



Notice of Finance Committee Meeting

A Finance Committee Meeting will be held in the Ballina Shire Council Chambers, 40 Cherry Street, Ballina on **Tuesday 17 March 2020 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 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 Ocean Pool - Update

4. Committee Reports

4.1 Ocean Pool - Update

Delivery Program

Open Spaces and Reserves

Objective

To provide an update on the Ocean Pool project as required by a resolution from the February 2020 Ordinary meeting.

Background

Council adopted the following resolution at the February 2020 Ordinary meeting:

Resolution 270220/5

That as part of the forthcoming Finance Committees for the preparation of the draft 2020/21 Operational Plan, in considering the future capital works program, that Council also examine the likely financial commitment required to construct and then maintain an ocean pool.

This report is to also examine the merits of disbanding the Ocean Pool Committee as a Committee of Council to ensure there is a clear demarcation between the management and governance processes of Council in respect to this project, recognising that disbanding the Ocean Pool Committee as a Committee of Council does not impede the members of the Ocean Pool Committee Inc from continuing to progress their preferred concept for an ocean pool.

This report responds to the resolution.

Key Issues

- Background
- Project status
- Approval process
- Management options

Information

Council's involvement in the Ocean Pool project commenced at the December 2014 Ordinary meeting, where, in response to a notice of motion, Council resolved as follows:

Resolution 181214/8

1. *The General Manager continue to liaise with Crown Lands and other relevant Government departments to gain in principle support for the construction of an ocean pool at Shelly Beach.*
2. *That Council investigate different funding options including grants, sponsorship and community partners.*

4.1 Ocean Pool - Update

The matter was then reported to the November 2015 Reserve Trust Committee meeting, where Council, acting as the Reserve Trust, resolved as follows:

Resolution RT111115/3

That Council, acting as the Ballina Coastal Reserve (R1010068) Trust, resolves that the Ballina Ocean Pool Committee Inc is established as a Committee of Council, with the terms of reference for the Committee as follows:

- *Terms of Reference – To oversee and implement the actions necessary to allow a planning application to be lodged with Council for the establishment of an ocean pool at Shelly Beach, Ballina. The Committee is to be set up on the basis that the ocean pool will be constructed through funding sources other than Council, and the pool is to be designed to ensure that nil, or minimal maintenance, is required for the facility on an on-going basis.*

The report to this Reserve Trust meeting outlined that the advice from NSW Crown Lands (now DPIE – Crown) was that the preferred pathway to obtain planning approval was for Council, or the Reserve Trust, to be the proponent of this facility.

Relevant extracts from that report are as follows:

The verbal advice to Council is that due to the various approvals that need to be required, including dealing with Native Title issues, the recommendation from Crown Lands is that Council, or the Reserve Trust should be the proponent of this facility. Essentially this means Council, or the Reserve Trust, will lodge the planning application once completed.....

Option Three - Support the lodgment of a planning application for the facility, with that application to be lodged in the name of Council, or the Reserve Trust. In order to support this structure the recommendation would be that the Ballina Ocean Pool Committee would be endorsed as a committee of Council, subject to defined terms of reference.

As Council previously resolved to support the ocean pool, the recommendation that follows is consistent with option three. Even though this is a Reserve Trust meeting the Crown has also advised that Section 98 of the Crown Lands Act, as follows, allows the Reserve Trust Committee to establish the committee; i.e.

98 Application of Local Government Act where a council manages a reserve trust

- (1) *If a council is the manager of a reserve trust and the reserve (or the part of the reserve) is a public reserve the trust has all the functions of a council under the Local Government Act 1993 in relation to public reserves.*

The attachment to this report is the request from the Ballina Ocean Pool Committee Inc seeking support to be appointed as a Council Committee.

Council subsequently resolved to establish the Ballina Ocean Pool Committee Inc. as a Committee of Council, as per resolution RT111115/3.

Since November 2015, from an elected Council perspective, the subsequent resolutions have been as follows:

4.1 Ocean Pool - Update

July 2016 - Resolution 280716/19

That Council allocate \$15,000 from the Community Infrastructure Reserve to assist with the costs associated with preparing the environmental and engineering reports needed for the Ballina Ocean Pool (Shelly Beach rock shelf) approval process.

This resolution was rescinded at the August 2016 Ordinary meeting.

Following the 2016 Local Government election, Council confirmed the retention of the Council Ocean Pool Committee in adopting the Committees for this Council term, at the September 2016 Ordinary meeting; i.e.

September 2016 – Resolution 290916/5

That Council confirms that the Ballina Ocean Pool Committee Inc is to be retained as a Committee of Council based on the existing terms of reference as follows:

To oversee and implement the actions necessary to allow a planning application to be lodged with Council for the establishment of an ocean pool at Shelly Beach, Ballina. The Committee is to be set up on the basis that the ocean pool will be constructed through funding sources other than Council, and the pool is to be designed to ensure that nil, or minimal maintenance, is required for the facility on an on-going basis.

At this same meeting there were two notices of motion where Council resolved as follows:

Resolution 290916/25

That a meeting be organised with NSW Premier Mike Baird, the Crown Lands Minister, Niall Blair and a small delegation from Council comprising the General Manager or delegate and up to two Councillors, to formally ask for the Ballina Ocean Pool (Shelly Beach rock shelf) to be funded from a grant program, eg the NSW Shark Mitigation Strategy.

Resolution 290916/28

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

A report to the 6 December 2016 Finance Committee then recommended as follows, with that recommendation adopted at the December 2016 Ordinary meeting.

Resolution 151216/8

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

Meetings were also held with the State Government in response to resolution 290916/25 with Council ultimately allocated \$50,000 in grant funding to advance the Ocean Pool project.

In response to this funding, a report to the April 2017 Ordinary meeting resulted in the following resolution:

Resolution 270417/30

1. *That Council accept and thank the NSW Government for the grant offered to support the preparation of the planning approval documentation for the proposed ocean pool.*
2. *That Council write to the Ballina Ocean Pool Committee Inc advising the Committee of Council's decision in point one and Council's requirements for the funds which include:*
 - a) *The Committee is to submit a project plan setting out the key activities, required resources, budget estimates, key risks, and the program expected to achieve planning approval for the project*
 - b) *Expenditure of the grant funds is to be completed in accordance with Council's procurement procedures*
 - c) *Any other requirements established as conditions of the grant or to ensure compliance with existing Council policy or procedures.*

The next report to Council was at the September 2018 Reserve Trust Committee meeting, where Council, acting as the Reserve Trust, resolved as follows:

Resolution RT270918/3

1. *That the Ballina Coastal Reserve Trust endorses the preparation of an application to seek the necessary planning approval for the Ballina Ocean Pool project at Shelly Beach, Ballina, subject to the application being inclusive of appropriate planning and technical assessments.*
2. *That the Ballina Coastal Reserve Trust endorses the application of staff resources to address the applicable requirements of the Crown Land Management Act 2016 in relation to the Ballina Ocean Pool project.*
3. *That the Trust obtains legal advice addressing Native Title in relation to the Ballina Ocean Pool proposal before an application for planning approval is lodged with Ballina Shire Council.*
4. *That the cost for the Native Title legal advice be met from grant funding provided by the NSW Government for the Ballina Ocean Pool project. If the available funding is not sufficient to meet the cost of the advice or the Ballina Ocean Pool Committee objects to this approach, the matter is to be reported back to the Trust for further consideration.*

This resolution stated that Council only endorsed the preparation of an application for planning approval and did not provide approval for lodging the application.

A subsequent notice of motion to the March 2019 Ordinary meeting resulted in the following resolution:

Resolution 280319/3

That Council, as part of the May 2019 Ordinary meeting, receive an update report on the development of the planning application for Ballina Ocean Pool. The report should include information on the issue of Native Title, design and engineering plans, the use of and balance of the \$50,000 preliminary works grant, together with an overview of other necessary components of the application.

The resolution from the May 2019 Ordinary meeting was then as follows:

Resolution 230519/8

1. *That Council notes the contents of this report relating to the status of the Ballina Ocean Pool project.*
2. *That (as Crown Land Manager) the Council's endorsement for the preparation of an application to seek the necessary planning approval for the Ballina Ocean Pool project at Shelly Beach, Ballina is subject to the resolution of native title matters, incorporation of the project into a relevant plan of management and the completion of appropriate planning and technical assessments.*
3. *That Council receive an update report on the progress of the ocean pool planning approval application at the November 2019 Ordinary meeting.*
4. *That Council write to a selection of councils with ocean pools requesting information on ocean pool maintenance schedules and costs.*

The report to the November 2019 Ordinary meeting resulted in the following resolution:

Resolution 281119/7

1. *That Council notes the content of this report regarding the status of the Ballina Ocean Pool project.*
2. *That a Council briefing be held on the preparation of an ILUA.*

This briefing is to be held on Monday 30 March, 2020.

This summarises the Council decisions in respect to the Ocean Pool project to date. All of the resolutions mentioned and related reports are available on Council's website.

In respect to the operation of the Council formed Ocean Pool Committee, the Committee has only formally met once, in November 2017.

The purpose of this meeting was to review the engineering quotations for the pool design and determine the successful firm, along with the preferred method of procurement, and receive an update on environmental investigations.

The actual community based Ballina Ocean Pool Committee Inc (BOPCI), which is a totally separate independent organisation, has had numerous meetings, however from a formal Council Committee meeting perspective, with a Council agenda produced, there has only been one meeting in November 2017.

There are no major concerns with this, as the Council Committee only needs to meet when a more formal process is needed, such as occurred in November 2017, when direction was sought on the expenditure of the grant monies on consultants.

The Council Committee has no delegated authority and staff have the authority to act on any recommendation from the Committee. If there are concerns with a recommendation the matter would be reported to Council for determination.

4.1 Ocean Pool - Update

The community based group (BOPCI) can meet as and when required and it has been meeting regularly, often using Council's Committee room.

One issue that has arisen to date with the current Committee structure is there is some confusion as to the Council involvement in the project, with members of the public likely to not fully appreciate the delineation between the Council Ocean Pool Committee and BOPCI.

The Council Ocean Pool Committee was established based on advice from Crown Lands that Council as the applicant resulted in a preferred pathway for planning approval for the project.

In hindsight, there does not necessarily need to be a Council Committee to provide this pathway, as when Council is satisfied that there is adequate planning documentation to lodge an application, Council can still be the applicant without the need for a formal Council Committee.

This is effectively the point made in resolution RT270918/3, as mentioned earlier, where Council endorsed the preparation of the planning application, however the resolution was silent on providing approval for lodging the application.

Based on this resolution the process being followed is that BOPCI still has the endorsement of Council to prepare the planning application and associated documents.

When BOPCI is satisfied the application is ready to be lodged, a report would then be submitted to the elected Council with a staff recommendation as to whether approval should be provided to lodge the application, based on the quality of information in the documentation.

The elected Council would then make the final decision as to whether an application should be lodged for assessment.

As there is duplication and some confusion with the current structure, the preference is to dissolve the Council Ocean Pool Committee, and still provide Council endorsement for the project, based on the current position of Council.

This endorsement would provide approval for BOPCI to meet in the Council Committee room for their meetings, and have access to staff for advice, as and when required. This largely is the current process. The recommendations to this report reflect this approach.

The dissolution of the Council committee will not eliminate all the public uncertainty in respect to statements that may be made on behalf of the members of BOPCI, or by Council, however it will help to emphasise that BOPCI is an independent community based organisation working towards the preparation of a planning application for the project.

As to the work undertaken by BOPCI, the documents presented to Council, to date, are as follows:

- University of NSW – Associate Professor – Rob Brander – Correspondence regarding impact of the ocean pool – August 2016

4.1 Ocean Pool - Update

- Marine Ecological Surveys for the proposed Ballina Ocean Pool - Assoc. Prof. Kirsten Benkendorff – Marine Ecology Research Centre, Southern Cross University – 2017
- Traffic Impact Assessment – Ballina Ocean Pool – Ardill Payne and Partners – March 2018
- Southern Cross University – School of Business and Tourism – Community and business impacts of the proposed Ballina Ocean Pool – November 2017
- University of NSW – Water Research Laboratory – Coastal engineering advice for Ballina Ocean Pool – December 2018
- University of NSW – Water Research Laboratory – Wave reflection memorandum – May 2019

This information is also available on Council's website (search for Ballina Ocean Pool).

There has been a substantial amount of work undertaken to date, although there is still a significant amount of documentation to be prepared and then assessed to allow a planning application to be determined.

Based on the available information, it is likely that the Ocean Pool project will be subject to Part 5 of the Environmental Planning and Assessment Act (EP&A Act) in terms of a planning pathway (i.e. permissible without development consent but subject to environmental assessment under Part 5 of the Act).

Alternatively, if development consent is required (a development application is necessary), the Ballina LEP 1987 will require amendment as the proposed pool is a prohibited land use in the 7(f) Environmental Protection (Coastal Lands) zone.

In addition to the information produced to date, other reports and information will be necessary to accompany a complete application that seeks planning approval. This likely includes:

- a complete Part 5 assessment (or a development application if Part 5 of the EP&A Act ultimately does not apply)
- a cultural heritage assessment (having regard for due diligence guidelines)
- a visual impact assessment
- site and engineering plans and details (suitable to show the location of the pool, its construction type and materials, pool size and depth, ongoing management/maintenance requirements)
- assessment of ecological impacts having particular regard for the terms of the Commonwealth Environment Protection and Biodiversity Conservation Act and NSW listed threatened species.

Further information may also be required in relation to the ecological, coastal engineering and traffic assessment work completed to date.

This will become clearer once there are more specific site and engineering plans available.

4.1 Ocean Pool - Update

With respect to an Indigenous Land Use Agreement (ILUA) and Native Title, the November 2019 Ordinary meeting report provided a summary of the key issues.

Relevant information from that report is as follows.

The BOPCI has indicated that it wishes to pursue the establishment of an indigenous land use agreement (ILUA). An ILUA will require Council involvement as the land manager and the negotiation of an ILUA will have resource implications for Council. It is also important to recognise that Council may wish to invite negotiations in relation to an ILUA in relation to other matters over time.

Therefore, if Council is to become involved in any ILUA process, it is recommended that this is considered in the context of Council's overall priorities rather than on a one off basis.

With respect to meeting the requirements of the Crown Land Management Act, the legal advice obtained also indicated that the ocean pool project would need to be recognised in a valid plan of management applying to the land.

Council's ability to include the project within a plan of management is also affected by native title considerations. That is, compliance with native title legislation is also a matter to be addressed in preparing a plan of management. This reinforces the importance of addressing native title up front in relation to the ocean pool project.

Having regard for the earlier advice from Lindsay Taylor Lawyers and Council's May 2019 decision, further advice was sought from Lindsay Taylor Lawyers on the process associated with the preparation of an ILUA.

In summary, the advice indicates that there are several types of ILUA under the Native Title Act. In relation to the ocean pool project Council could enter into an area ILUA or an alternative procedures ILUA. The main difference is that a procedures agreement cannot extinguish native title.

Both ILUAs are subject to specific procedural requirements, including requirements to enable the involvement of persons or groups that have an interest in the matter being considered.

With respect to timeframes, the only specified period to consider is a three month notice and public exhibition period for an ILUA. The total time to complete an ILUA is unknown as it is dependent on the engagement between the parties involved in an ILUA and the extent to which other parties might have an interest in the matter.

If an ILUA is pursued a key consideration is ensuring this is done in line with the Commonwealth Native Title Act. Even though the earlier report provided minimum timeframes, an exact timeframe is difficult to predict as it depends on the extent of interest and support from Aboriginal parties.

Also, as per the legal advice mentioned from Lindsay Taylor Lawyers, the Ocean Pool needs to be identified in a valid plan of management applying to the land to properly address Native Title considerations under this Act. The earliest we can expect this process to be completed is approximately mid-2021.

In summary there is still a significant amount of work to be undertaken, estimated in the tens of thousands of dollars (excluding in-kind contributions), and the approval for this project, if granted, assuming an application is lodged, is 18 months away at best, if not more.

This is estimated to be the earliest timeframe, as we need to have the project contained in a valid Plan of Management as one of the steps to address Native Title, and an approval would need to follow that action.

As noted, the earliest date we expect to have a Plan of Management is mid 2021.

Legal / Resource / Financial Implications

Council has allocated no funding to the Ballina Ocean Pool, for construction or maintenance, in the adopted Long Term Financial Plan (LTFP). The only funding to date has been the State Government grant of \$50,000, with approximately \$7,000 unexpended.

Council support for the project is based on no financial contribution, particularly for the capital construction, as per resolution RT111115/3. This resolution does state that minimal maintenance costs may be acceptable.

This is a financially responsible position to take as Council already has a number of essential projects identified in the LTFP, with the Ocean Pool categorized more as a desirable project, as it is not an essential infrastructure item.

Major projects that Council is already struggling to fund in the LTFP, considered as essential include:

- Lennox Head Rural Fire Shed - relocation
- Ballina SES Building – new to cater for growth
- Ballina – Byron Gateway Airport Runway – widening, car park
- River Street – Four Laning (Section 7.11 Roads Plan)
- Tamarind Drive - Four Laning (Section 7.11 Roads Plan)
- Various other section 7.11 road works
- Alstonville Leisure and Entertainment Centre - refurbishment
- Lennox Head Main Street – asset renewal
- Wollongbar District Park – section 7.11 works (including skate park)
- Lake Ainsworth Coastal Management Plan – healthy waterways
- Shaws Bay Coastal Management Plan – healthy waterways (especially dredging).

A report on the funding options for the various non-recurrent capital projects that Council has identified as priorities will be submitted to the April 2020 Finance Committee meeting.

From a financial management perspective Council should always give priority to investing funds in the renewal of existing infrastructure, prior to delivering new infrastructure that increases the asset maintenance liability.

4.1 Ocean Pool - Update

This is a basic premise of the State Government's Fit for the Future program to ensure that councils are financially sustainable.

The resolution from the February 2020 Ordinary meeting asked for commentary on the financial commitment required to construct and then maintain an ocean pool.

In respect to construction costs, there is insufficient information available to confirm an accurate figure, with recently quoted figures ranging from \$4m to \$5m.

The Federal Government pledged \$4.5m to Port Macquarie Hastings Council in May 2019 to construct an ocean tidal pool, with \$50,000 also provided in 2018 in grant funds from the State Government for a feasibility study.

Based on the very limited information a capital cost estimate of \$4m to \$5m seems reasonable.

As mentioned there are no funds identified in the LTFP and Council would need to get the project as "shovel ready" as possible and then seek 100% grant funding.

As to maintenance costs, again until the final design and the level of infrastructure provided with the facility is known (i.e. railings etc), it is not possible to provide a detailed estimate of likely recurrent costs. Figures sourced from other councils range from a few thousand dollars per annum to just under \$100,000 and this is dependent on the type of pool, location, age and facilities available.

The BOPCI commitment is to design a pool that minimizes maintenance costs and prior to submitting any planning application, Council will need to ensure the proposed design meets that commitment.

The University of NSW – Water Research Laboratory – Coastal engineering advice for Ballina Ocean Pool report (December 2018) provided indicative maintenance costs as follows (page 70):

5.9.4 Indicative maintenance costs

Indicative annual maintenance costs for Sydney ocean pools are as follows, where FTE is full time equivalent:

- *Works gang for cleaning (team of three, with 3 x 0.2 FTE per pool): \$40,000 per annum*
- *Supervisor (0.2 FTE): \$20,000 per annum and*
- *Pump overhauls: \$5,000 per annum*

For most pools, minor sand removal is part of routine cleaning, but for pools with higher sand ingress:

- *Sand removal by machine for pools such as South Curl Curl: \$13,000 per annum.*

As discussed in the report, most ocean pools require upgrading at intervals of about 10 to 20 years.

Funds for this are usually obtained through additional grants. Management of ocean pools is also undertaken within a local Council's normal asset portfolio management system.

4.1 Ocean Pool - Update

These figures may well be on the high side based on the assumption that the Ballina Ocean Pool would be designed to modern standards and to minimize maintenance. Nevertheless Council would need to be planning for annual maintenance costs of somewhere between \$30,000 to \$70,000.

There would also be a non-cash depreciation expense recorded in Council's financial statements (eg. \$45,000 based on a 100 year life span for a \$4.5m facility).

As per the comment referenced from the above report, the annual maintenance cost would form part of "Council's normal asset portfolio management system", albeit all councils struggle to fund the level of maintenance that would ideally be provided for local infrastructure.

Consultation

This project has not been subject to a specific Council consultation process as a standalone project.

However the Ocean Pool was included as a priority action in the Ballina Major Regional Centre Strategy 2015 - 2035, which was subject to an extensive community consultation process.

The reference in that document is as follows:

Reference	Action	The benefits will be....	This will involve.....	Action Category
A1.2	Facilitate the construction of a sea pool at convenient, cost-effective and achievable location.	Improved recreational opportunities, particularly during rough sea conditions.	<ul style="list-style-type: none">Identifying the approval pathway for construction.Assisting with the identification of grant opportunities to fund construction.	Facilitate

If a Council managed community engagement program is preferred, this could be undertaken based on a methodology similar to that applied for the preparation of master plans and strategic plans.

Having regard for the existing four-year work program under the Delivery Program and Operational Plan, external resources would be beneficial to enable a community engagement program.

A comprehensive program for the Ocean Pool project, including a mixture of general and targeted engagement, but not plan preparation, is estimated to have a cost of \$20,000.

Options

This report has been prepared in response to resolution 270220/5 from the February 2020 Ordinary meeting.

4.1 Ocean Pool - Update

There is currently insufficient information available to respond to the questions being asked in respect to the project such as final cost, both capital and recurrent, environmental impacts etc as this type of information is typically only available when all the documentation has been completed to allow a planning application to be submitted for assessment.

The assessment process can assist in answering those key issues.

There are many social benefits generated through the provision of an ocean pool and the following link provides access to a recent article in The Guardian on ocean pools highlighting the numerous pools along the coastline.

<https://www.theguardian.com/lifeandstyle/ng-interactive/2020/jan/21/water-worlds-the-magic-of-new-south-wales-ocean-pools>

The key issue for Council is to balance the eventual benefits of the Ocean Pool against the numerous other infrastructure priorities, many of which are essential items to cater for the increasing population within the Ballina Shire.

In respect to the recommendations for this report, the one item that can be addressed is to establish clearer boundaries between the BOPCI and the Council Committee, through the dissolution of the Council Ocean Pool Committee.

There is no benefit in having the Council Committee and its existence is only contributing to some confusion in respect to Council's involvement in the project. The recommendations support the discontinuation of the Committee.

The recommendations also confirm Council's continued in-kind support for the project, based on the current Council position.

RECOMMENDATIONS

1. That Council approves the dissolution of the Council Ocean Pool Committee.
2. That Council continues to endorse the preparation of an application to seek the necessary planning approval for the Ballina Ocean Pool project at Shelly Beach, Ballina, subject to the application being inclusive of appropriate planning and technical assessments, consistent with resolution reference RT270918/3.
3. That Council confirms that the endorsement in point two does not provide approval to lodge a planning application, with that decision to be made by the elected Council, once the documentation is at a point where the General Manager, or nominated delegate, is of the opinion that satisfactory information is available for the planning assessment.
4. That Council continue to provide in-kind assistance to the Ballina Ocean Pool Committee Inc, through the provision of the Council Committee meeting room for meetings, and access to staff, as and when required, within reasonable limits as determined by the General Manager.

Attachment(s)

1. [Ballina Ocean Pool Committee Inc - Committee of Council request](#)

BALLINA OCEAN POOL

Chairman: John Wise
jywise@ozemail.com.au
Mob:0411679789

Secretary: Michelle Bourke
Michelle.ballina@gmail.com
Mob: 0409712688

12th October 2015

Dear Mr Hickey,

We would like to thank the Councillors for their in principle support for the construction of an ocean pool on the rock shelf between Shelly and Lighthouse Beach, Ballina. This location has been chosen due to the close proximity of car parking, toilets, the cycleway, two surf clubs and the Shelly Beach Cafe.

We feel that an ocean pool would be a great complement to our beaches and ultimately be a popular local swimming facility that will be enjoyed by both locals and visitors alike. Our aim is to design a world class 50 metre ocean pool that has minimal ongoing maintenance costs and is aesthetically pleasing while blending into the natural environment.

We also feel that with some negative publicity about the safety of swimming at Ballina, this will improve Ballina's reputation as a holiday venue.

Since the community push began for an Ocean pool we have established and incorporated the Ballina Ocean Pool Committee. A list of the Committee members is attached. Some Committee members have had several meetings with representatives from Council, Crown Lands, the Australian Maritime College, and professors from Southern Cross University. Everywhere we go we get offers of support.

We have assembled a professional team to work on the project with offers of support from all of the above organisations and many local businesses and professionals, including surveyors, builders, construction companies, planners, engineers, surf club members, ocean swimmers and parents. This is fast becoming a wonderful community project.

Mr Steve Connelly from Planners North has kindly volunteered his time to help us with the planning issues which will ensure that the application has a genuine prospect of being accepted by all of the relevant Government departments. We enclose letters of support from Crown Lands, Ballina Surf Lifesaving Association and Professor Harrison at Southern Cross University for your consideration.

