table One - Actual Operating Results and Estimated Operating Results (\$)

2014/15 Actual	2015/16 Actual	2016/17 Actual	Description	2017/18 Budget	Actual to 31 March	2017/18 Revised
			Revenues			
			Ballina			
142,500	185,200	196,000	Entrance Fees	165,000	0	0
7,800	8,000	8,000	Rent - Water Slide	8,000	0	0
48,100	54,000	51,600	Season Tickets	55,000	0	0
			Alstonville			
76,500	78,800	93,600	Entrance Fees	79,000	0	0
79,200	81,300	86,200	Season Tickets	81,000	0	0
			Other			
0	0	0	Interest Earned	0	45,000	45,000
354,100	407,300	435,400	Total Revenues	388,000	45,000	45,000
			Expenses			
			Ballina			
1,300	1,600	1,800	Sundry	1,000	400	600
28,100	24,500	20,700	Chemicals	28,000	0	0
6,800	6,300	5,800	Insurance	9,400	1,500	1,500
42,000	71,200	104,300	Rates and Charges	70,000	30,700	45,000
11,800	11,800	10,300	Electricity	47,500	0	5,000
400	300	300	Telephone	600	0	0
28,700	13,100	11,800	Working Expenses	5,000	4,200	9,000
0	0	0	Pool Heating	25,000	0	0
161,800	159,600	165,900	Contract Ballina	170,000	130,700	164,000
38,700	36,300	39,500	Contract Lifesavers	30,000	0	0
			Alstonville			
700	800	900	Sundry	1,000	400	600
24,300	27,500	24,800	Chemicals	28,000	0	0
5,800	4,800	4,400	Insurance	7,600	5,600	5,600
66,300	60,200	57,200	Rates and Charges	70,000	13,800	25,000
20,000	20,700	21,100	Electricity	47,500	4,600	7,000
500	500	800	Telephone	600	0	0
49,000	15,000	9,500	Working Expenses	5,000	3,300	9,000
30,900	25,800	17,800	Gas	25,000	0	0
163,500	168,500	169,700	Contract Alstonville	170,000	129,600	164,000
40,700	41,500	46,800	Contract Lifesavers	30,000	0	0
721,300	690,000	713,600	Total Expenses	771,200	324,800	436,300
(367,200)	(282,700)	(278,000)	Cash Operating Loss	(383,200)	(279,800)	(391,300)
(121,200)	(77,500)	(104,800)	Ballina Loss	(158,500)	(167,500)	(225,100)
(246,000)	(205,200)	(173,200)	Alstonville Loss	(224,700)	(157,300)	(211,200)

The Ballina and Alstonville loss figures for 2017/18 (actual to 31 March and revised) exclude the \$45,000 in interest earned during the year.

This interest relates to unexpended loan funds and is not attributable to any one particular swimming pool therefore it has been excluded from the operating loss figures for the individual pools for 2017/18.

The revised forecast loss of \$391,300 for 2017/18 is a deterioration of \$8,100 from the existing budget which forecast a loss of \$383,200.

However this adjustment also needs to be balanced against the original capital movements in respect to loan and principal repayments, which are outlined in the following table.

4.12 Swimming Pools Redevelopment - Update

Table Two - Loan Repayments – Interest and Principal (\$)

Item	2017/18 Budget	2017/18 Actual	2017/18 Revised
Estimated Interest Paid on Loans	430,300	112,800	416,300
Estimated Principal Paid on Loans	338,600	116,300	332,700
Total	768,900	229,100	749,000

The revised budget represents cash saving of \$19,900, which when combined with the operating loss deterioration of \$8,100 represents a slight improvement of \$11,800 for 2017/18.

From an operating and capital perspective the combined cash loss (or working capital movement) is then \$1,140,300 (\$391,300 plus \$749,000) compared to the original budget of \$1,152,100.

The slight improvement of \$11,800 needs to be balanced against the capital redevelopment budget, the latest status of which is as follows.

