

### **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 **Thursday 21 June 2018 commencing at 4.00 pm.** 

#### **Business**

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

Paul Hickey

**General Manager** 

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

#### 4. Committee Reports

#### 4.1 Licence Agreement - Communications Tower - East Ballina

**Delivery Program** Commercial Services

**Objective** To determine if Council wishes to grant a licence to

the NSW Telco Authority for a radio network tower and infrastructure at Suvla Street East Ballina Water

Reservoir Site

#### **Background**

The State of New South Wales (Minister for Police) executed a licence agreement in July 2013 for five years at Lot 1 DP 632176, Suvla Street East Ballina for a communications tower and infrastructure. The licence area is 7.5m<sup>2</sup> (see Attachment 1 and 2).

The NSW Telco Authority intend to take over ownership of the tower and infrastructure on the site and wish to enter into a new licence agreement with Council. Details on NSW Telco Authority are outlined in attachment three.

#### **Key Issues**

Provision of services by NSW Telco Authority

#### Information

Council negotiated a licence agreement with the State of New South Wales (Minister for Police) in July 2013 for a licence area of 7.5m<sup>2</sup>. The licence area incorporates a communications tower and radio hut. The details of the licence agreement are as such:

Commencement Date:	1 July 2013
Termination Date:	30 June 2018
Term:	Five (5) years
Commencing Rent:	\$3,200 p.a. + GST
Rent Reviews:	3% increase annually
Current Rent:	\$3,709.68 p.a. + GST

The licence agreement is due to expire at the end of June 2018 and at this stage it is anticipated that the holdover provisions of the licence agreement will be enacted until such time as a new licence agreement can be reached.

The NSW Telco Authority has requested the licence agreement be taken out in their name as they have taken over ownership of the tower and infrastructure.

The offer put forward for the licence agreement by the NSW Telco Authority is:

Term:	Five (5) years
Option Period:	Three (3) x Five (5) year options
Commencing Rent:	\$4,000 p.a. + GST
Rent Reviews:	2.5% increase annually

The rental offered by the NSW Telco Authority is slightly higher than the current rent paid.

Council has a number of telecommunication towers at the East Ballina Water Reservoir Site including Telstra, Optus and Axicom. The rentals received from these individual operators ranges from \$27,000 to \$38,000 p.a. + GST, which is well above the figures for the existing licence.

The NSW Telco Authority has provided supporting documentation in regards to their proposed licence agreement (Attachment 4).

#### Legal / Resource / Financial Implications

The water reservoir site is classified operational land and as such Council is able to deal with these matters.

#### Consultation

Council has been in consultation with the NSW Telco Authority regarding the proposed licence agreement.

#### **Options**

1. Council can accept the proposed offer from NSW Telco Authority for a 5 + 3 x 5 year licence agreement at a rental of \$4,000 p.a. + GST and rent review of 2.5% annually at Lot 1 DP 632176 (7.5m² site area).

This option is not recommended as it does not provide Council with a resource recovery amount based on the staff time involved in administering the licence agreement.

 Council advise the NSW Telco Authority that a proposed commencing rent of \$6,000 p.a. + GST with a rent review of 3% annually for a term of 5 + 3 x 5 year licence agreement is considered reasonable at Lot 1 DP 632176 (7.5m² site area).

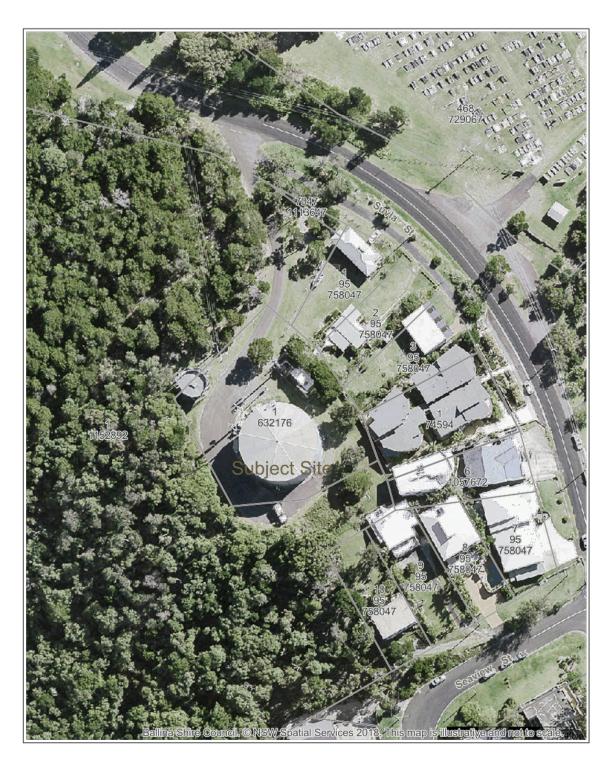
This option is recommended as it assists Council in recovering costs for administering the licence agreement over the term of the agreement.

**RECOMMENDATIONS** 

- 1. That Council advise the NSW Telco Authority that a proposed commencing rent of \$6,000 p.a. + GST with a rent review of 3% annually for a term of 5 + 3 x 5 year licence agreement is considered reasonable at Lot 1 DP 632176 (7.5m<sup>2</sup> site area).
- 2. If agreed, Council authorises the General Manager to sign the licence agreement and attach the Council seal.

#### Attachment(s)

- 1. Locality Plan
- 2. Site/Layout Plans
- 3. NSW Telco Authority Critical Communications Enhancement Program
- 4. NSW Telco Authority Letter of Offer



Ballina Shire Council 40 Cherry Street BALLINA NSW 2478

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Locality Plan - Lot 1 DP 632176

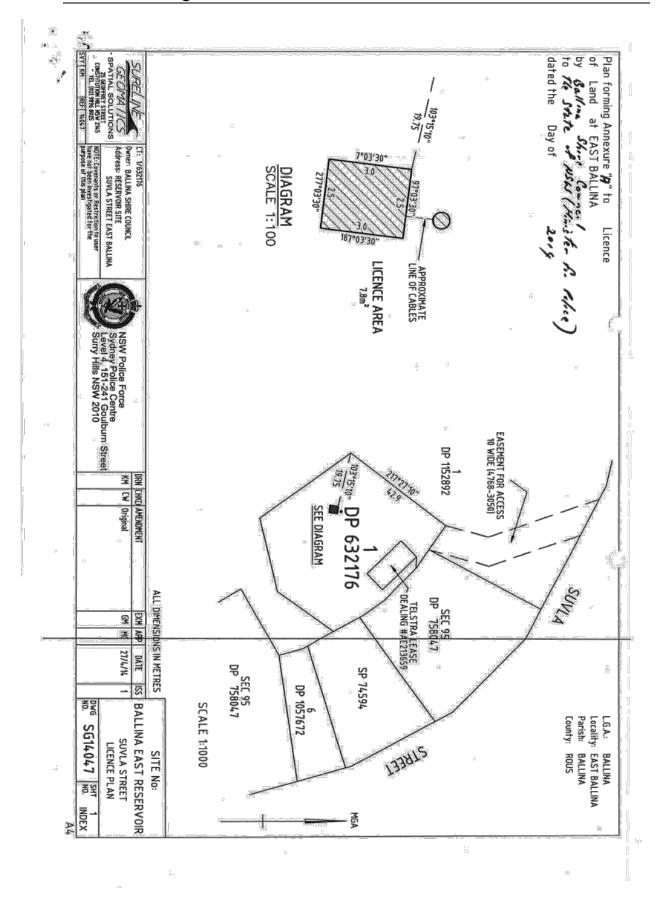


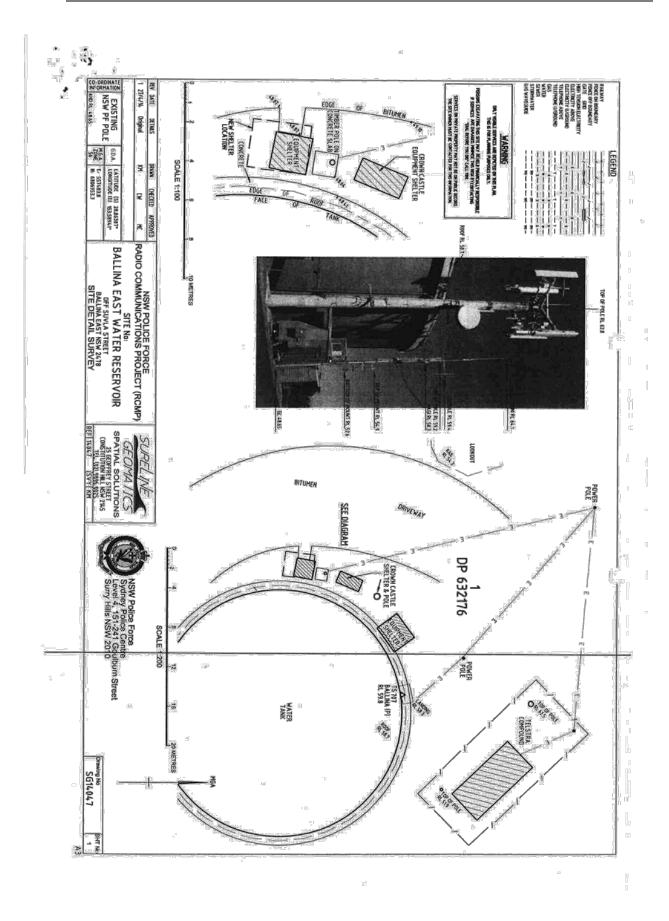
Projection: GDA94 / MGA zone 56 Date: 14/06/2018

