



Notice of Finance Committee Meeting

A Finance Committee Meeting will be held in the Ballina Shire Council Chambers, 40 Cherry Street, Ballina on **Tuesday 18 March 2014 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 horizontal line underneath.

Paul Hickey
General Manager

Dinner will be provided at 6.30 pm

Table of Contents

1.	Apologies.....	1
2.	Declarations of Interest.....	1
3.	Deputations	1
4.	Committee Reports.....	2
4.1	Rating Structure	2
4.2	Recycled Water - Pricing Survey	10
4.3	On-site Sewage Management - Program Update	31
4.4	Community Services - Infrastructure Options	48
4.5	Ballina Indoor Sports and / or Events Centre	53
4.6	Property Reserves - Future Cash Flows	66
4.7	Coastal Recreation Path / Walk Projects - Funding Update	76
4.8	Community Infrastructure - Recurrent Capital Projects	85
4.9	Community Infrastructure - Non-recurrent Capital Projects	90
4.10	Long Term Financial Plan - General Fund	105

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

1. Apologies

2. Declarations of Interest

3. Deputations

4.1 Rating Structure

4. Committee Reports

4.1 Rating Structure

Delivery Program Governance and Finance

Objective To respond to requests from an earlier Finance Committee meeting in respect to information on the business and farmland rating categories.

Background

At the Finance Committee meeting held 4 March 2014, Council supported a recommendation to retain the same base rating structure in 2014/15 that was applied in 2013/14 to levy ordinary land rates. Council also requested, as part of the recommendation, a report on how the business rate has changed over time since the introduction of the 20% cap and options in respect to farmland rating. The report that follows provides this information.

Key Issues

- Equity of the rating structure and options

Information

Business Rate Movements

During the 2005/06 rating year, a review of our rating income was undertaken. It found that our rate income base was low in comparison to other group four category councils. It also highlighted that our business category, average rate payable per assessment was the lowest in the State.

As a result of these findings, Council adopted a strategy to attempt to increase our average business rate per property to around 85% of that of other group four categorised councils, over a five year period between 2006/07 and 2010/11.

To achieve this phased in result, we increased the proportion of business rate income, in comparison to our total allowable rate income, by 2% each year for five years. Business category rate income was increased from about 10% of total rate income in 2005/06, and reached 20% of total rate income when the strategy was finalised in 2010/11.

The attachment to this report provides the latest data (2011/12) from the Office of Local Government in respect to rating and associated information. As per that attachment the business rate in 2011/12 was approximately 80% of the group average for category four councils. This percentage would have increased in 2012/13 and 2013/14 as Council applied increases above the rate pegging limit for those two years.

Following the conclusion of the business rate income increase strategy at the end of 2010/11, Council decided, in each of the following rating years, to ignore net annual growth movements between rating categories in setting income required from each category, and retain an income proportion of 20% from the business category.

4.1 Rating Structure

The following table shows the history of rate income generated from each rating category since the business rate income proportions were first adjusted in the 2006/07 rating year.

Rating Year / Category	Qty	Base (\$)	% Yield from Base	Rate in the Dollar	Land Value (\$)	Yield (\$)	Income BEFORE Business Set	Income AFTER Business Set	Change (%)
2014/15									
Farmland	1,053	429	32.53%	0.133990	700,484,660	1,389,886	7.67%	7.66%	-0.01%
Residential	15,242	429	49.83%	0.165769	3,976,769,835	13,124,373	72.44%	72.34%	-0.11%
Business	1,283	429	14.67%	0.589130	524,343,775	3,628,551	19.88%	20.00%	0.12%
Total	17,578				5,201,598,270	18,142,810	100.00%	100.00%	
2013/14									
Farmland	1,069	420	32.60%	0.130375	711,978,160	1,377,220	7.83%	7.81%	-0.02%
Residential	15,100	420	49.85%	0.161054	3,962,019,458	12,722,924	72.33%	72.19%	-0.15%
Business	1,234	420	14.70%	0.575440	522,546,467	3,525,028	19.84%	20.00%	0.16%
Total	17,402				5,196,544,085	17,625,172	100.00%	100.00%	
2012/13									
Farmland	1,062	398	32.46%	0.123163	714,033,160	1,302,099	7.81%	7.85%	0.04%
Residential	14,970	398	49.77%	0.152206	3,951,423,684	11,972,440	71.84%	72.15%	0.31%
Business	1,234	398	14.80%	0.539356	524,246,441	3,318,583	20.35%	20.00%	-0.35%
Total	17,266				5,189,703,285	16,593,122	100.00%	100.00%	
2011/12									
Farmland	1,059	374	32.73%	0.117018	695,541,404	1,209,975	7.77%	7.77%	0.00%
Residential	14,824	374	49.70%	0.140421	3,996,213,672	11,155,808	72.31%	72.23%	-0.08%
Business	1,217	374	14.72%	0.508970	517,788,888	3,090,361	19.92%	20.00%	0.08%
Total	17,100				5,209,543,964	15,456,143	100.00%	100.00%	
2010/11									
Farmland	1,062	354	32.78%	0.110789	695,823,404	1,146,844	7.90%	8.09%	0.19%
Residential	14,716	354	49.79%	0.132381	3,968,140,772	10,462,666	73.95%	71.91%	-2.04%
Business	1,224	354	14.92%	0.474244	520,665,888	2,902,360	18.15%	20.00%	1.85%
Total	17,002				5,184,630,064	14,511,870	100.00%	100.00%	
2009/10									
Farmland	1,065	341	32.88%	0.105426	703,319,404	1,104,645	7.85%	7.85%	0.00%
Residential	14,658	341	49.64%	0.127892	3,964,444,547	10,068,718	76.14%	74.15%	-1.99%
Business	1,219	341	16.94%	0.393748	517,379,288	2,452,693	16.01%	18.00%	1.99%
Total	16,942				5,185,143,239	13,626,056	100.00%	100.00%	
2008/09									
Farmland	1,067	504	49.85%	0.085047	636,098,204	1,078,748	8.13%	8.13%	0.00%
Residential	14,563	340	49.67%	0.137145	3,658,687,136	9,969,106	77.43%	75.87%	-1.56%
Business	1,218	861	49.83%	0.263280	400,967,248	2,104,356	14.44%	16.00%	1.56%
Total	16,848				4,695,752,588	13,152,210	100.00%	100.00%	
2007/08									
Farmland	1,069	485	49.86%	0.080920	644,309,204	1,039,838	8.40%	8.40%	0.00%
Residential	14,425	322	49.78%	0.129935	3,606,684,076	9,331,295	79.57%	77.60%	-1.97%
Business	1,120	752	49.87%	0.211760	399,640,694	1,688,233	12.03%	14.00%	1.97%
Total	16,614				4,650,633,974	12,059,366	100.00%	100.00%	
2006/07									
Farmland	1,068	452	49.94%	0.075181	643,594,204	966,595	8.24%	8.24%	0.00%
Residential	14,359	309	49.91%	0.123070	3,617,651,076	8,889,054	81.77%	79.76%	-2.01%
Business	1,115	602	50.05%	0.168102	398,556,594	1,341,404	9.99%	12.00%	2.01%
Total	16,542				4,659,801,874	11,197,053	100.00%	100.00%	
2005/06									
Farmland	1,067	417	49.89%	0.128690	347,305,553	891,882	8.70%	N/A	N/A
Residential	14,232	293	49.98%	0.204480	2,040,874,248	8,343,156	81.40%	N/A	N/A
Business	1,065	476	49.98%	0.219800	230,765,132	1,013,995	9.90%	N/A	N/A
Total	16,364				2,618,944,933	10,249,033	100.00		

4.1 Rating Structure

One item of interest from this table is the rate in the dollar applied for business properties as compared to residential properties.

In 2005/06 the business rate in the dollar was 107% of the residential rate in the dollar, whereas for 2014/15 it is 440%. This means that over time we have had to significantly increase that rate in the dollar to achieve and retain the 20% income benchmark.

However the rate in the dollar is somewhat distorted as Council is only generating 14.67% of the business income from the base rate in 2014/15, as compared to almost 50% in 2005/06. This change was implemented in 2009/10 and the difference in the rate in the dollar for that year, as compared to 2008/09, is substantial. This makes comparisons of rates in the dollar problematic.

The other point of interest is that the number of business properties has significantly increased since 2005/06. This is due to growth in the number of businesses and also correction to the categorisation of properties from residential to business. The issue of categorisation became more and more important as the introduction of higher differentials increased.

Ultimately it is a matter for Councillors to determine what is fair and equitable for business properties remembering that any decrease in income from business will result in an increase in rates for the residential and / or farmland categories.

One option that might be worth consideration is the removal of the 20% cap. This would then allow the income from business properties, and consequently farmland and residential, to move in line with rate pegging increases and land value changes over time.

Farmland Rating Options

Before considering options in regard to farmland rating, it is important to understand the history of rating structures and farmland rating in our Shire.

Historically, the Local Government Act (LGA) required the farmland rate to be the lowest rate of any rating category. Obviously the Government of the time thought it important to effectively subsidise rates levied upon primary producers. This requirement was abolished when the 1993 LGA was introduced.

Ultimately it is Council's decision in implementing a fair and equitable rating structure using the following principles;

- **Ability to pay principle** – This principle assumes that there is a relationship between land values and the ability to pay rates
- **The benefit principle** – This is essentially a “user pays” principle

Prior to 2004/05, Council utilised a “minimum” rating structure. This structure consisted of calculating a rate by simply multiplying a property's land value by a rate in the dollar. A minimum rate was levied if the former calculation was less than the set minimum amount for that year. This rating structure strongly favoured the ability to pay principle.

4.1 Rating Structure

Council undertook a significant review of its rating structure after receiving 2002 base date land valuations from the Valuer General. These values were 60% higher than the previous 1999 valuations and resulted in large fluctuations for some properties and localities. Most noticeable was Lennox Head, which increased by 120%.

The outcome of that review was a change to the rating system, with the “base amounts” rating structure being adopted for the 2004/05 rating year.

The base amount system consists of a two part levy. The first being a flat amount that all properties pay. The remaining income is generated by a rate in the dollar applied to the property’s land value. Council considered this to be the most equitable rating structure, as it “flattened out” the rate burden and significantly reduced the impact of land valuation fluctuations. The flat base amount was set at 50% of the total category, being the maximum allowable pursuant to the LGA.

Council improved the equity of the base amounts structure in 2009/10 by changing the percentage of income derived from base amounts in the business and farmland categories to ensure that all categories had the same base amount.

To implement this change the residential base amount was still set to achieve an income of just less than 50% of the total income generated by that category however, the percentage of income generated by base amounts in the business and farmland categories was reduced to result in a greater reliance on land values to determine how much an individual property paid.

For 2014/15, this results in the base amount generating 14.67% of total business income and 32.53% of total farmland income.

There were two primary reasons for the change. The first being some farmland properties with low valuations would have paid, at that time, less if categorised as residential, due to the much higher base amount being paid by farmland properties.

The second was that Council considered it fairer to have a heavier reliance on land values to determine how much a business or farmland property paid in rates. As business and farmland properties are generally income producing, Council considered that a property’s land value was one indicator of their potential to generate income and the higher the potential, the more ability they have to pay a greater share of rates.

The following table provides current (2014/15 proposed) assessment and land valuation details for each rating category.

Rating Category	No. of Assess	% of Total Assess	Land Value (\$)	% of Total Land Values	Income (\$)	% of Total Income	Average Rate
Residential	15,242	86.71%	3,976,769,835	76.45%	13,124,373	72.34%	861
Business	1,283	7.30%	524,343,775	10.08%	3,628,551	20.00%	2,815
Farmland	1,053	5.99%	700,484,660	13.47%	1,389,886	7.66%	1,320
TOTAL	17,578	100.00%	5,201,598,270	100.00%	18,142,810	100.00%	1,031

4.1 Rating Structure

There are numerous options available to change the rating structure. Income generated from each category can be altered, base amounts can be altered, and rates in the dollar applied to land values can be altered.

Categories can also be split in sub categories (providing LGA conditions are met) and these sub categories can have different base amounts and different rates in the dollar.

If Council wanted to make changes to the farmland rating structure one option would be to reduce the discount that currently applies to farmland as compared to residential properties.

Farmland and residential properties currently share 80% of the rating burden with business paying the other 20%. As per the next table the farmland land values represent 15% of the combined land values for residential and farmland and pay 10% of the yield from residential and farmland properties (which represents 80% of the total rate yield).

Category	Land Value (\$)	% of Total	Yield (\$)	% of Total
Farmland	700,484,660	15	1,389,886	10
Residential	3,976,769,835	85	13,124,373	90
Total	4,677,254,495	100	14,514,259	100

Over time Council could steadily adjust the rates in the dollar so that the yield from farmland was more consistent with its proportion of the land value.

Whether or not this is equitable is again a matter for Councillors to determine, as farmland properties often have high land values that do not necessarily reflect their consumption of Council resources.

Importantly any change in the rating structure will not generate additional rate revenue for Council.

Legal / Resource / Financial Implications

Any significant changes to the existing rating structure would consume significant staff resources to model financial implications to individual properties. Changes would need to conform to LGA legislation.

Consultation

Any changes would be exhibited as part of Council's Draft Delivery Program and Operational Plan.

