Notice of Finance Committee Meeting

Notice is hereby given that a Finance Committee Meeting will be held in the Ballina Shire Council Chambers, 40 Cherry Street, Ballina on **Monday 25 March 2013 commencing at 4.00 pm.**

Business

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

Paul Hickey
General Manager

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1. Apologies

2. Declarations of Interest

3. Deputations

4. Committee Reports

4.1 Richmond Room

Delivery Program	Community Planning
Objective	To consider options for the future use of the Richmond Room

Background

The Richmond Room is a community facility located in Regatta Avenue, at the rear of the Ballina Library.

The building occupies Crown Land under lease to Council. This lease applies to the land currently comprising the Ballina Visitor Information Centre, the Ballina Library, River Street Children's Centre, as well as the Richmond Room.

The Council has expressed a desire to investigate the feasibility of discontinuing the current Richmond Room use and converting that space for use by the library. When the Richmond Room was originally constructed as part of the library complex, the long term intention was to expand the library into that space.

This report now provides an overview of the current level of usage of the Richmond Room and outlines the steps that would be required for such an expansion to occur.

Key Issues

- Pros and cons of converting one type of community infrastructure to another.

Information

The Richmond Room is a basic, though adaptable space that is available for casual hire for both community and commercial use. The building contains a floor area of approximately $200m^2$ at ground level. It also contains a commercial grade kitchen and limited storage.

The attached information provides a "snapshot" of the nature and extent of bookings over the past twelve months and those in the forthcoming period. In very general terms, Council's current budget projects income from the Richmond Room to be approximately $16,000 by year's end, with expenses predicted to amount to approximately $34,000.

In reviewing the attached information, it can be seen that the bookings comprise a mix of both one-off and recurrent users of the space. Similarly, there is a mix of groups which may be characterised as either community or commercial in their activities. Purely in terms of numbers of bookings, there is an argument that the Richmond Room is not particularly well used. The bookings for the period to January 2013 suggest that there was an average of less than four occasions of use each week.

Clearly however, the space provides a very important community function. One challenge for the Council is to balance the needs of the current regular uses against the desire of expanded library services within this particular building.

The second challenge, having established the need for library expansion, is to prioritise this project in the context of other identified, important capital works.

One of the key difficulties is that there are few suitable alternative venues to which these uses might be transferred. In terms of Council facilities, the options are the Kentwell Community Centre, the function area of the new Ballina Surf Club, Lennox Head Cultural and Community Centre and Alstonville Leisure and Entertainment Centre. Each of these has limitations for some users, including location, cost, accessibility or availability. Another facility owned by Council is the Senior Citizens Centre, though it has not been taken into consideration given that it is already very heavily utilised.

Facilities that might be suitable to cater for many of the Richmond Room's regular users, but which are not owned or managed by Council, include, but are not limited to, the Ballina Masonic Lodge, school assembly facilities and clubs. The availability and suitability of these alternative facilities have not been examined for the purpose of this report, with the exception of the Masonic Lodge. This property is discussed further below.

Council is also aware of a number of community halls in the shire and it is suggested that a number of these have the capacity to be used to a greater extent than what they presently are. The problem is that they would be seen to be too inconveniently located to service the needs of our regular Richmond Room customers.

One of the most prominent user groups of the Richmond Room is the Ballina Lighthouse RSL Day Club. This group is exceptionally active and highly organised in supporting the needs of a large number of Ballina Shire's aged citizens. Through motivated volunteers, the group meets weekly to provide socialisation and entertainment opportunities for its members.

In recent months staff have been working with the Club's executive to examine suitable alternative premises within which it could conduct its activities. A number of options were considered, with the Masonic Lodge emerging as the most suitable option. This facility is available at the required time (Thursday each week), has the necessary inclusions (commercial kitchen, sufficient area and good access) and is conveniently located.

The Lodge management was also exceptionally helpful in offering to support the Club in any way that it could. Ultimately however, the Club has indicated that its strong preference is to remain at the Richmond Room.

Another of the key regular users of the Richmond Room is the Australian Red Cross which occupies the facility on a weekly basis to conduct the “blood bank”, which is also an exceptionally important community service. The Red Cross has been contacted regarding Council’s conceptual plan to expand the library. In response, the Red Cross has advised that the Richmond Room is vital to their service delivery, having the necessary location, access, configuration and types of finish necessary to comply with their accreditation standards through the Therapeutic Goods Administration.

It is possible that denial of access to the Richmond Room may be fatal to the organisation’s service delivery in Ballina.

The two other more prominent regular users of the Richmond Room are the Headlands Church and the Lismore and District Women’s Health Centre Inc. At this stage, contact with these organisations has been deferred pending the Council’s further deliberations concerning this matter.

The Need for Library Expansion

In recent years, Council has received representations concerning the inadequacy of the Ballina Library – not in terms of its range or quality of services, but its sub-optimal floor space. The Richmond Tweed Regional Library (RTRL) has provided the following information in respect to the need for expansion.

Richmond Room (1 March 2013)

Background
The Ballina Library will mark 20 years in 2013 in the current space. During that time, the service and collection has grown. The library now offers regular weekly session for babies and toddlers, school holiday activities, and events such as talks by authors, solicitors, Centrelink. The space is now very crowded, and demand is still increasing for internet access.

Scooters have become a safety risk, as it is potentially a hazard for scooter riders to enter and leave the library using the ramp. The after- hours return chute needs to be upgraded to reduce the manual handling risk to staff who currently pick books up after-hours returned items from a mat on the floor.

Proposal
The library is currently occupying 876 sq m of space. The Richmond Room is 296 sq m, which could be added to the Ballina library to ease the cramped conditions. The Richmond Room is underutilised, and the library is open seven days per week. The library is a popular asset for the community and used by all age groups to good effect.

Additional space will help the library to become more of a social hub, with space to relax, read daily newspapers or access internet on computers or wireless, in a more spacious and comfortable environment. It will also provide an opportunity to modernise the library.

If the library entrance is relocated to the current entry to the Richmond Room, this will provide a safe entry, with no steps or ramp. And closer access to the current carpark. The disabled toilet in the Richmond Room could be converted to provide a space for a new after-hours return chute and returns area.

4.1 Richmond Room

The newspapers and public access computers could be relocated to the new entrance. The circulation desk would need to be relocated to the new entrance, with the existing circulation desk being removed. The children's section would be housed in the area nearer River Street, and would be away from the area where adults access the computers. The bulk of the collection would occupy the centre of the building.
The western wall in the Richmond Room is a long blank space which could become a feature wall for local art exhibition spaces. The Ballina Art Club currently has paintings in the library, but other artists could also exhibit art works to create an interesting space full of colour.

Friends of Ballina Shire's libraries have been very successfully accumulating funds over many years with the hope that the Ballina Library will expand into the Richmond Room. Currently, the group has funds totaling approximately $70,000. Some of this could be contributed to this project.

There are also funds in Local Priority Grant funds that could be reallocated to this project. This includes $20,000 which was allocated to a security system for Ballina Library, which has not been expended.

The latest estimates for conversion of the Richmond Room for library services, as provided by the RTRL, are as follows:

Item	Estimate
Remove wall between the library and Richmond Room, remove existing sliding doors in south eastern corner of R.R. and install windows, Remove existing entry door to R.R. and install automatic doors, Remove automatic doors on River Street entrance and replace with a window and an emergency exit, Remove internal entry doors to R.R. and make good (Goldsmith Building Services quote)	114,000
Convert disabled toilet in R.R. to returns area, with new electronic chute	6,000
Create art feature wall on western wall in R.R.	2,000
Painting, and replace fabric panels in R.R.	20,000
Lighting and air conditioning	5,000
Relocate security panel from library to new entrance	1,000
Cabling to relocate personal computers for public access, plus computers at circulation desk	5,000
Remove circulation desk and install new circulation desk in R.R.	15,000
Some additional shelving to lower the height of top shelves in existing library for safety.	10,000
Floor coverings – need to repair floor where existing circulation desk is removed. Commercial wool carpet over parquetry flooring in R.R.	50,000
Total	**226,000**

Summary

Total cost	$226,000
Less contributions	$90,000
Shortfall	**$136,000**

Assuming that the Council ultimately concurs with the RTRL's need to expand the Ballina library, the fundamental question remains – where is the preferred location for such expansion?

Retention of the existing service in River Street is highly desirable in terms of the community's familiarity with that building, and its central location. If the Richmond Room is not available for library expansion, Council may need to commit resources to explore other design solutions on that land, possibly including a conversion of the use of the Visitor Information Centre. This in turn potentially causes a flow on effect to the delivery of centralised visitor services.

Again, if Council wanted to explore the option of relocating library services to an alternative premises or property elsewhere in Ballina, consultancy services could be engaged to examine feasible alternatives and the consequential costs and impacts of each.

Legal / Resource / Financial Implications

Any expansion of library services will consume considerable financial and other resources, the extent of which will be determined by the selected option. There is no allocation in the current or future budgets for either design or investigations relating to this project. With Council currently considering priorities direction is needed as to whether funding is to be allocated for this project.

Consultation

Consultation to date concerning the option of expanding the library into the Richmond Room has been limited to staff's informal discussions with a number of the key users of that facility, along with discussions with the RTRL.

Options

On the understanding that the Council is satisfied, or will be satisfied of the need for expansion of library services in Ballina, the options are to commit to enlargement of the library on the existing site or to another location.

In the case of expansion on the current site, options could be limited to transition to the Richmond Room alone, or also examining other options including annexure of the Visitor Information Centre and/or the vacant space around that building. In these scenarios construction of additional storeys of floor space might also be considered.

If Council prefers to investigate the relocation of the library, an appropriate consultancy service could be engaged for this purpose. With this option, the investigations would be limited to Council owned or controlled properties, at least in the first instance. Council would need to allocate funding if this research is proposed.

Lastly Council could note the contents of this report and recognise the current limitations that exist, without allocating funding for further research.

Overall it will be a difficult political process if Council wishes to relocate existing users from the Richmond Room. There are practical solutions with other buildings available, particularly the Masonic Lodge however Council will need a strong political will to pursue this approach as some of the existing key regular users will be extremely disappointed.

Council is also not in a financial position to expend hundreds of thousands of dollars on other solutions due to the many other community infrastructure priorities that exist.

This being the case, without direction from Council, the recommendation is to note the contents of the report. This report has flagged the issues that currently exist and until another suitable venue is available for the existing key regular users, then it appears that the expansion of the Ballina library will need to wait, unless the elected Councillors wish to more vigorously pursue other options, such as expansion into the Richmond Room, immediately.

RECOMMENDATION

That Council notes the contents of this report in respect to the possible expansion of the Ballina Library into the Richmond Room.

Attachment(s)

1. Richmond Room Bookings
2. Richmond Room Projected Bookings

RICHMOND ROOM BOOKINGS BY CUSTOMER FEB 2012 - JAN 2013

Name	Frequency
Andrea Skennar Private Function Family reunion	2
AUSTRALIAN RED CROSS BLOOD SERVICE LEE HARLEY	33
BALLINA LIFEBALL	1
BALLINA RIVER STREET CHILDRENS CENTRE - Social DISCO	1
BALLINA RSL LIGHTHOUSE DAY CARE CLUB LORRAINE FOX	47
Bernadette Perry - PRIVATE FUNCTION WEDDING RECEPTION	1
BIALA SUPPORT SERVICES - DISABLED BOWLING LEAGUE	1
BUNJUM ABORGINAL CORP DANIEL ROBERTS - Community Service Meeting	2
CASPA - ART EXHIBITION CHARITY FUNDRAISER	3
Col & Pauline Gale - Private Funciton Family Reunion	1
FOX STREET PRE SCHOOL FUNDRAISER EVENT	2
FRIENDS OF THE LIBRARY JANNELLE MOSS	8
HARVEY FRANK	1
HEADLAND CHURCH INTERNATIONAL URS AND BRIGITT KELLER	50
Jeff Stone - Private Function - FAMILY WAKE after FUNERAL	1
Kerry Fairlie - Library School Activities	1
KEVIN GEAGHAN FUNERALS DIANNE STEENSON	1
MCCARTHY ANNETTE - Private Function - FAMILY WAKE	1
MELCHIOR SUZIE - BUSHDANCE	1
NORTHERN RIVERS SOCIAL DEVELOPMENT COUNCIL NRSDC - Meeting	1
NSW ABORIGINAL LAND COUNCIL TINA WILLIAMS	2
NTSCORP LTD SYLVIE ELLSMORE - BYRON NATIVE TITLE MEETING	1
OFFICE OF ENVIRONMENT HERITAGE NSW ASHLEY MORAN	1
ON TRACK COMMUNITY PROGRAMS LISMORE ROBYN MASTERS	1
Phil Chapman - Parkview Funerals	4
Phil Hyde & Felicity Wilson - Private Function WEDDING RECEPTION	1
PRIVATE FUNCTION - NORTHERN RIVERS CLASSIC MOTORCYCLE CLUB INC	1
Roy Watson FRIENDLY SOCIETY MEETING - MANCHESTER UNITY	1
SOUTHERN CROSS SCHOOL - SUNBJECT SELECTION EVENING	1
SPINAL CORD INJURIES AUSTRALIA ANDREW BAINES	1
SPIRIT DREAMING MEL BROWN - Community Services Meeting	3
STRATEGIC COMMUNITY SERVICES - Inc NAIDOC WEEK CELEBRATIONS, YOUTH FORUM ETC.	8
Stuart Roach - BSC Bookings	4
Sue Parker - PRIVATE FUNCTIONS (40th B'Day Party)	1
TURSA EMPLOYMENT TRAINING KYLIE WILLIAMS	1
VIC CENTRE	1
WETLAND CARE AUSTRALIA LIZ HAJENKO	1

RICHMOND ROOM BOOKINGS BY CUSTOMER
PROJECTED BOOKINGS FEB 2013 - JAN 2014

Name	Frequency
AUSTRALIAN RED CROSS BLOOD SERVICE LEE HARLEY	50
BALLINA RSL LIGHTHOUSE DAY CARE CLUB LORRAINE FOX	42
Frances Hickson	1
HEADLAND CHURCH INTERNATIONAL URS AND BRIGITT KELLER	46
Leslie Ryan	2
LISMORE AND DISTRICT WOMENS HEALTH CENTRE INC - GO FOR FUN PROGRAM	45
LISMORE THEATRE COMPANY SHARON BRODIE - VAGINA MONOLOGUES	1
LOCAL GOVERNMENT AND SHIRES ASSOCIATION OF NSW JODY HOUSTON	
MARINE RESCUE NSW BALLINA UNIT - ART EXHIBITION FUNDRAISER	3
CASPA ART GALLERY - CHARITY EXHIBITION	4
NSW ABORIGINAL LAND COUNCIL TINA WILLIAMS - Community Service Meeting	1
SURF LIFE SAVING NSW	

4.2 North East Weight of Loads Group (NEWLOG)

Delivery Program	Governance
Objective	To provide Council with an annual update on the operations of NEWLOG.

Background

North East Weight of Loads Group (NEWLOG) represents a resource sharing co-operative of the eight member Councils (Ballina, Byron, Clarence Valley, Kyogle, Lismore, Richmond Valley, Tenterfield and Tweed) with the objective of reducing damage to Council and classified roads and promotion of road safety, by policing of vehicle weights as prescribed in the Acts and Regulations pertinent to overloading.

Essentially all the corporate services for NEWLOG such as finance, administration, employment of staff etc are provided by Ballina Shire Council with Council then charging an overhead cost against the member contributions.

The NEWLOG group, which is not a separate legal entity, operates under a Memorandum of Agreement (MOU) with the Roads and Maritime Services (RMS) which expired 31 December 2011, but which was extended on a month to month basis until the RMS complete a review of this service.

The Deed of Agreement between member councils expired 1 July 2012 and has also been extended on a month to month basis until the final MOU is executed with RMS.

Key Issues

- Overview

Information

The latest annual report for NEWLOG is attached and provides comprehensive information on the operational and financial activities for the subject period. Even though NEWLOG has operated effectively for many years special note should be taken of graphs one and two on page 11 of the report which highlights the decreasing number of breaches in recent years.

The fact that more vehicles appear to be complying with load limits is a good sign and this should better protect road surfaces. However, the downside of this is the decrease in fines income.

The funding arrangement is currently 36% from RMS, 27% from Fines and Interest Income and 37% from member Council contributions.

4.2 North East Weight of Loads Group (NEWLOG)

The following table highlights that fines and legal costs recovered have declined for each of the last two years and is expected to decline further in 2012/13. A preliminary estimate for 2013/14 is also provided, with a more optimistic forecast.

NEWLOG – Financial Overview 2010/11 to 2013/14

Item	Actual 2010/11	Actual 2011/12	Estimate 2012/13	Actual to 31 Jan	Revised 2012/13	Estimate 2013/14
Operating Revenues						
Legal Costs Recovered	3,303	9,557	19,300	12,371	20,000	10,000
Fines	108,732	96,516	110,000	42,089	80,000	100,000
RMS Contributions	161,321	167,374	170,000	84,775	169,500	174,000
Profit on Sale of Assets	0	1,636	0	0	0	0
Interest on Investments	17,033	17,242	18,000	0	16,000	11,000
Total Revenues	**290,389**	**292,325**	**317,300**	**139,235**	**285,500**	**295,000**
Operating Expenses						
Salaries	234,001	242,569	242,100	150,246	255,000	255,000
State Conference Costs	0	0	2,600	610	600	2,000
Workers Compensation	10,900	12,454	12,500	0	12,500	13,000
Superannuation	18,371	20,496	20,500	9,411	19,000	21,000
Uniforms	691	611	1,100	0	1,000	1,000
Annual Leave	15,269	17,160	15,000	10,750	16,500	16,000
Other Leave	9,818	7,606	7,000	4,694	8,000	8,000
Sick Leave	8,563	14,124	6,000	19,239	25,000	8,000
Long Service Leave	6,312	7,103	26,700	13,572	20,000	7,000
Vehicle Running Costs	26,475	31,607	40,700	23,078	40,700	42,000
Overheads Charged	85,008	89,004	82,000	47,838	82,000	89,000
Legal Costs	3,239	2,072	5,000	583	1,000	2,000
IPB Processing Fees	3,572	3,078	4,000	2,707	5,000	5,000
Admin Costs	20	1,373	1,000	224	1,000	1,500
Audit Costs	1,900	2,000	2,100	2,775	2,800	2,500
Insurance	4,725	4,725	5,500	0	5,000	5,000
Sundry Expenses	1,105	1,004	2,600	2,576	4,000	2,500
Telephone	560	497	1,000	200	500	500
Maintenance of Scales	3,145	1,965	5,000	3,060	5,000	5,000
Loss on Sale of Assets	0	0	12,000	0	0	0
Total Expenses	**433,674**	**459,448**	**494,400**	**291,563**	**504,600**	**486,000**
Operating Loss	**(143,285)**	**(167,123)**	**(177,100)**	**(152,328)**	**(219,100)**	**(191,000)**
Add:						
Member Contributions	170,155	174,930	179,000	181,230	181,200	184,500
Less:						
Capital Expenditure	0	13,941	0	0	0	0
Net Cash Movement	**26,870**	**(6,134)**	**1,900**	**28,902**	**(37,900)**	**(6,500)**
Reserve–Opening Balance	291,183	318,053	311,919	311,919	311,919	274,019
Reserve-Closing Balance	318,053	311,919	313,819	340,821	274,019	267,519

As per this table NEWLOG has sufficient cash reserves to continue trading (at a loss) for several years and no action is planned until the RMS complete their review and the longer term funding from them is unknown. A completion date for the review has not been provided by RMS and enquiries have not engendered any more details. It is not proposed to canvas other options at this stage.

Legal / Resource / Financial Implications

Council contributes financially to the operations of NEWLOG as well as providing support and management of the joint venture, costs which are recovered through overhead charges.

Consultation

This report is provided for the public record.

Options

This report is largely for information, with Council also being asked to support the draft 2013/14 budget, with that budget to be circulated to NEWLOG members for further comment.

RECOMMENDATION

That Council notes the contents of the NEWLOG Annual Report for 2011/12, the current state of the 2012/13 budget and the draft budget for 2013/14.

Attachment(s)

1. North East Weight of Loads Group Annual Report 2011/2012

NEWLOG
North East Weight of Loads Group

2011/2012

Annual Report

4.2 North East Weight of Loads Group (NEWLOG)

Participating Councils

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OBJECTIVE

NEWLOG operates with the objective to generally advance the aims of reducing damage to Council and classified roads and promotion of road safety, by policing of vehicle weights as prescribed in the Acts and Regulations pertinent to overloading

OVERVIEW OF OPERATIONS

The group operates as a resource sharing cooperative of the 8 member Councils (Ballina, Byron, Clarence Valley, Kyogle, Lismore, Richmond Valley, Tenterfield and Tweed) in accordance with its constitution, and with financial assistance from the RTA under the terms of a Memorandum of Understanding.

Its purpose is to enforce Mass Limits on heavy vehicles operating within the member councils' areas to reduce damage caused to the road network by overloading.

Ballina Shire Council is currently the administrative council, managing the group's operations and employing NEWLOG staff.

