



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

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

Paul Hickey
General Manager

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

1. Apologies

2. Declarations of Interest

3. Deputations

4.1 Licence Agreement - Communications Tower - East Ballina

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 7.5m² (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 7.5m². 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.

4.1 Licence Agreement - Communications Tower - East Ballina

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.

2. 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 (7.5m² 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

4.1 Licence Agreement - Communications Tower - East Ballina



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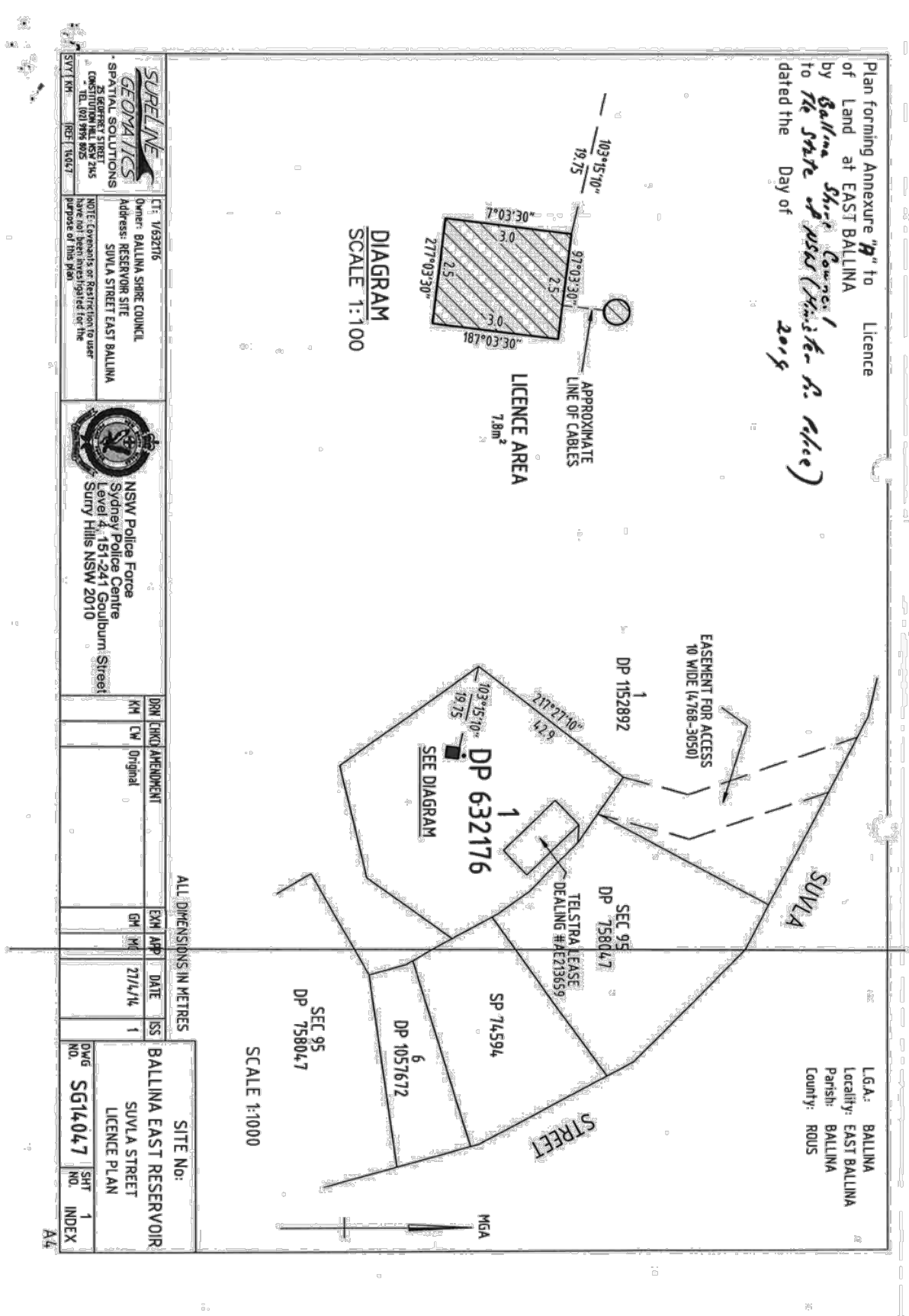
Locality Plan - Lot 1 DP 632176

