Notice of Finance Committee Meeting

Notice is hereby given that a Finance Committee Meeting will be held in the **Ballina Shire Council Chambers**, Cnr Cherry & Tamar Streets, Ballina on **Monday 5 March 2012 commencing at 4.00 pm**

Business

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

Paul Hickey
General Manager

Table of Contents

1. Apologies

2. Declarations of Interest

3. Deputations

4. Committee Reports

4.1 Delivery Program and Operational Plan 2012/13 - Overview

File Reference	Integrated Planning and Reporting 2012/13
CSP Linkage	Transparent and accountable governance
Delivery Program	Administration
Objective	To outline the process planned for the preparation of the Operational Plan and budget for 2012/13.

Background

The NSW Local Government Act requires all councils to adopt a Delivery Program (four year time frame) and Operational Plan (one year). These two documents provide an overview of a council's key activities for each year along with details of the budget and fees and charges, with both documents having to be adopted by 30 June each year.

The purpose of this report is to provide an overview of the actions recommended for Council to prepare these documents for 2012/13.

Key Issues

- Meeting schedule
- Topics for meeting agendas
- Public consultation

Information

Section 404 of the NSW Local Government Act requires councils to adopt a ***Delivery Program*** after each ordinary election of councillors to cover the four year period commencing 1 July following the election.

Essential elements of the Delivery Program include the objectives and strategies of the Council's Community Strategic Plan and the principal activities that Council will undertake to achieve those objectives and strategies. The Delivery Program must address the full range of Council operations, allocate high level responsibilities for each action and provide financial estimates for each of the four years.

The Integrated Planning and Reporting (IP&R) guidelines from the NSW Division of Local Government (DLG) state that a council may choose to roll the Delivery Program forward beyond its elected term or it may choose not to expand on the forward plan.

What this means is that the adopted Delivery Program can stay the same for the four year term of the council, and not be reviewed each year, or alternatively a council can review it as required, which results in the Delivery Program extending beyond the term of the current council.

From a management and financial planning perspective it is far more beneficial to have a document that provides regularly updated forward forecasts as it assists both the councillors and the community with their understanding of where the organisation and council are heading.

Based on this it is proposed that Council continue to operate on the basis that the Delivery Program will always be forecasting a four year period and will be reviewed each year. To amend the Delivery Program, except for minor alterations, it is necessary to re-exhibit the revised document for 28 days and consider submissions prior to adopting the new plan.

Section 405 of the NSW Local Government Act requires councils to annually adopt an ***Operational Plan*** before the beginning of each financial year. The Operational Plan must be publically advertised for at least 28 days and Council must consider all submissions prior to adoption.

Essential elements of the Operational Plan include projects/programs/activities that Council will undertake to address the actions in the Delivery Program. The plan must allocate responsibilities and provide a detailed budget for each project, program or activity.

The Delivery Program and Operational Plans are the primary Council documents that inform the community as to what actions are planned each financial year, along with providing guidance on priorities for future years. Therefore it is important that Council carefully considers the contents of those documents.

In recent years Council has utilised a series of three or four Finance Committee meetings to develop these documents. Generally this approach has worked well and it is recommended that Council adopt a similar approach for the 2012/13 financial year.

An overview of the planned agenda for each of the Finance Committee meetings is as follows.

Finance Committee (1)

As per the agenda, this meeting is concentrating on:

a) Financial Indicators - This report is important in providing an overview of Council's current financial position

b) Airport Operations - A forward financial plan for the airport is provided for discussion purposes. This is a major financial operation of Council, with inherent risks, and it is important that Council makes decisions based on the long term financial position of the business.

c) Property Reserves - This report assists Council in understanding its capacity to deliver on major projects

d) Other Miscellaneous Reports - A number of other reports are included on matters that require direction from Council prior to the 2012/13 Operational Plan and budget being finalised.

Finance Committee (2)

The six key items for this agenda will include:

a) Fees and Charges - A draft copy of the entire fees and charges document should be available at this meeting.

b) Rating Structure - Council has received new land valuations for 2012/13 onwards and this report will provide an overview of how movements in land valuations have impacted on the rate burden across the shire. Council has already received Ministerial approval to increase its rate income by 5.7% for 2012/13, with 2012/13 being the third year of Council's four year program of increasing rate income above the standard rate pegging limit. The limit approved for 2013/14 is 6%.

c) Water and Wastewater - Long Term Financial Plan and Charges – Council has long term strategic business plans for both these operations and it is important Council consider pricing strategies into the future

d) Waste - Long Term Financial Plan and Charges – As per water and wastewater it is important Council understands the long term implications of pricing strategies

e) Recurrent Budget - The draft budget will be provided and Council will be in a position to review how resources are allocated against existing programs and whether or not Council wishes to reconsider the re-allocation of those resources. The preparation of his draft budget is well advanced and substantial decreases in income in areas such as Development Assessment and Building Services, due to the slow down in the property market, is placing increased pressure on recurrent operations

f) Capital Works - This report will provide a preliminary program for the major recurrent capital works. This includes areas such as stormwater, roads, footpaths and shared paths, sporting grounds, parks and reserves.

Finance Committee (3)

This meeting will focus on the key indicators and targets for the Delivery Program and Operational Plan, along with the format of these documents, along with resolving any issues outstanding from the earlier meetings.

Finance Committee (4)

This final meeting provides an opportunity to review the draft documents prepared for exhibition and to re-cap any matters outstanding. This meeting is optional and has not been needed in recent years.

All the Finance Committee meetings identified in this report will be open to the public. As the Finance Committee does not have delegated authority to make decisions any recommendations will be submitted to the next available Ordinary meeting. This provides two opportunities for the public to comment on the items presented, along with another opportunity during the exhibition phase.

Additional public meetings or consultation can also be factored in at any time.

Once the draft Delivery Program / Operational Plan are placed on public exhibition Council has traditionally held public meetings at each of the main population centres.

Budget Considerations

As touched on earlier the slow down in the property market has resulted in a significant decrease in revenues from activities such as development applications, property transfers and developer contributions. Therefore Councillors will need to be mindful that there will be limited, if any, opportunities for additional projects, unless savings are made elsewhere, or additional revenues are identified.

For example during the current year Council adopted the following resolutions in respect to the formulation of the 2012/13 budget:

December 2011 Council Meeting

Council resolved, in part, as follows:

That as part of the 2012/13 budget deliberations, Council receives a report on the options, including financing and staging, to implement a street tree planting program for the northern and southern entrances to Ballina.

In response to this, the preliminary draft budget is proposed to have $75,000 per annum, for the next two years ($150,000), allocated to planting the northern and southern entrances to Ballina. This funding is to be sourced from the Cemetery Reserves to allow the work to proceed. Even though this is not an ideal funding source it will allow this work to proceed.

November 2011 Council Meeting

Council resolved, in part, as follows:

That Council as part of the 2012/13 budget give consideration to increased funding for water quality related matters in respect to the Richmond River.

At this point in time staff have not been able to identify a funding source for this proposal.

At this meeting Council also resolved as follows:

That Council advise the Lennox Head Play group of its support for the enlargement of the existing outdoor space of the children's area at the centre. Further, that funding for such work will be considered as part of Council's preparation of the 2012/13 draft Operational Plan and that grant funding will also be sought as opportunities become available.

This item has also not been included in the draft budget, with funding for the work estimated at $3,500.

January 2012 Council Meeting

In response to the parking issue at the Blackboard Cafe, Lennox Head, Council resolved, in part, as follows:

That Council also investigate formalising the parking in this locality on the eastern side of Pacific Parade as part of the 2012/13 budget.

The cost of this work is $8,000 and staff need direction as to whether or not this project is to be included.

At this meeting Council also resolved, in respect to the proposed Petanque Facility at Lennox Head, as follows:

That Council be provided with information on the cost of construction of a Piste in this location as part of 2012/13 budget considerations.

With the interim arrangement now being formulated at Lake Ainsworth it is not planned to allocate the funds to provide a permanent solution to this proposal.

This provides an overview of the resolutions adopted by Council so far this financial year, in respect to the formulation of the 2012/13 budget and this first Finance Committee is the appropriate time for Councillors to provide direction on any projects / tasks / adjustments that you wish to see incorporated into the Operational Plan and budget for 2012/13.

Legal / Resource / Financial Implications

The Operational Plan is the key resource allocation document.

Consultation

All the scheduled meetings will be open to the public and Council in recent years has conducted public meetings at Wardell, Alstonville, Ballina and Lennox Head as part of the public exhibition of the document. It is intended to again hold the public meetings.

Options

This report is primarily for information purposes, although it does provide Councillors with any opportunity to provide feedback on items that they wish to see considered as part of the formulation of the Operational Plan and budget for 2012/13. If the majority of Councillors do wish to support a certain project then a resolution supporting that preference will provide clear guidance to staff in preparing the documents.

RECOMMENDATIONS

That Council notes the contents of this report in respect to the preparation of the Delivery Program and Operational Plan for 2012/13.

Attachment(s)

Nil

4.2 Policy (Review) - Investments

File Reference	Banking / Investments
CSP Linkage	Responsible and efficient use of resources
Management Plan	Financial Management
Objective	To review the Council policy for the investment of surplus funds.

Background

The Division of Local Government (DLG) issued Investment Policy guidelines together with a sample investment policy in late May 2010. Council adopted a Policy that conforms to the guidelines on 22 July 2010.

Clause 12 of our Policy requires a review of the Investment Policy at least once a year. The last review was in March 2011, with the only change made to the policy being the deletion of the Local Government Financial Services (LGFS) as an allowable investment institution. This amendment was made following a change to the Minister's Investment Order (MIO) deleting this institution as an allowable option.

The report that follows provides the latest review of this policy.

Key Issues

- Proposed amendments

Information

Council's Investment Policy, which deals with cash investments only, has now operated in the current form for over 18 months. This has given staff ample opportunity to work through the limit and risk thresholds contained within the Policy and they seem to be working quite well.

Apart from governance and housekeeping issues, the focus of the Policy is twofold:

- Allowable (and disallowable) types of investments and
- Threshold limits regarding time risk (term to maturity of investments) and institution risk (who the investment is with and what is their risk rating).

Clause 6 of the Policy deals with permitted (and disallowed) types of investments and is governed by the MIO. The MIO only allows investments in Local, State and Federal Government Bonds and deposits with Institutions authorised by the Australian Prudential Regulation Authority (APRA).

The MIO specifically excludes subordinated debt obligations. Council's policy concurs with the MIO and all deposits placed since July 2010 have complied. Investments made before July 2010 that do not comply with the current MIO are permitted to be held to maturity – “Grandfathered” - by both the MIO and Council’s Policy. Council currently has $21,788,000 of Grandfathered Investments.

Clause 8.3 of our Policy deals with time risk thresholds. This clause states that no more than 40% of our total portfolio can be placed with a maturity greater than 12 months and not more than 20% with a maturity greater than three years.

This has a twofold purpose, firstly to prevent Council being forced to break long term investments for cash flow purposes. Secondly it mandates that Council does not have too large a proportion of our investments locked into current rates of return when the rates may well change dramatically in one, two or three years.

Excluding the Grandfathered investments Council has $2m invested at a term greater than three years, representing 2% of the total portfolio. The amount of investments held with terms greater than 12 months (excluding Grandfathered) is $3m which includes the $2m at terms greater than three years. This amounts to 3% of the portfolio which is well below the 40% limit.

All of the remaining Grandfathered Investments were at a term of longer than three years and thus we are not investing new investments long term.

Clause 9.3 sets out threshold limits to apply to both the total portfolio and to individual institutions. This clause spreads our risk across institutions with different ratings.

Council’s current exposure, apart from the Grandfathered Investments, is:

- Rated A or Higher: $39.13m - 72% of portfolio (permitted 100%)
- Rated BBB to –A: $14m - 26% of portfolio (permitted 60%); and
- Unrated: $1m - 2% of portfolio (permitted 10%).

Council's two largest exposures to individual institutions are $11.8m (15.6%) with National Australia Bank, rated AA- and $10m (13.2%) with Suncorp-Metway, rated A+.

Three threshold limit breaches have occurred since July 2010, and in each case threshold limit three was exceeded. This requires that a maximum of 10% of the total portfolio is allowed in any one institution rated below “A”.

All three cases were due to the overall size of the portfolio changing, and not due to an incorrect placement of an investment. All three breaches were brought back under limit within one month. This type of problem was foreseen and clause 13 allows a sensible (no forced sale of investments) return of the portfolio to within threshold limits.

In February 2012 the Government Guarantee of the first $1m invested with APRA regulated institutions was reduced to a maximum of $250,000. As Council does not invest at this level the Guarantee is now of limited benefit as far as the Policy is concerned. It is therefore recommended that the reference to this Guarantee be deleted from clause 11.2

A change is proposed to Clause 14.1 where the reference date to the Minister's Order is to be changed from “31 July 2008” to “12 January 2011” being the last Order provided.

Also there are housekeeping amendments proposed such that the policy conforms to the adopted policy template. This relates to new sections titled, Background, Definitions, and Scope of Policy.

Legal / Resource / Financial Implications

The Minister periodically issues new MIO’s and the DLG has issued guidelines on the form the Investment Policy should take. This report reviews our existing policy against the current MIO, those guidelines and past experiences.

Consultation

The DLG issued comprehensive guidelines and a sample policy which was the basis for our policy. Council's Auditors, Thomas, Noble and Russell also provided information and additional guidelines. The Minister issued the latest MIO in January 2011.

Options

Council is required to have an Investment Policy therefore Council's options are to amend the policy or not to amend the policy. The preferred recommendation is to adopt the amended policy as recommended.

It is also recommended that the revised policy be placed on exhibition for public comment. If no submissions are received the policy shall be adopted with no further action required.

RECOMMENDATIONS

1. That Council adopts the revised Investment Policy, as attached to this report.

2. That Council place this adopted policy on exhibition for public comment with any submissions received to be resubmitted back to Council. If no submissions are received then no further action is required.

Attachment(s)

1. Investment Policy - Draft

DRAFT REVIEW

POLICY NAME:	INVESTMENTS
POLICY REF:	I01
MEETING ADOPTED:	24 March 2011 Resolution No. 240311/14
POLICY HISTORY:	220710/14; 181208/16; 240507/20; 230206/044

TABLE OF CONTENTS

1. OBJECTIVE

1.1 To provide a framework for the investing of Council's funds at the most favourable rate of interest available to it at the time whilst having due consideration of risk and security for that investment type and ensuring that liquidity requirements are being met.

1.2 While exercising the power to invest, consideration is to be given to the preservation of capital, liquidity, and the return of investment.

- Preservation of capital is the principal objective of the investment portfolio. Investments are to be placed in a manner that seeks to ensure security and safeguarding the investment portfolio. This includes managing credit and interest rate risk within identified thresholds and parameters.
- Investments should be allocated to ensure there is sufficient liquidity to meet all reasonably anticipated cash flow requirements, as and when they fall due, without incurring the risk of significant costs due to the unanticipated sale of an investment.
- Investments are expected to achieve a market average rate of return in line with the Council's risk tolerance.

1.3 This policy only deals with Council's investments with financial institutions and does not consider investments Council may wish to make in other forms of capital; such as property.

2. BACKGROUND

- Council has a fiduciary and legislative responsibility to manage public monies in a prudent and diligent manner. The Investment Policy sets the tone and expectations of Council and establishes guidelines and parameters for staff who are required to actually place the investments on a daily basis.

3. DEFINITIONS

Prudent person: A legal maxim restricting the discretion in a client's account to investments that a prudent person seeking reasonable income and preservation of capital might buy for his or her own portfolio. See attachment from the NSW Trustees Act advising matters to which a prudent must have regard when exercising the power of investment

BBSW: The Bank Bill Swap reference rates are independent and transparent rates for the pricing and revaluation of privately negotiated bilateral Australian dollar interest swap transactions. The rates are published daily.

APRA: The Australian Prudential Regulation Authority is a body established by an act of parliament. APRA oversees banks, credit unions, building societies, general insurance and reinsurance companies, life insurance, friendly societies and most members of the superannuation industry. APRA is funded largely by the industries that it supervises. It was established on 1 July 1998.

ADI: Authorised Deposit-taking Institutions are corporations which are authorised under the *Banking Act 1959*. ADIs include banks, building societies, and credit unions.

3. SCOPE OF POLICY

- This policy applies to Councillors, Committees of Council and Council employees.

4. RELATED DOCUMENTATION

- See section 5 on Legislative Authority for Investments and also Council's delegation policy.

5. LEGISLATIVE AUTHORITY FOR INVESTMENTS

All investments are to comply with the following:

- Local Government Act 1993;
- Local Government (General) Regulations 2005;
- Ministerial Investment Order;
- Local Government Code of Accounting Practice & Financial Reporting;
- Australian Accounting Standards; and
- Division of Local Government Circulars.

6. DELEGATION OF AUTHORITY

Authority for implementation of the Investment Policy is delegated by Council to the General Manager in accordance with the *Local Government Act 1993.*

The General Manager may in turn delegate the day-to-day management of Council's investments to the Responsible Accounting Officer and or the Accountant, subject to regular reviews.

Officers' delegated authority to manage Council's investments shall be recorded and required to acknowledge they have received a copy of this policy and understand their obligations in this role.

The placement of investments requires a minimum of two signatures from officers with delegated authority to invest surplus funds.

7. PRUDENT PERSON STANDARD

The investment will be managed with the care, diligence and skill that a prudent person would exercise. As trustees of public monies, officers are to manage council's investment portfolios to safeguard the portfolio in accordance with the spirit of this Investment Policy. The matters to which a prudent person shall have regard when making an investment on behalf of another are an attachment to this Policy (Section 14C NSW Trustees Act).

It is expected that the skills of officers making investments will include:

- an understanding of the current positioning of the financial markets. ie; what is the current 90 day BBSW rate.
- an understanding of the type of investments in which they are dealing. ie; investment rate offered, term to maturity and the organisation that is receiving and using the funds. Also the underlying conditions of the transaction that impact risk and reward including circumstances in which the user of the funds may default in payment of capital and interest.

- an understanding of the institution that will receive and use the funds including their credit worth. ie; current Standard and Poors rating/are they APRA regulated?
- an understanding of Council's investment policy and associated legislation such that when placing an investment all relevant conditions are considered and weighed.

The role of investing officer will be to:

- avail themselves of current market information and investment options.
- be aware of Council's current liquidity position and the options that best suit Council in terms of length of the investment.
- in most instances the form of investment shall be a term deposit with an ADI and the investing officer shall consider at least three quotes from different ADI's. Typically the investing officer becomes aware of daily rates by phoning the institution or receiving an email.
- phone the preferred institution and advise them that they have been successful, arrange for funds to be transferred as agreed, ensure that the recipient institution provides Council with appropriate acknowledgement and documentation following their receipt of funds, complete Council's investment placement sheet and have verifying officer sign sheet.
- in instances where the form of investment is not a term deposit then the matter shall be discussed between at least two recognised investment officers prior to making a placement.

The investment officer shall maintain an investment register which shall include:

- the source and the amount of money invested
- particulars of the security or form of investment in which the money was invested
- the term of the investment (ie, placement and maturity dates where applicable), and
- If appropriate, the rate of interest to be paid, and the amount of money that the council has earned, in respect of the money invested.

8. ETHICS AND CONFLICT OF INTEREST

Officers shall refrain from personal activities that would conflict with the proper execution and management of Council's investment portfolio. This policy requires officers to disclose any conflict of interest to the General Manager.

Independent advisors are also required to declare that they have no actual or perceived conflicts of interest.

9. APPROVED AND PROHIBITED INVESTMENTS

9.1 Investments are limited to those allowed by the most current Ministerial Investment Order that has been issued by the NSW Minister for Local Government. A copy of the current order is attached to this policy.

9.2 In accordance with the Ministerial Investment Order, this investment policy prohibits but is not limited to any investment carried out for speculative purposes including:

- Derivative based instruments;
- Principal only investments or securities that provide potentially nil or negative cash flow; and
- stand alone securities issued that have underlying futures, options, forwards contracts and swaps of any kind.

This policy also prohibits the use of leveraging (borrowing to invest) of an investment.

10. RISK MANAGEMENT GUIDELINES

Council's primary strategy is to preserve the capital invested by diversifying with different approved financial institutions on the short term (12 months or less) money market.

This minimises the risk in terms of interest rate movement and integrity of individual financial institutions.

Investments obtained are to be considered in light of the following key criteria:

- Preservation of Capital - the requirement for preventing losses in an investment portfolio's total value (considering the time value of money);
- Diversification - setting limits to the amounts invested with a particular financial institution or government authority to reduce credit risk;
- Credit risk - the risk that a council has if an institution fails to pay the interest and or repay the principal of an investment;
- Market Risk - the risk that the fair value or future cash flows of an investment will fluctuate due to changes in market prices;
- Liquidity Risk - the risk an investor is unable to redeem the investment at a fair price within a timely period; and
- Maturity Risk - the risk relating to the length of term to maturity of the investment. The larger the term, the greater the length of exposure and risk to market volatilities.

11. LIQUIDITY RISK PARAMETERS

11.1 All investments are to be placed with institutions regulated by the Australian Prudential Regulation Authority (APRA) in accordance with the Banking Act 1959, ie Authorised Deposit-taking Institutions (ADIs) or the NSW Treasury Corporation, but excluding subordinated debt obligations.

11.2 At least three quotations shall be obtained from qualifying institutions whenever an investment is proposed. The best quote of the day will be successful, providing the investment will not breach any parameters contained within this policy and after allowing for administrative and banking costs.

11.3 Not more than 40% of the portfolio can be placed in investments exceeding 12 months to maturity and not more than 20% in investments exceeding 3 years to maturity.

12. CREDIT RISK PARAMETERS

12.1 Investment portfolio parameters are risk-management tools used to manage credit risk by diversifying the portfolio to avoid a narrow concentration of investments. Investment credit risk parameters are based on credit rating bands as published by the credit rating agencies (eg S & P, Moodys, Fitch).

12.2 Council will use Standard and Poors (S & P) long term credit ratings (or Moodys or Fitch equivalents). The S & P ratings are broadly defined as follows:

AAA	Extremely strong capacity to repay
AA+, AA, AA-	A very strong capacity to repay
A+, A, A-	A strong capacity to repay
BBB+, BBB, BBB-	Adequate protection and adequate capacity to pay
BB+, BB, BB-	Less vulnerable to non payment however adverse economic conditions could lead to inadequate capacity to meet financial obligations
CCC	Vulnerable to non payment and requires positive economic conditions to meet its financial obligations

12.3 The following credit risk parameters apply to the investment portfolio:

Maximum Thresholds - Portfolio Limits		
Credit Rating	**Maximum % of Total Portfolio**	**Exposure to a Single ADI**
A or higher	100%	20% of Portfolio
BBB to -A	60%	10% of Portfolio
Unrated ADI	10%	$1m

13. PERFORMANCE BENCHMARKS

13.1 Investment performance will be measured monthly, in relation to both current month and 12 month rolling returns, against relevant benchmarks.

13.2 The investment portfolio's performance as to interest rate achieved should be compared to the 90 day BBSW, and as to earnings to the approved budget.

14. REPORTING

14.1 The Local Government (General) Regulation 2005 (clause 213) requires a monthly report on investments to be provided to Council.

14.2 The monthly report to Council will include, as a minimum:

- the total value of the portfolio and the balance of the trading bank account
- a complete list of all investments in the portfolio
  A break up of the portfolio per institution, showing the rating for each institution ~~and which investments are Australian Government guaranteed or not~~

- a comparison of interest earned to budget for the month and year to date
- a comparison of weighted average interest rate and 90 day BBSW for the month and year to date
- a statement as to whether the investments are in accordance with the Local Government Act, Regulations and Council's investment policy
- a commentary on portfolio performance and other matters of interest

14.3 Documentary evidence must be held for each investment and details thereof maintained in an investment register.

All investments are to be appropraitely recorded in Council's financial records and reconciled at least on a monthly basis.

15. POLICY REVIEW

The Investment Policy will be reviewed at least once a year or as required in the event of legislative changes. The Investment policy may also be changed as a result of other amendments that are to the advantage of Council and in the spirit of this policy. Any amendment to the Investment Policy must be by way of Council resolution.

16. THRESHOLD BREACHES

16.1 This policy imposes limits and thresholds in relation to the acquisition and holding of investments. However, due to changes in the amount of Council's investment portfolio over time, situations may occur where these limitations or thresholds are breached.

16.2 Where limitations or thresholds are breached due to a change in the overall size of the total investment portfolio, or a possible change in ratings of the financial institutions, the following process will apply:

- Immediate forced sale of the investments in breach of the limits or thresholds will not be required unless, in the General Manager's or Council's opinion that such sale is necessary to protect the value of the overall investment portfolio

- An immediate freeze on acquisitions of new investments in the relevant category will commence, until the portfolio can be effectively managed back to align with the requirements of this policy

- The objective will be to manage the portfolio back in accordance with the policy limits, within three months from the date the portfolio first exceeds the limit or threshold.

17. GRANDFATHERING OF INVESTMENTS

Transitional Arrangements

17.1 Transitional arrangements contained in the Minister's Order dated ~~31 July 2008~~ 12 January 2011, state that Council investments purchased prior to 31 July 2008, which complied with the previous Minister's Order, are taken to be in compliance with the current Minister's Order. This same 'grandfathering' provision applies to this Investment policy.

17.2 Council will hold investments that fall under the Minister's grandfathering provisions until maturity or until such time as the market price of such investments will allow a sale without financial loss to Council.

SECTION 14C NSW TRUSTEES ACT

14C Matters to which trustee is to have regard when exercising power of investment

(1) Without limiting the matters that a trustee may take into account when exercising a power of investment, a trustee must, so far as they are appropriate to the circumstances of the trust, if any, have regard to the following matters:

(a) the purposes of the trust and the needs and circumstances of the beneficiaries,

(b) the desirability of diversifying trust investments,

(c) the nature of, and the risk associated with, existing trust investments and other trust property,

(d) the need to maintain the real value of the capital or income of the trust,

(e) the risk of capital or income loss or depreciation,

(f) the potential for capital appreciation,

(g) the likely income return and the timing of income return,

(h) the length of the term of the proposed investment,

(i) the probable duration of the trust,

(j) the liquidity and marketability of the proposed investment during, and on the determination of, the term of the proposed investment,

(k) the aggregate value of the trust estate,

(l) the effect of the proposed investment in relation to the tax liability of the trust,

(m) the likelihood of inflation affecting the value of the proposed investment or other trust property,

(n) the costs (including commissions, fees, charges and duties payable) of making the proposed investment,

(o) the results of a review of existing trust investments in accordance with section 14A (4).

(2) A trustee may, having regard to the size and nature of the trust, do either or both of the following:

(a) obtain and consider independent and impartial advice reasonably required for the investment of trust funds or the management of the investment from a person whom the trustee reasonably believes to be competent to give the advice,

(b) pay out of trust funds the reasonable costs of obtaining the advice.

(3) A trustee is to comply with this section unless expressly forbidden by the instrument (if any) creating the trust.

