



## 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 8 April 2013 commencing at 4.00 pm.**

### Business

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

A handwritten signature in black ink, appearing to read 'Paul Hickey', with a long horizontal line extending from the end of the signature.

Paul Hickey  
**General Manager**

## Table of Contents

1.	Apologies.....	1
2.	Declarations of Interest.....	1
3.	Deputations .....	1
4.	Committee Reports.....	2
4.1	Organisation Structure - Review	2
4.2	Local Infrastructure Renewal Scheme and Asset Management Reviews	49
4.3	Waste Operations - Pricing for Recycled Waste	102
4.4	Energy Reduction Projects	105
4.5	Christmas Decorations	108
4.6	Ballina-Byron Gateway Airport - Long Term Financial Plan	124
4.7	Rangers - Permanent Part Time Officer for Parking	133
4.8	Staff Resources - Additions	138
4.9	Draft Budget - 2013/14 to 2016/17	143
4.10	Delivery Program and Operational Plan - Exhibition	164

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

**1. Apologies**

**2. Declarations of Interest**

**3. Deputations**

## 4.1 Organisation Structure - Review

---

### 4. Committee Reports

#### 4.1 Organisation Structure - Review

**Delivery Program** Governance

**Objective** To consider an external report on a review of the organisation structure.

---

#### **Background**

A key principle of the Local Government Act is that councillors are responsible for policy formulation with the General Manager responsible for employing staff to implement that policy. Even though the General Manager employs the staff the elected council is responsible for determining the organisation structure. This is outlined in section 332 of the Local Government Act, which states, in part, as follows:

#### **332 Determination of structure**

- 1) *A council must determine:*
- *an organisation **structure***
  - *those positions within the organisation **structure** that are senior staff positions*
  - *the resources to be allocated towards the employment of staff.*

In addition to Section 332, Section 333 states as follows:

#### **333 Re-determination of structure**

*The organisation structure may be re-determined by the council from time to time. It must be re-determined within 12 months after any ordinary election of the council.*

As per Section 333 the Council must re-determine the organisation structure within 12 months of the election. At the December 2012 Ordinary meeting Council resolved to appoint an external consultant to assist with this latest review of the organisation.

The appointed consultant, being Brett de Chastel, from de Chastel and Associates, has now completed the review and the purpose of this report is to consider the recommendations from that review and adopt a new Organisation Structure. A copy of the review is included as an attachment to this report.

#### **Key Issues**

- Recommendations for improvement



### Information

The review prepared by De Chastel and Associates is a comprehensive analysis of the existing organisation structure, with a total of 20 recommendations for consideration by Council.

As the review is comprehensive the approach of this covering report is to provide commentary on the recommendations rather than repeating the items of information in the review.

Each of the recommendations is outlined below, with a staff comment provided.

**Recommendation 1** – *That Council use more cross organisation working groups on key projects and “whole of Council” issues to ensure there is a more co-ordinated and consistent approach taken on those matters.*

A number of cross organization working groups are already in place and more can be established for the areas mentioned in the review, plus any other identified areas of need.

**Recommendation 2** - *That the GIS function be centralised in the Information Services Branch and that the following positions be transferred to Information Services Branch - (i) GIS Officer (casual) currently in the Water and Waste Branch and (ii) Land Information and Mapping Officer (part time) currently located in the Development Services Branch.*

The review highlights the importance of GIS and additional resources and centralisation will assist in the use of this resource. The water and waste position is currently casual and due to the demand for GIS a further report will need to be submitted to Council seeking approval for a permanent position funded from water and wastewater. Some short term relocations can occur, however this will preferably take place if and when Council approves the additional position. That additional position will then allow staff to assess the preferred reporting structure within the Information Services Branch.

All of the actions can be implemented in the short term (i.e. three months) subject to an employee award notifications and consultations taking place.

**Recommendation 3** – *That the customer service function and staff be transferred to the Strategic and Community Services Group.*

There are significant staff numbers and issues involved in this relocation and it may not be practical to conduct this transfer until the additional position of the Manager for Community Facilities and Customer Service is appointed as identified later in this report.

**Recommendation 4** - *That the Council re-establish an ongoing cross Council Customer Service team focusing on improving customer service throughout the organisation.*

This can be implemented in the short term (within three months).

## 4.1 Organisation Structure - Review

---

**Recommendation 5** – *That the primary purpose of the Commercial Services Branch be focused on managing Council businesses that will provide Council with a commercial return.*

This can be implemented in the short term, in conjunction with recommendation six.

**Recommendation 6** - *That the responsibility for all non-commercial property and facilities be removed from the Commercial Services Branch and the position of Property Manager be transferred to the Strategic and Community Services Group reporting to the Community Facilities Coordinator.*

This involves the transfer of one position and this can be implemented in the short term.

**Recommendation 7** - *That the responsibility for Council's commercial quarries be transferred to the Commercial Services Branch.*

This can be implemented in the short term.

**Recommendation 8** - *That the Tourism Coordinator and her Branch transfer from the General Manager's Group to the Strategic and Community Services Group.*

This can be implemented in the short term.

**Recommendation 9** - *That the Council establish an Events Management cross Council team for a period of six months to create a more coordinated approach to the Council's management of community events including the establishment of clear protocols for managing, supporting and licensing community events.*

This can be implemented in the short term and to some extent is already occurring.

**Recommendation 10** - *That Council consider the option of establishing a Council owned company to operate its commercial activities.*

This recommendation will need to be researched thoroughly and reported to Council.

**Recommendation 11** - *That the Council undertakes a review of the current office layout from a customer service perspective and, subject to budget deliberations, reconsider where existing sections are located in relation to customer interaction points.*

There are potential budget implications with this process and is considered to be a more medium to longer term action.

**Recommendation 12** - *That Records Management remain within the Finance and Governance Branch in the short term but that consideration be given to transferring that function to the Information Services Branch in the future.*

## 4.1 Organisation Structure - Review

---

This is more a medium term recommendation and as per the review the first priority is implementing recommendation two, with this recommendation to follow once that recommendation is fully operational.

**Recommendation 13** - *The Regulatory Services Group be renamed the Development and Environmental Health Group.*

This can be implemented in the short term.

**Recommendation 14** - *That subject to resource considerations, Council Rangers provide regulatory services to other parts the Council (including open spaces and reserves).*

This can be implemented in the short term, subject to resource availability.

**Recommendation 15** - *That the function of procurement be allocated to the Support Operations Branch.*

This can be implemented in the short term.

**Recommendation 16** - *That a cross Council procurement team be established (led by the Support Operations Branch) for a period of six months to create a more coordinated approach to the Council's procurement practices.*

There is already such a group in place and this can be improved in the short term.

**Recommendation 17** - *That the position of Project and Contract Co-ordinator be transferred to the Support Operations branch.*

This can be implemented in the short term.

**Recommendation 18** - *That the Strategic and Community Services Group be renamed the Strategic and Community Facilities Group.*

This can be implemented in the short term.

**Recommendation 19** - *That the Community Facilities Branch have the primary role for management of non-commercial Council property and facilities.*

This can be implemented in the short term and is linked to recommendations five and six.

**Recommendation 20** – *That the Council establish a new management position of Manager of Community Facilities and Customer Service within the Strategic and Community Services Group with that position to manage customer service, community facilities, corporate communications and tourism centre functions*

This recommendation will require the allocation of additional resources or by achieving savings in other areas. This recommendation is achievable in the short to medium term, albeit that a further report will need to be submitted to Council to clarify how it is to be funded.

## 4.1 Organisation Structure - Review

---

### Legal / Resource / Financial Implications

Council is legally required to complete a review of the organisation structure by September 2013.

There are no direct financial implications from this report in itself however over time further reports will be presented to Council on options to implement some of the recommendations where extra resources may be needed.

The review from De Chastel and Associates has only focussed on positions or extra resources that would help from an organisation structure perspective. There are still many other areas in the organisation asking for extra staff resources and some of these resourcing issues are flagged in reports elsewhere in this agenda.

### Consultation

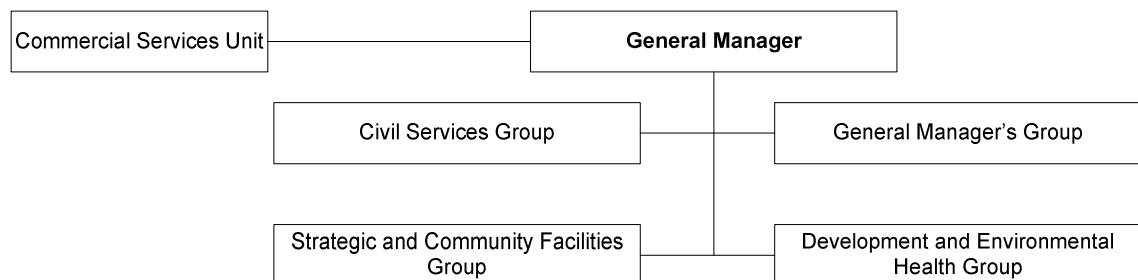
Consultation has been undertaken with Councillors and staff. Mr Brett de Chastel will be present at this meeting to provide a presentation on his report. This presentation is expected to take approximately 45 minutes and questions are encouraged throughout the presentation.

The Award identifies that when a definite decision has been made to implement a new structure that relevant unions and affected employees are to be notified. Prior to implementing any recommendations involving staff transfers all Award requirements will need to be satisfied.

### Options

In respect to the recommendations provided by De Chastel and Associates the options are to endorse those recommendations or not. There has been a lot of constructive consultation undertaken in respect to this review and the preferred option is to adopt all the recommendations. This will then form an action plan for the General Manager to implement.

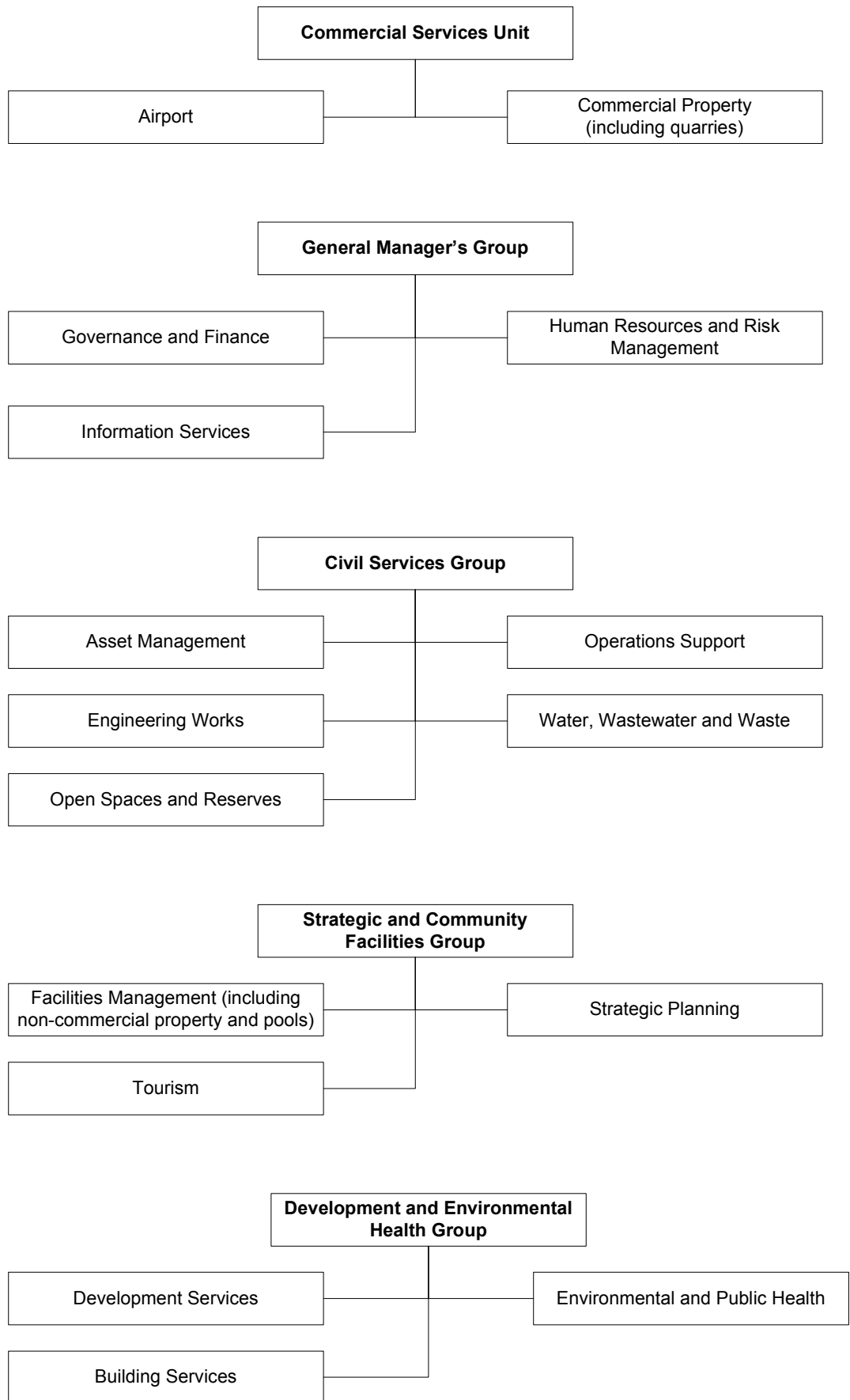
The other part of this report is the legislative requirement of Section 333 of the Local Government Act to adopt an organisation structure. Based on the review undertaken the revised organisation structure is as follows:



In respect to functions within each of these groups the General Manager has the existing delegated authority to transfer functions within groups, up to branch / section level. The only complete section that is recommended to be transferred within the De Chastel report is the Tourism section. Therefore Council approval is required for this transfer. Based on this transfer the reporting structure for the various sections within Council will be as follows:

## 4.1 Organisation Structure - Review

---



#### **4.1 Organisation Structure - Review**

---

Overall these changes are supported and it is recommended that Council adopt the revised organisation structure.

#### **RECOMMENDATIONS**

1. That Council endorses the attached Organisation Structure Review report, as prepared by De Chastel and Associates, and authorises the General Manager to implement the recommendations identified within the report.
2. For the purposes of Section 333 of the Local Government Act Council adopts the updated organisation structure and associated functions as outlined in the options section of this report.

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

1. Organisation Structure Review Report by De Chastel and Associates

2013

# Ballina Shire Council

## Organisation Structure Review

This report has been prepared to meet Council's statutory obligations pursuant to section 333 of the Local Government Act 1993. A review of the Council's organisation structure has been undertaken by an independent consultant to identify any improvements to the structure. Changes to the structure are intended to improve efficiency, reduce duplication and to ensure that like functions are grouped together within the structure.



Brett de Chastel  
de Chastel and Associates  
March 2013



### Executive Summary

The Council has commissioned this review of the organisation structure to meet its obligations under the Local Government Act 1993.

In undertaking this review, we identified benchmark Councils to compare with Ballina Shire Council. That benchmark exercise identified that:-

- compared to similar size councils, Ballina Shire Council had fewer staff;
- there were a number of quite different approach being taken by Councils to their organisational structure; and
- Ballina Shire Council has a very flat management hierarchy compared to other councils.

In undertaking the review of the Ballina Shire Council structure, we sought feedback from all Councillors, Council management and Council staff. There was a good level of interest and engagement.

In terms of the Council's organisational structure, we believe that it is not fundamentally broken. It requires fine tuning rather than major changes. The current structure is appropriate to the size and operations of this Council and reflects the current priorities. We have made recommendations for a number of changes including:-

- ✓ centralising the GIS function to information services
- ✓ changing the name of the Regulatory Services Group to the Development and Environmental Health Group
- ✓ refocusing the Commercial Services area solely on managing Council land and facilities that are held for commercial purposes and transferring responsibility for the management of non-commercial land and facilities to the Strategic and Community Services Group
- ✓ changing the name of the Strategic and Community Services Group to the Strategic and Community Facilities Group
- ✓ transfer of the Tourism Branch (incorporating Visitor Information Centres, corporate communications and events/grant support) to the Strategic and Community Services Group
- ✓ creating one additional management position in the Strategic and Community Services Group to oversee the management of customer service, facilities management and the other functions and staff transferred to that Group
- ✓ promoting more extensive use of cross Council work teams to deal with complex projects and to ensure that there is a more consistent approach to key corporate activities (eg procurement).

We have also identified some issues for future Council consideration including the establishment of a separate Council owned corporation to undertake the Council's commercial activities.

A summary of the recommendations is set out in section 9 (see page 38).



### Table of Contents

Executive Summary.....	2
1.0 Introduction .....	4
2.0 Context of Review .....	5
3.0 Background Research and Benchmarking .....	6
3.1 Other Council structures .....	7
3.2 Benchmarking staff numbers .....	9
4.0 Current Structure .....	11
5.0 Consultation .....	11
6.0 Major Issues for Consideration .....	11
6.1 Change management .....	12
6.2 The impact of organisation structure .....	13
6.3 Flat structure v Organisation hierarchy .....	14
6.4 Use of cross Council working teams .....	14
6.5 Additional staff resources .....	16
7.0 Organisation Structure Review .....	17
7.1 – General Manager’s Group.....	17
7.2 – Regulatory Services Group.....	30
7.3 - Civil Services Group.....	33
7.4 – Strategic and Community Services Group .....	35
8.0 Conclusion.....	37
9.0 Summary of Recommendations.....	38
Appendix 1 – Existing Organisation Structure .....	40

### 1.0 Introduction

Pursuant to section 333 of Local Government Act 1993, all Councils are required to review their organisational structure within 12 months of an election. At its meeting in December 2012, the Council considered a number of options to undertake a review of its structure. The Council decided to employ an independent consultant to facilitate the review process and to apply a “fresh set of eyes” to the current structure.

The General Manager requested de Chastel and Associates to act as the independent facilitator of that review process and to provide advice regarding the best organisation structure for the Council.

This review has been conducted in a number of stages as follows:-

- Background research and benchmarking. This involves identifying Councils of a similar size with similar characteristics and reviewing their approach to their organisation structure. This stage also involved benchmarking staff numbers to identify if the Ballina Shire Council was, broadly speaking, over or under resourced in relation to staff numbers. The outcomes of this stage are identified in Section 3 of this report.
- Councillors – All Councillors were provided with the opportunity to provide input to the structure review. The consultant met or spoke with the Mayor and all Councillors as part of the review process.
- GM and Group Manager Liaison - Lengthy discussions have been held with the GM regarding the proposed restructure. A consultation meeting was also held with the Manex Group. It is important for an executive team to have detailed input as they are ultimately responsible for the performance of the organisation which is impacted by the organisation structure.
- Section Managers - Workshops were conducted by the consultant with all Council section managers to gather input at a detailed level about the organisation structure.
- Staff consultation - All staff (both inside and outside staff) were provided with the opportunity to put forward their ideas on the organisational structure. The GM invited comment via the staff newsletter with any staff member being able to email their suggestions to the consultant.
- Draft report - A draft report was prepared identifying the key issues, context and proposed changes to the organisation structure. The draft report was reviewed by the General Manager and the Manex group prior to the final report being provided to Council.

It is important to note that this is a review of the Council structure, not an organisation review. There is a subtle difference. As the name suggests, a review of the Council structure looks at how the Council structures itself to deliver services etc - number of departments, grouping of functions within sections etc. On the other hand, an organisation review requires a much broader assessment of the organisation's performance - are services being delivered efficiently, is the organisation performing well, is the Council management operating effectively etc? The latter would involve a significant commitment of resources by the Council. Based on our observations of the Ballina Shire Council while undertaking the review of the Council structure, we do not believe that there is any need for a full review of the Council. From our perspective, Ballina Shire Council is in good shape compared to many other local governments and there does not appear to be any need for a full organisation review.

### 2.0 Context of Review

In any organisation structure review, it is important to understand the context of the review. Ultimately, the organisation structure is one component of achieving the Council's goals and implementing strategies. However, it is important to note that there are other equally critical components that impact on the achievement of Council's goals. Current research into local government best practice indicates that the two most important elements are leadership and organisational culture.

Set out below is a schematic illustration of the impact of various components on the achievement of Council's goals. The purpose of highlighting the relationships between the various elements below is to emphasise that the organisation structure is only one influence on the achievement of Council's goals.

*Conceptual diagram illustrating impact on Council's goals*



**Council goals** – “what we are trying to achieve”. Formal goals are set out in the Ballina Community Strategic Plan, Council’s Delivery Program etc.

**Organisational culture** – “how we do things around here”. The most recent Ballina Shire Council staff survey (September 2011) reported a moderately high level of staff satisfaction with indoor staff reporting higher levels of satisfaction than field staff. Ballina Shire Council staff were above local government industry benchmarks for 23 out of 25 criteria assessed as part of that staff survey.

**Organisation structure** – “how we organise ourselves to deliver services and achieve Council’s goals”. This is the subject of this review. The Council currently operates with 3 groups (and a number of direct GM reports) to provide services to the Ballina Shire.

**Leadership** – “how we provide direction and clarity of purpose to the organisation”. While the leadership of the Council as an organisation is focused on the GM and Group Managers, it is

important to note that the Mayor and Councillors have a similar role for the community. Part of the leadership role is to “set the tone” in developing the type of culture desired in the organisation.

**Systems and processes** – “how we do business”. The Council uses industry standard systems (e.g. Civica, Mapinfo) to conduct its business. The Council delivers some services directly using its own staff (e.g. VICs, Art Gallery and road maintenance) and contracts out other services (e.g. Libraries, Pool Operations and Leisure Centre)

**Resources** – “what we need to get the job done”. No Council has unlimited resources to achieve its goals and the focus is on ensuring that limited resources are applied to best effect to achieve the Council's goals.

**External influences** – “things that affect us that we can't control”. It is inevitable that an organisation is impacted by external influences such as government policy changes, natural disasters, community issues etc. While Council cannot control these issues, it can determine how it will respond to those issues.

We also note that this structure review has not been driven by financial imperatives. In other words, the Council is in a sound financial position and is not looking to cut staff to meet financial targets. This review of the structure has been undertaken on a “cost neutral” basis i.e. endeavouring to ensure that if at all possible, no additional costs are incurred as a result of the review.

### 3.0 Background Research and Benchmarking

There are two parts to our external benchmarking exercise. The first relates to the organisation structure adopted by similar Councils and the second relates to a comparison of staff numbers.

Who did we benchmark with? Ballina Shire Council is classified as (i) a group 4 Council by the Department of Local Government and (ii) an Urban Regional Medium (URM) Council in the Australian Local Government Classification index. Ballina is a coastal Council with significant historical population growth.

We have identified other Councils with a similar profile in NSW and have also identified similar Councils in Victoria and Queensland. We have benchmarked with:-

New South Wales – Port Stephens Shire Council, Kempsey Shire Council, Bega Valley Shire Council, Byron Shire Council, Great Lakes Shire Council, Clarence Valley Shire Council, Lismore Shire Council and Eurobodella Shire Council.

Victoria – Surf Coast Shire Council (includes Torquay), Warrnambool Shire Council (South West Victorian coast), Wellington Shire Council (Sale / 90 Mile Beach area) and East Gippsland Shire Council (South East Victorian Coast / Lakes Entrance).

Queensland – Gympie Regional Council (includes Rainbow Bay), Whitsunday Regional Council (includes Airlie Beach) and Cassowary Coast Regional Council (includes Mission Beach).

### 3.1 Other Council structures

Research has been undertaken across the benchmark range of Councils to examine their approaches to their organisation structure. We sought to identify (i) industry trends or (ii) innovative approaches that might improve efficiency. Rather than attaching every organisation structure to this report, we have provided a hard copy of our research to the Human Resources Manager. We have sought to summarise in this report some of the key issues arising from our research.

The following issues were identified in our research:-

- the majority of the benchmark Councils operate similar types of structures i.e. 4 departments based on engineering (sometimes called infrastructure or works), planning, community services and corporate services. While many names were different, there were generally four departments (or groups) - one dealing with community services issues, one dealing with town planning and related issues, one dealing with infrastructure/direct services to the community and one dealing with internal support.
- While there were some individual differences in relation to the allocation of specific roles between departments, this “traditional” local government structure was the most common.

While the above approach was the most common, we nevertheless noted some individual differences which were of interest:-

- Some Councils (including Bega, East Gippsland and Gympie) had their Corporate Services department split in two (i.e. HR / Finance or Governance/Finance). It appears that this has been done because of the specific skill sets of staff within those Councils.
- Some Councils (including Great Lakes and Eurobodella) had combined their Community and Corporate Services areas into one department.
- Some Councils (including Clarence Valley and Surf Coast) had combined their community and planning functions into one department.
- Some Councils have specific functions reporting directly to the GM. Human Resources is one example that was seen by some GMs as a critical issue where they wished to keep their finger on the pulse (examples include Bega Valley and Cassowary Coast Regional Council). Wellington Shire Council has Business Improvement and Community Engagement/Communication reporting directly to their CEO as it is a current Council priority. Similarly, Great Lakes Council has Economic Development/Tourism reporting directly to the General Manager as it is a key priority for that Council. The Clarence Valley Council similarly has Organisation Performance and Governance reporting directly to the GM as a key organisation issue. It appears that in some instances, the GM will ensure that a key priority area for the Council reports directly to them (rather than through a normal departmental structure) to ensure that the key focus area receives the GM's personal attention. This approach will be discussed further below.
- Two of the benchmark Councils (Byron and Whitsunday Councils) have taken a strategy/operations approach. They have endeavoured to split the organisation between strategy (forward planning/direction) and operations (direct service delivery). This approach will be discussed further below.

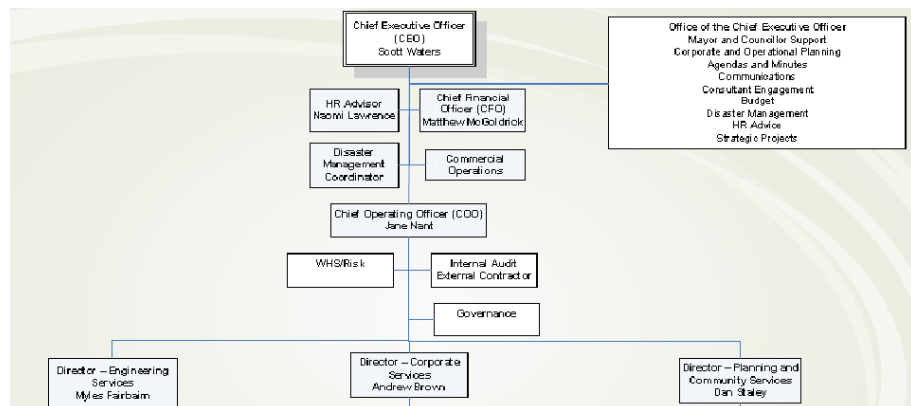
## 4.1 Organisation Structure - Review

- The average number of direct reports to the General Manager was 4.3 across the benchmark group with the highest being 6 and the lowest 3. (Note that for consistency, we have excluded the GM's PA as a direct report for comparison purposes).

We are also aware that many larger Councils outside this benchmarking group are using a purchaser/provider type model where one part of the Council is focused on defining (or purchasing) what is to be achieved and another part of the Council is charged with delivering (or providing) that desired outcome. This type of purchaser/provider model is mainly in larger Councils (say 100 000 population and above).

We make further comments on two elements of the benchmark Councils structures –

- Direct reports to GM** - we were struck by the very significant statistical difference between the average number of direct reports to the General Manager across the benchmark Council group (4.3) and the number of direct reports to the General Manager at Ballina Shire Council (8). While we are supportive of flat reporting lines, we observed that in other similar Councils, most Councils had a single layer of management for the corporate services operational areas (e.g. IT, Finance, HR etc). At Ballina Shire, the current General Manager effectively fulfils both the Corporate Services group manager role and the General Manager role. This is due to both historical reasons (the current General Manager came from the Corporate Services role) and the specific skill set of the current General Manager. We have made a recommendation in this report to reduce the number of direct reports to the General Manager from 8 to 7.
- Strategy/operations organisation split** - the approach taken by both Byron Shire Council and particularly Whitsunday Regional Council warrants further discussion. An extract of the Whitsunday Regional Council organisation structure is set out below.



Effectively, what this structure does is to create an upper echelon of senior managers who focus exclusively on organisational strategy and direction. Day to day operations are kept

completely separate. The theory is that this allows the GM and, in the case of Whitsunday Council, the Chief Financial Officer, HR advisor etc to focus on the long term financial sustainability of the Council. The role of the Chief Operating Officer (COO) is critical in this type of structure. Effectively, the COO acts as the GM for all day to day operational issues and oversees all of the staff who perform direct services to the community. This type of structure sounds good in theory but in practice, the experience has been that it leads to a top heavy organisation with duplication of management positions. This is reflected in the number of staff relative to the population for those Councils that operate organisation structures such as this. We do not recommend this approach to Ballina Shire Council.

### 3.2 Benchmarking staff numbers

As part of this review, a benchmarking exercise has been undertaken to ascertain how the Ballina Shire Council compares to similar Councils in terms of staff numbers. In other words, are we above or below staff number averages for similar Councils?

To ensure that comparative statistics were relevant, data was sourced from the relevant State Department of Local Governments using the Local Government Comparative data sets published annually. For Victorian Councils, data was sourced from the benchmark Councils 2011/12 published annual reports as no Victorian Local Government Department comparative data is collected in the same format as NSW and Queensland. The review found as follows:-

NSW Councils <sup>1</sup>	Australian LG Classification <sup>2</sup>	Population	Area (km <sup>2</sup> )	Equivalent Full Time Staff (EFT)	EFT per 100 population	Wages as % of operating expenditure
Ballina	URM	42,708	485	268	0.63	27.98%
Bega Valley	URM	33,925	6,276	298	0.88	32.84%
Byron	URM	32,378	566	270	0.83	25.29%
Clarence Valley	URM	52,592	10,441	495	0.94	25.00%
Eurobodalla	URM	37,714	3,427	434	1.15	35.72%
Great Lakes	URM	35,924	3,375	298	0.83	32.30%
Kempsey	URS	29,442	3,378	275	0.93	33.21%
Lismore	URM	45,917	1,289	306	0.66	26.28%
Port Stephens	URM	67,825	859	409	0.60	37.26%

<sup>1</sup> Data for the NSW Councils has been sourced from the Department of Local Government Comparative data sets as at 2011. This is the latest comparative data report published by the Department.

<sup>2</sup> The Australian Local Government Classifications are an Australian wide classification system to enable like Councils to be identified. URM = Urban Regional Medium i.e. a medium sized Council (population between 30,000 and 70,000) with most of its population residing in an urban area that is located in a regional part of the State URS = Urban Regional Small i.e. similar to a URM Council but a smaller population – smaller than 30, 000 residents RSG = Rural with Significant Growth i.e. smaller rural based Council but with an annual growth rate above 3%.

## 4.1 Organisation Structure - Review

Victorian Councils <sup>3</sup>	Australian LG Classification	Population	Area (km <sup>2</sup> )	Equivalent Full Time Staff (EFT)	EFT per 100 population	Wages as % of operating expenditure
East Gippsland	URM	44,680	21,000	289	0.65	28.74%
Surf Coast	RSG	26,873	1,560	222	0.83	38.07%
Warrnambool	URS	34,193	121	380	1.11	44.66%
Wellington	URM	43,920	10,924	266	0.61	34.11%
Queensland Councils <sup>4</sup>	Australian LG Classification	Population	Area (km <sup>2</sup> )	Equivalent Full Time Staff (EFT)	EFT per 100 population	Wages as % of operating expenditure
Cassowary Coast	URS	30,356	4,701	310	1.0	34.1%
Gympie	URM	50,011	6,898	472	0.9	37.2%
Whitsunday	URM	30,719	23,856	383	1.3	26.7%

Source – Department of Local Government Comparative data returns for NSW and Queensland and published annual reports of Victorian Councils.

Key points to note in relation to this benchmarking exercise are as follows:-

- Ballina Shire Council is at the lower end of the range of staffing levels.
- While never an exact science, this benchmarking exercise indicates that the Ballina Shire Council is running “lean” in terms of staff numbers compared to similar Councils.
- Staffing levels may depend on the degree of contracting for services by different Councils (for example, one Council may contract out garbage services and another may use day labour).
- Staffing levels and ratios such as ‘salaries as a percentage of expenditure’ may also depend on the “range of services” and “levels of service” provided by each Council. The “range of services” refers to the types of services provided by Council. For example, Ballina Shire Council does not provide as many direct community services (e.g. child care, aged care) compared to some other Councils. The reference to “levels of service” refers to the standard to which a local government provides a particular service (e.g. frequency of park mowing, hours of library operation).
- Nevertheless, across the range of comparable Councils, Ballina Shire Council is significantly at the lower level of staff resourcing across the organisation. This is also consistent with a major theme from the staff/management feedback as part of the review process i.e. staff feel under pressure to deliver existing services within current levels of resourcing.

<sup>3</sup> Data for the Victorian Councils was sourced from individual Council websites to identify population, staff numbers, annual expenditure etc. Each of these Councils identified this data in their 2011/12 annual reports and audited financial statements. The Victorian Department of Planning and Development does not collate comparative local government data.

<sup>4</sup> The data for Queensland Councils has been sourced from the Qld Department of Local Government Comparative Data report for 2010/11 which is the latest published comparative data available. The format and reporting framework for Queensland Councils is very similar to the NSW Department of Local Government reporting format.



- We have also noted that Ballina Shire Council is also at the lower end of the benchmarking scale when it comes to rates. Ballina has an average residential rate of \$668.58 (compared to the average category 4 NSW benchmark Councils of \$818.52)<sup>5</sup>. However, Ballina Shire Council is also at the lower end of the benchmarking scale for amount spent on community services, recreation, leisure and cultural services.

### 4.0 Current Structure

A copy of Council's current organisational structure has been provided to us by HR and a high level summary is contained in Appendix 1. This structure has: --

- A GM's group which includes corporate services type functions such as finance, HR, IT, risk management, governance etc. It also includes Commercial Services and Tourism Co-ordinator roles. There are five branches within this group that report directly to the GM.
- A Regulatory Services Group which focuses on development assessment, building services, environmental management, health and other regulatory services.
- A Strategic and Community Services Group which focuses on strategic land use planning, other strategic forward planning for the community (e.g. social planning) and some community facilities (e.g. Art Gallery).
- A Civil Services Group focused on the provision of physical infrastructure and services including roads, drainage, water, sewerage, waste, depots, plant and fleet, asset management etc.

### 5.0 Consultation

History shows that even though organisation structures are only one element in the achievement of the Council's strategy, within local governments there is often a lot of passion and concern about any changes to an organisation structure. To ensure that this risk was minimised and that all options and opportunities were explored, the following consultation was undertaken:-

- ✓ initial discussions with the General Manager and Mayor
- ✓ a number of face-to-face or phone discussions with the Mayor and every Councillor
- ✓ a number of face-to-face or phone discussions with specific managers
- ✓ workshop with Manex
- ✓ small group workshops with all Council managers
- ✓ an invitation and background material was provided to all staff inviting comments directly to the consultant
- ✓ regular liaison with the Manager of Risk and Human Resources.

### 6.0 Major Issues for Consideration

During the review, it became apparent that there were a number of "big picture" issues that need to be considered. To some extent, these issues were threshold type issues i.e. if we made a change, it would have consequential impact on other parts of the organisation. In addition, some of these issues are almost "management philosophy" in nature. It makes sense to outline these issues and identify the reasons why (or why not) certain changes were subsequently recommended.

In considering these "big picture" issues, the following elements guided our decision-making:-

---

<sup>5</sup> Source – 2010/11 Comparative data for New South Wales councils published by the Department of Local Government.

- Our review of Ballina Shire Council has identified that this is not a Council in crisis needing major surgery. Indeed, based on a range of statistical performance indicators (rate levels, staff numbers etc) Ballina Shire Council is performing better than most comparable Councils.
- The current structure is not broken. It is typical of many Councils across Australia. As such, this organisation structure review was focused on being a fine tuning exercise rather than a complete overhaul.
- Like every Council across the State, the Council is facing significant financial pressures and cannot afford major duplication or additional resources.
- There is a high probability that the spectre of amalgamations looms across the State. While outside the control of this Council, an efficient, stable and focused Council will be able to respond to that challenge more effectively. As such, the last thing that Ballina Shire Council needs at the moment is an upheaval in terms of a complete organisation restructure.

All of these issues point to a conservative approach being taken to change.

The “big picture” issues for consideration are:-

### 6.1 Change management

Our advice to the Council is that changes to the structure should be evolutionary in nature, not revolutionary. Revolutionary change is required when there is a need for major or rapid turnaround in the focus or performance of a Council. That is not the case at Ballina Shire Council.

Given the spectre of potential amalgamations across the State, the Council is better off being stable and using continuous improvement methodologies rather than a big bang approach. In our experience, Councils that continuously go through restructures lose focus and momentum as the organisation becomes introspective.

Accordingly, we have structured our recommendations in a number of ways.

Firstly, we have identified changes to the structure that could occur immediately. These are areas where there should be a relatively simple implementation of the proposed change and where there are likely to be immediate benefits to the organisation.

Secondly, we have identified other issues that could be considered further down the track - in the 1 to 2 year horizon. These are issues that might require further detailed consideration by the Council or may be linked to a review of a particular Council strategy. Our advice is based on our understanding of the Council's current strategy in terms of its plans for the community. If that strategy changes, it is logical to subsequently review the organisation structure.

*Structure follows Strategy: - A good example of this principle is the Council's current approach to commercial services. The Council's long term strategy has been to diversify its revenue streams to take pressure off ratepayers. This is a sound strategy and means that the Council needs to have staff and resources within its structure to implement that strategy. If the Council ever changes its strategy, it would need to revisit its organisation structure in relation to commercial services.*

Thirdly, we have identified areas where we considered potential changes to the structure but, on balance, have not recommended that those changes proceed. For this category of potential changes to the organisation structure, we believe that any possible benefits of change are either uncertain or are outweighed by the cost of implementation (either budgetary cost or risk of implementation). Most of the issues we identified in this category were in fact related to additional cost impacts for the organisation.

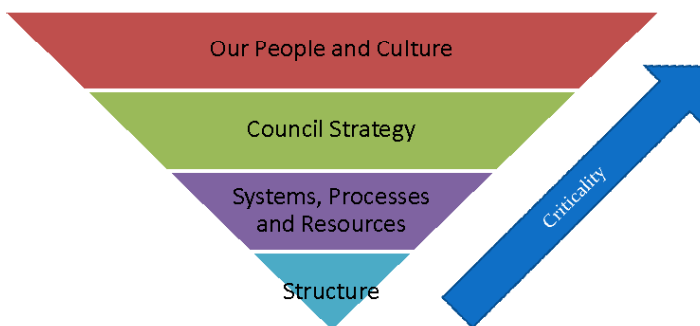
We also point out that proposed changes to the organisation structure may impact on the physical layout of the office. The more major a change to the organisation structure, the more likely that significant costs would be involved in reorganising office layout etc. As such, we have refrained from making any recommendations which we believe will involve major costs associated with shifting staff etc.

### 6.2 The impact of organisation structure

During the consultation, we identified that many of the issues that were raised were not in fact directly related to the organisation structure. In other words, changes to the structure weren't going to solve the problem raised. Examples included:-

- a lack of a coordinated approach within the Council on some key projects or high profile issues (examples provided included Lake Ainsworth and Porter Park).
- a lack of resources for a particular activity (examples provided included GIS, management of community halls, assistance for community events).
- differences of opinion about whether or not the Council should be pursuing a particular strategy.

The diagram below illustrates the impact of different elements on the Council's prospects of success. For example, many of the issues raised in relation to better coordination across the Council can be solved by looking at our systems and processes (particularly the use of cross Council working teams) rather than changing the organisation structure. Similarly, disagreements about whether or not the Council is following the right strategy will not be solved by changing the Council structure.



