



Notice of Commercial Services Committee Meeting

A Commercial Services Committee Meeting will be held in the Ballina Shire Council Chambers, 40 Cherry Street, Ballina on **Wednesday 8 April 2020 commencing at 5.00 pm.**

Business

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

Paul Hickey
General Manager

**Due to COVID-19 social distancing measures,
we urge you to access this meeting via our Live Streaming link
ballina.nsw.gov.au/agendas-and-minutes**

Deputations to Council – Guidelines

- Deputations by members of the public may be made at Council meetings on matters included in the business paper.
- Deputations are limited to one speaker in the affirmative and one speaker in opposition.
- Deputations, per person, will be limited to a maximum of two items on the agenda.
- Requests to speak must be lodged in writing or by phone with the General Manager by noon on the day preceding the meeting.
- Deputations are given five minutes to address Council.
- Deputations on the same matter will be listed together with the opposition first and the speaker in affirmative second.
- Members of the public are advised that any documents tabled or given to Councillors during the meeting become Council documents and access may be given to members of the public in accordance with the requirements of the Government Information (Public Access) Act 2009.
- The use of powerpoint presentations and overhead projectors is permitted as part of the deputation, provided that the speaker has made prior arrangements with the General Manager's Office at the time of booking their deputation. The setup time for equipment is to be included in the total time of five minutes allocated for the deputation.
- To avoid conflicts of interest, real or perceived, deputations will not be accepted from:
 - Tenderers during a public tender or request for quotation
 - Persons or representatives from organisations seeking financial support from Council that involves an expression of interest
 - Consultants who are engaged by Council on the matter the subject of the deputation.

Recording and Livestreaming of Council Meetings

- The meeting (with the exception of the confidential session) is being livestreamed and recorded for on-demand viewing via Council's website (***ballina.nsw.gov.au/agendas-and-minutes***) and a person's image and/or voice may be broadcast.
- Attendance at the meeting is taken as consent by a person to their image and/or voice being webcast.
- All speakers should refrain from making any defamatory comments or releasing any personal information about another individual without their consent.
- Council accepts no liability for any damage that may result from defamatory comments made by persons attending meetings. All liability will rest with the individual who made the comments.
- This meeting must not be recorded by others without the prior written consent of the Council in accordance with Council's Code of Meeting Practice.

Table of Contents

1.	Apologies.....	1
2.	Declarations of Interest.....	1
3.	Deputations	1
4.	Committee Reports.....	2
4.1	Ballina-Byron Gateway Airport - Long Term Financial Plan	2
4.2	Airline Agreement - Update	14
4.3	Property Development - Update	16
5.	Confidential Session.....	38
5.1	Airline Agreement - Update on Confidential Terms	38

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

2. Declarations of Interest

3. Deputations

4.1 Ballina-Byron Gateway Airport - Long Term Financial Plan

4. Committee Reports

4.1 Ballina-Byron Gateway Airport - Long Term Financial Plan

Delivery Program

Commercial Services

Objective

To review the long term financial plan for the Ballina-Byron Gateway Airport.

Background

The Ballina Byron Gateway Airport (BBGA) operates as a stand-alone business that receives no subsidies from Council and in 2018/19 it returned a dividend of \$100,000 to the General Fund. The BBGA's financial performance has been steadily improving as outlined in Table One.

Table One - Operating Results for 2014/15 to 2018/19

Item	2014/15 Actual (\$'000)	2015/16 Actual (\$'000)	2016/17 Actual (\$'000)	2017/18 Actual (\$'000)	2018/19 Actual (\$'000)
Operating Revenues	4,710	5,112	5,780	6,749	6,927
Operating Expenses	4,363	4,513	4,958	4,973	5,091
Operating Surplus / (Deficit)	347	599	822	1,776	1,836
Add Back Depreciation	771	830	807	864	782
Cash Operating Surplus	1,118	1,429	1,629	2,640	2,618
Capital Movements					
Less: Loan Principal Repaid	845	971	1,073	1,130	1,189
Add: Capital Income – Grants	0	2,291	0	449	3,232
Add: Capital Income - Loans	725	500	0	0	0
Less: Capital Expenditure	1,129	2,880	700	312	5,287
Less: Dividends	0	0	0	0	100
Net Cash Movement	(131)	369	(144)	1,647	(726)
Reserve Balance (Deficit)	(722)	(353)	(497)	1,150	424
Balance Outstanding Loans	9,037	8,566	7,493	6,363	5,181
Passenger Numbers	350,000	469,000	504,000	529,000	533,000

Passenger numbers have been increasing, the operating surplus is at a reasonable level and loan debt is decreasing.

Unfortunately, with the COVID-19 pandemic, the entire aviation industry has virtually stopped, with flights substantially reduced, and Jetstar and Virgin confirming that they will have no planes flying to BBGA for the period 1 April to 31 May 2020.

Based on the current level of upheaval it may be two or three years before the BBGA will return to its recent performance, assuming it does return, and the strategy is to now minimise the financial losses, stabilise financial performance in the short to medium term and prepare the BBGA for when there is an upswing in air travel.

The BBGA is a major business operation for Council and a significant economic driver for the region. The future performance of the BBGA may well reflect how the regional economy recovers for the next few years.

4.1 Ballina-Byron Gateway Airport - Long Term Financial Plan

The report that follows outlines the latest update of the LTFP.

Key Issues

- Minimise financial impact of pandemic in the short to medium term
- Position the BBGA to take advantage of any future upswing

Information

Council has always acknowledged the risk in operating the BBGA, in that it is capital intensive with significant loan debt, with very few airlines operating. The loan debt is required to fund infrastructure expansion or renewal with the majority of any operating surplus applied to the repayment of loan principal. With revenues for the BBGA now coming to a standstill the initial difficulty for Council is to manage the loan repayments with limited cash flow.

The LTFP for 2019/20 year onwards has been updated and a copy is included as Attachments 1 to 5. The attachments includes the following:

- Attachment 1 - Pages One and Two – Provides the actual and estimated operating results for the period from 2002/03 to 2029/30 (some years between 2002/03 and 2017/18 are hidden to allow the information to fit on the A3 pages). The actual figures for 2019/20 to 31 March 2020 are also included.
- Attachment 2 - Page Three – Outlines the capital movements for capital expenditure, sources of funding for that capital expenditure, the Airport Reserve cash balances and loan debt, including annual principal and interest repayments.
- Attachments 3, 4 and 5 – Charts summarising key ratios and figures.

The latest forecast operating results for the current year and the term of the draft 2020/21 to 2023/24 Delivery Program, as per pages one and two of Attachment 1, are summarised in the following table, with the column titled “2019/20 Revised” incorporating the revised income figures for 2019/20.

Table Two: Forecast Operating Results for 2019/20 to 2023/24

Item	2019/20 Estimate (\$'000)	2019/20 Revised (\$'000)	2020/21 Estimate (\$'000)	2021/22 Estimate (\$'000)	2022/23 Estimate (\$'000)	2023/24 Estimate (\$'000)
Operating Revenues	7,044	5,490	2,795	5,250	7,547	7,692
Operating Expenses	5,878	5,121	4,741	5,456	6,260	6,536
Operating Surplus / (Deficit)	1,166	369	(1,946)	(205)	1,286	1,156
Add Back Depreciation	900	900	1,050	1,101	1,282	1,481
Cash Operating Surplus	2,066	1,269	(896)	896	2,568	2,637
Capital Movements						
Less: Loan Principal Repaid	1,332	1,308	1,409	1,491	1,089	440
Add: Capital Income – Grants	818	818	405	15,000	15,000	0
Add: Capital Income - Loans	2,900	2,400	2,000	0	0	0
Less: Dividend	100	0	0	0	0	0
Less: Capital Expenditure	3,025	1,536	2,405	15,000	16,300	1,600
Net Cash Movement	1,357	1,643	(2,305)	(595)	180	597
Reserve Balance	1,751	2,067	(237)	(832)	(653)	(56)
Balance Outstanding Loans	6,749	6,273	6,863	5,373	4,284	3,843

4.1 Ballina-Byron Gateway Airport - Long Term Financial Plan

The cash operating surplus is forecast to reduce from the current estimate of a \$2.066m surplus in 2019/20, to a surplus of \$1.269m in 2020/21 and a deficit of \$896,000 in 2021/22. This represents a negative turnaround of close to \$3m.

The reasons for this are as follows:

- Passenger Charges – As per the first page of Attachment 1, the income from passenger charges, which was forecast at \$3.16m for 2019/20, with \$2.2m received to date, is now forecast at \$2.4m for 2019/20.

For 2020/21, the forecast is \$1.2m, \$2.4m for 2021/22 and \$3.2m for 2022/23.

The passenger numbers are expected to stop at 475,000 for the current financial year, reduce to 200,000 in 2020/21, double to 400,000 in 2021/22 and hopefully return to numbers similar to that prior to the COVID-19 pandemic by 2022/23.

The three years to return to “normal” service levels is similar to that which occurred during September 11, 2001 and the Global Financial Crisis (GFC).

The impact of the GFC on passenger numbers can be seen in Attachment 1, with numbers at 330,000 in 2008/09, 272,000 in 2009/10, 287,000 in 2010/11 and then returning to pre GFC numbers in 2011/12.

There is uncertainty as to whether passenger numbers will return to previous levels, although one line of thought is that people may holiday more domestically due to the impact of the pandemic. Only time will tell.

- Non-airline Revenue Reductions – The significant reduction in passenger numbers has flow-on impacts for all non-airline revenues such as parking, rentals, shuttle buses and advertising.

Based on 200,000 passengers the majority of the income items are at 40% of current levels for 2020/21 with 200,000 representing approximately 40% of current numbers.

The bottom line is that operating revenues are forecast to be \$4.2m less for 2020/21 than the original estimate for 2019/20.

- Operating Expenses – An underlining principle in all the revised forecasting for Council’s finances is that permanent staff will be retained. It is assumed that the BBGA will be operating daily during 2020/21 and no change is included in staffing levels. There are some savings in expenses such as cleaning and security (offset by a reduction in income), which are included in the revised forecasts.

Marketing is included at \$200,000, as it will be essential that Council conducts an aggressive marketing campaign, in conjunction with the airlines, once the BBGA is operational, as there will be strong competition across the country for airline services.

An allowance of \$80,000 has also been included in 2020/21 to update the BBGA Master Plan. With this major shock to operations, it is now timely to review the Master Plan, to re-assess the preferred long-term strategy and

4.1 Ballina-Byron Gateway Airport - Long Term Financial Plan

to confirm the essential capital works needed in the medium to long term. The updated Master Plan will underline the next review of the LTFP.

- Operating Result – The forecast result for 2020/21 is a deficit of \$1.9m compared to the original forecast surplus of \$1.2m for 2019/20.

Capital Movements

Capital Expenditure

The 2019/20 program has been downscaled to works completed, in progress or essential for the safe operation of the airport.

For 2020/21 there are two projects:

- Passenger Screening - \$405,000 – This is funded by the Federal Government with the funds received. The project represents improved screening as part of Australia wide security improvements.
- Car Parking, Solar and Boulevard - \$2m – The substantial reduction in passenger numbers does provide an opportunity to complete the improved car park arrangements and new parking system, such as boom gates, as well as the solar installation, which is designed to generate savings in electricity.

The new car park arrangements will generate increased revenues through improved compliance.

This work is fully loan funded based on a 20 year loan at 2.97% interest, which is the same rate that Council secured during 2019/20 for the \$2.4m loan for the terminal expansion.

Runway Widening – This project is now spread over 2021/22 and 2022/23 and is fully funded by grants. Based on the revised cash flows, Council is no longer in a position to finance this magnitude of works, or even 50%, which was the funding scenario in the original 2019/20 LTFP.

These works are still essential for the future viability of the BBGA and Council must continue to lobby State and Federal Governments for financial support.

Other works – All other works are pushed back to at least 2022/23 onwards, based on the forecast cash flows. Ideally some of these works will come forward if the financial position of the BBGA improves quicker than anticipated.

Reserve Balances

Based on this latest review the Airport Reserve is forecast to have a positive balance of \$2,067,400 as at 30 June 2020 and then negative balances from 2021/22 to 2024/25.

The BBGA has operated with negative reserve balances in the past (eg. 2013/14 (\$592,500), 2014/15 (\$724,200), 2015/16 (\$444,800)) and this means that the overdraft is offset against all the other reserves held by Council.

4.1 Ballina-Byron Gateway Airport - Long Term Financial Plan

The forecast overdrawn balance for 2020/21 is \$237,300, which is manageable, albeit that the \$832,300 forecast for 2021/22 is significant and leaves Council financially at risk if the financial performance does not improve as forecast.

The major contributor to the cash deficit is the annual loan principal repayments, forecast at \$1,308,000 for 2019/20, \$1,410,000 for 2020/21, \$1,490,000 for 2021/22 and \$1,089,000 for 2022/23, before decreasing substantially for 2023/24 onwards.

The borrowing of an additional \$2m in 2020/21 does not help however the car parking, solar and integration with the new Airport Boulevard are essential works.

Discussions are being held with the Banks in respect to possibly deferring some loan principal repayments during the next 15 month period to June 2021 to assist with improving the overall cash flows.

The loan principal has normally been repaid quickly, as new funds have always been needed to finance the next expansion or renewal project.

With there likely to be less expansions planned for the next few years, another option is refinancing some existing loans over a longer period to improve the cash flows.

For example, refinancing the existing debt, excluding the new \$2.4m terminal loan taken out in 2019/20, over a period of ten years would see the loan principal repayments decrease to approximately \$550,000 to \$650,000 for the next three years.

This represents a substantial saving on the forecasts in the LTFP although it does mean Council is carrying the existing debt for a longer period.

These options are all under consideration and this LTFP will be subject to constant review in response to market changes.

Federal Government Assistance

The Federal Government has announced support to the airline industry of approximately \$1 billion to date with the key elements being:

- Reimburse aviation fuel taxes - Provide commercial and aeromedical aircraft operators with relief from aviation fuel tax (excise and equivalent customs duty) from 1 February 2020 for a period of eight months.
- Relief from Airservices Australia charges - Relief from Airservices Australia charges from 1 February 2020 for a period of eight months.
- Provide a rebate for Domestic Aviation Security - Provide commercial and aeromedical aircraft operators with relief from domestic aviation security costs from 1 February 2020 for a period of eight months.