REVISED MINISTERIAL INVESTMENT ORDER

LOCAL GOVERNMENT ACT 1993 – INVESTMENT ORDER
(Relating to investments by councils)

I, the Hon. Barbara Perry MP, Minister for Local Government, in pursuance of section 625(2) of the *Local Government Act 1993* and with the approval of the Treasurer, do, by this my Order, notify for the purposes of section 625 of that Act that a council or county council may only invest money (on the basis that all investments must be denominated in Australian Dollars) in the following forms of investment:

(a) any public funds or securities issued by or guaranteed by, the Commonwealth, any State of the Commonwealth or a Territory;

(b) any debentures or securities issued by a council (within the meaning of the *Local Government Act* 1993 (NSW));

(c) interest bearing deposits with, or any debentures or bonds issued by, an authorised deposit-taking institution (as defined in the *Banking Act* 1959 (Cwth)), but excluding subordinated debt obligations;

(d) any bill of exchange which has a maturity date of not more than 200 days; and if purchased for value confers on the holder in due course a right of recourse against a bank which has been designated as an authorised deposit-taking institution by the Australian Prudential Regulation Authority;

(e) a deposit with the New South Wales Treasury Corporation or investments in an Hour-Glass investment facility of the New South Wales Treasury Corporation;

All investment instruments (excluding short term discount instruments) referred to above include both principal and investment income.

<u>Transitional Arrangements</u>

(i) Subject to paragraph (ii) nothing in this Order affects any investment made before the date of this Order which was made in compliance with the previous Ministerial Orders, and such investments are taken to be in compliance with this Order.

(ii) Paragraph (i) only applies to those investments made before the date of this Order and does not apply to any restructuring or switching of investments or any re-investment of proceeds received on disposal or maturity of such investments, which for the avoidance of doubt must comply with this Order.

<u>Key Considerations</u>

An investment is not in a form of investment notified by this order unless it also complies with an investment policy of council adopted by a resolution of council.

All councils should by resolution adopt an investment policy that is consistent with this Order and any guidelines issued by the Chief Executive (Local Government), Department of Premier and Cabinet, from time to time.

The General Manager, or any other staff member, with delegated authority by a council to invest funds on behalf of a council must do so in accordance with the council's adopted investment policy.

Councils have a fiduciary responsibility when investing. Councils should exercise the care, diligence and skill that a prudent person would exercise in managing the affairs of other persons.

When exercising the power of investment councils should consider, but not be limited by, the risk of capital or income loss or depreciation, the likely income return and the timing of income return, the length of the term of the proposed investment, the liquidity and marketability of the proposed investment, the likelihood of inflation affecting the value of the proposed investment and the costs (including commissions, fees, charges and duties payable) of making the proposed investment.

Dated this 12th day of January 2011

Hon BARBARA PERRY MP
Minister for Local Government

4.3 Financial Performance Indicators and Benchmarks

File Reference	Financial Reporting
CSP Linkage	Transparent and accountable governance
Delivery Program	Financial Management
Objective	To provide Council and the community with key performance indicators (KPI), benchmarks and comparisons, that if achieved, will assist Council to be financially sustainable.

Background

The Quarterly Budget Review Statement and Long Term Financial Planning (LTFP) Guidelines released by the Division of Local Government required Council to establish a suite of key performance indicators (KPIs) that monitor financial performance and also measure long term financial sustainability. A report was subsequently presented to the February 2011 Finance Committee meeting, at which a Financial Planning Policy was adopted.

That policy requires an annual report to Council with a comment in respect to Council's performance against those agreed indicators, and where a benchmark has not been achieved a recommended strategy should be identified to achieve that benchmark into the future.

Key Issues

- Council performance against indicators

Information

This report includes ratios for Council's General, Water and Wastewater operations, as well as all three combined (consolidated), although the primary focus is on the results of the individual operations. This is because each operation is financially and legally independent and the consolidated result can be misleading as one operation may perform particularly well in one area, which masks a poor outcome in another.

Key Performance Indicators

1. Operational Liquidity - Short Term Focus

1.1 Unrestricted Current Ratio - Unrestricted current assets divided by unrestricted current liabilities. The purpose of this ratio is to measure Council's ability to meet its short term liabilities with its short term assets.

Benchmark: >2:1

	2008/09	2009/10	2010/11
General Fund	4.14	2.17:1	2.75:1
	Pass	Pass	Pass

The unrestricted current ratio reflects a pass as Council's liquidity is in a satisfactory position as at 30 June 2011. The trend for this ratio is downwards and it is forecast that this trend will continue.

In 2011/12 it is predicted that total cash reserves will fall from $31.9 million to $19.8 million whilst internally restricted reserves are forecast to decrease from $18.2 to $12.1 million.

Further borrowings are proposed which will also affect the ratio however the drop in cash and investments will be the main impact. The ratio movement should be looked upon as a guide for future strategic and policy decisions.

It should be noted that the 2009/10 ratio was artificially low due to the intricacies of the ratio calculation. In that year loans were up for renewal which meant that the entire loan balance, as opposed to just one year's capital repayment, was shown as current.

Hence the ratio in 2009/10, but for this anomaly, would have been closer to 3:1.

1.2 Rates and Annual Charges Outstanding Ratio - Rates and annual charges outstanding divided by rates and annual charges collectible. The purpose of this percentage is to measure the impact of uncollected rates and charges on Council's liquidity and the adequacy of Council's debt recovery efforts.

Benchmark: <6%

	2009/10	2010/11
Consolidated	12.17	9.8
	Fail	Fail

The result to 30 June 2011 does not achieve the benchmark and this is mainly due to the fact that very limited recovery action has taken place since the new Civica system was installed. This is because staff time has been consumed with higher priority tasks such as actually levying the accounts.

Debt recovery for rates and annual charges, whilst extremely important, is seen as a lower priority because Council is virtually guaranteed to recover monies owing as long as the property value does not exceed the amount of rates outstanding. Also Council is receiving a far better interest rate, from overdue rates, then is achievable if the money were in the bank.

It is expected that this ratio will fall, hopefully to within the benchmark, as rates recovery action is now being pursued as per normal. Reasonable time to pay is being allowed given that some accounts have built up to amounts that are difficult to manage.

In respect to Water and Wastewater annual charges, the balance outstanding includes the fourth quarter levy for non-residential customers. These accounts are raised during July and due in August hence the ratepayer has not even been asked to pay the account as at 30 June. The ratio looks at all monies outstanding regardless of logical anomalies such as this issue.

Corrective Strategy

Council's rating staff have commenced debt collection actions and the ratio is expected to improve.

1.3 Available Working Funds (General Fund Only) - Total of cash, investments, receivables and inventory assets less total payables, liabilities, externally restricted receivables, internally and externally restricted investments and real estate inventory. The benchmark is set at $3 million which is based on percentages of income and expenses. The purpose of this measure is to show Council's short term ability to cover short term financial shocks whether they be reductions in anticipated revenues or unplanned additional expenditure.

Benchmark: $3m

	2009/10	**2010/11**
General	$2.96m	$2.77m
	Fail	Fail

The assessed amount of working funds, being $2.77 million, is reasonably close to the benchmark. The strategy is to try and make a surplus in comparison to budget and allow this surplus to become part of working capital (i.e. do not put the surplus, if achieved, into internally restricted reserves). This will assist in achieving the benchmark.

2. Fiscal Responsibility - Council Elected Term Focus

2.1 Operating Balance Ratio - Net operating result from continuing operations (excluding capital items) as a percentage of operating revenue (excluding capital items). The purpose of this percentage is to measure whether the Council is sustainable in terms of its operating result. Ideally Council should not be recording recurring operating deficits or funding operating results from capital revenues.

Benchmark: < (10%)

	2009/10	2010/11
Consolidated	1.1	(7.7)
	Pass	Pass

The result is a pass mark however it should be noted that it is quite a generous benchmark. This is because the benchmark is accepting of an operating loss. Over the long term this outcome is not acceptable given that the loss indicates that the organisation does not have sufficient discretionary funds to apply to existing assets.

	2009/10	2010/11
General	1.3	(3.88)
	Pass	Pass

The outcome falls within the pass mark and is a reasonable result given the increase to depreciation expense (depreciation increased by over $4 million in comparison to the previous year).

The pass mark reflects amongst other things increased rental income from investment properties and rate rises in excess of the pegged limit. Decisions on discretionary operating expenditure need to be carefully considered as it may be that other expenses should be cut from the budget if new costs are approved, otherwise this ratio will further deteriorate.

	2009/10	2010/11
Water	(19.6)	(24.3)
	Fail	Fail

This is a very poor outcome and is even worse than the previous year. In 2010/11, if capital income and depreciation expense is excluded, the fund recorded a modest surplus of $330,000. This is well short of the amount of discretionary funds that are needed to maintain assets.

The result is not sustainable over the medium term and is only sustainable in the short term due to reserves on hand. The strategy in the short term is to elevate the charging structure.

	2009/10	2010/11
Wastewater	12.78	(11.28)
	Pass	Fail

The result indicates that the fund is not sufficiently profitable. Whilst income has been increasing substantially for a number of years so has expense.

Looking forward this ratio will be negatively impacted by rapidly escalating borrowing costs as loans taken out for the infrastructure renewal program begin to bite. However financial modelling will take this into account and annual charges will be raised sufficiently to make ends meet.

In fact, in a few years time, it is likely that this ratio will be quite strong as operating revenue is elevated to cover both the interest and capital components of loan repayments. This will result in a healthy operating surplus which for the purposes of the ratio excludes the capital component of the loan repayment.

2.2 Debit Service Ratio - Loan principal and interest payments divided by revenue from continuing operations, excluding capital items and specific purpose grants and contributions. (as per Note 13). Measured as a percentage. The purpose of this percentage is a measure of whether Council has excessive debt servicing costs, relative to operating revenue.

Benchmark: < 12%

	2009/10	2010/11
Consolidated	4.9	6.3
	Pass	Pass

The result reflects relatively low debt levels across the organisation. Wastewater loans will impact this ratio quite dramatically in future years.

	2009/10	2010/11
General	7.2	6.70
	Pass	Pass

The outcome falls well within the benchmark. Council has typically funded projects from accumulated cash reserves and this approach shows up in this ratio.

Future forecasts are that the ratio will increase as borrowings are taken up to finance capital projects in roads, town centres and buildings. The outlook indicates that over the next two to three years the benchmark will struggle to meet a pass mark.

	2009/10	2010/11
Water	0.1	0.05
	Pass	Pass

The fund is essentially debt free.

	2009/10	2010/11
Wastewater	0.2	9.4
	Pass	Pass

This ratio is just at the start of what will be many years of extremely poor results. The movement between 2009/10 and 2010/11 reflects the interest free loans that were taken up. As borrowings of some $63 million take affect, this ratio will go much higher.

There is not a lot that can be done about this other than to ensure that operating revenue is elevated sufficiently to meet all obligations and commitments. Significant amounts of infrastructure are in the process of renewal and upgrade that will serve the community for many years to come. The cost of the assets will be spread over many years via the loan arrangements.

2.3 Rates and Annual Charges Coverage Ratio - Rates and annual charges levied divided by total operating revenue from continuing operations. Measured as a percentage. The purpose of this measure is an indicator of a Council's financial self sufficiency. It indicates how a council covers its operating costs through its taxation revenue. Councils that have a low ratio tend to more reliant on grants, fees and commercial activities and are arguably more vulnerable to economic cycles.

Benchmark: >40%

	2009/10	**2010/11**
Consolidated	35.88	34.06
	Fail	Fail

Refer to individual comments.

	2009/10	**2010/11**
General Fund	34.20	31.62
	Fail	Fail

The ratio outcome is a fail and indicates that Council would be better positioned if a higher proportion of income came from a guaranteed source such as rates and annual charges. It suggests that we rely too much on revenue from areas such as grants, fees and rentals. The 2010/11 result is due to a combination of a low rate base and large capital works program that is receiving a lot of grant funding.

Further to the point on grant funding it is relevant to note that the denominator of the ratio includes capital grants as operating income. In 2010/11 Council received capital grants to almost $16 million which is probably higher than would typically be the case. This is significant because capital grants relate to one off projects that will probably not affect the ratio next financial year.

Council has achieved rate rises above the rate pegged limit in recent years and there is a further two years of extraordinary increases to come. This is perhaps the best strategy to improve the result of this ratio and it is already in place. It is likely that the level of funding from capital grants will fall in future years that may result in the benchmark being achieved.

	2009/10	**2010/11**
Water	21.85	20.42
	Fail	Fail

The ratio excludes user charges which is why the outcome is poor. This situation will not change as one of the primary drivers of water demand management is that a high proportion of the funds revenue is derived from the usage charge.

It does highlight that the operating position of the business is vulnerable to water consumption patterns.

	2009/10	2010/11
Wastewater	50.01	52.13
	Pass	Pass

The ratio highlights that the majority of the income comes from statutory charges which is seen to be a positive because it is guaranteed. It is also one of the reasons why financial institutions are prepared to loan funds to a level that are arguably beyond the operation's current capacity to pay.

2.4 Outstanding Employee Leave Entitlements Ratio - Total of outstanding employee leave entitlements divided by total wages and salaries paid. Measured as a percentage. This indicator shows possible excessive build up of leave liabilities.

Benchmark: < 47%

	2009/10	2010/11
Consolidated	49.81	45.88
	Fail	Pass

Refer to individual comments.

	2009/10	2010/11
General	54.53	51.00
	Fail	Fail

The result reflects policies in previous years that did not enforce staff to take long service leave and also a policy that longer term staff are entitled to be paid 50% of accumulated sick leave up to 12 months (i.e. there has been an inducement not to take sick leave).

Going forward, staff are now being required to take long service leave and new staff are not entitled to the sick leave policy. Both of these initiatives will help to improve Council's financial position in respect to this ratio.

It can be seen that the ratio has fallen from 2009/10 to 2010/11 and it is likely that this trend will continue.

	2009/10	2010/11
Water	37.63	25.51
	Pass	Pass

The result falls well within the benchmark. Some longer term staff have left and new people have been employed which assists the outcome of the ratio.

	2009/10	2010/11
Wastewater	21.31	22.95
	Pass	Pass

As per the Water comment.

2.5 Cost Efficiency per Resident - Total operating costs divided by Shire population. Measured in $'s. This indicator measures the cost of Council's operations on a per head basis and is provided for information only.

	2009/10	2010/11
General	1,024	1,058

This indicator is useful in the context of how other councils perform. Referencing the 2009/10 statistics shown in the Division of Local Governments comparative data Ballina's cost per resident at that time was $1,024.The Group 4 average for 2009/10 was $1,272 which suggests we are operating with comparative efficiency.

	2009/10	2010/11
Water	211	226

Comparative information is prepared by the Division of Local Government is in respect to General Fund only, hence there is no ready comparison with other water utilities. However in comparison to the previous year the ratio has increased by 7% which is due to costs rising in a number of areas but most particularly for the purchase of water from Rous Council.

	2009/10	2010/11
Wastewater	263	275

In comparison to the previous year the ratio has increased by 4% which suggests that the operating costs are rising quicker than population growth.

3. Financial Sustainability - Long Term Intergenerational Focus

3.1 Asset Consumption Ratio - Depreciated replacement cost of assets divided by current replacement cost of depreciable assets. Measured as a percentage. This ratio seeks to highlight the aged condition of Council's physical assets. The indicator shows the depreciated replacement cost of the assets relative to their "as new" (replacement) value.

Benchmark: >40%

	2009/10	2010/11
Consolidated	63.49	69.15
	Pass	Pass

The result is satisfactory and suggests that our assets are in reasonable condition. The improvement in the ratio from 2009/10 will mainly be attributable to new assets in General and Wastewater.

	2009/10	2010/11
General	69.07	74.74
	Pass	Pass

The outcome indicates that the state of General Fund infrastructure is reasonable. This is due to a combination of the age of the infrastructure (ie it is not decrepit) and the money spent on refurbishing our assets and creating new assets such that they remain at a satisfactory state. In particular the creation of new assets in the building class will have improved this ratio.

This is obviously a fairly 'rough' test that may very between asset classes however it is at least well within the benchmark.

	2009/10	2010/11
Water	57.51	58.67
	Pass	Pass

The ratio is within the pass area. In contrast to the General Fund it suggests that Water Assets are more aged. No major capital works are on the near horizon so it is likely that this ratio will fall as the useful life of the infrastructure runs down.

	2009/10	2010/11
Wastewater	48.82	53.52
	Pass	Pass

The ratio is within the pass mark however the infrastructure is starting to decline. This ratio will improve markedly due to the current capital works program. There has already been an improvement from 2009/10 to 2010/11.

3.2 Net Financial Liabilities Ratio - Total liabilities less current assets divided by total operating revenues. Measured as a percentage. This indicator measures the long term debt position of Council and Council's ability to meet its financial obligations from revenue streams.

Benchmark: < 60%

	2009/10	2010/11
Consolidated	21.14	(6.22)
	Pass	Pass

The ratio indicates that organisationally we have low debt levels in comparison to current assets and revenues.

	2009/10	2010/11
General	(4.92)	24.16
	Pass	Pass

The 2010/11 result is comfortably within the benchmark however it can be seen that there was a substantial shift between 2009/10 and 2010/11. There is a number of variables that come into play in this ratio but it does evidence increasing debt and decreasing current assets (cash and investments).

Looking forward this trend is likely to continue as the capital works program progresses. An increase to borrowing and continued decrease to cash reserves will result in the ratio increasing.

	2009/10	2010/11
Water	(116.41)	(120.88)
	Pass	Pass

The ratio indicates that, amongst other things, the business has next to no borrowings. This suggests it is in a cruise mode in terms of the infrastructure lifecycle.

	2009/10	2010/11
Wastewater	(116.41)	(47.59)
	Pass	Pass

The ratio is comfortably in the pass zone however the trend from 2009/10 to 2010/11 is the start of what will be a very large increase in the ratio. Over the next two years the ratio will likely shift to a fail as loans for the infrastructure program take effect.

Again there is not a lot that can be done about it other than to ensure that the fund has a sufficiently strong operating performance that can pay all commitments and maintain reserve balances at levels sufficient to ensure a comfortable continuity of operations.

Legal / Resource / Financial Implications

This report has no direct financial on legal implications, however indicators should be used to guide strategic financial decisions.

Consultation

This report is presented to encourage public comment on Council's financial performance.

Options

In summary:

General Fund - Most indicators are quite reasonable as at 30 June 2011. There are some exceptions but overall the operating position of the fund has been improving over recent years due to amongst other things special variations in excess of the rate pegged limit for ordinary rates and increasing rental incomes. The operating balance ratio did decline from 2009/10 to 2010/11 however as explained earlier this is primarily due to the revaluation of roads which resulted in an increase to depreciation expenses of $4 million.

Also the fund meets important benchmarks in respect to the unrestricted current ratio, the debt service ratio and the net financial liabilities ratio. The indications are that there was, as at 30 June 2011, sufficient current assets and operating revenue in comparison to liabilities to meet the fund's needs.

The issue for the fund is the next few years. Cash reserves have reduced, borrowings are on the rise and the operating result is forecast to trend further negative in 2011/12.

It is fair to say that the Fund is vulnerable given the size and number of works proposed. It is important for Council to be mindful of the impact of decisions, particularly in respect to discretionary capital works. Typically there is an ongoing operation and maintenance issue associated with each new asset created and this ongoing cost needs to be considered before the new assets is created.

Water - The issue for this business is the operating performance which is unsatisfactory. The business has been struggling to cope with large expense increases to the cost of bulk water. Efforts to pass these costs on to the customer have only been partially successful with residents reducing water consumption in response to tariff increases. Going forward the strategy must be a continuation of efforts to improve the operating result via both increases to annual charges and a close watch on expenses.

Wastewater - Generally speaking the ratios for 2010/11 are reasonable. Going forward the finances of the business will be dominated by the capital program that is currently in progress. By the end of 2012/13 we are forecast to have expended some $70 million (over 2009/10 to 2013/14 period) which is funded by external borrowings.

The operating performance will likely improve as charges are increased to pay off loan repayments. However liquidity will struggle as current liabilities increase so it will be important to keep cash reserves at sufficient levels to meet any budget shocks.

This report is provided for information purposes only and it is recommended that Council notes the contents of the report.

RECOMMENDATIONS

That Council notes the contents of this report in respect to Council's performance against our key financial indicators as at 30 June 2011.

Attachment(s)

Nil

4.4 Constitutional Recognition of Local Government - Contribution

File Reference	Integrated Planning & Reporting 2012/13/LGSA
CSP Linkage	Transparent and accountable governance
Delivery Program	Governance
Objective	To determine whether Council wishes to provide a financial contribution to help promote the push for a referendum on the constitutional recognition of Local Government.

Background

The Local Government & Shires Association (LGSA) has written to all NSW councils asking for a financial contribution, payable over three years, to assist with profile raising and promotional activities for the constitutional recognition of Local Government. A copy of the request to Ballina Council is attached.

As per that correspondence the LGSA is asking for a financial contribution and this report details with that request.

Key Issues

- Need for a referendum
- Cost
- Likelihood of success

Information

As per the correspondence from the LGSA the Federal Government established an Expert Panel to report on this matter and a copy of their final report is available on the following link:

http://www.localgovrecognition.gov.au/content/final-report

That report is comprehensive and it is not intended to summarise the issues in this report, however the executive summary highlights that the Panel adopted three criteria to identify relevant options, which were that any proposal should:

- make a practical difference
- have a reasonable chance at a referendum and
- resonate with the public.

Based on the criteria there were four forms of recognition considered:

- symbolic recognition - did not figure prominently during the consultations undertaken, however the NSW Government did provide, in principle support, to this proposal

- financial recognition - has the broadest base of support

- democratic recognition - received little support and considerable opposition at the State level; and

- recognition through Federal cooperation - did not figure prominently in consultation.

A majority of Panel members concluded that financial recognition is a viable option within the 2013 timeframe indicated by the terms of reference.

From a Council management perspective financial recognition is considered important as there have been opinions expressed that the direct funding of Local Government by the Federal Government could be illegal under the existing constitution.

In recent times Federal Government programs such as Roads to Recovery, the Regional and Local Community Infrastructure Program (RLCIP) and now the Regional Development Australia funding have been the most beneficial programs to councils.

If there is any risk that these types of programs may have to be diverted through the State Governments, which increases the risk of the funds being reallocated, or even reduced due to administrative costs, then it is important that this direct funding of Local Government be recognised in the constitution.

The correspondence from the LGSA is asking for a financial contribution from Ballina Council of $18,723, with that payment to be spread over three years from 2012/13 to 2014/15 (i.e. $6,241 per annum) to assist with their promotional program.

For the constitution to be changed you must have the support of the majority of voters and a majority of voters in at least four States. Since 1901 there have been 44 referendums and only eight of these have been successful.

It is understood that without the support of the two major political parties referendums ultimately fail. This then raises the concern as to why Council should be contributing funds to a major campaign unless there is the support of the two major parties. There have been millions of dollars expended on previous referendums (i.e. the republic being a prime example) therefore Council should be careful in committing public monies when there is a high risk that there may not be support for the proposal at a political level.

Legal / Resource / Financial Implications

It is important that Council allocate funding conservatively and effectively as resources are limited.

Consultation

Any constitutional referendum will be subject to a large promotional and education program.

Options

The options are to support or decline this request or possibly support the request with the qualifier that Council's support is on the basis that there is partisan support for the referendum.

From a staff perspective the last option is the preferred option, albeit it is acknowledged that Council may well wish to support the proposal without this qualifier. The reason for this recommendation is that it is difficult to justify spending millions of dollars in public monies in having a referendum unless there is party political support for the proposal.

RECOMMENDATIONS

1. That in respect to the proposal from the Local Government and Shires Association for funding to assist with a national advertising campaign for the proposed referendum on the constitutional recognition of Local Government, Council advises that its preference is to only provide a financial contribution if there is bi-partisan support for the referendum.

2. The reason for this qualification is that Council finds it difficult to justify the expenditure of public monies, knowing that the likelihood of a referendum being successful without the support of both parties is minimal.

Attachment(s)

Correspondence from LGSA

Local Government Association of NSW
Shires Association of NSW

9 January 2012

Cr Phillip Silver
Mayor
Ballina Shire Council
PO Box 450
BALLINA NSW 2478

Dear Cr Silver,

Constitutional Recognition of Local Government – contribution of funds

We write to update you on the process and progress for achieving Constitutional Recognition of Local Government, and to provide an indication as to what we believe your council's financial contribution to a national advertising campaign will be.

As you are aware, in 2010 in response to some strong ground work by the Australian Local Government Association (ALGA) and the LGSA, the Prime Minister of Australia, the Hon. Julia Gillard MP, committed to holding a referendum in conjunction with the next Federal election to include recognition of Local Government in the Australian Constitution.

In mid 2011 the Prime Minister set up an Expert Panel on Constitutional Recognition of Local Government. The Expert Panel released its findings on 22 December 2011. A copy of the Expert Panel's findings and all submissions can be found at http://www.localgovrecognition.gov.au/content/final-report

ALGA is leading the campaign on behalf of Local Government across the country, and to date more than 85 percent of councils in Australia have moved motions in support of Constitutional Recognition of Local Government.

In addition to all councils continuing to actively lobby for this important issue at a local level, ALGA will be asking all State and Territory Associations and their member councils to contribute financially to a large scale national advertising campaign to gain public support for a 'yes vote' when the time for a referendum comes. In order for the referendum to be successful it requires a 'double majority', which is a majority of 'yes votes' from a majority of voters, and a majority of states. As ours is the most populated state, success in NSW is critical to the success of a national campaign.

ALGA's planning for this national campaign is in the early stages, as they were waiting to review the response from the Expert Panel, however we do know that substantial funds will be required to execute this campaign. From previous ALGA research it is estimated that a national advertising campaign will cost in excess of $10 million, and that NSW councils, based on size and population, will be expected to contribute approximately $2.7milion of this amount. This will be contributed to ALGA through the LGSA to coordinate a national advertising campaign.

GPO Box 7003 Sydney NSW 2001
L8, 28 Margaret St Sydney NSW 2000
Tel: (02) 9242 4000 • Fax: (02) 9242 4111
www.lgsa.org.au • lgsa@lgsa.org.au
ABN 49 853 913 882

Whilst ALGA and the State and Territory Associations are yet to determine the scope and content of a national advertising campaign, we do know that funds will be required from each council in NSW, and we hope by alerting you early in your current budget cycle it will allow you to factor this contribution into your budgets for the 2012/2013 and subsequent financial years.

In addition to the national advertising campaign, ALGA has recommended that each State and Territory Association commence their own local 'profile raising' activities, to promote locally the good work Local Government does in their state. The LGSA committed $100,000 to this profile raising project in 2010/2011 and $200,000 in the current financial year. This project, including toolkits, will be rolled out in 2012 in NSW.

At our December 2011 Board Meetings, it was agreed that the LGSA budget a further $1,000,000 over the next two financial years on NSW specific 'profile raising' and promotional activities, in addition to the national advertising campaign. These funds will be drawn from the LGSA's current investments.