Options

This report has been provided for information purposes. The options available relate to whether Councillors wish to pursue modifications to the current rating structure. Any changes will need to be modelled and reported back to Council.

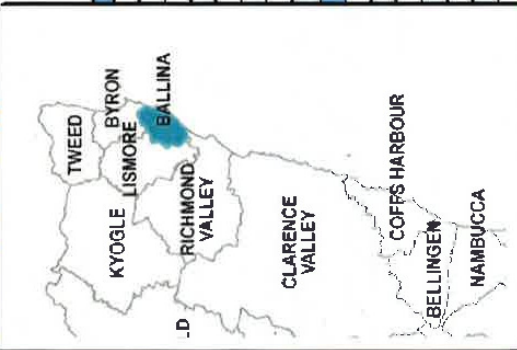
RECOMMENDATION

That Council notes the contents of this report on the existing rating structure, with particular reference to farmland and business properties.

Attachment(s)

1. Office of Local Government - Comparative Data

Ballina Shire Council

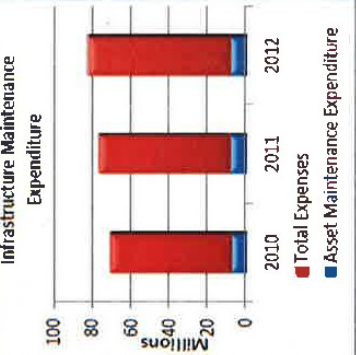
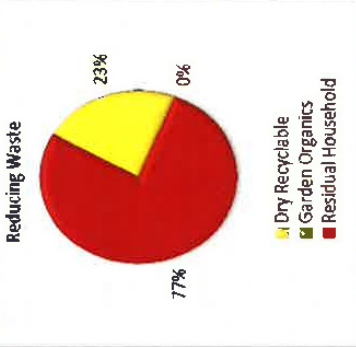
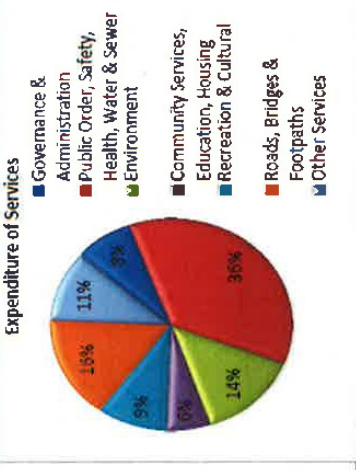
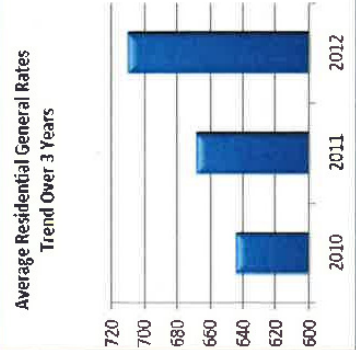


Ballina Shire has an area of approximately 485.4 km2 with a population of 40,753 and is situated on the Richmond River. Known for its rainforests, beaches, lakes and hinterland which attract significant tourism. With its natural beauty it is also home to the Big Prawn, the Australian Seabird Rescue Wildlife Sanctuary and Sea Turtle Hospital.

Your Local Government Area	LGA	Group Avg	Your Council	LGA	Group Avg
Five year population change	-0.7%	1.5%	Number of Councillors	10	10
Population aged <19	23.9%	26.3%	Population per Councillor	4,075	3,976
Population aged >20 <59	47.7%	49.9%	Number of Equivalent Full Time Staff	269	310
Population aged >60	28.3%	23.9%	2011/12 Revenue (\$'000)	\$86,670	\$75,132
Aboriginal & Torres Strait Islanders	3.1%	4.7%	Revenue per capita	\$2,127	\$2,071
Language Other than English	3.3%	4.5%	Expenses per capita	\$1,818	\$1,956
Socio-Economic Index Ranking (1 lowest)	99	N/A	Population Density (Residents per km ²)	83.96	55.24

Your Local Economy	LGA	Group Avg	Your Public Facilities & Social Factors	LGA	Group Avg
Unemployment Rate	6.3%	6.3%	Number of Public Swimming Pools	2	3
Average Taxable Income (\$)	\$37,213	\$39,851	Number of Public Halls	16	12
Average Household Family Size	2.8	2.9	Number of Public Libraries	3	3
Largest Industry Employer	Health/social assistance		Open Public Space (ha)	716	1,006
Value of DAS determined (\$000)	\$92,086	\$82,333	% Pensioner Rebates	22.9%	21.4%
Tourist Accommodation Establishments	15	17	Access to Internet at Home	71.60%	68.16%

Your Council's Rates and Spending



TCorp has assessed your Council's current Financial Sustainability Rating as Moderate with a Neutral outlook.
The Infrastructure Audit assessed Council's infrastructure management to be Weak.

Strengthening Local Government

4.1 Rating Structure

Contacting Council	How Your Council Manages	LGA	Group Avg	How Your Council is Performing	LGA	Group Avg
<p>Corr Tamar And Cherry Streets Ballina NSW 2478 Postal Address: PO Box 450 Ballina NSW 2478 Phone: 02 6686 4444 Fax: 02 6686 703 Email: council@ballina.nsw.gov.au Web: www.ballina.nsw.gov.au</p>	<p>Average Residential Rate Average Business Rate Average Farmland Rate Average Mining Rate Average Residential Water and Sewer Bill Average Domestic Waste Charge % of Own Source Revenue % Grants of Revenue Operating Performance Ratio Unrestricted Current Ratio Building & Infrastructure Renewal Ratio Infrastructure Backlog Ratio</p>	<p>\$709.94 \$2,382.50 \$1,144.07 N/A \$1,064.00 \$375.97 55.24% 35.13% -15.90% 2.90 105.51% 1.53%</p>	<p>\$836.70 \$2,982.91 \$1,733.41 \$240,655.38 \$1,062.00 \$259.26 62.91% 29.92% -6.59% 2.71 60.26% 14.89%</p>	<p>Governance & Administration Expenditure per capita Environmental Expenditure per capita Water & Sewer Services Expenditure per capita Community Services & Amenities, Housing & Education Expenditure per capita Recreational & Culture Expenditure per capita Public Order, Safety & Health Expenditure per capita Other Services Expenditure per capita Average Kilogram Kerbside Dry Recyclables Collected per household/week Average Kilogram Kerbside Garden Organics Collected per household/week Average Kilogram Kerbside Residual Waste Collected per household/week Total Domestic Diversion Rate for Council Roads, Bridges and Footpath expenditure per capita Metre Road Length per capita</p>	<p>\$139.70 \$250.58 \$611.29 \$106.77 \$173.90 \$53.47 \$198.49 4.4 N/A 15.1 39.5% \$284.08 15.98</p>	<p>\$264.53 \$228.71 \$513.55 \$179.16 \$247.47 \$66.97 \$219.55 5.0 5.2 11.7 42.89% \$365.18 31.67</p>
<p>2012 Local Government Elections: Ballina Candidates and Councillors</p>						
LGA Demographics	% Pop in LGA	% Councillor Candidates in LGA	% Councillors Elected in LGA	% Councillors State Average		
Male	48%	63%	70%	73%		
Female	52%	38%	30%	27%		
ATSI	3%	0%	0%	2%		
Disability	N/A	0%	0%	3%		
NESB	3%	0%	0%	8%		
Age <30 years	33%	13%	10%	4%		
Age >30, < 60 years	39%	54%	50%	58%		
Age 60+ years	28%	33%	40%	38%		
<p>Comparative Information on NSW Local Government</p>						
<p>Measuring Local Government Performance 2011-12</p>						
<p>NSW Department of Local Government Premier & Cabinet</p>						

4.2 Recycled Water - Pricing Survey

4.2 Recycled Water - Pricing Survey

Delivery Program Water and Wastewater

Objective To consider the results of the recycled water pricing survey and to determine a preferred pricing structure.

Background

A report was provided to Council's Ordinary Meeting of 25 July 2013 entitled 'Recycled Water Pricing Structure'. That report provided a preliminary analysis of a possible future pricing structure for recycled water supplied to Dual Reticulation areas. The report is attached (refer Attachment One)

Point four of the resolution from that report included an action:

- 4. That Council receive a further report providing details of the community feedback in relation to point one, to enable Council to then make a final decision prior to formally exhibiting the proposed charge for recycled water.*

Point one is reproduced below:

- 1. That Council confirms, for the purposes of the community education program and current financial modelling that the pricing of the recycled water for the urban dual reticulation system is to be based on 80% of the potable water price.*

Council's water section conducted a telephone survey during the period of 11 to 17 October 2013. The aim of the survey was to gain community feedback towards the proposed recycled water price of 80% of the price for drinking water.

A total of 54 Ballina Shire 'dual reticulated' as well as 'non dual reticulated' residents were surveyed, with 29 of these residents living in dual reticulated properties and 25 living in non dual reticulated properties.

Further questions also prompted feedback on attitudes to recycled water use, and perceptions as to why Council is recycling water.

This report outlines the results of that survey.

Key Issues

- Price for recycled water
- Comparison to potable water

Information

The survey was broken into three key sections focussing on recycled water pricing, attitudes to various end uses for recycled water, and perceptions regarding the need for recycled water.

4.2 Recycled Water - Pricing Survey

a) Pricing Options

Both groups of residents were asked to rate their responses on a scale from 1 "much too low" to 10 "much too high".

When asked about the intended price of recycled water, not one respondent thought the price was too low.

However, out of the 25 non dual reticulated residents, 80% (20 residents) said that they would be interested in gaining access to recycled water if it was priced at 80% of the price for drinking water. When asked to rate their opinion on the intended price, 57% of non dual reticulated residents were indifferent to the price, 43% thought it was a "little too high" and nobody thought it was "much too high". Non affected residents cared less about pricing.

Alternatively, residents with dual reticulation felt more strongly that the intended price was too expensive with 44% saying it was a "little too high" and 26% saying it was "much too high". When asked for their reasoning most felt strongly that they should pay less than 80% as the quality was not the same as drinking water. Further questioning revealed a general lack of understanding of the complexities of the treatment process and resulting water quality.

Comments were generally only provided by those who felt negatively with regards to pricing. Residents who were happier with 80% pricing generally did not feel the need to make further comment and nor were they prompted. (*See Attachment Two*).

b) Attitudes Towards Recycled Water Purposes

Both groups of residents were asked to rate their comfort level with regards to using recycled water around the home. Unsurprisingly, comfort levels reduced as the level of human contact with recycled water increased. Again, residents with dual reticulation expressed stronger feelings regarding discomfort.

Challengingly for Council, 45% of dual reticulated residents were uncomfortable using recycled water for their clothes-washing and nearly 30% said they would be uncomfortable using it to water their herbs and vegetables.

Most 'uncomfortable' residents were concerned about the quality of the water for these particular purposes. Mothers made comment they would not be comfortable washing their young children's clothes in the recycled water and the fact that herbs and vegetable are ingested seems to make people nervous due to the fact they cannot drink the recycled water. The 'yuck factor' becomes more prevalent as human contact level increases with many admitting it was probably "all in their heads".

Residents were also asked about hypothetical recycled water uses such as showering/bathing and cooking/washing dishes. Unsurprisingly, the majority were uncomfortable with these areas of use. Discomfort definitely increases with closer the contact and higher perceived risk.

4.2 Recycled Water - Pricing Survey

These results suggest Education/Communication opportunities exist to improve understanding of the high quality of the recycled water. Also worth noting is that when respondents are given high contact scenarios they then seem to be more favourable towards lower contact purposes (although further study would be required to definitively confirm this effect). (See Attachment Two).

c) Public Perceptions Regarding the Need for Recycled Water

Both groups of residents were asked how important they felt recycling water was with regards to sustainability. Over 90% of all respondents felt recycling water was important to help combat drought and to use our Shire's water resources more efficiently.

Dual reticulated residents believed it slightly more necessary to take pressure off our drinking water supplies (90%) than non dual reticulated residents (80%).

Overall the majority of residents agreed the project was necessary for future growth (slightly less dual reticulated residents). When asked about cleaner waterways, many residents struggled to make the connection that the project also reduced discharges to the marine environment. Further explanation was needed to obtain an accurate answer from respondents which illustrates a need for further education in this area. (See Attachment Two).

d) Survey result conclusions

The survey comprises a small sample and was relatively informally controlled and reported. Therefore any conclusions should be considered in that context. Also it is fair to say that Council continues to increase the public education component of the scheme as we move closer to implementation.

However it is also fair to say that the anecdotal evidence confirms that there is a public perception that undervalues recycled water because of the limitations of its use. The current possibility of water restrictions and the continued availability of recycled water in dry times will highlight one of the advantages of recycled water when compared to drinking water.

The results regarding the acceptability of pricing shows dual reticulation residents are less supportive than non-dual reticulation residents:

- The majority of residents with dual reticulation suggested a price of 80% of the price for drinking water is too high. Of these 44% felt it was "a little too high" and 26% felt it was "much too high". People's reasoning was generally because the perceived quality of the water is much lower than drinking water.
- In contrast, a clear majority (80%) of non dual reticulated residents said they would be interested in having access to the water if it was priced at 80% of the price for drinking water.

4.2 Recycled Water - Pricing Survey

Given non-dual reticulation residents showed interest in possible cost savings, the less positive response from dual reticulation residents could simply highlight a common reaction to paying any Council charges.

