

# Agenda

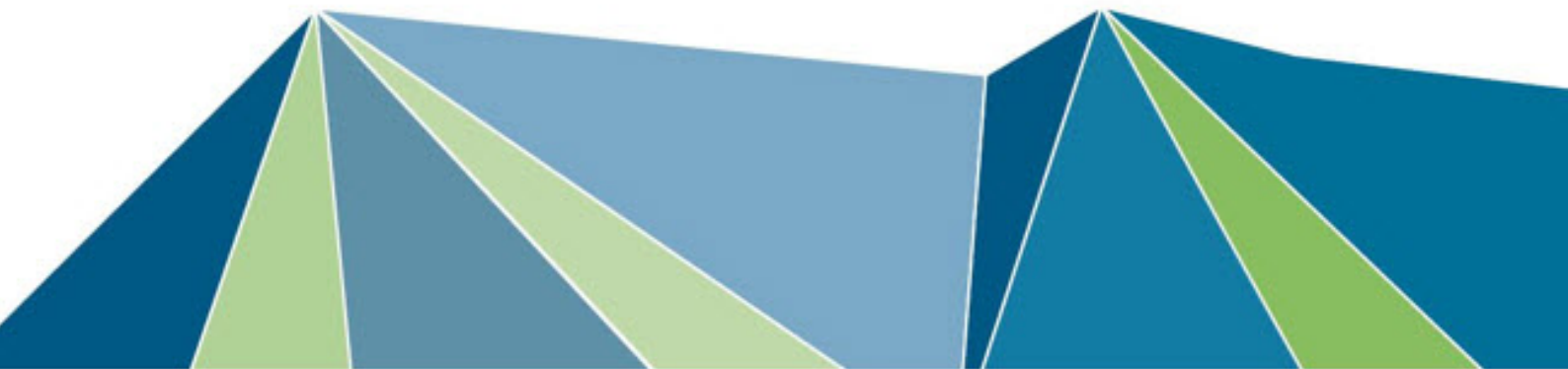
## ***Finance Committee Meeting*** **16 March 2021**

A Finance Committee Meeting will be held in the Ballina Shire Council Chambers, 40 Cherry Street, Ballina on **Tuesday 16 March 2021 commencing at 4.00pm.**

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

Paul Hickey  
**General Manager**

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- 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.
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  - 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.

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

An apology has been received from Cr Nathan Willis.

**2. Declarations of Interest**

**3. Deputations**

#### **4.1 North East Weight of Loads Group (NEWLOG)**

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### **4. Committee Reports**

#### **4.1 North East Weight of Loads Group (NEWLOG)**

**Section** Infrastructure Planning

**Objective** To provide Council with an annual update on the operations of NEWLOG and to endorse the budget for 2021/22.

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#### **Background**

The North East Weight of Loads Group (NEWLOG) has represented a resource sharing co-operative between eight member councils; Ballina, Byron, Clarence Valley, Kyogle, Lismore, Richmond Valley, Tenterfield and Tweed.

As of 1 January 2021, Tenterfield Shire Council terminated their membership. The co-operative now has a membership of seven councils.

The objective is to reduce damage to Council and classified roads and promote road safety, by policing of vehicle weights as prescribed in the Acts and Regulations pertinent to overloading.

Corporate services for NEWLOG such as finance, administration, employment of staff etc. are provided by Ballina Shire Council based on a fee.

NEWLOG, which is not a separate legal entity, operates under a Memorandum of Agreement (MOU) with the Roads and Maritime Services (RMS). This Agreement expired on 31 December 2011 and a new MOU was drafted through workshops with RMS and four other NSW Weight of Loads Groups.

The draft MOU remains with the legal branch of RMS (now Transport for NSW).

A temporary Deed of Agreement between the NEWLOG councils expired 1 July 2012. Member councils endorsed that this agreement be extended on a month to month basis, pending the formalisation of the MOU with RMS.

Despite the best efforts of councils to further the MOU, no progress has been achieved.

Recently RMS advised they were transferring their heavy vehicle regulatory functions to the National Heavy Vehicle Regulator (NHVR). It is hoped the transition arrangements represent an opportunity to address the outstanding MOU with RMS. Staff are attending a meeting with NHVR in March to learn more about the arrangements.

While the MOU has expired, the arrangements with RMS, including funding, has continued to operate satisfactorily.

### Key Issues

- Financial sustainability
- Outcomes

### Discussion

As of 1 January 2021, Tenterfield Shire Council ceased their membership with NEWLOG. The impact of this is a reduction in the operational grant provided by Transport for NSW for the provision of services, and the removal of one member's contribution payments.

However it also reduces the service area to be covered by NEWLOG, which means more surveillance time is available for the remaining councils.

Tenterfield Shire Council's decision was unilateral with no consultation or notice to NEWLOG. Tenterfield Shire Council has joined the North West Weight of Loads Group.

The annual financial statements report Tenterfield Shire Council, at the time of terminating their membership, held a negative equity balance of \$8,181.

An invoice has been raised for this amount, however it is unpaid at this point in time as Tenterfield Shire Council are disputing the requirement to pay this debt.

The reduction in operational grant will be in the order of \$30,000 from 2021/22 onwards, and a reduction of \$29,650 in member contributions from Tenterfield.

This has been reflected in the financial overview, see Table One.

These impacts were analysed to account for the reduction in income, and to still provide reliable services.

As a result, at the NEWLOG Annual General Meeting, attended by all member councils, the group adopted a plan to increase all member contributions over the next five years.

The increase in contributions are to be in accordance with the following:

- |           |               |
|-----------|---------------|
| • 2020/21 | Increase 7.5% |
| • 2021/22 | Increase 7.5% |
| • 2022/23 | Increase 7.5% |
| • 2023/24 | Increase 5.0% |
| • 2024/25 | Increase 3.0% |
| • 2025/26 | Increase 3.0% |

Since 2011/12, member contributions have historically had annual increases within the range of 1.5% to 3.5%.

The only exceptions were in 2014/15 and 2018/19 when an overall increase of 15% was necessary to bring the total of operating income and contributions into balance with operating expenses.

#### **4.1 North East Weight of Loads Group (NEWLOG)**

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The contribution from Ballina Shire Council for 2020/21 was approximately \$36,000.

From the perspective of the NEWLOG group, the costs to sustain the operation remain an excellent investment in terms of reducing the long term pavement damage caused from overloaded vehicles.

The program is also important from a safety perspective as overloaded and off route vehicles increase safety risks.

The damage to road infrastructure from overloading can be immediate or gradual over the long term.

Overloaded trucks can cause structural elements, such as bridges and culverts, to fail, or overloaded trucks can cause rutting damage or cause significant wear on bitumen seals.

However the more significant impact is the longer damage or degradation of road pavements.

The effect of this is to reduce the design life of a road, meaning the community is exposed to the costs of more frequent renewals.

The damage caused by overloading an axle above the equivalent design standard increases exponentially.

Even a minor heavy vehicle overload, repeated over and over again can have significant consequences in terms of reducing the remaining life of a pavement.

From an engineering perspective, this is typically described as the fourth power rule because the effect of the additional load to a standard axle load is raised by the fourth power.

For example, an increase of loading (tonnes) on all heavy vehicles of 5% would result in an increase in standard axle loading of  $1.05^4 = 1.2155$ , or a 21.6% increase in pavement damage.

Looking at the value of Council's road assets, and the cost to renew these each year, the \$36,000 contribution to NEWLOG provides an effective return on investment as it avoids or significantly reduces the cost of damage from overloaded vehicles.

As noted earlier, while significant overloading events are a problem, repeated small overloaded events also result in a significant decline in the life of our road pavements.

It is difficult to quantify in economic terms the benefits to road safety from the NEWLOG enforcement program.

However, overloaded trucks, or trucks operating off approved routes, increase the safety risk to other road users.

As well as the emotional and other impacts from road accidents, accidents are also an economic loss to the community.



#### 4.1 North East Weight of Loads Group (NEWLOG)

The following table shows the NEWLOG operating results for the last few years together with (current draft) forecasts for the next four years.

**Table One: NEWLOG - Financial Overview 2018/19 to 2024/25**

Actual 2018/19	Actual 2019/20	Item	Estimated				
			2020/21	2021/22	2022/23	2023/24	2024/25
		<b>Operating Revenues</b>					
0	0	Legal Costs Recovered	2,700	0	0	0	0
64,200	84,400	Fines and Other	38,500	40,000	40,600	41,300	42,000
194,600	200,400	Transport NSW Contribution	200,500	173,600	173,300	179,000	181,700
4,900	5,100	Interest on Investments	3,000	2,900	3,000	3,100	3,200
<b>263,700</b>	<b>289,900</b>	<b>Total Operating Revenues</b>	<b>244,700</b>	<b>216,500</b>	<b>219,900</b>	<b>223,400</b>	<b>226,900</b>
		<b>Operating Expenses</b>					
		<b>Administration</b>					
292,200	187,200	Salaries	290,200	296,000	300,500	305,100	309,700
20,700	21,800	Annual Leave	18,400	19,000	19,300	19,600	19,900
12,000	12,100	Other Leave	10,000	10,000	10,200	10,400	10,600
18,200	21,900	Sick Leave	10,200	10,000	10,200	10,400	10,600
13,300	35,900	Long Service Leave	9,200	10,000	10,200	10,400	10,600
1,500	1,300	State Conference Costs	1,500	1,500	1,600	1,700	1,800
5,000	5,600	Workers Compensation	5,100	5,300	5,400	5,500	5,600
24,000	23,300	Superannuation	26,600	27,000	27,500	28,000	28,500
700	1,100	Uniforms	1,500	1,500	1,600	1,700	1,800
32,700	24,800	Vehicle Running Costs	34,500	35,000	35,600	36,200	36,800
73,000	45,000	Overheads to NEWLOG	50,000	53,000	53,800	54,600	55,400
		<b>Operation Costs</b>					
12,700	10,000	Administration Costs	1,300	1,400	1,500	1,600	1,700
1,200	1,000	Telephone	1,000	1,000	1,100	1,200	1,300
8,800	5,600	Legal Costs	3,100	3,000	3,100	3,200	3,300
100	1,900	Sundry Expenses	3,100	2,100	2,200	2,300	2,400
2,300	2,600	IPB Processing Fees	2,100	2,700	2,800	2,900	3,000
8,300	9,500	Insurance	10,200	10,300	10,500	10,700	10,900
4,800	4,600	Maintenance of Scales	6,600	5,000	5,100	5,200	5,300
		<b>Non-cash Expense</b>					
0	0	Loss on Sale of Plant	0	13,700	0	0	14,600
22,800	22,800	Depreciation	0	23,000	23,400	23,800	24,200
<b>554,300</b>	<b>438,000</b>	<b>Total Operating Expenses</b>	<b>484,200</b>	<b>530,500</b>	<b>525,600</b>	<b>534,500</b>	<b>558,000</b>
<b>(290,600)</b>	<b>(148,100)</b>	<b>Operating Result - (Deficit)</b>	<b>(239,500)</b>	<b>(314,000)</b>	<b>(304,700)</b>	<b>(311,100)</b>	<b>(331,100)</b>
22,800	22,800	Add Deprec and Loss on Sale	0	36,700	23,400	23,800	38,800
<b>(267,800)</b>	<b>(125,300)</b>	<b>Cash Result - (Deficit)</b>	<b>(239,500)</b>	<b>(277,300)</b>	<b>(282,300)</b>	<b>(287,300)</b>	<b>(292,300)</b>
		<b>Capital Movements</b>					
269,500	276,200	Add Member Contributions	289,500	295,300	317,400	333,300	343,300
1,700	150,900	Less Transfer to Reserves	50,000	18,000	35,100	46,000	51,000
(22,400)	(54,900)	Add Transfer from Reserves	63,000	0	0	40,000	0
0	0	Less Capital Purchases	63,000	0	0	40,000	0
22,400	(96,000)	Non Cash Movements	0	0	0	0	0
<b>0</b>	<b>0</b>	<b>Cash Result after Capital</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
		<b>Cash Reserve Balance</b>					
22,400	54,900	Net Change in Cash Reserves	(13,000)	18,000	35,100	6,000	51,000
206,900	229,300	Add Opening Balance	284,200	271,200	289,200	324,300	330,300
<b>229,300</b>	<b>284,200</b>	<b>Closing Balance</b>	<b>271,200</b>	<b>289,200</b>	<b>324,300</b>	<b>330,300</b>	<b>381,300</b>

## **4.1 North East Weight of Loads Group (NEWLOG)**

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Operations are forecast to remain reasonably similar to previous years with most items, looking at a cost of living adjustment.

An operating cash loss is predicted annually which is offset by member capital contributions. This offset was considered when determining future member contributions.

Capital expenditure is anticipated every five years to replace two vehicles, and to replace the portable wheel load scales every 20 years. In those years the reserve balance declines correspondingly.

The current forecast is for the cash reserves to sit between \$271,200 and \$381,300, with the decreases to the reserves occurring in the years with capital expenditure.

NEWLOG does have leave liabilities that amounted to \$227,460 as at 30 June 2020. This must be considered when assessing what is a reasonable cash reserve balance to have on hand.

### **Delivery Program Strategy / Operational Plan Activity**

NEWLOG is a separate entity to Ballina Shire Council and is not identified in Council's Delivery Program and Operational Plan.

### **Community Consultation Policy**

This report is provided for the public record.

### **Financial / Risk Considerations**

Council contributes financially to the operations of NEWLOG as well as providing support and management of the joint venture.

### **Options**

This report is for information, with Council also asked to support the draft 2021/22 budget.

### **RECOMMENDATION**

That Council endorses the draft NEWLOG budget for 2021/22, as per the contents of this report.

### **Attachment(s)**

Nil

## 4.2 Dust Sealing Program - Long Term Financial Plan

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### 4.2 Dust Sealing Program - Long Term Financial Plan

**Section** Engineering Works

**Objective** To adopt a ten year program for the dust sealing of rural roads to include in Council's Long Term Financial Plan.

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#### **Background**

In 2018 Council considered a series of reports assessing the merits of the dust sealing of rural roads.

Dust sealing is the term applied to a relatively low cost approach to sealing unsealed rural roads. Typically these projects do not involve upgrades or improvements to the road geometry or pavement strength that will meet full extent of engineering standards. The purpose of the dust seal is to improve local amenity and avoid gravel maintenance costs. The approach also aligns cost and benefit as full construction to engineering design standards is either beyond Council's resources or is not economic, whereas the dust sealing provides a reasonable level of service for cost.

Previously Council did not have a dust sealing program as the approach for the management of roads had been to focus on renewal or reconstruction of existing sealed roads, and maintenance of the unsealed roads.

Council has however, over time, completed a number of dust sealing projects. These projects were delivered under Council's Dust Sealing of Roads Policy, which provides an opportunity for dust sealing where residents are fully responsible for the capital costs and Council accepts the ongoing maintenance costs.

The 2018 reporting examined an economic analysis comparing the costs of maintenance of an unsealed road to the costs of a sealed road.

The reporting also developed a priority list of works in preparation for a program, if funded.

Since 2018 Council has completed a large program of dust sealing works due to a successful grant program.

As there has been substantial works undertaken since 2018, in December 2020 Council considered a report reviewing what had been achieved and assessing what the preferred future options were for a dust sealing program.

In response to this report, Council resolved:

*To receive a report on options for a prioritised program of works based on the projects listed in Table 2 of the report.*

Table 1, as follows, is a copy of the table noted in the resolution.

## 4.2 Dust Sealing Program - Long Term Financial Plan

**Table 1 - Shortlist of Roads for Dust Sealing Program**

Road Name	Road Width	Years to break even
Whytes Lane - west (10:132)	4.2	6
Chinamans Lane (10:164)	4.6	7
Whytes Lane - east (10:130)	5.2	7
Buckombil Mountain Road (10:159)	5	7
Saltwater Creek Road (10:148)	5.2	7
Danns Lane (10:138)	5.6	7
Deadmans Creek Road (10:057)	4	7
Troughtons Lane (10:029)	3.5	8
Bartletts Lane (10:122)	5.6	8
Gubay Lane / Lumleys Lane (10:158:30)	6	9
Gubay Lane / Lumleys Lane (10:158:10)	6	9
Lumleys Lane (10:158)	4.8	9
Cooks Lane (10:116)	5.4	9
Carneys Lane (10:153)	6.2	10
Old Bagotville Road (10:166:70)	7.4	10
Old Bagotville Road (10:166:20)	7.4	10

Council also consider the addition of two further road segments to the above list being 830m of Gap Road and 830m of Houghlahans Creek Road (10:170).

These roads were included in the previous program however these two segments were not completed at the time other works were achieved.

The purpose of this report is to adopt a ten year dust sealing program based on priority.

### Key Issues

- Financial sustainably for road management
- Social and environmental benefits in roads management

### Discussion

The financial assessment performed on the shortlisted unsealed roads determined the return on investment would result in break-even positions reached within six to ten years.

The financial return is based on reduced maintenance costs for Council.

The dust sealing program also achieves more than financial benefits.

Positive outcomes from the sealing of unsealed roads can be categorised into social, utilisation, physical terrain and environmental.

With minimal differences in terms of value for money, alternative non-priced criteria were explored to determine a priority ranking of the shortlisted unsealed roads.

## 4.2 Dust Sealing Program - Long Term Financial Plan

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The non-price category alternatives were based on social, utilisation, physical terrain and environmental.

These categories were used for applying a scored assessment against each of the roads.

A scoring system of 1 to 5 was used, with the higher the score representing the more favourable the benefit.

The development of these categories and the scoring system does not follow any published standard or guide. Therefore there would be many different combinations of what to include in an assessment and the relative weighting for a category.

The considerations under each of these categories, and how scores were applied, include:

- Social – Considers the number of local access points, such as driveways, that the road serves. Access points for these roads ranged from 0 to 22. A higher score is applied to a road with more access points.
- Utilisation – Estimates the daily vehicle numbers on the road. The higher utilisation rates can represent through traffic that is using the road to access other key roads, or major businesses located on that route. High use also impacts the condition of the road and the generation of dust from the unsealed road. Utilisation for these roads range from 10 to 300 vehicles per day. A higher score is applied to roads with greater utilisation.
- Physical Terrain – Rates the terrain of the road. The steeper the terrain the greater chance of scouring, which results in additional maintenance and impacts road user satisfaction. A higher score is applied to roads with the steeper incline.
- Environmental – Considers the potential environmental benefit that could be achieved if the road was sealed. Unsealed roads generate dust and can suffer from washouts, both could have unfavourable impact on local waterways. The environmental benefits of sealing these roads range from high to low, with scores being applied based on the proximity of the road to waterways.

Table 2 lists each of the roads, the score applied under each category, and the overall road score. The higher the overall score, the more favourable the sealing works would be for the community.

The categories have been weighted equally which appears to provide a reasonable result. Alternatively weightings could be applied, or one or more categories could be deleted, or both.

The roads are listed within Table 2 in ordered of priority. Attachment 1 provides more details of the scoring and assessment.

## 4.2 Dust Sealing Program - Long Term Financial Plan

**Table 2 - Criteria Scoring and Priority List**

Road	Social		Utilisation		Physical		Environmental		TOTAL SCORE
	Local Access Points	Social SCORE	Vehicles Daily	Utilisation SCORE	Terrain	Terrain SCORE	Enviro Benefit	Enviro SCORE	
Gap Road (10:102)	7	3	150	4	Steep	5	High	5	17
Houghlahans Creek Road (10:170)	4	2	300	5	Steep	5	High	5	17
Cooks Lane (10:116)	16	4	100	3	Moderate	2	Medium	3	12
Bartletts Lane (10:122)	22	5	120	4	Moderate	2	Low	1	12
Buckombil Mountain Road (10:159)	9	3	60	2	Steep	5	Low	1	11
Old Bagotville Road (10:166:70)	6	2	200	5	Flat	1	Medium	3	11
Old Bagotville Road (10:166:20)	1	1	300	5	Flat	1	Medium	3	10
Carneys Lane (10:153)	7	3	80	2	Flat	1	Medium	3	9
Whytes Lane -west (10:132)	11	4	50	2	Flat	1	Low	1	8
Lumleys Lane (10:158:40)	8	3	50	2	Moderate	2	Low	1	8
Danns Lane (10:138)	5	2	30	1	Flat	1	Medium	3	7
Saltwater Creek Road (10:148)	3	2	10	1	Flat	1	Medium	3	7
Deadmans Creek Road (10:057)	2	1	20	1	Moderate	2	Medium	3	7
Chinamans Lane (10:164)	3	2	20	1	Moderate	2	Low	1	6
Troughtons Lane (10:029)	3	2	30	1	Moderate	2	Low	1	6
Whytes Lane -east (10:130)	5	2	50	2	Flat	1	Low	1	6
Gubay Lane (10:254:30)	4	2	20	1	Moderate	2	Low	1	6
Gubay Lane (10:254:10)	0	1	20	1	Moderate	2	Low	1	5

Council has a recurring budget of \$120,000 for the dust sealing program. Two projects from the previously adopted program are already allocated in the Delivery Program from 2021/22 until 2023/24. This is for the sealing of Rishworths Lane and O'Keefes Lane, respectively.

The previously adopted projects and the additional prioritised roads (from Table 2) have been developed into a ten year program. The program has considered the prioritisation, the value of the individual projects, and distributed the delivery to meet the allocated annual budget of \$120,000.

**Table 3 - Ten Year Program - 2021/22 to 2030/31**

Road	Seal Cost @ \$10/m2	DELIVERY PROGRAM									
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Rishworths Lane (10:014)	\$ 34,580	\$120,000									
O'Keefes Lane (10:151)	\$ 16,100		\$120,000								
Gap Road (10:102)	\$ 43,160			\$43,160							
Houghlahans Creek Road (10:170)	\$ 34,560			\$34,560							
Cooks Lane (10:116)	\$ 144,450			\$42,280	\$ 102,170						
Bartletts Lane (10:122)	\$ 164,416				\$ 17,830	\$ 120,000	\$ 26,586				
Buckombil Mountain Road (10:159)	\$ 66,250					\$ 66,250					
Old Bagotville Road (10:166:70)	\$ 165,760					\$ 27,164	\$ 120,000	\$ 18,596			
Old Bagotville Road (10:166:20)	\$ 146,594							\$ 101,404	\$ 45,190		
Carneys Lane (10:153)	\$ 128,340										
Whytes Lane -west (10:132)	\$ 36,582								\$ 36,582		
Lumleys Lane (10:158:40)	\$ 56,640										
Danns Lane (10:138)	\$ 54,880										
Saltwater Creek Road (10:148)	\$ 46,280										
Deadmans Creek Road (10:057)	\$ 10,400										
Chinamans Lane (10:164)	\$ 14,628									\$14,628	
Troughtons Lane (10:029)	\$ 20,965									\$20,965	
Whytes Lane -east (10:130)	\$ 87,360										\$87,360
Gubay Lane (10:254:30)	\$ 56,040										\$56,040
Gubay Lane (10:254:10)	\$ 27,180										\$27,180
		\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$117,365	\$170,580	

Due to some of the higher prioritised roads having a high capital cost, they span across more than one financial year, however these have been complemented with lower value projects to allow for the sealing of one to four roads per financial year.

### **Delivery Program Strategy / Operational Plan Activity**

This program supports the following Delivery Program Strategies:

PE3.3 Deliver infrastructure that supports residential living

HE1.3 Undertake and promote initiatives that improve our waterways

### **Community Consultation Policy**

Subject to the recommendation of this report being accepted, an update of the Roads and Transport Asset Management Plan will be prepared to reflect the Council decision.

Public exhibition of the plan will occur at the next major revision, due in 2021.

Furthermore, the first four years of the program will be included in Council's draft 2021/22 to 2024/25 Delivery Program and Operational Plan.

### **Financial / Risk Considerations**

The potential projects have already considered if they are feasible through a rate of return of assessment.

Normal project management and design risks for road program projects will apply and need to be appropriately managed in the delivery of the program.

### **Options**

1. Adopt the proposed ten year dust sealing delivery program.

Prioritisation of roads has occurred in-line with subjective criteria to assess social and environmental benefits of sealing. This will result in 13 roads sealed within the allocation of \$120,000 per annum for this program.

The program would allow for the sealing of roads that have more than eight local access points, cater to more than 80 cars per day, have steep terrains and have high environmental benefit.

This is the recommended option.

2. Amend the proposed ten year dust sealing program.

Council can amend the program at this meeting or following exhibition, as part of the draft Delivery Program and Operational Plan.

This program is also able to be reviewed each year, as part of the annual Delivery Program and Operational Plan deliberations.

## **4.2 Dust Sealing Program - Long Term Financial Plan**

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### **RECOMMENDATIONS**

1. That Council adopts the proposed ten year delivery program for the dust sealing of unsealed roads, as per Table 3 in this report.
2. That Council's Roads and Transport Asset Management Plan be amended to reflect the adopted program.

### **Attachment(s)**

1. Dust Sealing - Prioritisation and Proposed Program





#### 4.3 Rating Structure - 2021/22

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#### 4.3 Rating Structure - 2021/22

##### Delivery Program

Financial Services

##### Objective

To confirm the preferred ordinary rating structure for the 2021/22 rating year for the public exhibition of the draft 2021/22 Operational Plan.

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#### Background

The Local Government Act (LGA) provides a variety of options for councils in adopting an ordinary rating structure. Council has traditionally minimised changes to the rating structure applied each year, as changes to the structure do not result in increased revenue, but rather they vary the manner in which the ordinary rate burden is distributed across all rateable properties.

The key objective is to determine a structure that is fair and equitable within the limitations of the LGA. The information that follows outlines the proposed rating structure for the 2021/22 rating year.

#### Key Issues

- Fairness and equity, in the opinion of Council

#### Discussion

There are a number of options Council can consider in respect to implementing its overall rating structure. Council can choose a base amount (current structure) or minimum rating structure, and can also choose to levy different rates for groups of properties categorised as residential, business, farmland or mining. Groups of properties can also be sub-categorised.

In respect to rating structures, the onus is on Council to adopt a fair and equitable structure that also complies with criteria outlined within the LGA. It is the elected Council that determines the fairest and most equitable rating structure for its ratepayers.

#### Base Amount Rating Structure

Council has been using the base amount rating structure since 2005/06. This structure comprises two components that make up the total ordinary land rate a property pays being:

- The **base amount** is the fixed amount levied on each rateable property, or category of properties (i.e. residential, farmland and business). The base amount levied assumes that all properties benefit equally in respect of works and services provided by Council. Under the LGA, the base amount cannot generate more than 50% of the total rate income in each rating category.

### 4.3 Rating Structure - 2021/22

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

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

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

Council has adopted a uniform base amount for all residential, business and farmland properties. The residential base amount derives just less than the maximum 50% benchmark of total rate income for that category. This means that as business and farmland category properties tend to have higher land valuations (and fewer properties) than the residential category, the base amount for business and farmland categories raises significantly less than the maximum 50% (for 2021/22, around 15% and 32% respectively).

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

The primary reason for implementing this strategy was to provide a more equitable distribution of the rate burden for business and farmland properties, as a higher percentage for the base charge had resulted in smaller properties paying significantly higher rates.

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

There are no changes proposed to be made to the current base amount rating structure in 2021/22.

#### **Yield from Business Category**

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

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

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

### 4.3 Rating Structure - 2021/22

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

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

For the 2019/20 rating year, this was then reviewed.

The structure subsequently resolved by Council for 2019/20 implemented a 19.85% yield from business (reduced from the 20% applied in previous years).

Additionally the structure resolved by Council for 2020/21 implemented a 19.35% yield from business.

A business yield of 19.85% for 2019/20 and 19.35% for 2020/21, provided the closest outcome to parity for the percentage increases across rating categories (that is, provided as close to possible a consistent rating increase across all rating categories).

For the 2021/22 rating year, scenarios are presented in this report where the business yield has again been amended.

Scenario One uses a 19.35% yield from business as resolved by Council for 2020/21. The 19.35% yield from business shows an unfavourable outcome to parity for the business category.

Scenario Two uses a 19.20% yield from business, as this provides the closest outcome to parity across all rating categories for 2021/22 (that is, provides as close to the State Government rate peg limit of 2.0% across all rating categories).

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

To review this, data was obtained from the NSW Government Your Council website [yourcouncil.nsw.gov.au](http://yourcouncil.nsw.gov.au)

The average business rate for councils in a similar council classification as Ballina Shire, as per the Your Council comparative data, was obtained, with the figures summarised in Table One. Ballina Shire Council is classed as a Group 4 Council, based on population size.

**Table One: Average Business Rates Your Council Data – 2018/19**

<b>Council</b>	<b>Average Business Rate (\$)</b>
Ballina	3,310
Byron	3,057
Clarence Valley	2,581
Coffs Harbour *	4,632
Lismore	4,724
Richmond Valley	2,487
Tweed *	2,834
<b>Average of above</b>	<b>3,375</b>

\* Coffs Harbour and Tweed are classed as Group 5 Councils

The Group 4 average per the Your Council website, for 2018/19, was \$3,716.

Ballina Shire’s average business rate for 2018/19 was well below the Group 4 average and also compared reasonably with neighbouring councils, being slightly below that average.

Lismore and Coffs Harbour are noted as outliers on the high end, with Clarence Valley and Richmond Valley noted as outliers on the low end.

This is the latest information published by Your Council.

The subsequent year, however, did include an additional SRV increase of 5.9% in 2019/20 for Ballina Shire, compared to the peg rate of 2.7% for that year.

**Proposed 2021/22 Rating Structure**

IPART has announced a rate peg limit of 2.0% for the 2021/22 rating year. Council does not have a special rate variation for 2021/22.

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

As per Table Two, this resulted in a differential of 472% between business and residential properties for 2020/21 (i.e. 0.72414 cents in the dollar compared to 0.15336).

**Table Two: 2020/21 Rating Structure**

<b>Rate Category</b>	<b>2020/21</b>	
	<b>Base Amount</b>	<b>Rate in Dollar</b>
Residential	564	0.15336
Business	564	0.72414
Farmland	564	0.12718
Mining	564	0.72414

Council could continue to implement an approach to reduce this differential, over time, by gradually applying a higher share of the total rate burden to residential and farmland properties.

#### 4.3 Rating Structure - 2021/22

To examine this further, two scenarios are provided.