Enforcement is carried out by fixed and mobile patrols over the area's local, regional and state road network utilising mobile and static weigh operations. Weigh in Motion (WIMO) operations are carried out in selected locations based on logistic and access factors.

The inspectors operate as two crews with two inspectors in each vehicle. Processing of breaches and the associated administration is carried out by the team members.

MANAGEMENT ARRANGEMENTS

The Group operates under a Memorandum of Agreement with the RMS (previously RTA), which was initially for a two year term expiring on the 30 June 2011, but was subsequently extended pending a review by the RMS of the Weight of Loads program until 31 December 2011. Due to the protracted time taken by RMS to finalise the Review, the MOU was extended on a month to month basis until the reviews completion. A draft of the program review was received in September 2012, and a draft MOU has also been received which would continue until June 2014.

Member Councils have executed a Deed of Agreement which details the management and functions of NEWLOG. This Deed of Agreement expires on 1 July 2012, and has by agreement been extended on a month to month basis until the final MOU is executed with RMS.

The RMS has delegated certain functions under "The Roads Act and Road Transport (General) Acts and Regulations" to member Councils and in turn member Councils have delegated the necessary functions to Ballina Shire Council (the "Administrative Council") to undertake these functions on their behalf by NEWLOG.

KEY AREAS OF OPERATIONS

Staff

NEWLOG operational staff consists of a Team Leader Inspector, three fulltime inspectors and relief inspectors who are able to provide two patrols of two inspectors. Recruitment is underway for a replacement Team Leader due to the retirement of the current staff member. Rosters are prepared by the Team Leader to deploy patrols to maximise impact, meet seasonal freight movement needs, ensure member coverage and respond to reported breaches from members and the public.

Most administrative tasks are carried out by the inspector teams, which include breach checking and issuing, member council liaison, breach reconciliation and RTA member reporting.

Vehicles

The inspectors operate two Ford Courier diesel crew cab utilities. These vehicles have an aluminium tray back and canopy. The separate load compartment improves operator safety and provides a comfortable loading height for the scales and allows easy access to equipment through the offside doors. Standard logos and signwriting has been applied and the approved Weight of Loads Group magenta light bars are fitted. Due to uncertainty regarding the Review the vehicles were not replaced as planned in the 2011/12 year however both required major transmission repairs and will be replaced towards the end of 2012 due to the high kilometers travelled annually.

Weighing Equipment

Weighing equipment consists of two sets of six portable Haenni wheel scales (each set sufficient to weigh one rigid truck in one operation, or one semitrailer in two operations), and one set of Weigh in Motion (WIMO) scales that allow quick screening of a large volume of trucks at appropriate sites such as Kerr Street on the Pacific Highway in Ballina, Johnson Street in Casino, Dawson Street in Lismore, Tarban Creek in Tenterfield and cause minimal delays for trucks that are loaded in accordance with the regulations. Due to the completion of the Ballina Bypass the Kerr Street site presents fewer vehicles for weighing and hence is of reduced value as a weigh site.

Weigh in Motion Operations "WIMO"

The Haenni Weigh in Motion scales are utilized for WIMO operations, with 912 trucks being weighed on them during the year and 21 breaches being identified. They are easy to transport and quick to deploy at suitable sites.

Wheel Scales

The two sets of six Haenni individual wheel scales are operating effectively and providing good service, with any service issues being promptly dealt with by the agent located on the Gold Coast. The annual calibration and certification can now be carried out efficiently on the Gold Coast.

Breach Processing

NEWLOG has entered a Service Level Agreement for a Premium Processing Service with State Debt Recovery. For a standard fee the SDRO process all breaches issued under the SEINS system and remits the fine income to NEWLOG and issues Court Attendance Notices for unpaid fines .CANS for Court elected matters are issued by the SDRO but prosecuted by a local solicitor.

Some breaches require the automatic issue of a Court Attendance Notice, and these are handled by a local solicitor.

Communication

Member councils are provided standard monthly reports by email, and a report is provided monthly to the RTA as required under the MOU with operational performance statistics.

Inspectors regularly communicate with staff from member councils regarding compliance problems in their areas.

Annual Weight of Loads Conference

The inspectors normally attend the annual conference hosted alternately by the Groups, however this was not convened in 2011.

RTA / WOLG Consultative Group

A meeting of the Weight of Loads Liaison Group has not been convened by the RTA for a considerable time.

RMS Weight of Loads Program Review

Originally intended to be completed by RMS prior to June 2011, a draft of the review was finally received early in September 2012. The delay in finalizing the review has resulted in procedural problems requiring extension of the Council Membership arrangements on a month to month basis, held up the signing of a new MOU and caused uncertainty regarding the viability of the operation.

The outcome of the review has also been complicated by the introduction of the National Heavy Vehicle Regulator which will commence on 1 January 2013.

Summary Of Recommendations

The RMS recommendation for the WOLG program going forward is:

- Continue the program with an increased focus on enforcement quality and performance (business model option 1);
- Increase the 2012/2013 financial year program funding in line with CPI until the NHVR is implemented and a financial consultant has analysed each WOLGs business operations to determine the level of funding necessary; and
- Re-negotiate and issue the MoU until 2014.

Joint Operations

NEWLOG inspectors have undertaken several joint operations in conjunction with the RTA and Police Highway Patrol, including night operations. RTA inspectors concentrate on enforcement of truck safety and log book compliance and Police carry out drug and alcohol enforcement and these agencies were complimented by NEWLOG providing mass compliance activities. Several mass breaches resulted from these operations.

2011-2012 ENFORCEMENT SUMMARY

Enforcement Summary and Breach Categories

The 2005 Road Transport (General) Act provides for 3 levels of Mass breaches:

a) minor risk breaches, (less than 5%)
b) substantial risk breaches, (greater than 5%, less than 20%)
c) severe risk breaches, (greater than 20%) Automatic Court Attendance Notice issued.

These breakpoints are defined by relating to the risk of damage to road infrastructure and risk to public safety caused by the overloading.

Additionally, NEWLOG issues infringements for B-Doubles off route, and breaches for exceeding posted load limits on roads and bridges.

During the 2011/2012 year a total of 145 breaches were detected. These included:

- 5 x B-Doubles were breached for traveling "off route".
- 11x vehicles were breached for traveling on load limit restricted roads;

The remaining 129 breaches fell into the following categories:

- Minor risk breach = 56 (39 %)
- Substantial risk breach = 70 (48 %)
- Severe risk breach = 4 (3%)

These results appear similar to the distribution of breaches for the previous year.

Table 1- Intercept, Load Type, and Council Area Breach Statistics

The following table provides a summary of compliance, intercepts and breaches by load type and Council area.

Percentage Compliance by Load Type and Council Area

Load Type		Ballina	Byron	Clarence Valley	Kyogle	Lismore	Richmond Valley	Tenterfld	Tweed	Total
Aggregate/Sand/Soil/Gravel	intercept	62	57	61	48	81	55	34	54	452
	weighed	60	52	48	41	74	43	31	41	390
	breach	6	6	4	2	1	1	3	3	26
	compliance	90%	88%	92%	95%	99%	98%	90%	93%	93%
Bricks Tiles	intercept	1	1	1		1			2	6
	weighed	1	0	0		1			2	4
	breach	0	0	0		0			0	0
	compliance	100%	100%	100%		100%			100%	100%
Cement	intercept	2	4	3	4	4	1	2	2	22
	weighed	2	4	3	2	2	1	2	0	16
	breach	0	0	0	0	0	0	0	0	0
	compliance	100%	100%	100%	100%	100%	100%	100%	100%	100%
Concrete	intercept	2	1	2	1	5	2	6	2	21
	weighed	2	0	2	1	5	1	6	2	19
	breach	0	0	0	0	0	0	0	0	0
	compliance	100%	100%	100%	100%	100%	100%	100%	100%	100%
Empty	intercept		6	11	17	5	6	8	5	58
	weighed		0	0	1	0	0	1	1	3
	breach		2	0	0	0	0	0	1	3
	compliance		66%	100%	100%	100%	100%	100%	80%	0%
Fuel	intercept	6		7	7	5	1	13	3	42
	weighed	5		3	5	1	0	11	2	27
	breach	0		0	0	0	0	0	0	0
	compliance	100%		100%	100%	100%	100%	100%	100%	100%
General	intercept	91	73	84	55	133	47	89	79	651
	weighed	84	40	49	22	107	18	59	38	417
	breach	7	4	2	1	2	1	2	8	27
	compliance	92%	90%	92%	95%	98%	94%	97%	79%	94%
Logs	intercept		3	39	16	2	12	2	3	77
	weighed		3	39	16	2	12	2	3	77
	breach		0	10	2	0	2	0	1	15
	compliance		100%	74%	87%	100%	83%	100%	67%	81%
Livestock	intercept	2	2	11	43	15	10	38		121
	weighed	2	1	8	28	13	7	28		87
	breach	0	0	1	2	1	0	0		4
	compliance	100%	100%	87.50%	93%	92%	100%	100%		95%
Machinery	intercept	4	12	13	19	12	5	7	16	88
	weighed	2	5	9	10	9	2	5	7	49
	breach	0	1	0	1	0	1	0	1	4
	compliance	100%	80%	100%	90%	100%	50%	100%	86%	92%
Perishable goods	intercept	3	8	2	17	5	8	8	4	55
	weighed	3	4	1	10	4	2	6	3	33
	breach	0	0	0	0	1	1	1	0	3
	compliance	100%	100%	100%	100%	75%	50%	83%	100%	91%

Primary produce	intercept	7	2	57	36	8	131	21	84	346	
	weighed	7	2	56	33	7	131	20	84	340	
	breach	2	1	4	0	0	33	3	12	55	
	compliance	71%	50%	93%	100%	100%	75%	85%	86%	84%	
Refrigerated goods	intercept	4	8	2	11	19	5	9	13	71	
	weighed	4	2	1	4	16	2	3	5	37	
	breach	0	0	0	0	1	0	0	1	2	
	compliance	100%	100%	100%	100%	94%	100%	100%	80%	95%	
Steel	intercept	8	11	6	2	11	5	4	5	52	
	weighed	7	7	6	2	10	2	4	4	42	
	breach	1	0	0	0	0	0	0	0	1	
	compliance	86%	100%	100%	100%	100%	100%	100%	100%	98%	
Timber	intercept	9	12	18	9	11	5	3	5	72	2134
	weighed	9	8	16	8	10	2	3	5	61	1098
	breach	0	1	1	0	3	0	0	1	6	142
	compliance	100%	87.50%	94%	100%	70%	100%	100%	80%	90%	87%

Significant areas of non- compliance are noted as:

- tip trucks working from job sites that are loaded using equipment not fitted with load scales; and
- Sugar cane vehicles
- Logging trucks not using onboard scales
- Off Route vehicles

(Please note that data sources have been transferred from NEWLOG to RMS data capture methods and minor inaccuracies may occur)

Table 2-Distribution of Patrol Hours by Council Area

Year to Date Distribution of Hours
Table 2

Area in K2	Council	Road Type	Total Hrs	By Council (Target = 60/40%		
					Actual	Target
484	BALLINA	Classified	163.0	41%	12.26%	12.50%
		Local	237.00	59%		
567	BYRON	Classified	174.00	37%	14.35%	12.50%
		Local	294.00	63%		
10,441	CLARENCE VALLEY	Classified	194.00	44%	13.46%	14.50%
		Local	245.00	56%	13.46%	14.50%
3,589	KYOGLE	Classified	245.00	66%		
		Local	128.00	34%	11.43%	10.50%
1,290	LISMORE	Classified	193.00	45%		
		Local	237.00	55%	13.18%	14.50%
3,051	RICHMOND VALLEY	Classified	184.00	49%		
		Local	194.00	51%	11.59%	10.50%
7,332	TENTERFIELD	Classified	219.00	65%		
		Local	117.00	35%	10.30%	10.50%
1,309	TWEED	Classified	175.00	40%		
Total		Local	263.00	60%	13.43%	14.50%
28,063		total	3,262.00		100.0%	100%

Wimo Hours	Total	0.00
Wimo & Patrol	Total	3,262.00

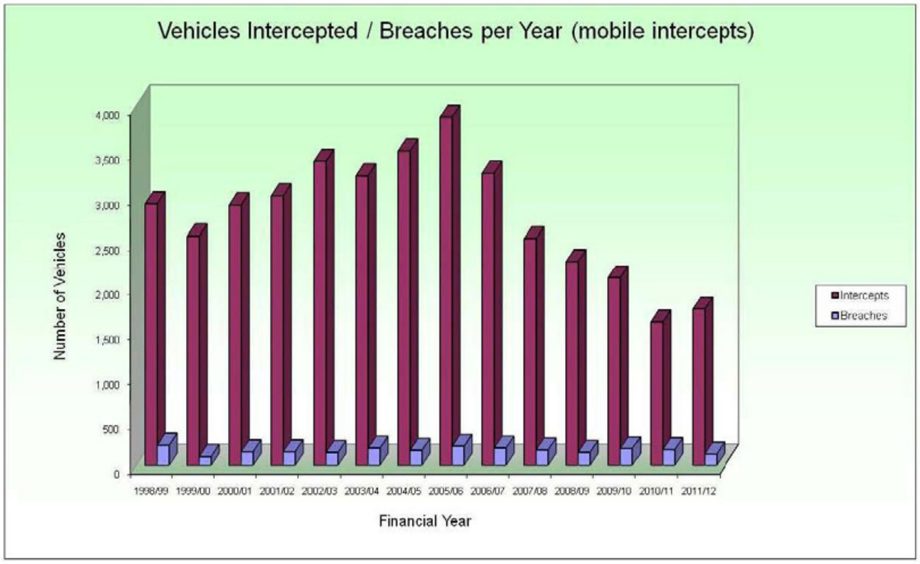
Table 3- Overall Performance of Mobile and WIMO operations

Overall Performance of Mobile and Weigh in Motion Operations

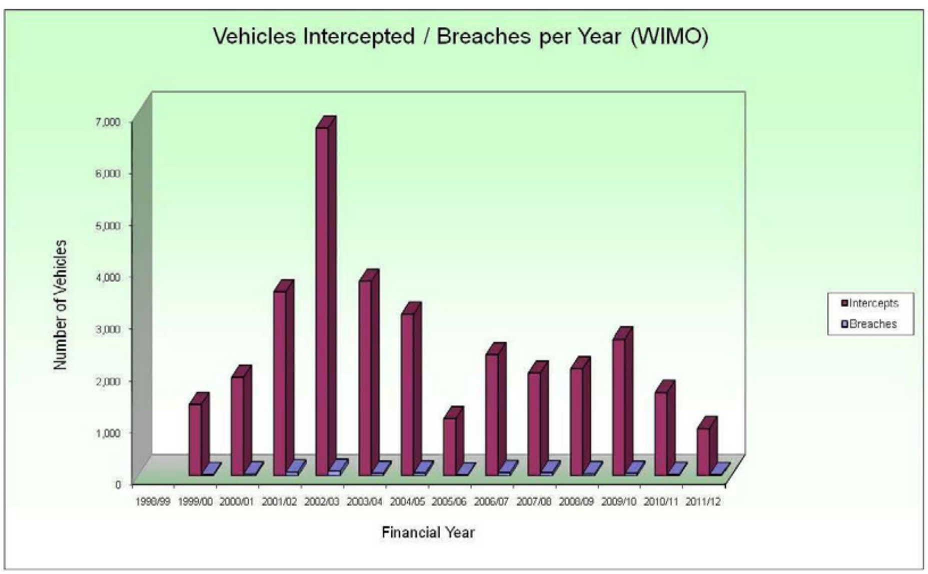
Table 3

No. of Trucks Stopped			No. of Breaches									Overall Compliance		
Mobile	Wimo	Total	Mobile	Wimo	Minor	Substantial	Severe	Off Route	Load Limit	Fail Direction	Total	Mobile	Wimo	Average
144	66	210	18	0	11	6	1	1	1	0	18	88%	100%	91%
169	225	394	15	3	7	9	0	1	1	0	18	91%	99%	95%
147	140	287	13	8	10	11	0	0	0	0	21	91%	94%	93%
178	75	253	21	3	12	11	0	0	1	0	24	88%	96%	91%
125	61	186	18	1	7	9	1	0	2	0	19	86%	98%	90%
88	39	127	6	3	3	3	1	1	0	1	9	93%	92%	93%
94	0	94	2	0	0	2	0	0	0	0	2	98%	#DIV/0!	98%
145	110	255	4	0	1	3	0	0	0	0	4	97%	100%	98%
174	0	174	6	0	0	4	0	1	1	0	6	97%	#DIV/0!	97%
110	72	182	6	2	2	4	1	1	0	0	8	95%	97%	96%
184	81	265	6	1	1	5	0	0	1	0	7	97%	99%	97%
179	43	222	9	0	2	3	0	0	4	0	9	95%	100%	96%
1737	912	2649	124	21	56	70	4	5	11	1	145	93%	98%	95%

Graph 1 - Vehicles Intercepted/Breaches per year (Mobile Intercepts)



Graph 2 - Vehicles Intercepted/Breaches per year (WIMO)



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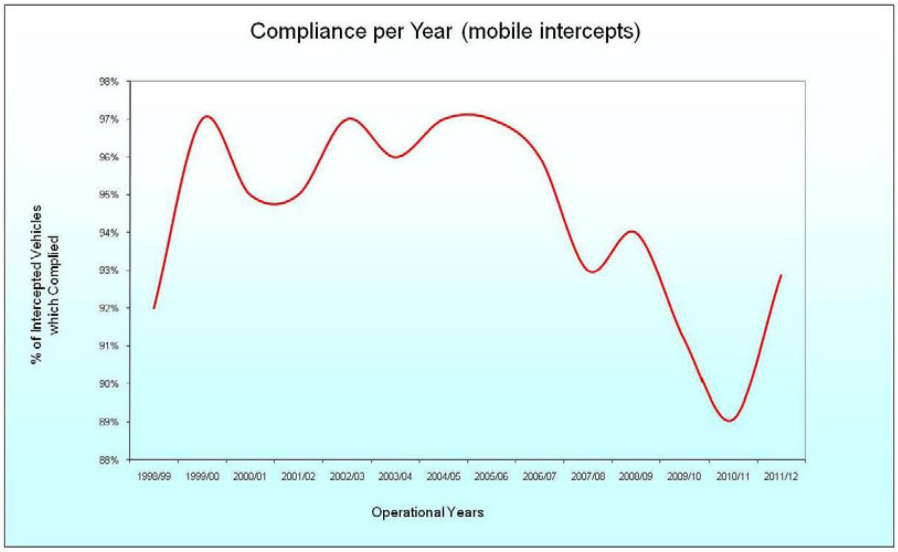
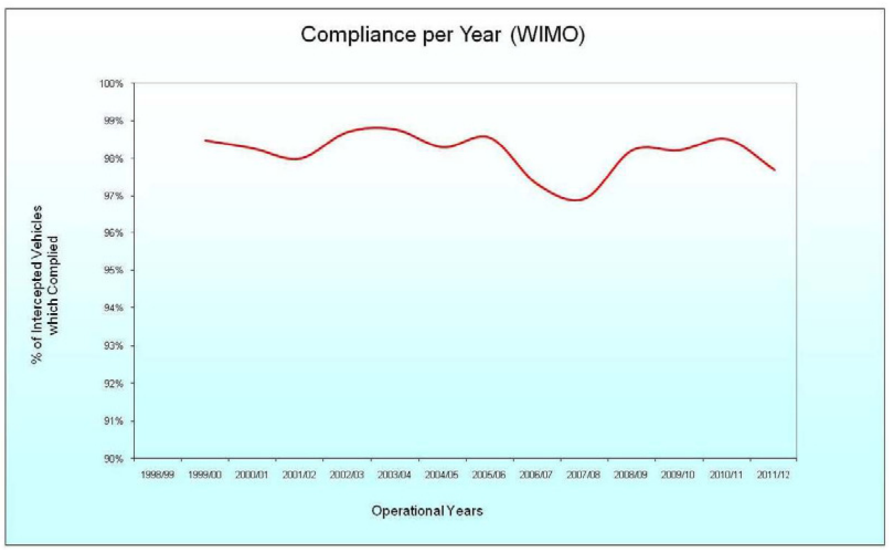
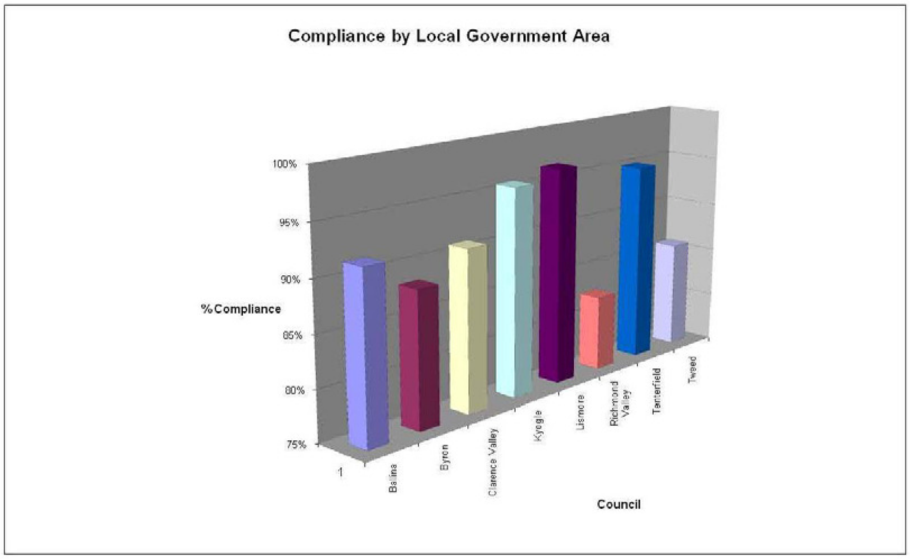
Graph 3- Compliance per year (Mobile Intercepts)



Graph 4 - Compliance per year (WIMO)

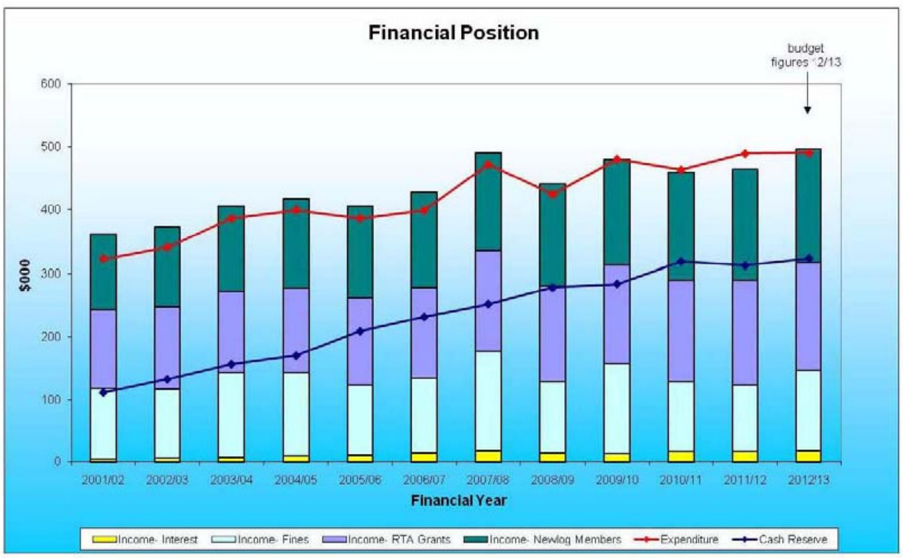


Graph 5- Compliance by Local Govemment Area



FINANCIAL POSITION

Graph 6 - Income, Expenditure, Contributions, and Reserve Balance



NEWLOG Financial Analysis

The Principal financial issue facing NEWLOG is the decline in fine revenue of $10523 from the previous year. It is considered that this has occurred because of

- Continuing effects of GFC causing slowdown in subdivision and construction industry
- Very wet year with reduced agricultural yields, shortened harvest period especially for sugar cane
- Opening of Ballina Bypass causing loss of Kerr St WIMO site.