The results also showed a direct correlation between level of discomfort and level of human contact with recycled water:

- The hypothetical uses of bathing/showering and cooking/washing dishes produced high levels of discomfort.
- Intended uses of watering lawns and toilet flushing produced low levels of discomfort, with over 85% of dual reticulated residents very comfortable with those uses.
- Intended use of clothes washing via cold water laundry produced moderate levels of discomfort, with 45% uncomfortable with this use.
(Note: the dual reticulated residents surveyed, committed to the project before council resolved to make cold water clothes washing taps a mandatory fixture for recycled water).

An overwhelming majority of residents agree that water needs to be recycled for a sustainable future.

Legal / Resource / Financial Implications

The Council will need to meet the statutory requirements in terms of the establishment of a fee and charge.

Depending on the water rate selected, it is possible that the revenue to Council can change compared to the current situation where Council is receiving revenue based on the water supply rate.

Ongoing resourcing is required given the identified need for further community education regarding the high quality of recycled water, and its safe end uses. Refinements could also be made to improve any future surveys for greater consistency, to better reflect positive and negative opinions, and to provide greater educational benefits such as promoting recycled water as a drought resistant source and improving understanding of the high quality of recycled water.

Consultation

Consultation was undertaken by randomly cold calling approximately 60 residents, half of whom were from dual reticulation areas, and half from non-dual reticulation areas.

Options

Council can either:

- 1) Choose to proceed with public exhibition of the proposed price for recycled water set at 80% of the price for drinking water
- 2) Choose to propose a lower price for recycled water
- 3) Choose to commence the scheme at a lower price, however communicate an intention to move to the preferred 80% over time, say five years.

4.2 Recycled Water - Pricing Survey

The July 2013 Council report suggested the perceived value of recycled water and its acceptance should be the key considerations when setting the price of recycled water. The report also suggested the need to balance a number of pricing principals:

- Provide an incentive to take-up and usage
- Recognises that recycled water is a new public service and there may be a perception that it is a lower quality product than drinking water
- Follow National Water Commission guidelines setting prices consistent with substituted products (i.e. drinking water)
- Consider benefits such as unrestricted use during times of drought
- Account for benefits to the broader community such as reducing discharges and deferring water supply capital works
- Not differentiate geographically when pricing recycled water

The survey results have provided preliminary community feedback in relation to the proposal to set the pricing of recycled water for the urban dual reticulation system at 80% of the potable water price. Based on those results it is considered that:

- there are no obvious reasons for Council to alter its current proposed recycled water price of 80% of the price for drinking water
- it is considered that this price will be acceptable to a majority of the community
- ongoing public education regarding the value and use of recycled water and the treatment processes and quality assurance would be required regardless of the final price
- a key concern of the Council when the first report was presented was in relation to the concept of reduced pricing would increase the take up of the use of the water. While it is possible pricing may influence the extent of use, it is also noted that codified plumbing arrangements don't provide the residents with the choice in respect of how the scheme is applied to their property meaning access to potable water in the garden area has practical limitations or inconveniences.

It is therefore recommended that Option One is the preferred approach.

RECOMMENDATIONS

1. That Council's schedule of fees and charges for the draft 2014/15 Delivery Program and Operational Plan include a recycled water price of 80% of the priced for drinking water.
2. That Council continue to implement its Recycled Water Education Program, including the monitoring of feedback from the community in relation to the quality and price of the recycled water supply.

Attachment(s)

1. Copy of Report July 2013 - Recycled Water - Pricing Structure
2. Recycled Water Survey Analysis
3. Recycled Water Pricing Survey

11.6 Recycled Water - Pricing Structure

11.6 Recycled Water - Pricing Structure

Delivery Program Water and Wastewater

Objective To discuss a preferred pricing structure for the recycled water service.

Background

The following report was presented to Council at the last meeting. The Council determined to defer a decision to enable a workshop to be held. The workshop was convened on 16 July 2013 and the previous report has been amended to include a discussion of the information presented to the workshop. The new comments are identified in italics.

Council adopted its Urban Water Management Strategy (UWMS) in 2004. The policy was reviewed in 2012 and the outcomes of this review reported to Council. From this report an update to the UWMS has been prepared and will be reported to Council for adoption shortly.

In developing the UMWS, there was a very strong view in the community that wastewater was to be considered as a resource and be reused rather than discharged to the marine environment. In response to this the UWMS proposed a number of targets in respect of the reuse of wastewater and one of the major strategies that is being implemented to assist in achieving the targets is the Council's ambitious urban dual reticulation scheme.

In accordance with the Ballina Lennox Head Recycled Water Master Plan, as adopted by Council in September 2007, the urban dual reticulation (UDR) will be installed in all new major subdivisions in the Ballina and Lennox Head areas. This will mean the provision of recycled water to an estimated 7,242 new lots by 2026. This water will be used for garden watering, toilet flushing and the cold water tap to washing machines.

There are already approximately 600 properties plumbed with dual reticulation infrastructure and services. These properties are currently being supplied with drinking water to their recycled water service.

The upgrades to the Lennox Head and Ballina Waste Water Treatment Plants (WWTP) and the construction of the distribution infrastructure are scheduled for completion by the end of 2013. Once this work is complete and following a period of verification and testing, Council will be able to commence distributing the high quality, fit for purpose recycled water for use in residential lots fitted with dual reticulation.

Now that we are getting close to the introduction of the service, it is an appropriate time for Council to consider its fees for this service. The consideration of this issue is the purpose of this report.

Key Issues

- Price for recycled water
- Comparison to potable water

11.6 Recycled Water - Pricing Structure

Information

A number of councils and water utilities in Queensland, NSW and Victoria have introduced the supply of recycled water for use for domestic and industrial purposes.

Queensland and Victoria have introduced a rating system based on the level of treatment and quality of the recycled water in order to assist users in determining the quality of the water. This rating system outlines the purposes for which the recycled water can be used for. These grades typically align with the level of treatment the water has had, with the highest level treatment being classified as A (Vic) and A+ (QLD).

Council currently provides recycled water of varying quality for a number of purposes including the watering of sporting fields, use in nurseries and for use at the race track and golf course; with the water treatment typically aligning with the Class B type of water in both Victoria and QLD, that is, tertiary treated water as per the Australian Government National Water Commission Guideline.

The treatment plant upgrades will ensure that the discharge water from the Ballina and Lennox Head WWTPs will align with the Class A level in that the water will be treated using membranes, UV and have chlorine residual. This will ensure the water is fit for dual reticulation.

UDR is classified as direct potable replacement effectively offsetting up to 40% of a typical household's demand for drinking water. This will significantly reduce the demand on the water supply from growth making development more sustainable, thus helping to put off the need for upgrades to regional water supply infrastructure.

There is a cost in providing recycled water in this way. Along with capital and operating costs, Council needs to ensure education and regulation of the supply is provided for. This will entail additional staff and resources, and the recycled water will be supplied in lieu of drinking water that would have generated income.

Cost of production

Recycled water typically costs more than raw water from a river source to process for use as a secondary water supply for household. However in making this comparison, only those costs for production above the level that would have been required to allow that water to be discharged to the environment should be considered.

It is also important to recognise the benefits to the water supply from the displaced demand which reduces or defers the need for water supply capital works.

The water that is being processed for reuse at the Ballina and Lennox Head WWTPs has required the addition of chlorination and additional infrastructure to pump the water to allow supply, and the Ballina supply is likely to need to be further treated using Reverse Osmosis to reduce salinity.

11.6 Recycled Water - Pricing Structure

New properties have had additional costs to plumb them to accept the recycled water and there will be a need to monitor and inspect properties to minimise the chance of cross connection and contamination of the drinking water supply.

During the early stages of any new scheme the cost will also be higher given the limited uptake.

Ballina's supply will initially only cater for about 10% of the proposed capacity of the system, with the unit cost of supply decreasing with development and increased usage of the scheme.

Pricing Principles

The National Water Commission paper, *Pricing Principles for Recycled Water and Stormwater Reuse* proposed 'that recycled water prices must be set in a way that is consistent with the efficient, sustainable pricing of the products and services for which the recycled water is a substitute'.

This means that Council needs to consider the cost of the water that is being replaced when making the pricing decision.

The price also needs to be compatible with the achievement of the overall objectives and goals of Council in relation to the need to provide an incentive to use this resource and to preserve drinking water.

At other water utilities the price has been set to encourage its use. As opposed to potable water, where it is more sustainable to reduce demand, with recycled water, its use is encouraged to avoid discharge to the marine environment.

Pricing also recognises that recycled water may be viewed as a lesser quality product, albeit one that is suitable for the proposed purpose for which it is to be used.

The ability to provide and use recycled water during drought and whilst supply restrictions are in place is also a considerable benefit which may be used to offset any perceived quality issues.

A further matter to consider is that while the recycled water is only distributed to new subdivision areas, the scheme is a benefit to all residents in terms of managing our wastewater (avoided discharge) and water supply (deferred or avoided capital works).

Typically this Council has not sought to apply fees and charges with a geographic difference even though the costs to supply, collect, and treat may be different in each locality.

Pricing in other organisations

The table below lists other organisations that produce and/or sell recycled water and the relativity of the price charged for recycled water to their drinking water.

11.6 Recycled Water - Pricing Structure

Organisation	Base rate drinking water Per KI	Recycled water charge Per KI	Recycled water as a % of base drinking water rate
Gold Coast City Council	3.2692	1.6791	51.36%
South East Water Melbourne	1.7511 (1 st 440 l per day, 2.1266 440l – 880l per day, 3.4401 above 880l per day)	1.6635	95%
Sydney Water	2.13	1.70*	79.8%
Ballina Shire Council	1.77	N/A	N/A
Pitt Town Water	2.25	2.03	90%

As shown by the table the price charged for recycled water ranges between 51% and 95% of the rate charged for potable (drinking) water with most charges being around the 90% rate, albeit this is a small sample.

It is understood the Gold Coast Council opted for the lower charge as issues in the implementation phase meant there was a need to build some trust within the community regarding the value of the scheme.

At the workshop information was provided to Council that around 43% of the household consumption can be expected to be drawn from the recycled scheme. If a typical residential water bill is taken to be around \$314, it is expected in the first year of the scheme the foregone revenue to Council would around \$9,500 for a charge of 90% of the potable water charge and \$47,200 for the 50%. By 2035 it is estimated (in today's dollars) the revenue forgone would be \$98,500 for the 90% option and \$343,830 for the 50%.

It was also noted that it costs more to produce the recycled water, however it is important to recognise that these costs also provide benefits towards the Council meeting its wastewater objectives.

The Council does not differentiate geographically in respect of its other water and wastewater services even though the services are provided in different catchments with different costs and there is an argument that the pricing of recycled water should be consistent with this philosophy.

Based on this, and the relative small impacts in terms of foregone revenue, it is suggested the issues for Council to consider is the perceived value and acceptance of the service rather than its cost.

Councillors were interested in ensuring the water in the scheme was used to its maximum potential to ensure the Council meets its objective to reduce to the extent possible marine and estuary discharges from its wastewater treatment facilities.

Two important aspects to consider are price and planning controls.

In regards to price, the price elasticity of demand is difficult to assess, although the following point was noted at the workshop. Even with the 50% subsidy, the saving to the customer is around \$54 with the typical residential charge expected to \$300 at 90% and \$246 at 50%. At a dollar a week it is unlikely that pricing will have a significant impact on use of the scheme for most customers.

11.6 Recycled Water - Pricing Structure

The scheme has been supported by planning controls that only allow houses to be plumbed with one external potable tap. Therefore the choices available to residents in respect of which supply they use for garden and other purposes are limited. Furthermore, Council has an education program to ensure residents understand the objectives of the scheme and the safety and quality of the recycled water.

Sustainability Considerations

- **Environment**
The principles in the UMWS were to develop the most appropriate approach in terms of environmental sustainability for water, wastewater and stormwater services. The UDR scheme avoids discharges to the marine environment and it reduces demands on the potable water supply.
- **Social**
The provision of recycled water to new developments will ensure the availability of services in a sustainable and affordable manner. Recycled water will be available in periods of drought and this will assist residents connected to the scheme maintain their outside areas.
- **Economic**
The adoption of a charge for recycled water will ensure it is valued appropriately to recognise the resource value of the product.

Legal / Resource / Financial Implications

The Council will need to meet the statutory requirements in terms of the establishment of a fee and charge.

Depending on the water rate selected, it is possible that the revenue to Council can change compared to the current situation where Council is receiving revenue based on the water supply rate.

Consultation

Staff consulted with a number of other Local Water Utilities that were providing recycled water in NSW, QLD and Victoria. The National Pricing Principles for recycled water and stormwater reuse (October 2010) were also used in the formulation of this report.

Options

Council can either:

1. Choose to model and charge the full cost of producing recycled water however this would likely lead to a cost significantly higher than the cost of potable water.
2. Establish a price to residential and commercial customers for recycled water based on a percentage of the cost of potable water. This will help to encourage the use of recycled water thus preserving potable (drinking) water.

11.6 Recycled Water - Pricing Structure

The workshop did not settle on a final consensus although there appeared to be a majority of support for in the range between 75 and 90 percent of the drinking water price.

This scheme is considered to have a range of environmental and water supply benefits that are to the advantage of the whole community, not just the recipients of the service. Furthermore, it is important to encourage the use of the scheme. For these reasons, option two is preferred.

