



## **Notice of Commercial Services Committee Meeting**

A Commercial Services Committee Meeting will be held in the Ballina Shire Council Chambers, 40 Cherry Street, Ballina on **Tuesday 1 May 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 stroke underneath.

Paul Hickey  
**General Manager**

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

**1. Apologies**

**2. Declarations of Interest**

**3. Deputations**

#### 4.1 Disposal of Council Land

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### 4. Committee Reports

#### 4.1 Disposal of Council Land

**Delivery Program** Commercial Services

**Objective** To provide Council with an update on the sale of two surplus parcels of land.

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#### **Background**

The purpose of this report is to provide Council with an update on the sale of two parcels of land.

A confidential report is included later in this agenda and that report provides information on the sale prices for the two properties.

#### **Key Issues**

- Selling prices

#### **Information**

The details of the properties are summarized as follows:

<b>Property Description</b>	<b>Area</b>	<b>Interested Parties</b>
Lot 1 DP 850774, Westland Drive, West Ballina	936.8m <sup>2</sup>	Roman Catholic Church
Lot 104 DP 871675, rear of 34-36 Links Avenue, East Ballina	428m <sup>2</sup>	Goodstart Early Learning Centre (Lessee) Dojoo Pty Ltd (Landowner & Lessor)

Locality plans are attached.

#### *Lot 1 DP 850774, Westland Drive, West Ballina*

Council resolved at the June 2017 Ordinary meeting to an agreed sale. Following on from that Council resolution, it was identified that a sewer main ran along the rear or eastern boundary of the site. There was no easement noted on title identifying the presence of the main.

This situation has now been rectified and an easement for the main is to be registered. Justifiably, the purchaser (Roman Catholic Church), sought to have the purchase price renegotiated due to the presence of the main and proposed easement.

## **4.1 Disposal of Council Land**

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*Lot 104 DP 871675, rear of 34-36 Links Avenue, East Ballina*

Council staff commenced negotiations with the Lessee of Lot 104 DP 871675, Links Avenue East Ballina. Council also resolved at the June 2017 Ordinary meeting to an agreed sale price.

Following the meeting Council staff were contacted by the owner of the adjoining site (Dojoo Pty Ltd who would be the landlord to the Lessee) who also expressed interest in purchasing the site.

Following on from the Council resolution, it was identified that a sewer main severed the site. There was no easement noted on title identifying the presence of the pipe. An easement has now been created over the site for the sewer pipe.

The initial valuation has been reviewed given the level of affectation caused by the presence and location of the sewer pipe.

The two parcels of land are subject to long term leases to the adjoining landowners or tenants. The properties are land locked and have no formal access to roads.

The parcels of land have been identified as being surplus to Council's requirements and have generated low rental returns due to the limited market for such land.

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

The parcels of land are classified as operational land and Council is free to sell them.

Proceeds from the sale will be allocated to the Community Infrastructure Reserve.

### **Consultation**

Council has undertaken consultation with all interested parties.

### **Options**

This report provides an update on the sale of the two parcels of land. The confidential report later in this agenda provides information on sale prices and other matters.

### **RECOMMENDATION**

That Council notes the contents of this report in respect to the disposal of the two surplus parcels of land.

### **Attachment(s)**

1. Locality Plan - West Ballina Childcare Centre
2. Locality Plan - East Ballina Childcare Centre

4.1 Disposal of Council Land



 	<p><b>Lot 1 DP 850774 - Roman Catholic Church</b></p>	
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4.1 Disposal of Council Land



Lot 104 DP 871675 - Goodstart Early Learning



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## 4.2 Property Development - Feasibility and Cash Flows

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### 4.2 Property Development - Feasibility and Cash Flows

**Delivery Program** Commercial Services

**Objective** To provide an overview of the current cash flows for Council's property development reserves and to determine whether Council wishes to borrow funds for future property development activities.

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#### **Background**

At the 14 March 2018 Finance Committee meeting Council considered a report that outlined the forecast cash movements for the Property Reserves. That report highlighted that due to abnormal expenditures on the construction of Airport Boulevard and the acquisition of 9 Byron Bay Road, for the extension of Hutley Drive, there were insufficient funds held in reserve for future property development activities.

As a result of that report Council resolved as follows:

1. *That Council notes the contents of this update on the Property Reserves.*
2. *That Council receive a further report on options to finance high priority development projects such as the Wollongbar Urban Expansion Area - Stage Three and the release of additional industrial land at the Southern Cross Industrial Estate.*

This report addresses point two.

#### **Key Issues**

- Risk and return

#### **Information**

Council's property development activities represent a major part of Council's overall operations with funding from those activities having generated tens of millions of dollars to assist in delivering community infrastructure projects over many years. The revenues that finance the property development activities are managed through Council's internal Property Reserves (cash reserves) with those reserves consisting of two main components being the:

1. Community Infrastructure Reserve (CIR) – This reserve receives revenue from commercial property rentals and dividends from the Property Development Reserve, with the funds held in this reserve financing community infrastructure projects; and
2. Property Development Reserve (PDR) – This reserve is the banker for Council's commercial property development activities.

The latest movements in the reserves, for the current and next four financial years, being the term of the 2018/19 Delivery Program, are as follows.



## 4.2 Property Development - Feasibility and Cash Flows

**Table One – Community Infrastructure Reserve (\$)**

Item	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Opening Balance</b>	<b>550,700</b>	<b>(233,700)</b>	<b>373,500</b>	<b>1,260,500</b>	<b>1,091,100</b>
<b>Cash Inflows</b>					
Interest Earned on Reserve	66,000	0	9,000	32,000	27,000
Rental 89 Tamar Street	702,500	716,000	730,300	744,900	760,400
Rental ARC	127,200	0	0	0	0
Rental Fawcett Park Café	67,000	68,000	69,400	70,800	72,700
Sale – Russellton Land	0	225,000	0	0	0
Sales – Surplus Parcels	0	300,000	0	0	0
Section - 94 Recouped	650,000	450,000	450,000	450,000	450,000
<b>Sub Total Inflows</b>	<b>1,612,700</b>	<b>1,759,000</b>	<b>1,258,700</b>	<b>1,297,700</b>	<b>1,310,100</b>
<b>Cash Outflows</b>					
Property Operating Expenses	117,300	97,800	100,600	103,500	106,400
Ballina Indoor Sports Centre	0	700,000	0	0	0
Captain Cook Park Master Plan	88,900	0	0	0	0
Lenox Head Village Renewal	0	0	0	1,100,000	1,300,000
Loan Repayments – P. and I.	436,900	354,000	271,100	263,600	542,600
Shaws Bay CMP	104,000	0	0	0	0
Sports Fields - Skennars Head	1,150,000	0	0	0	0
Wollongbar Skate Park	500,000	0	0	0	0
Dividend – Comm Infrastructure	0	0	0	0	0
<b>Sub Total Outflows</b>	<b>2,397,100</b>	<b>1,151,800</b>	<b>371,700</b>	<b>1,467,100</b>	<b>1,949,000</b>
<b>Closing Balance</b>	<b>(233,700)</b>	<b>373,500</b>	<b>1,260,500</b>	<b>1,091,100</b>	<b>452,200</b>

Attachment One to this report is the ten year forecast for the CIR and comments on the major items in the Table One summary are as follows.