The RMS review notes that there was a 17% drop in mass offences issued by WOLGS across the state, and 21% by the RMS officers which indicates that this trend has occurred across the state.

The final result has resulted in a reduction of reserve balance of $6134, to $182,493. This is not sustainable in the long term, however it is indicated in the Review that following introduction of the NHVR that a new funding model and sources of revenue be introduced,. It is suggested that NEWLOG continue to continue to operate at its current level of funding and that this be revised when the new arrangements are being negotiated prior to June 2014.

Audited Financial Statement

North East Weight of Loads Group

General Purpose Financial Reports
for the year ended 30th June 2012

UNAUDITED

TABLE OF CONTENTS

North East Weight of Loads Group

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30th June 2012

Original Budget 2012		Notes	Actual 2012 $	Actual 2011 $
	INCOME FROM CONTINUING OPERATIONS			
15,000	Interest & investment revenue	2(a)	**17,242**	17,033
140,000	Other revenues	2(b)	**106,072**	112,035
164,000	Grants & contributions provided for operating purposes	2(c)	**167,375**	161,321
0	Net profit from the disposal of assets	4	**1,636**	0
319,000	**TOTAL INCOME FROM CONTINUING OPERATIONS**		**292,325**	290,389
	EXPENSES FROM CONTINUING OPERATIONS			
301,000	Employee benefits and on-costs	3(a)	**323,884**	305,598
68,000	Materials & contracts	3(b)	**41,333**	38,267
28,000	Depreciation	3(c)	**29,935**	29,935
98,000	Other expenses	3(d)	**94,231**	89,809
0	Net loss from the disposal of assets		**0**	0
495,000	**TOTAL EXPENSES FROM CONTINUING OPERATIONS**		**489,383**	463,609
(176,000)	**NET OPERATING RESULT FROM CONTINUING OPERATIONS**		**(197,058)**	(173,220)
0	Other Comprehansive Income		**0**	0
(176,000)	**TOTAL COMPREHENSIVE INCOME**		**(197,058)**	(173,220)
(176,000)	**NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS & CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSE**		$ **(197,058)**	$ (173,220)

The above Statement of Compreshensive Income should be read in conjunction with the accompanying Notes.

North East Weight of Loads Group

STATEMENT OF FINANCIAL POSITION
as at 30th June 2012

	Notes	Actual 2012 $	Actual 2011 $
ASSETS			
Current assets			
Cash and cash equivalents	5	311,919	318,053
Receivables	6	8,510	7,248
Total current assets		320,429	325,301
Non-current assets			
Property, plant & equipment	7	81,606	111,541
Total non-current assets		81,606	111,541
TOTAL ASSETS		402,035	436,842
LIABILITIES			
Current liabilities			
Payables	8	1,044	10,346
Provisions	8	129,426	132,803
Total current liabilities		130,470	143,149
TOTAL LIABILITIES		130,470	143,149
NET ASSETS		$ 271,565	$ 293,693
EQUITY			
Retained earnings		271,565	293,693
TOTAL EQUITY		$ 271,565	$ 293,693

The above Statement of Financial Position should be read in conjunction with the accompanying Notes.

North East Weight of Loads Group

STATEMENT OF CHANGES IN EQUITY
for the year ended 30th June 2012

	2012		2011	
	Retained earnings $	Total equity $	Retained earnings $	Total equity $
Opening Balance	**293,693**	**293,693**	296,758	296,758
Total Comprehensive Income	**(197,058)**	**(197,058)**	(173,220)	(173,220)
Members contributions	**174,930**	**174,930**	170,155	170,155
Closing Balance	**271,565**	**271,565**	293,693	293,693

The above Statement of changes in equity should be read in conjunction with the attached Notes.

North East Weight of Loads Group

STATEMENT OF CASH FLOWS
for the year ended 30th June 2012

Budget 2012 $		Notes	Actual 2012 $	Actual 2011 $
	CASH FLOWS FROM OPERATING ACTIVITIES			
	Receipts			
10,300	Interest received		**17,242**	17,033
159,200	Grants & contributions		**167,375**	161,321
136,000	Other operating receipts		**104,810**	118,034
	Payments			
(292,400)	Employee costs		**(336,563)**	(303,869)
(66,100)	Materials & contracts		**(41,333)**	(38,267)
(95,200)	Other operating payments		**(94,231)**	(90,064)
(148,200)	**Net cash provided by (or used in) operating activities**	9(b)	**(182,700)**	(135,812)
	CASH FLOWS FROM INVESTING ACTIVITIES			
	Receipts			
0	Sales of property plant and equipment		**1,636**	0
	Payments			
0	Purchase of property plant and equipment		**0**	0
0	**Net cash provided by (or used in) investing activities**		**1,636**	0
	CASH FLOWS FROM FINANCING ACTIVITIES			
	Receipts			
170,200	Other proceeds (member contributions)	11	**174,930**	170,155
170,200	**Net cash provided by (or used in) financing activities**		**174,930**	170,155
22,000	**Net increase (decrease) in cash assets and cash equivalents**		**(6,134)**	34,343
	Cash & cash equivalents at beginning of reporting period	9(a)	**318,053**	283,710
	Cash & cash equivalents at end of reporting period	9(a)	**311,919**	318,053

The above Statement of Cash Flows should be read in conjunction with the accompanying Notes.

NORTH EAST WEIGHT OF LOADS GROUP

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation

1.1 Compliance with Australian equivalents to International Financial Reporting Standards
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent issues Group interpretations, the Local Government Act (1993) and Regulation and the Local Government Code of Accounting Practice and Financial Reporting.

1.2 Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

1.3 Critical accounting estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies.

2. Revenue recognition
The Joint Venture recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Joint Venture's activities as described below. North East Weight of Loads Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is measured on major income categories as follows:
Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Revenue is cognised when North East Weight of Loads Group obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Joint Venture and the amount of the contribution can be measured reliably.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at balance date.

2.1 Sale of plant, property, infrastructure and equipment
The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

2.2 Interest Revenue
Interest revenue is recognised on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

2.3 Fines revenue
Fines Revenue is recognised upon the issue of an infringement notice to the transport carrier.

3. Property, Plant & Equipment
All such assets are recorded in the financial statements at their fair value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2012
Note 1 - Significant Accounting Policies (cont)

3.1 Non current assets
All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use"

3.2 Depreciation of Non-Current Assets
All assets recognised are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis. Major depreciation period's are:
Vehicle, Plant & Equipment. 5 to 10 years.

4. Employee Benefits

4.1 Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employees benefit obligations are presented as payables.

4.2 Other long-term employee benefit obligations
The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national governments bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

4.3 Retirement benefit obligations
All employees of the Group are entitled to benefits on retirement, disability or death. The Group contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, an measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation und's assets at that date and any unrecognised past service cost. The present Value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. However, when this information is not reliably available, the Group accounts for its obligations to defined benefits plans on the same basis as its obligations to defined contribution plans (see below)

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities. As a result, they have asked for significant increases in contributions to recover that deficiency. The Group share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2012
Note 1 - Significant Accounting Policies (cont)

assets and liabilities are pooled together for all members' councils. For this reason, no liability for the deficiency has been recognised in Group's accounts. The Group has, however, disclosed a contingent liability in note 18 to reflect the possible obligation that may arises should the Scheme require immediate payment to correct the deficiency.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

5. Cash & cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value

6. Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement

7. Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

8. Budget Information

The Statement of Comprehensive Income provides budget information of revenues and expenditures by type. Budget figures presented are those approved by the Joint Venture at the beginning of the financial year and do not include variations throughout the year.

9. Comparatives

Where required by Accounting Standards or code of Accounting Practice comparative figures have been adjusted to conform with changes in presentation for the current financial year.

10. Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2012
Note 1 - Significant Accounting Policies (cont)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

11. Allocation between current and non-current assets and liabilities

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the ensuring 12 months, being the Group's operational cycle. In the case of liabilities where the Group does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current event if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

12. Principal Place of Business and Activities

North East Weight of Loads Group is a joint venture between Ballina Shire Council, Byron Shire Council, Clarence Valley Council, Kyogle Council, Lismore City Council, Richmond Valley Council, Tenterfield Shire Council and Tweed Shire Council. The joint venture operates from Ballina Shire Council at Cherry Street, Ballina in Australia.

The principal activity of North East Weight of Loads Group is the checking and enforcement of load weights carried by heavy vehicles on roads within the above named council boundaries.

North East Weight of Loads Group

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30th June 2012

Note 2 - INCOME FROM CONTINUING OPERATIONS

	2012 $	2011 $
(a) **INTEREST AND INVESTMENT REVENUE**		
Interest on investments	**17,242**	17,033
Total Interest Revenue	**17,242**	17,033
(b) **OTHER REVENUES**		
Fines	**96,515**	108,732
Conference Income	**0**	0
Legal fees recovered (fines)	**9,557**	3,303
Total Other Revenue From Ordinary Activities	**106,072**	112,035

	OPERATING		CAPITAL	
	2012 $	2011 $	**2012** $	2011 $
(c) **GRANTS**				
Roads & Traffic Authority	**167,375**	161,321	**0**	0
Total Grants	**167,375**	161,321	**0**	0
TOTAL GRANTS & CONTRIBUTIONS	**167,375**	161,321	**0**	0

North East Weight of Loads Group

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30th June 2012

Note 3 - EXPENSES FROM CONTINUING OPERATIONS

	2012 $	2011 $
(a) EMPLOYEE BENEFITS & ON COSTS		
Salaries and wages	**217,408**	212,003
Temp Staff Through Agency	**25,160**	22,061
Employee leave entitlements	**45,993**	39,962
Superannuation	**20,496**	18,372
Workers' Compensation Insurance	**12,454**	10,900
Training costs (excluding salaries)	**2,373**	2,300
Uniforms	**0**	0
Total employee costs expensed	**323,884**	305,598
Number of full time equivalent employees	**4**	4
(b) MATERIALS & CONTRACTS		
Raw materials and consumables	**2,576**	3,082
Vehicle running costs	**31,607**	26,474
Audit and review of financial statements	**2,000**	1,900
Legal fees	**5,150**	6,811
Total materials and contracts	**41,333**	38,267
(c) DEPRECIATION		
Plant and equipment	**29,935**	29,935
Total depreciation	**29,935**	29,935
(d) OTHER EXPENSES		
Management, administration & supervision		
- Ballina Shire Council	**87,284**	**82,708**
Insurances	**4,725**	**4,725**
Telephone	**497**	**560**
Office accomodation rental	**720**	**711**
Other	**1,005**	**1,105**
Total other expenses from continuing operations	**94,231**	89,809

North East Weight of Loads Group

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30th June 2012

Note 4 - GAIN OR LOSS FROM DISPOSAL OF ASSETS

	2012 $	2011 $
GAIN (OR LOSS) ON DISPOSAL OF PLANT & EQUIPMENT		
Proceeds from disposal	1,636	0
Less: Carrying amount of assets sold	0	0
Gain (or loss) on disposal	1,636	0
NET GAIN (OR LOSS) FROM DISPOSAL OF ASSETS	1,636	0

North East Weight of Loads Group

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30th June 2012

Note 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

	2012 $ Current	2012 $ Non-Current	2011 $ Current	2011 $ Non-Current
CASH & CASH EQUIVALENTS				
Cash at bank and on hand	**311,919**	**0**	318,053	0
Total Cash and cash equivalents	**311,919**	**0**	318,053	0
TOTAL CASH, CASH EQUIVALENTS AND INVESTMENTS	**311,919**	**0**	318,053	0

RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

	2012 $ Current	2012 $ Non-Current	2011 $ Current	2011 $ Non-Current
External restrictions	**0**	**0**	0	0
Internal restrictions	**129,426**	**0**	132,803	0
Unrestricted	**182,493**	**0**	185,250	0
TOTAL CASH, CASH EQUIVALENTS AND INVESTMENTS	**311,919**	**0**	318,053	0

	2012 $ Current	2012 $ Non-Current	2011 $ Current	2011 $ Non-Current
Internal restrictions				
Employee Leave Entitlements (a)	**129,426**	**0**	132,803	0
Total internal restrictions	**129,426**	**0**	132,803	0

References

(a) Reserve created by resolution of Newlog to provide cash resources relating to the liability shown at Note 8.

North East Weight of Loads Group

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30th June 2012

Note 6 - RECEIVABLES

	2012 $ Current	2012 $ Non-Current	2011 $ Current	2011 $ Non-Current
Purpose				
Fines and charges	8,891	0	7,629	0
Total	8,891	0	7,629	0
Less: Provision for doubtful debts:				
- Fines and charges	381	0	381	0
Total receivables	8,510	0	7,248	0

Government Grants and Subsidies
Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of grant approval, and do not bear interest. All amounts are due by Departments and Agencies of the Government of New South Wales and the Government of Australia.

Other Receivables
Amounts due are unsecured and do not bear interest. Although Newlog is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Newlog boundaries in the State of New South Wales.

RESTRICTED RECEIVABLES

	2012 Current	2012 Non-Current	2011 Current	2011 Non-Current
Unrestricted receivables	8,510	0	7,248	0
Total receivables	8,510	0	7,248	0

North East Weight of Loads Group

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30th June 2012

Note 7 - PROPERTY, PLANT & EQUIPMENT

	At 30/6/2011 $			MOVEMENTS DURING YEAR			At 30/6/2012 $		
	AT COST	ACCUM DEPN	BOOK VALUE	ASSET PURCH	WDV ASSET DISPOSAL	DEP'N	AT COST	ACCUM DEPN	BOOK VALUE
Plant & Equipment	188,027	76,486	111,541	0	0	29,935	**188,027**	**106,421**	**81,606**
Totals	188,027	76,486	111,541	0	0	29,935	**188,027**	**106,421**	**81,606**

North East Weight of Loads Group

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30th June 2012

Note 8 - PAYABLES, BORROWINGS & PROVISIONS

	2012 $ Current	2012 $ Non-Current	2011 $ Current	2011 $ Non-Current
PAYABLES				
Accrued Wages & Salaries	**1,044**	**0**	10,346	0
Total payables	1,044	0	10,346	0
PROVISIONS				
Annual leave	**28,542**	**0**	26,249	0
Sick leave	**53,009**	**0**	49,710	0
Long service leave	**47,875**	**0**	56,844	0
Total provisions	**129,426**	**0**	132,803	0
Current Provisions not expected to be settled within the next 12 months	90,598		90,306	

DESCRIPTION OF AND MOVEMENTS IN PROVISIONS

Class of Provision	Opening balance $	Incr in provision $	Payments $	Re-meas'ment $	Closing balance $
Annual leave	26,249	17,161	14,868	0	28,542
Sick leave	49,710	14,124	10,825	0	53,009
Long service leave	56,844	7,103	16,072	0	47,875
Total	**132,803**	**38,388**	**41,765**	**0**	**129,426**

EMPLOYEE BENEFITS	**2012 $**	2011 $
Aggregated employee benefit liability	**130,470**	143,149

The aggregated employee benefit liability includes amounts for wages and salaries, annual leave, long service leave, vesting sick leave and superannuation accrued as at 30 June, 2011.

North East Weight of Loads Group

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30th June 2012

Note 9 - RECONCILIATION OF CASH FLOW MOVEMENTS

(a) Reconciliation of Cash Assets

For the purposes of the Statement of Cash Flows, cash includes cash on hand, at bank and investments with short periods to maturity which are readily convertible to cash at the investor's option and are subject to an insignificant risk of change in value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2012 $	2011 $
Cash and cash equivalents (Note 5a)	**311,919**	318,053
Balances as per statement of cash flows	**311,919**	318,053

	2012	2011
(b) Reconciliation of net operating result to cash provided from operating activities		
Net operating result from statement of comprehensive income	**(197,058)**	(173,220)
Add: Depreciation	**29,935**	29,935
Increase in employee leave entitlements	**0**	0
Increase in payables	**0**	2,000
Decrease in receivables	**0**	5,999
Loss on sale of assets	**0**	0
	(167,123)	(135,286)
Less: Decrease in provision for doubtful debts	**0**	(255)
Profit on sale of assets	**(1,636)**	0
Decrease in employee leave entitlements	**(3,377)**	(271)
Increase in receivables	**(1,262)**	0
Decrease in payables	**(9,302)**	0
Net cash provided from (or used in) operating activities from statement of cash flows	**(182,700)**	(135,812)

North East Weight of Loads Group

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30th June 2012

Note 10 - FINANCIAL INSTRUMENTS

Interest Rate Risk Exposures

The Groups exposure to interest rate risk, and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below. Exposures arise predominantly from assets and liabilities bearing variable interest rates, which the group intends to hold as fixed rate assets and liabilities to maturity.

2012	Floating Interest Rate	Fixed interest maturing in ≤ 1 year	> 1 year ≥ 5 years	> 5 years	Non-interest bearing	Total
Financial Assets						
Cash Assets	**309,862**	**0**	**0**	**0**	**2,057**	**311,919**
Receivables						
User Charges & Fees	**0**	**0**	**0**	**0**	**8,510**	**8,510**
Total	**309,862**	**0**	**0**	**0**	**10,567**	**320,429**
Weighted Average Interest Rate	*5.68%*					
Financial Liabilities						
Payables						
Other	**0**	**0**	**0**	**0**	**1,044**	**1,044**
Total	**0**	**0**	**0**	**0**	**1,044**	**1,044**
Net Financial Assets/Liabilities	**309,862**	**0**	**0**	**0**	**9,523**	**319,385**
2011						
Financial Assets						
Cash Assets	318,053	0	0	0	0	318,053
Receivables						
User Charges & Fees	0	0	0	0	7,248	7,248
Total	318,053	0	0	0	7,248	325,301
	5.80%					
Financial Liabilities						
Payables						
Other	0	0	0	0	10,346	10,346
Total	0	0	0	0	10,346	10,346
Net Financial Assets/Liabilities	318,053	0	0	0	-3,098	314,955

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments.

Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of Newlog is the carrying amount, net of any provision for doubtful debts. Except as detailed in Note 6 in relation to individual classes of financial assets, exposure is concentrated within the Newlog boundaries within the State of New South Wales, and there is no material exposure to any individual debtor.