If Council is inclined to support this view, then the question becomes is the rate as a proportion of the water rate. As per the earlier table above, the price charged has varied at the other organisations that have implemented recycled water for use in dual reticulated systems, with the charge typically established at between 80 – 95% of the charge for potable water and only the Gold Coast electing to go at a substantially lower level (50%).

The lower the figure, for example 80%, says the following:

- the Council is encouraging the use of the water, however it is noted that it is unlikely the price elasticity of demand is sensitive to this degree
- the water does not have all the uses of the potable supply
- drought supply is not a significant or material benefit

However, in the alternative, a figure closer to 100% has

- The advantage of additional revenue
- Retains the equity approach with the broader community with the cost of all water and wastewater services being shared.

This is a subjective decision and one for the Council to determine. For the purposes of making a recommendation, it is considered appropriate to recognise a discount as the water is not available for all uses however for the proposed use of the water this is not a significant disadvantage. Therefore achieving equity in pricing and service across the Shire is preferred. *As noted above the workshop attendees held different opinions in the range of 75 -90%.*

The recommendation only seeks an in principle decision at this point in time. The reason for this is the implementation is still at least six months away and a community information program will be delivered to ensure householders understand all the elements of participating in the scheme. Through this program staff will be able to assess any feedback in relation to the proposed pricing and this can be reported to Council.

The actual setting of the charge will require formal advertising at the appropriate time. Having an in principle decision will allow staff to indicate to the community a direction of Council which they can then comment on. Although it is noted, when asking about price, a typical response will be to support the least expensive charge.

There is also an option for Council to levy a charge against open space customers (i.e. racecourse, golf course, Council sports fields) however this may discourage use and the uptake of this is a key element of the UVMS objectives relating to diversion. The maintenance of our open spaces is also important in respect of preserving the amenity of the local area.

11.6 Recycled Water - Pricing Structure

It is generally considered that, at this point in time where we are in the process of rolling out the service to residential customers, that we should be not suddenly charging for this service to the open space customers, especially where that service has been provided for many years at no cost. This will only result in significant negative feedback to Council which in turn could impact on the effectiveness of our roll out to residential customers. Rather than charging now, the preference is to bed down the roll out to residential customers and once that system is operating effectively revisit the issue of charging our open space customers.

The staff recommendation to the original report was 90%. Based on the feedback from the workshop there appeared to be a consensus for 80% and on that basis a revised recommendation has been listed for consideration by Councillors.

RECOMMENDATIONS

1. That Council confirms, for the purposes of the community education program and current financial modelling that the pricing of the recycled water for the urban dual reticulation system is to be based on 80% of the potable water price.
2. The principles Council has endorsed in confirming this preferred pricing structure include:
 - a) A recognition that as this is a new service to the public and there may be a perception that it is a lower quality product than potable water
 - b) To assist in overcoming this perception Council is prepared to provide a lower pricing structure to encourage use of the recycled water and to highlight the benefits of the service
 - c) Council accepts that as the service relates to areas such as toilets, washing machines and outside areas that demand may not be price elastic, but at the same time a lower price is a recognition by Council that the service is new and needs to be integrated into the community over time
 - d) Council acknowledges that due to the actual high quality of this product that over time the price should move closer to parity with the potable water supply.
3. That confirms that it will continue to provide recycled water to open space customers at no charge, subject to this being reviewed following the rollout of the recycled water program.
4. That Council receive a further report providing details of the community feedback in relation to point one, to enable Council to then make a final decision prior to formally exhibiting the proposed charge for recycled water.

Attachment(s)

Nil



Recycled Water Pricing Survey

Executive Summary

From anecdotal responses it can be concluded that there is an overwhelming public perception that recycled water is of a lower quality than drinking water. The majority of residents with dual reticulation feel that the price of 80% of the cost of drinking water is too high with 44% feeling it was "a little to high" and 26% feeling it was "way too high". However 80% of non dual reticulated residents said they would be interested in having access to the water if it was the considered price.

There is a direct correlation between discomfort and level of intended purpose with the hypothetical uses of bathing/showering and cooking/washing dishes bringing about high levels of discomfort. Over 85% of dual reticulated residents are very comfortable with the intended uses of watering lawns and toilet flushing however 45% are uncomfortable using recycled water for washing clothes. The majority of residents agree that water needs to be recycled for a sustainable future.

Ongoing community education is needed in order to help residents reduce the 'yuck factor' associated with recycled water and convince residents that the product is highly treated, instantaneously monitored for quality assurance and therefore safe for intended uses.

Background

Council resolution is that the urban dual reticulation system is to be based on 80% of the cost of drinking water price. This preferred pricing structure recognises the fact that recycled water is a new public service and there may be a perception that it is a lower quality product than drinking water. Community feedback through a telephone survey was necessary in relation to this price in order to make a final decision.

A recycled water telephone survey was conducted during the period of the 11th-17th Oct 2013. The aim of the survey was to research both 'dual reticulated' as well as 'non dual reticulated' resident attitudes towards Council's intention to price recycled water at 80% of the costs for drinking water. Further questions were asked in relation to purposes for recycled water as well as perceived reasons as to why Ballina Council is recycling water.

A total of fifty four Ballina Shire residents were surveyed, with twenty nine of these residents living in dual reticulated properties and twenty five living in non dual reticulated properties.

Objectives

- a.) Pricing Options



When asked about the intended price of recycled water, not one respondent thought the price was too low.

However, out of the 25 non dual reticulated residents, 80% (20 residents) said that they would be interested in gaining access to recycled water if it was priced at 80% of the costs of drinking water. When asked to rate their opinion on the intended price, 57% of non dual reticulated residents were indifferent to the price, 43% thought it was a little too high and nobody thought it was way too high.

Alternatively, residents with dual reticulation felt more strongly that intended price was too expensive with 44% saying it was a little too high and 26% saying it was way too high. When asked for their reasoning most felt strongly that they should pay less as the quality was not the same as drinking water and there was a distinct lack of understanding of the treatment process.

With regards to comments, they were predominantly negative with regards to pricing. This is due to the fact that the residents who were happier with 80% pricing did not feel the need to make further comment. (See Appendix A for quotations and figures)

b.) Attitudes towards recycled water purposes

Both groups of residents were asked to rate their comfort level with regards to using recycled water around the home. Unsurprisingly, comfort levels reduced as the human contact level with recycled water increased. As with the topic of pricing, residents with dual reticulation had stronger feelings with regards to their discomfort.

Challengingly for council, 45% of residents with dual reticulation were uncomfortable using recycled water for their clothes-washing and nearly 30% said they would be uncomfortable using it to water their herbs and vegetables. Most 'uncomfortable' residents were concerned about the quality of the water for these particular purposes. Mothers made comment they would not be comfortable washing their young children's clothes in the recycled water and the fact that herbs and vegetable are ingested seems to make people nervous due to the fact they cannot drink the recycled water.

Residents were also asked about unrelated areas of 'recycled water use' such as showering/bathing and cooking/washing dishes. Unsurprisingly, the majority were uncomfortable with these areas of use and this was directly related to the 'yuck' factor. Residents were then told that these were not intended areas of use which positively affected attitudes towards intended areas of use.

Educational opportunities exist here as there is a correlation between increasing grades of human-contact purpose and the decreasing perceptions of cleanliness and health concerns. (See Appendix B for quotations and figures).

c.) Public perceptions regarding the need for recycled water

Both groups of residents were asked how important they felt recycling water was with regards to sustainability. Over 90% of all respondents felt recycling water was important to help combat drought and to use our shire's water resources more efficiently.



Dual reticulated residents believed it slightly more necessary to take pressure off our drinking water supplies (90%) than non dual reticulated residents (80%).

Overall the majority of residents agreed the project was necessary for future growth (slightly less dual reticulated residents). When asked about cleaner waterways, many residents struggled to make the connection between the project and effluent release. Further explanation was needed to obtain an accurate answer from respondents which illustrates a need for further education. (See Appendix C for figures).

Review

Refinements can be made in order to improve our next survey. Opinion scales need to be narrowed down to 5 numbers and consistently move from negative to positive responses 1-5 (too high-too low), 1-5 (too high-too low), 1-5 (too high-too low). The lack of consistency in this survey as well as too much choice meant the surveyor needed to prompt respondents too often for answers potentially skewing results. Questions as to why respondents had a certain opinion need to be asked in relation to both positive AND negative opinions, in order to help us understand the thinking of residents who are more comfortable with purposes and price.

Appendix A

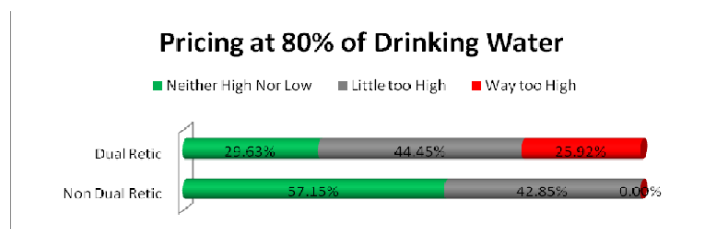


Figure 1

Pricing Opinions

- *“Bit Too high - almost same as drinking water price but cannot drink it”*



- *"It is sewage and I don't think it should be nearly the costs of drinking water"*
- *"At least it's cheaper....fair amount of costs in processing and delivering"*
- *"Too high....it's been recycled at the end of the day you're not getting 100% quality"*
- *"Happy because it's cheaper drinking water"*
- *"Because it's recycled water but I don't really know how much effort goes into it"*
- *"It's a good encouragement"*
- *"It should be half the price cause after all it's not drinkable"*
- *"Should be free"*
- *"P**s off it's recycled sh*t"*
- *"Used in Sydney and it was 20% of the cost"*
- *"I don't believe the process costs that much"*
- *"At least it's cheaper....fair amount of costs in processing and delivering"*

Appendix B

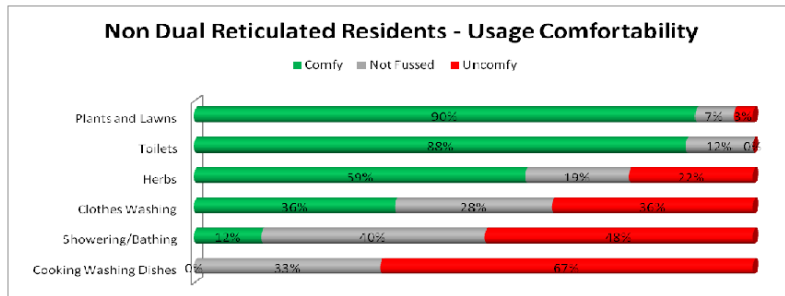


Figure 2

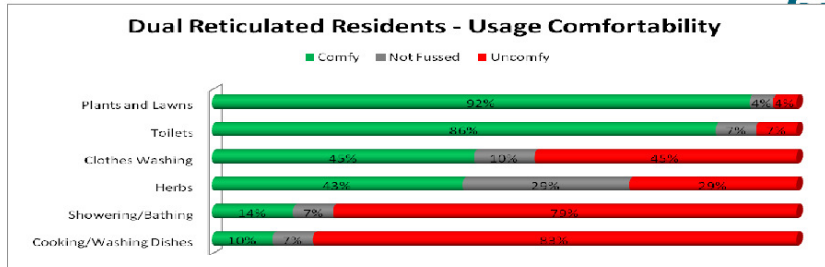


Figure 3

Purpose Opinions

- "Don't like the thought of washing my baby's clothes in it, even tho it's obviously going to be good"
- "Only ignorance...If he knew how well it's being treated"
- "I like to wash clothes in clean water"
- "Don't know that it's treated to high level...how does he know there's no bacteria 100% of the time"
- "What if there's a mistake with the cleaning process"
- "Herbs and veggies - gonna eat them... If it's not good enough to drink so why water herbs"
- "I don't think I want the clothes against my skin"
- "I care for kids for a living and I wouldn't wash my kid's clothes in it"
- "Not sure of quality yet"

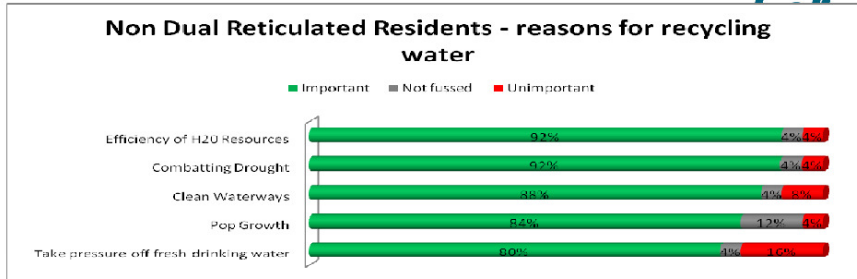


Figure 4

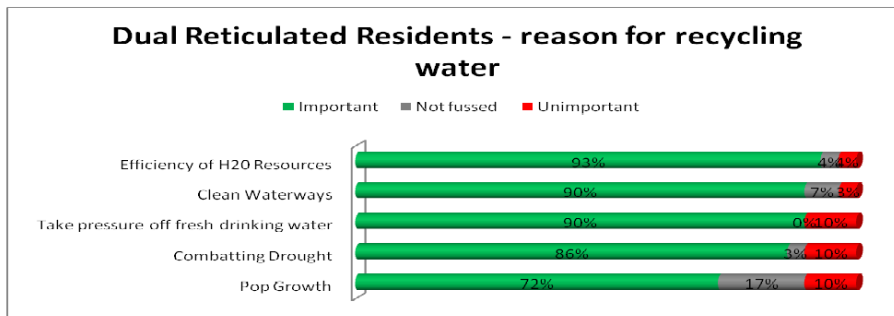


Figure 5

Further Information

Please contact Council's Kate Pye on telephone 02 6686 4444 for more details.