Scenario One is based on a 19.35% business yield for business properties. This scenario is presented here as this is the business yield % that was resolved and applied for the 2020/21.

The business rate in the dollar is approximately 474%, or more than four and a half times, the residential rate in the dollar, to raise 19.35% of total rate revenue from business properties.

In Scenario Two, the business yield has been reduced to 19.20%. This percentage provides a more even distribution of the 2.0% (rate peg) increase across the categories.

#### Scenario One – 2021/22 Rating Structure using 19.35% Business Yield

Scenario Two is based on a 19.35% business yield for business properties, which is the business yield % applied for 2020/21.

Tables Three and Four outline the structure and yield for the 19.35%.

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

Rate Category	Income 2.0% increase (\$)	Category % Base Charge	Category % of Total Yield	Average Rate
Residential	19,564,218	49.87	74.10	1,147
Business	5,109,221	14.75	19.35	3,784
Farmland	1,730,305	32.17	6.55	1,778
Mining	0.00	0.00	0.00	0
<b>Totals</b>	<b>26,403,744</b>	<b>N/A</b>	<b>100.00</b>	<b>1,362</b>

**Table Four: 2021/22 Rating Structure - Business Yield 19.35%**

Rating Category	Using 2.0% Rate Peg Increase	
	Base Amount	Rate in Dollar
Residential	572	0.15666
Business	572	0.74299
Farmland	572	0.12956
Mining	572	0.74299

In this scenario, the business rate in the dollar is approximately 474% higher than the residential rate in the dollar.

Farmland is around 83% of the residential rate, which is more a historical benchmark, rather than being based on any formula.

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

**Table Five: Residential Rates Payable in 2021/22**

2019 Land Value Range	Property Count	2019 Land Valuation Used for Calculation	2020/21 rate	2021/22 rate	Change (\$)	Change (%)
0 to 99,999	924	50,000	641	650	9	1.5%
100,000 to 199,999	2,280	150,000	794	807	13	1.6%
200,000 to 299,999	4,605	250,000	947	964	16	1.7%
300,000 to 399,999	3,916	350,000	1,101	1,120	20	1.8%
400,000 to 499,999	2,363	450,000	1,254	1,277	23	1.8%
500,000 to 599,999	1,361	550,000	1,407	1,434	26	1.9%
600,000 to 699,999	600	650,000	1,561	1,590	29	1.9%
700,000 to 799,999	289	750,000	1,714	1,747	33	1.9%
800,000 to 899,999	179	850,000	1,868	1,904	36	1.9%
900,000 to 999,999	136	950,000	2,021	2,060	39	1.9%
1,000,000 to 1,499,999	295	1,250,000	2,481	2,530	49	2.0%
1,500,000 to 1,999,999	81	1,750,000	3,248	3,314	66	2.0%
2,000,000 to 2,999,999	28	2,500,000	4,398	4,489	91	2.1%
> 3,000,000	12	3,000,000	5,165	5,272	107	2.1%

**Table Six: Business Rates Payable in 2021/22**

2019 Land Value Range	Property Count	2019 Land Valuation Used for Calculation	2020/21 rate	2021/22 rate	Change (\$)	Change (%)
0 to 99,999	334	50,000	926	943	17	1.9%
100,000 to 199,999	216	150,000	1,650	1,686	36	2.2%
200,000 to 299,999	186	250,000	2,374	2,429	55	2.3%
300,000 to 399,999	147	350,000	3,098	3,172	74	2.4%
400,000 to 499,999	122	450,000	3,823	3,915	93	2.4%
500,000 to 599,999	101	550,000	4,547	4,658	112	2.5%
600,000 to 699,999	50	650,000	5,271	5,401	131	2.5%
700,000 to 799,999	45	750,000	5,995	6,144	149	2.5%
800,000 to 899,999	27	850,000	6,719	6,887	168	2.5%
900,000 to 999,999	19	950,000	7,443	7,630	187	2.5%
1,000,000 to 1,499,999	51	1,250,000	9,616	9,859	244	2.5%
1,500,000 to 1,999,999	24	1,750,000	13,236	13,574	338	2.6%
2,000,000 to 2,999,999	21	2,500,000	18,668	19,147	479	2.6%
> 3,000,000	14	3,000,000	22,288	22,862	574	2.6%

**Table Seven: Farmland Rates Payable in 2021/22**

2019 Land Value Range	Property Count	2019 Land Valuation Used for Calculation	2020/21 rate	2021/22 rate	Change (\$)	Change (%)
0 to 99,999	3	50,000	628	637	9	1.5%
100,000 to 199,999	2	150,000	755	766	12	1.5%
200,000 to 299,999	5	250,000	882	896	14	1.6%
300,000 to 399,999	35	350,000	1,009	1,025	16	1.6%
400,000 to 499,999	70	450,000	1,136	1,155	19	1.7%
500,000 to 599,999	134	550,000	1,263	1,285	21	1.7%
600,000 to 699,999	138	650,000	1,391	1,414	24	1.7%
700,000 to 799,999	139	750,000	1,518	1,544	26	1.7%
800,000 to 899,999	83	850,000	1,645	1,673	28	1.7%
900,000 to 999,999	92	950,000	1,772	1,803	31	1.7%
1,000,000 to 1,499,999	179	1,250,000	2,154	2,192	38	1.8%
1,500,000 to 1,999,999	55	1,750,000	2,790	2,839	50	1.8%
2,000,000 to 2,999,999	23	2,500,000	3,744	3,811	68	1.8%
> 3,000,000	16	3,000,000	4,379	4,459	80	1.8%

#### 4.3 Rating Structure - 2021/22

Scenario One indicates that the majority of residential and farmland rates would increase in the range of 1.6% to 1.8%.

The majority of business rates would increase around 2.5%. This means the business category would be bearing a disproportionate burden of the rate peg increase.

#### Scenario Two – 2021/22 Rating Structure using 19.20% Business Yield

Scenario Two is based on a 19.20% business yield for business properties.

**Table Eight: 2021/22 Rating Income – Business Yield 19.20%**

Rate Category	Income 2.0% increase (\$)	Category % Base Charge	Category % of Total Yield	Average Rate
Residential	19,600,306	49.86	74.23	1,149
Business	5,069,612	14.89	19.20	3,755
Farmland	1,733,833	32.16	6.57	1,781
Mining	0.00	0.00	0.00	0
<b>Total</b>	<b>26,403,750</b>	<b>N/A</b>	<b>100.00</b>	<b>1,362</b>

**Table Nine: 2021/22 Rating Structure – Business Yield 19.20%**

Rating Category	Using 2.0% Rate Peg Increase	
	Base Amount	Rate in Dollar
Residential	573	0.15696
Business	573	0.73601
Farmland	573	0.12985
Mining	573	0.73601

In this scenario, the business rate in the dollar is approximately 469% higher than the residential rate in the dollar. This means that there has only been a slight decrease in the differential between Scenario One and Two (474% reduced to 469%).

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

**Table Ten: Residential Rates Payable in 2021/22**

2019 Land Value Range	Property Count	2019 Land Valuation Used for Calculation	2020/21 rate	2021/22 rate	Change (\$)	Change (%)
0 to 99,999	924	50,000	641	651	10	1.7%
100,000 to 199,999	2,280	150,000	794	808	14	1.8%
200,000 to 299,999	4,605	250,000	947	965	18	1.9%
300,000 to 399,999	3,916	350,000	1,101	1,122	22	2.0%
400,000 to 499,999	2,363	450,000	1,254	1,279	25	2.0%
500,000 to 599,999	1,361	550,000	1,407	1,436	29	2.0%
600,000 to 699,999	600	650,000	1,561	1,593	32	2.1%
700,000 to 799,999	289	750,000	1,714	1,750	36	2.1%
800,000 to 899,999	179	850,000	1,868	1,907	40	2.1%
900,000 to 999,999	136	950,000	2,021	2,064	43	2.1%
1,000,000 to 1,499,999	295	1,250,000	2,481	2,535	54	2.2%
1,500,000 to 1,999,999	81	1,750,000	3,248	3,320	72	2.2%
2,000,000 to 2,999,999	28	2,500,000	4,398	4,497	99	2.3%
> 3,000,000	12	3,000,000	5,165	5,282	117	2.3%



**Table Eleven: Business Rates Payable in 2021/22**

2019 Land Value Range	Property Count	2019 Land Valuation Used for Calculation	2020/21 rate	2021/22 rate	Change (\$)	Change (%)
0 to 99,999	334	50,000	926	941	15	1.6%
100,000 to 199,999	216	150,000	1,650	1,677	27	1.6%
200,000 to 299,999	186	250,000	2,374	2,413	39	1.6%
300,000 to 399,999	147	350,000	3,098	3,149	51	1.6%
400,000 to 499,999	122	450,000	3,823	3,885	62	1.6%
500,000 to 599,999	101	550,000	4,547	4,621	74	1.6%
600,000 to 699,999	50	650,000	5,271	5,357	86	1.6%
700,000 to 799,999	45	750,000	5,995	6,093	98	1.6%
800,000 to 899,999	27	850,000	6,719	6,829	110	1.6%
900,000 to 999,999	19	950,000	7,443	7,565	122	1.6%
1,000,000 to 1,499,999	51	1,250,000	9,616	9,773	157	1.6%
1,500,000 to 1,999,999	24	1,750,000	13,236	13,453	217	1.6%
2,000,000 to 2,999,999	21	2,500,000	18,668	18,973	306	1.6%
> 3,000,000	14	3,000,000	22,288	22,654	365	1.6%

**Table Twelve: Farmland Rates Payable in 2021/22**

2019 Land Value Range	Property Count	2019 Land Valuation Used for Calculation	2020/21 rate	2021/22 rate	Change (\$)	Change (%)
0 to 99,999	3	50,000	628	638	10	1.6%
100,000 to 199,999	2	150,000	755	768	13	1.7%
200,000 to 299,999	5	250,000	882	898	16	1.8%
300,000 to 399,999	35	350,000	1,009	1,027	18	1.8%
400,000 to 499,999	70	450,000	1,136	1,157	21	1.8%
500,000 to 599,999	134	550,000	1,263	1,287	24	1.9%
600,000 to 699,999	138	650,000	1,391	1,417	26	1.9%
700,000 to 799,999	139	750,000	1,518	1,547	29	1.9%
800,000 to 899,999	83	850,000	1,645	1,677	32	1.9%
900,000 to 999,999	92	950,000	1,772	1,807	34	1.9%
1,000,000 to 1,499,999	179	1,250,000	2,154	2,196	42	2.0%
1,500,000 to 1,999,999	55	1,750,000	2,790	2,845	56	2.0%
2,000,000 to 2,999,999	23	2,500,000	3,744	3,819	76	2.0%
> 3,000,000	16	3,000,000	4,379	4,469	89	2.0%

Scenario Two indicates that residential rates would increase in the range of 1.7% to 2.3%, business 1.6%, and farmland rates from 1.6% to 2.0%.

This scenario is more favourable to businesses, with minimal negative impact to the average residential property.

For Scenario Two, as compared to Scenario One, the average rate for residential properties is increased by \$2 to \$1,149. The average rate for business properties is reduced by \$29 to \$3,755.

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

### 4.3 Rating Structure - 2021/22

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

#### Revenue from Localities

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

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

**Table Thirteen: 2021/22 Localities compared to Assessments**

Locality	Assessments	%	Revenue (\$)	%
Ballina, East Ballina, West Ballina, Cumbalum, Tintenbar	9,111	47.0	12,341,434	46.7
Lennox / Skennars	3,857	19.9	5,771,310	21.9
Alstonville / Wollongbar	3,884	20.0	4,494,239	17.0
Wardell, East Wardell	472	2.4	521,785	2.0
Balance	2,076	10.7	3,274,975	12.4
<b>Total</b>	<b>19,400</b>	<b>100.0</b>	<b>26,403,743</b>	<b>100.0</b>

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

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

#### Delivery Program Strategy / Operational Plan Activity

The setting of the ordinary rate increase and the setting of the rating structure, determines the manner in which the ordinary rate burden is distributed across the community.

This aligns with the Council's Client Service Plan Outcome "Council's finances and assets are well managed". The Operational Plan Activities that relate specifically to this are:

EL1.2: Involve our community in our planning and decision making processes.

#### Community Consultation Policy

The rating structure will be placed on exhibition for public comment as part of the 2021/22 draft Operational Plan.

#### Financial / Risk Considerations

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

### Options

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

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

Based on this the preferred rating structure for 2021/22 is Scenario Two, as per Tables Eight and Nine, as it provides a consistent increase for all properties.

The figures in Table Nine are in draft form only and will change slightly by the time they are adopted for 2021/22.

This is because there may be variations due to growth in assessments and land valuations between now and when the 2021/22 rating structure is adopted at the June 2021 Ordinary meeting.

The recommendation is to exhibit this preferred structure for public comment as part of the draft 2021/22 Operational Plan.

### RECOMMENDATIONS

1. That for the draft 2021/22 Operational Plan, Council approves the application of a base rating structure, which applies the following principles:
  - a) Marginally less than 50% of the rate income for the residential category of properties being generated from the base amount
  - b) Business, farmland and mining categories to have the same base amount as the residential base amount
  - c) A total of 19.20% income from the rate yield to be sourced from the business category properties
  - d) Farmland rate in the dollar is approximately 83% of the residential rate in the dollar
  - e) The mining category rate in the dollar to be set as the same rate as the business category (currently no mining category properties in the shire).
2. That Council notes the indicative figures for this rating structure for 2021/22, are as per Tables Eight and Nine of this report.

### Attachment(s)

Nil

#### 4.4 Water Operations - Long Term Financial Plan

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#### 4.4 Water Operations - Long Term Financial Plan

<b>Section</b>	Financial Services
<b>Objective</b>	To review the long term financial plan for Council's water operations.

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#### Background

Water operations form a significant part of Council's overall turnover at approximately 14% of operating revenue.

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

#### Key Issues

- Financial performance and sustainability

#### Discussion

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

**Table One: Water Financial Performance**

Description	2018/19 Actual \$000	2019/20 Actual \$000	2020/21 Estimate \$000
Operating Revenues	13,463	13,384	13,485
Operating Expenses (including depreciation)	11,410	12,330	13,600
<b>Operating Result - Surplus/(Deficit)</b>	<b>2,053</b>	<b>1,054</b>	<b>(115)</b>
Excluding Depreciation and Loss on Sale	1,500	1,607	2,270
<b>Cash Operating Result – Surplus</b>	<b>3,553</b>	<b>2,661</b>	<b>2,155</b>
Less Loan Principal Repaid	0	0	0
Less Capital Expenditure	1,120	3,030	2,997
Add Capital Income	1,176	763	620
<b>Cash Increase / (Decrease)</b>	<b>3,609</b>	<b>394</b>	<b>(222)</b>
Infrastructure Movements / Leave Balances	(376)	(764)	0
<b>Reserve Balances</b>	<b>20,876</b>	<b>20,506</b>	<b>20,284</b>

The business has shown reasonable actual operating surpluses in recent years, both before and after depreciation. The forecast for 2020/21 following the December 2020 quarterly budget review, is for a small operating deficit, with increased depreciation and non-cash expenses impacting on the result.

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

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

#### 4.4 Water Operations - Long Term Financial Plan

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For the 2019/20 and 2020/21 years, RCC implemented general price increases of 4% and 12%, respectively.

The higher than CPI increases for 2019/20 and 2020/21 were absorbed by the fund for those years, with Council end user charges increased by a modest 2.7% and 2.6%, respectively.

RCC has confirmed, in discussions during February 2021, an expectation that the general increase for 2021/22, 2022/23 and 2023/24 will be 7%, 6% and 6%.

The % increases for 2024/25 and following years are very much dependent on what direction is taken with the Future Water Project.

The modelling of the current draft LTFP is based on the following RCC increases:

Year	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30
% Increase	7.0	6.0	6.0	5.0	5.0	3.0	3.0	3.0	2.5

The attachments to this report are the latest review of the LTFP for the ten year period from 2021/22 to 2030/31.

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

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

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

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

From Council's perspective, it is preferable to minimise the impact to the end user of the increases in charges from RCC.

The ongoing above CPI increases from RCC do necessitate Council to implement increases above CPI for future years, however the modelling has been completed to minimise this impact whilst still maintain a positive operating result, where possible, and positive reserve balances at all times.

The model presented in this report proposes the following increases for water access and water consumption charges:

Year	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30
% Increase	3.5	3.5	3.5	3.5	3.5	2.5	2.5	2.5	2.5

For 2020/21, water consumption income is trending towards \$8.22 million (2019/20 actual was \$7.93 million).

For 2021/22, forecast consumption income has been estimated at \$8.51 million, representing an overall increase of 3.5%. The other large income source is the annual access charges.

#### **4.4 Water Operations - Long Term Financial Plan**

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For 2020/21, water access charges are trending towards \$4.25 million. For 2021/22, forecast access charge income has been estimated at \$4.42 million, also representing an overall increase of 3.5%.

For 2021/22, forecast operating expenses, excluding depreciation, has been estimated to increase by 4.7% in comparison to the current 2020/21 forecast.

The contribution to RCC represents 89% of the total increase to forecast operating expenses. RCC has confirmed it anticipates a price per kilolitre increase of 7.0% will be applied for 2021/22.

The methodology used by RCC to apportion cost between the constituent councils is based on the proportion of consumption for the previous year ending February. This means that the impact on an individual constituent council in any year can be more or less than the RCC price increase.

For the 2020/21 year, whilst the RCC yield increase was 12.0% for that year, the impact for Ballina Shire Council was 12.03%, as Ballina Shire Council's percentage of total Rous consumption had increased slightly.

At the time of writing this report, the information on RCC water calculation for the constituent councils is not available. The LTFP bulk water cost increase for 2020/21 assumes a flat 7.0% increase.

The assumed cost of bulk water for Council for 2020/21 is \$7,322,000, representing an increase of \$478,500, or 7%, from 2020/21.

As a consequence of the various movements in operating revenues and operating expenses, the overall cash operating result for 2021/22 is forecast to be an improvement on the 2020/21 result (an improvement of \$321,900 from \$115,500 deficit to a \$206,400 surplus).

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

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

The current model predicts capital works of \$3.3 million for 2021/22, and then capital expenditure in the range of \$7.1 to \$9.6 million for the following three years. Projected reserve balances do decline significantly over the forecast period.

Capital income refers to contributions from developers relating to new subdivisions. This income source is difficult to predict. The model assumes \$870,000 from this source, based on an average of recent years, however this figure can be considerably higher or lower in any given year.

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

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

#### 4.4 Water Operations - Long Term Financial Plan

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

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

**Table Three: Water Consumption Income Compared to Price**

Year	Income (\$)	% Change	Increase in Price
2020/21 (1)	8,220,000	3.6	2.6%
2019/20	7,932,200	1.1	2.7%
2018/19	7,951,800	5.5	2.3%
2017/18	7,538,600	(3.0)	2.0%
2016/17	7,771,200	16.8	2.8%

(1) estimated

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

The financial modelling is based on consumption income increasing in accordance with price as this remains as a good an indicator as any. Given that it is likely that income received will vary up or down from the forecast it is important that the business maintains sufficient cash reserves as a buffer to meet lean times and financial shocks.

The financial model, summarised in Table Four, looks to maintain a minimal operating cash surplus, whilst reserves decline. There are sufficient reserves on hand to allow a gradual approach to this strategy, such that reserves tend to decrease for the majority of the ten year model. Importantly no borrowings are anticipated.

The attachment to this report provides the complete model.

**Table Four: Water Financial Model**

Description	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
Operating Revenues	13,485	13,892	14,362	14,812	15,294	15,755	16,127	16,533	16,855	17,285	17,725
Operating Expenses	13,600	13,686	14,131	14,704	15,227	15,815	16,041	16,274	16,530	16,794	17,060
<b>Operating Result</b>	<b>(116)</b>	<b>206</b>	<b>231</b>	<b>108</b>	<b>67</b>	<b>(61)</b>	<b>86</b>	<b>260</b>	<b>324</b>	<b>491</b>	<b>665</b>
Add Back Deprec	2,270	1,820	1,856	1,893	1,930	1,968	2,007	2,047	2,087	2,129	2,172
<b>Cash Surplus</b>	<b>2,155</b>	<b>2,026</b>	<b>2,087</b>	<b>2,001</b>	<b>1,997</b>	<b>1,908</b>	<b>2,094</b>	<b>2,306</b>	<b>2,411</b>	<b>2,620</b>	<b>2,837</b>
Capital Income	620	870	870	870	870	870	870	870	870	870	870
Loan Principal	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditure	2,997	3,342	9,105	7,081	9,628	3,856	1,040	1,294	1,053	1,073	1,143
<b>Net Reserve M'ment</b>	<b>(223)</b>	<b>(445)</b>	<b>(6,147)</b>	<b>(4,209)</b>	<b>(6,760)</b>	<b>(1,078)</b>	<b>1,924</b>	<b>1,883</b>	<b>2,229</b>	<b>2,418</b>	<b>2,565</b>
<b>Total Reserves</b>	<b>20,284</b>	<b>19,838</b>	<b>13,691</b>	<b>9,480</b>	<b>2,720</b>	<b>1,641</b>	<b>3,565</b>	<b>5,447</b>	<b>7,675</b>	<b>10,092</b>	<b>12,656</b>

#### 4.4 Water Operations - Long Term Financial Plan

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

The model presented in this report proposes the following increases for water charges:

Year	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30
% Increase	3.5	3.5	3.5	3.5	3.5	2.5	2.5	2.5	2.5

It is noted that the Wastewater Operations - Long Term Financial Plan report, which is the following report in this agenda, is based on the following increases for wastewater access charges:

Year	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30
% Increase	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0

The proposed restraint on the wastewater charges, is to assist balance the required increase in water charges.

Even though the wastewater and water operations of Council are not subject to rate pegging, IPART has announced a rate peg 2.0% on cost indexation for local government, and Council endeavours to apply that percentage across the board where possible.

By minimising the increases in the wastewater charges, the proposed increases in water charges provide an overall total increase to fees and charges to the ratepayer more in line with a rate peg of 2.0% for 2021/22, as advised by IPART.

The forecast total access charge income for 2020/21 is estimated at \$4.4 million, representing an overall increase of 4.0%, being a price increase of 3.5% plus growth. The forecast total consumption income for 2020/21 is estimated at \$8.5 million, representing an overall increase of 3.5%, as above.

#### Assumptions Applied

- Estimated income from the access charge is \$4.4 million
- Estimated income from consumption is \$8.5 million
- Rous Water contribution to increase to \$7.3 million
- Developer contributions are forecast at \$870,000
- Capital expenditure of \$3.3 million for 2021/22.

#### Fees and Charges

The proposed charges for 2021/22 are shown in the next table.

**Table Five: Proposed Charges**

Charge Type	2020/21	2021/22	% Increase
Water Access Charge 20mm meter	209	216	3.5
Water Consumption under 350kl	2.35	2.43	3.5
Water Consumption over 350kl	3.53	3.65	3.5
Vacant Land Charge	209	216	3.5



#### 4.4 Water Operations - Long Term Financial Plan

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The over 350kl charge is a 50% premium to the base charge of \$2.43.

In 2020/21 a residential property using 200 kilolitres would pay \$679 for the year and in 2021/22 they will pay \$702 (an overall increase of 3.4%).

##### **Delivery Program Strategy / Operational Plan Activity**

The setting of the water charges determines the cost to be borne by the community and the inter-generational burden as well as the future viability of the fund and its ability to fund necessary future capital works.

This aligns with the Council's Client Service Plan Outcome "Council's finances and assets are well managed". The Operational Plan Activities that relate specifically to this are:

EL1.2 Involve our community in our planning and decision making processes.

EL2.1 Proactively pursue revenue opportunities, cost savings and/or efficiencies.

##### **Community Consultation Policy**

The draft fees and charges and LTFP will be subject to formal exhibition.

##### **Financial / Risk Considerations**

This report outlines the proposed budget and the long term financial plan, including reserve balances, of the Water Fund. With a significant amount of revenue sourced from consumption, which is variable, and a major cost driver being set by Rous County Council, the Water Fund is a somewhat riskier business to manage, from a financial perspective. The business is also very dependent on bulk water being sourced by Rous County Council.

##### **Options**

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

##### **RECOMMENDATION**

That Council endorses the annual charges, as per the following table, as well as the long term financial plan, as per the attachments to this report, for the water operations, for exhibition in the draft 2021/22 Operational Plan.

<b>Charge Type</b>	<b>2020/21</b>	<b>2021/22</b>	<b>% Increase</b>
Water Access Charge 20mm meter	209	216	3.5
Water Consumption under 350kl	2.35	2.43	3.5
Water Consumption over 350kl	3.53	3.65	3.5
Vacant Land Charge	209	216	3.5

#### **4.4 Water Operations - Long Term Financial Plan**

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

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

WATER OPERATIONS - INCOME STATEMENT (2018/19 to 2030/31)														
ACTUAL		DESCRIPTION	ESTIMATED											
2018/19	2019/20		2020/21	2021/22	%	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>OPERATING RESULTS</b>														
<b>Operating Activities</b>														
3,621,300	3,808,800	Annual Charges	3,959,700	4,126,200	4	4,298,900	4,477,500	4,662,100	4,833,700	4,959,300	5,088,900	5,221,500	5,358,100	5,496,700
8,817,900	8,843,200	User Charges and Fees	9,050,000	9,349,100	3	9,657,500	9,976,100	10,306,000	10,647,000	10,903,400	11,166,900	11,435,700	11,711,600	11,994,000
564,100	421,400	Interest and Investment Revenues	235,500	175,800	(25)	163,900	115,400	81,400	28,300	17,600	29,400	40,900	57,500	75,700
0	0	Other Revenues	0	0	0	0	0	0	0	0	0	0	0	0
459,400	310,700	Grants and Contributions for Operating Purposes	239,700	240,800	0	242,000	243,200	244,300	245,500	246,700	247,900	156,400	157,500	158,700
2,114,000	1,363,000	Grants and Contributions for Capital Purposes	1,558,200	1,870,000	20	1,870,000	1,870,000	1,870,000	1,870,000	1,870,000	1,870,000	1,870,000	1,870,000	1,870,000
<b>Other Income:</b>														
0	0	Net Gain from Disposal of Assets	0	0	0	0	0	0	0	0	0	0	0	0
<b>15,576,700</b>	<b>14,747,100</b>	<b>Total Income from Continuing Operations</b>	<b>15,043,100</b>	<b>15,761,900</b>	<b>5</b>	<b>16,232,300</b>	<b>16,682,200</b>	<b>17,163,800</b>	<b>17,624,500</b>	<b>17,997,000</b>	<b>18,403,100</b>	<b>18,724,500</b>	<b>19,154,700</b>	<b>19,595,100</b>
<b>Operating Expenses</b>														
2,218,000	2,367,000	Employee Benefits and On-costs	2,462,000	2,560,000	4	2,662,000	2,768,000	2,879,000	2,994,000	3,114,000	3,239,000	3,369,000	3,504,000	3,644,000
0	0	Borrowing Costs	0	0	0	0	0	0	0	0	0	0	0	0
7,078,000	7,574,400	Materials and Contracts	8,175,800	8,586,900	5	8,984,400	9,405,200	9,767,800	10,147,700	10,227,600	10,305,300	10,381,000	10,455,300	10,527,500
1,500,600	1,606,800	Depreciation and Amortisation	1,570,000	1,700,000	8	1,734,000	1,768,700	1,804,100	1,840,200	1,877,100	1,914,700	1,953,000	1,992,100	2,032,000
613,400	782,000	Other Expenses	692,600	718,600	4	628,500	638,300	649,700	705,200	691,900	682,500	693,400	705,500	716,700
0	0	Net Loss from Disposal of Assets	700,000	120,000	(83)	122,000	124,000	126,000	128,000	130,000	132,000	134,000	137,000	140,000
<b>11,410,000</b>	<b>12,330,200</b>	<b>Total Expenses from Continuing Operations</b>	<b>13,600,400</b>	<b>13,685,500</b>	<b>1</b>	<b>14,130,900</b>	<b>14,704,200</b>	<b>15,226,600</b>	<b>15,815,100</b>	<b>16,040,600</b>	<b>16,273,500</b>	<b>16,530,400</b>	<b>16,793,900</b>	<b>17,060,200</b>
<b>4,166,700</b>	<b>2,416,900</b>	<b>Net Operating Result for the Year</b>	<b>1,442,700</b>	<b>2,076,400</b>	<b>44</b>	<b>2,101,400</b>	<b>1,978,000</b>	<b>1,937,200</b>	<b>1,809,400</b>	<b>1,956,400</b>	<b>2,129,600</b>	<b>2,194,100</b>	<b>2,360,800</b>	<b>2,534,900</b>
<b>2,052,700</b>	<b>1,053,900</b>	<b>Net Operating Result Before Capital Income</b>	<b>(115,500)</b>	<b>206,400</b>	<b>(279)</b>	<b>231,400</b>	<b>108,000</b>	<b>67,200</b>	<b>(60,600)</b>	<b>86,400</b>	<b>259,600</b>	<b>324,100</b>	<b>490,800</b>	<b>664,900</b>