Table Three - Approved and Available Funding for 2017/18

Item	Amount (\$)
Loan Funding - 2016/17	6,711,700
Loan Funding - 2017/18	5,927,800
Extra Loan Funding – 2017/18 – Approved October 2017	520,000
Internal Reserve – Interest Accrued 2015/16	490,000
Internal Reserve – Interest Accrued 2016/17	889,000
Total Funding Allocated to date	14,538,500
Add Funds held in Internal Contingency Reserve for Project	291,800
Total Funding Available	14,830,300
Less Expended During Previous Year	3,076,900
Total Funds Available for 2017/18	11,753,400

Table Four - Expenditure Summary for 2017/18

Item	Amount (\$)
Expenditure as at 31 March 2018	11,572,800
Estimated remaining expenditure to finalise project	
Woollams – Original Contract Balance	103,700
<i>Woollams – Approved Contract Variations Not Paid</i>	
Balance of Power Augmentation and Associated Costs	383,200
Balance of Alstonville Shade Sail and Concrete	5,600
Balance of Solar Panel Installation	6,900
Balance of Scoreboards	8,300
Alteration to Ballina Fencing	5,000
Plumbing Alterations	6,400
Ballina War Memorial Signage	2,800
Alstonville Shade Sail	59,000
Concrete Works – Ballina	6,300
Sub Total – Unpaid Contract Variations	483,500
Other	
Council Staff, Plant, Materials and Other Incidentals	40,000
Asbestos	50,000 to 350,000
Total Estimated Expenditure for 2017/18	12,250,000 to 12,550,000
Funding Shortfall (dependent on asbestos)	(496,600) to (796,600)

The primary reasons for the shortfall in funding are as follows:

4.12 Swimming Pools Redevelopment - Update

1. Asbestos – \$50,000 to \$350,000 - Council has, to date, not budgeted for this claim as it is in dispute. The confidential report later in this agenda outlines the current status of the dispute. The \$50,000 to \$350,000 allowance is indicative only for budgeting purposes.
2. Power Augmentation – The last report on this to Council, at the October 2017 Ordinary meeting, stated as follows:

The work at each site involves the installation of 11kv underground power cables to a 315kva substation (mounted in the road reserve adjacent each of the pool sites). The Alstonville underground cabling will be required to be under bored from outside the pool site, along Alston Ave, to a new switching station.

The current price estimates for the power upgrade works are Ballina approximately \$140,000 and Alstonville approximately \$165,000, which were not included in the original budget. With other incidentals the likely cost is approximately \$320,000.

The agreed price for this work is now \$649,587 plus \$123,355 in delay costs associated with the contract. This represents a further variation of approximately \$460,000 to the \$320,000 previously approved.

The original figure of \$320,000 was based on correspondence from Woollams, as per attachment one, however that correspondence excludes a range of costs such as low voltage underground service lines etc.

Once these items are included the quoted cost from Woollams of providing the power augmentation is close to \$780,000 as per the above mentioned figures.

The delivery of the substations is determined by Essential Energy as they specify one particular substation, and switchgear company, under contract to them. Large components of the substations are manufactured overseas resulting in a lengthy time period between the order and operation.

The ordered substations are due to be delivered mid-April and it is anticipated it will take four to six weeks for power connection and two weeks for testing. The substations are needed to operate the new swimming pools and the direct cost of those substations is a cost Council must incur.

Council has been criticised in respect to the delay of the substations and it is important to acknowledge that Council does not have electrical engineers on staff and there is a reliance on specialist consultants to assist in these projects.

Council staff need to follow up on any expert advice provided however a legal opinion has been sought from Maddocks Solicitors in respect to Council lodging a claim to recover some of the additional costs incurred from Ridgemill Pty Ltd., being the consultant responsible for the initial concept designs.

A copy of that advice is included in the confidential report later in this agenda, which recommends Council submitting a claim for costs.

The asbestos and power augmentation represents the bulk of the forecast budget variation, with a range of smaller variations incurred for site specific works.

The only viable option to fund the forecast budget variation is additional loan funding. Based on a standard loan term of 20 years this equates to additional loan repayments of \$36,000 (\$500,000 loan) to \$58,000 (up to \$800,000 loan) per annum.