It was also resolved that the $2.7 million required by ALGA for the national advertising campaign be sought from members by way of a special levy. Each councils' share of the levy will be payable in three equal instalments over a three year period, commencing 1 July 2012.

Councils should note that should the referendum or the national advertising campaign not go ahead for any reason, instalments paid to the LGSA will be refunded.

The levy has been calculated using the standard formula used when calculating other similar levies, such as legal assistance calls.

Your council's special levy will be $18,723.98 plus GST. The Executives of both Associations resolved that this levy will be payable in three equal instalments over three financial years, in order to reduce the financial burden on councils.

We will be in contact with you with an update on the next steps required, following an assessment of Government's response to the report from the Expert Panel on Constitutional Recognition of Local Government. In the meantime, ALGA has developed background information for your council to use, and you are encouraged to view these at their website on http://www.councilreferendum.com.au for more information.

In addition to your council's valued financial contribution, there will be supplementary work for all councils to do for this campaign at a local level, and further information will be provided to you in early 2012. In the interim, for more details please call the LGSA's Director, Communications and Campaigns, Megan Graham on 02 9242 4015.

Yours sincerely

Keith Rhoades

Cr Keith Rhoades AFSM
President
Local Government Association of NSW

Cr Ray Donald
President
Shires Association of NSW

2

4.5 North Creek Dredging - Preliminary Investigations

File Reference	Dredging North Creek
CSP Linkage	A diverse and prosperous economy
Delivery Program	Commercial Services
Objective	To determine whether Council wishes to expend public funds as part of assessing the scope of works need to pursue an approval to dredge North Creek.

Background

At the November 2011 Council meeting, following a Mayoral Minute, the Council resolved as follows:

1. *That Ballina Council approves the formation of Taskforce, consisting of one or two representatives from the Ballina Fishermens Co-operative and the Ballina Chamber of Commerce, plus the Mayor or alternate, to expedite the environmental and funding issues presently preventing the dredging of the Richmond River Bar, North Creek and the Ballina Boat Harbour.*

2. *That Council as part of the 2012/13 budget give consideration to increased funding for water quality related matters in respect to the Richmond River.*

This group has now met on three occasions with some of the key outcomes to date as follows.

Richmond River Bar

- Confirmation of NSW State Government funding approval for a consultancy engagement to examine the feasibility of dredging the Richmond River bar.
- WBM BMT Australia has been engaged to carry out this project. This feasibility study will inform the State Government and other stakeholders on the most practical solution to restore adequate clearance over the entrance bar. This solution must provide value for money and long term benefits while minimising risks.
- WBM has significant knowledge and experience in the coastal and estuarine processes at this location (they have conducted extensive work in preparing Ballina Council's flood plain modelling and the coastal hazard management plan).
- The findings of this feasibility study are expected to be made available at the end of March 2012.

An important part of both these projects will be consultation with relevant stakeholders such as State and Local Government (Ballina Shire Council), Ballina Chamber of Commerce, Ballina Fishermen's Cooperative, NSW Marine Rescue.

Ballina Boat Harbour

- Confirmation of NSW State Government funding approval for a consultancy engagement to examine the feasibility of dredging the Ballina Boat Harbour.
- Hydrosphere Consulting has been engaged to carry out this project. This study is aimed at developing a dredging strategy and associated environmental assessment for the Ballina Boat Harbour to improve access for the town's fishing fleet.
- This project is expected to be finalised by the end of April 2012.

In respect to the third key element of the Taskforce's initial goals, being dredging of North Creek, licences for this activity are managed by a different section within the Department of Primary Industries, to that handling the dredging of the bar and the boat harbour. This section is essentially the former Land and Property Management Authority (LPMA) and a meeting with their representative was held at the Ballina Council Administrative Centre on Monday 13 February 2011.

The report that follows provides an overview on the information provided at that meeting.

Key Issues

- Risk and return on the project
- Likely timeframe
- Possible cost
- Seed funding required

Information

Council staff and Mr Phil Hilliard (Ballina Fishermans Co-Op) met with the manager responsible for overseeing the provision of commercial dredging licences on the NSW North Coast, Mr David McPherson, from the Department of Primary Industries on Monday 13 February 2012.

This was an extremely informative meeting with some of the key points raised being:

- There are already approximately 19 licences of this type on the North Coast
- Any application will need to consider matters such as impact on overall estuary, impact on Ballina bar, flow on impacts up-stream, environmental impacts etc
- Council or a private operator, or a joint venture, are all possible applicants
- The applicant will need to consider whether it is an extraction process (i.e. sand used for fill elsewhere) or a replenishment process where sand is returned to the estuary or beach

- Nambucca Shire Council is currently progressing an application
- Initially a licence to investigate is provided
- If approval is then obtained a licence to operate is provided - The term of this licence can be on-going (i.e. in perpetuity while it is operating)
- Council has a significant amount of information already available through the Richmond River Estuary Management Plan, Ballina Floodplain Management Plan and the Coastal Hazard Plan
- Companies such as WBM BMT Australia have significant expertise in this area
- Department of Primary Industries will require a royalty on the resource extracted (maybe $4 to $5)
- The State Government appears to be supportive of these proposals
- May need to expend anywhere between $50,000 to $200,000 to conduct all necessary feasibility, environmental studies to obtain licence to operate - subject to all this work supporting the proposal

As a result of this meeting Council staff have held preliminary discussions with WBM BMT to try and firm up an estimate for the expenditure likely to be incurred in obtaining an approval based on their knowledge of Ballina Council's corporate information on the Richmond River and associated coastline.

Due to a number of unknowns it was agreed that the only way for Council to obtain a reasonable estimate of the cost likely to be incurred was for a suitably qualified consultant to complete a scoping study would clearly identify the research available and still needed, provide a more accurate estimate of the costs likely to be incurred in obtaining an approval and finalise an expression of interest brief that could then be put to the market.

The estimated cost of preparing initial work is approximately $5,000.

The dredging of North Creek has potential benefits including making the waterway more navigable and creating a sand stockpile for future land development and infrastructure projects or alternatively providing a valuable resource for beach renourishment. However obtaining these approvals will come at a significant cost, with no guarantee that the approvals will eventually be obtained.

Legal / Resource / Financial Implications

The recommendation from this report is to allow $5,000 to allow this initial scoping project to take place.

The dredging proposal has significant resource and financial implications if it does proceed, in firstly Council will be outlaying significant funds to obtain the approval, however there will be significant benefits obtained if that approval is provided.

Consultation

Council has consulted with the Department of Primary Industries, Ballina Fishermen’s Co-Op and Ballina Chamber of Commerce on this proposal, with all parties supportive.

Options

At this point in time the proposal is to provide $5,000 in seed funding to essentially clarify the task ahead for Council. Therefore the options are to either approve or not approve that request.

With Council being a major infrastructure provider, having major industrial land holdings that require hundreds of thousands of dollars of fill each time they are developed, and being actively involved in coastal erosion management, there are significant direct financial benefits to be gained if Council obtains an approval to dredge North Creek.

On top of this there are also the social and economic benefits to be gained from improved accessibility along North Creek to allow increased boating, fishing and other tourism related activities. Environmental impact is the other major factor, although if an approval is obtained then the mitigation of any negative impacts on the environment would be addressed by appropriate licence conditions.

Overall it is considered that the investment of $5,000 to clarify the road ahead is a worthwhile option to pursue.

RECOMMENDATIONS

1. That Council approves funding of $5,000, sourced from Council's Industrial Land Development Reserve, to allow a scoping study to be completed into the dredging of North Creek, Ballina.

2. The outcomes from that study are to be reported to Council to allow a determination to be made on whether or not Council will pursue a licence to dredge North Creek.

Attachment(s)

Nil

4.6 Lennox Head Community Centre - Improvements and Update

File Reference	Lennox Head Cultural and Community Centre
CSP Linkage	A built environment contributing to health and wellbeing
Delivery Program	Community Planning
Objective	To respond to a Council resolution asking for an analysis on providing additional items or services at the Lennox Head Cultural and Community Centre and to provide an update on how the Centre is operating.

Background

On 14 September 2011 Council's Commercial Services Committee considered a report concerning the operations of the Lennox Head Cultural and Community Centre (the Centre).

That report provided an update on the operations of the Centre following its opening earlier in the year. Given that it was a new facility, the preliminary operating budget had been put in place in recognition that some items may need to be changed as our understanding of the Centre improved and the community usage increased.

The Committee recommended adjustments to the operating budget and also asked for a study on the cost effectiveness of providing additional infrastructure identified in the report. This recommendation was then approved by Council at the Ordinary Meeting held on 22 September 2011.

The additional items referred to in that report were as follows:

a) Sports netting for the auditorium
b) Further sound proofing of meeting rooms and activity room
c) Public address and audio-visual systems for the auditorium
d) Additional chairs
e) Commercial grade equipment for kiosk
f) Increase the size of the portable stage
g) Extra lighting in the auditorium
h) Blackout blinds for the auditorium

These items had been identified as being desirable improvements to the Centre but had not been available in the initial construction and installation due to budgetary constraints.

The following report responds to this earlier resolution. The information has been compiled based on staff observations during the initial period of operation and obtained through feedback from users of the Centre, and also from potential users.

The report also includes an update on how the Centre is operating as Council is still to formalise the long term management arrangements for the Centre.

Key Issues

- Benefits and cost
- Budgeting priorities
- Overall performance

Information

Council's Community Facilities Team has been managing the day to day operations of the Centre for approximately ten months. During this time there has been a diverse range of bookings within the complex. The combined experience of working with customers and responding to their needs, enquiries and requests has provided the team with a solid understanding of how the Centre is being utilised by the community and highlighted a range of opportunities to increase access and growth of the service.

A selection of the most significant opportunities was reported to the meeting of the Commercial Services Committee on 14 September 2011. Whilst effort has been taken to further analyse these opportunities and staff can provide evidence and feedback from enquiries, potential customers and existing users, it is impossible to provide any quantitative figures as to how many bookings did not occur due to the absence of these items.

Similarly, although staff can provide collective 'intelligence' to substantiate the feedback, it is impossible to provide any guarantee that improvements will result in a direct increase in revenue if implemented.

What can be said is that the opportunities highlighted for consideration have been identified on the basis that they are more likely to result in an increase in customer satisfaction and 'value-adding' to the products to which they relate. This in turn may allow for an adjustment in the associated fees and charges if so desired.

In assessing the benefit / cost of proposals it is important to consider the current fees charged for the Centre. The draft 2012/13 fees are as follows:

Item	Commercial	Community
Meeting Room 1	$35/hr $225/day	$15/hr $75/day
Meeting Room 2	$35/hr $225/day	$15/hr $75/day
Meeting Room 3	$35/hr $225/day	$15/hr $75/day
Activities Room	$55/hr $295/day	$25/hr $150/day
Children's Area	$30/hr $150/day	$12.50/hr $65/day
Auditorium	$350/½ day $550/day	$125/½ day $200/day
Courts	Competition Hire: $250 /½ day Competition Hire: $500 /day	Casual Hire: $6 p/snr & $3 p/jnr /hr Casual Group Training Hire: $40 /hr

The next section of this report provides information on each of the additional items under consideration.

a) **Sports netting in the auditorium**

A number of sporting groups have advised that they would like to hire the sports court in the auditorium, however their organisation's insurance will not cover them, or will only limit them to junior play. This is due to the large amount of glass surrounding the court and the close proximity of the walls to the edge of the court.

The limited run-off just meets the technical requirements for basketball and does not meet the minimum requirements for netball. Due to this, some groups are limiting their use of the court, claiming the force of adult play is greater and therefore potentially more damaging in the event of an accident.

These groups have advised that they would hire the courts if they were fitted with netting. Due to the design of the Centre the only feasible option is to install a product called the Stadia Divider Curtain, which retracts down from the ceiling to provide a barrier at the edge of the court, marginally protecting the walls and doors from the impact of balls.

The curtains are not sports netting, but will slow and soften the impact of a player who might impact the wall or glass. This is not the primary design of these particular curtains, which are usually fitted between courts in multi-court venues to prevent balls from travelling onto the adjoining court.

The curtains will act as a buffer to protect the glass and wood panelling in the event of hard impact, potentially reducing risk and liability, but they will not stop someone travelling at high speed from actually hitting the wall or glass door. This is because the run off space around the court is limited and the divider curtains will need to hang very close to the walls. When not in use the curtains retract into very discreet metal tubes located on the ceiling that also house the lowering motors.

They are an impressive solution but are very expensive, with a minimum cost of approximately $104,000. The range of issues to be considered with this proposal includes:

1. Despite the concern that sports netting is required, Council's insurers have approved the space and currently insure it without any particular limitations for casual sports use.

2. The use of the space by incorporated groups requires them to provide their own insurance; with the onus on the group to ensure they are undertaking their activity safely.

3. Furthermore, the current user groups that have been playing sport in the hall for the last few months have done so without any injury recorded or damage to the centre.

4. At present, the Centre is at approximately 75% capacity for evening sports bookings, and the sports hall has only been available for use for approximately six months.

If the netting is installed it will remove the only existing space currently used to view the game from, leaving virtually no room for scoring or spectators, which may counter any possible growth in potential users.

Benefit / Cost

The current hourly rate for competition hire of the hall is $50 per hour. Assuming that we were able to gain an extra two hours per night, for two days per week, remembering that the hall is already operating at 75% capacity, the total income generated by this, over 48 weeks (assuming not used 52 weeks per annum) is $9,600 or $8,700 excluding GST.

Based on an installation cost of $100,000 plus, this makes this proposal very marginal as it will take in excess of ten to twelve years to recoup the outlay.

Ideally the funds should only be expended if Council is of the opinion there is a significant community benefit to be gained.

b) Further sound proofing of the meeting rooms and the activity room

The sliding doors that separate the meeting rooms and activities room from the adjoining auditorium, and the room dividers within them, provide sound dampening. Voices, movement, sports activities and cleaning equipment can sometimes be heard through these doors and partitions.

The primary concern is the doors between the auditorium and rooms. Demand for use of these spaces is increasing however restrictions are in place based on the occurrence of regular sporting activities four nights per week.

Similarly, casual sports use during the day is at times refused due to bookings within the rooms.

Scheduling conflicts are difficult to resolve due to the limited space available in other areas of the Centre; however where possible quiet activities, such as meetings and yoga, have been relocated to the Children's Area. These spaces have issues with privacy and accessibility respectively.

The resulting conflict means that the overall capacity of the Centre to continue to grow its services and serve the community is reduced. Possible solutions are likely to be complicated and costly and cannot be further examined without engaging professional services.

Benefit / Cost

As professional advice is needed on this issue the recommendation would be to engage a suitably qualified acoustic specialist to determine if any reasonable and cost-effective changes could be made to reduce the transfer of sound between the rooms and the auditorium.

Once that information is available Council would then be in a position to determine whether it wishes to expend the funds required to improve the acoustics. An indicative cost for this consultancy is $5,000.

The expenditure of these funds is supported as it will allow Council to further assess options for improvement.

c) PA and AV systems in the auditorium

The auditorium has been designed with events of a broad nature in mind, including music, theatre, conferences, trade expos and private events. Being a community centre, it is also envisaged that the space could be used to host movie or information nights for locals or school events, such as plays, award nights and formals. Currently the Centre has no inbuilt or portable PA system or audio visual (AV) system.

Installing a PA system would enable the current use to be expanded to include any and all of the above events without hirers having to bring in external contractors to provide this equipment. It could also provide possibilities for further revenue through increased hire charges, if considered necessary, to recoup the cost of purchase and maintenance.

An AV system would increase the frequency and range of events by enabling potential user's access without having to pay the additional cost of sourcing an external service. Inbuilt systems also decrease safety and risk associated with amateur user's operating portable or hired equipment.

By having in-house equipment Council staff can develop, promote and manage revenue generating projects to encourage community participation in the Centre.

For example, movie screenings, live music or other Council events can be run at very little cost, generating additional income to subsidise the Centre’s day-to-day operational expenses. Currently, there is little point in pursuing these kinds of projects as the cost of hiring the necessary elements makes them unviable. The types of equipment envisaged are:

- Ceiling mounted and protected high resolution data projector
- Motorised projection screen / DVD player
- Power amplifiers / Speakers and brackets / Input mixer
- Wireless microphone systems
- Associated cables, racks and wall mounted plates to enable simple-to-use, durable, customer control of equipment

Benefit / Cost

The estimated cost of these facilities is as follows:

- LCD video / data projector, housing, motorised screen, DVD player and wall mounted access points - $16,500
- Amplifiers, speakers and brackets, input mixer, wireless microphone systems and associated cables and storage rack - $19,500
- Total cost - $36,000

Council has received some excellent feedback in respect to the acoustics of the auditorium and this type of service has the potential to generate additional income, the scale of which is unknown. In looking at benefit / cost this type of proposal would assist in hiring the hall on weekends when sport is typically not currently played. It may be possible to generate somewhere in the vicinity of around $5,000 in extra revenue from this equipment (i.e. ten extra days hiring of the hall, or part thereof) so there is some level of financial support for this proposal.

d) Additional chairs

The Centre has a capacity to hold approximately 800 chairs across the entire range of its rooms and spaces, 550 of these in the auditorium alone. Due to budgetary constraints only 250 chairs were purchased prior to the opening of the Centre. Demand for events with a patronage of over 250 people has already begun, with the Watato Children's Choir concert in August, the Country Music Festival concert in October and a number of private functions as well.

For 2012 regular monthly bookings will exceed 250 patrons and events of between 300 – 500 patrons are also already in place.

For these events the current arrangement is to relocate chairs from the Kentwell Community Centre and the Richmond Room to the Centre. The logistical cost of this runs between $250 (commercial transportation company) and $950 (internal Council) depending on who is available, involves additional community facilities staff time and requires a 'block out' of the two centres from which the chairs have been sourced; voiding opportunities for hire in those centres equal to potentially $1,000 per day.

The alternative option is to hire basic plastic chairs from event hire companies at a cost of $200 per 100 chairs. These chairs are not as professional in appearance and fill a larger individual footprint than our own chairs and have less protective leg coverings which have the potential to damage the sports floor surface.

They also do not comply with the large event requirement that chairs should be connected together into rows, to avoid becoming tripping hazards in the event of an emergency exit from the venue.

An additional consideration is that the current arrangement requires a large amount of manual handling by Centre staff. Due to the limited number of chairs within the Centre, staff are required to move stacks of chairs between rooms and the hall multiple times each week. Even with trolleys, these stacks are heavy and cumbersome and the risk of strain or injury is significant. This risk would be drastically reduced if every room and the hall could be stocked at the same time.

Benefit / Cost

To increase the number of chairs held on site from 250 to 550 chairs as a minimum is $65 per chair. For 300 chairs this equates to $20,000 approximately, including freight. The major benefit of this is savings in current costs and at $250 per event, for a commercial transport company there are savings to be made. Similarly if additional chairs are purchased they could also be used for Council events elsewhere, such as Australia Day.

In 2011 the Australia Day event hired six hundred chairs at a cost of $1,200.

Potentially you are looking at around five to eight years to recoup this investment and on that basis, as the chairs would have a life of 10 years, plus they could be used in other facilities, there is a level of support for this proposal.

e) Commercial grade equipment for kiosk

The Centre has a kiosk space adjoining the auditorium that is suitable for caterers to use for functions. Currently, this kiosk only has bench space and sinks, with no other equipment for caterers to use; such as an oven, commercial microwaves, dishwasher, crockery, knives, forks, spoons etc.

A commercial fridge has been moved from the Richmond Room to the Centre to accommodate existing bookings and events but this is not sufficient to fulfil the needs of the customers on its own.

The Centre auditorium is currently approved to hold 500 people seated and 570 people standing and is expected to become a regular venue for private and community events. Private and community events are becoming regular occurrences within the weekly schedule of the Centre, each of which needs the kiosk. There are also more large scale event bookings already in place for the future. Presently, these events have had to pay for caterers to supply the equipment as well as the food.

Feedback received has regularly shown that users wish to see more equipment in the kitchen. Some bookings that would have preferred to use the Centre have also had to be relocated to the Richmond Room due to the lack of equipment.

As mentioned Community Facilities staff could potentially on-sell food and beverages to customers during events or busy periods, adding additional revenue for the Centre.

Benefit / Cost

The estimated cost of providing the core facilities is as follows:

Item	***Estimate ($)***
Bench mounted oven	2,000
Wall mounted boiling water dispenser	1,000
Bain Marie	1,000
Heavy duty microwave	1,500
High performance under-counter dishwasher	4,000
Small chest freezer	500
Mobile stainless bench	1,000
Additional shelving and trolleys	1,000
Crockery and cutlery	2,000
Total	**14,000**

Benefit / Cost

One of the benefits of having the Centre in its current location is its vicinity to a number cafes / restaurants for catering purposes. Ideally the preference is still to support those businesses and realistically this type of expenditure should not be incurred in full unless there is a comprehensive business case to provide our own catering. Many of the items listed can be purchased, as required, from the existing operating budget for the Centre, and no further action is recommended for this item.

f) Blackout blinds for the auditorium

The auditorium has been designed with four double glass fire doors opening onto the Park Lane footpath and the entire southern wall a mix of fire and sliding glass doors that open onto Williams Reserve. This allows light and transparency into the space, which is appropriate for sporting or community events, however provides no privacy to screen off private functions or protect the product integrity of ticketed events from public view.

It also limits the quality of any digital projections within the space and causes difficulty with video and photography of events due to the very high lighting contrast between daylight and the interior lighting. Set up options within the hall are also limited due to the high contrast / glare factor.

Benefit / Cost

The cost of providing these blinds is $7,500 including GST and installation. If this resulted in a small increase in the hiring of the auditorium each year there is a relatively short payback period and as such this proposal has merit.

g) Additional lighting in the auditorium

Existing lighting in the auditorium has been provided for sports activities only. It consists of eight very high power consuming lamps that have a ‘warm up’ and ‘cool down’ time of approximately 15 minutes. Once turned off, they cannot be turned on again for 15 minutes.

To address the risks associated with injury, an automatic timer has been installed to the emergency lights in the hall. In the event of a fluctuation in power that results in the extinguishing of the sports lamps light, the emergency lighting will engage for a period of 15 minutes to provide some light until the sports lamps re-engage.

The auditorium is a magnificent space which is generating significant interest for live events and functions. The sports lighting is inappropriate for these bookings and feedback from customers reinforces that a mix of alternative lighting would be preferred. The two outcomes requested are:

- Dimmable low level lighting: Six wall mounted fixtures to create low level lighting suitable for live music, movie screenings, parties etc.
- Standard luminescence recessed down lights: Four banks of six to eight down lights to create four individually operable 'zones' of light within the auditorium suitable for cabaret style dinner functions, conferences, exhibitions etc.

Benefit / Cost

The estimated cost is $1,500 for the low level lighting and $4,500 for the down lights. This proposal reduces the need for customers to hire and/or use additional lighting sources which have so far included a range of portable lights from coffee table lamps to stage lighting on stands; the use of which can increase health and safety risks.

This option value adds the product making it more attractive to potential users and therefore increases the likelihood of growth to hiring occupancy and revenue.

Based on the dollar value of this option, as per the kitchen equipment, this expenditure should be managed within the operating budget for the Centre.

h) Increase the size of the portable stage

Council purchased a portable stage prior to the opening of the Centre. This stage has been very popular and in regular use. Its 'wheel-able' compact foldaway design is very customer and safety friendly and it is very durable and professional in appearance.

Even though the stage has been in steady demand feedback gathered from users has indicated that, whilst suitable for the average private function or smaller community events, it is not large enough to hold an entire musical band or larger conference set up.

The current stage consists of four sections that equal approximately 4m x 7m when erected. Two more sections would increase the width of the stage enough to provide for these larger ensembles.

It is likely that very large acts are still likely to hire an alternative stage with even greater area and height; however a six-piece portable stage should accommodate the majority of users.

Benefit / Cost

The estimated cost of this purchase is:

2 x 1800 series portable dual height stages - $4,200
Stage drape - $350
Freight - $450
Total - $5,500

The benefits of this proposal are increased customer satisfaction, valuing add to the hireable product, and potential to increase occupancy and revenue.

This item is similar to the blackout blinds, in that it is not overly expensive, and could result in increased bookings. On that basis there is support for this expenditure.

Management of the Centre and Budget

Council has previously resolved to allow Council staff to operate the Centre on an interim basis to determine whether or not the most cost effective management option is by contract or by staff.

Traditionally councils are far better off operating facilities that have extensive opening hours and at times, a commercial focus, by contract, as this allows the operator to focus on entrepreneurial activities to generate a higher personal return. Similarly it is difficult to operate these types of facilities on an award based structure due to the overtime and non standard hours typically worked.

That is not too say they can't be managed by staff and this will often depend on the skills of the person operating the facility. Ballina Council is well placed at the moment with the current Centre Co-ordinator having extensive experience in this type of work.

Overall the Centre is being regularly used and the major issue under consideration is the cost of operations. The latest budget figures for the Centre are as per the next table, along with possible revisions for 2011/12 and a draft budget for 2012/13.

Item	2011/12 Budget	Actual to 31 January	2011/12 Revised	2012/13 Budget
Operating Revenues				
Casual Hire	52,000	27,900	52,000	57,000
Operating Expenses				
Employee Costs	128,000	76,600	128,000	128,000
Sundry Administration	6,000	5,600	6,400	6,000
Insurance	27,000	26,800	27,000	27,000
Rates (Internal)	4,500	3,500	4,000	4,300
Security	4,000	1,900	3,500	4,000
Cleaning Contracts	30,700	16,900	29,000	32,000
Building Mtce & Equip	9,000	7,800	9,000	20,000
Electricity	8,000	7,700	7,700	0
Contract Management	5,200	16,800	16,800	0
Vehicle Running Costs	9,600	5,500	9,600	9,600
Contract Waste	0	0	0	1,200
Centre Programs	0	0	0	2,000
Lease - State Govt	0	0	0	8,900
Total Expenses	**232,000**	**169,100**	**241,000**	**243,000**
Net Cost	**180,000**	**141,200**	**189,000**	**186,000**

Points of note in this table include:

- Employee Costs / Contract Management - During the year Council has used casual staff engaged through a contractor and Council staff to open the Centre on weekends to generate additional casual revenue. This experiment has not worked with the casual use not offsetting the expense of staffing the Centre. From January 2012 onwards this practice has ceased with only pre-booked hirers using the Centre on weekends.
- Cleaning Contracts - Cleaning is proving expensive due to the large number of windows for the Centre. All efforts are being made to minimise the cost, but as can be imagined a large glass building, very close to the coast, attracts a lot of salt / sea spray etc. This will also have implications for on-going maintenance of the building.
- Electricity - There were initial teething problems with the solar panels, however they have now been rectified and Council should not be paying for electricity into the future.
- The draft 2012/13 budget has additional items for expenses such as contract waste (which is currently being recorded in building maintenance), a small allowance for Centre programs (which is currently being recorded in Contract Management) and the lease payment to the State Government, which is still being finalised.
- The overall result for 2011/12 is expected to deteriorate from $180,000 to $189,000 which is a reasonable outcome for the first year of operation.