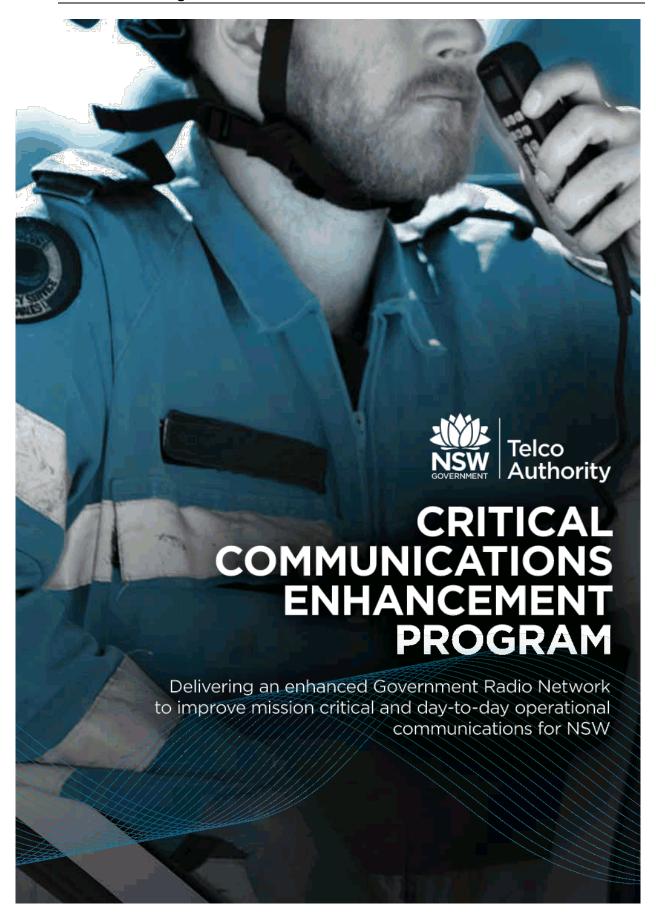
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# CRITICAL COMMUNICATIONS ENHANCEMENT PROGRAM



The Critical Communications Enhancement Program (CCEP) is delivering an enhanced Government Radio Network (GRN) to improve emergency and day-to-day operational communications for a wide range of NSW Government agencies including law enforcement, public safety and essential services.

One of the first initiatives to be delivered under the NSW Government's Operational Communications Strategy, the CCEP will consolidate the large number of separate radio assets owned and operated by NSW Government agencies to enhance the NSW Telco Authority's existing GRIV.

The CCEP will increase the level of shared radio coverage available to NSW Government agencies, and essential services from less than 35% to over 80% of the state.

Emergency and day-to-day-operational communications will also be refit from network capacity, availability and resillence designed to meet public safety standards for radio communications.

Importantly, the enhanced GRN will support network users to more easily share information (interoperability) and coordinate responses to critical incidents, such as road accidents, floods and fires. The vision for the future of operational communications in NSW is one where seamless, robust communication is available to NSW Government agencies and essential services.

The CCEP is key to achieving this outcome and will see NSW Government agencies move from separate networks to a shared platform for emergency and day-to-day operational communications:

Moving to a common technology platform also paves the way for the adoption of new technologies such as public safety mobile broadband and other applications compatible with mobile broadband, as they develop.

No-schiele radio coverage modelled at delivered Audio Quality (DAQ) 3.4

**CRITICAL COMMUNICATIONS ENHANCEMENT PROGRAM** 

#### BENEFITS OF THE PROGRAM

The CCEP will deliver significant benefits to NSW Government agencies and essential services as well as the broader community. An enhanced GRN will ensure:

- Greater accessibility to public safety standard radio communications for frontline personnel and for day-to-day operations through increased coverage and network capacity, availability and resilience designed to meet mission critical standards.
- More flexible incident responses and coordination as network users can share
  information (interoperability) during large scale public events and incidents, improving service
  levels and outcomes for both frontline personnel and the NSW community. It also aligns NSW
  with other states and territories who have, or are in the process of investing in, a single,
  multi-agency shared network for mission critical communications.
- A single common platform for emergency communications, which will support
  existing voice communications between agency personnel while also preparing NSW for the
  deployment of next generation technologies, such as public safety mobile broadband and
  compatible applications.
- More efficient management of resources by reducing the duplication of infrastructure
  and taking advantage of the economic benefits realised through a single portfolio. Through the
  CCEP, the best existing sites will be retained and new sites constructed where required. Moving
  from over 2,600 separate sites to approximately 800 shared network sites, the CCEP will deliver
  long term cost savings to the taxpayer as surplus radio infrastructure is decommissioned.

The benefits of the CCEP will be felt in communities across NSW. Improved radio coverage will enable law enforcement, public safety and essential services to better deliver services to the community.



**CRITICAL COMMUNICATIONS ENHANCEMENT PROGRAM** 

#### **NSW TELCO AUTHORITY**

NSW Telco Authority is a statutory authority within the NSW Department of Finance, Services and Innovation, controlled by the Managing Director in accordance with policies advised by the Board.

Telco Authority leads sector-wide reform and delivery of government operational communications to enable stakeholders to better respond to the NSW community. In this role, Telco Authority identifies, develops, delivers and procures operational communications services to meet the needs of its customers, in partnership with government agencies and industry. At the core of Telco Authority's service delivery is meeting the day-to-day and mission critical operational communications needs of government agencies and essential services.

This includes managing the NSW Government Radio Network (GRN), which provides radio communications for Emergency Service Organisations (ESOs) and other government agencies. Through its Critical Communications Enhancement Program (CCEP), Telco Authority is working in collaboration with stakeholders and industry to deliver an enhanced GRN.

Telco Authority has responsibility for managing all spectrum assets for NSW Government agencies, advocating at state and national level to meet spectrum needs, including the increasing requirement for data in the field. Support for telecommunications in emergencies is coordinated by Telco Authority's Telecommunications Services Functional Area (TELCOFAC).

www.telco.nsw.gov.au

#### **CCEP DELIVERY**

Over 2016/17, the CCEP has been undertaking three key initiatives to support the delivery of an enhanced GRN including:



#### Pilot

Undertaken in the North-West region of the state, the pilot will significantly improve shared and interoperable network coverage in the region particularly around the major towns of Lightning Ridge, Collarenebri, Walgett, Carinda, Coonamble, Nyngan and Warren.



#### State-wide audit

Covering over 2,600 radio sites and almost 27,000 radio assets owned and operated by a range of NSW Government agencies, the statewide audit has provided valuable intelligence on the state's combined radio network assets. The audit findings are progressively informing the design of the enhanced GRN.



## State-wide preliminary design for the enhanced GRN

The preliminary design is a highly collaborative process between law enforcement and public safety agencies, private partners and the Telco Authority, enabling the CCEP to develop a network design for the enhanced GRN which will deliver greater radio coverage for NSW,



#### CRITICAL COMMUNICATIONS ENHANCEMENT PROGRAM

For more information:

Email: CCEPinfo@finance.nsw.gov.au

Phone: 1800 794 862

www.telco.nsw.gov.au/ccep/home

Front cover image courtsey of NSW State Emergency Service. Inside images courtsey of Fine & Rescue NSW & NSW State Emergency Service.





Visionstream Pty Ltd ABN 80 062 604 193 Level 2, 9 Help Street Chatswood NSW 2067 Visionstream.com.au

Date 30/5/2018

Ballina Shire Council Attention: Leanne Harding PO Box 450 Ballina, NSW, 2478

Delivered via email: Leanne.harding@ballina.nsw.gov.au

Dear Leanne,

Heads of Terms Offer, 1A Suvia Street, East Ballina, NSW 2478 Our Ref No: Ballina East, ACMA: 8393

I refer to your recent discussions with Joshua Sculthorpe from the NSW Telecommunications Authority (NSWTA) and previous dialogue with Kyle Sandona from our office. I wish to advise that moving forward I will be dealing with this matter.