### Cash Inflows

- Rental – 89 Tamar Street, ARC, Fawcett Street Café – Represents gross rental incomes from these properties. 100% of the income for 89 Tamar Street and Fawcett Park Café is transferred into this reserve. The ARC rental was split equally between this reserve and the PDR, however it is now being allocated fully to the PDR.
- Sale – Russellton Land – Sale of a residual lot which will settle in 2018/19.
- Sales – Surplus Parcels – Represents allowance for nominal sales of surplus parcels of land as per the separate report in this agenda.
- Section 94 – Recouped – Represents developer contributions collected by Council where a project in the Section 94 Plan has been forward funded by Council from other revenues sources, typically being the CIR. Council is able to reimburse or recoup a component of our expended monies consistent with the Section 94 Plan. This income is variable, as it is dependent on the level of Section 94 contributions collected each year.

### Cash Outflows

- Operating Expenses – Operating expenses for the rental properties.

## 4.2 Property Development - Feasibility and Cash Flows

- Various Community Infrastructure Projects – The numerous items listed represent projects where funding is sourced from the CIR. The amounts for the community infrastructure may represent 100% of the funding for a particular project, or a portion of the total funding, with many projects funded from a variety of sources (i.e. grants, other reserves).

The figure in Table One is the CIR contribution to those projects.

- Loan Repayments – Principal and Interest – The repayments relate primarily to the Ballina Town Centre and River Street upgrades, which are financed from this reserve.

The funding of these repayments is the reason why 100% of the rental income from 89 Tamar Street is transferred into this reserve, in that Council identified that revenue as the funding source for the loan repayments.

The repayments are now starting to reduce as the loans are repaid in full. This creates an opportunity for other projects to be funded from loans, with the repayments financed through the rental income.

The draft Long Term Financial Plan (LTFP) assumes Council will borrow \$2.7m in 2018/19 to undertake the next stage of the Ballina Town Centre works (River Street - Grant to Moon Streets) based on a loan term of 15 years at 4%.

It also assumes Council will borrow \$3.1m in 2021/21 as part funding for the Lennox Head Village renewal based on the same term.

These additional loan repayments are then funded from the CIR, meaning there is no negative impact on the working capital result.

This is summarised in the following table.

**Table Two – Loan Repayments funded from CIR (\$)**

Item	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Existing Repayments	436,900	354,000	28,100	20,600	20,600	20,600	0
Ballina New Repayments	0	0	243,000	243,000	243,000	243,000	243,000
Lennox New Repayments	0	0	0	0	279,000	279,000	279,000
<b>Total Repayments</b>	<b>436,900</b>	<b>354,000</b>	<b>271,100</b>	<b>263,600</b>	<b>542,000</b>	<b>542,600</b>	<b>522,000</b>
<b>Funded from CIR</b>	<b>436,900</b>	<b>354,000</b>	<b>271,100</b>	<b>263,600</b>	<b>542,000</b>	<b>542,600</b>	<b>522,000</b>
Working Capital Impact	0	0	0	0	0	0	0

- Dividend – Community Infrastructure – No dividends for Community Infrastructure are included in the four year plan. The LTFP indicates that Council can fund \$550,000 in community infrastructure projects from 2022/23 onwards based on the level of funds available in this reserve as outlined in Attachment One.

The revenue streams for the CIR are relatively consistent and this means that Council now has approximately \$1.5m in income being generated for that reserve each year, with that funding able to be allocated to community infrastructure projects and related loan repayments.

## 4.2 Property Development - Feasibility and Cash Flows

What the long term forecast does show is that there is little capacity in the reserve to fund any unexpected projects that may arise as the funds are fully allocated to the projects identified in Council's LTFF, particularly the Lennox Head Village renewal in 2020/21 and 2021/22. It is only in 2022/23, as per Attachment One, that \$550,000 in unallocated funds is available each year for further community infrastructure projects.

### Property Development Reserve (PDR)

Council has recently purchased a property at Byron Bay Road, Lennox Head to assist with the extension of Hutley Drive. This property is, in the interim, being fully funded by the PDR. In addition to this, the PDR is also making a \$4m contribution to the construction of Airport Boulevard, with that project funded in part by a Federal Government grant of \$3m. The total cost of Airport Boulevard is estimated at \$7m.

The difficulty with these two expenditures is that they represent major, largely unplanned outlays, which will generate minimal financial returns to Council and to the PDR, in the short to medium term. The Byron Bay Road was an unplanned acquisition and Airport Boulevard is being constructed, well ahead of schedule, as Council still has undeveloped industrial land in Boeing Avenue with road frontage (opposite Harvey Norman). Airport Boulevard is occurring primarily as Council has a \$3m Federal Government grant to part fund the project.

Both these expenditures are draining the PDR and the latest review of that reserve is outlined in the following table.

**Table Three – Property Development Reserve (\$)**

Item	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Opening Balance</b>	<b>2,982,700</b>	<b>1,691,700</b>	<b>321,500</b>	<b>217,100</b>	<b>183,000</b>
Less Airport Overdraft	(497,200)	(17,500)	0	0	0
<b>Revised Opening Balance</b>	<b>2,485,500</b>	<b>1,674,200</b>	<b>321,500</b>	<b>217,100</b>	<b>183,000</b>
<b>Add: Cash Inflows</b>					
Interest Accrued	74,000	42,000	8,000	5,000	5,000
Contribution – Sec 94 Byron Bay Road	0	1,100,000	0	0	0
Contribution – WUEA	0	300,000	0	0	0
Rental - Norfolk Homes	150,400	153,000	156,100	159,200	162,400
Rental - ARC	127,200	259,000	264,200	269,500	274,900
Sale - Alstonville Tennis Courts Site	1,300,000	0	0	0	0
Sales - 54 North Creek Road	0	2,605,000	0	0	0
Sales - Russellton	90,000	0	0	0	0
Sales - Southern Cross	0	0	0	0	0
Sales - WUEA (Standard Lots)	3,990,000	0	0	0	0
<b>Sub Total</b>	<b>5,731,600</b>	<b>4,459,000</b>	<b>428,300</b>	<b>433,700</b>	<b>442,300</b>
<b>Less: Cash Outflows</b>					
Operating Expenses and Holding Costs	290,500	219,300	224,700	230,300	236,100
Airport Boulevard Road	0	4,000,000	0	0	0
Ballina Surf Club	100,000	0	0	0	0
Byron Bay Road – Acquisition	2,410,000	0	0	0	0
North Creek Road (54) - Development	831,000	1,150,000	0	0	0
Russellton - Land Development	539,300	0	0	0	0
Shelly Beach Café	3,900	0	0	0	0
Skennars Head - Easement	66,000	0	0	0	0
Southern Cross - Land Development	100,000	0	0	0	0
Southern Cross – Masterplan	170,200	0	0	0	0
WUEA – Development	2,163,000	75,000	0	0	0
Dividend – General Fund	348,700	384,900	308,000	237,500	194,000
<b>Sub Total Outflows</b>	<b>7,022,600</b>	<b>5,829,200</b>	<b>532,700</b>	<b>467,800</b>	<b>430,100</b>
<b>Closing Balance</b>	<b>1,691,700</b>	<b>321,500</b>	<b>217,100</b>	<b>183,000</b>	<b>195,200</b>
Less Airport Overdraft	(17,500)	0	0	0	0
<b>Revised Closing Balance</b>	<b>1,674,200</b>	<b>321,500</b>	<b>217,100</b>	<b>183,000</b>	<b>195,200</b>

## 4.2 Property Development - Feasibility and Cash Flows

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The critical issue from this forecast is that the relatively small closing balances for 2018/19 onwards mean that Council does not have sufficient funds to undertake additional development projects.