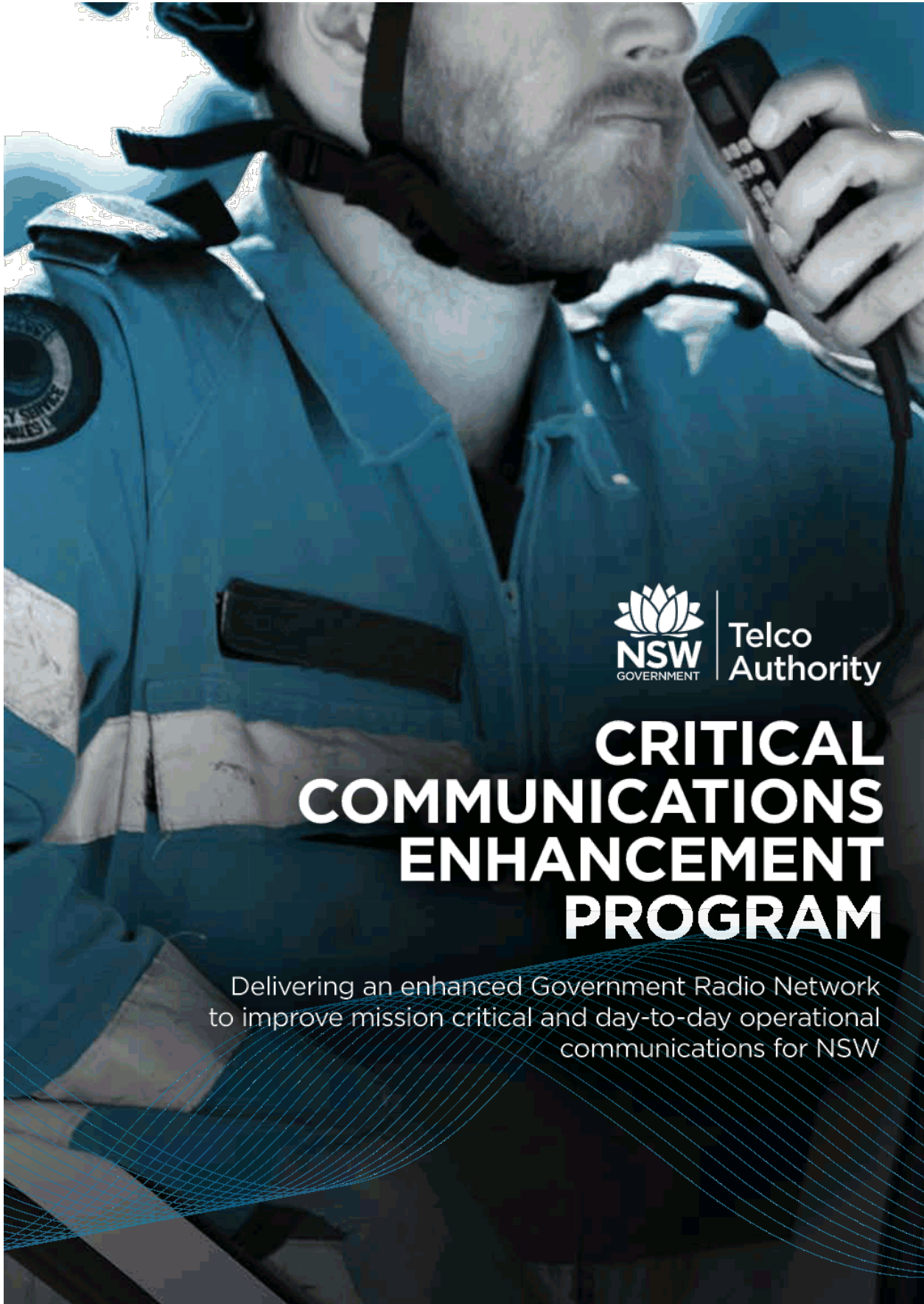
ballina shire council
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4.1 Licence Agreement - Communications Tower - East Ballina





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 GRN.

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 benefit from network capacity, availability and resilience 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.

*In-vehicle 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 state-wide 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 courtesy of NSW State Emergency Service.
Inside images courtesy of Fire & Rescue NSW & NSW State Emergency Service.