WATER OPERATIONS																	
2016/17	2017/18	2018/19	2019/20	LEDGER ACCOUNT	DESCRIPTION	ESTIMATE											
						2020/21	%	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>OPERATING REVENUES</b>																	
3,371,900	3,489,900	3,621,300	3,808,800	10000	Annual Charges	3,959,700	4	4,126,200	4,298,900	4,477,500	4,662,100	4,833,700	4,959,300	5,088,900	5,221,500	5,358,100	5,496,700
8,087,700	7,868,300	8,386,900	8,387,300	10010	User Charges	8,643,000	3	8,935,900	9,238,000	9,550,200	9,873,500	10,207,900	10,457,500	10,714,200	10,976,000	11,244,900	11,520,100
159,900	333,000	459,400	310,700	10003	Operating Grants and Contributions	239,700	(23)	240,800	242,000	243,200	244,300	245,500	246,700	247,900	156,400	157,500	158,700
343,900	435,900	564,100	421,400	10004	Interest	235,500	(44)	175,800	163,900	115,400	81,400	28,300	17,600	29,400	40,900	57,500	75,700
446,400	455,900	431,000	455,900	10011	Other Revenues	407,000	(11)	413,200	419,500	425,900	432,500	439,100	445,900	452,700	459,700	466,700	473,900
0	18,300	0	0	10012	Gain on Disposal of Plant and Equipment	0	0	0	0	0	0	0	0	0	0	0	0
<b>12,409,800</b>	<b>12,601,300</b>	<b>13,462,700</b>	<b>13,384,100</b>		<b>Total Operating Revenues</b>	<b>13,484,900</b>	<b>1</b>	<b>13,891,900</b>	<b>14,362,300</b>	<b>14,812,200</b>	<b>15,293,800</b>	<b>15,754,500</b>	<b>16,127,000</b>	<b>16,533,100</b>	<b>16,854,500</b>	<b>17,284,700</b>	<b>17,725,100</b>
<b>OPERATING EXPENSES</b>																	
<b>Direct Expenses</b>																	
356,700	407,600	447,700	482,400	50000/50005	Engineering Management	515,600	7	512,600	520,400	528,400	536,600	544,900	553,300	561,800	570,400	579,100	588,000
450,000	323,900	365,400	338,800	50005	Administration and Customer Service	434,100	28	458,000	379,700	386,400	393,200	445,100	427,100	414,100	421,200	428,400	435,600
294,800	49,700	132,900	219,500	50005	Internal Contributions to Works	52,900	(76)	35,000	20,000	20,000	21,000	21,000	22,000	22,000	22,000	23,000	23,000
11,300	12,300	10,700	11,500	50008	Miscellaneous	12,000	4	12,000	12,200	12,400	12,600	12,800	13,000	13,200	13,400	13,700	14,000
5,886,500	5,977,700	5,943,700	6,108,700	50100	Purchase of Water from Rous Council	6,843,500	12	7,322,000	7,761,400	8,227,100	8,638,500	9,070,500	9,206,600	9,344,700	9,484,900	9,627,200	9,771,700
11,600	6,000	7,500	22,800	50101	Pumping Stations - Operations	14,500	(36)	14,500	15,400	16,300	17,200	18,100	19,000	19,900	20,800	21,700	22,600
37,600	37,300	42,100	47,200	50102	Pumping Stations - Energy Costs	67,800	44	69,400	71,100	72,800	74,500	76,200	77,900	79,600	81,300	83,200	85,100
66,800	55,400	73,900	96,400	50105/50106	Reservoirs - Operations and Maintenance	177,000	84	178,000	180,700	183,500	186,400	189,300	192,300	195,300	198,300	201,400	204,500
134,900	160,300	141,900	147,800	50107	Water Treatment Plants - Operations	167,000	13	170,000	172,900	175,800	178,700	181,700	184,700	187,700	190,700	193,900	197,100
42,000	20,200	23,200	21,900	50107	Water Treatment Plants - Maintenance	34,000	55	34,000	34,600	35,300	36,000	36,700	37,400	38,100	38,800	39,600	40,400
49,300	55,900	41,600	41,800	50109	Mains - Operations	73,000	75	75,000	76,300	77,600	79,000	80,400	81,800	83,200	84,600	86,100	87,600
397,400	409,400	611,100	875,800	50110	Mains - Maintenance	580,000	(34)	596,000	605,100	614,300	623,600	633,000	642,600	652,400	662,300	672,300	682,400
376,400	387,200	380,000	400,800	50111	Water Connections - Maintenance	322,000	(20)	330,000	335,000	340,100	345,300	350,500	355,800	361,200	366,700	372,300	377,900
223,900	250,000	197,000	281,300	50112	Water Quality Testing, Reading and Other	287,000	2	308,000	312,700	317,300	322,500	327,700	333,000	338,200	343,700	349,200	354,800
62,500	92,300	56,800	71,600	50113	Telemetry and Plant Maintenance	72,000	1	73,000	74,200	75,400	76,600	77,800	79,000	80,200	81,500	82,900	84,300
<b>Indirect Expenses - Overheads</b>																	
1,319,000	1,382,000	1,433,900	1,555,100	50005	Overheads Distributed	1,678,000	8	1,678,000	1,703,200	1,728,800	1,754,800	1,781,200	1,808,000	1,835,200	1,862,800	1,890,800	1,919,200
<b>Debt Servicing</b>																	
0	0	0	0	50010	Interest On Loans	0	0	0	0	0	0	0	0	0	0	0	0
<b>Non-cash Expenses</b>																	
1,460,600	1,482,100	1,500,600	1,606,800	50112	Depreciation	1,570,000	(2)	1,700,000	1,734,000	1,768,700	1,804,100	1,840,200	1,877,100	1,914,700	1,953,000	1,992,100	2,032,000
0	11,700	0	0	50112	Loss on Disposal of Infrastructure	700,000	100	120,000	122,000	124,000	126,000	128,000	130,000	132,000	134,000	137,000	140,000
<b>11,181,300</b>	<b>11,121,000</b>	<b>11,410,000</b>	<b>12,330,200</b>		<b>Total Operating Expenses</b>	<b>13,600,400</b>	<b>10</b>	<b>13,685,500</b>	<b>14,130,900</b>	<b>14,704,200</b>	<b>15,226,600</b>	<b>15,815,100</b>	<b>16,040,600</b>	<b>16,273,500</b>	<b>16,530,400</b>	<b>16,793,900</b>	<b>17,060,200</b>
<b>1,228,500</b>	<b>1,480,300</b>	<b>2,052,700</b>	<b>1,053,900</b>		<b>Operating Result - Surplus / (Deficit)</b>	<b>(115,500)</b>	<b>(111)</b>	<b>206,400</b>	<b>231,400</b>	<b>108,000</b>	<b>67,200</b>	<b>(60,600)</b>	<b>86,400</b>	<b>259,600</b>	<b>324,100</b>	<b>490,800</b>	<b>664,900</b>
1,460,600	1,482,100	1,500,600	1,606,800		Add Back Depreciation	1,570,000	(2)	1,700,000	1,734,000	1,768,700	1,804,100	1,840,200	1,877,100	1,914,700	1,953,000	1,992,100	2,032,000
0	11,700	0	0		Add Back Loss on Infrastructure Disposal	700,000	100	120,000	122,000	124,000	126,000	128,000	130,000	132,000	134,000	137,000	140,000
<b>2,689,100</b>	<b>2,974,100</b>	<b>3,553,300</b>	<b>2,660,700</b>		<b>Cash Result - Surplus / (Deficit)</b>	<b>2,154,500</b>	<b>(19)</b>	<b>2,026,400</b>	<b>2,087,400</b>	<b>2,000,700</b>	<b>1,997,300</b>	<b>1,907,600</b>	<b>2,093,500</b>	<b>2,306,300</b>	<b>2,411,100</b>	<b>2,619,900</b>	<b>2,836,900</b>
<b>Capital Movements</b>																	
0	0	0	0		Less Loan Principal Repayments	0		0	0	0	0	0	0	0	0	0	0
1,966,900	1,097,600	2,453,100	658,700		Less Transfer to Reserves	0		0	0	0	0	0	1,053,500	1,012,300	1,358,100	1,546,900	1,693,900
0	0	0	0		Add Transfer from Reserves	627,500		1,115,600	5,470,600	138,300	668,700	465,400	0	0	0	0	0
409,300	124,700	19,900	1,027,800		Add Capital Income Applied	215,000		200,000	1,547,000	4,942,000	6,962,000	1,483,000	0	0	0	0	0
1,131,500	2,001,200	1,120,100	3,029,800		Less Capital Expenditure	2,997,000		3,342,000	9,105,000	7,081,000	9,628,000	3,856,000	1,040,000	1,294,000	1,053,000	1,073,000	1,143,000
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>Cash Result after Capital Movements</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

WATER - CAPITAL EXPENDITURE																												
Asset Description	Expenditure											Funding Source 2021/22				Funding Source 2022/23				Funding Source 2023/24				Funding Source 2024/25				
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Grants	Sect 64	Loans	Reserves	Grants	Sect 64	Loans	Reserves	Grants	Sect 64	Loans	Reserves	Grants	Sect 64	Loans	Reserves	
<b>Main Renewals</b>																												
Recurrent	12,000	0	540,000	551,000	562,000	573,000	584,000	596,000	608,000	620,000	632,000							540,000								551,000		
Alstonville	526,000																											562,000
Grant Street, Ballina	50,000																											0
Biala Pl, Ballina	41,000																											0
Budgen Ave, Alstonville	92,000																											0
High Street / Park Street, Alstonville	206,000																											0
Cawarra Street, Ballina	47,000																											0
Kays Lane Investigations	5,000																											0
Crane Street, Ballina	125,000																											0
Suvla Street, Ballina	40,000																											0
Gibbon Street, Lennox		15,000																										0
Perry Street, Alstonville		90,000																										0
Marsh Avenue / Bentinck St, Ballina		45,000																										0
Jarret Street, Ballina		45,000																										0
Camburt Street, Ballina		10,000																										0
Main Place, Ballina		15,000																										0
Tweed, Richmond, G'haigh St, Ballina		75,000																										0
Moon Street, Ballina		25,000																										0
Acacia Place, Wollongbar		10,000																										0
Sunway Place, Ballina		25,000																										0
Marine Street, Ballina		35,000																										0
Martin, Burnet, Ross Street Ballina		260,000																										0
Jarrett Street, Ballina		50,000																										0
<b>Water Reservoirs</b>																												
Reservoirs - Ross Lane				500,000	3,200,000																							0
Reservoirs - Pacific Pines																												0
Reservoir - Basalt Court Access	322,000												200,000															0
Reservoir - East Ballina Reservoir		50,000																										0
Reservoir - Lennox Reservoir		50,000																										0
Reservoir - Pine Avenue		200,000																										0
Reservoirs - Exterior Painting					50,000			50,000			50,000																	50,000
Reservoir - Ladder (Basalt, Lennox)			150,000															150,000										0
<b>Miscellaneous</b>																												
Telemetry	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000																	10,000
Ethernet Telemetry Upgrade	7,000																											0
Water Network Master Plan	111,000																											0
Easement Clearing - Part V Approvals																												0
EPIQ DSP	163,000																											0
Reticulation Valve Replacement		50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000															50,000	50,000	
Water Loss Reduction		100,000																										0
<b>Pressure Mgmt Zones (PMZs)</b>																												
Second Stage Installations																												0
<b>Water Pump and Bore Stations</b>																												
Pump Stns - Basalt Court Booster	46,000																											0
Pump Stns - East Ballina Booster	6,000																											0
Pump Stns - Russellton Booster				450,000																								0
Pump Stns - Wollongbar Booster																												0
<i>Water - Capital Expenditure Carried Forward</i>																												

WATER - CAPITAL EXPENDITURE (cont'd)																													
Asset Description	Expenditure											Funding Source 2021/22				Funding Source 2022/23				Funding Source 2023/24				Funding Source 2024/25					
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Grants	Sect 64	Loans	Reserves	Grants	Sect 64	Loans	Reserves	Grants	Sect 64	Loans	Reserves	Grants	Sect 64	Loans	Reserves		
<b>Trunk Mains</b>																													
East Ballina Boosted PZ Augment	32,000																												
Wardell Mains					282,000																				141,000		141,000		
North Ballina Reticulation Mains				712,000																									
North Ballina Distribution Mains			400,000	1,678,000	2,343,000											200,000		200,000			570,000		142,000			1,874,000		469,000	
Pine Avenue Distribution Mains				2,600,000																	2,080,000		520,000						
Ballina Island Distribution Mains					590,000	590,000																					590,000		
Lennox Head Mains					640,000	640,000																				512,000		128,000	
CURA B Distribution Main					330,000																					264,000		66,000	
Russellton Reticulation Mains			160,000													80,000		80,000											
West Ballina Bypass Distn Main					1,214,000	1,214,000																				971,000		243,000	
Lennox Palms Distn and Reticulation						390,000																							
Pacific Pine Distribution Main			240,000													240,000													
Connections for Green Field Sites																													
PRV at Water Wheels																													
Tamar St (Bagot to Canal Rd)		290,000																											
Bagot St (River Crossing to Tamar)		150,000																											
Bentinck St (Owen / Kingsford Smith)		20,000	200,000																										
Fox St (Fox & Martin)		270,000																											
Temple St (Tamar / Tamarind Drive)		20,000	700,000																										
North Creek Rd / Angels Beach Drive		20,000	760,000																										
Angels Beach Drive to Missingham		100,000	800,000																										
North Creek Flowmeter Installation		20,000																											
<b>Water Treatment Plant</b>																													
Marom Creek WTP - Upgrade	520,000	500,000	3,500,000																										
Marom Creek WTP - Renewals	28,000	30,000	31,000	32,000	33,000	34,000	35,000	36,000	37,000	38,000	39,000																		
<b>Plant and Equipment</b>																													
Vehicle and Plant Replacement	123,000	22,000	42,000	180,000		25,000	25,000	210,000																					
<b>Service Connections</b>																													
Water Meter - New <20mm	235,000	240,000	245,000	250,000	255,000	260,000	265,000	270,000	275,000	281,000	287,000																		
Water Meter - New > 20mm																													
Water Meter - Replacement	250,000	300,000	250,000	68,000	69,000	70,000	71,000	72,000	73,000	74,000	75,000																		
<b>Total Capital Expenditure</b>	<b>2,997,000</b>	<b>3,342,000</b>	<b>9,105,000</b>	<b>7,081,000</b>	<b>9,628,000</b>	<b>3,856,000</b>	<b>1,040,000</b>	<b>1,294,000</b>	<b>1,053,000</b>	<b>1,073,000</b>	<b>1,143,000</b>	<b>0</b>	<b>200,000</b>	<b>0</b>	<b>3,142,000</b>	<b>0</b>	<b>1,547,000</b>	<b>0</b>	<b>7,558,000</b>	<b>0</b>	<b>4,942,000</b>	<b>0</b>	<b>2,139,000</b>	<b>0</b>	<b>6,962,000</b>	<b>0</b>	<b>2,666,000</b>		

## 4.5 Wastewater Operations - Long Term Financial Plan

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### 4.5 Wastewater Operations - Long Term Financial Plan

<b>Section</b>	Financial Services
<b>Objective</b>	To review the long term financial plan for Council's wastewater operations.

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#### Background

Wastewater operations form a significant part of Council's overall turnover at approximately 21% of operating revenue.

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

#### Key Issues

- Financial performance and sustainability

#### Discussion

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

**Table One: Wastewater Financial Performance**

Description	2018/19 Actual \$000	2019/20 Actual \$000	2020/21 Estimate \$000
Operating Revenues	19,660	20,435	21,091
Operating Expenses (including depreciation)	17,793	18,648	18,105
<b>Operating Result - Surplus</b>	<b>1,867</b>	<b>1,787</b>	<b>2,986</b>
Excluding Depreciation and Loss on Sale	4,336	4,791	4,500
<b>Cash Operating Result – Surplus</b>	<b>6,203</b>	<b>6,578</b>	<b>7,486</b>
Less Loan Principal Repaid	3,387	3,536	2,716
Less Capital Expenditure	3,813	2,090	5,212
Add Capital Income	2,456	1,694	1,530
<b>Cash Increase / (Decrease)</b>	<b>1,459</b>	<b>2,646</b>	<b>1,088</b>
Infrastructure Movements / Leave Balances	(35)	(373)	0
<b>Reserve Balances</b>	<b>10,129</b>	<b>12,402</b>	<b>13,490</b>

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

The business is making operating surpluses, inclusive of depreciation, which is positive.

The attachments to this report are the latest review of the LTFP for the ten year period from 2021/22 to 2030/31.

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

## 4.5 Wastewater Operations - Long Term Financial Plan

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

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

In respect to operating revenues the primary income source is the annual charge. For 2020/21, the annual charge is trending towards \$18.9 million out of a total projected income of \$21.1 million. Adjustments to this charge are the primary lever used to direct the financial performance of the business.

From Council's perspective, it is preferable to minimise overall cost increases to ratepayers, especially for monopoly services. For this reason, it is relevant to consider cost increases collectively across all funds, encompassing the ordinary rate and water charges, as well as the wastewater charges.

As per the previous report in this agenda, for the Water Operations - Long Term Financial Plan report, future water charges are modelled on the following increases:

Year	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30
% Increase	3.5	3.5	3.5	3.5	3.5	2.5	2.5	2.5	2.5

These increases are necessitated by large increases in water costs proposed by Rous County Council.

The model presented in this report proposes the following increases for wastewater annual charges:

Year	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30
% Increase	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0

The above proposes price increases of only 1.0% across those years that the Water Fund has higher than CPI increases.

By minimising the increase in the wastewater charges, the proposed increases for wastewater and water combined provide an overall total increase to fees and charges to the ratepayer, more in line with a rate peg of 2.0% for 2021/22, as advised by IPART, noting that wastewater and water charges are not limited by any rate peg.

Even though the wastewater and water operations of Council are not subject to rate pegging, IPART has based the 2.0% on cost indexation for local government, and Council endeavours to apply that percentage across the board where possible.

The modelling of the wastewater operations with the above increases still provides positive operating results and healthy reserve balances.

The annual charge is forecast to generate approximately \$19.1 million out of total operating revenues of \$21.2 million for 2021/22.



## 4.5 Wastewater Operations - Long Term Financial Plan

Capital income refers to contributions from developers relating to new subdivisions. This income source is difficult to predict. The model assumes \$1.8 million from this source, based on an average of recent years, however this figure can be considerably higher or lower in any given year.

The capital works program is a key driver in the LTFP and a large part of the works relate to population growth. The timing of these works can vary from the forecast depending on what growth does occur and in what locations.

The current model predicts capital works of \$5.1 million for 2021/22, and then capital expenditure in the range of \$9.6 million to \$12.0 million for the following three years.

A major cost in operating expenses is the interest portion of the loan repayment which will be \$2.996 million in 2021/22.

As the year's progress, the interest portion of the loan reduces, whilst the capital element of the repayment increases by the same amount. This is something to consider when comparing total operating expenses from one year to the next, as it can distort the comparison.

The next table details the forecast movements in the total loan liability, with the original loan borrowing relating to the Ballina and Lennox Head wastewater treatment plant upgrades, including the dual reticulation system.

**Table Two: Total Outstanding Loans (\$'000)**

Loan	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Principal Paid	2,716	2,919	3,114	3,310	3,510	3,711
Interest Paid	3,199	2,996	2,801	2,606	2,405	2,204
<b>Loan Balance</b>	<b>46,835</b>	<b>43,916</b>	<b>40,802</b>	<b>37,493</b>	<b>33,982</b>	<b>30,271</b>

The financial model presented includes an increase to prices of 1.0% for 2021/22 to 2025/26 and 2.0% thereafter.

**Table Three: Wastewater Financial Model**

Description	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
Operating Revenue	21,091	21,212	21,435	21,638	21,847	22,045	22,497	22,970	23,455	23,949	24,455
Operating Expense	18,105	18,410	18,204	18,265	18,282	18,281	18,420	18,415	18,490	18,569	18,827
<b>Operating Result</b>	<b>2,987</b>	<b>2,802</b>	<b>3,231</b>	<b>3,374</b>	<b>3,566</b>	<b>3,764</b>	<b>4,077</b>	<b>4,554</b>	<b>4,966</b>	<b>5,380</b>	<b>5,628</b>
Add Back Deprec	4,500	4,700	4,794	4,890	4,987	5,086	5,187	5,290	5,395	5,502	5,610
<b>Cash Surplus</b>	<b>7,487</b>	<b>7,502</b>	<b>8,025</b>	<b>8,264</b>	<b>8,553</b>	<b>8,850</b>	<b>9,264</b>	<b>9,844</b>	<b>10,361</b>	<b>10,882</b>	<b>11,238</b>
Capital Income	1,530	1,810	1,810	1,810	1,810	1,810	1,810	1,810	1,810	1,810	1,810
Loan Principal	2,716	2,920	3,115	3,309	3,511	3,711	3,911	4,112	4,312	4,513	4,713
Capital Expenditure	5,212	5,061	9,585	9,174	11,976	3,847	1,588	1,363	1,858	1,358	2,579
<b>Net Reserve M'ment</b>	<b>1,088</b>	<b>1,331</b>	<b>(2,865)</b>	<b>(2,410)</b>	<b>(5,124)</b>	<b>3,102</b>	<b>5,574</b>	<b>6,180</b>	<b>6,001</b>	<b>6,821</b>	<b>5,756</b>
<b>Total Reserves</b>	<b>13,490</b>	<b>14,821</b>	<b>11,957</b>	<b>9,547</b>	<b>4,423</b>	<b>7,525</b>	<b>13,099</b>	<b>19,279</b>	<b>25,279</b>	<b>32,101</b>	<b>37,857</b>

## 4.5 Wastewater Operations - Long Term Financial Plan

An operating surplus is predicted for all years.

### Assumptions Applied

- Increase to annual charges (availability/consumption) in 2021/22 will be 1.0%
- Income from recycled water is forecast at \$396,000 being 80% of the potable water step one tariff
- Operating expenses, excluding non-cash items (depreciation etc) and loan interest to increase by 3.0% for 2021/22
- Developer contributions estimated at \$1.8 million
- Capital expenditure of \$5.1 million for 2021/22.

### Fees and Charges

The proposed charges for 2021/22 are shown in the next table.

**Table Four: Proposed Charges**

Charge Type	2020/21 \$	2021/22 \$	% Increase
Residential Availability Charge	1,027	1,037	1.0%
Vacant Land Charge	775	783	1.0%
Non Residential Usage Charge	2.61	2.64	1.0%
Non Residential Access Charge	Variable based on meter size		
Recycled Water	80% of potable water step one		

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

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

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

### Council Comparison

The next table compares the 2020/21 wastewater charges of various councils for a residential property, with Council's charge around mid-range.

Charge (\$)	Ballina	Byron	Clarence	Coffs	Lismore	Richmond	Tweed
Annual	1,027	1,257	1,159	922	960	1,025	868

### Delivery Program Strategy / Operational Plan Activity

The setting of the wastewater charges determines the cost to be borne by the community and the inter-generational burden as well as the future viability of the fund and its ability to fund necessary future capital works. This aligns with the Council's Delivery Program outcome "Council's finances and assets are well managed". The Operational Plan Activities that relate specifically to this are:

- EL1.2 Involve our community in our planning and decision making processes.
- EL2.1 Proactively pursue revenue opportunities, cost savings and/or efficiencies.

## 4.5 Wastewater Operations - Long Term Financial Plan

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### Community Consultation Policy

The draft fees and charges and LTFFP will be subject to formal exhibition.

### Financial / Risk Considerations

This report outlines the draft Long Term Financial Plan, including reserve balances, of the Wastewater Fund. With annual charges representing a large component of operating revenues, and not subject to any rate peg limit, the financial risk is considered low.

### Options

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

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

### RECOMMENDATION

That Council endorses the annual charges, as per the following table, as well as the long term financial plan, as per the attachments to this report, for the wastewater operations, for exhibition in the draft 2021/22 Operational Plan.

Charge Type	2020/21 \$	2021/22 \$	% Increase
Residential Availability Charge	1,027	1,037	1.0%
Vacant Land Charge	775	783	1.0%
Non Residential Usage Charge	2.61	2.64	1.0%
Non Residential Access Charge	Variable based on meter size		
Recycled Water	80% of potable water step 1		

### Attachment(s)

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

WASTEWATER OPERATIONS - INCOME STATEMENT (2018/19 to 2030/31)														
ACTUAL		DESCRIPTION	ESTIMATED											
2018/19	2019/20		2020/21	2021/22	%	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>OPERATING RESULTS</b>														
<b>Operating Activities</b>														
16,908,000	17,800,600	Annual Charges	18,570,000	18,755,000	1	18,942,000	19,130,000	19,320,000	19,512,000	19,904,000	20,304,000	20,713,000	21,130,000	21,555,000
1,947,800	1,776,400	User Charges and Fees	1,841,000	1,862,700	1	1,884,500	1,906,400	1,929,500	1,952,700	1,989,200	2,025,800	2,063,500	2,101,400	2,140,400
278,800	201,100	Interest and Investment Revenues	148,000	67,200	(55)	74,100	59,800	47,800	22,100	37,600	65,500	96,400	126,400	160,500
366,900	407,100	Other Revenues	372,000	377,800	2	383,600	389,500	395,600	401,700	407,900	414,300	420,700	427,200	433,800
158,600	249,800	Grants and Contributions for Operating Purposes	160,000	149,100	(7)	150,900	152,700	154,500	156,400	158,200	160,000	161,800	163,600	165,500
5,549,000	2,895,000	Grants and Contributions for Capital Purposes	2,280,000	2,560,000	12	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000
<b>Other Income:</b>														
0	0	Net Gain from Disposal of Assets	0	0	0	0	0	0	0	0	0	0	0	0
25,209,100	23,330,000	<b>Total Income from Continuing Operations</b>	23,371,000	23,771,800	2	23,995,100	24,198,400	24,407,400	24,604,900	25,056,900	25,529,600	26,015,400	26,508,600	27,015,200
<b>Operating Expenses</b>														
4,192,000	4,368,000	Employee Benefits and On-costs	4,543,000	4,725,000	4	4,914,000	5,111,000	5,315,000	5,528,000	5,749,000	5,979,000	6,218,000	6,467,000	6,726,000
3,643,300	3,428,700	Borrowing Costs	3,199,400	2,996,000	(6)	2,801,200	2,606,300	2,405,100	2,204,700	2,004,300	1,803,900	1,603,500	1,403,100	1,202,700
4,581,600	4,823,200	Materials and Contracts	4,461,600	4,562,900	2	4,247,000	4,187,400	4,081,500	3,946,100	3,940,800	3,779,600	3,686,400	3,585,700	3,652,600
3,675,600	3,910,000	Depreciation and Amortisation	3,830,000	4,200,000	10	4,284,000	4,370,000	4,457,000	4,546,000	4,637,000	4,730,000	4,825,000	4,922,000	5,020,000
1,174,100	1,305,500	Other Expenses	1,400,500	1,426,000	2	1,448,000	1,470,200	1,492,900	1,516,000	1,539,300	1,562,800	1,586,600	1,611,100	1,635,900
526,700	812,100	Net Loss from Disposal of Assets	670,000	500,000	(25)	510,000	520,000	530,000	540,000	550,000	560,000	570,000	580,000	590,000
17,793,300	18,647,500	<b>Total Expenses from Continuing Operations</b>	18,104,500	18,409,900	2	18,204,200	18,264,900	18,281,500	18,280,800	18,420,400	18,415,300	18,489,500	18,568,900	18,827,200
7,415,800	4,682,500	<b>Net Operating Result for the Year</b>	5,266,500	5,361,900	2	5,790,900	5,933,500	6,125,900	6,324,100	6,636,500	7,114,300	7,525,900	7,939,700	8,188,000
1,866,800	1,787,500	<b>Net Operating Result Before Capital Income</b>	2,986,500	2,801,900	(6)	3,230,900	3,373,500	3,565,900	3,764,100	4,076,500	4,554,300	4,965,900	5,379,700	5,628,000