The loan of \$800,000 has been included in the draft Long Term Financial Plan for the General Fund, as per the separate report in this agenda, as this represents the worst case scenario.

For 2017/18 there is minimal impact on the budget as this loan would be taken out very close to the end of the financial year.

The recommendations to this report provide authority to borrow up to that maximum figure.

2018/19 Season

Staff have been in discussions with the Pool Management Contractors to determine the preferred opening timeframe and season.

One line of thinking was to have a "winter season" from 1 June to 31 August however the timing for the operation of the new substations means this is no longer feasible.

It is now generally agreed that the contractors will use the period between June and July to fine tune the operation of the new facilities with the preferred opening date being towards the end of July or 1 August.

The traditional season for Ballina has been 15 September to 25 April with Alstonville opening 1 September and closing 15 May each year.

Following discussions with the contractors the preferred option is to open around 31 July / 1 August and close 31 May representing an extended season ranging from an extra eight weeks for Ballina and six weeks for Alstonville.

With the pools now heated, and the smaller pool able to be enclosed from the weather, Council is also in a position to operate the pools for a longer period during the day.

In respect to opening hours the traditional times are:

- Alstonville – Monday to Friday 6am to 6pm, Saturday 8am to 6pm, Sunday 10am to 6pm
- Ballina – Monday to Friday 6am to 6pm, Saturday 8am to 6pm, Sunday 9am to 5pm

There has been in principle agreement that for Monday to Friday the pools will open from 6am to 7pm as it is anticipated that the heating and the enclosed facility will encourage after work use. At this stage the contractors have verbally agreed to provide this service at no extra cost to Council.

Cost is important in that the pools operate at a loss and opening for extra weeks during the year typically means that Council will still incur the standard operating costs such as the contractor weekly payments, electricity, chemicals etc, however the revenues in the cooler months may not be substantial.

When Council has tested the extended season previously it has largely resulted in increases in the operating deficits as the majority of the people using the facilities at that time of year are season ticket holders. This means that minimal revenue is generated, whilst all the operating costs are still incurred.

This is the primary reason why it has not been recommended that Council operate the facilities all year, at this stage, as there are still too many uncertainties in respect to patronage and the forecast operating revenues and operating expenses are variable.

At this stage it is preferred to open the 2018/19 season early to recognise the loss of the 2017/18 season and to monitor revenues and expenses during 2018/19 to determine the overall operating costs for the facilities.

The reason the closing date of 31 May 2019 was chosen is that it still allows Council to conduct a winter season in 2019 (1 June to 31 August), with that decision able to be made early in 2019, based on information gained from the initial operation of the new facilities.

Financial Modelling and Fees

In order to try and determine the forecast operating result Council staff and the Pool Management Contractors have been reviewing the estimated operating costs, along with determining a preferred fee structure for the initial season.

The second attachment to this report is an internal financial analysis prepared based on the recommended season from late July / August to 31 May.

The information provided in that attachment is as follows:

- The actual operating results for both swimming pools for 2016/17 are included in the first two columns, as a reference.
- The top half of the document examines operating expenses. Ridgemill Pty. Ltd. provided figures for estimated operating expenses and revenues as part of their engagement. The assumptions they applied in their analysis are outlined in columns three four and five. This information has then been extrapolated for the proposed 2018/19 season on a monthly basis, along with a cost for the full year.
- It is assumed that expenditure will be similar for both swimming pools each year.
- The bottom half of the document examines forecast revenues. Figures are provided for the Ridgemill estimates along with the Council estimates for attendance numbers and income from season ticket sales and individual visits.

4.12 Swimming Pools Redevelopment - Update

- The season tickets sold and attendance numbers each month are included in the monthly forecasts, resulting in a total income figure on the right hand side of the document.
- Estimated operating results are then forecast for the Ballina and Alstonville swimming pools, along with a combined operating result.
- The figures have been provided monthly to allow Council to monitor the season as it progresses. If the budget is trending towards a higher than forecast deficit this would then allow Council to respond through a change in service levels or prices.