With Council now having operated the Centre for approximately 10 months, it is an opportune time to determine whether the interim staffing arrangements are going to be formalised or whether Council wishes to go to the market for contract management.

This is also important for the Alstonville Leisure and Entertainment Centre (ALEC) as currently the managers there are on a month to month contract.

In deciding whether or not contract or staff management is the preferred option a comparison to the current costs of operating the ALEC is relevant. The draft budget for that Centre for 2012/13 is as follows:

Item	**Amount ($)**
Building Maintenance	27,000
Insurance	15,000
Rates and Charges	6,000
Management Contract	108,000
Total	**156,000**

This net cost is less than that proposed for Lennox Head, albeit that costs such as insurance and cleaning can vary between the Centres.

We now have an indicative figure for the cost of operating the Lennox Head Centre and ideally it would be useful to have a benchmark comparison as to what the cost would be for a contractor to manage that Centre.

With this being the case one option could be to call tenders for the management of both ALEC and Lennox Head, with tenders able to manage either one or both of the Centres. This tender process would then allow Council to benchmark the current operating costs against the open market.

Even though staff have been doing an excellent job managing Lennox Head, and may see it as disheartening if Council does decide to go to tender, on balance it is important that Council benchmark our service levels against the private sector.

The real difficultly with this is that staff operating centres provides a great deal more flexibility for Council in utilising and managing those centres, and that can sometimes be lost with contract management.

Legal / Resource / Financial Implications

Council has no funding set aside for the additional services requested for the Centre. Ideally these items need to be considered as part of the 2012/13 budget deliberations.

In respect to the 2011/12 budget based on current trends the overall net cost of the Centre is anticipated to increase from $180,000 to $189,000. Therefore the Council budget will need to be amended to reflect this variation and it is recommended that this be sourced from savings in other areas of the Strategic and Community Services Group's operations.

Consultation

This report includes feedback from a wide range of Centre users.

Options

The first section of this report examines the benefits and costs of providing a range of additional services / facilities at the Centre. The preferred approach for each of these items is:

a) Sports netting for the auditorium - not considered viable and not recommended

b) Further soundproofing of meeting rooms and activity room - merit in obtaining a consultancy report estimated at $5,000

c) Public address and audio-visual systems for the auditorium - Worthy of further consideration - $36,000

d) Additional chairs - Worthy of further consideration - $20,000

e) Commercial grade equipment for kiosk - To be progressively implemented from operating budgets

f) Blackout blinds for the auditorium - Worthy of further consideration - $7,500

g) Extra lighting in the auditorium - To be progressively implemented from operating budgets

h) Increase the size of the portable stage - Worthy of further consideration - $5,500

The total cost of providing items b), c), d), f) and h) is in excess of $70,000. The only area where these items could be funded from, within Council's recurrent budget is the $200,000 allocated for Community Infrastructure Improvements. This funding is typically allocated to projects such as public toilets, building refurbishments and other miscellaneous community infrastructure.

Even though Council is yet to review the allocation of that funding for 2012/13 onwards it is appropriate that this report provide a forward plan based on the preferred priorities for the Lennox Head Centre. Even though these priorities may not make the final funding allocation they will assist staff in preparing an overall program for the Community Infrastructure Improvements program.

Based on this report a preferred program of funding is as follows:

Year One	
Chairs	$20,000
Soundproofing consultancy	$5,000
Year Two	
Blackout blinds	$7,500
Portable stage	$5,500
Year Three Onwards	
Public Address and Audio Visual	$36,000

This is considered a realistic approach recognising Council's overall funding limitations.

In respect to on-going management the options are to implement the staffing arrangements permanently, or call tenders for contract management prior to making a final determination.

Even though staff have done an excellent job to date it is important that Council "test the market" prior to making a final decision. As the ALEC is also currently on a month to month arrangement the advertising of these Centres, both as individual or joint contracts, should ensure that Council receives a reasonable response to the tender.

The tender will be based on a five by five year contract (contract option with contractor), with the option for tenderers to provide capital improvements to the facilities. The five by five year period provides an adequate timeframe for a contractor to recoup a return on any capital investment they make.

RECOMMENDATIONS

1. That in respect to the provision of additional services at the Lennox Head Community Centre Council confirms its priority for funding is as follows:

Year One	
Chairs	$20,000
Soundproofing consultancy	$5,000
Year Two	
Blackout Blinds	$7,500
Portable Stage	$5,500
Year Three Onwards	
Public Address and Audio Visual	$36,000

2. That the program of works listed in point one be considered as part of Council's 2012/13 budget deliberations for the allocation of the Community Infrastructure Program (i.e. approximately $200,000 per annum) funding.

3. That Council approves a variation to the 2011/12 Lennox Head Community Centre budget as per the following table, along with the draft 2012/13 figures for inclusion in the 2012/13 Operational Plan.

Item	2011/12 Budget	Revised 2011/12 Budget	Draft 2012/13 Budget
Operating Revenues			
Casual Hire	52,000	52,000	57,000
Operating Expenses			
Employee Costs	128,000	128,000	128,000
Sundry Administration	6,000	6,400	6,000
Insurance	27,000	27,000	27,000
Rates (Internal)	4,500	4,000	4,300
Security	4,000	3,500	4,000
Cleaning Contracts	30,700	29,000	32,000
Building Mtce & Equip	9,000	9,000	20,000
Electricity	8,000	7,700	0
Contract Management	5,200	16,800	0
Vehicle Running Costs	9,600	9,600	9,600
Contract Waste	0	0	1,200
Centre Programs	0	0	2,000
Lease - State Govt	0	0	8,900
Total Expenses	**232,000**	**241,000**	**243,000**
Net Cost	**180,000**	**189,000**	**186,000**

4. The increase in the deficit of $9,000 for 2011/12 is to be offset by matching savings in other programs managed by the Strategic and Community Services Group.

5. That Council authorises the calling of tenders for the contract management of the Lennox Head Community and Cultural Centre and Alstonville Leisure and Entertainment Centre.

Attachment(s)

Nil

4.7 Northern Rivers Community Gallery - Update

File Reference	Northern Rivers Community Gallery
CSP Linkage	A built environment contributing to health and wellbeing
Delivery Program	Community Planning
Objective	To provide the Council with an update concerning the activities at the Northern Rivers Community Gallery

Background

Council operates the Northern Rivers Community Gallery as a commitment under its Community Strategic Plan to improve the wellbeing of shire residents and our visitors. The gallery was opened in 2007. Initially, the day-to-day activities of the gallery were administered by a community group on a voluntary basis. Subsequently, Council established the position of Gallery Co-ordinator which, following a restructure of resources, now operates as part of Council's community services team.

It is now considered timely to report the operation of the gallery to Council. It is intended that the information within the report be provided only for information, however its consideration does provide an opportunity for Councillors to raise other issues concerning the gallery, if thought to be warranted or appropriate. This is particularly relevant as Council is now considering its allocation of resources for 2012/13.

Key Issues

- Overview of gallery operations, exhibition program and associated activities.

Information

At the present time the main focus at the gallery, apart from implementing the exhibition program, is reviewing and documenting internal operating and management systems, and ensuring these align with Council's broader policies and procedures.

Recently, a commitment has been made to recruit and appoint additional volunteers. This process has proven to be very successful. The volunteer team is motivated, professional and dedicated toward quality customer service.

Our Gallery Co-ordinator, Ingrid, is preparing a business plan which is intended to outline strategies for audience development and diversification. The plan will also outline methods for delivering education programs and look at opportunities for improved scheduling of exhibitions (eg. to coincide with Seniors Week, Heritage Festival and NAIDOC Week). It is also intended that the plan will explore ways of broadening the available space for activities that can be associated with exhibitions (ie using areas outside the actual gallery building more effectively).

The Northern Rivers Community Gallery Advisory Committee which is used as a 'sounding board' for promoting the affairs of the gallery, is supportive of the establishment of a "Friends of the Gallery" group. As well as creating a network for those interested in visual arts, the group's principal purpose would be fundraising for the gallery, to assist in offsetting recurrent costs, and/or to generate funds for targeted projects.

Programming

Customer feedback suggests that the exhibition program delivered through 2011 has been well received. Artists too seem pleased with exhibition arrangements, the space generally and the relevant fees and charges imposed.

Attachment 1 provides a summary of 2011 exhibitions, together with visitation numbers and revenues. As stated above, the aim is to improve the diversification of exhibitions as the preferences and interests of our local and regional audiences become better understood.

Attachment 2 provides basic information concerning the gallery's forward exhibition program for the remainder of this calendar year. It is intended that the exhibitions will be complemented by regular school holiday workshops for children, artists' demonstrations and presentations, craft programs and education programs.

Facilities Improvements

As well as looking at exhibition programming for the forthcoming period, consideration is being given to other potential gallery improvements to facilitate the range of activities available. Options identified to date include:

- A redesign of the gallery's front gardens to create accessible spaces that can be used for additional programming;
- To reconfigure the gallery's wash-up room to improve storage as well as its general functionality for workshops;
- To purchase chairs for the gallery to enable presentations and artists' talks;
- To cover windows in the larger rear gallery to optimize exhibition space and better regulate light; and
- To redesign the front reception area to improve supervision, customer service, display and sales areas as well as general aesthetics.

Legal / Resource / Financial Implications

The gallery is operating generally in accordance with the budget adopted by the Council. This report is submitted for information only. If, however, Council wished to support any of the items mentioned under the heading *Facilities Improvements* in this report, additional funds would be required, as savings elsewhere from the gallery's budget would be difficult to achieve.

Consultation

Preparation of this report has not involved community engagement.

Options

The intention in preparing this report is that Council note its contents. With this in mind, options have not been provided.

RECOMMENDATION

That Council notes the contents of this report which provides an overview of the current operation of the Northern Rivers Community Gallery.

Attachment(s)

1. Summary of exhibitions and attendances for calendar year 2011
2. Overview of gallery exhibition program for 2012.

Attachment 1

2011	12 JAN – 6 FEB	9 FEB – 6 MAR	9 MAR – 3 APR	¼	6 APR – 1 MAY	4 MAY – 29 MAY	1 JUNE – 26 JUNE	¼
No. of Exhibitions	3	2	1	**6**	3	3	1	**7**
Exhibitions (artform)	G1: Mark Davis Infrascapes (photography) G2: Jacqueline King: Pieces of Me (glass art) F, G3 & G4: Marine Rescue: Waves & Waterways (mixed)	G1: Creating Communities* (painting) F, G2, G3 & G4: Kim Michelle Toft: Travelling North (silk painting)	Our Built Environment: NSW Embroiderers Guild, Lismore District (textiles)		G1: grp commission show (mixed) F & G3: Amazing Stories: Heritage exhibition (social history)* G2 & G4: Youth Week exhibition**	G1: grp commission show (mixed) G2: Arcadia: Margurete Beesley & Susan Anderson (painting) G3 & G4: Art4 Awetism* (mixed)	National Parks and Wildlife Aboriginal Art Awards (mixed)	
Number of exhibiting artists	35	61	45	**141**	30	14	35	**79**
Artist Profile	General	*Children	General		*Heritage **Young People	*Artists with disabilities	Aboriginal artists	
Visitor Numbers	1,113	1,254	1,423	**3,790**	1,055	838	2,080	**3,973**
Artwork/Shop Sales Total	$4,902.10	$10,533.90	$4,121.50	$19,557.50	$ 3,610.50	$1,303.00	$2,987.50	$7,901.00
Artwork/Shop Sales Com-mission	$1,617.69	$3,476.19	$1,360.10	$6,453.98	$1,191.47	$429.99	$985.88	$2,607.34
Launch attendance	157	115 60	100	**432**	70	68	170	**308**
Activity and Events	Exhibition Launch	Exhibition Launch Workshops for Primary School students with artist Kim Michelle Toft	Exhibition Launch		Exhibition Launch	Exhibition Launch Artist talk by Lisa Simone (Awetism)	Exhibition Launch Tours for Primary school children by Aboriginal artists Penny Evans and Luke Close	

4.7 Northern Rivers Community Gallery - Update

2011	29 JUNE – 17 JULY // 20 JULY – 7 AUG	10 AUG – 4 SEPT	7 SEPT – 2 OCT	1/4	5 OCT – 30 OCT	2 NOV – 27 NOV	30 NOV – 24 DEC	1/4	Calendar year
No. of Exhibitions	1 2	3	1	**7**	2	4	5	**11**	**31**
Exhibition titles	NAIDOC BACCI (mixed) (mixed)	G1: Light and Water by Susan Weaver (painting) F, G2: The Real World, Mark Waller (painting) G3, G4: PANorama, The Practicing Artist Network (mixed)	Artfelt Art Prize 2011 (Mixed)		G1: Joanne Lapic, Sonia Pucci, Mirra-Winni Gaze F,G2, G3, G4: Pallingjang Saltwater Prints (printmakers)	G1, F: Fox St Preschool * G2: Patsy Walsh (painting) G3: Loui Fraser (sculpture) G4:Enid Taylor (textiles)	G1: Jenny Kithener (printmaker) F: Jugul (Grp)* (Artist books) G2: Bubaloo Fahy (painting) G4: In'treeged (Grp) (mixed)		
Number of exhibiting artists	21 49	25	70	**165**	17	83	11	**111**	**496**
Artist Profile	*Aboriginal General	General	General		Aboriginal	*Children General	*Aboriginal General		
Visitor Numbers	725 971	1,060	1,124	**3,880**	861	1,764	1,112	3,737	**15,380**
Artwork/Shop Sales Total	$1,698- $4,016-	$3,733.95	$6,105.45	$15,553.40	$1,445	$7,595	$3,481.50	$12,521.50	**$55,533.40**
Artwork/Shop Sales Com-mission	$560.34 $1,325.28	$1,232.20	$2,014.80	$5,132.62	$ 476	$2,506.35	$1,148.90	$4,131.25	**$18,325.19**
Launch attendance	30 130	68	165	393	NA	100	210	310	**1,443**
Activity and Events	Exhibition Launch Workshops for children with Aboriginal artist Emma Walke. Exhibition Launch	Exhibition Launch Artist talk with Mark Waller	Exhibition launch (fundraiser for Heartfelt House)		Exhibition launch Kids Workshop. w Julie Barratt Printmaking workshops for local Aboriginal artists	Exhibition launch talk by Enid Taylor	Exhibition launch Kids clay xmas decoration w'shop w Emma Walke		- 12 launches - 2 series of edu programs - 3 artist talks - 3 kids workshop programs

8 February – 4 March

Exhibitions

Shades of Place Charcoal landscape drawings by Maggie Cross and collages/ assemblages of handmade paper by Katie Cross - exploring concepts of space.

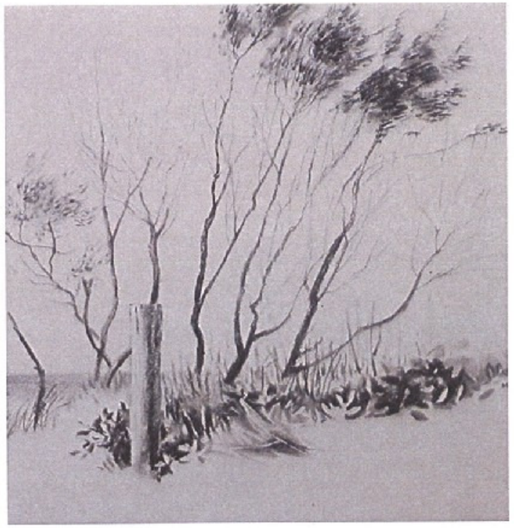
Once Upon a Tide Collages and assemblages of natural materials by Meli Dane.

Seascape Weavings Free-style tapestry weavings of local coastlines by Deb McFarlane.

Activities/ Events

Launch
Friday 10 February, 6pm – 8pm

Weaving Demonstrations
Free-style tapestry weaving demonstrations by Deb McFarlane /10am - 11.30am on 18 Feb, 25 Feb and 3 March / Free / All welcome.



Left: Maggie Cross Right: Deb McFarlane

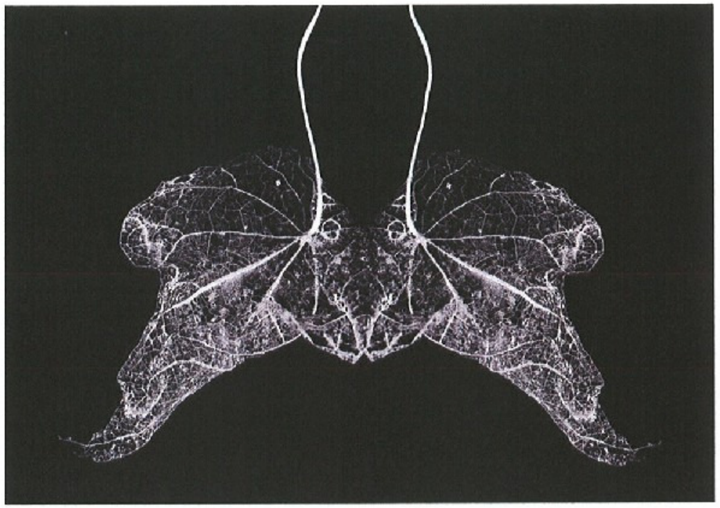
Attachment 2

8 February – 4 March (continued)

Connecting Communities The launch of Connecting Communities, an Accessible Arts initiative and associated exhibition.

Activities/ Events

Launch
Saturday 11 February, 2pm – 4pm
Featuring performances by Lismore Signing Choir, Talalablip and The Edge



Sandra Heuston

7 March – 1 April continued

The Knitted Garden On tour from the Griffith Regional Art Gallery, the Knitted Garden is a spectacular collection of handknitted items - flowers, a vegetable garden, hens, snails, mushrooms, bee hive, deck chair and more

The Tea Cosy Show Enjoy Wendy Taylor's exhibition of crocheted tea cosies. Delightful, quirky and fun - each tea cosy reflects a different mood, landscape and visual experience.

Sew Inspired An exhibition of quilts, wall hangings and fabric art by the Ballina Coastal Quilters and Friends.

Liaison An exhibition of recent paintings by Kath Cavanagh and Yvonne Fenech – born out of their inter-generational friendship and shared passion for art and creativity.

Loose Threads Recent work by embroiderers Enid Taylor, Barbara Johnson, Barbara O'Riordan, Jane Rayward, Lynnie Rice and Jan Wagner

7 March – 1 April continued

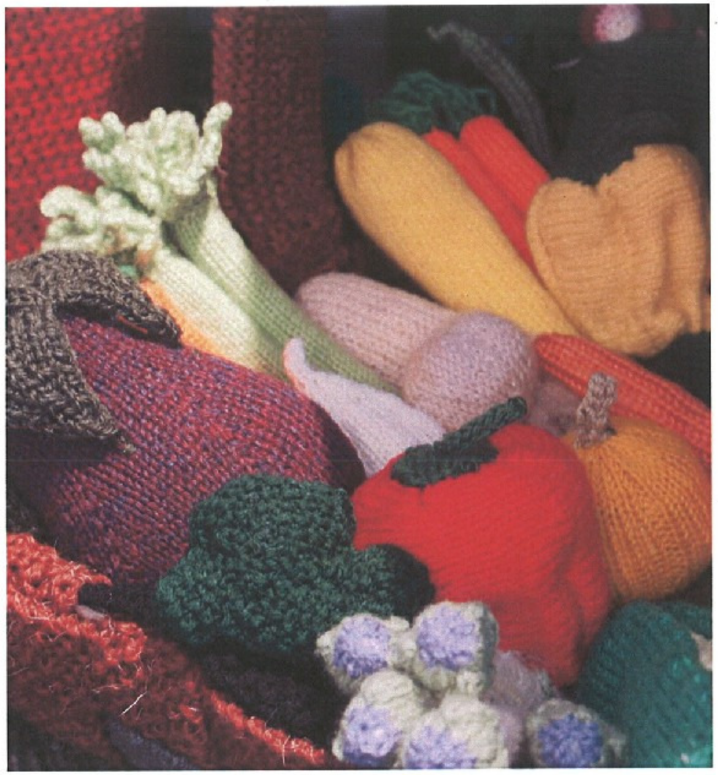
Exhibition Launch
Saturday 10 March 2pm – 4pm

Activities / Events

Community Quilt Project
Visitors of all ages! When you visit create your own artwork using fabric and fabric pens – leave your artwork to form part of a Community Quilt to be donated to (TBC)

Get crafty
Whether you knit, crochet, quilt or embroider...bring your own project to the Gallery and get crafty! Chat, create, learn and share. Thursday 8, 15, 22 and 29 March, 10am – 12noon.

Celebrate Seniors Week
To celebrate Seniors Week members of the Ballina Coastal Quilters will be at the Gallery during opening hours on 21 – 25 March 2012. Join them to hear about their exhibition and continue work on the Community Quilt.



4 April – 29 April

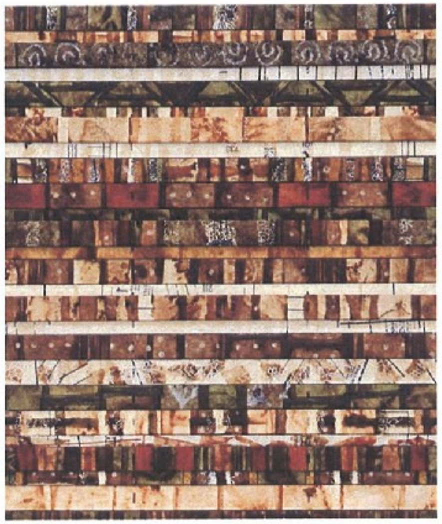
Loud 2012 Artworks by secondary school students from across Ballina Shire

Recent work by young artists Sophie Adams, Isabeau Schubert, Carina Burke

Earth New work by Bronwyn Russell including ceramics and assemblages from recycled and found objects

Activities/ Events

Launch
Wednesday 4 April, 5.30pm – 7.30pm
School invited to showcase performing arts at launch event.



Above: Carina Burke Right: Bronwyn Russell-Collins

2 May – 27 May

Table Manners A collaborative installation featuring handmade table wear by artists Suvira McDonald, Malcolm Greenwood and Sue Fraser; textiles by Kirsten Ingemaar, styling by Monique Harrison and floral arrangements by Sogetsu Ikebana artist Di Morrison.

Short and Sweet Pastel drawings depicting kitchenware and sweet treats by Katka Adams.

Produce-d Oil and watercolour paintings by Karena Wynn-Moylan documenting her purchases at local farmer's market.

Above : Table Manners (Malcolm Greenwood and Monique Harrison)
Left: Katka Adams

2 May – 27 May continued

Activities and Events

Launch
Friday 4 May 6pm – 8pm
(exclusive, invite only)

Market (handmade ceramic table wear)
+ Demonstrations
Saturday 12 and Sunday 13 May

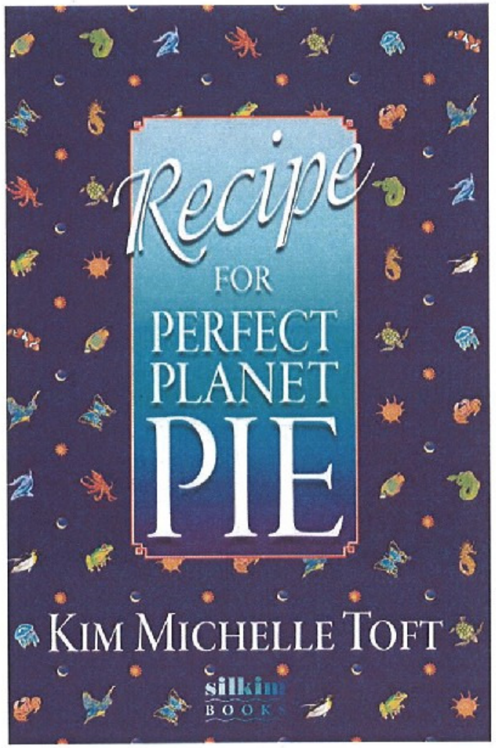
Draw your cake and eat it too!
Pastel drawing workshop with Katka Adams
Saturday 19 May

Watercolour Workshop
with Karena Wynn-Moylan (details TBC)

Karena Wynn-Moylan

20 May – 24 June

Recipe for Perfect Planet Pie Book launch and exhibition of original silk paintings from Kim Michelle Toft's Perfect Planet Pie



Kim Michelle Toft

20 May – 24 June continued

Activities/ Events

Launch
Friday 1 June, 6pm – 8pm

Education
Artist lead education program for primary school students (3 days/week for 3 weeks)

World Environment Day – for families
Sunday 3 June 10.30 – 12.30
(event details TBC)

Silk painting workshops
With Kim Michelle Toft
Sunday 10 June (details TBC)

Kim Michelle Toft

27 June – 8 July

NAIDOC 2012 annual exhibition of artwork by Aboriginal artists associated with Ballina Shire. (supported by Ballina Shire Council)

Sonia Pucci

Activities/ Events

Launch
Details TBC

School Holiday workshops
Workshops for children with Aboriginal artist (details TBC)

11 July – 5 August

Annual Ballina Arts & Craft Centre Inc.
Grace Cruice Memorial Exhibition
Recent work by members of BACCI

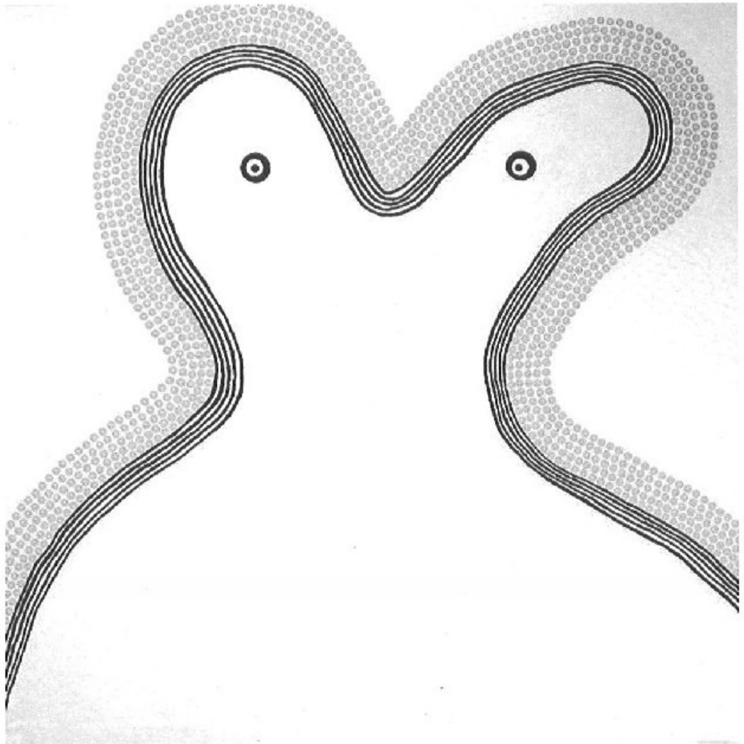
Grace Cruice

Activities/ Events

Launch
Friday 13 July, 6pm – 8pm

8 August – 2 September

Digby Moran Solo Exhibition by Leading Bundjalung artist Digby Moran



Activities/ Events

Launch

Details TBC

Education

Two days/ week for four weeks - Workshops for school students Year 5-12 with artist Digby Moran (dependant on successful CASP grant application – announced 9 April)

5 September – 30 September

Artfelt Art Prize art prize presented by Heartfelt House

School holiday workshops for children details TBC

3 October – 28 October

Ballina Art Society An exhibition of recent work by the Ballina Art Society (celebrating 40 years)

31 October – 25 November

Exhibitions by:

Ballina Fox Street Preschool

Sarah Harvey

Michele Karin Valterio

Cassandra Purdon

Patricia Walsh

Patricia Walsh

28 November - 21 December

Exhibitions by:

Wendy Taylor

Anne Leon and Potts

4.8 Wardell Community Centre

File Reference	Wardell Community Centre
CSP Linkage	Responsible and efficient use of resources; Resilient and adaptable communities
Delivery Program	Community Planning
Objective	To invite Council's further consideration of the operation of the Wardell Community Centre.