Attachment Two to this report is the latest ten year forecast for the PDR and comments on the major items in the Table Three summary are as follows.

### Cash Inflows

- a) Contribution – Section 94 Byron Bay Road – Council will be able to recoup part of the cost of acquiring this property from the Section 94 contributions collected for roads however the Section 94 Plan will need to be amended to reflect this acquisition. The recoupment is likely to occur in 2018/19 and the \$1.1m is an estimate only. The actual recoupment will depend on the apportionment of the acquisition costs in the Section 94 Plan.
- b) Contribution – WUEA – Represents a contribution from an adjoining land owner for shared infrastructure funded by Council as part of Stage Two. This is now anticipated to be received in 2018/19.
- c) Rental Income – The figures relate to the Norfolk Homes and ARC Building leases, both of which are located at the Southern Cross Industrial Estate. The rental from the ARC Building was previously split evenly between the PDR and the CIR however to ensure the PDR balance remains positive this forecast is based on 100% of the ARC rental going to the PDR from 2018/19 onwards.
- d) Sale – Alstonville Tennis Courts Site – This sale settled during 2018/19.
- e) Sales - 54 North Creek Road – Represents estimated sales income from the development of this property, with four out of a total of six contracts exchanged to date. The income has been deferred to 2018/19 due to delays in the construction contract.
- f) Sales – WUEA (Wollongbar Urban Expansion Area) – These contracts should settle this financial year with all lots sold.

### Cash Outflows

- a) Operating Expenditure – Represents holding costs for our landholdings.
- b) Airport Boulevard – Funding of \$4m as a contribution towards this \$7m project. This expenditure is now in 2018/19 as planning consent has still not been obtained.
- c) Byron Bay Road – Acquisition of property for the northern extension of Hutley Drive.
- d) North Creek Road (54) – Land Development – Represents the construction costs for this development. This figure has been allocated between 2018/19 and 2019/20 as the construction contractor has been placed in liquidation. Council is going through the process of appointing a new contractor.

## 4.2 Property Development - Feasibility and Cash Flows

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- e) Russellton Land Development – This figure relates to subdivision and other ancillary costs to formalise existing uses in this Estate.
- f) Shelly Beach Café – Council resolved to finance works related to the relocation of infrastructure for this property.
- g) Skennars Head - Easement – Represents costs related to the provision of an easement for the residual land sold as part of the Skennars Head Sports Fields expansion, as reported to Council at the April 2018 Ordinary meeting.
- h) Southern Cross Land Development and Masterplan – Represents funding for planning related works.
- i) WUEA – Development – Development costs for stage two and small preliminary costs for stage three.
- j) Dividend – General Fund – The PDR provides an annual dividend to the General Fund to support the recurrent operations of Council. This continues to drain the PDR, considering that community infrastructure dividends are also paid to the General Fund. Ideally this recurrent dividend should be removed from our LTFP, and this forecast has the dividend reducing to a figure whereby the Property Program will provide a recurrent dividend of \$100,000 per annum to the General Fund.

The reason there is no major income and expenditure items forecast for 2019/20 onwards, in the cash flow, is that the reserve does not have sufficient funding to undertake any new development projects.

The forward cash flows for this reserve, as per Attachment Two, based on the recurrent revenues, provide sufficient revenue to finance the land holding costs and the annual dividend to the General Fund. This means that to undertake any other development projects, external funding (i.e. loans) is required.

The major development projects that are the highest priority, based on demand and the planning status of each development are:

- Southern Cross – Boeing Avenue (opposite Harvey Norman) – Council has two lots, with approval for filling, being Lots 2 and 3. Lot 2 is 2.5 hectares and Lot 3 is 3.5 hectares in size
- WUEA – Stage Three – There are an estimated 31 lots in stage three.

Other Council land holdings include:

- Russellton Industrial Estate – The next stage of this Industrial Estate has significant up-front development costs and the difficulty is that there is likely to be a long lead time on sales revenues to offset those costs. This Estate should be a priority once Council has provided sufficient industrial land at the Southern Cross Industrial Estate.
- Henderson Farm – Residual Land – This residential land adjoins the EPIQ Estate in Lennox Head. The intention is to develop the land as further stages of the EPIQ development are rolled out.

## 4.2 Property Development - Feasibility and Cash Flows

- Byron Bay Road – The residual portion of this property may have development potential.
- Southern Cross Industrial Estate – Airport Boulevard – Once this road is constructed Council will be in a position to provide serviced industrial lots adjoining the road.

The Boeing Avenue and WUEA – Stage Three holdings are thought to be the most marketable, in demand and advanced from a planning perspective, and on that basis preliminary feasibilities for the two projects have been estimated as follows.

### Boeing Avenue Lots Two and Three - Overview

**Table Four – Boeing Avenue Lots Two and Three - Feasibility**

Item	Assumption	Item	Amount (\$)	Totals (\$)
<b>Forecast Sales</b>	<b>31</b>	<b>Lots</b>	<b>14,331,000</b>	
Less : Commission and Marketing	3.00%		430,000	
Less: Legals	\$1,500	Per Lot	46,500	
<b>Net Proceeds</b>				<b>13,854,500</b>
<b>Less : Development Costs</b>				
Earthworks, civil, services	\$187,000	Per Lot	5,797,000	
Electrical and communications	\$16,600	Per Lot	514,600	
Professional fees	\$180,000	Total	180,000	
Council rates and charge for period	\$12,000	Total	12,000	
Council contributions	\$35	Per m2	1,877,000	
<b>Sub Total</b>				<b>8,380,600</b>
Contingency	7.50%			629,000
<b>Total Development Costs</b>	<b>291,000</b>	<b>Per Lot</b>		<b>9,009,600</b>
<b>Result exc Interest and Land Value</b>			<b>54%</b>	<b>4,844,900</b>
Less: Interest on Borrowings				278,100
<b>Return on Total Development Costs</b>			<b>49%</b>	<b>4,566,800</b>
Less: Englobo Land Value	20.00%			2,866,200
<b>Return on Funds Applied</b>			<b>14%</b>	<b>1,700,600</b>

Council's Property Investment and Development Policy has the following parameters for determining whether Council should proceed with an investment.

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

The latest BBSW is approximately 1.9%. The policy also states that Council is to consider the following, as a minimum in determining risk:

- *Council experience in the proposed type of development*
- *Nature of tenancies*
- *Funding sources*
- *Term asset is to be held*
- *Recent precedence.*

## 4.2 Property Development - Feasibility and Cash Flows

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Council has extensive experience in developing industrial land and demand is currently strong. However the industrial land market is fickle and can change quickly.

The benefit that Council has is that it is able to hold land for a lengthy period of time, albeit that if loan funding is used this results in Council incurring interest payments.

This land is located at the northern end of Boeing Avenue adjoining the Harvey Norman Complex and is zoned "Industrial IN1".

The land has development consent and construction certificate approval for subdivision into two large industrial lots as follows:

- Lot 2            2.317 ha
- Lot 3            3.498 h.

The approvals in place allow for the filling of Lots 2 and 3 to a level of RL 2.863 metres.