Recycled Water Survey

Good afternoon my name's Kate I'm calling from Ballina Council.

We're conducting a quick phone survey about the price of recycled water in Ballina and I was wondering if you have a two minutes to quickly help me with your feedback on this issue.

Introduction: Ballina Council is recycling our waste water which means our sewage is treated to a high quality through filtration and disinfection.

The recycled water will then be used in new houses toilets, cold water washing machine taps and outdoor taps as well as open public spaces.

1. **Have you heard about Ballina Shire Council's Recycled Water Project**

Mark only one oval.

- Yes
- No
- Option 3

2. **Please circle the area in which you live**

Mark only one oval.

- Alstonville or Wardell
- Lennox or Skennars Head
- West Ballina
- East Ballina
- Central Ballina
- Other:

3. **Mark only one oval per row.**

	Yes	No	N/A
Does your property have dual reticulation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If No, are you the property Owner?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If Yes (owner) If recycled water was 80% of the costs of drinking water, would you be interested in having recycled water plumbed to your home?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

https://docs.google.com/forms/d/1FYY5G5_7f7RmChguxVtbX41XP43Av3f089gU3... 30/09/2013

4.2 Recycled Water - Pricing Survey

4. **4.) Council is considering pricing recycled water at 80% of the cost of drinking water. On a scale of 1-10 where 1 is much too low and 10 is much too high, how do you feel this is priced?**

Mark only one oval per row.

	1 = much too low	2	3	4	5 = neither low nor high	6	7	8	9	10 = much too high
What is your feelings about this price?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. **Why?**

.....

.....

.....

.....

6. **On a scale of 1-10 where 1 is very comfortable and 10 is very uncomfortable, please indicate how comfortable you would be using it for the following purposes around the home**

Mark only one oval per row.

	1 = Very Comfortable	2	3	4	5 = Neither	6	7	8	9	10 = Very Uncomfortable
water plants and lawns	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
water herbs and vegetables	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
flush toilets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
wash clothes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
shower or bath	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
cook and clean dishes with	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. **If answered 5-10, please explain why....**

inform the respondant that recycled water will be approved for use around the home in outdoor taps, toilets and cold water washing machine taps

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Optional Questions

8. On a scale of 1-10 where 1 is very unimportant and 10 is very important, please rate how important you think the following reasons are for recycling water:
Mark only one oval per row.

Scale: 1 = Very Unimportant, 2, 3, 4, 5 = Neither, 6, 7, 8, 9, 10 = Very Important.
Reasons for recycling water:
- Take pressure off drinking water supplies
- Cleaning up our water-ways
- Population Growth
- Improving efficient use of water resources
- Combatting the effects of drought

9. Please indicate your gender:
Mark only one oval.

Male
Female

10. Age Range
Mark only one oval.

0-15
16-25
26-40
41-55
56-70
70+

11. Any questions you have with regards to recycled water?

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4.3 On-site Sewage Management - Program Update

4.3 On-site Sewage Management - Program Update

Delivery Program Environmental and Public Health

Objective To provide Council with an update on this program of work.

Background

The NSW State Government enacted amendments to the Local Government Act (LGA) and Regulation in 1998 requiring councils to improve the “supervision” of existing on-site sewage management (OSSM) systems, (generally septic tanks and sullage disposal systems).

Implementation was deferred until 1999 after many councils, including Ballina Shire, raised objections, due to resourcing concerns.

The legislation was introduced following the Wallis Lake hepatitis outbreak where it was established that 440 people had contracted the disease, one of whom died as a consequence of eating contaminated oysters. The oyster contamination was linked to water quality. The investigation that followed ascertained that there were many failed septic tank systems contributing to the water quality issue.

There has always been a requirement on the owner of an OSSM system to seek Council approval to install a system and this has not changed.

The amended legislation required, in addition, that the owners of such systems needed to apply for an approval to operate the system and that this approval was non transferable. This meant that when properties sold, there became an obligation on the new owner to seek a new approval to operate, within two months of acquiring the property.

Councils were also required to prepare on-site sewage management policies and to undertake risk based assessments within their areas, with a view to implementing targeted audit programs.

Our program has now been running for over a decade inclusive of an audit program. Expectations that we might have been able to review the estimated 3,000-3,500 systems in the Shire over a 10-12 year period have not been met due to the sheer enormity of the task.

With resources constrained for the foreseeable future, a review of how this program is run is needed, so that maximum benefit can be gained from the available resources. This report will discuss what has happened and make recommendations to improve the situation.

Key Issues

- Magnitude of the program
- Complaints
- Backlog of regulatory compliance work

Information

After advertising for comment the Council adopted its first On-Site Sewage and Wastewater Management Strategy in February 2001. The Strategy and risk maps were prepared with the assistance of grant monies administered through the Department of Local Government. Affected residents were informed and property owners were required to apply for an Approval to Operate their systems.

Initially some 2,300 applications for approval to operate an OSSM system were received. It was decided to hold the applications as pending and not issue them until we were satisfied that in each case the systems were operating satisfactorily. This was done because of concern that if an approval was granted unchecked and it was found shortly after that the system was polluting, it could give rise to a claim against Council.

Likewise, if during conveyancing, a person relied on the recent issue of an approval as a confirmation that a system was right, it could be considered by the purchaser as misleading.

There was also the possibility that an approval might inadvertently be given to a system serving an unauthorised occupancy.

There was some reluctance from the Council of the day to commence an audit program. Apart from the initial grant (and specialised grants for specific projects) Councils had to find their own funds to give effect to these changes.

Whilst we were able to charge an administrative fee to record the applications, Ballina Shire chose not to charge this fee to the initial applicants. The Council introduced a charge of \$30 from February 2001.

As a result, no funds were available at the time to facilitate work on the identified program. Work was commenced on a desktop risk assessment, when time permitted.

The risk assessment identified areas of high, medium, and low risk (from faulty OSSM systems) and maps were prepared to guide our program utilising the Council's GIS system.

A dedicated audit program did not commence until the appointment of Council's first On-Site Sewage Management Officer at the end of March 2003.

The employment of the officer was funded initially from the Sewer Fund. During the first few months of the program follow-up was made on properties where sewer had been available for some time (including Wardell) to ensure that all properties that could be connected to the sewer were, and that the septic systems were decommissioned and removed.

Work then moved on to the areas identified by the desk top risk assessment as high risk including properties near to the river and clusters of small allotments such as at Rous Mill.

4.3 On-site Sewage Management - Program Update

A report was furnished to Council in June 2004. By that time 245 inspections had been conducted with only 54% of systems operating satisfactorily on initial review.

Failures ranged from relatively minor, where it was possible to repair systems, through to major failures requiring a complete rebuild of a system at significant cost to landholders.

Details of the numbers of notices and orders that had been issued were provided in the report. The report also advised that the regulatory action and follow up of directives was time consuming and that the amount of corrective regulatory work that was encountered would determine the progress that could be made for the program.

The project funding was progressively moved from the Sewer Fund to the General Fund as work moved to non-sewered areas of the Shire.

Fees

The State Government recognised the difficulties councils were having in supporting this program and introduced legislation that permitted an on-site sewerage charge to be levied with the property rates.

This charge was introduced by Council in 2006/07 and is payable on any improved properties (i.e. properties with a septic tank) where sewer is not available. The fee is currently \$27 per land parcel.

The full set of on-site sewage management fees in Council's fees and charges document is as follows:

Description	2013/14 (\$)	Budget (\$)
OSSM Fee (Annual)	27	70,000
Inspection Fee (single inspection)	140	
Pre-purchase Inspection Fee and Report	420	
Section 68 LGA Application (to install or modify system)	155	
Inspection Fee (Package Two)	280	
Issue of Approval to Operate	48	
Fee for Peer Review (if applicable)	At cost	12,000

Generally these fees are bundled. For instance when a person has to rebuild or up-grade a household system they are charged the Section 68 Application fee to review the application and issue an approval, and "Package Two" that covers two inspections during the construction works for the new system.

Where the system is for more than ten people fees are similar, except that they are charged for three inspections, because we generally have to inspect three times.

With the introduction of the annual OSSM fee (\$27 per land parcel) Council has foregone the ability to charge a renewal fee (except where a property transfer takes place and an administration fee of \$48 is charged).

Fees are not charged for inspections, except as set out above, or in some cases where follow-up work is required. The charge largely covers the cost of the current program staff resourcing of one technical officer and removes the significant administrative burden of levying and charging for inspections post the event.

4.3 On-site Sewage Management - Program Update

When this program was first set up the State Government allowed Councils to charge an administration fee to register an application for approval to operate (ATO). This was originally set at \$30 and the fee has now increased to \$48.

This fee is charged when the purchaser of a property requests a new approval to operate the OSSM system (as they are not transferable) and where a system has been completed and is ready to operate that is associated with a new building.

Approvals to Operate (ATO)

Approvals to operate were not intended to be indefinite, and it was anticipated that Councils would require renewal by the original land-holder after a specified period. Most of Ballina Shire's ATO's are issued for 10 years, reflecting that the original round of inspections was expected to take that time frame.

At this point we have not pursued any renewals because we have been unable to cover the initial round of inspections. Some councils (including Lismore) are issuing approvals to operate with no renewal date.

Council's On-site Sewage Management Strategy

To date Council has had one person (the OSSM Officer) undertaking this program for the majority of the time the program has been running.

The OSSM officer is required, in addition to addressing the risk based audit program, to:

- Provide educational material
- Manage reports received every three months on aerated systems (supplied by service agents to comply with Department of Health approval requirements)
- Address complaints made about systems
- Deal with applications to install or modify systems where they have come about as part of the program
- Liaise with owners and tradesmen
- Review proposals for land subdivision where on-site systems exist
- Conduct pre-purchase inspections.

In 2007/08 attention was given to a rewrite of Council's OSSM Strategy and the current strategy was adopted on 23 October 2008.

To reduce the work load on the OSSM Officer a decision was taken to drop pre-purchase inspections because of the urgency generally involved with these and the need to liaise with numerous people during the process. Whilst there is a fee of \$420 for this service in the fees and charges, we do not currently offer this service due to the existing workload.

4.3 On-site Sewage Management - Program Update

In May 2009 Council accepted a grant from Rous Water to enhance its ability to review on-site systems within the Rous Catchment of Emigrant Creek. This was welcomed as it was recognised that these systems would need to be addressed by Council sometime and all property within the drinking water catchments were rated medium or high risk based on the desktop study assessment.

In the year that the Rous program was running (having an additional field officer) Council succeeded in reviewing 174 of the 255 land parcels in that catchment, which was a great boost to the program. The down side of this was that it identified over a dozen properties with land use issues (that prevented Council from issuing approvals to operate) and at the expiry of the grant funds (that lasted about one year) another 29 properties had been identified as having systems requiring follow up.

Serious fails in this area result in the property owners having to upgrade their systems to comply with the Rous Water Wastewater Guidelines that are in some respects more stringent than applied elsewhere, given the water supply requirement for pathogen control.

Not long after the cessation of that program Council's previous OSSM Officer accepted a new position and another officer had to be recruited. During this transition the momentum of the program generated during the Emigrant Creek project was lost, coming to a virtual standstill for a number of months.

The new OSSM officer has been with Council for two years and during that time has on many occasions drawn attention to the substantial size of the job, large numbers of unresolved defective and failing systems, and the incapacity to perform all that is expected.

The Council has maintained a strong focus on education and during this time has produced the fact sheets that are now available on our web site and which are distributed as necessary to applicants and operators. Our officer has been critical of the standard of applications made to install new and replacement systems and has developed improved application forms, documents, certification process and desktop information for designers. A forum was held with the wastewater industry to explain the new application requirements.

The number of unresolved defective systems and the complex follow up needed to ensure compliance means there has been little or no time left for the audit program, or approval to operate (ATO) inspections.

Undertaking this work, as well as the follow-up of files still active from before appointment time, has halted the risk based program and necessitates a rethink of the direction we are going.

Other Approaches

From a recent survey it appears that other Councils have chosen to issue ATO's without inspection when the applications are first received and instead have taken the opportunity to educate the owners/operators in relation to self-assessment and management. Standard conditions are being applied with a warning that the Council would inspect the systems at some future time. A copy of that survey is included as the first attachment to this report.

4.3 On-site Sewage Management - Program Update

A recent review of the advisory material issued by the Department of Local Government in between 1998 and 2000 supported this approach to the program.

In correspondence to Council former Minister for Local Government Ernie Page pointed out “that in low and medium risk (mostly farming areas) there should be little need for pre-approval inspections” although in the same letter it is stated “scientific surveys show that a majority of existing systems do not adequately control water pollution or meet basic health and safety standards.”

In advice received at the same time from the Department’s Assistant Policy Officer, Robert Irvine, Council was advised that its obligation was to “update its register of existing systems (the approvals register) and to put in place a program to monitor public health risks and impacts on sensitive environments (eg Management Plan and State of the Environment report). Additional regulatory requirements for individual systems are up to Council to determine.”