It has been suggested that for Council (or the Reserve Trust) appoint our committee, or the members of our committee, as a Committee of Council, with the authority to prepare the application.

We would then take the next step and prepare a Review of Environmental Factors under Part 5 the Environmental Planning and Assessment Act to be submitted to the Council for consideration. In the event that this submission is successful the intent is for Council to 'own and manage' the facility.

We seek your confirmation that this is the correct way to go about this and if so, we look forward to your advise that we would be acting as a Committee of Council moving forward..

Yours sincerely

Ballina Ocean Pool Committee.

John Wise

(Per:Michelle Bourke)

Ballina Ocean Pool Committee

John Wise	Builder and Manager	President
Michelle Bourke	Solicitor and Manager	Secretary
Peter Lucena	Engineer	Member
Bill McInerney	Builder	Member
Eoin Johnston	Barrister	Member
Jeff Johnson	Councillor	Member

Ballina Lighthouse & Lismore SLSC Inc.

Established 13 September, 1933

SLSA Club of the Year 2012

SLS NSW Club of the Year 2012

SLS NSW Club of the Year 2014



19 September 2015

Ballina Ocean Pool Incorporated
56 Shelly Beach Road
Ballina NSW 2478

Dear John

The Ballina Lighthouse and Lismore SLSC would like to express their support for the Ballina Ocean Pool. We believe that it would be a wonderful addition to the facilities already offered to our Club members. It will also add to the the public's enjoyment of both Shelly Beach and Lighthouse Beach.

Yours Sincerely

Craig Nowlan
President
Ballina Lighthouse and Lismore Surf Life Saving Club.

Support our sponsors



Major Sponsor



Ballina Lighthouse & Lismore SLSC Inc is Registered Gift Recipient ABN 64 923 973 436
PO Box 590, Ballina NSW 2478 Australia email: ballinaslsc.ad@gmail.com www.ballinasurfclub.com.au
Vigilance & Service



6th October 2015

To Whom It May Concern,

I am the Director of the Marine Ecology Research Centre at Southern Cross University and I wish to note my support for the proposed Ocean Pool concept on the rock shelf between Shelly and Main Beaches Ballina.

The project offers many exciting possibilities and our marine research and environmental management staff would be able to provide support in relation to the project's marine biology and ecology, environmental impact assessment, enhancing the design of the pool and surroundings to enable it to blend in with the natural rock shelf and intertidal pool environment and to provide new habitats for local marine species.

The proposed Ocean Pool provides important opportunities as a safe place for swimming, and for learning and research for students and the broader community to interact with and learn about our marine environment.

Yours sincerely,

Professor Peter Harrison
Director of the Marine Ecology Research Centre
School of Environment, Science and Engineering

PO Box 157, Lismore, NSW, Australia 2480 P: +61 2 6620 3774
Email: peter.harrison@scu.edu.au





Department of
Primary Industries
Lands

Our Ref: 09/01645-04
TRIM Ref: DOC15/183639

1 October 2015

Mr John Wise & Ms Michelle Burke
Ballina Ocean Pool Incorporated
By email
jwise@ozemail.com.au
michelle.ballina@gmail.com

Dear John and Michelle

Re: Ballina Ocean Pool

I refer to your letter of 20 September 2015 seeking support for the proposed Ballina Ocean Pool.

I wish to confirm the Department of Primary Industry - Lands supports investigations into the feasibility of an ocean pool within the Ballina Coastal Reserve. The development of recreation facilities aligns with the intent of the adopted Ballina Coastal Reserve Plan of Management and the notified public purpose of the reserve (public recreation & coastal environmental protection)

Approval for any development of this nature on Crown land will be subject to all legislative and statutory planning requirements. For further clarification please don't hesitate to contact me by telephone: (02) 6642 9217 or by email; kevin.cameron@crowland.nsw.gov.au.

Yours sincerely

A handwritten signature in black ink, appearing to read "Kevin Cameron".

Kevin Cameron
Manager Far North Coast
Department of Primary Industries - Lands

GRAFTON OFFICE
Level 3, 49-51 Victoria Street
Grafton NSW 2460
T: 1300 886 235
E: Graftoncrowlands@crowland.nsw.gov.au

Please address all correspondence to:
Crown Lands (Grafton)
PO Box 2185
DANGAR NSW 2309
ABN 42 860 678 701 www.crowland.nsw.gov.au

4.2 Hampton Park - Car Park

4.2 Hampton Park - Car Park

Delivery Program

Open Spaces and Reserves

Objective

To seek Council support for the installation of a car park at Hampton Park, Ballina.

Background

The Cherry Street Sports Club has been successful in obtaining \$300,000 through the NSW Office of Sport for funding towards car park construction works at Hampton Park. This funding has been partnered with a commitment of matching funds from the Cherry Street Sports Club.

The works proposed are consistent with the Hampton Park Plan of Management however this plan was adopted in 2005 and the implementation of the Plan has been limited.

This report seeks Council's direction in respect to progressing the car park immediately or deferring a decision while the Plan of Management is reviewed.

Key Issues

- Nature of works
- Preferred outcomes for Hampton Park

Information

Council staff have previously met with representatives of Cherry Street Sports Club and undertaken a review of a preliminary design prepared by the Club.

This draft design did not satisfy Council's engineering requirements, however the car park design is generally consistent with the Hampton Park Plan of Management.

A copy of the Landscape Concept Plan from the Hampton Park Plan of Management is attached.

Council recently endorsed for public exhibition a draft Sport and Recreation Facilities Plan. The outcomes from the exhibition are programmed for reporting to the March 2020 Ordinary meeting.

The draft plan identified that the current Hampton Park Plan of Management is outdated and recommended an action to undertake a review of the plan.

With tennis, bowls and croquet all currently located at this site, plus a significant area of undeveloped land, this recommendation supported a contemporary review of the planning for the site.

The Department of Lands has previously identified that management plans should typically be relevant for up to 10 years, however the plan remains valid unless revoked by the Minister.

4.2 Hampton Park - Car Park

Council has a requirement under the Crown Lands Management Act (2016) to undertake a review of the Plan of Management by 30 June 2021.

Prior to considering the recommendation in the Sport and Recreation Facilities Plan, Council resolved at the meeting held June 2019, "in order to achieve compliance with the CLM Act, the Hampton Park Plan of Management revision be based on a principle of like for like" and "a comprehensive review is not proposed".

As the Crown Land Manager and future asset owner of the proposed car park, there is benefit in ensuring the design and construction is suitable and meets Council standards and expectations.

Council has a requirement to ensure works are consistent with an adopted Plan of Management.

Hampton Park, with its scale and central location, is an important public land area and Council needs to be satisfied the car park is compatible with the strategic direction for the embellishment or use of this land.

Legal / Resource / Financial Implications

Council is Crown Land Manager of Reserve 540004 for the purpose of Public Recreation.

A review of the Hampton Park Plan of Management would cost \$20,000 to \$30,000.

Consultation

Consultation was undertaken as part of the preparation of the Hampton Park Plan of Management.

Council has consulted with Cherry Street Sports Club regarding the progression of the grant funding and car park works

Options

1. Provide in-kind staff assistance and continue to work with the Cherry Street Bowling Club to progress a design of the car park consistent with the adopted Plan of Management.

The advantage of this option is that it progresses the Club's desire to increase the parking capacity of the location, and this is consistent with the current Plan of Management. The disadvantage is that it relies on the Plan of Management, which is now fifteen years old and may not reflect current community aspirations.

2. Council allocate funds to review the adopted Plan of Management to see if the construction of a car park of the type proposed in 2005 remains a contemporary action. No funding source has been identified, although it is an option to ask the Club to include the cost of the review within the pre-construction activities budget for the car park.

4.2 Hampton Park - Car Park

This option is consistent with the requirement under the CLA for Council to review the Plan of Management by 30 June 2021. This option is also consistent with the recommendation of the draft Sport and Recreation Facilities Plan recently exhibited by Council. The size and location of the park make this an important community asset.

The disadvantage of this option is that it will result in a delay to the delivery of the Club's proposed project.

On balance, Option Two is recommended as it is consistent with the draft Sports and Recreation Facilities Plan, on the proviso that any delay does not put the grant funds at risk, and subject to Council confirming a funding source for the preparation of the new Plan of Management.

The funding can be confirmed through initial discussions with the Cherry Street Sports Bowling Club in respect to the grant funds or alternatively Council could fund part or all of the review, from a yet unidentified source.

The total General Fund Long Term Financial Plan will be submitted to the April 2020 Finance Committee meeting and that report can confirm the agreed funding source.

If Option One is preferred, an appropriate resolution would be to authorize the General Manager to liaise with the Cherry Street Sports Bowling Club to progress a design of a car park for Hampton Park that is consistent with the adopted Plan of Management.

RECOMMENDATIONS

1. That Council defer consideration of its support to a new car park at Hampton Park until the Hampton Park Plan of Management is reviewed.
2. That Council write to the Cherry Street Bowling Club to advise the Club of its decision and request the Club's consideration of using the available grant funds to finance, part or all of the review of the Hampton Park Plan of Management. If the Club is not able to support this request, Council will receive a further report assessing funding options to the April 2020 Finance Committee meeting.

Attachment(s)

1. [Hampton Park Plan of Management - Concept Landscape Plan](#)



Figure 6 – Development Strategy

4.3 National Bushfire Recovery Agency Funding Assistance

4.3 National Bushfire Recovery Agency Funding Assistance

Delivery Program

Support Operations

Objective

To consider a program of works for bushfire recovery using funding from the National Bushfire Recovery Agency

Background

The newly established National Bushfire Recovery Agency (NBRA) has provided \$1.225M to assist Council with its bushfire recovery efforts.

The payment will be delivered through the NSW State Government and provides direct financial assistance to Council so that it can start addressing the recovery and rebuilding needs in the shire.

The NSW Office of Emergency Management bushfire impact assessment identified one outbuilding destroyed and ten impacted rural landholders (as at 31 December 2019) in Ballina Shire.

Other impacts included the destruction of flora and fauna in the area south and south-west of Wardell, along with the psychological and social impacts on property owners and residents who had to relocate during the fires, especially at Cabbage Tree Island.

The purpose of this report is to allow Council to consider a program of works for acquitting the \$1.225M NBRA funding.

The NBRA funding is conditional upon developing a program of works within three months of acquiring the funding, showing how the funding will be spent.

A further condition is that the NBRA is informed at 12 months on how the funding has been used.

This information in this report, if endorsed by Council, will satisfy the first of these NBRA conditions. Information regarding these grants is provided in Attachments 1, 2 and 3.

In addition to the Commonwealth funding, the NSW Government's Bushfire Community Resilience and Economic Recovery Fund (BCRERF) has provided \$100,000 to Council for immediate, locally-led community and economic recovery activities aimed at supporting local businesses to recover and assisting communities to overcome the economic and social impacts of the bushfires. A copy of the grant guidelines is provided in Attachment 4.

In response to this grant staff have held preliminary discussions with the Jali Aboriginal Land Council to examine resilience and recovery needs that will assist the residents on Cabbage Tree Island. Jali have reported approximately 31 properties and 100 persons were affected by the fires and the type of support that is needed is internal and external cleaning of homes to remove the impacts of smoke, counselling services and replacement of lost items.

4.3 National Bushfire Recovery Agency Funding Assistance

There may also be opportunities under this grant to develop in consultation with Jali a program of works to improve resilience by upgrading infrastructure on Cabbage Tree Island.

Cabbage Tree Island was evacuated in response to a bushfire late last year, and is vulnerable to flood impacts.

A further grant opportunity is available to Council under the Regional Tourism Bushfire Recovery Grant program.

An application is being prepared seeking funds for the extension of the Aboriginal Cultural Ways project to be incorporated into the next stage of the Coastal Shared Path Project and the Coastal Recreational Walk.

This report is also written in context of the following resolution, as adopted at the February 2020 Ordinary meeting.

Resolution 270220/13

- 1. That Council write to the Federal and State Governments thanking them for their assistance in providing \$1.225 million and \$100,000 respectively for local councils impacted by the bush fires.*
- 2. That Council receive a report on what other environmental actions can be taken in the area either directly impacted by the Wardell Fire and the adjoining Ngunya Jargoan Indigenous Protected Area.*
- 3. That Council complete as many actions as practical as outlined in the Koala Management Plan.*
- 4. That Council allocates part of the grant funding to improve the facilities and infrastructure for our rural fire stations and services.*

Key Issues

- Priority programs

Information

The following program of works is presented for Council's consideration in order to meet the National Bushfire Recovery Agency funding conditions:

Table One - Suggested Program and Funding Allocations

Item	Program Activity	Funding (\$)
1	Rural Fire Service (RFS) Facility Lennox Head	500,000
2	Asset Protection Zones (APZ)	225,000
3	Koala Management and Biodiversity Conservation Strategies	200,000
4	Indigenous Protected Area Repairs	200,000
5	Richmond Room Enhancements (Evacuation Centre)	100,000

4.3 National Bushfire Recovery Agency Funding Assistance

Rural Fire Service Facilities – Lennox Head

Funding will be allocated towards the design and delivery of a new RFS facility in Lennox Head. The RFS currently operates from a temporary facility that will no longer be available once the consent lapses in 2022.

The RFS have committed \$370,000 towards the facility, which is for a Category 2B RFS station. Council has progressed the development of a concept design for the facility and has purchased land to enable the facility to be located adjacent to the Hutley Drive North Road construction project, which is now well advanced.

As well as assisting in the timing of the delivery of this project, applying funds to this project creates an opportunity for Council to allocate existing funds to another priority project.

Asset Protection Zones (APZ)

Council has achieved some significant outcomes in terms of the creation and maintenance of APZ works to reduce bushfire hazards near private and public assets, however there is much more work to be completed. The suggested funding allocation is informed by Council's Bushfire Risk Management Plan, which sets out a program of prioritized work.

- Lennox Head tourist facilities: vegetation clearance.
- Barrett estate, Lennox Head: erosion damage mitigation, security bollard reinstallation, vegetation clearance.
- Wardell and surrounding area: shale surfacing and grading, vegetation clearance.
- Skennars Head: gate widening, security repairs, tree clearance.
- Patches Beach: planning, tree clearance.
- Pacific Pines estate, Lennox Head: tree clearance, waste removal, grading and surfacing, gates and security.
- Lennox Head village south: fire trail ground hazard reductions.
- Cumbalum development area: aerial tree and ground clearance.
- Cronulla Street, East Ballina: bank stabilization works.

Koala Management and Biodiversity Conservation Strategies

Funding is suggested for the allocation to bushfire management actions identified within the Koala management and biodiversity conservation strategies as follows:

- Updates to bushfire risk management plan to account for the location and significance of Koala habitat.

4.3 National Bushfire Recovery Agency Funding Assistance

- Providing a GIS layer that maps fire history and hazard reduction within Ballina Shire important Koala population areas.
- Hazard reduction for important Koala population areas (focusing on Koala populations as an asset requiring protection).
- Implementing best practice fire management guidelines in relation to Koala habitat by fire brigades and engaging with the broader community in matters relating to fire management and hazard reduction in relation to Koala conservation. Includes establishment of wildlife first aid kit for local brigades - involving the preparation of training, procedures and first aid kit (emergency wildlife contacts, first aid for wildlife, recovery of injured wildlife, fence/ gate management etc.).
- Revegetation, restoration and protection of Koala habitat areas in the Shire.

Additional consideration will also be given to the following, funds permitting:

- A landscape fire management plan for the important Koala population area in conjunction with the RFS, Jali and Council. The plan would also include a bushfire response strategy that establishes a set of procedures to minimise impacts to biodiversity (including Koalas) and cultural sites.
- Post-fire assessment of Jali Lands within the important Koala population area. Validation assessment of burnt and unburnt areas. Assessment of threatened species and other biodiversity (including Koalas and other threatened flora and fauna species) and cultural assets.
- Recovery activities for Koalas and biodiversity in fire-impacted areas in the Shire like nest boxes, food drops, water, temporary shelter etc.

Indigenous Protected Area Repairs

In addition to the above bushfire recovery work on Jali Lands, discussions with the Jali Aboriginal Land Council have identified a need for funding to help deliver community resilience programs, especially seeing that Cabbage Tree Island had to be evacuated during the Wardell fire.

Richmond Room Enhancements

It is suggested funding be allocated towards enhancing Council's Richmond Room in the Ballina CBD – e.g. addition of showers, etc. – to enhance its use as an evacuation centre in the event of future bushfire and other emergencies.

Legal / Resource / Financial Implications

Funding assistance is conditional on the following:

- Developing a program of works within three months of acquiring the funding that shows how the funding will be spent, and
- Informing the National Bushfire Recovery Agency at 12 months on how the funding has been used.

Consultation

Council's Director Civil Services has consulted with the Regional Management of the NSW Rural Fire Service in respect of the NBRA funds. The response was entirely supportive of the activities proposed and the mix of funds applied. The meeting was advised Government funding is available for improving equipment and other needs of the brigades and therefore the focus of this program was supported.

Options

For the NBRA grant, Council is required to submit a program for approval to the Government. Council can endorse the funding program in Table One, or substitute other projects or reallocate the mix funds applied to the projects listed.

Similarly, for the BCREFR, Council could elect to nominate other projects than the suggested these funds to be allocated to respond to the impacts of the fire and improve infrastructure on Cabbage Tree Island.

For the Regional Tourism Bushfire Recovery Grant, an application is to be submitted for \$150,000 (to meet program deadlines) and the Cultural Ways Project was selected on the basis it has previous Council endorsement, supports the recognition of indigenous culture and met the criteria in respect of the support or recovery of local tourism initiatives.

RECOMMENDATIONS

1. That Council authorises the General Manager to submit the following program of work for approval to National Bushfire Resource Recovery Agency for the funding available to Council;

Rural Fire Service (RFS) Facility Lennox Head	\$500,000
Asset Protection Zones (APZ)	\$225,000
Koala Management and Biodiversity Conservation Strategies	\$200,000
Indigenous Protected Area Repairs	\$200,000
Richmond Room Enhancements	\$100,000

2. The Council notes the information in the above report regarding the application submitted under the Regional Tourism Bushfire Recovery Grant program for funding to continue the Cultural Ways Project for the Coastal Shared Path and Coastal Recreational Walk.
3. That Council authorises the General Manager to develop, in consultation with the Jali Land Council, an application to the Bushfire Community Resilience and Economic Recovery Fund to allow the implementation of recovery activities and works to support future resilience capacity for the community located at Cabbage Tree Island.

Attachment(s)

- 1 [↓](#). Prime Minister - Financial Support
- 2 [↓](#). Australian Government - NBRA
- 3 [↓](#). Deputy Premier - Financial Support
- 4 [↓](#). NSW Government Funding Guidelines



PRIME MINISTER

Reference: MS20-000065

14 JAN 2020

Cr David Wright
Mayor
Ballina Shire Council
PO BOX 450
BALLINA NSW 2478

Dear Mayor

I am writing to confirm the Australian Government's commitment to make an immediate \$1 million payment to Ballina Shire Council, to provide financial support to your community and enable recovery efforts to commence as soon as possible. The payment will be delivered through the state government.

This is a new funding commitment. It provides direct financial assistance to your Council, so you can start addressing the recovery and rebuilding needs in your area. Local governments know their local community best and can direct this funding to where it is needed most.

By supporting local councils to rebuild vital infrastructure, or hold events which bring the community together and bring tourists back to town, this immediate payment will also assist local small businesses, farmers and trades as communities rebuild, restock, replant and recover. You could also use some of the funding to employ a local bushfire recovery coordinator, to ensure the recovery efforts of governments, charities and others are informed by local needs priorities.

While the full extent of the damage is not yet known, I trust this payment provides your Council the confidence to make quickly on commitments and decisions to help address the impact of the bushfires in your region.

I know many areas have been hard hit, and it will be a long recovery. We will be there with you the whole way, as you rebuild your community and your economy.

As you may be aware, the Government has established a new National Bushfire Recovery Agency to lead and coordinate a national response to rebuilding communities affected by bushfires. The Agency, led by Mr Andrew Colvin APM OAM, former Commissioner of the Australian Federal Police, will report to me through Minister Littleproud.

Parliament House CANBERRA ACT 2600
Telephone (02) 6277 7700
www.pm.gov.au

This is the first tranche of assistance, and Mr Colvin, as the National Bushfire Recovery Coordinator, will engage with local governments to ensure the Agency's national recovery efforts are tailored to the unique needs of affected communities.

Relevant government officials will be in touch with you shortly to provide further detail on this payment, including reporting arrangements.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Scott Morrison', written in a cursive style.

SCOTT MORRISON



Australian Government
National Bushfire Recovery Agency

Cr David Wright
Mayor
Ballina Shire Council
PO Box 450
BALLINA NSW 2478
council@ballina.nsw.gov.au

Dear Cr David Wright

I am writing to advise you of the Australian Government's decision to provide the Ballina Shire Council with an additional payment of \$225,000 to support recovery from the Black Summer bushfire season.

It builds on the \$1 million Australian Government payment to your Council last month. The severity of the impact of the bushfires on the Ballina Shire Council has been considered in determining the quantum of this payment.

This assistance will assist you lead local recovery efforts as you see fit.

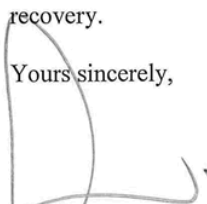
Consistent with the previous payment to your Council, I request that a Program of Works for the allocation of this assistance be developed within three months and that you inform the National Bushfire Recovery Agency in 12 months' time on how the funding was used.

This assistance supplements the range of other support measures that are being provided by the Australian and State Governments, including but not limited to direct financial grants and concessional loans to fire affected small businesses and primary producers.

Should you require further information, please contact the National Bushfire Recovery Agency's NSW Liaison Officer, Jennifer Vinton, on Contact@bushfirerecovery.gov.au.

I trust this assistance is welcome and I wish you and your community all the best for its recovery.

Yours sincerely,


Andrew Colvin APM OAM
National Bushfire Recovery Coordinator

12 February 2020

Postal Address: PO Box 6500, CANBERRA ACT 2600
Telephone: +61 2 6271 5085 Fax: +61 2 6271 1234 www.bushfirerecovery.gov.au ABN: 18 108 001 191



The Hon. John Barilaro MP
Deputy Premier
Minister for Regional New South Wales
Minister for Industry and Trade

Clr David Wright
Mayor
Ballina Shire Council
PO Box 450 BALLINA NSW 2478

Dear Clr Wright

The bushfire crisis our State is facing is unprecedented; and requires an unprecedented response. My number one priority is assisting communities on the long road to recovery.

Over the last few months I have heard firsthand from hundreds of families, business owners, and volunteers all impacted in different ways by the devastating bushfires. I have observed the resilience, dedication and positive spirit that makes NSW an extraordinary place to live, visit and run a business.

As the Minister responsible for Disaster Recovery I am working closely with the Commonwealth Government to take action and secure funding that is necessary for the recovery effort. This includes:

- Setting up a one-stop-shop for bushfire assistance via service.nsw.gov.au or 13 77 88
- Agreeing with the Commonwealth to split clean-up and waste management costs 50:50
- Significantly increasing the number of school counsellors in bushfire affected communities
- Committing \$1 billion to repair and rebuild vital infrastructure, such as roads, rail-lines, bridges, schools, health facilities and communications facilities
- Establishing \$75,000 special disaster grants for primary producers and a \$50,000 recovery grant for small businesses to help with clean-up and reinstatement measures
- Loss of income payments for RFS and SES volunteers

I know that more needs to be done and that you need assistance urgently.

A key priority is to ensure resources are flowing to communities and I am pleased to advise that an immediate payment of up to \$100,000 is now available to Ballina Shire Council under the joint NSW and Commonwealth Government funded **Bushfire Community Resilience and Economic Recovery Funds: Phase 1**. Phase 1 funding is meant to be quick and flexible in order to meet the immediate recovery needs of local communities. Details of how your council can quickly access this funding is included in the Guidelines sent with this letter.

Under the joint Commonwealth-State Disaster Recovery Funding Arrangements, this small-scale funding is only one step in supporting your community as you recover from these bushfires. Further information on the next phase of support will be available in the coming weeks.

If council need support in the development or roll-out of any local project or initiative, please contact Lenna Klintworth at lenna.klintworth@dpc.nsw.gov.au or 0436 649 098.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Barilaro', written in a cursive style.

The Hon. John Barilaro MP
Deputy Premier
Minister for Regional New South Wales
Minister for Industry and Trade

Cc: Paul Hickey, General Manager, Ballina Shire Council

GPO Box 5341 Sydney NSW 2001 ■ P: (02) 8574 5150 ■ F: (02) 9339 5530 ■ W: nsw.gov.au

Bushfire Community Resilience and Economic Recovery Fund

PHASE 1

GUIDELINES



Overview

The funding for the *Bushfire Community Resilience and Economic Recovery Fund* (BCRERF) is provided through the joint Commonwealth-State Disaster Recovery Funding Arrangements. Funding will be made available to bushfire affected Local Government Areas (LGAs) in New South Wales following unprecedented bushfires from August 2019 onwards.