4.1 Ballina-Byron Gateway Airport - Long Term Financial Plan

- Regional Aviation Security - Provide additional funding to cover the implementation costs associated with enhanced regional airport security requirements and temporary funding for operational costs associated with these requirements. This is the \$405,000 included in the capital expenditure for 2020/21 and there may be further savings.
- Regional Air Network Assistance Package - \$200m to underwrite operating costs and guarantee core routes remain open.
- Small Regional Airlines - \$100m to provide direct financial support to smaller regional airlines who needed financial assistance.

The majority of these benefits are for the airlines and it remains uncertain as to whether regional airports will receive any other direct financial benefits.

Legal / Resource / Financial Implications

As outlined in the information section of this report.

Options

This report provides an overview of the latest financial plan for the BBGA.

As per the report the BBGA faces a significant downturn in the short to medium term and the level of recovery, and timing, remains the greatest unknown.

It is recommended that Council include this review of the LTFP in the draft 2020/21 to 2023/24 Delivery Program and Operational Plan, acknowledging that by the time the Delivery Program is adopted at the June 2020 Ordinary meeting, there may well be further significant changes based on what airlines are operating and how often.

RECOMMENDATIONS

1. That Council approves the inclusion of the Long Term Financial Plan for the Ballina – Byron Gateway Airport, as per the attachments to this report, in the draft 2020/21 to 2023/24 Delivery Program and Operational Plan.
2. That Council adopts the revised 2019/20 estimates, as per Attachments 1 and 2 to this report.

Attachment(s)

1. [LTFP - BBGA - Operating Revenues and Expenses - Operating Results](#)
2. [LTFP - BBGA - Capital Movements](#)
3. [LTFP - BBGA - Operating Revenues and Expenses Analysis](#)
4. [LTFP - BBGA - Debt Ratio](#)
5. [LTFP - BBGA - Passenger Numbers](#)

Ballina Byron Gateway Airport - Operating Result and Cash Flow Analysis - 2002/03 to 2029/30 (April 2020 Revision)																									
Actual											Estimated														
2002/03	2004/05	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2014/15	2016/17	2018/19	Description	2019/20	31-Mar-20	2019/20 Revised	2020/21	%	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
											OPERATING REVENUES														
	129%	21%	(2%)	5%	(18%)	6%	14%	3%	7%	1%	Passenger Numbers (% Change)		(11%)	(11%)	(58%)		100.0%	37.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.4%
83,000	189,000	320,000	313,000	330,000	272,000	287,000	328,000	350,000	504,000	533,000	Passengers	535,000	475,000	475,000	200,000	-11%	400,000	550,000	553,000	556,000	559,000	562,000	565,000	568,000	570,000
											Passenger Charges / Landing Fees														
818,900	1,075,400	1,453,700	1,369,600	1,299,600	1,217,600	1,299,300	1,806,500	2,138,600	2,353,100	3,154,800	Income - Passenger Charges (RPT)	3,160,000	2,218,000	2,400,000	1,184,000	-51%	2,368,000	3,155,000	3,218,100	3,282,500	3,348,200	3,415,200	3,483,600	3,553,300	3,624,400
53,700	113,600	18,700	42,700	49,800	45,000	80,100	55,000	39,000	47,400	47,700	Income - Landing Fees (ABASS)	53,000	39,200	45,000	40,000	-11%	56,000	57,200	58,400	59,600	60,800	62,100	63,400	64,700	66,000
0	0	0	42,700	0	45,000	0	0	0	69,300	5,500	Income - Landing Fees (ABASS Exemption)	5,000	8,200	9,000	9,000	0%	9,000	9,200	9,400	9,600	9,800	10,000	10,200	10,500	10,800
											Other Fees and Charges														
0	256,700	564,600	649,900	1,100,000	637,800	751,100	881,400	1,067,000	1,375,400	1,372,500	Security Charges Jet Airlines	1,411,000	962,500	1,100,000	515,000	-53%	1,030,000	1,519,600	1,550,000	1,581,000	1,612,700	1,645,000	1,677,900	1,711,500	1,745,800
8,500	19,700	56,100	60,900	64,800	63,500	91,000	184,400	278,500	484,300	572,000	Car Rental Franchises	570,000	456,200	480,000	215,000	-55%	429,000	614,000	628,300	638,900	651,700	664,800	678,100	691,700	705,600
18,500	21,300	25,900	37,400	45,200	49,000	47,900	51,600	64,200	62,100	67,300	Hanger, Land and Other Building Rentals	77,000	63,200	77,000	79,000	3%	81,000	83,100	84,800	86,500	88,300	90,100	92,000	93,900	95,800
9,500	10,000	10,600	10,800	24,500	24,800	25,500	26,500	37,000	39,000	45,100	Airport Fuel Site Rent	46,000	30,400	46,000	47,000	2%	49,000	49,700	50,700	51,800	52,900	54,000	55,100	56,300	57,500
10,500	10,900	2,900	7,500	26,800	23,800	25,300	26,600	84,000	63,100	69,600	Rental Terminal Building	150,000	152,000	155,000	75,000	-52%	135,000	161,700	165,000	168,300	171,700	175,200	178,800	182,400	186,100
3,700	14,100	21,900	26,200	20,800	19,600	20,300	20,400	23,000	24,400	25,400	Rental Administration Building	27,000	21,500	23,000	12,000	-48%	28,400	29,200	29,800	30,400	31,100	31,800	32,500	33,200	33,900
0	3,600	3,700	4,400	4,200	2,200	6,400	3,800	5,200	9,400	2,000	Aviation Security Cards	0	0	0	0%	0	0	0	0	0	0	0	0	0	0
0	0	76,100	172,800	175,900	192,500	238,600	293,600	467,200	641,200	738,000	Airport Car Parking	745,000	526,700	530,000	250,000	-53%	554,000	802,400	818,500	834,900	851,600	868,700	886,100	903,900	922,000
0	0	12,000	23,000	20,200	21,300	20,800	20,000	21,000	34,300	56,200	Airport Car Parking Fines	36,000	41,500	42,000	20,000	-52%	30,000	40,000	40,800	41,700	42,600	43,500	44,400	45,300	46,300
0	0	14,000	59,400	67,500	79,600	112,800	111,300	131,800	143,100	139,100	Airport Shuttle Bus Rents	160,000	97,200	100,000	50,000	-50%	104,000	170,000	173,400	176,900	180,500	184,200	187,900	191,700	195,600
0	0	1,500	800	0	0	0	0	67,000	73,300	76,600	Advertising	88,000	63,000	65,000	30,000	-54%	57,000	90,000	91,800	93,700	95,600	97,600	99,600	101,600	103,700
0	0	0	0	0	0	0	0	0	14,700	10,500	Airport Lease Rentals	15,000	6,000	7,000	7,000	0%	8,000	16,000	16,400	16,800	17,200	17,600	18,000	18,400	18,800
0	0	0	0	0	0	0	0	0	0	0	Interest Earned	0	0	0	0%	0	0	0	0	0	0	0	0	0	0
											Contributions to Council Expenses														
0	0	0	0	0	0	0	0	46,200	57,900	49,400	Contributions - Fire Station, NDB and Generator	71,000	47,600	71,000	73,000	3%	74,700	76,200	77,800	79,400	81,000	82,700	84,400	86,100	87,900
0	0	0	0	0	0	0	0	0	99,400	361,600	Contributions - CAGRO Operations	330,000	230,300	240,000	120,000	-50%	200,000	280,000	285,600	291,400	297,300	303,300	309,400	315,600	322,000
0	0	0	0	0	0	0	0	240,100	188,800	133,800	Contributions - Loan Interest NSW LIRS	100,000	29,700	100,000	69,000	-31%	37,300	6,300	0	0	0	0	0	0	0
923,300	1,525,300	2,261,700	2,508,100	2,899,300	2,421,700	2,719,100	3,483,100	4,709,800	5,780,200	6,927,100	Total Operating Revenues	7,044,000	4,993,200	5,490,000	2,795,000	-49%	5,250,400	7,159,600	7,296,800	7,443,400	7,593,000	7,745,800	7,901,400	8,060,100	8,222,200
											OPERATING EXPENSES														
											Management														
9,800	3,100	80,400	132,900	168,900	277,600	356,600	400,000	654,900	704,100	812,900	Salaries and Oncosts	955,000	627,200	955,000	978,000	2%	1,003,400	1,028,500	1,054,200	1,080,600	1,107,600	1,135,300	1,163,700	1,192,800	1,222,600
1,300	(800)	4,400	3,500	7,400	7,600	13,300	9,800	16,400	20,500	15,400	Conferences and Seminars	15,000	15,000	15,000	10,000	-33%	15,800	16,200	16,600	17,000	17,400	17,800	18,200	18,700	19,200
0	0	0	0	1,400	5,200	20,200	45,600	32,300	36,000	131,900	Office Expenses	12,000	11,300	12,000	12,000	0%	12,600	12,900	13,200	13,500	13,800	14,100	14,500	14,900	15,300
0	0	0	0	12,500	12,500	21,000	21,500	20,100	19,000	17,100	Vehicle	17,600	13,200	17,600	5,700	-68%	5,800	5,900	6,000	6,200	6,400	6,600	6,800	7,000	7,200
											Buildings and Facilities - Maintenance														
39,200	49,500	89,300	105,600	129,700	134,100	142,600	122,000	113,700	114,300	121,700	Cleaning Contracts	180,000	123,100	140,000	120,000	-14%	140,000	165,000	169,100	173,300	177,600	182,000	186,600	191,300	196,100
30,200	49,200	52,200	55,700	74,600	94,700	96,000	132,400	98,300	118,800	48,900	Buildings Maintenance	60,000	43,700	50,000	40,000	-20%	50,000	51,300	52,600	53,900	55,200	56,600	58,000	59,500	61,000
17,000	22,200	46,400	26,300	33,800	35,800	44,900	59,600	35,700	35,400	6,000	Airport Building Area, Roads and Services	30,000	4,900	6,000	6,000	0%	10,000	10,300	10,600	10,900	11,200	11,500	11,800	12,100	12,400
(operating result continued on following page)																									