Background

In April last year, in the context of preparing its current budget and Operational Plan, Council considered a report concerning the operation of the Wardell Community Centre. That report, presented to Council's Finance Committee, provided an overview of the Centre's activities, levels of usage, range of services, resourcing levels, budget etc.

Following its deliberations, the Finance Committee made the following recommendation, which was subsequently adopted by the Council.

"1. That Council approved in-principle, the discontinuation of the operation of the Wardell Community Centre unless patronage/costs can be increased/decreased enough to warrant continuing operation

2. That the Wardell community, over the next twelve months, be requested to provide a small working party to examine patronage, and cause it to increase and also find ways to reduce operating costs

3. That Council assist the Trustees of the Wardell (War) Memorial Hall in preparing an action plan for how to optimise its use."

The following report is to assist the Council in coming to a view about the Wardell Community Centre's future, having regard for the above resolution. The report also provides information about management options for the Wardell War Memorial Hall.

Key Issues

- Retention of existing community infrastructure
- Associated costs and resourcing implications

Information

The resolution of the Council from last year was conveyed to Wardell residents, with the formation of a working party following, supported by staff. The working party has now met on seven occasions, with broad-ranging discussions and ideas for increased patronage, diversification of services and increased revenue opportunities for the Centre.

Despite enthusiastic participation at the working party meetings (an average of six residents in attendance) there has been no reasonable increase in any of the Centre's operations. Moreover, operating expenses have been maintained at the approximate levels existing at the time Council last considered this matter (eg rental and other out-goings).

From a staffing perspective, the operating hours of the Centre have been maintained at two-and-a-half days each week, with members of the Strategic and Community Services Group in attendance on a rotating basis, mindful of preserving our levels of service and balancing costs at Council's other community facilities (i.e. Kentwell Community Centre and Lennox Head Cultural and Community Centre).

Further, concerted attempts to recruit volunteers to assist in the operations of the Wardell Community Centre have been unsuccessful.

In addition to the working party meetings, staff have also prepared and distributed community surveys to Wardell residents, inviting them to make suggestions for improvements at the Centre. Regrettably, the response rate was not great (approximately 150 distributed and 8 returned).

Whilst the feedback was appreciated, responses were largely limited to ideas that the community itself, rather than Council or agencies, could pursue. These ideas include cooking, craft and drama classes, adult learning courses, children's book club etc. Whilst these suggestions have been made by residents, no-one has come forward to co-ordinate activities. An exception is the re-introduction of a playgroup at the Centre. Indications are that this proposal is being solidly supported by an enthusiastic number of village families.

In terms of general visitations at the Centre, information concerning patronage has been provided regularly to Council via the quarterly reporting of the Operational Plan. In summary, overall visitor numbers average 28 persons per week, however the vast majority are attendees at recurrent meetings (eg Knit and Knat; Alcoholics Anonymous; youth activities conducted by BDCSA).

These activities are usually conducted outside the Centre's normal operating hours.

The Wardell and District War Memorial Hall

The working party has devoted a considerable part of its discussion to the Wardell Hall. Staff have also met with the Hall Trustees and communicated with the Department of Lands regarding current and future use of this facility, maintenance and management options. Officers from Council's Building Services Section have also recently inspected the hall to form a preliminary view about the general condition of the facility.

The Hall Trustees have recently written to Council and conveyed their offer for the Council to assume the ownership of the facility. In the absence of further detail, it is assumed for the purpose of this report that the transfer in ownership would be at no direct cost to the Council, though this would obviously need to be confirmed.

Why would Council wish to take ownership of the hall? There may be any number of reasons why Council would wish to either accept or decline the Trustees' offer, and no doubt the Council will canvass these. However, in the context of the current report, it is suggested that the hall could be beneficial as a substitute for the existing community centre, if Council is inclined to maintain some service opportunities for Wardell residents.

From a cost perspective, Council is currently operating the Centre under an expired lease. Annual operating expenses for the Centre under Council's current Operational Plan amount to approximately $55,000. Given the community nature of the current uses of the Centre, virtually no income is budgeted for.

Whilst staff have not undertaken a detailed examination of options for the Wardell Hall, it is generally concluded that the range of activities currently conducted at the Wardell Community Centre could reasonably be transferred to the hall, if that is the Council's preferred outcome.

Indeed, the range of activities that some members of the local community have nominated as being desirable at the current Centre, which cannot easily be catered for, may very well be more suited within the hall or its curtilage.

Examples of these activities include exercise classes; movie evenings; community garden; regular garage sales and choir sessions.

It must be acknowledged that these activities could currently be undertaken within the hall without any involvement of Council.

Legal / Resource / Financial Implications

The current budget for the Wardell Community Centre includes $35,000 in salaries plus $20,000 for operating costs. The lease component of the operating costs is approximately $13,000.

If Council decided to close the Wardell Community Centre there will be savings in salaries dependent upon the long term outcomes for the Lennox Head Community Centre. Currently we are utilising casual staff at the Lennox Head and Ballina Centres as Council has not yet made a final determination as to whether or not the Lennox Head Centre will be operated by staff or by contractors.

If Wardell is closed the staff allocated to Wardell will be able to used, instead of casuals, at Ballina and Lennox Head.

There will also be savings in the lease, however if Council agrees to take ownership of the Wardell Hall there will be a need for on-going maintenance and capital works which will be far higher than the current lease cost for the Wardell Community Centre.

If Council chose to maintain the current operation of the Wardell Community Centre in the existing premises, it would be prudent to negotiate a fresh lease with the property owner. It has not been confirmed whether the premises is available with a fresh lease, or what the terms might be.

If Council chooses to implement its decision of last year (that is, discontinue the provision of all services) and decides not to take over the hall, operational and future capital savings would be achieved.

From a legal perspective the indications from the Department of Lands are that there should be no impediment to the transfer of the hall from the Trustees to Council, and it is understood there are no costs to be incurred in the transfer, if this is the preferred outcome.

Consultation

Council's previous decision for staff to engage with the community has been implemented through regular meetings and day-to-day contact, and resident survey opportunities have been provided.

In relation to the potential transfer in ownership of the hall from the existing Trustees to Council, the general feedback from residents who have participated in engagement activities is that this would be a positive outcome.

Options

Council has a number of options available to it, as follows:

1. Council could implement the decision it foreshadowed last year to close the Wardell Community Centre on the basis that it has not been well supported by the Wardell community and that continued difficulty has been experienced in attracting agencies and other service providers to operate at the Centre. This option would provide financial savings and enable a consolidation of employee positions at other Council Community Centres.

2. Council could continue to operate the Wardell Community Centre within the current premises and in so doing, maintain, reduce or increase current operating hours. This option is contingent upon the property owner agreeing to the continued occupation, and negotiation of satisfactory lease terms.

3. Council could decline to accept the offer from the Wardell Hall Trustees to assume ownership and management responsibilities for that facility.

4. Alternatively, Council could decide, in principle, to accept ownership of the Wardell Hall. With this option, Council would indicate whether it wishes to support the idea of 'relocating' the current community centre activities to the hall and endeavour to promote its more diverse usage. If this is the outcome preferred, a more comprehensive report would be prepared which presents greater detail about the hall, its transfer, expenditure requirements, management options and its general suitability for intended purposes. Obviously, current hall users would need to be consulted as part of this process.

Council staff have previously recommended closure of the existing community centre on the basis of low levels of community support, our inability to attract service providers and because of its operational costs. Council has been reluctant to adopt past staff recommendations, but last year did indicate closure may occur if circumstances at the Centre did not improve.

As a generalization, it is fair to say that things have not improved and the resources being allocated to the Wardell Community Centre are not providing any benefit of significance to the broader community.

Overall Council has limited resources and it continues to become more and more difficult to meet the infrastructure needs of the community as the cost of resources increases well above rate pegging and CPI. Therefore it is paramount that resources being allocated as effectively as possible.

Based on this the recommendation is to close the Wardell Community Centre as soon as practicably possible. No date is recommended as it is important for staff to work with existing users to ensure that any necessary actions prior to closure are addressed.

In making this recommendation it should not be said that Council is not supporting Wardell as Council has expended significant monies in recent years through the town beautification program and the new wharf to help encourage activity and development in the town.

In respect to the Wardell Memorial Hall there may well be options for Council to oversee the operation of this facility, as we do with a number of halls throughout the shire, through locally based committees and the second recommendation to this report allows those investigations to proceed.

RECOMMENDATIONS

1. That Council approves the discontinuation of Council's operations at the Wardell Community Centre due to the low levels of community patronage and the inability to attract agency and other service providers to the Centre.

2. That Council receive a further report on the offer made by the Trustees of the Wardell and District War Memorial Hall to acquire the property with that report examining matters such as the status/condition of the hall, opportunities for its future improvement, use and management.

Attachment(s)

Nil

4.9 Property Reserves and Capital Projects

File Reference	Integrated Planning and Reporting - 2012/13
CSP Linkage	Responsible and efficient use of resources
Delivery Program	Commercial Services
Objective	To provide an update on the latest movements in Council's property reserves and to review major infrastructure projects identified for funding from these reserves.

Background

Council has been fortunate in that through the foresight of elected councils in the 1970s and through the goodwill of Mrs Florence Price (nee Wigmore) we have substantial landholdings that have assisted in generating millions of dollars in non standard revenue.

This revenue has been used to provide community infrastructure for a period of almost 40 years.

The funds generated from Council's property development activities are held in one consolidated property reserve, which is split into three main sections:

- Industrial Land Development Reserve - Funds used to assist in the on-going development of the Southern Cross and Russellton Industrial Estates
- Commercial Opportunities Reserve - Funds used to identify and implement commercial projects / opportunities
- Community Infrastructure Reserve - Funds applied to the provision of community infrastructure

The forecast movements in these reserves can vary significantly as they are based on major items such as land sales and large capital works. Therefore it is important that Council constantly review the status of each reserve.

With the 2012/13 budget currently being formulated this is an opportune time to asset the latest forecasts for 2011/12, along with reviewing Council's priority projects for 2012/13 onwards.

Key Issues

- Latest movements
- Predicted cash flows
- Major projects currently included
- Possible changes to priorities

Information

The information section of this report provides an initial overview of the three reserves, along with the current estimated cash flows for each of the reserves.

Industrial Land Development Reserve

The first reserve considered in this report is the Industrial Land Development Reserve. The results for 2010/11 and the latest forecasts for this reserve are as follows.

Table One - Cash Flow
Industrial Land Development Reserve- 2010/11 to 2014/15

Item	**2010/11 (Actual)**	**2011/12 (Estimate)**	**2012/13 (Estimate)**	**2013/14 (Estimate)**	**2014/15 (Estimate)**
Opening Balance	**(1,933,500)**	**303,500**	**4,411,500**	**3,630,100**	**4,554,700**
Add: Revenues					
Interest Accrued	0	256,000	2,000	3,000	3,000
Rental - Norfolk Homes	115,000	133,000	137,000	141,000	141,000
Rental Income - ARC (50%)	116,000	154,500	160,200	165,100	165,100
Internal Loans Repaid - Waste	288,400	288,500	0	0	0
Sales - Harvey Norman	0	3,846,000	0	0	0
Sales - Southern Cross	0	400,000	0	0	0
Sales - Russellton	0	0	400,000	0	0
Sales - Super Site (50%)	0	0	0	550,000	0
Sales - Residual ARC (50%)	0	0	0	880,000	0
Internal Loan - Comm Opps	6,000,000	0	0	0	0
Sub Total	**6,519,400**	**5,078,000**	**699,200**	**1,739,100**	**309,100**
Less: Expenditure					
General Fund - Dividends	0	281,500	480,400	520,100	509,700
WUEA - Operating Expenses	0	10,000	5,000	5,200	5,400
Sthn Cross - Operating Exps	30,000	32,000	32,000	33,000	34,100
Sthn Cross - Overheads	128,000	151,000	155,600	155,600	155,600
Sthn Cross - Development	4,056,600	242,000	0	0	0
Sthn Cross - Stage 14	0	40,000	0	0	0
Sthn Cross - Master Plan	0	50,000	110,000	0	0
Russellton - Operating Exps	9,800	9,500	11,000	11,400	11,800
Russellton - Overheads	58,000	84,000	86,600	89,200	91,900
Russellton - Development	0	70,000	600,000	0	0
Sub Total	**4,282,400**	**970,000**	**1,480,600**	**814,500**	**808,500**
Closing Balance	**303,500**	**4,411,500**	**3,630,100**	**4,554,700**	**4,055,300**

Key items in this table are:

Revenues

a) Sales - Harvey Norman - This represents the return to the Industrial Land Reserve from the Harvey Norman sale. In reality the Industrial Land Reserve did not gain from this sale as the entire surplus has been transferred to the Community Infrastructure Reserve. Despite this, one of the pleasing points regarding this development, is that a significant amount of Industrial Land and associated infrastructure (i.e. road) was constructed during 2010/11 therefore Council has land available that does not require major additional development costs.

b) Sales - Southern Cross - This represents the sale of land to the Ballina Bridge Club. Council had originally approved this sale to be paid off over 20 years however the Club has been able to obtain financing and are now paying the agreed amount in full.

c) Sales - Russellton - This represents the sale of land in Northcott Crescent as approved by Council in November 2011. This sale is subject to a number of planning matters that should be resolved by the end of the current financial year, allowing the sale to be settled during 2012/13.

d) Land Sales (ARC Residual / Super Site) - Future sales of land have been pushed out to 2013/14 to ensure that the cash flow is conservative. No on-going sales have been included for the Southern Cross and Russellton Estates as any development proposals, and sale plans, will be subject to separate reports to Council.

e) Internal Loan - This reserve was significantly overdrawn at the end of 2010/11, primarily as the Harvey Normal sale did not settle until 1 July 2011. Therefore funds have had to be sourced from the Commercial Opportunities Reserve to ensure the balance of the reserve remained positive.

Expenditure

a) General Fund - Dividends - This represents the dividend distributed to General Fund from Council's property operations each year.

b) Operating Expenses and Overheads - These figures represent the recurrent operating expenses (rates etc) for the three main land holdings being the Wollongbar Urban Expansion Area (WUEA), Southern Cross and Russellton Estates, along with Council overheads charged to those land holdings.

c) Southern Cross - Development - This figure represents approved development budgets for this Estate.

d) Southern Cross - Stage 14 - This item is included as additional funds are required to finalise drainage related construction works for this stage of the Estate.

e) Southern Cross - Master Plan - Council has considered overall plans for this precinct and this funding is required to allow consultants etc to prepare designs and estimates for the future expansion of the Estate

f) Russellton - Development - A Section 96 amendment to the existing consent for 25 lots should be issued shortly. The budget for 2012/13 is to allow these lots to be developed and placed on the market.

Council needs to retain significant funds in the industrial land reserve to allow the future development of the Southern Cross and Russellton Estates, along with the WUEA. The Southern Cross Master Plan will also examine options to provide a gateway entrance from North Creek Road to the Airport, and even though this project will be largely dependent on a major land sale, it is essential that funds are retained in reserve to allow this work to be funded up front, as sale proceeds will not be realised until the work is completed.

Commercial Opportunities Reserve

The results for 2010/11 and the latest forecasts for this reserve are as follows.

Table Two - Cash Flow
Commercial Opportunities Reserve - 2010/11 to 2014/15

Item	2010/11 (Actual)	2011/12 (Estimate)	2012/13 (Estimate)	2013/14 (Estimate)	2014/15 (Estimate)
Opening Balance	**10,838,400**	**3,536,500**	**2,466,200**	**2,747,100**	**3,267,100**
Add: Revenues					
Interest Accrued	524,300	290,000	120,000	120,000	120,000
Sale - Balance Skennars Hd	0	0	0	400,000	0
Section 94 Recoupment	247,000	0	0	0	0
Int Loan Repaid - St Lighting	0	58,000	104,000	0	0
Int Loan Repaid - Flat Rk	15,600	49,500	23,100	0	0
Int Loan Repaid - Airport	0	68,700	0	0	0
Int Loan Repaid - Plant	33,800	33,500	33,800	0	0
Sub Total	**820,700**	**499,700**	**280,900**	**520,000**	**120,000**
Less: Expenditure					
Dividends - General Fund	421,800	0	0	0	0
Field - Wollongbar - Purchase	260,800	1,520,000	0	0	0
Field - Wollongbar - Embellish	0	0	0	0	0
Field - Skennars - Purchase	1,278,000	0	0	0	0
Field - Skennars - Embellish	0	50,000	0	0	0
Internal Loan - Street Lighting	162,000	0	0	0	0
Internal Loan - Industrial Land	6,000,000	0	0	0	0
Sub Total	**8,122,600**	**1,570,000**	**0**	**0**	**0**
Closing Balance	**3,536,500**	**2,466,200**	**2,747,100**	**3,267,100**	**3,387,100**

Key items in this table are:

Revenues

a) Land Sales - The only revenue from land sales is in 2013/14 being the residual of the land purchased for the expansion of the sports fields at Skennars Head. The development application for the subdivision of this land has been lodged and once approved the lot will be immediately placed on the market (subject to Council approval of selling price and sale process).

   The income has been included in 2013/14 to ensure a conservative approach.

b) Internal Loans - A number of internal loans are being repaid to this reserve from other operations of Council.

Expenditure

a) Wollongbar Sports Fields -Funding has previously been allocated to finalise the Wollongbar sports field purchase from this reserve. With the land now acquired the estimate for completing stage one of the development of these fields is approximately $5 million, with this estimate now having increased by at least $700,000 and possibly more likely $1m, with the inclusion of Pearces Creek Road.

   The funding for the development of the fields will need to be sourced from the Community Infrastructure Reserve, as the land purchase was only initially sourced from the Commercial Opportunities Reserve, as it allowed the Council land held at the WUEA to be freed up for development.

   Council will now need to press on with the development of the WUEA land to allow land sales to be generated to finance this work. Profits those land sales can be distributed to the Community Infrastructure Reserve to allow community infrastructure projects to proceed and a development proposal for the WUEA will be subject to a separate report to Council.

   A component of the WUEA is being rezoned to residential as part of the new LEP and this rezoning will need to be finalised prior to any development proceeding.

   Council has also applied for funding under the Federal Government's Building Better Regional Cities (BBRC) Program for the construction of the Wollongbar sporting fields. Council's application is for $4.5 million in funding and we will need approximately $2 million to finance our contribution to the entire project.

   If that funding is successful this will allow the Wollongbar sports fields to proceed, albeit that Council will need to determine how we source over contribution to the funding.

b) Skennars Head Sports Fields - Similar to Wollongbar the land acquisition for these fields was sourced from this reserve, with the sale of the residual component of the land to be returned to the reserve.

A figure of $50,000 has been included in the 2011/12 cash flow to allow Council to obtain planning approval for the development of these fields, as occurred with Wollongbar and also to allow for expenses related to the sale of the residual land.

It is considered prudent to have the development consent in place to allow more detailed estimates for the work to be finalised, and to assist with grant applications.

c) Internal Loans - A significant internal loan was provided to the Industrial Land Reserve as at 30 June 2011 to ensure that reserve remained in the black.

In summary it is important that Council retain a reasonable balance in this reserve to allow commercial opportunities to be progressed as they arise.

During the past 12 months a number of projects have been mentioned to Council and with the current slowing in the property market, further opportunities may still present themselves.

Also funding may still be needed from this reserve to assist in developing Council's existing land holdings such as the two industrial estates, the WUEA and also the Henderson Land residual.

Finally Council is still considering options for the re-development of the Wigmore Arcade and car park, and it may well be that funding is needed from this reserve to assist with that project.

Community Infrastructure Reserve

The 2010/11 results and the latest forecasts for this reserve are as follows.

Table Three - Community Infrastructure Reserve - 2010/11 to 2014/15

Item	**2010/11 (Actual)**	**2011/12 (Estimate)**	**2012/13 (Estimate)**	**2013/14 (Estimate)**	**2014/15 (Estimate)**
Opening Balance	**6,348,100**	**917,300**	**802,800**	**(1,148,500)**	**298,100**
Add: Revenues					
Interest Accrued	248,000	172,000	160,000	0	0
Rental - ARC (50%)	116,000	154,500	160,200	165,100	165,100
Rental - 89 Tamar St (100%)	659,400	683,000	686,300	706,900	728,100
Rental - Fawcett Pk (100%)	80,000	83,500	79,300	81,700	84,200
Sales - Harvey Norman (Part)	0	2,180,000	0	0	0
Sales - Southern Cross	702,400	0	0	0	0
Sales - Super Site (50%)	0	0	0	550,000	0
Sales - Residual ARC (50%)	0	0	0	880,000	0
Insurance - Lennox Head C.C.	0	0	0	800,000	0
Rate - Roundabouts (30%)	0	308,000	0	0	0
Section 94 - Recouped	920,300	325,000	450,000	500,000	550,000
Sub Total	**2,726,100**	**3,906,000**	**1,535,800**	**3,683,700**	**1,527,400**

Less: Expenditure					
Loan (Existing) - 89 Tamar	429,700	437,100	437,100	437,100	437,100
Development App Refund	0	27,000	0	0	0
Plan - Captain Cook Park	0	60,000	0	0	0
Legals - Lennox Head C.C.	100,000	75,000	0	0	0
Legals - Other	0	20,000	0	0	0
Property Investigations	0	20,000	0	0	0
Sharpes Beach Masterplan	0	40,000	0	0	0
Capital - Animal Shelter	0	280,000	0	0	0
Capital - Ballina Sports Centre	6,600	443,000	0	0	0
Capital - Coastal Path / Walk	216,600	324,900	0	0	0
Capital - Coastguard Tower	0	0	150,000	0	1,600,000
Capital - Hockey Field	196,000	0	0	0	0
Capital - Lennox Head C.C.	5,788,000	375,000	0	0	0
Capital - Main St - Alstonville	1,300,000	0	0	0	0
Capital - Main St - Ballina	22,500	1,500,000	0	1,800,000	0
Capital - Newrybar Hall	0	5,000	0	0	0
Capital - Street Lighting	0	13,000	0	0	0
Capital - Surf Club - Ballina	49,500	400,500	2,900,000	0	0
Capital - Surf Club - Lennox	11,000	0	0	0	0
Capital - Solar Panels	37,000	0	0	0	0
Sub Total	**8,156,900**	**4,020,500**	**3,487,100**	**2,237,100**	**2,037,100**
Closing Balance	**917,300**	**802,800**	**(1,148,500)**	**298,100**	**(211,600)**

Points of note in this cash flow are as follows.

Revenues

Rental Income

The rental income figures represent the net rentals (after expenses) for the main investment properties held by Council, excluding the Wigmore Arcade. The revenue from the Wigmore Arcade currently is allocated almost entirely to Council's operating result, with minimal funds transferred to reserve.

Sales - Harvey Norman Dividend

This represents the return to the Community Infrastructure Reserve from the Harvey Norman sale. The total value of this sale is approximately $6 million and almost 100% of the net surplus (proceeds less development costs) from the sale is being returned to the Community Infrastructure Reserve. The balance of the sale proceeds are being returned to the Industrial Land Reserve which financed this work in the first place. This sale was settled on 1 July 2011.

Sales - Southern Cross Industrial Estate

This figure represents the finalisation of the sale of two lots in 2010/11.

Sales - Super Site (Land Adjoining BP Service Station) (50%)

Council resolved to sell this land although the sale eventually fell over due to the purchaser having financing problems.

The sale has been pushed out to 2013/14 so as not to distort the movements in the budget for 2012/13. If the income was included in 2012/13 there is a risk that Council may match that income against a particular project. If the project then commenced and the sale did not eventuate this would leave Council with a major budget shortfall.

Sales - Residual ARC Site (50%)

Similar to the previous item Council has surplus industrial land adjoining the ARC site (APN is on the same section of land). Council staff are actively promoting the sale of this site and the sale proceeds have been included in the 2013/14 financial year to ensure the cash flow remains conservative.

Insurance - Lennox Head Community Centre

Council has lodged an insurance claim for in excess of $1 million for this project and a nominal figure has been provided in 2013/14 as there remains uncertainty as to how much Council will be able to recover.

Special Rate - Roundabouts (30%)

This is funding allocated from Council's on-going special rate variations towards the River Street roundabout upgrades.

Section 94 Recouped - Community Facilities

There are numerous projects Council has funded that are included in our updated Section 94 plans for Open Spaces, Community Facilities and Roads. Examples include the Northern Rivers Community Gallery, Ballina Community Services Centre, Lennox Head Community Centre, Coastal Shared Path etc.

As Council has, and continues to fund, a large component of these projects from our property reserves we are able to reimburse the reserves for the section 94 component of the cost, as the developer contributions are collected. This figure can vary significantly each year as it is entirely dependent on property development.

Expenditure

Loan Principal and Interest

The existing loan repayments relate to loans taken out for earlier Main Street upgrades and improvements to the Naval Museum. These loan repayments are offset by the income generated from Council's commercial properties (i.e. 89 Tamar Street, ARC etc).

Lennox Head Cultural and Community Centre - Legal Expenses

These figures represent funding previously allocated by Council to assist in recovering Council's insurance claim for the construction of the centre.

Plan - Captain Cook Park

This funding represents monies allocated by Council to allow an upgrade plan for Captain Cook Park to be completed. The Strategic and Community Services Group are planning to complete this in the 2012/13 financial year, due to current workloads.

Sharpes Beach Master Plan

This is a new item and relates to expenditure incurred during the current financial year to finalise the lease for Sharpes Beach, and to obtain development consent for the future works.

Capital Projects

The list of projects represents either funds expended, allocated, or possible allocations for future years. As land sales have stalled significantly the schedule of capital works has been scaled back to match that reduction in revenue. Points of note are:

Coastal Walk / Shared Path - No funding allocated from 2012/13 onwards. Council has significant funding allocated in 2011/12, along with funds set aside in reserves for this project and these funds will still allow a significant amount of works to be competed during the next 12 months, subject to planning approvals being obtained.