Phase One of the *BCRERF* is focused on delivering immediate, small-scale funding to local councils that will start the community and economic recovery following the bushfires. The funds will deliver locally-led recovery activities led by councils in partnership with other organisations.

Phase Two of the *BCRERF* will be for larger-scale, regionally focused and more targeted projects that support the same objectives of Phase One. The design and delivery of the next Phase will be developed in consultation with councils and other key local stakeholders involved in the bushfire recovery process.

Funding will be administered by the NSW Department of Planning, Industry and Environment *Regional NSW Group* under an arrangement with NSW Office of Emergency Management, and in consultation with Emergency Management Australia.

Objective

The objective of Phase One of the *BCRERF* is to deliver quick, flexible, small-scale grants to local councils for immediate, locally led community and economic recovery activities. The purpose is to support local business recovery and assist communities overcome the economic and social impacts of the bushfires.

Funding

Phase One has immediate payments of a minimum \$100,000, up to a maximum \$250,000 available to eligible bushfire affected LGAs in NSW. Official Building Impact Assessment numbers (held by NSW Public Works Advisory) have been used to guide the funding amount offered to each council. This includes both damaged and destroyed residential and other properties.

Classification	Funding
> 100 damaged or destroyed buildings from official Building Impact Assessment	\$250,000
< 100 damaged or destroyed buildings from official Building Impact Assessment	\$100,000

Funding amounts for each council are subject to change pending further fire events; changes to Building Impact Assessment numbers; or in response to other clear and urgent community needs as they arise.

Funding will be available from late January 2020. Funding Deeds will be executed within 5 days and payments made shortly after. All required documentation needs to be complete and submitted before payment will be released.

Bushfire Community Resilience and Economic Recovery Fund

PHASE 1

GUIDELINES



Eligibility

Applicants

Local Government Areas in New South Wales that are natural disaster-declared relating to bushfires from 31 August 2019 onwards, and eligible for Category C funding assistance under the Commonwealth Disaster Recovery Funding Arrangements, will be offered funding. Local councils are the only organisation eligible for Phase One funding.

Projects and activities

Phase 1 funding is meant to be quick and flexible in order to meet the immediate recovery needs of local communities. Councils are asked to undertake activities in the two categories below:

- Economic Recovery – events or initiatives to support local business and industry recovery
- Community Resilience – events or initiatives to support community recovery and wellbeing

Projects will need to contribute to one or more of the following Disaster Recovery Outcomes:

- The needs of vulnerable groups are addressed in disaster recovery
- The community is aware of the disaster recovery processes
- The community can express its changing disaster recovery needs
- Community members are aware of the risks of future disasters
- The community has improved capacity and capability to respond to future disasters
- Business and not-for-profits have in place adequate mitigation practices for risks and threats
- Government, private sector and civil society and organisations are engaged in plans for mitigation and management of the recovery

Councils are encouraged to partner with Business Chambers and other local organisations to design and deliver local initiatives.

Where possible, the extension or leveraging of existing initiatives and events will be supported.

Example Projects

Ideas for funding could include, but are not limited to:

- Locally focused recovery support services for impacted small businesses such as business advice workshops
- Training and skills development for small business continuity/contingency planning to help individual businesses to survive in the short to medium term.
- Localised industry recovery events, planning and workshops
- Small projects that help with the recovery of the communities through capacity and resilience building to understand how to be better prepared for hazards into the future
- Neighbourhood and community strengthening activities that focus specifically on capacity building and planning for the future

Not eligible for funding

- Application that seek support for supplementing, increasing or continuing ongoing service delivery that is the core business of the council.
- Applications that request ongoing program funding

Bushfire Community Resilience and Economic Recovery Fund

PHASE 1

GUIDELINES



- Applications for projects and/or activities that are not related to the community or economic recovery attributed to the bushfire event.
- Covering existing debts or budget deficits.

How to Apply

Councils will be provided a link to fill in a simple online application form in SmartyGrants. Information required includes:

- Basic Council details including Public Liability Insurance certificate
- Proposed activities and projects costs
- An invoice

Only one application is allowed per council. Multiple projects or activities may be included as part of an application.

Councils will need to enter into a simple legally binding grant agreement with the Department of Planning, Industry and Environment (NSW Government) to receive funding.

At the completion of the project(s), Councils will be asked to provide a brief summary of the activities that were funded and evidence of expenditure via the SmartyGrants portal.

Review Process and Timeframes

Applications will be reviewed to ensure:

- All required documentation is complete and submitted
- Proposed projects align with Fund objectives.

Funding Agreements will be executed within 5 days and payments released soon after. Councils can begin spending the funding allocation and be reimbursed for suitable activities.

Councils are asked to submit the online form as soon as possible. Phase One funding will be open for council applications until 31 March 2020. Extensions may be granted upon request to the Department of Planning, Industry and Environment.

Councils are asked to complete funded projects by 30 June 2020. Extensions may be granted upon request to the Department of Planning, Industry and Environment.

A short completion report and evidence of expenditure will be required to be submitted within 2-months of project completion.

Contact

General enquires: For more information, please contact Regional NSW on 1300 679 673 or email RegionalInsw.Business@dpc.nsw.gov.au

Public Acknowledgment

Under the Disaster Recovery Funding Arrangements, all initiatives under the BCRERF must appropriately acknowledge and recognise that it is jointly funded under the Commonwealth/State Disaster Recovery Funding Arrangements.

Councils must acknowledge the funding contributions of the Commonwealth and New South Wales Governments at any public events, in announcements, or any other promotional material or publicity relating to the projects or activities funded the BCRERF.

These publications must also include both the State and Commonwealth Government logos and the following disclaimer: 'Although funding for this product has been provided by both the Australian and

Bushfire Community Resilience and Economic Recovery Fund

PHASE 1

GUIDELINES



New South Wales Governments, the material contained herein does not necessarily represent the views of either Government'.

Governance

Record keeping

For expenditure under the BCRERF, eligible councils must keep an accurate audit trail for seven (7) years from the end of the financial year in which the expenditure is claimed, or until such time as the claim is acquitted by the Australian Government. This will require transaction listing of eligible expenditure that reconcile to the claimed amount, and support each transaction.

For assurance purposes, the Australian may at any time, through the NSW Office of Emergency Management request documentation from eligible councils to evidence the state's compliance under the Disaster Recovery Funding Agreements.

Assurance activities

The Australian Government may at any time undertake assurance activities to reconcile audited state claims either directly or via an independent advisor. Eligible councils may be required to provide documentation to support assurance activities.

© State of New South Wales through Department of Planning, Industry and Environment 2020. The information contained in this publication is based on knowledge and understanding at the time of writing (January 2020). However, because of advances in knowledge, users are reminded of the need to ensure that the information upon which they rely is up to date and to check the currency of the information with the appropriate officer of the Department of Planning, Industry and Environment or the user's independent adviser.

4.4 Land Valuations and Rating Structure - 2020/21

4.4 Land Valuations and Rating Structure - 2020/21

Delivery Program

Financial Services

Objective

To provide an update on the new 2019 base date land valuations and to confirm the preferred ordinary rating structure for the 2020/21 rating year.

Background

The following report consists of two main sections.

The first section provides information regarding the new 2019 land valuations supplied by the Valuer General (VG), that are to be used for the 2020/21 rating year onwards.

This section includes comparisons to the previous 2016 base date valuations we have been using for ordinary rating purposes for the last three years and considers the impact of any land valuation fluctuations on our current rating structure.

The second section provides an outline of the proposed rating structure for the 2020/21 rating year.

Key Issues

- Land valuation movements between the 2016 and 2019 base dates
- Impact of new 2019 land valuations on the current rating structure
- Rating structure for the 2020/21 rating year

Information

Section One – New 2019 Base Date Land Valuations

The Valuer General (VG) provides Council with updated unimproved land valuations (i.e. the values don't consider any development on the property), for all properties within the Shire every three years.

Land valuations are used to calculate a portion of a property's ordinary rate when multiplied by a rate in the dollar.

The other part of the ordinary rate, under our current rating structure, is a flat amount known as the base amount.

More information is provided later in this report regarding rate calculations.

Council's total annual ordinary rate revenue is restricted by rate-capping legislation.

4.4 Land Valuations and Rating Structure - 2020/21

As a result, new land values do not result in an increase or decrease in total rate revenue.

In order for Council to decide upon a fair and equitable rating structure, the two principles of rating need to be considered:

- **Ability to pay principle** – This method assumes there is a relationship between land values and the ability to pay rates
- **The benefit principle** – This is essentially a "user pays" principle

The mix between the rate in the dollar applied to the property's land valuation (ability to pay principle) and the base amount (benefit principle), is determined by Council after consideration of certain restrictions contained in the Local Government Act 1993 (LGA).

New 2019 Base Date Land Valuations – Comparisons to 2016

The following land valuation information provides comparisons between all land valuations within our Shire (i.e. includes rateable and non-rateable land such as schools, churches, public reserves etc).

Historical comparisons shown in Table One list land values at the point in time they were originally received from the VG.

To ensure consistent and realistic comparisons, the remainder of this report makes comparisons using 2016 and 2019 land valuations.

Table One: History of Valuer General Revaluations - Total Land Values (LV)

Land Value Base Date (1 July)	Total Land Valuations (\$)	Land Valuation Change (%)	Properties	Properties Change (%)	Average LV per Property (\$)	Average LV Change (%)
2019	7,908,591,969	27.65%	15,936	4.56%	496,272	22.08%
2016	6,195,739,561	19.23%	15,241	2.88%	406,518	15.89%
2014	5,196,410,931	-4.45%	14,814	2.23%	350,777	-6.54%
2011	5,438,581,840	0.75%	14,491	2.21%	375,308	-1.43%
2008	5,398,146,560	11.72%	14,178	1.71%	380,741	9.84%
2005	4,831,846,180	79.72%	13,940	2.87%	346,617	74.70%
2002	2,688,605,130	63.65%	13,551	3.78%	198,406	57.68%
1999	1,642,898,463	N/A	13,057	N/A	125,825	N/A

Comparative Data – 2016 to 2019 Land Valuations

The following tables contain comparative data based on rating categorisation between the previous 2016 base date land valuations used for rating purposes between 2016/17 and 2019/20, and the new 2019 base date valuations to be used for the next three rating years, commencing from 2020/21.

4.4 Land Valuations and Rating Structure - 2020/21

Table Two: Movement of Total Land Values within Rating Categories

Rating Category	No. (#)	2019 Land Valuations (\$)	% of Total 2019	2016 Land Valuations (\$)	% of Total 2016	2016 to 2019 LV Change (\$)	2016 to 2019 LV Change
Residential	16,765	6,183,815,806	78%	4,999,995,529	78%	1,183,820,277	24%
Business	1,345	583,355,024	7%	487,075,481	8%	96,279,543	20%
Farmland	968	902,075,610	11%	707,982,280	11%	194,093,330	27%
Mining	0	0	0%	0	0%	0	0%
NonRateable	564	255,448,929	3%	220,335,311	3%	35,113,618	16%
Totals	19,642	7,924,695,369	100%	6,415,388,601	100%	1,509,306,768	24%

Assuming Council's rating structure remains unchanged and ignoring any increases to total revenue, the 24% increase in rateable land valuations to be used from the 2020/21 rating year provides the approximate benchmark as to whether or not individual properties will accept a greater or lesser share of the ordinary rate burden as compared to 2019/20.

The table shows an increase of 24% between 2016 and 2019 total land valuations on hand. It also shows that business category properties have increased by a lesser amount than farmland and residential and they have also reduced as a percentage of the total land value from 8% to 7%.

This is important as it means Council would need to increase the differential for business properties, as compared to residential properties, by a higher amount to maintain a set percentage of total yield from business.

The percentage movement between rating categories and its impact on the rating structure is explained in the 2020/21 rating structure section of this report.

Table Three: Movement of Total Land Values within Localities

Locality	Number of Properties	2019 Land Valuations (\$)	2016 Land Valuations (\$)	2016 to 2019 LV Change (\$)	2016 to 2019 LV Change
ALSTONVALE	157	87,396,600	68,792,620	18,603,980	27.04%
ALSTONVILLE	2,284	822,043,610	661,680,650	160,362,960	24.24%
BAGOTVILLE	32	12,510,000	10,130,000	2,380,000	23.49%
BALLINA	3,011	1,392,888,911	1,153,151,511	239,737,400	20.79%
BROKEN HEAD	19	19,192,000	15,597,800	3,594,200	23.04%
BROOKLET	111	97,181,600	77,534,820	19,646,780	25.34%
CABBAGE TREE	4	1,612,200	1,351,980	260,220	19.25%
COOLGARDIE	48	27,738,000	20,746,000	6,992,000	33.70%
CUMBALUM	710	236,238,800	200,611,400	35,627,400	17.76%
DALWOOD	92	65,545,900	50,699,200	14,846,700	29.28%
EAST BALLINA	1,900	946,670,040	803,255,140	143,414,900	17.85%
EAST WARDELL	162	65,447,160	53,989,080	11,458,080	21.22%
EMPIRE VALE	104	47,288,730	37,740,750	9,547,980	25.30%
FERNLEIGH	104	66,290,850	51,282,330	15,008,520	29.27%
GOAT ISLAND	1	450,000	325,000	125,000	38.46%
KEITH HALL	63	31,642,530	25,355,270	6,287,260	24.80%
KINVARA	69	57,740,000	47,699,000	10,041,000	21.05%
KNOCKROW	85	74,441,200	57,945,600	16,495,600	28.47%
LENNOX HEAD	2,535	1,796,860,170	1,406,834,830	390,025,340	27.72%
LYNWOOD	79	49,637,400	38,220,000	11,417,400	29.87%
MAROM CREEK	12	4,275,900	3,494,500	781,400	22.36%
MCLEANS RIDGES	38	26,918,000	21,207,000	5,711,000	26.93%
MEERSCHAUM VALE	139	62,526,700	49,189,600	13,337,100	27.11%
NEWRYBAR	210	224,179,900	166,261,100	57,918,800	34.84%
PATCHS BEACH	32	14,717,700	12,137,500	2,580,200	21.26%
PEARCES CREEK	39	21,903,000	17,109,000	4,794,000	28.02%
PIMLICO	149	74,027,950	58,304,590	15,723,360	26.97%
PIMLICO ISLAND	1	384,000	350,000	34,000	9.71%
ROUS	93	72,470,600	55,430,100	17,040,500	30.74%
ROUS MILL	80	47,656,500	36,829,000	10,827,500	29.40%

4.4 Land Valuations and Rating Structure - 2020/21

Locality	Number of Properties	2019 Land Valuations (\$)	2016 Land Valuations (\$)	2016 to 2019 LV Change (\$)	2016 to 2019 LV Change
SKENNARS HEAD	365	233,158,000	187,417,000	45,741,000	24.41%
SOUTH BALLINA	18	8,640,700	6,638,500	2,002,200	30.16%
TEVEN	128	76,036,020	59,714,260	16,321,760	27.33%
TINTENBAR	250	129,224,800	100,835,360	28,389,440	28.15%
TUCKOMBIL	107	60,887,270	46,777,250	14,110,020	30.16%
URALBA	101	52,684,940	42,172,880	10,512,060	24.93%
WARDELL	335	100,322,110	85,671,750	14,650,360	17.10%
WEST BALLINA	1,074	428,939,778	373,943,850	54,995,928	14.71%
WOLLONGBAR	1,195	370,822,400	305,044,260	65,778,140	21.56%

Section Two – 2020/21 Rating Structure

The Local Government Act, 1993 (LGA) provides options for councils in adopting an ordinary rating structure.

Council typically minimises major changes to the existing rating structure as changes result in variations to how the rate burden is distributed across ratable properties and does not result in increased revenue.

There needs to be a sound justification for a structural change as any reduction in rates paid by one category of property owner results in increases for all other property owners. The primary objective is to try and determine a structure that is fair and equitable within the limitations of the LGA.

The information that follows outlines the proposed rating structure for the 2020/21 rating year based on the current approach.

For eligible pensioners, the general concession (i.e. ordinary rates plus domestic waste charges) in accordance with the LGA is 50% of the general levy to a maximum of \$250 per annum. This maximum has remained unchanged for many years.

All rateable properties have paid greater than \$500 per annum in ordinary rates and domestic waste charges for some time now and as a result, pensioners meet the full cost of any increase.

In addition to the \$250 concession, pensioners also receive \$87.50 for water and \$87.50 for wastewater, resulting in a total annual rebate of \$425.

Growth and Notional Rate Calculation

Each year Council performs a notional calculation to obtain the total allowable general income for the following year. Included in this calculation is a percentage limit of variation from a previous year, known as the rate pegging limit.

The notional calculation method also provides Council with additional income to allow for additional service provision costs caused by growth. The growth calculation is based upon the increase in assessments and land valuations due to subdivisions that occur during the year. Council can also recover income from previous years (on a one off basis) for income lost as a result of valuation objections.

The new land valuations have no effect on the total allowable notional income yield calculation, as only current rating year land valuations are used in the calculation process.

Base Amount Rating Structure

Council has been using the base amount rating structure since 2005/06.

This structure comprises two components that make up the total ordinary land rate a property pays being:

- The **base amount** is the fixed amount levied on each rateable property, or category of properties (i.e. residential, farmland and business).

The base amount approach assumes that all properties benefit equally in respect to works and services provided by Council.

Under the LGA, the base amount cannot generate more than 50% of the total rate income in each rating category.

- The balance of a property's ordinary rate within each category is then calculated by multiplying a **rate in the dollar by the property's land valuation**.

The higher the land value, the more the property will pay.

Having a base amount rating structure tends to flatten out the rates payable by individual residential properties, as only half of the ordinary rate is determined by the property's land valuation.

Council determined this to be the most equitable structure, as there is an underlying assumption that properties are benefiting equally from Council services.

Council has adopted a uniform base amount for all residential, business and farmland properties.

The residential base amount derives just less than the 50% allowed for the residential category, which means that as business and farmland category properties tend to have higher land valuations (and fewer properties) than the residential category, the base amount for business and farmland categories raises significantly less than the maximum 50% (for 2019/20, around 14% and 32% respectively).

As a result, the land valuation determines the majority of the total ordinary rate paid by business and farmland properties, which results in higher valued properties accepting a greater share of the rate burden.

Council previously had the base charge for business and farmland properties at the 50% threshold, however Council resolved to make the base charge the same for all properties, no matter the category, as this was considered to provide a more equitable distribution of the rate burden for business and farmland properties.

Unlike residential properties, business and farmland properties are generally income producing, so it can be argued that our rating structure recognises a correlation between the land valuation and the level of potential income able to be generated by the land (i.e. the “ability to pay” principle).

Yield from Business Category

In 2006, due to Ballina Shire, at that time, having the lowest average rate for the business category of properties for similar sized councils, Council resolved to increase the revenue from business properties from 10% of the total rate yield to 20% over a period of five years (i.e. incrementally increase by 2% per annum). This strategy was commenced in 2006/07 and in 2010/11 the yield reached the desired 20%.

For the following rating years up to 2018/19, Council retained the 20% of total income yield from the business category regardless of land value movements between rating categories from year to year.

It was noted in the reports to the March and April 2019 Finance Committee meetings, that properties within the residential category, during the period 2006/07 to 2018/19, had seen the highest growth in land values and also the highest growth in the number of assessments.

This meant that the methodology to achieve 20% of the total income yield from the business category had resulted in Council having to constantly increase the rate differential for business properties, as compared to residential properties.

To retain the 20% yield Council has had to maintain a higher differential in the rate in the dollar for business properties, as compared to residential properties.

By 2019/20 the business differential was approaching four to five times the rate in the dollar paid by residential properties, which raised the concern that the rating structure was becoming inequitable for business properties. For the 2019/20 rating year, this was then reviewed.

The structure subsequently resolved by Council for 2019/20 implemented a 19.85% yield from business (reduced from the 20% applied in previous years). A business yield of 19.85% for the 2019/20 modelling, provided the closest outcome to parity for the percentage increases across rating categories (that is, provided as close to possible 5.9% special rate variation increase across all rating categories).

For the 2020/21 rating year, scenarios are presented in this report where the business yield has again been amended.

Scenario One uses a 19.50% yield from business, as this provides the closest outcome to parity across all rating categories for 2020/21 (that is, provides as close to the State Government rate peg limit of 2.6% across all rating categories).

Scenario Two uses a 19.35% yield, as this provides an alternative for comparative purposes, with a slightly more favourable outcome for the business category.

4.4 Land Valuations and Rating Structure - 2020/21

It is important to ensure that our business rate is reasonable and competitive to support our local economy.

To check this, the average business rate for councils in a similar council classification as Ballina Shire, as per the Office of Local Government's (OLG) annual comparative data report, was reviewed, with the figures summarised in Table Four.

Table Four: Average Business Rates OLG Data – 2017/18

Council	Average Business Rate (\$)
Albury	6,228
Ballina	3,139
Bathurst Regional	3,924
Bega Valley	2,588
Broken Hill	5,467
Byron	2,822
Cessnock	3,192
Clarence Valley	2,368
Coffs Harbour	4,513
Eurobodalla	3,494
Goulburn Mulwaree	5,096
Griffith	2,572
Kempsey	2,467
Kiama	2,119
Lismore	4,443
Lithgow	3,529
Mid-Western Regional	1,858
Orange	6,336
Port Macquarie-Hastings	3,499
Richmond Valley	2,280
Singleton	1,987
Tamworth Regional	3,028
Tweed	2,769
Wagga Wagga	5,691
Wingecarribee	4,152
Average	3,582

The above table indicates that Ballina Shire's average business rate for 2017/18 was below the average of the OLG comparative group. This is the latest information published by the OLG. Subsequent years, however, did include additional SRV increases of 5.7% in 2018/19 and 5.9% in 2019/20 for Ballina Shire.

Proposed 2020/21 Rating Structure

IPART has announced a rate peg limit of 2.6% for the 2020/21 rating year. Council does not have a special rate variation for 2020/21.

As mentioned business property values and numbers have not been growing at the same rate as residential properties and the rate in the dollar applied to business properties has been increasing by a higher amount to maintain a set percentage of total rate income.

As per Table Five, this resulted in a differential of 461% between business and residential properties for 2019/20 (i.e. 0.85033 cents in the dollar compared to 0.18449).

Table Five: 2019/20 Rating Structure

Rate Category	2019/20	
	Base Amount	Rate in Dollar
Residential	549	0.18449
Business	549	0.85033
Farmland	549	0.15728
Mining	549	0.85033

Council could adopt an approach to reduce this differential, over time, by gradually applying a higher share of the total rate burden to residential and farmland properties. To examine this further, two scenarios are provided.

In Scenario One, the business rate in the dollar is approximately 476%, or more than four and a half times, the residential rate in the dollar, to raise 19.50% of total rate revenue from business properties.

This is the same percentage of total income as 2019/20. This percentage provides, as close as possible, an increase of 2.6% (the peg rate) across all categories.

In Scenario Two, the business yield has been reduced to 19.35%.

This percentage is applied to raise the residential rates to a 2.8% increase to see what effect it will have on the business percentage and business rate in the dollar.

Tables Six and Seven outline the structure and yield for the 19.50%.

Table Six: 2020/21 Rating Income – Business Yield 19.50%

Rate Category	Income 2.6% increase (\$)	Category % Base Charge	Category % of Total Yield	Average Rate
Residential	18,904,168	49.90	73.90	1,128
Business	4,989,168	14.72	19.50	3,729
Farmland	1,688,251	32.25	6.60	1,744
Mining	0.00	0.00	0.00	0
Totals	25,581,587	N/A	100.00	1,342

Table Seven: 2020/21 Rating Structure - Business Yield 19.50%

Rating Category	Using 2.6% Rate Peg Increase	
	Base Amount	Rate in Dollar
Residential	563	0.15317
Business	563	0.72930
Farmland	563	0.12680
Mining	563	0.72930

In this scenario, the business rate in the dollar is approximately 476% higher than the residential rate in the dollar. Farmland is typically around 83% to 85% of the residential rate.

The next three tables provide examples of the rates payable for a range of 2019 land valuations, based on the residential, business and farmland rating categories, for Scenario One.