There is a very high level of uncertainty in respect to the forecast patronage numbers and the figures provided by Ridgemill have been used as a guide, along with drawing on the extensive experience of the Pool Management Contractors.

The combined operating loss of \$300,000 is similar to recent years (as per Table One of this report) and this is a reasonable starting point.

Ideally the improved facilities will generate significant increases in attendance numbers and through proactive management and tight cost control it is hoped that Council can reduce the overall operating loss, remembering that the \$300,000 forecast loss excludes loan principal and interest repayments.

Once loan principal and interest is included the overall annual net cost of this program to the community is approximately \$1.1m.

2018/19 Fees and Charges

The final attachment to this report is the proposed 2018/19 fees and charges.

The entire schedule has been simplified from previous years with some of the key points including:

- No reciprocal rights are proposed – With both pools having the same level of service and the ability to operate in cooler conditions, or poor weather, the preference is not to provide reciprocal rights. These rights do create administrative difficulties and can impact on revenue at each facility and it is important for Council to try and get the right balance between providing a community service and not incurring too large an operating loss.
- Full Season Pass – There has been a significant increase in the pricing for season tickets to recognise the longer season and the improved level of service, along with trying to ensure that season ticket holders are not too heavily subsidised. The pricing selected is designed to ensure that any person who swims more than once per week would benefit from a season ticket.
- Three Month Tickets – As the price for full season tickets is relatively high, an option to purchase three monthly tickets has also been included to help improve affordability.

It will be necessary for Council to monitor sales closely to determine how revenue is tracking along with feedback on the prices.

Legal / Resource / Financial Implications

As outlined in the section of this report.

Consultation

There has been extensive consultation with the Pool Management Contractors and the project manager for the swimming pool redevelopment.

The proposed pool fees will be subject to community consultation through the exhibition of the draft Operational Plan, along with the draft budget.

Options

The main options in this report relate to the proposed 2018/19 season and the draft fees and charges.

For example Council could examine a season similar to previous years or alternatively Council could resolve to open for the entire 2018/19 financial year to fully test the market. Council could also amend the fees proposed for 2018/19.

The recommendations in this report for the season and pricing have been based on discussions with the Pool Management Contractors and on balance they represent Council providing an improved and extended level of service to the community, while at the same time trying to ensure that the pools do not become overly expensive to run.

In respect to the 2017/18 operating and capital budgets the information provided reflects the reality of the project and the recommendations seek Council approval to amend those budgets. These figures are already reflected in the draft General Fund budget included later in this agenda.

RECOMMENDATIONS

1. That Council approves the revised 2017/18 budget for the swimming pools as per Tables One and Two of this report.
2. That Council approves the revised project redevelopment budgets for the swimming pools as per Tables Three and Four of this report.
3. That Council authorises the General Manager to obtain additional loan funding of up to a maximum of \$800,000 (if needed) to finance the extra costs for the redevelopment relating to the asbestos removal and power augmentation.
4. That Council approves the commencement of the 2018/19 swimming pool season based on an opening date of late July / 1 August, and a closing date of 31 May 2019. That Council notes that it is also planned to open to 7pm Monday to Friday to provide an improved level of service to the community.

4.12 Swimming Pools Redevelopment - Update

5. That Council approves the inclusion of the swimming pool financial plan and draft fees and charges, as attached to this report, in the draft 2018/19 Delivery Program and Operational Plan for public exhibition.
6. That Council receive regular reports on the performance, both financial and otherwise, on the operation of the swimming pools during the 2018/19 to allow assessments to be made on the length of the season, the pricing and the operating hours.