Council also has a recurrent footpath / shared path capital budget that can assist in delivering these works.

Coastguard Tower - This project has been pushed back to 2014/15 with seed funding provided in 2012/13 to allow the design to be finalised and development consent obtained.

This will also allow a development budget to be quantified. Ideally the preference would be to have this project in 2013/14, and if more than anticipated land sales eventuate, that would be the preferred approach.

Main Street Ballina - Originally Council had planned to undertake the Main Street works based on the following timeframe:

Segments	**Estimate (with 5% contingency)**	**2011/12 Works**	**2012/13 Works (3% CPI)**	**2013/14 Works (3% CPI)**
River / Moon Sts Roundabout	1,313,000	1,313,000		
River / Cherry Sts Roundabout	1,486,000	1,486,000		
River / Martin Sts Roundabout	473,000		487,000	
River / Grant Sts Roundabout	536,000		582,000	
Martin / Cherry Segment	1,607,000		1,655,000	
Grant / Moon Segment	1,607,000			1,705,000
Total	**7,022,000**	**2,799,000**	**2,694,000**	**1,705,000**

Council's Civil Services Group latest schedule for works is to commence the River / Cherry Street Roundabout (to Fawcett Park) segment in April 2012 with a ten week construction timeframe.

It was then planned to commence the River / Moon Street Roundabout (to Fawcett Park) segment in July / August 2012 with another ten week construction timeframe.

The Ballina Chamber of Commerce has written to Council asking that the River / Moon Street segment be swapped with the Martin to Cherry section of River Street instead (copy of correspondence attached).

Essentially the Chamber is stating that it would be extremely detrimental for traders in the Woolworths precinct to have the upgrade works commence in 2013 or 2013/14 (assuming funds are approved) when it is likely that Woolworths will be scheduled to re-open around that time. It is also the Chamber's view that one section of the main street would have more visual impact in terms of "upgrade" than a side street.

Council staff have no objection to this proposal however the real issue is as per the cash flow, unless there are land sales, no funding is available in 2012/13 for this second segment. The second segment has been nominally placed in 2013/14, with the ability for those works to be brought forward if a source of funding is identified.

Surf Club - Ballina - The current 2011/12 budget has $250,500 in funding for this project and based on expenditure to date this figure is more likely to be approximately $400,000. The cash flow in table three brings forward funds from 2012/13 to allow this level of expenditure in 2011/12.

In respect to the other future capital works no allocation has been included for a wide range of projects such as the construction of the Ballina Sports and Entertainment Centre, the Ballina Library extension, the Lennox Head Surf Club, expansion of the Skennars Head Sports Fields and Lennox Head Main Street improvements.

Summary

In summary this is a conservative cash flow that allocates the funds known to available in the Community Infrastructure Reserve. Even with this conservative approach the reserve remains overdrawn as at 30 June 2013. If Council wishes to further advance projects other funding solutions such as loans and asset sales will need to be examined.

Legal / Resource / Financial Implications

This report provides an overview of the forecast movements in Council's property reserves.

Consultation

This report is provided for public information and to allow Councillors to discuss the forward financial plans.

Options

The primary purpose of this report is to promote discussion on the major projects to be funded from the property reserves for the period 2012/13 onwards, along with providing an update on the 2011/12 movements.

Overall the figures provided in this update are conservative, but at the same time they are realistic based on the current state of the property market.

Council staff are currently negotiating with a number of parties interested in purchasing property and if any of these sales eventuate they will result in improvements to the forecast cash flows.

Councillors are encouraged to review the proposed cash flows and to identify areas where they may wish to make amendments or consider alternative funding solutions.

RECOMMENDATIONS

1. Council endorses the property reserve cash flows and associated works programs, for the period 2012/13 to 2014/15, as per tables one, two and three of this report, with that information to be included in Council's draft Delivery Program and Operational Plan for 2012/13.

2. Council approves any amendments identified in tables one, two, and three of this report in respect to the 2011/12 budget.

Attachment(s)

1. Email from Ballina Chamber of Commerce & Industry

From: Ballina Chamber of Commerce and Industry [info@ballinachamber.com.au]
Sent: Friday, 17 February 2012 4:46:17 PM
To: Paul Hickey
CC: Scott.A.Gollan@nab.com.au; Ballina Concrete Pumping; glenn.costello@tursa.com.au; Leanne Cawley; mail@airtg.com.au; peterc@ProfessionalsBallina.com.au; 'Mark Ezzy'
Subject: CBD Upgrade - Ballina Chamber Request for Change in Works Schedule

Hi there Paul,

Thanks for seeing me this afternoon. I met with Paul Busmanis and Ian (?) this afternoon and went through the works program for the CBD upgrade works which were due to commence this month. Paul informed me that the works would not be commencing until April and that the sections to be done first included the River to Fawcett section of both Cherry Street and Moon Streets.

As discussed the Chamber would like to request that the CBD Upgrade works scheduled for 2012 include the River to Fawcett section of Cherry Street along with the Martin to Cherry section of River Street instead. I understand that you are happy to proceed with this change in plan. Paul B and Ian indicated it is possible within the time frame to adjust the planning so can you talk to your team and let me know if in fact this is plausible.

We feel that it would be extremely detrimental to traders in the Woolworths precinct to have the upgrade works commence in 2013 (assuming funds are approved in the 12/13 budget) when it is likely that the Woolworths will be scheduled to re-open around that time. It is also our view that one section of the main street would have more visual impact in terms of "upgrade" than a side street.

From what I understand the River to Fawcett section of Cherry Street will commence as soon as the April school holidays conclude and are likely to take until the end of June. It would be our preference that in July the Martin to Cherry section of River Street commence.

It would be our hope that in the 2012/13 budget we could complete both the River to Fawcett section of Moon Street and (ideally) Moon to Grant section of River Street.

As discussed with Ian and Paul this afternoon the Chamber is more than happy to distribute a flyer to traders in the CBD in early-mid March and can host an information evening for retailers in late March (a great opportunity to promote our Etail workshops too).

Please do not hesitate to contact me with any queries.

Thanks.

Kind Regards,

Nadia Eliott-Burgess
Executive Officer
Ballina Chamber of Commerce and Industry Inc.

Ph: 6681 5049
Mob: 0438 484 403

Level 1 - 183 River St
PO Box 444
Ballina NSW 2478
info@ballinachamber.com.au
www.ballinachamber.com.au
The Voice for Business and Industry in the Ballina Shire

4.10 Ballina - Byron Gateway Airport - Long Term Financial Plan

File Reference	Integrated Planning and Report - 2012/13 Ballina - Byron Gateway Airport
CSP Linkage	Responsible and efficient use of resources
Delivery Program	Airport
Objective	To consider the latest update of the Ballina Byron Gateway Airport financial plan.

Background

In preparing the draft 2012/13 budget Council's business related activities, such as water, wastewater, waste, fleet and plant and the airport are all being reviewed to ensure that the businesses remain viable and that the pricing takes into account future demands.

The purpose of this report is to review the latest airport financial plan to allow that plan to be included in the draft 2012/13 budget.

Key Issues

- Assumptions
- Financing for future infrastructure
- Income levels
- Viability of the airport

Information

The Ballina Byron Gateway Airport since its creation has operated on a very tight cash flow and treated as a stand alone business. The key principle in operating the airport has been to ensure that the users of the airport; i.e. the passengers and the airlines pay for the running of the airport. In other words Council general revenues such as rates are not used to subsidise the airport, as happens with a number of other rural airports. Rural councils are often prepared to subsidise airports due to the economic benefits they bring to a community.

Fortunately this has not been the case at Ballina and the 10 year financial plan for the airport, as per the attachments to this report, is based on no rate payer subsidy.

The major risk with forward financial planning for airports is that capital infrastructure expenditure is typically based on large dollar amounts and airport operators are then reliant on only a few airlines (Jetstar, Virgin, Rex) to provide the income to finance that infrastructure. This means if a service is changed or cancelled it can result in significant variations in cash flows.

Therefore it is imperative that financial plans aim to minimise any risk associated with infrastructure expenditure.

With these thoughts in the mind a brief overview of the information attached is as follows.

Attachment - Page One - Operating Result 2002/03 to 21/22

Operating Revenues

Landing Fees

An explanation of the calculation of the passenger charges for 2012/13 is outlined in the confidential report in this agenda, as it relates to commercial in confidence information for the airlines.

As a general comment the 2012/13 level of income is based largely on existing services and if there are increases announced then this figure will move upwards. Importantly for 2013/14 and 2014/15 the figures cater for an extra three flights per week, with the one extra service per week being added from 2015/16 onwards.

These figures are based on on-going negotiations with the airlines and if the flights do not eventuate the financial plan will need to be revised.

It is highly likely that services will in fact increase higher than forecast during 2012/13 and if that happens the income figures will be amended.

Car Rental Franchises / Airport Car Parking / Airport Shuttle Bus Rents

The income from these three items are all linked to passenger numbers and if there are increased flights and numbers there will be a direct increase in the income from these items in future years. The figures have been increased by approximately 10% as the three new jet services are implemented each year for 2013/14 and 2014/15.

The Airport Manager anticipates this ancillary income will increase by a far higher percentage than the 10% noted above, however the forecast has been prepared on a conservative basis.

Terminal Recoupment Charges

The capital expenditure program has $8 million identified in 2017/18 for a major refurbishment and upgrade of the terminal building. This item is proposed to be funded by loans and the Airport Manager has advised that such a project will only proceed with the airlines paying for the cost of that infrastructure.

Therefore from 2017/18 onwards this recoupment figure represents a charge to the airlines that equates to the annual loan repayments. There is clearly a lot of negotiations to occur before such a project proceeds.

Operating Expenses

Salaries and Oncosts

On-going increases in turnover and workload at the airport has resulted in the Airport Manager engaging on a casual basis secretarial support to ensure all demands on the airport are being processed and completely in a timely manner.

The advice from the Manager is that without this position being appointed on a permanent basis the airport will not be able to be managed effectively.

The financial plan includes this position from 2012/13 onwards and the Manager is now asking for Council endorsement to advertise for this position to be appointed on a permanent basis.

Based on the direction in which the airport is heading and assuming the cash flows pan out as expected, it is important that Council adequately resource this business. Therefore the recommendations for this report include a proposal to provide an additional administrative position on a permanent basis. If the business does not grow as anticipated this would be one of the first positions shed to save money.

Security in Departure Lounge

As jet services increase there will be a commensurate increase in security costs.

Operating Result

The forward plan provides a surplus operating result, after depreciation, which is important as due to the nature of the infrastructure being provided, it is essential that Council generates a surplus on the operations of the business. This surplus is then needed to finance loan repayments and capital expenditure as per page two of this attachment.

Attachment - Page Two - Capital Expenditure, Sources of Capital Funding, Loan Principal and Interest and Reserve Balance

Capital Expenditure

2011/12 - The figures in this column are slightly different to the latest Council budget in that the current budget includes $300,000 for the apron extension and $50,000 for drainage works.

It is now likely that $535,000 will be expended on the apron extension this year and only $25,000 on drainage.

Importantly the $535,000 for the apron extension, which in total is the $4 million project funded by a $3.5 Federal Government grant and $500,000 from the airport, is able to be funded in full by an initial payment from the Federal Government.

This means from a cash flow perspective, whereas before we had the $300,000 in the 2011/12 budget for the apron extension funded from reserves, that reserve funding is no longer needed this year. With the $25,000 in saving for drainage this means the reserve will be $325,000 better off as at 30 June 2011 then previously anticipated.

2012/13 - The major project for 2012/13 is the apron extension. No other major works are proposed primarily due to the cash flow position of the business. Underneath the capital expenditure and capital funding information is a table summarising the Airport Reserve balance moving forward. As per that table for 2011/12 and 2012/13 we are aiming to ensure that the existing deficit does not deteriorate by having essentially break even cash results, with 2013/14 then having a forecast return to the black for the reserve. It is still hoped that during 2012/13 jet services will expand and if that occurs the reserve could well be back in the black by 30 June 2013.

2013/14 - The biggest short to medium term liability for the airport is the runway upgrade. A $7 million estimate has been included for this work in 2013/14 with this expenditure funded from loans. Prior to taking out a loan of that magnitude Council will need to be very confident of its future cash flows and the next 12 months will be spent planning for these works.

2014/15 onwards - There are a variety of works identified from 2014/15 onwards with the major items of interest being:

- Fire Fighting Infrastructure (services etc) - This is the fire fighting service that must be based at an airport once an airport has sustained passenger levels of 350,000 per annum. Council only has to provide the utilities and infrastructure for such a service with the building and fit out provided by NSW Fire Brigades.

- Terminal Renovation - As touched on earlier a major upgrade is planned in the medium to long term with those works funded by loans, which are then recouped from the airlines.

The Airport Manager would prefer to see some of the capital expenditure identified in this cash flow happen quicker, however that will only occur if revenue growth is quicker than anticipated.

Plans such as this are indicative only with the major focus being on 2012/13 to ensure that income figures are realistic and expenditure is manageable. It is considered that the financial plan provides those outcomes.

Attachment - Page Three - Operating Income and Expenses Analysis - Chart

This chart highlights a few key indicators for the full 20 years outlined in the attachments to provide an overview of where the business has been and where it is heading. The indicators listed are as follows:

- Operating result as a percentage of income - The aim should be to try and generate increased surpluses as income increases, rather than increasing expenses. The aim of this percentage should be to trend upwards.

- Non-standard income as a percentage of income - As airports are so reliant on the airline providers, the more and more income you can generate from off airport activities, the less reliant you are on the airlines.

- Non-standard income as a percentage of expenses - Similar to the previous indicator, this percentage is measuring how much of the operating expenses are being covered by non-standard income. Again the higher this percentage the lower the overall risk for Council.

Attachment - Page Four - Debt Ratio - Chart

This chart highlights the movement in the debt ratio over time. The debt ratio represents the ratio of loan repayments as a percentage of income. The higher this ratio the higher the risk is for Council as you become more and more reliant on income to finance debt.

The runway upgrade provides a major spike in this ratio, whereas the terminal upgrade puts this ratio to a level that could be deemed unacceptable. Only time will tell if Council is in a position to finance the terminal upgrade by 2017/18.

Legal / Resource / Financial Implications

As outlined in the information section of this report.

Consultation

It is proposed that this forward financial plan be included in the draft Operating Budget for 2012/13. This document will then be exhibited as per the Draft 2012/13 Operational Plan.

Options

This report has been produced for discussion purposes and Councillors may well wish to vary any aspects of the draft financial plan. If the plan is considered reasonable the recommendation that follows is to endorse the plan for exhibition purposes as part of the draft 2012/13 Operational Plan.

The report does touch on two matters that need an immediate Council direction being the additional secretarial support and the amendment to the existing 2011/12 budget to vary the capital expenditure cash flows. Recommendations two and three ask for support for these proposals as detailed in the report.

RECOMMENDATIONS

1. Council endorses for inclusion in the draft 2012/13 Operational Plan the airport long term financial plan as attached to this report.

2. Council authorises an increase in the Ballina - Byron Gateway management staff through the addition of one administrative support position as outlined within this report.

3. Council approves the following amendment to the 2011/12 airport budget to reflect the anticipated cash flows for the apron extension project, which result in a net increase in cash flows to the airport of $325,000, along with the estimated reduction in drainage expenditure.

   Capital Expenditure
   Airport Drainage - Decrease budget from $50,000 to $25,000
   Apron Extension - Increase budget from $300,000 to $525,000

   Capital Funding
   Federal Grant - Include capital grant of $525,000
   Reserve Fund - Reduce funding from reserve by $325,000

Attachment(s)

1. Operating Budget - 2002/03 to 2021/22
2. Capital Expenditure, Capital Funding, Loan Repayments and Reserve Balance - 2011/12 to 2021/22
3. Chart - Operating Income and Expense Analysis - 2002/03 to 2021/22
4. Debt Ratio - 2002/03 to 2021/22

Ballina - Byron Gatway Airport - Operating Result and Cash Flow Analysis - 2002/03 to 2012/22