WASTEWATER OPERATIONS																	
				LEDGER ACCOUNT	DESCRIPTION	ESTIMATE											
2016/17	2017/18	2018/19	2019/20			2020/21	%	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>OPERATING REVENUES</b>																	
15,398,000	16,137,100	16,908,000	17,800,600	12000	Annual Charges	18,570,000	4	18,755,000	18,942,000	19,130,000	19,320,000	19,512,000	19,904,000	20,304,000	20,713,000	21,130,000	21,555,000
1,539,300	1,546,700	1,947,800	1,776,400	12010	User Charges	1,841,000	4	1,862,700	1,884,500	1,906,400	1,929,500	1,952,700	1,989,200	2,025,800	2,063,500	2,101,400	2,140,400
159,100	156,100	158,600	249,800	12002	Operating Grants and Contributions	160,000	(36)	149,100	150,900	152,700	154,500	156,400	158,200	160,000	161,800	163,600	165,500
492,500	253,100	278,800	201,100	12004	Interest	148,000	(26)	67,200	74,100	59,800	47,800	22,100	37,600	65,500	96,400	126,400	160,500
298,600	318,000	366,900	407,100	12014	Other Revenues	372,000	(9)	377,800	383,600	389,500	395,600	401,700	407,900	414,300	420,700	427,200	433,800
<b>17,887,500</b>	<b>18,411,000</b>	<b>19,660,100</b>	<b>20,435,000</b>		<b>Total Operating Revenues</b>	<b>21,091,000</b>	<b>3</b>	<b>21,211,800</b>	<b>21,435,100</b>	<b>21,638,400</b>	<b>21,847,400</b>	<b>22,044,900</b>	<b>22,496,900</b>	<b>22,969,600</b>	<b>23,455,400</b>	<b>23,948,600</b>	<b>24,455,200</b>
<b>OPERATING EXPENSES</b>																	
<b>Direct Expenses</b>																	
410,900	390,300	450,200	514,100	55000	Engineering Management	509,600	(1)	520,600	529,300	538,000	546,700	555,400	564,100	572,800	581,500	591,100	600,700
879,700	1,024,500	1,065,400	1,033,000	55002	Administration and Customer Service	1,212,500	17	1,249,300	1,121,700	1,139,400	1,157,300	1,175,500	1,213,900	1,212,600	1,231,600	1,251,000	1,270,700
611,200	236,100	433,000	364,600	55002	Internal Contributions to Works	67,000	(82)	52,000	30,000	31,000	31,000	32,000	32,000	33,000	34,000	34,000	35,000
343,400	36,600	40,900	37,800	55004	Miscellaneous	45,000	19	45,000	45,900	91,800	47,700	48,600	49,500	50,400	51,300	52,200	53,100
950,800	988,700	993,400	1,105,300	55012	Energy Costs	1,206,000	9	1,232,000	1,250,900	1,270,000	1,289,500	1,309,300	1,329,300	1,349,500	1,370,000	1,391,000	1,412,300
274,800	293,300	296,800	582,600	55010	Mains - Maintenance	645,000	11	656,000	665,900	675,900	686,100	696,400	706,900	717,600	728,400	739,400	750,500
264,200	288,100	282,100	273,200	55011	Pumping Stations - Operations	294,000	8	298,000	305,000	311,100	317,100	324,700	332,700	341,000	349,700	358,700	367,900
1,009,800	855,300	820,000	729,100	55013	Pumping Stations - Maintenance	766,000	5	782,000	793,800	805,800	817,900	830,200	842,700	855,400	868,300	881,400	894,700
160,500	160,000	228,400	290,600	55014	Camera and Jetting - Maintenance	235,000	(19)	240,000	243,600	247,300	251,100	254,900	258,800	262,700	266,700	270,800	274,900
1,171,300	1,312,400	1,288,700	1,227,200	55015	Treatment Plants - Operations	1,348,000	10	1,376,000	1,397,100	1,418,600	1,440,500	1,462,600	1,485,000	1,507,800	1,530,900	1,554,600	1,578,400
66,900	111,600	103,200	144,000	55015	Treatment Plants - Biosolids	84,000	(42)	236,000	137,300	88,700	90,100	91,500	147,900	94,300	95,800	97,300	98,800
1,145,600	996,000	1,107,200	1,127,100	55020/50023	Treatment Plants - Maintenance	874,000	(22)	896,000	909,700	923,800	938,000	952,600	967,300	982,300	997,400	1,012,800	1,028,300
67,300	91,200	91,400	41,600	55021	Maintenance - Other	70,000	68	71,000	72,100	73,200	74,300	75,500	76,700	77,900	79,100	80,300	81,600
311,800	286,400	351,800	435,200	55022	Operations - Other	395,000	(9)	402,000	408,500	415,000	421,600	428,400	435,200	442,100	449,000	456,300	463,700
79,200	249,800	259,600	216,200	60010	Recycled Water - Mtce and Operations	252,000	17	256,000	260,100	264,300	268,600	272,900	277,200	281,500	286,000	290,600	295,200
<b>Indirect Expenses - Overheads</b>																	
1,950,000	2,094,000	2,135,600	2,375,100	55002	Overheads Distributed	2,402,000	1	2,402,000	2,438,100	2,474,700	2,511,900	2,549,600	2,587,900	2,626,800	2,666,300	2,706,300	2,746,900
<b>Debt Servicing</b>																	
4,199,300	4,054,700	3,509,500	3,359,400	55006	Interest on Loans	3,199,400	(5)	2,996,000	2,801,200	2,606,300	2,405,100	2,204,700	2,004,300	1,803,900	1,603,500	1,403,100	1,202,700
<b>Non-cash Expenses</b>																	
3,730,500	3,673,900	3,675,600	3,910,000	55022	Depreciation	3,830,000	(2)	4,200,000	4,284,000	4,370,000	4,457,000	4,546,000	4,637,000	4,730,000	4,825,000	4,922,000	5,020,000
416,400	0	526,700	812,100	55022	Loss on Disposal of Infrastructure	670,000	(17)	500,000	510,000	520,000	530,000	540,000	550,000	560,000	570,000	580,000	590,000
249,300	193,700	133,800	69,300	55022	Unwinding Interest Free Loan	0	(100)	0	0	0	0	0	0	0	0	0	0
<b>18,292,900</b>	<b>17,336,600</b>	<b>17,793,300</b>	<b>18,647,500</b>		<b>Total Operating Expenses</b>	<b>18,104,500</b>	<b>(3)</b>	<b>18,409,900</b>	<b>18,204,200</b>	<b>18,264,900</b>	<b>18,281,500</b>	<b>18,280,800</b>	<b>18,420,400</b>	<b>18,415,300</b>	<b>18,489,500</b>	<b>18,568,900</b>	<b>18,827,200</b>
<b>(405,400)</b>	<b>1,074,400</b>	<b>1,866,800</b>	<b>1,787,500</b>		<b>Operating Result - Surplus / (Deficit)</b>	<b>2,986,500</b>	<b>67</b>	<b>2,801,900</b>	<b>3,230,900</b>	<b>3,373,500</b>	<b>3,565,900</b>	<b>3,764,100</b>	<b>4,076,500</b>	<b>4,554,300</b>	<b>4,965,900</b>	<b>5,379,700</b>	<b>5,628,000</b>
3,730,500	3,673,900	3,675,600	3,910,000		Add Back Depreciation	3,830,000	(2)	4,200,000	4,284,000	4,370,000	4,457,000	4,546,000	4,637,000	4,730,000	4,825,000	4,922,000	5,020,000
416,400	0	526,700	812,100		Add Back Loss on Infrastructure Disposal	670,000	(17)	500,000	510,000	520,000	530,000	540,000	550,000	560,000	570,000	580,000	590,000
249,300	193,700	133,800	69,300	55022	Add Back Unwinding Interest Free Loan	0	(100)	0	0	0	0	0	0	0	0	0	0
<b>3,990,800</b>	<b>4,942,000</b>	<b>6,202,900</b>	<b>6,578,900</b>		<b>Cash Result - Surplus / (Deficit)</b>	<b>7,486,500</b>	<b>14</b>	<b>7,501,900</b>	<b>8,024,900</b>	<b>8,263,500</b>	<b>8,552,900</b>	<b>8,850,100</b>	<b>9,263,500</b>	<b>9,844,300</b>	<b>10,360,900</b>	<b>10,881,700</b>	<b>11,238,000</b>
<b>Capital Movements</b>																	
2,977,900	3,095,600	3,387,000	3,535,800		Less Loan Principal Repayments	2,716,300		2,919,600	3,114,500	3,309,400	3,510,600	3,711,000	3,911,400	4,111,800	4,312,200	4,512,600	4,713,000
0	0	234,000	1,391,900		Less Transfer to Reserves	2,119,000		71,300	10,400	0	0	2,677,600	3,845,100	4,452,000	4,274,700	6,869,100	4,633,000
803,000	1,582,900	0	0		Add Transfer from Reserves	0		0	1,529,400	2,331,700	0	0	0	0	0	0	0
736,500	3,078,700	1,231,100	439,000		Add Capital Income Applied	2,561,000		550,000	4,685,000	2,690,500	4,602,000	1,385,500	81,000	82,500	84,000	1,858,000	687,000
2,552,400	6,508,000	3,813,000	2,090,200		Less Capital Expenditure	5,212,200		5,061,000	9,585,000	9,174,000	11,976,000	3,847,000	1,588,000	1,363,000	1,858,000	1,358,000	2,579,000
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>Cash Result after Capital Movements</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

WASTEWATER - CAPITAL EXPENDITURE																														
Asset Description	Expenditure											Funding Source 2021/22				Funding Source 2022/23				Funding Source 2023/24				Funding Source 2024/25						
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Grants	Sect 64	Loans	Reserves	Grants	Sect 64	Loans	Reserves	Grants	Sect 64	Loans	Reserves	Grants	Sect 64	Loans	Reserves			
<b>Pumping Stations</b>																														
SP3110 - Pump Stn - Montwood Drive	200,000																													
Pump Stn - Skennars Head	12,000																													
SP2001 - Wet Well Relining	150,000	100,000	150,000	153,000	156,000	159,000	162,000	165,000	168,000	171,000	174,000	50,000			50,000	75,000			75,000	76,500			76,500	78,000			78,000			
North Ballina - New Pumping Station				1,364,000																1,364,000										
SP5006 - Richmond Street Storage					182,000																						182,000			
SP2402 - Lindsay Avenue					106,000																						106,000			
Pumping Stations - Capacity Upgrade	162,000																													
Pumping Stations - Renewal Program	138,400	354,000	361,000	368,000	375,000	383,000	391,000	399,000	407,000	415,000	423,000				354,000				361,000							368,000		375,000		
EC Meter Installation (Ballina Island)		50,000													50,000															
Tamar Street SPS Valve Pit Renewal		25,000													25,000															
<b>Treatment Facilities - Minor Capital</b>																														
Treatment Plant Ballina	9,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000				24,000				24,000								24,000		24,000	
Treatment Plant Lennox	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000				23,000				23,000								23,000		23,000	
Treatment Plant Alstonville	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000				11,000				11,000								11,000		11,000	
Treatment Plant Wardell	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000				11,000				11,000								11,000		11,000	
Lennox and Ballina - Security	50,000																													
<b>Ballina Treatment Plant Upgrade</b>																														
Ballina - Defect Rectification	847,000	500,000	4,600,000									500,000				4,600,000														
Ballina - Desalination Plant				2,500,000	2,500,000														1,250,000			1,250,000			1,250,000			1,250,000		
Ballina - Gantry Crane		100,000	580,000											100,000				580,000												
Ballina - Programed Membrane											1,200,000																			
Ballina - Recycled Water Membranes	153,000																													
Ballina - Stage 2 Upgrade		0																												
Ballina - Septage Recieival		150,000												150,000																
Ballina - Floating Solar			300,000															300,000												
Ballina - DAF Shed Re-Fit	15,000	150,000												150,000																
<b>Lennox Head Treatment Plant Upgrade</b>																														
Lennox - Treatment Master Plan					200,000																								200,000	
Lennox - Membrane Replacement	400,000								450,000																					
Lennox - High Lift Switchboard	300,000	45,000													45,000															
Lennox - Aeration Optimisation		75,000													75,000															
Lennox - Catch Pond Floor lining			150,000															150,000												
Lennox - Solar Installation		300,000													300,000															
Lennox - Pond Wall Renewal		150,000													150,000															
Lennox - Chlorination Renewal		35,000													35,000															
<b>Alstonville Treatment Plant Upgrade</b>																														
Alstonville - Inlet Works	100,000	1,000,000	190,000												1,000,000				190,000											
Alstonville - Biosolids	0		150,000	3,290,000															150,000			3,290,000								
Alstonville - Solar Farm	50,000	150,000	150,000												150,000				150,000											
<b>Wardell Treatment Plant Upgrade</b>																														
Wardell - Treatment Master Plan			100,000																100,000											
<i>Wastewater - Capital Expenditure Carried Forward</i>																														

WASTEWATER - CAPITAL EXPENDITURE (cont'd)																											
Asset Description	Expenditure											Funding Source 2021/22				Funding Source 2022/23				Funding Source 2023/24				Funding Source 2024/25			
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Grants	Sect 64	Loans	Reserves	Grants	Sect 64	Loans	Reserves	Grants	Sect 64	Loans	Reserves	Grants	Sect 64	Loans	Reserves
<b>Trunk Mains</b>																											
Rising Main Rehabilitation - Swift St			60,000															60,000									
SP4006 - Gravity Sewer, Alstonville					80,000																						80,000
GM4104 - Transfer Mains, A'ville/W'bar			10,000													10,000											
GMWUEA - Gravity Mains			200,000															200,000									
GM2101 - Gravity Main, West Ballina					205,000																						205,000
GM2104 - Gravity Main, West Ballina					438,000																				438,000		
RM-PS6 - CURA B Rising Main					4,011,000																						4,011,000
<b>Wastewater Mains - Renewals</b>																											
Main Renewals	0	85,000	87,000	89,000	91,000	93,000	95,000	97,000	99,000	101,000	103,000				85,000				87,000							89,000	91,000
Seamist Place Rising Main	226,000	100,000	420,000												100,000				420,000								0
Sewer Relining Works - Various	325,000	325,000	332,000	339,000	346,000	353,000	360,000	367,000	374,000	381,000	389,000				325,000				332,000						339,000	346,000	
<b>Plant and Equipment</b>																											
Plant Replacement Program	421,800	126,000	60,000	12,000	57,000		495,000	250,000	275,000	205,000	205,000				126,000				60,000						12,000	57,000	
<b>Other Miscellaneous Works</b>																											
Telemetry	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000				16,000				16,000							16,000	16,000
Wastewater Network Master Plan	106,000														0				0								0
EPIQ DSP	926,000																										0
<b>Reuse Program</b>																											
Ross Lane - Dual Retic Reservoir					500,000	2,612,000																					0
Recycled Water Meters New	40,000	40,000	130,000	140,000	150,000										40,000				130,000						140,000	150,000	
Urban Reticulation System		40,000	80,000												40,000				80,000								0
Henderson Farm - Distribution Main		80,000	200,000												80,000				200,000								0
Meadows Estate - Distribution Main		80,000	190,000												80,000				190,000								0
Greenfield Grove - Distribution Main					158,000	162,000																					158,000
Lennox Head - Distribution Main				362,000																					362,000		0
Fig Tree Hill - Distribution Main				472,000																					472,000		0
CURA B - Distribution Main					2,336,000																					2,336,000	0
Recycled Water - Hydrant Installations	30,000																										0
Irrigation - Wollongbar Sports Fields	50,000	166,000													166,000												0
Pipeline - West Ballina Bulk Supply	325,000	675,000	1,000,000												675,000				1,000,000								0
Lennox WWTP - Refurb Belt Press	75,000	75,000													75,000												0
Wardell WWTP - S60 Approval	40,000														0												0
<b>Total Capital Expenditure</b>	<b>5,212,200</b>	<b>5,061,000</b>	<b>9,585,000</b>	<b>9,174,000</b>	<b>11,976,000</b>	<b>3,847,000</b>	<b>1,588,000</b>	<b>1,363,000</b>	<b>1,858,000</b>	<b>1,358,000</b>	<b>2,579,000</b>	<b>0</b>	<b>550,000</b>	<b>0</b>	<b>4,511,000</b>	<b>0</b>	<b>4,685,000</b>	<b>0</b>	<b>4,900,000</b>	<b>0</b>	<b>2,690,500</b>	<b>0</b>	<b>6,483,500</b>	<b>0</b>	<b>4,602,000</b>	<b>0</b>	<b>7,374,000</b>

## 4.6 Waste Operations - Long Term Financial Plan

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### 4.6 Waste Operations - Long Term Financial Plan

<b>Section</b>	Financial Services
<b>Objective</b>	To review the long term financial plan for Council's waste operations.

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#### **Background**

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

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

The Local Government Act requires DWM to be treated as a separate entity as the revenues are raised through an annual charge. For DWM, an assessment must be completed each year, to ensure that DWM is not generating a surplus that is beyond the needs of the business.

This report provides an overview of the latest update of the Long Term Financial Plan (LTFP) for the LRM and DWM operations.

#### **Key Issues**

- Financial performance, sustainability and affordability
- Legislative change and long term aims and objectives

#### **Discussion**

The recent trend of volatility within the waste and recycling sector in Australia has continued through the 2020/21 financial year stemming from a combination of the COVID-19 pandemic and industry and regulatory related impacts and uncertainty.

Despite this volatility, Council's waste management business has performed well resulting in an improved current and long term financial position for both the LRM and DWM operations.

This positive response is a result of the following key factors:

- significant increases in gate fee income from residential and commercial customers using the waste management facility
- increased commercial waste from local collection contractors
- establishment of stable contracts for key high value operational services. In particular, the transport and disposal of waste and recycling materials (approx \$4m pa), processing of recyclable (approx. \$600k pa) and kerbside food and garden organics collection and processing (approx. \$1.6m pa)
- continued improvement in operational efficiencies



## 4.6 Waste Operations - Long Term Financial Plan

### Landfill and Resource Management (LRM)

The recent financial results for LRM together with the forecast for 2020/21 are shown in Table One.

**Table One - LRM Actual and Forecast Results**

Description	2018/19 Actual \$000	2019/20 Actual \$000	2020/21 Estimate \$000
Operating Revenues	5,193	6,089	8,037
Operating Expenses (including depreciation)	4,720	6,158	7,146
<b>Operating Result - Surplus / (Deficit)</b>	<b>473</b>	<b>(69)</b>	<b>891</b>
Excluding Depreciation / Remediation	195	324	145
<b>Cash Operating Result - Surplus / (Deficit)</b>	<b>668</b>	<b>255</b>	<b>1,036</b>
Less Loan Principal Repaid	0	0	0
Less Capital Expenditure	101	120	530
Less Dividend to General Fund	2,220	0	0
Add Capital Income	0	0	0
<b>Cash Increase / (Decrease)</b>	<b>(1,653)</b>	<b>135</b>	<b>506</b>
<b>Reserve Balances</b>	<b>791</b>	<b>926</b>	<b>1,432</b>

The latest figures result in an operating surplus of \$891,000 (\$1,036,000 cash surplus excluding depreciation) which results in the reserve being increased to \$1,432,000 as at 30 June 2021.

There is a forecast increase in 2020/21 operating revenue of \$1,948,000 compared to 2019/20. This is due to increased customer numbers and gate fee income at the waste management facility, sustained strong commodity prices for scrap metal and higher than anticipated financial returns for the eligible container deposit scheme material collected within Council's recyclable material.

**Figure 1: Waste Transaction Numbers – 2016/17 to 2020/21**

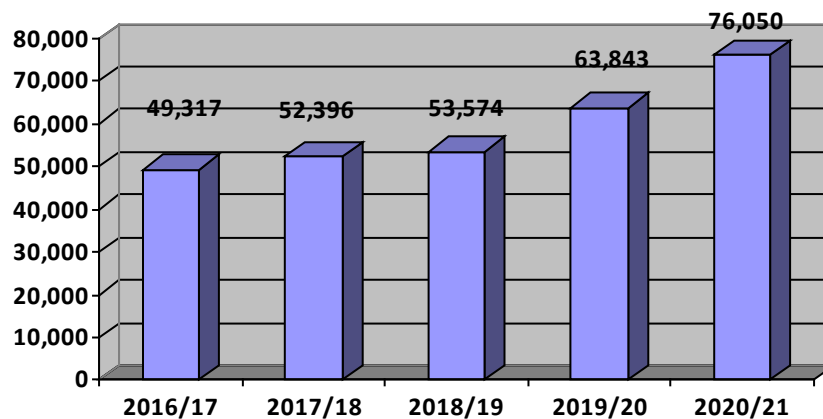


Figure 1 illustrates the significant increase in numbers for the waste management center during the past 12 to 18 months, with the figures for 2020/21 projected based on current trends.

This sustained increase is a result of a number of contributing factors;:

#### 4.6 Waste Operations - Long Term Financial Plan

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- In November 2020, Council commenced receipt of commercial waste from the two dominant local collection contractors.

Due to operational efficiencies and stable transport and disposal contract costs, Council was able to negotiate a price on application for a bulk commercial waste gate fee in accordance with the adopted fees and charges. This fee attracted a commercial benefit for the waste collection contractor whilst also delivering marginal profit for the Waste Management Centre.

The anticipated gate fee income from these customers is approximately \$1m pa.

- The COVID-19 public health order lock-downs forced the community to spend more time at home, during which time additional household clean-up and resultant waste was generated.
- Neighboring councils closed their facilities for short periods in response to the COVID-19 pandemic. In accordance with public health orders and appropriate internal risk assessment, Council safely remained operational, which attracted customers from neighboring local government areas.

The Waste Management Centre continues to see sustained increased levels of out-of-shire customer numbers. Anecdotal feedback for the attraction to our Waste Management Centre being cheaper gate fees, preferable customer experience and convenient opening hours.

The gate fees for waste disposal paid by Council's kerbside collection (income to LRM and expense to DWM) has increased during the 2020/21 financial year by \$320,000.

This is due to increased waste volumes generated from significant growth in residential development and waste generated during the COVID-19 pandemic.

This has been coupled with increased tourism visitation population and associated increased waste volumes generated during peak holiday periods.

It is proposed to reduce the 2021/22 gate fee for waste disposal paid by Council's kerbside collection to account for the improved position of the LRM budget. This is discussed further in the DWM and fees and charges section of the report.

The increase in customer numbers and resultant larger volume of waste throughput have resulted in increased LRM expenditure of \$1,014,000 compared to 2019/20.

Even with the abovementioned operational contracts in place with associated pricing stability, the cost to dispose of waste and process recyclables is still significantly higher than historic values.

Unfortunately, it is anticipated these higher costs will be sustained into the foreseeable future due to the requirement to pay the Queensland waste levy (which is forecast to increase \$5 per tonne on an annual basis) and ongoing implications resulting from the China Sword recyclable issue.

## 4.6 Waste Operations - Long Term Financial Plan

### *Financial Model*

The forward LTFP financial model has been revised based on the recent increased operational activity at the Waste Management Centre.

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

The funding for this project previously required part loan funding of \$2m. Due to the improved position of the LTFP, the project can now be fully funded from LRM reserves.

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

Table Two outlines the latest financial plan for LRM.

**Table Two - LRM Long Term Financial Plan**

Description	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
Operating Revs	8,037	7,755	7,909	8,070	8,237	8,408	8,521	8,701	8,885	9,059	9,213
Operating Exps	7,146	7,748	7,737	7,800	7,912	8,028	8,144	8,262	8,382	8,504	8,626
<b>Operating Result</b>	<b>891</b>	<b>7</b>	<b>172</b>	<b>270</b>	<b>325</b>	<b>380</b>	<b>377</b>	<b>439</b>	<b>503</b>	<b>556</b>	<b>587</b>
Add Back Dep	145	150	153	156	160	163	166	170	173	177	180
<b>Cash Surplus</b>	<b>1,036</b>	<b>157</b>	<b>325</b>	<b>426</b>	<b>484</b>	<b>543</b>	<b>543</b>	<b>609</b>	<b>676</b>	<b>732</b>	<b>767</b>
Capital Income	0	0	0	0	0	0	0	0	0	0	0
Loan Principal	0	0	0	0	0	0	0	0	0	0	0
Capital Expend	530	50	50	51	52	2,553	54	55	56	57	58
Dividends	0	0	0	0	0	0	0	0	0	0	0
<b>Reserve M'ment</b>	<b>506</b>	<b>107</b>	<b>275</b>	<b>375</b>	<b>432</b>	<b>(2,010)</b>	<b>489</b>	<b>554</b>	<b>620</b>	<b>675</b>	<b>709</b>
<b>Total Reserves</b>	<b>1,432</b>	<b>1,539</b>	<b>1,814</b>	<b>2,189</b>	<b>2,622</b>	<b>611</b>	<b>1,101</b>	<b>1,655</b>	<b>2,275</b>	<b>2,950</b>	<b>3,659</b>

The current forecast for 2021/22 is a cash surplus of \$157,000, with a gradual increase to the forecast reserve balances.

### *Assumptions*

- Council will continue to export virtually all waste off site
- LRM will pay transport and treatment expenses for mixed waste, garden waste, recyclables and construction / demolition waste
- There are capital works in 2025/26 relating to remediation of existing cells \$2.5m
- Assumed that the existing customer base and gross quantity of waste coming in the gate will remain reasonably consistent. There is the inherent risk that the local commercial waste collection companies may find an alternate disposal option at a rate that Council cannot match. This would affect both LRM revenue and expense, with an overall negative effect on the bottom line.

## 4.6 Waste Operations - Long Term Financial Plan

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### *Operating Revenues*

- Commercial properties collection annual charge income of \$667,000
- Gate fees from self-haul \$2.6 million
- Gate fees from DWM / Council reduced to \$3.1 million
- The gate fees paid by DWM represent a significant percentage of total gate fees, emphasising the importance of DWM to LRM.

### *Operating Expenses*

- Transport and disposal costs for mixed and inert waste increase to \$3.8 million.
- Transport and disposal costs for recyclates \$846,000
- Overhead and administration expenses \$957,000

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

### *Fees and Charges*

The draft 2021/22 charges relating to LRM are included as Attachment 2.

To simplify the list of fees and charges and reduce customer confusion, the waste management charges for Mixed Putrescible and Mixed Bulky Waste have been consolidated into one category "General Mixed Waste" with a domestic and commercial charge.

It is proposed the gate fee for general mixed waste increase by approximately 2% for domestic and 2.5% for commercial customers and the charge for recyclables increase by 0.8% (in line with CPI).

The larger increase in general mixed waste is to account for the \$5 per tonne waste levy increase imposed by the Queensland State Government.

It is proposed all remaining external gate fees remain the same as 2020/21.

It is proposed the gate fees for DWM Waste and Recyclable material (which are internal charges for Council) be reduced by 18% and 22% respectively in response to the improved financial position of the LRM budget (discussed above) and associated reduced reliance on DWM income.

Based on modelling undertaken, this report proposes the following fee structure for 2021/22:

<b>General Mixed Waste</b>	<b>Charge per tonne</b>
Commercial	\$277
Domestic	\$245
<b>DWM Operations</b>	
Mixed Putrescible Waste	\$275
Recyclables	\$247

### Domestic Waste Management (DWM)

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

## 4.6 Waste Operations - Long Term Financial Plan

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

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

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

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

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

The recent financial results for DWM together with the forecast for 2020/21 are shown in Table Three.

**Table Three – DWM Actual and Forecast Results**

Item	2018/19 Actual \$000	2019/20 Actual \$000	2020/21 Estimate \$000
Operating Revenues	7,629	7,993	8,367
Operating Expenses	7,029	7,972	9,079
<b>Operating Result - Surplus / (Deficit)</b>	<b>600</b>	<b>21</b>	<b>(713)</b>
Less Depreciation	177	139	265
<b>Cash Operating Result - Surplus / (Deficit)</b>	<b>777</b>	<b>160</b>	<b>(448)</b>
Less Loan Principal Repaid	0	0	0
Less Capital Expenditure	0	2,175	0
<b>Cash Increase / (Decrease)</b>	<b>777</b>	<b>(2,015)</b>	<b>(448)</b>
<b>Reserve Balance</b>	<b>3,251</b>	<b>1,235</b>	<b>788</b>

The current forecast for 2020/21 is a cash deficit \$448,000. This deficit is largely due to the increase in gate fee expenditure paid to the LRM budget associated with increased domestic waste volumes and current higher DWM waste and recyclable gate fees.

### *Financial Model*

DWM is currently in a sound financial position with no debt owing and reserves are anticipated to increase at a rate commensurate with forward capital requirements for the on-going replacement of the collection vehicle fleet.

The reduction of the separate gate fee for DWM waste and recyclable generated material will result in a balanced DMW and LRM operating result.

The ability to review and vary this gate fee on an annual basis remains an important mechanism to manage the long term sustainability for both budgets.

Table Four outlines the latest financial plan for DWM based on a 2% increase in the annual DWM charge to ratepayers and based on a differential price charging for gate fees paid to LRM.

## 4.6 Waste Operations - Long Term Financial Plan

**Table Four - DWM Long Term Financial Plan**

Description	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
Operating Revs	8,367	8,552	8,746	8,956	9,188	9,425	9,650	9,822	10,059	10,309	10,570
Operating Exps	9,079	8,548	8,693	8,840	8,989	9,140	9,294	9,451	9,612	9,775	9,941
<b>Operating Result</b>	<b>(713)</b>	<b>4</b>	<b>53</b>	<b>116</b>	<b>199</b>	<b>285</b>	<b>357</b>	<b>371</b>	<b>447</b>	<b>534</b>	<b>629</b>
Add Back Dep	265	270	276	281	287	293	299	305	311	317	324
<b>Cash Surplus/(Deficit)</b>	<b>(448)</b>	<b>274</b>	<b>328</b>	<b>398</b>	<b>486</b>	<b>578</b>	<b>655</b>	<b>676</b>	<b>758</b>	<b>851</b>	<b>953</b>
Capital Income	0	0	0	0	0	0	0	0	0	0	0
Loan Principal	0	0	0	0	0	0	0	0	0	0	0
Capital Exp	0	0	0	0	0	2,600	0	0	0	0	0
<b>Net Reserve M'ment</b>	<b>(448)</b>	<b>274</b>	<b>328</b>	<b>398</b>	<b>486</b>	<b>(2,022)</b>	<b>655</b>	<b>676</b>	<b>758</b>	<b>851</b>	<b>953</b>
<b>Total Reserves</b>	<b>788</b>	<b>1,062</b>	<b>1,390</b>	<b>1,788</b>	<b>2,274</b>	<b>252</b>	<b>907</b>	<b>1,583</b>	<b>2,341</b>	<b>3,192</b>	<b>4,145</b>

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

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

The DWM assumptions in the financial plan are:

- DWM annual charges to increase by 2% for the forward LTFP 10 year period. This is a significant improvement on last year's forecast, which estimated a 3.5% increase for the subsequent two years followed by 2.5% for the remaining forecast LTFP.
- Waste streams will remain similar to the current year.
- Capital outlays limited to (an average of) one replacement vehicle per year.
- No external loans.

The main features of the 2021/22 plan include:

- Annual charge income of \$7.7 million
- Gate fees paid to LRM \$3.1 million
- Food and Garden Organics waste collection and gate fees \$1.6 million
- Overhead and administration expenses \$1.5 million.

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

### *Fees and Charges*

The draft 2021/22 charges for DWM are included in Attachment 2.

The annual domestic waste management charges for urban and rural domestic residents are proposed to be increased by 2% or \$8 and \$7 respectively.

The charge for additional domestic recycling and organics bins have been reduced by 18% and 28% respectively. This is in accordance with Council's strategic objective to reduce waste to landfill and maximise recycling. A reduced charge for additional recycling services is aimed at incentivising resource recovery behavior.

## **4.6 Waste Operations - Long Term Financial Plan**

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Furthermore, it was identified in the recent community survey results that there had been a decline in satisfaction for recycling options provided by Council. Reducing the charge for additional recycling and organics services is one mechanism to facilitate cheaper and more convenient recycling options for residents.

### **Delivery Program Strategy / Operational Plan Activity**

The setting of waste charges determines the cost to be borne by the community and the inter-generational burden as well as the future viability of operations. This aligns with the Council's Delivery Program outcome "Council's finances and assets are well managed".

The Operational Plan Activities that relate specifically to this are:

EL1.2 Involve our community in our planning and decision making processes.  
EL2.1 Proactively pursue revenue opportunities, cost savings and/or efficiencies.

### **Community Consultation Policy**

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

### **Financial / Risk Considerations**

This report outlines the proposed budget and the Long Term Financial Plan, including reserve balances, of the waste operations. Waste management is a somewhat risky business due to a high exposure to external market forces and changes in legislation.

### **Options**

Council has the option of endorsing the proposed charges or examining alternatives, which could include amending the proposed pricing. The recommendation is to exhibit the proposed fees and charges, and long term financial plans, as per the contents of this report.

### **RECOMMENDATION**

That Council endorses the draft fees and charges and Landfill and Resource Management and Domestic Waste Management long term financial plans, as per the attachments to this report, for exhibition in the draft 2021/22 Operational Plan.