4.4 Land Valuations and Rating Structure - 2020/21

Table Eight: Residential Rates Payable in 2020/21

2019 Land Value Range	Property Count	2019 Land Valuation Used for Calculation	2019/20 rate	2020/21 rate	Change (\$)	Change (%)
0 to 99,999	918	50,000	624	640	16	2.6%
100,000 to 199,999	2,243	150,000	773	793	20	2.6%
200,000 to 299,999	4,636	250,000	922	946	24	2.6%
300,000 to 399,999	3,708	350,000	1,071	1,099	28	2.6%
400,000 to 499,999	2,280	450,000	1,220	1,252	32	2.6%
500,000 to 599,999	1,353	550,000	1,369	1,405	36	2.6%
600,000 to 699,999	601	650,000	1,519	1,559	40	2.6%
700,000 to 799,999	293	750,000	1,668	1,712	44	2.6%
800,000 to 899,999	179	850,000	1,817	1,865	48	2.6%
900,000 to 999,999	137	950,000	1,966	2,018	52	2.6%
1,000,000 to 1,499,999	294	1,250,000	2,414	2,478	64	2.7%
1,500,000 to 1,999,999	81	1,750,000	3,159	3,243	84	2.7%
2,000,000 to 2,999,999	28	2,500,000	4,278	4,392	114	2.7%
> 3,000,000	14	3,000,000	5,024	5,158	134	2.7%

Table Nine: Business Rates Payable in 2020/21

2019 Land Value Range	Property Count	2019 Land Valuation Used for Calculation	2019/20 rate	2020/21 rate	Change (\$)	Change (%)
0 to 99,999	335	50,000	904	928	24	2.6%
100,000 to 199,999	211	150,000	1,614	1,657	43	2.7%
200,000 to 299,999	185	250,000	2,324	2,386	62	2.7%
300,000 to 399,999	145	350,000	3,034	3,116	82	2.7%
400,000 to 499,999	124	450,000	3,744	3,845	101	2.7%
500,000 to 599,999	101	550,000	4,454	4,574	120	2.7%
600,000 to 699,999	46	650,000	5,164	5,303	140	2.7%
700,000 to 799,999	44	750,000	5,874	6,033	159	2.7%
800,000 to 899,999	25	850,000	6,584	6,762	178	2.7%
900,000 to 999,999	21	950,000	7,294	7,491	198	2.7%
1,000,000 to 1,499,999	48	1,250,000	9,424	9,679	256	2.7%
1,500,000 to 1,999,999	24	1,750,000	12,973	13,326	352	2.7%
2,000,000 to 2,999,999	21	2,500,000	18,298	18,796	497	2.7%
> 3,000,000	15	3,000,000	21,848	22,442	594	2.7%

Table Ten: Farmland Rates Payable in 2020/21

2019 Land Value Range	Property Count	2019 Land Valuation Used for Calculation	2019/20 rate	2020/21 rate	Change (\$)	Change (%)
0 to 99,999	4	50,000	611	626	16	2.6%
100,000 to 199,999	2	150,000	734	753	19	2.6%
200,000 to 299,999	5	250,000	858	880	22	2.6%
300,000 to 399,999	33	350,000	981	1,007	26	2.6%
400,000 to 499,999	71	450,000	1,104	1,134	29	2.6%
500,000 to 599,999	135	550,000	1,228	1,260	32	2.6%
600,000 to 699,999	140	650,000	1,351	1,387	36	2.7%
700,000 to 799,999	134	750,000	1,475	1,514	39	2.7%
800,000 to 899,999	83	850,000	1,598	1,641	43	2.7%
900,000 to 999,999	87	950,000	1,722	1,768	46	2.7%
1,000,000 to 1,499,999	179	1,250,000	2,092	2,148	56	2.7%
1,500,000 to 1,999,999	55	1,750,000	2,709	2,782	73	2.7%
2,000,000 to 2,999,999	24	2,500,000	3,635	3,733	98	2.7%
> 3,000,000	16	3,000,000	4,252	4,367	115	2.7%

4.4 Land Valuations and Rating Structure - 2020/21

Scenario One, as per Tables Eight to Ten, confirms that residential, business and farmland rates would increase in the range of 2.6% to 2.7%. This means the 2.6% rate peg, as approved by IPART for 2020/21, is distributed evenly for all rating categories.

However, the rate in the dollar differential between residential and business is still very high at approximately 476%.

Scenario Two – 2020/21 Rating Structure using 19.35% Business Yield

Scenario Two is based on a 19.35% business yield for business properties.

Table 11: 2020/21 Rating Income – Business Yield 19.35%

Rate Category	Income 2.6% increase (\$)	Category % Base Charge	Category % of Total Yield	Average Rate
Residential	18,939,474	49.89	74.04	1,130
Business	4,950,805	14.86	19.35	3,700
Farmland	1,691,743	32.24	6.61	1,748
Mining	0.00	0.00	0.00	0
Total	25,582,022	N/A	100.00	1,342

Table 12: 2020/21 Rating Structure – Business Yield 19.35%

Rating Category	Using 2.6% Rate Peg Increase	
	Base Amount	Rate in Dollar
Residential	564	0.15347
Business	564	0.72250
Farmland	564	0.12708
Mining	564	0.72250

In this scenario, the business rate in the dollar is approximately 471% higher than the residential rate in the dollar. This means that there has only been a very minor movement in the differential between Scenario One and Two (476% reduced to 471%).

The next three tables provide examples of the rates payable for a range of 2019 land valuations, based on the residential, business and farmland rating categories.

Table 13: Residential Rates Payable in 2020/21

2019 Land Value Range	Property Count	2019 Land Valuation Used for Calculation	2019/20 rate	2020/21 rate	Change (\$)	Change (%)
0 to 99,999	918	50,000	624	641	17	2.8%
100,000 to 199,999	2,243	150,000	773	794	21	2.8%
200,000 to 299,999	4,636	250,000	922	948	26	2.8%
300,000 to 399,999	3,708	350,000	1,071	1,101	30	2.8%
400,000 to 499,999	2,280	450,000	1,220	1,255	34	2.8%
500,000 to 599,999	1,353	550,000	1,369	1,408	39	2.8%
600,000 to 699,999	601	650,000	1,519	1,562	43	2.8%
700,000 to 799,999	293	750,000	1,668	1,715	47	2.8%
800,000 to 899,999	179	850,000	1,817	1,868	52	2.8%
900,000 to 999,999	137	950,000	1,966	2,022	56	2.8%
1,000,000 to 1,499,999	294	1,250,000	2,414	2,482	69	2.8%
1,500,000 to 1,999,999	81	1,750,000	3,159	3,250	90	2.9%
2,000,000 to 2,999,999	28	2,500,000	4,278	4,401	123	2.9%
> 3,000,000	14	3,000,000	5,024	5,168	144	2.9%

Table 14: Business Rates Payable in 2020/21

2019 Land Value Range	Property Count	2019 Land Valuation Used for Calculation	2019/20 rate	2020/21 rate	Change (\$)	Change (%)
0 to 99,999	335	50,000	904	925	21	2.4%
100,000 to 199,999	211	150,000	1,614	1,648	34	2.1%
200,000 to 299,999	185	250,000	2,324	2,370	46	2.0%
300,000 to 399,999	145	350,000	3,034	3,093	59	1.9%
400,000 to 499,999	124	450,000	3,744	3,815	71	1.9%
500,000 to 599,999	101	550,000	4,454	4,538	84	1.9%
600,000 to 699,999	46	650,000	5,164	5,260	96	1.9%
700,000 to 799,999	44	750,000	5,874	5,983	109	1.9%
800,000 to 899,999	25	850,000	6,584	6,705	122	1.8%
900,000 to 999,999	21	950,000	7,294	7,428	134	1.8%
1,000,000 to 1,499,999	48	1,250,000	9,424	9,595	172	1.8%
1,500,000 to 1,999,999	24	1,750,000	12,973	13,208	234	1.8%
2,000,000 to 2,999,999	21	2,500,000	18,298	18,627	328	1.8%
> 3,000,000	15	3,000,000	21,848	22,239	391	1.8%

Table 15: Farmland Rates Payable in 2020/21

2019 Land Value Range	Property Count	2019 Land Valuation Used for Calculation	2019/20 rate	2020/21 rate	Change (\$)	Change (%)
0 to 99,999	4	50,000	611	628	17	2.8%
100,000 to 199,999	2	150,000	734	755	20	2.8%
200,000 to 299,999	5	250,000	858	882	24	2.8%
300,000 to 399,999	33	350,000	981	1,009	28	2.8%
400,000 to 499,999	71	450,000	1,104	1,136	31	2.8%
500,000 to 599,999	135	550,000	1,228	1,263	35	2.9%
600,000 to 699,999	140	650,000	1,351	1,390	39	2.9%
700,000 to 799,999	134	750,000	1,475	1,517	42	2.9%
800,000 to 899,999	83	850,000	1,598	1,644	46	2.9%
900,000 to 999,999	87	950,000	1,722	1,771	50	2.9%
1,000,000 to 1,499,999	179	1,250,000	2,092	2,153	60	2.9%
1,500,000 to 1,999,999	55	1,750,000	2,709	2,788	79	2.9%
2,000,000 to 2,999,999	24	2,500,000	3,635	3,741	106	2.9%
> 3,000,000	16	3,000,000	4,252	4,376	124	2.9%

Scenario Two indicates that residential rates would increase in the range of 2.8% to 2.9%, business from 2.4% to 1.8%, and farmland rates from 2.8% to 2.9%.

For Scenario Two, as compared to Scenario One, the average rate for residential properties is increased by \$2 to \$1,130.

The average rate for business properties is reduced by \$29 to \$3,700.

Although there is a reduction in the average rate for business, the rate in the dollar is still significantly higher than the residential.

This means that Council would have to shift a substantially higher proportion of the business yield to residential and farmland to have a meaningful impact on the high differential that currently exists.

Revenue from Localities

The reason Council introduced the base charging structure in 2005/06 was due to concerns that higher than average increases in the land values for Lennox Head were resulting in that locality paying an unreasonable proportion of the total rate yield.

The next table provides a comparison of the percentage of revenue generated from the main localities as compared to the number of assessments.

Table 16: 2020/21 Localities compared to Assessments

Locality	Assessments	%	Revenue (\$)	%
Ballina, East Ballina, West Ballina, Cumbalum, Kinvara	8,848	46.4	11,816,534	46.2
Lennox / Skennars	3,644	19.1	5,457,228	21.3
Alstonville / Wollongbar	3,871	20.3	4,388,021	17.2
Wardell, East Wardell	469	2.5	510,507	2.0
Balance	2,246	11.7	3,409,296	13.3
Total	19,078	100.0	25,581,586	100.0

Revenues generated by locality broadly match the assessment figures, with Lennox Head paying slightly more and Alstonville / Wollongbar paying slightly less.

Considering that rating structures have very limited flexibility the correlation is reasonable.

Legal / Resource / Financial Implications

The structure and proposed increases outlined in this report align with the requirements set out in the Local Government Act and Regulations.

Rates are a major component of a council's resource or revenue base. They provide a guaranteed income source and rate income can be used to finance any service provided by a council.

Consultation

The rating structure will be placed on exhibition for public comment as part of the 2020/21 Operational Plan.

Options

Council can vary the rating structure through changes in the base charge, higher or lower differentials between categories and differentials within categories.

Ideally the preference would be to reduce the gap in the rate in the dollar between residential and farmland, however Scenario Two highlights that residential and farmland would have to have increases well above the rate peg limit to ensure there is meaningful movement.

4.4 Land Valuations and Rating Structure - 2020/21

Based on this the preferred rating structure for 2020/21 is Scenario One, as per Tables Six and Seven, as it provides a consistent increase for all properties.

The figures in Table Seven are in draft form only and will change slightly by the time they are adopted for 2020/21.

This is because there may be variations due to growth in assessments and land valuations between now and when the 2020/21 rating structure is adopted at the June 2020 Ordinary meeting.

RECOMMENDATIONS

1. That for the draft 2020/21 Operational Plan, Council approves the application of a base rating structure, which applies the following principles:
 - a) Marginally less than 50% of the rate income for the residential category of properties being generated from the base amount
 - b) Business, farmland and mining categories to have the same base amount as the residential base amount
 - c) A total of 19.50% income from the rate yield to be sourced from the business category properties
 - d) Farmland rate in the dollar is approximately 83% of the residential rate in the dollar
 - e) The mining category rate in the dollar to be set as the same rate as the business category (currently no mining category properties in the shire).
2. That Council notes the indicative figures for this rating structure for 2020/21, are as per Tables Six and Seven of this report.

Attachment(s)

Nil

4.5 Wastewater Operations - Long Term Financial Plan

4.5 Wastewater Operations - Long Term Financial Plan

Delivery Program

Financial Services

Objective

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

Background

Wastewater operations form a significant part of Council's overall turnover at approximately 20% of operating revenue.

This report provides an overview of the latest update of the Long Term Financial Plan (LTFP) for our wastewater operations.

Key Issues

- Financial performance and sustainability

Information

The following table shows actual results for the previous two financial years together with the current year's estimated result to 30 June.

Table One: Wastewater Financial Performance

Description	2017/18 Actual \$000	2018/19 Actual \$000	2019/20 Estimate \$000
Operating Revenues	18,371	19,635	20,230
Operating Expenses (including depreciation)	17,337	17,793	17,420
Operating Result - Surplus	1,034	1,842	2,810
Excluding Depreciation and Loss on Sale	3,674	4,336	3,969
Cash Operating Result – Surplus	4,708	6,178	6,779
Less Loan Principal Repaid	3,096	3,387	3,536
Less Capital Expenditure	6,518	3,813	5,846
Add Capital Income	2,411	2,456	1,500
Cash Increase / (Decrease)	(2,495)	1,434	(1,103)
Fund Infrastructure Movements / Leave Balances	165	(35)	0
Reserve Balances	8,730	10,129	9,026

The operating result has been steadily improving, although there is some variability in non-cash items such as depreciation and losses on sale of assets, which typically refers to infrastructure that has been replaced.

The business is making operating surpluses, inclusive of depreciation, which is positive. Future goals include funding of capital expenditure, possibly paying off the large loan debt quicker and perhaps look to increase reserves to cater for growth and improved service levels.

The attachments to this report are the latest review of the LTFP for the ten year period from 2020/21 to 2029/30.

Attachment 1 is the forecast Income Statement for Wastewater Operations based on the format as per Council's Annual Financial Statements.

4.5 Wastewater Operations - Long Term Financial Plan

Attachment 2 is the same information, based on the main operating revenues and expense categories for the business, along with a summary of capital movements.

Attachment 3 is the capital expenditure program for the ten year period.

In respect to operating revenues the primary income source is the annual charge, which is forecast to generate approximately \$18.1 million out of the total operating revenues of \$20.5 million for 2020/21. Adjustments to this charge are the primary lever used to direct the financial performance of the business.

Capital income refers to contributions from developers relating to new subdivisions. This income source is difficult to predict. The model assumes \$1.5 million from this source (increasing by CPI each year) however this figure can be considerably higher or lower in any given year.

The capital works program is a key driver in the LTFP and a large part of the works relate to population growth.

The timing of these works can vary from the forecast depending on what growth does occur and in what locations.

The current model predicts capital works at an average of around \$7 million for the first three years of the draft Delivery Program, followed by reduced expenditure in later years which results in the available cash reserves being drawn down in the first few years.

A major cost in operating expenses is the interest portion of the loan repayment which will be \$3.2 million in 2020/21.

As the year's progress, the interest portion of the loan reduces, whilst the capital element of the repayment increases by the same amount.

This is something to consider when comparing total operating expenses from one year to the next, as it can distort the comparison.

The next table details the forecast movements in the total loan liability.

Table Two: Total Outstanding Loans

Loan	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Principal Paid	3,535,800	2,716,300	2,919,600	3,114,500	3,309,400	3,510,600
Interest Paid	3,364,900	3,199,400	2,996,000	2,801,200	2,606,300	2,405,100
Loan Balance	49,552,700	46,836,400	43,916,800	40,802,300	37,492,900	33,982,300

The completion of an interest free loan in 2019/20 will reduce loan repayments by \$985,000 from 2020/21.

The financial model presented includes an increase to prices of 2.6% in 2020/21 and 2.5% thereafter with these figures reflective of the rate peg limit (2020/21) and future CPI (2.5%).

4.5 Wastewater Operations - Long Term Financial Plan

Table Three: Wastewater Financial Model

Description	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30
Operating Revenue	20,230	20,569	21,087	21,539	22,076	22,696	23,279	23,950	24,637	25,351	26,086
Operating Expense	17,420	17,292	17,387	17,469	17,616	17,674	17,714	17,843	17,936	18,057	18,185
Operating Result	2,810	3,277	3,701	4,070	4,460	5,022	5,566	6,107	6,701	7,293	7,901
Add Back Deprec	3,969	3,750	3,825	3,902	3,980	4,060	4,141	4,224	4,308	4,394	4,482
Cash Surplus	6,779	7,027	7,526	7,972	8,440	9,082	9,707	10,331	11,009	11,687	12,383
Capital Income	1,500	1,530	1,570	1,610	1,650	1,690	1,730	1,770	1,810	1,850	1,890
Loan Principal	3,536	2,716	2,920	3,115	3,309	3,511	3,711	3,911	4,112	4,312	4,513
Capital Expenditure	5,846	4,300	11,028	6,337	1,881	5,778	1,240	1,458	1,237	1,286	1,241
Net Reserve M'ment	(1,103)	1,541	(4,852)	131	4,899	1,484	6,486	6,732	7,470	7,939	8,519
Total Reserves	9,026	10,567	5,715	5,845	10,745	12,228	18,714	25,446	32,916	40,855	49,374

An operating surplus is predicted for all years, which is an excellent outcome.

Assumptions Applied

- Increase to annual charges (availability/consumption) in 2020/21 will be 2.6%. This is consistent with the General Fund rate peg limit. Even though the wastewater, water and waste operations of Council are not subject to rate pegging, IPART has based the 2.6% on cost indexation for local government, and Council endeavours to apply that percentage for increases in other Council charges where possible.
- Interest income from funds invested will decline along with reserve balances
- Income from recycled water is forecast at \$340,000 being 80% of the potable water step one tariff
- Operating expenses, excluding non-cash items (depreciation etc) and loan interest to increase by 2.5% for 2020/21
- Developer contributions estimated at \$1.5 million
- Capital expenditure of \$4.3 million for 2020/21.

Fees and Charges

The proposed charges for 2020/21 are shown in the next table.

Table Four: Proposed Charges

Charge Type	2019/20 \$	2020/21 \$	% Increase
Residential Availability Charge	1,001	1,027	2.6%
Vacant Land Charge	755	775	2.6%
Non Residential Usage Charge	2.54	2.61	2.6%
Non Residential Access Charge	Variable based on meter size		
Recycled Water	80% of potable water step one		

The current pricing position in respect to recycled water is as follows:

- There is no availability charge
- The usage charge is set at 80% of the step one price of potable water

4.5 Wastewater Operations - Long Term Financial Plan

This report does not contemplate changing these principles however if Council is of a mind to make amendments, it would be appropriate to do so as part of the recommendation.

Council Comparison

The next table compares the 2019/20 wastewater charges of various councils for a residential property, with Council's charge around mid-range.

Charge (\$)	Ballina	Byron	Clarence	Coffs	Lismore	Richmond	Tweed
Annual	1,001	1,191	1,142	867	943	997	854

Legal / Resource / Financial Implications

This report outlines the proposed budget and the Long Term Financial Plan, including reserve balances, of the Wastewater Fund.

Consultation

Any charges proposed for 2020/21 will be subject to formal exhibition.

Options

Council has the option of endorsing the proposed charges or examining alternatives, which could include amending the proposed pricing or amending the capital works program.

Due to the healthy financial position of the fund the recommendation is to exhibit the proposed fees and charges, and LTFP, as per the contents of this report.

RECOMMENDATION

That Council endorses the annual charges, as per the following table, as well as the long term financial plan, as per the attachments to this report, for the wastewater operations, for exhibition in the draft 2020/21 Operational Plan.

Charge Type	2019/20 \$	2020/21 \$	% Increase
Residential Availability Charge	1,001	1,027	2.6%
Vacant Land Charge	755	775	2.6%
Non Residential Usage Charge	2.54	2.61	2.6%
Non Residential Access Charge	Variable based on meter size		
Recycled Water	80% of potable water step 1		

Attachment(s)

1. Wastewater Operations - Income Statement
2. Wastewater Operations - Operating Revenues and Expenses
3. Wastewater Operations - Capital Expenditure

WASTEWATER OPERATIONS - INCOME STATEMENT (2017/18 to 2029/30)														
ACTUAL 2017/18	ACTUAL 2018/19	ITEM	ESTIMATED											
			2019/20	2020/21	%	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
		OPERATING RESULTS												
		Operating Activities												
16,137,100	16,908,000	Annual Charges	17,671,000	18,115,000	3	18,573,000	19,043,000	19,525,000	20,019,000	20,525,000	21,044,000	21,576,000	22,122,000	22,681,000
1,546,700	1,947,800	User Charges and Fees	1,748,400	1,791,000	2	1,833,500	1,876,700	1,921,100	1,966,600	2,013,400	2,061,400	2,109,800	2,159,300	2,210,100
253,100	278,800	Interest and Investment Revenues	208,100	131,000	(37)	153,200	82,900	84,800	156,000	177,600	271,600	369,200	477,600	592,800
278,000	341,800	Other Revenues	366,500	372,000	2	379,500	387,400	395,400	403,500	411,700	420,200	428,800	437,600	446,500
156,100	158,600	Grants and Contributions for Operating Purposes	235,500	160,000	(32)	148,200	149,100	150,000	150,900	151,800	152,700	153,600	154,500	155,500
8,224,500	5,549,000	Grants and Contributions for Capital Purposes	2,250,000	2,280,000	1	2,320,000	2,360,000	2,400,000	2,440,000	2,480,000	2,520,000	2,560,000	2,600,000	2,640,000
		Other Income:												
0	0	Net Gain from Disposal of Assets	0	0	0	0	0	0	0	0	0	0	0	0
26,595,500	25,184,000	Total Income from Continuing Operations	22,479,500	22,849,000	2	23,407,400	23,899,100	24,476,300	25,136,000	25,759,500	26,469,900	27,197,400	27,951,000	28,725,900
		Operating Expenses												
4,392,000	4,192,000	Employee Benefits and On-costs	4,322,000	4,456,000	3	4,594,000	4,737,000	4,884,000	5,036,000	5,192,000	5,353,000	5,519,000	5,690,000	5,867,000
4,248,300	3,643,300	Borrowing Costs	3,433,900	3,199,400	(7)	2,996,000	2,801,200	2,606,300	2,405,100	2,204,700	2,004,300	1,803,900	1,603,500	1,403,100
3,833,900	4,581,600	Materials and Contracts	4,523,900	4,611,900	2	4,671,700	4,702,000	4,792,500	4,791,300	4,766,500	4,822,800	4,837,300	4,871,900	4,904,400
3,673,900	3,675,600	Depreciation and Amortisation	3,900,000	3,750,000	(4)	3,825,000	3,902,000	3,980,000	4,060,000	4,141,000	4,224,000	4,308,000	4,394,000	4,482,000
1,188,400	1,174,100	Other Expenses	1,240,100	1,271,500	3	1,297,200	1,323,700	1,350,500	1,378,100	1,406,300	1,435,100	1,464,500	1,494,500	1,524,900
0	526,700	Net Loss from Disposal of Assets	0	0	0	0	0	0	0	0	0	0	0	0
17,336,500	17,793,300	Total Expenses from Continuing Operations	17,419,900	17,288,800	(1)	17,383,900	17,465,900	17,613,300	17,670,500	17,710,500	17,839,200	17,932,700	18,053,900	18,181,400
9,259,000	7,390,700	Net Operating Result for the Year	5,059,600	5,560,200	10	6,023,500	6,433,200	6,863,000	7,465,500	8,049,000	8,630,700	9,264,700	9,897,100	10,544,500
1,034,500	1,841,700	Net Operating Result Before Capital Income	2,809,600	3,280,200	17	3,703,500	4,073,200	4,463,000	5,025,500	5,569,000	6,110,700	6,704,700	7,297,100	7,904,500