To clarify the NSWTA is a state government entity responsible for the Government Radio Network. As explained in the attached fact sheet the State Government has committed to a major initiative of establishing a consolidate communications network across all key government agencies including emergency services. Currently there are a multitude of radio networks being utilised by government agencies and thousands of network installation sites. The intent is to establish one integrated radio communications platform.

As part of this initiative the NSWTA, as you are aware, is looking to perform minor upgrade works on the existing Police Communications tower at Ballina East. The intent is for NSWTA to take over ownership of the tower and have the underlying tenure agreement between Council and NSWPF assigned. This agreement is however expiring shortly and as such NSWTA are keen to enter into a new tenure arrangement moving forward.

We note that you have provided Council's commercial expectations for any new agreement. As a State Government entity these terms fall well outside the commercial parameters for NSWTA. We had initially proposed simply maintaining the passing rental arrangement with NSW Police. We wish to note in this context that:

NSWTA is a State Government agency and not a commercial carrier

The proposed NSWTA radio network will be used by a multitude of government and emergency service entities that will be migrated across to the operating platform.

The existing rental being paid by NSWPF is greater than that would apply under the IPART pricing recommendations for Government agency installations in this geographic region.

Given this context we would ask that Council reconsider it rental expectations. We have been instructed that NSWTA is prepared to offer the following commercial arrangements:

Page 1 of 3





Term - 5 Years Option - 3 x 5 years Rental - \$4,000 per annum Annual Escalation: 2.5%

NSWTA has a form of agreement that it can prepare as a basis for negotiation.

Please feel free to contact me directly to discuss this matter further.

Regards

Ben Ronen

Senior Property Consultant

Visionstream Pty Limited

M 0419 688 788

E ben:ronen@visionstream.com.au

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#### Lessor's Details

Legal Name:			~~~~			,,,,	٦
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#### Lessor's Solicitor's Details

Legal Firm:				
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Email:				

Please return <u>all pages</u> of this agreement to

Visionstream, Level 2, 9 Help Street, Chatswood NSW 2067 or by email to

<u>ben.ronen@visionstream.com.au</u>

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#### 4.2 Ballina - Byron Gateway Airport - Long Term Financial Plan

**Delivery Program** Commercial Services

**Objective** To update the long term financial plan for the airport.

#### **Background**

The purpose of this report is to update the long term financial plan (LTFP) for the Ballina Byron Gateway Airport (BBGA) following the signing of new agreements with the major carriers.

The agreements have been the subject of confidential reports to Council in recent months.

The signing of the agreements has resulted in a significant improvement to the financial forecasts for the BBGA, which in turn has allowed planned capital works to be brought forward.

This report is seeking approval to include the updated LTFP in the 2018/19 to 2021/22 Delivery Program and Operational Plan, which will be adopted at the June 2018 Ordinary Council meeting.

#### **Key Issues**

- Improved operating result
- Variances to forecasts

#### Information

The last review of the BBGA LTFP was submitted to the March 2018 Finance Committee meeting and since that meeting new airline agreements have been finalised and Council has completed the March 2018 Quarterly Financial Review.

The airline agreements were the subject of confidential reports to the 1 May 2018 Commercial Services Committee meeting.

It is essential that the details of those agreements remain confidential for commercial in confidence reasons, however for the purposes of financial planning Council does need to adjust the BBGA LTFP to reflect the additional revenues being generated from those agreements.

This has resulted in a number of changes to the forecast operating results and the attachments to this report represent the latest figures.

Major changes from the information previously reported to the March 2018 Finance Committee meeting are highlighted in yellow as per the attachments.

The attachments include the following information:

- Pages One and Two Outlines the actual and estimated operating results for the period from 2002/03 to 2027/28 (some years between 2002/03 and 2013/14 are hidden to allow the information to fit on the A3 pages)
- Page Three Outlines the capital movements for the business relating to capital expenditure, sources of funding for that capital expenditure, the cash balances for the Airport Reserve and a summary of the loan debt, including annual principal and interest repayments.
- Pages Four to Six Charts summarising key ratios and figures.

The differences in the forecast operating results between the March 2018 Finance Committee report and this report are outlined in Tables 1 and 2 as follows, with Table 1 being the March figures and Table 2 the latest review.

Table 1: March 2018 Forecast Operating Results for 2017/18 to 2021/22

Item	2017/18 Estimate (\$'000)	2018/19 Estimate (\$'000)	2019/20 Estimate (\$'000)	2020/21 Estimate (\$'000)	2021/22 Estimate (\$'000)
Operating Revenues	6,074	6,192	6,522	6,685	6,852
Operating Expenses	5,370	5,623	5,800	5,896	5,997
Operating Surplus / (Deficit)	704	570	722	789	856
Add Back Depreciation	999	1,030	1,108	1,147	1,187
Cash Operating Surplus	1,703	1,600	1,830	1,936	2,043
Capital Movements					
Less: Loan Principal Repaid	1,130	1,189	1,362	1,435	1,444
Add: Capital Income – Grants	2,400	2,100	0	0	0
Add: Capital Income – Loans	0	2,400	0	0	0
Less: Dividend	0	100	100	100	100
Less: Capital Expenditure	2,493	4,550	552	554	256
Net Cash Movement	480	261	(184)	(153)	243
Reserve Balance (Deficit)	(18)	243	59	(94)	149
Balance Outstanding Loans	6,364	7,575	6,213	4,778	3,334

Table 2: June 2018 Forecast Operating Results for 2017/18 to 2021/22

Item	2017/18 Estimate (\$'000)	2018/19 Estimate (\$'000)	2019/20 Estimate (\$'000)	2020/21 Estimate (\$'000)	2021/22 Estimate (\$'000)
Operating Revenues	6,785	6,632	7,075	7,254	7,439
Operating Expenses	5,295	5,608	5,876	5,941	6,041
Operating Surplus / (Deficit)	1,489	1,025	1,199	1,313	1,398
Add Back Depreciation	999	1,030	1,142	1,181	1,220
Cash Operating Surplus	2,488	2,055	2,341	2,494	2,618
Capital Movements					
Less: Loan Principal Repaid	1,130	1,189	1,362	1,435	1,444
Add: Capital Income – Grants	500	4,000	0	0	0
Add: Capital Income – Loans	0	2,400	0	0	0
Less: Dividend	0	100	100	100	100
Less: Capital Expenditure	653	7,850	452	354	656
Net Cash Movement	1,206	(684)	427	605	418
Reserve Balance (Deficit)	708	24	451	1,057	1,475
Balance Outstanding Loans	6,364	7,575	6,213	4,778	3,334

Major changes between these two forecasts are:

 Operating Revenues – Revenues are higher based on the new agreements, whereas operating expenses remain substantially the same

- Operating Surplus The operating surplus for the airport has improved as Council is now receiving additional contributions from the airlines that can be matched against capital expenditure
- Capital Income Grants The timing of the grant monies for the terminal expansion, between 2017/18 and 2018/19 has been amended to reflect the timing of the expenditure on that capital project. The total grant amount remains the same.
- Capital Expenditure As per page three of the attachment the timing of capital expenditure projects has been amended to reflect the improved cash flows.

The major capital expenditure changes from the March 2018 Finance Committee report in the attachment are:

a) Car Parking / Solar / Boom Gates – These projects, totalling \$1.4m, have been included in full for the 2018/19 financial year.

Council indicated its preference to have the solar works completed as quickly as possible and the additional operating revenues now allow the works to be completed in 2018/19 without the airport reserve going into the negative. The budgets have also been increased to include a contingency allowance as detailed estimates for these projects have not yet been completed.

The boom gates are funded through a loan as the additional operating revenues mean that Council can reduce the loan originally proposed of \$2.4m for the airport terminal back to \$1.9m.

Transferring the \$500,000 saved to the boom gates project means that the total loan borrowings and interest and principal repayments remain the same as originally forecast, however the terminal, car parking, solar and boom gates projects are all completed in full during 2018/19.

Table 2 also highlights that Council is rapidly reducing the loan principal outstanding which means that in future years there is an opportunity for Council to consider bringing other capital projects forward, funded by new loans. That type of analysis will be subject to annual reviews.

- b) Terminal Expansion The timing of this project between 2017/18 and 2018/19 has been amended as reported to Council in the March 2018 Quarterly Financial Review. The total budget has not changed.
- c) Apron Overlay, Runway Upgrades, Terminal Expansion Stage 3 The allowances for these projects in future years (2024/25, 2025/26 and 2027/28) have been increased to provide a higher contingency. These are very preliminary estimates.

There have also been some relatively minor changes to items such as rental revenues and security charges with those changes reflecting either the March 2018 Quarterly Financial Review changes, or updated forecasts.

#### Legal / Resource / Financial Implications

As outlined in the information section of this report.