This suggests that the need to conduct inspections, prior to issue of an approval to operate, is not essential.

Follow Up Work

It is clearly necessary to follow through on the regulatory work commenced earlier so that the systems identified from the audit program as faulty get fixed or replaced. This is ongoing. Currently there are several cases, where progress has been stalled or is unsatisfactory and some have been referred to Council’s solicitors.

The second attachment to this report is an outline of the steps taken when pursuing regulatory action under the applicable legislation. This demonstrates the time consuming processes that must be taken to effectively regulate the program.

Another pressing task is to rewrite the On-site Sewage and Wastewater Management Strategy (copy on our website) so that the Council remains compliant with the now Office of Local Government’s review requirements and to reflect changes that have occurred in legislation, standards and processes over time.

An initial review by the Council’s OSSMS officer has recommended the following actions:

- Remove all educational information from the body text of the OSSM Policy and attach this information as an Appendix or separate education document
- Remove all OSSM installation, construction technical drawings and refer to appropriate Australian Standards and guidelines for these drawings
- Revise Council’s Local Government Act Section 68 application and approval process to reflect current Australian Standards and guidelines
- Clarify the steps that the OSSM designer needs to take when preparing OSSM design reports for domestic and commercial systems

4.3 On-site Sewage Management - Program Update

- Include a specific section in the Policy for commercial OSSM systems (greater than 10 equivalent persons)
- Remove all OSSM sizing tables from the Policy. Seek to arrange and budget for an OSSM model to be developed for the Ballina Shire. Neighbouring councils (Byron, Clarence and Lismore) already utilise an OSSM model for sizing all domestic OSSM systems. The modelling method has been technically developed and supported and is efficient to use, and OSSM designers are familiar with this process. Additionally, Council's liability concerns are reduced compared with using the current sizing tables
- Refer to Australian Standards for the process to follow when determining the recommended setback distances from the OSSM system to site features e.g. rivers, stormwater drainage channels, boundaries, groundwater bores, etc
- Review current OSSM Key Performance Indicator/s and amend as required
- Benchmark neighbouring Councils' OSSM Policies.

The cost of an external consultant to develop a sizing model has been estimated at circa \$15,000 and has not been budgeted for this year.

Lismore has recently reviewed its policy and it will be possible to benchmark against this.

At this point it is anticipated that the review will be undertaken internally with the Council's Environmental Health Officers assisting the OSSM Officer with this process.

A second aspect of the program officer's overview has reported as follows:

"Currently the OSSM Program has a key performance indicator (KPI) of 250 OSSM inspections to be completed per year. This KPI is not achievable with the current resources nor is the KPI specifically aligned to the performance objectives of the Policy for the following reasons:

- a) The completion of the OSSM inspection does not always mean that the OSSM is compliant or that the environment, health and amenity objectives have been satisfied
- b) Statistics indicate that approximately 50%-60% of OSSM systems inspected have failed or don't comply due to defects. The OSSM non-compliance process consumes considerable resources as regulatory actions are undertaken to ensure the defective OSSM systems are rectified within appropriate timeframes

4.3 On-site Sewage Management - Program Update

Statistics:

2011-2012 - Total of 92 OSSM Inspections Conducted

2011-2012 Year – Statistics	%
% of Total OSSM installed in Shire that were inspected	3.3
% of OSSM inspected that comply	46.7
% of OSSM inspected failed (effluent run-off)	26.1
% of OSSM inspected that non-complies (defects)	27.2
Total	100.0

2012-2013 - Total of 124 OSSM Inspections Conducted (up to 30 April 2013)

2012-2013 Year – Statistics	%
% of Total OSSM installed in Shire that were inspected	4.4
% of OSSM inspected that comply	38.0
% of OSSM inspected failed (effluent run-off)	17.0
% of OSSM inspected that non-complies (defects)	45.0
Total	100.0

- c) The resources and time it takes to ensure that a failed or non-complying OSSM system has been rectified is not sustainable under current conditions. This has led to the decision to cease further OSSM program inspections unless essential, and to concentrate on resolving the outstanding non-compliant OSSM systems. Enforcement procedures have been modified in an attempt to improve and achieve an acceptable timeframe for compliance by removing unproductive steps e.g. no initial OSSM defect letter issued and proceed straight to Notice of Proposed Order as the first communication
- d) To achieve the current KPIs additional staff will need to be employed
- e) Quality assurance of documents, forms, processes and procedures is critical for best practice and efficiency outcomes. This specific area needs to be reviewed and resourced appropriately

Current number of OSSM actions outstanding (as at May 2013)

Items - OSSM Outstanding	Number
Failed or non-complying OSSM systems – not rectified Note: There are 24 in the orders register + 11 to be added into the orders register + approximately 70 still outstanding from prior to 2011 that also need to be included in the orders register.	105
Approval to Operate Applications – to be assessed Note: Every week OSSM approval to operate applications are lodged with Council and these numbers will quickly rise and add to the number of actions outstanding. The statistics indicate that 1 in 2 of the systems inspected will be defective and will require an enforcement notice process to complete rectification works.	39
Approval to install applications – to be assessed	0
Approval to install applications – on hold for further information	1

4.3 On-site Sewage Management - Program Update

Number of OSSM actions performed 2012-2013 (up to 6 May 2013)

Items Performed	Number
Authority - Approval to Operate Applications	52
Authority - Approval to Install Applications	31
DA Applications Referred to OSSM Officer for inspections, comments and recommendations	11
Public OSSM complaints about defective systems	5
Trim documents created, authored and recorded by the OSSM Officer – correspondence, notices, emails, notes to file, reports etc. This includes the items above as they form part of Trim documents. Note: This particular statistic needs to be analysed in more depth to make clear determinations, however the amount of correspondence created is significant.	873

There are aspects of administration that are addressed by support team members however much of the work needs to be done by the specialist officer necessitating a review of what Council will do and how we go about it, so that we get maximum benefit from the available resource.

Neighbouring Councils

A survey was made of our neighbouring councils to see what resources they devote to this area. The results of that survey form part of attachment one.

Common to all is the fact this program is resource hungry if a serious effort is made to meet its objectives.

Some 14 years after implementation of the legislative requirements that brought this program into being, the NSW Government Parliamentary Committee on Environment and Regulation conducted an Inquiry 1/55 November 2012, ISBN 9781921686597 into aspects of sewage management, in particular risks to food production. Of the 18 findings in the report on the Regulation of Domestic Wastewater, several, identified problems with the specificity of legislation, penalties and the current guidelines.

The report can be obtained by typing “Regulation of Domestic Waste water” into the “Google” search bar.

It is hoped that with the re-write of the Local Government Act, some aspects of this might be changed to make the system work better. Otherwise there are concerns that our officer will continue to spend most of his time addressing property transfers and some regulatory follow up work when time permits and the risk based program will remain stalled.

Legal / Resource / Financial Implications

Council has complied with the Government directive to supervise on-site – sewage management and this is addressed in our management plan. The program has been based on a risk based model and given the significant work already undertaken has been reasonably successful. The legislative requirement is met.

The high level of failed or defective systems has meant that the task of initial inspection, which was thought to be achievable with 10-12 years, has not been achievable.

4.3 On-site Sewage Management - Program Update

Whilst some changes can be made to how applications for approval to operate when conveyancing occurs are managed, the significant backlog of regulatory work will continue to defer improvement to the risk based program unless additional resources are committed. There is no additional funding in the current draft 2014/15 budget.

From a review of other Council's fees and charges there may be an option for Council to increase our fees to finance the establishment of additional resources.

Consultation

No consultation has occurred outside the Development and Environmental Health Group at this time.

Local rural community members have been very sensitive to cost issues arising from charges for this program.

Options

There are essentially two courses that Council could adopt

- a) Organise the program to fit the resources presently available and increase resourcing steadily over the next few years.
- b) Commit to substantially increase program resources in the 2014/15 financial year which would involve a significant increase in fees and charges.

If option a) is to be adopted it is recommended that:

1. Where applications are made for "approvals to operate" following a property transfer in other than the high risk areas, Council issue a conditional approval to operate without inspection, noting clearly that an inspection has not been made, and there is a potential for at least one audit inspection to be conducted in any one year in the future. This process to be handled by administrative staff
2. Wherever practical, transfer functions from the OSSM officer to administrative staff enabling the OSSM officer to concentrate on follow-up regulatory work and potentially some risk-based program inspections to continue.
3. Take all opportunity to charge for inspections where fees have been authorised and can be recovered efficiently.
4. Alter quarterly performance indicators for this program to better reflect the achievements during the respective period. This could be in the manner set out in Attachment Three.

4.3 On-site Sewage Management - Program Update

If option b) is adopted it is recommended that:

1. For next year increase the annual OSSM charge substantially to enable technical staff levels to be increased to permit inspections at time of property transfer to continue, the backlog of enforcement work to be addressed and the momentum of the inspection program returned to a desirable level.
2. From the beginning of the new financial year return to conducting pre-purchase inspections but with a fee commensurate with the time involved in inspections and reporting. Lismore currently charges \$600 for that service presumably because these are always urgent.
3. Take all opportunity to charge for inspections where fees have been authorised and can be recovered efficiently.
4. Alter quarterly performance indicators for this program to better reflect the achievements during the respective period. This could include number of initial inspections failed and compliant, number of re-inspections failed and compliant, and the number of approvals to operate granted.
5. Wherever practical transfer functions from the OSSM officer to administrative staff enabling the OSSM officer to concentrate on follow-up regulatory work and potentially some risk based program inspections.

If option b) was to be adopted it could not commence until July 2014 and would be subject to the on-site sewage management charge and other fees being advertised and receiving approval as part of the 2014/15 Draft Delivery Program and Operational Plan. Despite currently being lower than our neighbours, the on-site sewage management charging has been sensitive in the past and it can be expected to attract objection from people who have not received the service.

Without knowing the Council's position in respect to an increase in fees the recommendation that follows is option a) being an adjustment of the works program to reflect the resources available.

RECOMMENDATIONS

1. That Council notes the contents of this report in respect to the status of the On-site Sewage Management Program.
2. That Council acknowledges the existing resource limitations, as detailed within this report, and endorses the works program as detailed in option a) of this report.

Attachment(s)

1. OSSM Comparison Survey of Council Operations
2. Regulatory Actions including Processing of Notices & Orders

4.3 On-site Sewage Management - Program Update

OSSM COMPARISON SURVEY OF COUNCIL OPERATIONS

	Ballina Council	Byron Council	Lismore Council	Richmond Valley Council
Number of OSSM's.	3500 estimated	3300	6000	3800 +
Number of full time equivalent/professional staff working on existing OSSMs.	1	Less than 1(due to multi tasking). Duty shared by EHOs. No specialist officer	2	1
Number of OSSM administration staff.	Nil	Less than 1(currently no permanent full time administration provided).	3 days equivalent.	0.2
Does Council issue approvals to operate without inspecting.	No	On a low risk basis, Approval To Operate are issued for OSMS without inspection. All others require a history of regular servicing and report from a suitably qualified person, or, Councils plumbing inspector (for newly installed OSMS) or an EHO. Council uses a detailed OSMS GIS layer and Council records as part of each assessment.	Yes historically. Council attempts to inspect systems where a property transfer has taken place within 3 months of the transfer.	Originally in 1999 they were issued based on owner self assessment and are only now issued without inspection on transfer of ownership/sale of property. However, we have an active audit program for existing systems. All new systems are inspected prior to issue an approval.
If it issues approvals to operate without inspection does it accept some form of self assessment.	N/A	(As above) owners are usually not qualified to find the aboveground structures let alone the buried pipes and system components – so self certification does not work. External consultants are provided with a checklist to assist them to provide the	Yes	No. Only originally when new legislation was brought in around 1999.

4.3 On-site Sewage Management - Program Update

	Ballina Council	Byron Council	Lismore Council	Richmond Valley Council
For what periods are approvals to operate generally issued.	10 years except when site conditions dictate lesser.	necessary information in relation to each OSMS. LGA S103 limits approvals to a maximum of 5 years*. For low risk OSMS in good condition (recently constructed under council approval and inspection) – 5 years; OSMS with a good history of servicing reports and an inspection by a suitably qualified person, in low risk location – 3 years; and the rest get one year maximum.	Was 5 years then 10, now indefinite.	Approvals are not time limited We used to issue them for 5 years but changed about 5 years ago and left it without a period. This is due to our active audit program and expectation that we will eventually get to systems. The audit is risk based so it is likely the systems most likely to fail or have biggest environmental/public health risk if they do fail will get inspected first.
Do Councils generally charge a pre-purchase inspection fee.	Service not currently provided.	Yes. With consent of owner, - fee is \$180.00 for EHO inspections and report.	Yes - \$600.00	Yes
What is the annual OSSM fee.	\$27.00	\$42.50 per equivalent tenement/year (this accounts for the larger OSMS operating in the shire.	\$38.00 (static last few years)	\$40.00
Are there any other significant sources of income utilised for this programme.	No.	No.	\$14,000.00 from Rous CC – in the current year to perform 50 inspections of systems within the Rous catchment area	Not for existing systems. New approvals/installs have standard admin fees and inspection fees with DA process as do when there is an upgrade of a failing existing system via \$68 fee.
Are there any plans to	Currently investigating.	Yes. Revisit educational and	No.	No.