WASTEWATER OPERATIONS																	
ACTUAL				LEDGER ACCOUNT	BUDGET ITEMS	ESTIMATE											
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	2028/29	2029/30
OPERATING REVENUES																	
14,087,200	15,398,000	16,137,100	16,908,000	12000	Annual Charges	17,671,000	18,115,000	3	18,573,000	19,043,000	19,525,000	20,019,000	20,525,000	21,044,000	21,576,000	22,122,000	22,681,000
1,279,000	1,539,300	1,546,700	1,947,800	12010	User Charges	1,748,400	1,791,000	2	1,833,500	1,876,700	1,921,100	1,966,600	2,013,400	2,061,400	2,109,800	2,159,300	2,210,100
156,600	159,100	156,100	158,600	12002	Operating Grants and Contributions	235,500	160,000	(32)	148,200	149,100	150,000	150,900	151,800	152,700	153,600	154,500	155,500
496,500	492,500	253,100	278,800	12004	Interest	208,100	131,000	(37)	153,200	82,900	84,800	156,000	177,600	271,600	369,200	477,600	592,800
329,800	298,600	278,000	341,800	12014	Other Revenues	366,500	372,000	2	379,500	387,400	395,400	403,500	411,700	420,200	428,800	437,600	446,500
16,349,100	17,887,500	18,371,000	19,635,000		Total Operating Revenues	20,229,500	20,569,000	2	21,087,400	21,539,100	22,076,300	22,696,000	23,279,500	23,949,900	24,637,400	25,351,000	26,085,900
OPERATING EXPENSES																	
Direct Expenses																	
383,500	410,900	390,300	450,200	55000	Engineering Management	517,100	476,900	(8)	486,800	496,600	507,400	518,200	529,000	539,900	550,800	562,700	574,500
862,000	879,700	1,024,500	1,065,400	55002	Administration and Customer Service	1,029,400	1,081,500	5	1,118,600	1,126,500	1,149,700	1,173,500	1,197,900	1,242,900	1,248,000	1,273,700	1,299,900
196,000	611,200	236,100	433,000	55002	Internal Contributions to Works	249,600	45,000	(82)	45,900	46,900	47,900	48,900	49,900	50,900	52,000	53,100	54,200
26,800	343,400	36,600	40,900	55004	Miscellaneous	75,000	44,000	(41)	45,000	46,000	92,000	48,000	49,200	50,400	51,600	52,800	54,000
1,032,900	950,800	988,700	993,400	55012	Energy Costs	1,066,900	1,081,000	1	1,102,800	1,125,300	1,148,100	1,171,500	1,195,300	1,219,600	1,244,500	1,269,900	1,295,700
460,000	274,800	293,300	296,800	55010	Mains - Maintenance	280,000	295,000	5	300,900	307,000	313,200	319,500	325,900	332,500	339,200	346,000	353,000
258,000	264,200	288,100	282,100	55011	Pumping Stations - Operations	300,000	294,000	(2)	299,000	305,000	311,100	317,100	254,700	254,700	254,700	254,700	254,700
932,200	1,009,800	855,300	820,000	55013	Pumping Stations - Maintenance	800,000	816,000	2	832,400	849,100	866,100	883,500	901,200	919,300	937,700	956,500	975,700
137,200	160,500	160,000	228,400	55014	Camera and Jetting - Maintenance	230,000	235,000	2	239,700	244,500	249,400	254,400	259,500	264,700	270,000	275,400	281,000
1,364,100	1,171,300	1,312,400	1,288,700	55015	Treatment Plants - Operations	1,300,000	1,378,000	6	1,405,900	1,434,500	1,463,900	1,493,700	1,524,100	1,555,100	1,586,700	1,618,900	1,651,900
98,500	66,900	111,600	103,200	55015	Treatment Plants - Biosolids	100,500	84,000	(16)	85,700	87,500	89,300	91,100	93,000	94,900	96,800	98,800	100,800
1,038,300	1,145,600	996,000	1,107,200	55020/50023	Treatment Plants - Maintenance	1,000,000	1,014,000	1	1,034,500	1,055,700	1,077,200	1,099,200	1,121,700	1,144,500	1,167,700	1,191,400	1,215,600
44,100	67,300	91,200	91,400	55021	Maintenance - Other	110,000	70,000	(36)	71,400	72,900	74,400	75,900	77,500	79,100	80,700	82,400	84,100
294,300	311,800	286,400	351,800	55022	Operations - Other	394,900	395,000	0	403,500	412,300	421,200	430,200	439,400	448,800	458,200	468,000	477,800
80,000	79,200	249,800	259,600	60010	Recycled Water - Mtce and Operations	257,500	252,000	(2)	257,200	262,600	268,000	273,600	279,300	285,100	291,100	297,200	303,400
Indirect Expenses - Overheads																	
1,888,000	1,950,000	2,094,000	2,135,600	55002	Overheads Distributed	2,375,100	2,778,000	17	2,833,600	2,890,300	2,948,100	3,007,100	3,067,200	3,128,500	3,191,100	3,254,900	3,320,000
Debt Servicing																	
4,358,200	4,199,300	4,248,300	3,509,500	55006	Interest on Loans	3,364,900	3,199,400	(5)	2,996,000	2,801,200	2,606,300	2,405,100	2,204,700	2,004,300	1,803,900	1,603,500	1,403,100
Non-cash Expenses																	
3,531,900	3,730,500	3,673,900	3,675,600	55022	Depreciation	3,900,000	3,750,000	(4)	3,825,000	3,902,000	3,980,000	4,060,000	4,141,000	4,224,000	4,308,000	4,394,000	4,482,000
10,800	416,400	0	526,700		Loss on Disposal of Infrastructure	0	0	0	0	0	0	0	0	0	0	0	0
301,100	249,300	0	133,800	55022	Unwinding Interest Free Loan	69,000	0	(100)	0	0	0	0	0	0	0	0	0
17,297,900	18,292,900	17,336,500	17,793,300		Total Operating Expenses	17,419,900	17,288,800	(1)	17,383,900	17,465,900	17,613,300	17,670,500	17,710,500	17,839,200	17,932,700	18,053,900	18,181,400
(948,800)	(405,400)	1,034,500	1,841,700		Operating Result - Surplus / (Deficit)	2,809,600	3,280,200	17	3,703,500	4,073,200	4,463,000	5,025,500	5,569,000	6,110,700	6,704,700	7,297,100	7,904,500
3,531,900	3,730,500	3,673,900	3,675,600		Add Back Depreciation	3,900,000	3,750,000	(4)	3,825,000	3,902,000	3,980,000	4,060,000	4,141,000	4,224,000	4,308,000	4,394,000	4,482,000
10,800	416,400	0	526,700		Add Back Loss on Infrastructure Disposal	0	0	0	0	0	0	0	0	0	0	0	0
301,100	249,300	0	133,800	55022	Add Back Unwinding Interest Free Loan	69,000	0	(100)	0	0	0	0	0	0	0	0	0
2,895,000	3,990,800	4,708,400	6,177,800		Cash Result - Surplus / (Deficit)	6,778,600	7,030,200	4	7,528,500	7,975,200	8,443,000	9,085,500	9,710,000	10,334,700	11,012,700	11,691,100	12,386,500
Capital Movements																	
2,813,300	2,977,900	3,095,600	3,387,000		Less Loan Principal Repayments	3,535,800	2,716,300		2,919,600	3,114,500	3,309,400	3,510,600	3,711,000	3,911,400	4,111,800	4,312,200	4,512,600
0	0	0	208,900		Less Transfer to Reserves	88,200	1,765,900		0	1,079,700	3,252,600	234,900	4,759,000	4,965,300	5,663,900	6,092,900	6,632,900
2,011,000	803,000	1,826,500	0		Add Transfer from Reserves	0	0		396,100	0	0	0	0	0	0	0	0
174,600	736,500	3,078,700	1,231,100		Add Capital Income Applied	2,691,000	1,752,000		6,023,000	2,556,000	0	438,000	0	0	0	0	0
2,267,300	2,554,600	6,518,000	3,813,000		Less Capital Expenditure	5,845,600	4,300,000		11,028,000	6,337,000	1,881,000	5,778,000	1,240,000	1,458,000	1,237,000	1,286,000	1,241,000
0	(2,200)	0	0		Cash Result after Capital Movements	0	0	0	0	0	0	0	0	0	0	0	0

WASTEWATER - CAPITAL EXPENDITURE																													
Asset Description	Expenditure											Funding Source 2020/21				Funding Source 2021/22				Funding Source 2022/23				Funding Source 2023/24					
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Grants	Sect 64	Loans	Reserves	Grants	Sect 64	Loans	Reserves	Grants	Sect 64	Loans	Reserves	Grants	Sect 64	Loans	Reserves		
Pumping Stations																													
SP3110 - Pump Stn - Montwood Drive		700,000											700,000																
SP3101 - Skennars Hd / Tara Downs	350,000																												
SP2001 - Wet Well Relining	369,200	180,000																											
North Ballina - New Pumping Station			1,364,000																										
SP5006 - Richmond Street Storage		182,000																											
SP2402 - Lindsay Avenue	0	106,000																											
SP2401 - Power Drive Pumps		65,000																											
Pumping Stations - Capacity Upgrade	374,000																												
Pumping Stations - Renewal Program	338,000	346,000	355,000	364,000	373,000	382,000	392,000	402,000	412,000	422,000	433,000				346,000							355,000				364,000		373,000	
Treatment Facilities - Minor Capital																													
Treatment Plant Ballina	23,000	24,000	25,000	26,000	27,000	28,000	29,000	30,000	31,000	32,000	33,000				24,000												26,000		27,000
Treatment Plant Lennox	22,000	23,000	24,000	25,000	26,000	27,000	28,000	29,000	30,000	31,000	32,000				23,000												25,000		26,000
Treatment Plant Alstonville	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000				11,000												11,000		11,000
Treatment Plant Wardell	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000				11,000												11,000		11,000
Lennox and Ballina - Security	75,000														0												0		0
Ballina Treatment Plant Upgrade																													
Ballina - Post Completion Works	400,000														0												0		0
Ballina - Desalination Plant			2,000,000	2,000,000											0	1,000,000		1,000,000		1,000,000		1,000,000					1,000,000		0
Ballina - Gantry Crane	90,000														0												0		0
Ballina - Programed Membrane	500,000	500,000	500,000	500,000									500,000		0	250,000		250,000		250,000		250,000					250,000		0
Ballina - Recycled Water Membranes	736,000														0												0		0
Ballina - Stage 2 Upgrade			50,000												0			50,000				0					0		0
Lennox Head Treatment Plant Upgrade																													
Lennox - Treatment Master Plan	30,000														0												0		0
Lennox - Membrane Replacement		300,000					300,000								300,000												0		0
Lennox WWTP - High Lift Switchboard	25,000	225,000													225,000												0		0
Alstonville Treatment Plant Upgrade																													
Alstonville - Treatment Master Plan	67,900														0												0		0
Alstonville - Inlet Works		50,000	1,150,000												50,000			1,150,000									0		0
Alstonville - Biosolids		50,000													50,000												0		0
Alstonville - Solar Farm		50,000	50,000												50,000			50,000									0		0
Wardell Treatment Plant Upgrade																													
Wardell - Treatment Master Plan			100,000												0			100,000									0		0
Trunk Mains																													
Rising Main Rehabilitation - Swift St		60,000													60,000												0		0
SP3001 - Byron Street, Lennox Head		25,000	546,000												25,000		273,000		273,000							0		0	
SP4006 - Gravity Sewer, Alstonville		42,000	300,000										42,000		0		300,000		0							0		0	
GM4104 - Transfer Mains, A'ville/W'bar		10,000											10,000		0											0		0	
GMWUEA - Gravity Mains		50,000	150,000												50,000			150,000								0		0	
GM2101 - Gravity Main, West Ballina						205,000									0											0		0	
GM2104 - Gravity Main, West Ballina						438,000									0											0		0	
RM-PS6 - CURA B Rising Main						4,011,000									0											0		0	
Karalauren Close, Lennox Head PS			100,000												0			100,000								0		0	
Wastewater - Capital Expenditure Carried Forward																													

4.5 Wastewater Operations - Long Term Financial Plan

WASTEWATER - CAPITAL EXPENDITURE (cont'd)																											
Asset Description	Expenditure											Funding Source 2020/21				Funding Source 2021/22				Funding Source 2022/23				Funding Source 2023/24			
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Grants	Sect 64	Loans	Reserves	Grants	Sect 64	Loans	Reserves	Grants	Sect 64	Loans	Reserves	Grants	Sect 64	Loans	Reserves
Wastewater Mains - Renewals																											
Main Renewals	100,000	400,000	410,000	420,000	431,000	442,000	453,000	464,000	476,000	488,000	500,000				400,000				410,000				420,000				431,000
Chickiba Drive Rising Main	505,000														0				0				0				0
Seamist Place Rising Main	650,000	500,000											500,000		0				0				0				0
Kara Lauren Court Pump Station	30,000																										
Plant and Equipment																											
Plant Replacement Program	154,500	94,000	126,000	60,000	12,000	57,000		495,000	250,000	275,000	205,000				94,000				126,000				60,000				12,000
Backhoe (Fleet Expansion)	185,000														0				0				0				0
Other Miscellaneous Works																											
Telemetry	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000				16,000				16,000				16,000				16,000
Wastewater Network Master Plan	135,000														0				0				0				0
Reuse Program																											
Ross Lane - Dual Retic Reservoir			500,000	2,612,000											0	500,000			0	1,306,000			1,306,000				0
Recycled Water Meters New	100,000	110,000	120,000	130,000	140,000	150,000									110,000				120,000				130,000				140,000
Urban Reticulation System	25,000														0				0				0				0
Henderson Farm - Distribution Main		20,000	260,000												20,000				260,000				0				0
Meadows Estate - Distribution Main		20,000	250,000												20,000				250,000				0				0
Greenfield Grove - Distribution Main			158,000	162,000											0				158,000				162,000				0
Lennox Head - Distribution Main					362,000										0				0				0				362,000
Fig Tree Hill - Distribution Main					472,000										0				0				0				472,000
CURA B - Distribution Main			2,336,000												0	2,336,000			0				0				0
Lennox to Angels Drive - Main	63,000														0				0				0				0
Recycled Water - Hydrant Installations	30,000	30,000													30,000				0				0				0
Recycled Water - Communications	10,000														0				0				0				0
Recycled Water - Alstonville	10,000														0				0				0				0
Recycled Water - Smart Metering	10,000														0				0				0				0
Recycled Water - Skennars Fields	85,000														0				0				0				0
Irrigation - Wollongbar Sports Fields		100,000	116,000												100,000				116,000				0				0
Pipeline - West Ballina Bulk Supply	25,000														0				0				0				0
Lennox WWTP - Refurb Belt Press	150,000														0				0				0				0
Wardell WWTP - S60 Approval	140,000														0				0				0				0
Total Capital Expenditure	5,845,600	4,300,000	11,028,000	6,337,000	1,881,000	5,778,000	1,240,000	1,458,000	1,237,000	1,286,000	1,241,000	0	1,752,000	0	2,548,000	0	6,023,000	0	5,005,000	0	2,556,000	0	3,781,000	0	0	0	1,881,000

4.6 Water Operations - Long Term Financial Plan

4.6 Water Operations - Long Term Financial Plan

Delivery Program

Financial Services

Objective

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

Background

Water operations form a significant part of Council's overall turnover at approximately 13% of operating revenues.

In recent years the business has achieved operating surpluses and has maintained price increases to close to CPI.

The purchase of bulk water from Rous County Council (RCC) currently represents 60% of operating expenses, excluding depreciation, which means Council is susceptible to changes in that expense.

The setting of water charge prices is highly dependent on the cost of supply from RCC.

RCC commenced a process of reviewing their Long Term Financial Plan (LTFP) last year, proposing future bulk water annual price increases in the range of 4% to 7% for eight years, commencing with a 4% increase for 2019/20.

With that modelling being uncertain, Council's Water Operations LTFP adopted in June 2019 was modelled with 4% bulk water cost increases for all of 2019/20 to 2026/27.

The higher than CPI increase for 2019/20 was able to be absorbed by the fund for 2019/20, and future years were modelled with user charge increases of 3.5%.

Recent discussions with RCC confirms that their current draft LTFP models the following increases:

Year	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29
% Increase	7.0	7.0	6.0	6.0	5.0	5.0	3.0	3.0	3.0

The first four years are likely to eventuate, whereas the subsequent years are very much dependent on the future water source strategy, which is yet to be determined by RCC.

Council's Water Operations LTFP presented as part of this report has been drafted using the above percentage cost increases, which will be reviewed each year.

Key Issues

- Financial performance and sustainability

Information

The following table shows actual results for the previous two financial years together with the current year's estimated result to 30 June.

Table One: Water Financial Performance

Description	2017/18 Actual \$000	2018/19 Actual \$000	2019/20 Estimate \$000
Operating Revenues	12,601	13,463	13,526
Operating Expenses (including depreciation)	11,121	11,410	12,064
Operating Result - Surplus	1,481	2,053	1,462
Excluding Depreciation and Loss on Sale	1,494	1,501	1,500
Cash Operating Result – Surplus	2,975	3,553	2,962
Less Loan Principal Repaid	0	0	0
Less Capital Expenditure	2,001	1,120	4,120
Add Capital Income	1,075	1,176	600
Cash Increase / (Decrease)	2,049	3,609	(558)
Fund Infrastructure Movements / Leave Balances	(296)	(376)	0
Reserve Balances	17,644	20,877	20,319

The business has shown reasonable operating surpluses in recent years, both before and after depreciation.

The attachments to this report are the latest review of the LTFP for the ten year period from 2020/21 to 2029/30.

Attachment 1 is the forecast Income Statement for Water Operations based on the format as per Council's Annual Financial Statements.

Attachment 2 is the same information, based on the main operating revenues and expense categories for the business, along with a summary of capital movements.

Attachment 3 is the capital expenditure program for the ten year period.

In respect to operating revenues, the primary income source is the water consumption charge. This is a variable income source, which is touched on later in this report.

For 2019/20, water consumption income is trending towards \$8.04 million (2018/19 actual was \$7.95 million).

For 2020/21, forecast consumption income has been estimated at \$8.28 million, representing an overall increase of 3.0%.

The other large income source is the annual access charges.

For 2019/20, water access charges are trending towards \$4.0 million.

For 2020/21, forecast access charge income has been estimated at \$4.2 million, also representing an overall increase of 3.0%.

For 2020/21, forecast operating expenses, excluding depreciation, has been estimated to increase by 7.7% in comparison to the current 2019/20 forecast.

4.6 Water Operations - Long Term Financial Plan

The contribution to RCC represents 91% of the total increase to forecast operating expenses.

RCC has confirmed it anticipates a price per kilolitre increase of 7.0% will be applied for 2020/21.

The methodology used by RCC to apportion cost between the constituent councils is based on the proportion of consumption for the previous year ending February.

This means that the impact on an individual constituent council in any year can be more or less than the RCC price increase.

For the 2019/20 year, whilst the RCC yield increase was 4.0% for that year, the impact for Ballina Shire Council for 2019/20 was only 2.8%, as Ballina Shire Council's percentage of total Rous consumption had decreased.

However the impact on total bulk water costs for Ballina Shire Council for the 2020/21 year will be 12.03%, as Council's percentage of the total RCC consumption has increased for the 12 months ended 28 February 2020.

The calculation provided by RCC is shown in Table Two.

Table Two: Rous County Council Bulk Water Calculation

BULK WATER SALES								
2018/19 Consumption for 2019/20			Supply area	2019/20 Consumption for 2020/21				
Kilolitres	Proportion Total Sales	Cost @ \$1.6552 cents/Kl		Kilolitres	Consumption Trend % Increase / (Decrease) over previous year	Proportion Total Sales	Cost @ \$1.7157 cents/Kl	% Increase / (Decrease) over previous year
3,263,996	29.15%	\$5,402,400	Lismore City Council	3,171,566	-2.83%	27.44%	\$5,441,400	0.72%
2,623,960	23.44%	\$4,343,100	Byron Council	2,610,810	-0.50%	22.59%	\$4,479,300	3.14%
710,739	6.35%	\$1,176,400	Richmond Valley	675,568	-4.95%	5.85%	\$1,159,100	-1.47%
3,690,695	32.97%	\$6,108,700	Ballina Council	3,988,841	8.08%	34.52%	\$6,843,500	12.03%
		\$17,030,600					\$17,923,300	
906,203	8.09%	1,499,900	RW Retail	1,109,973	22.49%	9.60%	\$1,904,300	26.96%
11,195,590	100.00%	\$18,530,500	TOTAL	11,556,758	3.23%	100.00%	\$19,827,600	7.00%
							\$ Yield Increase	\$1,297,100

The cost of bulk water for Council for 2019/20 is \$6,843,500, representing an increase of \$734,800, or 12.03%, from 2019/20.

As a consequence of the various movements in operating revenues and operating expenses, the overall cash operating result for 2020/21 is forecast to be lower than the 2019/20 result (a decrease of \$624,800 from a \$2,961,700 surplus to a \$2,336,900 surplus).

The capital works program is also a key driver in the LTFP and a large component of the works relate to population growth.

The timing of these works can vary from the forecast depending on what growth does occur and in what locations.

4.6 Water Operations - Long Term Financial Plan

The model predicts capital works at a moderate to high level for several years, which does cause cash reserves to decline significantly during the forecast period to 2024/25 and then rise again in the later part of the forecast period to 2029/30.

Capital income refers to contributions from developers relating to new subdivisions. This income source is difficult to predict.

The model assumes \$620,000 from this source (increasing by approximately CPI each year) however this figure can be considerably higher or lower in any given year.

In many respects the current financial performance and position of the business is satisfactory.

A modest operating surplus is being achieved, the asset network is in relatively good condition, there is no debt and current cash reserves are sufficient to meet the immediate needs of the business.

The largest income source is water consumption, which typically generates around 60% of total operating revenues. It is also the most variable given that the weather can materially affect consumption patterns and is the biggest risk to accurate modelling.

Council's water consumption income, as compared to price increases, over the last six financial years is as follows.

Table Three: Water Consumption Income Compared to Price

Year	Income (\$)	% Change	Increase in Price
2019/20	8,036,100 (1)	1.1	2.7%
2018/19	7,951,800	5.5	2.3%
2017/18	7,538,600	(3.0)	2.0%
2016/17	7,771,200	16.8	2.8%
2015/16	6,654,300	3.5	3.0%
2014/15	6,429,000	(1.8)	6.0%

(1) estimated

There is a limited correlation between increases to price and increases (or decreases) to income received.

The financial modelling is based on consumption income increasing in accordance with price as this remains as a good an indicator as any.

Given that it is likely that income received will vary up or down from the forecast it is important that the business maintains sufficient cash reserves as a buffer to meet lean times and financial shocks.

The financial model, which is summarised in Table Four, looks to maintain a fairly consistent operating cash surplus, whilst reserves decline.

There are sufficient reserves on hand to allow a gradual approach to this strategy, such that reserves tend to decrease for the majority of the ten year model. Importantly no borrowings are anticipated.

4.6 Water Operations - Long Term Financial Plan

The attachment to this report provides the complete model.

Table Four: Water Financial Model

Description	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30
Operating Revenues	13,526	13,710	14,133	14,479	14,899	15,386	15,880	16,301	16,735	17,084	17,546
Operating Expenses	12,064	12,943	13,562	14,115	14,757	15,257	15,825	16,164	16,471	16,804	17,143
Operating Result	1,462	767	571	363	142	130	55	137	265	281	403
Add Back Deprec	1,500	1,570	1,601	1,634	1,666	1,700	1,734	1,768	1,804	1,840	1,877
Cash Surplus	2,962	2,337	2,172	1,997	1,808	1,829	1,789	1,905	2,068	2,120	2,279
Capital Income	600	620	640	660	680	700	720	740	760	780	800
Loan Principal	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditure	4,120	5,126	9,275	6,483	4,001	3,654	992	1,017	1,227	1,042	1,068
Net Reserve M'ment	(558)	(2,169)	(6,463)	(3,826)	(1,513)	(1,125)	1,517	1,628	1,601	1,858	2,011
Total Reserves	20,319	18,150	11,687	7,861	6,348	5,223	6,740	8,368	9,969	11,828	18,839

Although the impact of RCC bulk water charges are in full effect for the 2020/21 year, the Water Fund is sufficiently funded to absorb this cost increase in 2020/21 without transferring this additional expense to the end consumer.

The model presented has been formulated based on a 2.6% increase to the access charge and an increase of 2.6% to the consumption charge for 2020/21.

The figure of 2.6% has been applied for 2020/21 as IPART has determined that percentage as the rate peg limit.

Even though the water, wastewater and waste operations of Council are not subject to rate pegging, IPART has based the 2.6% on cost indexation for local government, and Council endeavours to apply that percentage for increases in other Council charges where possible.

The model does include 3.5% per annum increases to charges for the period from 2021/22 to 2025/26, to offset the future Rous increases, which are in the range of 5% to 7% for several years.

The forecast total access charge income for 2020/21 is estimated at \$4.2 million, representing an overall increase of 3.0%, being a price increase of 2.6% plus growth.

The forecast total consumption income for 2020/21 is estimated at \$8.3 million, representing an overall increase of 3.0%, as above.

Assumptions Applied

- Estimated income from the access charge is \$4.2 million
- Estimated income from consumption is \$8.3 million
- Rous Water contribution to increase to \$6.8 million
- Developer contributions are forecast at \$620,000
- Capital expenditure of \$5.1 million for 2020/21.

4.6 Water Operations - Long Term Financial Plan

Fees and Charges

The proposed charges for 2020/21 are shown in the next table.

Table Five: Proposed Charges

Charge Type	2019/20	2020/21	% Increase
Water Access Charge 20mm meter	204	209	2.6
Water Consumption under 350kl	2.29	2.35	2.6
Water Consumption over 350kl	3.44	3.53	2.6
Vacant Land Charge	204	209	2.6

The over 350kl charge is a 50% premium to the base charge of \$2.29. In 2019/20 a residential property using 200 kilolitres would pay \$662 for the year and in 2020/21 they will pay \$679 (an overall increase of 2.6%).

Legal / Resource / Financial Implications

This report outlines the proposed budget and the long term financial plan, including reserve balances, of the Water Fund.

Consultation

Any charges proposed for 2020/21 will be subject to formal exhibition.

Options

Council has the option of endorsing the proposed LTFP or examining alternatives, which could include amending the proposed pricing or amending the capital works program. Due to the healthy financial position of the fund the recommendation is to exhibit the proposed fees and charges, and LTFP, as per the contents of this report.

RECOMMENDATION

That Council endorses the annual charges, as per the following table, as well as the long term financial plan, as per the attachments to this report, for the water operations, for exhibition in the draft 2020/21 Operational Plan.