4.1 Ballina-Byron Gateway Airport - Long Term Financial Plan

Actual											Estimated															
2002/03	2004/05	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2014/15	2016/17	2018/19	Description (cont'd)	2019/20	31-Mar-20	2019/20 Revised	2020/21	%	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	
											Operation Expenses															
4,800	0	1,400	0	0	0	6,400	4,900	1,800	7,900	600	Legal Fees	12,000	8,600	10,000	10,000	0%	12,000	12,300	12,600	12,900	13,200	13,500	13,800	14,100	14,500	
2,900	3,700	4,400	8,200	4,500	5,300	7,800	7,900	7,400	6,900	7,800	Telephone Airport	10,000	6,200	10,000	10,000	0%	10,000	10,300	10,600	10,900	11,200	11,500	11,800	12,100	12,400	
36,300	40,000	36,000	43,600	19,800	19,000	40,000	85,900	95,300	97,800	75,000	Consultancies	50,000	21,700	22,000	20,000	-9%	20,000	20,500	21,000	21,500	22,000	22,600	23,200	23,800	24,400	
0	0	0	0	0	1,300	1,500	2,000	6,200	9,300	11,800	Bank Fees	12,000	7,200	9,000	9,000	0%	12,000	12,300	12,600	12,900	13,200	13,500	13,800	14,100	14,500	
6,500	8,800	11,000	11,600	18,900	23,000	22,800	26,000	41,400	69,800	53,800	Insurance	31,000	23,600	24,000	24,000	0%	25,000	25,600	26,200	26,900	27,600	28,300	29,000	29,700	30,400	
11,300	11,600	10,000	20,100	31,100	28,300	31,700	25,300	46,900	30,600	50,600	Rates	52,000	52,700	52,000	54,000	4%	55,000	56,400	57,800	59,200	60,700	62,200	63,800	65,400	67,000	
186,200	248,400	520,300	590,400	938,500	486,100	546,700	622,700	955,600	1,051,800	1,126,600	Security in Departure Lounge	1,311,000	921,700	1,050,000	515,000	-51%	1,030,000	1,519,600	1,550,000	1,581,000	1,612,700	1,645,000	1,677,900	1,711,500	1,745,800	
0	0	1,600	3,500	33,700	24,000	22,700	21,300	17,000	9,600	14,700	Vermin and Pest Control	10,000	5,000	10,000	10,000	0%	10,000	10,300	10,600	10,900	11,200	11,500	11,800	12,100	12,400	
0	0	0	0	0	0	0	0	0	0	0	Compliance Inspections / Services	35,000	0	35,000	35,000	0%	35,000	35,900	36,800	37,700	38,600	39,600	40,600	41,600	42,600	
0	0	0	0	0	0	0	0	0	270,200	361,700	Certified Air Ground Controller (CAGRO)	380,000	246,400	240,000	120,000	-50%	200,000	280,000	285,600	291,400	297,300	303,300	309,400	315,600	322,000	
0	2,400	5,600	6,300	6,700	3,600	5,100	7,500	6,700	8,600	9,500	Aviation Security Card and Driving Charges	4,000	1,000	2,000	2,000	0%	2,000	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800	
0	21,100	21,400	29,800	61,500	64,900	77,500	78,100	63,600	58,000	86,400	Bird Control Strategy	80,000	49,900	80,000	80,000	0%	82,000	84,100	86,200	88,400	90,600	92,900	95,200	97,600	100,000	
0	0	0	0	2,300	4,500	4,100	800	300	400	300	Drug and Alcohol Management	500	0	500	500	0%	500	500	500	500	500	500	500	500	500	500
30,600	70,100	77,400	56,000	80,200	88,800	79,900	96,400	49,000	23,000	17,400	Aircraft Movement Area	140,000	17,600	30,000	30,000	0%	60,000	61,500	63,000	64,600	66,200	67,900	69,600	71,300	73,100	
45,700	32,800	67,800	74,100	76,600	81,200	78,200	90,100	41,800	5,200	1,100	Remainder Of Movement Area	0	0	0	0	0%	0	0	0	0	0	0	0	0	0	
10,200	21,000	16,900	17,900	15,700	20,000	10,500	20,700	19,000	23,300	9,300	Fencing and Security	21,000	13,000	20,000	20,000	0%	22,000	22,600	23,200	23,800	24,400	25,000	25,600	26,200	26,900	
1,000	1,000	9,300	5,400	2,900	3,400	1,300	4,100	3,000	2,000	1,600	Approach Clearing	6,000	2,500	6,000	6,000	0%	6,000	6,200	6,400	6,600	6,800	7,000	7,200	7,400	7,600	
0	1,900	2,600	5,300	0	0	300	2,200	0	1,000	0	Approach Survey	1,000	300	1,000	1,000	0%	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
4,300	2,000	4,600	8,700	9,300	7,700	8,700	14,400	7,700	1,100	0	Extraordinary Inspections	1,200	100	1,200	1,000	-17%	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
0	0	2,000	1,300	0	3,100	3,200	400	1,600	8,300	16,800	Lighting Inspections	10,000	4,100	10,000	10,000	0%	10,000	10,300	10,600	10,900	11,200	11,500	11,800	12,100	12,400	
2,700	600	5,500	800	3,900	1,400	4,700	4,400	2,000	25,400	16,200	Markers, Cones and Wind Indicators	5,000	3,700	5,000	5,000	0%	5,000	5,100	5,200	5,300	5,400	5,500	5,600	5,700	5,800	
200	100	300	4,100	1,600	4,400	2,700	1,800	34,100	17,500	56,800	Service Charges	70,000	44,000	70,000	70,000	0%	72,000	73,800	75,600	77,500	79,400	81,400	83,400	85,500	87,600	
0	0	200	2,100	200	1,400	1,900	500	6,600	0	5,500	Emergency Exercises	10,000	0	0	0	0%	10,000	10,300	10,600	10,900	11,200	11,500	11,800	12,100	12,400	
24,400	15,300	32,300	11,300	17,100	15,400	15,500	17,600	9,800	30,600	5,800	Lighting Maintenance and Repairs	15,000	21,100	25,000	25,000	0%	15,000	15,400	15,800	16,200	16,600	17,000	17,400	17,800	18,200	
28,800	29,000	31,600	37,800	56,900	80,400	89,600	104,000	140,700	106,200	125,700	Electricity	150,000	125,800	150,000	153,000	2%	155,000	158,900	162,900	167,000	171,200	175,500	179,900	184,400	189,000	
0	0	8,000	8,100	0	1,600	200	3,300	600	3,100	3,900	Emergency Generator	5,000	800	5,000	5,000	0%	5,000	5,100	5,200	5,300	5,400	5,500	5,600	5,700	5,800	
5,200	14,100	24,500	20,600	33,200	43,000	81,300	142,400	163,900	319,500	219,600	Promotion	280,000	161,800	220,000	200,000	-9%	250,000	300,000	307,500	315,200	323,100	331,200	339,500	348,000	356,700	
3,000	3,000	3,000	3,300	3,300	3,300	3,300	3,000	6,200	6,200	6,100	Airport Owners Assoc Membership	7,000	6,500	7,000	7,000	0%	7,000	7,200	7,400	7,600	7,800	8,000	8,200	8,400	8,600	
0	100	200	200	200	200	200	200	200	100	0	Aviation Publications	0	0	0	0	0%	0	0	0	0	0	0	0	0	0	
0	0	35,700	59,000	63,700	66,400	55,400	67,200	61,500	55,800	78,200	Paid Car Parking	74,000	51,700	55,000	55,000	0%	40,000	30,000	30,800	31,600	32,400	33,200	34,000	34,900	35,800	
0	0	0	0	0	0	0	0	0	0	0	RNP Procedures	0	0	0	0	0%	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	800	15,200	16,400	26,600	2,200	4,000	Airport Signs	8,000	500	8,000	8,000	0%	8,000	8,200	8,400	8,600	8,800	9,000	9,200	9,400	9,600	
0	0	0	0	0	4,200	0	0	0	0	0	Airport Master Plan	0	0	0	80,000	100%	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	51,000	50,000	Plant and Equipment Maintenance	65,000	51,200	65,000	65,000	0%	65,000	66,600	68,300	70,000	71,800	73,600	75,400	77,300	79,200	
											Overheads and Debt Servicing															
129,500	134,800	88,000	157,000	176,000	204,000	213,000	268,000	302,000	378,000	431,400	Overheads to Airport	509,000	381,700	509,000	638,000	25%	654,000	670,400	687,200	704,400	722,000	740,100	758,600	777,600	797,000	
95,600	59,000	41,800	101,800	109,500	243,500	217,000	237,900	502,300	422,600	306,800	Interest On Loans Airport	343,400	271,400	294,000	250,500	-15%	237,700	164,800	129,500	114,500	106,500	100,000	94,000	87,000	82,000	
											Non-Cash															
167,200	165,000	270,500	329,400	271,000	555,100	735,000	784,000	770,700	806,800	782,100	Depreciation - Airport	900,000	0	900,000	1,050,000	17%	1,101,000	1,282,000	1,477,000	1,530,000	1,588,000	1,628,000	1,669,000	1,741,000	1,815,000	
893,900	1,009,000	1,606,600	1,941,700	2,466,600	2,656,800	3,078,000	3,552,300	4,362,900	4,957,900	5,091,000	Total Operating Expenses	5,877,700	3,340,200	5,121,300	4,740,700	-7%	5,455,800	6,260,400	6,531,600	6,683,900	6,850,600	7,003,700	7,160,800	7,350,900	7,547,800	
29,400	516,300	655,100	566,400	432,700	(235,100)	(358,900)	(69,200)	346,900	822,300	1,836,100	Operating Result - Surplus / (Deficit)	1,166,300	1,653,000	368,700	(1,945,700)	-628%	(205,400)	899,200	765,200	759,500	742,400	742,100	740,600	709,200	674,400	
167,200	165,000	270,500	329,400	271,000	555,100	735,000	784,000	770,700	806,800	782,100	Add Back Depreciation	900,000	0	900,000	1,050,000	17%	1,101,000	1,282,000	1,477,000	1,530,000	1,588,000	1,628,000	1,669,000	1,741,000	1,815,000	
196,600	681,300	925,600	895,800	703,700	320,000	376,100	714,800	1,117,600	1,629,100	2,618,200	Cash Result - Surplus / (Deficit)	2,066,300	1,653,000	1,268,700	(895,700)	-171%	895,600	2,181,200	2,242,200	2,289,500	2,330,400	2,370,100	2,409,600	2,450,200	2,489,400	
											Capital Movements															
0	169,000	185,800	237,600	251,400	433,100	237,400	250,600	845,500	1,073,300	1,188,700	Less Loan Principal Repayments	1,331,900	778,200	1,308,000	1,409,000		1,490,600	1,088,700	440,400	240,100	248,100	195,000	201,000	208,000	213,000	
196,600	512,600	927,800	853,300	703,600	0	142,000	464,200	272,100	555,800</																	

4.1 Ballina-Byron Gateway Airport - Long Term Financial Plan

Ballina Byron Gateway Airport - Capital Movements (April 2020 Revision)																							
Airport - Capital Expenditure Summary												Funding Sources 2020/21			Funding Sources 2021/22			Funding Sources 2022/23			Funding Sources 2023/24		
Asset Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Grants	Loans	Reserves	Grants	Loans	Reserves	Grants	Loans	Reserves	Grants	Loans	Reserves
Ballina Airport																							
Apron Overlay and Concrete Pads	20,000			400,000	400,000									0			0			400,000			400,000
Baggage Area						1,200,000								0			0			0			0
Car Parking, Solar, Boulevard	50,000	2,000,000											2,000,000	0			0			0			0
Crown Land and Revetment Wall					100,000									0			0			0			100,000
CAGRO Facility	15,000					300,000								0			0			0			0
Checked Baggage Screening				500,000	400,000									0			0			500,000			400,000
Drainage					300,000									0			0			0			300,000
Passenger Screening		405,000										405,000		0			0			0			0
PALC, Lighting Controls and ALER	320,000													0			0			0			0
Runway Approach Lighting					400,000									0			0			0			400,000
Runway Friction and Groove Testing						400,000								0			0			0			0
Runway Widening and Overlay			15,000,000	15,000,000										0	15,000,000		0	15,000,000		0			0
Terminal Expansion - Stage Two	1,050,000										4,000,000			0			0			0			0
Terminal Expansion - Stage Three									3,000,000	3,000,000				0			0			0			0
Miscellaneous Infrastructure	50,000													0			0			0			0
Vehicle	30,600													0			0			0			0
Total	1,535,600	2,405,000	15,000,000	15,900,000	1,600,000	1,900,000	0	0	3,000,000	3,000,000	4,000,000	405,000	2,000,000	0	15,000,000	0	0	15,000,000	0	900,000	0	0	1,600,000

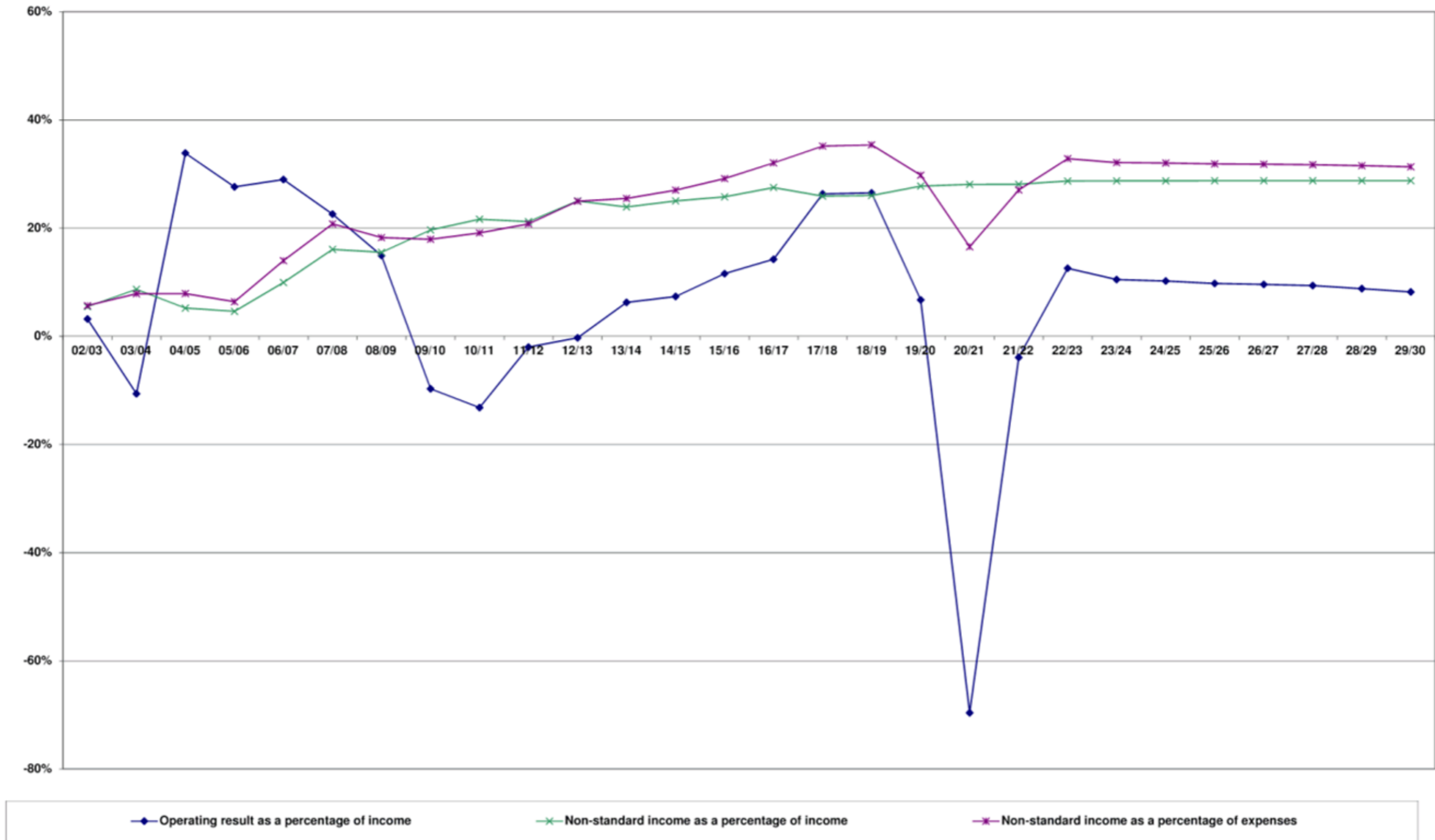
Source of Capital Funding	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Capital Grants and Contributions	818,500	405,000	15,000,000	15,000,000	0	0	0	0	0	0	0
Loan Borrowings	2,400,000	2,000,000	0	0	0	0	0	0	0	0	0
Reserves	(1,682,900)	0	0	900,000	1,600,000	1,900,000	0	0	3,000,000	3,000,000	4,000,000
Total	1,535,600	2,405,000	15,000,000	15,900,000	1,600,000	1,900,000	0	0	3,000,000	3,000,000	4,000,000

Airport Reserve Balances	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Opening Balance	423,800	2,067,400	(237,300)	(832,300)	(639,800)	(438,000)	(288,600)	1,793,700	3,968,800	3,177,400	2,419,600
Movement	1,643,600	(2,304,700)	(595,000)	192,500	201,800	149,400	2,082,300	2,175,100	(791,400)	(757,800)	(1,723,600)
Closing Balance	2,067,400	(237,300)	(832,300)	(639,800)	(438,000)	(288,600)	1,793,700	3,968,800	3,177,400	2,419,600	696,000