North East Weight of Loads Group

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30th June 2012

Note 11 - MEMBER CONTRIBUTION ACCOUNTS

	CAPITAL		OPERATING	
	2012	2011	**2012**	2011
	$	$	$	$
BALLINA SHIRE COUNCIL				
Opening Balance	5,000	5,000	32,885	33,266
Contributions	0	0	21,720	21,125
Share of Change in Net Assets	0	0	(24,465)	(21,506)
Closing Balance	5,000	5,000	30,140	32,885
BYRON SHIRE COUNCIL				
Opening Balance	5,000	5,000	32,886	33,266
Contributions	0	0	21,720	21,125
Share of Change in Net Assets	0	0	(24,465)	(21,505)
Closing Balance	5,000	5,000	30,141	32,886
CLARENECE VALLEY COUNCIL **(COMBINED FROM 1/7/04)				
Opening Balance	12,500	12,500	50,753	51,205
Contributions	0	0	25,855	25,150
Share of Change in Net Assets	0	0	(29,125)	(25,602)
Closing Balance	12,500	12,500	47,483	50,753
KYOGLE COUNCIL				
Opening Balance	5,000	5,000	12,257	12,573
Contributions	0	0	17,975	17,485
Share of Change in Net Assets	0	0	(20,251)	(17,801)
Closing Balance	5,000	5,000	9,981	12,257
LISMORE CITY COUNCIL				
Opening Balance	5,000	5,000	34,333	34,785
Contributions	0	0	25,855	25,150
Share of Change in Net Assets	0	0	(29,125)	(25,602)
Closing Balance	5,000	5,000	31,063	34,333

North East Weight of Loads Group

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30th June 2012

Note 11 - MEMBER CONTRIBUTION ACCOUNTS

	CAPITAL		OPERATING	
	2012	2011	**2012**	2011
	$	$	$	$
RICHMOND VALLEY COUNCIL				
Opening Balance (COMBINED CAS/R.R FROM 1/7/(	7,500	7,500	44,344	44,660
Contributions	0	0	17,975	17,485
Share of Change in Net Assets	0	0	(20,251)	(17,801)
Closing Balance	7,500	7,500	42,068	44,344
TENTERFIELD SHIRE COUNCIL				
Opening Balance	5,000	5,000	1,902	2,218
Contributions	0	0	17,975	17,485
Share of Change in Net Assets	0	0	(20,251)	(17,801)
Closing Balance	5,000	5,000	(374)	1,902
TWEED SHIRE COUNCIL				
Opening Balance	5,000	5,000	34,333	34,785
Contributions	0	0	25,855	25,150
Share of Change in Net Assets	0	0	(29,125)	(25,602)
Closing Balance	5,000	5,000	31,063	34,333
Total Members Equity	50,000	50,000	221,565	243,693

4.3 Financial Performance Indicators - Review

Delivery Program	Financial Management
Objective	To review the financial performance indicators that Council currently has in place.

Background

A report was presented to the Finance Committee meeting of 4 March 2013 comparing Council's actual financial results for 2011/12 against financial performance indicators adopted by Council. The indicators are defined in Council's Financial Planning Policy, which is a policy that provides indicators to guide Council's financial performance in the short to medium term, plus establishes a framework for the longer term financial sustainability of Council. A copy of that policy is on our website.

The report to the 4 March 2013 meeting is fairly black and white in that a pass or fail is registered for each indicator. This can sometimes be a bit harsh when Council may only be marginally below the required benchmark. Nevertheless the benchmarks provide a guide and Councillors and staff should use that information to assess strategies to improve the financial performance of Council.

A copy of the 4 March 2013 report is attached for reference purposes. It should be noted that the same indicators were also applied in the December 2012 Quarterly Financial Review, which was presented to the February Ordinary meeting.

In respect to the 4 March report where fails were recorded against some indicators, corrective strategies were typically identified. However there were a few indicators where questions were raised about their relevance or whether or not the benchmark figure should be adjusted. This report deals with this issue.

Key Issues

- Relevance of the indicator
- Appropriate benchmark

Information

A summary of the indicators as presented to the 4 March Finance Committee (as per the attached report) is as follows.

Unrestricted Current Ratio

The unrestricted current ratio is a measure of Council's ability to pay existing liabilities that fall due within the next twelve months. The adopted benchmark for this ratio is 2:1 which means we would like to have two dollars of unrestricted current assets for each one dollar of short term liabilities.

The December Quarterly Finance report to the February Council meeting on this indicator noted that the auditors' end of year audit report uses a benchmark of 1.5:1. This variation in benchmarks prompted the question as to which one is more appropriate.

Researching this indicator shows that there is divergence of opinion as to whether 2 or 1.5 should be the benchmark. New South Wales (NSW) Treasury Corp uses 1.5 along with our auditor. In contrast the NSW Finance Professionals and many NSW councils have adopted a benchmark of 2.

Further to this the Division of Local Government's (DLG) comparative data publication states:

If the ratio is less than 1.5:1, the ratio may be unsatisfactory and council may be unable to meet its short term commitments. A ratio of between 1.5:1 and 2:1 is satisfactory and shows that a council has sufficient liquid assets on hand to meet its short term liabilities. A ratio of 2:1 or better is generally viewed by the industry as good.

By establishing the benchmark for this indicator Council is trying to identify the minimum that is acceptable. This is because any result below the benchmark is recorded as a fail. As 1.5 to 2 is still considered acceptable by external bodies, such as our auditors and NSW Treasury Corp, it is recommended that our benchmark be altered to 1.5. Certainly 2 is preferred but 1.5 is still a pass.

Rates and Charges Outstanding Ratio

Council recorded a fail for this ratio however it is acknowledged that our debt recovery has been less than satisfactory in recent years as the staff focus has been on implementing new software systems. Council staff are striving to get below the benchmark over the next 12 to 18 months.

Available Working Funds

This indicator was a pass.

Operating Balance Ratio

This indicator was a fail for the consolidated, general, water and wastewater results. For water and wastewater Council is pursuing above CPI increases in charges, and major expenditure increases that have occurred in recent years, are now starting to plateau. The aim is to have water and wastewater with reasonable operating surpluses within the next few years, whereas Council will continually struggle to improve its General Fund operating surplus.

It is paramount that Council minimise increases in expenditure for the General Fund due to our revenue limitations through rate pegging.

Debt Service Ratio

This indicator was a pass for the consolidated, general and water results, whereas wastewater is a fail due to the major capital works program underway and related borrowing.

Council has made a conscious decision to borrow for wastewater and with Council able to set the annual charges we are in a position to manage the high level of borrowing. This indicator will remain as a fail for wastewater for a number of years as we repay the loan principal.

Rates and Charges Coverage Ratio

This ratio looks at the amount of revenue generated from rates and annual charges as a percentage of total operating revenue. In the context of the ratio a high percentage of income from rates and charges is positive because it is a secure income source that assists medium and long term sustainability.

In terms of a test for the general and wastewater operations there is relevance to this indicator however the nuances of the calculation make it of debatable value for water. The ratio calculation does not allow water consumption charges to be included as secure income.

This is a contentious point because consumption income has the same legal auspice as the fixed charge despite the fact that it can be quite variable over each twelve month period. Over the longer term, given Council’s control over pricing decisions, consumption income will be generated to meet the needs of the business so the indicator is arguably not a completely fair test of medium to long term sustainability.

Council intentionally raises the majority of income for water from the consumption charge. This is so that consumers have greater ability to influence their own account and to encourage thrifty water use. This means that the ratio is in conflict with our demand management strategy (i.e. more income from consumption charges than fixed charges). This raises the question of the relevance of the indicator.

Options include amending the ratio calculation for water to include consumption income, exclude the ratio from the water performance indicators or endorsing no change and accepting that the benchmark will not be achieved until or unless our pricing strategy changes.

This indicator also forms part of the Annual Financial Statements and in the context of the Statements it is not possible to alter the calculation methodology or delete the indicator without the approval of the Division of Local Government.

It is preferred that we do not have two different results calculated for the same ratio in different Council documents. Therefore it is considered that the method of calculating the ratio should not be altered. However to address the concerns raised in these comments it is recommended that we write to the Division of Local Government asking that they review this indicator to determine whether or not it should continue to form part of the Statements, particularly due to its conflict with State Government best practice for water demand management.

Outstanding Employee Leave Entitlements Ratio

This ratio was a fail for General Fund and a pass for the consolidated, water and wastewater operations. A strategy of staff taking leave is being pursued and it is hoped that over the next two to three years Council will meet the benchmark for the General Fund.

Cost Efficiency Per Resident

These are benchmark figures for information purposes.

Asset Consumption Ratio

Council recorded a pass for all its operations for this indicator, which was an excellent result for a ratio that many councils struggle to meet.

Net Financial Liabilities Ratio

Council recorded a fail for wastewater for this ratio which, as per the Debt Service Ratio, reflects the large borrowing being undertaken. As long as Council is managing this debt we will ultimately be in a position to record a pass as that debt is repaid over time.

Legal / Resource / Financial Implications

The report on financial indicators serves to inform Council of important outcomes and trends. It should be used to guide decisions of financial strategy going forward and it forms only one part of the considerations in assessing the overall financial performance and strength of Council.

Consultation

No specific consultation has been undertaken in respect to this report.

Options

The Financial Planning Policy is a Council policy and as such the performance indicators within the policy are at Council's discretion. Council may choose to add delete or amend performance indicators and benchmarks.

As per the contents of this report it is recommended that the Unrestricted Current Ratio be amended from 2:1 to 1.5:1 as this is still considered to be a pass, albeit that 2 is a more desirable benchmark.

In respect to the Rates and Charges Coverage Ratio it is recommended that Council write to the Division of Local Government asking that they review the calculation of this ratio for water operations. The reason for this is that there appears to be an inconsistency between the ratio and the State Government's directives for water demand strategies, which place a heavy focus on the use of consumption charges as the major source of income.

Other than these two items no other changes are recommended for the indicators listed in the Financial Planning Policy and the aim of Councillors and staff should be to maximise the number of passes recorded against these indicators.

RECOMMENDATIONS

1. That Council amended the existing the benchmark for the Unrestricted Current Ratio from 2:1 to 1.5:1 in Council's Financial Planning Policy as 1.5:1 is considered to be satisfactory by independent external bodies such as Council's external auditor and NSW Treasury Corporation.

2. That Council write to the NSW Division of Local Government asking that they review the rates and charges coverage ratio for water operations as there is an inconsistency in that ratio and the State Government's directives for water demand strategies, which place a heavy focus on the use of consumption charges as the major source of income.

Attachment(s)

1. Report to 4 March 2013 Finance Committee

4.2 Financial Performance Indicators and Benchmarks

4.2 Financial Performance Indicators and Benchmarks

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 requires Council to establish a suite of key performance indicators (KPIs) that monitor Council's financial performance and also measure Council's long term financial sustainability. Council has adopted a Financial Planning Policy which details the performance indicators that are to be monitored.

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

- Financial 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

	2009/10	**2010/11**	**2011/12**
General Fund	2.17:1 Pass	2.75:1 Pass	2.90:1 Pass

The unrestricted current ratio reflects a pass as Council's liquidity is in a satisfactory position as at 30 June 2012. It is forecast that the ratio trend will head downwards as available cash is expended and more loans taken up.

4.2 Financial Performance Indicators and Benchmarks

In 2012/13 it is predicted that total cash reserves will fall from $33 million to $24 million whilst internally restricted reserves are forecast to decrease from $22 to $12 million.

Further borrowings are proposed which will also affect the ratio adversely. It is likely that the ratio will fall beneath the 2:1 pass mark. The ratio movement should be looked upon as a guide for future strategic and policy decisions.

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**	**2011/12**
Consolidated	12.17	9.8	7.62
	Fail	Fail	Fail

The result to 30 June 2012 does not achieve the benchmark. This is mainly due to the fact that during 2009/10 and 2010/11 limited recovery action was taken due to the new Civica system installation which meant very limited resource was available to pursue recovery action.

It is expected that this ratio will fall, hopefully to within the benchmark, as rates recovery 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 and are included as outstanding by the ratio.

The ratepayer has not even been asked to pay the account as at 30 June however the ratio looks at all monies outstanding regardless of logical anomalies such as this issue.

Corrective Strategy

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

4.2 Financial Performance Indicators and Benchmarks

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 financial shocks, whether they be reductions in anticipated revenues or unplanned additional expenditure.

Benchmark: $3m

	2009/10	2010/11	2011/12
General	$2.96m	$2.77m	$3.50m
	Fail	Fail	Pass

The assessed amount of working funds, being $3.5 million exceeds the benchmark and is considered a satisfactory result.

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	2011/12
Consolidated	1.1	(7.7)	(15.75)
	Pass	Pass	Fail

The result is a fail despite the fact that it is quite a generous benchmark which is accepting of an operating loss up to 10%. Given that Council will always have a strong cash flow, failing this benchmark does not present an immediate problem.

The issue is that over the long term there may be insufficient discretionary funds to apply to assets to maintain them in an acceptable or satisfactory standard. It suggests that over the long term the organisation may not be sustainable.

The operating loss and long term sustainability are issues raised by both the auditor and the TCorp financial assessment that was recently conducted as part of the approval process for the Local Infrastructure Renewal loans.

This is a particularly difficult issue. Council typically does make a cash surplus and a loss once depreciation is included. Council is responsible for infrastructure assets of over one billion dollars hence the amount of funds required to maintain this asset base in a satisfactory standard is substantial.

4.2 Financial Performance Indicators and Benchmarks

However it is a subjective process to determine what is a satisfactory standard. Some customer surveys suggest residents are reasonably happy with a lot of the infrastructure. Perhaps this indicates that the decisions being made to apply the discretionary funds that are available are targeting the right assets.

It is also an estimate as to the amount of funds required to adequately maintain our assets into the future. A great deal of work has gone into improving the accuracy of estimating the rate at which our assets are depreciating and this work will continue.

Corrective Strategy

To improve the operating deficit Council needs to endeavour to reduce operating expenses and or increase recurrent revenue. In this regard efforts have been ongoing to improve recurrent revenue via increases to annual rates and charges and entrepreneurial activities.

Decisions affecting operating income and expense and also the application of discretionary funds need to be carefully considered with a view to improving operating performance and maintaining the existing asset base as a first priority.

	2009/10	**2010/11**	**2011/12**
General	1.3 Pass	(3.88) Pass	(12.43) Fail

The ratio outcome is a fail. Refer to comments in 'Consolidated' that are relevant for each of the funds.

	2009/10	**2010/11**	**2011/12**
Water	(19.6) Fail	(24.3) Fail	(22.47) Fail

This is a very poor outcome and is a continuation of similar results for this fund. Fortunately the fund is in a very strong position in terms of low debt and reasonable reserves.

The strategy in the short term needs to be to elevate the charging structure and continue a close watch on expenses.

	2009/10	**2010/11**	**2011/12**
Wastewater	12.78 Pass	(11.28) Fail	(22.42) Fail

It can be seen that the trend for this fund is very poor. This trend is due to the enormous borrowings that have been taken up that are testing the financial capacity of the fund.

The strategy has been to graduate the annual charges up to meet the borrowing costs and this has been going on for some years. It is also the case that very close attention has been paid to operating expenses to ensure that all spending is effective.

4.2 Financial Performance Indicators and Benchmarks

The gradual approach to tariff increase is designed to minimise the impact of the increases on ratepayers. Financial modelling indicates that with sustained price increases to the annual charge this ratio will improve to acceptable over the next five years.

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 ratio is to test if Council has excessive debt servicing costs, relative to operating revenue.

Benchmark: < 12%

	2009/10	2010/11	2011/12
Consolidated	4.9	6.3	8.4
	Pass	Pass	Pass

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

	2009/10	2010/11	2011/12
General	7.2	6.70	6.05
	Pass	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.

The trend over recent years has been for a reduction to the ratio which is pleasing, However future forecasts are that the ratio will increase as borrowings are taken up to finance capital projects on 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	2011/12
Water	0.1	0.05	0.04
	Pass	Pass	Pass

The fund is essentially debt free.

	2009/10	2010/11	2011/12
Wastewater	0.2	9.4	21.43
	Pass	Pass	Fail

This ratio is just at the start of what will be a number of years of extremely poor results. The movement between 2009/10 and 2011/12 reflects the interest free loans that were taken up. As the $63 million borrowing is brought to account, this ratio will increase.

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 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.

4.2 Financial Performance Indicators and Benchmarks

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	2011/12
Consolidated	35.88	34.06	38.39
	Fail	Fail	Fail

Refer to individual comments.

	2009/10	2010/11	2011/12
General Fund	34.20	31.62	33.56
	Fail	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 property rentals which are not reliable income sources.

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 2011/12 Council received capital grants to almost $20 million which is probably higher than is typically 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 year of extra 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	2011/12
Water	21.85	20.42	24.65
	Fail	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	2011/12
Wastewater	50.01	52.13	67.79
	Pass	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	2011/12
Consolidated	49.81 Fail	45.88 Pass	44.79 Pass

Refer to individual comments.

	2009/10	2010/11	2011/12
General	54.53 Fail	51.00 Fail	55.78 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 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 is also the case that as the baby boomers retire this ratio will fall.

	2009/10	2010/11	2011/12
Water	37.63 Pass	25.51 Pass	10.55 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	2011/12
Wastewater	21.31 Pass	22.95 Pass	13.93 Pass

As per water.

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	2011/12
General	1,024	1,058	1,102

4.2 Financial Performance Indicators and Benchmarks

This indicator is useful in the context of how other councils perform. The Group 4 average for 2010/11 was $1,440 which suggests we are operating with comparative efficiency.

	2009/10	2010/11	2011/12
Water	211	226	240

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 6% which is due to costs rising in a number of areas including the purchase of water from Rous Council.

	2009/10	2010/11	2011/12
Wastewater	263	275	351

In comparison to the previous year the ratio has increased by 27%. The dramatic increase is due to the interest cost of the $63 million loan.

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	2011/12
Consolidated	63.49 Pass	69.15 Pass	68.30 Pass

The result is satisfactory and suggests that our assets are in reasonable condition.

	2009/10	2010/11	2011/12
General	69.07 Pass	74.74 Pass	64.84 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	2011/12
Water	57.51 Pass	58.67 Pass	77.32 Pass

The ratio is within the pass area.

4.2 Financial Performance Indicators and Benchmarks

Wastewater	2009/10	2010/11	2011/12
	48.82	53.52	78.16
	Pass	Pass	Pass

Excellent improvement for this ratio. The ratio is within the pass mark and the trend has been for a rapid improvement over recent years as new infrastructure is constructed. This ratio will continue to improve with the current capital works program.

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%

Consolidated	2009/10	2010/11	2011/12
	21.14	(6.22)	11.69
	Pass	Pass	Pass

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

General	2009/10	2010/11	2011/12
	(4.92)	24.16	(5.88)
	Pass	Pass	Pass

It can be seen that this ratio is quite variable and sensitive to different financial movements. The large improvement from 2010/11 to 2011/12 is mainly attributable to the fact that our investments are being shifted, in accord with the Minister's Investment Order, from longer term floating rate notes to term deposits.

The longer term investments did not qualify for inclusion in the ratio and now that the funds are shifting to shorter terms they are included and have improved the outcome.

Looking forward the trend is likely to go back towards a positive as loans are taken up and cash is converted to infrastructure.

Water	2009/10	2010/11	2011/12
	(116.41)	(120.88)	(136.72)
	Pass	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.

Wastewater	2009/10	2010/11	2011/12
	(116.41)	(47.59)	173.24
	Pass	Pass	Fail

4.2 Financial Performance Indicators and Benchmarks

The ratio has shifted from a comfortable pass to a substantial fail in a very short period of time reflecting the massive shift in the financial position of the fund.

It is likely that this ratio will be in the fail zone for many years. The strategy is to reduce debt as soon as possible and grow cash reserves.

Legal / Resource / Financial Implications

This report has no direct financial or 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

This report is for information only, although Council could vary or review the indicators if it so wished. If Council wishes to review any indicators a further report on the specific indicators requiring review could be submitted to the next Finance Committee meeting.

RECOMMENDATION

That Council notes the contents of this report in respect to the Financial Performance Indicators and Benchmarks.

Attachment(s)

Nil

4.4 Fees and Charges - 2013/14

Delivery Program	Financial Management
Objective	To obtain Council aproval to exhibit the draft 2013/14 fees for public comment.

Background

A key element of Council's operations is the establishment of fees and charges for the provision of works and services. The General Rates, Waste, Water and Wastewater charges are the primary income sources for Council and this report deals with the myriad of other fees and charges either required or allowed to be raised for Council services.

A listing of all these fees and charges is compiled annually and advertised for public comment as part of the draft Operational Plan. A copy of that draft document, for 2013/14, is included as an attachment to this agenda.

The Local Government Act and National Competition Policy also require councils to establish pricing categories to allocate against each fee and charge, with the category identifying the nature or level of cost recovery for the fee.