#### **Options**

The information in this report provides an overview of the latest financial plan for the BBGA.

The options are to endorse the inclusion of that information in Council's 2018/19 to 2021/22 Delivery Program and Operational Plan or amend the information.

The recommendation is to endorse the inclusion of that information as it highlights the improved operating results for the BBGA, and ensures that high priority capital works are fully funded in 2018/19.

The airline income for 2017/18 is also adjusted as part of this recommendation as that figure has not yet been updated in previous reports to Council.

#### RECOMMENDATION

That Council approves the inclusion of the latest reviewed of Long Term Financial Plan for the Ballina – Byron Gateway Airport, as attached to this report, in the 2018/19 to 2021/22 Delivery Program and Operational Plan, including the increase in landing fees for 2017/18.

#### Attachment(s)

1. Airport - Operating Result and Cash Flow Analysis - 2002/03 to 2027/28

															Estimated												
0000000	2004/06	2006/07	2000/00		ctual	2013/14	2014/16	2015/16	2016/17	Ledger	Description	2017/19	2018/19	- 0/	2010/20	2020/24			2023/24	2024/25	2025/26	2026/27	2027/2				
.002/03	2004/05	2006/07	2006/09	2010/11	2011/12	2013/14	2014/15	2013/16	2010/17	Leager	OPERATING REVENUES	2017/10	2010/19		2015/20	2020/21	2021/22	_2022/23	2020/24	2024/23	ZUZUIZU	2020/27					
	124%	21%	6%	6%	14%	(4%)	3%	34%	7%		Passenger Numbers (% Growth)	3%	5%		1.5%	1.5%	1,4%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0				
83,000	189,000	320,000		287,000			350,000		504,000		Passengers	518,000	543,000	5%	551,000	559,000	567,000	575,000	575,000	575,000	575,000	575,000	575,00				
	94%	13%	(4%)	9%	35%	6%	3%	20%	20%		Passenger Charges / Landing Fees (% Growth)	28%	2%		3%	3%	3%	3%	3%	3%	3%	3%	3				
18,900	1,075,400	1,453,700		1,299,300	The management of the second of the	10 C 10 C 10 C 10 C 10 C	2,138,600	THE WAY A DECK WAS COMPANY	2,353,100	26100.4101	Income - Passenger Charges (RPT)	3,000,000	3,068,000	2%	3,160,100	3,255,000	3,352,700	3,453,300	3,556,900	3,663,700	3,773,700 64,400	3,887,000 66,400	4,003,70 68,40				
53,700	113,600	18,700	49,800	80,100 0	55,000 0	56,000	39,000	41,600 0	47,400 69,300	26100.4105 26100.4125	Income - Landing Fees (ABASS) Income - Landing Fees (ABASS Exemption)	68,000 8,500	52,000 5,000	-24% -41%	53,600	55,300 5,400	57,000 5,600	58,800 5,800	6,000	62,500 6,200	6,400	6,600	6,80				
	= -										Other Fees and Charges							= ;									
О	256,700	564,600	1,100,000	751,100	881,400	1,078,000	1,067,000	1,265,000	1,375,400	26100.4106	Security Charges Jet Airlines	1,454,000	1,466,900	1%	1,511,000	1,556,400	1,603,100	1,651,200	1,700,800	1,751,900	1,804,500	1,858,700					
8,500	19,700	56,100	64,800	91,000	184,400	228,800	278,500	329,200	484,300	26100.4107	Car Rental Franchises	518,200	515,000	-1%	530,500	546,500	562,900	579,800	597,200		633,700	The second second second	672,40				
18,500	21,300	25,900	45,200	47,900	51,600				62,100	26100.4108	Hanger, Land and Other Building Rentals	68,600	68,000	-1%	70,100	72,300	74,500	76,800	79,200	- V3 B 400 C D3	84,100	86,700	89,4				
9,500	10,000	10,600	24,500	25,500	26,500		37,000		39,000	26100.4109	Airport Fuel Site Rent	39,800	41,000	3%	42,300	43,600	45,000	46,400	47,800		50,800	52,400	54,00				
10,500	10,900	2,900	26,800	25,300	26,600	-04.0000.0	84,000	Do	63,100	26100.4110	Rental Terminal Building	66,100	52,000	-21%	150,000	154,500	159,200	164,000	169,000	174,100	179,400	184,800	190,40				
3,700	14,100	21,900	20,800	20,300	20,400				24,400	26100.4111	Rental Administration Building	25,000	26,000	4% -6%	26,800	27,700	28,600	29,500 3,400	30,400 3,600	31,400 3,800	32,400 4,000	33,400 4,200	4,4				
- 0	3,600	3,700	4,200	6,400	3,800 293,600		5,200	THE RESERVE AND POST OFFICE AND PARTY.	9,400 641,200	26100.4112	Aviation Security Cards	3,200 695,000	3,000 510,000	-27%	700,000	3,200 721,000	742,700	765,000	788,000	100 100 0000000000000000000000000000000	836,100		887,10				
0		76,100 12,000	175,900 20,200	238,600	20,000	414,900	467,200 21,000		34,300	26100.4113 26100.4115	Airport Car Parking Airport Car Parking Fines	30,000	20,000	-33%	26,000	26,800	27,700	28,600	29,500	30,400	31,400	32,400	33,4				
0	0	14,000	67,500	112.800			131,800	143,000	143,100	26100.4115	Airport Shuttle Bus Rents	148,000	152,000	3%	156,600	161,300	166,200	171,200	176,400	181,700	187,200	192,900	198,70				
ő	0	1,500	01,500	0	0	65,400	67,000		73,300	26100.4116	Advertising	85,000	85,000	0%	87,600	90,300	93,100	95,900	98,800	101,800	104,900	108,100	111,40				
o	. 0	0	0	. 0	0	0	0	0	14,700	26100.4123	Airport Lease Rentals	15,000	15,000	0%	15,500	16,000	16,500	17,000	17,600	18,200	18,800	19,400	20,0				
0	0	Ō	0	0	0	72,000	0	0	0	26100.4118	Interest Earned	0	0	0%	0	0	0	0	0	0		10					
									- 3		Contributions to Council Expenses																
0	- 0	0	0	0	0	63,500	46,200	83,800	57,900	26100.4117	Contributions - Fire Station, NDB and Generator	62,000	74,000	19%	76,300	78,600	81,000	83,500	86,100	88,700	91,400	94,200	97,1				
0	0	0	0	0	. 0	259,700	240,100	214,100	188,800	26100.4120	Contributions - Loan Interest NSW LIRS	157,300	129,100	-18%	99,700	69,100	37,300	6,300	0	- 0	0	0					
0	0	0	. 0	0	0	0	0	0	99,400	26100,4120	Contributions - CAGRO Operations	341,000	350,000	3%	360,500	371,400	382,600	394,100	406,000	418,200	430,800	443,800	457,2				
23,300	1,525,300	2,261,700	2,899,300	2,719,100	3,483,100	4,617,800	4,709,800	5,112,000	5,780,200		Total Operating Revenues	6,784,700	6,632,000	-2%	7,074,900	7,254,400	7,439,000	7,630,600	7,853,900	8,090,400	8,334,000	8,585,000	8,843,4				
											OPERATING EXPENSES										]						
								Ton Ton Ton Ton			Management	3-7-10-311-2-31	ערעיעיעיעיעיעיעיעיעיעיעיעיעיעיעיעיעיעיע														
9,800	3,100	80,400	168,900	356,600	400,000	568,700	654,900	654,200	704,100	35120.0300	Salaries and Oncosts	762,600	804,000	5%	828,100	852,900	878,500	904,900	932,000	960,000	988,800						
1,300	(800)	4,400	7,400	13,300	9,800	18,900	16,400	18,200	20,500	35120.0328	Conferences and Seminars	15,000	_15,000	0%-	15,500	16,000	16,500	17,000	17,500	18,000	18,500	19,100	1 H CHO 40 COACO				
0	0	0	1,400	20,200	45,600	36,300	32,300	35,700	36,000	35120.0350	Office Expenses	30,000	30,000	0%	30,900	31,800	32,800	33,800	34,800	35,800	36,900	38,000					
0	0	. 0	12,500	21,000	21,500	19,500	20,100	20,100	19,000	35120.0504	Vehicle	17,000	17,400	2%	17,900	18,400	19,000	19,600	20,200	20,800	21,400	22,000	22,7				
00.005			100.755							05400 0465	Buildings and Facilities - Maintenance		450,000	007	470,000	199.200	100 000	104 500	200 200	206 200	242 500	249 000	226 6				
39,200	49,500	89,300	129,700	142,600	122,000	117,100	113,700	101,100	114,300	35120.0425	Cleaning Contracts	137,000	150,000	9%	178,000	183,300	188,800	194,500		206,300	212,500 71,700	218,900 73,900	225,5 76,1				
30,200	49,200	52,200	74,600	96,000	132,400	95,500	98,300	119,700	118,800	35120.0530	Buildings Maintenance	90,000	48,000	-47%	60,000	61,800	63,700	65,600	67,600	69,600 47,800	49,200	77.0	The same and the s				
17,000	22,200	46,400	33,800	44,900	59,600	56,700	35,700	49,700	35,400	35120.4128	Airport Building Area, Roads and Services	41,000	40,000	-2%	41,200	42,400	43,700	45,000	46,400	47,800	49,200	50,100	3Z,Z				