In our experience, as a Council grows larger, many of the solutions to issues that challenge it are located in the systems, processes and resources area rather than structure. For example, the

development of a silo approach between different Groups (i.e. each Group within Council doing their own thing) can be overcome by the use of cross Council working teams rather than changing the structure. Indeed, we are strongly supportive of an increased use of cross Council working teams to improve coordination and management of key projects / sensitive issues. See section 6.4 for further details.

### 6.3 Flat structure v Organisation hierarchy

We have noted that the current Ballina Shire Council structure is very flat i.e. there are quite a number of staff reporting to each manager. As well as the General Manager having eight direct reports (plus a PA), many other managers in the organisation have a significant number of staff reporting to them (many with more than seven and at least one having ten direct reports).

Flat structures work best when there is a high level of delegation and a culture that supports decision making being decentralised. From our observations, that appears to be the case at Ballina Shire Council.

An alternative approach to organisation structure is a hierarchical approach i.e. fewer staff reporting to the GM and Group Managers which frees up those executives' time to allow them to focus on big picture / forward planning issues. This approach is taken by some other Councils where the culture is aligned to more centralised decision-making. For example, this approach is taken at the Clarence Valley Council with the GM having only four direct reports (three Directors who each have only three or four direct reports themselves plus one additional governance manager reporting directly to the GM). Great Lakes Council has a similar approach with only three Departments.

Both approaches have their advantages and disadvantages.

A flat structure is generally more efficient (less layers of management), leads to quicker decision-making, provides staff with multi-skilling in their roles etc. However, a flat structure also provides less time for managers to manage with more focus on day to day operational activities.

A hierarchical structure can lead to more consistency across the organisation with centralised decision making and more time for executives to plan ahead. However, a hierarchical structure also adds additional layers of management (more cost) and can sometimes lead to more bureaucracy resulting in longer times for decision making.

On our assessment, the flatter structure approach is generally working well at Ballina Shire Council. The Council culture and history lends itself to a flatter structure. The benefits of the flat structure approach outweigh the disadvantages in the context of this Council. However, where appropriate, we have recommended that the inherent problems with a flatter structure be addressed through the use of more cross Council working teams, better alignment of like functions etc.

### 6.4 Use of cross Council working teams

We believe that there should be more use of cross Council working teams to ensure that silos do not develop and that there is a more coordinated approach to some key issues. From our observations, many of the issues or concerns raised in our consultation process did not necessarily relate to the Council's organisation structure but rather related to a lack of consistency across the organisation or a lack of coordination in relation to key issues or projects.

There are benefits in sharing expertise and experience across the organisation and making sure that there is alignment in some key areas. The purpose of working groups can be twofold:-

- firstly, to provide a network for staff across the organisation who are involved in a particular function (e.g. customer service, procurement, GIS etc) to share information and expertise and to ensure a consistent and coordinated approach is taken to that particular subject.
- secondly, to apply a multi-disciplinary approach to major or complex projects to ensure that all aspects of the project are adequately addressed.

We have reviewed the current list of cross Council working teams (see summary on this page). We noted that most of the issues raised as concerns with us during our consultation process regarding a lack of consistency in our corporate approach (e.g. customer service, procurement, GIS etc) were not the subject of existing cross Council working teams. We understand that the Council previously had a Customer Service working team but that it is no longer active.

Further, specific examples were provided during the consultation process where the Council has struggled to address complex issues in the community (e.g. Lake Ainsworth). Lake Ainsworth is already the subject of a working group – the Implementing Management Plans Working Group which has a charter to implement and monitor the operation of the plans of management for both Lake Ainsworth and Shaws Bay. The consultation process indicated that there were differences of opinion as to whether the issues at Lake Ainsworth are being adequately addressed. Nevertheless, we strongly believe that the Council will benefit from using more cross Council teams on complex issues such as Lake Ainsworth where a multi-disciplinary approach can be applied to find potential solutions.

For cross Council teams to be successful, there really needs to be a champion within the group who will drive the team to reach its objective. For example, we note that there are currently no obvious champions on customer service or procurement within the organisation looking at how to improve our consistency and improve efficiencies in those two critical areas. We received a number of submissions in relation to both of those areas which were focussed on consistency and improving efficiency. Improvements in those areas can be achieved via the establishment of cross Council teams driven by a ‘champion’ looking at improvements rather than just implementing structural change.

In section 7, we make a number of recommendations in relation to establishing specific cross Council working teams. However, in addition to those recommendations, we strongly urge the Council to consider the use of more cross Council teams for complex problems. Perhaps the best example that

### Current Cross Council Working Teams

The Council already has ten cross Council working teams including:-

- statutory committees such as the workplace health and safety committee and employee consultative committee.
- subject specific staff teams including asset management, developer contributions and urban stormwater management plan implementation.
- internal business focused teams including the information technology governance group.

Each of the existing staff working teams has a defined purpose, membership and responsibilities.

was provided during the consultation phase was the challenge of managing Lake Ainsworth. With a range of environmental challenges, multi-agency jurisdictions, multiple community interest groups etc, the management of Lake Ainsworth is clearly a complex problem. It will not be solved by any structural change but rather by an effective cross Council team (the Implementing Management Plans team) using a multi-disciplinary approach work through the various issues to ensure that there is a “whole of Council” approach to any problems.

**Recommendation 1** – *That Council use more cross organisation working groups on key projects and “whole of Council” issues to ensure there is a more co-ordinated and consistent approach taken on those matters.*

### 6.5 Additional staff resources

During the consultation process, we noted that some staff and managers requested additional staff resources as part of this structure review process. This is not surprising given the statistics set out in section 3.2 which identified that Ballina Shire Council is at the lower end of the range in terms of staff numbers / staff ratios for comparative Councils. Indeed, given those statistics, we would have been surprised if we did not receive that feedback.

Where possible, we have approached this organisation structure review on the basis of it being cost neutral i.e. not adding additional cost to the Council unless there was a very strong and cogent reason for doing so. In section 7, we have only recommended the establishment of one additional position (a Community Facilities and Customer Service Manager role). We believe that this investment will provide the Council with an improved outcome for its customers and the management of Council facilities and as such, would be a worthy addition to the Council operations.

For future reference, we also believe that the Council could consider additional resources for some additional areas. The purpose of providing this advice to the Council is to offer an objective assessment of the numerous competing priorities across the Council for additional staff. We have endeavoured to identify where Council will receive the biggest “bank for the buck” if it chooses to employ additional staff resources. In priority order, we would suggest that the Council could consider additional resources in the future for the areas set out below but we stress that this is of course, subject to the normal budget considerations with other competing priorities:-

1. Geographic Information Systems - the Council would benefit from an extra focus in its GIS area to improve efficiencies especially for the outside workforce in accessing and uploading information. Based on experience at other Councils, there are significant efficiency gains to be made in using new mobile mapping applications in the outside workforce. However, we note that it is not necessarily just a GIS expert that is required. It really needs a role to drive GIS within the organisation from the business improvement perspective rather than a technical perspective. Ideally therefore, a future role to successfully implement GIS driven productivity would have a business analyst type focus with a GIS background. This role would make the proposal to centralise GIS (see details in section 7.1) more likely to work and we regard it as important to support our recommendations in section 7.1.
2. Community Facilities Management – We have recommended the centralisation of Council facilities management in section 7.4 (see page 34). We are not entirely convinced that the Council has enough resources to manage that centralisation, particularly in the short term

while new systems, processes and procedures are put in place to improve efficiencies. That is why we have recommended an additional management position (a Community Facilities and Customer Service Manager role). If that new management role is not filled by Council, there is likely to be a need for more support for community facilities management. Either way, over time, the Council will need to build up resources in its facilities management area.

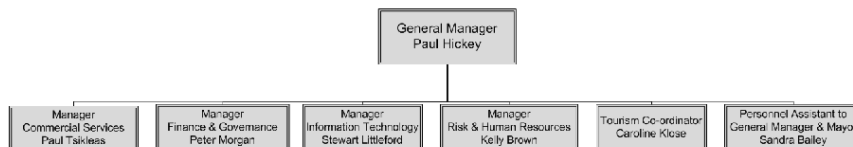
3. Rangers/enforcement - like any Council, the capacity to enforce regulations and manage customer complaints depends upon the level of resourcing available in the enforcement area. Put simply, if the Council wishes to improve the level of compliance with the range of regulatory obligations within the community, it would need to add additional resources to the Rangers/enforcement function in order to achieve this. This is more of a policy question for the Council rather than an operational requirement. We also note that in many instances, the cost of additional resources can be recouped from additional revenue generated by enforcement. We understand the Council is already currently considering this in relation to regulated parking. More details are set out in section 7.2 in relation to Ranger and enforcement issues.

### 7.0 Organisation Structure Review

This section of our report will examine the organisation structure and identify what changes are proposed, what changes can be considered in the future and what other matters we have contemplated. For ease of reference, we have put proposed changes under each Council Group heading. Where appropriate, we have included an extract of the current organisational chart at either group or branch level to aid with consideration of the issues.

#### 7.1 – General Manager’s Group

The current structure of the General Manager’s group is set out below:-



#### Changes proposed

##### A. Geographic Information Systems (GIS)

Quite a number of submissions were made in relation to the location of the GIS function within the structure. It was also pleasing to see that there was a high level of understanding within the Council of the untapped potential of GIS as an opportunity to make significant efficiency gains in Council operations.

The experience in other Councils has been that the GIS function either resides in a Corporate Services type Department (if it centralised with the IT function) or in a town planning Department (given the spatially based nature of land use planning) or in an asset

management based Department such as Civil Services (given the spatially based nature of most of Council's physical infrastructure).

We considered a number of questions in order to ascertain the best solution for the Council in relation to GIS. The questions we considered were as follows:-

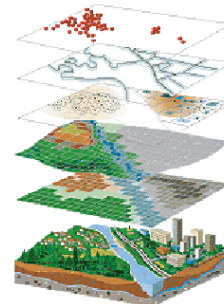
1. What is the role of the Information Services branch? Some Councils believe that the role of this branch is simply to provide the technical platform (i.e. the network and software) for Council operations. Others Councils require a broader role from their IS branch with a focus on the better management of information. We note that the current branch at Ballina Shire Council is called the Information Services Branch. We have also reviewed the Council's recently adopted strategic plan for IS – the Information Services

Strategic Plan 2012/2015. Very clearly, the Council's intent under this strategic plan is to have the IS Branch take a more holistic approach to improving the management of Council information. The role of the IS Branch is more than just providing the technical platform. It is also to take the lead role in ensuring that Council's information is managed effectively.

2. Can improvements to GIS occur without structural change? Given the broad reach of GIS services across the organisation and its importance to so many different areas of Council operations, we contemplated whether or not the proposed GIS working team will in fact achieve the level of change required. We believe that the working team will assist in ensuring that all parts of the organisation are able to benefit from the ongoing development of our GIS capability but to achieve more immediate change, the function needs to be centralised into one area.
3. If the GIS function should be centralised, where should it reside? We have considered the various options where GIS could be centralised. These options included (i) Information Services Branch (ii) Strategic and Community Services Group (given the important nature of GIS to strategic and other land use planning) (iii) Civil Services Group (given the important nature of GIS to asset

### GIS – What is it and why is it important?

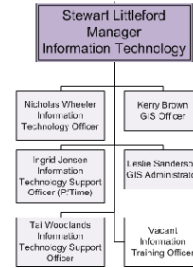
Local governments use a range of tools to manage information, make decisions and to interact with our communities. There is little doubt that over the next 5 to 10 years GIS will become the most important tool in the toolbox. GIS allows a local government to store information based on its spatial characteristics (location) and to layer its information accordingly. GIS is fast becoming the central portal for many Council's to publish information to their communities as most customer inquiries are about a specific place or parcel of land. In terms of developing efficiencies within Council operations, the next wave of improvement will come from pushing GIS solutions into the field via mobile mapping so that Council outdoor staff can access and upload information directly from the field.





management) (iv) Regulatory Services Group (given the important nature of GIS to development assessment, environmental health licensing etc). While all three other groups have arguments for centralising GIS in their area, none of those arguments are as strong as centralising GIS within the Information Services Branch. By centralising the GIS function within the Information Services Branch, it can develop capability more quickly and provide GIS services to the whole organisation based on organisational needs.

4. What are the implications of centralising the GIS function within the Information Services Branch? There are currently a number of staff across the organisation whose primary role is to provide GIS and related services. While two positions (the GIS Administrator and GIS Officer) are located in the Information Services Branch, other positions across the organisation are also focused on GIS and related activities namely (i) GIS Officer (casual) in the Water and Waste Branch and (ii) Land Information and Mapping Officer (part time) located in the Development Services Branch. We recommend that these two positions (together with the Land Information function) transfer to the Information Services Branch to centralise the GIS function.



5. What are the risks with this proposed change? The Council does probably not have enough current resources to meet its rapidly expanding GIS requirements. We believe that the centralisation of the current GIS resources will assist in that regard as there will be more coordination and project support. However, the need for GIS development will probably grow at a faster rate than efficiencies can be gained from centralising the function. We have identified in section 6.5 of this report the possibility of Council considering more functions for GIS. Another risk of centralising the GIS function is that those areas who are 'losing' an existing resource will feel that their GIS priorities are not being met. One of the benefits of centralising the GIS function (in conjunction with a cross Council GIS working team) is that all of the competing projects and priorities across the organisation can be assessed and prioritised according to the actual organisational need. For example, if the Council is preparing a new planning scheme, then resources would clearly be focused on support for that important project. This assessment should be undertaken by the IS Governance Group so that a whole of Council approach can be taken.

The key for this change to be successful is its implementation. In section 6.5 of this report, we identified that the highest priority for additional staff resources is probably the GIS area. We restate that observation here. Further, it is not just necessarily an additional GIS technical person that is needed. It is more about identifying the business opportunities where the Council can use GIS to improve its operations. As such, while a GIS background would be useful, the emphasis should be on a business analyst type approach to champion the rollout of GIS to improve Council efficiencies.

Conclusion: - given the importance of GIS to the Council at this point, the GIS function should be centralised but at the same time, the Council should also ensure that organisational

priorities are properly set and that the whole organisation receives the benefits from an increased focus on GIS. GIS is certain to become one of the most powerful tools available to Council.

**Recommendation 2** - *That the GIS function be centralised in the Information Services Branch and that the following positions be transferred to Information Services Branch - (i) GIS Officer (casual) currently in the Water and Waste Branch and (ii) Land Information and Mapping Officer (part time) currently located in the Development Services Branch.*

### B. Customer Service

A desire to improve customer service was raised by many stakeholders throughout the consultation process. Currently, the primary customer service function resides within the Finance and Governance Branch. Customer service is contained in the Rating Section within that branch.

Our observations on customer service are as follows:-

- ✓ Customer service was probably linked to rating within the organisation structure many years ago because most customer interactions were associated with rates (especially payments).
- ✓ Historically, many Councils took a similar approach as most face to face interactions related to rate payments, rates enquiries etc.
- ✓ However, with the advent of online payments, online Council information etc, the volume of face to face rate related customer interactions has dropped substantially over the last five years. The vast majority of customers now pay rates online.
- ✓ Customer service is not just about face to face enquiries at the main Council administration building. Customer service is all about how all of our staff treat our customers in any interaction that we have with them (face to face, telephone, online, in the field etc).
- ✓ Customer service does not currently appear to have a clear Council “champion” who sells the message to Council staff of how important customer service is. A customer service champion would take a lead role in ensuring that Council processes are designed with the end customer in mind.
- ✓ Feedback from staff is that most customers who come to the Council administration building no longer have rates enquiries. Staff have advised that most face to face enquiries are now directed to the development assessment/building area. This is located upstairs.
- ✓ Many of the Council’s back office staff (e.g. HR, Finance etc) are located near the main face to face customer interaction point on the ground floor while many of the staff who have customer interactions (e.g. building surveyors, town planners etc) are located on the first floor.

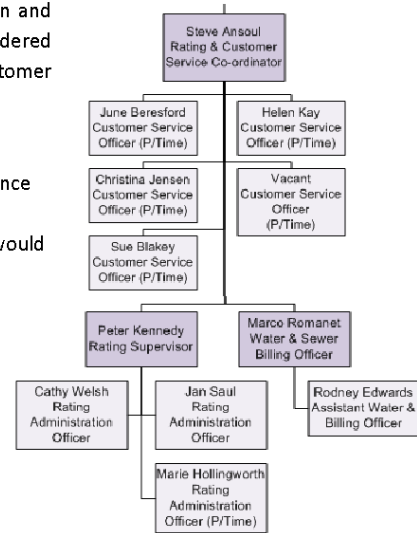
We believe that the customer service function should be separate from the rates function. While not being critical of any current staff, the skills and focus required for an effective Rates Manager are entirely different from the skills and focus required for an effective Customer Service Manager. Currently, the rates and customer service functions are being managed from a structure perspective as set out below.

Our recommendation is that the customer service function and staff be separated from the rating function. We have considered two options for the future structural location of the customer services function and staff:-

**Option 1** - A new position of Customer Service Coordinator would be established reporting to the Finance and Governance manager. The current customer service officers currently reporting to the Rating and Customer Service Coordinator would report to that new position of Customer Service Coordinator.

**Option 2** – The function (and staff) from Customer Service would transfer to the Strategic and Community Services Group. A new management position would be created in that Group to oversee Customer Service, Community Facilities and Tourism (including corporate communications). This option is linked to other changes proposed in section 7.4.

The pros and cons of each of those options are as follows:



	Pros	Cons
<b>Option 1</b>	<ul style="list-style-type: none"> <li>✓ Will give additional focus for customer service</li> <li>✓ Minimises changes for staff as they stay within the same branch</li> <li>✓ Ensures focus on whole of Council via Finance and Governance Branch</li> </ul>	<ul style="list-style-type: none"> <li>➤ Creates additional co-ordinator position (approx \$55 000)</li> <li>➤ Additional management report for Finance and Governance Manager</li> <li>➤ Role will only deal with customer service while option 2 will provide support in community facilities management etc.</li> </ul>
<b>Option 2</b>	<ul style="list-style-type: none"> <li>✓ Links customer service to other related activities (e.g. Visitor Info Centres, management of Council facilities etc)</li> <li>✓ Additional management resource can provide extra support for a number of areas including facilities management, tourism and customer service – arguably gives Council better value for money</li> <li>✓ May improve information</li> </ul>	<ul style="list-style-type: none"> <li>➤ Creates additional management position (approx \$75 000)</li> <li>➤ Strategic and Community Services Group does not have a significant number of customer interactions</li> <li>➤ Costs more than Option 1</li> </ul>

	<p>flow to customers due to corporate communications and customer service being in the same area</p>	
--	--	--

The purpose of the proposed change is to provide an impetus to customer service and to create a customer service champion within the organisation to drive consistency and improve the customer experience across the organisation (not just at the front counter). We believe that both options 1 and 2 are better than the current organisation structure arrangements. On balance, we prefer option 2 primarily because it will “kill two birds with one stone”. In other words, it will support the organisation structure changes proposed in section 7.4 adding an additional management resource across customer service, community facilities and tourism services. We understand based on advice from Council management that from a practical perspective, this option could also be more easily implemented. Our recommendation in relation to this new position is contained in section 7.4.

In addition to the structural change, we would also recommend that an ongoing cross Council working team be re-established to focus on improving customer service. Members of that cross Council working team should include key staff from each group who are involved in customer interactions on a regular basis. The working team could examine options such as (i) improving the physical layout of the customer experience at the service counters (ii) identify opportunities for using meeting rooms for sensitive customer enquiries (iii) identifying how all of our customer interactions (e.g. phone, online etc) can be improved (iv) establishing customer service standards to be met across the organisation (v) promoting more online customer services etc.

While we have tried to refrain from adding to the Council's cost base by recommending any additional staff as part of this review process, we believe that in this circumstance, Council will be able to improve its approach to customer service. In any Council, that is a good investment.

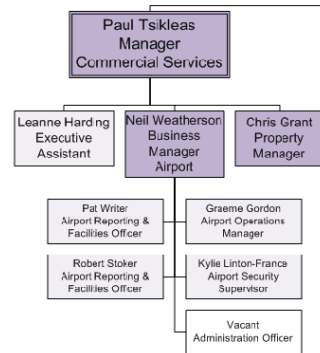
**Recommendation 3** – *That the customer service function and staff be transferred to the Strategic and Community Services Group.*

**Recommendation 4** - *That the Council re-establish an ongoing cross Council Customer Service team focusing on improving customer service throughout the organisation.*

- C. The Role of the Commercial Services Branch - we have noted elsewhere in this report our support for the strategy being followed by the Council to diversify its revenue stream. The Commercial Services Branch has the primary responsibility to deliver that strategy. However, in our review we also noted that:-

- not all of the activities within the Commercial Services Branch are focused on obtaining a commercial return; and
- not all Council commercial activities are located within the Commercial Services Branch.

We believe that the Council would benefit from having a more clear “clarity of purpose” for the Commercial Services Branch. Specifically, we believe that all Council activities which are for the purpose of obtaining a commercial return should be located in the Commercial Services Branch. Conversely, activities which are not currently focused on obtaining a commercial return (e.g. community halls) should be transferred out of this Branch. There is currently confusion with the management of Council properties and facilities being scattered throughout the organisation. We believe that the most useful delineation of Council property management is based on the purpose to which the property or facility is held i.e. is the property primarily for a commercial return (managed by Commercial Services) or is the property/facility primarily for provision of community services (managed by Community Facilities).



The reason for our recommendations below is to ensure that there is a “clarity of purpose” for the branch i.e. to operate Council commercial activities to maximise the Council’s return on its investment.

We therefore propose the following changes to the Commercial Services Branch:-

- ✓ the management of the quarries contracts should be transferred to the Commercial Services Branch. The Council currently operates quarries primarily as a commercial enterprise and seeks to maximise its return (via lease fees). There is a natural synergy with other commercial activities within the Commercial Services Branch.
- ✓ the management responsibility for community halls and other Council non-commercial property should be transferred to the Community Facilities Branch within the Strategic and Community Services Group. This branch will have the primary responsibility for oversight of Council’s community (i.e. non-commercial) facilities and property - see further details in section 7.4.

This would result in the following staff changes within the Commercial Services Branch:-

- the position of Property Manager would transfer to the Strategic and Community Services Group reporting to the Community Facilities Coordinator.
- the position of Executive Assistant to the Commercial Services Manager would remain unchanged in the short term but in the longer term, we would foresee that this position could change to a Commercial Property Management Officer as the current staff member completes her studies.

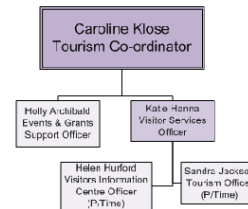
We do not propose any changes to the airport management structure.

**Recommendation 5** – That the primary purpose of the Commercial Services Branch be focused on managing Council businesses that will provide Council with a commercial return.

**Recommendation 6** - That the responsibility for all non-commercial property and facilities be removed from the Commercial Services Branch and the position of Property Manager be transferred to the Strategic and Community Services Group reporting to the Community Facilities Coordinator.

**Recommendation 7** - That the responsibility for Council's commercial quarries be transferred to the Commercial Services Branch.

- D. Tourism Coordinator - One of the eight direct reports to the General Manager is the Tourism Coordinator. While primarily focused on management of the Council's Visitor Information Centres (VICs) this Branch also has an important role in providing support to events and supporting Council's community and internal communications. It even has a role in grant applications. As such, while this branch has a small number of staff, it provides a myriad of services on behalf of the Council.



We have considered a number of different options in relation to this branch of Council. Specifically, we considered:-

- splitting the functions within the branch to transfer some functions to the Strategic and Community Services Group (namely the Tourism and Visitor Information Centre functions)
- keeping the functions together and retaining this branch reporting directly to the General Manager
- keeping the functions together and transferring this branch to form part of the Strategic and Community Services Group.

We recommend to Council that the functions be retained in the one branch and that branch be transferred to the Strategic and Community Services Group. The reasons for this recommendation are (i) with such a small number of staff to perform multiple tasks, it is impractical to logically separate functions from individual positions (ii) there is more synergy between the functions of this branch and activities within the Strategic and Commercial Services Group (iii) it reduces the number of direct reports to the General Manager.

We believe that one of the other benefits of this approach will be to improve how the Council deals with events management. At the moment, events management is somewhat fragmented across the organisation. Some parts of the Council provide support to community organisations, some provide in kind support and others look after the necessary licenses etc. The Tourism Coordinator Branch should have the primary coordination role for events management and this should be simpler from the Strategic and Commercial Services Group where there will be a closer alignment to the Council facilities management.

We also believe that this change will create a natural synergy between the management of Council's property and facilities (see section 7.4) and the Council Visitor Information Centres.

While not making any specific recommendation, we also note that the title of Tourism Coordinator does not really reflect the current range of functions currently being undertaken. While not urgent, we believe that this position should be reviewed to more accurately reflect its current focus.

**Recommendation 8** - *That the Tourism Coordinator and her Branch transfer from the General Managers Group to the Strategic and Community Services Group.*

**Recommendation 9** - *That the Council establish an Events Management cross Council team for a period of six months to create a more coordinated approach to the Council's management of community events including the establishment of clear protocols for managing, supporting and licensing community events.*

### *Changes to be considered in the future*

- A. Commercial Services Structure - while we have made some recommendations for immediate implementation in relation to the Commercial Services Branch structure, we believe that there is a more "left-field" structural issue that could be considered by the Council in the medium term. Specifically, we wish to raise for Council's consideration the option of establishing a Council owned company to operate Council's commercial enterprises.

Like many Councils, Ballina Shire Council has realised that it does not have an unlimited capacity to gain revenue from ratepayers and needs to diversify its revenue streams. Ballina Shire Council's approach over many years has been to develop revenue from its commercial development activities. This is a good long term local government financial strategy which appears to have been implemented well by this Council.

However, it is inevitable that the Council suffers from criticism in relation to its "two hats". On the one hand, it is a developer/landlord seeking to maximise its commercial return from its portfolio of properties and businesses. On the other hand, the Council is also the assessment agency and provider of community services. Other Councils who follow a commercial revenue strategy also have the same dilemma.

One option that the Council could consider is whether or not to establish a Council owned company which undertakes its commercial operations with profits paid by way of a dividend back to the shareholder (the Council). There are significant benefits and also risks associated with such an approach. While strictly outside the scope of our brief, we believe that as part of our review of the Council structure, we should raise this item for future consideration by the Council as an option for it to address its "two hats" issue. We also hasten to add that we are not recommending that the Council establish a separate company without first carefully exploring the pros and cons of such an approach. Without endeavouring to be an exhaustive list, we have set out below some of the pros and cons of establishing a separate company (owned by the Council) to undertake its commercial activities.

#### Pros –

- ✓ there is a clearer delineation between the different Council roles of developer/assessment authority. The company is the developer (or landlord) and the Council is the assessment authority

- ✓ there is less distraction to the Council organisation with the commercial arm of the Council operation operating as a separate legal entity
- ✓ the Council is able to set commercial targets (including dividend policies) for its commercial operations and allow the company freedom to operate in its commercial environment to achieve those targets
- ✓ the Council could recruit commercial expertise to an independent Board of Directors (although that is a matter for the Council as to how it establishes its Board of Directors)
- ✓ it provides a separate legal entity that would enable the Council to consider privatisation options in the future if so desired (e.g. the airport).

Cons –

- ✓ the Council has less day to day control over the activity of the company but the public perception will be that it is still a Council operation and Council may still receive criticism for activities undertaken by the Council company
- ✓ there is some duplication of costs (e.g. Board of Directors, audit fees, finance systems etc)
- ✓ even though it operates as a separate legal entity, the Council will be politically (and possibly legally) responsible for any adverse commercial or community outcomes achieved by the Council owned company
- ✓ there are potentially significant taxation implications depending upon how the company is established and operated.

We have raised this issue for future Council consideration because as we undertook the consultation in relation to the structure review, it became apparent that there were different views about the Council's role in its commercial operations. While the majority of feedback clearly supported the strategy of diversifying Council's revenue through its commercial operations, not all were convinced that this was the ideal strategy for Council with the most common criticisms being related to (i) "two hats" being worn by Council (ii) the distraction factor to core Council business and (iii) key resources being allocated to non-core local government activities.

To remove any doubt, we believe that strategy currently being pursued by the Council to diversify its revenue stream and take pressure off rates is a good one. This is critical given the current trend in relation to funding of different levels of government. As can be seen from the table below, local government lags significantly behind other levels of government in terms of its current revenue raising via taxation (in the case of local government this is rates income). Local governments need to find alternative revenue streams to take pressure off rates.

Level of Government	Percentage of Taxation Revenue
Commonwealth	82%
State	15%
Local Government	3%

*Source – ABS Comparative Data – Government income sources 2009/10*



As outlined elsewhere in this report, structure follows strategy - if the Council wishes to continue with this strategy, it should consider the option of moving the activity to a separate legal entity owned by the Council. There is no hurry to do so. Council should take at least 12 months to consider the pros and cons of moving the activity to a separate legal entity and take specialist legal and taxation advice before making any final decision.

**Recommendation 10** - *That Council consider the option of establishing a Council owned company to operate its commercial activities.*

B. Customer service layout - As part of our review of customer service from the perspective of the organisation structure, we noted that :-

- ✓ many of the concerns in relation to customer service raised with us as part of this project related to the physical layout of the Council building
- ✓ many staff and managers noted that the current customer service area is not particularly customer friendly and that many customers need to go upstairs to have their building and town planning questions answered
- ✓ many of the Council internal service providers (e.g. HR, finance etc) are located directly next to the customer front counter while many of the Council direct service activities (e.g. planning assessment, building, health surveyors etc) are located upstairs. This is probably due to historic reasons when most customer interactions were related to rate payments etc.

Although strictly outside of our scope, we make the observation that the Council should probably re-examine its office layout from a customer service perspective to make the customer experience more user friendly. This obviously has budget implications if office layouts are going to be changed but we simply note that the issue was raised quite a few times during our review. Perhaps with a "customer service champion" within the organisation, which we believe is more likely with the Customer Service Section being separate from the Rate Section, this issue may be pushed more strongly within the organisation.

**Recommendation 11** - *That the Council undertake a review of the current office layout from a customer service perspective and, subject to budget deliberations, reconsider where existing sections are located in relation to customer interaction points.*

C. Records Management - the records management function currently sits within the Finance and Governance section. There are a number of staff who have the responsibility to manage the Council's records. Our assessment did not examine their workload but rather considered whether or not the function of Records Management was more closely aligned with other functions within the organisation.



We believe that in the longer term, there are arguments for the Records Section being included as part of an overall Information Services Branch.

However, we note that in the short term, the focus of the Information Services Branch

should be on rolling out the recently adopted Information Services strategy and pushing forward with the development of GIS services within the Council. As such, we believe that the transfer of Records Management Branch to Information Services at this point in time is not warranted while other issues are being addressed by the Information Services Branch.

In relation to the potential transfer of Records Management to the Information Services Branch we note the following pros and cons:-

Pros –

- ✓ Records Management was traditionally focused on hard copy documentation and files but increasingly is becoming focused on electronic documents and the management of information.
- ✓ Some Councils are moving away from the concept of “Records Management” to the concept of “corporate memory”
- ✓ Electronic Document Management Systems (such as TRM which is used by Ballina Shire Council) are reinforcing the focus on information management rather than records management.

Cons –

- ✓ the current arrangements appear to be working quite well and any change is not supported by the Manager of Finance and Governance
- ✓ the role of information services should be to provide the technical platform (network and software) with the information content being managed by other parts of the organisation.

In our view, while this change may be desirable in the longer term, it is not urgent. There are other priorities facing the Information Services Branch (particularly related to GIS). Once the GIS reforms have been bedded down and are operating successfully, this matter could be reviewed as a second phase of the restructure in approximately 12 months.

**Recommendation 12** - *That Records Management remain within the Finance and Governance Branch in the short term but that consideration be given to transferring that function to the Information Services Branch in the future.*

### *Changes considered but not recommended*

- A. Creating a new position of Corporate Services Group Manager - we considered whether or not to recommend to Council the recruitment of a Corporate Services Group Manager. The current General Manager’s Group could be combined into a Corporate Services Group with one new position reporting to the General Manager. The five managers in the General Manager’s Group who currently report to the General Manager would instead report to a new position of Corporate Services Group Manager. This would have resulted in the Council having four groups altogether.

Potential benefits - potential benefits we saw with this approach included:-

- ✓ reducing the workload of the General Manager to avoid burnout;

- ✓ reducing the workload of the General Manager to allow him to focus on some key future challenges to the organisation (e.g. potential forced amalgamations).

Potential disadvantages - potential disadvantages with this approach included:-

- ✓ adding unnecessary management costs which would primarily be focused on internal services (over \$200,000 per year including a PA);
- ✓ duplication of corporate services skills that already exists within the organisation;
- ✓ it is noted that the GM already performs this leadership role within the General Managers Group which appears to be operating effectively.

We do not recommend adding a fourth group manager position. Such a cost is simply unwarranted for the ratepayers. However, we do note that to some extent, the Council is getting a “two for one” deal with its current General Manager who is performing both the role of the GM and also the role of a Corporate Services Group Manager. The risks that the Council has with this arrangement in the longer term are (i) if the GM begins to suffer burnout from juggling both roles or (ii) the GM is unable to focus all of his attention on some big picture Council issues due to the distraction of managing day-to-day corporate services type issues. Our observations are that neither of these is currently occurring but it is perhaps something that should be monitored by the Mayor and Council on an annual basis as part of the GM’s annual performance review process.

- B. Changing the name of the General Manager’s Group - consideration was given to changing the name of the General Manager’s Group to the Corporate Services Group. This would have occurred if a Corporate Services Group Manager option was pursued. However, as that option is not recommended, there is not the same impetus to change the name of the General Manager’s Group. On balance, we do not recommend a name change for this group. It is effectively a group focused on internal services within the Council and the name is only relevant within the organisation itself. There is no great benefit to be gained from changing the name of this group.
- C. Risk and HR - We considered separating risk management from the human resources function. At first glance, they appear to be unlikely bedfellows. However, upon further examination we believe that there is a natural synergy between the two functions. One of the greatest risks facing Councils is the management of staff, particularly in relation to workplace health and safety. Within the Council, there is currently an increased focus on workplace health and safety risks and the need to better document and manage those risks. Further, we believe that the only other realistic alternative in the structure for risk management is the Finance and Governance Branch. That Branch is already significantly larger than the Risk and Human Resources Branch and risk management has no other common functions within the Finance and Governance Branch. We believe that the risk management function should remain within the Risk and HR branch.

### 7.2 – Regulatory Services Group

#### *Changes proposed*

- A. Changing the Name of the Regulatory Services Group - we received almost universal criticism of the current name of the Regulatory Services group. Criticisms included (i) it does not reflect the actual activities undertaken (ii) it carries an implied negativity i.e. it implies that the group is about regulation rather than providing solutions and service (iii) it is not customer friendly i.e. people outside the organisation cannot easily understand what the purpose of the group is.

We concur with those criticisms.

In considering alternatives, we were guided by the following principles.

- ✓ The new name of the Group should make sense to a member of the community who wishes to contact the Council
- ✓ The Group name should have a positive connotation rather than a negative connotation
- ✓ It is not necessary to list every function that is performed in the Group in its new title
- ✓ There may be benefits in being consistent with approaches taken in other Councils for groups / departments such as this.

We considered a range of options for the new name of the Regulatory Services Group, namely:-

- i. Planning and Environment Group
- ii. Development and Environmental Health Group
- iii. Development, Building and Health Group
- iv. Planning and Health Services Group
- v. Development Services Group
- vi. Sustainable Development Group
- vii. Environment and Planning Group

In reality, all of these options are better than the current name. On balance, we recommend the title of Development and Environmental Health Group simply because it reflects the nature of the functions within the group and makes it very clear to customers what the group does.

**Recommendation 13** - *The Regulatory Services Group be renamed the Development and Environmental Health Group.*

- B. Council Rangers and Enforcement - we note that the Council has a number of different areas dealing with compliance for enforcement type activities. We were asked to consider whether or not there was any benefit in centralising these types of activities into one area.

Within the Development Services Branch, there are two staff (one of whom is part time) who undertake compliance - checking development permit conditions. Within the Public and

Environmental Health Branch, the Council has a number of Rangers who undertake enforcement of Council laws (e.g. animal control). Both of these sections are within the Regulatory Services Group.

In our view, these are quite distinct activities and there is no benefit to be gained from seeking to merge those two areas. Development and compliance is a quite specialised area focused on ensuring that the conditions of any development approval are complied with. It also examines complaints about compliance with Council's town planning scheme. Both of these require quite a specialised understanding of Council's town planning scheme and the development assessment process.

The role of the Council ranger is quite different. It should focus on compliance with Council's laws both on public land and also on private property. While not exclusive, the majority of Council's laws that require enforcement are related to public and environmental health. As such, it is appropriate for the rangers to be located in the Public and Environmental Health section.

While there is benefit to be gained from sharing training (e.g. evidence gathering, investigation techniques etc) we do not believe that there is any benefit to be gained from making changes to the organisation structure in relation to these areas.

The one change that we do recommend relates to the role of the Council Rangers. We believe that there is scope to extend their role to provide support and assistance to other parts of the organisation (e.g. Open Space and Reserves) where there are issues with compliance with various Council laws. The Council Rangers can be the "eyes and ears" for the whole Council in relation to compliance with Council laws. The Rangers do not necessarily have to be experts in every Council law - they simply need to be aware of what to do, how to gather evidence etc in the event that they observe inappropriate activities on Council controlled land.

Concerns have been raised with us about the level of resourcing currently applied to Council Rangers activities. This is essentially a policy question for the Council. Does the Council wish to lift the level of enforcement activities? If so, it could examine whether or not additional resources should be added to the Environmental Health area to support more Council Ranger activities. We have commented on this in section 6.5 and believe that compared to other potential priorities, this is not as critical as other areas in terms of the allocation of extra resources.

We have also been asked to comment on whether there is a need for a new "Senior Ranger" position reporting to either the Senior Environmental Health Officer (Kerri Watts) or the Manager of Public and Environmental Health (Graham Plumb). Subject to our comments above about resourcing, we do not believe that this extra position would be warranted. The role of managing the Rangers currently lies with the Senior Environmental Health Officer. The placement of a new senior ranger position between the Senior EHO and the Rangers would create a one to one management hierarchy i.e. the Rangers would be supervised by the Senior Ranger who reports to the Senior EHO (who would only have one direct report). We do not support that approach as a sound management structure. The other alternative

would be to have the existing Rangers reporting to a new position of Senior Ranger who would subsequently report to the Manager of Public and Environmental Health. While this might be a better option, the question of whether a Senior Ranger is required is a question of resourcing of the regulatory function, not a question of structure. If the Council wishes to put more resources into its enforcement function then this option may be the best approach but as outlined in section 6.5, there are probably higher competing priorities for additional staff resources.

**Recommendation 14** - *That subject to resource considerations, Council Rangers provide regulatory services to other parts the Council (including open spaces and reserves).*

### *Changes to be considered in the future*

Nil.

### *Changes considered but not recommended*

- A. Development assessment engineers to transfer from Civil Services to Regulatory Services - we considered whether or not engineering staff currently located in the Civil Services group who undertake assessment of town planning applications should transfer to the Regulatory Services group. We received a number of submissions and suggestions from Councillors, management and staff in relation to this issue. Those submissions put forward both sides of the argument. This debate between planners and engineers has been going on within Councils across the state for many years - is not unique to Ballina Shire Council.

Potential benefits –

- ✓ allows for better integration of responses to development applications
- ✓ potentially will speed up the assessment of applications as all of the assessment team is in one area
- ✓ potentially improves work processes with planning applications not crossing organisational group lines.

Potential disadvantages –

- ✓ may make it more difficult to attract and retain engineers who prefer to work in an engineering environment to develop their careers
- ✓ there is currently a low level of activity within the development industry and engineers are able to undertake other engineering functions that support the Council's Civil Service functions
- ✓ it is important that engineers understand the integration of assets created through development applications into Council's infrastructure network and this occurs best when engineers are located in the Civil Services area
- ✓ the current arrangements (development assessment engineers located in Civil Services group) is working quite well based on good working relationships between the different areas.