4.3 On-site Sewage Management - Program Update

	Ballina Council	Byron Council	Lismore Council	Richmond Valley Council
review or significantly change your Council's program.		owner information to better inform the OSMS operators. Hopefully get staff to follow up on the failing and high and medium risk OSMS.		
Are there any comments you would like to make.	Program and policy under review.	The issues around mechanisms to effect upgrading and regular maintenance of OSMS continue to consume excessive staff resources and cause conflict with some property owners. The processes under S124 of the Local Government Act 1993, or "cease use" directions under Protection of the Environment Operations Act are slow and subject to numerous steps and hurdles. The result, even after court orders, is tense and uncertain. Problems experienced with obstruction by some owners and delay to investigations and upgrades occur. The penalties are low. Byron Shire council has only been able to resource complaint based investigations as part of a	New policy recently sighted. Some review to processing procedure.	Our audit program of existing systems is pro-actively followed through to ensure failing systems are upgraded however we are careful to ensure our Order process and requirements to upgrade where a system is failing is different for high risk or badly failing systems to those that will have minimal risk on the environment or public health or are a minor fail.

4.3 On-site Sewage Management - Program Update

	Ballina Council	Byron Council	Lismore Council	Richmond Valley Council
		rudimentary inspection program. The “change of ownership” process is our most effective point of education and issuing of ATOs. The vast majority of NSW Health approved (old) OSMS do not have an ATO or any reliable records of installation or maintenance. Council was successful, with support from State funds, in connecting some high risk residential areas to sewer a few years ago. State funds for the expansion of these programs are unfortunately not available to continue this effective method of protecting the environment and public health.		

Glossary;

ATO – Approval To Operate

OSMS or OSSMS – On-site Sewage Management System

EHO – Environmental Health Officer

GIS – Geographic Information System

LGA – Local Government Act

S103 (2) allows council to vary subsection (1) (a) which states 5 years either by increase or decrease of the period. We have chosen 10 years for majority.

Regulatory Actions Necessary to Address Faulty On-site Sewage Management Systems Including the Processing of Orders and Notices Under the Local Government Act or the Protection of the Environment Operations Act (POEO Act).

Where, following inspection, problems become evident, the regulatory process is commenced.

There are a number of steps designed to ensure that the people affected are always offered natural justice. Usually when officers seek to inspect a property's on-site system access is freely given to do so. Occasionally this is refused and it is necessary to formally serve a Notice of Entry (under the Local Government Act). When the inspection reveals defects or pollution is occurring it is necessary to proceed either under the Local Government Act and Regulations or the Protection of the Environment Act. The latter is reserved for situations where pollution of waters (or likely pollution of waters or land) has or is potentially to occur.

Where the problems are localised a "Notice of Proposed Order" is served under the Local Government Act. A period of time has to then be allowed for the people involved to make representations in relation to the Order. If representations are made these have to be considered and replied to and the Order not proceeded with, made, or served in an amended form. At this stage many people engage plumbers or waste water designers to organise replacement or repairs to systems. Work is sometimes commenced but stalls when the often substantial cost to rectify becomes apparent. If there has been no response a further inspection is made to establish whether the matters previously raised remain outstanding. This step may also occur at a later time if, after representations have been made, time has elapsed and work has not proceeded as was indicated it would be. The Order itself is prepared and served with a further time period allowed for compliance.

Orders made under the Local Government Act may be appealed and enforcement action cannot be taken until the time allowed for people to appeal has expired. Where appeal against a Order occurs, legal advice is retained with a view to defence of the Order. Where such cases need to be defended considerable time and cost is generally involved. In one case we had five staff tied up in a case that was won after six days in court.

If an Order is not complied with, or has only partly been complied with when we reinspect at the end of the time allowed for compliance, and a decision has to be made as to whether further enforcement action is justified. Non-compliance with an Order No 22 made under the Local Government Act attracts a maximum penalty of only \$2200 if heard by a Court. A lesser penalty applies if a penalty notice is issued. There is no mechanism to have the owner/occupier carry out the required work but Council may go onto the land and complete the work itself. This process is not one that Council generally wants to embark on as it can involve substantial cost that must be borne by the rest of the community.

Where regulatory action is taken under the POEO Act (for more serious situations) this may be by way of a "Clean-up Notice" under Section 91 of that Act, this is reserved for circumstances where immediate action needs to be taken to stop pollution. No appeal is available to this type of notice. Regulatory action under this legislation may also be taken using a Section 96 or "Prevention Notice" when pollution is thought to be likely to occur if preventative action is not taken. These notices can be appealed. Use of this legislation assists sometimes in that there is no requirement to give prior notice to come on site (where the officer is of the opinion pollution has or is likely to occur). Council can also recover administration fees for service of notices and supervision and other costs incurred via a "Cost Compliance Notice". Under this legislation Penalties for non-compliance range up to \$250,000.

The regulatory process also involves officers having to appraise applications for approval to install replacement or modified systems or, where we are unable to claim an application because an Order has been served, review plumbers or specialist reports before and during installation.

The steps associated with Notices and Orders need to be recorded and performed strictly in accordance with guidelines so as to ensure that, if enforcement action becomes necessary it will not fail on a technicality and to ensure that potential purchasers of property are aware of matters that are outstanding.

An internal procedure (June 2011) is in place to specifically address failure of existing on-site sewage management systems to ensure in so far as is practical that all the steps are covered and that everyone is treated fairly.

4.4 Community Services - Infrastructure Options

4.4 Community Services - Infrastructure Options

Delivery Program Community Facilities and Services

Objective To consider alternative facilities for the delivery of customer services.

Background

The Council has recently adopted and implemented changes to its organisational structure. Part of these changes have involved a consolidation of community facilities and customer service (including visitor services) functional areas, with the aim of achieving a more efficient use of staff and other resources and a more integrated approach to service delivery. Obviously, cost savings, where practicable, will also be a desired outcome of the changes.

Staff have been investigating opportunities for improvements. An idea that has emerged, which warrants consideration, is a transfer of visitor services from the Visitor Information Centre, located at 6 River Street, to the Kentwell Community Centre, located at 20 Bangalow Road, within Treelands Reserve. The following report provides discussion about this option.

Key Issues

- Promotion of operational efficiencies and possible cost savings

Information

The Ballina Visitor Information Centre (VIC) provides important visitor services for the Shire and North Coast region. It has operated for 20 years within its existing premises and typically responds to in excess of 50,000 face-to-face enquiries each year.

The facility is conveniently located on Tourist Drive 30 at the eastern edge of the Ballina central business area and is accessible for those wishing to use the service, with good adjacent parking available.

The VIC is located on a Crown Reserve No. 755684 for the purpose of future public/business requirements. Council is not the appointed Trustee for the Reserve, but rather leases the property from the Crown as part of the "civic cluster" of buildings, including the Ballina Library and The Richmond Room. Rental to the Crown for the operation of the VIC is currently \$17,000 per annum, with the rental for the entire precinct in excess of \$47,000 per annum, with a review to market in September 2014.

4.4 Community Services - Infrastructure Options

The Kentwell Community Centre (KCC) was constructed by Council on Treelands Reserve in 2008 (with significant funding support) in response to an identified need for the provision of a community meeting space within Ballina. The building has been provided with modest public casual hire meeting areas, although they are heavily booked and are very important in serving the needs of many community-based and not-for-profit groups.

The substantial majority of the Centre's floor space is occupied under lease, as office or operational accommodation, by Ballina District Community Services Association, Tweed, Byron and Ballina Community Transport and St. Andrews Aboriginal Respite respectively, all of whom provide significant community based services.

Onsite parking is available alongside the building and is at capacity for the centre's current activities, however it could be expanded if demand warranted.

Treelands Reserve is owned by Council and classified as community land under the Local Government Act and is categorised for general community use.

The KCC is conveniently located on Ballina Island adjacent to commercial and retail facilities, and is serviced well by the arterial road network, so access and exposure is very good.

The Proposal

The concept is to relocate the operation of the VIC to the KCC and convert the existing VIC for use as a community meeting space.

The floor space currently occupied by the VIC exceeds the operational needs for this service. In general terms, the floor space comprises front reception area, large display space, office, storage and staff amenities. Council has previously advertised for part of this space to be leased with no response to that advertising process.

Preliminary assessment indicates that the front part of the KCC could be converted and would be of sufficient size to accommodate visitor services. This floor area presently comprises part of the foyer, reception and administration area and two small meeting spaces.

Since the establishment of the KCC, the front reception area has been attended by Council staff on a part-time basis, twenty hours per week (five days at four hours each day). The reception duties include processing bookings for the casual hire of the meeting spaces, attending to hirers' needs, setting up and packing down the rooms as well as other general administrative functions not necessarily related to the KCC. This position is not involved with the leased areas of the building.

Staff attendance at the building incurs an annual expense of approximately \$42,000. Some months ago staff negotiated an arrangement with one of the tenants of the building (BDSCA) to provide reception services at the centre at no charge, in return for that organisation's use of the reception area and associated administration area, without adjustment to the lease.

4.4 Community Services - Infrastructure Options

This arrangement was working well for both parties for a short while. However, BDSCA recently advised that it was unable to continue with the agreement as it had experienced funding changes which impacted its staffing levels at the centre. As a consequence, Council's Community Facilities staff have resumed the earlier arrangement.

Staff have examined the option of discontinuing part-time reception services at the centre. Whilst this is an option, it is not favoured, as many of the casual hirers require support, and basic cleaning between occasions of hire is necessary, together with changes to the configuration of the meeting spaces etc.

Apart from these issues, it is generally considered that having a community centre without reception is simply "not a good look".

Under the proposal presented in this report, Council's Visitor Services team would absorb the activities currently undertaken by staff at the KCC in relation to bookings, including fielding enquiries, greeting customers and preparing the remaining meeting rooms for bookings. Until workload capacity of VIC staff is established the administrative function of processing bookings would be managed through on-line systems at Lennox Head.

The small public meeting spaces currently located within the front part of the KCC would be transformed into VIC space (office, reception, storage and staff amenities). The small meeting spaces currently provided at KCC would be regained and added to following refurbishment of the existing VIC. Staff have identified a continuing demand for small meeting spaces within Ballina, and this demand will be better catered for by the VIC conversion.

Architectural services have been engaged to assess the scope of work required, and an estimate of the associated costs, to convert the two buildings. This work is being funded from within existing budgets. Further information from the architect will be available at the meeting.

Legal / Resource / Financial Implications

The key outcomes of this proposal would include:

- a) a desire to utilise community infrastructure more efficiently and effectively
- b) improve staff efficiencies and customer service and
- c) potentially increase revenue.

Staff also continue to review options for catering for the increasing demand for community meeting space, and making our facilities as attractive as possible for casual hire.

The following information concerning Council's existing meeting facilities may be relevant to the consideration of the current proposal.

The modest meeting facilities currently available at KCC are heavily utilised, and are essentially 'at capacity', particularly by community-based organisations with a limited means to pay. Despite this level of usage, the facilities do not generate large revenues.

4.4 Community Services - Infrastructure Options

The use of the Richmond Room can best be described as steady, albeit the small number of frequent users deliver important community services.

The function/meeting rooms at the new Ballina Surf Club provide a very attractive venue, and usage is increasing. Staff predict that, following the initial “settling-in” period, solid revenues will be generated from this facility, noting that the user-base will be different to those who use the KCC and the Richmond Room. Indications are that commercial/private functions are more likely to exceed community-type usage.

All these community facilities, as well as the Lennox Head Cultural and Community Centre (LHCCC) and the Alstonville Leisure and Entertainment Centre (ALEC) are linked through a web-based integrated booking system. Each of the facilities is also profiled, and fee structures and usage requirements are contained on Council’s website. Councillors are encouraged to review this material. These booking arrangements are operating very effectively and provide an excellent and convenient service for hirers of the facilities.

In terms of staffing, Council’s Community Facilities team is significantly stretched. Increasing levels of usage, particularly with the Ballina Surf Club, and responding to the needs of individual users and groups, has exposed a possible deficiency in current staffing levels. This issue is presently being assessed in the context of the Council’s broader budgetary deliberations.

Consultation

This report is presented to ascertain the Council’s preliminary views on whether the concept of transferring services between the VIC and KCC warrants further consideration. No external consultation has occurred.

Options

It is open to the Council to recommend a “do nothing” approach, or to endorse, in principle, the proposal outlined in this report.

The first option would reflect the Council’s satisfaction with the current arrangements for the use of the KCC and the VIC.

The second option would indicate a desire to explore in more detail the costs associated with swapping the use of the two facilities, staffing arrangements, projected use of the revised meeting spaces etc. This would be supported with conceptual drawings of the two facilities.

A third option would involve transferring the VIC to the KCC and using the existing VIC for purposes other than community meeting space. Whilst this option may be attractive from a financial perspective, and can be assessed, this outcome would need to be carefully weighed up against the significant impact of losing important community meeting space.

RECOMMENDATIONS

1. That Council notes the contents of this report in respect to Community Services – Infrastructure Options.
2. That the General Manager be authorised to investigate further the concept of transferring the function of Council’s visitor services to the Kentwell Community Centre, and the existing Visitor Information Centre on River Street being adapted for use as a community meeting space.