Attachment(s)

1. Woollam Constructions - Confirmed Quotations
2. Financial Model as at 10 April 2018
3. Proposed 2018/19 Fees and Charges



woollam
CONSTRUCTIONS

since 1884

2 May 2017

The Principal
Ballina Shire Council
40 Cherry Street, Ballina NSW 2478

Attention: Tony Partridge

**Swimming Pool Redevelopment – Ballina Shire Council
Contract No. » RFT901**

Ballina & Alstonville Pool Re-Development – Electrical Upgrade

In accordance with the Design & Performance Specification for both the Ballina and Alstonville projects, section 5.21 of the Electrical Specification nominates *"the supply and installation of the new Energy Connection Turret and or substation shall not form part of this contract works. Connection turret / substation establishment costs shall be met by the Superintendent directly. The contractor shall allow to liaise with the energy authority and ensure that all requirements in relation to the connection of the refurbished Aquatic Centre consumers mains are met including costs associated with service mains switching and any inspection fees etc."*

Woollam constructions applied for a new connection to Essential Energy. The response from Essential Energy (attached) a "standard offer approval confirmation", nominates a requirement for network augmentation, in summary both sites require electrical upgrades.

To proceed, an application for a design information pack (DIP) from essential energy will need to be applied for. The DIP is an electrical brief to which the Level 3 electrical design will be based upon. Once the design is completed by a Level 3 design consultant, the drawings will need to be approved by Essential Energy and works can commence by a level 1 contractor.

Attached is an estimated cost, based upon the electrical consultants anticipated requirements by Essential Energy as well as requirements of the site power requirements. The aforementioned is not a total final cost, and is subject to **Essential Energy requirements**.

Yours sincerely,

Fred Goodman
Contract Authorised Person



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SEQ (07) 5590 5705
info@colgroveselec.com
www.colgroveselec.com
Licence # NSW- 174893C
Licence # QLD- 79836
ABN 65 111 944 471

Woollam Constructions
P.O. BOX 7154
East Brisbane QLD 4169

CUSTOMER QUOTATION NO. 3803

Quote No: 3803
Site: Ballina Swimming Pool
Site Address: 4 River Street
Ballina NSW 2478
Date: 02/05/2017
Valid For: 30 Day(s)

Basis of Quotation:

- Extend high voltage for 20m and install a 315kVA padmount transformer.

Notes:

Our Tender is based on the following:

- All work to be performed during normal working hours unless specified above
- All work to be performed on a smooth flow of works & uninterruptible basis.
- This quotation is valid for 30 days
- Work can be scheduled once purchase order or letter of intent is received.
- All Electrical work to be carried out in accordance with AS3000/2007 & AS3008.
- **Quote is subject to design approval by Essential Energy**
- There is a 14-18 week lead time on the supply of transformers.
- A 50% deposit is required upon acceptance of the quote and final payment is to be made within 7 days of completion.

Exclusions & Assumptions:

- No allowance made for out of hours work, all tender works to be completed between the hours of 7.15am – 4.15pm Monday to Friday unless other arrangements are requested as part of contract.
 - Excludes legal cost associated with easement if required.
 - **Excludes trenching/underboring and traffic control.**
 - Excludes Tree clearing.
 - Excludes Low voltage Underground/Overhead service lines.
 - Excludes Easement Survey or Registration
- The price does not allow for the following, which if encountered, will incur further costs:
- Additional EE requirements
 - i.e. out of hours work, live line techniques, provision of generators, etc.
 - Increase in Ancillary Network Services Charges
 - Use of non destructive boring techniques
 - Blasting of pole and stay foundations or use of a rock hammer due to rock being encountered
 - Any existing share reimbursement schemes
 - Rock Trenching
 - Extra earthing in excess of Essential Energy minimum construction standards
 - Access difficulties.



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CUSTOMER QUOTATION NO. 3803

High Voltage Upgrade

Sub-Total ex GST	\$128593.50
GST	\$12859.35
Total inc GST	\$141452.85

Acceptance of this quote must be made in writing and by doing so agreement is made with Col Groves Electrics standard terms and conditions which are available to view at www.colgroveselec.com	Sub-Total ex GST	\$128593.50
	GST	\$12859.35
	Total inc GST	\$141452.85



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Woollam Constructions
P.O. BOX 7154
East Brisbane QLD 4169

CUSTOMER QUOTATION NO. 3802

Quote No: 3802
Site: Alstonville Swimming Pool
Site Address: Freeborn Place
Alstonville NSW 2477
Date: 02/05/2017
Valid For: 30 Day(s)

Basis of Quotation:

- Extend high voltage over road then underground for 190m and install a 315kVA padmount transformer.