On balance, we do not recommend shifting the engineers associated with development assessment from Civil Services group to the Regulatory Services group. The majority of the feedback from staff (particularly those at the coalface) was that the current system is

working and that any potential improvements in terms of turnaround times are more likely to occur due to improved workflow, coordination meetings etc rather than a change in structure. We support that view.

We would only recommend that the Council revisit this issue if there is a major property boom resulting in significantly increased numbers of development applications requiring assessment. During major property booms, development assessment areas come under extreme pressure and this could warrant having development assessment engineering staff located within the development assessment team during the boom period to work as part of an integrated development assessment team. However, current levels of planning applications do not warrant that approach and the engineering resource is better used as part of the overall Civil Services group.

### 7.3 - Civil Services Group

#### *Changes proposed*

- A. Procurement - we received quite a bit of feedback from both staff and management that improvements could be made as to how the Council currently deals with issues of procurement. Our first observation in relation to this matter was that there was quite a degree of confusion about which part of the organisation has the primary responsibility for ensuring that procurement practices were consistent and appropriately implemented. It became apparent that this confusion existed because there is currently no one part of the organisation that has corporate responsibility for procurement practices. As such, there is not a coordinated approach being undertaken resulting in a potential loss of efficiency from a failure to aggregate various contract/purchasing arrangements and ensuring that the Council is getting value for money from its procurement practices.

We have examined the various options available including (i) Finance and Governance and (ii) Support Operations Branch (within Civil Services). On balance, we propose that the procurement function should align with the Support Operations Branch for the following reasons:-

- ✓ there is a natural synergy with the operation of the Council depots including the Council stores
- ✓ the Support Operations Branch also undertakes all of the Council's fleet purchasing and has built up procurement expertise
- ✓ the largest procurement exposure is within the Civil Services Group and the Support Operations Branch provides support across that group.

We believe that one of the reasons that procurement was raised regularly by internal staff as part of this structure review was that there is currently an inconsistent approach to procedures etc resulting in less than ideal procurement outcomes for the Council. Such issues obviously raise the concept of a cross Council working team to bring consistency and coordination across the organisation. We believe that this needs to occur regardless of any structural change. We believe that a procurement cross Council working team would need to be in place for approximately 6 months to review all of the current practices and procedures relating to procurement and to bring some consistency to current operations. This working

group could also identify areas where training is required to provide support for Council staff who undertake procurement on a regular or semi-regular basis. The proposed procurement cross Council working team should be driven by the Support Operations Branch.

**Recommendation 15** - *That the function of procurement be allocated to the Support Operations Branch.*

**Recommendation 16** - *That a cross Council procurement team be established (led by the Support Operations Branch) for a period of six months to create a more coordinated approach to the Council's procurement practices.*

**B. Project and Contractor Co-ordinator** - the position of Project and Contract Co-ordinator currently reports directly to the Group Manager of Civil Services. The Project and Contract Co-ordinator does not have any staff management responsibilities and is effectively a branch with one person. It is understood that this is due to historical reasons rather than an assessment of good management structure. This review provides the opportunity to tidy up this current management. The position of Project and Contract Co-ordinator should form part of the Support Operations Branch. It is that Branch that provides support and coordination across the Civil Services Group and there is a natural alignment between the functions of that branch and the position of Project and Contract Co-ordinator.

**Recommendation 17** - *That the position of Project and Contract Co-ordinator be transferred to the Support Operations Branch.*

### *Changes to be considered in the future*

Nil

### *Changes considered but not recommended*

- A. Water and Waste as a separate group - we briefly considered whether or not there was any benefit in establishing the Water and Waste section as a separate group reporting directly to the General Manager. This is one of the largest areas of Council. With 10 direct reports to the Water and Waste Manager and approximately 50 staff, this section is larger than the Strategic and Community Services Group or the Regulatory Services Group.

However, there is clearly a synergy between the Water and Waste function and other engineering type activities within the Civil Services Group. The current arrangements within the structure appear to be working well and any such change would add to the General Manager's workload with another direct report. No change is recommended.

- B. Transferring development assessment type engineering functions to the Regulatory Services Group - see comments in section 7.2 under the Regulatory Services group. No change is recommended.
- C. Centralising all project management into the Civil Services Group - a number of responses in the consultation process identified that the Council could do better with management of its projects. This issue is common across many local governments. Based on the stakeholder



feedback, we certainly concur that the Council can improve its project management. However, this is not a structural problem.

The solution lies in more staff training focusing on project management skills, better sharing of information across the organisation about best practice project management and using cross Council expertise on key projects where appropriate. We have provided the necessary advice to the Risk and HR Manager about incorporating additional project management training within the Council's annual training program.

- D. Changing the name of the Civil Services Group- we briefly considered options to change the name of the Civil Services Group. Options that were considered included (i) Engineering Services Group (ii) Infrastructure Management Group (iii) Works and Services Group. We do not believe that there is any need to change the current name of the Civil Services Group. The current name is functional and there is no point changing it just for the sake of change.

Based on staff feedback during the consultation process, we also considered in a number of changes to names at the branch level with this group. Specifically, we considered:-

- Open Spaces and Reserves Branch - a suggestion was made to change this to the Parks, Reserves and Gardens Branch. We do not believe that there is any major benefit to be gained which would warrant this change.
- Infrastructure Planning and Assessment Branch - a suggestion was made to change this to the Assets and Design Branch. Again, we do not believe that there is any major benefit to be gained which would warrant this change.

### 7.4 – Strategic and Community Services Group

#### *Changes proposed*

- A. Changing the name of the Strategic and Community Services Group - We noted that the name of this group implied that it provided community services. In fact, it does not actually provide community services but rather provides some coordination of community facilities, management of the Art Gallery and some social planning functions.

In conjunction with the changes recommended in paragraph B below, we recommend that the group be renamed to the Strategic and Community Facilities Group. This more accurately reflects its purpose and function.

**Recommendation 18** - *That the Strategic and Community Services Group be renamed the Strategic and Community Facilities Group.*

- B. Community facilities - in section 7.1, we noted that the management of Council's property and facilities were scattered throughout the organisation resulting in confusion and a disjointed approach to property management. We have elsewhere recommended that the management of Council property and facilities should be structured depending on the purpose of the property or facility i.e. if the property/facility was held primarily for commercial purposes, it should be managed by the Commercial Services Branch but if the property / facility was held primarily for community purposes, it should be managed by the

Community Facilities Branch. We therefore recommended in section 7.1 that the management of community halls and any other non-commercial property/facilities should be transferred to the Community Facilities Branch. We also recommended that the position of Property Manager should be transferred from the Commercial Services Branch to the Community Facilities Branch.

We believe that the Council will benefit significantly from centralising its management of its community facilities. There are currently different approaches being taken to the management of Council property/facilities resulting in different maintenance approaches, loss of opportunity to aggregate maintenance contracts etc. Council has almost \$175 million of non-commercial land and facilities and there are considerable benefits to be gained from centralising and better managing this important asset class.

We also noted that the management of other community facilities is fragmented across the organisation. For example, swimming pools are managed from the Civil Services Group (via the Support Operations Branch) and the library contract management is overseen from the Financing Governance Branch. These important community facilities should also be managed from the community facilities area although the Council could consider the timing of the transfer of responsibility for pools if it is considering embarking on a major refurbishment or renewal of that asset.

We note that the physical maintenance for many Council facilities is undertaken by Council electricians, carpenters etc working in the Support Operations Branch of the Civil Services Group. That should continue via an internal service level agreement. Effectively, this group will be the internal contractor for the Community Facilities Branch undertaking maintenance as required on Council facilities.

We believe that the centralisation of Council's community facilities will create real long-term benefits to the management of Council facilities. These benefits include (i) the development of long-term asset management plans for Council facilities (ii) better coordination of maintenance programs (including aggregation of maintenance contracts to obtain savings) (iii) better coordination of community enquiries in relation to Council facilities (iv) ensuring that any new Council facilities that are constructed are done to the right standard to minimise ongoing maintenance costs (v) providing a more standard approach to community leases, insurance coverage etc.

**Recommendation 19** - *That the Community Facilities Branch have the primary role for management of non-commercial Council property and facilities.*

- C. Management of Customer Service, Community Facilities and Tourism – Throughout this report we have identified a number of areas that should transfer into the Strategic and Community Services areas. Specifically, we have recommended that customer service, tourism (including the corporate communications function) and management of Council's non-commercial facilities be centralised into this area. In section 7.1, we foreshadowed that we would recommend the creation of an additional management position to oversee all of these functions. We are concerned that without that management role, there would be

additional functions centralised into this area without adequate resources. The Council will benefit from having an additional focus on these areas (particularly customer service and community facilities management).

Although we are not aware of individual staff capabilities, there may be some options for the practical implementation of this new position. We have refrained from making specific implementation recommendations because we believe that it is the role of the GM to implement staff changes. The GM should have flexibility as to how to implement this change to achieve the outcome required. However, we note that options to fund and implement this change may include:-

- an internal promotion for an existing staff member to step up to the proposed management role with consequent backfilling (if required);
- making an existing position redundant if the functions being transferred to this new area do not warrant a full time role; or
- re-design of an existing management role to include these extra management responsibilities.

**Recommendation 20** – *That the Council establish a new management position of Manager of Community Facilities and Customer Service within the Strategic and Community Services Group with that position to manage customer service, community facilities, corporate communications and tourism centre functions.*

### *Changes to be considered in the future*

We note that the result of our recommendations will be that the Strategic and Community Services Group will have significant new responsibilities (e.g. Customer service, all of the community facilities management, tourism, corporate communications etc.) This may warrant consideration by the General Manager of the remuneration package for the current Group Manager of the Strategic and Community Services Group. That is a matter for the GM as part of the implementation of the recommendations contained in our report.

### *Changes considered but not recommended*

Nil

## **8.0 Conclusion**

This organisation structure review has been undertaken to meet Council's obligations in relation to section 333 of the Local Government Act 1993. Our review has found that there is no need to fundamentally change the organisation structure - rather the focus has been on fine-tuning the organisation structure. We have also raised for Council's consideration a number of other changes that it could make in the future.

Where possible, we have refrained from providing recommendations that affect the implementation of proposed changes. We firmly believe that our role is to identify potential changes to the Council and leave the implementation to the General Manager. That provides a General Manager with more flexibility. In our experience, an understanding of the existing staff's strengths by the GM will ensure

a smooth implementation rather than being constrained by a prescriptive approach from a consultant.

### 9.0 Summary of Recommendations

**Recommendation 1** – *That Council use more cross organisation working groups on key projects and “whole of Council” issues to ensure there is a more co-ordinated and consistent approach taken on those matters.*

**Recommendation 2** - *That the GIS function be centralised in the Information Services Branch and that the following positions be transferred to Information Services Branch - (i) GIS Officer (casual) currently in the Water and Waste Branch and (ii) Land Information and Mapping Officer (part time) currently located in the Development Services Branch.*

**Recommendation 3** – *That the customer service function and staff be transferred to the Strategic and Community Services Group.*

**Recommendation 4** - *That the Council re-establish an ongoing cross Council Customer Service team focusing on improving customer service throughout the organisation.*

**Recommendation 5** – *That the primary purpose of the Commercial Services Branch be focused on managing Council businesses that will provide Council with a commercial return.*

**Recommendation 6** - *That the responsibility for all non-commercial property and facilities be removed from the Commercial Services Branch and the position of Property Manager be transferred to the Strategic and Community Services Group reporting to the Community Facilities Coordinator.*

**Recommendation 7** - *That the responsibility for Council’s commercial quarries be transferred to the Commercial Services Branch.*

**Recommendation 8** - *That the Tourism Coordinator and her Branch transfer from the General Managers Group to the Strategic and Community Services Group.*

**Recommendation 9** - *That the Council establish an Events Management cross Council team for a period of six months to create a more coordinated approach to the Council’s management of community events including the establishment of clear protocols for managing, supporting and licensing community events.*

**Recommendation 10** - *That Council consider the option of establishing a Council owned company to operate its commercial activities.*

**Recommendation 11** - *That the Council undertake a review of the current office layout from a customer service perspective and, subject to budget deliberations, reconsider where existing sections are located in relation to customer interaction points.*

**Recommendation 12** - *That Records Management remain within the Finance and Governance Branch in the short term but that consideration be given to transferring that function to the Information Services Branch in the future.*

**Recommendation 13** - *The Regulatory Services Group be renamed the Development and Environmental Health Group.*

**Recommendation 14** - *That subject to resource considerations, Council Rangers provide regulatory services to other parts the Council (including open spaces and reserves).*

**Recommendation 15** - *That the function of procurement be allocated to the Support Operations Branch.*

**Recommendation 16** - *That a cross Council procurement team be established (led by the Support Operations Branch) for a period of six months to create a more coordinated approach to the Council's procurement practices.*

**Recommendation 17** - *That the position of Project and Contract Co-ordinator be transferred to the Support Operations Branch.*

**Recommendation 18** - *That the Strategic and Community Services Group be renamed the Strategic and Community Facilities Group.*

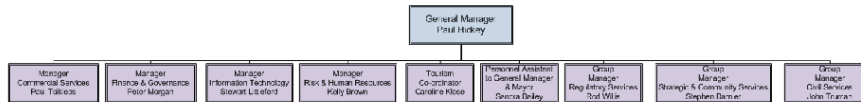
**Recommendation 19** - *That the Community Facilities Branch have the primary role for management of non-commercial Council property and facilities.*

**Recommendation 20** - *That the Council establish a new management position of Manager of Community Facilities and Customer Service within the Strategic and Community Services Group with that position to manage customer service, community facilities, corporate communications and tourism centre functions.*

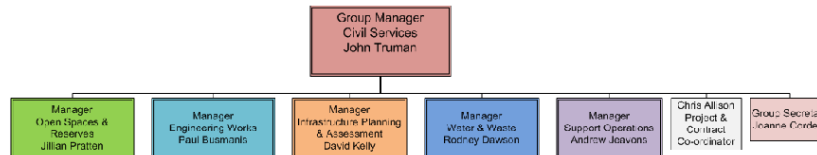
ooo000ooo

Appendix 1 – Existing Organisation Structure

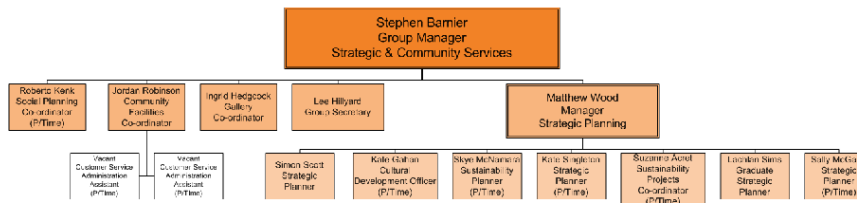
Council Organisation Chart



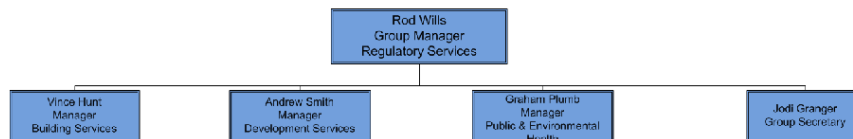
Civil Services Group (to Branch level)



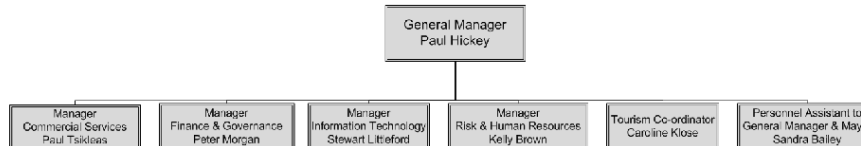
Strategic and Community Services Group



Regulatory Services Group (to Branch level)



General Manager's Group (to Branch level)



## **4.2 Local Infrastructure Renewal Scheme and Asset Management Reviews**

---

### **4.2 Local Infrastructure Renewal Scheme and Asset Management Reviews**

**Delivery Program** Governance

**Objective** To provide information on reviews completed by the NSW Treasury Corporation and the Division of Local Government in respect to Council's long term financial plan and asset management practices.

---

#### **Background**

Council has had the benefit of two reviews completed by external bodies in respect to our long term financial viability and our asset management practices. The reviews have been completed by:

NSW Treasury Corporation – As part of Council applying for loan funding under the NSW State Government's Local Infrastructure Renewal Scheme (LIRS) it was necessary for NSW Treasury Corporation to prepare a Financial Assessment and Benchmarking report of Council's finances; and

Division of Local Government (DLG) – The DLG is in the process of assessing the total infrastructure backlog across the State and to assist with this they have asked all councils to respond to a questionnaire on asset management practices. As part of this audit 35 councils were selected for on-site audits of their asset management practices and Ballina Shire was one of those councils selected.

Both of these reports have now been completed and the purpose of this report is to provide feedback on the information outlined in the reports.

#### **Key Issues**

- Feedback for Council

#### **Information**

##### **NSW Treasury Corporation**

The first and second attachments to this report are the Financial Assessment and Benchmarking Report prepared by NSW Treasury Corporation (T-Corp) for Council, along with their Updated Benchmarking Analysis.

The initial report was completed in August 2012 however T-Corp has only just released the Benchmarking Analysis which is designed to assist in comparing Council's performance with other councils.

The information in the second attachment is actually included in Section 5 of the first attachment.

In respect to the contents of the first attachment some of the key points include:

## **4.2 Local Infrastructure Renewal Scheme and Asset Management Reviews**

- The review was conducted in mid 2012 where T-Corp officers undertook an examination of our adopted 2012/13 long term financial plan. This review was needed as part of Council obtaining approval for \$9.6 million in LIRS loans (\$7.3 million for the Airport and \$2.3m for Roads). The actual T-Corp report mentions \$7 million for the Airport however the final LIRS loan was for \$7.3 million.
- The review states that “Council has been well managed over the review period” (from a financial perspective) (page four)
- Our underlying cash results have “improved year on year” (page four)
- Operating expenses have been “generally well managed” (page four)
- The Council’s “infrastructure backlog is on a downward trend” (page four)
- The General Fund shows deficit positions are expected in all 10 years, which “highlights that over the longer term Council could face sustainability issues” (page four)
- “Council is more heavily geared than its peers” (page 5)
- “Council performs strongly in terms of its Asset Maintenance Ratio and comparatively low level of infrastructure backlog” (page 5)

This feedback confirms the known position of Council in that we are struggling to generate an operating surplus or even a reasonably low deficit for the General Fund, and Council has worked hard to maintain and improve its assets, as best as possible, within the funding limitations we face.

What was most interesting in the Benchmarking Section of the document (Section 5) was the fact that Council’s Operating Ratio was well below comparable councils (page 26). The operating ratio represents the 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 a council is sustainable in terms of its operating result. Ideally a council should not be recording recurring operating deficits or funding operating results from capital revenues.

Ballina Shire Council’s adopted benchmark for this ratio is to achieve a result better than negative 10%. Our recent actual financial results have been as follows, as reported to the 4 March 2013 Finance Committee meeting:

	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
<b>Consolidated</b>	1.1 Pass	(7.7) Pass	(15.75) Fail
<b>General</b>	1.3 Pass	(3.88) Pass	(12.43) Fail
<b>Water</b>	(19.6) Fail	(24.3) Fail	(22.47) Fail
<b>Wastewater</b>	12.78 Pass	(11.28) Fail	(22.42) Fail



## **4.2 Local Infrastructure Renewal Scheme and Asset Management Reviews**

---

As mentioned in the report to the 4 March 2013 Finance Committee meeting efforts are being made to improve the water and wastewater results as factors such as large water payment increases (to Rous Water) and a capital expenditure program (wastewater) are now starting to plateau. Council is also pursuing above CPI increases in charges for water and wastewater to improve their operating results.

The long term financial plan included elsewhere in this agenda highlights that the Operating Balance Ratio, on a consolidated basis, should improve significantly over the next few years (refer to page 113 of draft detailed budget document – separate attachment to business paper) as the water and wastewater charges are increased.

However, despite this improvement on a consolidated basis, it is unlikely that the difficulties that General Fund faces will be overcome, unless there are opportunities to significantly increase income.

This point was made to the T-Corp representatives in that in benchmarking General Fund operations it is also important to compare rate income levels between councils. The point has been made many times that if Ballina Shire Council had the same average rate income as Lismore City Council we would be close to or actually generating an operating surplus for General Fund.

The T-Corp representatives agreed that this was early days from their perspective in providing benchmarking reports for councils and they were in the process of learning, refining and improving the reports over time.

Overall, as one of the first councils to apply for the LIRS funding, staff found the interaction and feedback from the T-Corp representatives a positive experience as it was generally felt that they provided a stronger level of financial expertise and knowledge to the discussion of council finances than what is often provided by the DLG.

Finally T-Corp is now completing this type of financial analysis for all NSW councils as part of the current review of Local Government. The question of financial sustainability is a key factor in considering the viability of councils therefore the current poor consolidated operating result for Ballina Shire Council will most likely not assist with demonstrating our long term financial viability.

This means it is paramount that Council pursue improved results for water and wastewater, while at the same time, minimising the operating deficit for the General Fund.

### **Division of Local Government – Infrastructure Audit**

The second report (third attachment) is the result of an on-site audit by Morrison Low Consultants Pty. Ltd., on behalf of the DLG, of Council's asset management practices. Please note that the report has been listed as confidential as required by the DLG in their covering letter.

Some of the key points from that report include:

- Our overall assessment management assessment rating was a D, representing a basic level of competence.

## **4.2 Local Infrastructure Renewal Scheme and Asset Management Reviews**

---

- Our individual ratings varied from C (core level of competence) for Asset Knowledge / Data, Asset Knowledge Processes and Organisational Context to E (awareness) for Operations and Maintenance Work Practices.
- To improve in the lower rated areas we need an improved level of integration between our asset management strategies and plans, works plans and financial plans (page nine) and improved maintenance and operational plans (page 12). Our information systems also need to be improved (page 13).

Overall this result is not surprising based on the relatively low level of resources we have available to commit to the preparation and review of asset management information (i.e. one staff member partially responsible for asset management).

Some of the actions Council had already initiated prior to receiving this report include:

- a) Council approval to install the Civic Authority Asset Management Module – This installation is planned to commence shortly and this will significantly improve our rating for Information Systems (currently D) by ensuring all asset information is maintained in a single asset register.
- b) A joint contract has been let with Richmond Valley Council to undertake condition assessments for all our roads. This will then provide up to date condition data for what is a major component of our overall infrastructure.
- c) Camera assessments are also underway for wastewater and stormwater assessments to again provide improved condition data

The primary aim where Council does need to improve its performance is to better document and formalise the various maintenance programs we have in place. The Civil Services Group is working on this issue as time permits.

A key point that needs to be made with asset management practices is the benefit / cost of committing increased funds to improve the data available. Certainly Council can allocate additional funds to collect and review data but if that information then requires additional funds to be allocated to asset maintenance, the issue Council has to resolve is how to allocate those funds with limited revenue streams.

On balance we are steadily improving our asset management practices, while balancing that workload against all the various other competing demands, and as items such as the new Asset Management Module are implemented our overall rating will improve over time. The fundamental issue that has not changed for Council is to ensure that we maximise the funds available for asset maintenance and renewal.

### **Legal / Resource / Financial Implications**

Both reports provide information of interest in respect to Council's financial and asset management practices and the information will guide on-going improvements to our systems.

## **4.2 Local Infrastructure Renewal Scheme and Asset Management Reviews**

---

### **Consultation**

Significant consultation was undertaken in preparing the reports between staff and the consultants / officers preparing the reports. The DLG asset report has been provided as a confidential attachment based on a request from the DLG.

### **Options**

This report is for information purposes and the recommendation is to note the contents of the report.

### **RECOMMENDATION**

That Council notes the contents of the reports from the NSW Treasury Corporation and Division of Local Government in respect to Council's long term financial plan and asset management practices.

### **Attachment(s)**

1. Financial Assessment and Benchmarking Report - NSW Treasury Corporation
2. Updated Benchmarking Analysis - NSW Treasury Corporation
3. Morrison Low Consultants Pty Ltd on behalf of Division of Local Government - Infrastructure Audit Report (confidential at request of Division of Local Government) (Under separate cover)



Ballina Shire Council

**Financial Assessment and Benchmarking Report**

29 August 2012

Prepared by NSW Treasury Corporation as part of the Local Infrastructure Renewal Scheme

COMMERCIAL-IN-CONFIDENCE



New South Wales  
Treasury Corporation

### Disclaimer

This report has been prepared by New South Wales Treasury Corporation (TCorp) in accordance with the appointment of TCorp by the Division of Local Government (DLG) as detailed in TCorp's letters of 22 December 2011 and 28 May 2012. The report has been prepared as part of the Local Infrastructure Renewal Scheme (LIRS) announced by the NSW Government.

The report has been prepared based on information provided to TCorp as set out in Section 2.2 of this report. TCorp has relied on this information and has not verified or audited the accuracy, reliability or currency of the information provided to it for the purpose of preparation of the report. TCorp and its directors, officers and employees make no representation as to the accuracy, reliability or completeness of the information contained in the report.

In addition, TCorp does not warrant or guarantee the outcomes or projections contained in this report. The projections and outcomes contained in the report do not necessarily take into consideration the commercial risks, various external factors or the possibility of poor performance by the Council all of which may negatively impact the financial capability and sustainability of the Council. The TCorp report focuses on whether the Council has reasonable capacity, based on the information provided to TCorp, to take on additional borrowings within prudent risk parameters and the limits of its financial projections.

The report has been prepared for Ballina Shire Council, the LIRS Assessment Panel and the DLG. TCorp shall not be liable to Ballina Shire Council or have any liability to any third party under the law of contract, tort and the principles of restitution or unjust enrichment or otherwise for any loss, expense or damage which may arise from or be incurred or suffered as a result of reliance on anything contained in this report.



New South Wales  
Treasury Corporation

<b>Index</b>	<b>Page</b>
Section 1: Executive Summary	4
Section 2: Introduction	6
2.1 Purpose of Report	6
2.2 Scope and Methodology	6
2.3 Overview of the Local Government Area	8
2.4 LIRS Application	9
Section 3: Review of Financial Performance and Position	10
3.1 Revenue	10
3.2 Expenses	11
3.3 Operating Results	12
3.4 Financial Management Indicators	13
3.5 Statement of Cash Flows	14
3.6 Capital Expenditure	15
3.7 Specific Risks to Council	18
Section 4: Review of Financial Forecasts	19
4.1 Operating Results	19
4.2 Financial Management Indicators	20
4.3 Capital Expenditure	23
4.4 Financial Model Assumption Review	24
4.5 Borrowing Capacity	25
Section 5: Benchmarking and Comparisons with Other Councils	26
Section 6: Conclusion and Recommendations	32
Appendix A: Historical Financial Information	33
Appendix B: Glossary	36

Ballina Shire Council

COMMERCIAL-IN-CONFIDENCE

Page 3



New South Wales  
Treasury Corporation

### Section 1 Executive Summary

This report provides an independent assessment of Ballina Shire Council's (the Council) financial capacity and its ability to undertake additional borrowings. The analysis is based on a review of the historical performance, current financial position, and long term financial forecasts. It also benchmarks the Council against its peers using key ratios.

The report is primarily focused on the financial capacity of the Council to undertake additional borrowings as part of the Local Infrastructure Renewal Scheme (LIRS). Council has made two LIRS applications. One application for \$7m covers a major overlay and strengthening program of the Ballina Byron Gateway Airport runway and the second application is for \$2.3m for Council's road reconstruction program.

TCorp's approach has been to:

- Review the most recent three years of Council's consolidated financial results
- Conduct a detailed review of the Council's 10 year financial forecasts. The review of the financial forecasts focused on the particular Council fund that was undertaking the proposed debt commitment. For Ballina, the projects are being funded from the General fund so we focused our review on the General fund

Overall, the review has found that the Council has been well managed over the review period based on the following observations:

- While the Council has incurred operating deficits (excluding grants and contributions for capital purposes), Council's underlying cash results (measured using EBITDA) has improved year on year to \$12.8m in 2011
- Approximately 61% of the Council's revenue base is derived from own sourced revenue (annual charges, and user charges and fees). They can rely upon these revenue streams on an ongoing basis for financial flexibility
- The Council was granted a 6% SRV over four years, starting from 2010/11. This will further improve their revenue strength
- Operating expenses are generally well managed, particularly employee costs that have been static over the last three years

Council's reported Infrastructure Backlog of \$20.2m represents 3.1% of its infrastructure asset value of \$651.5m. Other observations include:

- The Council's infrastructure backlog is on a downward trend
- The Council has spent more on maintenance than required over the last three years
- A significant portion of the backlog, 88.1% is related to road assets. This is being addressed by a detailed list of capital programs including the LIRS application Road Reconstruction Program

The key observations from our review of Council's 10 year forecasts for its General Fund are:

- The General Fund shows deficit positions are expected in all 10 years when capital grants and contributions are excluded. This is the weakest forecast ratio and highlights that over the longer term Council could face financial sustainability issues, although the deficit is forecast to



New South Wales  
Treasury Corporation

improve throughout the model from the worst ratio deficit in 2012 of 15.2% to 7.2% in 2022. We have some reservations about the ability of Council to achieve these improved outcomes, particularly as the forecast capital expenditure program appears to be lower than what we would see as being required to maintain a sound asset base

- Overall it appears that the Council will have sufficient liquidity throughout the next 10 year period to service all short term liabilities and currently scheduled capital expenditure and related long term liabilities
- Council's level of fiscal flexibility is sound as within the General Fund own source revenue is maintained at levels above 75%
- With the exception of our comments regarding the future capital program, other key assumptions within the financial forecasts are considered to be reasonable

In our view, the Council has the capacity to undertake the combined additional borrowings of \$9.3m for the two LIRS projects. This is based on the following analysis:

- The DSCR remains above a benchmark of 2.0x in the 10 year forecast
- The Interest Cover Ratio is well above the benchmark of 4.0x in the 10 year forecast
- Although it is noted that some of the Council's cash reserves are restricted to use on specific purposes, the Council has a healthy level of unrestricted and internally restricted cash and investments of \$20.3m to help manage its capital usage and this is projected to increase over the 10 year forecast.

In respect of our Benchmarking analysis we have compared the Council's key ratios with other councils in DLG group 4. Our key observations are:

- Council's financial flexibility as indicated by the Operating Ratio and Own Source Operating Revenue Ratio are generally below the group's average
- Council is more heavily geared than its peers but its DSCR and Interest Cover Ratio remained and is forecast to be above or at benchmark
- Council was in a sufficient liquidity position which on average is similar to the group's average liquidity level
- Council performs strongly in terms of its Asset Maintenance Ratio and comparatively low level of Infrastructure Backlog





New South Wales  
Treasury Corporation

### Section 2 Introduction

#### 2.1: Purpose of Report

This report provides the Council with an independent assessment of their financial capacity and performance measured against a peer group of councils which will complement their internal due diligence, and the IP&R system of the Council and the DLG.

The report is to be provided to the LIRS Assessment Panel for its use in considering applications received under the LIRS.

The key areas focused on are:

- The financial capacity of the Council to undertake additional borrowings
- The financial performance of the Council in comparison to a range of similar councils and measured against prudent benchmarks

#### 2.2: Scope and Methodology

TCorp's approach was to:

- Review the most recent three years of the Council's consolidated audited accounts using financial ratio analysis. In undertaking the ratio analysis TCorp has utilised benchmark ratios substantially consistent with those used by Queensland Treasury Corporation (QTC) initially in its review of Queensland Local Government (2008), and subsequently updated in 2011. Please see the benchmark ratio table below
- Conduct a detailed review of the Council's 10 year financial forecasts including a review of the key assumptions that underpin the financial forecasts. The review of the financial forecasts focused on the particular Council fund that was undertaking the proposed debt commitment. For example where a project is being funded from the General fund we focussed our review on the General fund
- Identify significant changes to future financial forecasts from existing financial performance and highlight risks associated with such forecasts
- Conduct a benchmark review of a Council's performance against its peer group
- Prepare a report that provides an overview of the Council's existing and forecast financial position and its capacity to meet increased debt commitments
- Conduct a high level review of the Council's IP&R documents for factors which could impact the Council's financial capacity and performance

In undertaking its work, TCorp relied on:

- Council's audited financial statements (2008/09 to 2010/11)
- Council's financial forecast model
- Council's IP&R documents
- Discussions with Council officers
- Council's submissions to the DLG as part of their LIRS application

Ballina Shire Council

COMMERCIAL-IN-CONFIDENCE

Page 6



New South Wales  
Treasury Corporation

- Other publicly available information such as information published on the IPART website

### Benchmark Ratios

In conducting our review of the Councils' financial performance and forecasts we have measured performance against a set of benchmarks. These benchmarks are listed below. Benchmarks do not necessarily represent a pass or fail in respect of any particular area. One-off projects or events can impact a council's performance against a benchmark for a short period. Other factors such as the trends in results against the benchmarks are critical as well as the overall performance against all the benchmarks. As councils can have significant differences in their size and population densities, it is important to note that one benchmark does not fit all.

For example, the Cash Expense Ratio should be greater for smaller councils than larger councils as a protection against variation in performance and financial shocks.

Therefore these benchmarks are intended as a guide to performance.

The Glossary attached to this report explains how each ratio is calculated.

Ratio	Benchmark
Operating Ratio	> (4.0%)
Cash Expense Ratio	> 3.0 months
Unrestricted Current Ratio	> 1.5x
Own Source Operating Revenue Ratio	> 60.0%
Debt Service Cover Ratio (DSCR)	> 2.0x
Interest Cover Ratio	> 4.0x
Infrastructure Backlog Ratio	< 0.02x
Asset Maintenance Ratio	> 1.0x
Building and infrastructure asset renewal ratio	> 1.0x
Capital Expenditure Ratio	> 1.1x



New South Wales  
Treasury Corporation

2.3: Overview of the Local Government Area

Ballina Shire Council LGA	
Locality and Size	
Locality	Richmond - Tweed
Area	484 km <sup>2</sup>
Demographics	
Population	42,708
% under 18	23%
% between 18 and 59	51%
% over 60	26%
Expected population 2025	50,000
Operations	
Number of employees (FTE)	268
Annual revenue	\$59m
Infrastructure	
Roads	4.7m m <sup>2</sup>
Bridges	22
Infrastructure backlog value	\$20.2m
Total infrastructure value	\$865m

The above table states the key statistics relating to Ballina Shire Council Local Government Area (LGA). The population grew on average by 1.4% over the five years up to 2010, in line with the Richmond-Tweed region and NSW average increases over the same period.

Major towns and villages within the LGA include Ballina, Lennox Head, Wollongbar, Alstonville and Wardell.

The Council had 268 equivalent full-time staff as at the end of the 2011 financial year, an increase from 263 in 2009, and 255 in 2010.



New South Wales  
Treasury Corporation

### 2.4: LIRS Application

Council has made two LIRS applications:

#### Project 1: Ballina Byron Gateway Airport - runway overlay

Description: The Ballina Byron Gateway Airport runway is overdue for a major overlay and strengthening program. This work is deemed essential to ensure that the runway continues to operate effectively into the future.

Amount of loan facility: \$7.0m

Term of loan facility: 10 years

#### Project 2: Backlog - Road Reconstruction Program

Description: Undertake backlog reconstruction works in high traffic areas. The Council has developed a prioritised program at road segment level for backlog pavement renewal works. This listing forms a rolling works program for the annual budget. These funds will be applied to a set of individual works that are all identified in the highest priority category.

Amount of loan facility: \$2.3m

Term of loan facility: 10 years

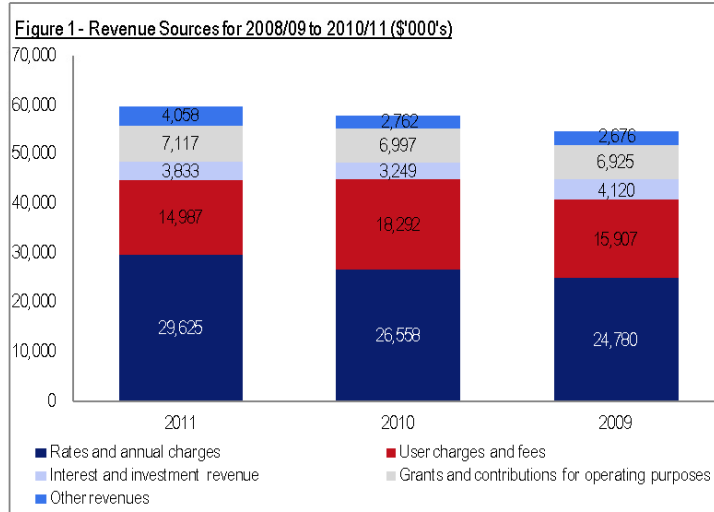


New South Wales  
Treasury Corporation

**Section 3 Review of Financial Performance and Position**

In reviewing the financial performance of the Council, TCorp has based its review on the annual audited consolidated accounts of the Council unless otherwise stated.

**3.1: Revenue**



**Key Observations:**

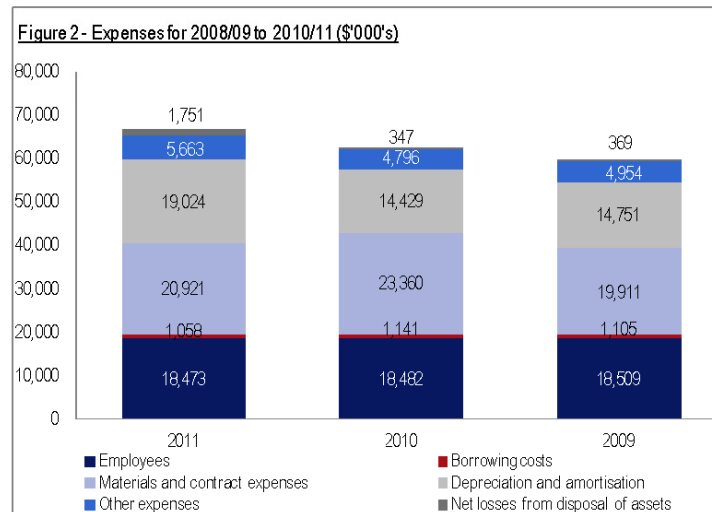
- Rates have been increasing steadily the last three years. Council was granted a four year SRV of on average 6% above the rate peg, from the start of the 2010/11 financial year. This was granted to assist with roads maintenance funding and contributed an additional \$1.0m in 2011 in general rates.
- Increased revenues were also achieved by increases in sewer, water and domestic waste annual charges, which provided an additional \$3.4m over the two year period. This is an annual increase of up to 12%.
- User fees and charges were higher in 2010 due to one-off specific private contractor fees of \$4.0m received for the construction of traffic lights and roundabout construction on the Pacific Highway.
- In 2009, Caravan park fees contributed \$2.2m to user fees and charges. However revenues were adversely affected from 2010 by the transfer of three caravan parks to the NSW state government agency, North Coast Holiday Parks as part of an ongoing state government strategy.
- Within other revenues, property investment rental revenue contributed over \$2m each year, with \$2.7m received in 2011. In discussion with Council it was confirmed to TCorp that



New South Wales  
Treasury Corporation

Council rely on this non-core commercial revenue stream to assist financing new projects or for capital maintenance. The 2011 total of \$4.1m also benefitted from one-off legal fees recovered of \$0.5m relating to the validity of zoning of certain land stock held by the Council.

### 3.2: Expenses



#### Key Observations:

- Employee expenses remained static for the third consecutive year at \$18.5m. This suggests Council is managing employee costs efficiently even with rising full time employee numbers.
- Materials and contracts were the largest expense over the three years. This expense reduced by over 10% in 2011 due to the completion of the Pacific Highway works undertaken as opposed to cost savings achieved by Council.
- In 2010, the infrastructure Asset Revaluations process increased Council's balance sheet value by \$132.4m. This resulted in the annual depreciation charge increasing by 31.9% in 2011. Roads, bridges and footpaths were re-valued upwards and led to the corresponding depreciation charges also increasing.
- Council appears to manage its expenses well with no stand out increases noted when the non-cash item of depreciation is excluded.