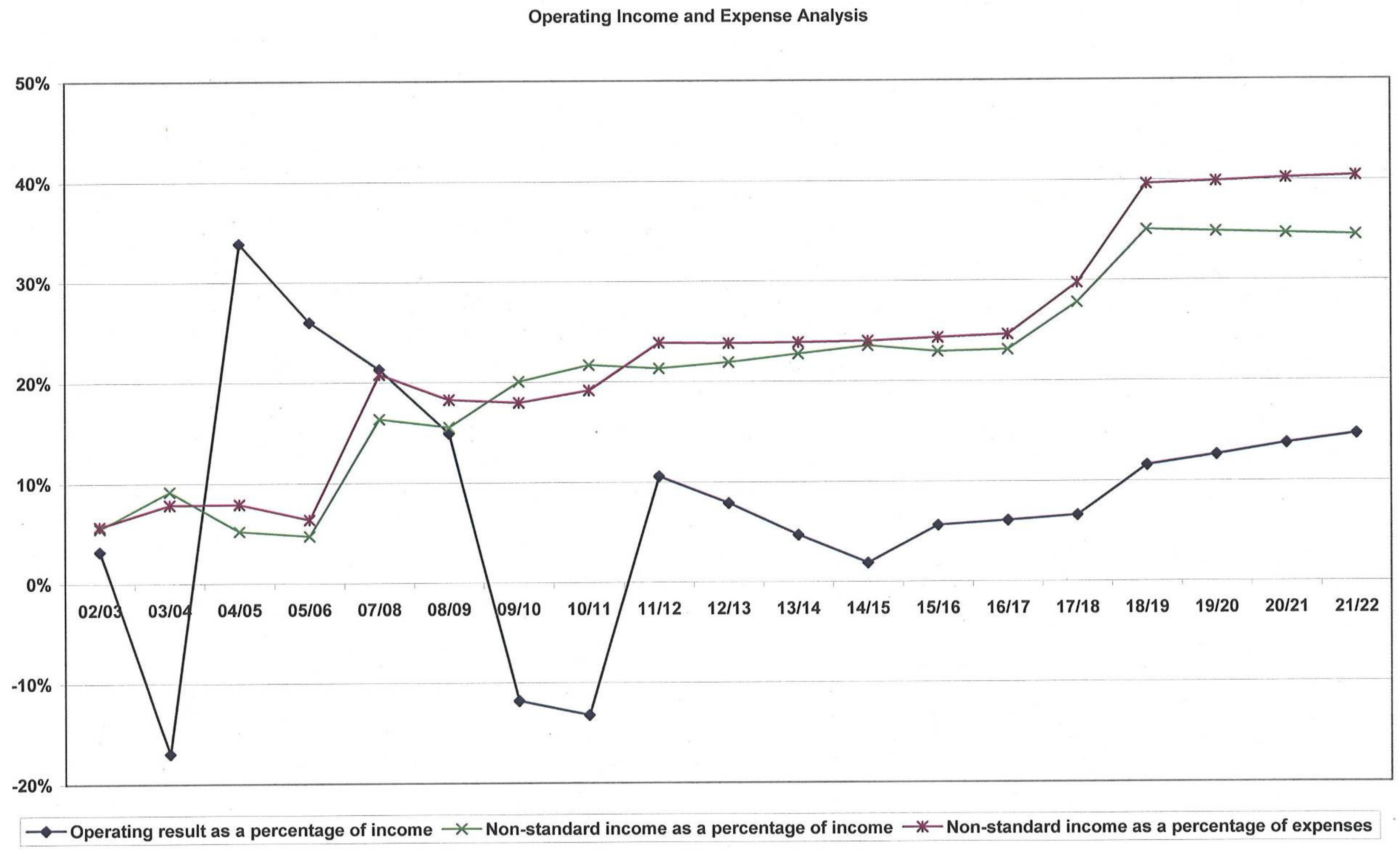
ACTUAL 2002/03	ACTUAL 2003/04	ACTUAL 2004/05	ACTUAL 2005/06	ACTUAL 2006/07	ACTUAL 2007/08	ACTUAL 2008/09	ACTUAL 2009/10	ACTUAL 2010/11	ESTIMATE 2011/12	LEDGER ACCOUNT	BUDGET ITEMS	ESTIMATED 2012/13	%	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
											OPERATING REVENUES											
											Landing Fees											
818,905	573,442	1,075,375	1,257,290	1,453,706	1,369,602	1,299,623	1,217,640	1,299,255	1,930,000	26100.4101.0135	Passenger Charges	2,032,500	5	2,178,700	2,324,100	2,467,200	2,503,000	2,562,100	2,622,400	2,683,100	2,744,100	2,807,400
53,724	38,764	113,592	40,681	18,737	42,671	49,805	45,029	80,108	90,000	26100.4105.0135	Landing Fees Other	85,000	(6)	87,600	90,300	93,100	95,900	98,800	101,800	104,900	108,100	111,400
											Other Fees and Charges											
0	0	256,660	408,635	564,566	649,870	1,099,968	637,841	751,098	840,000	26100.4106.0135	Security Charges Jet Airlines	840,000	0	945,000	1,053,000	1,134,000	1,168,100	1,203,200	1,239,300	1,276,500	1,314,800	1,354,300
8,520	8,607	19,652	21,385	56,103	60,930	64,755	63,482	90,999	191,000	26100.4107.0135	Car Rental Franchises	200,000	5	206,000	212,200	218,600	225,200	232,000	239,000	246,200	253,600	261,300
0	0	0	0	0	0	0	0	0	0		**Car Rental Franchises - Growth 2013/14**		0	30,900	31,900	32,900	33,900	35,000	36,100	37,200	38,400	39,600
0	0	0	0	0	0	0	0	0	0		**Car Rental Franchises - Growth 2014/15**		0	0	31,900	32,900	33,900	35,000	36,100	37,200	38,400	39,600
18,484	23,376	21,287	28,851	25,918	37,444	45,200	48,955	47,915	50,000	26100.4108.0135	Hanger Site Rentals	51,000	2	52,600	54,200	55,900	57,600	59,400	61,200	63,100	65,000	67,000
9,510	9,739	9,964	7,652	10,593	10,778	24,480	24,808	25,527	25,000	26100.4109.0135	Airport Fuel Site Rent	25,000	0	25,800	26,600	27,400	28,300	29,200	30,100	31,100	32,100	33,100
10,505	12,373	10,925	4,521	2,898	7,464	26,836	23,802	25,286	25,000	26100.4110.0135	Rental New Terminal Building	30,000	20	30,900	31,900	32,900	33,900	35,000	36,100	37,200	38,400	39,600
3,687	7,836	14,133	18,380	21,947	26,233	20,807	19,609	20,257	20,000	26100.4111.0135	Rental Old Terminal Building	21,000	5	21,700	22,400	23,100	23,800	24,600	25,400	26,200	27,000	27,900
0	0	3,635	3,600	3,705	4,441	4,173	2,192	6,427	3,500	26100.4112.0135	Aviation Security Cards	3,500	0	3,700	3,900	4,100	4,300	4,500	4,700	4,900	5,100	5,300
0	0	0	0	76,127	172,800	175,916	192,541	238,570	280,000	26100.4113.0135	Airport Car Parking	300,000	7	309,000	318,300	327,900	337,800	348,000	358,500	369,300	380,400	391,900
0	0	0	0	0	0	0	0	0	0		**Airport Car Parking - Growth 2013/14**		0	46,400	47,800	49,300	50,800	52,400	54,000	55,700	57,400	59,200
0	0	0	0	0	0	0	0	0	0		**Airport Car Parking - Growth 2014/15**		0	0	47,800	49,300	50,800	52,400	54,000	55,700	57,400	59,200
0	0	0	0	12,045	22,978	20,235	21,319	20,750	20,000	26100.4114.0221	Airport Car Parking Fines	18,000	(10)	18,600	19,200	19,800	20,400	21,100	21,800	22,500	23,200	23,900
0	0	0	0	13,979	59,359	67,504	79,561	112,753	130,000	26100.4115.0135	Airport Shuttle Bus Rents	120,000	(8)	123,600	127,400	131,300	135,300	139,400	143,600	148,000	152,500	157,100
0	0	0	0	0	0	0	0	0	0		**Airport Shuttle Bus Rents - Growth 2013/14**		0	12,300	12,700	13,100	13,500	14,000	14,500	15,000	15,500	16,000
0	0	0	0	0	0	0	0	0	0		**Airport Shuttle Bus Rents - Growth 2014/15**		0	0	12,700	13,100	13,500	14,000	14,500	15,000	15,500	16,000
0	0	0	0	1,497	808	0	0	0	25,000	26100.4116.0135	Advertising	60,000	140	61,800	63,700	65,700	67,700	69,800	71,900	74,100	76,400	78,700
0	0	0	0	0	0	0	0	0	5,000	26100.4117.0135	Lessee (Reimbursement)	0	(100)	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0		**Terminal Recoupment Charges**		0	0	0	0	0	320,000	935,000	935,000	935,000	935,000
923,335	**674,137**	**1,525,223**	**1,790,995**	**2,261,821**	**2,465,378**	**2,899,302**	**2,376,779**	**2,718,945**	**3,634,500**		**Total Operating Revenues**	**3,786,000**	**4**	**4,154,600**	**4,532,000**	**4,791,600**	**4,897,700**	**5,349,900**	**6,100,000**	**6,237,900**	**6,378,300**	**6,523,500**
											OPERATING EXPENSES											
											Management											
9,828	17,121	3,132	68,325	80,390	132,877	168,944	277,623	356,584	408,000	35120.0300.0300	Salaries and Oncosts	394,500	(3)	410,300	426,700	443,800	461,600	480,100	499,300	519,300	540,100	561,700
1,290	2,770	(764)	3,890	4,384	3,495	7,376	7,554	13,321	15,000	35120.0328.0343	Conferences and Seminars	15,000	0	15,500	16,000	16,500	17,000	17,500	18,000	18,500	19,100	19,700
0	0	0	0	0	0	1,357	5,195	20,231	35,000	35120.0350.0401	Office Expenses	30,000	(14)	30,900	31,800	32,800	33,800	34,800	35,800	36,900	38,000	39,100
0	0	0	0	0	0	12,504	12,504	21,000	21,000	35120.0504.0347	Vehicle	21,600	3	22,200	22,900	23,600	24,300	25,000	25,800	26,600	27,400	28,200
											Buildings and Facilities - Maintenance											
39,221	39,104	49,506	64,647	89,330	105,575	129,747	134,131	142,589	120,500	35120.0425.0401	Cleaning	130,000	8	133,900	137,900	142,000	146,300	150,700	155,200	159,900	164,700	169,600
30,244	41,198	49,180	47,498	52,197	55,742	74,606	94,680	96,018	80,000	35120.0530.0401	Airport Building M & R	90,000	13	92,700	95,500	98,400	101,400	104,400	107,500	110,700	114,000	117,400
16,972	12,670	22,179	22,267	46,394	26,253	33,791	35,772	44,920	40,000	35120.4128.0401	Airport Building Area, Roads & Services	45,000	13	46,400	47,800	49,200	50,700	52,200	53,800	55,400	57,100	58,800
											Operation Expenses											
4,843	2,957	0	4,248	1,444	0	0	0	6,400	10,000	35125.0365.0422	Legal Fees	10,000	0	10,300	10,600	10,900	11,200	11,500	11,800	12,200	12,600	13,000
2,948	3,331	3,707	4,035	4,390	8,158	4,480	5,289	7,775	9,000	35125.0374.0640	Telephone Airport	7,500	(17)	7,700	7,900	8,100	8,300	8,500	8,800	9,100	9,400	9,700
36,325	10,005	40,000	40,764	36,007	43,577	19,833	18,979	39,977	50,500	35125.0377.0405	Consultancies	52,000	3	53,600	55,200	56,900	58,600	60,400	62,200	64,100	66,000	68,000
0	0	0	0	0	0	0	1,343	1,500	1,500	35125.0380.0613	EFTpos Bank Fees	2,000	33	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900
6,451	7,225	8,803	11,807	10,973	11,550	18,913	23,021	22,753	25,500	35125.0410.0635	Insurance	26,300	3	27,100	27,900	28,700	29,600	30,500	31,400	32,300	33,300	34,300
11,283	9,769	11,584	13,592	9,987	20,092	31,055	28,311	31,703	23,000	35125.0415.0690	Rates	25,000	9	25,800	26,600	27,400	28,200	29,000	29,900	30,800	31,700	32,700
186,229	76,562	248,383	376,486	520,269	590,379	938,520	486,120	546,678	700,000	35125.0420.0401	Security in Departure Lounge	750,000	7	772,500	795,700	819,600	844,200	869,500	895,600	922,500	950,200	978,700
0	0	0	0	0	0	0	0	0	0		**Security in Departure Lounge - Growth 2013/14**	0	0	108,000	111,200	114,500	117,900	121,400	125,000	128,800	132,700	136,700
0	0	0	0	0	0	0	0	0	0		**Security in Departure Lounge - Growth 2014/15**	0	0	0	111,200	114,500	117,900	121,400	125,000	128,800	132,700	136,700
0	0	0	0	1,619	3,503	33,669	24,007	22,667	25,000	35125.0430.0401	Vermin Control	20,000	(20)	20,600	21,200	21,800	22,500	23,200	23,900	24,600	25,300	26,100
0	0	2,352	6,325	5,567	6,309	6,715	3,570	5,147	5,000	35125.4130.0401	Aviation Security Card	6,000	20	6,200	6,400	6,600	6,800	7,000	7,200	7,400	7,600	7,800
0	17,580	21,063	16,247	21,437	29,778	61,506	64,885	77,450	80,000	35125.4131.0401	Bird Control Strategy	85,000	6	87,600	90,200	92,900	95,700	98,600	101,600	104,600	107,700	110,900
0	0	0	0	0	0	2,312	4,519	4,127	6,000	35125.4132.0401	Drug & Alcohol Management	2,000	(67)	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900
30,560	73,406	70,051	151,269	77,419	55,991	80,157	88,750	79,896	95,000	35125.4133.0401	Aircraft Movement Area	90,000	(5)	92,700	95,500	98,400	101,400	104,400	107,500	110,700	114,000	117,400
45,691	37,661	32,757	85,202	67,820	74,105	76,623	81,211	78,231	95,000	35125.4134.0401	Remainder Of Movement Area	90,000	(5)	92,700	95,500	98,400	101,400	104,400	107,500	110,700	114,000	117,400
10,224	21,566	21,031	17,910	16,935	17,888	15,693	19,974	10,536	15,000	35125.4135.0401	Fencing and Security	15,000	0	15,500	16,000	16,500	17,000	17,500	18,000	18,500	19,100	19,700
971	3,964	988	0	9,305	5,441	2,897	3,425	1,267	10,000	35125.4136.0401	Approach Clearing	10,000	0	10,300	10,600	10,900	11,200	11,500	11,800	12,200	12,600	13,000
0	0	1,856	1,094	2,582	5,254	0	0	310	2,000	35125.4137.0401	Approach Survey	2,500	25	2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400
4,308	3,943	2,026	2,528	4,628	8,701	9,342	7,728	8,681	10,000	35125.4138.0300	Extraordinary Inspections	10,000	0	10,300	10,600	10,900	11,200	11,500	11,800	12,200	12,600	13,000
0	0	0	1,972	2,030	1,304	33	3,083	3,163	5,000	35125.4139.0300	Lighting Inspections	4,000	(20)	4,100	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900
2,661	2,000	569	4,280	5,506	790	3,942	1,407	4,726	4,000	35125.4140.0401	Markers, Cones and Wind Indicators	5,000	25	5,200	5,400	5,600	5,800	6,000	6,200	6,400	6,600	6,800
165	156	100	697	259	4,126	1,559	4,387	2,676	3,000	35125.4141.0401	Service Charges	3,000	0	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800	3,900
0	0	0	0	236	2,102	172	1,420	1,890	2,000	35125.4142.0401	Airport Emergency Exercises	2,000	0	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900
24,387	16,292	15,253	13,427	32,286	11,283	17,110	15,399	15,476	16,000	35125.4143.0401	Lighting	16,000	0	16,500	17,000	17,500	18,000	18,500	19,100	19,700	20,300	20,900
28,800	24,025	28,963	24,041	31,631	37,835	56,883	80,395	89,628	100,000	35125.4144.0647	Electricity Airport Lighting	100,000	0	103,000	106,100	109,300	112,600	116,000	119,500	123,100	126,800	130,600
0	0	0	0	8,031	8,059	0	1,551	242	8,000	35125.4145.0401	Airport Emergency Generator	5,000	(38)	5,200	5,400	5,600	5,800	6,000	6,200	6,400	6,600	6,800
5,172	6,592	14,101	3,947	24,541	20,569	33,162	42,975	81,307	80,000	35125.4146.0401	Promotion	80,000	0	82,400	84,900	87,400	90,000	92,700	95,500	98,400	101,400	104,400
3,000	3,000	3,000	3,000	3,000	3,300	3,300	3,300	3,300	4,000	35125.4147.0639	Airport Owners Assoc Membership	6,500	63	6,700	6,900	7,100	7,300	7,500	7,700	7,900	8,100	8,300
0	123	107	270	238	238	238	155	204	1,000	35125.4148.0639	Aviation Publications	1,000	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
0	0	0	0	35,658	59,026	63,714	66,445	55,376	70,000	35125.4149.0401	Paid Car Parking	70,000	0	72,100	74,300	76,500	78,800	81,200	83,600	86,100	88,700	91,400
0	0	0	0	0	0	0	808	6,108	10,000	35125.4152.0401	Airport Signs	10,000	0	10,300	10,600	10,900	11,200	11,500	11,800	12,200	12,600	13,000
0	0	0	0	0	0	0	4,200	9,128	6,500	35125.4155.0401	Airport NDB M and R	6,500	0	6,700	6,900	7,100	7,300	7,500	7,700	7,900	8,100	8,300
											Overheads and Debt Servicing											
129,480	118,097	134,771	114,000	87,996	156,996	176,003	204,000	213,000	268,000	35120.0980.0980	Overheads to Airport	276,100	3	284,400	292,900	301,700	310,800	320,100	329,700	339,600	349,800	360,300
95,635	69,728	59,000	51,053	41,763	101,791	109,522	243,472	216,952	234,700	35120.0435.0700	Interest On Loans Airport	222,100	(5)	484,100	752,200	711,400	669,800	945,100	1,217,200	1,144,300	1,060,600	986,200
											Non-Cash											
167,215	167,574	165,000	170,948	270,515	329,373	271,000	555,057	734,952	555,000	35120.0680.0745	Depreciation - Airport	750,000	35	772,500	795,700	819,600	844,200	869,500	895,600	922,500	950,200	978,700
893,903	**788,419**	**1,008,698**	**1,325,769**	**1,606,767**	**1,941,460**	**2,466,678**	**2,656,645**	**3,077,889**	**3,249,200**		**Total Operating Expenses**	**3,486,600**	**7**	**3,959,000**	**4,446,900**	**4,521,300**	**4,598,700**	**4,996,100**	**5,394,300**	**5,452,000**	**5,503,000**	**5,567,200**
29,432	**(114,282)**	**516,525**	**465,226**	**655,054**	**523,918**	**432,624**	**(279,866)**	**(358,944)**	**385,300**		***Operating Result - Surplus / (Deficit)***	**299,400**	**(22)**	**195,600**	**85,100**	**270,300**	**299,000**	**353,800**	**705,700**	**785,900**	**875,300**	**956,300**
167,215	167,574	165,000	170,948	270,515	329,373	271,000	555,057	734,952	555,000		*Add Back Depreciation*	750,000		772,500	795,700	819,600	844,200	869,500	895,600	922,500	950,200	978,700
196,647	**53,292**	**681,525**	**636,174**	**925,569**	**853,291**	**703,624**	**275,191**	**376,008**	**940,300**		***Cash Result - Surplus / (Deficit)***	**1,049,400**	**12**	**968,100**	**880,800**	**1,089,900**	**1,143,200**	**1,223,300**	**1,601,300**	**1,708,400**	**1,825,500**	**1,935,000**
											Capital Movements											
		168,959	175,981	185,852	237,568	251,539	433,076	237,402	319,300		Less Loan Principal Repayments	251,800		258,300	523,300	551,100	580,700	614,400	945,300	1,006,200	1,071,900	1,071,200
196,647	53,292	512,600	460,193	927,841	853,290	703,623	0	142,000	621,000		Less Transfer to Reserves	797,600		709,800	357,500	538,800	562,500	608,900	656,000	702,200	753,600	863,800
		636,500	617,228	826,810	715,110	1,356,504	254,000	0	590,000		Add Transfer from Reserves	777,000		351,000	427,000	375,000	525,800	576,600	777,400	528,200	279,000	229,900
		0	0	1,000,000	61,000	2,800,000	0	500,000	525,000		Add Capital Funding	2,975,000		7,000,000	0	0	0	8,000,000	0	0	0	0
		636,466	617,228	1,638,686	538,543	3,904,966	96,115	496,606	1,115,000		Less Capital Expenditure	3,752,000		7,351,000	427,000	375,000	525,800	8,576,600	777,400	528,200	279,000	229,900
0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**		***Cash Result after Capital Movements***	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Airport - Capital Expenditure Summary											
Asset Description	**2011/12**	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
Ballina Airport											
Terminal Renovation	370,000						8,000,000				
Runway Upgrade	10,000		7,000,000								
Apron Extension	525,000	3,475,000				250,000			300,000		
Drainage Works	25,000	25,000	25,000	25,000	25,000	25,800	26,600	27,400	28,200	29,000	29,900
Land Acquisition	50,000										
Lease Area - Stage One	50,000			52,000	250,000	250,000	100,000				
Runway Lights	30,000							500,000			
Long Term Car Park	45,000										
Pedestrian Crossing	10,000										
CCTV		40,000	40,000								
Fence to Airside		80,000									
Toilets to Departure Lounge		40,000									
Electronic Gate			26,000								
Shade Structures			160,000				200,000				
Overlay to Rental Car Park		80,000		100,000					200,000		
Storage Containers		12,000									
Runway End Treatment (Runway 24)			100,000								
Fire Fighting Infrastructure (services etc)				250,000	100,000						
Car Park / Entrance Road							250,000	250,000			
PAPI / PAALC										250,000	
Miscellaneous Infrastructure											200,000
Total - GM's Group	**1,115,000**	**3,752,000**	**7,351,000**	**427,000**	**375,000**	**525,800**	**8,576,600**	**777,400**	**528,200**	**279,000**	**229,900**

Source of Capital Funding	**2011/12**	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
Capital Grants and Contributions	525,000	2,975,000	0	0	0	0	0	0	0	0	0
Section 94 Contributions	0	0	0	0	0	0	0	0	0	0	0
Loan Funds	0	0	7,000,000	0	0	0	8,000,000	0	0	0	0
Reserves	590,000	777,000	351,000	427,000	375,000	525,800	576,600	777,400	528,200	279,000	229,900
Council Revenue	0	0	0	0	0	0	0	0	0	0	0
Total	**1,115,000**	**3,752,000**	**7,351,000**	**427,000**	**375,000**	**525,800**	**8,576,600**	**777,400**	**528,200**	**279,000**	**229,900**

Airport Reserve Balance	**2011/12**	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
Opening	**(302,000)**	**(271,000)**	**(250,400)**	**108,400**	**38,900**	**202,700**	**239,400**	**271,700**	**150,300**	**324,300**	**798,900**
Movement	31,000	20,600	358,800	(69,500)	163,800	36,700	32,300	(121,400)	174,000	474,600	633,900
Closing	**(271,000)**	**(250,400)**	**108,400**	**38,900**	**202,700**	**239,400**	**271,700**	**150,300**	**324,300**	**798,900**	**1,432,800**

Loan Principal and Interest	**2011/12**	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
Loan Principal	319,331	251,776	258,324	523,283	551,134	580,659	614,407	945,334	1,006,162	1,071,897	1,071,244
Loan Interest	234,669	222,105	484,125	752,234	711,359	669,834	945,087	1,217,160	1,144,331	1,060,597	986,243
Total	**554,000**	**473,881**	**742,449**	**1,275,517**	**1,262,493**	**1,250,493**	**1,559,494**	**2,162,494**	**2,150,493**	**2,132,494**	**2,057,487**


Operating Income and Expense Analysis
50%
40%
30%
20%
10%
0%
-10%
-20%
02/03
03/04
04/05
05/06
07/08
08/09
09/10
10/11
11/12
12/13
13/14
14/15
15/16
16/17
17/18
18/19
19/20
20/21
21/22
Operating result as a percentage of income
Non-standard income as a percentage of income
Non-standard income as a percentage of expenses


Ballina Byron Gateway Airport - Debt Ratio
40%
35%
30%
25%
20%
15%
10%
5%
0%
02/03
03/04
04/05
05/06
07/08
08/09
09/10
10/11
11/12
12/13
13/14
14/15
15/16
16/17
17/18
18/19
19/20
20/21
21/22

4.11 Local Infrastructure Renewal Scheme

File Reference	Integrated Planning and Reporting - 2012/13
CSP Linkage	Responsible and efficient use of resources
Delivery Program	Financial Management
Objective	To determine whether Council wishes to make an application for loan funding under the NSW Government's Infrastructure Renewal Scheme.

Background

The NSW Government has recently announced the Local Infrastructure Renewal Scheme (LIRS) which provides the "opportunity for councils to access interest subsidies for the purpose of funding legitimate infrastructure backlogs". A copy of the circular announcing this scheme is included as an attachment to this report.

In summary the scheme provides a 4% interest subsidy to cover the cost of borrowing for infrastructure backlogs. This scheme is designed to provide an incentive for councils to make greater use of debt funding to accelerate investment in infrastructure backlogs.

With applications for the scheme closing on 30 March 2012 Council needs to determine whether it wishes to apply for funding and if yes, which projects are to be funded.

Key Issues

- Backlog infrastructure
- Benefit / cost of loan funding
- Ability to finance debt

Information

Key aspects of the LIRS are outlined in the scheme's guidelines, which are available on the Division of Local Government's (DLG) web site (www.dlg.nsw.gov.au).

Points of particular interest in the guidelines include:

- The LIRS will provide support for projects / programs that commence over three years from 2011/12 onwards

- It is anticipated that there will be two to three rounds of applications for the LIRS assistance commencing with a first round in 2011/12. The final round of applications will commence no later than 2013/14, to enable loans to be drawdown by 30 June 2015

- There is a total of $70 million in interest subsidies available for the scheme over five years

- Favourable consideration may be given to a project / program which is identified in the council's 10 year Asset Management Plans (AMPs) prepared under the Integrated Planning and Reporting (IP&R) framework, although inclusion in an AMP will not be an essential criterion for assessing the application

- Some types of infrastructure projects/programs will not be eligible for LIRS assistance. For example:

  - Projects/programs which do not provide assets to meet an infrastructure backlog in a core service delivery area of local government responsibility to the community (e.g. council premises)

  - Projects/programs which largely result in commercial profits to private parties (e.g. construction of a retail shopping centre)

  - Information and Communications Technology (ICT) (e.g. purchase of computers for council offices)

  - Infrastructure works already in progress as at the date of publication of the guidelines, including those funded by existing debt

- Preference will be given to projects / programs or groups of projects / programs with a total cost of at least $1 million. This amount may comprise, for example:

  - a single project/program (e.g. a park, a library, a single road segment)

  - a group of different but related projects (e.g. redevelopment of community facilities clustered in a single location)

  - a group of projects of a similar nature that can be packaged as a single program (e.g. small road projects in different sites)

- Applications that satisfy the eligibility and essential criteria in the Guidelines will be subject to a NSW Treasury Corporation (TCorp) financial assessment and benchmarking

- The council loan that is to be subsidised by the LIRS must be negotiated and obtained directly from a third party lender. As evidence of this, the application must include, at the minimum, an indicative Bank Term Sheet from the lender as at the application closing date.

- Once the lending institution has disbursed the proceeds of the loan to a council, the council will be expected to make (unsubsidised) interest payments directly to the lending institution in accordance with the final Loan Agreement between those two parties, which will incorporate the final approved loan terms. The DLG will then reimburse the council for the amount of the subsidy

- Councils who intend to lodge an application for LIRS assistance are requested to notify their interest in advance by emailing the DLG by close of business on Friday, 10 February 2012. Ballina Council has complied with this requirement

- The application closing date is Friday 30 March 2012

- Announcement of successful applications - late June 2012 (at the earliest)

- Signing of LIRS agreement - maximum of 30 days after announcement

Asset Management Plans and Backlog Works

Council has in place or is preparing Asset Management Plans (AMPs) for the following main classes of infrastructure:

- Ballina Byron Gateway Airport
- Buildings
- Plant and Vehicle
- Public Recreational Areas
- Road and Transport
- Stormwater
- Swimming Pools
- Waste
- Water and Sewer

Brief comments on each of these plans are as follows:

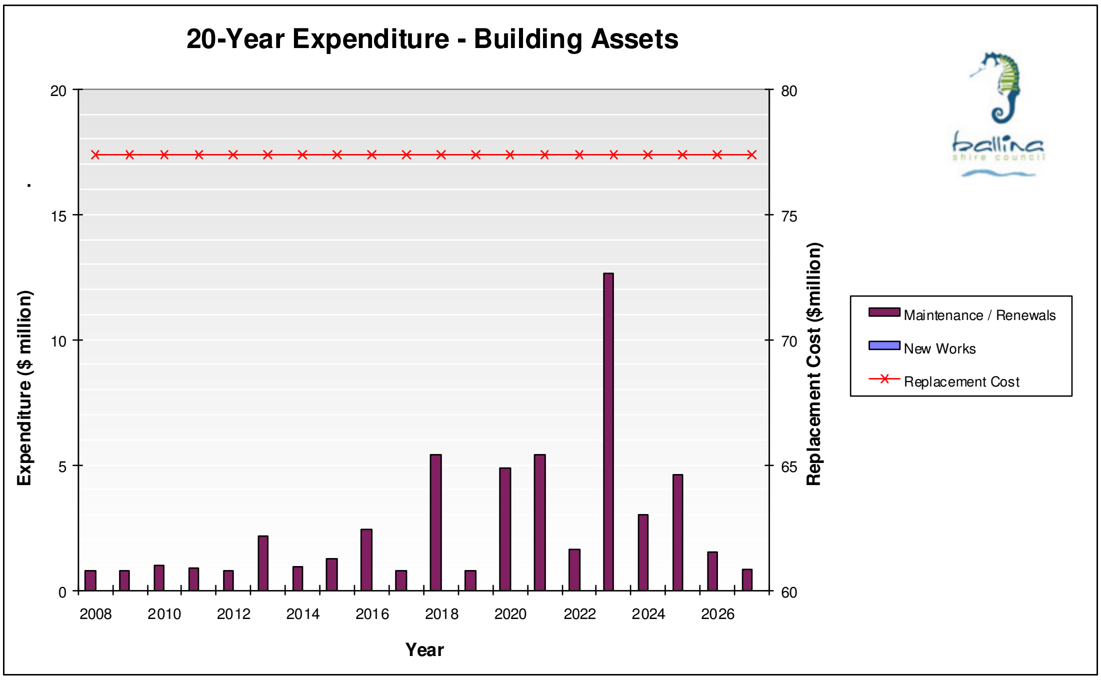
- Ballina Byron Gateway Airport - The one project requiring backlog funding is the runway overlay, which is estimated at approximately $7 million. The report on the long term financial plan for the airport, included elsewhere in this agenda, has this project being fully loan funded. A subsidy of 4% interest on this loan equates to a saving of $280,000 per annum, per year, for ten years (i.e. $2.8 million)

- Buildings - Major projects identified for renewal in Council's buildings AMP include for the near future include:

  - Council Administration Building - Air conditioning, repair/replace gutters
  - Alstonville Leisure and Entertainment Centre - Replace roofing
  - CWA Ballina - Painting
  - Depot - Repair/replace roof sheeting and box gutter, painting
  - Ferry Shed - Replace roof, painting
  - Ballina Library - Replace roofing screws, repair/replace guttering
  - Naval Museum - Replace asbestos roof, painting

- o Old Tintenbar Council Chambers - Replace guttering, painting
- o Players Theatre - Replace asbestos roof, painting
- o Shelly Beach Surf Club - Brickwork and rendering, painting, replace eaves
- o 71 Tamar Street - Painting, replace roof over garage, gutter replace

The expenditure estimated for the renewal of building assets as per Council's AMP is as per the following chart.



Council currently has $200,000 in recurrent revenue for capital improvements to community infrastructure and buildings and this funding is helping to address this asset class.

The above chart highlights there will be some major funding requirements for building renewals around circa 2020 therefore the need for current loan funding may not be as paramount as it is for other asset classes.

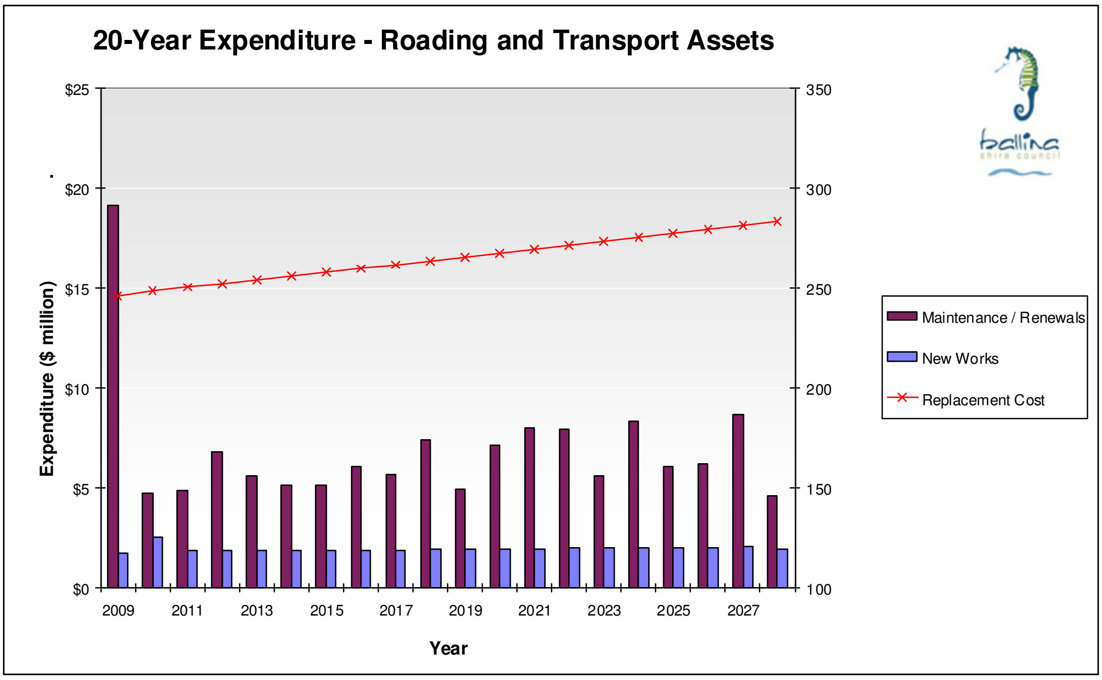
- Plant and Vehicle - Based on the guidelines it appears that plant is not considered infrastructure for the purposes of this scheme

- Public Recreational Areas - Generally speaking Council has a reasonable capital replacement program in place for sporting fields and playgrounds etc and the priority for these works is not considered as high as other asset classes such as buildings, roads, stormwater and the airport.

- Road and Transport - Previous reports to Council have identified a large backlog of works in respect to pavement resealing and renewals. The last report on this to the April 2011 Finance Committee meeting identified over $12 million worth of works considered as high priorities and a copy of the two attachments to that meeting, outlining the list of works, are included as attachments one and two to this report.

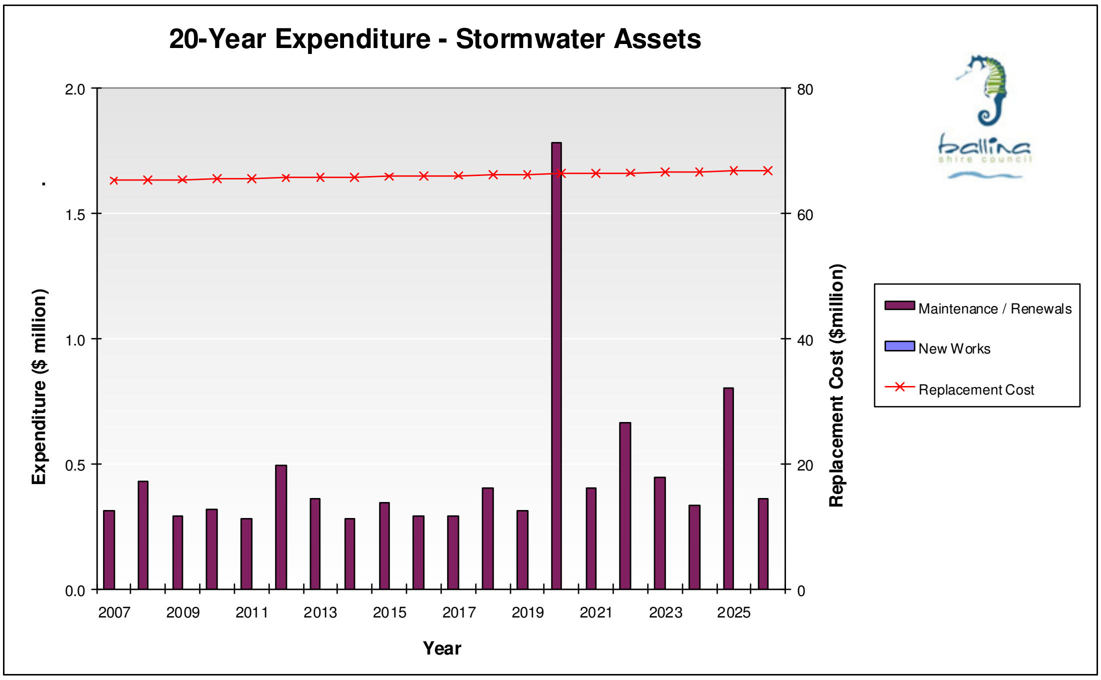
4.11 Local Infrastructure Renewal Scheme

Council's AMP for road and transport also confirms both a backlog and a need for increased funding, as show in the next chart.