### **Attachment(s)**

1. Landfill and Resource Management - Long Term Financial Plan
2. Waste Management - Draft Fees and Charges - 2021/22
3. Domestic Waste Management - Long Term Financial Plan





Ballina Shire Council - 2021/22 Fees and Charges

<b>Waste Management</b>					
<b>Waste Management Fees &amp; Charges</b>					
<b>100% Sorted Recyclables</b> <i>(Paper, cardboard, glass/plastic bottles, steel/aluminium cans) Minimum weight charge 20kg.</i>					
Domestic - weighed \$/tonne.	B	\$98.00	Y	\$99.00	22283.6820.101
Commercial - weighed \$/tonne.	B	\$254.00	Y	\$257.00	22283.6820.101
<b>General Mixed Waste</b> <i>(No liquids - includes putrescible, builders and bulky waste). Minimum weight charge 20kg.</i>					
Domestic - weighed \$/tonne.	B	\$240.00	Y	\$245.00	22283.6820.101
Commercial - weighed \$/tonne.	B	\$270.00	Y	\$277.00	22283.6820.101
<b>100% Green Waste</b> <i>(Grass clippings, garden waste, tree lopping &lt;300mm diameter, no soil and no treated timber) Any green waste mixed with other material will be charged non-sorted mixed waste fee. Minimum weight charge 20kg.</i>					
Sorted - weighed \$/tonne.	B	\$75.00	Y	\$75.00	22283.6820.101
<b>Sorted Wood, Trees or Tree Stumps</b> <i>(Tree stump diameter &gt;300mm thick includes mixed with green waste, no soil and no treated timber). Any green waste mixed with other material is charged as non-sorted mixed waste fee. Minimum weight charge 20kg.</i>					
Sorted - weighed \$/tonne.	B	\$116.00	Y	\$116.00	22283.6820.101
<b>100% Sorted Scrap Metal</b> <i>(Includes car bodies and white goods). Minimum weight charge 20kg.</i>					
Sorted - weighed \$/tonne.	B	\$30.50	Y	\$30.50	22283.6820.101
<b>100% Sorted Brick and Concrete</b> <i>(Clean concrete, bricks and rock, no soil. Penalties will be imposed for material containing asbestos). Minimum weight charge 20kg.</i>					
Sorted - weighed \$/tonne.	B	\$180.00	Y	\$180.00	22283.6820.101
<b>100% Sorted Roof Tiles and Ceramics</b> <i>(Clean, loose tiles only, no bathroom tiles with backing board. Penalties will be imposed for material containing asbestos). Minimum weight charge 20kg.</i>					
Sorted - weighed \$/tonne.	B	\$180.00	Y	\$180.00	22283.6820.101
<b>DWM Kerbside Co-mingled Recyclables</b>					
Internal Charge for Co-mingled Recyclables Collected at the Kerbside.	B	\$318.00	Y	\$247.00	22283.6820.101
<b>DWM Kerbside Putrescible Waste</b>					
Internal Charge for Domestic Waste Collected at the Kerbside.	B	\$337.00	Y	\$275.00	22283.6820.101
<b>Bulk Commercial Waste &amp; Recycling Loads</b>					
Waste Services is a Commercial Enterprise and Council Reserves the Right to Negotiate Gate Fees with Individual Persons or Organisations where there is a Commercial Benefit to Council.	B	POA	Y	POA	22283.6820.101
<b>Virgin Excavated Natural Material (VENM)</b> <i>(Must be pre-booked at least 24 hours in advance and have all certification and test results). Minimum weight charge 20kg.</i>					
All vehicles - weighed \$/tonne.	B	POA	Y	POA	22283.6820.101
<b>Soil (not contaminated or VENM)</b> <i>(Must be pre-booked at least 24 hours in advance and have testing results to comply with the Waste Guidelines. Soil only. No boulders, tree stumps). Minimum weight charge 20kg.</i>					
All vehicles - weighed \$/tonne.	B	POA	Y	POA	22283.6820.101

## 4.6 Waste Operations - Long Term Financial Plan

<b>Contaminated Soil</b>					
<i>(Soil with no testing results that hasn't been pre-booked. Soil mixed with other material. Penalties will be imposed for material containing asbestos). Minimum weight charge 20kg.</i>					
All vehicles - weighed \$/tonne.	B	\$270.00	Y	\$277.00	22283.6820.101
<b>Specific Waste Charge</b>					
<b>Asbestos Waste</b>					
<i>The Householders Asbestos Disposal Scheme seeks to improve work health and safety for the safe removal and disposal of bonded asbestos. Ballina Shire Council is subsidising the cost of the kits which will be made available at the Waste Centre.</i>					
Household asbestos sample test kit.	B	No charge	Y	No charge	
Household Asbestos Kit.	C	\$30.50	Y	\$30.50	22281.6781.101
<b>Tyres</b>					
Car, motor bike (/tyre).	B	\$12.50	Y	\$12.50	22283.6820.101
4 x 4 Light truck (/tyre).	B	\$15.50	Y	\$15.50	22283.6820.101
Truck (/tyre).	B	\$41.00	Y	\$41.00	22283.6820.101
Car, motor bike (/tyre with rim).	B	\$14.50	Y	\$14.50	22283.6820.101
4 x 4 Light truck (/tyre with rim).	B	\$17.50	Y	\$17.50	22283.6820.101
Truck (/tyre with rim).	B	\$42.00	Y	\$42.00	22283.6820.101
Other (/tyre).	B	POA	Y	POA	
<b>Refrigerators/Air Conditioners</b>					
(No degas certificate) (/item).	B	\$48.00	Y	\$48.00	22283.6820.101
<b>Dead Animals</b>					
<i>Minimum weight charge 20kg.</i>					
Dead animal(s) - weighed \$/tonne.	B	\$270.00	Y	\$277.00	22283.6820.101
<b>Missed Bin Collection Charge</b>					
Fee charged for instances where the customer has not presented their bin for collection and subsequently ask for the bin to be collected.	B	\$45.00	Y	\$45.00	22283.6820.101
<b>Special Event or Special Services Charge</b>					
<i>Price available upon application to the Waste Management Centre. Prices reviewed as market rates and operating costs change.</i>					
Special Event or Special Services Charge.	B	POA	Y	POA	22283.6820.101
<b>Weighbridge Certificate - For Registration Purposes Only</b>					
<i>Single weighing requiring certificate (includes account customers). Please note - this facility is not a public weighbridge.</i>					
Weighbridge Certificate.	B	\$38.00	Y	\$38.00	22283.6820.101
<b>Mulch</b>					
Large quantities of mulch - price reviewed to meet demand and operational needs.	C	POA	Y	POA	
<b>Crushed concrete sale per tonne</b>					
Crushed concrete sale per tonne.	B	POA	Y	POA	

<b>Waste Management Negotiated Fees</b>					
<i>Waste Services is a commercial enterprise and Council does reserve the right to negotiate with individual persons or organisations where there is a commercial benefit to Council eg specific fees may be negotiated for bulk sales of waste product.</i>					
<b>Waste Management Collection Services</b>					
<b>Domestic Waste Exempt Collection Service (Section 496 of the Local Government Act)</b>					
Properties that are occupied and for which a DWM service is available but where Council has decided not to provide a collection service (e.g. safety, physical limitations of the property, Multi Unit Dwelling's approved by Council to utilise an alternate service arrangement) must still pay a DWM charge pursuant to section 496 of the LGA.	B	\$44.50	N	\$45.00	22283.6820.101
<b>Bin Changeover Fee</b>					
Size/capacity changeover fee (first changeover free of charge then all subsequent changes per property per annum per owner/s attracts fee).	B	\$65.00	N	\$65.00	22283.6820.101
<b>Domestic Waste Collection Charges - Urban (Section 496 of the Local Government Act)</b>					
<i>Wheellie Bin Collection Service - Charges per property, per self-contained occupancy, per annum. Charges relevant for mixed waste and organics bins up to 240 litres capacity and recycling bins up to 360 litres capacity.</i>					
Urban Properties - Service provides collection of one mixed bin per fortnight, one recycling bin per fortnight and one organics bin per week.	B	\$407.00	N	\$415.00	22290.0100.040
Vacant Land - Per rateable property where the collection service is available but not utilised.	B	\$44.50	N	\$45.00	22290.7208.040
<b>Domestic Waste Collection Charges - Rural (Section 496 of the Local Government Act)</b>					
<i>Wheellie Bin Collection Service - Charges per property, per self-contained occupancy, per annum. Charges relevant for mixed waste bins up to 240 litres capacity and recycling bins up to 360 litres capacity.</i>					
Rural Properties - Service provides collection of one mixed waste bin per week and one recycling bin per fortnight.	B	\$355.00	N	\$362.00	22290.0100.040
<b>Additional Domestic Waste Collection Services (Section 496 of the Local Government Act)</b>					
Additional Domestic Recycling Collection Charge - Urban and Rural - One recycling bin per fortnight.	B	\$122.00	N	\$100.00	22290.0100.040
Additional Domestic Organics Collection Charge - Urban - One organics bin per week.	B	\$242.00	N	\$175.00	22290.0100.040
Additional Mixed Waste Collection Charge - Urban - One mixed waste bin per fortnight.	B	\$122.00	N	\$124.00	22290.0100.040
Additional Mixed Waste Collection Charge - Rural - One mixed waste bin per week.	B	\$242.00	N	\$247.00	22290.0100.040
<b>Non-Domestic Collection Charges - Business, Commercial, Industrial Properties (Section 501 of the Local Government Act)</b>					
<i>Optional service provided to non-domestic customers upon request. Per collection service, per annum. Charges relevant for mixed waste and organic bins up to 240 litres capacity and recycling bins up to 360 litres capacity.</i>					
Non-Domestic Waste Collection - One mixed waste bin collection per week.	A	\$379.00	N	\$387.00	22280.6745.041
Non-Domestic Recycling Collection - One recycling bin collection per fortnight.	A	\$187.00	N	\$191.00	22280.6746.041
Non-Domestic Organics Collection - One organics bin collection per week.	A	\$330.00	N	\$250.00	22280.6745.041
<b>Organic Bin Caddy</b>					
Kitchen Organics Bin Caddy.	B	N/A	Y	\$10.00	22292.7252.0233

DOMESTIC WASTE MANAGEMENT																	
ACTUAL				LEDGER ACCOUNT	DESCRIPTION	ESTIMATE											
2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	%	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>OPERATING REVENUES</b>																	
6,360,800	6,571,100	6,820,100	7,129,300	22290	Domestic Waste Mgmt Annual Charges	7,493,600	7,643,000	2	7,828,000	8,016,000	8,223,000	8,433,000	8,644,000	8,858,000	9,073,000	9,307,000	9,543,000
22,300	18,900	25,900	29,500	22290	Vacant Property Annual Charges	26,000	32,000	23	32,600	33,300	34,000	34,700	35,400	36,100	36,800	37,500	38,300
(273,000)	(257,800)	(253,300)	(248,400)	22290	Domestic Waste Exempt Collection	2,000	2,000	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
640,200	700,100	801,500	863,700	22290	Pensioner Abandonments	(247,000)	(249,000)	1	(251,000)	(253,000)	(255,000)	(257,000)	(259,000)	(261,000)	(263,000)	(265,000)	(267,000)
150,200	141,800	164,400	158,700	22291/22292	Internal Plant Hire Charges	940,000	954,000	1	968,000	983,000	998,000	1,013,000	1,028,000	1,043,000	1,059,000	1,075,000	1,091,000
47,800	57,800	70,200	30,000	22292	Grants and Subsidies/Other income	137,000	138,000	1	139,000	140,000	141,000	142,000	143,000	144,000	145,000	146,000	147,000
0	0	0	29,800	22292	Interest on Investments	15,000	32,000	113	27,000	35,000	45,000	57,000	57,000	0	6,000	6,000	16,000
0	0	0	0	22292	Gain / (Loss) on Disposal of Assets	0	0	0	0	0	0	0	0	0	0	0	0
<b>6,948,300</b>	<b>7,231,900</b>	<b>7,628,800</b>	<b>7,992,600</b>			<b>8,366,600</b>	<b>8,552,000</b>	<b>2</b>	<b>8,745,600</b>	<b>8,956,300</b>	<b>9,188,000</b>	<b>9,424,700</b>	<b>9,650,400</b>	<b>9,822,100</b>	<b>10,058,800</b>	<b>10,308,500</b>	<b>10,570,300</b>
<b>OPERATING EXPENSES</b>																	
<b>Administration</b>																	
206,100	190,300	288,100	474,100	32360	Salaries and Oncosts and Assoc Exps	510,700	556,700	9	565,000	573,000	581,000	589,000	597,000	605,000	614,000	623,000	632,000
38,200	39,000	40,000	40,000	32360	North East Waste Membership	40,000	41,000	3	42,000	43,000	44,000	45,000	46,000	47,000	48,000	49,000	50,000
637,000	688,000	706,300	791,000	32360	Indirect Expenses - Overheads	945,000	945,000	0	959,200	973,600	988,200	1,003,000	1,018,000	1,033,300	1,048,800	1,064,500	1,080,500
17,500	4,700	68,400	136,600	32361	Promotion and Education	176,900	140,000	(21)	143,000	146,000	149,000	152,000	155,000	158,000	161,000	164,000	167,000
<b>Debt Servicing</b>																	
0	0	0	0	32361	Interest on Loans	0	0	0	0	0	0	0	0	0	0	0	0
<b>Collection</b>																	
517,100	619,000	618,200	635,300	32364	Collection Kerbside - Mixed Waste	688,000	710,000	3	720,000	731,000	742,000	753,000	764,000	776,000	788,000	800,000	812,000
1,231,700	1,273,800	1,332,400	1,910,600	32364	Collection Kerbside - Organics	1,500,000	1,600,000	7	1,624,000	1,648,000	1,673,000	1,698,000	1,723,000	1,749,000	1,775,000	1,802,000	1,829,000
1,865,600	1,907,000	1,724,000	1,736,900	32364	Collection Kerbside - Disposal Fees	2,500,000	2,130,000	(15)	2,173,000	2,216,000	2,260,000	2,305,000	2,351,000	2,398,000	2,446,000	2,495,000	2,545,000
518,800	405,300	469,200	481,100	32364	Collection Kerbside - Recycling	540,000	540,000	0	548,000	556,000	564,000	572,000	581,000	590,000	599,000	608,000	617,000
1,002,700	983,200	966,900	961,300	32364	Collection Kerbside - Recycling Disposal	1,240,000	965,000	(22)	984,000	1,004,000	1,024,000	1,044,000	1,065,000	1,086,000	1,108,000	1,130,000	1,153,000
51,400	53,200	137,400	246,700	32364	Collection Kerbside - Bin Maintenance	287,000	260,000	(9)	263,000	266,000	269,000	272,000	275,000	278,000	281,000	284,000	287,000
383,700	457,600	501,100	389,600	32364	Waste Trucks - Operating Expenses	386,500	390,000	1	396,000	402,000	408,000	414,000	420,000	426,000	432,000	438,000	445,000
<b>Non-Cash Expenses</b>																	
177,200	177,200	177,200	168,600	32360	Depreciation	265,000	270,300	2	275,800	281,400	287,100	292,900	298,800	304,800	310,900	317,200	323,600
<b>6,647,000</b>	<b>6,798,300</b>	<b>7,029,200</b>	<b>7,971,800</b>		<b>Total Operating Expenses</b>	<b>9,079,100</b>	<b>8,548,000</b>	<b>(6)</b>	<b>8,693,000</b>	<b>8,840,000</b>	<b>8,989,300</b>	<b>9,139,900</b>	<b>9,293,800</b>	<b>9,451,100</b>	<b>9,611,700</b>	<b>9,774,700</b>	<b>9,941,100</b>
301,300	433,600	599,600	20,800		<b>Operating Result - Surplus / (Deficit)</b>	<b>(712,500)</b>	<b>4,000</b>	<b>(101)</b>	<b>52,600</b>	<b>116,300</b>	<b>198,700</b>	<b>284,800</b>	<b>356,600</b>	<b>371,000</b>	<b>447,100</b>	<b>533,800</b>	<b>629,200</b>
0	0	0	(29,800)		Add Back Gain / Loss on Sale	0	0	0	0	0	0	0	0	0	0	0	0
177,200	177,200	177,200	168,600		Add Back Depreciation	265,000	270,300	2	275,800	281,400	287,100	292,900	298,800	304,800	310,900	317,200	323,600
<b>478,500</b>	<b>610,800</b>	<b>776,800</b>	<b>159,600</b>		<b>Cash Result - Surplus / (Deficit)</b>	<b>(447,500)</b>	<b>274,300</b>	<b>(161)</b>	<b>328,400</b>	<b>397,700</b>	<b>485,800</b>	<b>577,700</b>	<b>655,400</b>	<b>675,800</b>	<b>758,000</b>	<b>851,000</b>	<b>952,800</b>
<b>Capital Movements</b>																	
0	0	0	0		Less Loan Principal Repayments	0	0	0	0	0	0	0	0	0	0	0	0
478,500	610,800	776,800	169,700		Less Transfer to Reserves	0	274,300	328,400	397,700	485,800	577,700	655,400	675,800	758,000	851,000	952,800	
0	0	0	2,149,100		Add Transfer from Reserves	447,500	0	0	0	0	2,600,000	0	0	0	0	0	0
0	0	0	0		Add Capital Income Applied	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	2,139,000		Less Capital Expenditure	0	0	0	0	0	2,600,000	0	0	0	0	0	0
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>Cash Result after Capital Movements</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## **4.7 Plant Replacement Program - Long Term Financial Plan**

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### **4.7 Plant Replacement Program - Long Term Financial Plan**

**Section** Facilities Management

**Objective** To confirm the plant replacement program for the public exhibition of the draft 2021/22 to 2024/25 Delivery Program.

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#### **Background**

Council owns and operates a wide range of fleet and plant to meet operational needs.

The equipment ranges from light vehicles (utility and passenger) to heavy plant (graders, excavators, rollers, trucks, backhoes, loaders, tractors and a street sweeper).

To maintain a contemporary fleet and to optimise operating costs a rolling replacement program is maintained.

Replacement dates are based on industry recommended age intervals and utilisation (hours / kilometres), along with staff assessments.

This report presents an update on the Plant Replacement Program, which will be included in Council's draft Delivery Program and Operational Plan.

#### **Key Issues**

- Items identified for replacement
- Funding

#### **Discussion**

The funding for the replacement program operates by charging internal hire rates to the Council jobs using the plant, with the net surplus (internal hire income less operating expenses) transferred to an internally restricted reserve (the Plant Reserve) to fund plant replacements.

The replacement program is based on:

- Industry referenced material / advice on annual depreciation
- Forecasting of plant operating revenues and expenses
- Estimated changeover costs (net values)
- Reducing uneconomic major maintenance costs later in a plant item's life.

The updated General Fund Plant Replacement Program for the four year period of the draft Delivery Program, from 2021/22 to 2024/25, is included as the attachment to this report.

The General Fund Plant Replacement Program is based on a ten-year financial plan, as per the following summary, which outlines the movements in the Plant Reserve for the life of the Long Term Financial Plan.

#### 4.7 Plant Replacement Program - Long Term Financial Plan

**Table One – General Fund - Plant Reserve Movements  
2021/22 to 2030/31 (\$'000)**

Description	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
<b>Opening Balance</b>	<b>(119)</b>	<b>(86)</b>	<b>25</b>	<b>(131)</b>	<b>182</b>	<b>1,100</b>	<b>1,168</b>	<b>677</b>	<b>632</b>	<b>42</b>
Operating Revenues	5,134	5,212	5,292	5,373	5,456	5,543	5,628	5,711	5,798	5,883
Operating Expenses	4,473	4,547	4,623	4,700	4,778	4,857	4,938	5,020	5,104	5,189
<b>Operating Result</b>	<b>661</b>	<b>665</b>	<b>669</b>	<b>673</b>	<b>678</b>	<b>685</b>	<b>690</b>	<b>690</b>	<b>694</b>	<b>694</b>
Add Back Dep	1,300	1,326	1,353	1,380	1,407	1,436	1,464	1,494	1,524	1,554
<b>Cash Result</b>	<b>1,961</b>	<b>1,991</b>	<b>2,021</b>	<b>2,052</b>	<b>2,085</b>	<b>2,121</b>	<b>2,154</b>	<b>2,184</b>	<b>2,217</b>	<b>2,248</b>
Less Purchases	1,927	1,880	2,177	1,740	1,167	2,053	2,645	2,229	2,807	2,392
<b>Net Movement</b>	<b>34</b>	<b>111</b>	<b>(156)</b>	<b>312</b>	<b>918</b>	<b>68</b>	<b>(491)</b>	<b>(45)</b>	<b>(590)</b>	<b>(144)</b>
<b>Closing Balance</b>	<b>(86)</b>	<b>25</b>	<b>(131)</b>	<b>182</b>	<b>1,100</b>	<b>1,168</b>	<b>677</b>	<b>632</b>	<b>42</b>	<b>(101)</b>

The General Fund Plant Reserve is forecast to go slightly into an overdraft for three of the ten years, albeit the overdraft is reasonably small each time and typically the total of the planned capital purchases is not expended during the financial year. Therefore this ten year plan is reasonable.

The Domestic Waste Management (DWM), Water and Wastewater Funds are in a sound financial position and this allows plant to be purchased as required. The DWM fund, has no major purchases planned until 2023/24, and no further purchases are planned until 2025/26, beyond the life of the 2021/22 to 2023/24 Delivery Program. The program for the DWM, Water and Wastewater Funds for the next four years is as per the following tables.

**Table Two - DWM Fund  
Plant Replacement Program (\$)**

Description	2021/22		2022/23		2023/24		2024/25	
	Sale	Price	Sale	Price	Sale	Price	Sale	Price
Truck 6x4 Single Cab Garbage					30,000	464,000		
<b>Purchases and Net Changeover</b>					<b>1</b>	<b>434,000</b>		

**Table Three - Water Fund  
Plant Replacement Program (\$)**

Description	2021/22		2022/23		2023/24		2024/25	
	Sale	Price	Sale	Price	Sale	Price	Sale	Price
Truck Dual Cab and Crane					38,000	107,000		
Truck Single Cab Tipper and Crane					39,000	111,000		
Utility 2WD Single Cab	16,000	30,000						
Utility 2WD Single Cab			16,000	30,000				
Utility 2WD Single Cab			16,000	30,000				
<b>Totals</b>	<b>16,000</b>	<b>30,000</b>	<b>32,000</b>	<b>60,000</b>	<b>77,000</b>	<b>218,000</b>		
<b>Purchases and Net Changeover</b>	<b>1</b>	<b>14,000</b>	<b>2</b>	<b>28,000</b>	<b>2</b>	<b>141,000</b>	Nil	

## 4.7 Plant Replacement Program - Long Term Financial Plan

**Table Four - Wastewater Fund  
Plant Replacement Program (\$)**

Description	2021/22		2022/23		2023/24		2024/25	
	Sale	Price	Sale	Price	Sale	Price	Sale	Price
Utility 2WD Extra Cab High Ride							9,000	38,000
Utility 2WD Extra Cab High Ride							9,000	37,000
Utility 2WD Extra Cab High Ride			9,000	36,000				
Utility 2WD Single Cab	9,000	31,000						
Van 4X4			15,000	49,000				
Wagon AWD					13,000	38,000		
Utility 2wd Extra Cab High Ride							9,000	38,000
<b>Totals</b>	<b>9,000</b>	<b>31,000</b>	<b>24,000</b>	<b>85,000</b>	<b>13,000</b>	<b>38,000</b>	<b>27,000</b>	<b>113,000</b>
<b>Purchases and Net Changeover</b>	<b>1</b>	<b>22,000</b>	<b>2</b>	<b>61,000</b>	<b>1</b>	<b>25,000</b>	<b>3</b>	<b>86,000</b>

### **Delivery Program Strategy / Operational Plan Activity**

The progress of the plant replacement program relates to the following Delivery Program strategies:

- EL2.1 – Proactively pursue revenue opportunities, cost savings and/or efficiencies
- EL2.2 – Use modern systems and equipment
- EL3.3 – Deliver responsive and efficient services

### **Community Consultation Policy**

The plant replacement program will be placed on exhibition for public comment as part of the 2021/22 to 2024/25 Delivery Program.

### **Financial / Risk Considerations**

The replacement of plant is internally funded from the Plant Reserve. Income is generated from internal plant hire rates and the surplus (equivalent to depreciation) is transferred to the reserve for this purpose.

The plant replacement program includes a review of existing plant condition to ensure that our plant and equipment is contemporary and continues to meet the safety performance, reduced maintenance and improved operational needs of Council.

## **4.7 Plant Replacement Program - Long Term Financial Plan**

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### **Options**

The options are to endorse the inclusion of the plant replacement program in the draft 2021/22 to 2024/25 Delivery Program and Operational Plan, or amend the program.

As the program reflects the forecast needs of the organisation the recommendation is to approve the program for public exhibition.

### **RECOMMENDATION**

That Council approves the inclusion of the Plant Replacement Program, as per Tables Two, Three and Four, and Attachment 1, for inclusion in the draft 2021/22 to 2024/25 Delivery Program and Operational Plan.

### **Attachment(s)**

1. Plant Replacement Program - 2021/22 to 2024/25



## 4.7 Plant Replacement Program - Long Term Financial Plan

General Fund - Plant Replacement Program - 2021/22 to 2024/25									
No.	Body Type	2021/22		2022/23		2023/24		2024/25	
		Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase
10002	UTILITY 4WD XTRA CAB	0	0	0	0	15	59	0	0
116001	TRUCK 4X2 SINGLE CAB SERVICE BODY / CRANE	0	107	0	0	0	0	0	0
12003	UTILITY 4WD DUAL CAB	0	0	0	0	18	55	0	0
128001	TRUCK 4X2 DUAL CAB TIPPER / CRANE	0	0	25	115	0	0	0	0
129001	TRUCK 4X2 DUAL CAB SERVICE BODY / CRANE	0	0	0	0	25	120	0	0
130001	TRUCK 4X2 DUAL CAB SERVICE BODY / CRANE	0	0	0	0	25	114	0	0
13001	TRUCK 4X2 SINGLE CAB TIPPER / CRANE	0	0	0	0	0	0	25	134
132003	UTILITY 4WD DUAL CAB	0	0	18	35	0	0	0	0
134001	WAGONS 2WD	0	0	0	0	0	0	13	32
14001	TRUCK 4X2 DUAL CAB TIPPER / CRANE	0	0	25	114	0	0	0	0
153001	UTILITY 2WD XTRA CAB HIGH RIDE	0	0	9	50	0	0	0	0
155003	MOWERS	0	0	0	0	2	87	0	0
156002	UTILITY 2WD SINGLE CAB	0	0	0	0	0	0	9	46
16001	VAN 4X2	0	0	0	0	15	57	0	0
162003	WAGONS 2WD	9	32	0	0	0	0	13	35
167001	UTILITY 4WD XTRA CAB	0	0	0	0	0	0	18	55
170002	UTILITY 4WD DUAL CAB	18	47	0	0	0	0	0	0
18001	VAN 4X2	0	0	0	0	15	57	0	0
183003	WAGON AWD	0	0	0	0	0	0	20	51
187002	UTILITY 2WD XTRA CAB HIGH RIDE	0	0	0	0	9	37	0	0
188003	WAGON AWD	0	0	13	28	0	0	0	0
189002	UTILITY 4WD XTRA CAB	0	0	0	0	15	36	0	0
19001	UTILITY 4WD XTRA CAB	0	0	15	38	0	0	0	0
2002	UTILITY 2WD XTRA CAB HIGH RIDE	0	0	0	0	9	46	0	0
21001	TRUCK 4X2 SINGLE CAB TIPPER	0	0	0	0	0	0	50	170
211002	UTILITY 4WD XTRA CAB	0	0	0	0	15	50	0	0
215003	WAGON AWD	0	0	0	0	15	39	0	0
217002	UTILITY 2WD XTRA CAB	0	0	0	0	9	42	0	0
219001	UTILITY 2WD DUAL CAB	0	0	10	36	0	0	0	0
222001	UTILITY 4WD XTRA CAB	0	0	0	0	0	0	18	55
225002	UTILITY 2WD SINGLE CAB	0	0	0	0	0	0	9	31
226002	UTILITY 2WD DUAL CAB	10	35	0	0	0	0	0	0
227002	UTILITY 4WD XTRA CAB	0	0	0	0	15	43	0	0
229001	UTILITY 2WD DUAL CAB	0	0	10	35	0	0	0	0
235002	UTILITY 2WD SINGLE CAB	0	0	9	29	0	0	0	0
236002	UTILITY 4WD XTRA CAB	0	0	0	0	15	70	0	0
240001	MISCELLANEOUS	0	0	0	0	5	34	0	0
24001	UTILITY 2WD SINGLE CAB	0	0	0	0	0	0	18	35
242002	MOWERS	0	0	13	46	0	0	0	0
248002	MOWERS	4	19	0	0	0	0	4	21
25001	WAGONS 2WD	0	0	0	0	0	0	17	32
252002	UTILITY 4WD DUAL CAB	0	0	18	42	0	0	0	0
259001	WATER CARTS	0	0	0	0	0	0	5	40
26001	ROAD MAINTENANCE TRUCK	0	207	0	0	0	0	0	0
261002	UTILITY 2WD DUAL CAB HIGH RIDE	0	0	0	0	0	0	10	38
262002	UTILITY 4WD XTRA CAB	0	0	0	0	15	40	0	0
266001	TRACTORS	15	85	0	0	0	0	0	0
267003	SLASHER	0	0	0	0	3	12	0	0
269001	TRACTORS	0	0	0	0	0	0	10	38
27001	SWEEPERS	50	422	0	0	0	0	0	0

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## 4.7 Plant Replacement Program - Long Term Financial Plan