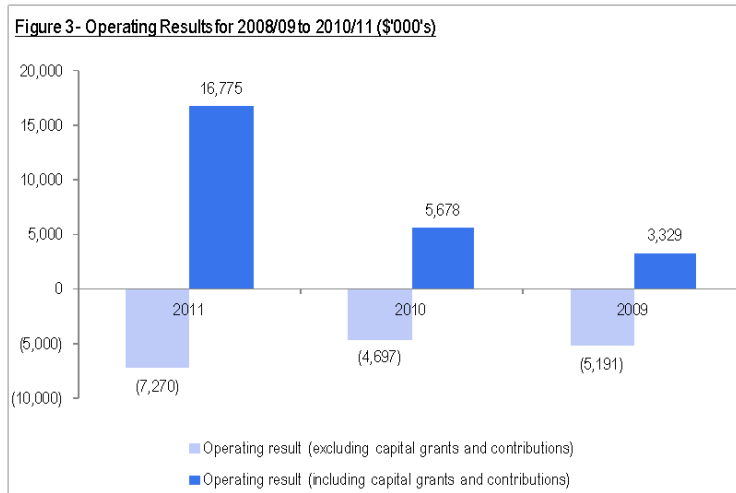
New South Wales  
Treasury Corporation

3.3: Operating Results

TCorp has made some standard adjustments to focus the analysis on core operating council results. Grants and contributions for capital purposes, realised and unrealised gains on investments and other assets are excluded, as well as one-off items which Council have no control over (e.g. impairments).

TCorp believes that the exclusion of these items will assist in normalising the measurement of key performance indicators, and the measurement of Council's performance against its peers.

All items excluded from the income statement and further historical financial information is detailed in Appendix A.



Key Observations:

- Council has consistently posted net operating deficits excluding capital grants and contributions.
- Council expenses include a large non-cash depreciation expense, (\$19m in 2011), which has increased substantially over the past three years following the Asset Revaluations process. Whilst the non cash nature of depreciation can favourably impact on ratios such as EBITDA that focus on cash, depreciation is an important expense as it represents the allocation of the value of an asset over its useful life.



New South Wales  
Treasury Corporation

### 3.4: Financial Management Indicators

Performance Indicators	Year ended 30 June		
	2011	2010	2009
EBITDA (\$'000's)	12,812	10,873	10,665
Operating Ratio	(12.2%)	(8.1%)	(9.5%)
Interest Cover Ratio	12.11x	9.53x	9.65x
Debt Service Cover Ratio (DSCR)	3.24x	3.70x	3.92x
Unrestricted Current Ratio	2.75x	2.07x	4.14x
Own Source Operating Revenue Ratio	53.3%	65.7%	64.7%
Cash Expense Ratio	1.8 months	6.5 months	4.2 months
Net Assets (\$'000's)	915,495	819,675	683,572

#### Key Observations:

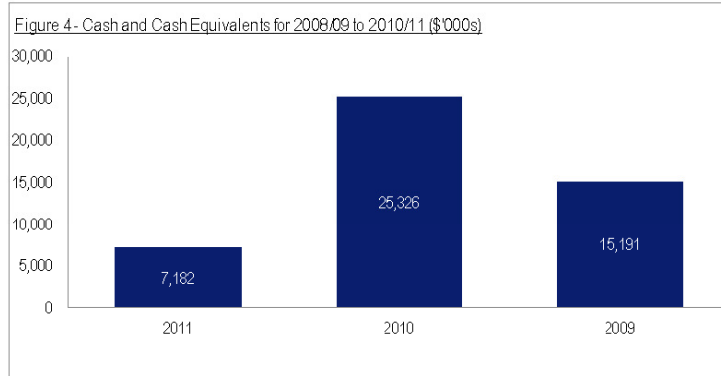
- Council's EBITDA has improved year on year with the 2011 figure increase relating to the increased rates received. Council has a strong Interest Cover Ratio and DSCR indicating Council has flexibility in regard to carrying more debt. The DSCR has been well above the benchmark of 2.00x over the past 3 years.
- The Operating Ratio has worsened in 2011 due to the increased depreciation expense and the larger loss on disposal of assets impacting on the operating result.
- The Unrestricted Current Ratio has been above the benchmark of 1.5x over the past three years, indicating Council has sound liquidity.
- Net Assets have increased by over \$230m between 2009 and 2011 due to the consecutive Asset Revaluations of \$132.4m in 2010 and \$76.6m in 2011 that increased the value of roads, bridges, drainage infrastructure and community land assets. A correction of an accounting error in relation to the recording of previously unvalued community land parcels also added \$39.3m to the 2011 net asset figure when compared to the figures stated in 2010.
- When the Asset Revaluations are excluded, the underlying trend in all three years has been an expanding IPP&E asset base with asset purchases being larger than the combined value of disposed assets and annual depreciation. In 2011 this amounted to a \$30.0m net increase in IPP&E.
- Council has total borrowings of \$24.5m, \$18.2m of which is within the General Fund. This represents 2.7% of Council's Net Assets.





New South Wales  
Treasury Corporation

3.5: Statement of Cash Flows



Key Observations:

- Council's net position in cash and equivalents has fluctuated considerably over the three year period, with the 2011 decrease primarily due to \$35.5m spent on IPP&E purchases. 2010 cash balances were strengthened by borrowings of \$12.7m.
- In total, the Council has cash and investments of \$56.9m in 2011 of which \$36.6m is externally restricted, \$18.3m is internally restricted and \$2.0m is unrestricted.
- Within the investments portfolio of \$49.7m Council has current deposits of \$21.8m and non-current deposits amounting to \$5.0m, floating rate notes of \$20.8m and a small proportion of managed funds and equity linked notes of \$1.2m and \$0.9m respectively.
- Overall the cash balances along with the Unrestricted Current Ratio suggest the Council was comfortable in meeting their day to day obligations.

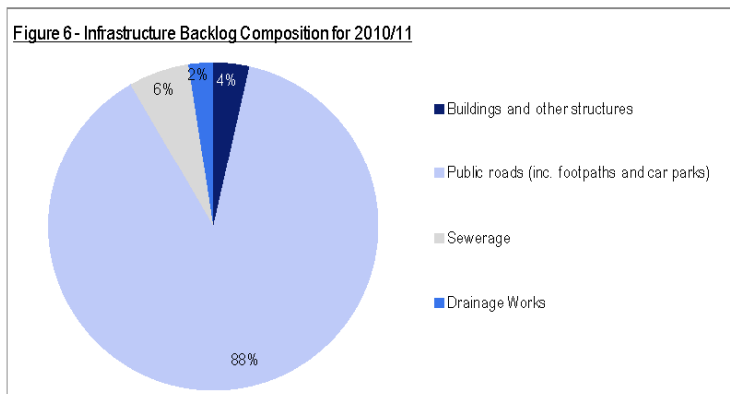
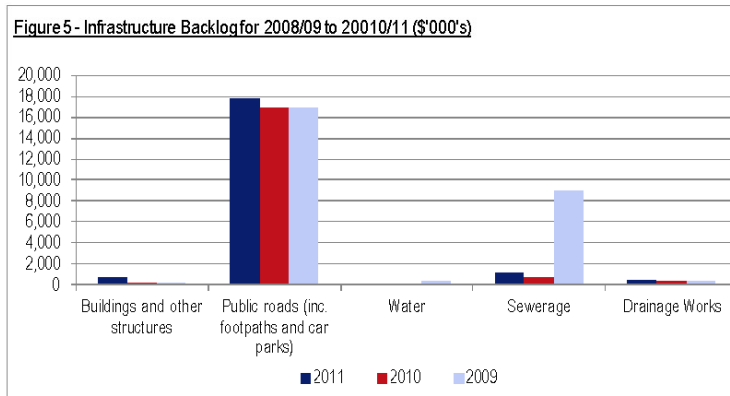


New South Wales  
Treasury Corporation

**3.6: Capital Expenditure**

The following section predominantly relies on information obtained from Special Schedules 7 and 8 that accompany the annual financial statements. These figures are unaudited and are therefore Council's estimated figures.

**3.6(a): Infrastructure Backlog**



The Council reported a \$20.2m backlog in 2011 that is predominantly related to the public roads at 88.1%. Despite the consecutive annual revaluations, the overall backlog has fallen from 2009 to 2011 due to the sewerage backlog decreasing. This was because of the Wollongbar urban expansion area sewer infrastructure works, which were funded by an interest-free loan in 2010 from the NSW Treasury.



New South Wales  
Treasury Corporation

The backlog for public roads has grown slightly over the three year period however the total backlog is relatively small compared to other councils.

### 3.6(b): Infrastructure Status

Infrastructure Status	Year ended 30 June		
	2011	2010	2009
Bring to satisfactory standard (\$'000's)	20,185	18,220	26,913
Required annual maintenance (\$'000's)	8,170	7,679	8,096
Actual annual maintenance (\$'000's)	8,551	7,808	9,230
Total value infrastructure assets (\$'000's)	651,533	609,946	440,418
Total assets (\$'000's)	959,298	864,864	719,001
Infrastructure Backlog Ratio	0.03x	0.03x	0.06x
Asset Maintenance Ratio	1.05x	1.02x	1.14x
Building and Infrastructure Asset Renewal Ratio	0.12x	0.18x	0.56x
Capital Expenditure Ratio	2.59x	1.63x	1.29x

The Infrastructure Backlog Ratio has improved from 2009 due to the backlog decreasing to \$20.2m while the overall value of assets has grown by approximately \$211m predominantly due to the Asset Revaluations.

Council has managed to invest more in maintaining infrastructure each year than has been actually required therefore this has enabled the Council to prevent the backlog figure from growing further.

The Buildings and Infrastructure Renewals Ratio shows a worsening position over the three years. This indicates that buildings and infrastructure are not being renewed to their equivalent capacity. However this ratio does not take into account capital expenditure that increases capacity or performance. Consequently the sewerage capital expenditure in 2010 has not been captured within this ratio. This explains the difference between this ratio deteriorating and the Infrastructure Backlog Ratio improving because the sewerage asset upgrade reduced the backlog but is not a renewal to equivalent capacity.

The Capital Expenditure Ratio has improved strongly over the three year period and is well above the 1.1x benchmark in 2011. This indicates that the Council is expanding their Net Assets by a sufficient amount each year to manage the growth of the LGA and the related increase in asset utilisation.



New South Wales  
Treasury Corporation

### 3.6(c): Capital Program

The following figures are sourced from the Council's Annual Financial Statements at Special Schedule No. 8 and are not audited. New capital works are major non-recurrent projects.

Capital Program (\$'000's)	Year ended 30 June		
	2011	2010	2009
New capital works	16,783	6,445	15,000
Replacement/refurbishment of existing assets	20,265	17,663	7,000
<b>Total</b>	<b>37,048</b>	<b>24,108</b>	<b>22,000</b>

The capital program has grown for the second consecutive year, with 2011 receiving relatively high amounts for both categories. This indicates that the Council has a focus both on new capital projects and the ongoing replacement of existing assets as they come to the end of their useful lives.

The new West Ballina wastewater treatment plant and the upgrade of the Lennox Head treatment plant are the large ongoing infrastructure programs currently being overseen by Council. Between these two facilities the Council is utilising an additional \$63m of borrowings.

Other recent programs that have been completed include:

- Lennox Head Community Centre (\$9m)
- Teven Bridges (\$8m)
- Plateau Drive Road construction (\$3.5m)
- Town Centre upgrades (\$3m)
- Sewer Main renewals (\$2m)



New South Wales  
Treasury Corporation

### 3.7: Specific Risks to Council

- Environmental and natural disasters. Ballina is subject to the impacts of climate change and sea level rises as its township is located in a flood plain, on the coast and at a river entrance. The LGA has had five Natural Disaster Declarations since 2009 due to flooding and one bush fire. Council's management of this risk is substantially reliant on being able to receive both State and Federal funding under various "natural disaster" funds.
- Population growth. Ballina Shire is a desirable relocation destination, especially for retirees due to its flat landscape. Growth is expected to continue as it has done in the last 10 years, with forecast growth of 1.1% p.a. to 2036. This places pressure on existing infrastructure and services while increasing demand for new infrastructure and services. The Council has stated its awareness of the situation within its first Community Strategic Plan (CSP) and they have developed eight objectives that will enable them to achieve their vision of how they want the LGA to be in 2025. The implementation of the CSP has been further defined within the Council's four year Delivery Plan and one year Operational Plan. As noted below the IP&R process is a new concept to the Council and they may further refine their plan in future reviews.
- Ageing population. The 2006 Census showed the median age at 42, compared to the country median age of 37. It is projected to increase to 48 by 2031. An ageing population, as with population growth, places pressure on existing infrastructure and services, with consideration required for future service requirements that may have implications in terms of future service provision. Council is well aware of the fact that they are a desirable destination for retirees and have incorporated the forecast ageing population within their IP&R documents to ensure the Council is able to manage community demands.
- Council is undertaking a large sewer upgrade for Ballina and Lennox Head that will utilise \$63m of additional borrowings by 2013. This is a significant increase in the consolidated debt profile for the Council and while the Sewer Fund should be able to service this debt, Council will require sufficient financial risk management strategies for facilities of that size. Council has highlighted that they have overseen a substantial program of capital works in recent years and have demonstrated both their project management and financial risk management capabilities and appear to have managed all risks adequately.
- The IP&R process requires further refinement. Council has stated the need to refine the Asset Management Plan and to analyse the high level engineering assessments that provided the data for the infrastructure backlog figures. Worst case scenario is that the backlog is currently understated. The Council aims to invest in the collection of condition data and modelling to further refine its renewal strategies, providing more accurate figures that link into the LTFP.



New South Wales  
Treasury Corporation

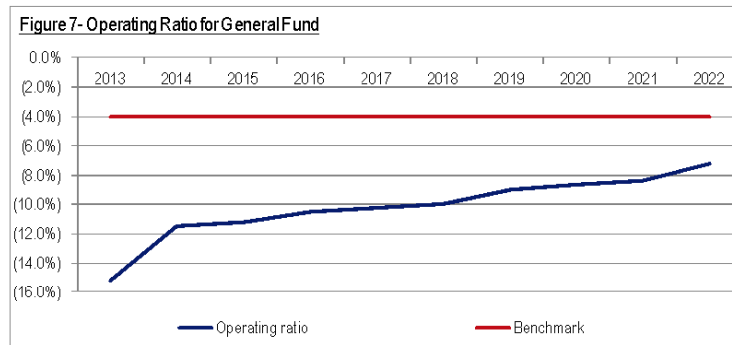
**Section 4 Review of Financial Forecasts**

The financial model shows the projected financial statements and assumptions for the next 10 years. The model includes the \$7m airport loan without any LIRS subsidy and the \$2.3m road reconstruction loan with the LIRS subsidy included. The Council's model has therefore been amended by TCorp to remove the LIRS subsidy with the additional interest cost of \$0.059m p.a. being added back to equate for the 4% subsidy specifically input for the \$2.3m loan.

Both of the LIRS loans relate to the General Fund, therefore we have focused our financial analysis solely upon this Fund. Council's consolidated position includes both a Water, and Sewer Fund however these are operated as independent entities, which unlike the General Fund are able to adjust the appropriate fees and charges to meet all future operating and investing expenses.

The unwinding of interest free loans figures within the model have also been added back by TCorp when EBITDA has been calculated.

**4.1: Operating Results / Position**



The General Fund shows deficit positions are expected in all 10 years when capital grants and contributions are excluded. The increased depreciation charges following the Asset Revaluations are impacting on this ratio. This is the weakest forecast ratio and highlights that over the longer term Council could face financial sustainability issues, although the figure is due to improve throughout the model from the worst ratio deficit in 2012 of 15.2% to 7.2% in 2022.

The largest decrease in deficit is between 2013 and 2014 and is directly related to the SRV that is still in place until 2014, which increases the rates and annual charges above the standard rate peg increase.

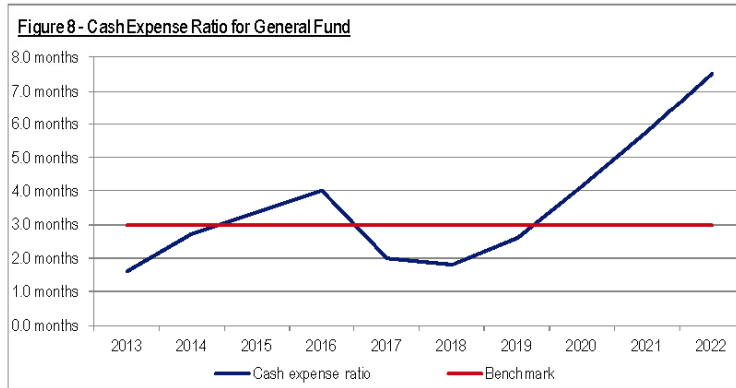


New South Wales  
Treasury Corporation

**4.2: Financial Management Indicators**

The financial management indicators are linked to the utilisation of debt in early years and improve over time as the amortising debt reduces and operating deficits also improve.

Liquidity Ratios

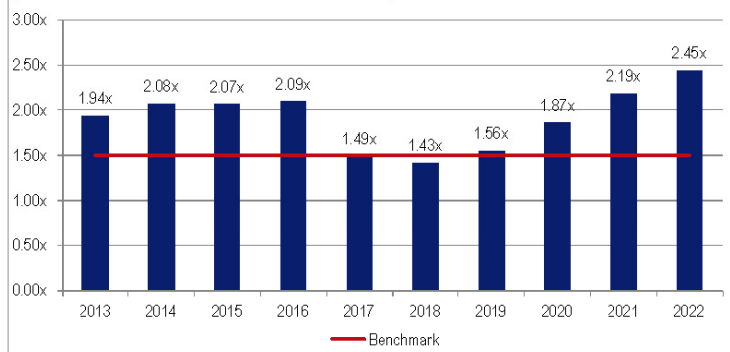


Council is forecasting a fluctuating Cash Expense Ratio over the first seven years before strengthening in the final three years. The lowest annual ratio occurs in 2013 at 1.63 months but overall this ratio shows a positive trend. The decrease in 2017 and 2018 back below the benchmark corresponds with the reduction in the Unrestricted Current Ratio in these years. The three years that the Council is below benchmark correlates with the three highest capital expenditure years that utilise cash reserves to assist the capital investment.



New South Wales  
Treasury Corporation

Figure 9 - Unrestricted Current Ratio for General Fund

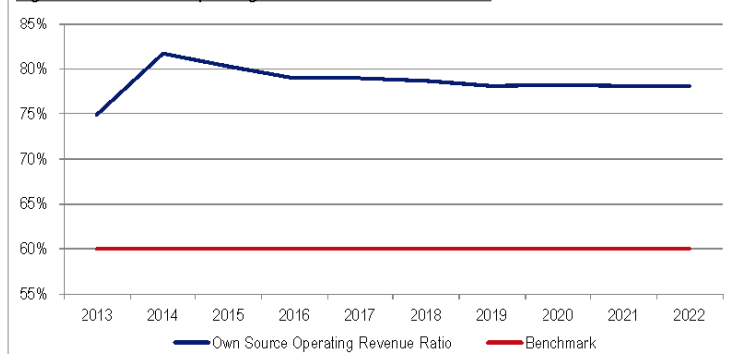


The Unrestricted Current Ratio is at the lowest position in 2018 however this is only slightly below the IPART benchmark figure of 1.5x and Council remains above the 1.5x benchmark for eight of the 10 years. These forecast results are below the historical ratio performance, therefore it appears that Council have been prudent when forecasting these figures. Again, the reduction in 2017 and 2018 is linked to the increased capital expenditure forecast in these years.

Overall it appears that the Council will have sufficient liquidity throughout the next 10 year period to service all short term liabilities and currently scheduled capital expenditure and related long term liabilities.

Fiscal Flexibility Ratios

Figure 10 - Own Source Operating Revenue Ratio for General Fund



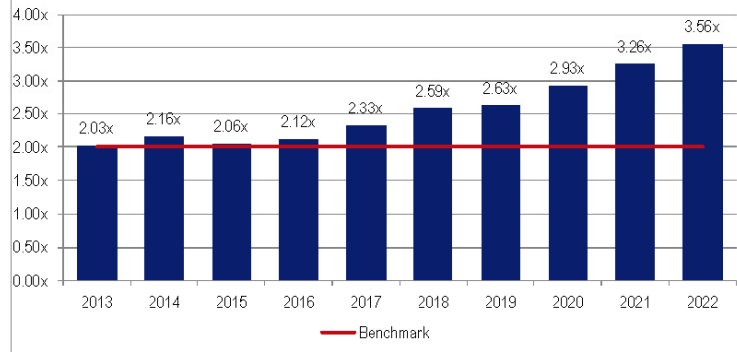




New South Wales  
Treasury Corporation

The Own Source Operating Revenue Ratio shows a strong result with Council's net rates, utilities and charges remaining over 75% against the 60% benchmark figure of total revenue. This is higher than the historic result that averaged 61% due to the fact that Council have forecast capital grants and contributions at a lower level than received historically.

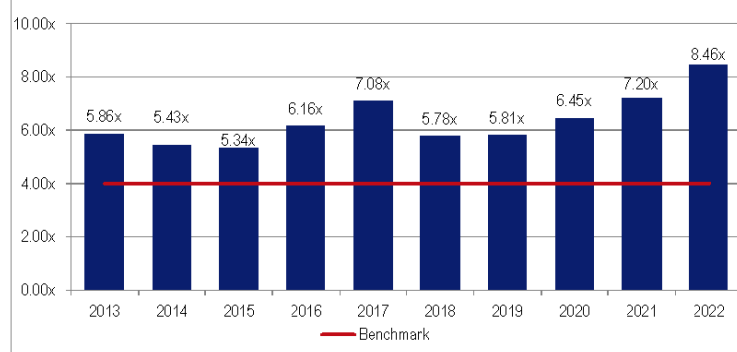
Figure 11 - DSCR for General Fund



The General Fund DSCR is above the benchmark 2.0x figure for the full 10 years of the model, with the ratio showing a stronger result over time. This indicates that the General Fund has the capacity to manage the additional debt costs that the LIRS applications relate to.

This corresponds with Council having a relatively low level of borrowings utilised within the General Fund. The improving ratio over time is due to an increasing EBITDA and a decrease in debt service costs over time as Council starts to pay down its debt.

Figure 12 - Interest Cover Ratio for General Fund

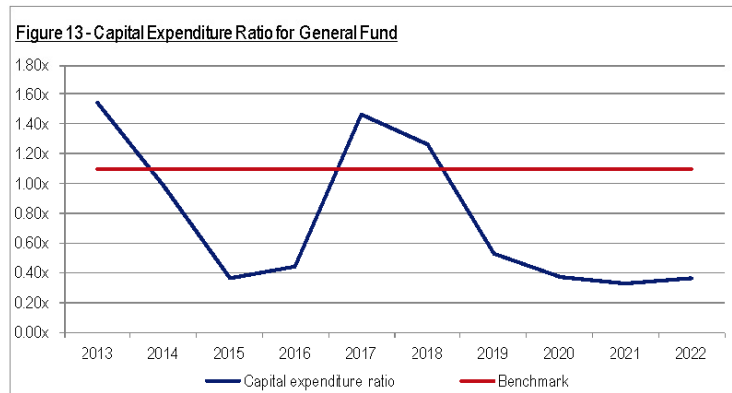




New South Wales  
Treasury Corporation

The Interest Cover Ratio, similarly to the DSCR, shows the Council has sufficient capacity to service scheduled debt commitments, including the LIRS loans. There also appears to be a moderate capability to service further debt interest costs before the Council's ratio decreases to the 4.0x benchmark. The lower ratio results under 6.0x are related to the years when additional debt is utilised and subsequent interest costs increase.

### 4.3: Capital Expenditure



The Capital Expenditure Ratio shows a widely fluctuating performance across the 10 year period with Council forecasting a ratio above the benchmark of 1.1x in only three of the 10 years. As Council is forecasting a population increase, the asset base should increase in line to meet demand. The forecast low levels of capital expenditure for the majority of the 10 years will increase pressure on existing assets. The total deficit figure for capital expenditure versus depreciation across the 10 year period amounts to \$41.0m in nominal terms.



New South Wales  
Treasury Corporation

#### 4.4: Financial Model Assumption Review

The Council used their own assumptions in developing their forecasts.

Councils have used their own assumptions in developing their forecasts.

In order to evaluate the validity of the Council's forecast model, TCorp has compared the model assumptions versus TCorp's benchmarks for annual increases in the various revenue and expenditure items. Any material differences from these benchmarks should be explained through the LTFP.

TCorp's benchmarks:

- Rates and annual charges: TCorp notes that the LGCI increased by 3.4% in the year to September 2011, and in December 2011, IPART announced that the rate peg to apply in the 2012/13 financial year will be 3.6%. Beyond 2013 TCorp has assessed a general benchmark for rates and annual charges to increase by mid-range LGCI annual increases of 3.0%
- Interest and investment revenue: annual return of 5%
- All other revenue items: the estimated annual CPI increase of 2.5%
- Employee costs: 3.5% (estimated CPI+1%)
- All other expenses: the estimated annual CPI increase of 2.5%

Key Observations and Risks:

- The forecasts for rates and annual charges are linked into the SRV that runs to 2014 and then reverts to 4% p.a. when including the 1% growth in assessments each year. This appears reasonable considering the historic population growth of 1.4%p.a. in recent years
- The annual increases of 3.3% for user charges and fees and 2.6% for materials and contracts expenses are considered reasonable
- Employee costs are prudent at 4% p.a. and considering the static trend for the last three years may be considered pessimistic
- The grants and contributions for operating purposes annual increases, while not excessively high at an average 3.4% p.a., appears to be optimistic when compared to historic figures that have only increased by an average of 1.4% in the last two years. The specific nature of certain operating grants and contributions can make forecasting these figures harder than other categories



New South Wales  
Treasury Corporation

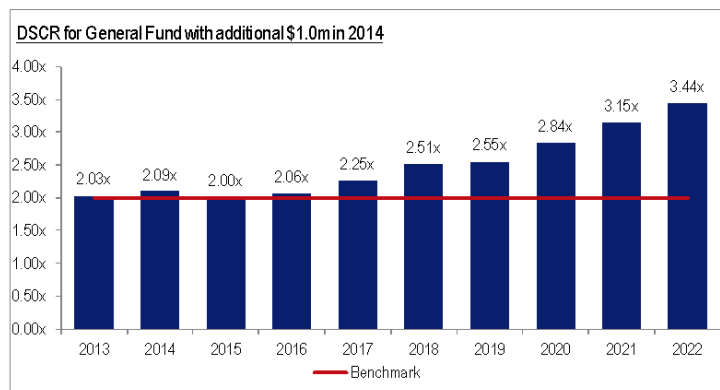
**4.5: Borrowing Capacity**

When analysing the financial capacity of Council we believe the Council will be able to incorporate additional loan funding in addition to the LIRS loan facilities as follows:

Based on a benchmark of DSCR>2x, Council could borrow \$1.0m within the General Fund in addition to the \$9.3m borrowings proposed under LIRS in 2014.

As the DSCR ratio improves from 2015 onwards there could be further capacity to take on increased borrowings from that point however we would recommend a subsequent review of the Council's financial position nearer the time to confirm if this remains the case.

This scenario has been calculated by basing borrowing capacity on a 10 year amortising loan at 8.0% p.a. interest rate.





New South Wales  
Treasury Corporation

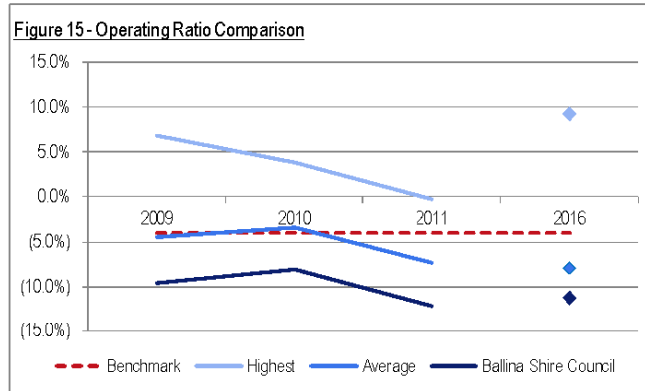
### Section 5 Benchmarking and Comparisons with Other Councils

As discussed in section 2 of this report, each council's performance has been assessed against ten key benchmark ratios. This section of the report compares the Council's performance with its peers in the same DLG Group. The Council is in DLG Group 4. There are 30 councils in this group and at the time of drafting this report, we have data for 18 of these councils.

In Figure 15 to Figure 21, the graphs compare the historical performance of Council with the benchmark for that ratio, with the average for the Group, with the highest performance (or lowest performance in the case of the Infrastructure Backlog Ratio where a low ratio is an indicator of strong performance), and with the forecast position of the Council as at 2016 (as per Council's LTFP). Figures 22 to 24 do not include the 2016 forecast position as those numbers are not available.

Where no highest line is shown on the graph, this means that Council is the best performer in its group for that Ratio.

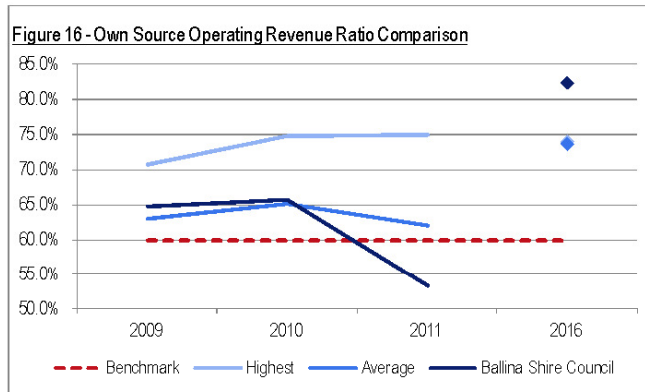
#### Financial Flexibility



Council's Operating Ratio was below average in the past three years. Consistent with other councils in the group, it experienced a decline in operating results in 2011 due to increased depreciation expense. The results are forecast to improve slightly in the medium term but remain below the group's average and benchmark.



New South Wales  
Treasury Corporation

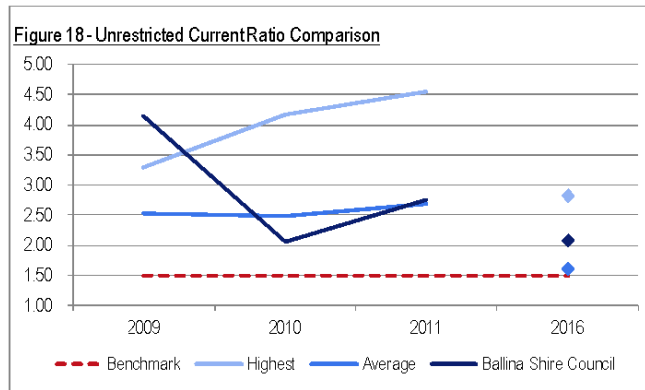
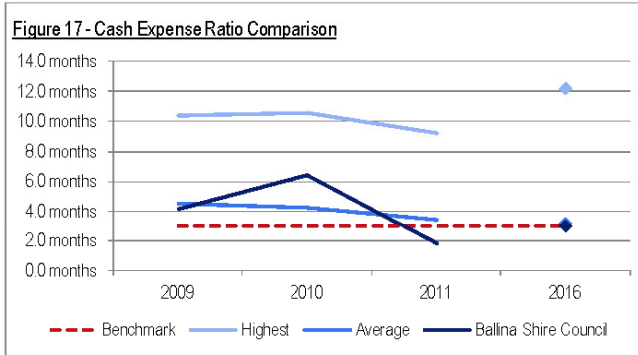


Council's Own Source Operating Revenue Ratio was above the group average and benchmark for two of the past three years. The decline in 2011 was due to increased rental revenue that is not captured by the Ratio and reduced caravan park fees. Overall, Council's financial flexibility is slightly below the group's average.



New South Wales  
Treasury Corporation

Liquidity

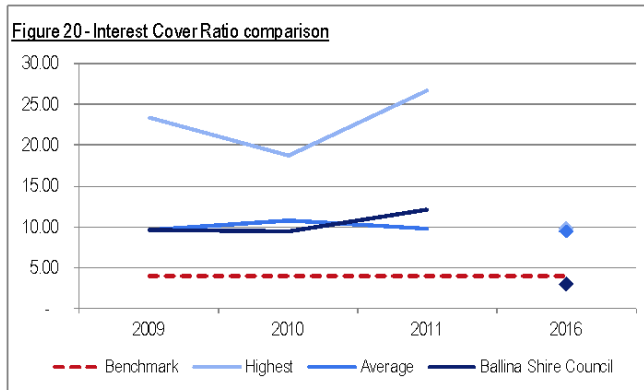
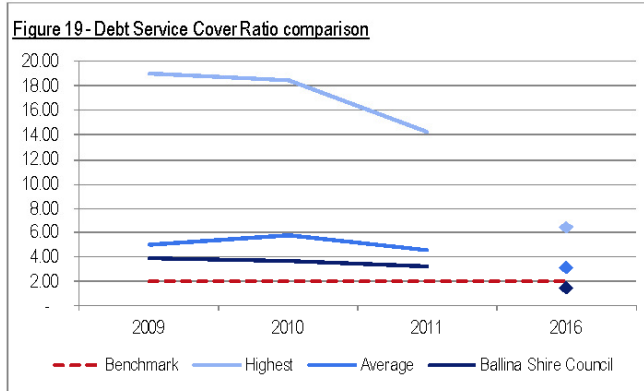


On average over the past three years, the Council's liquidity position has been sound and this is forecast to continue.



New South Wales  
Treasury Corporation

Debt Servicing



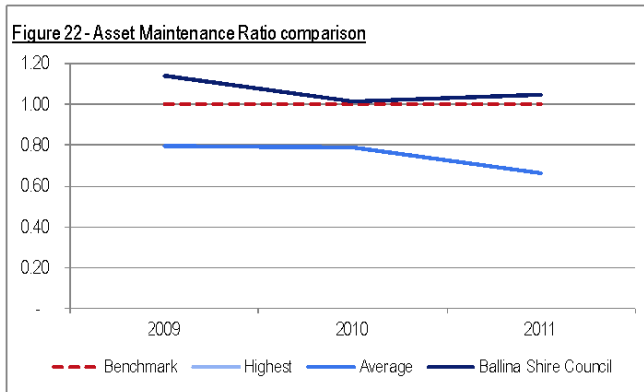
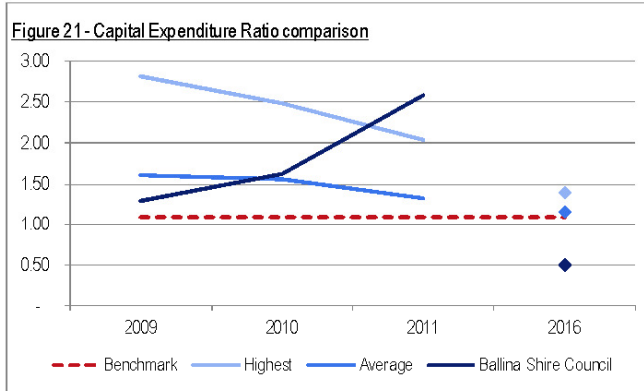
Council had above benchmark DSCR and Interest Cover Ratio in the past but this dips just below the benchmark in the forecast. Both ratios are below the group average for most of the years of the ratios indicating that it is more highly leveraged than other councils in the group.





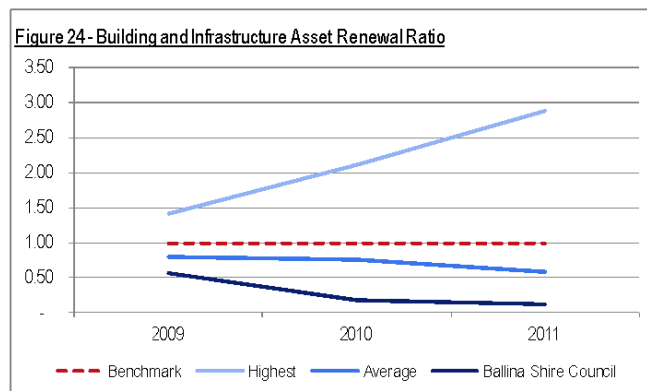
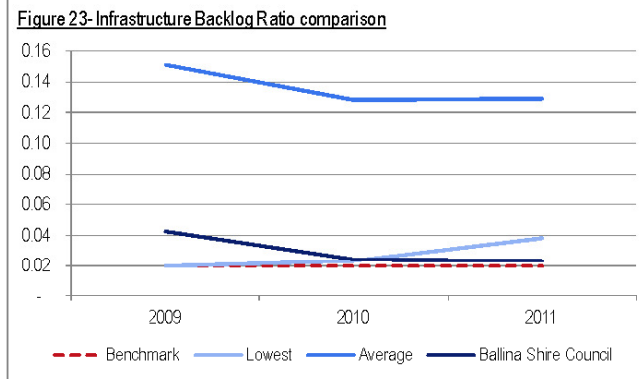
New South Wales  
Treasury Corporation

Asset Renewal and Capital Works





New South Wales  
Treasury Corporation



Overall, the Council has a much lower Infrastructure Backlog than other councils in the group. It is also the best council in the group in terms of spending relatively the most on asset maintenance. However, the Council's capital expenditure spent fluctuates and was below average in 2009 and in the forecast. The Building and Infrastructure Asset Renewal Ratio was below the group average suggesting that Council has not spent a sufficient amount on asset renewal. Overall the Council has kept its existing assets well maintained and its Infrastructure Backlog low but more capital expenditure investments than currently forecast may be required to service a growing population.



New South Wales  
Treasury Corporation

### Section 6 Conclusion and Recommendations

Based on our review of both the historic financial information and the 10 year financial forecast within Council's long term financial plan we consider Council to be in a sound financial position. Both past performance and the financial forecasts support our findings that Council has sufficient financial capacity to service the additional borrowings proposed under its LIRS applications.

As noted in our report, the forecast analysis has been focussed on the General Fund where the LIRS applications relate, whereas the historical analysis has focused on the consolidated Audited Accounts.