Notes:

Our Tender is based on the following:

- All work to be performed during normal working hours unless specified above
- All work to be performed on a smooth flow of works & uninterruptible basis.
- This quotation is valid for 30 days
- Work can be scheduled once purchase order or letter of intent is received.
- All Electrical work to be carried out in accordance with AS3000/2007 & AS3008.
- **Quote is subject to design approval by Essential Energy**
- There is a 14-18 week lead time on the supply of transformers.
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- Excludes legal cost associated with easement if required.
- **Excludes trenching/underboring and traffic control.**
- Excludes Tree clearing.
- Excludes Low voltage Underground/Overhead service lines.
- Excludes Easement Survey or Registration
- The price does not allow for the following, which if encountered, will incur further costs:
 - Additional EE requirements
 - i.e. out of hours work, live line techniques, provision of generators, etc.
 - Increase in Ancillary Network Services Charges
 - Use of non destructive boring techniques
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 - Extra earthing in excess of Essential Energy minimum construction standards
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CUSTOMER QUOTATION NO. 3802

High Voltage Upgrade

Sub-Total ex GST	\$153447.00
GST	\$15344.70
Total inc GST	\$168791.70

Acceptance of this quote must be made in writing and by doing so agreement is made with Col Groves Electrics standard terms and conditions which are available to view at www.colgroveselec.com	Sub-Total ex GST	\$153447.00
	GST	\$15344.70
	Total inc GST	\$168791.70