Since the Harvey Norman Complex was completed there has been very little interest for large industrial or bulky goods lots. There is strong demand for serviced industrial lots, particularly in the sub 4,000m<sup>2</sup> size range.

Consultants were engaged to prepare initial concept plans for feasibility purposes. These initial concept plans indicate a yield of 31 lots ranging in size from about 1,100m<sup>2</sup> up to 7,500m<sup>2</sup>.

A concept layout plan is included as Attachment Three.

Attachment Four repeats the feasibility in Table Four, provides a cash flow for the development, along with details of how the sale proceeds are calculated.

Comments on the feasibility calculation in Table Four are as follows:

- a) Forecast Sales - Estimated gross sale proceeds are based upon recent lot sales in the area, including pre-sales of lots on Council's subdivision of 54 North Creek Road.

The average lot value adopted reflects a rate of \$267 per square metre. Lots up to about 2,000m<sup>2</sup> have been priced at \$300/m<sup>2</sup> + GST and then scaled back from that price depending upon size and configuration as per Attachment Four.

- b) Selling Expenses - Sales commissions and legal expenses are based on market rates.
- c) Development Costs and Council Contributions - Consultants and Council staff have prepared cost estimates based upon market rates. The single largest cost is for filling of the land.

A target rate of \$25 per cubic metre has been adopted reflecting a cost of approximately \$3.9m assuming material could be sourced from the Tuckombil Quarry and or pumped from the sandpit at the Airport.

## 4.2 Property Development - Feasibility and Cash Flows

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If filling costs were to blow out in excess of \$45 per cubic metre the project would be marginal.

- d) Development and Sale Period - It is estimated it may take up to three years to develop and sell all 31 lots. At this point in time there is a level of uncertainty over how long it may take for the site to be filled and achieve an acceptable level of settlement.

As with the residential land market, it is uncertain how long the industrial land market will remain in the current buoyant phase of the property market cycle. What is certain is the lack of supply of serviced industrial lots in the Ballina and Byron Shires.

Boeing Avenue will probably provide the only reasonable supply of serviced industrial lots for the next few years.

- e) Development Result - The preliminary analysis undertaken and summarised indicates the proposed industrial subdivision may generate a development profit of \$4.8m prior to any interest on borrowings.
- f) Interest on borrowings – An assumed interest rate of 3% has been applied based on the loan overdraft, as per the cash flow forecast in Attachment Four. Council has been provided with preliminary interest rates for this type of financing at rates lower than 3% from a local bank.
- g) Site Value – The methodology to determine the site value is based on 20% of the estimated sale proceeds. This is a conservative development approach to calculate the viability of a development proposal.

Based on this calculation the site value is assessed to be in the order of \$2.8m + GST “as is”, with the development consent in place to undertake a 31 lot industrial subdivision.

Once the estimated land value is deducted from the forecast development profit the revised profit reduces to \$1.7m, inclusive of interest.

This represents a 14% return compared to the 49% return on total development costs.

In summary the development figures for this project are high due to the amount of fill that needs to be won, landed and compacted.

Based on the cash flows the peak debt for Council is close to \$9m.

This is considered to be a high risk investment due to the cost of development and the risk that sales could be slower than anticipated.

The estimated return, at 14%, is above the high risk benchmark as per Council’s Property Investment and Development Policy.

If this project proceeds Council would progressively advance the works with the first potential stop point being confirmation of the land filling costs, possibly following a tender process.



## 4.2 Property Development - Feasibility and Cash Flows

### Wollongbar Urban Expansion Area (WUEA) – Stage Three - Overview

Council is in the process of finalising **Stage Two** of this Estate and a summary of the outcomes from that stage is as per the following table.

**Table Five – WUEA – Stage Two Outcomes**

Item	Item	Item	Amount (\$)	Totals (\$)
Forecast Sales	18	Lots	4,400,000	
Less: Selling Expenses			103,000	
Less: GST			400,000	
<b>Net Proceeds</b>				<b>3,897,000</b>
<b>Less: Development Costs</b>				
Actual costs 2015/16			193,000	
Actual costs 2016/17			851,000	
Estimated costs 2017/18			2,088,000	
Add Contribution from Adjoining Owner			(300,000)	
<b>Total Development Costs</b>	<b>\$157,000</b>	<b>Per Lot</b>		<b>2,832,000</b>
<b>Return on Total Development Costs</b>			<b>38%</b>	<b>1,065,000</b>
Less: Englobo Land Value	20%	Lot Sales	(Ex GST)	800,000
<b>Return on Funds Applied</b>			<b>7%</b>	<b>265,000</b>

Stage Two costs included the construction of a large stormwater detention basin and roundabout that benefits Stages Two and Three, which will benefit Stage Three. All lots have sold and we are now awaiting settlement pending plan registration and issuance of titles. The \$2,088,000 in costs for 2017/18 includes \$170,000 in Council contributions paid by Council on behalf of Avalon Estate. The development application (DA 2015/351) was a joint DA between Council and Avalon and the \$300,000 represents an estimate for the adjustment for these and other costs between the parties.

The feasibility for Stage Three is as follows.

**Table Six – WUEA – Stage Three Feasibility**

Item	Assumption	Item	Amount (\$)	Totals (\$)
<b>Forecast Sales</b>	<b>31</b>	<b>Lots</b>	<b>9,377,500</b>	
Less : Commission and Marketing	3.00%		281,000	
Less: Legals	\$1,500	Per Lot	46,500	
Less: GST	10.00%		852,500	
<b>Net Proceeds</b>				<b>8,197,500</b>
<b>Less : Development Costs</b>				
Earthworks, civil, services	\$100,000	Per Lot	3,100,000	
Electrical and communications	\$6,000	Per Lot	186,000	
Landscaping	\$5,000	Per Lot	155,000	
Professional fees	\$180,000	Total	180,000	
Council rates and charge for period	\$20,000	Total	12,000	
Contribution to adjoining landowner	\$240,000	Total	240,000	
Council contributions	\$43,000	Per Lot	1,333,000	
<b>Sub Total</b>				<b>5,206,000</b>
Contingency	7.50%			390,000
<b>Total Development Costs</b>	<b>181,000</b>	<b>Per Lot</b>		<b>5,596,000</b>
<b>Result exc Interest and Land Value</b>			<b>46%</b>	<b>2,601,500</b>
Less: Interest on Borrowings				185,400
<b>Return on Total Development Costs</b>			<b>42%</b>	<b>2,416,100</b>
Less: Englobo Land Value	20.00%			1,875,500
<b>Return on Funds Applied</b>			<b>7%</b>	<b>540,600</b>

## 4.2 Property Development - Feasibility and Cash Flows

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Tenders have been received for professional services to prepare and lodge a development application for Stage Three with a report on the tender outcomes presented to the April 2018 Council meeting.

Based upon initial concept plans, Stage Three will yield 31 lots as follows:

- 30 standard residential lots with an average area of 622m<sup>2</sup>
- One larger lot, approximately 2,000m<sup>2</sup>, proposed to be sold off to the private sector for development of a childcare facility.

A concept layout plan is included as Attachment Five.

Attachment Six repeats the feasibility in Table Six, provides a cash flow for the development, along with details of how the sale proceeds are calculated.

Comments on the feasibility calculation in Table Six are as follows:

- a) Forecast Sales - Estimated gross sale proceeds are based upon recent lot sales in the area, including Stage Two.