Charge Type	2019/20	2020/21	% Increase
Water Access Charge 20mm meter	204	209	2.6
Water Consumption under 350kl	2.29	2.35	2.6
Water Consumption over 350kl	3.44	3.53	2.6
Vacant Land Charge	204	209	2.6

Attachment(s)

1. Water Operations - Income Statement
2. Water Operations - Operating Revenues and Expenses
3. Water Operations - Capital Expenditure

WATER OPERATIONS - INCOME STATEMENT (2017/18 to 2028/29)														
ACTUAL 2017/18	ACTUAL 2018/19	ITEM	ESTIMATED											
			2019/20	2020/21	%	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
OPERATING RESULTS														
Operating Activities														
3,489,900	3,621,300	Annual Charges	3,780,500	3,898,500	3	4,063,900	4,235,300	4,412,700	4,596,100	4,765,500	4,890,900	5,019,300	5,150,700	5,286,100
7,868,300	8,817,900	User Charges and Fees	8,890,900	9,110,000	2	9,415,900	9,731,300	10,058,100	10,396,300	10,745,800	11,009,800	11,281,200	11,558,000	11,842,200
435,900	564,100	Interest and Investment Revenues	450,900	461,500	2	412,100	269,400	183,800	148,500	121,700	152,100	184,900	217,000	257,400
455,900	0	Other Revenues	0	0	0	0	0	0	0	0	0	0	0	0
333,000	459,400	Grants and Contributions for Operating Purposes	403,200	239,700	(41)	240,400	241,200	242,100	242,900	243,700	244,500	245,300	153,500	154,300
2,942,300	2,114,000	Grants and Contributions for Capital Purposes	1,538,200	1,558,200	1	1,578,200	1,598,200	1,618,200	1,638,200	1,658,200	1,678,200	1,698,200	1,718,200	1,738,200
Other Income:														
18,300	0	Net Gain from Disposal of Assets	0	0	0	0	0	0	0	0	0	0	0	0
15,543,600	15,576,700	Total Income from Continuing Operations	15,063,700	15,267,900	1	15,710,500	16,075,400	16,514,900	17,022,000	17,534,900	17,975,500	18,428,900	18,797,400	19,278,200
Operating Expenses														
2,051,000	2,218,000	Employee Benefits and On-costs	2,287,000	2,358,000	3	2,431,000	2,506,000	2,584,000	2,664,000	2,747,000	2,832,000	2,920,000	3,011,000	3,105,000
0	0	Borrowing Costs	0	0	0	0	0	0	0	0	0	0	0	0
7,253,100	7,078,000	Materials and Contracts	7,474,300	8,367,800	12	8,853,900	9,300,600	9,772,000	10,188,300	10,624,000	10,808,800	10,995,700	11,185,400	11,377,300
1,482,100	1,500,600	Depreciation and Amortisation	1,500,000	1,570,000	5	1,601,400	1,633,500	1,666,200	1,699,600	1,733,600	1,768,300	1,803,700	1,839,800	1,876,600
323,100	613,400	Other Expenses	802,500	644,000	(20)	672,600	672,000	731,600	701,500	716,700	752,000	748,000	764,000	780,400
11,700	0	Net Loss from Disposal of Assets	0	0	0	0	0	0	0	0	0	0	0	0
11,121,000	11,410,000	Total Expenses from Continuing Operations	12,063,800	12,939,800	7	13,558,900	14,112,100	14,753,800	15,253,400	15,821,300	16,161,100	16,467,400	16,800,200	17,139,300
4,422,600	4,166,700	Net Operating Result for the Year	2,999,900	2,328,100	(22)	2,151,600	1,963,300	1,761,100	1,768,600	1,713,600	1,814,400	1,961,500	1,997,200	2,138,900
1,480,300	2,052,700	Net Operating Result Before Capital Income	1,461,700	769,900	(47)	573,400	365,100	142,900	130,400	55,400	136,200	263,300	279,000	400,700

WATER OPERATIONS																	
ACTUAL				LEDGER ACCOUNT	BUDGET ITEMS	ESTIMATE											
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	2028/29	2029/30
OPERATING REVENUES																	
3,226,000	3,371,900	3,489,900	3,621,300	10000	Annual Charges	3,780,500	3,898,500	3	4,063,900	4,235,300	4,412,700	4,596,100	4,765,500	4,890,900	5,019,300	5,150,700	5,286,100
7,008,600	8,087,700	7,868,300	8,386,900	10010	User Charges	8,458,700	8,703,000	3	9,000,700	9,307,700	9,625,900	9,955,300	10,295,900	10,550,700	10,812,700	11,079,900	11,354,400
157,400	159,900	333,000	459,400	10003	Operating Grants and Contributions	403,200	239,700	(41)	240,400	241,200	242,100	242,900	243,700	244,500	245,300	153,500	154,300
339,000	343,900	435,900	564,100	10004	Interest	450,900	461,500	2	412,100	269,400	183,800	148,500	121,700	152,100	184,900	217,000	257,400
442,100	446,400	455,900	431,000	10011	Other Revenues	432,200	407,000	(6)	415,200	423,600	432,200	441,000	449,900	459,100	468,500	478,100	487,800
26,000	0	18,300	0	10012	Gain on Disposal of Plant and Equipment	0	0	0	0	0	0	0	0	0	0	0	0
11,199,100	12,409,800	12,601,300	13,462,700		Total Operating Revenues	13,525,500	13,709,700	1	14,132,300	14,477,200	14,896,700	15,383,800	15,876,700	16,297,300	16,730,700	17,079,200	17,540,000
OPERATING EXPENSES																	
Direct Expenses																	
355,600	356,700	407,600	447,700	50000/50005	Engineering Management	576,400	524,000	(9)	534,600	545,500	556,600	567,900	579,400	591,200	603,300	615,600	628,000
415,700	450,000	323,900	365,400	50005	Administration and Customer Service	412,200	384,100	(7)	407,600	401,400	455,200	419,300	428,600	458,000	447,500	457,400	467,300
150,000	294,800	49,700	132,900	50005	Internal Contributions to Works	189,500	44,900	(76)	45,800	46,800	47,800	48,800	49,800	50,800	51,900	53,000	54,100
10,700	11,300	12,300	10,700	50008	Miscellaneous	12,700	12,000	(6)	12,300	12,600	12,900	13,200	13,500	13,800	14,100	14,400	14,700
5,703,100	5,886,500	5,977,700	5,943,700	50100	Purchase of Water from Rous Council	6,108,700	6,843,500	12	7,322,600	7,762,000	8,227,800	8,639,200	9,071,200	9,252,700	9,437,800	9,626,600	9,819,200
10,700	11,600	6,000	7,500	50101	Pumping Stations - Operations	10,900	14,500	33	15,400	16,300	17,200	18,100	19,000	19,900	20,800	21,700	22,600
34,400	37,600	37,300	42,100	50102	Pumping Stations - Energy Costs	58,600	67,800	16	69,800	71,900	74,000	76,100	78,200	80,300	82,400	84,600	86,800
55,700	66,800	55,400	73,900	50105/50106	Reservoirs - Operations and Maintenance	75,000	77,000	3	78,600	80,300	82,000	83,700	85,400	87,200	89,000	90,900	92,800
111,800	134,900	160,300	141,900	50107	Water Treatment Plants - Operations	161,700	167,000	3	170,600	174,300	178,000	181,800	185,600	189,600	193,600	197,800	202,000
30,600	42,000	20,200	23,200	50107	Water Treatment Plants - Maintenance	32,000	34,000	6	34,800	35,700	36,600	37,500	38,400	39,300	40,200	41,100	42,000
83,200	49,300	55,900	41,600	50109	Mains - Operations	72,000	73,000	1	74,600	76,400	78,200	80,000	81,800	83,600	85,400	87,200	89,000
364,500	397,400	409,400	611,100	50110	Mains - Maintenance	580,000	630,000	9	642,600	655,600	668,800	682,200	696,000	710,000	724,300	738,900	753,700
345,100	376,400	387,200	380,000	50111	Water Connections - Maintenance	350,000	380,000	9	387,600	395,400	403,400	411,500	419,800	428,200	436,800	445,600	454,600
247,000	223,900	250,000	197,000	50112	Water Quality Testing, Reading and Other	269,000	287,000	7	292,900	299,200	305,700	312,200	318,900	325,600	332,700	339,600	346,900
67,900	62,500	92,300	56,800	50113	Telemetry and Plant Maintenance	100,000	72,000	(28)	73,500	75,100	76,700	78,300	80,000	81,700	83,400	85,100	86,900
Indirect Expenses - Overheads																	
1,301,000	1,319,000	1,382,000	1,433,900	50005	Overheads Distributed	1,555,100	1,759,000	13	1,794,200	1,830,100	1,866,700	1,904,000	1,942,100	1,980,900	2,020,500	2,060,900	2,102,100
Debt Servicing																	
0	0	0	0	50010	Interest On Loans	0	0	0	0	0	0	0	0	0	0	0	0
Non-cash Expenses																	
1,498,900	1,460,600	1,482,100	1,500,600	50112	Depreciation	1,500,000	1,570,000	5	1,601,400	1,633,500	1,666,200	1,699,600	1,733,600	1,768,300	1,803,700	1,839,800	1,876,600
64,000	0	11,700	0	50112	Loss on Disposal of Infrastructure	0	0	0	0	0	0	0	0	0	0	0	0
10,849,900	11,181,300	11,121,000	11,410,000		Total Operating Expenses	12,063,800	12,939,800	7	13,558,900	14,112,100	14,753,800	15,253,400	15,821,300	16,161,100	16,467,400	16,800,200	17,139,300
349,200	1,228,500	1,480,300	2,052,700		Operating Result - Surplus / (Deficit)	1,461,700	769,900	(47)	573,400	365,100	142,900	130,400	55,400	136,200	263,300	279,000	400,700
1,498,900	1,460,600	1,482,100	1,500,600		Add Back Depreciation	1,500,000	1,570,000	5	1,601,400	1,633,500	1,666,200	1,699,600	1,733,600	1,768,300	1,803,700	1,839,800	1,876,600
64,000	0	11,700	0		Add Back Loss on Infrastructure Disposal	0	0	0	0	0	0	0	0	0	0	0	0
1,912,100	2,689,100	2,974,100	3,553,300		Cash Result - Surplus / (Deficit)	2,961,700	2,339,900	(21)	2,174,800	1,998,600	1,809,100	1,830,000	1,789,000	1,904,500	2,067,000	2,118,800	2,277,300
Capital Movements																	
0	0	0	0		Less Loan Principal Repayments	0	0	0	0	0	0	0	0	0	0	0	0
671,500	1,966,900	1,097,600	2,453,100		Less Transfer to Reserves	112,200	0	0	0	0	604,000	797,000	887,500	840,000	2,118,800	2,277,300	0
0	0	0	0		Add Transfer from Reserves	0	2,636,100	1,714,200	112,900	1,154,400	0	0	0	0	0	0	0
186,400	409,300	124,700	19,900		Add Capital Income Applied	1,270,000	150,000	5,386,000	4,371,500	1,037,500	2,428,000	0	0	1,042,000	1,068,000	1,068,000	0
1,427,000	1,131,500	2,001,200	1,120,100		Less Capital Expenditure	4,119,500	5,126,000	9,275,000	6,483,000	4,001,000	3,654,000	992,000	1,017,000	1,227,000	1,042,000	1,068,000	0
0	0	0	0		Cash Result after Capital Movements	0	0	0	0	0	0	0	0	0	0	0	0

WATER - CAPITAL EXPENDITURE																												
Asset Description	Expenditure											Funding Source 2020/21				Funding Source 2021/22				Funding Source 2022/23				Funding Source 2023/24				
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Grants	Sect 64	Loans	Reserves	Grants	Sect 64	Loans	Reserves	Grants	Sect 64	Loans	Reserves	Grants	Sect 64	Loans	Reserves	
Main Renewals																												
Recurrent	50,000	620,000	529,000	542,000	556,000	570,000	584,000	599,000	614,000	629,000	645,000				620,000				529,000				542,000					556,000
Temple Street Pipeline	150,000																											
Alstonville Valve - Replacements	91,000																											
Grant Street	1,300																											
Wardell Rd - Duck Creek Rd Project	31,100																											
Burnett Street	120,000																											
Lake Ainsworth	30,000																											
Water Reservoirs																												
Reservoirs - Ross Lane			500,000	3,200,000													500,000				3,200,000							
Reservoirs - Pacific Pines	150,000		1,077,000														1,077,000											
Reservoirs - Access Upgrades	328,200																											
Reservoir - Gray's Lane Demolish	70,000																											
Miscellaneous																												
Telemetry	9,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000				10,000				10,000				10,000					10,000
Ethernet Telemetry Upgrade	396,600																											
Smart Water Meter Network	10,000																											
Water Network Master Plan	140,000																											
Easement Clearing - Part V Approvals	20,000																											
Pressure Mgmt Zones (PMZs)																												
Second Stage Installations																												
Water Pump and Bore Stations																												
Pump Stns - Basalt Court Booster	415,000																											
Pump Stns - East Ballina Booster	665,000																											
Pump Stns - Russellton Booster				450,000																				450,000				
Trunk Mains																												
East Ballina Boosted PZ Augment	375,300																											
Wardell Mains						282,000																						
North Ballina Reticulation Mains			712,000																712,000									
North Ballina Distribution Mains		50,000	2,028,000	2,343,000									25,000		25,000		1,014,000		1,014,000		1,171,500		1,171,500					
Pine Avenue Distribution Mains		50,000	2,550,000										50,000				2,550,000											
Ballina Island Distribution Mains					1,175,000																				587,500			587,500
Lennox Head Mains					1,275,000																							1,275,000
CURA B Distribution Main		50,000	280,000												50,000				280,000									
Russellton Reticulation Mains		50,000	110,000										25,000		25,000		55,000		55,000									
West Ballina Bypass Distn Main						2,428,000																						
Lennox Palms Distn and Reticulation			390,000																390,000									
Pacific Pine Distribution Main		50,000	190,000										50,000				190,000											
Connections for Green Field Sites	40,000																											
PRV at Water Wheels	10,000	140,000													140,000													
Water Treatment Plant																												
Marom Creek WTP - Upgrade	500,000	3,680,000	540,000												3,680,000				540,000									
Marom Creek WTP - Renewals	27,000	28,000	30,000	31,000	32,000	33,000	34,000	35,000	36,000	37,000	38,000				28,000				30,000								31,000	32,000
Plant and Equipment																												
Vehicle and Plant Replacement		98,000	22,000	42,000	180,000		25,000	25,000	210,000						98,000				22,000								42,000	180,000
Water Capital - Service Connection																												
Water Meter - New <20mm	320,000	235,000	240,000	246,000	252,000	258,000	264,000	271,000	278,000	285,000	292,000				235,000				240,000								246,000	252,000
Water Meter - New > 20mm	50,000																											
Water Meter - Replacement	110,000	65,000	67,000	69,000	71,000	73,000	75,000	77,000	79,000	81,000	83,000				65,000				67,000								69,000	71,000
Water Meter - Conversion of Meters	10,000																											
Total Capital Expenditure	4,119,500	5,126,000	9,275,000	6,483,000	4,001,000	3,654,000	992,000	1,017,000	1,227,000	1,042,000	1,068,000	0	150,000	0	4,976,000	0	5,386,000	0	3,889,000	0	4,371,500	0	2,111,500	0	1,037,500	0	2,963,500	

4.7 Waste Operations - Long Term Financial Plan

4.7 Waste Operations - Long Term Financial Plan

Delivery Program

Financial Services

Objective

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

Background

Council's waste service comprises two distinct programs being Landfill and Resource Management (LRM) and Domestic Waste Management (DWM).

LRM is responsible for the waste management facility plus the collection and disposal of kerbside non-residential waste and DWM is responsible for the collection and disposal of kerbside residential waste.

The Local Government Act requires DWM to be treated as a separate entity as the revenues are raised through an annual charge.

For DWM, an assessment must be completed and externally audited each year, to ensure that DWM is not generating a surplus that is beyond the needs of the business.

This report provides an overview of the latest update of the Long Term Financial Plan (LTFP) for the LRM and DWM operations. The report also examines the option of providing vouchers to pensioners as per a resolution from the February 2020 Ordinary meeting.

Key Issues

- Financial performance and sustainability
- Legislative change
- Long term aims and objectives
- Affordability

Information

The waste sector in Australia continues to be highly volatile, which has exposed Council's waste management business to a number of significant shocks during 2019/20.

A recent Councillor briefing highlighted the increasing challenges and costs associated with the management of our residual, recyclable and organic waste materials from changes in the external environment for our residual, recycling and organic waste streams.

4.7 Waste Operations - Long Term Financial Plan

Residual Waste

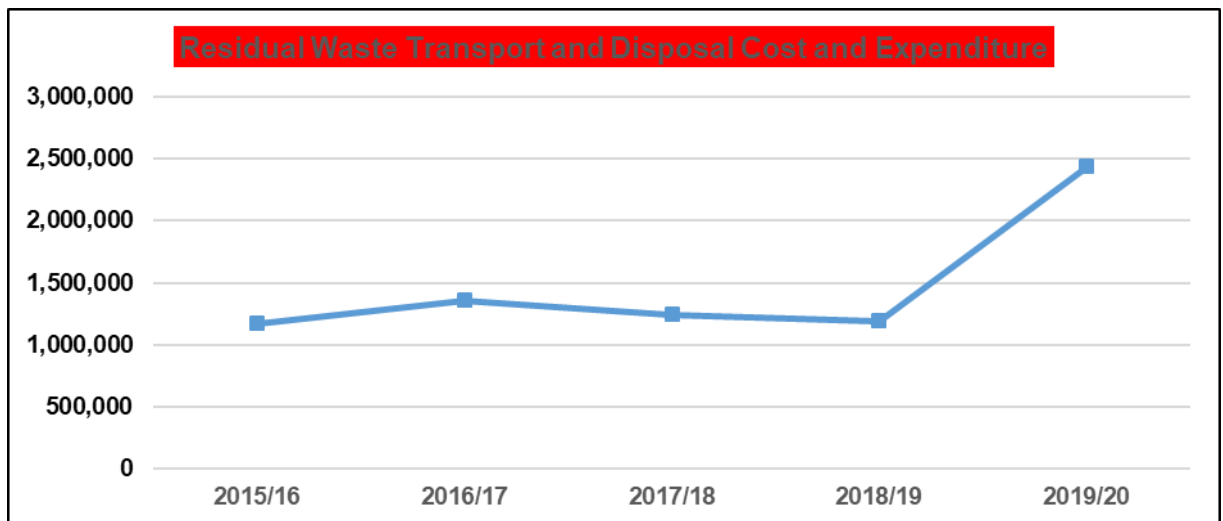
In 2018, the NSW EPA proposed changes to the Protection of the Environment Operations (POEO) (Waste) Regulation 2017 and the POEA Act 1997 that would affect the way councils manage waste. After considerable consultation, the EPA decided not to implement these changes.

As a result, Council has some clarity on our ability to continue to send waste streams to offsite locations for processing, recycling or disposal.

This methodology has been the most efficient given the existing landfill site constraints and has resulted in Council minimising the amount paid to the NSW State Government for the waste levy.

Unfortunately, the Queensland State Government introduced a waste levy of \$75 per tonne for the 2019/20 financial year onwards.

This has resulted in an overall annual increase in waste transport and disposal expenditure for the LRM budget of approximately \$1.2 million on a recurrent basis (depending on volume of waste managed through the Ballina Waste Management Facility), as per the following chart.



Even with the additional expenditure associated with the introduction of the QLD waste levy, the transport strategy remains the most viable option for Council to manage the disposal of its residual waste.

This is largely due to the rapidly increasing difficulty in achieving environmental approvals for any new landfills within NSW, coupled with an associated rapidly increasing cost to construct new landfill cells (if they do get approved).

The Councillor briefing included discussion regarding a regional Waste Infrastructure Investment Project, in which Ballina is actively participating.

A key outcome sought from this project is to provide a regional collaboration model for waste management infrastructure, with a particular focus on a solution for processing residual waste through an appropriate alternative waste treatment technology other than traditional landfill operations (such as waste to energy).

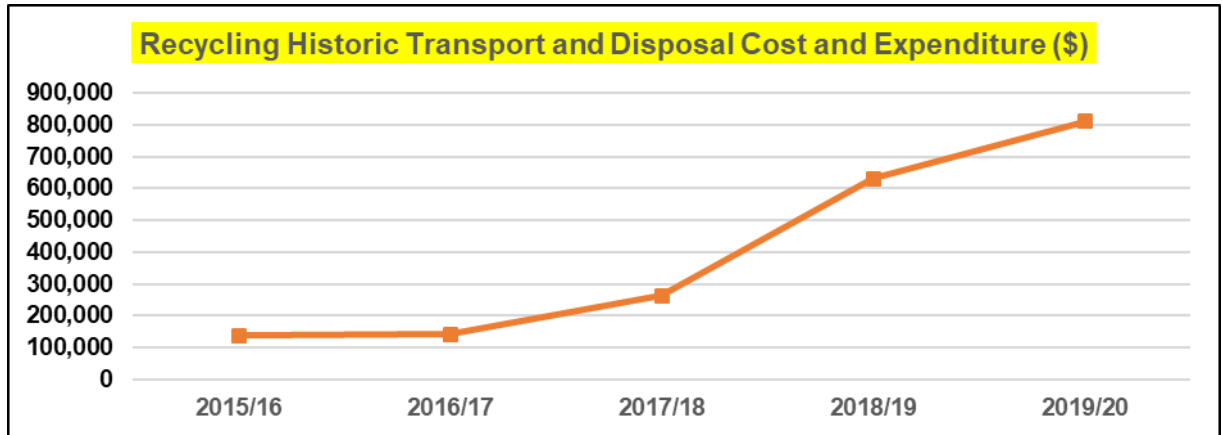
4.7 Waste Operations - Long Term Financial Plan

The outcomes of this project (due mid-2020) will provide further clarity to inform Council's short, medium and long-term waste management options.

Recyclable Material

The impact of the China Sword policy for the whole of the recycling industry in Australia has been extensively documented and continues to impact council operations as additional countries follow suit.

The next chart shows the trend of increasing costs over the last five years for our recyclable materials.

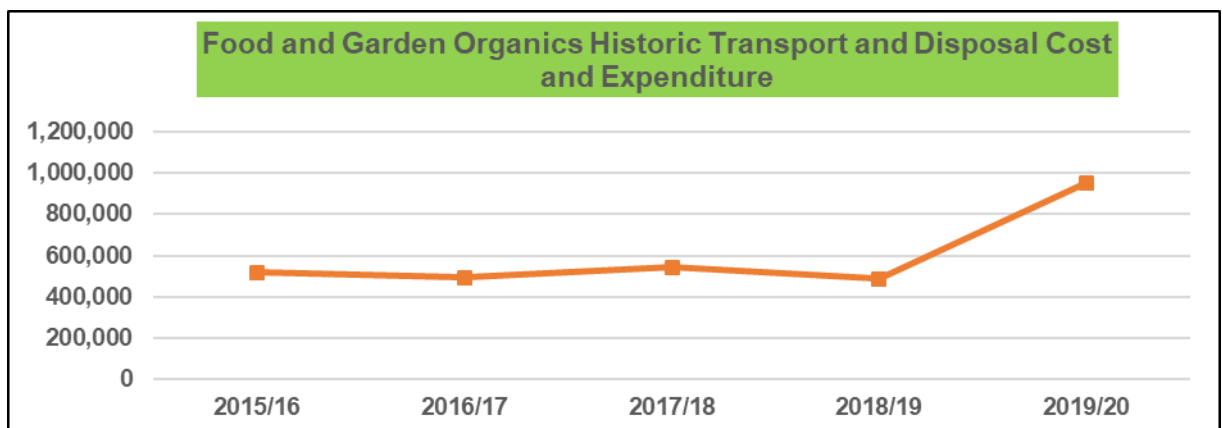


Organic Material

As a result of the fire at the Lismore City Council facility in November 2019, it was necessary for Council's organic waste to change processor, at extremely short notice, as Lismore was no longer available.

The only facility within a reasonable geographic location was Phoenix composting at Yatala.

The additional distance to transport the material coupled with higher gate fees has led to an increase in the order of \$500,000 to manage this material.



Landfill and Resource Management (LRM)

The recent financial results for LRM together with the forecast for 2019/20 are shown in Table One.

Table One: Actual and Forecast Results for LRM

Description	2017/18 Actual \$000	2018/19 Actual \$000	2019/20 Estimate \$000
Operating Revenues	2,104	1,938	2,337
Operating Expenses (including depreciation)	1,475	1,465	2,934
Operating Result - Surplus / (Deficit)	628	473	(597)
Excluding Depreciation / Remediation	605	195	201
Cash Operating Result - Surplus / (Deficit)	1,233	668	(396)
Less Loan Principal Repaid	182	0	0
Less Capital Expenditure	400	101	380
Less Dividend to General Fund	1,910	2,220	27
Add Capital Income	0	0	0
Cash Increase / (Decrease)	(1,259)	(1,894)	(803)
Reserve Balances	2,685	791	(12)

The introduction of the QLD waste levy and ongoing China Sword recyclables issues has had a significant negative impact on the 2019/20 LRM forecast.