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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 Suvla 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 its 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

A handwritten signature in black ink, appearing to read "Ben Ronen".

Ben Ronen

Senior Property Consultant

Visionstream Pty Limited

M: 0419 688 788

E: ben.ronen@visionstream.com.au



Lessor's Details

Legal Name:	
ABN/ACN:	
Address:	
Telephone:	
Email:	
Bank Account Name:	
BSB:	
Account No:	

Lessor's Solicitor's Details

Legal Firm:	
Solicitor:	
Address:	
Telephone:	
Email:	

Please return all pages of this agreement to
Visionstream, Level 2, 9 Help Street, Chatswood NSW 2067 or by email to:
ben.ronen@visionstream.com.au

4.2 Ballina - Byron Gateway Airport - Long Term Financial Plan

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:

4.2 Ballina - Byron Gateway Airport - Long Term Financial Plan

- 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

4.2 Ballina - Byron Gateway Airport - Long Term Financial Plan

- 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.

4.2 Ballina - Byron Gateway Airport - Long Term Financial Plan

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

Ballina Byron Gateway Airport - Capital Movements (June 2018 Revision)																																						
Airport - Capital Expenditure Summary															Funding Sources			2016/17			Funding Sources			2017/18			Funding Sources			2018/19			Funding Sources			2019/20		
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	Grants	Loans	Reserves											
Ballina Airport																																						
Airport Precinct Master Plan						100,000																					100,000											
Apron Overlay and Expansion	215,600	108,600	2,719,200																																			
Baggage Make Up Area																																						
Car Parking and Solar		888,300	34,300			900,000		400,000																														
Boom Gates						500,000																																
Car Park / Shade Structures																																						
CAGRO Facility																																						
Checked Baggage Screening																																						
Checked Baggage Screening Extra																																						
Drainage	9,400																																					
Fencing	48,600	8,900																																				
Fire Fighting Infrastructure		54,300																																				
Miscellaneous Infrastructure	23,500	20,300	68,000	125,700	153,000	50,000	52,000	54,000	56,000	58,000	60,000	62,000	64,000	66,000	68,000			125,700								153,000												
Obstacle Tower Lennox Head	98,900																																					
PALC, Lighting Controls and ALER																												370,000										
Runway Approach Lighting																																						
Runway Friction Testing and Grooving																																						
Runway Upgrade and Overlay	4,511,200																																					
Storage Shed	88,000																																					
Terminal Expansion - Stage Two		48,400	50,200	575,000	500,000	5,900,000																																
Terminal Expansion - Stage Three																												7,000,000										
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	0	0	700,700	500,000	0	153,000	4,000,000	2,400,000	1,450,000	0	0	452,000											

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
Capital Grants and Contributions	0	0	2,291,400	0	500,000	4,000,000	0	0	0	0	0	3,000,000	0	0	0
Loan Funds	4,647,700	725,000	500,000	0	0	2,400,000	0	0	0	0	0	0	0	0	5,000,000
Reserves	347,500	403,800	88,300	700,700	153,000	1,450,000	452,000	354,000	656,000	438,000	460,000	5,062,000	64,000	7,466,000	2,068,000
Total	4,995,200	1,128,800	2,879,700	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

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
Opening Balance	(455,700)	(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
Movement	(136,800)	(131,700)	371,800	(144,900)	1,205,600	(684,200)	427,000	605,400	418,400	1,164,600	1,907,600	(2,388,000)	2,762,200	(4,811,400)	945,200
Closing Balance	(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
Dissection of Total Cash															
Council Reserve Balance	(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
Unexpended Grant Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unexpended Loan Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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

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	838,700	845,500	970,600	1,073,300	1,129,800	1,188,700	1,362,000	1,434,800	1,443,700	1,042,800	398,400	192,700	142,000	149,000	156,000
Loan Interest	554,100	491,900	473,000	424,800	368,500	310,100	367,800	294,900	221,100	147,200	108,000	98,000	89,000	82,000	75,000
Total	1,392,800	1,337,400	1,443,600	1,498,100	1,498,300	1,498,800	1,729,800	1,729,700	1,664,800	1,190,000	506,400	290,700	231,000	231,000	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