The average standard lot price for Stage Three is assessed at \$283,250 (incl. GST) whilst a figure of \$880,000 (incl. GST) has been attributed to the childcare lot.

- b) Selling Expenses - Sales commissions and legal expenses are based on costs incurred for Stage Two.

- c) Development Costs and Council Contributions - Based on costs incurred for Stage Two and adjusted accordingly.

- d) Development and Sale Period - Stage Three may take up to three years to develop and sell all 31 lots. Council was lucky with Stages One and Two in that nearly all lots were sold prior to completion of the development works.

It is uncertain how long the market will remain in the current buoyant phase of the property market cycle and a more conservative approach has been taken in regards to the sales period for the completed lots.

- e) Development Result - The preliminary analysis undertaken indicates Stage Three may generate a development profit of \$2.6m prior to any interest on borrowings.

- f) Site Value - The value of the Stage Three site is assessed to be in the order of \$1.87m + GST (\$60,00 per lot) "as is" assuming development consent is in place to undertake a 31 lot residential subdivision.

Once the estimated land value of \$1.87m is deducted the revised profit forecast reduces to \$540,600 reflecting a development return on funds applied of 7%, compared to a return on total development costs of 42%.

In summary this is considered to be a low to medium risk investment and the returns are within the risk matrix as per Council's Property Investment and Development Policy.

## **4.2 Property Development - Feasibility and Cash Flows**

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

The issue facing Council is that there are now insufficient funds held in the PDR to undertake development activities.

If Council wishes to continue its property development activities loan funding is needed.

Council has a \$2m grant application with the State Government for Airport Boulevard. If that grant application is successful this will free up \$2m for property development as the current contribution from the Property Development Reserve to Airport Boulevard is \$4m and this can be reduced to \$2m by applying the grant funds.

### **Consultation**

This report has involved consultation with a range of consultants and staff.

### **Options**

The options available include:

- a) Not proceed with any further property development activities and dispose of the land holdings. This is not a recommended course of action as Council has limited financial resources and undertaking property development activities creates additional funds for the provision of community infrastructure, subject to the risks being managed.
- b) Undertake one or both of the projects identified.

From a risk perspective the WUEA Stage Three project is relatively low risk as the outlays are not overly excessive, albeit that it does reach close to \$5.6m, and the land is reasonably flat helping to minimise development costs.

It is therefore recommended that Council approve short term loan financing for the WUEA Stage Three development.

The Boeing Avenue project has total outlays close to \$9m and the concern with industrial land is that it can often take a lengthy period time to sell. There is also a concern that with Council constructing Airport Boulevard potential purchasers may prefer to acquire land in that location as the first preference.

One idea that is being considered is that Council does not offer land adjacent to Airport Boulevard for sale, but rather as long term leases. This then provides a recurrent revenue stream for Council well into the future. This is a matter that will be reported on as Airport Boulevard progresses.

In respect to the recommendation for Boeing Avenue the preference is to continue to research the viability of the project.

Currently investigations are being undertaken into the opportunity to transfer overburden from the Tuckombil Quarry site for fill on Boeing Avenue. This has the benefit of providing fill at potentially a reasonable price, while at the same time helping to free up the Quarry site for future use within its existing life.

## **4.2 Property Development - Feasibility and Cash Flows**

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Based on the need for further investigations to continue the preferred recommendation for Boeing Avenue is to provide in principle support for loan funding, subject to further reports on the viability of the project being reported to Council.

The final recommendation is also to ensure that the latest reviews of the Community Infrastructure Reserve and Property Development Reserve are included in the Long Term Financial Plan for 2018/19.

### **RECOMMENDATIONS**

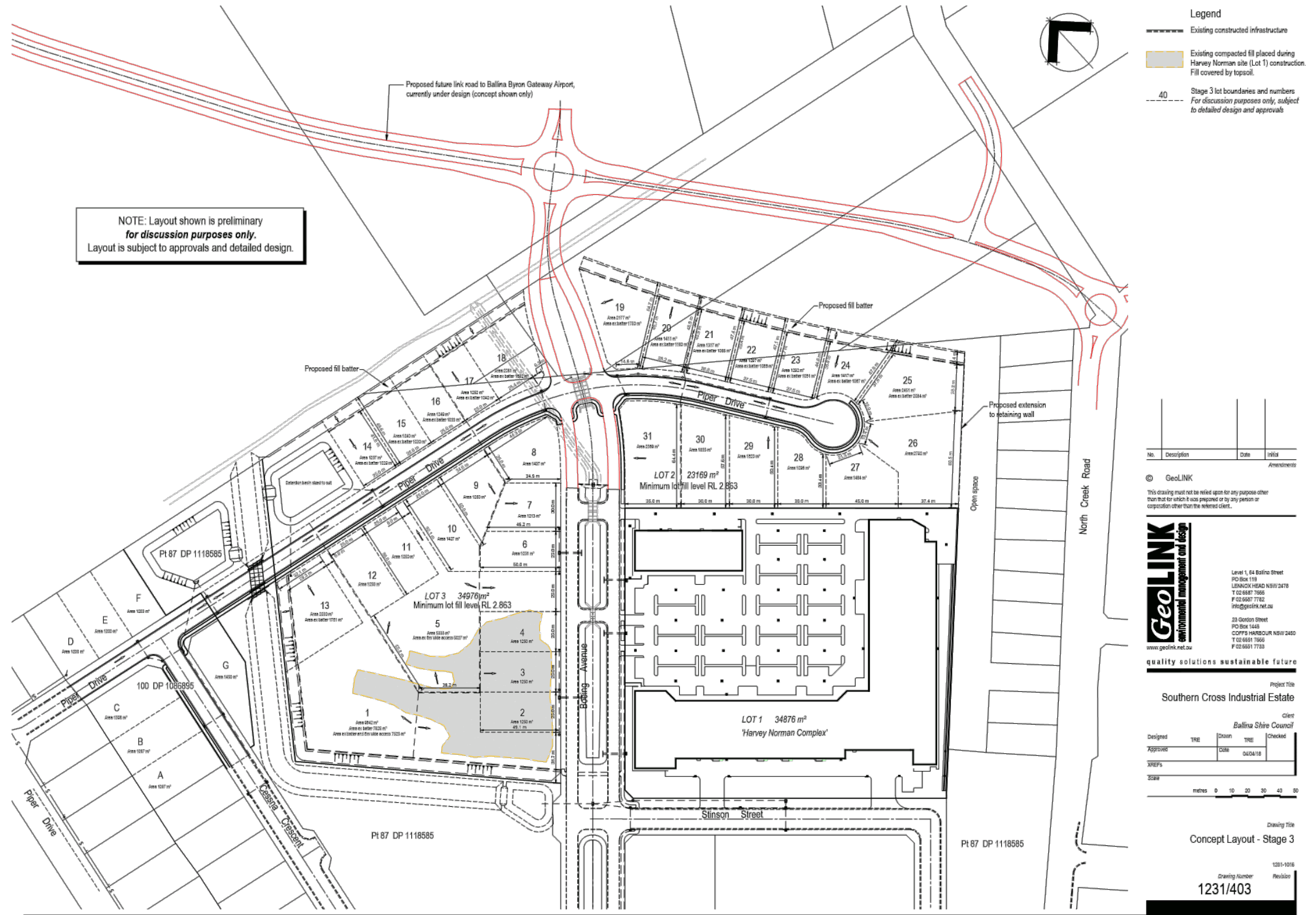
1. That Council approves the short term loan funding, estimated at \$5.6m maximum for the development of Council's Wollongbar Urban Expansion Area – Stage Three, as per the Attachment Six to this report. The cash flows as per Attachment Six are also to be included in the 2018/19 Delivery Program and Operational Plan.
2. That Council provides in principle support for the progress of the Boeing Avenue Lots Two and Three project, subject to further reports being submitted on the viability of the project once there is more certainty in respect to major costs such as the fill required for the development. The cash flows as per Attachment Four to this report are also to be included in the 2018/19 Delivery Program and Operational Plan.
3. That Council notes the contents of this report and approves the inclusion of the latest review of the Community Infrastructure Reserve and Property Development Reserve in the 2018/19 Delivery Program and Operational Plan, as per Attachments One and Two to this report.