We base our recommendation on the following key points:

- Council has sufficient capacity to manage the additional \$9.3m debt highlighted by a DSCR and Interest Cover Ratio above the benchmarks in all 10 years of its financial forecast
- Council appears to have sufficient liquidity to manage their short term liabilities during the 10 year forecast period
- Council has maintained control of expenses in the past three years, especially employee costs where other councils have seen considerable increases
- Council has a relatively low level of borrowings at \$24.5m, only 2.7% of net assets
- Council has a relatively small infrastructure backlog at \$20.2m that equates to only 2.3% of total IPP&E
- Council have allocated sufficient maintenance funding in the last three years to make sure IPP&E remains at the same standard and does not contribute to the infrastructure backlog

However we would also recommend that the following points be considered:

- Operating deficit results excluding capital grants and contributions are forecast to remain for the 10 year forecast period. These operating deficit results are all substantially below the benchmark target of (4%<sup>o</sup>). This is a significant issue that could impact the long term financial sustainability of the Council. We recommend Council considers its options for improving its performance in this area, either by further and on-going cost controls, or securing new or additional revenue, such as an additional SRV in future years
- Whilst depreciation is fully funded by sufficient capital expenditure in the first six years of the financial forecasts, it appears that for the last four years of the forecast a much lower level of capital expenditure has been forecast. We would therefore recommend these figures be reviewed by Council and would recommend ongoing analysis to verify them in the future.
- Council has indicated that their Asset Management Plan requires further refinement and as the IP&R system is an ongoing process we believe that the Council will become more accomplished in providing more accurate data that will interlink between the IP&R documents and the financial forecasts



New South Wales  
Treasury Corporation

**Appendix A**

**Historical Financial Information**

Table 1- Income Statement

Income Statement (\$'000's)	Year ended 30 June			% annual change	
	2011	2010	2009	2011	2010
<b>Revenue</b>					
Rates and annual charges	29,625	26,558	24,780	11.5%	7.2%
User charges and fees	14,987	18,292	15,907	(18.1%)	15.0%
Interest and investment revenue	3,833	3,249	4,120	18.0%	(21.1%)
Grants and contributions for operating purposes	7,117	6,997	6,925	1.7%	1.0%
Other revenues	4,058	2,762	2,676	46.9%	3.2%
<b>Total revenue</b>	<b>59,620</b>	<b>57,858</b>	<b>54,408</b>	<b>3.0%</b>	<b>6.3%</b>
<b>Expenses</b>					
Employees	18,473	18,482	18,509	(0.0%)	(0.1%)
Borrowing costs	1,058	1,141	1,105	(7.3%)	3.3%
Materials and contract expenses	20,921	23,360	19,911	(10.4%)	17.3%
Depreciation and amortisation	19,024	14,429	14,751	31.8%	(2.2%)
Other expenses	5,663	4,796	4,954	18.1%	(3.2%)
Net losses from disposal of assets	1,751	347	369	404.6%	(6.0%)
<b>Total expenses</b>	<b>66,890</b>	<b>62,555</b>	<b>59,599</b>	<b>6.9%</b>	<b>5.0%</b>
<b>Operating result (excluding capital grants and contributions)</b>	<b>(7,270)</b>	<b>(4,697)</b>	<b>(5,191)</b>	<b>54.8%</b>	<b>(9.5%)</b>
<b>Operating result (including capital grants and contributions)</b>	<b>16,775</b>	<b>5,678</b>	<b>3,329</b>	<b>195.4%</b>	<b>70.6%</b>

Table 2-Items excluded from Income Statement

Excluded items	2011	2010	2009
Grants and contributions for capital purposes	24,045	10,375	8,520
Increase (Decrease) in the fair value of investments	747	1,641	(1,889)
Gain on recognition of interest-free loan	0	4,142	0
Increase in the fair value of investment properties	2,567	0	0
Unwinding of present value discounts	889	353	403



New South Wales  
Treasury Corporation

Table 3-Balance Sheet

Balance Sheet (\$'000's)	Year Ended 30 June			% annual change	
	2011	2010	2009	2011	2010
<b>Current assets</b>					
Cash and equivalents	7,182	25,326	15,191	(71.6%)	66.7%
Investments	28,426	20,451	19,782	39.0%	3.4%
Receivables	7,502	9,389	8,239	(20.1%)	14.0%
Inventories	4,050	2,940	1,214	37.8%	142.2%
Other	557	539	550	3.3%	(2.0%)
<b>Total current assets</b>	<b>47,717</b>	<b>58,645</b>	<b>44,976</b>	<b>(18.6%)</b>	<b>30.4%</b>
<b>Non-current assets</b>					
Investments	21,272	27,206	30,774	(21.8%)	(11.6%)
Receivables	594	720	218	(17.5%)	230.3%
Inventories	2,456	2,481	2,276	(1.0%)	9.0%
Infrastructure, property, plant & equipment	865,229	759,782	624,727	13.9%	21.6%
Investment property	22,030	16,030	16,030	37.4%	0.0%
<b>Total non-current assets</b>	<b>911,581</b>	<b>806,219</b>	<b>674,025</b>	<b>13.1%</b>	<b>19.6%</b>
<b>Total assets</b>	<b>959,298</b>	<b>864,864</b>	<b>719,001</b>	<b>10.9%</b>	<b>20.3%</b>
<b>Current liabilities</b>					
Payables	4,764	6,582	4,196	(27.6%)	56.9%
Borrowings	2,825	7,867	1,794	(64.1%)	338.5%
Provisions	7,575	7,861	7,384	(3.6%)	6.5%
<b>Total current liabilities</b>	<b>15,164</b>	<b>22,310</b>	<b>13,374</b>	<b>(32.0%)</b>	<b>66.8%</b>
<b>Non-current liabilities</b>					
Payables	1,106	1,373	1,554	(19.4%)	(11.6%)
Borrowings	21,643	15,858	15,217	36.5%	4.2%
Provisions	5,890	5,648	5,284	4.3%	6.9%
<b>Total non-current liabilities</b>	<b>28,639</b>	<b>22,879</b>	<b>22,055</b>	<b>25.2%</b>	<b>3.7%</b>
<b>Total liabilities</b>	<b>43,803</b>	<b>45,189</b>	<b>35,429</b>	<b>(3.1%)</b>	<b>27.5%</b>
<b>Net assets</b>	<b>915,495</b>	<b>819,675</b>	<b>683,572</b>	<b>11.7%</b>	<b>19.9%</b>



New South Wales  
Treasury Corporation

Table 4-Cashflow

Cashflow Statement (\$'000)	Year ended 30 June		
	2011	2010	2009
Cashflows from operating activities	21,961	16,423	16,691
Cashflows from investing activities	(40,204)	(17,144)	(20,331)
Proceeds from borrowings and advances	3,000	12,650	3,905
Repayment of borrowings and advances	(2,901)	(1,794)	(1,615)
Cashflows from financing activities	99	10,856	2,290
<b>Net increase/(decrease) in cash and equivalents</b>	<b>(18,144)</b>	<b>10,135</b>	<b>(1,350)</b>
Cash and equivalents	7,182	25,326	15,191



New South Wales  
Treasury Corporation

### Appendix B

#### Glossary

##### Asset Revaluations

In assessing the financial sustainability of NSW councils, IPART found that not all councils reported assets at fair value.<sup>1</sup> In a circular to all councils in March 2009<sup>2</sup>, DLG required all NSW councils to revalue their infrastructure assets to recognise the fair value of these assets by the end of the 2009/10 financial year.

##### Collateralised Debt Obligation (CDO)

CDOs are structured financial securities that banks use to repackage individual loans into a product that can be sold to investors on the secondary market.

In 2007 concerns were heightened in relation to the decline in the “sub-prime” mortgage market in the USA and possible exposure of some NSW councils, holding CDOs and other structured investment products, to losses.

In order to clarify the exposure of NSW councils to any losses, a review was conducted by the DLG with representatives from the Department of Premier and Cabinet and NSW Treasury.

A revised Ministerial investment Order was released by the DLG on 18 August 2008 in response to the review, suspending investments in CDOs, with transitional provisions to provide for existing investments.

##### Division of Local Government (DLG)

DLG is a division of the NSW Department of Premier and Cabinet and is responsible for local government across NSW. DLG’s organisational purpose is “to strengthen the local government sector” and its organisational outcome is “successful councils engaging and supporting their communities”. Operating within several strategic objectives DLG has a policy, legislative, investigative and program focus in matters ranging from local government finance, infrastructure, governance, performance, collaboration and community engagement. DLG strives to work collaboratively with the local government sector and is the key adviser to the NSW Government on local government matters.

##### Depreciation of Infrastructure Assets

Linked to the asset revaluations process stated above, IPART’s analysis of case study councils found that this revaluation process resulted in sharp increases in the value of some council’s assets. In some cases this has led to significantly higher depreciation charges, and will contribute to higher reported operating deficits.

##### EBITDA

---

<sup>1</sup>IPART “Revenue Framework for Local Government” December 2009 p.83

<sup>2</sup>DLG “Recognition of certain assets at fair value” March 2009



New South Wales  
Treasury Corporation

EBITDA is an acronym for “earnings before interest, taxes, depreciation, and amortisation”. It is often used to measure the cash earnings that can be used to pay interest and repay principal.

### Grants and Contributions for Capital Purposes

Councils receive various capital grants and contributions that are nearly always 100% specific in nature. Due to the fact that they are specifically allocated in respect of capital expenditure they are excluded from the operational result for a council in TCorp’s analysis of a council’s financial position.

### Grants and Contributions for Operating Purposes

General purpose grants are distributed through the NSW Local Government Grants Commission. When distributing the general component each council receives a minimum amount, which would be the amount if 30% of all funds were allocated on a per capita basis. When distributing the other 70%, the Grants Commission attempts to assess the extent of relative disadvantage between councils. The approach taken considers cost disadvantage in the provision of services on the one hand and an assessment of revenue raising capacity on the other.

Councils also receive specific operating grants for one-off specific projects that are distributed to be spent directly on the project that the funding was allocated to.

### Independent Commission Against Corruption (ICAC)

ICAC was established by the NSW Government in 1989 in response to growing community concern about the integrity of public administration in NSW.

The jurisdiction of the ICAC extends to all NSW public sector agencies (except the NSW Police Force) and employees, including government departments, local councils, members of Parliament, ministers, the judiciary and the governor. The ICAC’s jurisdiction also extends to those performing public official functions.

### Independent Pricing and Regulatory Tribunal (IPART)

IPART has four main functions relating to the 152 local councils in NSW. Each year, IPART determines the rate peg, or the allowable annual increase in general income for councils. They also review and determine council applications for increases in general income above the rate peg, known as “Special Rate Variations”. They approve increases in council minimum rates. They also review council development contributions plans that propose contribution levels that exceed caps set by the Government.

### Infrastructure Backlog

Infrastructure backlog is defined as the estimated cost to bring building, infrastructure and other structures to a satisfactory standard, measured at a particular point in time. It is unaudited and stated within Special Schedule 7 that accompanies the council’s audited annual financial statements.





New South Wales  
Treasury Corporation

### Integrated Planning and Reporting (IP&R) Framework

As part of the NSW Government's commitment to a strong and sustainable local government system, the *Local Government Amendment (Planning and Reporting) Act 2009* was assented on 1 October 2009. From this legislative reform the IP&R framework was devised to replace the former Management Plan and Social Plan with an integrated framework. It also includes a new requirement to prepare a long-term Community Strategic Plan and Resourcing Strategy. The other essential elements of the new framework are a Long-Term Financial Plan (LTFP), Operational Plan and Delivery Program and an Asset Management Plan.

### Local Government Cost Index (LGCI)

The LGCI is a measure of movements in the unit costs incurred by NSW councils for ordinary council activities funded from general rate revenue. The LGCI is designed to measure how much the price of a fixed "basket" of inputs acquired by councils in a given period compares with the price of the same set of inputs in the base period. The LGCI is measured by IPART.

### Net Assets

Net Assets is measured as total assets less total liabilities. The Asset Revaluations over the past years have resulted in a high level of volatility in many councils' Net Assets figure. Consequently, in the short term the value of Net Assets is not necessarily an informative indicator of performance. In the medium to long term however, this is a key indicator of a council's capacity to add value to its operations. Over time, Net Assets should increase at least in line with inflation plus an allowance for increased population and/or improved or increased services. Declining Net Assets is a key indicator of the council's assets not being able to sustain ongoing operations.

### Roads and Maritime Services (RMS)

The NSW State Government agency with responsibility for roads and maritime services, formerly the Roads and Traffic Authority (RTA).

### Section 64 Contribution

Development Servicing Plans (DSPs) are made under the provisions of Section 64 of the Local Government Act 1993 and Sections 305 to 307 of the Water Management Act 2000.

DSPs outline the developer charges applicable to developments for Water, Sewer and Stormwater within each Local Government Area.

### Section 94 Contribution

Section 94 of the Environmental Planning and Assessment Act 1979 allows councils to collect contributions from the development of land in order to help meet the additional demand for community and open space facilities generated by that development.

It is a monetary contribution levied on developers at the development application stage to help pay for additional community facilities and/or infrastructure such as provision of libraries; community facilities; open space; roads; drainage; and the provision of car parking in commercial areas.



New South Wales  
Treasury Corporation

The contribution is determined based on a formula which should be contained in each council's Section 94 Contribution Plan, which also identifies the basis for levying the contributions and the works to be undertaken with the funds raised.

### Special Rate Variation (SRV)

A SRV allows councils to increase general income above the rate peg, under the provisions of the Local Government Act 1993. There are two types of special rate variations that a council may apply for:

- a single year variation (section 508(2)) or
- a multi-year variation for between two to seven years (section 508A).

The applications are reviewed and approved by IPART.

### **Ratio Explanations**

#### Asset Maintenance Ratio

Benchmark = Greater than 1.0x

Ratio = actual asset maintenance / required asset maintenance

This ratio compares actual versus required annual asset maintenance, as detailed in Special Schedule 7. A ratio of above 1.0x indicates that the council is investing enough funds within the year to stop the infrastructure backlog from growing.

#### Building and Infrastructure Renewals Ratio

Benchmark = Greater than 1.0x

Ratio = Asset renewals / depreciation of building and infrastructure assets

This ratio compares the proportion spent on infrastructure asset renewals and the asset's deterioration measured by its accounting depreciation. Asset renewal represents the replacement or refurbishment of existing assets to an equivalent capacity or performance as opposed to the acquisition of new assets or the refurbishment of old assets that increase capacity or performance.

#### Cash Expense Cover Ratio

Benchmark = Greater than 3.0 months

Ratio = current year's cash and cash equivalents / (total expenses – depreciation – interest costs)\*12

This liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow.

#### Capital Expenditure Ratio

Ballina Shire Council

COMMERCIAL-IN-CONFIDENCE

Page 39



New South Wales  
Treasury Corporation

Benchmark = Greater than 1.1x

Ratio = annual capital expenditure / annual depreciation

This indicates the extent to which a council is forecasting to expand its asset base with capital expenditure spent on both new assets, and replacement and renewal of existing assets.

### Debt Service Cover Ratio (DSCR)

Benchmark = Greater than 2.0x

Ratio = operating results before interest and depreciation (EBITDA) / principal repayments (from the statement of cash flows) + borrowing interest costs (from the income statement)

This ratio measures the availability of cash to service debt including interest, principal and lease payments

### Infrastructure Backlog Ratio

Benchmark = Less than 0.02x

Ratio = estimated cost to bring assets to a satisfactory condition (from Special Schedule 7) / total infrastructure, building, other structures and depreciable land improvement assets (from note 9a)

This ratio shows what proportion the backlog is against total value of a council's infrastructure.

### Interest Cover Ratio

Benchmark = Greater than 4.0x

Ratio = EBITDA / interest expense (from the income statement)

This ratio indicates the extent to which a council can service its interest bearing debt and take on additional borrowings. It measures the burden of the current interest expense upon a council's operating cash.

### Operating Ratio

Benchmark = Better than negative 4%

Ratio = (operating revenue excluding capital grants and contributions – operating expenses) / operating revenue excluding capital grants and contributions

This ratio measures a council's ability to contain operating expenditure within operating revenue.

### Own Source Operating Revenue Ratio

Benchmark = Greater than 60%



New South Wales  
Treasury Corporation

Ratio = rates, utilities and charges / total operating revenue (inclusive of capital grants and contributions)

This ratio measures the level of a council's fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. A council's financial flexibility improves the higher the level of its own source revenue.

### Unrestricted Current Ratio

Benchmark = 1.5x (taken from the IPART December 2009 Revenue Framework for Local Government report)

Ratio = Current assets less all external restrictions / current liabilities less specific purpose liabilities

Restrictions placed on various funding sources (e.g. Section 94 developer contributions, RMS contributions) complicate the traditional current ratio because cash allocated to specific projects are restricted and cannot be used to meet a council's other operating and borrowing costs. The Unrestricted Current Ratio is specific to local government and is designed to represent a council's ability to meet debt payments as they fall due.



New South Wales  
Treasury Corporation

01 March 2013

Paul Hickey  
General Manager  
Ballina Shire Council

**Updated Benchmarking Section for the LIRS Assessment Report Dated 22 August 2012**

Dear Paul,

Following our Financial and Assessment and Benchmarking Report dated 22 August 2012 which was prepared as a part of the Local Infrastructure Renewal Scheme (LIRS), TCorp has progressed to review all the 152 councils within NSW and have now collected additional data from peers within your Division of Local Government (DLG) Group.

Please find enclosed an updated version of 'Section 5: Benchmarking and Comparisons with Other Councils' including data from the financial year ended 30 June 2012 for all the NSW councils in Group 4.

We hope you find this information useful. Please contact us if you have any questions about this matter.

Yours sincerely,

Matthew Pickover

Ballina Shire Council

COMMERCIAL-IN-CONFIDENCE

Page 1



New South Wales  
Treasury Corporation

### Updated Section 5 Benchmarking and Comparisons with Other Councils

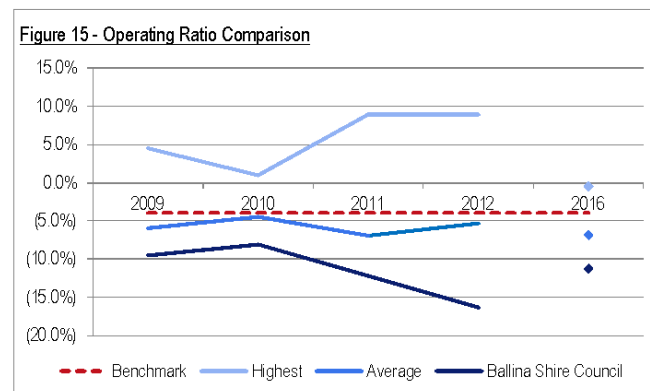
Each council's performance has been assessed against ten key benchmark ratios. This section of the report compares the Council's performance with its peers in the same DLG Group. The Council is in DLG Group 4. There are 31 councils in this group and at the time of preparing this report, we have data for all of these councils.

In Figure 15 to Figure 21, the graphs compare the historical performance of Council with the benchmark for that ratio, with the average for the Group, with the highest performance (or lowest performance in the case of the Infrastructure Backlog Ratio where a low ratio is an indicator of strong performance), and with the forecast position of the Council as at 2016 (as per Council's LTFP). Figures 22 to 24 do not include the 2016 forecast position as those numbers are not available.

Where no highest line is shown on the graph, this means that Council is the best performer in its group for that ratio. For the Interest Cover Ratio and Debt Service Cover Ratio, we have excluded from the calculations, councils with very high ratios which are a result of low debt levels that skew the ratios.

Please note that this section of the report has been prepared separately to the LIRS financial assessment and includes the latest information at the time of preparation which includes data from the 2012 financial year.

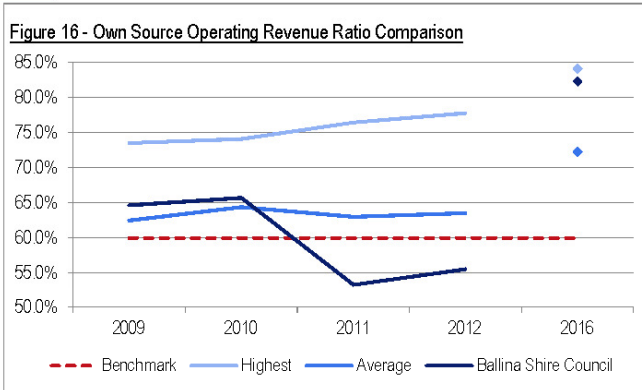
#### Financial Flexibility



Council's Operating Ratio was below average in the past four years. Consistent with other councils in the group, it experienced a decline in operating results in 2011 due to increased depreciation expense however Council's 2012 ratio continued to deteriorate whereas the group average improved slightly. The results are forecast to improve slightly in the medium term but remain below the group's average and benchmark.

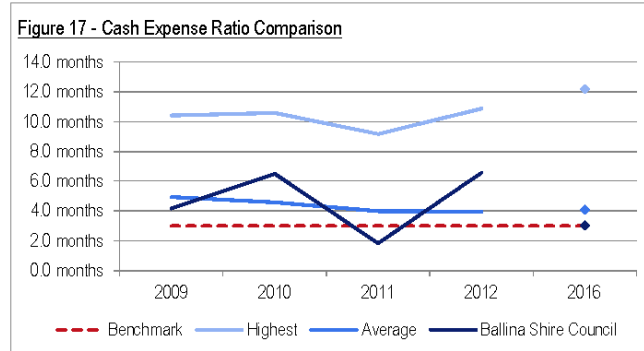


New South Wales  
Treasury Corporation



Council's Own Source Operating Revenue Ratio was above the group average and benchmark until 2010 but has since decreased below both. In both 2011 and 2012, Council received large developer capital contributions that resulted in the reduced ratio results. Overall, Council's financial flexibility is slightly below the group's average although the two years of the large developer capital contributions are the main reason for this.

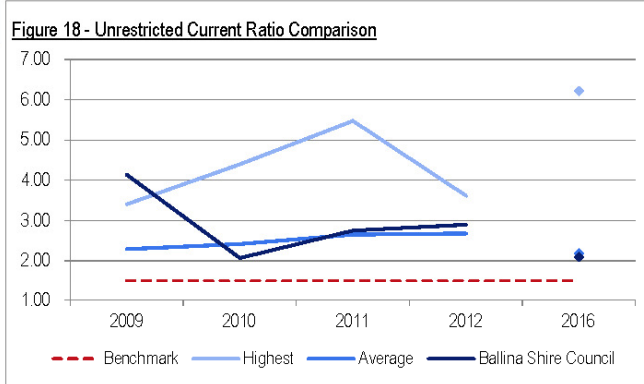
**Liquidity**



Council's Cash Expense Ratio reduced below both the average and the 3.0 months benchmark in 2011 but has increased above both these indicators in 2012 due to a large increase in the total cash and cash equivalents.



New South Wales  
Treasury Corporation



On average over the past four years, the Council's liquidity position has been sound and this is forecast to continue similar to the group average.





New South Wales  
Treasury Corporation

Debt Servicing

Figure 19 - Debt Service Cover Ratio Comparison

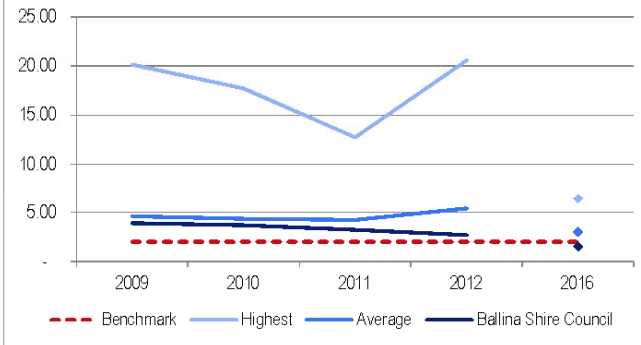
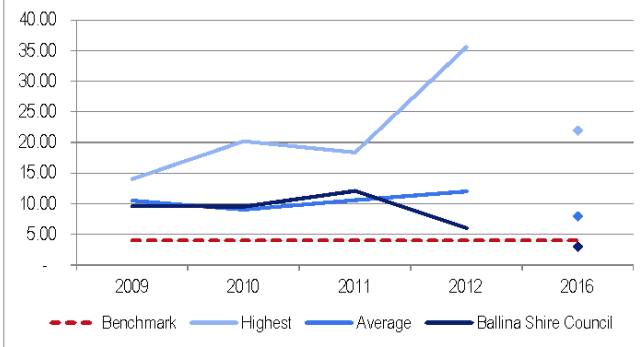


Figure 20 - Interest Cover Ratio Comparison



Council had above benchmark DSCR and Interest Cover Ratio in the past but this dips just below the benchmark in the forecast. Both ratios are below the group average for most of the years of the ratios indicating that proportionally Council has less capacity than its peers to utilise further borrowings.



New South Wales  
Treasury Corporation

Asset Renewal and Capital Works

Figure 21 - Capital Expenditure Ratio Comparison

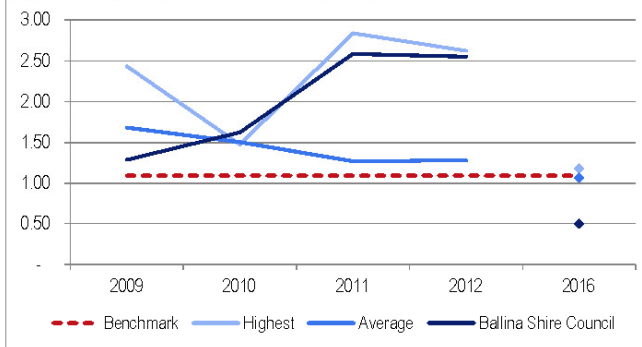
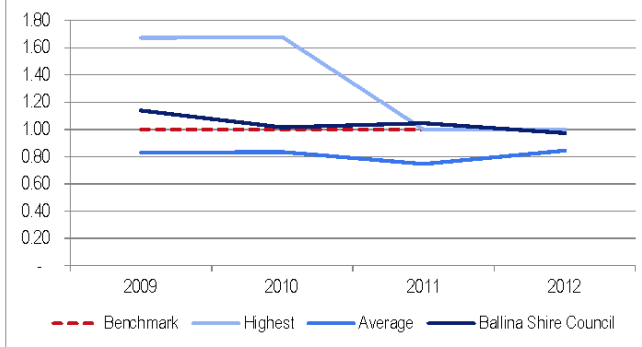


Figure 22 - Asset Maintenance Ratio Comparison





New South Wales  
Treasury Corporation

Figure 23 - Infrastructure Backlog Ratio Comparison

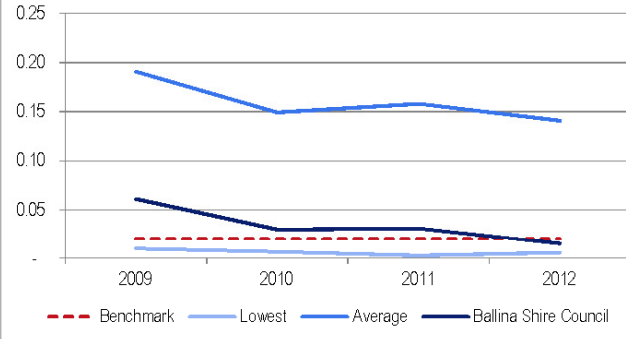
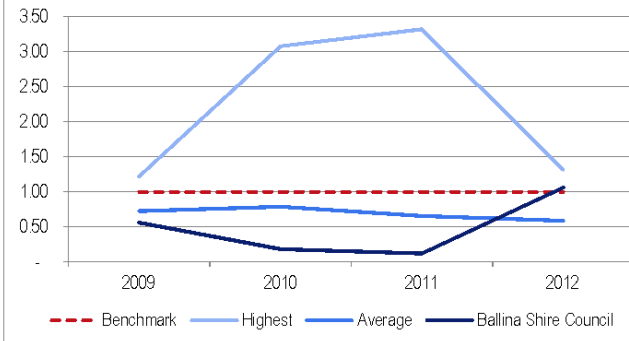


Figure 24 - Building and Infrastructure Asset Renewal Ratio



Council's capital expenditure has increased over the review period to a level strongly above the group average and the benchmark although the 2016 forecast shows a projected decrease to marginally below both these indicators.

Council has a much lower Infrastructure Backlog than the majority of other councils in the group and has decreased below the benchmark in 2012. It is also strong in terms of relative spending on asset maintenance. The Building and Infrastructure Asset Renewal Ratio was low and beneath the group average and benchmark until 2012 when it improved above both these indicators. Over the period Council has not spent a sufficient amount on asset renewal.

Overall the Council has kept its existing assets well maintained and its Infrastructure Backlog low but more capital expenditure investment than currently forecast may be required to service a growing population.

### **4.3 Waste Operations - Pricing for Recycled Waste**

---

### **4.3 Waste Operations - Pricing for Recycled Waste**

**Delivery Program** Financial Management

**Objective** To provide a review of the proposed prices for recycled material.

---

#### **Background**

At the 25 March 2013 Finance Committee meeting the issue of pricing for recycled material was raised and a further report was requested. The purpose of this report is to investigate the possibility of making recycled material free and what the implications of this strategy would be on the waste business.

It was also requested that the pricing strategies of neighbouring councils be included with the report.

#### **Key Issues**

- Environmental benefits
- Affordability

#### **Information**

The actual and proposed pricing structure for recycled material in 2012/13 and 2013/14 is shown in table one. There is a different pricing structure for self haul and Domestic Waste Management (DWM). This is because Council is subsidising self haul material to encourage people to recycle.

**Table One: Gate Fee for Recycled Material**

<b>Item</b>	<b>2012/13</b>	<b>2013/14</b>
Self Haul	\$75/tonne	\$79/tonne
DWM	\$185/tonne	\$194/tonne

Self haul refers to 100% recycled sorted material brought to the gate by residential and commercial customers. It is estimated that gate fees received by the Landfill and Resource Management (LRM) business amount to approximately \$30,000 from this source.

DWM refers to the gate fee paid by Council's kerbside collected DWM services for recycled material at the landfill; i.e. this is the blue bin collection service run by DWM. It is estimated that based on the proposed pricing structure DWM will pay LRM \$913,000 in 2013/14 for accepting recycled material.

The issue under consideration is whether to consider reducing self haul to no charge and DWM to \$100/tonne.

### 4.3 Waste Operations - Pricing for Recycled Waste

---

In respect to **self haul** the revenue implications are that LRM will lose approximately \$30,000. In terms of expense it is likely that there will be increased costs associated with managing extra material, however this is impossible to quantify; i.e. it may or may not be significant.

In terms of the potential affect this will have on customers' actions it is difficult to say. Scenarios include customers currently using Ballina and increasing their usage, and others who may return to using Ballina. Neighbouring councils charge zero for self haul recycled so it is possible that the landfill will receive additional waste that commercial operators are currently taking elsewhere.

In respect to **DWM**, if the proposed price was decreased from \$194 to \$100 per tonne, then DWM will save approximately \$450,000 whilst LRM will be denied revenue to the same value. This would mean that the proposed DWM annual charges will not be required to increase by 4%, as proposed, but rather they could decrease by approximately 3%.

For example the urban annual DWM charge is proposed to increase from \$392 to \$408 (4% increase) and under the new proposal the charge could decrease to \$380 per annum.

It is considered unlikely that this price amendment will alter customer behaviour. This is because the price reduction is not specifically linked to the drop off of recycled waste. It is part of a package paid for mixed, green and recycled waste via the annual charge on the rate notice. Also there will be no change in terms of service. Customers will still receive the blue bin that is emptied every fortnight.

**LRM** stands to lose approximately \$480,000 under this proposal. The costs faced by LRM will not decrease and these include managing the recycled waste on site (relocation, cleaning, loading), transport to Carrara and gate fees at the Carrara recycle facility.

LRM cannot afford to lose income of this magnitude, which will mean increased prices for other materials at the gate. There are different strategies that could be adopted when trying to recover the income forgone. One strategy would be to recover the income lost from DWM and self haul in similar proportions to what would otherwise have been paid; i.e. increase charges for DWM mixed waste to recover \$450,000 and increase self haul gate fees (all other waste types) to recover the \$30,000.

The implications of this approach are that there would be no change to the proposed DWM annual charge because the \$450,000 saving in respect to recycled material would be offset by additional expense in respect to the mixed waste charge.

Overall a reduction to the DWM recycled waste gate fee will have serious consequences to LRM. It will be necessary to recoup this income by other means. The most logical way to recover the income is from DWM as this is the entity that was previously paying. Therefore a reduction to the recycled gate fee will be offset by an increase to the mixed waste gate fee producing no change to the annual charge for DVM.

### **4.3 Waste Operations - Pricing for Recycled Waste**

---

A reduction to the price of self haul recycled material to zero is estimated to cost LRM \$30,000 in recurrent revenue. Whilst not desirable from a financial point of view it is considered manageable in terms of current waste volumes.

Current waste volume is an important point in that as stated it is likely that commercial recycled waste may return to the Ballina landfill. This could mean that the recyclable waste stream increases, which will have a corresponding increase to our management costs and therefore future pricing structures.

#### **Legal / Resource / Financial Implications**

The proposed 2013/14 pricing structure looks to increase, over two years, the price of self haul mixed waste (over 300kgs) to be the same as DWM mixed waste. In adopting this strategy Council is taking steps to eliminate one major subsidy that presently exists in favour of self haul waste. This change will alter operations at the centre and Council needs to carefully consider the financial implications of any other proposed changes in strategy.

#### **Consultation**

No particular consultation has been undertaken in respect to this report. Council's fees will be exhibited for public comment.

#### **Options**

Council may set prices for waste services as they see fit. Overall no change is recommended as the DWM charge is incorporated into the annual charge and a change in this fee will not be directly linked to a recycling incentive.

In respect to self haul, residential customers already have a reasonably good recycling service to the kerb and the income at the landfill is most likely very limited from this customer base. The major suppliers of recycling material can often be specific businesses who have lots of packaging and there is a risk that if Council reduces this charge to zero the level of packaging delivered to the landfill could increase. Council still incurs costs in transporting this waste from the landfill to the recycling centre at the Gold Coast and on balance it is recommended that the current subsidy(40%) remain as this already provides a significant incentive to recycle.

#### **RECOMMENDATION**

That Council notes the contents of this report into the proposed charges for self haul recycled material and domestic waste management gate fee for recyclates.

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

Nil

#### **4.4 Energy Reduction Projects**

---

#### **4.4 Energy Reduction Projects**

**Delivery Program** Operational Support (Engineering)

**Objective** To progress energy reduction projects that will provide a good return on investment.

---

#### **Background**

At the October 2012 Ordinary meeting Council resolved to approve the allocation of \$48,000 (\$30,000 net) for the installation of energy efficient lighting at the Council Administration Centre. This expenditure was to be funded 50% from waste, wastewater and water reserves, and the balance from savings in general fund operations.

Council further resolved to consider the allocation of funding for the remaining resource saving initiatives identified in the report, which was titled "*Energy Efficiency Projects – Five Year Payback*", as part of the 2012/13 budget reviews.

This report provides an update on the projects identified in the report.

#### **Key Issues**

- Progress of the Administration Centre lighting retrofit
- Budgets for other projects

#### **Information**

##### **Administration Centre lighting retrofit**

In February 2013 quotations were received for the audit and design of the Administration Centre lighting retrofit. The audit of the centre was then carried out in March 2013 and the audit results and lighting design are expected to be received by mid April.

On receipt of the audit and design, quotations will be obtained for the supply and installation of the new light fittings. Until Council is in receipt of the quotations for the retrofit, the extent of the work that can be carried out under the existing budget allocation is uncertain.

The energy reduction gained by retrofitting the fluorescent lighting in the Administration Centre will generate Energy Savings Certificates (ESCs). These certificates can be sold by an accredited agent for Council and the estimated income from the sale of the ESCs will be used to compensate part of the initial expenditure.

#### **4.4 Energy Reduction Projects**

---

In order to receive the ESCs, building energy audits are required pre and post the energy efficient upgrade. The audits are used as evidence of the energy reduction achieved. Council must also ensure that the new energy efficient lighting meets the requirements of the relevant Australian lighting standards for lighting levels in office environments and the audit results will be used to provide a lighting layout design.

The estimates provided in the 2012 report to carry out the lighting retrofit, were prior to the official audit and design being carried out. The expected revenue from ESCs was also based on market prices at that time, being approximately \$18,000.

The budget may require review on receipt of the official quotations for the project. However \$48,000 (\$30,000 with ESCs) has been allocated in 2012/13 for this project.

#### **Other Projects**

The October 2012 report highlighted a total of five high profile sites which could provide immediate benefits from energy reduction measures. They were the:

1. Administration Centre lighting - \$48,000 (net \$30,000 with 2.7 year payback)
2. Depot lighting - \$57,000 (net \$43,000 with 6.3 year payback)
3. Ballina Library lighting - \$31,000 (\$28,500 with 4.9 year payback)
4. Public Amenity lighting - \$16,200 (\$14,400 with 4.5 year payback)
5. Depot wash-down bay rain water tanks - \$5,600 for two tanks – Payback unknown

Based on the 2012 report the Depot Lighting project stood out as the next project, after the Administration Centre, with the largest possible dollar savings to Council. This project also has the opportunity to leverage waste, water and wastewater funds as these services all utilise the depot. Typically these self funding activities provide a contribution of around 40% to 50% to corporate projects.

Council has an income budget for solar rebates received from earlier solar panel installations (Ballina Library, Waste Centre, Kentwell Centre etc) and the anticipated income for this account for 2012/13 is \$16,000. In addition to this Council has \$11,600 available in an internal reserve for Environmental Action Plan outcomes.

If these funds of \$27,600 are matched with contributions from water, waste and wastewater (based on 50% of the total cost) Council will have \$55,200 in funds available which is more than adequate for the project. It is therefore recommended that this project be funded immediately in the 2012/13 budget.

For the Ballina Library and Public Amenity lighting Council has an allocation of \$20,000 in the draft 2013/14 budget for further Environmental Action Plan projects. The gross cost of these two projects is approximately \$47,200.

For the balance of the funding it is recommended that the \$23,000 be sourced from a small property reserve Council has set aside for maintenance of Council buildings. This reserve is estimated to have a balance of \$29,900 as at 30 June 2013 which means funds are available to complete this work.



## 4.4 Energy Reduction Projects

---

The budget for these additional projects has been based on the estimates before the ESCs, largely due to the uncertainty that exists around the amount that will be received from the ESCs.

For the Depot wash-down bays there is a recurrent capital expenditure budget for the depot of \$150,000 and it is recommended that this project be sourced from that allocation.

### Legal / Resource / Financial Implications

Due to the payback times it is recommended that Council allocate the funding identified to these projects.

### Consultation

Council's adopted Community Strategic Plan and Environmental Action Plan provide for actions to reduce energy and water use at Council sites.

### Options

The options are to support the funding proposed or amend. Due to the payback times outlined in the report it is recommended that Council proceed with the projects and associated funding.

## RECOMMENDATIONS

1. That Council notes the contents of this report in respect to the status of the Customer Service Centre lighting retrofit
2. That Council approves funding in the 2012/13 and 2013/14 budgets for the following projects based on their relatively short pay back periods

Project	Total Cost	Net Cost	2012/13 Budget	2013/14 Budget
Works Depot Lighting	57,000	43,000	Solar Rebates - \$16,000 EAP Reserve - \$11,600 Water, Waste and Wastewater - \$27,600 Total of \$55,200	
Ballina Library Lighting	31,000	28,500		Environmental Action Plan Allocation - \$20,000
Public Amenity Lighting	16,200	14,400		Other Council Properties Reserve - \$27,200
Depot Wash-down bays	5,600	5,600		Depot Capital Expenditure Budget

### Attachment(s)

Nil

## 4.5 Christmas Decorations

---

### 4.5 Christmas Decorations

**Delivery Program** Tourism

**Objective** To consider the provision of additional Christmas decorations for the 2013/14 festive season.

---

#### **Background**

Council currently installs Christmas flags, banners and decorations around the shire to promote the festive season.

Council resolved in January 2013 to provide adequate funding in the 2013/14 budget to allow the decoration of a tree in the Ballina Town Centre as part of the 2013/14 Christmas / New Year holiday period.

In considering this, Council also resolved to seek sponsorship, or in-kind support, for the provision and / or installation of Christmas decorations in the town centres of Ballina, Lennox Head, Alstonville and Wardell by calling for community expressions of interest.

This report provides an opportunity to review the existing installation of Christmas decorations and to consider responses to the expression of interest process.

#### **Key Issues**

- Suitable location for a Christmas tree
- Workplace health and safety
- Community involvement
- Equitable allocation
- Budgetary considerations

#### **Information**

##### *Existing Christmas Installation*

Council currently installs the following decorations during the festive season:

- *Christmas flags* - on the fixed poles in River Street.
- *Christmas Decorations (Pole Units)* - Christmas Holly is hung throughout the main streets of Ballina, Lennox Head and Wardell. The majority of the decorations are located in the Ballina Town Centre. Decorations are not hung in the Alstonville town centre as the street poles are not engineered to handle the load of the decorations.
- *Christmas Banners* - Small Christmas banners are erected in the Alstonville Main Street.

The standard Council budget allocated to install these decorations is \$6,000. This amount covers traffic management, cherry picker hirer and labour costs.

## 4.5 Christmas Decorations

### *Proposed Decoration of Christmas Tree – Ballina Town Centre*

#### *Live Tree*

Upon investigation, there are considered to be no suitable trees in the Ballina central business district, due to either the types of trees available or the difficulties in installing decorations in heavily trafficked areas. However, the Norfolk Pine trees located at the Visitor Information Centre and the Northern Rivers Community Gallery are considered to be suitable locations.