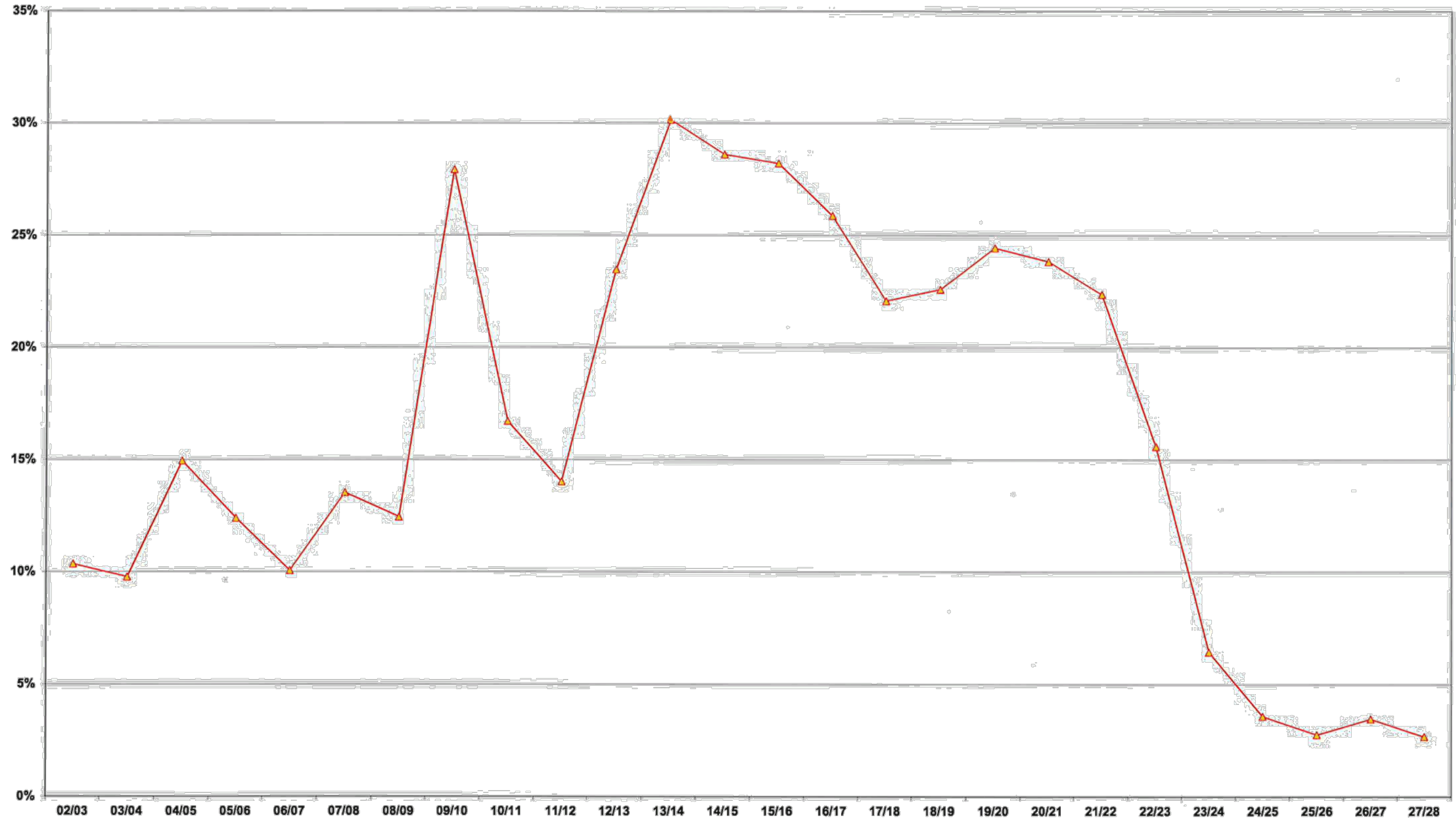
Infrastructure Assets	Actual (\$'000)					Estimated (\$'000)									
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Written Down Value	29,505	36,941	39,411	40,052	39,706	46,526	45,836	45,009	44,445	43,620	42,775	49,488	48,079	53,951	59,377