The Council's adopted categories are as follows, with these categories fairly standard for nearly all councils:

- Business/Commercial - Fee set in accordance with the marketplace with the fee aiming to generate a return for Council
- Full Cost Recovery - Fees set to recover the full cost of the service
- Partial Cost Recovery - Fees set at what Council considers is a reasonable cost for the user to bear. The balance of the cost of providing that service is then funded from general revenue
- Rate of return - The price is established to make a contribution towards the cost of providing the infrastructure (typically related to water and wastewater)
- Fixed by Legislation - Fees set by legislation

The fees and charges document, as attached, is divided into the major functional areas of Council being the General Manager’s, Civil Services, Strategic Services and Regulatory Services Groups.

Key Issues

- Variations in fees
- New fees
- Opportunities to recover the cost of Council services
- Affordability
- Reasonableness

Information

The fees document is extensive and the information provided relates only to fees where there are major changes proposed.

Ballina and Lismore Surf Life Saving Club

New fees for the hire of function rooms and equipment. The fees have been set at a commercial rate. The fees are quite extensive so they are not reproduced in this report however they are within the Strategic Services section of the attachment.

Rating Information Fee

New fee to offset administrative costs to provide the non current version of rates information. The fees do not apply to information that relates to the current or previous year, as this is provided free of charge. It is time consuming to provide the older information and new fees are recommended.

Copy of rates and charges notice	$5 per notice
Rating transaction listing, receipts, etc	$50/hour

Access to Public Land

New fee and bonds associated with accessing public land to enable work on private land. Quite often it assists different forms of development to access private properties from the side or rear. The alternate access requires movement across public land and at times this movement can cause substantial damage to the public land.

It is proposed to charge an application fee to cover staff time and take restoration bonds. If there is no damage to public property the bond will be refunded.

Application Fee	$ 200
Bond- Light weight vehicles and traffic volume	$ 2,000
Bond- Medium weight vehicles and traffic volume	$ 5,000
Bond- Heavy weight vehicles and traffic volume	$10,000

Footpath and Gutter Crossing fee

Fee associated with development applications to obtain approval to install a footpath and gutter crossing. This is a new fee to Ballina however other Councils have charged the fee for some time. The fee is in accordance with section 138 of the Roads Act.

Application to install and kerb and footpath crossing	$130

Boarding Houses Registration and Inspection

This is a new fee for Boarding Houses. Council's are required to maintain a register if the premises and perform an inspection for fire and safety.

Registration and initial inspection	$150
Additional inspection	$100

Community Centres

Fees to rent rooms and equipment at the centres have generally remained the same or been reduced. It is considered that this approach may result in more income than is currently being achieved.

Market Fees

Council has traditionally charged a fee to recover the costs of Health Inspectors attending markets. The inspector is primarily engaged in inspecting food stalls however they do attend to other matters.

The practice has been to charge the stall holder a fee however this has proved difficult to recover and administratively cumbersome.

It is proposed to charge the promoter of the market a fee and it is then a matter for the promoter to recover the cost from the stall holder. Inspectors would typically attend two markets per year per location. The visits are random however if the promoter is aware of the fee they can build the cost of the two inspections in to the market stall charges.

Fees vary per market depending on Council's costs to attend. This includes overtime and travelling costs.

Ballina twilight market - one hour	$95
Alstonville - half hour	$155
House with no steps - half hour	$155
Ballina - half hour	$120
Lennox Head- three hours	$710

Commercial Use of Council Footpaths

The proposed 2013/14 fees for the commercial use of footpaths have been left the same as 2012/13 fees for all areas other those benefitting from the recent town centre upgrades in Ballina and Alstonville.

The fee increases for these two areas are substantial however they do reflect a revised market value since the improvement works. The valuation system Council applies is based on 5% of the market value of the land plus improvements. Based on this methodology the revised fee for the upgraded locations is as follows:

Item	2012/13	2013/14
Area A River Street - Martin Street to Cherry	$29/sqm	$59/sqm
Alstonville CBD	$14/sqm	$29/sqm

Typically an area of around 10 square metres is leased from Council. There may be a significant adverse impact from the lessees to this magnitude of increase and Council could determine to tier the increase in over a few years to lessen the impact.

Health Statutory Fees

Amendments to the Public Health Act allow councils to charge new fees for inspections on swimming pools and certain air conditioners. This is a welcome amendment to the Act and affords an opportunity to recover some costs.

Service of improvement notice or prohibition order	
Regulated system	$515
Any other case	$255
Reinspection fee	$250

Swimming Pool Fees

There is an outstanding resolution of Council to consider the introduction of a pool improvement levy to assist with the redevelopment of the two pools. An improvement levy could take on various forms however it is understood that the main idea was to increase pool fees as a contribution towards capital works.

It is considered that this idea does have merit however it is proposed that it would be premature to increase fees prior to the works occurring or at least a sign off on the scope of works and definite timeframes. Accordingly the 2013/14 fees and charges include an incremental increase to fees only. The income from the Ballina and Alstonville Pools is $150,000 and $141,000 respectively which means that an increase in fees for either pool will only generate limited funding (i.e. 10% for Ballina equals $15,000 assuming there is no reduction in demand) and this level of income will not fund the magnitude of works required for the swimming pools.

The swimming pools do not operate at a significant cost to the community (estimated at approximately $400,000 for 2012/13) therefore revenue opportunities should be maximised for the pools.

Legal / Resource / Financial Implications

There are financial and resource issues associated with all aspects of this report. Council needs to be satisfied that the proposed fees and charges also meet the requirements, as per the established pricing categories.

Consultation

This report has been prepared following consultation with staff across Council's entire operations. Once approved the draft document will be exhibited for public comment as part of the 2013/14 Operational Plan, in May June. The draft Operational Plan is scheduled to be submitted to the next Finance Committee meeting.

Options

Council may approve the contents of this report or resolve to add, delete or amend the proposed 2013/14 fees and charges.

4.4 Fees and Charges - 2013/14

In reviewing the fees Council needs to be mindful that there are many services provided at a significant cost to the community and adjustments to fees can lessen that impact. Notable examples as sourced from the Council budget include the following:

Service	Income ($)	Expenses ($)	Net Cost ($)
Community Centres	361,300	923,400	562,100
Building Services	637,500	783,500	146,000
Ferry	400,000	636,600	236,600
Sports Fields	0	388,000	388,000
Swimming Pools	302,500	712,100	409,600

The real issue is whether or not Council wishes to substantially increase fees to lessen this impact recognising that Council rates also assist in providing these services. No recommendation is made in respect to this issue as ultimately it is a policy decision of Council as to the level of subsidy provided for services.

The recommendation that does follow seeks Council endorsement to exhibit the draft fees and charges document as attached and if further information is needed on any of the fees an additional report can be submitted to the next Finance Committee meeting.

RECOMMENDATION

That Council approves the exhibition of the draft schedule of fees and charges for 2013/14, as attached, including any adjustments resulting from this meeting.

Attachment(s)

1. Draft Fees and Charges - 2013/14 (Under separate cover)

4.5 Waste Operations - Long Term Financial Plan

Delivery Program	Financial Management
Objective	To review the long term financial plan for Council's waste operations.

Background

Council's waste service comprises two distinct programs being Landfill and Resource Management (LRM) and Domestic Waste Management (DWM). LRM is responsible for the waste management facility plus the collection of kerbside commercial waste and DWM is responsible for the collection of kerbside residential waste.

The possible introduction of the Bio-Char facility is not analysed as part of this report. This will occur in a separate report to Council following assessments by consultants on the viability of the project. The 2012/13 budget does contain funding to progress the assessment process however beyond the current year the project has not been included.

In general terms LRM is struggling with debt levels and the State Government waste levy. In turn these costs must be passed on to DWM through gate fees at the landfill. LRM has taken up loans to close the old cell, open new cells and purchase a waste baler. Together with existing loans the total loan commitment, at its peak, was in the order of $12 million. The capital balance outstanding was in the order of $5.7 million as at the end of the 2011/12 financial year.

The State Government waste levy is a levy per tonne for all waste deposited into our landfill. The levy increases by $10 per tonne, plus CPI, for seven years and has assumed a significant role in the operation of the LRM service. In 2013/14 the levy will be approximately $54 per tonne.

DWM is, in comparison to LRM, a smaller and more predictable operation. The business must pay wages and provide collection vehicles for residential mixed and recycled kerbside collections plus meet contract payments for the kerbside collection of residential green waste. An assured income stream is available in the form of the annual charge and this charge can be adjusted at Council’s discretion, subject to certain requirements of the Local Government Act.

The two services, LRM and DWM are dependent upon each other. DWM needs somewhere to deposit waste collected and LRM is primarily in business to service DWM. Given this direct relationship, prices paid by DWM to deposit waste at the landfill must be set to ensure that both businesses remain financially viable. This report now examines the operations of both activities, with a long term financial plan for both, included as attachments to this report.

Key Issues

- Long term aims and objectives
- Affordability

Information

Landfill and Resource Management (LRM)

DWM and Self Haul gate charges

When the new cells were constructed it was estimated that they would have a ten year life span. Accordingly loans taken out were structured over ten years. This relatively short time frame magnified the impact of the loan repayments.

In response to the high debt level, prices increased significantly up to 2009/10. This resulted in some customer backlash with some of major customers then using waste facilities in other local government areas. Hence the price increase did not always generate a corresponding increase in revenue at the gate although it did tend to preserve the life of the waste cells.

In 2009/10 Council adopted a strategic approach with regard to pricing. It was agreed that the tariff for mixed waste deposited by DWM would be higher then the gate fees for self haul users.

The rationale for this approach includes the argument that the reason Council is involved in waste disposal is because it must provide a domestic service to local residents. Otherwise Council may not be involved in the service at all. Therefore if a higher charge is necessary to keep the service viable, then so be it.

DWM is a captive market and Council can increase price without affecting demand. This means an increased tariff generates a relatively assured level of revenue. However to support this subsidy to self haul users the annual DWM charge is higher than would otherwise be the case. Whilst this situation is not desirable it has been considered necessary.

Table one provides the tonnage charges for the last two years for mixed waste and differentiates between the internal charges levied on DWM and self haul.

Table One - Charges Per Tonne ($)

Description	2011/12 (1)	2011/12 (2)	2012/13 (1)	2012/13 (2)
DWM Mixed Waste	222	174	220	245
Self Haul Mixed Waste	174	174	190	190

(1) Price for the first three months to September
(2) Price for following nine months from September onwards

It can be seen that there is currently a large difference in the charges for self haul and DWM. In both the 2011/12 and 2012/13 financial years the original pricing structure for DWM has been adjusted during the course of the year to meet prevailing circumstances.

In 2011/12 the price was reduced at the end of September to the same figure as that paid by self haul users. This decision was influenced by the fact that DWM was looking to purchase four new trucks at a cost of $1.4 million. In 2012/13 the price has been increased based on trending to achieve a more equitable outcome for both DWM and LRM considering their long term goals.

It is considered that going forward the subsidy should be removed. This is a significant step to take because it will affect demand and despite a price increase, it will quite possibly result in less income. However LRM is now in a better financial position than a few years ago. There are reserves on hand of approximately $1.5 million, we are now reasonably confident that the cell life will last at least as long as the loans and the trucking option will alleviate the impact of the State levy.

The removal of the subsidy will also help with Council ultimately sourcing a dividend from LRM as Council will be able to demonstrate there is no subsidy to DWM.

It is now proposed that the pricing structure at the gate be amended to distinguish between large (above 300 kilograms) and small loads. Large loads, which relate almost exclusively to commercial operations, will have prices elevated to equal that paid by DWM. Given the size of the gap it is proposed that this occur over at least a two year period with an increase of 14% recommended in 2013/14.

Smaller loads, which will primarily be residential customers, will have a far more modest price increase, proposed to be 5% in 2013/14. This is because DWM is already subsidising the gate fees and residential customers, via their rates notice or rental payments, are paying for DWM.

No doubt there will be some small commercial loads and large residential loads however it is considered that the new charging structure will be far more equitable than the current situation where DWM is subsidising commercial self haul users.

It is very difficult to estimate the impact that this change in pricing strategy will have on LRM revenues. In 2012/13 it is estimated that total gate fees will be in the order of $5.7 million of which approximately $1.8 million relate to self haul users. Of this amount approximately $600,000 relates to commercial self haul mixed waste that will be affected by the change in pricing strategy. Approximately 90% of the $600,000 is sourced from the one customer.

Therefore if the proposed pricing strategy is adopted, gate income could fall by over $500,000, especially if the one major customer relocates their waste to another landfill site.

This is a very important point and it could result in LRM trading at a loss in 2013/14 which would need to be financed from reserves. However the subsidy is not desirable and was only put in place because of the difficult financial circumstances prevailing at the time.

The new price structure will primarily shield residential customers from the very large price increases that are proposed.

It is not desirable to have this price differential for smaller loads however it is considered to be considerably better than the current subsidy.

Recent Financial Performance

Table two shows the recent financial results for LRM together with the forecast for 2012/13 as at 31 December 2011.

Table Two - Commercial Waste Operating Results ($'000)

Description	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Estimate
Operating Revenues	5,902	6,970	5,718	6,717
Operating Expenses (incl deprec)	5,837	5,955	5,890	6,871
Operation Surplus / (Deficit))	**65**	**1,015**	**(172)**	**(154)**
Add Depreciation / Remediation	1,525	1,459	1,016	1,463
Cash Surplus / (Deficit)	**1,590**	**2,474**	**844**	**1,309**
Less Loan Principal	1,076	1,154	1,209	982
Less Capital Expenditure	0	60	10	1,050
Add Capital Funding	0	0	644	500
Cash Increase / (Decrease)	**514**	**1,260**	**269**	**(223)**
Reserve Balance	**468**	**1,728**	**1,979**	**1,756**

This table indicates that the fortunes of the business tend fluctuate from one year to the next. Some of the issues that have affected the outcomes include:

- In 2011/12 the bulk waste collection business was sold
- during 2011/12 DWM gate prices were reduced whilst in 2012/13 they were increased which has a big impact on revenue
- the waste levy is increasing by over $10 per tonne per year which affects both operating revenues and expenses
- greater proportions of the waste streams are being trucked off site.

Importantly in all years excepting 2011/12, when the DWM gate fee was reduced, a cash surplus was achieved that was sufficient to repay loan principal and capital works. This has resulted in the reserve balance steadily increasing, with the exception of the current year's forecast, which is placing the business in a position to pay for remediation of the landfill.

It is difficult to estimate the remaining useful life of the current cells and when remediation will be required. This is because Council has just entered into arrangements to truck virtually all waste off site so the life of the cells will be preserved indefinitely.

Long Term Financial Plan - LRM

The first attachment to this report provides the long term financial plan for LRM. In reviewing this plan some of the major considerations include:

- the State Government waste levy is set to increase by $10 plus CPI to approximately $54 dollars per tonne. However it is anticipated that the amount paid will be relatively small as very little waste will actually remain on site.

- the levy refund is unlikely to be provided next year however given that Council's strategy is to minimise payment of the levy, the refund forecast was always going to be zero.

4.5 Waste Operations - Long Term Financial Plan

- LRM will pay transport and treatment expenses for mixed waste, green waste, recyclates and construction / demolition.

- it is assumed that DWM will pay LRM the same rate per tonne to accept organic waste as mixed waste. This is because the organics collection service contains putrescibles (meat/seafood kitchen scraps) that require different treatment to green waste brought to the gate.

- it is assumed that the gross quantity of waste coming in the gate will remain reasonably consistent with the current financial year to date, with the exception of commercial self haul.

- the current strategy is to truck all waste off site. The model assumes that after two years this will not be viable and we will return to our own landfill. There is no science to this assumption other than it is considered likely that at some point the Queensland State Government will re-introduce a levy similar to New South Wales. Once this occurs the current cell will have a life of approximately three years after which a new cell will need to be developed.

The next table is the most recent financial model for LRM. This model is based on a 14% increase for commercial self haul fees and 5% for most other fees. The main exception being DWM mixed waste gate fees where a nil increase is proposed.

Table Three: LRM – Summary Long Term Financial Plan

Description	**12/13 $'000**	**13/14 $'000**	**14/15 $'000**	**15/16 $'000**	**16/17 $'000**	**17/18 $'000**	**18/19 $'000**	**19/20 $'000**	**20/21 $'000**	**21/22 $'000**	**22/23 $'000**
Operating Revenues	6,717	6,630	6,949	7,260	7,601	7,915	8,272	8,727	9,215	9,723	10,252
Operating Expenses	6,871	6,830	6,891	7,813	7,958	8,124	8,354	8,598	8,850	9,108	9,374
Operating Result	(154)	(199)	58	(553)	(357)	(209)	(82)	129	365	615	878
Add Back Deprec	1,463	1,469	1,469	1,501	1,546	1,593	1,641	1,690	1,741	1,793	1,847
Cash Surplus	**1,310**	**1,270**	**1,527**	**948**	**1,190**	**1,384**	**1,559**	**1,819**	**2,106**	**2,408**	**2,725**
Capital Income	500	0	0	0	0	0	0	0	0	0	0
Capital Expenditure	2,032	1,184	1,330	1,306	1,217	2,304	2,115	120	125	130	135
Net Reserve Movement	(223)	86	197	(358)	(27)	(920)	(556)	1,699	1,981	2,278	2,590
Total Reserves	**1,757**	**1,843**	**2,040**	**1,682**	**1,655**	**735**	**179**	**1,878**	**3,859**	**6,137**	**8,727**
% Deprec Funded	**89**	**86**	**104**	**63**	**77**	**87**	**95**	**108**	**121**	**134**	**148**
Debt owing	**4,691**	**3,639**	**2,512**	**1,305**	**194**	**0**	**0**	**0**	**0**	**0**	**0**
Debt Ratio	**21**	**21**	**20**	**19**	**16**	**3**	**0**	**0**	**0**	**0**	**0**

The forecast operating result declines in 2015/16 as this is when it is assumed that the trucking option will cease to be viable. Apart from this change to operating circumstances the model indicates that there will be a gradual improvement in the operating result over the next few years with an operating surplus achieved in 2019/20.

It is difficult to know just what the necessary reserve level needs to be due to the uncertainty over the remaining life of the current cell, remediation costs associated with this cell and expenditure required to develop the new cell.

The model assumes a remediation cost of $2 million in 2017/18 and a developmental cost of $2 million for a new cell in 2018/19 at which time the reserve is very low. However after 2018/19 the reserve increases by close to $2 million per annum. No doubt the modelling will be adjusted numerous times between now and then.

Key points of interest in the long term financial plan in respect to operating revenues and expenses for 2013/14 are as follows.

Operating Revenues

- recyclables from DWM - $913,000. Represents the gate fee paid by DWM to bring the fortnightly collection to the waste centre

- State Government waste levy reimbursement is estimated at nil.

- mixed waste DWM - $3,019,000. Gate fee paid by DWM to bring the weekly collection to the waste centre

- disposal fees Council (other) - $362,000. Gate fee paid by Council to deposit waste for all general activities

- disposal fees (other) - $1,362,000. This is the gate fee paid by customers (self haul) to deposit waste. This is a very difficult income source to predict as income declined from 2010/11 to 2011/12. It is very responsive to price as major clients adjust routes to deposit waste elsewhere.

  The waste stream comprises both commercial self haul and residential self haul. The recommendation is to increase the price for commercial self haul by 14% and residential self haul by 5%. Modelling assumes that income will only increase by 5% as demand is likely to fall. It is possible that this will be an optimistic estimate and income will actually decrease.

The anticipated revenue from payments by DWM equate to approximately 60% of all income received by LRM. This figure highlights the importance of DWM to LRM.

Operating Expenses 2013/14

- administration - $858,000. Includes all Council overheads for business.

- disposal - $2.5 million. Refers to the treatment of mixed waste and green waste including transport and disposal off site.

- transport and gate fees of recyclates - $380,000.
- State Government waste levy - $100,000. A nominal amount.
- construction and demolition (C & D) transport costs - $260,000. Payment to contractors to transport C & D waste to external sites
- treatment of green waste on site - $200,000
- loan interest - $307,000. This is less than the current financial year as an internal loan is fully paid this year.

Fees and Charges

The strategy for the landfill is to truck essentially all waste off site to avoid the levy and retain the life of the landfill. Advice is that this approach will avoid filling the cell, which is very valuable, however direct operational costs will remain relatively similar in the first year under either approach (deposit waste in the cell or truck offsite). This is because the expense to truck the waste offsite will be similar to the levy expense that would otherwise be incurred.

A key strategic issue is just how long it will remain viable to truck off site. Obviously the longer it remains viable to do so the better however there is a danger that we will be left behind with our price increases. This is because the State Government levy is increasing by $10 per tonne plus CPI until 2015/16.

This is a far greater rate of increase than the cost to truck off site. Hence expenses for LRM are likely to jump considerably if or when we resume filling our cell.

The whole point of the levy is to increase the cost to dump waste. By avoiding this cost we are in a position to offer our customers a lesser price increase than would otherwise have been required. It is a difficult situation in terms of pricing strategy because we do not know how long the trucking option will last.

It is not proposed to address this issue at this stage given that 2013/14 costs are predicted to be similar under either option but is raised to bring awareness that it is possible that by progressively trucking all waste off site we may be faced with hefty price adjustments if or when the situation changes.