				A	ctual					Ledger	Description (cont'd)			a — º			Est	imated					
2002/03	2004/05	2006/07	2008/09	2010/11	2011/12	2013/14	2014/15	2015/16	2016/17	Account		2017/18	2018/19	%	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
											Operation Expenses												
4,800 2,900	3,700	1,400 4,400	4,500	6,400 7,800	4,900 7,900	4,900 7,200	200	1,400 7,300	7,900 6,900	35125.0365 35125.0374	Legal Fees Telephone Airport	7,000 8,000	7,000 8,000	0%	7,200 8,200	7,400 8,400	7,600 8,700	7,800 9,000	8,000 9,300	8,200 9,600	8,400 9,900	8,700 10,200	9,000 10,500
36,300	40,000	36,000	19,800	40,000	85,900	89,300		78,800	97,800	35125.0374	Consultancies	80,000	80,000	0%	40,000	41,200	42,400	43,700	45,000	46,400	47,800	49,200	50,700
0		0	0	1,500	2,000	5,200	6,200	8,000	9,300	35125.0380	Bank Fees	11,000	11,000	0%	11,300	11,600	11,900	12,300	12,700	13,100	13,500	13,900	14,300
6,500	0 8,800	11,000	18,900	22,800	26,000	21,900	41,400	20,000 71,000	69,800	35125.0385 35125.0410	Bad Debts Insurance	44,300	46,000	0% 4%	47,400	48,800	50,300	51,800	53,400	55,000	56,700	58,400	60,200
11,300	11,600	10,000	31,100	31,700	25,300	31,000		43,400	30,600	35125.0415	Rates	40,000	40,000	0%	41,200	42,400	43,700		46,400	47,800	49,200	50,700	52,200
186,200	248,400	520,300	938,500	546,700	622,700	901,700	955,600	999,300	1,051,800	35125.0420	Security in Departure Lounge	1,094,000	1,297,000	19%	1,315,000	1,323,000	1,363,000	1,404,000	1,446,000	1,489,000	1,534,000	1,580,000	1,627,000
0	0	1,600	33,700	22,700	21,300	26,200	17,000	3,000 67,400	9,600 270,200	35125.0430 35125.0430	Vermin and Pest Control  Certified Air Ground Controller (CAGRO)	8,000 365,000	9,000 384,000	13%	9,300	9,600 407,400			10,500 445,200	10,800 458,600	11,100 472,400	11,400 486,600	11,700 501,200
0	2,400	5,600	6,700	5,100	7,500	_ 6,400	6,700	8,100	8,600	35125,4130	Aviation Security Card and Driving Charges	9,000	9,000	0%	9,300	9,600	9,900	10,200	10,500	10,800	11,100	11,400	11,700
0	21,100	21,400	61,500	77,500	78,100	79,700		71,300	58,000	35125.4131	Bird Control Strategy	77,000			80,300	82,700			90,400	93,100	95,900	98,800	101,800
30,600	70,100	77,400	2,300 80,200	4,100 79,900	96,400	67,600		300 14,700	400 23,000	35125.4132 35125.4133	Drug and Alcohol Management Aircraft Movement Area	500 21,000	500 60,000	0% 186%	500 61,800	500 63,700	500 65,600	500 67,600	500 69,600	71,700	73,900	76,100	78,400
45,700	32,800	67,800	76,600	78,200	90,100	88,000		8,000	5,200	35125.4134	Remainder Of Movement Area	10,000		0%	10,300	10,600	10,900	11,200	11,500	11,800	12,200	12,600	13,000
10,200	21,000	16,900	15,700	10,500	20,700	17,800	19,000	20,400	23,300	35125.4135	Fencing and Security	21,000	W		21,600	22,200	22,900	23,600	24,300	25,000	25,800	26,600	27,400
1,000	1,000	9,300	2,900	1,300 300	4,100 2,200	6,900		2,300 400	2,000 1,000	35125.4136 35125.4137	Approach Clearing Approach Survey	6,300 1,000		3% 0%	6,700 1,000	6,900 1,000	7,100 1,000	7,300 1,000	7,500 1,000	7,700 1,000	7,900 1,000	8,100 1,000	8,300 1,000
4,300	2,000	4,600	9,300	8,700	14,400	8,100		9,700	1,100	35125.4138	Extraordinary Inspections	1,200	1,200		1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
0	. 0	2,000	0	3,200	400	800	1,600	0	8,300	35125.4139	Lighting Inspections	4,500		0%	4,600	4,700	TO CO OF DOWN THE	4,900	5,000	5,200	5,400	5,600	5,800
2,700	600 100	5,500	3,900 1,600	4,700 2,700	4,400 1,800	3,600 8,400	2,000 34,100	7,700 15,600	25,400 17,500	35125,4140 35125,4141	Markers, Cones and Wind Indicators Service Charges	16,000 21,000		0% 148%	16,500 53,600	17,000 55,200	17,500 56,900	18,000 58,600	18,500 60,400	19,100 62,200	19,700 64,100	20,300 66,000	20,900 68,000
200	0	200	200	1,900	500	100	6,600	4,200	0	35125,4142	Emergency Exercises	10,000		0%	10,300	10,600	10,900	11,200	11,500	11,800	12,200	12,600	13,000
24,400	15,300	32,300	17,100	15,500	17,600	6,800		1,500	30,600	35125,4143	Lighting Maintenance and Repairs	15,000		5 (5)	15,500	16,000	16,500	Tomas and post on	17,500	18,000	18,500	19,100	19,700
28,800	29,000	31,600 8,000	56,900	89,600 200	104,000 3,300	109,600 2,200	140,700	111,000	106,200 3,100	35125.4144 35125.4145	Electricity Emergency Generator	145,000			152,400 5,200	157,000 5,400		100000	171,600 6,000	176,700 6,200	182,000	187,500 6,600	193,100 6,800
5,200	14,100	24,500	33,200	81,300	142,400	187,300		213,800	319,500	35125.4146	Promotion	260,000			267,800	275,800			301,400	310,400	319,700	329,300	339,200
3,000	3,000	3,000	3,300	3,300	3,000	6,100	6,200	6,200	6,200	35125.4147	Airport Owners Assoc Membership	7,000		0%	7,200	7,400	7,600	7,800	8,000	8,200	8,400	8,700	9,000
0	100	200 35,700	200 63,700	200 55,400	67,200	70,900		200 49,400	100 55,800	35125,4148 35125,4149	Aviation Publications Paid Car Parking	60,000		0% 3%	200 63,900	200 65,800	67,800	200 69,800	71,900	74,100	76,300	78,600	200 81,000
0	o	00,700	0	0	_0	37,800		11,100	00,000	35125.4151	RNP Procedures	00,000	0	0%	00,000	0	- 0	0	0	0	0	0	0
0	0	0	0	6,100	9,000	5,000	13,600	2,900	2,200	35125.4152	Airport Signs	8,200		-2%	8,200	8,400	8,700		9,300	9,600	9,900	10,200	10,500
0	0	0	0	9,100	7,400	6,100	13,000	33,800	51,000	35125.4155	Plant and Equipment Maintenance Airport Non Directional Beacon Maintenance	69,000	70,000	1% 0%	72,100	74,300	76,500	78,800	81,200	83,600	86,100	88,700	91,400
				- 0,100	1,100	0,100	10,000			1	Pripare I on Should be down that tender												
1											Overheads and Debt Servicing	440.000	400 400	OD/	440,000	400 700	470.000	400 000	E0E 600	F20 000	E20 400	EEO EOO	569,100
129,500 95,600	134,800 59,000	88,000 41,800	176,000 109,500	213,000 217,000	268,000 237,900	294,000 554,100	302,000 502,300	325,000 471,900	378,000 422,600	35120.0980 35120.0435	Overheads to Airport Interest On Loans Airport	410,000 368,500		6% -16%	449,200 367,800	462,700 294,900	476,600 221,100		505,600 108,000	520,800 98,000	536,400 89,000	552,500 149,000	82,000
00,000	000,000	11,000	100,000		1207,000	001,100	002,000	17 1,000	122,000	0012010				1		3 30 1,130							
167 200	165.000	270 500	274 000	725 000	704 000	760 600	770 700	930,400	906 900	35120.0680	Non-Cash	999,000	1,030,000	3%	1 142 000	1,181,000	1,220,000	1.263.000	1,305,000	1,349,000	1 473 000	1,594,000	1,642,000
167,200	165,000	270,500	271,000	735,000	784,000	760,600	770,700	830,400	806,800	33120.0000	Depreciation - Airport	999,000	1,030,000										
893,900	1,009,000	1,606,600	2,466,600	3,078,000	3,552,300	4,329,000	4,362,900	4,519,700	4,957,900		Total Operating Expenses	5,295,300	5,607,500	6%	5,875,900	5,941,200	6,040,900	6,148,200	6,292,900	6,472,700	6,738,800	7,075,400	7,216,200
29,400	516,300	655,100		(358,900)	(69,200)	288,800	346,900	592,300	822,300		Operating Result - Surplus / (Deficit)	1,489,400	1,024,500	-31%	1,199,000	1,313,200	1,398,100	1,482,400	1,561,000	1,617,700	1,595,200	1,509,600	
167,200	165,000			735,000		760,600					Add Back Depreciation  Cash Result - Surplus / (Deficit)	999,000	1,030,000	3%	1,142,000	1,181,000	1,220,000	1,263,000	1,305,000	1,349,000	1,473,000 3,068,200	1,594,000 3 103 600	1,642,000 3 269 200
196,600	681,300	925,600	703,700	376,100	714,800	1,049,400	1,117,600	1,422,700	1,029,100		Cash Result - Surplus / (Dencit)	2,400,400	2,034,300	-1770	2,541,000	2,434,200 P	2,010,100	2,145,400	2,000,000	2,300,700	3,000,200	3,103,000	
		1												, (									1
	169,000	185,800	251,400	237,400	250,600	838,700	845,500	970.600	1,073,300	1	Capital Movements Less Loan Principal Repayments	1,129.800	1,188,700		1,362.000	1,434.800	1,443,700	1,042,800	398,400	192,700	142,000		156,000
196,600	512,600	927,800	703,600		464,200	210,700	272,100	452,100	555,800	U	Less Transfer to Reserves	1,358,600	865,800		979,000	1,059,400	1,174,400	1,702,600	2,467,600	2,774,000	2,926,200	2,954,600	3,113,200
0	636,500	826,800 1,000,000		500,000	76,300 655,600	347,500 4,647,700			700,700		Add Transfer from Reserves Add Capital Funding		1,550,000 6,400,000	b	552,000 0	454,000 0	756,000 0	538,000	560,000 n	5,162,000 3,000,000	164,000 0	7,566,000 0	2,168,000 5,000,000
ŏ	636,200	1,638,800		496,700		4,995,200	1,128,800	2,871,700	700,700	T	Less Capital Expenditure		7,850,000	-	452,000					8,062,000		7,466,000	7,068,000
0	0	0	0	0	0	0	0	0	0		Cash Result after Capital Movements	0	100,000		100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
292,200	740,300	967,400	813,200	593,100	952,700	1,603,500	1,619,900	1,894,600	2,051,700		Earnings before Interest, Tax, Deprec (EBITDA)	2,856,900	2,364,600		2,708,800	2,789,100	2,839,200	2,892,600	2,974,000	3,064,700	3,157,200	3,252,600	3,351,200
					Ð		Ľ	Y				1	ľ ľ	<u></u>		, <del>1</del>							
									( )				5 6										
2002/03	2004/05	2006/07	2008/09	2010/11	2011/12	2013/14	2014/15		2016/17		Key Financial Indicators	2017/18	2018/19 15%	]	2019/20 17%	2020/21 18%	<b>2021/22</b> 19%	2022/23 19%	2023/24 20%	2024/25 20%	2025/26 19%	2026/27 18%	2027/28
21%	34% 45%	29% 41%	15% 24%	(13%) 14%	(2%) 21%	6% 23%	7% 24%	12% 28%	14% 28%		Operating result as a % of income Operating result as a % of income (ex dep)	22% 37%	31%		33%	34%	35%	36%	36%	37%	37%	36%	37%
10%	15%	10%	12%	17%	14%	30%	29%	28%	26%		Debt Ratio	22%	23%		24%	24%	22%	16%	6%	4%	3%	3% 26%	3% 26%
5% 6%	5% 8%	10% 14%	16% 18%	22% 19%	21% 21%	24% 25%		26% 29%	27% 32%		Non-standard income as a % of income Non-standard income as a % of expenses	25% 32%			26% 31%	26% 31%			26% 32%	26% 32%	26% 32%	31%	32%
7%	9%	17%	20%	25%	27%	31%			38%		Non-standard income as a % of exps (ex dep)	39%			38%	39%				41%	41%	41%	
							k						L		<u> </u>							لسيسا	