No.	Body Type	2021/22		2022/23		2023/24		2024/25	
		Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase
272002	UTILITY 2WD XTRA CAB HIGH RIDE	0	0	0	0	0	0	9	32
277001	UTILITY 2WD DUAL CAB HIGH RIDE	0	0	0	0	0	0	10	38
279007	MOWERS	7	32	7	33	7	34	7	34
280001	UTILITY 2WD DUAL CAB HIGH RIDE	0	0	10	36	0	0	0	0
281008	MOWERS	7	32	7	33	7	34	7	34
284002	MOWERS	7	32	7	33	7	34	7	34
286007	MOWERS	7	32	7	33	7	34	7	34
287007	MOWERS	7	32	7	33	7	34	7	34
289002	WAGON AWD	0	0	0	0	15	41	0	0
290001	UTILITY 2WD DUAL CAB	10	36	0	0	0	0	0	0
29001	TRUCK 4X2 SINGLE CAB TIPPER	0	0	0	0	0	0	50	170
291001	UTILITY 2WD XTRA CAB HIGH RIDE	0	0	9	36	0	0	0	0
30001	TRUCK 6X4 SINGLE CAB	0	0	0	0	0	0	50	221
302002	UTILITY 2WD XTRA CAB	0	0	9	31	0	0	0	0
308003	MOWERS	0	0	4	19	0	0	4	20
308004	MOWERS	4	20	4	21	4	21	4	22
31003	UTILITY 4WD DUAL CAB	0	0	0	0	18	43	0	0
314002	UTILITY 2WD DUAL CAB	0	0	0	0	10	38	0	0
317001	ROLLERS	0	0	0	0	10	54	0	0
318002	MOWERS	0	0	4	19	0	0	0	0
319001	TRUCK 4X2 SINGLE CAB WATER CART	0	0	0	0	0	0	60	217
320001	TRUCKS TIPPER	0	0	0	0	25	149	0	0
32002	UTILITY 2WD DUAL CAB HIGH RIDE	0	0	0	0	0	0	10	40
323001	CARAVANS/LUNCH ROOM	0	0	0	0	5	58	0	0
324001	COMPRESSOR	0	16	0	0	0	0	0	0
325001	TRAILER BOX SINGLE AXLE	1	9	0	0	0	0	0	0
326001	TRAILER BOX SINGLE AXLE	1	11	0	0	0	0	0	0
327001	FORKLIFT	0	26	0	0	0	0	0	0
328002	WAGON AWD	0	0	0	0	0	0	15	43
329002	EXCAVATOR MINI	0	0	0	0	30	138	0	0
330001	TRAILER BOX SINGLE AXLE	0	0	1	9	0	0	0	0
331001	TRAILER BOX SINGLE AXLE	0	0	1	9	0	0	0	0
336001	TRAILER BOX SINGLE AXLE	0	0	1	9	0	0	0	0
337001	TRAILER BOX SINGLE AXLE	0	0	1	9	0	0	0	0
338001	BOAT	0	0	0	0	1	3	0	0
339001	TRAILER BOX SINGLE AXLE	0	0	1	9	0	0	0	0
345001	TRAILER PLANT DUAL AXLE	0	0	0	0	1	16	0	0
346001	TRAILER BOX DUAL AXLE	0	0	0	0	1	14	0	0
347001	TRAILER BOX SINGLE AXLE	0	0	0	0	0	3	0	0
351001	UTILITY 2WD SINGLE CAB	0	0	9	28	0	0	0	0
353001	TRUCK 6X4 SINGLE CAB TIPPER	50	245	0	0	0	0	0	0
354001	TRUCK 6X4 SINGLE CAB TIPPER	50	245	0	0	0	0	0	0
355002	VAN 4X2	0	0	0	0	0	0	15	39
356001	TRAILER PLANT DUAL AXLE	0	0	0	0	1	14	0	0
357001	TRAILER BOX SINGLE AXLE	0	0	0	0	0	0	1	7
358001	TRUCK 4X2 SINGLE CAB WATER CART	0	0	0	0	60	216	0	0
359002	MOWERS	0	0	2	6	0	0	0	0
36001	FRONTEND LOADERS	0	0	50	309	0	0	0	0
361003	MOWERS	3	6	0	0	3	7	0	0
362001	TRAFFIC CONTROL	0	0	0	0	0	0	5	24
363001	TRAFFIC CONTROL	0	0	0	0	0	0	5	24
374001	WAGON AWD	0	0	0	0	0	0	13	39

## 4.7 Plant Replacement Program - Long Term Financial Plan

No.	Body Type	2021/22		2022/23		2023/24		2024/25	
		Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase
375001	WAGON AWD	0	0	0	0	13	30	0	0
379001	WAGONS 2WD	0	0	0	0	0	0	18	34
40001	GRADERS	0	0	0	0	80	398	0	0
4004	WAGONS 2WD	0	0	0	0	0	0	21	49
49001	EXCAVATOR	0	0	50	304	0	0	0	0
55001	BACKHOES	0	0	40	221	0	0	0	0
58002	TRACTORS	0	0	0	0	20	116	0	0
6002	WAGON AWD	0	0	15	35	0	0	0	0
62001	TRACTORS	0	78	0	0	0	0	0	0
63	TRACTORS	0	0	15	0	0	0	0	0
63001	TRACTORS	0	0	20	101	0	0	0	0
64001	TRACTORS	0	0	15	88	0	0	0	0
7002	UTILITY 4WD XTRA CAB	0	0	0	0	15	36	0	0
71003	SLASHER	0	0	0	0	3	12	0	0
72002	SLASHER	0	0	0	0	3	12	0	0
74002	SLASHER	0	0	0	0	3	12	0	0
801002	UTILITY 2WD DUAL CAB HIGH RIDE	0	0	0	0	0	0	10	46
802002	UTILITY 2WD DUAL CAB HIGH RIDE	0	0	0	0	0	0	10	46
900002	HATCHBACK	0	0	0	0	13	32	0	0
9001	TRUCK 4X2 DUAL CAB SERVICE BODY / CRANE	0	0	25	119	0	0	0	0
901001	HATCHBACK	0	22	0	0	0	0	0	0
902001	WAGON AWD	0	0	13	28	0	0	0	0
903001	WAGON AWD	0	0	0	0	13	28	0	0
904001	WAGONS 2WD	0	29	0	0	0	0	15	31
905001	WAGONS 2WD	0	0	0	0	13	31	0	0
906002	WAGONS 2WD	0	0	0	0	13	31	0	0
907002	UTILITY 2WD XTRA CAB HIGH RIDE	0	33	0	0	0	0	0	0
908002	SEDANS	0	30	0	0	0	0	0	0
910002	WAGON AWD	0	0	15	40	0	0	0	0
913002	UTILITY 4WD DUAL CAB	0	0	18	38	0	0	0	0
914002	HATCHBACK	0	24	0	0	0	0	0	0
916002	UTILITY 2WD DUAL CAB	0	0	0	0	0	0	10	35
918003	WAGON AWD	13	29	0	0	0	0	0	0
920002	UTILITY 2WD DUAL CAB	0	0	10	33	0	0	0	0
921002	HATCHBACK	0	23	0	0	0	0	0	0
923002	WAGON AWD	0	47	0	0	0	0	0	0
924002	UTILITY 2WD SINGLE CAB	0	0	0	0	9	30	0	0
929002	HATCHBACK	0	28	0	0	0	0	13	30
931002	HATCHBACK	0	0	0	24	0	0	0	0
934002	WAGON AWD	0	0	0	0	0	0	13	37
935001	UTILITY 4WD XTRA CAB	0	0	15	39	0	0	0	0
936001	UTILITY 2WD DUAL CAB	0	0	0	0	0	0	10	33
937001	HATCHBACK	0	0	0	0	0	0	13	52
99001	WELDER	0	26	0	0	0	0	0	0
S57011	TRAFFIC CONTROL	1	23	0	0	0	0	0	0
	GPS INSTALLATION	0	10	0	10	0	10	0	11
	ACCESSORY ALLOWANCE	0	70	0	71	0	73	0	74
	<b>TOTALS</b>	<b>273</b>	<b>2,200</b>	<b>556</b>	<b>2,435</b>	<b>657</b>	<b>2,833</b>	<b>657</b>	<b>2,397</b>
	<b>PURCHASES AND NET CHANGEOVER</b>	<b>34</b>	<b>1,927</b>	<b>42</b>	<b>1,880</b>	<b>50</b>	<b>2,177</b>	<b>44</b>	<b>1,740</b>

#### **4.8 Norfolk Homes - 67 Piper Drive, Ballina - Lease**

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#### **4.8 Norfolk Homes - 67 Piper Drive, Ballina - Lease**

**Section** Commercial Services

**Objective** To seek approval for a new lease for Norfolk Homes at 67 Piper Drive Ballina

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#### **Background**

Council received a report at the 16 June 2020 Commercial Services Committee meeting regarding negotiations with Norfolk Homes due to COVID-19 and the impending expiration of their current lease.

Council approved the rent relief package for Norfolk Homes in June 2020 as part of the lease negotiations.

Norfolk Homes has continued to operate under the terms of the current lease until a new lease is finalised.

This report provides background on the current lease and an overview of the confidential report later in this agenda.

#### **Key Issues**

- Support to local businesses
- Financial return to Council

#### **Discussion**

Norfolk Homes Pty Ltd has been a tenant of Council since 2005 and has been successfully operating in the Ballina Shire for over 37 years.

Council staff applied the rent relief package endorsed by Council in June 2020. This package has assisted this business during the recovery process from COVID-19.

Council staff have been in negotiations with Norfolk Homes to finalise the terms of proposed new lease arrangement. Details of these negotiations are included in the confidential report in this agenda.

A location map for the Norfolk Homes lease site is included as Attachment 1.

#### **Delivery Program Strategy / Operational Plan Activity**

Leasing of Council's commercial properties forms part of the Delivery Program Strategies:

PE2.3 – Operate Council business activities that support economic development.

PE2.3c - Proactively manage our commercial properties.

#### **4.8 Norfolk Homes - 67 Piper Drive, Ballina - Lease**

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##### **Community Consultation Policy**

Council staff have consulted with representatives of Norfolk Homes Pty Ltd.

##### **Financial / Risk Considerations**

Information regarding the financial and risk considerations are set out in the confidential report in this agenda.

##### **Options**

This report is for information only to provide an overview of the confidential report.

##### **RECOMMENDATION**

That Council notes the contents of this report in respect to the Norfolk Homes lease at 67 Piper Drive, Ballina.

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

1. Norfolk Homes - Lease Site



Ballina Shire Council  
 40 Cherry Street  
 BALLINA NSW 2478  
 PO Box 450  
 BALLINA NSW 2478  
 1300 864 444  
 council@ballina.nsw.gov.au  
 www.ballina.nsw.gov.au



**Norfolk Homes Site - 67 Piper Drive, Ballina**

**ballina shire council**  
 geographical information system

Projection: GDA94 / MGA zone 56  
 Date: 10/03/2021

© Ballina Shire Council © NSW Spatial Services 2021.  
 While every care is taken to ensure the accuracy of this product, Ballina Shire Council and the local / State / Federal Government departments and their Government organisations whose supply details, make no representation or warranty about the accuracy, reliability, completeness or suitability for any particular purpose and disclaims all responsibility and all liability (including without limitation, liability in negligence) for all expenses, losses, damages (including indirect or consequential damage) and costs which you might incur as a result of the product being inaccurate or incomplete in any way and for any reason.

#### **4.9 Boeing Avenue, Ballina - Lots Two and Three - Subdivision and Sale**

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#### **4.9 Boeing Avenue, Ballina - Lots Two and Three - Subdivision and Sale**

**Section** Commercial Services

**Objective** To provide the open information in relation to proposed sale options for the land subdivision at Boeing Avenue, Ballina.

---

#### **Background**

Council resolved at the 23 April 2020 meeting as follows:

*“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”.*

In September 2020 a development application (DA 2020/591) for the proposed subdivision, to create twenty five lots (based on the final design) was lodged. This application is still to be determined, although the consent should be forthcoming shortly.

Council has not yet confirmed the proposed approach to the sale of the serviced lots within this subdivision once the planning consent is obtained.

#### **Key Issues**

- Supply of industrial land
- Whether to sell the land “as is” or subdivide and sell

#### **Discussion**

Over the last six months the NSW North Coast property market has experienced boom conditions with prices increasing at rates seldom if ever previously seen. This boom is due to record low interest rates and an outward migration from cities as a result of the COVID-19 pandemic.

Demographers are suggesting this outward migration trend from capital cities to regional and coastal areas is expected to continue for some time, and may also lead to government departments and businesses decentralising some of their operations to these areas. Internet technology has been a major enabler of this trend.

The challenge for councils in regional areas is to make land available for residential, commercial and industrial development to service demand created by what is possibly a once in a generation relocation of population within Australia. This trend may also escalate when international borders reopen as foreigners perceive Australia as a safe place in a pandemic.

Prior to COVID-19, the supply of industrial land on the NSW Far North Coast was very limited. There is virtually nothing available in the Byron Shire and what land is available in Lismore is located on a flood plain.

#### 4.9 Boeing Avenue, Ballina - Lots Two and Three - Subdivision and Sale

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In the Ballina Shire the following areas are available for further industrial land development:

- Lots Two and Three Boeing Avenue (Council owned)  
Subject to DA, potentially twenty five serviced industrial lots available in late 2021.
- Smith Drive, West Ballina (Private)  
Future industrial land subdivision. Potential lot yield and availability to be determined.
- Russellton Industrial Estate (Council owned)  
Council has development approval in place to develop the remainder of this estate and create twenty seven serviced industrial lots. The project is on hold pending Council resolving to borrow funds and proceed with development.
- Teven Road, West Ballina (Private)  
There are a number of large landholdings at the southern end of Teven Road located upon which are businesses such as “Go-Grow” and “Sarwood Timbers”. The land is subject to the RU2 Rural Landscape zone, however “freight transport facility” and “warehouse or distribution centre” have been identified as additional permitted uses for this land under Schedule 1 of the Ballina LEP 2012. In terms of the activities that can occur under these land use terms:

*freight transport facility* means a facility used principally for the bulk handling of goods for transport by road, rail, air or sea, including any facility for the loading and unloading of vehicles, aircraft, vessels or containers used to transport those goods and for the parking, holding, servicing or repair of those vehicles, aircraft or vessels or for the engines or carriages involved.

*warehouse or distribution centre* means a building or place used mainly or exclusively for storing or handling items (whether goods or materials) pending their sale, but from which no retail sales are made, and includes local distribution premises.

- Southern Cross Expansion Precinct (“SCEP”) (Council owned)  
In terms of future industrial land supply, the process is continuing for the lodgment of applications to rezone approximately 36 hectares of land generally known as the Southern Cross Expansion Precinct (“SCEP”) for industrial type uses. An update report on this project was presented to Council at the Commercial Services meeting on 18 August 2020.

Stage 1 of the SCEP is generally known as the “Innovation Precinct” comprising about five hectares. The State Government has allocated a \$3.9 million grant under its Restart scheme to assist with developing this land. It’s proposed to rezone the land to “IN2 – Light Industrial”.

Stage 2 of the SCEP is proposed to be rezoned to “IN1 General Industrial”, the same zoning as the existing industrial estate, including Lots Two and Three Boeing Avenue.



#### **4.9 Boeing Avenue, Ballina - Lots Two and Three - Subdivision and Sale**

---

In recognition of the need for industrial land, Council proceeded with the lodgement of DA 2020/591 in September 2020 for Lots Two and Three Boeing Avenue. At that time Council had not yet resolved how it wished to proceed with the sale of these lots.

Information regarding potential sale options is discussed in the confidential report for this item in this agenda.

#### **Delivery Program Strategy / Operational Plan Activity**

The development of this property to provide further industrial blocks to the community relates to the following Delivery Program strategies:

- PE2.3 Operate Council business activities that support economic development
- PE3.1 Facilitate commercially viable industrial precincts
- EL2.1 Proactively pursue revenue opportunities, cost savings and/or efficiencies.
- EL3.3 Deliver responsive and efficient services

#### **Community Consultation Policy**

Not applicable.

#### **Financial / Risk Considerations**

The land development and subdivision requires loan funding. Council is reliant on the sale of these lots to repay this loan and other costs.

#### **Options**

This report is for information only to provide an overview of the confidential report.

#### **RECOMMENDATION**

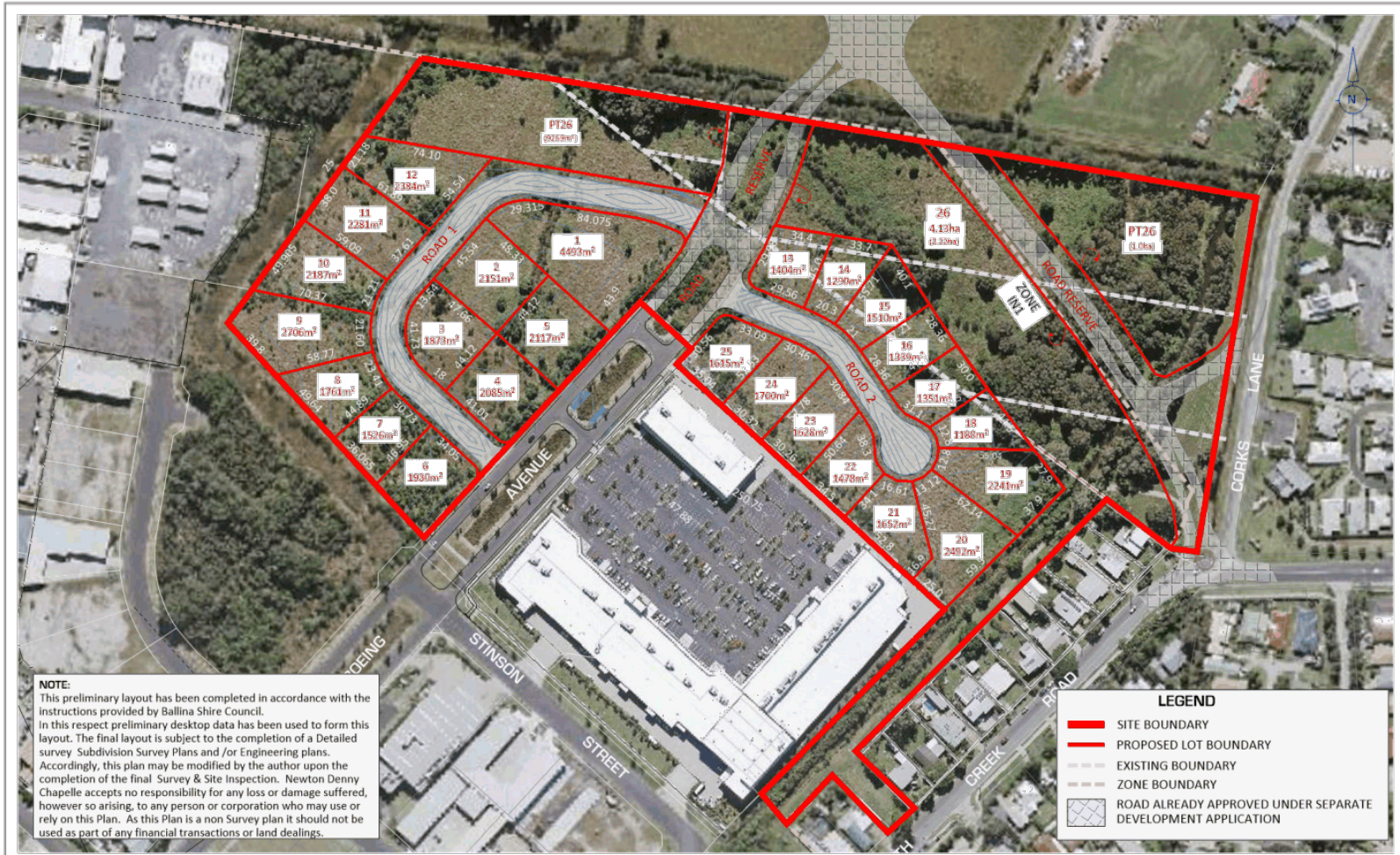
That Council notes the contents of this report in respect to sale options for land at Boeing Avenue Ballina.

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

1. Location Plan - Lots 2 and 3 Boeing Avenue
2. Lots 2 and 3 Boeing Avenue - Proposed Plan of Subdivision



4.9 Boeing Avenue, Ballina - Lots Two and Three - Subdivision and Sale



REVD DATE | AMENDMENT

A	21.04.20	CONCEPTUAL ROAD & READY APPROVED LOTS
B	23.07.20	FINAL
C	12.08.20	LOF SCORING
D	01.09.20	LOF SCORING

SOURCE PLAN: [www.maps.six.nsw.gov.au](http://www.maps.six.nsw.gov.au) - accessed 20.04.20

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**Newton Denny Chapelle**  
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Email: [office@newtondennychapelle.com.au](mailto:office@newtondennychapelle.com.au)  
31 Carrington St Lismore 2480  
PH: 6622 3033  
ABN: 86 220 045 469

**PLAN 3: PROPOSED LOT LAYOUT**  
CLIENT: BALLINA SHIRE COUNCIL  
LOCATION: LOT 952 DP1165266 & REV E  
LOTS 2-5 DP123781  
25 - 39 BOEING AVE BALLINA NSW  
DATE: 12.08.20 REF: 200083  
SCALE: 1 : 2500 @ A3 DRAWN: bk

#### 4.10 Airline Agreement - Update

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#### 4.10 Airline Agreement - Update

**Section** Commercial Services

**Objective** To provide Council with an update on on-going confidential negotiations with the airlines operating from the Ballina - Byron Gateway Airport.

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#### **Background**

A report was presented to the 8 April 2020 Commercial Services meeting in regards to an 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

#### **Discussion**

The Ballina Byron Gateway Airport continues to make a sound recovery since a dramatic downturn in April 2020, however until such time as the COVID-19 vaccine rollout is complete, circumstances could change very quickly.

The impact of COVID-19 on the airline industry has been significant.

Since April 2020 the Australian airline industry has undergone the most dramatic decline in its history as international borders closed and Australian State borders continue to close intermittently in response to outbreaks of the COVID-19 pandemic.

Throughout Australia, airlines have relied upon financial assistance from the Federal Government to meet airport security costs and other charges and it's still uncertain how airlines may meet the challenges ahead.

The three attachments to this report provide some context to the on-going turbulence that the airlines are facing.

Council has actively engaged in discussions with the airlines to understand the financial implications of COVID-19 to the industry, and the role of the Ballina Byron Gateway Airport to ensure the continued successful delivery of services to the airport.

The airline 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.

## 4.10 Airline Agreement - Update

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### Delivery Program Strategy / Operational Plan Activity

The options and recommendations contained within this report are in accordance with the following strategies and actions:

PE2.2 Enhance connectivity to capital cities

PE 2.2b Ensure the ongoing viability of the Ballina Byron Gateway Airport

### Community Consultation Policy

Staff have been in discussions with the airlines, one of whom is a party to the agreement as outlined in the confidential report.

### Financial / Risk Considerations

Council and the airlines have legal responsibilities in respect to the agreements. The last 12 months during the COVID-19 pandemic has highlighted the risks associated with the aviation industry.

Even though it has been a difficult time for the airline industry, the Ballina Byron Gateway Airport has made a strong recovery since mid-2020 as reflected by the following figures.

Item	FY 2018/19	FY 2019/20	FY 2020/21 (projected)
Passengers (PAX)	533,060	405,338	544,586
Operating Revenues	\$6,927,000	\$5,754,000	\$6,828,000
Operating Expenses	\$5,339,000	\$5,370,000	\$5,867,000
<b>Operating Surplus (including depreciation)</b>	<b>\$1,588,000</b>	<b>\$384,000</b>	<b>\$961,000</b>
Cash Result (excluding depreciation)	\$2,618,000	\$1,170,000	\$1,941,000

### Options

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

### RECOMMENDATION

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

### Attachment(s)

1. The Australian - Article dated 6 May 2020 - Qantas burns \$40m a week
2. ABC News - 28 September 2020 - Qantas eight weeks away from running out of money
3. The Australian - Article dated 25 February 21 - Qantas counts heavy first half loss

THE AUSTRALIAN

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## Qantas burns \$40m a week, boosts liquidity

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By **ROBYN IRONSIDE**, AVIATION WRITER

1:00AM MAY 6, 2020 •  12 COMMENTS

Qantas is burning cash at a rate of more than \$40m a week as the airline navigates the coronavirus crisis that has slashed its flying operations to just 5 per cent of normal capacity.

In a third-quarter trading update to the ASX on Tuesday, the carrier revealed it had secured a loan of \$550m against three of its Boeing 787-9s, on top of \$1.05bn raised in March.

The funds increased total short-term liquidity to \$3.5bn and would allow the airline to survive without flying until December 2021.

Chief executive Alan Joyce said at the start of the crisis Qantas acted quickly to wind down cash burn through employee standdowns and a pause on virtually all capital and operating expenditure as well as revised agreements with key suppliers.

As a result, Qantas expected to reach a “net cash burn rate of \$40m a week by the end of June”.

“That’s a lot lower than most airlines around the globe, and we have a light at the end of the tunnel with domestic and trans-Tasman markets potentially opening up before any other markets,” said Mr Joyce.

In order to maintain the financial discipline, staff standdowns were extended to the end of June 30 “at least”, with international division employees likely to remain idle for considerably longer.

“That’s probably not surprising to hear, but it’s still very tough and it’s a very tough reality for thousands of people,” he said.

“The government’s JobKeeper program has made a massive difference and many of our people have large annual leave balances that are helping them get through this.”

He also pointed to “some great secondary jobs” being worked by Qantas employees at Woolworths right through to the Royal Flying Doctor Service.

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“I’d like to thank corporate Australia and organisations for placing really good people in great roles but I’m hoping these people will soon be back flying with Qantas and Jetstar,” said Mr Joyce.

“All the hard decisions we’ve made in the past few months have been focused on ensuring the Qantas Group survives this crisis and we have to make sure it’s also well placed for recovery.”

It was to be expected that Qantas in 2021 and 2022 would look a lot different from the Qantas of recent years, with the international fleet under scrutiny, and Jetstar Pacific Airlines likely to be sold.

Mr Joyce confirmed talks had been under way for sometime with shareholder Vietnam Airlines about “what to do with that venture up there”.

Although Qantas would take a hit from its fuel hedging, due to the precipitous falls in the oil price, the cash impact combined with foreign exchange fluctuations was expected to be \$145m.

“At the start of the crisis we said this was about survival of the fittest — in practical terms that means the carriers around the world that can survive for long periods with very little cash coming through the door,” Mr Joyce said.

“By that measure, Qantas is one of the fittest airline groups in the world. We started with a high cash balance and low net debt. We have another \$2.7bn in unencumbered assets that we can secure finance against and we have divisions like Qantas Loyalty and Qantas Freight that are operating mostly as normal.”

His optimism was not entirely shared by Qantas pilots, who called on the federal government to extend its support for a minimum domestic network beyond the initial eight weeks.

Australian and International Pilots Association president Mark Sedgwick said without ongoing support for the network, the aviation industry risked going into free fall.

“Commercial aviation is not feasible in the short term if restrictions on non-essential travel remain in place,” said Mr Sedgwick.

He said an extension to international flights subsidised by the government was providing pilots and cabin crew with valuable work.

It followed approval for Qantas for an additional four weeks of flights to London and Los Angeles.

“These flights keep our skies open, keep Australian workers in jobs and ensure our fellow Australians can get home safely,” Mr Sedgwick said.

“Ongoing support also ensures key international markets for fresh Australian produce remain open, maximising the benefits to the economy.”

Qantas shares finished the day 1.68 per cent higher, at \$3.62.

Credit ratings agency Moody's said the announcement of an additional \$550m of funding demonstrated the “airline's ability to raise new financing despite unprecedented circumstances in the industry”.



### NEWS

#### Qantas eight weeks away from running out of money at height of COVID-19 pandemic, court told

By Jamie McKinnell

Posted Mon 28 Sep 2020 at 12:42pm, updated Mon 28 Sep 2020 at 11:53pm



About 450 Qantas and Jetstar maintenance engineers were stood down. (ABC News: Giulio Saggini, File Photo)

Qantas was eight weeks away from running out of money at the height of the COVID-19 pandemic, a Sydney court has heard.

The Australian Licensed Aircraft Engineers Association has taken the airline to the Federal Court, challenging the legality of standing down about 450 Qantas and Jetstar maintenance engineers.

The workers were among two-thirds of the workforce stood down without pay as passenger numbers plummeted in mid-March.

Qantas is seeking a declaration that there was a stoppage of work for which it cannot reasonably be held responsible.

Barrister Rowena Orr QC, for the airline, said the pandemic and the measures taken by governments to control its impacts were not foreseeable.

The stoppages were caused by "external events" which "challenged the very viability of Qantas and Jetstar", she said.

[LIVE UPDATES: Read our blog for the latest news on the COVID-19 pandemic.](#)

"By late March this year, the Qantas group had formed the view that if they continued to operate their regularly scheduled flights ... the group would have exhausted its existing cash reserves within a period of eight to 10 weeks," Ms Orr told the court on Monday.

By the time Qantas made the decision to stand down workers, every other "cost-saving measure" had been explored and implemented, she added.

"The alternative was to continue conducting flights with no, or very few, passengers in the hope that conditions for air travel would return to normal which, of course, has not proven to be the case," Ms Orr said.

"It would ultimately have put at risk the jobs of all of the group's employees."

- [Virus variants see COVID cases surge in Europe, reversing six-week decline](#)
- [With Bali's hotels going under, Indonesia wants to reopen its holiday oasis. But can it work?](#)
- [Australia will need options other than hotel quarantine when the borders reopen](#)

Qantas claims the move was made in accordance with stand-down clauses in enterprise agreements which enable it to stand down employees who cannot be "usefully employed".

According to the agreements, this may be done if the reason is a "stoppage of work through any cause for which Qantas cannot reasonably be held responsible", or in Jetstar's case, "by any cause which Jetstar cannot reasonably prevent".

The association's barrister, Lucy Saunders, argued there had been a decision to stop work to then justify stand-downs.

"You are choosing to fly or not to fly," she said, adding there may have been economic imperatives that informed the decision.

"It's a choice, as soon as it becomes a choice, that decision to stand down is a matter within someone's control.

"A lack of customers — no matter how stark, no matter how externally motivated — isn't itself a stoppage of work."

Justice Geoffrey Flick has reserved his decision.

#### Key points:

- Two-thirds of Qantas's workforce were stood down in mid-March
- The barrister representing Qantas says "external events" caused a stoppage of work
- Qantas argues it can stand down workers who can't be "usefully employed"

2/25/2021

Qantas counts heavy first half loss of \$1.47bn

## THE AUSTRALIAN

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# Qantas counts heavy first half loss of \$1.47bn

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By **ROBYN IRONSIDE**, AVIATION WRITER

AN HOUR AGO FEBRUARY 25, 2021 • 1 COMMENT

Qantas has posted a “stark but not surprising” \$1.47bn statutory loss for the first half of the 2021 financial year, down from a \$648m profit in the previous corresponding period.