#### *Decorations*

To decorate a live tree requires a generous budget. The following estimates provide a basic minimum to have both a full day time and night time effect.

#### *Example – Decorative Costings (live tree)*

Static white lights Option: multi coloured and twinkling (\$7,600 plus gst)	\$6,700 plus gst and freight
Illuminated two metre treetop star with four metre steel tube stem (to be strapped to tree top trunk)	\$1,615 plus gst and freight
Fluted type ball in opaque red	\$2,970 plus gst and freight
Fluted garland swag hung	\$7,500 plus gst and freight
Installation and pack down (incl. labour costs, traffic management and hire of equipment).	\$6,000 (est. only)
<b>Total (estimate only)</b>	<b>\$24,785 plus gst and freight</b>

The costs outlaid to purchase the decorations would be significantly less in subsequent years as Council would only require a smaller budget for repairs or replacement.

#### *Artificial Tree*

In pursuing the concept of a tree in the central business district, quotes were obtained for the installation of an artificial tree. In most cases, trees come complete with an engineer designed framework and a fully installed tree display. Contractors take into account logistics and setting before construction.

Adequate consultation for the area chosen would be required including site inspections, meetings with stakeholders, technical specifications and methodology, storage and WH&S issues. Artificial trees come in varied sizes ranging from one metre up to 33 metres plus.

#### *Example - Artificial Tree Estimate*

10.7 metre tall tree including 1.5 metre base (tree price) (Powder coated structural steel frame, flame retardant ,UV stabilised pvc foliage)	\$28,500
LED lighting/ transformers /pre-wired /ext cables etc	\$5,300
300 metallic 150mm baubles as depicted (drilled and wired)	\$4,850
Red gold garland swag	\$480
<b>Total (estimate only)</b>	<b>\$39,130 plus gst and freight</b>

## 4.5 Christmas Decorations

*Example - Photo*



*Provision and / or installation of Christmas decorations in Ballina, Lennox Head, Alstonville and Wardell*

Correspondence was sent to all community groups, sporting organisations and schools inviting them to submit a proposal outlining sponsorship or in-kind support for the provision and/or installation of decorations in their town centres. The following responses were received from the community:

Organisation	Proposal	Staff Comment
Ballina High School	<ul style="list-style-type: none"> <li>- Strong support for the celebration</li> <li>- The school has a very accomplished band and singers. It may be appropriate for the students to play and sing near the tree when it has been installed</li> </ul>	<ul style="list-style-type: none"> <li>- Strong support for this proposal</li> <li>- No cost to Council</li> </ul>
Ballina Shire Concert Band	<ul style="list-style-type: none"> <li>- Available to play carols by the tree to help people get in the spirit of Christmas</li> </ul>	<ul style="list-style-type: none"> <li>- Strong support for this proposal.</li> <li>- Will need to provide a small marquee</li> <li>- Minimal cost to Council for marquee hire fees</li> </ul>
Alstonville Plateau Historical Society	<ul style="list-style-type: none"> <li>- Strong support for the idea of Christmas decorations for Alstonville and other locations</li> <li>- Not able to outlay much money for decorations</li> <li>- Willing to assist other organisations with the task of planning and publicising the decorations</li> </ul>	<ul style="list-style-type: none"> <li>- Support noted</li> <li>- Staff preference to assist in publicising the decorations</li> </ul>
Alstonville Wollongbar Chamber of Commerce	<ul style="list-style-type: none"> <li>- Having a tree decorated in Alstonville would enhance the 'Best Christmas Decorated Business' competition run by the Chamber</li> </ul>	<ul style="list-style-type: none"> <li>- The Chamber requested further information on examples of in-kind support requested by Council</li> <li>- Council staff advised to collate</li> </ul>

## 4.5 Christmas Decorations

Organisation	Proposal	Staff Comment
		feedback from the local Alstonville community as to suitable locations for a tree to be decorated no further correspondence was received by Council
CWA Ballina Branch	<ul style="list-style-type: none"> <li>- Suggested the fig tree in front of the Northern Rivers Community Gallery would be ideal.</li> <li>- Require further information as to whether they are required to provide donation money for the decorations, or that they could purchase suitable decorations to be added to the tree.</li> </ul>	<ul style="list-style-type: none"> <li>- Given there has been little response from the community in providing financial support for the installation or purchase of Christmas donations, it is advisable not to request monetary support from the CWA Ballina Branch</li> <li>- Staff preference would be for Christmas afternoon/evening of carols to be held at the Ballina tree location. The CWA Ballina Branch could have a Christmas sweets stall and the Ballina Shire Concert Band or Ballina High School band could perform Christmas carols</li> <li>- Council would need to allocate a small budget for marketing purposes</li> </ul>
Lennox Head Landcare	<ul style="list-style-type: none"> <li>- Not interested in proposing the installation of Christmas decorations</li> </ul>	<ul style="list-style-type: none"> <li>- Comments noted</li> </ul>
Quota International Inc. Alstonville - Wollongbar	<ul style="list-style-type: none"> <li>- Not interested in participating in the program.</li> <li>- They feel this does not come under their criteria for community service and feel it is an imposition for Council to ask Service Clubs to contribute to this type of Council activity</li> </ul>	<ul style="list-style-type: none"> <li>- Comments noted</li> </ul>
East Ballina Lions Club	<ul style="list-style-type: none"> <li>- Happy to provide a BBQ if there was a 'Light-up' event.</li> </ul>	<ul style="list-style-type: none"> <li>- Support noted</li> </ul>
The Returned Services League of Australia, Ballina Sub-Branch	<ul style="list-style-type: none"> <li>- Not proposing to erect any Christmas decorations in the Ballina RSL Memorial Park.</li> <li>- The Sub-Branch does not feel that it is appropriate to do so in an area of Commemoration and Reflection.</li> </ul>	<ul style="list-style-type: none"> <li>- Comments noted</li> </ul>

### Legal / Resource / Financial Implications

The tourism section typically has an allocation of \$6,000 for Christmas decorations. This covers the installation of seven street flags, as well as decorations and banners for townships of Ballina, Lennox Head, Alstonville and Wardell.

An additional budget will be needed for the decoration of a Christmas tree including; installation costs (\$6,000), decorations (to be determined by Council) and a weather contingency budget.

## 4.5 Christmas Decorations

---

Consideration would also need to be given to the purchase and installation of additional decorations for the town centres of Ballina, Lennox Head, Alstonville and Wardell.

The draft 2013/14 budget, as presented elsewhere in this agenda, includes a revised Christmas decoration budget of \$16,000 (i.e. \$10,000 more than normal). This will provide only a very bare bones budget for the decoration of a tree as per the examples outlined earlier in this report.

Council now needs to determine how much in the way of funding it wishes to allocate to this proposal.

### Consultation

Correspondence was sent to all community groups, sporting organisations and schools inviting them to submit a proposal outlining sponsorship or in-kind support for the provision and/or installation of decorations in their town centres.

Staff consulted with Council's Manager Open Spaces and Reserves and Team Leader of Built Assets in preparing this report.

### Options

There are a wide range of options available in respect to this topic and some of those options are listed as follows.

#### *Proposed Location of Christmas Tree – Ballina Town Centre*

1. That Council select the Norfolk Pine tree at the Ballina Visitor Information Centre to be decorated as part of the 2013/14 Christmas/New Year season. This is a prominent location and highly visible to both locals and visitors to the area and is a smaller tree (8-10 metres). However, there are concerns over the suitability of this tree as it has been stripped in the recent storms and given its exposure it is quite likely this will occur again, if similar weather conditions are experienced.

An extensive power supply would be required for set up, which raises additional budgetary and workplace health and safety concerns. There are adequate parking areas and viewing areas on site.

2. That Council select the Norfolk Pine tree at the Northern Rivers Community Gallery (cnr Cherry and Crane). This large tree (30-35 metres) is positioned on a main thoroughfare in Ballina and close to the central business district.
3. This location is slightly less exposed, with a main power supply able to be built into the existing gallery supply. There are adequate parking and viewing areas on site.
4. That Council determine another location for the Christmas tree.
5. That Council determine not to proceed with the decoration of a Christmas tree due to budgetary constraints.

## 4.5 Christmas Decorations

---

### *Purchasing of Christmas Tree and Associated Decorations*

1. That Council increase the existing Christmas budget decorations (being approximately \$6,000 in 2012/2013) to allow for the purchase of a tree, additional decorations and installation costs.
2. That Council determine not to purchase a Christmas tree and decorations due to the significant cost.

### *Provision and/or installation of Christmas decorations in the town centres of Ballina, Lennox Head, Alstonville and Wardell.*

1. That Council maintain the current allocation of funds for the existing installation of flags, banners and decorations (being approximately \$6,000 in 2012/13).
2. That Council increase the Christmas budget to allow for the purchase and installation of additional decorations for the town centres of Ballina, Lennox Head, Alstonville and Wardell as no community organisation has offered direct financial support for this program.
3. That Council allocate funding to support a Christmas afternoon/evening of carols at the decorated tree in Ballina. The Ballina Shire Band and the Ballina High School band are to be invited to perform Christmas carols and CWA Ballina Branch to provide Christmas sweets.

As per the various options listed there are a myriad of actions Council could take in respect to this matter. The draft 2013/14 budget has a revised allocation of \$16,000 for decorations and this level of funding is not sufficient to decorate a tree to the standard people may wish to see. Councils elsewhere have been criticised for inadequately decorating Christmas trees and this is the issue Council faces if it wishes provide such a service.

On balance there are two possible options considered achievable:

- a) apply the \$16,000 allocated in the draft budget to an equitable supply of decorations across the main town centres, which in itself will assist in promoting the festive season more openly in our shire or
- b) apply the additional funding to the decorating of the tree at the Northern Rivers Gallery. This is Council controlled land and with the gallery next door there are opportunities to have groups such as the Ballina Shire Band and the Ballina High School Band perform carols closer to Christmas. The only concern with this is to make sure the budget allocated provides a reasonable allocation of decorations for the Christmas tree.

Both options are presented for consideration by Council.

**RECOMMENDATIONS**

**Option A**

1. That Council apply the \$16,000 allocated in the draft 2013/14 budget to an equitable supply of decorations across the main town centres to assist in promoting the festive season more openly in our shire.
2. That Council thank the community groups who responded to the expression of interest process and inform them how the funding will be allocated to determine whether they are still in a position to assist with the allocation and installation of the Christmas decorations.

**OR**

**Option B**

1. That Council apply the additional funding of \$10,000 in the draft 2013/14 budget to the decorating of the Norfolk Pine tree at the Northern Rivers Gallery.
2. That the Ballina Shire Band and the Ballina High School Band be invited to perform carols at this location closer to Christmas. That Council thank the other community groups who responded to the expression of interest process and inform them of how the funding will be allocated to determine whether they are still in a position to assist with the allocation and installation of any Christmas decorations across the shire.

**Attachment(s)**

1. Community Submissions





# BALLINA HIGH SCHOOL

The School of Distinction

Principal: Mr Philip Steer

Burnet Street (Locked Bag 1) Ballina 2478

Deputy Principals  
Mr J Douglas  
Mr J Parker

Phone: 02 6686 2133

Fax: 02 6686 4235

3<sup>rd</sup> March 2013

Dear Paul

**Re: Christmas Decorations**

Thank you for your letter inviting the school to be involved in the Christmas Tree Decorations for 2013.

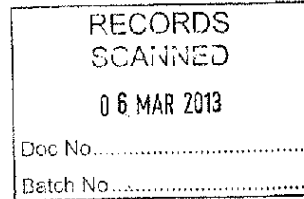
Ballina High School will certainly support the celebration but will not be able to sponsor, provide in-kind support or be involved in the installation of decorations.

The school does have a very accomplished band and singers. It may be appropriate for the students to play and sing near the tree when it has been installed.

For further information please contact Andrew Playford on 66862133 or email [ian.playford@det.edu.au](mailto:ian.playford@det.edu.au)

Yours sincerely

  
for Phil Steer  
Principal



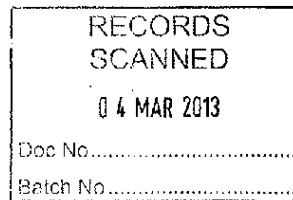
## Ballina Shire Concert Band Inc

PO Box 1186  
BALLINA NSW 2478

President: Mr R. McCoy 6697 7305  
Musical Director: Mr G Bibby 6628 0785  
Treasurer: Mr B Velling 66863633  
Secretary: Mrs J Bibby 6628 0785

28<sup>th</sup> February 2013  
General Manager  
Mr Paul Hickey  
Ballina Council Chambers  
BALLINA 2478

Dear Paul



Re. Christmas Decorations.

On behalf of the committee and members of the Band we would like to offer our services to your organizing committee.

Although we are unable to supply any decorations we would be available to play carols by the tree to help get people into the spirit of Christmas.

Hope hope this idea meets with your approval and we look forward to hearing your response.

Yours sincerely

  
Judy Bibby  
Secretary.

**Alstonville Plateau Historical Society Inc.**

Headquarters and Museum:  
"Crawford House"  
10 Wardell Rd. Alstonville 2477.



Postal Address: PO Box 65  
Alstonville NSW 2477  
email: aphs2477@yahoo.com.au  
www.aphismuseum.org.au

Phone: (02) 6628 1829

3. 3. 13

Re: Christmas Decorations

Dear Caroline,

Thank you for including us in your call for ideas about Christmas Decorations.

The APHS supports the idea of Christmas decorations for Alstonville and other locations.

While we would not be able to outlay much money for decorations some of our members would be willing to assist other organizations with the tasks of planning & publicising the decorations.

Yours etc

John Sim

President APHS

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

*Affiliated with the Royal Australian Historical Society  
ARN: 74 070 197 460*



<u>President</u>	<u>Vice President</u>	<u>Secretary</u>	<u>Treasurer</u>	<u>Publicity Officer</u>
Lisa Dillon	Peter Meehan	Margaret Orr	Sandra Denison	Candy Fitness

Mr Paul Hickey  
General Manager  
Ballina Shire Council  
PO Box 450  
BALLINA 2478

26<sup>th</sup> February 2013

ATTENTION: Ms Caroline Klose

Dear Caroline,

The Alstonville Wollongbar Chamber of Commerce appreciates that Alstonville has been included in the review of having a tree decorated for the Christmas season.

In a letter addressed to Community Groups, and signed by Mr Hickey dated 14<sup>th</sup> February, it is outlined that Council is seeking sponsorship, or in-kind support to enable this to happen. In this respect we would like some further information.

- a. What would be the approximate value of sponsorship needed to have a tree decorated in Alstonville?
- b. Would you please suggest what in-kind support we could offer?
- c. Is it possible to have a list of what other Community Groups have been consulted in Alstonville? This may assist if groups could combine their sponsorship.
- d. Are community groups being sought to sponsor the Ballina project as well as Alstonville, Lennox Head and Wardell?

For Alstonville, having a tree decorated would enhance the 'Best Christmas Decorated Business' competition that the Chamber runs prior to Christmas and it is something that we would really like to see happen.

We look forward to your response and are aware of your cut-off date for proposals (Monday 11<sup>th</sup> March).

Yours faithfully,

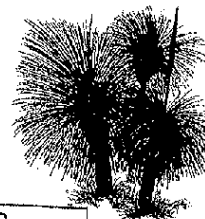
Margaret Orr  
Secretary  
Phone: 02 6628 1319

---

PO Box 697 Alstonville NSW 2477 email: [info@alstonvillewollongbar.com.au](mailto:info@alstonvillewollongbar.com.au) Mob. Ph. 0458 445 569  
ABN: 93 230 596 458 Incorporation: INC9890617

**LENNOX HEAD LANDCARE**  
*Working Together for our Environment*

PO Box 84 Lennox Head NSW 2478



RECORDS  
SCANNED  
04 MAR 2013  
Doc No.....  
Patch No.....

Paul Hickey, General Manager  
Ballina Shire Council  
PO Box 450  
Ballina, NSW 2478  
28 February 2013

Dear Mr Hickey,

Re: Christmas Decorations

I would like to thank you for your letter requesting proposals from our association for the installation of Christmas decorations. The members of Lennox Head Landcare discussed your letter at our quarterly meeting on 25<sup>th</sup> February.

We are not interested in proposing the installation of Christmas decorations.

Yours sincerely,

Secretary, Lennox Head Landcare

### Holly Archibald

---

**From:** Ballina CWA [balcwa@hotmail.com]  
**Sent:** Monday, 18 February 2013 3:36 PM  
**To:** Caroline Klose  
**Subject:** Christmas tree.

Tourism Co-ordinator,  
Ms Caroline Klose.

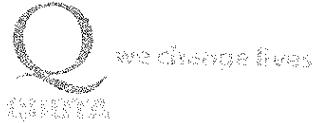
Dear Ms.Klose,

The Ballina C.W.A. your letter of the 14th February with regards to decorating a tree in Ballina at Christmas time. Firstly we suggest that the fir tree in front of Ballina Regional Gallery would be an ideal tree to decorate. Because of the large tree, the decorations would have to be large and we would need further information as to whether you require us to donate money to the decorations, or that we purchase suitable decorations to be added to the tree.

Information regarding La Balsa raft celebrations. The C.W.A. Ballina would be interested in helping with the celebrations, members suggested that we could serve morning tea in the C.W.A. rooms, (possibly devonshire tea, ) and also hold a cake/craft stall as well, of course it would depend as to where you hope to have the civil reception. Again we would require further information, our meetings are held on the 3rd Monday of each month, so our next meeting will be on the 18th March, where we could discuss the matter further on your reply to the two subjects as above.

Thanking You.

W.J. Austin  
Secretary  
Ballina Branch. C.W.A.



Quota International Inc.  
Alstonville-Wollongbar  
PO Box 456  
Alstonville NSW 2477

---

Ballina Shire Council  
PO Box 450  
Ballina 2478

**Re : Christmas Decorations**

Dear Sirs,

Our Community Group is not interested in participating in this programme.

We feel this does not come under our criteria for community service and feel it is an imposition for Council to ask Service Clubs to contribute to this type of Council Activity.

Council should have the appropriate funds and means to supply and erect any Christmas decorations. This is surely a matter for the promotion and tourism groups.

Any monetary participation from our group would erode our community funds, which we work very hard to earn. To date council has chosen not to help us with any funds or in kind assistance for any of our fund raising programmes. The club has asked that our letter be tabled at any discussion.

Best regards

*Diane Parker*

Diane Parker  
(Secretary )

President Robyn Powell  
02 6687 8393  
2012-2013

Secretary Diane Parker  
0416214012

Treasurer Susan Benson  
02 6686 0850

Quota links people who care in a worldwide network of volunteer service and friendship. Members help people in need in local communities and throughout the world. A non-profit organization, Quota relies on charitable contributions to fund its service programs. ASK ME how you can connect with Quota or make a donation! Visit us on [quota.org](http://quota.org), [wsherefoundation.org](http://wsherefoundation.org), and [Facebook](https://www.facebook.com/quota.org)

## 4.5 Christmas Decorations

---

### Holly Archibald

---

**From:** thesword@exemail.com.au  
**Sent:** Wednesday, 13 March 2013 8:30 PM  
**To:** Holly Archibald  
**Subject:** TRIM: Re: La Balsa Celebrations

**TRIM Record Number:** 13/15142

Dear Holly,

We apologise for the lateness of our reply to this and the letter regarding Christmas decorations.

East Ballina Lions is happy to provide a BBQ at any La Balsa celebration that may be held and also if there was a 'Light-up' event.

Regards,

Dawn Sword

-----Original Message-----

**From:** Holly Archibald  
**Date:** 13/02/2013 4:42:37 PM  
**To:** Holly Archibald  
**Subject:** La Balsa Celebrations

Dear Community Organisations

Please see letter attached.

Regards

Holly Archibald | Events & Grants Support Officer  
General Managers Group  
Ballina Shire Council  
[www.ballina.nsw.gov.au](http://www.ballina.nsw.gov.au)  
[www.discoverballina.com](http://www.discoverballina.com)

p: (02) 6686 1457 | f: (02) 6686 7035 | m: 0429 294 115



THE RETURNED AND SERVICES



LEAGUE OF AUSTRALIA  
(New South Wales Branch)

"The Price of Liberty is Eternal Vigilance"

BALLINA SUB-BRANCH

Email: rslsubbr@bigpond.net.au

ABN: 37 373 414 970

PO Box 378

Ballina 2478

Ph: (02) 6686 0133

Fax: (02) 6686 0793

Office Manager

Ms Janice L.D. Peate, JP

President  
Mr Bill Moore  
Hon. Secretary  
Mr A.E. (Davey) Crockett  
Treasurer  
Mr A.J. Walsh

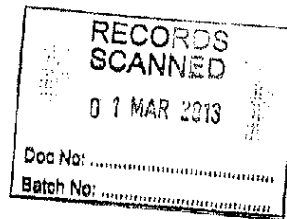
PATRONS:

Cmdr Rod Fayle, RAN (Ret)  
Cr D. Wright, Mayor of Ballina

Ms J. Saffin, Member for Page      Mr D. Page, Member for Ballina  
Mr Gary Hooley, Chairman Ballina RSL Club Ltd

Mr Paul Hickey,  
General Manager,  
Ballina Shire Council,  
P.O. Box 450,  
Ballina,  
N.S.W.,                      2478

27<sup>th</sup> February, 2013



Dear Sir,

Re: Christmas Decorations

Thankyou for your letter regarding Christmas decorations.

The Ballina RSL Sub-Branch is not proposing to erect any Christmas decorations in the Ballina RSL Memorial Park.

The Sub-Branch does not feel that it is appropriate to do so in an area of Commemoration and Reflection.

However, any Council assistance in the area of grass-cutting, maintenance etc over the holiday period would be appreciated.

Thankyou,

Yours sincerely,

Mr A.E. "Davey" Crockett,  
Honorary Secretary

Please address all correspondence to the Honorary Secretary

#### 4.6 Ballina-Byron Gateway Airport - Long Term Financial Plan

---

#### 4.6 Ballina-Byron Gateway Airport - Long Term Financial Plan

**Delivery Program** Airport

**Objective** To consider the long term financial plan for the Ballina-Byron Gateway Airport.

---

#### Background

The Ballina Byron Gateway Airport (the Airport) is operated as a stand alone business with the goal of operating without being subsidised from other revenue sources, albeit there is not an expectation that there will be a return on capital invested. The return for the community is through the economic benefits generated from local airline services, along with the availability of these services to the residents of the Ballina Shire.

The table below outlines the Airport's financial performance for the last few years.

**Table One - Airport Operating Results – 2009/10 to 2012/13**

Item	2009/10 Actual (\$'000)	2010/11 Actual (\$'000)	2011/12 Actual (\$'000)	2012/13 Estimate (\$'000)
Operating Revenues	2,376	2,728	3,483	4,080
Operating Expenses	2,656	3,088	3,553	3,754
<b>Operating Surplus / (Deficit)</b>	<b>(280)</b>	<b>(360)</b>	<b>(70)</b>	<b>326</b>
Add Back Depreciation	555	735	784	750
<b>Cash Operating Surplus</b>	<b>275</b>	<b>375</b>	<b>714</b>	<b>1,076</b>
Less: Loan Principal Repaid	433	236	249	532
Add: Capital Income – Grants	0	500	656	2,344
Add: Capital Income - Loans	0	0	0	7,300
Less: Capital Expenditure	96	497	1,273	5,784
Less: Unexpended Loans	0	0	0	4,094
<b>Net Cash Movement</b>	<b>(254)</b>	<b>142</b>	<b>(152)</b>	<b>310</b>
<b>Reserve Balance (Deficit)</b>	<b>(444)</b>	<b>(302)</b>	<b>(454)</b>	<b>(144)</b>
<b>Balance Outstanding Loans</b>	<b>3,716</b>	<b>3,480</b>	<b>3,231</b>	<b>9,996</b>

In recent years Airport income has been increasing at a rate that exceeds the expenditure increase, which has resulted in a steady improvement in the operating result to the point where an operating surplus of \$326,000, inclusive of depreciation, is predicted this financial year.

Whilst the operating result is improving, capital expenditure has been exceeding the Airport's capacity to fund that expenditure, resulting in the cash reserve being overdrawn. This reserve is actually being funded by an internal loan from Council's property reserves. Also debt levels are increasing resulting in a higher proportion of the cash operating surplus being committed to repaying loan principal.

## **4.6 Ballina-Byron Gateway Airport - Long Term Financial Plan**

---

Given the asset intensive nature of the business it is unavoidable that it will go through periods where it is highly geared in terms of borrowings. However it does mean that it is a financially risky business. This is particularly the case given that the Airport income is heavily reliant on only three major customers (Jetstar, Virgin and Rex).

The actual closing reserve balance as at 30 June 2013 will include an estimated \$4.1 million in unexpended loan funds taken out under the NSW State Government's Local Infrastructure Renewal Scheme (LIRS), which means the actual cash held by the Airport at year end will be approximately \$3.95 million.

This loan, which is for an amount of \$7.3 million and has a subsidy of 4% from the State Government, is being used to finance the apron extension project and the runway overlay. Only \$3.2 million of the funds are expected to be expended by 30 June 2013 which means that the balance is held in reserve at the end of the financial year, albeit that the funds are committed to the runway overlay.

The report that follows now outlines the forward financial plan for the Airport, a copy of which is attached to this report.

### **Key Issues**

- Assumptions
- Reliance on airlines
- Financial position and performance
- Inherent risk

### **Information**

The Airport has been positioning itself to accept more passengers and provide a higher level of service. To this end capital expenditure has been incurred on a variety of works including an upgrade of the terminal, extension of the runway apron and next year's overlay of the runway.

Financially these works have put the business under some strain however in a strategic sense the business has improved income earning potential.

Some of the considerations looking forward include:

- primary income source is fees paid by the airlines in the form of passenger fees. The number of flights and passengers has been increasing over recent years and it is assumed that this growth will continue through Jetstar providing an additional flight each year, as per their agreement with Council.
- the financial plan makes provision for 20 weekly flights from Jetstar in 2013/14. In reality during some weeks the number of flights is upwards of 23, and in more quieter times of the year the number of flights is below 20. The average of 20 is considered to be a conservative estimate.

## 4.6 Ballina-Byron Gateway Airport - Long Term Financial Plan

- The financial plan for Virgin assumes seven flights per week based a 75% capacity, and for Rex it is based on 19 flights per week at 50% occupancy.
- car parking fees have become a major contributor to the Airport's viability. There has been a progressive increase in income and this growth is anticipated again in 2013/14.
- security income and expense are comparable to each other as the airlines make a contribution to the security infrastructure. As passenger numbers increase, so does the security income and expense, with Council earning a small margin on the income.
- operating expenses, including salaries and maintenance need to be minimised and the general intent is to keep increases at CPI.
- for 2013/14 loan repayments will represent 31% of forecast revenue. The Council benchmark for this ratio is less than 12% so the business is leveraged well past ideal levels.

### Financial Model

A summary of the forecast financial model for the Airport, as attached, is shown in the next table.

**Table Two: Airport Financial Plan 2012/13 to 2022/23**

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	4,080	4,495	4,597	4,736	4,827	5,241	5,952	6,049	6,150	6,251	6,330
Operating Expense	3,754	4,131	4,195	4,257	4,320	4,703	5,087	5,130	5,165	5,215	5,271
<b>Operating Result</b>	<b>326</b>	<b>364</b>	<b>402</b>	<b>479</b>	<b>507</b>	<b>539</b>	<b>865</b>	<b>919</b>	<b>985</b>	<b>1,036</b>	<b>1,059</b>
Add Back Deprec	750	773	796	820	844	870	896	923	950	979	1,008
<b>Cash Surplus</b>	<b>1,076</b>	<b>1,137</b>	<b>1,198</b>	<b>1,299</b>	<b>1,351</b>	<b>1,408</b>	<b>1,761</b>	<b>1,842</b>	<b>1,935</b>	<b>2,015</b>	<b>2,067</b>
Capital Income	5,550	4,094	0	0	0	8,000	0	0	0	0	0
Loan Principal Paid	532	839	881	921	964	1,011	1,356	1,429	1,511	1,523	1,130
Capital Expenditure	5,784	4,917	310	275	496	8,377	27	428	379	480	331
<b>Reserve Movement</b>	<b>310</b>	<b>17</b>	<b>7</b>	<b>103</b>	<b>(108)</b>	<b>21</b>	<b>378</b>	<b>(16)</b>	<b>45</b>	<b>12</b>	<b>607</b>
<b>Airport Reserve</b>	<b>(145)</b>	<b>(128)</b>	<b>(121)</b>	<b>(18)</b>	<b>(126)</b>	<b>(106)</b>	<b>272</b>	<b>257</b>	<b>302</b>	<b>314</b>	<b>921</b>
<b>Loan Debt Owing</b>	<b>9,997</b>	<b>9,158</b>	<b>8,278</b>	<b>7,357</b>	<b>6,393</b>	<b>13,382</b>	<b>12,027</b>	<b>10,597</b>	<b>9,087</b>	<b>7,564</b>	<b>6,434</b>
<b>Debt Ratio</b>	<b>23%</b>	<b>31%</b>	<b>31%</b>	<b>29%</b>	<b>29%</b>	<b>32%</b>	<b>39%</b>	<b>38%</b>	<b>37%</b>	<b>35%</b>	<b>27%</b>

Please note that this financial plan is slightly different to that provided in the detailed budget report included in the detailed budget elsewhere in this agenda, primarily due to more accurate conservative estimating of flight numbers.

As mentioned earlier the Airport is forecast to produce an operating surplus, which is a very positive financial indicator. Exclusive of depreciation a cash surplus of around \$1.2 million is forecast each year for the next few years.

On the down side loan principal repayments will be around \$800,000 to \$900,000 over the same few years. This means that discretionary funds for refurbishing existing assets or providing new assets will be limited to approximately \$300,000 to \$400,000.

## **4.6 Ballina-Byron Gateway Airport - Long Term Financial Plan**

---

The business will need to be very careful how these funds are applied, particularly given a negative reserve balance and the competition for funds between new and existing assets. The business is vulnerable to budget shocks and possibly over time, deteriorating assets.

Some key points included in the model are;

- the forecast operating position is for a surplus that is increasing slowly. It is anticipated that both income and expense will increase moderately.
- income from leases, rentals and car parking is anticipated to return in excess of \$1 million. This is a significant and growing proportion of total revenue.
- capital expenditure is limited for most years due to the lack of recurrent funding available
- a terminal upgrade is forecast in 2017/18. This project and commensurate borrowing is on the proviso that the airlines agree to pay for the infrastructure upgrade. The model assumes capital expenditure of \$8 million funded by borrowings with loan repayments funded by contributions from the airlines. Significant negotiations need to occur and be finalised prior to this becoming a reality.
- the model makes provision for the LIRS loan of \$7.3 million for the runway overlay with expense occurring in 2013/14. Council receives a rebate in respect of this loan, being a reimbursement of some of the loan interest costs. Initially this reimbursement is estimated at \$270,000 and this figure graduates down over the ten years of the loan.
- cash reserves are currently in a negative position and this is anticipated to gradually reduce and become positive in 2018/19.
- borrowings have risen to an all time high and will remain elevated for the life of the plan if additional borrowings are taken out in 2017/18 for the terminal. The forecast is that upwards of 90% of the cash surplus is required to repay the capital portion of the loan. This leaves very little scope for budget shocks, capital refurbishment or new capital works and means that timely refurbishments of existing assets will most likely need to be funded by further loans.
- The debt ratio remains around the 30% mark but then graduates far higher once the terminal loan is taken up.

### **Legal / Resource / Financial Implications**

As outlined in the information section of this report.

### **Consultation**

The forward financial plan will be included in the draft 2013/14 Council budget, which will be exhibited as part of the draft 2013/14 Operational Plan.

**Options**

This report has been produced for discussion purposes and Councillors may well wish to vary any aspects of the draft financial plan. If the plan is considered reasonable the recommendation that follows is to endorse the plan for exhibition purposes as part of the draft 2013/14 Operational Plan.

**RECOMMENDATIONS**

That Council notes the contents of this report in respect to the Airport long term financial plan and approves the inclusion of the plan in the draft 2013/14 budget.

**Attachment(s)**

1. Airport - Operating Budget
2. Airport - Capital Movements
3. Airport - Trends

Ballina - Byron Gateway Airport - Operating Result and Cash Flow Analysis - 2002/03 to 2022/23																					
ACTUAL 2002/03	ACTUAL 2003/04	ACTUAL 2004/05	ACTUAL 2005/06	ACTUAL 2006/07	ACTUAL 2007/08	ACTUAL 2008/09	ACTUAL 2009/10	ACTUAL 2010/11	ACTUAL 2011/12	BUDGET ITEMS	ESTIMATED										
											2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b>OPERATING REVENUES</b>																					
816,905	573,442	1,075,375	1,257,290	1,453,706	1,369,602	1,299,623	1,217,640	1,299,255	1,808,451	Landing Fees	2,000,000	2,165,000	2,252,000	2,304,000	2,355,000	2,409,000	2,463,000	2,510,000	2,575,000	2,632,000	2,683,000
53,724	38,784	113,592	40,681	18,737	42,671	49,805	45,029	80,108	55,038	Passenger Charges	80,000	82,400	84,800	87,500	90,200	93,000	95,800	98,700	101,700	104,800	108,000
0	0	256,600	406,035	594,566	649,870	1,099,968	637,841	751,090	631,421	Landing Fees Other	0	0	0	0	0	0	0	0	0	0	0
8,520	8,607	19,652	21,385	58,103	60,930	64,785	63,482	90,999	184,415	Other Fees and Charges	840,000	945,000	1,053,000	1,134,000	1,160,100	1,203,200	1,239,300	1,276,500	1,314,800	1,354,300	1,395,000
18,494	23,376	21,267	28,851	25,910	37,444	45,200	49,955	47,915	51,577	Security Charges Jet Airlines	235,000	242,100	248,400	258,900	264,700	272,700	280,900	289,400	298,100	307,100	316,400
9,510	9,736	9,864	7,852	10,593	10,778	24,480	24,808	25,527	26,488	Car Rental Franchises	51,000	52,600	54,200	55,900	57,600	59,400	61,200	63,100	65,000	67,000	69,100
10,505	12,373	10,925	4,521	2,696	7,464	26,636	23,002	25,286	26,522	Hanger Site Rentals	25,000	25,800	26,600	27,400	28,300	29,200	30,100	31,100	32,100	33,100	34,100
3,687	7,636	14,183	18,380	21,947	26,233	20,807	19,600	20,257	20,442	Airport Fuel Site Rent	30,000	30,900	31,900	32,900	33,900	35,000	36,100	37,200	38,400	39,600	40,800
0	0	3,635	3,600	3,705	4,441	4,173	2,192	8,423	3,823	Rental New Terminal Building	21,000	21,700	22,400	23,100	23,800	24,600	25,400	26,200	27,000	27,900	28,800
0	0	0	0	75,127	172,900	175,916	192,541	238,570	293,618	Rental Old Terminal Building	5,500	5,700	5,900	6,100	6,300	6,500	6,700	7,000	7,300	7,600	7,900
0	0	0	0	12,045	22,875	20,236	21,319	20,750	20,026	Aviation Security Cards	340,000	350,200	360,800	371,700	382,900	394,400	406,300	418,500	431,100	444,100	457,500
0	0	0	0	13,579	59,359	67,504	79,551	112,753	111,342	Airport Car Parking	18,000	18,600	19,200	19,800	20,400	21,100	21,800	22,500	23,200	23,900	24,700
0	0	0	0	1,497	805	0	0	0	0	Airport Car Parking Fines	120,000	123,600	127,400	131,300	135,300	139,400	143,600	148,000	152,500	157,100	161,900
0	0	0	0	0	0	0	0	0	0	Airport Shuttle Bus Rents	80,000	81,800	83,700	85,700	87,700	89,800	91,900	94,100	96,300	98,500	101,000
0	0	0	0	0	0	0	0	0	0	Advertising	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	Lessee (Reimbursement)	110,000	79,000	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	Interest Earned	144,500	270,800	245,700	219,500	192,300	164,100	134,600	104,000	72,100	38,900	6,900
0	0	0	0	0	0	0	0	0	0	Contributions to Loan Interest NSW LIRS	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	Terminal Recoupment Charges	0	0	320,000	0	0	0	0	0	0	0	0
923,336	674,137	1,625,223	1,790,995	2,261,821	2,465,378	2,869,302	2,376,779	2,718,945	3,483,982	<b>Total Operating Revenues</b>	<b>4,080,000</b>	<b>4,495,200</b>	<b>4,587,100</b>	<b>4,735,800</b>	<b>4,826,500</b>	<b>5,241,400</b>	<b>5,651,700</b>	<b>6,049,300</b>	<b>6,149,700</b>	<b>6,251,100</b>	<b>6,328,900</b>
<b>OPERATING EXPENSES</b>																					
0	0	0	0	0	0	0	0	0	0	Management	394,500	410,300	426,700	443,800	461,600	480,100	499,300	519,300	540,100	561,700	584,200
1,200	2,770	(764)	3,890	4,384	3,405	7,375	7,554	13,321	9,773	Salaries and Oncosts	15,000	16,800	16,000	16,500	17,000	17,500	18,000	18,500	19,100	19,700	20,300
0	0	0	0	0	0	1,857	5,195	20,281	45,554	Conferences and Seminars	45,000	46,400	47,800	49,200	50,700	52,200	53,800	55,400	57,100	58,800	60,600
0	0	0	0	0	0	12,504	12,504	21,000	21,500	Office Expenses	21,800	22,200	22,900	23,600	24,300	25,000	25,800	26,500	27,400	28,200	29,000
36,221	36,104	49,506	64,647	89,330	105,575	129,747	134,131	142,589	121,594	Buildings and Facilities - Maintenance	120,000	123,500	127,300	131,100	135,000	139,100	143,300	147,600	152,000	156,500	161,300
30,244	41,198	49,180	47,406	52,107	55,742	74,606	94,880	96,018	132,401	Cleaning	105,000	108,200	111,400	114,700	118,100	121,600	125,200	129,000	132,900	136,900	141,000
16,972	12,670	22,179	22,267	46,394	28,253	35,791	35,772	44,920	59,608	Airport Building M & R	40,000	41,200	42,400	43,700	45,000	46,400	47,800	49,200	50,700	52,200	53,800
4,943	2,957	0	4,248	1,444	0	0	0	8,400	4,811	Airport Building Area, Roads & Services	10,000	10,300	10,600	10,900	11,200	11,500	11,800	12,200	12,600	13,000	13,400
2,940	3,331	3,707	4,335	4,390	8,158	4,460	5,289	7,775	7,894	Operation Expenses	7,500	7,700	7,900	8,100	8,300	8,500	8,800	9,100	9,400	9,700	10,000
36,325	10,005	40,000	40,754	36,007	43,577	19,833	19,979	39,977	85,919	Legal Fees	60,000	61,800	63,700	65,600	67,500	69,600	71,700	73,900	76,100	78,400	80,800
0	0	0	0	0	0	0	1,343	1,500	2,034	Telephone Airport	5,000	5,200	5,400	5,600	5,800	6,000	6,200	6,400	6,600	6,800	7,000
8,451	7,225	8,802	11,807	10,973	11,650	18,913	23,021	22,753	26,027	Consultancies	23,300	24,000	24,700	25,400	26,100	27,000	27,800	28,600	29,500	30,400	31,300
11,283	9,789	11,894	13,592	9,987	20,092	31,055	28,311	31,703	25,287	Bank Fees	25,000	25,800	26,600	27,400	28,200	29,000	29,800	30,600	31,400	32,200	33,000
162,229	75,502	249,383	376,480	520,269	569,379	938,520	486,120	545,078	622,883	Insurance	750,000	772,500	795,700	819,500	844,200	869,500	895,600	922,500	950,200	978,700	1,008,100
0	0	0	0	0	0	0	0	0	0	Rates	0	108,000	111,200	114,500	117,900	121,400	125,000	128,800	132,700	136,700	140,800
0	0	0	0	1,619	3,503	33,869	24,007	22,667	21,311	Security in Departure Lounge	18,000	18,500	19,100	19,700	20,300	20,900	21,500	22,100	22,800	23,500	24,200
0	0	2,352	6,325	5,587	6,300	6,715	3,570	5,147	7,494	Security in Departure Lounge - Growth 2013/14	7,000	7,200	7,400	7,600	7,800	8,000	8,200	8,400	8,700	9,000	
0	17,580	21,083	16,247	21,437	29,778	61,506	64,885	77,450	78,141	Vermin Control	75,000	77,300	79,600	82,000	84,500	87,000	89,600	92,300	95,100	98,000	100,900
0	0	0	0	0	0	2,312	4,519	4,127	818	Aviation Security Card	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
30,500	73,406	70,051	151,209	77,419	55,991	80,157	88,750	79,896	96,435	Drug & Alcohol Management	80,000	82,700	85,500	88,400	91,400	94,400	97,500	100,700	104,000	107,400	110,900
45,691	37,631	32,757	95,202	67,020	74,105	76,623	81,211	79,231	90,000	Aircraft Movement Area	90,000	92,700	95,500	98,400	101,400	104,400	107,500	110,700	114,000	117,400	120,900
10,224	21,536	21,031	17,910	16,935	17,888	15,693	19,974	10,536	20,669	Remainder Of Movement Area	15,000	15,500	16,000	16,500	17,000	17,500	18,000	18,500	19,100	19,700	20,300
971	3,934	968	0	9,305	5,441	2,897	3,425	1,267	1,000	Fencing and Security	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
0	0	1,858	1,084	2,682	5,254	0	0	310	2,211	Approach Clearing	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
4,308	3,913	2,026	2,528	4,628	8,701	9,342	7,728	8,681	14,445	Approach Survey	8,000	8,200	8,400	8,700	9,000	9,300	9,600	9,900	10,200	10,500	10,800
0	0	0	1,972	2,030	1,304	33	3,083	3,163	439	Extraordinary Inspections	0	2,000	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900
2,651	2,000	569	4,280	5,506	790	3,942	1,407	4,726	4,376	Lighting Inspections	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800	3,900	4,000
166	166	100	667	256	4																