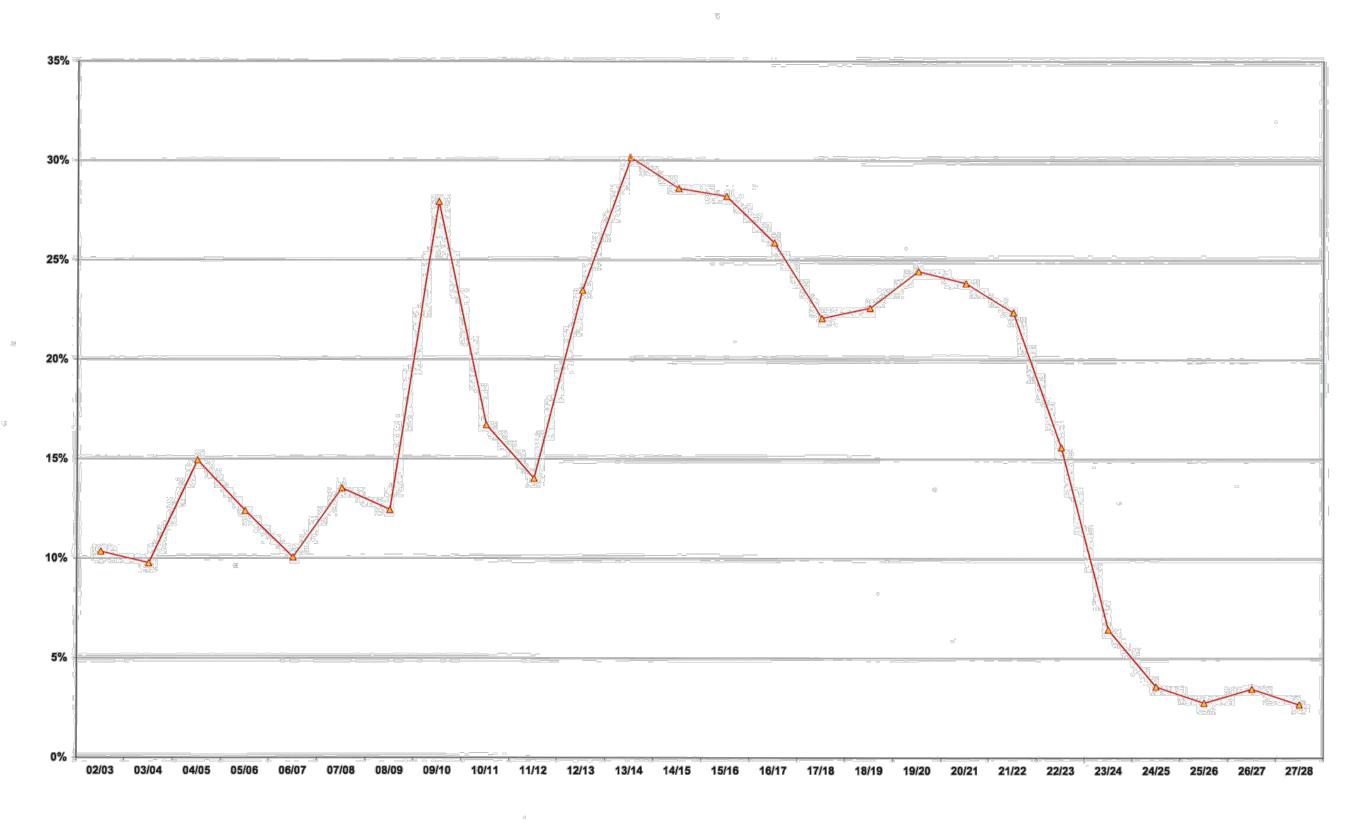
		-	-		_			<del></del>	Ballin	a Byron Ga	teway Airpo	ert - Capital I	Movements	June 2018	Revision)									9 -	
					Airport - C	apital Exp	enditure Si	ummary								Funding	Sources	2016/17	Funding	Sources	2017/18	Funding	Sources	2018/19	
Asset Description	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Grants	Loans	Reserves	Grants	Loans	Reserves	Grants	Loans	Reserves	G
Ballina Airport Airport Precinct Master Plan Apron Overlay and Expansion Baggage Make Up Area Car Parking and Solar Boom Gates Car Park / Shade Structures	215,600	108,600 888,300				900,000 500,000	400,000	300,000						7,000,000									500,000	100,000 0 0 900,000 0	
CAGRO Facility Checked Baggage Screening Checked Baggage Screening Extra Drainage Fencing Fire Fighting Infrastructure Miscellaneous Infrastructure Obstacle Tower Lennox Head PALC, Lighting Controls and ALER Runway Approach Lighting Runway Friction Testing and Grooving Runway Upgrade and Overlay Storage Shed	9,400 48,600 23,500 98,900 4,511,200 88,000	8,900 54,300 20,300	68,000			30,000 50,000 370,000	52,000		56,000	58,000 380,000	60,000 400,000	62,000 8,000,000	64,000	400,000 4: 66,000	68,000		l p LC	125,700		,	153,000	4 000 000	1,900,000	30,000 0 30,000 0 50,000 0 370,000 0	
Terminal Expansion - Stage Two Terminal Expansion - Stage Three		48,400	50,200	575,000	500,000	5,900,000	ĺ				l			<b>1</b> 6	7,000,000	j		575,000	000,000		Ö	4,000,000	1,900,000	ő	
Total	4 995 200	1 128 800	2,871,700	700 700	653,000	7 850 000	452 000	354,000	656 000	438 000	460 000	8,062,000	64,000	7,466,000	7.068.000	-		700.700	500,000	= .00	153,000	4.000.000	2,400,000	1.450.000	H
Total	4,333,200	1,120,000	2,071,700	100,100	033,000	7,030,000	432,000	334,000	030,000	430,000	400,000	D,OUZ,OUG	04,000	1,400,000	1,000,000			100,700	200,000		100,000	.,,			_
Source of Capital Funding	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	ľ		e e							
Capital Grants and Contributions Coan Funds Reserves Total	0 4,647,700 347,500 4,995,200	403,800	88,300	700,700	0 153,000	4,000,000 2,400,000 1,450,000 7,850,000	0 0 452,000 <b>452,000</b>		0 0 656,000 <b>656,000</b>		0 0 460,000 <b>460,000</b>	3,000,000 0 5,062,000 <b>8,062,000</b>	0 0 64,000 64,000												
Cash and Reserve Balances	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Ĭ		0							
Opening Balance Movement Closing Balance	(455,700) (136,800) (592,500)	(592,500) (131,700) (724,200)	(724,200) 371,800 (352,400)	(352,400) (144,900) (497,300)	(497,300) 1,205,600 708,300		24,100 427,000 451,100		418,400	1,474,900 1,164,600 2,639,500	2,639,500 1,907,600 4,547,100	4,547,100 (2,388,000) 2,159,100	2,762,200	(4,611,400)	309,900 945,200 1,255,100			u							
Dissection of Total Cash Council Reserve Balance Unexpended Grant Funds Unexpended Loan Funds	(592,500) 0	(724,200) 0	(352,400)	(497,300) 0	708,300 0	24,100 0	451,100 0	1,056,500 0	1,474,900	2,639,500 0	4,547,100 0	2,159,100 0	4,921,300 0	309,900	1,255,100 0									<i>%</i>	
Total Cash Held	(592,500)	(724,200)	(352,400)	(497,300)	708,300	24,100	451,100	1,056,500	1,474,900	2,639,500	4,547,100	2,159,100	4,921,300	309,900	1,255,100										
Po						. –										SET									
Loan Summary	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28										
Loan Principal Loan Interest Total	838,700 554,100 <b>1,392,800</b>		970,600 473,000 1,443,600	424,800		310,100	367,800	1,434,800 294,900 1,729,700	221,100	1,042,800 147,200 1,190,000	398,400 108,000 <b>506,400</b>	192,700 98,000 <b>290,700</b>	89,000	82,000	156,000 75,000 231,000										
Principal Outstanding - 30 June	9,157,700	9,037,200	8,566,600	7,493,300	6,363,500	7,574,800	6,212,800	4,778,000	3,334,300	2,291,500	1,893,100	1,700,400	1,558,400	1,409,400	6,253,400	J									
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Infrastructure Assets		Actua	1 (\$'000)							Estimated (	\$'000)					l									
	5-70-5-20-			01 (12)	200000000000000000000000000000000000000	100			1	ii I	Î			2026/27									10	no.	
Written Down Value	29,505	36,941	39,411	40,052	39,706	46,526	45,836	45,009	44,445	43,620	42,775	49,488	48,079	53,951	59,377										
																74									