### **Attachment(s)**

1. Community Infrastructure Reserve - Forward Financial Plan
2. Property Development Reserve - Forward Financial Plan
3. Concept Plan - Boeing Avenue - Lots Two and Three
4. Boeing Avenue - Feasibility
5. Concept Plan - Wollongbar Urban Expansion Area - Stage Three
6. Wollongbar Urban Expansion Area - Feasibility







Item	Assumption	Item	Amount (\$)	Totals (\$)
Forecast Sales	31	Per Lot	14,331,000	
Less: Commission and Marketing	3.00%	Per Lot	430,000	
Less: Legals	\$1,500	Per Lot	46,500	
Net Proceeds				13,854,500
<b>Less: Development Costs</b>				
Earthworks, civil, services	\$187,000	Per Lot	5,797,000	
Electrical and telecommunications	\$16,600	Per Lot	514,600	
Professional fees	\$180,000	Total	180,000	
Council rates and charge for period	\$12,000	Total	12,000	
Council contributions	\$35	Per m2	1,877,000	
Sub Total			8,380,600	
Contingency	7.50%		629,000	
Total Development Costs	291,000	Per Lot	9,009,600	
<b>Result exc Interest and Land Value</b>				
Less: Interest on Borrowings			4,844,900	
Return on Total Development Costs			276,100	
Less: Engloba Land Value			4,568,800	
Return on Funds Applied	20.00%		2,866,200	
			1,700,600	14%

Year	2018/19	2019/19	2019/19	2018/19	2019/20	2019/20	2019/20	2019/20	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	Totals
Quarter	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4	Totals	
<b>Revenues</b>															
Sales (net of GST, commissions and legals)									2,770,900	2,770,900	2,770,900	2,770,900	2,770,900	13,854,500	
<b>Cash Inflows</b>	0	0	0	0	0	0	0	0	2,770,900	2,770,900	2,770,900	2,770,900	2,770,900	13,854,500	
<b>Development Costs</b>															
Consultants	50,000	50,000	16,000	16,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	180,000	
Civil works			1,449,000	1,449,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	5,797,000	
Electrical and telecommunications			257,300	257,300	257,300	257,300	257,300	257,300	257,300	257,300	257,300	257,300	257,300	1,877,000	
Council contributions			1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000	
Council rates	1,000	1,000	129,200	129,200	109,500	109,500	109,500	109,500	1,000	1,000	1,000	1,000	1,000	628,600	
Contingency	3,800	3,800							800	800	800	800	800		
<b>Cash Outflows</b>	54,800	54,800	1,851,500	1,851,500	1,569,500	1,569,500	1,569,500	1,569,500	11,800	11,800	11,800	11,800	11,800	9,009,200	
<b>Net Cash Surplus / (Deficit)</b>	(54,800)	(54,800)	(1,851,500)	(1,851,500)	(1,569,500)	(1,569,500)	(1,569,500)	(1,569,500)	11,800	11,800	11,800	11,800	11,800	4,845,300	
<b>Cumulative Cash Balance</b>		(109,600)	(1,961,100)	(3,536,000)	(5,105,500)	(6,552,700)	(8,982,600)	(6,223,500)	(3,464,400)	(694,500)	2,075,400	4,845,300	4,845,300	4,845,300	
Interest Paid on Loan at 3%	400	800	14,700	26,500	38,300	52,100	67,400	46,700	26,000	5,200	0	0	0	278,100	