BALLINA AND ALSTONVILLE SWIMMING POOLS - FINANCIAL MODEL - as at 10 April 2018																		
2016/17 Actual		Ridgeway Estimates (as at 2016/17)		2018/19 Estimates														
Ballina	Alstonville	Measure	Value	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	Total		
Operating Expenses (same for both pools)																		
10,400	38,900	Electricity	KWH															
		Filtration / backwash	120,000															
		Heating - September / April / May	70,000															
		Lighting	50,000															
		Miscellaneous	10,000															
		Total KWH	260,000	3,600	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100	3,600	76,200	
74,300	52,300	Water	KL															
		Initial Fill	2,300															
		Evaporation	1,300															
		Backwash	2,300															
		Miscellaneous	500															
		Total KI	6,400	1,900	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	1,900	41,800	
30,000	5,000	Wastewater	KL															
		Return to sewer KL	5,100	500	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	500	13,000	
20,700	24,800	Chemicals (KG)	KG															
		Calcium Hypochlorite	2,500	500	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	500	21,000	
		CO2 Buffer	1,250	100	100	100	100	100	100	100	100	100	100	100	100	100	1,200	
165,900	169,700	Management Contract		10,500	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	10,500	231,000	
39,500	46,800	Lifeguards		0	2,600	4,700	4,800	4,700	9,300	9,300	6,900	2,700	2,600	2,700	0	0	60,300	
5,800	4,400	Insurance		8,000	0	0	0	0	0	0	0	0	0	0	0	0	8,000	
13,800	11,100	Working Expenses and Miscellaneous		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000	
360,400	363,000	Sub Total	351,600	26,100	38,800	40,900	41,000	40,900	45,600	45,500	43,100	38,900	38,800	38,900	18,100	466,500		
0	0	Contingency	5%	1,300	1,900	2,000	2,100	2,000	2,300	2,300	2,200	1,900	1,900	1,900	900	22,700		
360,400	363,000	Total Operating Expenses	369,200	27,400	40,700	42,900	43,100	42,900	47,800	47,800	45,300	40,800	40,700	40,800	19,000	479,200		
Operating Revenues		Ridgeway Numbers (#)	Ridgeway Fees (\$)	Council Numbers (#)	Council Fees (\$)	2018/19 Estimates												
196,000		Ballina				July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	Total
		Adult Single	5.00	10,200	5.50	Number of ticket sales												
		Child and Concession Single	3.50	29,200	4.50		500	500	600	600	1,100	3,800	1,300	600	500	500		56,100
		Spectators	3.00	2,920	3.00		1,500	1,500	1,800	2,400	3,300	10,000	3,900	1,800	1,500	1,500		131,400
		Carnival	3.50	3,100	4.50		150	150	180	240	330	1,000	390	180	150	150		8,800
		School	3.00	700	4.00					200	200		2,600	300				2,800
		Special Swim School	2.50	14,500	4.00					4,000	10,000			500				58,000
		Three Month Ticket - Adult	0.00	80	140.00		10	10	10	10	10	10	10	10	10			11,200
		Three Month Ticket - Child	0.00	80	115.00		10	10	10	10	10	10	10	10	10			9,200
		Three Month Ticket - Concession	0.00	80	115.00		10	10	10	10	10	10	10	10	10			9,200
		Three Month Ticket - Family	0.00	80	300.00		10	10	10	10	10	10	10	10	10			24,000
		Season Ticket - Adult	210.00	20	360.00		10	10	10	10	10	10	10	10	10			7,200
		Season Ticket - Child	180.00	20	320.00		10	10	10	10	10	10	10	10	10			6,400
		Season Ticket - Concession	190.00	10	320.00		5	5	5	5	5	5	5	5	5			3,200
		Season Ticket - Family	380.00	20	800.00		10	10	10	10	10	10	10	10	10			16,000
8,000		Income - Showers / 10 Tickets	15,000.00		20,000.00		0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	0	20,000
		Income - Water Slide Lease	8,000.00		9,000.00		800	800	800	800	800	800	800	800	800	800	800	9,600
255,600		Total Revenues Ballina	295,000.00		9,000.00	800	35,900	35,900	21,400	42,200	74,400	78,400	47,100	24,600	12,800	12,800	800	386,300
(104,800)		Operating Result - Ballina	(74,200)			(26,600)	(4,800)	(7,000)	(21,700)	(700)	26,600	30,600	1,800	(16,200)	(27,900)	(28,000)	(16,200)	(92,900)
	93,600	Alstonville				Number of ticket sales												
		Adult Single	5.00	5,900	5.50		300	300	400	600	900	1,500	900	400	300	300		32,500
		Child and Concession Single	3.50	7,680	4.50		400	390	520	780	1,170	1,950	1,170	520	390	390		34,600
		Spectators	3.00	1,536	3.00		80	78	104	156	234	390	234	104	78	78		4,600
		Carnival	3.50	3,600	4.50					1,000		2,600						16,200
		School	3.00	3,000	4.00					200	2,400		200	200				12,000
		Special Swim School	2.50	4,200	4.00					3,400			200	800				16,800
		Three Month Ticket - Adult	0.00	120	140.00		15	15	15	15	15	15	15	15	15			16,800
		Three Month Ticket - Child	0.00	120	115.00		15	15	15	15	15	15	15	15	15			13,800
		Three Month Ticket - Concession	0.00	120	115.00		15	15	15	15	15	15	15	15	15			13,800
		Three Month Ticket - Family	0.00	120	300.00		15	15	15	15	15	15	15	15	15			36,000
		Season Ticket - Adult	210.00	32	360.00		16	16	16	16	16	16	16	16	16			11,500
		Season Ticket - Child	180.00	32	320.00		16	16	16	16	16	16	16	16	16			10,200
		Season Ticket - Concession	190.00	20	320.00		10	10	10	10	10	10	10	10	10			6,400
		Season Ticket - Family	380.00	40	800.00		20	20	20	20	20	20	20	20	20			32,000
		Income - Showers / 10 Tickets	15,000.00		15,000.00		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	0	15,000
		Income - Other	15,000.00		0.00													0
179,800		Total Revenues Alstonville	238,000.00		0.00	0	45,300	45,300	16,400	19,600	50,200	29,700	35,000	20,400	5,100	5,100	0	272,100
(173,200)		Operating Result - Alstonville	(131,200)			(27,400)	4,600	2,400	(26,700)	(23,300)	2,400	(18,100)	(10,300)	(20,400)	(35,600)	(36,700)	(19,000)	(207,100)
(278,000)		Combined Operating Result (Loss)	(205,400)															(300,000)