CEO Alan Joyce noted the heavy loss covered the period which included nationwide border closures triggered by Victoria’s second wave, slashing domestic travel by 70 per cent.

International travel stopped altogether.

Despite the challenges, Mr Joyce said the results showed the group’s underlying strength with the frequent flyer program and freight business performing well.

“When we had the opportunity to fly domestically we saw significant pent up travel demand and generated positive cash flow,” he said.

“Qantas Loyalty still had significant income because the program has evolved to the stage where the vast majority of points are earned from activity on the ground.

“Qantas Freight had a record result and has been a natural hedge to the lack of international passenger flying which has created a shortage of cargo space globally.”

Of the 8500 employees identified as surplus to the Qantas Group needs, more than 5000 had left the business.

Another 14,500 were working, but 11,000 remained stood down, due to the lack of international flying.

Mr Joyce said the group had maintained a high level of liquidity but the domestic travel recovery had been set back by three months because of border closures.

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<https://www.theaustralian.com.au/business/aviation/qantas-counts-heavy-first-half-loss-of-147bn/news-story/43d5b2d9a01515bae0fcb2e63a38ab9f> 1/2

2/25/2021

Qantas counts heavy first half loss of \$1.47bn

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“The COVID vaccine rollout will take time but the fact that it is underway gives us more certainty – more certainty that domestic borders will stay open because frontline and quarantine workers will be vaccinated in a number of weeks. And more certainty that international borders can open when the nationwide rollout is effectively complete by the end of October,” he said.

Despite the challenges facing the airline, Qantas Domestic managed to generate positive underlying cash flow of \$71m, with depreciation and amortisation taking the figure to a loss of \$407m.

With Virgin Australia flying a much reduced schedule and Tigerair gone, Qantas and Jetstar domestic market share rose to about 70 per cent.

Qantas International recorded a loss of \$549m in underlying earnings before interest and tax (EBIT), whereas Qantas Loyalty achieved a \$125m EBIT, down 29 per cent on the 2020 half year.

Looking ahead the airline hoped to resume international flying in October rather than July, and expected to increase domestic capacity to 80 per cent of pre-COVID levels by mid-year.

#### More stories on this topic

- [Qantas posts eye watering loss](#)
- [Qantas posts eye watering loss](#)
- [ASX to rise, Afterpay to raise \\$1.25bn, Qantas posts big loss](#)

#### Topics

[Qantas](#)

<https://www.theaustralian.com.au/business/aviation/qantas-counts-heavy-first-half-loss-of-147bn/news-story/43d5b2d9a01515bae0fcb2e63a38ab9f> 2/2

#### 4.11 Operational Land - 26 Endeavour Close, Ballina

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#### 4.11 Operational Land - 26 Endeavour Close, Ballina

**Section** Facilities Management

**Objective** To provide an update on the outcomes of the expression of interest process for 26 Endeavour Close, Ballina and to confirm the preferred direction of Council.

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#### **Background**

Unit Committee TS Lismore ("TS Lismore") has occupied the Council owned property at 26 Endeavour Close, Ballina since 1988.

TS Lismore is a not for profit organisation consisting of parents and current and former cadets and other local volunteers.

The Australian Navy Cadets is a youth development program supported by the Royal Australian Navy (RAN), being the naval branch of the Australian Defence Force.

Council has held a long term position to investigate options for the use or sale of this property with the tenure terms of this property being reviewed at each lease renewal period. This process has included extensive consultation with TS Lismore and RAN.

The lease with TS Lismore was due to expire on 27 September 2020.

Options on the future use and lease options for this site were reported to the 24 September 2020 Ordinary meeting. A copy of this report is included as Attachment 1.

As a result of that report Council resolved as follows:

*"That Council continue with a month to month lease for a period of six months to receive a report on the use of the land for the benefit of the entire community".*

Council Officers and TS Lismore have since identified potential space options within the facility that could be used by other community organisations.

A formal Expression of Interest Process (EOI) for community organisations to use this facility has now been completed.

The focus of this report is on the outcomes of the EOI process, ongoing discussions with TS Lismore and RAN, and the need to confirm the preferred direction of Council for the ongoing use of this facility.

#### **Key Issues**

- Use of operational land by community groups
- Proposed future use requirements of facility by TS Lismore
- Outcomes from EOI process
- Equitable use of Council's limited resources

### Discussion

Council staff attended a site meeting with TS Lismore representatives in October 2020 to investigate potential space options that could be used by other community organisations.

The outcomes were:

- The Commonwealth Youth Safety and Protection Policy requirements prevent the ability for any other users to be on site whilst the Navy Cadets are present.
- Support was provided by TS Lismore for Council to commence an EOI process to seek interest from other community organisations to be able to co-use the facility between Monday to Thursday, subject to TS Lismore and RAN being able to review these submissions to ensure there were no identified conflicts with their operations.
- One room, part of the sunroom, and shared use of the amenities and kitchen area were confirmed to be suitable for use by other community organisations.
- TS Lismore has in place multiple bunk beds in two of the rooms to enable future overnight sleeping of Navy Cadets.
- The current Lease Agreement prevents the ability for the Navy Cadets to stay overnight at this facility until appropriate building standards have been met.

This has been a matter outstanding since the development of the current lease in 2017.

- A fire safety report for the facility was needed prior to commencement of the EOI process to determine if the proposed rooms by TS Lismore for overnight Cadet stays was prohibited from a safety, risk and building compliance perspective.

This would assist with understanding if there was further additional space that could be utilized by other community organisations.

- There was no capability for other community groups to use the shed located on the property.
- Other community groups would be required to contribute to the operating expenses of the building and to hold their own public liability insurance.

### *Expression of Interest Process*

The formal EOI process was undertaken in January 2020. The EOI was promoted through Council's website, local radio and Ward Committees.

Council received the following EOI submissions:

#### 4.11 Operational Land - 26 Endeavour Close, Ballina

Organisation	Proposed Use Summary	TS Lismore Feedback
Cumbalum Residents Association (CRA)	Propose to hold meetings on a Thursday evening starting at 5.30 p.m. and finishing at 7pm. Once a year at Christmas time, the Association also hosts a BBQ for Cumbalum residents and Association members to meet in an informal environment.	Supported provided that CRA abides by the no alcohol consumption (including Christmas party), and meetings are not held when other Cadet Units were using the premises for an activity requiring sleeping (if/when it is reinstated).
Ballina Coastcare Incorporated	Committee meetings – approximately six times per year for hours at a time	Supported (comments same as above for CRA).
Rainbow Region Dragon Boat Club Inc	<ul style="list-style-type: none"> <li>• Committee meetings every 4-6 weeks in the evening from 6.15 pm to 8.30 pm</li> <li>• Rainbow Dragon Abreast (RDA) Monthly meeting on Sundays 10am to 12 noon and Wednesdays 6pm to 8pm</li> <li>• Adhoc meetings as required.</li> <li>• Community team training sessions (16 x 2 hrs in lead up to annual regatta).</li> <li>• Land based strength and conditioning training sessions (1-2 hrs duration) in preparation for major competitions</li> </ul> <p>Water dragon boat training sessions (four days per week):</p> <ul style="list-style-type: none"> <li>• Tuesdays 7.30am-9.30 am</li> <li>• Tuesdays 4.45 pm to 7pm</li> <li>• Thursdays 7.30 am to 9.00 am</li> <li>• Thursdays 4.45 pm to 7pm</li> <li>• Saturdays 6.30 am to 9.00 am</li> <li>• Sundays 7.30 am to 9.30 am (Rainbow Dragons Abreast)</li> </ul> <p>*the above times are inclusive of paddler warm up / cool down pre and post training and retrieval and storage of the boat.</p> <p><b>Note:</b></p> <p>Concerns have been raised about boat storage at the site.</p> <p>The Club may require an additional storage shed to be constructed on the site.</p> <p>This Club would also require exclusive use of the sunroom and one office.</p>	<p>Week day meetings is supported.</p> <p>Weekend use would only be possible when not being used by TS Lismore.</p> <p>TS Lismore require clarification on where the Club propose to keep their boats.</p>

#### **4.11 Operational Land - 26 Endeavour Close, Ballina**

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Copies of the EOIs received are included as Attachment 2, 3 and 4 to this report.

Since the closing of the EOI process, Council has received a further request from Richmond Landcare Inc to use this building.

TS Lismore has not been presented with this request however the proposed use closely aligns with what is proposed by Ballina Coast Care Incorporated.

TS Lismore has advised that subject to Council approval to proceed with co-sharing of the facility, that negotiations will need to take place with approved community organisations on the sharing of expenses at the facility.

TS Lismore request that they also remain the primary user of the facility in any lease documentation and for any agreements to confirm the conditions of TS Lismore on no simultaneous use of the facility and no alcohol onsite.

##### *Site Constraints*

The key constraint in the co-use of this property is the requirement to meet the Commonwealth Youth Safety and Protection Policy requirements. This limits the ability for other organisations to access this site when the Naval Cadets are onsite.

There is currently only one room and part sunroom available for use by other community groups.

This is based on TS Lismore requiring the two classroom areas to be used for overnight stay accommodation by Cadets.

The proposed increased usage of the facility for overnight stays will impact on the available use of the facility for other groups due to the strict requirements for no other groups to be present when Cadets are onsite.

Should Council not support the overnight stay use of this facility, there is the potential to investigate two further rooms for use by other community groups.

The shed on the facility is fully utilised by TS Lismore providing no current external storage facilities for other organisations.

This will have a significant impact on the ability for Rainbow Dragon Boat Club to use this property if Council is not able to identify an alternative solution for the storage of the boats.

##### *Use of Premises for Overnight Stays - Cadets*

TS Lismore has advised that they require the ability for Cadets to have overnight stays at the facility to support their water based maritime activity training requirements.

The current lease, which commenced on 28 September 2017 has a specific clause relating to the use of the land for residence or overnight accommodation.

#### 4.11 Operational Land - 26 Endeavour Close, Ballina

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The clause states as follows:

*“The land shall not be used as a residence or for overnight accommodation at the expense of the Lessee for which there cannot be any claim for compensation or reimbursement, the Lessee provides to the Lessor written evidence reasonable satisfactory to the Lessor that either the improvements upon the Land intended for use as a residence or for overnight accommodation have been made compliant with all building standards to a class 3, 5 and 9B building under the provisions of the Building Code of Australia or:*

- (a) A report (“the report”) recommending an alternative solution to achieve the relevant fire safety measures for a class 3, 5 and 9B building has been prepared by a suitably qualified and certified person with a minimum NSW Building Professionals Board Certification of A1 and has been referred to and approved by Fire and Rescue NSW (FRNSW) as required by the Environmental Planning and Assessment Regulation 2000; or*
- (b) A development application has been lodged with Ballina Shire Council to undertake works to achieve the relevant fire safety measures for a class 3, 5 and 9B building to enable a referral by Ballina Shire Council FRNSW for notification of its requirements (“the requirements”).*

And

*The works in the report or the requirements as the case may have been carried out under the supervision of a suitably qualified and certified person; and a new Fire Safety Schedule and Fire Safety Certificate are subsequently issued”.*

During the term of the current lease, TS Lismore has not sought formal consent from Council.

TS Lismore advised during the onsite inspection that no overnight stays have occurred at the facility during the current term of the lease however it is a priority that they obtain this approval so that they can effectively deliver the required level of training and support to their Cadets.

Following the onsite inspection, Council engaged a Fire Engineering Consultant to assess fire safety compliance requirements.

Council needed this information to assist with confirming any further potential space options for this facility prior to commencing with the EOI process.

The report received from the Fire Engineering Consultant identified that the following works would be required to achieve this objective:

- *“All fire safety systems to be maintained to the requirements of AS 1851*
- *The area adjacent to the east facing wall is to be maintained to provide at least 1m wide clear access to open space in both directions*
- *An additional step / landing is required outside the men’s sleeping quarters to provide safety egress to open space*
- *The security lighting around the building is to be maintained to assist with safe egress to open space*



#### 4.11 Operational Land - 26 Endeavour Close, Ballina

- *Evacuation diagrams are to be up-dated to current requirements, and a fire safety plan provided to meet the requirements of AS 3745 "Planning for Emergencies".*

Following receipt of the Fire Safety Consultant Report, TS Lismore was requested to provide clarification on the intended overnight stay requirements.

Following is a summary of the responses provided by TS Lismore:

Question	TS Lismore Response
What is the basis for needing sleeping quarters at this location?	The primary activity of the ANC is water based maritime training. This activity takes some time to set up, participate in and pack away. Having cadets already onsite allows maximum time on the water. Additionally, during an overnight activity cadets are able to participate in a ship's routine which is something cadets thoroughly enjoy.
Will the proposed sleeping quarters be limited to TS Lismore Naval Cadets?	Should sleeping activity become available, we would like to invite other ANC units to use the facility; however they would be under the supervision of TS Lismore. The maximum number of occupants would not exceed the allocated amount.
If not, what other groups would utilise this facility for this purpose?	Other ANC groups, that do not have direct water access or accommodation, could be invited to use the facility with TS Lismore.
How many children and adults would be staying overnight at the facility at any one time?	The current numbers of TS Lismore at approximately 30 cadets. There is a 1 to 10 ratio of cadet to adults for approved activities, resulting 2 adults also staying overnight.  Where other groups are invited to use the facility, we would not exceed the maximum amount instructed for safe use of the building.
What is the likely duration of the stays?	TS Lismore would like to use the facility for one overnight activity once a month and one longer activity (5 nights) four times a year.
What is the frequency of the stays (eg. Estimated times per year)?	As above.

The planning approval in place for the facility occupied by TS Lismore does not make explicit reference to overnight stays, however, in the assessment reporting associated with the approval the potential for overnight use by cadets is acknowledged.

Given this, it is reasonable to approach the consideration of the overnight use of the facility on the basis that it is something that was envisaged at the time consent was granted and is therefore permissible under the terms of the approval.

#### **4.11 Operational Land - 26 Endeavour Close, Ballina**

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Regardless of permissibility it is important that the building meets applicable fire safety standards.

Council, as lessor, is not bound to enable everything that is permissible to be carried out at the premises. Rather Council can determine what it considers to be a suitable and appropriate use of the premises.

Hence Council has discretion regarding the use of the premises for overnight stays and can apply conditions accordingly through the lease that is offered to TS Lismore.

##### *Community Lease Considerations*

The property is not currently included in the Community Property Leasing and Licencing Policy. This means that it is open to Council to determine a rent payable for each of the community groups.

TS Lismore has requested that they remain the primary lessee of the site. To achieve this would require Council to develop a lease for the majority of the complex and site to TS Lismore and to prepare a separate lease / licence for other approved community organisations over smaller areas of the facility.

The lease documents would need to incorporate provisions about any shared areas.

To be consistent with other Council community assets, the longest lease term that should be offered is four years.

A market rent could be determined and split between the different groups based on areas used.

Usage levels and user ability to pay would need to be considered when determining the market rent.

The lease would also need to have a mechanism for sharing outgoings and service costs, including rates, utilities and building maintenance.

Provisions would need to be inserted in the lease document for additional community groups to restrict access times to ensure they are not on site when Cadets are present.

Council may also need to include the TS Lismore request of no alcohol policy on site and provisions to ensure that TS Lismore cannot be unreasonable in limiting use by other groups.

In the case of the Rainbow Region Dragon Boat Club, their EOI has identified that they may also need to construct a storage shed for the boats.

If that occurred, this would impact on Council's future options for this site and therefore would need to be carefully considered as part of any short term lease arrangements.

##### *Consultation with TS Lismore and RAN*

Extensive consultation has been undertaken with TS Lismore and RAN throughout the EOI process.

#### **4.11 Operational Land - 26 Endeavour Close, Ballina**

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This process has highlighted the importance for TS Lismore to be able to recommence overnight stay provisions for Cadets to support their training programs.

TS Lismore has confirmed that they do not receive any financial support from RAN and are reliant upon community fund raising to enable them to pay their Council rates and to undertake works at this property.

Discussions with RAN has confirmed that RAN are not in a position to pay for future repairs or improvements to this property due to the building not being owned by Defence.

This is the basis as to why Council previously commenced discussions with RAN to potentially enter into a commercial lease arrangement on this property.

#### **Delivery Program Strategy / Operational Plan Activity**

The ongoing use and management of this facility needs to consider the overall benefit of this facility to the entire community and the capital investment, maintenance and depreciation costs of this facility.

The relevant Delivery Program Strategies are:

- CC3.3 Support improved health outcomes by providing equitable access to community facilities
- EL2.1 Proactively pursue revenue opportunities, cost savings and/or efficiencies.

#### **Community Consultation Policy**

Consultation has been undertaken with TS Lismore and RAN.

A formal EOI process has been completed to identify potential community groups suitable to share this site.

#### **Financial / Risk Considerations**

TS Lismore is not in a financial position to pay a market rent for the premises with the organisation relying on fund raising to pay rates and maintenance expenses for the facility.

RAN is not able to provide financial support to TS Lismore unless TS Lismore is located on one of their Defence sites. The closest Defence base is in Lismore.

Council does not have any budgetary provisions to support the maintenance or improvement work requirements for this building. All costs associated with maintenance and improvement works to this site, and payment of rates would need to form part of the lease / licence terms.

From a risk management perspective, the requirement for all major improvement works to be undertaken by a lessee is not ideal as ultimately Council owns the asset and has a responsibility to ensure that the property is fit for purpose and safe to use by any lessee of the site.

#### **4.11 Operational Land - 26 Endeavour Close, Ballina**

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The risk is that essential improvement works may not be able to be undertaken due to the known financial constraints by TS Lismore and other community organisations approved to use this site.

A preliminary internal valuation of the property has been completed by Council's Internal Valuer. This has identified that the estimated value of the property is \$1,294,000 for land and improvements and \$1,120,000 for land only.

If Council decided to proceed with the sale of this property or to apply a market rental, an external independent valuation would need to be completed.

#### **Options**

The fundamental issue is that TS Lismore is currently on a month by month lease arrangement until Council makes a decision with regard to whether a further lease will be issued, whether other community organisations interested in the property are able to co-share the site or if Council wishes to repurpose or sell the property.

There are a number of options available, the key ones listed as follows:

1. Establishment of a new exclusive use lease with TS Lismore.

A new lease could be established based on market rent or based on the minimum statutory rate for crown land, which is currently \$510. Council policy is to apply that rate to community group leases / licences on Council operational or community land.

Council would need to determine if the current terms of the lease would continue or if Council was supportive of enabling TS Lismore to proceed with obtaining planning approval for overnight stay.

This option would continue to provide a significant in-kind benefit to one organisation.

2. Establish a 12 month lease to support the trial of sharing of the facility.

This would involve Council approving a lease to TS Lismore for the majority of the building and a separate lease for other approved community organisations.

The establishment of a short term lease will provide TS Lismore with some certainty over the next 12 months and will enable Council, TS Lismore and approved community organisations using this site to review the success and challenges with co-use of this facility, noting the share costs of the facility and strict requirements of Defence Youth Safety and Protection Policy.

Under this option it would be proposed that Council support the ability for TS Lismore to enable overnight stay for Cadets so that a true and full assessment can be understood by all organisations on this new shared use model for the site.

TS Lismore would not be able to utilise the facility for overnight stays until all building and fire compliance requirements were fully met. All costs associated with bringing the building up to these required standards would need to be met by TS Lismore.

3. Not support the continued use of this building for community organisations and proceed with investigations into repurposing or selling of this property.

This would be a difficult option for Council recognising that the improvements to the land were funded by the community and Council would be evicting a community based group from the land, who have had approximately 32 years operating from the facility.

The only caveat on this is that if the sale did proceed, it would be recommended to apportion the proceeds between Council (for the land component) and TS Lismore (for the value of the improvements), which may provide TS Lismore and RAN sufficient funds to establish elsewhere.

The preliminary valuation has identified that the building and shed are in average condition and not expected to be of significant value.

Council would need to provide TS Lismore with sufficient time to be able to relocate to another site.

From a financial perspective, the preferred option previously recommended has been to obtain a commercial return on this land either through a commercial lease or possible sale of the site, with TS Lismore then having to move to the Defence base in Lismore.

However, the preferred option supported by Council has been to focus on community use. Based on this current position of Council, option two is recommended as it will provide Council with an opportunity to assess if this property can be better utilised for the benefit of the entire community.

The Rainbow Region Dragon Boat Club is the recommended community group, as based on the EOIs that use looks to maximise other community use of the site and appears most compatible with the TS Lismore use.

**RECOMMENDATIONS**

1. That Council approves the establishment of a community lease with TS Lismore over the majority of 26 Endeavour Close, Ballina for a maximum period of 12 months at the minimum statutory fee (currently \$510).
2. That Council approves a lease / licence with the Rainbow Region Dragon Boat Club Inc for the office and sunroom area at 26 Endeavour Close, Ballina, for a maximum period of 12 months, at the minimum statutory fee, on the basis that no new permanent buildings are constructed during this period.
3. If, as per point two, the Rainbow Region Dragon Boat Club does not proceed on this basis, the office and sunroom area are to be shared by Cumbalum Residents Association, Ballina Coast Care and Richmond Landcare Inc for meetings only, at times when the site is not occupied by TS Lismore Cadets.
4. That Council provides approval for TS Lismore Cadets to commence overnight stays subject to full compliance with building and fire requirements being undertaken by TS Lismore at their cost.
5. That a further report be provided back to Council in 12 months on the results of the co-use arrangement and the impact of utilising this site for overnight stays.

**Attachment(s)**

1. September 2020 Ordinary meeting - Operational Land 26 Endeavour Close, Ballina
2. EOI - 26 Endeavour Close, Ballina - Cumbalum Residents Association
3. EOI - 26 Endeavour Close, Ballina - Ballina Coastcare Incorporated
4. EOI - 26 Endeavour Close, Ballina - Rainbow Region Dragon Boat Club (RRDBC)

### 9.4 Operational Land - 26 Endeavour Close Ballina

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#### 9.4 Operational Land - 26 Endeavour Close Ballina

**Delivery Program** Community Facilities

**Objective** To provide an update on the lease for 26 Endeavour Close, Ballina and to confirm the preferred direction of Council.

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#### **Background**

TS Lismore Inc has occupied the Council owned property at 26 Endeavour Close, Ballina since 1988.

The Council lease in place is with Unit Committee TS Lismore Inc, which has been a registered not-for-profit incorporated body, since November 1988. This is a distinct organisation and not part of the Australian Defence Force or Royal Australian Navy.

The current lease expires on 27 September 2020.

Council at the 23 July 2020 Ordinary meeting resolved as follows:

*"That Council advise the Australian Navy Cadets of its intention upon the expiry of the existing lease, the lease will move to month to month to allow Council to receive a report on the use of the land for the benefit of the entire community, such as the SES".*

The focus of this report is on the ongoing discussions with the Royal Australian Navy (RAN), being the naval branch of the Australian Defence Force, and their request for Council to consider the provision of an eighteen month lease to enable sufficient time for RAN to investigate a potential commercial lease.

#### **Key Issues**

- Use of operational land by community groups
- Commercial return on operational land
- Potential of commercial lease to Australian Defence Force
- Equitable allocation of limited Council resources

#### **Information**

The current lease is with Unit Committee TS Lismore ("TS Lismore"), which is a not for profit organisation consisting of parents of current and former cadets and other local volunteers. The Australian Navy Cadets is a youth development program supported by RAN.

TS Lismore has indicated that RAN do not provide direct financial support however they have funded maintenance works to the property at 26 Endeavour Close, Ballina and provided equipment.

### 9.4 Operational Land - 26 Endeavour Close Ballina

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Prior to the development of the current lease, Council gave careful consideration to the significant benefit that one community group, being TS Lismore, were receiving from the property, as well as possible opportunities for alternative users, and the potential option for Council to sell or lease the property on a commercial basis.

At the 6 December 2016 Finance Committee meeting, Council received a report on options for the land. Council subsequently resolved at the 15 December 2016 Ordinary meeting as follows:

*"That Council authorizes the General Manager to commence negotiations with the Naval Cadets to determine what options are available for the eventual sale and transfer of this land to the Cadets, or an associated body. These discussions are also to canvas an increase in the current rental to recognize the significant value of this land to the Ballina Shire community".*

In response to this resolution, Council staff entered into discussions with TS Lismore regarding the use of the property. This process identified that TS Lismore did not have the funds to purchase the property or pay commercial market rent. The discussions also highlighted a number of complexities surrounding the long term usage of the property by TS Lismore, including the history surrounding the building improvement works and belief by TS Lismore that they should have long term tenure over the property.

A further report was provided to the September 2017 Commercial Services Committee meeting to inform Council of the on-going discussions with TS Lismore. Council subsequently resolved at the 28 September 2017 Ordinary meeting as follows:

- 1. That Council notes the contents of this report and approves for a three year community group lease at a nominal rent to TS Lismore Australian Naval Cadets at 26 Endeavour Close, Ballina.*
- 2. This new lease is to include an allowance for the facilities to be shared with other community groups, subject to Council approval.*
- 3. That council authorizes the General Manager to finalise negotiations, execute and affix the Council seal to all relevant lease documentation.*
- 4. That during the course of the lease period Council make contact with the Australian Naval Cadets regarding that body's intention to take charge of lease negotiations for Naval Cadet units and what type of rental arrangements they will be considering as part of those negotiations.*

The long term position of Council to investigate options for the use or sale of this land is well understood by RAN and TS Lismore.

During the negotiations in the development of the current lease, TS Lismore and RAN were informed of Council's potential interest in selling the property.

A clause was inserted in the current lease to provide Council with the ability to provide one month's notice to terminate the lease if Council was selling the property.



### 9.4 Operational Land - 26 Endeavour Close Ballina

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Following the more recent 23 July 2020 resolution, Council staff have informed TS Lismore and RAN of Council's decision to move to a month by month lease arrangement, whilst Council investigates options for the use of the land.

In response, RAN has requested Council's consideration to the approval of an 18 month lease whilst negotiations can progress on a potential commercial lease arrangement. The reason for this request is to provide certainty to TS Lismore during these negotiations.

A copy of the correspondence received from RAN is included as Attachment 1 to this report.

Following receipt of the letter from RAN, further clarification was sought on the current situation for TS Lismore; the intentions from RAN with regard to a potential commercial lease arrangement; and support for other community groups to utilise this space.

The subsequent advice provided by RAN is summarised as follows:

- (i) TS Lismore is willing and able to sign a new lease under the current lease terms whilst negotiations are undertaken with RAN. The preference is for an 18 month lease to provide TS Lismore with security of tenure while a future solution is identified.
- (ii) There is no capability for TS Lismore to pay a commercial market rent.
- (iii) There are currently 21 Cadets and six Cadet Instructors registered at TS Lismore.
- (iv) A commercial lease will be pursued by the Australian Navy Cadets Directorate however RAN have advised that the establishment of a Commonwealth Lease is a complex and lengthy process that will require a number of approvals to ensure compliance with Commonwealth policy and Defence legislative requirements. It is believed that the 18 month lease period will provide sufficient time for investigations and negotiations to be completed. RAN would closely consult with Council throughout this process.
- (v) There is no guarantee that at the conclusion of the negotiations that RAN will be in a position to enter into a commercial lease.
- (vi) In-principle support is provided for other users to utilise this facility, subject to the ability of a third party to comply with the Commonwealth Youth Safety and Protection policy. RAN believe that this policy is not onerous however its focus is on ensuring there is exclusive use of the facility during designated times when youth are present and that there is an adequate level of security for their equipment.

It is currently difficult to commit to a resource sharing agreement with another community group when the future of the property is somewhat uncertain.

Council has also received correspondence from the Ballina RSL Sub-branch in response to the July 2020 Council resolution. Following receipt of their correspondence, discussions have been held with Ballina RSL Sub-branch

### 9.4 Operational Land - 26 Endeavour Close Ballina

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and a copy of their letters requesting Council's continued support for TS Lismore are included as Attachments 2 and 3.

Discussions with RAN and the Ballina RSL Sub-branch have highlighted the significance of this property site, specifically its ideal location to the waterways, for training purposes for TS Lismore. A location plan is included as Attachment 4.

#### Sustainability Considerations

- **Environment**  
Not Applicable
- **Social**  
Council has supported TS Lismore in the use of 26 Endeavour Close, Ballina since 1988. There are currently 21 Cadets and six Cadet Instructors registered at TS Lismore. The property has the capacity to be utilised by a broader range of community organisations.
- **Economic**  
The financial support provided to TS Lismore has been significant through the provision of the entire space under peppercorn community lease terms and the considerable Council donations over the years towards the rates payable by TS Lismore under its lease.

Council's intention to consider the selling or commercial lease of this property was communicated to RAN and TS Lismore during the development of the current lease.

#### Legal / Resource / Financial Implications

The land is classified as operational land and Council has the authority to lease or sell the property. In 2017 the land value of the property was \$926,000 (excluding improvements) with an estimated commercial rental value of \$40,000. A current valuation will need to be completed for any negotiations.

#### Consultation

Council staff have been in discussions with RAN and the Ballina RSL Sub-branch.

#### Options

The fundamental issue for Council in respect to 26 Endeavour Close is largely a resource allocation principle in that Council is providing a significant in-kind benefit (capital value close to \$1m, or \$40,000 per annum based on a return of 4%), to a relatively small group. Council needs to be of the opinion that this is a reasonable allocation of scarce resources.

The sentiment expressed by Council in recent years, through resolutions, is that it is not reasonable, which is why sharing, sale or commercial leasing, has been promoted.

**9.4 Operational Land - 26 Endeavour Close Ballina**

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One of the complexities with the property is that all of the improvements have been undertaken and funded by volunteers, and the cadets, and this needs to be recognized as part of any on-going discussions.

There are a number of options available, the key ones listed as follows.