The table below includes, amongst other fees and charges, the internal and external gate fees for recyclates. This is done to show that there is a marked difference in the rates. This is because in 2011/12 Council took the decision to reduce the price of self haul recycling as an environmental initiative.

Table Four - Waste Charges

Charge Type	2012/13 Charge $	2013/14 Charge $	% Increase
Commercial Mixed Waste (Annual)	292	303	4*
Commercial Recycling (Annual)	144	150	4*
Green Waste (Annual)	255	265	4*
DWM Gate Fee Mixed Waste	245/tonne	245/tonne	nil
Self Haul Gate Fee Mixed > 300kg	190/tonne	217/tonne	14
Self Haul Gate Fee Mixed < 300kg	190/tonne	200/tonne	5
DWM Gate Fee Recyclates	185/tonne	194/tonne	5
Self Haul Gate Fee Recyclates	75/tonne	79/tonne	5
Self Haul Gate Fees Other	Various	Up to 5%	Up to 5%

**Annual charges must remain relative to DWM annual charges as the service provided is the same. Refer to DWM section of this report for fees.*

It seems to be the case that LRM is always undergoing some form of substantive change to operations that makes forecasting very difficult and complex. The modelling is full of assumptions that could prove to be wide of the mark. However the pricing structure is based on the most current information and endeavours to tread a middle ground.

Comparison

The next table provides a comparison of our existing waste charges to our immediate neighbours.

Table Five – Comparison of Waste Charges 2012/13

Item	Ballina DWM	Ballina Self Haul	Byron	Lismore	Tweed
Mixed waste per/tonne	$245/tonne	$190/tonne	$200/tonne	$97.5/tonne	$160/tonne

It is difficult to compare each service fairly as there is different nuances with each Council however the figures shown above provide an indication of the relativities. Clearly Ballina is at the top end of the scale due to the remediation works and cell opening costs that have been incurred in recent years.

Domestic Waste Management (DWM)

The major costs confronted by the business are collection (vehicles picking up the kerbside bins) and disposal (costs to deposit waste at the waste facility) and contractor charges to collect the green waste.

The primary goal for DWM is to generate a sufficient surplus to pay loans and place approximately $350,000 in a reserve to pay for new trucks as required. The next table shows the recent financial results for DWM.

Table Six - DWM Operating Results ($'000)

Item	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Estimated
Operating Revenues	5,175	5,631	6,396	7,045
Operating Expenses (incl deprec)	5,085	5,725	5,621	6,477
Operating Surplus / (Deficit)	**90**	**(94)**	**775**	**568**
Less Depreciation	245	227	110	268
Cash Surplus / Deficit)	**335**	**133**	**885**	**836**
Less Loan Principal	110	118	126	134
Less Capital Expenditure	0	0	1,417	125
Cash Increase / (Decrease)	**225**	**15**	**(658)**	**577**
Reserve Balance	**982**	**997**	**339**	**916**

This table indicates that the results are variable however over the last few years the operating result has improved. As has been discussed the gate fees paid by DWM have been juggled from one year to another and also during the course of the year. This is one of the main issues that have contributed to the variable outcomes.

Long Term Financial Plan - DWM

The second attachment to this report provides a forward financial plan for DWM. Some of the assumptions in that plan are:

- annual charges to increase by 4% for 2013/14 and thereafter at 3%. The 2013/14 income is estimated to be approximately $6.8 million.

- waste streams will remain similar to the current year with perhaps some growth

- costs for labour and plant to rise by approximately 3.6%

- gate fees estimated at just over $3 million which is approximately 46% of recurrent costs

4.5 Waste Operations - Long Term Financial Plan

The next table summarises the forecast financial performance of DWM.

Table Seven: DWM – Summary Long Term Financial Plan

Description	12/13 $'000	13/14 $'000	14/15 $'000	15/16 $'000	16/17 $'000	17/18 $'000	18/19 $'000	19/20 $'000	20/21 $'000	21/22 $'000	22/23 $'000
Operating Revenues	7,045	7,240	7,436	7,663	7,898	8,209	8,533	8,868	9,218	9,581	9,959
Operating Expenses	6,477	6,898	7,165	7,451	7,753	8,077	8,415	8,768	9,137	9,522	9,923
Operating Result	568	342	271	212	145	132	118	101	81	60	36
Add Back Deprec	268	268	268	276	284	293	302	311	320	330	340
Cash Surplus	**836**	**610**	**539**	**488**	**429**	**425**	**420**	**411**	**401**	**389**	**376**

Capital Income	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditure	259	493	153	163	0	0	650	650	650	650	350
Net Reserve Movement	577	117	387	325	429	425	(230)	(239)	(249)	(261)	26
Total Reserves	**916**	**1,033**	**1,420**	**1,745**	**2,175**	**2,600**	**2,369**	**2,130**	**1,881**	**1,621**	**1,647**
% Depn Funded	**312**	**228**	**201**	**177**	**151**	**145**	**139**	**132**	**125**	**118**	**111**
Debt owing	**458**	**315**	**163**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Annual Res Charge	**392**	**408**	**420**	**433**	**445**	**463**	**482**	**501**	**521**	**542**	**564**

It is a relatively straight forward operation. The only assets are the collection vehicles and the only loan will be repaid in 2015/16. The operating result is strong and there are sufficient reserves on hand to meet upgrade of the trucks.

The modelling indicates that the current level of pricing is approximately correct and future price increases are more aligned with CPI adjustments.

This could change very quickly depending on LRM and the financial demands of this business.

Annual Charges

Based on the assumptions outlined in the financial plan the proposed 2013/14 charges as compared to 2012/13 are as follows.

Table Eight - Domestic Waste Charges

Charge Type	**2012/13 Charge $**	**2013/14 Charge $**	**% Increase**
DWM - Rural (excludes green)	350	364	4
DWM – Rural (no collection)	287	398	4
DWM – Urban (all 3 collections)	392	408	4
Additional Mixed Waste urban	146	152	4
Additional Mixed Waste rural	292	303	4
Additional Domestic Recycling	141	147	4
Additional Green Waste Collection	255	265	4
DWM – Vacant Land	35	37	4

<u>Comparison</u>

The next table provides a comparison of our existing DWM charges to our immediate neighbours. Again it is very difficult to get a fair comparison in terms of service provided however the next table provides an indication of the charges for urban domestic waste annual charges where mixed, recycling and green waste services are provided.

Table Nine – Comparison of Urban Domestic Waste Charges 2012/13

Item	**Ballina**	**Lismore**	**Byron**	**Richmond Valley**	**Tweed**
Annual charge	392	262	330	355	310

The table indicates that Ballina is the most expensive and this is mainly attributable to the gate fees paid to LRM to deposit the waste.

Legal / Resource / Financial Implications

Council needs to consider carefully the financial implications of any proposed changes in waste charges and the need to meet appropriate legislative environmental standards.

Consultation

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

Options

Council has the option of endorsing the proposed charges or examining further alternatives.

It is again mentioned that this report and the associated modelling does not entertain the proposed Bio Char facility as this will be the subject of a separate report to Council.

A key principle in this report has been the strategy to remove the subsidy between self haul and DWM charges at the landfill and with both LRM and DWM in reasonably stronger financial positions than they have been in more recent years it is recommended that Council pursue this strategy through the various fees proposed for 2013/14.

RECOMMENDATIONS

That Council, based on the current financial information available, endorses the inclusion of the following waste charging structure in the draft 2013/14 Operational Plan.

Waste Charges- LRM

Charge Type	2012/13 Charge $	2013/14 Charge $	% Increase
Commercial Mixed Waste (Annual)	292	303	4*
Commercial Recycling (Annual)	144	150	4*
Green Waste (Annual)	255	265	4*
DWM Gate Fee Mixed Waste	245/tonne	245/tonne	nil
Self Haul Gate Fee Mixed > 300kg	190/tonne	217/tonne	14
Self Haul Gate Fee Mixed < 300kg	190/tonne	200/tonne	5
DWM Gate Fee Recyclates	185/tonne	194/tonne	5
Self Haul Gate Fee Recyclates	75/tonne	79/tonne	5
Self Haul Gate Fees Other	Various	Up to 5%	Up to 5%

Domestic Waste Charges

Charge Type	2012/13 Charge $	2013/14 Charge $	% Increase
DWM - Rural (excludes green)	350	364	4
DWM – Rural (no collection)	287	398	4
DWM – Urban (all 3 collections)	392	408	4
Additional Mixed Waste urban	146	152	4
Additional Mixed Waste rural	292	303	4
Additional Domestic Recycling	141	147	4
Additional Green Waste Collection	255	265	4
DWM – Vacant Land	35	37	4

Attachment(s)

1. Landfill Management & Resource Recovery - Financial Model
2. Domestic Waste Management - Financial Model

LANDFILL MANAGEMENT AND RESOURCE RECOVERY						
ESTIMATE 2012/13	BUDGET ITEMS	ESTIMATED 2013/14	%	2014/15	2015/16	2016/17
	OPERATING REVENUES					
	Fees and Charges					
445,100	Annual Charges	462,000	4	476,000	487,000	502,000
3,000	Bulk Waste Collection	0	(100)	0	0	0
304,800	Contributions	0	(100)	0	0	0
1,020,000	Waste Recycling - Fees	1,013,500	(1)	1,062,000	1,113,000	1,166,000
4,861,000	Waste Disposal - Fees	5,046,250	4	5,291,000	5,549,000	5,819,000
83,200	Sundry Fees	108,500	30	112,000	115,000	118,000
6,717,100		**6,630,250**	**(1)**	**6,941,000**	**7,264,000**	**7,605,000**
	OPERATING EXPENSES					
	Waste Administration					
280,500	Administration	338,000	20	332,000	341,000	350,000
505,000	Internal Overheads	520,000	3	536,000	552,000	569,000
	Debt Servicing					
0	Interest on Loans - Waste Administration	0	0	0	0	0
	Waste Receival					
203,000	Weighbridge	212,600	5	219,000	225,000	231,000
157,800	Transfer Stations	166,000	5	171,000	176,000	181,000
	Waste Collection					
149,000	Collection Kerbside	165,000	11	170,000	175,000	180,000
72,500	Collection Other	64,000	(12)	66,000	68,000	70,000
20,000	Collection Recycling	10,000	(50)	10,000	10,000	10,000
	Waste Recycling					
570,400	Material Recovery Facility	560,000	(2)	577,000	594,000	611,000
	Debt Servicing					
0	Interest on Loans - Recycling	0	0	0	0	0
	Waste Disposal					
256,000	Solid Waste Landfill	231,000	(10)	237,000	243,000	249,000
890,000	Waste Bale, Placement, Cover, Transport	1,787,000	101	1,841,000	970,000	999,000
766,000	DECC Levy	100,000	(87)	103,000	1,850,000	1,906,000
395,000	Green Waste Transport	400,000		412,000	424,000	437,000
16,000	Deposit	12,000	(25)	14,000	14,000	14,000
12,000	Special Rubbish Clean-ups	12,000	0	12,000	12,000	12,000
207,000	Green Waste	204,000	(1)	210,000	216,000	222,000
85,000	Landfill Closures, Leachate and Remediation	12,000	(86)	12,000	12,000	12,000
445,000	Waste Transport - Construction and Demolition	260,000	(42)	268,000	276,000	284,000
	Debt Servicing					
377,400	Interest on Loans - Landfill	306,700	(19)	232,200	154,000	74,200
	Non-Cash Expenses					
1,463,200	Depreciation	1,469,200	0	1,469,200	1,501,200	1,546,400
6,870,800	**Total Operating Expenses**	**6,829,500**	**(1)**	**6,891,400**	**7,813,200**	**7,957,600**
(153,700)	***Operating Result - Surplus / (Deficit)***	**(199,250)**	**30**	**49,600**	**(549,200)**	**(352,600)**
1,463,200	*Add Back Depreciation*	1,469,200		1,469,200	1,501,200	1,546,400
1,309,500	***Cash Result - Surplus / (Deficit)***	**1,269,950**	**(3)**	**1,518,800**	**952,000**	**1,193,800**
	Capital Movements					
982,300	Less Loan Principal Repayments	1,053,000		1,127,400	1,205,600	1,111,500
327,200	Less Transfer to Reserves	216,950		391,400	0	82,300
550,000	Add Transfer from Reserves	130,800		202,600	353,600	105,000
500,000	Add Capital Income	0		0	0	0
1,050,000	Less Capital Expenditure	130,800		202,600	100,000	105,000
0	***Cash Result after Capital Movements***	**0**	**0**	**0**	**0**	**0**

DOMESTIC WASTE MANAGEMENT						
ESTIMATE 2012/13	BUDGET ITEMS	ESTIMATED 2013/14	%	2014/15	2015/16	2016/17
	OPERATING REVENUES					
6,488,300	Domestic Waste Management Charges	6,748,000	4	6,950,000	7,159,000	7,374,000
(315,000)	Pensioner Abandonments	(310,000)	(2)	(319,000)	(328,000)	(337,000)
19,000	Vacant Property Charges	19,000	0	20,000	21,000	22,000
683,000	Plant Charges	583,000	(15)	600,000	618,000	637,000
170,000	Pensioner Subsidy	170,000	0	175,000	180,000	185,000
0	Interest on Investments	30,000	100	10,200	13,000	17,400
7,045,300		**7,240,000**	**3**	**7,436,200**	**7,663,000**	**7,898,400**
	OPERATING EXPENSES					
	Administration					
106,000	Administration	120,000	13	123,000	126,000	129,000
43,000	NEWF	45,000	5	46,000	47,000	48,000
387,000	Indirect Expenses - Overheads	399,000	3	411,000	423,000	436,000
6,200	Promotion	5,000	(19)	5,000	5,000	5,000
	Debt Servicing					
36,500	Interest on Loans	27,800	(24)	18,200	8,000	0
	Collection					
3,941,000	Collection Kerbside	4,332,000	10	4,523,000	4,723,000	4,932,000
1,279,500	Collection Recycling	1,301,500	2	1,359,000	1,419,000	1,482,000
410,000	Vehicle Costs	400,000	(2)	412,000	424,000	437,000
	Non-Cash Expenses					
267,800	Depreciation	267,800	0	267,800	275,900	284,200
6,477,000	**Total Operating Expenses**	**6,898,100**	**7**	**7,165,000**	**7,450,900**	**7,753,200**
568,300	***Operating Result - Surplus / (Deficit)***	**341,900**	**(40)**	**271,200**	**212,100**	**145,200**
267,800	*Add Back Depreciation*	267,800		267,800	275,900	284,200
836,100	***Cash Result - Surplus / (Deficit)***	**609,700**	**(27)**	**539,000**	**488,000**	**429,400**
	Capital Movements					
134,100	Less Loan Principal Repayments	142,800		152,500	162,600	0
702,000	Less Transfer to Reserves	466,900		386,500	325,400	429,400
125,000	Add Transfer from Reserves	350,000		0	0	0
0	Add Capital Income	0		0	0	0
125,000	Less Capital Expenditure	350,000		0	0	0
0	***Cash Result after Capital Movements***	**0**	**0**	**0**	**0**	**0**

4.6 Capital Works - Recurrent - 2013/14 to 2016/17

Delivery Program	Financial Management
Objective	To review the draft capital recurrent capital works program for 2013/14 onwards.

Background

The Council budget is split into two main sections being the operating budget and the capital works program. The operating budget includes all Council's day to day services (i.e. open spaces, roads, planning etc) with the cash surplus on operations then assisting in financing Council's capital works program.

The capital works program can also be split into three main categories:

a) General Fund Recurrent capital works – These are core infrastructure projects where Council is required to undertake new and reconstruction works each and every year. Examples include urban and rural roads, footpaths / shared paths, open space, sporting grounds and stormwater / drainage works. On-going general revenue is needed for these items as they represent a major component of Council's infrastructure base. The funding of the replacement and renewal of this infrastructure can, at times, be under funded, as the liability is often in the millions of dollars.

b) General Fund – Non-recurrent capital works – These are works that are irregular in nature. Examples include community buildings such as surf clubs and coastguard towers, main street upgrades and new sporting fields. These projects are considered desirable by the community and to finance these projects a unique funding source(s) must be identified. With Ballina Council these projects are often funded through Council's property reserves and grants. A further report on the program of non-recurrent capital works for 2013/14 onwards is in the next report in this agenda.

c) Business Activity Related Works – These are works that typically have their own funding source as they form part of a business activity. Examples include the airport, plant, property, water, waste and wastewater. These programs should generate adequate revenues from their own operations to fund their capital works. This is possible as Council is in a position to set the charges for the services. Council has already considered preliminary reports on water and wastewater at the 4 March Finance Committee meeting and a report on the waste business plan is included elsewhere in this agenda.

The purpose of the report that now follows is to deal with the program of General Fund recurrent capital works for the next four years.

Key Issues

- Funding available
- Priorities

4.6 Capital Works - Recurrent - 2013/14 to 2016/17

Information

For recurrent capital works general revenue is the main funding source, albeit that if other sources of funding can be identified, such as loans, developer contributions, grants, reserves and asset sales, they can assist in reducing the burden on general revenue where demand for works is always way in excess of the funding available.

Council's Delivery Program is required to provide a forward works program for the next four years; i.e. 2013/14 to 2016/17 and the information presented is for those four years. It is fair to say that the further forward the planning is the less reliable the works program will be due to changes that will occur over time (i.e. possible infrastructure failures, identified risks etc).

Council reviews the four year program of works every to ensure it reflects the latest available information. The following table details the general revenue available in the Council budget for these recurrent general fund works.

Table One - General Revenue Funded Recurrent Capital – Current and Forecast

Description	2012/13	2013/14	2014/15	2015/16	2016/17
Computer Equipment	25,000	25,000	25,800	26,600	27,400
Stormwater / Drainage	290,000	340,000	349,700	360,200	371,000
Urban/ Rural Roads	1,879,400	1,873,400	1,828,100	1,901,900	1,992,700
Footpaths/Shared Paths	350,000	361,100	372,400	383,900	396,400
Street Lighting	42,000	44,000	45,000	46,400	47,800
Open Spaces	161,000	144,000	148,000	152,000	157,000
Sporting Fields	140,000	144,000	148,000	152,000	157,000
Asset Management	192,000	198,000	204,000	210,000	216,000
Depot Improvements	80,000	79,000	81,600	84,200	87,000
Total	**3,159,400**	**3,208,500**	**3,202,600**	**3,317,200**	**3,452,300**

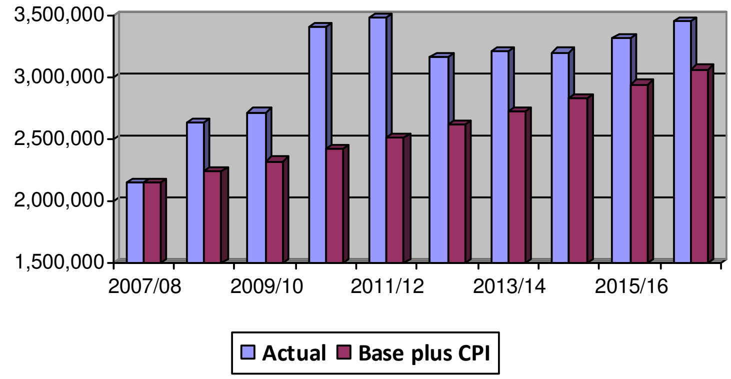
From a financial management perspective it is paramount that Council's manage and minimise their operating expenses so as not to reduce the funding available for capital works. Therefore Council should monitor the overall trend in respect to recurrent revenue available for capital works and the following table provides the general revenue budget allocations for the past five financial years.

Table Two - General Revenue Funded Recurrent Capital - History

Description	2007/08	2008/09	2009/10	2010/11	2011/12
Computer Equipment	35,000	36,000	37,000	30,000	30,500
Stormwater / Drainage	469,000	375,100	387,200	388,200	394,000
Urban/ Rural Roads	1,317,000	1,561,000	1,610,000	2,121,000	2,065,000
Footpaths/Shared Paths	191,000	245,000	250,000	350,000	359,000
Street Lighting	37,000	38,000	40,000	40,000	41,000
Open Spaces	104,000	182,100	60,000	150,000	159,500
Sporting Fields	0	75,000	206,000	130,000	139,500
Asset Management	0	124,000	128,000	200,000	198,000
Depot Improvements	0	0	0	0	94,000
Total	**2,153,000**	**2,636,200**	**2,718,200**	**3,409,200**	**3,480,500**

As per these figures Council has worked hard in recent years to increase the recurrent revenue allocated for capital works due to a combination of above rate pegging rate increases and minimisation of operating costs. The following chart provides a comparison between the benchmark funding available in 2007/08, being the first year of this comparison, increased by a CPI of 4%, as compared to the actual funding allocated each year.

4.6 Capital Works - Recurrent - 2013/14 to 2016/17



As per this analysis in real terms Council has increased the funding available by approximately $500,000. In addition to this Council is also now allocating revenue funding of approximately $1 million for loan repayments related to the roads recurrent program for works undertaken at Plateau Drive, Cumbalum Interchange, McLeay Culvert and an allowance for Ballina Heights Drive. These funds will eventually again become available for recurrent works once the loans are fully repaid and the loan repayments explain why there are variations in the recurrent budgets in tables one and two for urban and rural roads.