Airport - Capital Expenditure Summary												Funding Sources 2012/13				Funding Sources 2013/14				Funding Sources 2014/15				Funding Sources 2015/16						
Asset Description	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Grants / Conts	Loans	Reserves	General Revenue	Grants / Conts	Loans	Reserves	General Revenue	Grants / Conts	Loans	Reserves	General Revenue	Grants / Conts	Loans	Reserves	General Revenue		
<b>Ballina Airport</b>																														
Terminal Renovation	464,000						8,000,000								0	0			0	0					0	0	0	0	0	
Runway Upgrade	0		4,635,000												0	0	4,094,400	540,600	0	0									0	
Apron Extension	614,200	5,550,000				250,000					200,000	100,000	2,344,400	3,205,600	0	0			0	0									0	
Drainage Works	4,200	32,000	25,000	25,000	25,000	25,800	26,600	27,400	28,200	29,000	29,900	30,800			32,000	0			25,000	0			25,000	0					25,000	
Land Acquisition	52,400														0	0			0	0										0
Lease Area - Stage One	20,000	18,000	20,000	35,000		220,000	50,000								18,000	0			20,000	0			35,000	0					0	
Runway Lights	28,600		10,000						400,000	100,000					0	0			10,000	0									0	
Long Term Car Park	48,500														0	0			0	0									0	
Pedestrian Crossing	0														0	0			0	0									0	
CCTV		60,000													60,000	0			0	0									0	
Fence to Airside		25,000	60,000												25,000	0			60,000	0									0	
Toilets to Departure Lounge		58,000													58,000	0			0	0									0	
Electronic Gate															0	0			0	0									0	
Shade Structures															0	0			0	0									0	
Landside Terminal Awning		21,000													21,000	0			0	0									0	
Overlay to Rental Car Park		20,000			150,000		50,000								20,000	0			0	0									150,000	
Storage Containers			12,000												0	0			12,000	0									0	
Storage Shed			65,000												0	0			65,000	0									0	
Runway End Treatment (Runway 24)			90,000												0	0			90,000	0									0	
Fire Fighting Infrastructure (services etc)				250,000	100,000										0	0			0	0			250,000	0					100,000	
Car Park / Entrance Road							250,000								0	0			0	0									0	
PAPI / PAALC											250,000				0	0			0	0									0	
Miscellaneous Infrastructure												200,000			0	0			0	0									0	
<b>Total</b>	<b>1,231,900</b>	<b>5,784,000</b>	<b>4,917,000</b>	<b>310,000</b>	<b>275,000</b>	<b>495,800</b>	<b>8,376,600</b>	<b>27,400</b>	<b>428,200</b>	<b>379,000</b>	<b>479,900</b>	<b>330,800</b>	<b>2,344,400</b>	<b>3,205,600</b>	<b>234,000</b>	<b>0</b>	<b>0</b>	<b>4,094,400</b>	<b>822,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>310,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>275,000</b>	<b>0</b>	

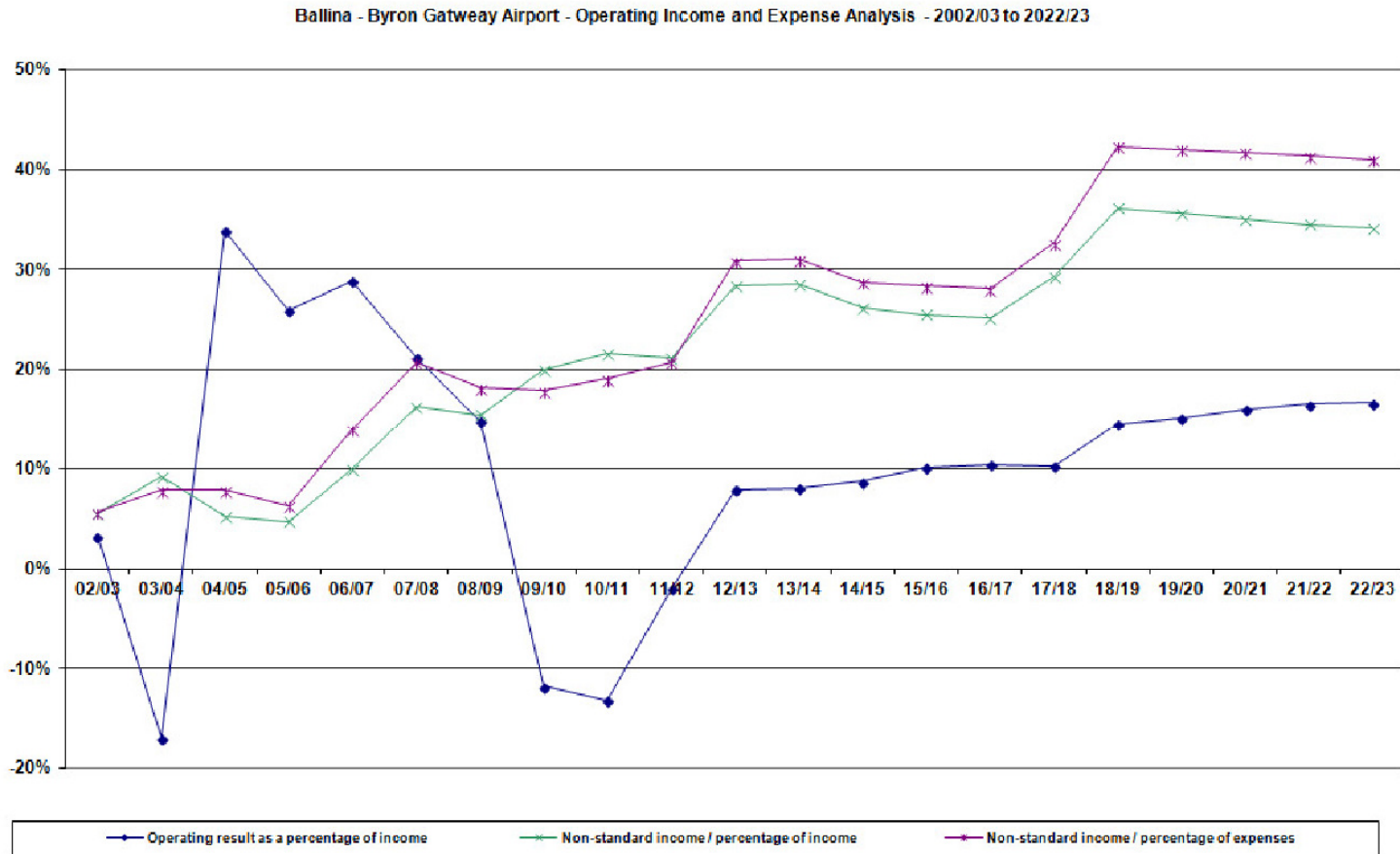
Source of Capital Funding	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Capital Grants and Contributions	1,155,600	2,344,400	0	0	0	0	0	0	0	0	0	0
Loan Funds	0	3,205,600	4,094,400	0	0	0	8,000,000	0	0	0	0	0
Reserves	76,300	284,000	822,600	310,000	275,000	495,800	376,600	27,400	428,200	379,000	479,900	330,800
Council Revenue	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1,231,900</b>	<b>5,784,000</b>	<b>4,917,000</b>	<b>310,000</b>	<b>275,000</b>	<b>495,800</b>	<b>8,376,600</b>	<b>27,400</b>	<b>428,200</b>	<b>379,000</b>	<b>479,900</b>	<b>330,800</b>

Airport Cash Balance	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Opening	(302,000)	(454,600)	(144,600)	(127,800)	(120,900)	(17,800)	(126,200)	(105,500)	272,300	256,500	303,800	315,700
Movement	(152,600)	310,100	16,700	6,900	103,100	(108,400)	20,700	377,800	(15,800)	47,300	11,900	606,800
Closing	(454,600)	(144,600)	(127,800)	(120,900)	(17,800)	(126,200)	(105,500)	272,300	256,500	303,800	315,700	922,600
<b>Council Reserve Balance</b>	<b>(454,600)</b>	<b>(144,600)</b>	<b>(127,800)</b>	<b>(120,900)</b>	<b>(17,800)</b>	<b>(126,200)</b>	<b>(105,500)</b>	<b>272,300</b>	<b>256,500</b>	<b>303,800</b>	<b>315,700</b>	<b>922,600</b>
<b>Dissection of Total Cash</b>												
Unexpended Grant Funds	541,400	0	0	0	0	0	0	0	0	0	0	0
Unexpended Loan Funds	0	4,094,400	0	0	0	0	0	0	0	0	0	0
<b>Total Cash Held</b>	<b>86,800</b>	<b>3,949,900</b>	<b>(127,800)</b>	<b>(120,900)</b>	<b>(17,800)</b>	<b>(126,200)</b>	<b>(105,500)</b>	<b>272,300</b>	<b>256,500</b>	<b>303,800</b>	<b>315,700</b>	<b>922,600</b>

Loan Principal and Interest	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Loan Principal	250,600	532,100	838,700	860,700	920,500	963,700	1,011,000	1,355,600	1,429,300	753,400	665,600	579,300
Loan Interest	234,700	416,400	572,900	525,100	473,300	418,100	679,800	938,200	852,300	1,523,000	1,129,800	0
<b>Total</b>	<b>485,300</b>	<b>948,600</b>	<b>1,411,600</b>	<b>1,406,800</b>	<b>1,393,800</b>	<b>1,381,800</b>	<b>1,690,800</b>	<b>2,293,800</b>	<b>2,281,600</b>	<b>2,276,400</b>	<b>1,795,400</b>	<b>579,300</b>
<b>Total Principal Outstanding - 30 June</b>	<b>3,229,000</b>	<b>9,996,900</b>	<b>9,158,200</b>	<b>8,277,500</b>	<b>7,367,000</b>	<b>6,393,300</b>	<b>13,382,300</b>	<b>12,026,700</b>	<b>10,597,400</b>	<b>9,844,000</b>	<b>9,178,400</b>	<b>8,599,100</b>

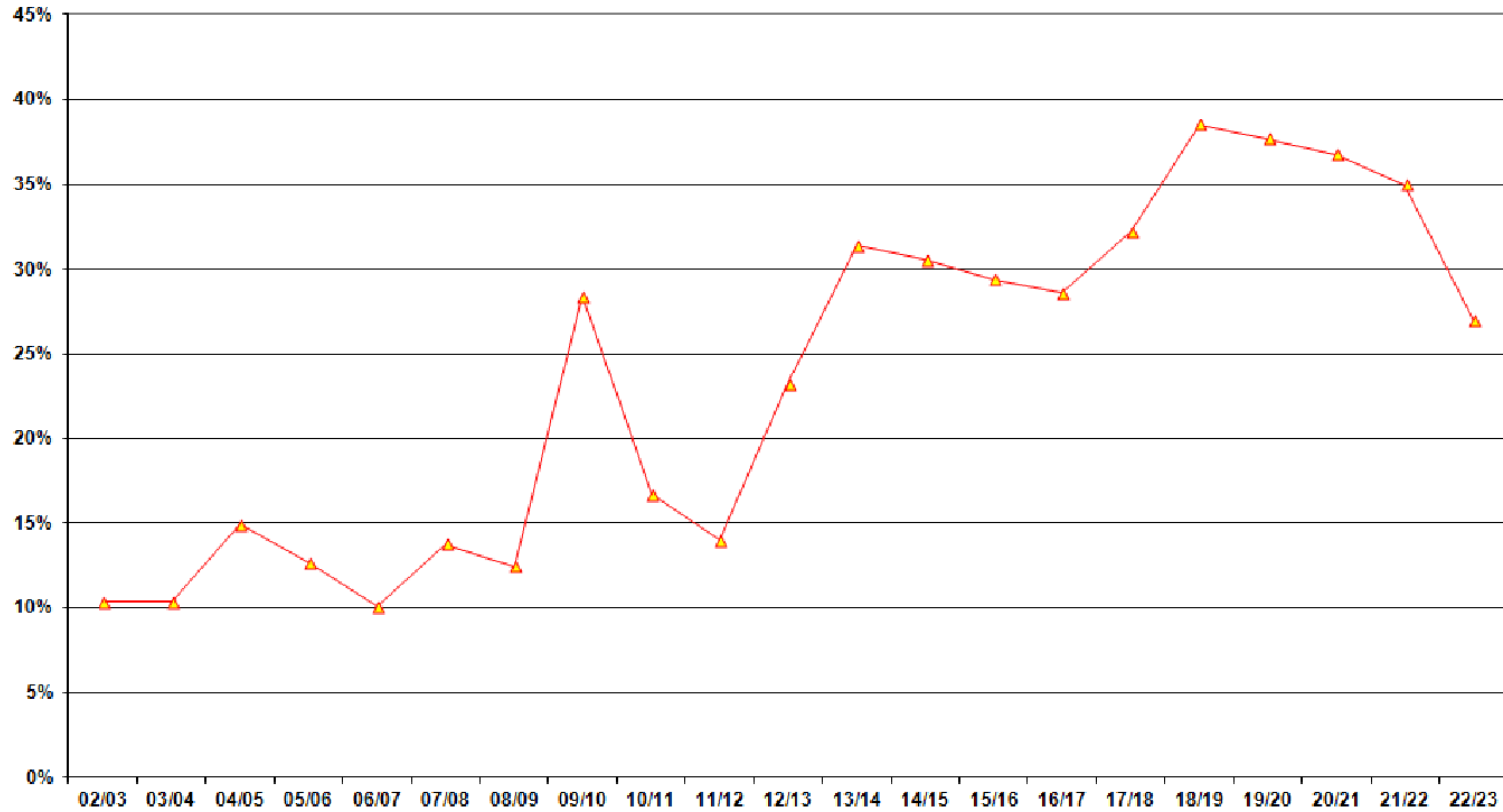


4.6 Ballina-Byron Gateway Airport - Long Term Financial Plan



4.6 Ballina-Byron Gateway Airport - Long Term Financial Plan

Ballina - Byron Gateway Airport - Debt Ratio - 2002/03 to 2022/23



#### **4.7 Rangers - Permanent Part Time Officer for Parking**

---

#### **4.7 Rangers - Permanent Part Time Officer for Parking**

**Delivery Program** Environmental & Public Health

**Objective** To determine whether Council wishes to increase the resources within the Ranger team to effectively and consistently undertake parking patrols.

---

#### **Background**

Since 2002 NSW Local Government has been responsible for the enforcement of parking legislation within their local areas. While public safety is a primary concern, managing traffic flow and providing equitable access to available parking are major issues, particularly in the urban and high tourist frequented areas.

Council's enforcement program of "On-Street Parking" concentrates on the time restricted CBD areas of Ballina, Lennox Head and Alstonville, aiming to increase public safety and access to local businesses in these high level demand areas. Equally the designated accessible parking spaces are monitored to ensure people with a disability have equitable and defined access to these nominated spaces.

Similarly, the safety of children in and around schools is particularly important with school zones being areas where there is a lot of interaction between vehicles and pedestrians, together with children being small and often difficult to see. Children may often behave unpredictably because of their age and lack of experience corresponding with difficulty judging dangerous situations and they are considered to be vulnerable road users.

Consequently, Council's "School Zone Parking" Program is a combination of education and enforcement and is conducted during all school terms at the 21 school zones located in the Shire. The objective of this program is to ensure that 'no child is injured or killed whilst travelling to and from school'.

The report that now follows canvasses the issue of allocating additional resources to the activity of parking patrols.

#### **Key Issues**

- Priority of tasks within Ranger team
- Issuing of Penalty Infringement Notices
- Delivery of a consistent, equitable and fair parking program
- Revenue neutral with opportunity to increase revenue

## **4.7 Rangers - Permanent Part Time Officer for Parking**

---

### **Information**

Council for the past 15 months has been resource sharing a Parking Officer with Lismore City Council on a 1.5 days per week basis. This resource has been able to assist the Ranger team perform parking patrols throughout the Shire and meet the objectives of the Council parking programs.

Lismore City Council has now permanently employed the Parking Officer to a full time position and is no longer in a position to continue resource sharing with Ballina Council.

In response to these circumstances, this report is seeking approval to obtain a permanent position of Parking Officer as the employment to date has been on a casual basis, within existing budget allocations.

During the past 15 months the Parking Officer has efficiently and effectively performed the task of parking patrols with the benefits derived from having a dedicated officer having been demonstrated and documented. The task of parking can often be distracted with the spectrum of the Rangers' duties, where dog attacks and other important public safety issues take precedence.

A balanced approach between education and enforcement needs to be undertaken and to ensure this occurs consistently and equitably across the shire a Parking Officer is required to be regularly deployed and to be a presence in the community. During the past 15 months Council has fairly and reasonably met community expectations in regards to parking with minimal complaints and criticism resulting.

The attachment to this report provides an actual outline of costs and revenue from 1 July 2012 to 8 March 2013 performed solely by the temporary Parking Officer. The attachment also includes a forecast of the potential costs and revenue through the employment of a permanent Parking Officer 2.5 days per week, in comparison to that already generated. The costs take into account the percentage of unpaid fines to Council and the State Debt Recovery Office administration charges.

Future growth and demands will continue to be monitored and as the need arises, additional resource hours may be sought.

In October 2012 Council introduced across the organisation electronic handheld devices to issue penalty infringement notices (PINs) electronically. These devices are best practice and leading the industry in the capturing of information and the issuing of PIN's for smaller operations like ours.

The benefits of Council introducing the electronic system included:

- Estimated 30% increase in PIN's issued due to efficiency gains
- Enabling an increase in parking patrols performed
- Surrounding councils including Lismore and Byron are also using the electronic system, creating advantages in resource sharing and peer review.

## **4.7 Rangers - Permanent Part Time Officer for Parking**

---

### **Legal / Resource / Financial Implications**

There are financial and resource implications associated with the employment of a parking officer. Conversely, a financial and a resource implication for Council also exists if a dedicated parking officer is not supported by Council and the role remains with the existing Ranger team.

### **Consultation**

Consultation has taken place internally between the Public and Environmental and Finance Sections.

### **Options**

1. That the temporary Parking Officer is not replaced and the parking patrol role remains within the duties of the existing Ranger team.
2. That a permanent part time Parking Officer position be approved for 2.5 days per week for 2013/14, together with the Ranger team performing parking surveillance during routine patrols and as the roster and tasks permit. That the cost of this additional resource be offset in the recurrent budget from additional income generated.

The cost of the additional Parking Officer is estimated at approximately \$30,000 per annum. The attachment to this report identifies revenue well in excess of that target. The primary purpose of this position should not be to generate additional income and it would be hoped that the level of fines may drop over time as the community becomes more informed or better education in respect to parking.

Overall it appears that there is merit in appointing a permanent parking officer and on that basis it is recommended that the 2.5 day appointment be approved with the additional cost to be offset by additional income (i.e. \$30,000 employee costs and \$30,000 extra income). Any additional income generated above the \$30,000 will be an extra positive from this position.

Finally the 2.5 days is considered to be a good balance in that it ensures a reasonable level of profile for the position and at the same time it means that the person undertaking this role does not have to issue fines five days per week, which can be mentally draining for the person undertaking the role.

It is also important to ensure that the other staff employed within the Ranger's section continue to provide parking enforcement duties, rather than relying on this position to manage the entire parking workload. Point two in the recommendation supports this.

**RECOMMENDATIONS**

1. That Council approves the appointment of a 2.5 day per week Parking Officer position within the draft 2013/14 budget with the additional expense of this position to be offset by additional fine income.
2. That the General Manager continues to ensure that the entire Ranger's Team undertake enforcement of the Council's parking surveillance programs.

**Attachment(s)**

1. Parking Statistics

#### 4.7 Rangers - Permanent Part Time Officer for Parking

Statistics based on 1.5 days per week (12 hours)- Parking Patrols conducted by temporary Parking Officer July 2012 - 8 March 2013						
Penalty Infringement Notice's (PIN's)					Employment Costs	
Month	No. PIN's	Total PIN \$	minus sdro fee (\$17.50 PER PIN)	Income to Council per month	No. days worked per month	Employment costs per month
Jul-12	44	\$6,379	\$770	\$5,609	5.5	\$1,650
Aug-12	27	\$4,332	\$472.50	\$3,859.50	5	\$1,500
Sep-12	21	\$3,273	\$367.50	\$2,905.50	4.5	\$1,350
Oct-12	44	\$7,317	\$770.00	\$6,547.00	5.5	\$1,650
Nov-12	39	\$7,312	\$382.50	\$6,929.50	6	\$1,800
Dec-12	62	\$7,859	\$1,085.00	\$6,774.00	6	\$1,800
Jan-13	52	\$6,738	\$910.00	\$5,828.00	5	\$1,500
Feb-13	29	\$4,329	\$507.50	\$3,821.50	6	\$1,800
Mar-13	9	\$2,284	\$157.50	\$2,126.50	1.5	\$450
<b>Sub Total</b>	<b>327</b>	<b>\$49,823</b>	<b>\$5,422.50</b>	<b>\$44,400.50</b>	<b>45</b>	<b>\$13,500</b>
minus 7% unpaid PIN's (based on an average 93% payment rate)				\$3,108		
<b>Total</b>				<b>\$41,292.50</b>		
<b>Forecast based on 2.5 days per week (21 hours)- Parking Patrols conducted by Permanent Parking Officer</b>						
\$917 PIN value per day potentially generated						
2.5 days x PIN value per day				\$2,292		
minus Emploment costs				\$750		
Revenue based on 2.5 days per week				\$1,542		
<b>Therefore 2013/2014 revenue forecast based on 48 weeks per year</b>				<b>\$74,016</b>		

## **4.8 Staff Resources - Additions**

---

### **4.8 Staff Resources - Additions**

**Delivery Program** Human Resources

**Objective** To consider additional staff resources as part of the 2013/14 budget.

---

#### **Background**

Further to the organisation structure report presented elsewhere in this agenda, this report seeks Council's consideration of proposals for additional staff resources for high workload areas of Council.

There are three positions identified in the report being an Information Services Support / Training Officer for the General Manager's Group and for Civil Services there are Strategic Procurement and Depot Administration Assistant positions proposed.

#### **Key Issues**

- Justification for positions
- Financial impact
- Overall organisation priority

#### **Information**

##### **GM's Group - Information Services – Support and Training Officer**

The draft 2013/14 budget, as presented elsewhere in this agenda, includes one new staff member to assist with staff training and support for Information Services.

This is part of a drive to improve the technology skills of all staff to reach a benchmark level across the organisation. This follows both a skills assessment audit conducted by the Department of Technical and Further Education, where a number of gaps in skill levels were identified, and the ever increasing reliance by staff on technology to perform their duties.

In recent years Council has also had a huge increase in the number of devices supported by Information Services staff and this extra position is needed to ensure that all Council staff are being adequately supported and are appropriately using the technology now available. The hardware supported by Information Services includes 220 PCs, 250 plus mobile devices (phones, smartphones, ipads etc), 30 servers, and multiple other devices such as printers, network switches etc.

In the draft budget this new position has been funded by reductions to hardware lease costs, as lease arrangements have been switched to a new agreement with Local Government Procurement, which has yielded substantial savings in existing costs.



## **4.8 Staff Resources - Additions**

---

The annual cost of this new position, including oncosts, is approximately \$80,000 with all the business activities of Council providing a contribution to the cost of the position due to the corporate services it provides.

These contributions result in the net cost of the position to General Fund being reduced to approximately \$40,000 which has then been offset by the savings elsewhere in the Information Services program, meaning that the net cost of this program between 2012/13 and 2013/14 has only marginally increased. Refer to the draft budget report elsewhere in this agenda for further details.

### **Civil Services Group – Operations Support - Strategic Procurement**

In recent years an internal working group has advanced process improvements for Council's procurement practices. This working group is led by the General Manager and comprises staff from Finance and Information Services and from the Civil Services Group including store and contract administration staff.

Early last year, the Council participated in an improvement program developed by NSW Local Government Procurement. Through this arrangement Council worked with an external specialist who assisted the working group with its process improvement program. The outcome of this program was a report which included a range of short, mid and long term actions. This action plan is called the Procurement Improvement Roadmap and the actions are being steadily implemented by staff.

A key recommendation in the Roadmap is to develop annual procurement plans. The purpose of this planning is to increase our buying power in various markets and to ensure our procurement methods are effective and efficient. A further key recommendation is that a resource is required to centralise the development of purchasing policy and practice in the organisation, that is, to provide a resource to champion and lead continuous improvements across the many positions that rely on procurement.

Subsequent to the development of the Roadmap, the NSW ICAC conducted Operation Jarek which investigated and reported on the purchasing practices of a large number of NSW councils. Ballina Shire Council was specifically referred to in the ICAC report in response to issues associated with the involvement of two of Council's former employees with a program of relational selling. The actions of these officers were not in accordance with the applicable Council policy and procedures.

However, whilst this was the case, the ICAC make the point that system weaknesses provide the opportunity for corrupt or inefficient behaviour by some individuals. Council was asked by the ICAC to review all of the investigation recommendations and report back with a response in terms of Council's intentions. Our response has recently been provided to the ICAC and the response reinforces, and in some circumstances, adds to, the actions in the Procurement Improvement Roadmap. This proposed new staff position is intended to lead and assist in the delivery of the required response to ICAC and our own assessment for improvement in procurement.

## 4.8 Staff Resources - Additions

---

There will be direct costs associated with the employment of this position (approximately \$100,000), however savings are expected to be achieved through improved procurement performance. For example, as well as annual procurement plans, it is proposed that this position will monitor purchasing data to enable new or revised supply agreements to be put in place resulting in savings for Council.

Furthermore, to assist in the timely delivery of many of Council's projects, external labour resources, such as the Department of Commerce, have been sourced to complete procurement tasks such as induction documentation preparation, tender assessment, and project management functions. Over the last few years, when aggregated, this work would equate to more than an officer's annual salary. Based on this volume of outsourced work, and its cost, it is considered to be more cost effective for Council to complete a larger proportion of these tasks internally.

The actual cost of this position would be directly charged to capital projects and operating budgets and would need to be absorbed within those budgets. This means the engagement of the position does not directly impact on the Council budget, but it means there is less funding for actual physical works, as the budgets for works have to absorb the cost of this position.

The Civil Services Group are confident that overall this will lead to increased efficiencies due to improved procurement practices, savings in external consultancies, and other staff being able to focus on their core duties.

### **Civil Services Group – Operations Support – Depot Administration Assistant**

The current organisation structure includes two supply administrator positions that provide depot store and purchasing services. For some time casual administration assistance through a contract labour company, has been engaged to undertake tasks at the depot to assist staff meet their various workloads.

These casual positions have been funded from existing operating budgets. The casual positions were needed in response to demands at the depot following increasing work health and safety regulations, increased recording of information through the Authority software systems and as a result of Council continuing to grow as an organisation.

These extra resources have undertaken depot reception, induction, delivery unloading and provided general administration support to depot based staff, in particular the Team Leaders. With the ever increasing complexity in the delivery of works and services, and having regard to public liability and customer requests or complaints, the documentation and work flows for the Team Leaders has evolved meaning administrative support is required for these positions to be effective. Furthermore, the actions within the Procurement Roadmap described earlier will result in an increased centralisation of our purchasing functions, which in turn will increase the demand on the store as a provider of purchasing services.

## **4.8 Staff Resources - Additions**

---

To date two part-time casual positions have been engaged in addition to the two supply administrators. One of the supply administrators is senior to the other position. That position is currently vacant and it is proposed to lower the grading (and cost) of the position to offset some of the expense from the proposed Strategic Procurement Co-ordinator, who will assume the more senior tasks previously allocated to the store.

Having reviewed potential process improvements and other changes, it is proposed to convert the two casual positions to one full time position. There is some risk that this will be an insufficient resourcing level, however it is preferred to commence at this level having regard to costs and to complete a further review later. As there are positions currently vacant and the casuals have been in place for a long term, now is considered the most appropriate time to implement this change.

In summary, Council's approval is needed to increase the resources in this section by one staff member, being the Depot Administration Assistant.

This position has been included in the draft 2013/14 budget with the estimate for salaries and oncosts for the depot increasing from the 2012/13 figure of \$149,500 to \$190,000. As the depot provides services to Council's self funded areas of water, wastewater and waste some of this extra cost has been recouped by additional internal charges to those activities.

### **Legal / Resource / Financial Implications**

Two of the positions have been included as identified positions within the draft 2013/14 budget whereas one is proposed to be funded from direct charging to works.

As per the report the positions are designed to ultimately either save Council money through improved procurement processes and additional administrative services or to increase efficiencies through more effective use of technology.

These types of statements are extremely difficult to quantify and ultimately any extra staff resource represents a cost to the organisation that must then be funded by the community.

### **Consultation**

These positions are based on internal discussions with various staff.

### **Options**

The options are to support the new positions, partly support or not support any. Council may also defer the appointment of any of the positions subject to further information being provided.

Overall on balance the positions are needed to meet high demands in certain areas or to replace external consultants or contractors that have been providing similar services already.

**RECOMMENDATIONS**

1. That Council approves the extra position of Information Services Officer (Training and Support) as outlined in this report.
2. That Council approves the extra position of Strategic Procurement as outlined in this report.
3. That Council approves the extra position of the Depot Administration Assistant as outlined in this report.

**Attachment(s)**

Nil

#### **4.9 Draft Budget - 2013/14 to 2016/17**

---

#### **4.9 Draft Budget - 2013/14 to 2016/17**

**Delivery Program** Financial Management

**Objective** To review the draft budget and to obtain Council approval to exhibit the document for public comment.

---

#### **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 recurrent programs (eg parks, roads, planning etc) with any surplus on operations then financing Council's capital works and loan debt.

Council has already had a number of meetings to discuss the various capital works planned over the next few years and this report focuses more on the operating budget, with particular reference to 2013/14. Also previous meetings have considered in detail the budgets for Waste, Wastewater and Water so this report is aimed at General Fund.

The total budget is included as a separate attachment to this business paper.

#### **Key Issues**

- Allocation of resources
- Net cost of programs
- Council priorities

#### **Information**

The Council structure provides for four groups (Strategic, Regulatory, Civil and General Manager) within which 29 main programs are delivered. The budget is structured around these programs.

In preparing the draft General Fund budget the main assumptions applied have been:

- Rate pegging increase – 5.9% (previously approved by Minister)
- Financial Assistance Grant (FAG) increase – 3%
- Interest rate for investments – 4.2% and a declining portfolio
- Interest rate for loans – No new loans are proposed in 2013/14
- CPI – 3%
- Salary movements – 3.25% based on Award conditions

#### **General Fund - Operating Result**

The operating result is the primary financial benchmark for any entity. It determines whether you have, or have not, had a surplus of operating income over expense and if an operating deficit is recorded on a regular basis the entity is not, theoretically, sustainable in the long term.

#### 4.9 Draft Budget - 2013/14 to 2016/17

The 2013/14 forecast is for a deficit of approximately \$7.7 million before capital movements. The deficit includes approximately \$15.7 million for depreciation (a non-cash item), which means that a cash surplus of approximately \$8 million is forecast on operations.

The principal component of loan repayments is estimated to be \$3.4 million, leaving approximately \$4.6 million in discretionary funds for capital expenditure.

Considering that General Fund has assets that have a carrying value of over \$480 million, the available discretionary funds of \$4.6 million is very small (less than 1%). This is magnified by the fact that these same funds must also satisfy community demands for new assets.

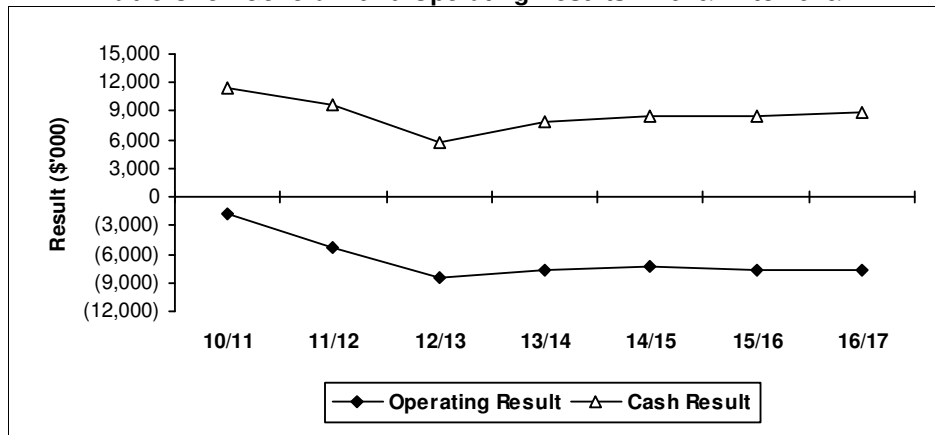
Council's General Fund strategy has been to improve the operating surplus by growing revenue and maintaining a watch on expenses. Increases to above the rate pegging maximum have been the most positive influence on operating performance over the last seven or eight years. The majority of this extra income has been applied to capital improvements to the transport network.

Given that the General Fund is restricted by rate pegging it is a difficult task to achieve a surplus that enables all capital works desired by the community. Therefore Council must establish priorities between maintaining existing assets / services and providing new or extended services when formulating the budget.

The following chart summarises the net General Fund operating results (inclusive and exclusive of depreciation) for the period from 2010/11 to 2016/17. The first two years reflect actual results whilst the rest are forecast.

The chart indicates that the cash surplus trends down to 2012/13 then predicts a gradually improved performance. There are many movements reflected in these figures although it is worth noting that in 2010/11 the result is inflated due to the revaluation of investment properties. In respect to the operating result it is also worth noting that depreciation increased by approximately \$2 million from 2010/11 to 2011/12.

**Table One - General Fund Operating Results – 2010/11 to 2016/17**



The forecast indicates that General Fund is struggling to make an operating surplus and this is likely to continue into the foreseeable future. This suggests

## 4.9 Draft Budget - 2013/14 to 2016/17

---

that the current generation will be leaving a debt for the next in terms of maintaining infrastructure at satisfactory standards.

Council must be mindful of this forecast when considering how to allocate resources. The figures suggest that Council should focus on maintaining existing assets prior to creating new assets that will add to the existing infrastructure liability. Also if Council is looking to include additional expenditures into the budget it is important that they are financed by either a new funding source or they are offset by a reduction to existing expenditure.

### General Fund - Cash Reserves

Council's cash reserves have declined as property reserves have been used to construct community infrastructure. Table two shows the actual (2009/10 to 2011/12) and forecast (2012/13 to 2016/17) General Fund reserves movement.

**Table Two - Cash Reserves (\$ million)**

Year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17
Internal reserves	27	19	22	11	6	9	10	11
External reserves	13	11	12	14	14	15	18	21
<b>Total reserves</b>	<b>40</b>	<b>30</b>	<b>34</b>	<b>25</b>	<b>20</b>	<b>24</b>	<b>28</b>	<b>32</b>

Reserves are predicted to fall to approximately \$20 million by the end of 2013/14 and thereafter increase for a few years.

There are numerous variables that may affect this forecast including the fact that as funds become available they will be applied to Council's non recurrent capital community projects. Hence it is unlikely that reserves will increase to \$32 million as new community projects are constructed as funds become available.

The 2013/14 budget does include the Coastguard Tower (\$1,600,000), the Ballina Swimming Pool (\$200,000) and the Alstonville Pool (\$50,000). All three of these projects are financed from the community infrastructure reserve. However, this reserve is forecast to end the year with a negative balance of \$1.3 million which will be supported by positive balances in the Commercial Opportunities and Industrial land Development Reserves. The negative balance includes anticipated property sales and reimbursement from an insurance claim. If these income sources do not occur as forecast, the capital projects will need to be deferred.

The budget does not include the Ballina Library expansion. Staff are still looking at different funding sources that may be used to finance this project. Other items such as the inclusion of the Street Tree Planting Program from Cemetery Reserves, Missingham Park Car Parking from Quarry Reserves, and the increase in the Lennox Head Cultural and Community capital expenditure to finance the kitchen improvements are still to be included prior to exhibition.

Also the budget does not make provision to create / expand reserves for information technology equipment, legal expenses, leave reserves, election expenses and various asset replacements such as buildings. Ideally funds should be set aside for these purposes however constraints are such that it is not possible.

**General Fund – Debt**

Table three shows details of the actual (2009/10 to 2011/12) and forecast (2012/13 to 2016/17) General Fund debt. It can be seen that debt and repayments have been increasing since 2009/10.

**Table Three – Debt and Repayments (\$ million)**

<b>Year</b>	<b>10/11</b>	<b>11/12</b>	<b>12/13</b>	<b>13/14</b>	<b>14/15</b>	<b>15/16</b>	<b>16/17</b>
Borrowings	19	17.2	31	27.6	24.1	20.4	21.5
New Loans	3	0	16.2	0	0	0	4.8
Capital Repayments	2.9	2.8	2.4	3.4	3.5	3.7	3.7

The principal portion of loan repayments is set to increase from \$2.4 million in the current year up to \$3.7 million by 2015/16 (this amounts to \$5 million once interest is included). This is a significant burden to bear and will limit the amount of discretionary funds available to be applied in future years.

The debt service ratio (loan repayments as a percentage of recurrent income) is estimated to rise from 6.7% in 2011/12 to approximately 12% in 2013/14. This means that \$12 in every \$100 received is pre committed to repaying debt from previous years. From a benchmarking point of view the ratio is trending to the outer limit of what is acceptable.

In 2012/13 General Fund will almost double existing debt levels with borrowings taken out in respect of;

- Ballina Heights Drive \$1.2 million (not yet approved to proceed by Council)
- Mcleay Culvert \$1.6 million (approved and implemented)
- Cumbalum Interchange \$2.3 million (approved and implemented)
- Road Rehabilitation \$1 million (LIRS loan approved and implemented)
- Ballina Town Centre \$1.8 million (\$1.3 million LIRS loan approved and implemented (\$500,000 not yet approved to proceed by Council)
- Plant Fund \$1 million (not yet approved to proceed by Council)
- Ballina Airport \$7.3 million (LIRS loan approved and implemented)

There are no new loans proposed for the next few years with \$4.8 million in loan funding forecast in 2016/17 for Hutley Drive. In summary Council has no capacity to finance loan repayments in the next few years unless an additional revenue source is identified or expenditure savings are made.