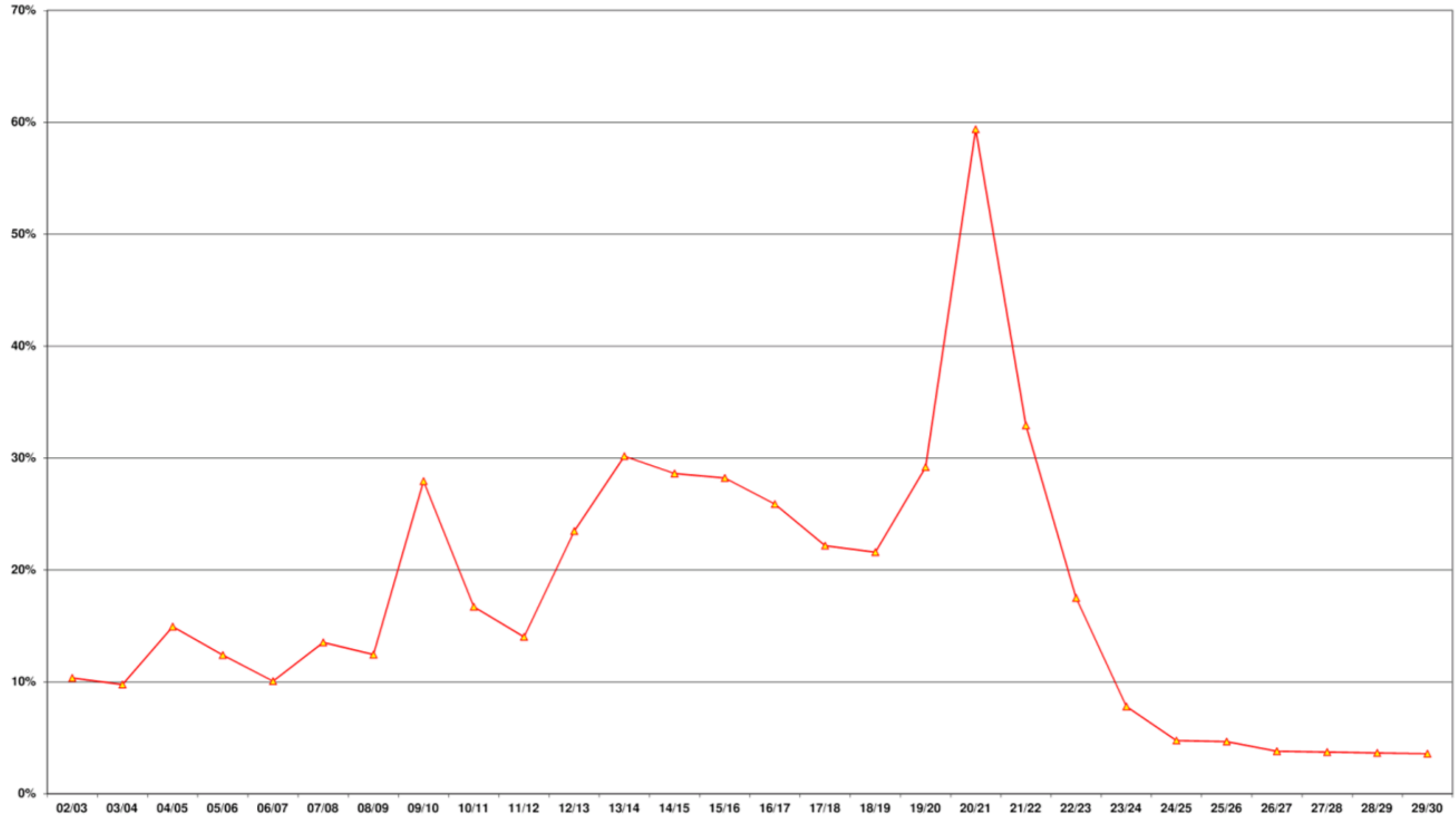
Loan Summary	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Loan Principal	1,308,000	1,410,000	1,490,700	1,088,800	440,500	240,200	247,700	195,000	201,000	208,000	213,000
Loan Interest	294,800	250,900	238,100	165,200	129,900	115,000	107,000	100,000	94,000	87,000	82,000
Total	1,602,800	1,660,900	1,728,800	1,254,000	570,400	355,200	354,700	295,000	295,000	295,000	295,000
Principal Outstanding - 30 June	6,273,200	6,863,200	5,372,500	4,283,700	3,843,200	3,603,000	3,355,300	3,160,300	2,959,300	2,751,300	2,538,300

Infrastructure Assets	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Written Down Value	45,848	47,203	61,102	75,720	75,843	76,213	74,625	72,997	74,328	75,587	77,772

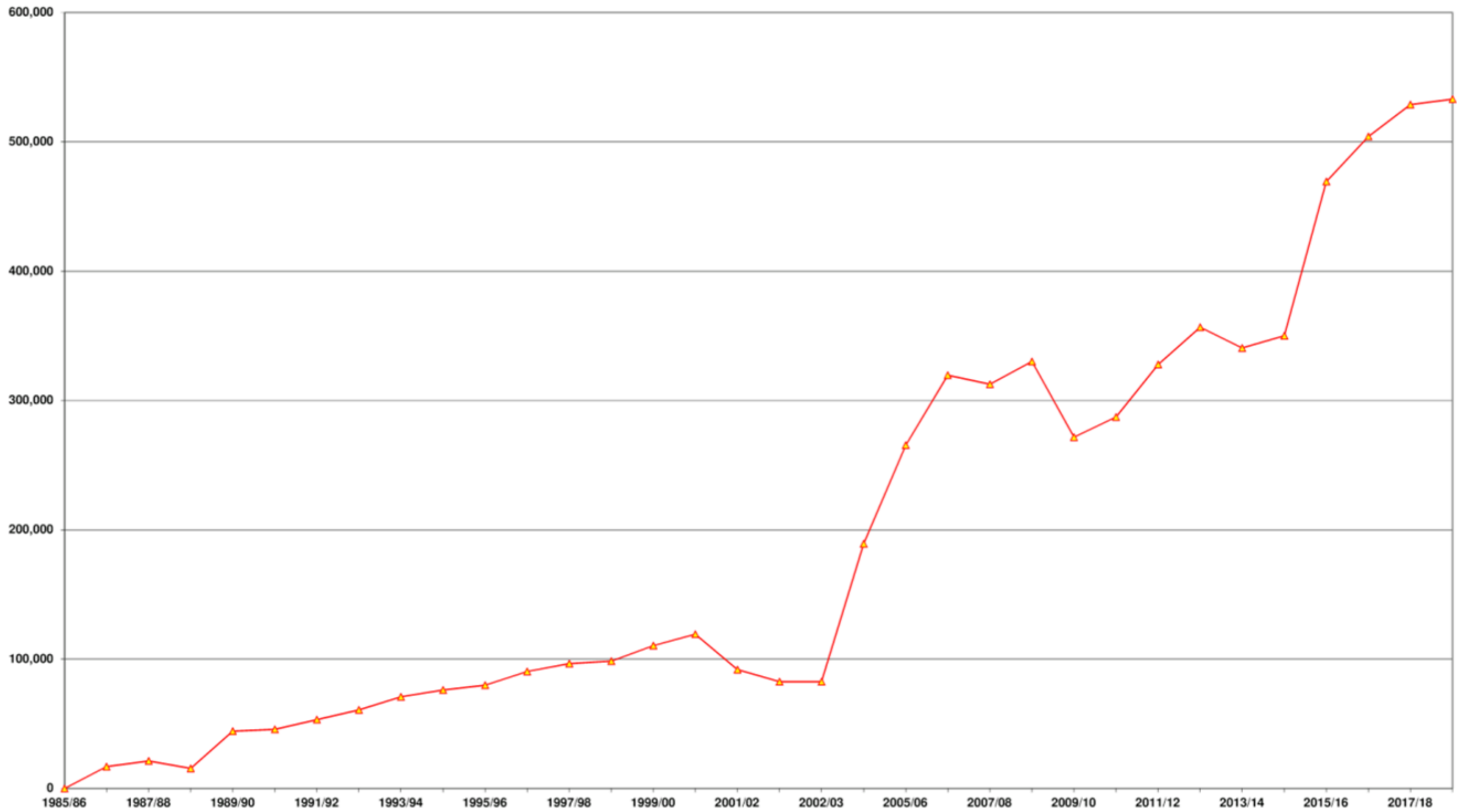
Ballina Byron Gateway Airport - Operating Revenues and Expenses Analysis - 2002/03 to 2029/30



Ballina Byron Gateway Airport - Debt Ratio - 2002/03 to 2029/30



Ballina - Byron Gateway Airport - Historical Passenger Numbers - 1985 to 2018/19



4.2 Airline Agreement - Update

4.2 Airline Agreement - Update

Delivery Program

Commercial Services

Objective

To provide an overview of the confidential report included in this agenda in respect to one airline agreement.

Background

A report was presented to the December 2019 Ordinary Council meeting in regards to one airline agreement. Circumstances have changed substantially since that report and as that agreement includes commercial information, in what is a very competitive market, a confidential report has been prepared and is included later in this agenda.

Key Issues

- Agreement terms and conditions

Information

The COVID-19 pandemic has had a catastrophic impact upon domestic and international air travel. Ballina Byron Gateway Airport ("BBGA") has been particularly hard hit with the loss of nearly all regular passenger services:

- REX ceased services in late March 2020. This was due to happen with the commencement of the proposed Qantaslink service on 31 March, 2020.
- Virgin ceased services on 27 March, 2020.
- Jetstar services on 30 March, 2020.
- Fly Pelican has dropped back from six services per week to two services per week and is struggling to survive. The announcement on 29 March by the Federal Government of a relief package for domestic airlines may assist Fly Pelican. The BBGA Airport Manager is working with Fly Pelican and the Federal Department of Infrastructure to maintain services between Ballina and Newcastle.
- The proposed Qantaslink daily return service to Sydney, due to commence on 31 March, has been suspended until further notice.

The agreements are subject to commercial negotiations and the confidential report later in this agenda provides an update on the terms and conditions of one of the agreements.

The BBGA terminal has been closed and will only be opened to service the Fly Pelican services on an as required basis.

The Airport will remain open for general aviation, charters, medical and military uses.

Legal / Resource / Financial Implications

Council and the airlines have legal responsibilities in respect to the agreements.

Consultation

Staff have been in discussions with the airline who is a party to the agreement as outlined in the confidential report.

Options

This report provides a preliminary overview of the confidential report. Detailed commercial and confidential information is contained in the confidential report included later in this agenda.

RECOMMENDATION

That Council notes the contents of this preliminary report on the airline agreements, with the confidential report included in this agenda detailing the commercial and confidential aspects of one agreement.

Attachment(s)

Nil

4.3 Property Development - Update

4.3 Property Development - Update

Delivery Program

Commercial Services

Objective

To provide an update on the property development projects underway and assess the impact of the COVID-19 pandemic.

Background

The COVID-19 pandemic has resulted in a major economic downturn that has impacted Council's commercial activities, in particular the Ballina – Byron Gateway Airport and the commercial property portfolio. This report reviews the following property development projects:

- Wollongbar Urban Expansion Area – Stage Three
- Southern Cross Industrial Estate – Boeing Avenue
- Southern Cross Industrial Estate – Innovation Precinct

In addition, the estimate to complete Airport Boulevard has increased substantially and prior to calling tenders for construction of the road and roundabout components, it is recommended that Council review the scope of works.

Key Issues

- Viability of projects
- Financial risk and return

Information

Wollongbar Urban Expansion Area – Stage three

The final stage of this development involves the construction of 30 residential lots and one lot for a childcare centre.

A copy of the lot layout plan is included as Attachment 1.

The development has planning consent and approximately \$110,000 has been expended on remediation works this financial year.

A review of the feasibility for the development is included as Attachment 2, with a summary outlined in Table One.

Table One – WUEA – Stage Three – Review (\$)

Item	Original	COVID-19 (-20%)	COVID-19 (-20%) Less Childcare Site
Net Sale Proceeds	9,328,000	8,391,000	7,294,000
Less Development Costs	4,402,000	4,402,000	4,359,000
Less Interest on Funding	141,000	149,000	158,000
Return on Total Development Costs	(105%) 4,785,000	(84%) 3,840,000	(61%) 2,777,000
Return on Funds Applied	(40%) 2,652,000	(30%) 1,920,000	(18%) 1,107,000

4.3 Property Development - Update

Key points from Attachment 2 and Table One are:

- A 10% reduction in sales results in the net return on development costs reducing from \$4.8m to \$3.84m
- If Council decides to retain the proposed childcare site, the net return reduces from \$4.8m or \$3.84m to \$2.8m.
- The childcare site has a value, originally estimated at \$1.4m, less any decrease in value due to current market conditions.
- As per the cash flow summaries in Attachment 2, Council has loan financing debt approaching \$4.4m in quarter four 2020/21.
- Assumed sales for this analysis are based on two financial years from July 2021 to June 2023.
- Sales equate to just above one lot sold per month, for that two year period (actual figure is 1.3).

Based on this evaluation the development remains viable and consistent with Council's Property Investment and Development Policy that requires a high risk development to return from 5% to 10% above the bank bill swap rate (BBSW).

The policy requires a medium risk development to return 2% to 5% above the BBSW. The current BBSW ranges from 0.42% to 0.60%.

The major concern with the development is the debt required to finance the project, which when combined with the other projects underway, becomes substantial.

If the forecast sales are reduced by 20%, and the childcare site is removed, the return on funds applied reduces to \$467,000 and a return of 8%.

This makes the project marginal and below the 10% threshold as per the Property Investment and Development Policy.

Boeing Avenue – Lots Two and Three

This development now involves the construction of 26 industrial lots. A copy of the concept plan is included as Attachment 3.

The development has planning consent for a five lot subdivision, which includes two drainage reserves, and filling. Council's original plan was to create five bulky goods lots, albeit the market for bulky goods decreased and Council approved a change in the zoning to allow smaller lots. The 26 lot concept does not yet have planning consent.

Council has expended approximately \$3.5m this financial year filling the site.

A review of the feasibility for the development and is included as Attachment 4, with a summary outlined in Table Two.

Table Two – Boeing Avenue – Lots Two and Three - Review (\$)

Item	Original	COVID-19 (-10%)	COVID-19 (-20%)
Net Sale Proceeds	13,130,000	11,812,000	10,496,000
Less Development Costs	7,712,000	7,712,000	7,712,000
Less Interest on Funding	366,000	381,000	381,000
Return on Total Development Costs	(66%) 5,052,000	(48%) 3,719,000	(31%) 2,403,000
Return on Funds Applied	(30%) 2,337,000	(17%) 1,275,000	(3%) 231,000

4.3 Property Development - Update

Key points from Attachment 4 and Table Two are:

- A 10% reduction in sales results in the net return on development costs reducing from \$5.1m to \$3.8m
- A 20% reduction results in the net return on development costs reducing to \$2.4m
- As per the cash flow summaries in Attachment 4, Council has loan financing debt slightly above \$7.6m in quarter four 2020/21
- Assumed sales for this analysis are based on two financial years from July 2021 to June 2023.
- Sales equate to approximately one lot sold per month, for that two year period (actual figure is 1.1).

Based on this evaluation the development remains viable and consistent with Council's Property Investment and Development Policy, unless the sale prices decrease by 20%, when the return on funds applied reduces to 3%, making the project unviable.

Industrial land is far more susceptible to downturns in the economy and there is a risk prices could drop 20%, or alternatively the sale time could extend beyond two years.

The other major concern with the development is the \$7.6m debt required to finance the project, which when combined with the other projects underway, becomes substantial.

Southern Cross - Innovation Precinct

This development involves the construction of three large size industrial lots.

A copy of the lot layout plan is included as Attachment 5.