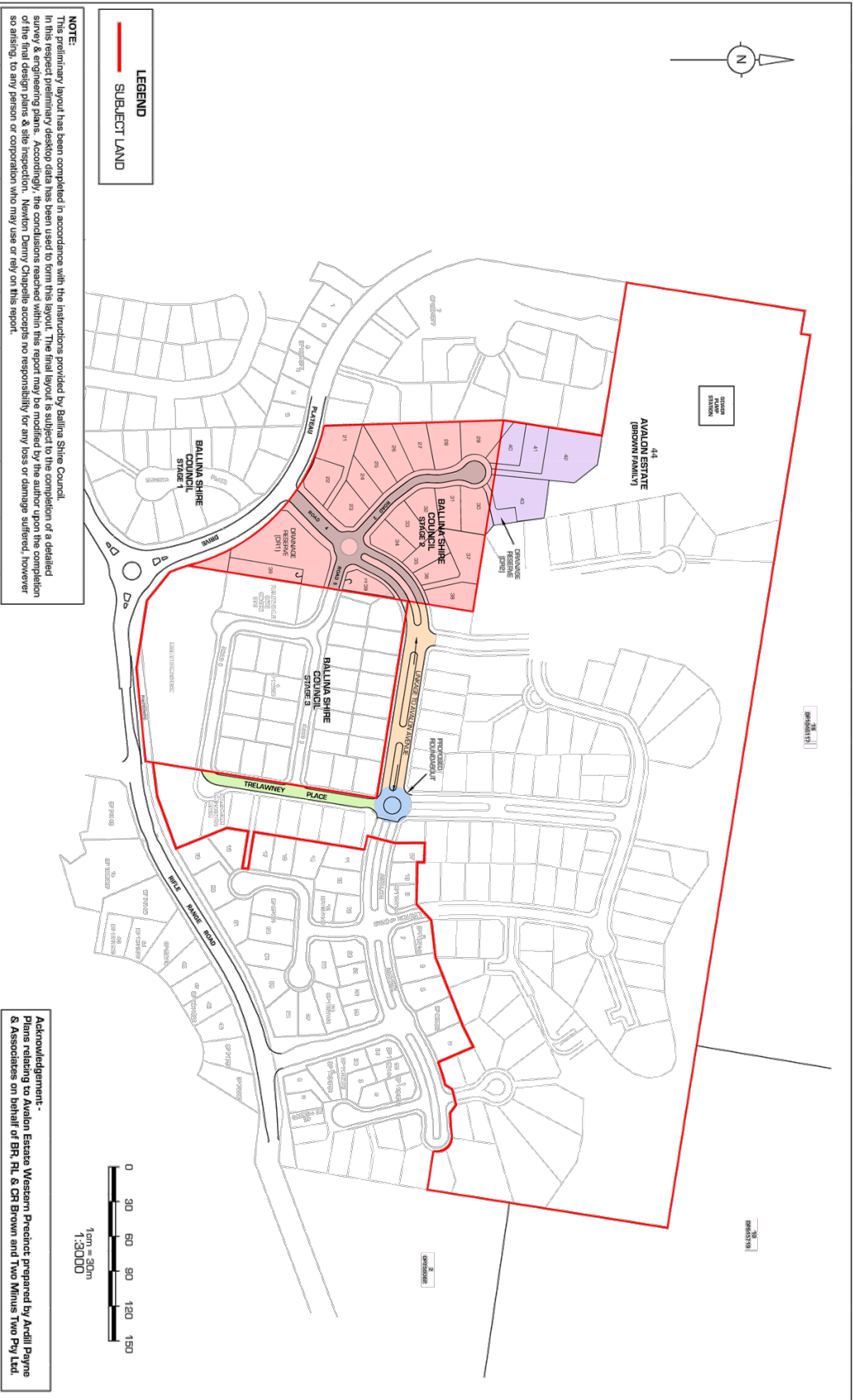
Location	Lot Reference	Area Square Metres (#)	Price Per Lot (\$ (Exc GST))	Square Metre (Ex GST)	Description
Boeing Avenue/Piper Drive	1	7,525	1,379,000	183	Large irregular shaped lot. Area excludes batter and access to Piper Drive
Boeing Avenue	2	1,250	375,000	300	Adjacent to road / Harvey Norman
Boeing Avenue	3	1,250	375,000	300	Adjacent to road / Harvey Norman
Boeing Avenue	4	1,250	375,000	300	Adjacent to road / Harvey Norman
Boeing Avenue/Piper Drive	5	5,027	942,000	187	Large irregular shaped lot. Area excludes batter and access to Piper Drive
Boeing Avenue	6	1,231	369,300	300	Adjacent to road. Area excludes batter
Boeing Avenue	7	1,213	363,900	300	Irregular shaped lot. Adjacent to road
Boeing Avenue/Piper Drive	8	1,437	431,100	300	Corner block. Adjacent to road
Piper Drive	9	1,250	343,800	275	Irregular shaped lot. Adjacent to road
Piper Drive	10	1,427	428,100	300	Adjacent to road
Piper Drive	11	1,250	375,000	300	Adjacent to road
Piper Drive	12	1,250	375,000	300	Adjacent to road
Piper Drive	13	1,781	628,300	300	Adjacent to road. Area excludes batter
Piper Drive	14	1,029	308,700	300	Adjacent to road. Area excludes batter
Piper Drive	15	1,030	309,000	300	Adjacent to road. Area excludes batter
Piper Drive	16	1,033	309,900	300	Adjacent to road. Area excludes batter
Piper Drive	17	1,042	312,600	300	Adjacent to road. Area excludes batter
Piper Drive	18	1,682	504,600	300	Corner block adjacent to road. Area excludes batter
Piper Drive	19	1,750	525,000	300	Corner block adjacent to road. Area excludes batter
Piper Drive	20	1,180	354,000	300	Adjacent to road. Area excludes batter
Piper Drive	21	1,086	325,500	300	Adjacent to road. Area excludes batter
Piper Drive	22	1,086	319,800	300	Adjacent to road. Area excludes batter
Piper Drive	23	1,061	318,300	300	Adjacent to road. Area excludes batter
Piper Drive	24	1,067	320,100	300	Adjacent to road. Area excludes batter. On cul-de-sac
Piper Drive	25	2,094	521,000	250	Irregular shaped lot. Area excludes batter. On cul-de-sac
Piper Drive	26	2,792	698,000	250	Irregular shaped lot. On cul-de-sac
Piper Drive	27	1,484	388,100	275	Irregular shaped lot. On cul-de-sac
Piper Drive	28	1,296	388,800	300	Adjacent to road. Adjoining Harvey Norman
Piper Drive	29	1,620	486,000	300	Adjacent to road. Adjoining Harvey Norman
Piper Drive	30	1,835	550,500	300	Adjacent to road. Adjoining Harvey Norman
Piper Drive	31	2,369	710,700	300	Adjacent to road. Adjoining Harvey Norman
<b>Totals</b>		<b>53,626</b>	<b>14,331,100</b>	<b>267</b>	

Item	Area	Price	Value	Total
Lot 1 Street frontage	1,000	\$300	\$300,000	
Mid section	2,000	\$200	\$400,000	
Rear section	4,325	\$150	\$648,750	
<b>Total</b>	<b>7,325</b>	<b>\$183</b>	<b>\$1,378,750</b>	
Lot 5 Street frontage	1,250	\$300	\$375,000	
Rear section	3,777	\$187	\$706,590	
<b>Total</b>	<b>5,027</b>	<b>\$185</b>	<b>\$941,590</b>	
<b>Total</b>	<b>12,352</b>	<b>\$185</b>	<b>\$2,320,300</b>	



**4.2 Property Development - Feasibility and Cash Flows**



**LEGEND**  
— SUBJECT LAND

**NOTE:**  
The preliminary layout has been completed in accordance with the instructions provided by Ballina Shire Council. In this respect preliminary desktop data has been used to form this layout. The final layout is subject to the completion of a detailed survey & engineering plans. Accordingly, the conclusions reached within this report may be modified by the author upon the completion of the final design plans & site inspection. Newton Denny Chapelle accepts no responsibility for any loss or damage suffered, however so arising, to any person or corporation who may use or rely on this report.

REV / DATE	AMENDMENT
A	15/11/18
B	16/01/19
C	09/07/19
D	09/07/19

**SOURCE PLAN:** n/a  
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**PLAN 1 - MASTER PLAN SUMMARY**  
 CLIENT: BALLINA SHIRE COUNCIL  
 LOCATION: LOT 16 DP 1820482-1, LOT 6 P.P. 1161720 & LOT 98 DP 1187735  
 HPELE RANGE ROAD WOLLONGUBEAR NSW  
 DATE: 15/12/18  
 SCALE: 1:3000 P/A3  
 REF: 14/082  
 DRAWN BY: CHANNA BK

Acknowledgement -  
 Planning for Avonlin Estate, Western Precinct prepared by Anelli Payne & Associates on behalf of BR, PL & CR Brown and Two Minutes Two Pty Ltd.

**Wollongbar Urban Expansion Area - Stage Three - Feasibility**

Item	Assumption	Item	Amount (\$)	Totals (\$)
Forecast Sales	31 Lots		9,377,500	
Less: Commission and Marketing	3.00%		281,000	
Less: Legals	\$1,500 Per Lot		46,500	
Less: GST	10.00%		852,500	
<b>Net Proceeds</b>				<b>8,197,500</b>
<b>Less: Development Costs</b>				
Earthworks, civil, services	\$100,000 Per Lot	3,100,000		
Electrical and communications	\$6,000 Per Lot	186,000		
Landscaping	\$5,000 Per Lot	155,000		
Professional fees	\$180,000 Total	180,000		
Council rates and charge for period	\$20,000 Total	12,000		
Contribution to adjoining landowner	\$240,000 Total	240,000		
Council contributions	\$43,000 Per Lot	1,333,000		
<b>Sub Total</b>				<b>5,206,000</b>
Contingency	7.50%		390,000	
<b>Total Development Costs</b>				<b>5,596,000</b>
<b>Result exc Interest and Land Value</b>				<b>2,601,500</b>
Less: Interest on Borrowings			185,400	
<b>Return on Total Development Costs</b>				<b>2,416,100</b>
Less: Englebo Land Value	20.00%		1,875,500	
<b>Return on Funds Applied</b>				<b>540,600</b>