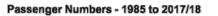
	2017	/2018	2018/	2019	2019	2020	202	0/21	2021	/2022	2022	/2023	2023	1/2024	2024/	2025	2025	/2026	2026	2027	2027	/2028
Loan Repayment Dissection	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
		D		I — 7				1							7			F				
Airport	67,737	35,087	72,664	30,160	78,492	24,331	84,227	18,597	90,574	12,243	97,045	5,779	l i	ĺ		î.	là lì	l				(I II
Airport	152,808	62,466	160,491	54,783	169,300	45,975	177,963	37,311	187,228	28,047	196,975	18,299	207,229	8,046		1	]	l			0	( l
Airport	58,300	6,600	60,000	4,900	61,700	3,200	63,400	1,400	0	0			1 1	]		lı l		l	Ĭ			
Airport - LIRS	721,549	227,684	761,234	188,000	802,141	147,092	847,522	101,711	893,831	55,402	465,310	9,466			P			l				(I II)
Airport - Car Park / Shade Covers	85,300	21,100	88,600	17,800	92,100	14,300	95,700	10,700	99,400	6,900	103,000	3,000	l ,						U U			
Airport - Apron Overlay (RTIF)	44,100	15,600	45,700	14,500	47,300	12,900	49,000	11,200	50,700	9,500	52,500	7,700	56,200	4,000	57,700	2,000	0	0	0	0	0	0
Airport - Terminal (RTIF)			0	0	111,000	120,000	117,000	114,000	122,000	109,000	128,000	103,000	135,000	96,000	135,000	96,000	142,000	89,000	149,000	82,000	156,000	75,000
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ľ	1,129,794	368,537	1,188,689	310,143	1,362,033	367,798	1,434,812	294,919	1,443,733	221,092	1,042,830	147,244	398,429	108,046	192,700	98,000	142,000	89,000	149,000	82,000	156,000	75,000
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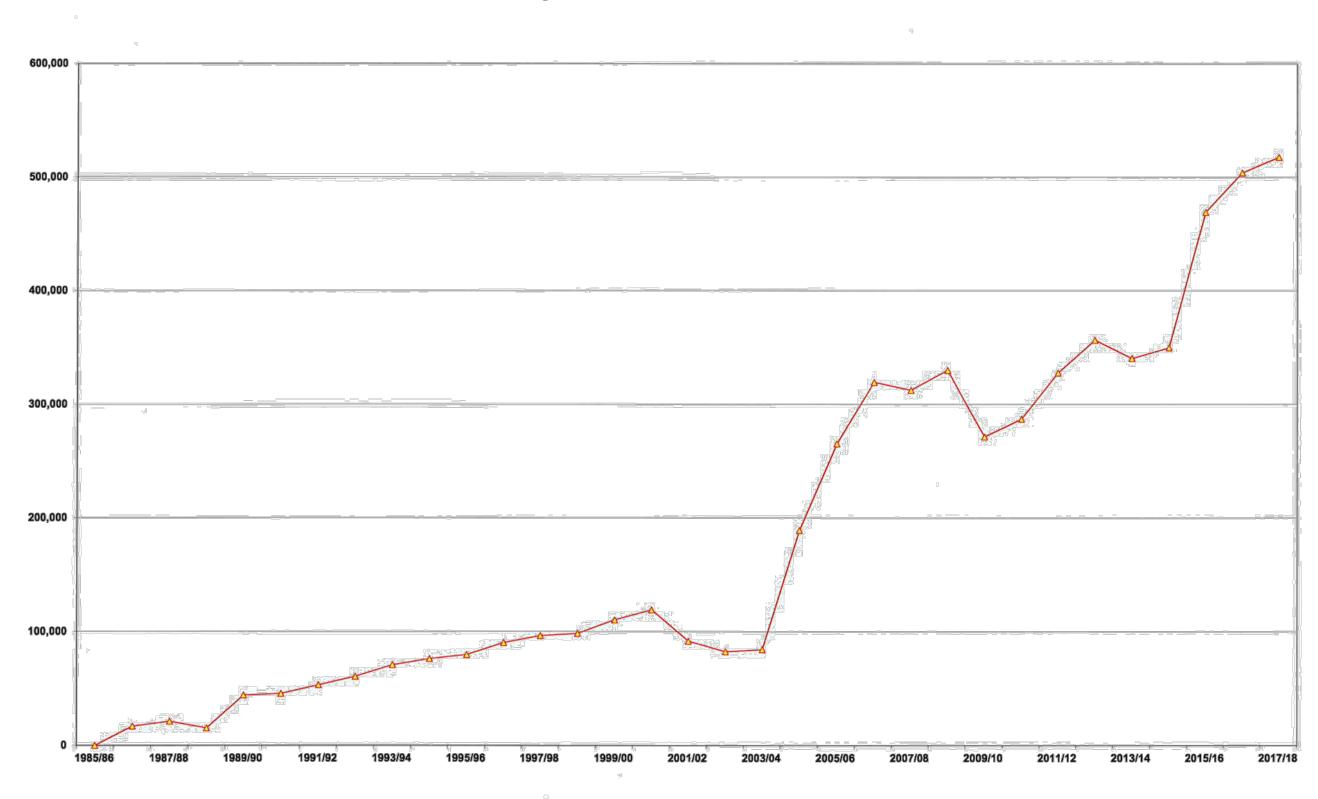