This next section now deals with the recommended priorities for the expenditure of the recurrent funds for the next four years.

Information Services – Manager – Stewart Littleford

Item	*2013/14*	*2014/15*	*2015/16*	*2016/17*
Computer Equipment	25,000	25,800	26,600	27,400

This is a small provision for on-going replacement of miscellaneous computer equipment. The majority of Council's computer equipment is funded through a finance lease, with the cost of the lease included in the operating expenses for the Information Services program.

Stormwater - Manager - Paul Busmanis

Item	*2013/14*	*2014/15*	*2015/16*	*2016/17*
Stormwater Upgrades Total	**340,000**	**349,700**	**360,200**	**371,000**
Asset Data Collection	40,000	40,000	30,000	40,000
Alison Avenue	110,000	0	0	0
Gibbon St/Megan Crs/Dodge Ln	70,000	0	0	0
Allens Parade (No 34)	30,000	0	0	0
Cherry St (Winton Ln)	20,000	0	0	0
Grant St (River St to RR)	0	100,000	0	0
Grant St (Tamar St to RR)		100,000	0	0
Martin St (River St to Fawcett St)		10,000	90,000	0
Martin St (Fawcett St to RR)		10,000	90,000	0
Kerr Street		20,000	80,000	0
Moon St (Tamar St to River St)	0	0	0	90,000
Moon St (Holden Ln)	0	0	0	40,000
Henry Philip Avenue	0	0	0	20,000
Williams Reserve	0	0	0	90,000
Coast Rd	0	0	0	20,000
Urban Storm Water Mgmt Plan	50,000	50,000	50,000	50,000
Urban Lanes	20,000	19,700	20,200	21,000

The stormwater capital works program is funded from the Stormwater annual charge and general revenue.

4.6 Capital Works - Recurrent - 2013/14 to 2016/17

Roads and Bridges - Manager - Paul Busmanis

Item	*2013/14*	*2014/15*	*2015/16*	*2016/17*
Urban and Rural Roads Total	**1,873,000**	**1,828,700**	**1,902,000**	**1,993,000**
Regional Rd Block Grant				
Tuckombil Rd Seg 180	217,000			
Regional Rd Block Grant				
Rifle Range Rd Part Seg 250		159,700		
Bridges		100,000	100,000	100,000
Carrs Bridge River Dr	50,000			
Maguires Bridge	50,000			
Roads				
Midgen Flat Road	150,000	258,000	205,000	0
Pimlico Rd	0	200,000	0	190,000
Uralba Rd	199,000	0	0	0
Uralba Rd	0	170,000	142,000	0
Tamar St	246,000	0	0	0
Wardell Rd	0	195,000	0	0
Compton Dr	180,000	0	0	0
Ridgeway	180,000	220,000	285,000	0
Ridgeway	0	0	0	305,000
Grant St	0	0	180,000	153,000
River St	0	276,000	0	0
Sneaths Rd	345,000	0	290,000	0
Bagotville Rd	0	0	225,000	225,000
Bagotville Rd	0	0	0	0
Canal Rd	256,000	0	0	0
Canal Rd	0	143,000	0	0
Martin St	0	106,000	0	0
Swift St	0	0	0	102,000
Marsh Av	0	0	165,000	0
Fox St	0	0	155,000	0
Fox St	0	0	0	205,000
Nashua Rd	0	0	0	130,000
Houghlahans Ck Rd	0	0	0	0
Skennars Head Rd	0	0	0	211,000
Stewart St	0	0	0	120,000
Shelly Beach Rd	0	0	156,000	0
Wardell Rd	0	0	0	189,000
Wardell Rd	0	0	0	63,000
Skinner St	0	0	0	0

Ancillary Transport Services - Manager – Paul Busmanis

Item	*2013/14*	*2014/15*	*2015/16*	*2016/17*
Street Lighting	**44,000**	**45,000**	**46,400**	**47,800**
Fawcett St Ballina	19,000	0	0	0
Norton St Ballina	7,000	0	0	0
Fox St Ballina	7,000	0	0	0
Waverly Pl/Smith Dv West Ballina	11,000	0	0	0
Isabella Dv Skennars Head	0	42,000	0	0
Kays Ln Alstonville	0	3,000	0	0
College Av Skennars Head	0	0	20,000	0
Grant St Ballina	0	0	15,000	0
Moon St Ballina	0	0	8,000	0
Martin St Ballina	0	0	3,300	0
River St West Ballina	0	0	0	36,000
Parkland Dv Alstonville	0	0	0	11,800

4.6 Capital Works - Recurrent - 2013/14 to 2016/17

Item	*2013/14*	*2014/15*	*2015/16*	*2016/17*
Footpaths & Shared Paths Total	**176,100**	**185,000**	**190,000**	**196,000**
Byron St Lennox Head	81,100	85,000	0	0
Williams Reserve	70,000			
Grant St Ballina	25,000	45,000	0	0
Simpson Av Wollongbar	0	55,000	0	0
Fawcett St, Ballina	0	0	5,000	0
Owen St Ballina	0	0	90,000	0
Commercial Rd Alstonville	0	0	20,000	0
The Avenue Alstonville	0	0	10,000	0
Compton Dv East Ballina	0	0	65,000	0
Grant St Ballina	0	0	0	20,000
Simpson Av Wollongbar	0	0	0	10,000
Pine Av East Ballina	0	0	0	15,000
Hill St East Ballina	0	0	0	10,000
Alston Av Alstonville	0	0	0	45,000
Burnet St Ballina	0	0	0	60,000
Skinner St Ballina	0	0	0	36,000
Coastal Shared Path	**185,000**	**187,400**	**193,900**	**200,400**

Open Spaces - Manager - Jillian Pratten

Item	*2013/14*	*2014/15*	*2015/16*	*2016/17*
Playgrounds Total	**144,000**	**148,000**	**152,000**	**157,000**
Various Parks	144,000			
Various Parks		148,000		
Various Parks			152,000	
Various Parks				157,000

This program is based on maintenance inspections. Council has essentially completed its playground equipment upgrade program and these works now relate to replacement of soft fall and other key equipment maintenance. Based on the budgets available we should be able to replace or upgrade soft fall in about seven to eight parks per annum.

Sporting Fields Total	**144,000**	**148,000**	**152,000**	**157,000**
Chickiba Sports Field Drainage Works	144,000	0	0	0
Fripp Oval Drainage Works	0	148,000	0	0
Skennars Head Drainage Works	0		152,000	0
Saunders Oval Drainage Work	0	0	0	157,000

Asset Management - Andrew Jeavons

Item	*2013/14*	*2014/15*	*2015/16*	*2016/17*
Asset Management Program Total	**198,000**	**204,000**	**210,000**	**216,000**
Administration Building	154,000	40,500	0	216,000
Alstonville Leisure & Entertainment Centre	0	0	40,500	0
Crawford House	33,000	0	0	0
CWA Ballina	11,000	0	0	0
Ferry Shed	0	25,000	0	0
Library – Ballina	0	55,000	0	0
Naval Museum	0	0	174,000	0
Players Theatre	0	19,000	0	0
Shelley Beach SLSC	0	64,500	0	0
Lennox Head Community Centre	0	0	36,000	0
Depot improvements as per program	79,000	81,600	84,200	87,000

4.6 Capital Works - Recurrent - 2013/14 to 2016/17

The Community Infrastructure funding has been sourced through recent special rate variations to allow Council to allocate increased revenue to maintenance of infrastructure, particularly with respect to buildings.

Details of the works to be undertaken each year, as reported to the March 2012 Finance Committee meeting, with some minor adjustments, are as follows:

Item	*Dissection*	*2013/14*	*2014/15*	*2015/16*	*2016/17*
Administration Building		**154,000**	**40,500**		**216,000**
Preliminaries	3,500				
Exterior Cleaning	30,000				
Exterior Repainting	39,000				
Scaffolding & height	48,000				
Garden pruning for scaffold	3,200				
Allowance for tree lopping	3,200				
Expansion joints to panels	27,100				
Contingency and related works	40,500				
Air conditioning (staged)	216,000				
Visitor Information Centre			**40,500**		
Roof Repairs	40,500				
Crawford House		**33,000**			
Preliminaries	5,000				
Exterior painting	20,000				
Carpentry works	8,000				
CWA - Ballina		**11,000**			
Exterior Painting	8,000				
Fire door replacement	3,000				
Ferry Shed			**25,000**		
Roof replacement	6,000				
Re-stump works	15,000				
Painting works	4,000				
Library – Ballina			**55,000**		
Roof screw replacement	10,000				
Painting works	38,000				
A/C Unit roof leaks	5,000				
Flag pole pulley replacement	2,000				
Naval Museum				**174,000**	
Roofing, walls & Asbestos etc	174,000				
Players Theatre			**19,000**		
Exterior painting	19,000				
Shelley Beach SLSC			**64,500**		
Preliminaries & access	11,000				
Rendering of brickwork	19,500				
Exterior painting	15,000				
Eaves replacement, plus asbestos	14,000				
Aluminium gates	5,000				
Lennox Head Community Centre				**36,000**	
Public Address System	36,000				

The funds to upgrade the depot are sourced from General, Water and Sewer funds with a works program previously reported to Council.

The figure in this report represents the General Fund component only.

Legal / Resource / Financial Implications

Recurrent capital works represent a major component of Council's budget.

Consultation

Once approved the draft works program will be exhibited for public comment.

Options

The options are to approve or amend the proposed works programs. The recommendation that follows is to approve the programs as listed, for exhibition purposes, as the recurrent works listed relate to many on-going programs that are based on engineering and other technical assessments.

RECOMMENDATION

That Council approves the Capital Works – Recurrent works plans, as outlined in this report, for inclusion in the draft 2013/14 Operational Plan and Delivery Program.

Attachment(s)

Nil

4.7 Community Infrastructure - Non-recurrent Project Priorities

Delivery Program	Financial Management
Objective	To further consider Council's priorities for the non-recurrent capital works program for community infrastructure.

Background

Council has considered the issue of the non recurrent capital works program on a number of occasions. The aim of this report is to confirm the outcomes of the 4 March 2013 Finance Committee meeting and firm up agreed approaches to the major community infrastructure projects.

Key Issues

- Priority of projects
- Funding strategies

Information

At the 4 March 2013 Finance Committee the following two recommendations were passed:

(A) Sports and Events Centre

That Council confirms its support for a four court indoor sporting facility.

(B) Other projects

1. *That Council confirms high priorities for the 2013/14 budget of a $200,000 allocation for an indoor swimming facility at Ballina and $50,000 for works at Alstonville Swimming Pool.*

2. *That based on the discussions held the General Manager prepare a priority listing for the future major capital works that is subject to funding sources becoming available (i.e. grants, land sales etc).*

Assuming the above recommendations are approved at the March ordinary meeting, funds for the swimming pools will be included in the draft 2013/14 budget.

In respect to the various other projects there were a number of actions that needed to occur for the majority of the projects to proceed. The next section of this report documents the staff interpretation of the consensus view towards each project.

Ballina Surf Club

Funded and due for completion June / July.

Lennox Head Surf Club and Lake Ainsworth Road Closure / Drainage

Council is conducting an expression of interest to select an appropriate consultant to design a new or upgraded building. A budget of $400,000 is in the 2012/13 budget for this process and to obtain development consent.

Action:

Await the outcome of the selection process for the consultant, with the report to be submitted to the April or May Council meeting. The recommendations from the consultant will then take approximately three months to complete.

For budgeting purposes it is recommended that Council reduce the $400,000 allocated in the 2012/13 budget to $50,000 with the balance transferred to 2013/14. This should better reflect the timing of the expenditure on this consultancy and related costs such as Council development application fees.

Council has reserve funds of $1.355 million for this project and once the recommendation from the consultant is known discussions will then be needed on what works are to be funded and what additional funds are required.

Ballina Swimming Pool

This project was considered to be the top priority for funding. The preferred focus is to be on a 25 metre indoor facility plus essential improvements.

Action:

As per the March Finance Committee recommendation the 2013/14 budget is to include $200,000 for plans and development consent. This $200,000 will be funded from Council's Community Infrastructure Reserve however the availability of those funds may depend on land sales.

Alstonville Swimming Pool

The major upgrade of this pool was seen to be a lower priority than Ballina and it was agreed to defer the major works.

Action:

Include $50,000 in the 2013/14 budget to improve the tanks and drainage with this funding sourced from the Community Infrastructure Reserve.

Shared Pathway

Significant funding is already in place for this project including $896,000 in the 2012/13 budget (approximately $400, expended to date) and recurrent funding of approximately $190,000 in future budgets.

Action:

The first step is to obtain planning consent for the project with the planning applications expected to be lodged by the date of this meeting. Progress on the project can then be advanced based on the timing of approvals and usage of existing funds plus maximising grant opportunities.

Any funds unexpended from 2012/13 will be rolled forward into the 2013/14 budget and combined with the recurrent funding in that budget.

Sports and Events Centre

As per the recommendation from the 4 March 2013 Finance Committee meeting the preferred option is now a four court basketball stadium. The 2012/13 budget includes $409,000 of which $17,000 has been expended to date.

As Council has an existing contract in place with a consultant (PDT Pty. Ltd.) to finalise the design and approvals for this facility it is now appropriate for Council to have the consultant focus on this preferred option.

Council has previously resolved to have the consultants prepare a masterplan for the Kingsford Smith Precinct and discussions have been held with the Ballina Seagulls Rugby League Club regarding what was an integrated two court design. This being the case Council should resolve not to proceed with the Kingsford Smith masterplan and also to advise the Seagulls Rugby League Club that the preference is now for a four court stadium.

In respect to the site Council's preference appears to be the location referred to as the Old Depot Site. There are a number of difficulties with this site being its history as a landfill, traffic accessibility, ownership and environmental constraints. The discussion at the last meeting focused on the Mayor meeting with the local member, Mr Don Page, to discuss options to progress Council's use of the site.

If the four court stadium is now the Council's preferred option another possible site is land to the south of the Ferngrove Estate. Currently Council has been dedicated land as part of that development for use as open space (refer to area outlined in red in the site map attached) and as part of the future stages of that estate further land will also be dedicated to Council (blue area).

The consent for the Ferngrove Estate identified this area for sporting fields and park land, however use of the site for the sports centre could well be a viable option. This property has far less restrictions than the Old Depot Site, with good accessibility being a key positive.

Also from a longer term perspective the access road should ultimately form part of the Western Arterial which will join north and west Ballina, and if the North Creek Bridge is ever reinstated there is good accessibility straight to Lennox Head. The site is already well located in respect to accessibility from Ballina and Ballina Heights.

The dedication of the second parcel of land is dependent on the progress of the Ferngrove Estate although there may well be options to bring that dedication forward, subject to agreement with the developer.

With this being a possible option it is recommended that Council ask the consultants, PDT, to provide a site analysis report the two locations (Old Depot and Ferngrove) and assuming a four court stadium is the preferred facility.

Action:

There are a number of actions to be pursued in respect to this project including:

- Mayor to meet with Mr Don Page to pursue availability of Old Depot site
- Council to confirm it is not proceeding with the Kingsford Smith precinct master plan
- Council to write to the Ballina Seagulls Rugby League Club confirming the integrated two court facility is no longer the preferred option
- PDT to provide a site analysis report on the Old Depot Site and the Ferngrove open space area, to confirm a preferred location for the proposed four court stadium. This report would be submitted to a Facilities Committee meeting.
- Unexpended funds from the $409,000 allocated in the 2012/13 budget will be rolled forward into the 2013/14 budget
- Council continue to lobby State and Federal Government representatives for grant funding opportunities.

Coastguard Tower

The 2012/13 budget includes $150,000 for a consultancy to finalise the design and obtain all the necessary planning approvals and the 2013/14 budget includes $1.6 million for construction.

The 2013/14 budget is subject to land sales and an insurance reimbursement associated with the Lennox Head Cultural and Community Centre.

At this stage the land sales are progressing, although it does not look as though the forecast revenue will be achieved and the insurance reimbursement has not yet been resolved, although it is hoped that resolution is not far away.

This project has been identified by Council as a high priority for the Federal election and there remains a possibility that Federal funding may become available as part of the election campaign.

The tender for the design consultancy is scheduled to be submitted to the March Ordinary meeting.

Action:

The appointment of the design consultant at the March 2013 meeting will allow the detailed designs and approvals to be finalised during the next six months.

During this period Council will continue to pursue its land sales and the resolution of the insurance claim, and there remains a possibility of Federal grants becoming available.

Correspondence on funding for this project with the NSW State Government has not resulted in any outcomes to date.

Wollongbar Sports Fields

Funded and construction is underway.

Skennars Head Sports Field

The cost has been confirmed at approximately $900,000. Also an assessment by Council's Open Spaces Section has identified that there is an existing deficiency in sports fields for Lennox Head and Skennars Head. The project is included in Council's Section 94 Open Spaces Plan which means it is a priority from a community planning perspective. The project is 45.9% funded from Section 94 contributions as this figure reflects the existing deficiency of sports fields for this locality.

With the current slow rate of development there are limited open space section 94 contributions being collected so the funds available are limited. Correspondence has been sent to the incumbent and the opposition candidates for the seat of Richmond to determine whether any funds are available for this project as part of the Federal election.

Action:

The work remains a priority but it requires grant funding, land sales, or an increase in Section 94 contribution collections, to proceed.

Ballina Town Centre

This was considered to be a lower priority given the disruption that has been caused to the town centre during the past two years (Little Woolies and River Street upgrade).

The River Street / Moon Street roundabout is a priority in the Section 94 Roads Plan with 70% of that work funded from Section 94 contributions. It is proposed to monitor the contribution rates and possibly undertake these works in the later years of this term of Council.

Action:

Monitor availability of section 94 funds and general revenues to construct the Moon Street roundabout component of the River Street upgrade.

North Creek Dredging

There was interest in this project subject to confirming its commercial viability.

Action:

Transfer consideration of this project to the Income Diversification Taskforce.

Lennox Head Cultural and Community Centre (LHCCC)

The 2012/13 budget includes $37,500 for new chairs, audio consultancy, black out blinds and a portable stage. The outcomes from the audio consultancy will be useful to assess the estimated cost of providing improved sound proofing for the centre, particularly in relation to the function rooms.

The Centre Manager would like to see further improvements that will assist the functioning of the centre including:

Dimmable low level lighting - $1,500
Recessed down lights - $4,000
PA and AV systems - $36,000
Commercial grade equipment for kiosk - $16,000
Comprehensive customer and tourism information desk in the foyer - $20,000
Upgrade CCTV - $2,500
External seating for courtyard - $6,000
Increase size of portable stage - $5,500
Hydroboil / chill units in kitchenettes - $6,000
Wireless internet in meeting rooms and hall for customer use - $5,000
Additional air conditioning infrastructure in the Auditorium - $85,000

Other major items that could change the primary role of the auditorium from sports to live events, including theatre, are as follows:

Insta-theatre proscenium theatre stage - $80,000
Retractable seating - $50,000
Carpet Tiles to protect Sports Flooring - $10,000

These extra items are not required unless Council wishes to pursue this direction for the centre.

The LHCCC has a recurrent budget of $10,000 for building and facilities maintenance and this budget could be used to finance the more minor purchases, subject to the level of maintenance undertaken each year.

The other recurrent funding source for items of this nature is the figure of approximately $200,000 Council has for Community Infrastructure improvements. The allocation of that funding is outlined in the earlier report in this agenda, with the forward financial plan including an allocation of $36,000 in 2015/16 for the PA and AV system.

In having now constructed a facility of this nature it is paramount that Council has budgets in place to fund improvements and upgrades to the facility. This being the case it is proposed that Council include in the draft 2013/14 budget a capital works allocation for the LHCCC of $10,000 with that figure incrementally increasing over time.

This will allow the Centre Manager to undertake some of the smaller works proposed, with possible assistance in that funding from the maintenance budget.

The larger purchases will need to be funded from the recurrent Community Infrastructure Improvements budget based on the overall priorities determined by Council.

Also the onus should be on the Centre Manager to pursue additional income or expenditure savings for the other more minor preferred works, with the only real unknown being the improved sound proofing. It is likely that the estimate for that work will be in the hundreds of thousands of dollars and most likely it will need to be funded from future property sales.

Action:

The PA and AV system forms part of the forward financial plan for the Community Infrastructure Improvements recurrent funding.

The Centre manager will pursue the more minor purchases from income generation, expenditure savings or existing budgets.

Sound proofing improvement estimates will be subject to the outcomes from the existing audio consultancy.

Council provide a recurrent allocation for capital improvements to the LHCCC with $10,000 to be allocated in the 2013/14 budget and increases to be added in future years.

Other major projects will need to be funded from the Community Infrastructure Improvements recurrent budget as and when opportunities arise.

Wigmore Arcade

This is a commercial venture that was included in the 4 March Finance Committee report as it may require funding from the property reserves. It is not a community infrastructure project and no longer forms part of the considerations for this report.

Action:

This proposal is subject to separate reports to Council.