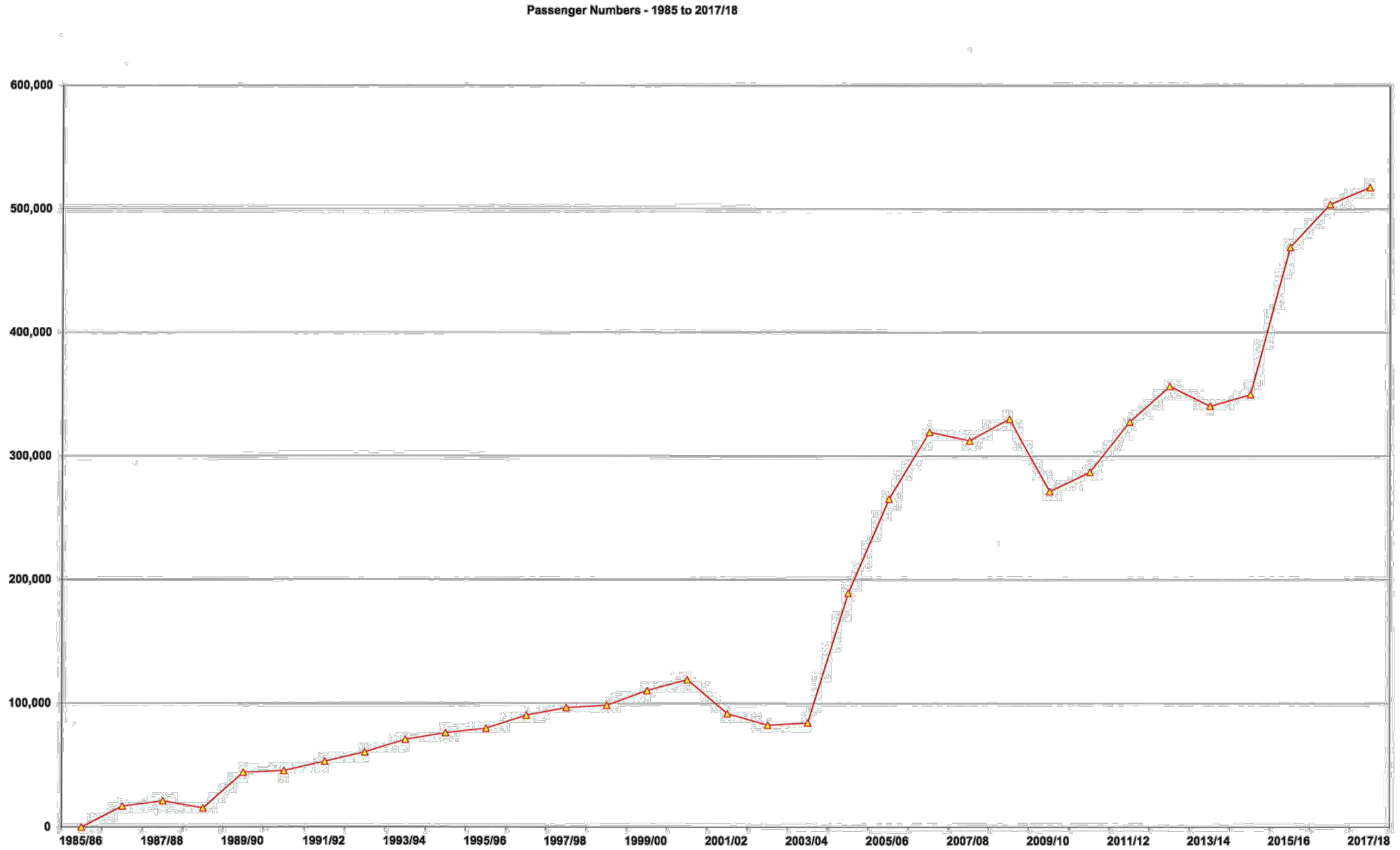
Loan Repayment Dissection	2017/2018		2018/2019		2019/2020		2020/21		2021/22		2022/2023		2023/2024		2024/2025		2025/2026		2026/2027		2027/2028	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
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										
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								
Airport	58,300	6,800	60,000	4,900	61,700	3,200	63,400	1,400	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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										
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										
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
Total	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

Ballina Byron Gateway Airport - Operating Income and Expense Analysis - 2002/03 to 2027/28



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





4.3 Shellys on the Beach - Lease Update

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.

4.3 Shellys on the Beach - Lease Update

- 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.
- i) 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 as 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.

4.3 Shellys on the Beach - Lease Update

- l) 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 neighbouring 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.