The latest figures result in an operating deficit of \$597,000 (\$396,000 cash deficit excluding depreciation) which results in the reserve being overdrawn by \$12,000 as at 30 June 2020.

This significant increase in costs has created a risk to the ongoing sustainability of the LRM operations.

Conversely, the DWM budget has not, to date, been exposed to the extent of the shocks from these costs and is currently forecast to produce large surpluses over the period of the LTFP.

This is explained further in the DWM section of this report.

With large surpluses in DWM and forecast deficits in LRM there is a need to better align the LTFP models for both operations.

Essentially we need to be including more of the LRM operating expenses in DWM and / or increasing the operating revenue going to LRM.

There are two mechanisms to achieve this:

1. higher gate fee for DWM generated waste and recyclable material and / or
2. re-introduction of an annual waste operations charge for LRM, which would be largely offset by a reduction in the DWM charge.

Option 1 - Higher Gate Fee for DWM

Currently, the gate fee charged to DWM is the same as that charged to other commercial operators.

The introduction of a separate and higher gate fee for DWM would result in a higher charge being imposed on DWM than other commercial operators. This then results in an increase in income for LRM and an increase in expenses for DWM. There would be no impact from a resident / ratepayer perspective.

4.7 Waste Operations - Long Term Financial Plan

Council has had this pricing structure in place previously and there have been some underlying concerns that this type of structure is not a reasonable charge for the DWM, particularly when the Local Government Act requires the DWM annual charge to be based on the reasonable cost to Council of providing that service. Relevant sections of the Local Government Act are 496 and 504(3) as follows.

496 MAKING AND LEVYING OF ANNUAL CHARGES FOR DOMESTIC WASTE MANAGEMENT SERVICES

(1) A council must make and levy an annual charge for the provision of domestic waste management services for each parcel of rateable land for which the service is available.

(2) A council may make an annual charge for the provision of a domestic waste management service for a parcel of land that is exempt from rating if--

(a) the service is available for that land, and

(b) the owner of that land requests or agrees to the provision of the service to that land, and

(c) the amount of the annual charge is limited to recovering the cost of providing the service to that land.

504 DOMESTIC WASTE MANAGEMENT SERVICES

(1)

(1A)

(2)

(3) Income obtained from charges for domestic waste management must be calculated so as to not exceed the reasonable cost to the council of providing those services.

Points in support of having this differential include:

- As the operator of the LRM (i.e. the waste management centre) Council is entitled to set different charges for different customers
- Increasing the price for all customers would result in the LRM and waste management centre being non-competitive and result in the loss of other customers
- Council wants to maintain a reasonable level of gate fees for smaller customers to encourage use of the landfill.

Option 2 – Re-introduction of an Annual Waste Operations Charge

This charge would be levied on all ratepayers to increase the income to LRM. An offsetting decrease would be made to the DWM annual charges, thereby essentially transferring income from DWM to LRM, with minimal impact from a ratepayer perspective.

Council has previously applied a waste operations charge for the 2014/15, 2015/16 and 2016/17 financial years, to all occupied ratable properties in accordance with Section 501 of the Local Government Act.

The charge was removed in 2017/18 as the LRM budget was producing a significant operating surplus, at that time, and Council wanted to partially offset the impact of a special rate variation on ratepayers by deleting the charge.

Whilst this charge has previously been applied (and is currently applied by all surrounding Northern Rivers councils) there is some debate with regard to the intent of the Section 501 of the Act, a copy of which follows.

4.7 Waste Operations - Long Term Financial Plan

501 FOR WHAT SERVICES CAN A COUNCIL IMPOSE AN ANNUAL CHARGE?

(1) A council may make an annual charge for any of the following services provided, or proposed to be provided, on an annual basis by the council--

- water supply services
- sewerage services
- drainage services
- waste management services (other than domestic waste management services)
- any services prescribed by the regulations.

(2) A council may make a single charge for two or more such services.

(3) An annual charge may be levied on each parcel of rateable land for which the service is provided or proposed to be provided

The debate stems from clause (3) as to whether the waste operations charge, which helps to fund the operations of the waste management facility, is a service that is provided or proposed to be provided for each parcel of rateable land.

Other charges levied under Section 501 are the water and wastewater access charges, where infrastructure is provided to the property, stormwater charge where stormwater drainage is provided to the property and commercial waste collection charges, where a commercial waste collection is provided to the property.

For the waste operations charge, the waste management facility is a service available for all properties, however there is not necessarily a provided, or proposed to be provided service, to the property.

In summary both methods have arguments for and against.

On balance, the preferred option is to have the higher gate fee for DWM.

Council should be entitled to set the fees it deems appropriate for a viable waste management centre, and subject to public exhibition and adoption of the fees, a correct and transparent process has been followed in adopting the fees.

On the other hand, the waste operations charge, even though all neighbouring councils have such a charge, has the underlying concern that it is not being levied as per the requirements of Section 501 of the Local Government Act.

If Council was of the opinion that the waste operations charge is the preferred method, that is also a reasonable position to take, and such a charge can be exhibited and introduced for 2020/21.

This new charge would then be largely offset by a reduction in the DWM charge.

From a ratepayer perspective there is no real difference between both options, albeit that all ratepayers pay the waste operations charge as compared to residential customers only, for the DWM charge.

Financial Model

The forward LTFP financial model has been revised based on a higher gate fee for DWM waste and recyclable generated material.

The LTFP includes a forward capital expenditure estimate of \$2.5m required for the remediation of the landfill. Given current operational practices it is difficult to know exactly when this remediation project will be required, however for modelling purposes it has been included in 2025/26.

4.7 Waste Operations - Long Term Financial Plan

On the basis of this estimation, the project will require part loan funding of \$2m to keep the LRM reserves from being overdrawn in that year.

This latest financial model is based on a continuation of current waste management practices and does not factor in potential capital outlays and / or potential impacts on the operating results, which could occur from legislative changes or other external factors. Table Two outlines the latest financial plan for LRM.

Table Two: LRM Long Term Financial Plan

Description	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30
Operating Revs	2,337	2,058	2,110	2,163	2,218	2,276	2,335	2,385	2,443	2,504	2,564
Operating Exps	2,934	2,156	2,181	2,205	2,228	2,250	2,271	2,371	2,384	2,396	2,408
Operating Result	(597)	(98)	(71)	(42)	(10)	26	64	14	59	108	156
Add Back Dep	201	201	205	209	214	218	223	227	232	237	242
Cash Surplus	396	103	134	167	204	244	287	241	291	345	398
Capital Income	0	0	0	0	0	0	2,000	0	0	0	0
Loan Principal	0	0	0	0	0	0	0	167	174	181	188
Capital Expend	380	50	51	52	53	54	2,555	56	57	58	59
Dividends	27	0	0	0	0	0	0	0	0	0	0
Reserve M'ment	(803)	53	83	115	151	190	(268)	18	60	106	151
Total Reserves	(12)	41	124	239	390	580	312	330	390	496	647

The current forecast for 2020/21 is a cash surplus \$103,000, with a gradual increase to the forecast reserve balances.

Assumptions

- Council will continue to export virtually all waste off site
- LRM will pay transport and treatment expenses for mixed waste, garden waste, recyclables and construction / demolition waste
- There are capital works in 2025/26 relating to remediation of existing cells \$2.5m
- Assumed that the existing customer base and gross quantity of waste coming in the gate will remain reasonably consistent.

Operating Revenues

- Commercial properties collection annual charge income of \$624,000
- Gate fees from self-haul \$1.17 million with the income for 2019/20 skewed due to above average income realised from additional waste received after the Lismore City Council facility fire.
- Gate fees from DWM / Council increased to \$3.9 million to reflect revised internal charge. This item is presented as a negative expense as it is an internal charge. It has been included in the income section of this narrative to compare against other gate fees.
- The gate fees paid by DWM represent a significant percentage of total gate fees, emphasising the importance of DWM to LRM.

4.7 Waste Operations - Long Term Financial Plan

Operating Expenses

- Transport and disposal costs for mixed and inert waste increase to \$2.5 million.
- Transport and disposal costs for recyclates \$826,000
- Overhead and administration expenses \$569,000.
- Transfer station operation and landfill management costs \$1.1 million
- Weighbridge operations \$216,000
- Wardell tip rehabilitation \$50,000

A copy of the LTFP for LRM is included as Attachment 1.

Fees and Charges

The draft 2020/21 charges relating to LRM are included as Attachment 2.

Waste management charges for Mixed Putrescible and Mixed Bulky Waste are proposed to increase by approximately 4% with the remainder of the gate fees at CPI 1.6%.

The increase in gate fees for the mixed waste streams is appropriate given the significant increase in waste disposal cost due to the introduction of the Queensland waste levy and resultant pressure being realised on the finances of LRM.

Furthermore, Domestic and Commercial Mixed Putrescible and Mixed Bulky Waste gate fees were decreased by 2.6% and 5.38% respectively last financial year.

For 2019/20, the following fee structure is in place for all commercial (non-transfer station) users:

All Commercial (non transfer station)	Charge per tonne
Mixed Putrescible Waste	\$260
Recyclables	\$250

Based on modelling undertaken, this report proposes the following fee structure for 2020/21:

Commercial (non transfer station)	Charge per tonne
Mixed Putrescible Waste	\$270
Recyclables	\$254
DWM Operations	
Mixed Putrescible Waste	\$318
Recyclables	\$337

A new fee, Missed Bin Collection Charge, has been included in the draft Fees and Charges, at \$45.

This fee is charged for instances where the customer has not presented their bin for collection and subsequently ask for the bin to be collected. Previously this was at price on application (POA).

4.7 Waste Operations - Long Term Financial Plan

Domestic Waste Management (DWM)

DWM is, in comparison to LRM, a smaller and more predictable operation.

The business must pay wages and provide collection vehicles for residential mixed and recycled kerbside collections, plus meet contract payments for the kerbside collection of residential green waste.

A guaranteed income stream is available in the form of the annual charge and this charge can be adjusted at Council's discretion, subject to certain requirements of the Local Government Act.

DWM owns the waste collection vehicles with the useful life of each vehicle approximately six years. The business must generate sufficient cash to replace these trucks.

Council replaced the fleet of five vehicles in 2019/20 at a cost of \$2.1M.

DWM requires an annual transfer to reserve sufficient to provide for vehicle replacement based on an estimated life of six years for each vehicle.

The recent financial results for DWM together with the forecast for 2019/20 are shown in Table Three.

Table Three - Actual and Forecast Results for DWM

Item	2017/18 Actual \$000	2018/19 Actual \$000	2019/20 Estimate \$000
Operating Revenues	6,532	6,827	7,087
Operating Expenses	6,098	6,228	6,888
Operating Result - Surplus / (Deficit)	434	600	199
Less Depreciation	177	177	225
Cash Operating Result - Surplus / Deficit)	611	777	424
Less Loan Principal Repaid	0	0	0
Less Capital Expenditure	0	0	2,100
Cash Increase / (Decrease)	611	777	(1,676)
Reserve Balance	2,474	3,251	1,574

The current forecast for 2019/20 is a cash surplus \$424,000. The on-going increase to reserves is required to fund the truck replacement program.

Financial Model

DWM is currently in a sound financial position with no debt owing and reserves are anticipated to be approximately \$1.5 million at the end of the current financial year.

The proposed introduction of a separate gate fee for DWM waste and recyclable generated material will result in a reduced DMW operating result, offset by an improved LRM operating result. This is required to manage the long term sustainability for both budgets.

Table Four outlines the latest financial plan for DWM based on a 3.5% increase in the annual DWM charge to ratepayers and based on a differential price charging for gate fees paid to LRM.

4.7 Waste Operations - Long Term Financial Plan

Table Four: DWM Long Term Financial Plan

Description	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30
Operating Revs	7,087	7,327	7,588	7,783	7,985	8,192	8,404	8,615	8,770	8,997	9,224
Operating Exps	6,888	7,605	7,774	7,948	8,123	8,304	8,489	8,678	8,871	9,066	9,268
Operating Result	199	(278)	(186)	(165)	(139)	(112)	(85)	(63)	(101)	(69)	(43)
Add Back Dep	225	345	352	359	366	374	381	389	397	405	413
Cash Surplus	424	68	166	194	228	262	296	326	296	336	369
Capital Income	0	0	0	0	0	0	0	0	0	0	0
Loan Principal	0	0	0	0	0	0	0	0	0	0	0
Capital Exp	2,100	0	0	0	0	0	2,600	0	0	0	0
Net Reserve M'ment	(1,676)	68	166	194	228	262	(2,304)	326	296	336	369
Total Reserves	1,574	1,642	1,808	2,002	2,230	2,491	187	513	809	1,145	1,514

The plan predicts that the annual cash surplus will increase over the over the ten year period.

This is sufficient to meet known liabilities and planned vehicle replacements.

The main threat to this scenario is changes to LRM operations that will impact gate fees and DWM. However, by implementing a separate gate fee for DWM generated waste and recyclable material, Council will have greater flexibility to manage the equitability between the DWM and LRM budgets.

The DWM assumptions in the financial plan are:

- Domestic Waste Management Annual Charges to increase by 3.5% for the next two years (reverting back to 2.5% in 2022/23)
- Waste streams will remain similar to the current year
- Capital outlays limited to (an average of) one replacement vehicle per year
- No external loans.

The main features of the 2020/21 plan include:

- Annual charge income of \$7.37 million
- Gate fees paid to LRM \$3.4 million
- Food and Garden Organics waste collection and gate fees \$1.5 million
- Overhead and administration expenses \$1.4 million. As per the LRM a higher proportion of staff salaries and oncosts has been allocated to DWM. A recurrent promotion and education budget has also been included.

A copy of the LTFP for DWM is included as Attachment 3.

Fees and Charges

The draft 2020/21 charges for DWM are included in Attachment 2.

A new fee, Domestic Waste Exempt Collection Service, has been included in the draft Fees and Charges at \$44.50, equivalent to the Vacant Land annual charge.

4.7 Waste Operations - Long Term Financial Plan

This fee is to apply for properties that are occupied and for which a DWM service is available but where Council has decided not to provide a collection service. This may occur, for example, for safety or physical limitations of the property.

This fee would also apply for multi-unit dwellings approved by Council to utilise an alternate service arrangement.

Under Section 496 of the Local Government Act, these properties must still pay a DWM charge.

The introduction of this new fee provides a more equitable outcome, with the charge being equivalent to that charged to vacant land.

The annual domestic waste management charges for urban and rural domestic residents are proposed to be increased by 3.5% or \$14 and \$12 respectively. This is slightly higher than the 2.6% rate peg limit recommended for the water and wastewater access charges, however it is the minimum required to fund the substantial increases in operating expenses.

Importantly this figure does not include the impact to the annual DWM that would result from the introduction of the proposed targeted tip-voucher system.

Vouchers for Pensioners and Health Card Holders

At the February 2020 Ordinary meeting Council resolved as follows:

That Council receive a report on implementing a targeted system for a tip voucher for ratepayers who are pensioners and health care cardholders.

Proposed Service Model

If Council implemented a system the recommendation would be to provide a voucher that would entitle the holder to deposit up to 150kg of bulky mixed waste at the Waste Management Centre, during one visit per year.

This is the service provided by Byron Shire Council and the 150 kg generally equates to a trailer load of bulky household waste. An allowance the same as Byron Shire would at least help with messaging consistency.

The preferred model would be for one voucher per eligible property, not per eligible person (i.e. a property with two pensioners would only receive one voucher).

Council currently has the contact details for 3,487 pensioners who own properties and are registered for the Council pensioner rates rebate through the State Government.

The eligible pensioners for the rates rebate, as per Council's Pensioner Concession Application form, are as follows:

- *Holders of the PCC (Pensioner Concession Card) (who are eligible for benefits)*
- *Holders of a gold card embossed with 'TPI' (Totally Permanently Incapacitated)*

4.7 Waste Operations - Long Term Financial Plan

- *Holders of a gold card embossed with 'EDA' (Extreme Disablement Adjustment)*
- *War widow or widower or wholly dependent partner entitled to the Pensioner Concession Card - If you are a war widow or widower or wholly dependent partner but do not have a PCC, you should contact the Department of Veterans' Affairs (DVA) to test your eligibility for the DVA income support supplement. Eligibility is subject to an income assets test. Holders of cards other than those listed above are not eligible for the concession*

If Council did support a pensioner voucher system, it would be this classification of pensioners recommended for the voucher.

Any extension would result in an increase in administration to include any other pensioners or health care cardholders.

Council does not have any contact details for other pensioners or residents who hold health care cards.

If the voucher system extended to these residents they would be required to come into Council's administration office on an annual basis and present their pensioner card or health care card and proof of address to receive a voucher.

The cardholder's details would then be entered into a register and require cross check to ensure a voucher has not previously been issued for that property.

This process introduces a number of challenges and risks:

- staff are unable to quantify the current of future number of non-registered pensioners and health care cardholders
- there is no way of quantifying the financial and operational impact associated with including health care card holders within the system.
- The issuing and cross checking process would significantly increase the administrative workload
- Health care cards are provided to persons who are in receipt of the following list of Centerlink Payments, and are reviewed annually, i.e.
 - ABSTUDY living allowance
 - Austudy
 - Newstart Allowance
 - Partner Allowance
 - Parenting Payment partnered
 - Sickness Allowance
 - Special Benefit
 - Widow Allowance
 - Youth Allowance.

By only including the pensioners, as per Council's rating system, the voucher could be included with the annual rating mail out to streamline costs, or by separate mail out if there were problems with including the voucher with the rate notice, which is printed and distributed by a third party provider.

4.7 Waste Operations - Long Term Financial Plan

Estimated Costs and Impact on DWM

Due to uncertainty in numbers, it is not possible to quantify the potential cost and operational impact of providing a voucher service that includes health care cardholders and pensioners who are not registered/eligible for the pensioner rate rebate.

Assuming that Council only provides the service to the 3,487 pensioners who own properties and are registered for the pensioner rate rebate, the cost per voucher is estimated to be \$37.50 based on the following breakdown of costs:

- Waste Management – 150kg @ \$240 per tonne = \$36
- Printing of voucher - \$0.50 per voucher
- Postage of voucher - \$1.00 per voucher

The next table provides an estimate of costs based on a range of take-up percentages.

Table Five: Impact of Targeted Tip Voucher System on DWM Charges

Uptake	25%	50%	75%	100%
Number of Vouchers	872	1,744	2,615	3,487
Total Cost to Council	\$32,700	\$65,400	\$98,063	\$130,763
\$ Increase to DWM Charge	\$1.76	\$3.53	\$5.29	\$7.05
% Increase to DWM Charge	0.44%	0.87%	1.31%	1.75%

Council's Waste Management Strategy

In response to the Notice of Motion considered at the February 2020 Council meeting, staff provided comments recommending against the introduction of a tip voucher system for a number of reasons.

The risks identified in that report remain even with the revised targeted voucher system.

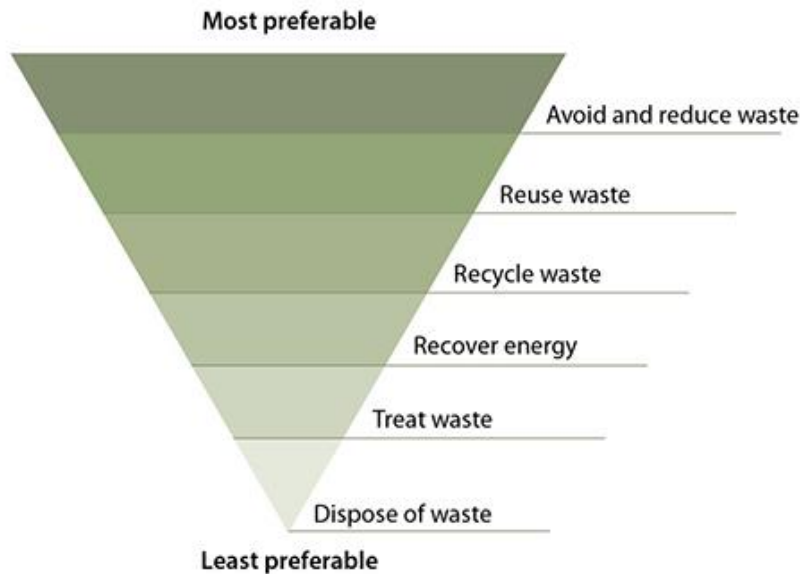
The first section of this report outlined the financial pressure on our waste management operations.

To provide a certain section of the community with a free service places a heavier financial burden on the rest of the community, as the service comes at a cost, which must be paid for by all other ratepayers.

The targeted voucher system does reduce the overall cost of the scheme however, it is still predicted to result in a 0.44% to 1.75% increase to the overall waste management charge for each domestic property.

This is in addition to the proposed 3.5% increase required to maintain the financial sustainability of the LRM and DWM in the LTFP.

For Council, the NSW Government and industry best practice, waste and resource recovery strategies and legislation are underpinned by the Waste Hierarchy (depicted as follows) which is a set of priorities for the efficient use of resources.



In summary the waste hierarchy is as follows:

1. **avoidance** including action to reduce the amount of waste generated by households, industry and all levels of government
2. **resource recovery** including re-use, recycling, reprocessing and energy recovery, consistent with the most efficient use of the recovered resources
3. **disposal** including management of all disposal options in the most environmentally responsible manner.

Increasing the annual DWM charge for every residential property to fund registered pensioners in 3,487 (or 19%) of domestic rated properties is inconsistent with Council's strategic 'user or polluter' pays structure, which, along with education, is an important policy to encourage waste minimisation.

Furthermore, the existing user/polluter pays arrangement represents the most equitable, efficient and least cost option to the whole community as it is paid for only when required.

It is important for Council to implement policy actions that support the hierarchy and participate in actions to encourage State and Federal Governments to expand product stewardship schemes to help share the responsibility of the end of life management of a product among industry, government and consumers.

Product stewardship places greater responsibility on the manufacturer or importer of a product and works to minimise the environmental impact of a product over its entire lifecycle from design, production, distribution, sale and use to disposal, recovery, reuse and recycling.

Policy changes like this will assist residents deal with their waste products responsibly, however it is important in terms of building our case for this Council, and all councils, to ensure all of our activities are recognised as best practice waste minimisation.

4.7 Waste Operations - Long Term Financial Plan

The notice of motion at the February 2020 Ordinary meeting stated that the proposed voucher service may lead to a reduction in illegal dumping and associated clean-up costs.

The link between introduction of a voucher system and reduced illegal dumping appears valid however there is no evidence that such a system has any material impact on illegal dumping.

Finally, the eligible pensioners in Council's rating system already receive a rebate on their rates and charges, and this proposal would add another discount.

Legal / Resource / Financial Implications

The proposed changes to the financial charging structure will improve the sustainability of LRM and ensures that DWM budget aligns with operational requirements.

Changes to waste charges must meet appropriate legislative and environmental standards.

Consultation

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

Options

The available options to Council include:

1. Endorse the proposed charges as outlined in this report
2. Endorse the implementation of a targeted voucher system. If Council selects this option, the proposed DWM charges will need to be adjusted and that information can be reported back to the April 2020 Finance Committee meeting.
3. Examine alternative charging scenarios such as introducing an annual waste management charge or reviewing existing waste management fees.

Based on the contents of this report it is recommended that Council proceed with option one.

RECOMMENDATIONS

1. That Council resolves not to support the introduction of a targeted free voucher system for pensioners for 2020/21 due to the following reasons:
 - a) The system will result in additional cost pressure on Council's waste management operations at a time when the Landfill and Resource Management Reserve is overdrawn, Council is facing significant increases in operating costs and there remain numerous uncertainties in respect to how waste streams are to be managed into the future
 - b) The information Council has available on pensioners only includes pensioners registered for property rate rebates and no information is available on the number of non-registered pensioners and health care cardholders
 - c) The system is inconsistent with Council's waste management strategic objectives which focus on responsibility for waste management
 - d) There is no evidence available to support that the system will have any beneficial impact on illegal dumping in the Shire.
2. That Council endorses the draft fees and charges and Landfill and Resource Management and Domestic Waste Management long term financial plans, as per the attachments to this report, for exhibition in the draft 2020/21 Operational Plan.