The land is still in the process of being rezoned to allow the development to proceed and no funds have been expended on the actual construction of the lots.

Council secured a \$3.95m grant to facilitate this development from the NSW State Government through the Restart NSW Funding Program.

The outcomes identified in the grant conditions include the following statements:

Project Description – Lead-in infrastructure to activate three hectares (39 hectares in longer term) of industrial land adjacent to Ballina Byron Gateway Airport.

It is proposed that three lots will form an innovation precinct and act as a catalyst for future development of the expansion precinct.

The grant is silent on the tenants or sale or lease of the land, the main point being that Council must activate the three hectares.

A review of the feasibility for the development is included as Attachment 6, with a summary outlined in Table Three.

4.3 Property Development - Update

Table Three – Innovation Precinct - Review (\$)

Item	Original All Lots Sold	COVID-19 (-20%) All Lots Sold	COVID-19 (-20%) Two Lots Sold
Net Sale Proceeds	13,306,000	10,643,000	3,277,000
Add Grant Income	3,950,000	3,950,000	3,950,000
Less Development Costs	9,014,000	9,014,000	9,014,000
Less Interest on Funding	147,000	157,000	341,000
Return on Total Development Costs	(88%) 8,095,000	(59%) 5,422,000	(-23%) (2,128,000)
Return on Funds Applied	5,349,000	3,226,000	N/A
Value of Land Held			7,600,000

Key points from Attachment 6 and Table Three are:

- A 20% reduction in sales results in the net return on development costs reducing from \$8.1m to \$5.4m
- As per the cash flow summaries in Attachment 6, Council has loan financing debt approaching \$6.3m in quarter four 2020/21
- The first cash flow assumes Council will sell all the lots over two financial years from July 2021 to June 2023 based on a reduced price of 20%
- The second cash flow assumes that Council retains three lots for leasing and only sells two lots. The leasing proposal means that Council has a net debt on the development and this debt will then need to be paid by future rental of the remaining three lots. The debt will take a period of six to seven years to repay.

The grant funds make this development proposal feasible, subject to there being a market to sell the land.

As per the other proposals the other major concern with the development is the \$6.3m debt required to finance the project, which when combined with the other projects underway, becomes substantial.

Airport Boulevard

This project has a total budget of \$7m allocated as follows:

2017/18 - \$53,000 expended

2018/19 - \$381,700 expended

2019/20 - \$6,565,300 budget with \$2.9m expended to date.

The budget is funded from a \$3m Federal Government grant and \$4m from Council's Property Development Reserve.

This project commenced in 2017 when Council signed a funding agreement for the project, with the Federal Government, based on a total project cost of \$6.7 million, of which the Federal Government would contribute \$3m.

The cost estimates were based upon concept plans and were subject to detailed design and development approvals. It was generally assumed that given the ground conditions, costs could blowout if wet weather hit during construction and created elevated groundwater conditions etc.

Ardill Payne and Partners (APP) were engaged in March 2018 to design the road and associated components, at a contract cost of \$124,000, and since then the detailed design has progressed and development consent has been granted.

4.3 Property Development - Update

Tenders were called in 2019 for filling and drainage works for the road corridor with CD Excavations being the successful contractor.

CD Excavation was appointed based on a price that came in under budget for this portion of the project and these works are now complete at a cost of approximately \$3m.

In October 2019 APP provided a cost estimate of \$3.5m to \$4m to undertake civil works to complete the project once filling and drainage works were completed.

In March 2020, APP provided a revised cost estimate of \$7.3m to complete the civil works based on the following breakdown.

APP Schedule Summary – March 2020	Amount (\$)
Preliminaries and Environmental Controls	502,022
Roadworks	4,849,995
Stormwater Drainage	1,247,930
Sewer reticulation	28,720
Water Reticulation	406,140
Additional Items (Electrical-NBN-Landscape)	270,000
Total	7,304,807

Once an allowance for other electrical works and a 20% contingency is included, the estimate for the total project increases to almost \$12m; i.e.

Item	Amount (\$)
2017/18 actual expenditure	53,000
2018/19 actual expenditure	381,700
2019/20 expenditure to date	2,909,000
APP estimate for balance of works	7,305,000
Electrical works (verbal estimate from APP)	500,000
Contingency on remaining works (10%)	780,000
Total Budget	11,928,700

This represents a funding shortfall of \$5m (\$12m compared to \$7m).

The only option available to fund this project is loan funding. Based on a loan over 20 years at 3% interest, the annual repayments are approximately \$336,000 per annum.

Attachment 7 is a forecast cash flow for Airport Boulevard based on the estimated cost of \$12m.

A major component of the remaining expenditure is the construction of the three roundabouts (at Airport, Boeing Avenue and North Creek Road). Each roundabout is estimated to cost, on average, \$1.25 million.

One option to save costs is to reduce the scope of works by removing the North Creek Road roundabout and section of road from that roundabout up to the proposed Boeing Avenue roundabout.

Attachment 8 is a concept plan for that proposal.

4.3 Property Development - Update

Subject to gaining revised estimates to quantify the savings, it is estimated that this could save approximately \$2.7m, resulting in a total project cost of \$9.3m. This then represents a budget variation of \$2.3m

Federal Government approval would be required to amend the funding agreement to reduce the scope of works and remain eligible for the \$3 million grant.

The reduced scope of works would have limited impact in respect to accessibility to industrial land.

The construction of the North Creek Road roundabout and connection to Boeing Avenue could be delayed until further funding was available.

One timeframe could be when the North Creek Bridge was reinstated between Lennox Head and Ballina, as this would assist the vehicles travelling south from Lennox Head. Those works are at least 10 to 15 years away.

Another option is to seek NSW State Government approval to reallocate the \$3.95m Restart NSW Funding grant to Airport Boulevard.

The objective of this grant is to activate industrial land and the construction of Airport Boulevard supports access to the industrial land (still to be zoned) to the north of the road.

The transfer of this funding would result in a budget shortfall of \$1.05m for the entire \$12m project, which could be financed by loans.

Legal / Resource / Financial Implications

As per the information section of this report.

Consultation

Consultation has been undertaken with Council staff and private contractors.

Options

The information section of this report highlights that to complete the current projects in full Council would need to borrow approximately \$23.3m as per the following summary:

Project	Peak Loan (\$)
WUEA	4,400,000
Boeing Avenue	7,600,000
Innovation Precinct	6,300,000
Airport Boulevard	5,000,000
Total	23,300,000

Based on current market conditions this level of debt carries too large a financial risk and cannot be supported.

It is interesting to note that if all of the above projects proceeded as originally planned, inclusive of the increase in the Airport Boulevard price, the outcomes would be as per Table Four.

Table Four – Property Development Results – Pre COVID-19 (\$)

Project	All Lots Sold	Innovation Precinct Lease
WUEA Net Return	4,785,000	4,785,000
Boeing Avenue Net Return	5,052,000	5,052,000
Innovation Precinct Net Return	8,095,000	(1,100,000)
Airport Boulevard Loan Debt	(5,000,000)	(5,000,000)
Total	12,932,000	3,737,000
Equity		
Net Cash	12,932,000	3,737,000
Airport Boulevard Asset	12,000,000	12,000,000
Innovation Precinct Lots 1,2 and 3	0	9,000,000
Total	24,932,000	24,737,000

This highlights the benefits gained through all of these projects however based on the current pandemic, Council needs to reassess its strategies, with the recommendations as follows.

- WUEA - \$110,000 expended this financial year. Rather than borrowing an additional \$4.4m to progress the project, the preference is to finance the expenditure for the year to date from the Property Development Reserve and reassess the viability of the project in six to nine months.

The project has planning consent and has had remediation works completed and can remain on hold until there is more certainty in respect to market conditions. Allow for a transfer of \$120,000 from the Property Development Reserve for 209/20.

- Boeing Avenue - \$3.5m been expended this financial year, with that work to be funded by loans.

The preferred approach is to continue preparing the development application to subdivide lots two and three into 26 lots and lodge the application. This will add value to the land and will require further expenditure of approximately \$100,000.

Once the economy stabilizes, Council will then be in a position to determine whether to proceed to finalise the construction of the 26 lots, or another alternative would be to test the market in selling lots two and three as is.

The other option is expend another \$4.2m approximately to have the lots constructed for sale.

As this would be debt funded, the preference is not to expend those funds, at this point in time.

- Innovation Precinct – Nil expended in 2019/20 and the rezoning still in process. The recommendation is to finalise the rezoning as promptly as possible.

In respect to constructing the lots, the preference is not to proceed and seek to have the \$3.95m grant reallocated to Airport Boulevard. If this proposal is unsuccessful, Council can revisit the project to determine whether it should proceed.

4.3 Property Development - Update

- Airport Boulevard - \$2.9m expended this financial year based on a total budget of \$7m with that expenditure funded. As per the Innovation Precinct comments, the preferred option, initially, is to have the \$3.95m grant re-allocated to this project. If this is successful the balance of the project would be funded by loans (i.e. \$1.05m shortfall).

The second alternative is to reduce the scope of the project removing the connection to North Creek Road and have a more detailed cost assessment of the project completed.

The figures in this report for the remaining works are estimates only. There is still a large number of gaps in the information required before going to tender and staff will be liaising with APP to confirm more accurate pricing.

In summary, the funding required for the current financial year is;

- WUEA – Transfer from Property Development Reserve of \$120,000
- Boeing Avenue – Loan funding of \$3.6m (NB the LTFP report in the April Finance Committee agenda has loan funds of \$3.3m)
- Innovation Precinct – Nil expenditure to date with rezoning being carried out by the Strategic Planning section and consultants, as required
- Airport Boulevard – Funding already provided in the current year with a total budget of \$7m, although loan funds needed in future years. The loan can be significantly reduced if grant funds are reallocated.

These actions do not result in any sales revenue. This means to finance the new loan repayments, withdrawals are needed from the Property Development Reserve as highlighted in the following summary.

Table Five – Property Development Reserve – Forecast Cash Flows

Item	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Opening Balance	1,254,000	528,300	319,700	72,000	(134,900)	(23,400)
Add: Cash Inflows						
Interest Earned	19,000	15,000	9,000	2,000	0	0
Rental - Norfolk Homes	138,000	138,000	160,000	163,200	166,500	169,800
Rental - ARC	264,000	270,000	274,900	280,400	286,000	291,700
<i>Rental - 89 Tamar Street (50%)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>400,000</i>	<i>408,000</i>
Sales - 54 North Creek Road	2,605,000	0	0	0	0	0
Sales - Russellton	225,000	0	0	0	0	0
Sub Total	3,251,000	423,000	443,900	445,600	852,500	869,500
Less: Expenditure						
Operating Exps – Land Holdings	179,000	149,000	161,800	165,700	212,700	217,800
Less: Property Projects						
Airport Boulevard Road	3,500,000	0	0	0	0	0
North Creek Road (54)	17,000	0	0	0	0	0
Shelly Beach Café	83,000	0	0	0	0	0
Southern Cross - Masterplan	72,200	0	0	0	0	0
Wollongbar Urban Expansion Area	120,000	0	0	0	0	0
Sub Total	3,792,200	0	0	0	0	0
Less: Dividends						
<i>Loans - Boeing Avenue (\$3.6m)</i>	<i>0</i>	<i>242,000</i>	<i>242,000</i>	<i>242,000</i>	<i>242,000</i>	<i>242,000</i>
<i>Loan - Airport Boulevard (\$3.0m)</i>	<i>0</i>	<i>0</i>	<i>202,000</i>	<i>202,000</i>	<i>202,000</i>	<i>202,000</i>
General Fund	5,500	240,600	85,800	42,800	84,300	106,800
Sub Total	5,500	482,600	529,800	486,800	528,300	550,800
Total Outlays	3,976,700	631,600	691,600	652,500	741,000	768,600
Closing Balance	528,300	319,700	72,000	(134,900)	(23,400)	77,500

4.3 Property Development - Update

The full ten-year cash flow for the Property Development Reserve, as well as historical movements, is included as Attachment 9.

Key points with the reserve movements include:

- Loan repayments for a \$3.6m loan for Boeing Avenue and a \$3m loan for Airport Boulevard are funded from the reserve.
- The \$3m loan for Airport Boulevard is indicative only and will depend on the scope of the project and whether additional grant funds are available.
- It is assumed the Boeing Avenue loan is taken out in June 2020 with full repayments commencing in 2020/21. The Airport Boulevard loan is taken out in June 2021 with full repayments in 2021/22.
- The reserve balance is decreasing and it is necessary to include 50% of the rental revenue from 89 Tamar Street in the cash flows for 2023/24 onwards, to avoid the reserve becoming excessively overdrawn. This means that there are less revenues transferred to the Community Infrastructure Reserve to finance community infrastructure projects.
- At this stage no future land sales have been included in the cash flows and if, for example, Boeing Avenue was sold, it would reduce the loan debt and loan repayments.

What has happened is that the decision to finance \$4m of the cost of Airport Boulevard directly from the Property Development Reserve, without any matching income streams, and the purchase of 9 Byron Bay Road, at a net cost to the Reserve of approximately \$1m, has left the Reserve with no funds to finance development activities.

This means loan funding is needed to finance property projects, which in turn increases the project risk.

It is now time to re-assess a number of the projects listed and the recommendations that follow update the budgets and forecasts, and confirm the preferred actions in the short term.

RECOMMENDATIONS

1. That the Wollongbar Urban Expansion Area – Stage Three development, be placed on hold for a period of three to six months, due to the current economic climate, with a budget of \$120,000 for 2019/20, for actual and anticipated costs, to be funded from the Property Development Reserve.
2. That Council approves a loan funded budget of \$3.6m for 2019/20 for the Boeing Avenue – Lots Two and Three development, based on actual and anticipated costs. The development application to subdivide lots two and three into 26 lots is to be prepared and submitted to Council for determination.
3. That due to the current economic climate Council place the Innovation Precinct project on hold to assess whether the \$3.95m in State Government grant funding can be transferred to Airport Boulevard. The rezoning of this precinct is to continue while the project is on hold.