Clearly road and transport assets are one asset class that could benefit from this scheme.

- Stormwater - Council's AMP is predicting a major asset renewal for stormwater around circa 2020, as per the next chart. Council is currently expending around $400,000 per annum on stormwater renewals, with approximately $285,000 of that raised through a stormwater charge on properties. This is not significantly short of the required funding estimated in the AMP and even though stormwater is an option for funding through this scheme, the road and transport category of assets has a far higher need and existing backlog.



- Swimming Pools - Council recently considered a report (December 2012 Facilities Committee meeting) that confirmed both the Alstonville and Ballina swimming pools require expenditure of approximately $4 million each to develop the pools to contemporary standards. A significant component of this is upgrade works, which is not backlog, however approximately $2 million per pool could be considered as asset renewals, which are backlog works (i.e. plant rooms, coping and relining etc).

- Waste - As waste is funded through Council setting charges for the service this area of Council's operations is not considered to be a priority for this funding as it is able to raise its own revenue

- Water and Wastewater - As per the waste comments, with water and wastewater able to set their own charges.

Benefit / Cost and Loan Repayments

Current loan rates are approximately 8%. This means that with the 4% subsidy Council will be paying a net rate of 4%. The difference in repayments for a $1 million loan over ten years, based on this subsidy, is as follows:

Comparison of Loan Repayments - 4% and 8% ($1 million loan - Ten Years)

Interest Rate	4.0%	8.0%
Annual Loan Repayment	123,000	149,000
Total Loan Repayments	1,230,000	1,490,000
Net Saving Per Annum	26,000	
Total Saving	260,000	

It is a little unclear how the subsidy will work as Council will effectively take out the loan at the full interest rate and then receive the subsidy. This means Council will be paying the full amount of the loan repayment and it is assumed that the difference in the loan repayment, with the 4% deducted, will then be reimbursed to Council.

The key issue with the LIRS is that Council will still need to finance the loan repayments, albeit with the subsidy included. This is important in that Council will still be paying the annual loan repayment, which will include an interest component. Therefore on the $1 million example provided, we will need to make net repayments of $123,000 per annum.

As Council generally operates on a break even budget, with all funds allocated, this means there is limited, if any, funding available from recurrent revenue to offset those loan repayments.

Also as there is still an interest component (i.e. in this example a net 4%), from a financial perspective Council should only be funding backlog works from loans, if the cost of not doing those works is increasing by 4% or more per annum.

In other words it does not make financial sense to be borrowing at a cost of 4% (net), if the cost of the works is not increasing by 4% or more, as it would otherwise be cheaper to do those works from revenue at a future date.

It is fair to say, with the cost of raw materials increasing significantly in recent years, the 4% net cost of borrowing is likely to provide a net benefit, as construction costs have been increasing by a much higher rate.

Whether or not that continues into the future is uncertain, albeit it is highly likely that resource prices will continue to increase above this figure, based on global demand and the finite nature of the materials.

Preferred Projects

As Council must still be in a position to finance the loan repayments it is important that any project selected has a funding source for those repayments.

In reviewing the asset classes listed earlier possible options for projects are:

- Airport - Runway Overlay $7 million - The airport is in a position to finance the loan repayments and the savings in loan repayments will make a significant difference to the long term viability of the airport. The major risk with this is that if future flights decrease Council will need to offset the loan repayments from either reserves or general revenue.

- Buildings - No major project stands out and the preferred option is to finance building related works from Council's property reserves

- Road and Transport - Council has a myriad of road projects that could be listed for funding, however the real issue is financing those loan repayments.

There are a few options for this:

(1) Reduce the existing road capital budget and finance the loan repayments from that reduced budget. Even though there is some logic in this the preferred option is to retain the road capital budget at a high level as possible as it is important that we optimise our ability to respond to work demands by maximising the funds available.

(2) Reduce the existing road maintenance budget and finance the loan repayments from that reduced budget. The issue with this is that the scale of Council's overall road network is so large, that the magnitude of capital expenditure Council is in a position to finance, will not substantially reduce the overall maintenance requirements.

(3) Identify another internal funding source for the loan repayments. In reviewing Council's entire budget the only opportunity that appears to exist for another funding source is through the use of Council's quarry reserves. The latest revision of Council's long term financial plan has the quarry reserves increasing as follows for the next ten years:

Financial Year	Transfer to Reserve ($)	Balance 30 June ($)
2011/12	78,500	1,509,900
2012/13	164,000	1,673,900
2013/14	171,700	1,845,600
2014/15	179,700	2,025,300
2015/16	187,900	2,213,200
2016/17	196,500	2,409,700
2017/18	205,400	2,615,100
2018/19	214,400	2,829,500
2019/20	223,600	3,053,100
2020/21	233,200	3,286,300
2021/22	243,100	3,529,400

If Council borrowed $1 million the net repayments would be $123,000 which leaves a minimal transfer to the quarry for the first few years, particularly remembering that Council already typically takes a $100,000 dividend from the quarries each year, as part of its recurrent budget.

One benefit from fixed loan repayments is that over time the loan repayment decreases in real terms, while the transfers to the quarry reserve will continue to increase in line with CPI.

In looking at the amount to be borrowed the maximum recommended from this funding source would be $1 million, as the annual net loan repayments of $123,000 are not that much lower then the transfers to reserve for the first few years. As there is a risk that cash flows to the quarries could vary, both up and down, Council needs to retain a reasonable buffer between the loan repayments and the reserve transfers.

A couple of other considerations with this proposal are:

a) over the ten years the quarry reserve balance will be $1.23 million less than current forecast - This still represents a reasonable figure based on current forecasts

b) Council has, as yet, not determined it total liability in respect to future remediation for this site. A project is currently underway that will provide information about the likely magnitude of costs for this liability. Whilst this figure is unknown at this stage, the rehabilitation is not expected for some time allowing sufficient time to build the reserve to the required level.

c) Tuckombil quarry is currently leased to Lismore City Council to October 2018. This lease is providing this income so Council can expect this cash flow to continue until 2018, which is a reasonable period of time over the life of the loan.

d) The quarry result from the last few years has benefited from the high demand for product which may not continue at the same levels. However it should also be noted that the Council has completed some works at the quarry in those periods that were one off expenses and therefore the level of expenditure in the near future is also expected to decrease.

e) Another aspect of the quarry financials to note is that the lease includes a minimum annual payment regardless of production. This payment is currently around $160,000. This provides the Council with some certainty about the most conservative figure to use when estimating the transfer to the reserve.

f) If ever there was insufficient revenue from the quarry to finance the loan repayments, the existing road budget would need to be reduced to offset the repayments.

The only other funding source considered to offset the loan repayments was Council's property reserves however they are already financing other community infrastructure projects.

(4) The only other option is combination of all three earlier options.

- Stormwater - This is asset class is considered appropriate for loan funding although it does not have the backlog that the road and transport infrastructure asset class has.

- Swimming Pools - This is the one other asset class that is ideally suited to this loan proposal. However the issue is that there is no recurrent funding available to offset the loan repayments. This being the case if road infrastructure is the preferred category Council will need to seek other funding options, such as grants, to help renew the swimming pools.

Legal / Resource / Financial Implications

As part of any application the NSW Treasury Corporation will undertake an assessment of a council's capacity to manage any new loans. Council staff have already consulted with the Corporation on this issue and it is hoped our assessment will be completed in the near future.

Consultation

Consultation has been limited to internal discussions on priorities and clarification from the NSW Treasury Corporation on the actions they will be taking in respect to the financial assessment of Council's operations.

Options

Council has the option of applying or not applying for loan funding under the LIRS. Even though the LIRS appears appealing, there is still an interest component and a cost to the community through the loan repayments. Therefore councils must manage this debt.

Overall the preferred option is to apply as a net cost of 4%, or less if rates fall, is considered beneficial in respect to future cost increases.

In respect to the preferred projects, as per the information section of this report, the most viable options appear to be:

- Airport - Runway Renewal - $7 million
- Roads - Resealing and Renewal - $1 million - Attached to this report is the list of pavement renewals in priority order as presented to Council in April 2011. Typically the annual program has been derived from this list in the order presented. This process would simply be extended for the loan funds.

The airport loan would be financed from airport operating revenues, whereas the road loan would need to be financed from quarry reserves. The recommendation that follows supports this approach. The airport loan is not needed until 2013/14 and this timing will be clarified as part of Council's application for the LIRS.

RECOMMENDATIONS

1. That Council approves an application for the following projects as part of the Loan Infrastructure Renewal Scheme:

   - Airport - Runway Renewal - $7 million
   - Roads - Resealing and Renewal - $1 million

2. The loan repayments for the airport are to be financed from airport operating revenues, whereas the repayments for the roads are to be financed from quarry reserves.

Attachment(s)

1. April 2011 - List of pavement reseals which have been assessed as being necessary

2. April 2011 - List of pavement renewals which is used to establish the delivery program for budget purposes

3. Local Infrastructure Renewal Scheme - DLG Circular 12-01 6 January 2012

Attachment 1

Defects Priority	Road	Segment	Locality	Description	Estimate ($)
1	North Teven Road	80	Rural	Reconstruction	110,000
1	Midgen Flat Road	20	Rural	Reconstruction	934,000
1	Pimlico Road	30	Rural	Reconstruction	350,000
1	Uralba Road	30	Rural	Reconstruction	300,000
1	Swift Street	40	Ballina Island	Reconstruction	160,000
1	River Street	30	Ballina Island	Reconstruction	60,000
1	Compton Drive	20	Ballina East	Reconstruction	480,000
1	Compton Drive	70	Ballina East	Reconstruction	80,000
1	Fenwick Drive	10	Ballina East	Reconstruction	387,000
1	Martin Street	40	Ballina Island	Reconstruction	96,000
1	Newport Street	10	Ballina East	Reconstruction	40,000
1	Dress Circle Drive	20	Lennox Head	Reconstruction	20,000
1	Alston Avenue	30	Alstonville	Reconstruction	37,000
1	River Drive	170	South Ballina	Reconstruction	120,000
2	Grant Street	10	Ballina Island	Reconstruction	250,000
2	Boat Harbour Road	10	Ballina West	Reconstruction	83,000
2	Wilson Street, Wardell	10	Wardell	Reconstruction	100,000
2	River Street	10	Ballina Island	Reconstruction	100,000
2	Byron Street	20	Lennox Head	Reconstruction	225,000
2	Chickiba Drive	10	Ballina East	Reconstruction	200,000
3	Cedar Street Wardell	10	Wardell	Reconstruction	100,000
3	Brunswick Street	10	Ballina Island	Reconstruction	60,000
3	Burnet Street	20	Ballina Island	Reconstruction	152,000
3	Fox Street	20	Ballina Island	Reconstruction	334,000
3	Grant Street	10	Ballina Island	Reconstruction	246,000
3	Nashua Road	10	Rural	Reconstruction	85,000
3	Canal Road	50	Ballina Island	Reconstruction	80,000
3	North Creek Road	180	Lennox Head	Reconstruction	270,000
3	Cherry Street	110	Ballina Island	Reconstruction	290,000
4	Fawcett Lane		Ballina Island	Reconstruction	60,000
4	Henry Phillip Avenue	10	Ballina Island	Reconstruction	105,000
4	Fernleigh Road		Rural	Reconstruction	160,000
4	Canal Road	20	Ballina Island	Reconstruction	290,000
4	Crane Street	70	Ballina Island	Reconstruction	170,000
4	Moon Street	130	Ballina Island	Reconstruction	160,000
4	Banksia Lane	10	Ballina East	Reconstruction	90,000
4	The Serpentine	20	Ballina East	Reconstruction	100,000
4	Marom Creek Road	130	Rural	Reconstruction	107,000
4	Bagotville Road	15	Rural	Reconstruction	170,000
4	Bagotville Road	20	Rural	Reconstruction	360,000
4	Teven Road	60	Rural	Reconstruction	290,000
4	Teven Road	70	Rural	Reconstruction	260,000
4	Johnson Drive	10	Ballina West	Reconstruction	100,000

Attachment 1 Continued

Defects Priority	Road	Segment	Locality	Description	Estimate ($)
5	Tamar Street	30	Ballina Island	Reconstruction	80,000
5	Norton Street	80	Ballina Island	Reconstruction	190,000
5	Shelly Beach Road	10	Ballina East	Reconstruction	95,000
5	George Street	5	Rural	Reconstruction	40,000
5	George Street	10	Rural	Reconstruction	40,000
5	George Street	20	Rural	Reconstruction	130,000
5	Bagotville Road	10	Rural	Reconstruction	300,000
5	Bagotville Road	40	Rural	Reconstruction	380,000
5	Ocean View	10	Alstonville	Reconstruction	200,000
6	Perry Street	20	Alstonville	Reconstruction	30,000
6	Skinner Street	20	Ballina Island	Reconstruction	60,000
6	Skinner Street	30	Ballina Island	Reconstruction	60,000
6	Barlows Road	20	Ballina West	Reconstruction	80,000
6	Linderman Street	20	Ballina West	Reconstruction	70,000
6	Lindendale Road	25	Ballina West	Reconstruction	130,000
6	Marsh Avenue	10	Ballina Island	Reconstruction	97000
					$10,153,000

Attachment 2

Road	Segment	Locality	Description	Estimate ($)
Ocean View Drive	10	Alstonville	Reseal	15,360
Scenic Court	10	Alstonville	Reseal	11,200
Stacey Court	10	Alstonville	Reseal	4,000
Siesta Court	10	Alstonville	Reseal	4,000
Rutherford Street	10	Lennox Head	Reseal	6,720
Ross Street	20	Lennox Head	Reseal	9,600
Survey Street	40	Lennox Heights	Reseal	33,600
Holden Lane	70	Ballina Island	Reseal	3,840
Holden Lane	80	Ballina Island	Reseal	6,720
Grant Street	20	Ballina Island	Reseal	17,280
Hamilton Street	10	Ballina Island	Reseal	18,560
Martin Street	150	Ballina Island	Reseal	19,200
Cawarra Street	10	Ballina Island	Reseal	14,080
Temple Street	10	Ballina Island	Reseal	33,280
Temple Street	30	Ballina Island	Reseal	16,400
Temple Street	30	Ballina Island	Reseal	4,800
Mary Street	10	Ballina Island	Reseal	7,680
Winton Lane	110	Ballina Island	Reseal	6,720
Winton Lane	90	Ballina Island	Reseal	8,000
Winton Lane	80	Ballina Island	Reseal	5,600
Greenhalgh Street	10	Ballina Island	Reseal	10,560
Henry Phillip Avenue	10	Ballina Island	Reseal	19,200
Daydream Avenue	20	Ballina West	Reseal	17,600
Kalinga Street	30	Ballina West	Reseal	3,360
Sunnybank Drive	10	Ballina West	Reseal	4,480
Simmons Street	20	Ballina North	Reseal	22,000
Racecourse Road	50	Ballina North	Reseal	5,600
Brighton Street (south)	10	Ballina East	Reseal	1,280
Anderson Street	20	Ballina East	Reseal	8,000
Anderson Street	20	Ballina East	Reseal	13,600
Merinda Place	10	Ballina East	Reseal	5,280
Northumberland Drive	10	Ballina East	Reseal	16,000
Bonview Street	50	Ballina East	Reseal	9,600
Alstonvale Road	10	Rural	Reseal	20,602
Alstonvale Road	30	Rural	Reseal	5,043
Coolgardie Road	50	Rural	Reseal	5,373
Deadmans Creek Road	10	Rural	Reseal	21,907
Eltham Road	30	Rural	Reseal	21,216
Eltham Road	70	Rural	Reseal	45,619
Emp Vale Road	30	Rural	Reseal	29,640
Emp Vale Road	50	Rural	Reseal	5,280
Emp Vale Road	70	Rural	Reseal	8,694
Fernleigh Road	50	Rural	Reseal	22,496
Fernleigh Road	60	Rural	Reseal	5,754
Fernleigh Road	70	Rural	Reseal	6,870
Fernleigh Road	80	Rural	Reseal	58,125
Fernleigh Road	90	Rural	Reseal	51,346
Fernleigh Road	100	Rural	Reseal	5,632
Fernleigh Road	110	Rural	Reseal	29,696

Attachment 2 - Continued

Road	Segment	Locality	Description	Estimate ($)
Fernleigh Road	120	Rural	Reseal	19,488
Friday Hut Road	90	Rural	Reseal	25,597
Friday Hut Road	110	Rural	Reseal	3,830
Friday Hut Road	170	Rural	Reseal	34,762
Friday Hut Road	180	Rural	Reseal	304
Gallans Road	10	Rural	Reseal	32,422
Gibsons Road	10	Rural	Reseal	17,434
Glenross Drive	10	Rural	Reseal	8,664
Glenross Drive	20	Rural	Reseal	13,832
Hermans Lane	30	Rural	Reseal	47,059
Houghlns Creek Road	150	Rural	Reseal	58,915
Houghlns Creek Road	160	Rural	Reseal	43,046
Humpty Back Road	10	Rural	Reseal	34,656
Humpty Back Road	20	Rural	Reseal	30,005
Killen Falls Drive	10	Rural	Reseal	8,778
Lindendale Road	10	Rural	Reseal	37,971
Lindendale Road	30	Rural	Reseal	18,027
Midgen Flat Road	10	Rural	Reseal	5,120
Midgen Flat Road	30	Rural	Reseal	31,181
Nashua Road	20	Rural	Reseal	32,528
Nashua Road	30	Rural	Reseal	15,170
Old Pacific Highway	10	Rural	Reseal	20,976
Old Pacific Highway	20	Rural	Reseal	1,900
Pearces Creek Road	40	Rural	Reseal	23,510
Pearces Creek Road	50	Rural	Reseal	26,139
Pearces Creek Road	60	Rural	Reseal	20,386
Pearces Creek Road	130	Rural	Reseal	7,603
Pearces Creek Road	160	Rural	Reseal	10,080
Pearces Creek Road	170	Rural	Reseal	10,080
Picadilly Road	10	Rural	Reseal	9,234
Picadilly Road	20	Rural	Reseal	5,034
Pimlico Road	60	Rural	Reseal	7,270
Reedy Creek Road	10	Rural	Reseal	15,734
River Drive	70	Rural	Reseal	34,421
River Drive	75	Rural	Reseal	50,893
River Drive	90	Rural	Reseal	7,610
River Drive	100	Rural	Reseal	29,000
River Drive	120	Rural	Reseal	19,859
River Drive	130	Rural	Reseal	13,442
River Drive	140	Rural	Reseal	25,358
River Drive	170	Rural	Reseal	11,606
River Drive	180	Rural	Reseal	66,259
River Drive	200	Rural	Reseal	51,360
River Drive	210	Rural	Reseal	86,880
Rous Cemetery Road	10	Rural	Reseal	3,440
Rous Cemetery Road	20	Rural	Reseal	11,496
Rous Road	30	Rural	Reseal	6,221
Sneaths Road	90	Rural	Reseal	15,620
Sneesbys Lane	10	Rural	Reseal	13,558
Tooheys Mill Road	10	Rural	Reseal	52,061

Attachment 2 - Continued

Road	Segment	Locality	Description	Estimate ($)
Tooheys Mill Road	20	Rural	Reseal	62,397
Tooheys Mill Road	30	Rural	Reseal	2,816
Tooheys Mill Road	50	Rural	Reseal	11,126
Uralba Road	30	Rural	Reseal	6,198
Wardell Road	80	Rural	Reseal	9,976
Wardell Road	90	Rural	Reseal	30,537
Wardell Road	100	Rural	Reseal	56,747
Wardell Road	110	Rural	Reseal	79,622
Wardell Road	120	Rural	Reseal	5,208
Wardell Road	130	Rural	Reseal	2,042
Willow Bank Drive	10	Rural	Reseal	4,515
Willow Bank Drive	50	Rural	Reseal	3,155
Willow Bank Drive	60	Rural	Reseal	2,122
				$2,178,773

Premier & Cabinet
Division of Local Government

Circular to Councils

Circular No. 12-01
Date 6 January 2012
Doc ID. A268449

Contact LIRS Project Manager
02 4428 4100
lirs@dlg.nsw.gov.au

LOCAL INFRASTRUCTURE RENEWAL SCHEME GUIDELINES

I am pleased to advise that the NSW Government's Local Infrastructure Renewal Scheme (LIRS) Guidelines have been released and are now available for download from the 'Publications' page of the Division of Local Government's website at www.dlg.nsw.gov.au.

The NSW Government's NSW 2021 State Plan has a goal to invest in critical infrastructure. To achieve this, the NSW Government has committed to implementing a Local Infrastructure Backlog Policy, which comprises the following elements:

1. Council by council audit of local infrastructure backlog

The Division of Local Government is undertaking an audit of each council's local infrastructure backlog to provide better information on investment needs.

The infrastructure backlog audit is based on councils' 10-year Asset Management Plans, prepared under the Integrated Planning and Reporting (IP&R) framework, and data included in councils' annual financial reports. The audit is being undertaken in stages from 2011 to 2014 as councils commence under the IP&R Framework.

2. Local Infrastructure Renewal Scheme

The Local Infrastructure Renewal Scheme (LIRS) provides the opportunity for councils to access interest subsidies for the purpose of funding legitimate infrastructure backlogs.

The LIRS will provide a 4% interest subsidy to assist councils with legitimate infrastructure backlogs to cover the cost of borrowing. The subsidy aims to provide an incentive to councils to make greater use of debt funding to accelerate investment in infrastructure backlogs and augment funding options already available to councils.

The LIRS is being administered by the Division. Applications will be assessed by an Assessment Panel comprising an Independent Chair and representatives from the Division, NSW Treasury and the Department of Planning and Infrastructure.

Division of Local Government
5 O'Keefe Avenue NOWRA NSW 2541
Locked Bag 3015 NOWRA NSW 2541
T 02 4428 4100 F 02 4428 4199 TTY 02 4428 4209
E dlg@dlg.nsw.gov.au W www.dlg.nsw.gov.au ABN 99 567 863 195

The Guidelines provide detailed information on the eligibility requirements and the assessment criteria for projects to enable councils to consider these before deciding whether to apply for LIRS assistance. Further information to assist councils to make an application will be provided to those councils that notify the Division that they intend to apply, in line with the following timetable.

Item	Date
Pre-notification by councils of their intention to lodge an application	10 February 2012
Application closing date	30 March 2012

3. NSW Treasury Corporation financial assessment and benchmarking

NSW Treasury Corporation (TCorp) is establishing a system for financial assessment and benchmarking of NSW councils' financial position. The purpose of the assessment is to assist councils' asset acquisition and investment management strategies, including providing advice on their capacity to utilise debt when appropriate.

Councils that apply for assistance under the LIRS will be required to have a TCorp assessment completed. However, all councils are encouraged to undergo an assessment.

Further information on the TCorp process can be obtained by contacting Mr Kevin Pugh, Senior Manager Corporate Finance, NSW Treasury Corporation, by email to kevin.pugh@tcorp.nsw.gov.au or by telephone on (02) 9325 9257.

Councils are encouraged to take advantage of this opportunity to receive financial support from the NSW Government to assist them to invest in infrastructure backlog projects that have been identified in their long-term community, asset management and financial planning to improve the services provided to the community.

For further information on LIRS, please contact the Division's LIRS Project Manager on telephone 4428 4100.

Ross Woodward
Chief Executive, Local Government
A Division of the Department of Premier and Cabinet

NSW GOVERNMENT

TCorp

New South Wales Treasury Corporation

Local Infrastructure Renewal Scheme

Financial Benchmarking Assessments

Introduction

The Local Infrastructure Renewal Scheme (LIRS) is an initiative of the NSW Government to provide a subsidy to assist Local Councils (Councils) to meet the costs of infrastructure investment backlogs.

How does the LIRS work?

The LIRS has been designed to provide the opportunity for councils to access substantial savings in its interest costs on borrowings for the purpose of funding infrastructure backlogs.

The LIRS guidelines set out criteria for, and conditions of, LIRS assistance. One of the conditions is that financial assessment and benchmarking is to be undertaken for each Council by New South Wales Treasury Corporation (TCorp).

What will Councils Receive from Financial Assessment?

TCorp is the NSW Government's central borrowing authority and has the responsibility of managing the State's debt and providing financial services and advice to the NSW public sector.

Councils will receive a comprehensive report from TCorp which focuses on each Council's key financial risks and performance with particular attention on assessing the key areas of:

- The financial capacity of a Council to undertake additional borrowings.
- The financial performance of a Council in comparison to a range of similar Councils and measured against prudent benchmarks.

The TCorp report will provide Councils with an independent assessment of their financial capacity and performance which will complement the internal due diligence of each Council and the Integrated Planning and Reporting system.

Councils should be aware that due diligence undertaken by a bank provides no certainty or comfort to a Council as to their capacity to undertake borrowings, particularly as banks do not share their due diligence reports with proposed borrowers.

The TCorp review will include:

- Initial meeting with Council management to understand requirements, overall strategy, financial management experience and investment strategies.
- Review of three years of Council audited accounts.
- Undertake a detailed review of the Councils 10 year financial forecasts. The review will include a scenario analysis to stress test forecasts for adverse movements in key assumptions and risks.
- Key assumptions that underpin the financial forecasts to be reviewed and assessed.
- Identify significant changes to future financial forecasts from existing financial performance and highlight risks associated with such forecasts.
- Conduct a benchmark review of a Council's performance against its peer group.
- Prepare a report that provides an overview of the Council's existing and forecast financial position and its capacity to meet increased debt commitments.

The approval process for the LIRS will include a focus on a Council's capacity to meet its future financial obligations so the TCorp report will provide an independent assessment of the Council's financial capacity. The Assessment Panel considering applications for the LIRS will consider the findings from the TCorp report.

What savings can Councils receive under LIRS?

The LIRS will deliver substantial savings for successful applicants, by providing a subsidy of 4% of the interest cost of a loan.

For example, a $5 million loan repaid over a 10 year period will save a Council $1.14 million in comparison to its usual debt facilities.

		Term (years)		
		3	5	10
Capex	$1,000,000	$64,057	$108,302	$228,085
	$2,000,000	$128,114	$216,605	$456,169
	$5,000,000	$320,285	$541,512	$1,104,423
	$10,000,000	$640,569	$1,083,025	$2,280,846
	$20,000,000	$1,281,138	$2,166,050	$4,561,692

If you would like to discuss arranging a financial benchmarking assessment please contact:

Kevin Pugh, Senior Manager Corporate Finance, NSW Treasury Corporation
(02) 9325 9257

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 report recommended for consideration in confidential session follows:

Item 5.1 - Ballina - Byron Gateway Airport - Airline Pricing

This report contains information relating to commercial negotiations taking place, and if released to the public could prejudice those negotiations.

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 Ballina - Byron Gateway Airport - Airline Pricing

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 the release of any confidential information could prejudice those negotiations.