4.12 Swimming Pools Redevelopment - Update

Ballina Shire Council – 2018/19 Fees and Charges

Fee Name	Pricing Policy	2017/18	GST Y/N	2018/19
Community Swimming Pools - Ballina Pool and Alstonville Pool				
<i>There are no reciprocal ticket arrangements between Ballina and Alstonville Pools.</i>				
Age Category Definitions				
Adult: 18 years and over				
Concession: Senior Card Holders, Student Card Holders, Pensioners/Health Care Card Holders and People with disabilities				
Child: 2-18 Years (Children under 10 years of age must be accompanied by an adult)				
Babies: Toddlers and babies under the age of two years enter free of charge				
Family				
<i>(For the purposes of Ballina Shire Council Community Pools entry, a Family is defined as two adults and two children, or one adult and three children)</i>				
Single Entry				
Child	C	\$4	Y	\$4.50
Concession	C	\$4.50	Y	\$4.50
Adult	C	\$5	Y	\$5.50
Spectator	C	\$3	Y	\$3
Ten Ticket Pass				
Child	C	\$35	Y	\$40
Concession	C	\$40	Y	\$40
Adult	C	\$45	Y	\$50
3 Month Pass				
Child	C	N/A	Y	\$115
Concession	C	N/A	Y	\$115
Adult	C	N/A	Y	\$140
Family	C	N/A	Y	\$300
Additional child under Family pass	C	N/A	Y	\$50
Full Season Pass				
Child	C	\$185	Y	\$320
Concession	C	\$195	Y	\$320
Adult	C	\$215	Y	\$360
Family	C	N/A	Y	\$800
Additional child under Family pass	C	N/A	Y	\$100
Carnivals				
Flat rate fee per person	C	\$4	Y	\$4.50
Fundraising/Special Events				
Admission and hire fees by arrangement after written application to Ballina Shire Council	C	POA	Y	POA
Learn to Swim Initiative				
Council recognises the importance of young children learning to swim and be safe around water. To support parents and carers who enrol their children in structured, fee paying, 'Learn to Swim' programs, the supervising adult for a child/children attending a 'Learn to Swim' class will not be charged entry	C	No charge	Y	No charge
SSS Department of Education Learn to Swim Discount				
Council recognises the importance of young children learning to swim and be safe around water	C	\$3	Y	\$4
Out of Hours Pool Hire				
<i>Subject to availability</i>				
Per Lane, per hour	C	\$15	Y	\$15
Whole Pool, per hour	C	\$80	Y	\$80

5. Confidential Session

In accordance with Section 9 (2A) of the Local Government Act 1993, the General Manager is of the opinion that the matters included in the Confidential Business Paper, and detailed below are likely to be considered when the meeting is closed to the public.

Section 10A(4) of the Local Government Act, 1993 provides that members of the public are allowed to make representations to or at a meeting, before any part of the meeting is closed to the public, as to whether that part of the meeting should be closed.

A brief summary of each of the reports recommended for consideration in confidential session follows:

5.1 Swimming Pools Redevelopment - Contract Dispute (Confidential)

Refer to Item 4.12 of this agenda.

RECOMMENDATION

That Council moves into committee of the whole with the meeting closed to the public, to consider the following items in accordance with Section 10A (2) of the Local Government Act 1993.

5.1 Swimming Pools Redevelopment - Contract Dispute (Confidential)

Reason for Confidentiality

This report is **CONFIDENTIAL** in accordance with Section 10A(2)(c) of the Local Government Act 1993. which permits the meeting to be closed to the public for business relating to the following:-

- c) information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business

and in accordance with 10D(2)(c), on balance, the discussion of the matter in an open meeting is not considered to be in the public interest as it contains information that if released, could prejudice the outcome of any possible litigation.