**Wollongbar Urban Expansion Area - Stage Three - Cash Flow**

Year	2018/19	2018/19	2018/19	2018/19	2019/20	2019/20	2019/20	2019/20	2019/20	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	Totals		
Quarter	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
<b>Revenues</b>																		
Sales (net of GST, commissions and legals)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
<b>Cash Inflows</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
<b>Development Costs</b>																		
Consultants	50,000	20,000	10,000	40,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	180,000		
Electrical and telecommunications			100,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	3,100,000	
Landscaping				93,000	93,000	93,000	93,000	93,000	93,000	93,000	93,000	93,000	93,000	93,000	93,000	93,000	186,000	
Council contributions	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,333,000	
Council rates	3,800	1,600	8,300	240,000	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	
Payment to adjoining landowner				140,600	127,600	109,000	109,000	109,000	109,000	109,000	109,000	109,000	109,000	109,000	109,000	109,000	240,000	
Contingency																	390,900	
<b>Cash Outflows</b>	54,800	22,600	119,300	2,014,600	1,829,100	1,550,500	1,550,500	1,550,500	1,550,500	1,550,500	1,550,500	1,550,500	1,550,500	1,550,500	1,550,500	1,550,500	5,596,900	
<b>Net Cash Surplus / (Deficit)</b>	(54,800)	(22,600)	(119,300)	(2,014,600)	(1,829,100)	(1,550,500)	(1,550,500)	(1,550,500)	(1,550,500)	(1,550,500)	(1,550,500)	(1,550,500)	(1,550,500)	(1,550,500)	(1,550,500)	(1,550,500)	2,600,600	
<b>Cumulative Cash Balance</b>				(77,400)	(196,700)	(2,211,300)	(4,040,400)	(5,590,900)	(5,591,900)	(4,951,900)	(3,953,400)	(2,314,900)	(1,638,500)	(76,400)	962,100	2,500,500	2,600,600	
Interest Paid on Loan at 3%				600	1,500	16,600	30,300	41,900	41,900	29,700	17,400	5,100	0	0	0	0	0	185,400

**Wollongbar Urban Expansion Area - Stage Three - Lot Yield**

Description	Lot Reference	Area Square Metres (#)	Price Per Lot (\$) (Exc GST)	Price Per Square Metre (Exc GST)	Price Per Lot (\$) (inc GST) 10.00%	Price Per Square Metre (inc GST) 10.00%
Corner entrance lot	42	820	\$300,000	\$366	\$330,000	\$402
Adjacent to road	43	761	\$275,000	\$362	\$302,500	\$387
Adjacent to road	44	656	\$250,000	\$381	\$275,000	\$349
Adjacent to road	45	600	\$250,000	\$417	\$275,000	\$458
Adjacent to road	46	600	\$250,000	\$417	\$275,000	\$458
Adjacent to road	47	600	\$250,000	\$417	\$275,000	\$458
Adjacent to road	48	600	\$250,000	\$417	\$275,000	\$458
Adjacent to road	49	600	\$250,000	\$417	\$275,000	\$458
Adjacent to road	50	600	\$250,000	\$381	\$275,000	\$419
Corner lot	51	600	\$250,000	\$417	\$275,000	\$458
Adjacent to road with 2 lots behind	52	656	\$280,000	\$399	\$286,000	\$436
Corner lot	53	600	\$250,000	\$417	\$275,000	\$458
Adjacent to road	54	600	\$250,000	\$417	\$275,000	\$458
Adjacent to road	55	600	\$250,000	\$417	\$275,000	\$458
Adjacent to road	56	600	\$250,000	\$417	\$275,000	\$458
Adjacent to road	57	600	\$250,000	\$417	\$275,000	\$458
Adjacent to road	58	600	\$250,000	\$417	\$275,000	\$458
Adjacent to road	59	618	\$250,000	\$403	\$275,000	\$443
Adjacent to road	60	600	\$250,000	\$403	\$275,000	\$443
Corner lot opposite childcare	61	661	\$250,000	\$384	\$275,000	\$422
Adjacent to road	62	634	\$280,000	\$441	\$286,000	\$451
Adjacent to road	63	634	\$280,000	\$441	\$286,000	\$451
Adjacent to road	64	647	\$280,000	\$432	\$286,000	\$442
Corner lot	65	600	\$250,000	\$417	\$275,000	\$458
Adjacent to road with 2 lots behind	66	646	\$270,000	\$418	\$297,000	\$460
Corner lot opposite park	67	634	\$270,000	\$426	\$297,000	\$468
Opposite park	68	634	\$270,000	\$426	\$297,000	\$468
Opposite park	69	634	\$270,000	\$426	\$297,000	\$468
Corner lot opposite childcare and park	70	652	\$270,000	\$414	\$297,000	\$456
Opposite childcare with two lots behind	71	601	\$250,000	\$416	\$275,000	\$458
<b>Totals</b>		<b>19,009</b>	<b>\$7,725,000</b>	<b>\$406</b>	<b>\$8,497,500</b>	<b>\$447</b>
Childcare Centre Lot	72	2,000	\$800,000	\$400	\$880,000	\$440
<b>Totals</b>		<b>21,009</b>	<b>\$8,525,000</b>	<b>\$406</b>	<b>\$9,377,500</b>	<b>\$446</b>
Number of lots		31				
Average size excluding lots 42, 43, 72		622				
Average price excluding lot 72			\$257,500	\$406	\$283,250	\$447

#### **4.3 Ballina Byron Gateway Airport - Airline Pricing Agreement**

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#### **4.3 Ballina Byron Gateway Airport - Airline Pricing Agreement**

**Delivery Program** Commercial Services

**Objective** To provide an overview of the confidential report later in this agenda in respect to an airline pricing agreement.

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#### **Background**

The negotiation of airline pricing agreements requires commercial negotiations in respect to dealings with the service providers.

Therefore it is essential that confidentiality is maintained to ensure the best value to the community.

The confidential report later in this agenda provides details of the proposed pricing in respect to the subject agreement.

#### **Key Issues**

- Notification of the confidential report

#### **Information**

Airline agreements represent the major revenue source to ensure the long term financial viability of the Ballina Byron Gateway Airport. Council has been negotiating the renewal of an existing agreement and detailed information on this matter is contained in the confidential report later in the agenda.

#### **Consultation**

There have been long and extensive negotiations in respect to the agreement.

#### **Options**

This report is for noting only with the confidential report later in this agenda outlining the options available.

#### **RECOMMENDATIONS**

That Council notes the contents of this report regarding notification of a confidential report later in this agenda in respect to an airline pricing agreement.

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

Nil

**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 Disposal of Council Land - Pricing

Refer to Item 4.1 of this agenda.

5.2 Ballina Byron Gateway Airport - Pricing

Refer to Item 4.3 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 Disposal of Council Land - Pricing**

**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 Council is in the process of negotiating a sale for the properties in question.

**5.2 Ballina Byron Gateway Airport - Pricing**

**Reason for Confidentiality**

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

- d) commercial information of a confidential nature that would, if disclosed:
  - (i) prejudice the commercial position of the person who supplied it, or
  - (ii) confer a commercial advantage on a competitor of the council, or
  - (iii) reveal a trade secret

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 the release of any confidential information could prejudice those negotiations.