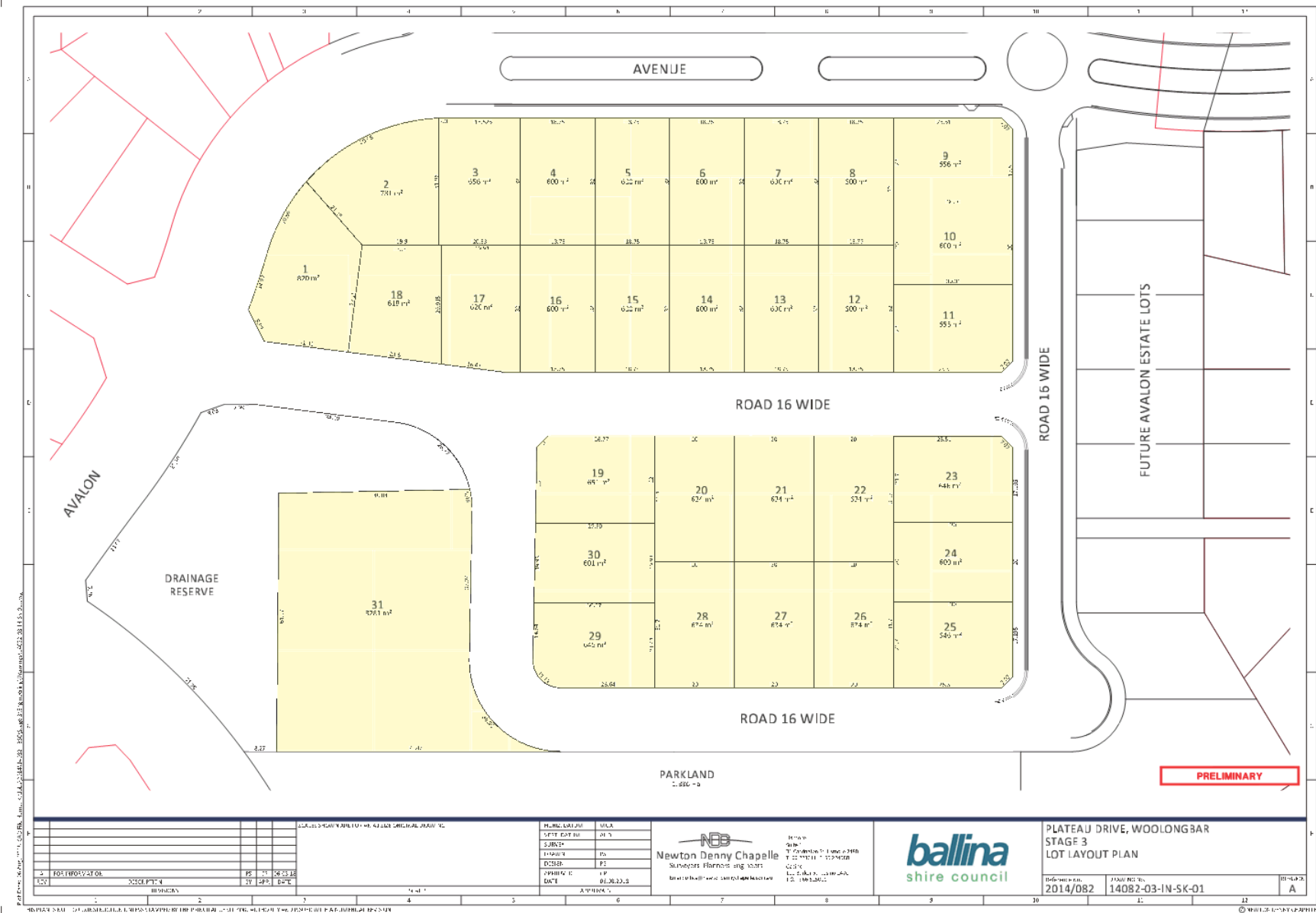
4.3 Property Development - Update

4. If the grant funding reallocation as per point three is approved, Council approves the calling of tenders for the remainder of the entire Airport Boulevard project, with the tenders to be submitted to Council along with the preferred funding strategy (i.e. confirmation of the loan funding be needed).
5. If the grant funding reallocation as per point three is not approved, that Council receive a further report on the options for Airport Boulevard, including detailed estimates for all remaining stages of the project.
6. That Council approves the forecast cash flows for the Property Development Reserve, as per Attachment 9, to this report, in the draft Long Term Financial Plan.

Attachment(s)

- 1↓. [Wollongbar Urban Expansion Area - Stage Three - Concept Plan](#)
- 2↓. [Wollongbar Urban Expansion Area - Stage Three - Feasibility and Cash Flows](#)
- 3↓. [Boeing Avenue - Lots Two and Three - Concept Plan](#)
- 4↓. [Boeing Avenue - Lots Two and Three - Feasibility and Cash Flows](#)
- 5↓. [Innovation Precinct - Concept Plan](#)
- 6↓. [Innovation Precinct - Feasibility and Cash Flows](#)
- 7↓. [Airport Boulevard - Forecast Cash Flows](#)
- 8↓. [Airport Boulevard - Revised Scope of Works](#)
- 9↓. [Property Development Reserve - Cash Flows - Forward Financial Plan](#)

4.3 Property Development - Update



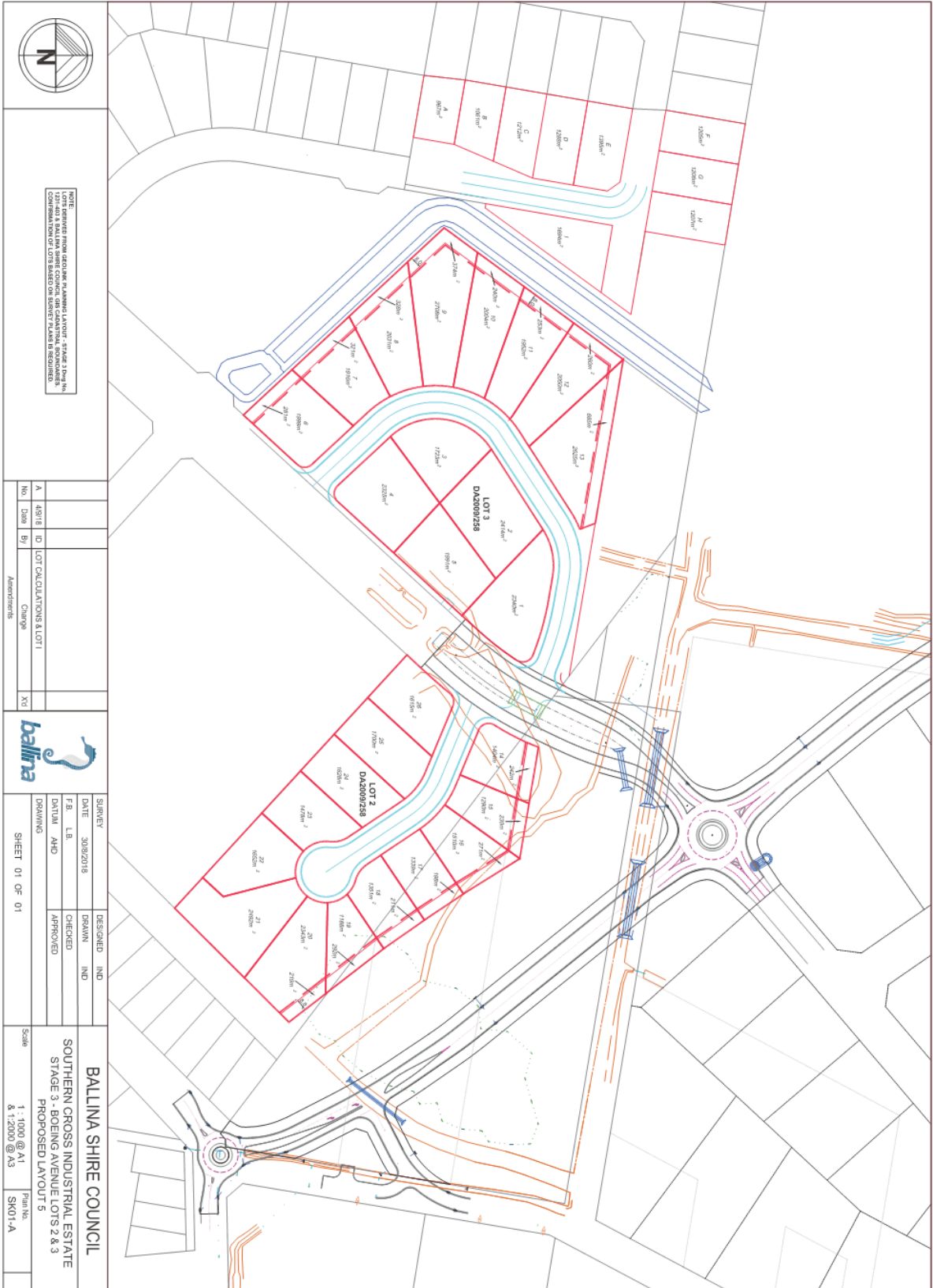
Wollongbar Urban Expansion Area - Stage Three - Feasibility							
Item	Assumption	Item	Amount (\$)	Totals (\$)	COVID-19 (-10%)	Excluding Childcare Centre	
Forecast Sales	31	Lots	10,665,000		9,599,000	8,348,000	
Less : Commission and Marketing	3.00%		320,000		288,000	250,000	
Less: Legals	\$1,500	Per Lot	47,000		47,000	45,000	
Less: GST	10.00%		970,000		873,000	759,000	
Net Proceeds				9,328,000		8,391,000	7,294,000
Less : Development Costs							
Construction - 2019/20 to date			102,000		102,000	102,000	
Balance Earthworks, Civil, Services			2,018,000		2,018,000	2,018,000	
Electrical and Communications	\$10,000	Per Lot	310,000		310,000	310,000	
Landscaping	\$5,000	Per Lot	155,000		155,000	155,000	
Contingency on Construction Balance	15%		372,000		372,000	372,000	
Total Construction Costs			2,957,000		2,957,000	2,957,000	
Consultants			100,000		100,000	100,000	
Council Contributions	\$43,000	Per Lot	1,333,000		1,333,000	1,290,000	
Council Rates and Charges			12,000		12,000	12,000	
Total Development Costs	142,000	Per Lot		4,402,000		4,402,000	4,359,000
Result exc Interest and Land Value			112%	4,926,000	91%	3,989,000	67%
Less: Interest on Borrowings				141,000		149,000	158,000
Return on Total Development Costs			105%	4,785,000	84%	3,840,000	61%
Less: Land Value (% of Sales)	20.00%			2,133,000		1,920,000	1,670,000
Return on Funds Applied			40%	2,652,000	30%	1,920,000	18%

Wollongbar Urban Expansion Area - Stage Three - Lot Yield				
Description	Lot Reference	Area Square Metres (#)	Price Per Sq Metre (\$)	Price Per Lot (\$) (Incl GST)
Corner entrance lot	1	820	378	310,000
Corner lot	2	781	423	330,000
Adjacent to road	3	656	480	315,000
Adjacent to road	4	600	500	300,000
Adjacent to road	5	600	500	300,000
Adjacent to road	6	600	500	300,000
Adjacent to road	7	600	500	300,000
Adjacent to road	8	600	500	300,000
Corner lot	9	644	481	310,000
Adjacent road-2 lots behind	10	600	500	300,000
Corner lot	11	656	480	315,000
Adjacent to road	12	600	500	300,000
Adjacent to road	13	600	500	300,000
Adjacent to road	14	600	500	300,000
Adjacent to road	15	600	500	300,000
Adjacent to road	16	600	500	300,000
Adjacent to road	17	621	499	310,000
Adjacent to road	18	618	502	310,000
Corner lot opposite childcare	19	651	484	315,000
Adjacent to road	20	634	489	310,000
Adjacent to road	21	634	489	310,000
Adjacent to road	22	634	489	310,000
Corner lot	23	647	487	315,000
Adjacent road-2 lots behind	24	600	500	300,000
Corner lot opposite park	25	642	491	315,000
Opposite park	26	634	505	320,000
Opposite park	27	634	505	320,000
Opposite park	28	634	505	320,000
Corner lot opposite childcare	29	645	496	320,000
Opp childcare-2 lots behind	30	601	532	320,000
Sub Total		18,986	489	9,275,000
Childcare Centre Lot	31	3,270	425	1,390,000
Totals		22,256	479	10,665,000
Average excluding lot 31	30	633	489	309,000

4.3 Property Development - Update

Wollongbar Urban Expansion Area - Stage Three - Cash Flow (COVID-19 including Childcare Centre)																		
Year	2019/20	2019/20	2019/20	2019/20	2020/21	2020/21	2020/21	2020/21	2021/22	2021/22	2021/22	2021/22	2021/22	2022/23	2022/23	2022/23	2022/23	Totals
Quarter	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales (net of GST, comms, legals)	0	0	0	0	0	0	0	0	1,049,000	1,049,000	1,049,000	1,049,000	1,049,000	1,049,000	1,049,000	1,048,000	8,391,000	
Development Costs																		
Completed		51,000	51,000														102,000	
Civil Works				673,000	673,000	672,000											2,018,000	
Electrical and Telecommunications						155,000	155,000										310,000	
Landscaping							77,500	77,500									155,000	
Civil Works Contingency	0	0	0	101,000	101,000	124,000	35,000	11,000	0	0	0	0	0	0	0	0	372,000	
Consultants			20,000	20,000	20,000	20,000	20,000										100,000	
Council Contributions								1,333,000									1,333,000	
Council Rates and Charges					1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000	
Cash Outflows	0	51,000	71,000	794,000	795,000	972,000	288,500	1,422,500	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	4,402,000	
Net Quarterly Cash Movement	0	(51,000)	(71,000)	(794,000)	(795,000)	(972,000)	(288,500)	(1,422,500)	1,048,000	1,048,000	1,048,000	1,048,000	1,048,000	1,048,000	1,048,000	1,047,000	3,989,000	
Interest Paid on Loan at 3%	0	0	0	1,000	7,000	13,000	20,000	22,000	33,000	25,000	17,000	9,000	2,000	0	0	0	149,000	
Net Cash Movement after Interest	0	(51,000)	(71,000)	(795,000)	(802,000)	(985,000)	(308,500)	(1,444,500)	1,015,000	1,023,000	1,031,000	1,039,000	1,046,000	1,048,000	1,048,000	1,047,000	3,840,000	
Funded by:																		
Loan Balance	0	(51,000)	(122,000)	(916,000)	(1,711,000)	(2,683,000)	(2,971,500)	(4,394,000)	(3,346,000)	(2,298,000)	(1,250,000)	(202,000)	846,000	1,894,000	2,942,000	3,989,000	3,989,000	
Property Development Reserve	0	0	0	(1,000)	(8,000)	(21,000)	(41,000)	(63,000)	(96,000)	(121,000)	(138,000)	(147,000)	(149,000)	(149,000)	(149,000)	(149,000)	(149,000)	