Bicentennial Park Upgrade

Following the recent workshop with the landscape architect appointed to review this project the preferred outcome is to reshape the entrance to the Park and formalise the car parking to provide improved regulation of traffic movements. A very preliminary estimate for this project is approximately $100,000.

There is no recurrent budget for this work and it will need to be funded from the property or other reserves. The property reserves are already stretched and the only other reserve with an adequate balance to finance this work is the Quarry Reserve with an estimated balance of $1.6 million as at 30 June 2013. This is not an ideal use of this reserve however this option is available to Council if it so wishes.

The primary purpose of the Quarry Reserve is to fund future remediation of the quarry site or finance a possible expansion of the quarry. An options report for the Council quarries is currently being prepared through an external consultancy.

Action:

Council determine whether it wishes to finance this project in 2013/14 from the Quarry Reserve or alternatively wait until land sales or grant funding opportunities arise.

Ballina Town Entry Treatments

The 2012/13 and 2013/14 budgets include $75,000 per year for this project. This expenditure has been funded from the Cemetery Reserve as there is no recurrent funding in the Council budget. The Cemetery Reserve balance at the end of 2013/14 is expected to be just under $100,000 which leaves little in the way of further opportunity for the entry treatment works to be funded from the reserve.

The recent workshop with the landscape consultant identified that the entry treatment works could continue for a number of years with Council possibly spending in the hundreds of thousands of dollars on trees and sculptures.

The recommended program for the Ballina Entry Treatments is expected to be submitted to the April 2013 Council meeting for endorsement and if endorsed staff will then be in a position to commence the planting / sculpture program. With Council having only expended approximately $12,000 of the $75,000 allocated in the 2012/13 budget this means we have approximately $138,000 for actual physical works, less any outstanding claims from the consultant.

The consultant also mentioned a trial for the program and the preferred approach at this stage is to run with the existing budget and then reassess the works and funding following the expenditure of these funds.

Once the costs / benefits of the project are able to be seen Council will be in a better position to assess whether additional funding should be allocated as a high priority.

As an aside to this the RMS now has a location marker program whereby bypassed towns on the Pacific Highway are able to have gateway entry statements constructed by the RMS. The value of these works is around $50,000 per entry statement based on an RMS template.

Further detail on the exact nature of these works is available at the following link:

http://www.rta.nsw.gov.au/roadprojects/projects/pac_hwy/location_markers.html

Council's tourism section has been successful in having Ballina approved as part of the program and we are now waiting for the RMS to undertake the works. Earlier timeframes they have provided to Council have elapsed and the exact commencement date remains uncertain.

These works will only apply to the northern and southern entrances to Ballina and they are of a far lesser scale than what is currently being constructed at Alstonville / Wollongbar (which is based on approximately $250,000 per treatment with the signage alone costing $50,000 per sign).

Action:

That Council monitor the implementation of the Ballina Town Entry treatments with the program to be reassessed following the expenditure of the $150,000 allocated.

Missingham Park – Car Park and Infrastructure

Council's Civil Services Group in 2011/12 provided preliminary concepts to formalise this area through the construction of around 45 parks and minimalist landscaping. The estimated cost at that time was $120,000 and the design was based on the existing layout. An alternative option was also prepared which provided for an improved road layout and around 80 formal car parks, with an estimated cost of $150,000.

Improving this well used site is an agreed high priority with no recurrent funding available. This project is somewhat similar to Bicentennial Park in that reserve funds will most likely need to be used and the only reserves available are the property or quarry reserves.

One option could be to use the quarry reserve for both the Bicentennial Park and Missingham Park projects over a two year period (2013/14 and 2014/15).

Again this is not the preferred use of the reserve but ultimately it is matter for Council to determine whether it wishes to use the quarry reserve funds on these two projects.

Both the Bicentennial and Missingham projects are largely about formalising car parking so at least there is some engineering nexus, albeit limited, between the quarry reserves and the works proposed!

Action:

Council determine whether it wishes to establish a priority for the Missingham and Bicentennial Park improvements funded from the quarry reserves over a two year period (i.e. 2013/14 and 2014/15) or alternatively wait until land sales or grant funding opportunities arise.

Street Tree Planting Program

There is a recurrent $15,000 budget available for this program and the consensus was that this should be increased. It is proposed in the forward financial plan to increase this funding by above the CPI with Council's Nursery also in the process of establishing trees to an increased level of maturity to assist with this program.

Action:

That Council progressively increase the funding for street trees by above the CPI with a target recurrent budget of $30,000 per annum.

Naval Museum

Discussion focused on the need for a master plan for the Naval Museum precinct and it was considered that a plan was not the highest priority at this time.

Council has subsequently allocated $10,000 to allow an architect to be appointed to prepare a comprehensive design for the future of the building and the nature of that plan will determine the funding needed.

The recurrent capital works report earlier in this agenda identified that $174,000 was available from the Community Infrastructure Improvements recurrent funding in 2015/16 for the Naval Museum. Dependent upon the outcomes from the architectural report Council may well have to rework the priorities for that funding to bring the $174,000 forward.

Also there is a possibility that Council may be successful with grant funding to assist with this project as an application is currently with the NSW State Government.

In addition to this a letter has been received from the Ballina Chamber of Commerce and Industry (copy attached) that congratulates Council for a job well done on the River Street upgrade and the letter also suggests that a master plan should be prepared for the area from Missingham Bridge to Kerr Street.

The Chamber is of the view that the plan should have extensive community involvement and it will assist to prioritise development on a staged basis as funds become available.

Council staff support this but the issue is that such a master plan, with significant consultation and adequate research and design will cost somewhere from $50,000 to $150,000. Therefore it is a matter as to whether Council wishes to finance this project over other capital works.

Overall for the Naval Museum it is recommended that Council await the architectural report, and the outcome from the grant application currently with the NSW State Government, before confirming funding for the museum.

In respect to the Ballina Chamber of Commerce submission the proposal is support but unfortunately the funds are not currently available.

Action:

That in respect to the Naval Museum Council awaits the outcome from the architectural consultancy and the current grant application with the NSW State Government prior to making any decision on funding or work priorities.

That Council also acknowledges that funding may be available for this project from the recurrent budget for Community Infrastructure Improvements. There is funding allocated in 2015/16 for the Naval Museum and this may be brought forward if other funding becomes available.

Public Toilets

It is agreed that a recurrent budget is necessary to steadily improve the public toilets in the Shire. Council's Civil Services Group has provided a preliminary works program and it is estimated we need around $100,000 per annum to finance this work.

This is a difficult task to fund immediately without impacting on other budgets and it is recommended that Council introduce a new budget of $25,000 in 2013/14 for capital improvements to the public toilets, with that budget being increased by $25,000 to reach $100,000 plus CPI over a four year period.

Action:

That Council introduce a recurrent budget in 2013/14 of $25,000 for public toilet improvements with that budget to be increased by $25,000 per annum until it reaches $100,000 plus any CPI.

Ballina Library Expansion

The earlier report in this agenda canvasses this issue and the outcomes from that report will determine whether funding needs to be allocated in 2013/14.

War Memorials

Improvements to the memorials in Ballina and Alstonville were confirmed as important projects with the centenary of ANZAC day occurring in 2015.

Council staff are meeting with representatives from the local RSL sub-branches to confirm the best projects for these memorials and the Federal Government has recently announced the availability of $100,000 in funding for each Federal Member of Parliament's electorate for the ANZAC Day ceremony.

This is not a significant amount of funding once it is spread around the Electorate but nevertheless by working with the sub-branches staff are confirming the best project(s) and securing some funding. The actual commitment required by Council will depend on the final project(s) assessed as having the best chance of securing a grant.

Action:

That Council await further feedback from the on-going discussions with the RSL sub-branches in respect to the preferred War Memorial Projects.

Shaws Bay and Lake Ainsworth Management Plans and Associated Projects

Finally Council is often criticised for failing to implement actions identified in these plans, albeit that in reality a number of projects have been completed (i.e. drainage improvements to Shaws Bay, improved signage, access ramps etc).

A comprehensive report on the actions implemented for both plans was presented to the Finance Committee meeting held on 23 April 2012.

Council introduced for the first time in the 2012/13 budget a recurrent budget of $7,500 for actions at Lake Ainsworth and Shaws Bay ($15,000 in total) with this budget proposed to increase to $15,000 ($30,000 in total) in 2013/14 and higher in future years.

The $15,000 for 2012/13 has not been expended to date as it was hoped to obtain matching funding from the State Government to allow a review of the Shaws Bay Management Plan to be completed. This plan is now about ten years old and is well overdue for review.

With the $15,000 still available in 2012/13 and a possible $30,000 available in 2013/14 the preferred approach is to allocate all of these funds to a review of the Shaws Bay Management Plan. This should be more than adequate to allow that plan to be updated and the works identified in the new plan can then be integrated into future budgets.

In respect to Lake Ainsworth Council can defer this review as the consultancy for the Lennox Head Surf Club and Lake Ainsworth road closure will provide significant feedback on that precinct over the next 12 months.

Action:

That Council combine the $15,000 for the Shaws Bay and Lake Ainsworth Management Plans in the 2012/13 budget with the $30,000 allocated in the draft 2013/14 budget to allow a review of the Shaws Bay Management Plan to be completed during 2013/14.

Legal / Resource / Financial Implications

This report looks to establish priorities and agreed actions for capital works that can be achieved in a financially sustainable way.

Consultation

A workshop was held in December 2012 and the matter was again debated at the 4 March 2013 Finance Committee. Many of the projects have also been subject to significant community consultation.

Options

The aim of this report is for Council to provide direction in terms of priorities for non recurrent community capital projects. Funding is not currently available for all of the priority projects however actions are available for nearly every project.

Every project has a proposed action identified and there are many options to change or alter those actions. Due to the large number of projects listed in the report actions that are largely for information have not been reproduced in the recommendations that follow. However where changes to budgets or substantive changes programs are proposed, the action is included for endorsement by Council.

A number of items are recommended for recurrent or one off funding in the 2013/14 budget. That document is still being finalised and is scheduled to be submitted to the next Finance Committee meeting in early April. It may be extremely difficult to fund all the recurrent proposals in the draft 2013/14 budget and the report to the April meeting will provide further advice on this issue.

Finally the recommendation for the Bicentennial and Missingham Park projects is listed as waiting for land sales or grant opportunities. However as mentioned in the report the opportunity is there to use the Quarry Reserves for these two projects, albeit that this is not good financial practice due to the limited nexus between this reserve and these works.

Nevertheless if Council wishes to see these projects completed during the next two years the revised recommendation would be to undertake the Bicentennial Park improvements in 2013/14 and the Missingham Park improvements in 2014/15, both funded from the quarry reserve.

RECOMMENDATIONS

1. That Council notes the various actions listed in this report for non recurrent capital projects.

2. That Council endorses the following actions for the various projects listed:

   Lennox Head Surf Club and Lake Ainsworth Road Closure / Drainage

   That Council reduce the $400,000 allocation in the 2012/13 budget to $50,000 with the balance transferred to 2013/14. This better reflects the timing of the expenditure on this consultancy and related costs such as Council development application fees.

   Ballina Swimming Pool

   As per the 4 March Finance Committee recommendation the 2013/14 budget is to include $200,000 for plans and development consent. This $200,000 will be funded from Council's Community Infrastructure Reserve however the availability of those funds may depend on land sales.

   Alstonville Swimming Pool

   As per the 4 March Finance Committee recommendation the 2013/14 budget is to include $50,000 to improve the tanks and drainage with this funding sourced from the Community Infrastructure Reserve, however the availability of those funds may depend on land sales.

   Shared Pathway

   Any funds unexpended from 2012/13 are be rolled forward into the 2013/14 budget and combined with the recurrent funding in that budget for this project.

   Sports and Events Centre

   a) Mayor is to meet with Mr Don Page to pursue the availability of the Old Depot site for use for the centre.

   b) Council confirms it is not proceeding with the Kingsford Smith precinct master plan.

   c) Council to write to the Ballina Seagulls Rugby League Club confirming the integrated two court facility is no longer our preferred option.

   d) PDT is to provide a site analysis report on the Old Depot Site and the Ferngrove open space area to confirm a preferred location for the proposed four court stadium. This report is to be submitted to a Facilities Committee meeting.

e) Any unexpended funds from the $409,000 allocated in the 2012/13 budget for this project are to be rolled forward into the 2013/14 budget for the continuation of this project.

f) Council will continue to lobby State and Federal Government representatives for grant funding opportunities.

Lennox Head Cultural and Community Centre (LHCCC)

a) Council notes the PA and AV system forms part of the forward financial plan for the Community Infrastructure Improvements recurrent funding and that other major purchases for the LHCCC may also need to be funded from this recurrent funding source.

b) The Centre manager is to pursue more minor purchases from extra income generation, expenditure savings or existing budgets.

c) Council notes the sound proofing improvement estimates will be subject to the outcomes from the current audio consultancy.

d) Council approves a recurrent allocation for capital improvements to the LHCCC with $10,000 to be allocated in the 2013/14 budget and increases to be added in future years.

Bicentennial Park Upgrade

That Council wait until land sales or grant funding opportunities arise to finance this project.

Ballina Town Entry Treatments

That Council monitor the implementation of the Ballina Town Entry treatments with the program to be reassessed following the expenditure of the $150,000 allocated.

Missingham Park – Car Park and Infrastructure

That Council wait until land sales or grant funding opportunities arise to finance this project.

Street Tree Planting Program

That Council progressively increase the funding for street trees by above the CPI with a target recurrent budget of $30,000 per annum.

Naval Museum

a) That in respect to the Naval Museum Council awaits the outcomes from the architectural consultancy and the current grant application with the NSW State Government prior to making any decision on funding or work priorities.

b) That Council acknowledges that funding may be available for improvements to this facility from the recurrent budget for Community Infrastructure Improvements, which currently has funding allocated in 2015/16 for the Naval Museum. If any works are considered to be a higher priority then the forward plan for the Community Infrastructure Improvements funding will need to be reviewed.

Public Toilets

That Council introduce a recurrent budget in 2013/14 of $25,000 for public toilet improvements with that budget to be increased by $25,000 per annum until it reaches $100,000 plus any CPI.

Library Expansion

That Council notes the contents of the earlier report in this agenda in respect to the Ballina Library expansion.

War Memorials

That Council await further feedback from the on-going discussions with the RSL Sub-branches in respect to the preferred War Memorial Projects.

Shaws Bay and Lake Ainsworth Management Plans and Associated Projects

That Council combine the $15,000 for the Shaws Bay and Lake Ainsworth Management Plans in the 2012/13 budget with the $30,000 allocated in the draft 2013/14 budget to allow a review of the Shaws Bay Management Plan to be completed during 2013/14.

Attachment(s)

1. Letter from the Ballina Chamber of Commerce and Industry
2. Site Map - Ferngrove Estate

on the move

Ballina Chamber of Commerce and Industry Inc

13 March 2013

RECORDS SCANNED
13 MAR 2013
Doc No ....
Batch No ....

Mr Paul Hickey
General Manager
Ballina Shire Council
P O Box 450
BALLINA NSW 2478

Dear Paul

On behalf of the board of BCCI, I wish to convey our appreciation to Council following the recent completion of the upgrade of River Street in Ballina. BCCI is extremely pleased with the outcome and we consider the streetscaping work has significantly improved the amenity and appeal of the Ballina CBD. Completion of the upgrade work resulted in minimal disruption to trade and its timely delivery contributed to what appears to have been a successful Christmas trading period.

BCCI understands that Council is presently considering the future of the maritime museum and intends to prepare a master plan for that local area. We also understand that a master plan is proposed to be prepared for Captain Cook Park. We note that this follows on from the proposal to construct a sporting and cultural complex on Kingsford Smith Park. Proposals involving the upgrading of the swimming pool and the provision of a marina in Ballina have also been mooted over recent years.

While all of these projects are excellent initiatives, BCCI believes that over a number of decades, many decisions about the provision of important community facilities in Ballina have been made on an ad hoc basis without having an overall cohesive plan that considers the best use of public land and identifies where these kinds of facilities should be located for the greatest community benefit.

There is a sense that even though Ballina is endowed with a diverse and growing economy and excellent essential services and transportation linkages, we are not capitalising on the town's potential and its wonderful natural attributes.

BCCI therefore suggests that Ballina Shire Council embarks on the preparation of a bold Master Plan for the town. Such a master plan should be a visionary document with a long term perspective of ensuring Ballina is a well serviced, well planned centre and a pre-eminent location for people to live, to recreate, to visit and to conduct business.

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In our view, such a plan should focus on the area extending from Missingham Bridge to at least Kerr Street and ensure that there is a strong linkage between the CBD and the Kingsford Smith Park precinct. The study should also consider the considerable sand lobe that has developed to the east of Kingsford Smith Drive.

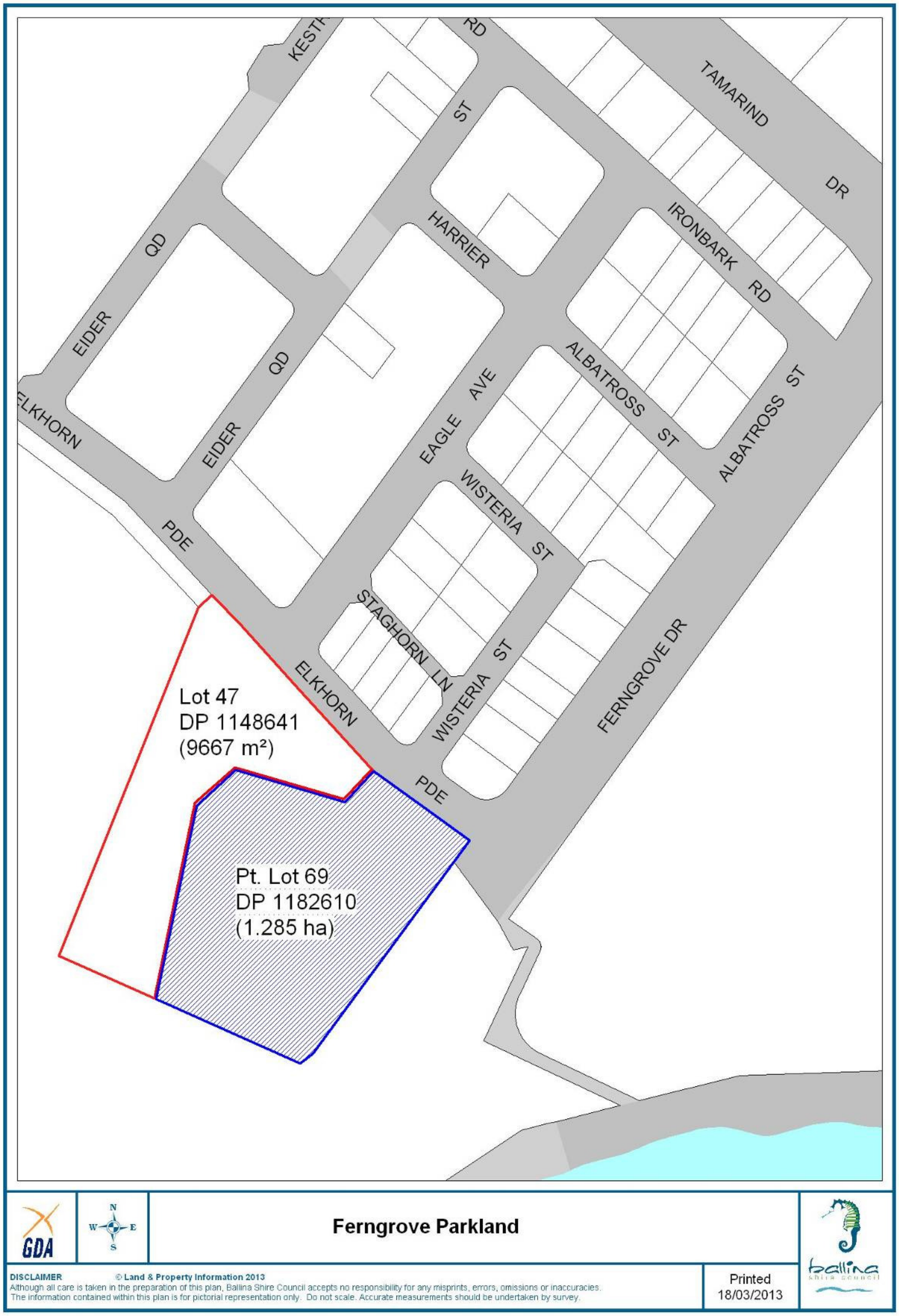
It is hoped that such a plan would become a strategic document for Council and we therefore suggest it should be based on extensive community engagement and that it includes information on capital costs and how the development could be staged on a prioritised basis pending the availability of funds.

While such a study would require significant capital investment, we believe it would be a very worthwhile long term investment for the Ballina Shire.

We thank you for considering this matter and look forward to receiving your response.

Yours faithfully

Peter Carmont
Chairman
Ballina Chamber of Commerce & Industry Inc



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FERNGROVE DR
Lot 47
DP 1148641
(9667 m²)
Pt. Lot 69
DP 1182610
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Ferngrove Parkland
DISCLAIMER
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18/03/2013
ballina
shire council