1. 18 Month Lease - Approve a new 18 month lease based on the current terms and conditions to allow commercial negotiations to take place. The one concern with this is based on the correspondence from RAN there is no guarantee a commercial lease will eventuate and Council may well find itself in the same situation it is in today.
2. Shorter Lease - As per option one with a reduced period. For example 12 months could be the preferred lease period. In reality this will not achieve much more than option one as Council will still be waiting for RAN to confirm the commercial lease outcomes.
3. Sale – This would be a difficult option for Council recognising that the improvements to the land were funded by the community and Council would be evicting a community based group from the land, who have had approximately 32 years operating from the facility. The only caveat on this is that if the sale did proceed, it would be appropriate to apportion the proceeds between Council (for the land component) and TS Lismore (for the value of the improvements), which may provide TS Lismore sufficient funds to establish elsewhere, albeit most likely on a much smaller scale.
4. Continue month to month – This effectively is the current position of Council. The downside is that it does not provide TS Lismore certainty of tenure. However it may provide an incentive for RAN to complete their commercial negotiations as quickly as possible to then provide greater certainty to all parties.

On balance option one is recommended as RAN has advised that 18 months is required to finalise the commercial negotiations and supporting this timeframe does allay some of the immediate concerns of TS Lismore.

As stated, there is a concern that this provides limited incentive to the RAN to finalise the commercial negotiations, as promptly as possible, and there is no guarantee that a commercial lease will eventuate. Still, TS Lismore is a community based organization that has been operating from Council owned land for 32 years and it is important to recognize this length of tenure.

Sale, as per option three, is not the preferred option, at this point in time, as RAN has agreed to enter commercial negotiations.

Options two and four remain valid options if Council wishes to provide a more timely incentive for RAN to finalise the commercial negotiations although they may not be in a position to do so based on the layers of bureaucracy that potentially need to agree to a commercial lease.

In respect to the commercial lease, the reasonable approach is to base the negotiations and lease rental on land value only, as Council did not fund the improvements to the property. RAN would then be responsible for all repairs, maintenance and improvement works to the property improvements. This is similar to the lease for the Shelly Beach Café site.

**9.4 Operational Land - 26 Endeavour Close Ballina**

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**RECOMMENDATIONS**

1. That Council notes the contents of this report and approves an 18 month lease to Unit Committee TS Lismore Incorporated for 26 Endeavour Close, Ballina, based on the current lease terms and conditions, while Council undertakes negotiations with the Department of Defence to enter a commercial lease for the property.
2. That Council authorises the Council seal to be attached to the lease in point one.
3. That Council authorises the General Manager to commence negotiations with the Department of Defence on a commercial lease. The commercial lease is to be based on a land only lease rental recognising that Council has not funded the improvements to the property.
4. That a further report be provided back to Council, prior to or by September 2021, on the progress of the commercial negotiations.

**Attachment(s)**

1. Correspondence - Royal Australian Navy
2. Correspondence - Ballina RSL Sub-branch August 2020
3. Correspondence - Ballina RSL Sub-branch September 2020
4. Locality Plan - 26 Endeavour Close Ballina

expressions of interest

# Expression of Interest

EOI1378

## Community Utilisation – 26 Endeavour Close

**Closing Date**  
Monday 22 February 2021

2.00pm (AEDT)

**ballina** shire council

40 cherry street, po box 450, ballina nsw 2478

t 1300 864 444 e council@ballina.nsw.gov.au

w ballina.nsw.gov.au

abn 539 29 887 369

### 1. INTRODUCTION

- i. Ballina Shire Council is seeking expressions of interest from Community Groups to co-occupy the facility located at 26 Endeavour Close Ballina.
- ii. The site is currently leased by the TS Lismore Australian Naval Cadets and utilised by the Cadets predominately on weekends. It is felt that the site is currently underutilised during the week days (Monday, Tuesday, Wednesday and Thursday) and Council is asking for suitable Community Groups to submit a proposal as to how they could potentially utilise the site for the benefit of the community.
- iii. Royal Australian Navy (RAN) has provided in-principle support for the site to be utilised by others, however all third parties will be subject to the Commonwealth Youth Safety and Protection policy and third parties will be required to provide an adequate level of security for the RAN equipment in the facility. Should any RAN equipment be damaged, the relevant user will be responsible for the repair or replacement.
- iv. The "hatched" area on the attached plan of the building indicates the areas within the building which will be available.
- v. Should community groups wish to view the facility to determine if the proposed area would be suitable for their community activities, Council and the Navel Cadets will open the facility between 12:30pm and 2:30pm (AEDT) Saturday 13 February 2021.
- vi. All EOI's received will be reported to Council for determination on approved community usage options for the site.

### 2. HOW TO EXPRESS AN INTEREST

- i. Community Groups wishing to express an interest in leasing the facility are required to complete Schedule 1 and return it to Council by 2.00pm (AEDT) Monday 22 February 2021.
- ii. Method of Lodgement:
  - a. **EOI's may be lodged electronically** via Council's secure web site (<https://ballina.etenderbox.com.au/Supplier/Home.aspx>).
  - b. Hardcopy submissions are to be clearly endorsed with the EOI number and title and lodged in the Tender Box, 40 Cherry Street, Ballina.
- iii. Canvassing of Councillors and Council staff in relation to this EOI will automatically disqualify a Registrant.

### 3. STATEMENT OF BUSINESS ETHICS

- i. Ballina Shire Council's principles of business ethics establish obligations and standards of behaviour for contractors, suppliers and Council officers, in the conduct of the supply of a good or service to Council.
- ii. Please refer to attached Statement of Business Ethics. Please note that by signing Response Schedule 8 – Business Ethics Respondents are confirming they have read and understood the Statement of Business Ethics and the possible consequences should they fail to comply.

expressions of interest

## REGISTRANT RESPONSE SCHEDULES

**ballina** shire council

40 cherry street, po box 450, ballina nsw 2478

t 1300 864 444 e council@ballina.nsw.gov.au

w ballina.nsw.gov.au

abn 539 29 887 369

Ballina Shire Council

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**1. ACKNOWLEDGEMENT & DETAILS**

I acknowledge that I have read this Expression of Interest and understand all associated conditions.

**Organisation Name:** Cumalum Residents Association

**Postal Address:** 18 Cummings Cr Cumalum NSW 2478

**Telephone Number:** \_\_\_\_\_

**E-Mail Address:** marshall\_chang@yahoo.com.au

**Type of Organisation:** Residents Association

**A.B.N.:** 1801732

**Contact Name:** Marshall Chang

**Position:** President

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I/We authorise the Ballina Shire Council or its delegate to effect any investigation to prove the accuracy of the statements made herein and to obtain clarification and information on the technical and financial aspects of this Registration of Interest. Ballina Shire Council undertakes that any information obtained by it in connection with this application will be used only for the purpose of this application and will be treated as confidential.

I/We hereby submit a proposal with the Ballina Shire Council for this project.

Henrietta Chang  
Signature of Witness

Marshall Chang  
Signature of Registrant

Henrietta Chang  
Print Name

Marshall Chang  
Print Name

Secretary - Cumalum Residents Association

President - Cumalum Residents Association  
Designation

Dated this 22 day of February 2021



Ballina Shire Council

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### 2. PROPOSED USE OF THE FACILITY AND PROPOSED TIMES TO OCCUPY

Please provide details of proposed activities to be undertaken at the facility and expected usage patterns

The Cumbalum Residents Association holds a regular meeting open to residents, members and it's executive members every two months. The meetings are used to discuss current issues in Cumbalum. Currently these meetings are held at one of the members home and this is less than ideal. We propose to hold these meetings on a Thursday ~~or Friday~~ evening starting 5:30pm and finishing 7pm. Once a year around Christmas time, the Association also hosts a BBQ for Cumbalum residents and Association members to meet in an informal environment.

Note: Wednesday  
or Thursday  
Evening 5:30pm  
preferred dates/  
times

Ballina Shire Council

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### **3. SOCIAL AND COMMUNITY**

Please provide information of benefits to the community

Access to a meeting place will benefit the community as our Residents Association represents the interests and provides a voice for the Cumbalum community. Our attendee numbers are growing and holding the Association meetings at a place of residence is becoming less than ideal for numerous reasons. Access to the community facility at Endeavour Cl. would provide our Association and the wider community in Cumbalum with a much needed public meeting space and would allow greater numbers of attendees to Association meetings. This will improve community engagement in Association meetings/activities and allow a greater voice for Cumbalum residents.

Ballina Shire Council

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**4. ADDITIONAL INFORMATION**

Please include any additional relevant information

We have approached the Council on numerous occasions in order to obtain a public meeting space for our Association members to meet. The community space at the Cumbalum oval was intended to be used by the community, however it has been leased by the Council to the East Ballina Soccer Club excluding the Cumbalum community including our Association from accessing a public meeting place. As we currently lack a community meeting space, we have been holding association meetings at various Association member households.

expressions of interest

## ATTACHMENTS

**ballina** shire council

40 cherry street, po box 450, ballina nsw 2478

t 1300 864 444 e council@ballina.nsw.gov.au

w ballina.nsw.gov.au

abn 539 29 887 369

Ballina Shire Council

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**ATTACHMENT 1 – STATEMENT OF BUSINESS ETHICS**

# » statement of business ethics



This Statement of Business Ethics provides guidelines for suppliers, contractors, customers and consultants when engaging in business activities with Ballina Shire Council. This includes the purchasing and supply of goods and services, disposal of goods and equipment, the contracting out of activities and services and the use of Council's services and other resources.

Ballina Shire Council's employees are required to maintain high standards of integrity and ethical conduct. We expect that all goods and service providers, customers and contractors and their employees respect our employees' commitment to these standards and comply with the same principles whilst undertaking business activities with Ballina Shire Council. These standards comply with NSW Government guidelines for procurement and contracting.

Failure to comply with these principles may include the reduction or termination of the business relationships with Ballina Shire Council. In some cases, unethical behaviour may result in the matter being investigated by the Independent Commission Against Corruption (ICAC) or the restriction of access to Council services.

This Statement is designed to ensure that business relationships between Ballina Shire Council, suppliers, customers, contractors and consultants, both actual and potential, are fair and productive for all parties by:

- Providing guidelines on what to expect from Ballina Shire Council and explaining the mutual obligations, roles and constraints of all parties to an arrangement; and
- Outlining Ballina Shire Council's ethical standards and our expectation that goods and service providers, customers and contractors will comply with these standards in all of their dealings with us.

## » What to expect from Ballina Shire Council

- Ballina Shire Council's principles of business ethics establish obligations and standards of behaviour for Councillors, Council officers and suppliers, customers, contractors and consultants in relation to the supply of goods or services by or to the Council.
- Our business dealings will be transparent and open to public scrutiny wherever possible.
- We are committed to the purchasing of all goods and services through transparent processes. It is acknowledged that in achieving this, that the process Council follows must have regard to the purchase of goods, equipment and services in an efficient and effective manner.
- Council seeks to purchase goods, equipment and services so that it achieves the best value for money. Best value for money does not automatically mean the lowest price; a number of issues need to be balanced. Part of obtaining best value for money also includes ensuring all our business relationships are honest, ethical, fair and consistent.
- Persons must conduct the procurement process with honesty and fairness;
- Council officers will ensure that prospective contractors and suppliers are afforded equal opportunity to tender/quote for all goods and services;
- Council officers will adhere to all aspects of the Procurement Policy in the matter of procurement including the procedures pertaining to the tendering process;
- Contractors or suppliers are not to canvass Councillors or Council officers in respect to gaining an advantage over other contractors or suppliers for the supply of a good or service to Council;
- Council officers must not by virtue of their position accept or acquire for a personal advantage any gift, gratuities or hospitality except that which is permitted under Council's Code of Conduct or in accordance with the Local Government Act 1993;

- Council officers are not permitted to approach a contractor or supplier to pay a gift or benefit for receipt of advice;
- Any person with a conflict of interest must declare that interest as soon as that person knows of the conflict of interest; and
- In order to protect the commercial interests of all persons, there shall be no disclosure of confidential or proprietary information unless specifically approved. Council officers are only permitted to disclose information in the course of official Council business.
- The Council acts fairly, ethically and without bias in relation to access by customers to services and other resources, but subject to, its consideration in any particular case of the interests of the local community including as to public safety. Access may be restricted or denied in an appropriate case.

### »» What we ask of suppliers, contractors and consultants

We require all suppliers, contractors and consultants of goods and services to observe the following principles when doing business with Council:

- Comply with the Council's procurement policies and procedures;
- Provide accurate and reliable advice and information when required;
- Declare actual or perceived conflicts of interest as soon as you become aware of the conflict;
- Act ethically, fairly and honestly in all dealings with Council;
- Take all reasonable measures to prevent the disclosure of confidential Council information;
- Refrain from engaging in collusion, restraint of trade or other restrictive or anti-competitive practices;
- Refrain from offering Council employees inducements or incentives designed to improperly influence the conduct of their duties; and
- Assist Council to prevent unethical practices in our business relationships.

### »» Sanctions

- Non-compliance with the above principles by suppliers, contractors and consultants of goods and services may result in sanctions being applied to that supplier, contractor or consultant.
- Sanctions for non-compliance with the procurement principles, or the restriction or exclusion of customers from access to services and resources, are based on the Council's right to choose with whom it does business in furtherance of its guiding principles and applicable policies. The sanctions applied will depend on the nature and seriousness of the non-compliance. The range of sanctions available to be imposed in relation to procurement include:
- Formal warnings - that continued non-compliance will lead to more severe sanctions;
- Partial exclusion for the procurement process – that is, a reduction in supply or tendering opportunities; and
- Preclusion from the procurement process for a specified period.

#### Authorised by

Paul Hickey  
General Manager  
Ballina Shire Council



*If you require additional information about this statement or any other ethical issue, contact:*

Matt Dunne, Ballina Shire Council's Coordinator Procurement Ph 1300 864 444

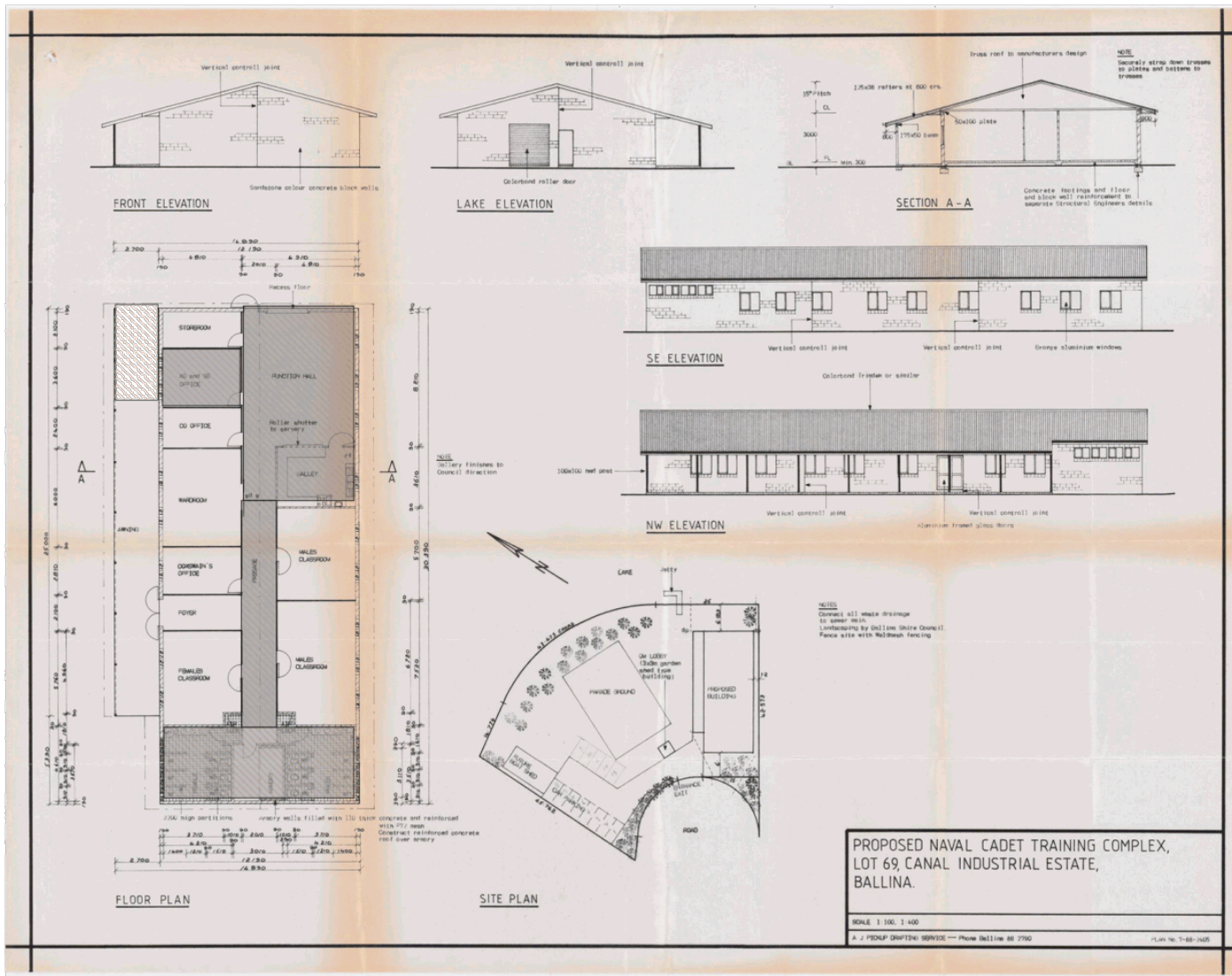


Ballina Shire Council

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**ATTACHMENT B – SITE MAP**





Ballina Shire Council



1. ACKNOWLEDGEMENT & DETAILS

I acknowledge that I have read this Expression of Interest and understand all associated conditions.

Organisation Name: BALLINA COASTCARE INCORPORATED  
Postal Address: 317 PIMLICO ROAD, PIMLICO NSW 2478  
Telephone Number: 0403989584  
E-Mail Address: BALLINA COASTCARE @ GMAIL.COM  
Type of Organisation: NOT-FOR-PROFIT COMMUNITY VOLUNTEERING  
A.B.N.: 19 145 009 334  
Contact Name: ROY FLAVEL  
Position: SECRETARY

I/We authorise the Ballina Shire Council or its delegate to effect any investigation to prove the accuracy of the statements made herein and to obtain clarification and information on the technical and financial aspects of this Registration of Interest. Ballina Shire Council undertakes that any information obtained by it in connection with this application will be used only for the purpose of this application and will be treated as confidential.

I/We hereby submit a proposal with the Ballina Shire Council for this project.

 _____ Signature of Witness	 _____ Signature of Registrant
<u>Clare Flavel</u> _____ Print Name	<u>ROY FLAVEL</u> _____ Print Name
	<u>SECRETARY</u> _____ Designation

Dated this 17<sup>th</sup> day of FEBRUARY 2021

Ballina Shire Council

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**2. PROPOSED USE OF THE FACILITY AND PROPOSED TIMES TO OCCUPY**

Please provide details of proposed activities to be undertaken at the facility and expected usage patterns

Used for committee meetings.  
Expected usage approx. 6 times per  
year for 2 hours at a time.

Ballina Shire Council

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### 3. SOCIAL AND COMMUNITY

Please provide information of benefits to the community

Ballina Coastcare provides community opportunities for volunteering to restore and manage the Coastal Reserve between the Richmond River and Sharpes Beach.

Committee meetings are a vital function for smooth running of the group to organise community events such as tree planting days.

Ballina Shire Council

**4. ADDITIONAL INFORMATION**

Please include any additional relevant information.

expressions of interest

# Expression of Interest

EOI1378

## Community Utilisation – 26 Endeavour Close

**Closing Date**  
Monday 22 February 2021

2.00pm (AEDT)

**ballina** shire council

40 cherry street, po box 450, ballina nsw 2478

t 1300 864 444 e council@ballina.nsw.gov.au

w ballina.nsw.gov.au

abn 539 29 887 369

expressions of interest

## REGISTRANT RESPONSE SCHEDULES

**ballina** shire council

40 cherry street, po box 450, ballina nsw 2478  
t 1300 864 444 e council@ballina.nsw.gov.au  
w ballina.nsw.gov.au  
abn 539 29 887 369

Ballina Shire Council

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### 1. ACKNOWLEDGEMENT & DETAILS

I acknowledge that I have read this Expression of Interest and understand all associated conditions.

**Organisation Name:** Rainbow Region Dragon Boat Club Inc  

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**Postal Address:** PO Box 6, Lennox Head 2478  

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**Telephone Number:** 0421758062  

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**E-Mail Address:** [rrdbcommittee@gmail.com](mailto:rrdbcommittee@gmail.com)  

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**Type of Organisation:** Community sport club  

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**A.B.N.:** 77637501464  

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**Contact Name:** Jan Wright  

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**Position:** President  

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I/We authorise the Ballina Shire Council or its delegate to effect any investigation to prove the accuracy of the statements made herein and to obtain clarification and information on the technical and financial aspects of this Registration of Interest. Ballina Shire Council undertakes that any information obtained by it in connection with this application will be used only for the purpose of this application and will be treated as confidential.

I/We hereby submit a proposal with the Ballina Shire Council for this project.

*Juliette Sizer*

Signature of Witness

Juliette Sizer

Print Name

RDA Co-ordinator

*Jan Wright*

Signature of Registrant

Jan Wright

Print Name

President RRDBC

Designation

Dated this 22nd day of February 2021



### 2. PROPOSED USE OF THE FACILITY AND PROPOSED TIMES TO OCCUPY

Please provide details of proposed activities to be undertaken at the facility and expected usage patterns

1. Rainbow Region Dragon Boat Club Inc (RRDBC) is a community sport club, with a current membership of 87, which includes 37 members of Rainbow Dragons Abreast (RDA), a group specifically for breast cancer survivors and their supporters. RRDBC currently offers on water dragon boat training sessions\* four days per week, these being:

Tuesday mornings:	0730 – 0930 hrs
Tuesday evenings:	1645 – 1900 hrs
Thursday mornings:	0730 – 0903 hrs
Thursday evenings:	1645 – 1900 hrs
Saturday mornings:	0630 – 0900 hrs
Sunday mornings:	0730 – 0930 hrs (Rainbow Dragons Abreast)

\*the above times are inclusive of paddler warm up / cool down pre and post training and retrieval and storage of the boat.

Additional training times may be scheduled by the Head Coach from time to time

2. RRDBC also hold Committee meetings every 4-6 weeks in the evenings from approx. 1815 – 2030 hrs
3. Rainbow Dragons Abreast (RDA) meet monthly, usually Sunday 1000 – 1200 hrs or Wednesday 1800 - 2000 hrs
4. Regatta planning meetings monthly (March – August)
5. Annual Safety Clinic (Sunday 0900 – 1200 hrs)
6. Extra-ordinary General Club meetings as required
7. Coaches meet every 4 – 6 weeks in the evenings from approx. 1730 – 1930 hrs
8. Sweeps meet quarterly, from approx. 1730 – 1930 hrs
9. Ad hoc meetings for planning of special events and community activities
10. Community team training sessions (approx. 16 x 2hrs in the lead up to our annual regatta)
11. Land based strength and conditioning training sessions (1-2hrs duration) as needed when preparing for major competitions

Ballina Shire Council

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### 3. SOCIAL AND COMMUNITY

Please provide information of benefits to the community

Dragon boating is the fastest growing sport in the world today. Dragon boat paddling is an inclusive sport which provides the benefit of improved physical and mental well-being to people of all ages and abilities. The social connection provided by participating in this group sport is beneficial to all and enhances community spirit as well as a strong sense of achievement.

The Rainbow Region Dragon Boat Club (RRDBC) was initially formed as Rainbow Dragons Abreast (RDA) in 2004 by a group of people who had learnt of the benefits of regular exercise activity to assist in the recovery from Breast Cancer. The Club has morphed from being a breast cancer survivor club, to an inclusive community sport club, while RDA continues as an active group within the RRDBC.

Initially the club comprised ten paddlers who managed to secure a dragon boat, donated to them by the NSW Lions Trust, which is still used and stored in a shed at the NSW Sport and Recreation facility at Lake Ainsworth. The shed was, and still is, shared by NSW Sailability.

The facility at Endeavour Close offers adequate and central access for paddlers from across the whole of the Northern Rivers "Rainbow Region" to come and enjoy the sport of dragon boating.

Ballina Shire Council

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### 4. ADDITIONAL INFORMATION

Please include any additional relevant information

The RRDBC now has 87 active members, both male and female, ranging in age from 21 to 80. The club currently has four dragon boats, two of which are stored at Lake Ainsworth Sport and Rec, one at the Cawarra Park NROCC compound in Ballina (for which RRDBC pay a fee to NROCC for storage), and one boat on a trailer which is stored either at Cawarra Park or at a private address. RRDBC also has a two-person outrigger canoe which is also used for training purposes.

#### **Need for Storage Space:**

At the present time our club has no established clubhouse or sufficient storage facilities. Club equipment includes the four dragon boats, a dragon boat trailer, boat trolleys, paddles, personal flotation devices, regatta equipment, several marquees, gym equipment and various other items. These are stored between the small shed at Lake Ainsworth, and in a section of the Northern Rivers Outrigger Canoe Club compound at Cawarra Park (as well as at individual members' homes, due to lack of a centralised storage space).

Our Club is in contact regularly with Council staff regarding the future establishment of a Water Craft Precinct at Cawarra, which hopefully will come to fruition at some time in the near future. However, until that occurs our Club is in desperate need of storage facilities in close proximity to either Lake Ainsworth or Cawarra Park.

The Naval Facility at Endeavour Close would be ideal given its close proximity to the Ballina Canal, North Creek and the Richmond River.

#### **Suitability of the Naval Facility**

The location of the facility at 26 Endeavour Close, Ballina (Naval Cadets facility) on the canal could be ideal for our purposes. The facility is close to the canal which provides easy access to the main arm of the river, and North Creek, facilitating our training programs. However, the facility does not meet with all the requirements we consider important for the safe and effective operation of a Dragon Boat Club. The main areas of concern are:

#### **The steepness of the Boat Ramp.**

Dragon Boats are quite large with a length of 12.5m overall, are 1.5 m. in width, with a total weight of approx. 250 kg. The boat ramp at Cawarra Park allows for easy launching and retrieval of the boats, utilising purpose-built trolleys, with as few as six persons assisting. The ramp at the Endeavour Close facility has a steeper gradient than Cawarra, and it was noticed during the site inspection that a type of electric pulley system is available for use in retrieving the Naval boats, all of which are much smaller and lighter than the dragon boats.

For safety purposes alone, it would be helpful if we were allowed access to the pulley retrieval system for the launching and retrieval of boats, providing the equipment were capable of towing a dragon boat out of the water and up the ramp. If RRDBC were to move our operations to the Naval Facility, the boat winching system would likely need to be upgraded to handle the weight of a dragon boat.

#### **Storage of boats and equipment**

At the time of inspection, the large storage shed at Endeavour Close is almost completely full of equipment including a bus, and numerous boats and trailers, there is little storage space available for the dragon boats and sundry other equipment within the shed.

If it were not possible to store two dragon boats in the shed, alternative storage would be alongside the shed. However, it may be difficult to bring the boats up the ramp and safely manoeuvre them along the sides of the shed.

**We would need to carry out a trial launch and retrieval of a boat to determine the feasibility of this. If that trial reveals that this is not possible, we would need to reach an agreement whereby at least one boat could be stored in the main shed.**

Ballina Shire Council

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It does appear that storage of the two boats in the shed may be possible by relocating some of the equipment currently in the shed to an outside position. It was noted that there are some large areas of storage space on the lawn surrounding the shed.

It is anticipated that if RRDBC were to utilize the Endeavour Close facility, the Club would store two dragon boats there, with two boats remaining at Lake Ainsworth in the short term.

### **Use of building and facilities other than the boat shed**

During the site inspection conducted on 13<sup>th</sup> February the option of our club being able to include in the agreement access to what is currently described as the "Ward Room" was discussed. Our preferred option would be private access to the "Ward Room", plus the current "Bunk Room" (preferred) OR the office space adjacent to the Ward Room, as well as the shared bathroom and kitchen facilities.

It was also agreed that the issue of RRDBC utilizing the site on Saturday mornings would be negotiated in view of Naval Cadet use on weekends.

### **Responsibilities of Ballina Shire Council and Lessees:**

Clarification would be required re the following:

- where responsibility lies in relation to insurance, maintenance and utility costs of the facility;
- Lease costs and term of lease

### **Long term planning issues:**

Dragon Boat paddling is a growing sport. In a little over ten years RRDBC has grown from the 10 foundation members to nearly 100 members, and continues to grow. This growth may potentially require the purchase of more boats.

There are currently two Dragon Boat Clubs operating in the Ballina area.

Will the Naval Cadets continue to grow as an organization, requiring expanded space?

RRDBC believes our priority should be to continue to work with Ballina Shire Council in developing the Water Craft Park at Cawarra, with purpose-built facilities for the launching and retrieving of dragon boats, and "off water" training activities. RRDBC does not want to forfeit our position as part of the planning of the Cawarra Park Water Craft precinct, by accepting a move to the Endeavour Close facility.

RRDBC would be pleased to consider a lease agreement with Ballina Shire Council on a shared basis with the Naval Cadets, with the possible option for extension, depending upon the progress of the development of the Cawarra Water Craft site.

**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 Norfolk Homes - 67 Piper Drive Ballina - Lease Terms**

Refer to Item 4.8 of this agenda.

**5.2 Boeing Avenue, Ballina - Lots Two and Three - Subdivision and Sale**

Refer to Item 4.9 of this agenda.

**5.3 Airline Agreement - Update - Confidential Terms**

Refer to Item 4.10 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 Norfolk Homes - 67 Piper Drive Ballina - Lease Terms**

**Reason for Confidentiality**

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

- c) information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business

and in accordance with 10D(2)(c), on balance, the discussion of the matter in an open meeting is not considered to be in the public interest due to the ongoing commercial negotiations and the release of any information could prejudice those negotiations.

**5.2 Boeing Avenue, Ballina - Lots Two and Three - Subdivision and Sale**

**Reason for Confidentiality**

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

- c) information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business

and in accordance with 10D(2)(c), on balance, the discussion of the matter in an open meeting is not considered to be in the public interest as various parties have expressed strong interest in purchasing the lots and the identity of those parties may be disclosed in the course of discussion at the meeting, and any discussion in open Council may prejudice Council's commercial negotiations for the sale of the land.

**5.3 Airline Agreement - Update - Confidential Terms**

**Reason for Confidentiality**

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

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

and in accordance with 10D(2)(c), on balance, the discussion of the matter in an open meeting is not considered to be in the public interest as 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.