Wollongbar Urban Expansion Area - Stage Three - Cash Flow (COVID-19 excluding Childcare Centre)																		
Year	2019/20	2019/20	2019/20	2019/20	2020/21	2020/21	2020/21	2020/21	2021/22	2021/22	2021/22	2021/22	2021/22	2022/23	2022/23	2022/23	2022/23	Totals
Quarter	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales (net of GST, comms, legals)	0	0	0	0	0	0	0	0	912,000	912,000	912,000	912,000	912,000	912,000	912,000	910,000	7,294,000	
Development Costs																		
Completed		51,000	51,000														102,000	
Civil Works				673,000	673,000	672,000											2,018,000	
Electrical and Telecommunications						155,000	155,000										310,000	
Landscaping							77,500	77,500									155,000	
Civil Works Contingency	0	0	0	101,000	101,000	124,000	35,000	11,000	0	0	0	0	0	0	0	0	372,000	
Consultants			20,000	20,000	20,000	20,000	20,000										100,000	
Council Contributions								1,290,000									1,290,000	
Council Rates and Charges					1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000	
Cash Outflows	0	51,000	71,000	794,000	795,000	972,000	288,500	1,379,500	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	4,359,000	
Net Quarterly Cash Movement	0	(51,000)	(71,000)	(794,000)	(795,000)	(972,000)	(288,500)	(1,379,500)	911,000	911,000	911,000	911,000	911,000	911,000	911,000	909,000	2,935,000	
Interest Paid on Loan at 3%	0	0	0	1,000	7,000	13,000	20,000	22,000	33,000	26,000	19,000	12,000	5,000	0	0	0	158,000	
Net Cash Movement after Interest	0	(51,000)	(71,000)	(795,000)	(802,000)	(985,000)	(308,500)	(1,401,500)	878,000	885,000	892,000	899,000	906,000	911,000	911,000	909,000	2,777,000	
Funded by:																		
Loan Balance	0	(51,000)	(122,000)	(916,000)	(1,711,000)	(2,683,000)	(2,971,500)	(4,351,000)	(3,440,000)	(2,529,000)	(1,618,000)	(707,000)	204,000	1,115,000	2,026,000	2,935,000	2,935,000	
Property Development Reserve	0	0	0	(1,000)	(8,000)	(21,000)	(41,000)	(63,000)	(96,000)	(122,000)	(141,000)	(153,000)	(158,000)	(158,000)	(158,000)	(158,000)	(158,000)	



Boeing Avenue - Lots Two and Three - Feasibility (Ex GST)							
Item	Assumption	Item	Amount (\$)	Totals (\$)	COVID-19 (-10%)	COVID-19 (-20%)	
Forecast Sales	26	Lots	13,576,000		12,218,000	10,861,000	
Less : Commission and Marketing	3.00%		407,000		367,000	326,000	
Less: Legals	\$1,500	Per Lot	39,000		39,000	39,000	
Net Proceeds				13,130,000	11,812,000		10,496,000
Less : Development Costs							
Construction - 2018/19 Actual	2018/19	98,800					
Construction - 2019/20 to date	2019/20	3,473,200					
Sub Total			3,572,000	3,572,000	3,572,000		
Balance Earthworks, Civil, Services			1,689,000	1,689,000	1,689,000		
Contingency on Balance	15%		253,000	253,000	253,000		
Total Construction Costs			5,514,000	5,514,000	5,514,000		
Consultants			170,000	170,000	170,000		
Electrical and Communications			260,000	260,000	260,000		
Application Fees			40,000	40,000	40,000		
Council Contributions			1,711,000	1,711,000	1,711,000		
Council Rates and Charges			17,000	17,000	17,000		
Total Development Costs				7,712,000	7,712,000		7,712,000
Result exc Interest and Land Value			70%	5,418,000	53%	4,100,000	36%
Less: Interest on Borrowings				366,000		381,000	
Return on Total Development Costs			66%	5,052,000	48%	3,719,000	31%
Less: Land Value (Estimated)	20.00%			2,715,000		2,444,000	
Return on Funds Applied			30%	2,337,000	17%	1,275,000	3%

Boeing Avenue - Lots Two and Three - Lot Yield (Ex GST)				
Lot	Metres (#)	Price Per Sq Metre	Price Per Lot (\$)	Comment
1	2,340	350	819,000	corner lot
2	2,414	350	845,000	regular shape
3	1,723	350	603,000	corner lot
4	2,325	350	814,000	corner lot
5	1,991	350	697,000	regular shape
6	1,679	350	588,000	corner lot
7	1,551	325	504,000	regular shape
8	1,659	300	498,000	irregular shape
9	2,281	275	627,000	deep narrow lot
10	1,730	275	476,000	deep narrow lot
11	1,663	275	457,000	deep narrow lot
12	1,753	275	482,000	deep narrow lot
13	1,847	275	508,000	triangular shaped lot
14	1,129	350	395,000	corner lot
15	947	325	308,000	regular shape
16	1,197	300	359,000	regular shape
17	1,112	300	334,000	regular shape
18	1,112	300	334,000	regular shape
19	858	275	236,000	irregular shape
20	1,988	275	547,000	irregular shape
21	2,492	275	685,000	irregular shape
22	1,652	275	454,000	irregular shape
23	1,478	300	443,000	regular shape
24	1,628	300	488,000	regular shape
25	1,700	300	510,000	regular shape
26	1,615	350	565,000	corner lot
	43,864	310	13,576,000	

4.3 Property Development - Update

Boeing Avenue - Lots Two and Three - Cash Flow (Original)																		
Year	2018/19	2019/20	2019/20	2019/20	2019/20	2020/21	2020/21	2020/21	2020/21	2021/22	2021/22	2021/22	2021/22	2022/23	2022/23	2022/23	2022/23	Totals
Quarter	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Revenues																		
Sales (net of GST, comms, legals)	0	0	0	0	0	0	0	0	0	1,641,000	1,641,000	1,641,000	1,641,000	1,641,000	1,643,000	1,641,000	1,641,000	13,130,000
Development Costs																		
Bulk Earthworks and Filling	98,800	869,000	869,000	869,000	866,200													3,572,000
Civil Works						845,000	844,000											1,689,000
Civil Works Contingency						127,000	126,000											253,000
Consultants				28,000	28,000	28,000	28,000	28,000	30,000									170,000
Electrical and telecommunications					130,000		130,000											260,000
Application Fees				40,000														40,000
Council Contributions								1,711,000										1,711,000
Council Rates and Charges	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	17,000
Cash Outflows	99,800	870,000	870,000	938,000	1,025,200	1,001,000	1,129,000	1,740,000	31,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	7,712,000
Net Quarterly Cash Movement	(99,800)	(870,000)	(870,000)	(938,000)	(1,025,200)	(1,001,000)	(1,129,000)	(1,740,000)	(31,000)	1,640,000	1,640,000	1,640,000	1,640,000	1,640,000	1,642,000	1,640,000	1,640,000	5,418,000
Interest Paid on Loan at 3%	0	0	7,000	13,000	20,000	28,000	35,000	44,000	57,000	57,000	45,000	32,000	20,000	8,000	0	0	0	366,000
Net Cash Surplus / (Deficit)	(99,800)	(870,000)	(877,000)	(951,000)	(1,045,200)	(1,029,000)	(1,164,000)	(1,784,000)	(88,000)	1,583,000	1,595,000	1,608,000	1,620,000	1,632,000	1,642,000	1,640,000	1,640,000	5,052,000
Funded by:																		
Loan Balance	0	(870,000)	(1,740,000)	(2,678,000)	(3,703,200)	(4,704,200)	(5,833,200)	(7,573,200)	(7,604,200)	(5,964,200)	(4,324,200)	(2,684,200)	(1,044,200)	595,800	2,237,800	3,877,800	5,517,800	5,517,800
Property Development Reserve	(99,800)	(99,800)	(106,800)	(119,800)	(139,800)	(167,800)	(202,800)	(246,800)	(303,800)	(360,800)	(405,800)	(437,800)	(457,800)	(465,800)	(465,800)	(465,800)	(465,800)	(465,800)

Boeing Avenue - Lots Two and Three - Cash Flow (COVID-19 based on 20% reduction in sales)																		
Year	2018/19	2019/20	2019/20	2019/20	2019/20	2020/21	2020/21	2020/21	2020/21	2021/22	2021/22	2021/22	2021/22	2022/23	2022/23	2022/23	2022/23	Totals
Quarter	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Revenues																		
Sales (net of GST, comms, legals)	0	0	0	0	0	0	0	0	0	1,477,000	1,477,000	1,477,000	1,477,000	1,477,000	1,479,000	1,477,000	1,471,000	11,812,000
Development Costs																		
Bulk Earthworks and Filling	98,800	869,000	869,000	869,000	866,200													3,572,000
Civil Works						845,000	844,000											1,689,000
Civil Works Contingency						127,000	126,000											253,000
Consultants				28,000	28,000	28,000	28,000	28,000	30,000									170,000
Electrical and telecommunications					130,000		130,000											260,000
Application Fees				40,000														40,000
Council Contributions								1,711,000										1,711,000
Council Rates and Charges	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	17,000
Cash Outflows	99,800	870,000	870,000	938,000	1,025,200	1,001,000	1,129,000	1,740,000	31,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	7,712,000
Net Quarterly Cash Movement	(99,800)	(870,000)	(870,000)	(938,000)	(1,025,200)	(1,001,000)	(1,129,000)	(1,740,000)	(31,000)	1,476,000	1,476,000	1,476,000	1,476,000	1,476,000	1,478,000	1,476,000	1,470,000	4,100,000
Interest Paid on Loan at 3%	0	0	7,000	13,000	20,000	28,000	35,000	44,000	57,000	57,000	46,000	35,000	24,000	13,000	2,000	0	0	381,000
Net Cash Surplus / (Deficit)	(99,800)	(870,000)	(877,000)	(951,000)	(1,045,200)	(1,029,000)	(1,164,000)	(1,784,000)	(88,000)	1,419,000	1,430,000	1,441,000	1,452,000	1,463,000	1,476,000	1,476,000	1,470,000	3,719,000
Funded by:																		
Loan Balance	0	(870,000)	(1,740,000)	(2,678,000)	(3,703,200)	(4,704,200)	(5,833,200)	(7,573,200)	(7,604,200)	(6,128,200)	(4,652,200)	(3,176,200)	(1,700,200)	(224,200)	1,253,800	2,729,800	4,199,800	4,199,800
Property Development Reserve	(99,800)	(99,800)	(106,800)	(119,800)	(139,800)	(167,800)	(202,800)	(246,800)	(303,800)	(360,800)	(406,800)	(441,800)	(465,800)	(478,800)	(480,800)	(480,800)	(480,800)	(480,800)

Innovation Precinct							
Item	Assumption	Item	Amount (\$)	Totals (\$)	COVID-19 (-20%)	COVID-19 (-20%) Less Rental Properties	
Forecast Sales	5	Lots	13,728,000		10,982,000	3,382,000	
Less : Commission and Marketing	3.00%		412,000		329,000	101,000	
Less: Legals	\$2,000	Per Lot	10,000		10,000	4,000	
Less: GST	0.00%		0		0	0	
Net Proceeds				13,306,000	10,643,000		3,277,000
Add Grant Income				3,950,000	3,950,000		3,950,000
Less : Development Costs							
Bulk Earthworks and Filling			4,317,000		4,317,000	4,317,000	
Civil Works (NDC Estimate)			2,100,000		2,100,000	2,100,000	
Contingency on Construction	15%		963,000		963,000	963,000	
Total Construction Costs			7,380,000		7,380,000	7,380,000	
Consultants and Council Fees	2%		148,000		148,000	148,000	
Council Contributions	\$35	Per Sq M	1,474,000		1,474,000	1,474,000	
Council Rates and Charges			12,000		12,000	12,000	
Total Development Costs	1,803,000	Per Lot		9,014,000	0	9,014,000	0
Result exc Interest and Land Value			91%	8,242,000	62%	5,579,000	-20%
Less: Interest on Borrowings				147,000		157,000	341,000
Return on Total Development Costs			88%	8,095,000	59%	5,422,000	-23%
Less: Land Value (Estimated)	20.00%			2,746,000		2,196,000	
Return on Funds Applied			45%	5,349,000	28%	3,226,000	
Land Value Held (Lots 1, 2 and 3)							7,600,000
Rental on Land Value						5%	380,000
Period to Pay off Debt (approx)						Years	7

Innovation Precinct						
Description	Allocation	Lot Reference	Area Square Metres (#)	Price Per Sq Metre (\$) (Excl GST)	Price Per Lot (\$) (Excl GST)	Rental (5%)
Corner lot	INXS	1	10,000	350	3,500,000	175,000
Front & rear street frontages	Byron Studios	2	10,000	300	3,000,000	150,000
Front & rear street frontages	Food Hub	3	10,000	300	3,000,000	150,000
Front & rear street frontages	TBA	4	6,200	325	2,015,000	100,750
Corner lot	TBA	5	5,900	375	2,213,000	110,650
Totals			42,100	326	13,728,000	686,400

4.3 Property Development - Update

Innovation Precinct (COVI-19 based on 20% reduction in sales)																	
Year	2019/20	2019/20	2019/20	2019/20	2020/21	2020/21	2020/21	2020/21	2021/22	2021/22	2021/22	2021/22	2022/23	2022/23	2022/23	2022/23	Totals
Quarter	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Revenues																	
Grant Funds							1,317,000	1,317,000	1,316,000								3,950,000
Sales (Lots 1, 2, 3, 4 and 5)									2,714,000		2,326,000		2,326,000		1,562,000	1,715,000	10,643,000
Cash Inflows	0	0	0	0	0	0	1,317,000	1,317,000	4,030,000	0	2,326,000	0	2,326,000	0	1,562,000	1,715,000	14,593,000
Development Costs																	
Bulk Earthworks and Filling					1,439,000	1,439,000	1,439,000										4,317,000
Civil Works (NDC Estimate)							1,050,000	1,050,000									2,100,000
Contingency on Construction	0	0	0	0	216,000	216,000	373,000	158,000	0	0	0	0	0	0	0	0	963,000
Consultants and Council Fees				30,000	30,000	30,000	30,000	28,000									148,000
Council Contributions							1,474,000										1,474,000
Council Rates and Charges					1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Cash Outflows	0	0	0	30,000	1,686,000	1,686,000	2,893,000	2,711,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	9,014,000
Net Quarterly Cash Movement	0	0	0	(30,000)	(1,686,000)	(1,686,000)	(1,576,000)	(1,394,000)	4,029,000	(1,000)	2,325,000	(1,000)	2,325,000	(1,000)	1,561,000	1,714,000	5,579,000
Interest Paid on Loan at 3%	0	0	0	0	0	13,000	25,000	37,000	48,000	17,000	17,000	0	0	0	0	0	157,000
Net Cash Movement after Interest	0	0	0	(30,000)	(1,686,000)	(1,699,000)	(1,601,000)	(1,431,000)	3,981,000	(18,000)	2,308,000	(1,000)	2,325,000	(1,000)	1,561,000	1,714,000	5,422,000
Funded by:																	
Loan Balance	0	0	0	0	(1,686,000)	(3,372,000)	(4,948,000)	(6,342,000)	(2,313,000)	(2,314,000)	11,000	10,000	2,335,000	2,334,000	3,895,000	5,609,000	5,609,000
Property Development Reserve	0	0	0	(30,000)	(30,000)	(43,000)	(68,000)	(105,000)	(153,000)	(170,000)	(187,000)	(187,000)	(187,000)	(187,000)	(187,000)	(187,000)	(187,000)