#### Ballina Byron Gateway Airport - Debt Ratio - 2002/03 to 2027/28







#### 4.3 Shellys on the Beach - Lease Update

**Delivery Program** Commercial Services

**Objective** To provide an update on the Shellys on the Beach

lease.

#### **Background**

Land tenure issues including leasing and land acquisition relating to Shellys on the Beach Café (now known as "Fishheads@Shellys") have been considered by Council at a number of meetings in recent years.

A summary of major actions, resolutions and other matters are summarised as follows:

- a) In late 2011 M Sims and R Mamone trading as Fishheads @ Byron Pty. Ltd. purchased the existing lease from E A Keemink. This lease is a land only lease with the tenant owning all building improvements. Council does not own or lease the improvements / fixtures (i.e. the building) on the land.
- b) DA 2012/348 for the redevelopment of Shelly Beach Café, as submitted by Fishheads Pty. Ltd., was approved by Council at the November 2012 Ordinary meeting. This approval expanded the footprint of the building.
- c) 26 February 2013 Council resolved to acquire a portion of Crown land to increase the size of the Shelly's site and extend the lease term for Fishheads@Shellys from twelve to twenty years (inclusive of lease options) with the final expiry date being 30 June 2033 to allow the tenant more time to amortise their establishment costs for the approved café / restaurant.
- d) 26 September 2013 Council resolved to grant 100% rental relief to Fishheads@Shellys for a maximum period of six months in recognition of the time needed to finalise the acquisition of Crown land needed for the reconstruction of the expanded building on the site. To date rental relief has not been granted as construction of the new building has not commenced.
- e) 26 September 2014 Acquisition by Council of the portion of Crown land described as Lot 1 DP 1192961 was published in the NSW Government Gazette. Cost of land acquired; \$240,000 + GST.
  - The acquisition of this land was facilitated to allow the proposed development of the tenant to be located entirely on Council owned land and to allow security of tenure.
- f) 1 December 2014 Council resolved to classify the portion of Crown land acquired (Lot 1 DP 1192961) as "operational land" and that the classification take effect immediately.
- g) Land acquired (Lot 1 DP 1192961) and Council's existing land holdings (Lot 1 DP 1095427) are consolidated into one land holding described as Lot 3 DP 1205999 and registered on 27 March 2015.

- h) 28 May 2015 Council resolved to vary Fishheads' current lease by changing the description of the leased property from Lot 1 DP 1095427 to Lot 3 DP 1205999 and again extend the remaining lease term from fifteen to twenty years (i.e. 5+5+5+5 years) with the final expiry date being 30 June 2035. The initial commencement rental to be \$53,500 p.a. + GST.
- 17 November 2015 A report was presented to Council in regards to the ongoing delays in redevelopment of the site including another request from Fishheads that Council pay the cost of relocating a stormwater main that runs through the site under the proposed building.

Relocation of the stormwater main is as per Condition 9 of DA 2012/348, for the proposed restaurant.

Council resolved to note the contents of this report taking no action in regards to relocation of the stormwater main.

- j) 1 August 2016 Mr Mamone addressed a Councillor briefing advising he was having problems raising finance for the proposed restaurant to be constructed on Shellys on the Beach Site and put forward the following proposal:
  - that Council fund relocation of the stormwater pipe, sewer rising main, and linemarking of the carpark
  - that Council fund construction of the new café
  - that a new rental be negotiated.

Should that proposal be unacceptable, Mr Mamone suggested that Council contribute \$900,000 towards construction of the proposed restaurant and he would take the risk on funding the balance of the project. He also requested the rental be renegotiated accordingly.

- k) 25 August 2016 Following on from the Councillor briefing held on 1 August 2016 a report on Mr Mamone's proposal was presented to Council. The resolution arising from that meeting is a follows:
  - 1. That Council authorises the General Manager to implement the works associated with Conditions 9 and 14 of DA 2012/348 as well as relocating the sewer rising main that runs through the Shellys on the Beach Site.
  - 2. The funds for these works to be allocated from the Property Development Reserve, at an estimated cost of \$80,000.
  - 3. That Council confirms that it is not supportive of providing any financing for the construction of a new building / café on this site.
  - 4. That the General Manager take all necessary actions, as per the existing lease, to ensure that the lessee maintains the site in a fair and reasonable condition.

The sewer rising main has been relocated. The stormwater main and line marking works will be undertaken when, and if, Mr Mamone proceeds with his development.

I) On 8 May, 2017 Mr Mamone put a revised long term lease proposal to Council seeking a thirty year lease with a fifteen year rent free period and that he would be responsible for constructing the new building but only be responsible for maintaining and repairing it during the rent free period.

This proposal was considered by Council in confidential session at the Commercial Services meeting held 14 June, 2017. The recommendations made while in Confidential Session were as follows:

- 1. That Council reaffirms its previous decisions that it will not be providing any financing for the reconstruction of a restaurant / café on the Shellys on the Beach lease site.
- 2. That Council confirm its preferred position is for the existing tenant to surrender the lease to allow Council to call expressions of interest for the lease of the land, which will also allow the existing tenant to submit a new offer for the lease of the property.
- 3. That Council withdraw its previous offer of an extended lease.
- 4. That Council also obtain an independent valuation for the lease of this land.

These recommendations were adopted at the June 2017 Ordinary meeting. Points two and three have been implemented.

Following on from a meeting held with Mr Mamone on 27 March, 2018 with the Mayor, the General Manager and Council staff, Mr Mamone emailed a revised lease proposal on 16 April, 2018.

A confidential report on this revised leasing proposal is included later in this agenda.

The report has been listed as confidential to allow Councillors to discuss the commercial aspects of this negotiation in confidence.

The confidential report also includes an update on the existing lease with Fishheads.

It is a matter for Councillors as to whether they wish to have those discussions in open Council or in confidence.

#### **Key Issues**

- Long term lease tenure
- Rental returns to Council
- Financial risk
- Probity

#### Information

The confidential report outlines the details of Mr Mamone's latest revised leasing proposal and an update on the current lease.

#### Legal / Resource / Financial Implications

There are no direct implications from this report which provides an overview of the recent history of this leased property.

The tenant continues to pay the existing land lease rental, which is currently \$49,532.43 p.a. + GST.

#### Consultation

Council staff have held various meetings with Mr Mamone over the past twelve months and land tenure issues have been reported to Council on numerous occasions.

#### **Options**

This report is for noting only. The confidential report later in the agenda deals with the commercial aspects of this latest proposal from Mr Mamone.

In considering the confidential report, the comments made in the report of 14 June, 2017 are reiterated; i.e. it is important for Council to acknowledge, in this open Council report, that the tenant acquired the lease from the previous tenant, at a commercially agreed price. That price is a matter between those two parties and the figure is unknown to Council.

When acquiring a lease the responsibility is on the purchaser to pay an appropriate price for their proposed business venture. It should not be the responsibility of Council to underwrite any risks associated with a private commercial redevelopment.

Council has made a number of concessions to date to assist with supporting the re-opening of the café / restaurant (i.e. extending tenure, acquiring neighouring land, providing infrastructure that was related to the conditions of consent for the development application, allowing six months free rental) and all of these concessions have still not resulted in the tenant proceeding with their redevelopment.

#### **RECOMMENDATION**

That Council notes the contents of this report regarding the status of the Shellys on the Beach lease.

#### 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 Shellys on the Beach - Lease Update

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 Shellys on the Beach - Lease Update

#### **Reason for Confidentiality**

This report is **CONFIDENTIAL** in accordance with Section 10A(2)(c) (d) 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
- 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 commercial leasing matters are to be discussed.