**General Fund – Summary**

The capacity of General Fund is being tested as debt rises, cash reserves fall and producing a balanced budget is proving difficult. The draft General Fund budget is showing a working capital deficit of \$189,100 which is not desirable. Ideally a balanced budget would be presented to Council however this has proven to be very elusive. During the course of the year it will be important to bring this forecast down to a manageable level by endeavouring to maximise revenues and minimise expenses.



Expenditure budgets of interest include:

- salary/wage expenses are forecast to increase with an award based increment of 3.25%. The total 52 week General Fund wages expense, exclusive of overtime, is estimated to be in the order of \$15 million.
- workers compensation insurance is estimated to be \$580,000 which is an excellent outcome for the organisation. The estimate compares favourably with recent years and if compared to 2011/12 represents a saving to the organisation of \$223,000.
- public liability insurance is estimated to be \$550,000.
- superannuation expense is forecast to be approximately \$2,062,000. This includes expense for the current super scheme of \$1,267,000 and the defined benefits scheme of \$795,000. The forecast for the defined benefits scheme is less than the current year as older employees retire.
- the cash budget for employee leave entitlements has been set at \$2.2 million. This relates to long service leave, annual leave, sick leave and maternity leave.

As at the start of this financial year the leave liability stood at \$7.2 million with a cash reserve to meet this debt of \$1.7 million. This means that, at that time, the liability was 23% funded, which is satisfactory. Management have been encouraging staff to take leave, both annual and long service, as per Award requirements. Importantly this has been very beneficial in terms of keeping the liability under control however it has increased current leave expenses.

Council has in the order of 40 staff members who are at, or over, the retirement age. This means that over the next few years the reserve may be called on to pay out a significant amount of accrued leave, so it is important that the liability remain approximately 20% to 30% funded.

It would be preferable to place funds into reserve however given the working funds position this has been difficult to achieve. The percentage of the liability that is funded is a situation that must be closely watched and where possible Council should look to place cash into the reserve.

- internal overheads distributed to various sections of the budget amount to \$4.8 million. This process distributes costs to funds and business such that there is an equitable distribution of wages, insurances, accommodation, computers, etc across the organisation.

Income budgets of interest include:

- income from the investment portfolio that is applied to general revenue is estimated to return \$589,000. This assumes that the reserve balance will fall and the interest rate will remain reasonably steady. The income forecast is \$370,000 less than what was received in 2010/11, which is attributable to both a declining balance and falling rates.

#### 4.9 Draft Budget - 2013/14 to 2016/17

---

- the Financial Assistance Grant is estimated to provide 3% more than the current year, with total income estimated at \$3.5 million. This grant is unpredictable, as at times the amount has reduced from one year to another.
- income from rates, based on a 5.9% special variation and some growth, is estimated at \$17.6 million. The 'additional income' beyond the rate pegging limit has been applied to Roads - New works \$340,000 and Roads – Reconstruction \$175,000. This allocation is consistent with Council's Ministerial approval for the 5.9% increase.
- private works income is forecast to be \$100,000 with expense of \$80,000. This budget is difficult to predict and varies considerably from year to year. This has reduced significantly in recent years due to a reduction in RMS works through the opening of the new bypasses.
- Tuckombil Quarry royalties are estimated to return \$292,000, net of expenses and it is proposed that a dividend of \$118,000 be provided to assist General Fund and a further \$82,000 be taken to finance repayments on a \$1 million loan taken out to reseal roads. In addition to this Council has now resolved to finance the Missingham Park car park from this reserve (\$150,000) which means the reserve will decrease during the year.
- cemetery operations are anticipated to produce a cash surplus of \$96,000 and of this amount \$50,000 will be given to general revenues as a dividend. The dividend is not preferred given the improvements that would be nice to carry out at the cemeteries and there is also the issue of perpetual maintenance. However the dividend is important to General Fund. In addition to this Council is transferring \$75,000 per annum in 2012/13 and 2013/14 to finance the Ballina Entry Treatment program.
- rental returns from commercial properties are estimated at \$1.9 million with the property portfolio providing a dividend to Council of \$200,000.

In summary this has been a very difficult General Fund budget to prepare. Various corners have been cut including:

- the legal provision for development services has been reduced to \$100,000, which does reflect current year's trending, however it is a risk given that this budget can exceed \$500,000 quite easily.
- no funds are being transferred to the leave entitlements reserve.
- numerous operating expense budgets have very little tolerance for negative budgetary impacts.
- dividends have been taken from property, quarries and cemeteries.

It is important that caution is shown prior to approving new expenses that do not have their own funding source.

**General Fund - Cash Result**

The 2013/14 budget, as presented, assumes that Council wishes to provide the same mix of services and programs as per the current year. Based on these assumptions the cash result, on a working fund basis (i.e. working capital basis - net unrestricted cash), for 2013/14, as compared to the original estimated 2012/13 result, is as per table four. The information is shown on a program by program basis as this highlights the cost (occasionally there is a program that generates a surplus) of these programs to the community.

The 2012/13 column shows the budget as at the commencement of the financial year, not as at the latest quarterly review (i.e. December). This is considered to be a fairer comparison as it allows Council to assess the cash movements from the start of one financial year to another.

**Table Four - Net Working Capital (Cash) Result by Program**

Description	2011/12 Surplus / (Deficit) (\$'000)	2012/13 Surplus / (Deficit) (\$'000)	Variation Improve / (Worsen) (\$'000)	Variation %
<b>Strategic and Community Services Group</b>				
Strategic Planning	(937)	(956)	(19)	(2)
Community Facilities / Services	(607)	(609)	(2)	(0)
<b>Sub Total</b>	<b>(1,544)</b>	<b>(1,565)</b>	<b>(21)</b>	<b>(1)</b>
<b>Regulatory Services Group</b>				
Development Services	(1,001)	(930)	71	7
Building Services	(110)	(148)	(38)	(35)
Environmental Health	(511)	(524)	(13)	(3)
Administration & Public Order	(980)	(1,054)	(74)	(8)
<b>Sub Total</b>	<b>(2,602)</b>	<b>(2,656)</b>	<b>(54)</b>	<b>(2)</b>
<b>Civil Services Group</b>				
Engineering Management	(3,030)	(3,140)	(110)	(4)
Stormwater/Environmental	(655)	(688)	(33)	(5)
Roads and Bridges	(5,701)	(6,571)	(870)	(15)
Ancillary Transport	(1,260)	(1,389)	(129)	(10)
RMS	0	0	0	0
Open Spaces and Reserves	(3,140)	(3,376)	(236)	(8)
Fleet Management	0	0	0	0
Rural Fire Service	(150)	(173)	(23)	(15)
Quarries and Sandpit	223	200	(23)	(10)
Swimming Pools	(414)	(416)	(2)	(0)
Landfill & Resource Recovery	0	0	0	0
Waste - Domestic	0	0	0	0
Water Services	0	0	0	0
Wastewater Supplies	0	0	0	0
<b>Sub total</b>	<b>(14,127)</b>	<b>(15,553)</b>	<b>(1,426)</b>	<b>(10)</b>
<b>General Manager's Group</b>				
Governance	(1,088)	(1,005)	83	8
Administrative Services	(753)	(746)	7	1
Financial Services	23,764	25,147	1,383	6
Library Services	(1,229)	(1,283)	(54)	(4)
Information Services	(1,377)	(1,412)	(35)	(3)
Human Resources and Risk	(817)	(670)	147	18
Tourism	(613)	(646)	(33)	(5)
Property Management	280	200	(80)	(29)
Airport	0	0	0	0
<b>Sub Total</b>	<b>18,167</b>	<b>19,585</b>	<b>1,418</b>	<b>(8)</b>
<b>Total</b>	<b>(106)</b>	<b>(189)</b>	<b>(83)</b>	<b>(78)</b>

The self funded programs are shown as a nil cost, as income and expenses are matched against reserve movements.

Brief comments on the programs are as follows.

**Strategic and Community Services Group**

*Strategic Planning*

The Strategic Planning budget represents a continuation of existing services. The budget makes provision for strategic planning services as well as funding for planning studies, economic development and heritage programs.

With the recent resignation of two part time staff (Strategic Planner and Cultural Development Officer – total of five days) it is proposed to replace these positions with one full time planner. Provision for this position recognises the growth in public land management tasks attributable to the Strategic and Community Services Group as well as substantial ongoing activity in relation to LEP amendments (including rezoning) and planning reform.

The Strategic and Community Services Group will maintain a co-ordination and point of contact role with respect to heritage matters (including Aboriginal cultural heritage) and the delivery of heritage programs will be supported by external expertise where required, with this funded by existing monies allocated to heritage programs, redirection of the budget presently attributable to the local heritage fund, and funds from other existing program budgets where appropriate. The existing operational budget for Aboriginal cultural heritage programs will be maintained and allocated to delivery of Aboriginal cultural heritage related projects and activities.

In summary, the more specific budgets for consultancies in this program include Professional Planning Services (\$20,000), Section 94 Reviews (\$10,000), LEP Reviews (\$10,000) Economic Development (\$15,000) and Aboriginal and Heritage Programs (\$28,000).

*Community Facilities and Services*

This program now incorporates the Kentwell Community Centre, Lennox Head Cultural and Leisure Centre, Alstonville Leisure and Entertainment Centre, Richmond Room, Ballina Surf Club, Community Gallery and community services.

In respect to the Ballina Surf Club budgets have been included for income from the café (with 50% going to the State Government) and the function rooms, along with expenditure for operating costs such as insurance, security, building maintenance etc.

Recently Council has been approached by solicitors acting on behalf of the Ballina Surf Club as the Club is investigating legal options where they can be the entity responsible for the management of the café and functions room (i.e. they are wishing to obtain control of the income generated). The advice from the President of the Club is that the “club's ongoing financial viability is critical to achieving lifesaving outcomes. Accordingly, we have asked our solicitors to examine (the) management situation and advise (of) our options”.

#### 4.9 Draft Budget - 2013/14 to 2016/17

---

It is disappointing that this is occurring as Council has previously debated the issue of control over the café and function rooms with the adopted position of Council being that it is more appropriate for Council to control those licences. The reasoning behind this is that the income then assists with maintaining the building, whereas if the Surf Club collects the income, history has shown that the funds are expended on surf club activities and the surf club buildings eventually deteriorate. By Council taking control of the income generated it is a clear statement that Council is responsible for the on-going maintenance of the building.

The actual income and expenditure included in the draft 2013/14 for the Ballina Surf Club is as follows:

<b>Item</b>	<b>Amount (\$)</b>
<b>Income</b>	
Café Lease	30,000
Function Room Hire	30,000
<b>Total</b>	<b>60,000</b>
<b>Expenses</b>	
Cleaning	20,000
Building and Facilities Maintenance	10,000
Air-conditioning	1,000
Electricity	3,000
Insurance	20,000
Rates and Charges	7,000
Security	4,000
Rental - NSW State Govt	15,000
<b>Total</b>	<b>80,000</b>

Importantly, even with this income, Council will still be required to finance the on-going maintenance of the building at a net cost of \$20,000.

Capital funding of \$10,000 for the purchase of public art has now been included in the 2013/14 budget, with this funding increasing to \$20,000 in 2015/16. Council's public art policy requires an annual allocation to public art by Council and this funding allocation is a step towards meeting our own policy guidelines.

Another item of interest in this program is that capital funding has also been provided on a recurrent basis for the purchase of minor equipment and capital improvements to the various community centres.

Finally, for the Community Facilities and Services Program, when comparing the start of one year to the other, part of the funds used to employ the Aboriginal Community Liaison Officer, at the start of 2012/13, have previously been relocated to Regulatory Services, to employ an Aboriginal Ranger.

### **Regulatory Services Group**

#### *Development Services*

The forecast is for the net cost for this service to decrease. This is primarily because the budget for legal expenses has been reduced from \$150,000 to \$100,000. This is a risky forecast based on previous years however the development industry is extremely quiet and the current year has very low expenditure to date.

#### *Building Services*

This service has shifted from a net surplus in 2009/10 of \$50,000 to an anticipated loss of \$148,000. Expenses have been increasing incrementally whilst income continues to fall.

It is forecast that income will be less than the current year by approximately \$38,000.

#### *Environmental Health*

The budget proposes a continuation of services such as the on site sewerage management program, water testing and inspection of commercial premises. There are only incremental changes in comparison to the previous year, however further increases in funding are included for the implementation of the Lake Ainsworth and Shaws Bay Management Plans.

Recurrent funding for these activities has traditionally not been available in the Council budget and in 2012/13 a decision was made to try and incrementally allocate increased budgets over time. The forward financial plan includes a progressive increase as follows:

<b>Item</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
Lake Ainsworth	7,500	15,000	20,000	30,000	40,000	50,000
Shaws Bay	7,500	15,000	20,000	30,000	40,000	50,000

This funding can be amalgamated each year to undertake a particular project with Council approving a review of the Shaws Bay Management Plan for 2013/14.

#### *Administration and Public Order*

This section of the budget relates to the activities of the rangers and also includes the governance section of regulatory services.

Incremental increases are proposed plus an additional ranger has already been employed in 2012/13 with funds transferred from the former Aboriginal Community Liaison officer, in the Community Facilities and Services Program.

### **Civil Services Group**

#### *Asset Management*

This section of the budget includes Civil Services internal staff, maintenance of the administration centre and the depot.

## 4.9 Draft Budget - 2013/14 to 2016/17

---

Income forecast from Development Engineering inspection fees is \$100,000. This is a particularly volatile source of income and \$100,000 is typical of a good year so hopefully activity in the development industry will start to accelerate.

This section of the budget includes the General Fund contribution (\$40,000) to the installation of the new Civica Asset Management system.

### *Stormwater and Environmental Protection*

The budget provides for capital and recurrent expenditure on the stormwater network as well as contributions to Richmond River County Council for flood mitigation. Also there are budgets for flood studies, coastal hazard studies, foreshore protection, canal dredging and boat ramp cleaning.

For stormwater drainage maintenance the budget has been increased by 14% from 2012/13 however the budget document shows a net reduction of 4%. The reason for this is that the 2012/13 budget included \$40,000 for the collection of stormwater drainage data and this one-off expenditure is not ongoing. The Civil Services Group has indicated that they believe a budget of \$300,000 is needed to adequately finance stormwater drainage maintenance and to achieve this the forward financial plan includes the following annual increases in stormwater drainage maintenance funding:

Item	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Budget	130,000	148,000	177,600	213,200	255,900	307,100
% Increase		14	20	20	20	20

Council will only be able to implement these projections if we minimise cost increases in other programs.

The Blackwater research program is included in this section of the budget. There is an allocation of \$40,000 for 2013/14 and 2014/15. The project cost will be \$120,000 in each of these years however the budget assumes that other councils will contribute to the project.

This remains a significant risk and the recommendation for this report reinforces the need for Council's delegates to pursue this funding from the other member councils.

If this funding is not provided Council will have an \$80,000 extra deficit in both the 2013/14 and 2014/15 budgets.

### *Roads and Bridges*

This section of the budget includes maintenance and capital expenditure on the roads and bridges network. The net increase in costs relates to additional funds from the rates special variation (\$515,000 being allocated to road construction works) together with incremental growth.

Also in 2012/13 Council recognised the need to improve our overall level of funding for bitumen reseals on urban and rural roads. The target was to increase this funding by 15% per annum for a period of four years to provide a total budget of over \$300,000 (each for urban and rural) as compared to the 2011/12 budget of approximately \$190,000.

## 4.9 Draft Budget - 2013/14 to 2016/17

---

The forward financial plan includes this progressive increase for bitumen reseals as follows:

Item	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Urban	196,000	225,000	260,000	299,000	343,900	354,300
Rural	186,500	215,000	250,000	287,500	330,700	340,700

### *Ancillary Transport*

Street lighting, footpaths/cycleways, car parking, street furniture, and town centre upgrades are all included in Ancillary Transport.

The net increase to expense for this section from 2012/13 to 2013/14 includes both increases and decreases in expenditure. The main changes are new loan repayments for the River Street upgrade \$85,000 (increased expense), LIRS loan reimbursement \$37,000 (increased income), net saving to the street lighting program \$50,000 (decreased expense) and annual indexation of existing budgets.

The Burns Point Ferry is estimated to operate at a net deficit of \$208,000, which is a significant increase from 2012/13 which currently stands at a predicted loss of \$161,500. Unfortunately this budget is likely to be exceeded in 2012/13 based on trends to date and the recent poor weather. The \$208,000 figure is considered to be a more realistic estimate based on previous year's operating losses (i.e. 2010/11 \$201,000 and 2011/12 \$228,000).

### *Open Spaces and Reserves*

The increase in expenditure, in addition to the annual indexation, is attributable to the following variations:

- forecast income from the State Government in respect to the Regional Works crew is falling and is anticipated to be \$34,000 less than 2012/13
- the contribution from the State Government towards crown lands is forecast to reduce by \$33,000. Council is no longer receiving a contribution to overheads, however we are continuing to receive a contribution to maintenance (\$123,500) and capital works (\$21,000)
- Ballina's contribution to the Far North Coast County Council for weed control has been increased from \$56,000 to \$100,000. This increase is addressing an existing inequity within the contributions paid by the constituent councils and a copy of the correspondence in respect to this change is attached to this report
- The street tree planting program has increased from the initial recurrent budget of \$15,000 in 2012/13 to \$20,000 in 2013/14 and rising to \$30,000 in 2015/16
- funding for capital expenditure on public amenities has been increased by \$25,000 with this increasing by \$25,000 per annum to \$100,000 by 2016/17. The entire budget for public amenities has increased from \$304,600 in 2012/13 to \$385,000 in 2013/14 reflecting actual service levels and typical vandalism incurred during the year



## 4.9 Draft Budget - 2013/14 to 2016/17

---

- funding for sports fields maintenance has been increased by 7% to assist in maintaining service levels as costs increase and extra fields come on-line
- capital funding of \$101,000 has been included for improvements to Porter Park. This represents funds held in reserve by Council following a payment by the Department of Community Services to Council for staff time undertaken in respect to the review of the community land classification for Porter Park. It is hoped that a consultative process with the local community can identify what are the preferred improvements to this park and this \$101,000 can then be used to undertake those improvements.

### *Fleet Management*

The budget provides for expenses and internal hire charges to maintain the plant fleet. A surplus of income over expense is generated with the surplus being used to finance plant replacement.

### *Rural Fire Service (RFS)*

It is estimated that the 2013/14 expense will be \$23,000 more than 2012/13. The 2013/14 budget includes a new fire vehicle and Council's share of this vehicle is included in the program.

### *Quarries and Sandpits*

Forecast net surplus from the quarries is \$291,000. The main source of income is royalties paid to Council for material extracted by the lessee.

As discussed earlier in this report a dividend of \$200,000 is proposed to assist General Fund finances. The dividend includes a net loan repayment of \$82,000 and this repayment will be financed from quarry reserves for the next ten years.

The quarry is predicted to have a reserve of \$1.6 million at the end of the current financial year, however this will now be reduced due to the funding still to be included for the Missingham Park car park.

### *Swimming Pools*

Pools are forecast to run at a net cost of \$416,000 which assumes incremental increases on the current year's operations.

## **General Manager's Group**

### *Governance and Corporate Management*

This budget provides for salaries, audit expenses and councillor expenses. The budget also provides \$154,000 for donations, including \$85,000 for community donations and \$40,000 for halls.

### *Administrative Services*

The budget provides for administrative and records staff salaries as well as printing, advertising, stationery and telephone costs.

## 4.9 Draft Budget - 2013/14 to 2016/17

---

### *Financial Services*

Income from ordinary rates is forecast to be approximately \$17.6 million which is an increase of approximately 5.9% in comparison to last year.

Income from investments is forecast to be \$589,000.

There are also forecast increases to the Financial Assistance Grant and internal overheads.

### *Library Services*

The budget anticipates similar operations to the current year. The contribution to the Regional Library is estimated to be \$1,246,000.

### *Information Services*

The budget includes one new staff member to assist with staff training and support. For further details refer to the staff resources report elsewhere in this agenda.

### *Human Resources and Risk Management*

This section of the budget includes salaries, staff training and overhead expenses such as insurances, superannuation and employee leave entitlements together with the on cost credit that is generated from charging out this expense to other areas of the budget.

Estimating the interaction of these transactions is not an exact science and the outcomes are influenced by various factors such as leave taken, engagement of casual staff, use of contractors etc.

The 2013/14 budget is substantially less than the current year which is attributable to a forecast reduction to workers compensation premium. One case was having a large impact on the premium and this matter is now resolved.

### *Tourism*

This section of the budget includes running the Visitor Information Centre, the community events administration, along with marketing and grant acquisition. It is assumed that operations will continue in a similar fashion to the current year.

The Council Festivals and Event program includes \$55,000 in funding for 2013/14.

Also the Christmas decorations budget has been increased by \$10,000 to \$16,000 as discussed in an earlier report in this agenda.

### *Property Management*

This budget includes an array of commercial and community properties. The net outcome is that a contribution is made to support General Fund activities with the 2013/14 figure less than 2012/13.

Over many years rental properties have supported the General Fund with the Wigmore Arcade surplus traditionally being applied to general revenues. The strategy is to reduce this dividend over time to allow funds to be reinvested into the assets. This is particularly pertinent at this time given that the forecast income for Wigmore in 2013/14 will be substantially down on previous years as redevelopment options are assessed.

### *Airport*

A detailed financial report on the Airport forms part of this agenda. The figures in that report are slightly different to those in this attachment due to updates provided by the Airport Manager.

### **Water, Wastewater and Waste Operating Budgets**

Reports on the current state of the Water, Wastewater and Waste budgets have been presented to earlier meetings.

### **Legal / Resource / Financial Implications**

There are financial and resource issues associated with all aspects of this report. The programs included in this report look to meet the mandatory and essential functions of Council as well as applying resources to discretionary activities.

### **Consultation**

The operating budget has received input from Council managers and Councillors. Council's draft Operational Plan will be exhibited for public comment.

### **Options**

Council may approve the contents of this report or resolve to add, delete or change the proposed budget/s.

In formulating the budget efforts have been made to address the following issues for Council:

- Ballina Surf Club – now included at a net cost of \$20,000
- Public art capital contribution of \$10,000 included in 2013/14 with this funding increasing to \$20,000 in 2015/16
- Community Centre recurrent capital budget of \$10,000 increasing over time
- Shaws Bay and Lake Ainsworth Management Plans – 100% increase in recurrent budget
- Stormwater drainage maintenance – 14% increase with 20% increases in future years
- Blackwater research program funding of \$40,000 in 2013/14 and 2014/15, albeit that the commitment to this program from the other member councils remains unclear
- Road construction works – An extra \$515,000 in works funded from a special rate variation
- Bitumen reseals – 15% increase for urban and rural reseals
- Burns Point Ferry – more realistic operating loss of \$208,100

## 4.9 Draft Budget - 2013/14 to 2016/17

---

- Open Spaces and Reserves operations – 9% increase to reflect extra areas under Council’s control
- Street Tree Planting Program – increase of 33% to \$20,000 in 2013/14 and then increasing to \$30,000 by 2015/16
- Far North Coast Weeds contribution increasing from \$56,000 to \$100,000
- Public amenities increasing from a 2012/13 budget of \$304,600 to \$385,000 including a capital expenditure allowance of \$25,000 in 2013/14, which then increases to \$100,000 in 2016/17
- Sport fields maintenance increasing by 7% to recognise new sports fields coming online (Saunders Oval expansion, Wollongbar and Ballina Heights planned)
- Swimming pool improvements of \$250,000, albeit that this is subject to land sales
- Community event funding increased to \$55,000
- Christmas decorations funding increased from \$6,000 to \$16,000
- Porter Park embellishment funding of \$101,000 financed from reserves.

Adjustments still have to be made to ensure that the Ballina Entry Treatment program is funded in 2012/13 (\$75,000) and 2013/14 (\$75,000) from the Cemetery Reserves, Missingham Park (\$150,000) from quarry reserves and an additional \$6,000 in capital funding for the Lennox Head Community Centre to allow the kitchen to be upgraded. These adjustments were all resolved by Council at the March Ordinary meeting and they will form part of the draft budget placed on exhibition.

In closing it is important to recognise that all of these various increases have a cumulative impact on the budget and there are genuine concerns that the overall deficit predicted for 2013/14 of \$189,100 is unacceptably high. Staff have worked hard to try and accommodate all the priorities desired by Councillors, and needed for key infrastructure areas such as roads and drainage, however efforts should also be made, by Councillors and staff, to achieve savings where possible to reduce the deficit during 2013/14.

The draft budget ultimately reflects the difficulties in providing a wide range of services to the community, with limited resources and it is recommended that Council approve its public exhibition.

### RECOMMENDATIONS

1. That Council endorses the draft operating budget, as per the separate attachment to this report, for inclusion in the draft 2013/14 Operational Plan, including any adjustments resulting from this meeting and the March Ordinary meeting.
2. That Council’s delegates to the Richmond River County Council seek urgent clarification as to whether or not the other member councils will be contributing to the Southern Cross University’s research into blackwater in the Richmond River.

### Attachment(s)

1. Draft Budget - 2013/14 to 2016/17 (Under separate cover)
2. Far North Coast Weeds letter

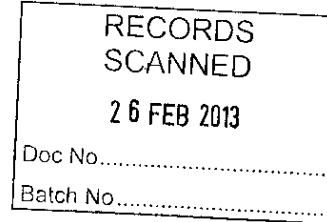


Far North Coast Weeds  
ABN: 26 499 482 176  
Rous Water Centre,  
Level 4, 218-232 Molesworth Street,  
LISMORE NSW 2480  
Postal Address:  
PO Box 230, LISMORE NSW 2480  
T: (02) 6623 3833 F: (02) 6622 1181  
fncw@fncw.nsw.gov.au www.fncw.nsw.gov.au

Our Ref: JW/AS: 1244/04 (41866)

25 February 2013

General Manager  
Ballina Shire Council  
PO Box 450  
BALLINA NSW 2478



Dear Paul

I write regarding a recent decision of Far North Coast County Council in relation to the contributions payable to it by constituent Councils. This decision has particular relevance for Ballina Shire Council.

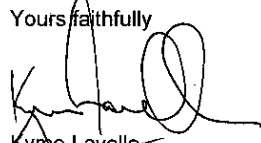
At the ordinary meeting of Council held on 13 February 2013, a report titled "Constituent Council Contributions: Achieving outcomes with regional benefit" was considered. In relation to that report Council resolved ((RES. # 4/13)):

1. That as a matter of policy, the minimum contribution payable by any constituent Council be set equivalent to 14.25% for 2013/14, and that future contributions be increased annually in line with rate pegging.
2. That it be noted the contribution from Ballina Shire Council increase by \$41,700 in 2013/14 to maintain equity with other constituent contributions and to recognise the regional nature and benefits of services provided by the County.

I now write to you requesting Ballina Shire Council's consideration of these resolutions.

A copy of the report that was considered by Far North Coast County Council is attached for your information and a presentation to your Council can be provided upon request.

Should you wish to discuss this matter further please do not hesitate to contact me directly by telephone on (02) 6621 8055 or (0427) 068 854, or by email at: [kyme.lavelle@rouswater.nsw.gov.au](mailto:kyme.lavelle@rouswater.nsw.gov.au)

Yours faithfully  
  
Kyme Lavelle  
General Manager  
Attachment

COPY

## Constituent Council Contributions: Achieving outcomes with regional benefit

(1244/04)

<b>Business activity priority</b>		NSW Invasive Species Plan Goal 4: Capacity Building
<b>Our objective</b>	5	Long-term financial security

### Purpose

To inform Council of the level of financial contribution payable by each constituent Council to Far North Coast Weeds and to propose a change to the contribution payable by Ballina Shire Council to address a disparity between that Council's funding contribution and the contribution of other constituent Councils.

### Background

Modern weed management means protecting the economy, environment and community from the negative impacts produced by invasive weed species. The effective and timely management of weeds is essential for the health, wellbeing and prosperity of everyone in our region.

Weeds do not recognise local government boundaries or property tenure and therefore Council continues to be exposed to many new challenges beyond its control, such as:

- Increased trade, both within and outside Council's footprint region.
- A growing, more transient population within and surrounding Council's footprint region.
- Increasing climate variability from climate change.
- Increased imports of plants and animals into our region from other States and internationally.
- Increased competition for the finite resources of Federal, State and local government.

Through the recently adopted Business Activity Strategic Plan, Council recognised these challenges and accepted that it cannot expect to reduce the negative impacts of weeds to zero. However, through a contemporary weed management framework of business priorities and strategic objectives a high level of protection for the region can be achieved. This new direction focuses on preventing, eradicating and containing invasive weed species before they become established and more resilient to interference. In the past Council has tended to invest in the control of invasive weed species only after the weeds have become widely established and have inherent resilience.

By contrast contemporary weed management targets Council's limited resources to where it will return the greatest benefit.

This move away from traditionally targeting widespread weeds on roadsides and private lands has drawn criticism from both public and Council stakeholders because newly emergent weeds are not widely known in the community and the public are generally unaware of the threats they pose. Councils also see more resources being spent outside of

their area than traditionally spent in the past and question the value received for the resources they provide annually as a constituent Council.

Under a contemporary management approach some Councils will see the bulk of their contributions spent outside of their area, however this investment is to provide a high level of protection to eradicate or contain new incursions at the source, long before they reach a local government area that is free of a particular weed species.

This approach provides the greatest regional benefit and supports the protection of an individual constituent Council from the invasion of new weed incursions.

Recognition and commitment of constituent Councils to accept and contribute fairly to activities that support regional benefits will allow Council to achieve its strategic long-term business goals. Funding parity ensures that councils are not unfairly compensating other councils in funding activities that provide a regional benefit and increased protection to that council from new incursions entering its borders.

A recent review of constituent Council contributions for 2012-13 highlighted an inequity in the percentage of funding provided by Ballina Shire Council in comparison to the general funding percentages of the remaining five constituent Councils. The table below highlights a 6% gap in funding from Ballina Shire Council to the next lowest contributor.

**Far North Coast County Council  
Constituent Council Contributions**

2012-13	Funding Percentage	Amount GST Exclusive	GST Amount	Amount GST Inclusive
Ballina Shire Council	9%	\$ 56,000.00	\$ 5,600.00	\$ 61,600.00
Bryon Shire Council	15%	\$ 95,500.00	\$ 9,550.00	\$ 105,050.00
Kyogle Shire Council	17%	\$ 104,900.00	\$ 10,490.00	\$ 115,390.00
Lismore City Council	20%	\$ 125,600.00	\$ 12,560.00	\$ 138,160.00
Richmond Valley Council	17%	\$ 104,000.00	\$ 10,400.00	\$ 114,400.00
Tweed Heads Council	23%	\$ 143,900.00	\$ 14,390.00	\$ 158,290.00
<b>TOTAL</b>	<b>100%</b>	<b>\$ 629,900.00</b>	<b>\$ 62,990.00</b>	<b>\$ 692,890.00</b>

Part B of the existing funding formula forms the basis of this anomaly because it encapsulates the amount of investment spent within the constituent Council area, plus the number of inspections. Given that Ballina Shire Council at this point in time is free of invasive species targeted under various eradication and containment programs, only medium scale control, inspection and extension activities are undertaken within its boundaries. These include:

- High risk sites and pathways surveillance.
- Class 3 weed management on private and State government lands.
- Bio-control monitoring and distribution for class 4 and environmental weeds.
- Various community capacity building programs for local stakeholders.

The provision of medium scale service provision, plus contributions to cover administration costs for the County, utilises Ballina Shire Council's current contribution leaving no additional investment to support activities of regional benefit.

In order to provide a more equitable spread of funding and to prevent further compensation of activities for regional benefit by other constituent Councils, it is proposed, as a matter of policy to apply a minimum contribution to that equivalent to Byron Shire. In 2012/13 this equates to 15%. This policy adjustment will eliminate the inequity in the percentage of funding provided by Ballina Shire Council in comparison to the funding provided by the remaining five constituent Councils.

This adjustment will ensure that Ballina Shire Council provides funds to support numerous eradication and containment programs occurring in all other constituent Council areas

**Governance**

**Finance**

Previously, Far North Coast Weeds' councillors have considered reports and attended workshops on the funding formula used to determine the proportional amounts each constituent Council is required to contribute. Most recently, Council resolved [5/11] to "Prepare the calculation of constituent Council contributions in the draft 2011/12 Management Plan, based on the 2010/11 charge plus rate pegging." Subsequently, the 2012/13 Operational Plan was developed using the same principle.

For 2013/14, this proposal for Ballina Shire Council will increase their contributions by a total of \$41,700 to \$98,700 equal to Byron Shire Council.

Based on the approved rate pegging increase of 3.4% the 2013/14 contribution breakdown is:

	2012/13	2013/14	Extra Cont \$	2013/14
Ballina Shire Council	56,000	57,900	40,800	98,700
Byron Shire Council	95,500	98,700		98,700
Kyogle Shire Council	104,900	108,500		108,500
Lismore City Council	125,600	129,900		129,900
Richmond Valley Council	104,000	107,500		107,500
Tweed Shire Council	143,900	148,900		148,900
	<b>629,900</b>	<b>651,400</b>		<b>692,200</b>

Increase for 2013/14            62,300  
9.9%

**Consultation**

I have undertaken preliminary discussions regarding the rationale for increasing Ballina Shire Council's contributions with the following key stakeholders: Mayor Cr David Wright; Council's Chair and councillor of Ballina Shire Council, Cr Robyn Hordern; and the General Manager of Ballina Shire Council, Mr Paul Hickey. The General Manager advised that if Far North Coast Weeds resolved to support an increase in Ballina Shire Council's contribution, a written request should be forwarded to Ballina Shire Council for its consideration.



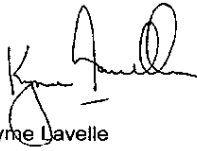
**Conclusion**

Council's business activity priorities and strategic objectives are aligned to deliver outcomes of regional benefit to all councils within and beyond our operational footprint. Contemporary weed management often means that considerable constituent Council funds are spent outside of the constituent Council area to support activities of regional benefit. It is imperative that constituent Councils are not unfairly compensating other councils in funding activities that provide a regional benefit.

A recent review of constituent Council contributions for 2012-13 has highlighted an inequity in the percentage of funding provided by Ballina Shire Council in comparison to the general funding percentages of the remaining five constituent Councils. Adopting the proposal to increase Ballina Shire Council's contributions to that of Byron Shire Council in 2013-14 and subsequent years will ensure equity in contributions for regional benefit.

**RECOMMENDATION**

- 1 That as a matter of policy, the minimum contribution payable by any constituent Council be set equivalent to 14% for 2013/14.
- 2 That it be noted the contribution from Ballina Shire Council will increase by \$41,700 in 2013-14 to maintain equity with other constituent contributions and to recognise the regional nature and benefits of services provided by the County



Kyme Lavelle  
General Manager

#### **4.10 Delivery Program and Operational Plan - Exhibition**

---

#### **4.10 Delivery Program and Operational Plan - Exhibition**

**Delivery Program** Governance

**Objective** To obtain Council approval to exhibit the draft Delivery Program and Operational Plan.

---

#### **Background**

The Division of Local Government's (DLG's) Integrated Planning and Reporting Framework requires councils to review the Delivery Program and prepare a new Operational Plan each financial year.

The purpose of this report is to obtain Council approval to exhibit those documents for public comment.

#### **Key Issues**

- Format and content of documents
- Ensuring the documents reflect the objectives of Council, particularly for 2013/14

#### **Information**

The DLG's Integrated Planning and Reporting Framework specifies a range of information that must be included in the Delivery Program and the Operational Plan.

A summary of the major elements for each document are as follows.

#### *Delivery Program*

- A council must have a Delivery Program, detailing the principal activities it will undertake to achieve the objectives established in the Community Strategic Plan, within the resources available under the Resourcing Strategy.
- The Delivery Program must include a method of assessment to determine the effectiveness of each principal activity detailed in the Delivery Program in achieving the objectives at which the activity is directed.
- A council must prepare a new Delivery Program after each ordinary election of councillors to cover the principal activities of the council for the four year period commencing on 1 July following the election.
- The General Manager must ensure that progress reports are provided to the council, with respect to the principal activities detailed in the Delivery Program, at least every six months.
- A council must review its Delivery Program each year when preparing the Operational Plan

#### *Operational Plan*

#### **4.10 Delivery Program and Operational Plan - Exhibition**

---

- Council must have an annual Operational Plan, adopted before the beginning of each financial year, outlining the activities to be undertaken that year, as part of the Delivery Program.
- The Operational Plan will include the Statement of Revenue Policy.
- The draft Operational Plan must be publicly exhibited for at least 28 days and public submissions can be made to Council during the period.
- The exhibition must be accompanied by a map showing where the various rates will apply within the local government area.
- Council must accept and consider any submissions made on the draft Operational Plan before adopting the Operational Plan.
- Council must post a copy of the Operational Plan on our website within 28 days after the plan is adopted

This includes details of:

- Estimated income and expenditure
- Ordinary rates and special rates
- Proposed fees and charges
- Council's proposed pricing methodology
- Proposed borrowings.

In respect to the Delivery Program, as per the earlier information, a council must review the document each financial year. The advice from the DLG is that the document, when being reviewed, can be retained as per the original four year period to which it relates, or alternatively it can be amended to reflect the next four year period. The preference from staff is to update the Delivery Program each year so that it continues to reflect the next four year period. This then assists in ensuring that the document remains contemporary.

The draft Delivery Program, provided as a separate attachment to this report has been reviewed to reflect the recently adopted CSP and to incorporate the various priorities that have been raised by Councillors through the induction program that has been running for the past six months. The Delivery Program is a fairly broad document that outlines the major activities being undertaken by Council on a more macro level.

On the other hand the draft Operational Plan focuses strongly on actions that Council is currently undertaking or are considered to be priorities for the 2013/14 financial year.

Particular attention must be paid to the Operational Plan as it is this document that will be reported on quarterly. Any specific goals or actions that Councillors wish to see achieved in 2013/14 need to be incorporated into the Operational Plan as this plan will form the staff workload for 2013/14.

It is paramount that Councillors have their priorities included in this document as this then assists in ensuring that ad hoc notices of motion for the pursuit of other actions are not lodged during the year.

#### **4.10 Delivery Program and Operational Plan - Exhibition**

---

Notices of motion can result in the redirection of staff resources towards other projects which then impact on planned priorities. The Operational Plan should be the document that reflects the Council's goals for the year and through its public exhibition and formal adoption the community is then in a position to measure how Council is performing against those goals.

Certain elements of both documents are still to be finalised as they are dependent on the final budget document and outcomes from reports included elsewhere in this agenda.

#### **Legal / Resource / Financial Implications**

Council is legally required to review the Delivery Program and exhibit the Operational Plan for public comment. The documents provide an overview of how Council's resources are allocated and a summary of our finances.

#### **Consultation**

Both documents will be exhibited for public comment following adoption of this meeting's minutes at the April Council meeting.

The exhibition will occur during May and early June, with the outcomes from the exhibition period then reported to the June meeting.

It is also proposed to hold public meetings to discuss the contents of the documents. Council may wish to review the staging of these public meetings as generally they have not been well attended, unless there is a controversial topic included in the draft documents.

#### **Options**

Council is required to exhibit the documents therefore the options are to exhibit as presented or exhibit inclusive of any amendments arising from this meeting. The recommendation allows for any amendments to be included.

#### **RECOMMENDATION**

That Council approves the exhibition of the Draft Delivery Program and Draft Operational Plan, as attached, inclusive of any amendments arising from this meeting and subject to the finalisation of both documents.

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

1. Draft Delivery Program (separate attachment)
2. Draft Operational Plan (separate attachment)  
(These attachments to be distributed separately)