Innovation Precinct (COVID-19 based on 20% reduction in sales and lots one, two and three leased)																	
Year	2019/20	2019/20	2019/20	2019/20	2020/21	2020/21	2020/21	2020/21	2021/22	2021/22	2021/22	2021/22	2022/23	2022/23	2022/23	2022/23	Totals
Quarter	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Revenues																	
Grant Funds						0	1,317,000	1,317,000	1,316,000				1,562,000				3,950,000
Sales (Lots 4 and 5)																1,715,000	3,277,000
Rental (Lots 1, 2 and 3)																	0
Cash Inflows	0	0	0	0	0	0	1,317,000	1,317,000	1,316,000	0	0	1,562,000	0	0	0	1,715,000	7,227,000
Development Costs																	
Bulk Earthworks and Filling					1,439,000	1,439,000	1,439,000										4,317,000
Civil Works (NDC Estimate)							1,050,000	1,050,000									2,100,000
Contingency on Construction	0	0	0	0	216,000	216,000	373,000	158,000	0	0	0	0	0	0	0	0	963,000
Consultants and Council Fees				30,000	30,000	30,000	30,000	28,000									148,000
Council Contributions							1,474,000										1,474,000
Council Rates and Charges					1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Cash Outflows	0	0	0	30,000	1,686,000	1,686,000	2,893,000	2,711,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	9,014,000
Net Quarterly Cash Movement	0	0	0	(30,000)	(1,686,000)	(1,686,000)	(1,576,000)	(1,394,000)	1,315,000	(1,000)	(1,000)	1,561,000	(1,000)	(1,000)	(1,000)	1,714,000	(1,787,000)
Interest Paid on Loan at 3%	0	0	0	0	0	13,000	25,000	37,000	48,000	38,000	38,000	38,000	26,000	26,000	26,000	26,000	341,000
Net Cash Movement after Interest	0	0	0	(30,000)	(1,686,000)	(1,699,000)	(1,601,000)	(1,431,000)	1,267,000	(39,000)	(39,000)	1,523,000	(27,000)	(27,000)	(27,000)	1,688,000	(2,128,000)
Funded by:																	
Loan Balance	0	0	0	0	(1,686,000)	(3,372,000)	(4,948,000)	(6,342,000)	(5,027,000)	(5,028,000)	(5,029,000)	(3,468,000)	(3,469,000)	(3,470,000)	(3,471,000)	(1,757,000)	(1,757,000)
Property Development Reserve	0	0	0	(30,000)	(30,000)	(43,000)	(68,000)	(105,000)	(153,000)	(191,000)	(229,000)	(267,000)	(293,000)	(319,000)	(345,000)	(371,000)	(371,000)

Airport Boulevard April 2020 Review						
Item	Previous Years	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	Totals
Airport Boulevard						
Add: Funding Sources						
Federal Government Grant Funds	0	0	1,683,000	1,317,000	0	3,000,000
Property Development Reserve	435,000	2,909,000	656,000	124,000	152,000	4,276,000
Loan	0	0	2,139,000	5,000,000	0	7,139,000
Sub Total	435,000	2,909,000	4,478,000	6,441,000	152,000	14,415,000
Less: Construction Costs	435,000	2,909,000	4,478,000	4,178,000	0	12,000,000
Less: Interest on Bridging Loan	0	0	0	124,000	152,000	276,000
Less: Bridging Finance Repaid	0	0	0	0	0	0
Net Annual Cashflows	0	0	0	2,139,000	0	2,139,000
Cumulative Impact on PDR	435,000	3,344,000	4,000,000	4,124,000	4,276,000	4,276,000
Loan Principal Owing	0	0	2,139,000	5,000,000	5,000,000	
Outcomes						
Airport Boulevard - Asset						12,000,000

Airport Boulevard																		
Year	2018/19	2019/20	2019/20	2019/20	2019/20	2020/21	2020/21	2020/21	2020/21	2021/22	2021/22	2021/22	2021/22	2022/23	2022/23	2022/23	2022/23	Totals
Quarter	Q1 to Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Construction Costs	435,000	775,100	1,452,300	677,900	3,700	100,000	100,000	2,139,000	2,139,000	2,139,000	2,039,000							12,000,000
Cumulative Cash Flows	435,000	1,210,100	2,662,400	3,340,300	3,344,000	3,444,000	3,544,000	5,683,000	7,822,000	9,961,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Grant Contributions	0	0	0	0	0	0	0	1,683,000	1,683,000	1,683,000	1,317,000	0	0	0	0	0	0	3,000,000
Funded by:																		
Grant								1,683,000	1,683,000	1,683,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
PDR	435,000	1,210,100	2,662,400	3,340,300	3,344,000	3,444,000	3,544,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	3,544,000
Loan								2,139,000	2,139,000	4,278,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Interest Paid on Loan at 3%	0	0	0	0	0	0	0	0	0	16,000	32,000	38,000	38,000	38,000	38,000	38,000	38,000	276,000
PDR Interest Payment	0	0	0	0	0	0	0	0	0	16,000	32,000	38,000	38,000	38,000	38,000	38,000	38,000	276,000
Net Cash Surplus / (Deficit)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	12,276,000

Cash Flows - Property Development Reserve - Forward Financial Plan April 2020 Review																		
Item	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
Opening Balance	4,438,100	4,613,900	3,777,600	2,536,800	3,191,000	2,953,700	1,892,000	1,225,000	499,300	289,700	41,000	(166,900)	(55,400)	45,500	137,400	221,700	299,000	370,600
Add: Cash Inflows																		
Interest Earned	178,000	181,200	110,000	87,000	54,700	65,600	43,300	19,000	14,000	8,000	1,000	0	0	1,000	4,000	6,000	9,000	11,000
Contribution - Section 94 Byron Bay Road	0	0	0	0	0	0	1,584,000	0	0	0	0	0	0	0	0	0	0	0
Contribution - Wollongbar Urban Expansion Area	0	0	0	0	0	0	228,500	0	0	0	0	0	0	0	0	0	0	0
Rental - Norfolk Homes	136,500	140,000	143,000	144,500	146,200	149,100	151,800	138,000	138,000	160,000	163,200	166,500	169,800	173,200	176,700	180,200	183,800	187,500
Rental - ARC	161,300	165,000	169,800	129,500	124,500	128,600	259,100	264,000	270,000	274,900	280,400	286,000	291,700	297,500	303,500	309,600	315,800	322,100
Rental - 89 Tamar Street (50%)	0	0	0	0	0	0	0	0	0	0	0	400,000	408,000	416,000	425,000	433,000	442,000	451,000
Sale - Alstonville Tennis Courts Site	0	0	0	0	0	1,437,400	0	0	0	0	0	0	0	0	0	0	0	0
Sales - 54 North Creek Road	0	0	0	0	0	0	270,000	2,605,000	0	0	0	0	0	0	0	0	0	0
Sales - Russellton	413,000	0	0	0	0	0	0	225,000	0	0	0	0	0	0	0	0	0	0
Sales - Southern Cross	0	0	210,300	750,000	766,600	10,000	0	0	0	0	0	0	0	0	0	0	0	0
Sales - WUEA	0	0	2,250,000	630,600	387,500	3,634,400	0	0	0	0	0	0	0	0	0	0	0	0
Sub Total	1,157,800	1,439,400	3,112,000	2,191,600	1,682,700	5,425,100	2,536,700	3,251,000	422,000	442,900	444,600	852,500	869,500	887,700	909,200	928,800	950,600	971,600
Less: Cash Outlays																		
Operating Expenditure																		
Outgoings - ARC	2,800	1,500	600	3,000	2,500	700	500	4,000	5,000	5,200	5,400	5,600	5,800	6,000	6,200	6,400	6,600	6,800
Outgoing - 89 Tamar Street	0	0	0	0	0	0	0	0	0	0	0	43,000	44,000	45,000	46,000	47,000	49,000	50,000
Internal Overheads - Southern Cross	67,000	69,000	34,000	43,000	36,000	40,900	40,900	41,000	31,500	36,600	37,200	37,900	38,600	39,500	40,400	41,300	42,200	43,200
Internal Overheads - Russellton	80,000	66,000	32,000	33,000	33,000	37,500	37,500	38,000	30,700	34,200	35,100	36,000	36,900	37,800	38,700	39,700	40,700	41,700
Internal Overheads - WUEA	0	75,000	37,000	48,000	39,000	44,300	0	44,000	23,700	26,300	27,000	27,700	28,400	29,100	29,800	30,500	31,300	32,100
Operating Exps - Southern Cross	66,000	59,200	47,800	162,000	55,200	62,300	61,200	28,000	33,500	34,300	35,200	36,100	37,000	37,900	38,800	39,800	40,800	41,800
Operating Exps - Russellton	30,000	8,500	14,500	15,000	25,600	34,600	13,800	13,000	13,300	13,600	13,900	14,200	14,600	15,000	15,400	15,800	16,200	16,600
Operating Expenses - WUEA	15,000	10,300	43,000	48,000	45,000	68,500	0	11,000	11,300	11,600	11,900	12,200	12,500	12,800	13,100	13,400	13,700	14,000
Sub Total	260,800	289,500	208,900	352,000	236,300	288,800	153,900	179,000	149,000	161,800	165,700	212,700	217,800	223,100	228,400	233,900	240,500	246,200
Community Infrastructure																		
Ballina Surf Club	0	228,000	0	0	0	100,000	0	0	0	0	0	0	0	0	0	0	0	0
Sub Total	0	598,000	400,000	0	0	100,000	0	0	0	0	0	0	0	0	0	0	0	0
Property Projects																		
Airport Boulevard Road	0	0	0	100,000	0	100,000	400,000	3,500,000	0	0	0	0	0	0	0	0	0	0
Biodiversity Project Contribution	0	0	0	0	0	0	40,000	0	0	0	0	0	0	0	0	0	0	0
Byron Bay Road - Land Development	0	0	0	0	0	2,410,000	0	0	0	0	0	0	0	0	0	0	0	0
North Creek Road (54) - Land Development	0	0	14,000	15,700	134,000	609,400	1,472,400	17,000	0	0	0	0	0	0	0	0	0	0
Russellton - Land Development	0	86,000	63,700	0	60,700	404,100	0	0	0	0	0	0	0	0	0	0	0	0
Shelly Beach Cafe	0	0	0	0	33,000	3,800	0	83,000	0	0	0	0	0	0	0	0	0	0
Skennars Head Easement	0	0	0	0	0	66,000	0	0	0	0	0	0	0	0	0	0	0	0
Southern Cross - Land Development	115,000	0	50,100	155,000	0	0	98,800	0	0	0	0	0	0	0	0	0	0	0
Southern Cross - Masterplan	110,000	51,500	0	0	0	86,700	10,000	72,200	0	0	0	0	0	0	0	0	0	0
Wollongbar Urban Expansion Area	48,000	256,700	1,329,500	182,000	851,000	2,001,700	637,000	120,000	0	0	0	0	0	0	0	0	0	0
Sub Total	273,000	779,200	3,276,500	938,600	1,449,200	5,681,700	2,658,200	3,792,200	0	0	0	0	0	0	0	0	0	0
Dividends																		
Loan Repayments - Boeing Avenue (\$3.6m)	0	0	0	0	0	0	0	0	242,000	242,000	242,000	242,000	242,000	242,000	242,000	242,000	242,000	242,000
Loan Repayments - Airport Boulevard (\$3.0m)	0	0	0	0	0	0	0	0	0	202,000	202,000	202,000	202,000	202,000	202,000	202,000	202,000	
General Fund	448,200	609,000	467,400	246,800	234,500	416,300	391,600	5,500	240,600	85,800	42,800	84,300	106,800	128,700	152,500	173,600	194,500	217,300
Sub Total	448,200	609,000	467,400	246,800	234,500	416,300	391,600	5,500	482,600	529,800	486,800	528,300	550,800	572,700	596,500	617,600	638,500	661,300
Total Outlays	982,000	2,275,700	4,352,800	1,537,400	1,920,000	6,486,800	3,203,700	3,976,700	631,600	691,600	652,500	741,000	768,600	795,800	824,900	851,500	879,000	907,500
Closing Balance	4,613,900	3,777,600	2,536,800	3,191,000	2,953,700	1,892,000	1,225,000	499,300	289,700	41,000	(166,900)	(55,400)	45,500	137,400	221,700	299,000	370,600	434,700
Net Movement - Increase / (Decrease)	175,800	(836,300)	(1,240,800)	654,200	(237,300)	(1,061,700)	(667,000)	(725,700)	(209,600)	(248,700)	(207,900)	111,500	100,900	91,900	84,300	77,300	71,600	64,100

5. Confidential Session

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

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

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

5.1 Airline Agreement - Update on Confidential Terms

Refer to Item 4.2 of this agenda.

RECOMMENDATION

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

5.1 Airline Agreement - Update on Confidential Terms

Reason for Confidentiality

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

- c) information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business; and
- d) commercial information of a confidential nature that would, if disclosed:
 - (i) prejudice the commercial position of the person who supplied it, or
 - (ii) confer a commercial advantage on a competitor of the council, or
 - (iii) reveal a trade secret

and in accordance with 10D(2)(c), on balance, the discussion of the matter in an open meeting is not considered to be in the public interest as it would prejudice Council's ability to negotiate commercial terms and conditions with the service provider and release commercial information to competitors of the service provider.