Attachment(s)

- 1 [↓](#). LRM - Long Term Financial Plan
- 2 [↓](#). Waste Management - Draft Fees and Charges
- 3 [↓](#). DWM - Long Term Financial Plan

LANDFILL AND RESOURCE MANAGEMENT																	
ACTUAL				LEDGER ACCOUNT	BUDGET ITEMS	BUDGET ITEMS											
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	2028/29	2029/30
OPERATING REVENUES																	
Fees and Charges																	
515,600	539,100	564,700	584,900	22280	Annual Charges - Commercial Properties	607,000	624,000	3	640,000	656,000	673,000	690,000	707,000	725,000	743,000	761,000	780,000
1,267,600	1,276,800	0	0		Annual Charges - Residential Properties	0	0	0	0	0	0	0	0	0	0	0	0
789,400	581,900	636,100	471,700	22283	Fees - Self Haul Mixed Waste	740,000	625,000	(16)	641,000	657,000	673,000	690,000	707,000	725,000	743,000	762,000	781,000
714,900	636,800	627,300	587,400	22283	Fees - Self Haul Inert	700,000	540,000	(23)	554,000	568,000	582,000	597,000	612,000	627,000	643,000	659,000	675,000
326,200	124,800	82,000	82,000	22284	Contributions and Grants	82,000	83,000	1	85,000	87,000	89,000	91,000	93,000	95,000	97,000	99,000	101,000
106,100	107,700	81,500	55,200	22281	Interest On Investments	22,000	0	(100)	1,000	3,000	6,000	10,000	15,000	8,000	8,000	10,000	10,000
124,700	83,300	112,100	157,000	22281	Sundry Fees	186,000	186,000	0	189,000	192,000	195,000	198,000	201,000	205,000	209,000	213,000	217,000
3,844,500	3,350,400	2,103,700	1,938,200		Total Operating Revenues	2,337,000	2,058,000	(12)	2,110,000	2,163,000	2,218,000	2,276,000	2,335,000	2,385,000	2,443,000	2,504,000	2,564,000
OPERATING EXPENSES																	
Waste Administration																	
430,500	589,700	475,700	413,100	32340	Administration	270,000	256,500	(5)	261,000	266,000	271,000	276,000	281,000	286,000	291,000	296,000	301,000
555,000	644,400	531,000	531,000	32340	Internal Overheads	531,000	568,000	7	579,000	591,000	603,000	615,000	627,000	640,000	653,000	666,000	679,000
154,000	56,000	6,200	0	32340	Interest on Loans	0	0	0	0	0	0	0	0	80,000	73,000	66,000	59,000
Waste - Internal Fees and Charges																	
(957,400)	(1,000,200)	(983,200)	(1,028,200)	22283	Fees - Council Recyclables (DWM)	(1,000,000)	(1,232,500)	23	(1,263,000)	(1,295,000)	(1,327,000)	(1,360,000)	(1,394,000)	(1,429,000)	(1,465,000)	(1,502,000)	(1,540,000)
(465,700)	(466,400)	(431,000)	(503,000)	22283	Fees - Self Haul Council (Works)	(510,000)	(524,000)	3	(537,000)	(550,000)	(564,000)	(578,000)	(592,000)	(607,000)	(622,000)	(638,000)	(654,000)
(1,831,900)	(1,865,600)	(1,907,000)	(1,723,900)	22283	Fees - Self Haul Council (DWM)	(1,670,000)	(2,160,000)	29	(2,214,000)	(2,269,000)	(2,326,000)	(2,384,000)	(2,444,000)	(2,505,000)	(2,568,000)	(2,632,000)	(2,698,000)
Waste Received																	
172,600	181,200	189,300	206,800	32342	Weighbridge Operation	212,000	216,000	2	220,000	224,000	228,000	232,000	236,000	240,000	244,000	248,000	252,000
199,700	190,200	202,800	247,100	32342	Transfer Station Operations	202,000	205,000	1	210,000	215,000	220,000	225,000	230,000	235,000	240,000	245,000	250,000
Waste Collection and Recycling																	
191,800	196,600	214,000	229,700	32344	Collection Kerbside	267,000	225,000	(16)	229,000	233,000	237,000	241,000	245,000	250,000	255,000	261,000	267,000
91,200	97,700	87,000	85,300	32344	Collection Other	95,000	95,000	0	97,000	99,000	101,000	103,000	105,000	107,000	109,000	111,000	113,000
61,500	71,400	67,100	50,000	32345	Waste Bailing Facility and Recycling	42,000	53,000	26	54,000	55,000	56,000	57,000	58,000	59,000	60,000	61,000	62,000
Waste Disposal																	
960,100	712,300	521,000	553,200	32348	Landfill Operations	605,000	519,000	(14)	530,000	540,000	550,000	560,000	570,000	580,000	590,000	600,000	610,000
857,500	868,500	902,000	697,300	32348	Transfer - Mixed Waste	1,630,000	1,600,000	(2)	1,632,000	1,665,000	1,698,000	1,732,000	1,767,000	1,802,000	1,838,000	1,875,000	1,913,000
316,000	490,900	343,700	492,800	32348	Transfer - Inert Waste	805,000	891,000	11	909,000	927,000	946,000	965,000	984,000	1,004,000	1,024,000	1,044,000	1,065,000
137,200	141,100	262,000	630,000	32348	Transfer - Recyclables	810,000	826,000	2	843,000	860,000	877,000	895,000	913,000	931,000	950,000	969,000	988,000
120,000	127,400	124,200	128,600	32348	Transfer Preparation - Mixed Waste	150,000	153,000	2	156,000	159,000	162,000	165,000	168,000	171,000	174,000	177,000	181,000
63,600	78,200	72,400	83,900	32348	Transfer Preparation - Inert Waste	82,000	84,000	2	86,000	88,000	90,000	92,000	94,000	96,000	98,000	100,000	102,000
54,300	72,900	57,500	66,100	32348	Transfer Preparation - Recyclables	82,000	84,000	2	86,000	88,000	90,000	92,000	94,000	96,000	98,000	100,000	102,000
375,200	94,300	107,800	95,000	32348	State Government Levy	100,000	25,000	(75)	26,000	27,000	28,000	29,000	30,000	31,000	32,000	33,000	34,000
(85,600)	20,900	27,800	15,500	32348	Investigations, Leachate and Remediation	30,000	70,000	133	71,000	72,000	73,000	74,000	75,000	76,000	77,000	78,000	79,000
791,700	0	0	0	32348	Other	0	0	0	0	0	0	0	0	0	0	0	0
Non-Cash Expenses																	
1,071,900	898,300	419,400	120,000	32340	Depreciation	430,000	125,000	(71)	127,500	130,100	132,800	135,500	138,300	141,100	144,000	146,900	149,900
53,200	40,500	51,400	55,800	32340	Unwinding Remediation PV	0	56,000	100	57,200	58,400	59,600	60,800	62,100	63,400	64,700	66,000	67,400
122,400	122,400	134,300	18,800	32340	Remediation Depreciation	143,000	20,000	(86)	20,400	20,900	21,400	21,900	22,400	22,900	23,400	23,900	24,400
3,438,800	2,362,700	1,475,400	1,464,900		Total Operating Expenses	3,306,000	2,155,000	(35)	2,180,100	2,204,400	2,226,800	2,249,200	2,269,800	2,370,400	2,383,100	2,394,800	2,406,700
405,700	987,700	628,300	473,300		Operating Result - Surplus / (Deficit)	(969,000)	(97,000)	(90)	(70,100)	(41,400)	(8,800)	26,800	65,200	14,600	59,900	109,200	157,300
1,882,900	1,061,200	605,100	194,600		Add Back Depreciation	573,000	201,000	(65)	205,100	209,400	213,800	218,200	222,800	227,400	232,100	236,800	241,700
2,288,600	2,048,900	1,233,400	667,900		Cash Result - Surplus / (Deficit)	(396,000)	104,000	(126)	135,000	168,000	205,000	245,000	288,000	242,000	292,000	346,000	399,000
Capital Movements																	
1,205,600	1,111,500	182,200	0		Less Loan Principal Repayments	0	0	0	0	0	0	0	0	167,000	174,000	181,000	188,000
2,065,900	1,003,000	1,097,100	735,500		Less Transfer to Reserves	394,000	104,000	135,000	168,000	205,000	245,000	2,288,000	75,000	118,000	165,000	211,000	
1,459,400	65,600	355,600	168,300		Add Transfer from Reserves	1,170,000	50,000	51,000	52,000	53,000	54,000	2,555,000	56,000	57,000	58,000	59,000	
0	0	0	0		Add Capital Income Applied	0	0	0	0	0	0	2,000,000	0	0	0	0	
476,500	0	309,700	100,700		Less Capital Expenditure	380,000	50,000	51,000	52,000	53,000	54,000	2,555,000	56,000	57,000	58,000	59,000	
0	0	0	0		Cash Result after Capital Movements	0	0	0	0	0	0	0	0	0	0	0	0

4.7 Waste Operations - Long Term Financial Plan

Ballina Shire Council – 2020/21 Fees and Charges

Fee Name	Pricing Policy	2019/20	GST Y/N	2020/21	GL Code
Waste Management					
Waste Management Fees & Charges					
100% Sorted Household Recyclables					
<i>(Paper, cardboard, glass/plastic bottles, steel/aluminium cans) Minimum weight charge 20kg.</i>					
Domestic (transfer station) - weighed \$/tonne.	B	\$96.00	Y	\$98.00	22283.6820.101
Commercial (non-transfer station) - weighed \$/tonne.	B	\$250.00	Y	\$254.00	22283.6820.101
Mixed Putrescible Waste					
<i>(Mixed domestic and commercial putrescible waste - no liquids) Minimum weight charge 20kg.</i>					
Domestic (transfer station) - weighed \$/tonne.	B	\$230.00	Y	\$240.00	22283.6820.101
Commercial (non-transfer station) - weighed \$/tonne.	B	\$260.00	Y	\$270.00	22283.6820.101
100% Green Waste					
<i>(Grass clippings, garden waste, tree loppings <300mm diameter, no soil and no treated timber) Any green waste mixed with other material will be charged non sorted mixed waste fee. Minimum weight charge 20kg.</i>					
Sorted - weighed \$/tonne.	B	\$74.00	Y	\$75.00	22283.6820.101
Sorted Wood, Trees or Tree Stumps.					
<i>(Tree stumps diameter >300mm thick includes mixed with green waste, no soil and no treated timber). Any green waste mixed with other material will be charged non sorted mixed waste fee. Minimum weight charge 20kg.</i>					
Sorted - weighed \$/tonne.	B	\$114.00	Y	\$116.00	22283.6820.101
100% Sorted Scrap Metal.					
<i>(Includes car bodies and white goods). Minimum weight charge 20kg.</i>					
Sorted - weighed \$/tonne.	B	\$30.00	Y	\$30.50	22283.6820.101
Mixed and Bulky Waste					
<i>(Mixed domestic and commercial waste - no liquids, includes mixed builders and bulky waste. Penalties will be imposed for materials containing asbestos). Minimum weight charge 20kg.</i>					
Sorted - weighed \$/tonne.	B	\$230.00	Y	\$240.00	22283.6823.101
Unsorted - weighed \$/tonne.	B	\$260.00	Y	\$270.00	22283.6823.101
100% Sorted Brick and Concrete					
<i>(Clean concrete, bricks and rock, no soil. Penalties will be imposed for material containing asbestos). Minimum weight charge 20kg.</i>					
Sorted - weighed \$/tonne.	B	\$177.00	Y	\$180.00	22283.6820.101
100% Sorted Roof Tiles and Ceramics					
<i>(Clean, loose tiles only, no bathroom tiles with backing board. Penalties will be imposed for material containing asbestos). Minimum weight charge 20kg.</i>					
Sorted - weighed \$/tonne.	B	\$177.00	Y	\$180.00	22283.6820.101
DWM Kerbside Co-mingled Recyclables					
Internal Charge for Co-mingled Recyclables Collected at the Kerbside.	B	N/A	Y	\$318.00	22283.6820.101
DWM Kerbside Putrescible Waste					
Internal Charge for Domestic Waste Collected at the Kerbside.	B	N/A	Y	\$337.00	22283.6820.101
Bulk Commercial Waste & Recycling Loads					
Waste Services is a Commercial Enterprise and Council Reserves the Right to Negotiate Gate Fees with Individual Persons or Organisations where there is a Commercial Benefit to Council.	B	N/A	Y	POA.	22283.6820.101
Virgin Excavated Natural Material (VENM)					
<i>(Must be pre-booked at least 24 hours in advance and have all certification and test results). Minimum weight charge 20kg.</i>					
All vehicles - weighed \$/tonne.	B	POA	Y	POA	22283.6820.101

4.7 Waste Operations - Long Term Financial Plan

Ballina Shire Council – 2020/21 Fees and Charges

Fee Name	Pricing Policy	2019/20	GST Y/N	2020/21	GL Code
Soil (not contaminated or VENM)					
<i>(Must be pre-booked at least 24 hours in advance and have testing results to comply with the Waste Guidelines. Soil only. No boulders, tree stumps). Minimum weight charge 20kg.</i>					
All vehicles - weighed \$/tonne.	B	\$104.00	Y	POA	22283.6820.101
Contaminated Soil					
<i>(Soil with no testing results that hasn't been pre-booked. Soil mixed with other material. Penalties will be imposed for material containing asbestos). Minimum weight charge 20kg.</i>					
All vehicles - weighed \$/tonne.	B	\$276.00	Y	\$270.00	22283.6820.101
Specific Waste Charge					
Asbestos Waste					
<i>The Householders Asbestos Disposal Scheme seeks to improve work health and safety for the safe removal and disposal of bonded asbestos. Ballina Shire Council is subsidising the cost of the kits which will be made available at the Waste Centre.</i>					
Household asbestos sample test kit.	B	No charge	Y	No charge	
Household Asbestos Kit.	C	\$30.00	Y	\$30.50	22281.6781.101
Tyres					
Car, motor bike (/tyre).	B	\$12.00	Y	\$12.50	22283.6820.101
4 x 4 Light truck (/tyre).	B	\$15.00	Y	\$15.50	22283.6820.101
Truck (/tyre).	B	\$40.00	Y	\$41.00	22283.6820.101
Car, motor bike (/tyre with rim).	B	\$14.00	Y	\$14.50	22283.6820.101
4 x 4 Light truck (/tyre with rim).	B	\$17.00	Y	\$17.50	22283.6820.101
Truck (/tyre with rim).	B	\$41.00	Y	\$42.00	22283.6820.101
Other (/tyre).	B	POA	Y	POA	
Refrigerators/Air Conditioners					
(No degas certificate) (/item).	B	\$47.50	Y	\$48.00	22283.6820.101
Dead Animals					
<i>Minimum weight charge 20kg.</i>					
Dead animal(s) - weighed \$/tonne.	B	\$276.00	Y	\$270.00	22283.6820.101
Missed Bin Collection Charge					
Fee charged for instances where the customer has not presented their bin for collection and subsequently ask for the bin to be collected.	B	POA	Y	\$45.00	22283.6820.101
Special Event or Special Services Charge					
<i>Price available upon application to the Waste Management Centre. Prices reviewed as market rates and operating costs change.</i>					
Special Event or Special Services Charge.	B	POA	Y	POA	22283.6820.101
Weighbridge Certificate - For Registration Purposes Only					
<i>Single weighing requiring certificate (includes account customers). Please note - this facility is not a public weighbridge.</i>					
Weighbridge Certificate.	B	\$37.00	Y	\$38.00	22283.6820.101
Mulch					
Large quantities of mulch - price reviewed to meet demand and operational needs.	C	POA	Y	POA	22283.6820.101
Crushed concrete sale per tonne					
Crushed concrete sale per tonne.	B	POA	Y	POA	22283.6820.101

4.7 Waste Operations - Long Term Financial Plan

Ballina Shire Council – 2020/21 Fees and Charges

Fee Name	Pricing Policy	2019/20	GST Y/N	2020/21	GL Code
Waste Management Negotiated Fees					
<i>Waste Services is a commercial enterprise and Council does reserve the right to negotiate with individual persons or organisations where there is a commercial benefit to Council eg specific fees may be negotiated for bulk sales of waste product.</i>					
Waste Management Collection Services					
Domestic Waste Exempt Collection Service (Section 496 of the Local Government Act)					
Properties that are occupied and for which a DWM service is available but where Council has decided not to provide a collection service (e.g. safety, physical limitations of the property, Multi Unit Dwelling's approved by Council to utilise an alternate service arrangement) must still pay a DWM charge pursuant to section 496 of the LGA.	B	N/A	Y	\$44.50	22283.6820.101
Bin Changeover Fee					
Size/capacity changeover fee (first changeover free of charge then all subsequent changes per property per annum per owner/s attracts fee).	B	N/A	Y	\$65.00	22283.6820.101
Domestic Waste Collection Charges - Urban (Section 496 of the Local Government Act)					
<i>Wheelie Bin Collection Service - Charges per property, per self contained occupancy, per annum. Charges relevant for mixed waste and organics bins up to 240 litres capacity and recycling bins up to 360 litres capacity.</i>					
Urban Properties - Service provides collection of one mixed bin per fortnight, one recycling bin per fortnight and one organics bin per week.	B	\$393.00	N	\$407.00	22290.0100.040
Vacant Land - Per rateable property where the collection service is available but not utilised.	B	\$43.00	N	\$44.50	22290.7208.040
Domestic Waste Collection Charges - Rural (Section 496 of the Local Government Act)					
<i>Wheelie Bin Collection Service - Charges per property, per self contained occupancy, per annum. Charges relevant for mixed waste bins up to 240 litres capacity and recycling bins up to 360 litres capacity.</i>					
Rural Properties - Service provides collection of one mixed waste bin per week and one recycling bin per fortnight.	B	\$343.00	N	\$355.00	22290.0100.040
Additional Domestic Waste Collection Services (Section 496 of the Local Government Act)					
Additional Domestic Recycling Collection Charge - Urban and Rural - One recycling bin per fortnight.	B	\$118.00	N	\$122.00	22290.0100.040
Additional Domestic Organics Collection Charge - Urban - One organics bin per week.	B	\$234.00	N	\$242.00	22290.0100.040
Additional Mixed Waste Collection Charge - Urban - One mixed waste bin per fortnight.	B	\$118.00	N	\$122.00	22290.0100.040
Additional Mixed Waste Collection Charge - Rural - One mixed waste bin per week.	B	\$234.00	N	\$242.00	22290.0100.040
Non-Domestic Collection Charges - Business, Commercial, Industrial Properties (Section 501 of the Local Government Act)					
<i>Optional service provided to non-domestic customers upon request. Per collection service, per annum. Charges relevant for mixed waste and organic bins up to 240 litres capacity and recycling bins up to 360 litres capacity.</i>					
Non-Domestic Waste Collection - One mixed waste bin collection per week.	A	\$366.00	N	\$379.00	22280.6745.041
Non-Domestic Recycling Collection - One recycling bin collection per fortnight.	A	\$181.00	N	\$187.00	22280.6746.041
Non-Domestic Organics Collection - One organics bin collection per week.	A	\$319.00	N	\$330.00	22280.6745.041
Wheelie Bin Sales					
<i>Commercial Waste Services sell new and secondhand mixed waste and recycling bins. Sales also include parts such as lids, wheels and axles. The sale of bins is a commercial service. Prices are reviewed as market rates and cost of goods vary. The price to purchase bins or parts may be obtained by contacting the Waste Services Section of Council.</i>					

DOMESTIC WASTE MANAGEMENT																	
ACTUAL				LEDGER ACCOUNT	BUDGET ITEMS	ESTIMATED											
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	2028/29	2029/30
OPERATING REVENUES																	
6,134,600	6,360,800	6,571,100	6,820,100	22290	Domestic Waste Mgmt Annual Charges	7,093,500	7,367,000	4	7,624,800	7,815,400	8,010,800	8,211,100	8,416,400	8,626,800	8,842,500	9,063,600	9,290,200
(276,500)	(273,000)	(257,800)	(253,300)	22290	Pensioner Abandonments	(256,000)	(252,000)	(2)	(254,000)	(256,000)	(258,000)	(260,000)	(262,000)	(264,000)	(266,000)	(268,000)	(270,000)
21,700	22,300	18,900	25,900	22290	Vacant Property Annual Charges	29,500	31,000	5	32,100	32,900	33,700	34,500	35,400	36,300	37,200	38,100	39,100
152,100	150,200	141,800	164,400	22291/22292	Grants and Subsidies	141,000	142,000	1	143,000	144,000	145,000	146,000	147,000	148,000	149,000	150,000	151,000
47,600	47,800	57,800	70,200	22292	Interest on Investments	79,000	39,000	(51)	41,000	45,000	50,000	56,000	62,000	62,000	0	4,000	4,000
0	0	0	0	22292	Gain / (Loss) on Disposal of Assets	0	0	0	0	0	0	0	0	0	0	0	0
6,079,500	6,308,100	6,531,800	6,827,300			7,087,000	7,327,000	3	7,586,900	7,781,300	7,981,500	8,187,600	8,398,800	8,609,100	8,762,700	8,987,700	9,214,300
OPERATING EXPENSES																	
Administration																	
204,900	206,100	190,300	288,100	32360	Salaries and Oncosts and Assoc Exps	487,000	479,000	(2)	488,000	497,000	506,000	515,000	525,000	535,000	545,000	555,000	565,000
38,100	38,200	39,000	40,000	32360	North East Waste Membership	41,000	42,000	2	43,000	44,000	45,000	46,000	47,000	48,000	49,000	50,000	51,000
630,000	637,000	688,000	706,300	32360	Indirect Expenses - Overheads	791,000	861,000	9	878,000	896,000	914,000	932,000	951,000	970,000	989,000	1,009,000	1,029,000
(618,900)	(640,200)	(700,100)	(801,500)	22292	Waste Trucks - Internal Charges	(900,000)	(940,000)	4	(959,000)	(978,000)	(998,000)	(1,018,000)	(1,038,000)	(1,059,000)	(1,080,000)	(1,102,000)	(1,124,000)
2,900	17,500	4,700	68,400	32361	Promotion and Education	165,000	125,000	(24)	128,000	131,000	134,000	137,000	140,000	143,000	146,000	149,000	152,000
Debt Servicing																	
8,000	0	0	0	32361	Interest on Loans	0	0	0	0	0	0	0	0	0	0	0	0
Collection																	
514,700	517,100	619,000	618,200	32364	Collection Kerbside - Mixed Waste	630,000	643,000	2	656,000	669,000	682,000	696,000	710,000	724,000	738,000	752,000	768,000
1,244,400	1,231,700	1,273,800	1,332,400	32364	Collection Kerbside - Organics	1,660,000	1,500,000	(10)	1,530,000	1,561,000	1,592,000	1,624,000	1,656,000	1,689,000	1,723,000	1,757,000	1,792,000
1,832,300	1,865,600	1,907,000	1,724,000	32364	Collection Kerbside - Disposal Fees	1,670,000	2,160,000	29	2,214,000	2,269,000	2,326,000	2,384,000	2,444,000	2,505,000	2,568,000	2,632,000	2,698,000
497,700	518,800	405,300	469,200	32364	Collection Kerbside - Recycling	451,000	480,000	6	490,000	500,000	510,000	520,000	530,000	541,000	552,000	563,000	574,000
960,800	1,002,700	983,200	966,900	32364	Collection Kerbside - Recycling Disposal	1,000,000	1,232,500	23	1,263,000	1,295,000	1,327,000	1,360,000	1,394,000	1,429,000	1,465,000	1,502,000	1,540,000
48,800	51,400	53,200	137,400	32364	Collection Kerbside - Bin Maintenance	217,000	227,000	5	232,000	237,000	242,000	247,000	252,000	257,000	262,000	267,000	272,000
375,900	383,700	457,600	501,100	32364	Waste Trucks - Operating Expenses	451,000	450,000	(0)	459,000	468,000	477,000	487,000	497,000	507,000	517,000	527,000	538,000
Non-Cash Expenses																	
177,200	177,200	177,200	177,200	32360	Depreciation	225,000	345,000	53	351,900	359,000	366,200	373,600	381,100	388,800	396,600	404,600	412,700
5,916,800	6,006,800	6,098,200	6,227,700		Total Operating Expenses	6,888,000	7,604,500	10	7,773,900	7,948,000	8,123,200	8,303,600	8,489,100	8,677,800	8,870,600	9,065,600	9,267,700
162,700	301,300	433,600	599,600		Operating Result - Surplus / (Deficit)	199,000	(277,500)	(239)	(187,000)	(166,700)	(141,700)	(116,000)	(90,300)	(68,700)	(107,900)	(77,900)	(53,400)
177,200	177,200	177,200	177,200		Add Back Depreciation	225,000	345,000	53	351,900	359,000	366,200	373,600	381,100	388,800	396,600	404,600	412,700
339,900	478,500	610,800	776,800		Cash Result - Surplus / (Deficit)	424,000	67,500	(84)	164,900	192,300	224,500	257,600	290,800	320,100	288,700	326,700	359,300
Capital Movements																	
162,600	0	0	0		Less Loan Principal Repayments	0	0		0	0	0	0	0	0	0	0	0
339,900	478,500	610,800	776,800		Less Transfer to Reserves	424,000	67,500		164,900	192,300	224,500	257,600	290,800	320,100	288,700	326,700	359,300
541,900	0	0	0		Add Transfer from Reserves	2,100,000	0		0	0	0	0	2,600,000	0	0	0	0
0	0	0	0		Add Capital Income Applied	0	0		0	0	0	0	0	0	0	0	0
379,300	0	0	0		Less Capital Expenditure	2,100,000	0		0	0	0	0	2,600,000	0	0	0	0
0	0	0	0		Cash Result after Capital Movements	0	0	0	0	0	0	0	0	0	0	0	0