Attachment(s)

Nil

4.5 Ballina Indoor Sports and / or Events Centre

4.5 Ballina Indoor Sports and / or Events Centre

Delivery Program Community Facilities and Services

Objective To review the current status of the proposal to build an indoor sports and / or events centre in Ballina.

Background

For some time now, Council has been contemplating the construction of an indoor sports and / or events centre in Ballina to cater for the current and predicted future needs of the community.

The Ballina Basketball Association and other affiliated groups have been very prominent in their advocacy for a new facility. However, the Council has been careful in its deliberations to ensure that a future building would cater for a diverse range of indoor sporting activities, as well as potentially being available and suitable for broader cultural and entertainment purposes. Whilst this desire is commendable, it is suggested that the lack of clarity or consensus about the building's key purpose has generated a considerable level of frustration within Council itself, and shared by other stakeholders.

Having considered alternative sites for the proposed facility, the Council, at its Ordinary Meeting held on 23 May last year, resolved to authorize PDT Architects (acting for Council) to prepare a master plan for the Kingsford Smith Reserve and surrounding precinct, based on the four court sports centre option (Minute No. 230513/2). It was considered that a master plan was an important initial step to ensure that building the new centre would not compromise the future use of the reserve or diminish the general amenity of this part of Ballina.

There is conjecture about whether this decision to prepare the master plan constitutes Council's support for the Kingsford Smith Reserve option for the centre, to the exclusion of other sites. From staff's perspective, the above resolution has not been interpreted that way. It is suggested considerable work is yet to be done to "lock in" a particular site option, assuming that Council remains committed to the project and an appropriate funding source is identified for the centre's further detailed planning, design and construction.

The report which follows discusses the project further to elicit the Council's views about a preferred site for the facility.

The status of the draft master plan for Kingsford Smith Reserve is also discussed.

Key Issues

- Planning for future community infrastructure
- Priorities within the Council's capital project programming
- Budgetary implications

Information

Councillors have had the opportunity for several informal discussions with the consultancy firm who were selected to coordinate the investigations concerning a future indoor sports and / or events centre. Councillors have also received strong representations from stakeholders who have asserted their views concerning a preferred site and configuration for the proposed facility.

At the most recent Councillor briefing by PDT representatives, held on 15 October 2013, it remained evident that there is still a lack of consensus within the Council about this project, in terms of where it should be constructed, how big it should be and the key activities to be catered for (ie what is the building's principal function?).

This lack of a clearly articulated position is substantially hampering planning and is creating uncertainty to deliver the project in a timely way. This said it also needs to be acknowledged that a funding source for the project is yet to be identified, with significant external funds required.

Site Options

The two most prominent sites that the Council has considered to date for the project are the former Council Works Depot on Bangalow Road and Kingsford Smith Reserve. Both of these properties comprise Crown Land and, in terms of accessibility, are conveniently located within Ballina. Indications are that each of the sites would need to be acquired from the Crown, at market value, if the Council were to proceed with one or other of these options.

The former depot site, even if it became available from the Crown, is known to be heavily constrained as a consequence of the land's past use. Apart from construction costs for the building and associated infrastructure, it is envisaged that costs to provide an upgraded access to this site off Bangalow Road will be substantial.

Kingsford Smith Reserve has been the subject of master planning by PDT Architects with a view to identifying site options for a large building. The draft master plan will be discussed further in this report.

Once again, assuming a site within the reserve is available, costs beyond those for the actual building will be extensive. One might reasonably expect that the construction of a very large bulky building and associated parking areas within an established park setting would also attract substantial negative community sentiment, particularly from those landowners/residents who currently overlook the reserve. Furthermore, the adjacent street system would change, both in terms of function and appearance, depending on the traffic management and car parking arrangements that were ultimately adopted.

Three other options have also been considered by the Council for this facility. The first of these was to construct a building on land that has been dedicated as open space at the southern end of the Ferngrove Estate. It was concluded that this site didn't "stack up" primarily because of a large building's potential impact on adjacent residents, the open space would be relinquished and the limited size of the site.

4.5 Ballina Indoor Sports and / or Events Centre

The next alternative option was the Council-owned operational land situated at the corner of Tamarind Drive and Gallan's Road. This site was seen to be presently too isolated and would require extensive civil works to alleviate a potential flood hazard. In other respects however, this option was reasonably attractive for its potential to accommodate other external sporting infrastructure in the longer term, in addition to the indoor centre.

In this regard, it is conceivable that parts of the adjoining waste management facility could be "recycled" for outdoor activities (equestrian, off road cycling, archery, as examples) following remediation. The Gallans Road site is also attractive because it would be accessible for both Ballina residents, as well as to those residing in the major growth area of the Cumbalum ridge. Regardless, this site has been no longer considered for the project currently being investigated.

More recently, Council canvassed the idea of acquiring an established commercial building and substantially renovating and enlarging it to accommodate an indoor sporting space. Whilst this option is still available, the large amount of capital required to undertake this option is not presently available.

Finally, the most recent option canvassed is to target an area of vacant land presently owned by Council for the establishment of a multi use sports facility. The suggested location is within the Southern Cross Industrial Estate, though a specific site has not been identified.

Again, in the absence of an identified construction budget, the idea with this option would be to liaise with Council's Commercial Services Section to identify a site within the estate, have this endorsed by the Council, and then seek to obtain the various approvals so that construction could be undertaken when funding is sourced. This process would also provide the Council with a reasonably accurate cost estimate for the building and associated infrastructure to enable targeting of grant opportunities.

A further benefit to be derived from building a facility on Council-owned land is that there is no need to worry about future government policy changes in terms of charges and leasing restrictions imposed on the use of Crown Land.

None of the options outlined above are likely to deliver a new facility within the timeline preferred by local sporting groups. This is because funding is simply not available unless the Council is prepared to defer other priority capital projects. If consent is obtained for the Southern Cross Industrial Estate option, it enables Council to be poised and ready if "windfall" funding becomes available.

Draft Kingsford Smith Reserve Master Plan

As stated earlier in this report, the Council committed resources for the preparation of a draft master plan for the Kingsford Smith Reserve and adjacent public land. In October last year our consultant, PDT Architects discussed key issues for this precinct at a Council briefing. The master plan was seen as a prerequisite for the construction of a multi purpose facility on the reserve.

4.5 Ballina Indoor Sports and / or Events Centre

The draft master plan is now available. The draft plan presents a vision for the future use and embellishment of the reserve and surrounds, based on the site's constraints and opportunities and the feedback from the reserve's current regular users. A copy of the draft plan accompanies this report under separate cover.

Ordinarily, the recommendation of this report would be that the draft master plan be exhibited for community feedback. This would entail notices in the media and letters being distributed to property owners/residents in the immediate vicinity of the reserve and to the sporting stakeholders.

The dilemma however is that the draft master plan is predicated on the basis of identifying a preferred site for a large building within the reserve. To exhibit this document would be sending very strong mixed messages to the community if the Council really has no intention of using Kingsford Smith Reserve for the new facility. At best, this would be very confusing and, at worst, the Council would be seen as being disingenuous.

The preferred course of action is for the Council simply to note the draft master plan. The work undertaken in its preparation will not be wasted. Key design elements identified by the architects can be held in abeyance and used in the future preparation of a draft plan of management for the reserve under the Crown Lands Act. Also, elements of the work will be useful for incorporating into the Ballina Major Regional Centre Strategy which has recently commenced. This project was reported to the Council at its February 2014 Ordinary Meeting.

Legal / Resource / Financial Implications

The information contained in this report has no direct financial or legal implications. The intention is to enable the Council to discuss this significant project and to provide the General Manager with a clear message about what facility the Council would like to plan for, and where it wishes to build it. Further resources can then be applied to the project.

Consultation

The only direct Community consultation undertaken to date concerning this specific project is the engagement between our architect and the regular sporting and recreational users of the Kingsford Smith Reserve in developing the draft master plan.

Some Councillors will also recall previous consultations conducted with shire sporting groups which basically formed a needs analysis for indoor sporting facilities within the shire.

Options

The basic options are to either abandon planning work for a new multi purpose sporting facility, or to proceed. If Council's desire is to continue, it must commit to a site.

4.5 Ballina Indoor Sports and / or Events Centre

If the preference is to go ahead with a facility within the Southern Cross Industrial Estate, staff will liaise with Council's Commercial Services Section staff and bring back a further report to confirm the Council's specific site.

If one of the other locational options outlined in this report is the preference, particularly if it involves Crown Land, more work will be required to identify a pathway toward approval, and this too would be subject to further reporting.

On balance, the recommendation is for the Southern Cross Industrial Estate option, for a multi-purpose indoor sports facility (as distinct from a more elaborate entertainment and recreational facility).

In relation to the Kingsford Smith Reserve draft master plan, it would be recommended that it be exhibited for community feedback only if the Council's intention is to commit to that site for the new facility.

RECOMMENDATIONS

1. That the Council notes the contents of this report relating to the planning for a new indoor multi-purpose sports facility and draft master planning for the Kingsford Smith Reserve in Ballina.
2. That the Council commits to planning for a multi-purpose indoor sports facility on Council-owned land within the Southern Cross Industrial Estate in Ballina. That the General Manager prepare a further report which identifies options and a preferred site within the Estate.
3. That the information within the Kingsford Smith Reserve draft master plan prepared by PDT Architects be used, where appropriate, in future land use planning projects undertaken by Council.

Attachment(s)

1. BSC Kingsford Smith Sports Reserve Draft Master Plan Report, PDT Architects (Under separate cover)
2. Kingsford Smith Sports Reserve Draft Master Plan - Preliminary Environmental Assessment, GeoLINK
3. Kingsford Smith Sports Reserve Draft Master Plan - Preliminary Traffic, Access and Parking Assessment, GeoLINK

PRELIMINARY ENVIRONMENTAL ASSESSMENT

Area between Existing Netball Courts and Lake

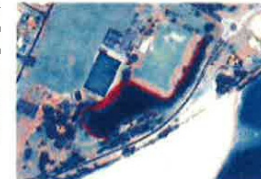
This area includes mainly mature trees including eucalypts, banksias and figs. Most are good quality trees in a landscaping context and are generally endemic species to the local area. They offer some habitat value to local bird species and are worth retaining if possible.



Northern Fringe of the Existing Lake



The area fringing the lake includes a number of plant species endemic to the local area, including Swamp Oaks and wetland species which are indicative of locally occurring endangered ecological communities (EECs) under state environmental legislation.



Restoration of this area by retaining and planting additional native species and controlling weed infestations would restore the natural species composition and fauna habitat values of this area.



Preliminary Environmental Assessment, Kingsford Smith Sports Reserve Draft Master Plan
1855-1001 February 2014

Area Immediately West of the Existing Lake

Additional freshwater lakes occur on the periphery of the main lake.

These represent a good opportunity for extending the wetland fauna habitats associated with the existing lake as well as enhancing the visual character of the site.



Area East of Existing Car Parking and Market Site



This area east of the existing market site and south of the existing amphitheatre presents some good quality Littoral Rainforest vegetation, indicative of endemic vegetation type.

Once again, this vegetation community is categorised as an EEC.

It is recommended that the vegetation in this area is retained due to its fauna habitat value.

Kingsford Smith Drive and Bentinck Street Intersection



On the south western corner of the Kingsford Smith Drive and Bentinck Street intersection there is a small area of Swamp Oak Forest. This vegetation community is listed as an EEC.

There is moderate value for retention of the vegetation in this location given that it is indicative of endemic species and endangered ecological community.



Preliminary Environmental Assessment, Kingsford Smith Sports Reserve Draft Master Plan
1855-1001 February 2014

Area Immediately South of the Existing Lake



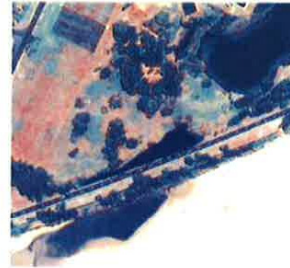
Swamp Oak Forest fringes the southern side of the existing main lake and there are high quality areas of planted Littoral Rainforest south of this area, adjacent to Kingsford Smith Drive.

Both of these two vegetation communities would have been endemic to the site and are also listed as EECs.

It is recommended that these areas of vegetation be retained if possible and incorporated into the landscaping plan for the site.



Area Adjacent to Kingsford Smith Drive



The area on the northern side of Kingsford Smith Drive, approximately 400 m past the Ballina pool, has good quality Littoral Rainforest restoration.

Littoral Rainforest is listed as EEC, and given its high quality it is recommended that these areas of vegetation be retained and incorporated into the landscaping plan for the site.



GeoLINK

Preliminary Environmental Assessment, Kingsford Smith Sports Reserve Draft Master Plan
1855-1001 February 2014

PRELIMINARY TRAFFIC, ACCESS AND PARKING ASSESSMENT

Existing Road Network

Bounding Roads

The Kingsford Smith Park is situated in a residential area of central Ballina. The land immediately to the north and west is characterised by residential development, with the Richmond River to the south and east.

Bentnick Street, a local distributor road bounds the site to the north east, from which the main off-street car park gains access. It is in good condition and would easily accept additional traffic associated with an upgraded sporting and recreational facility.

Owen Street, a local access road bounds the site to the west. It intersects Bentnick Street at the north western corner of the site with a sign-controlled give-way cross intersection. Owen Street currently offers informal angle parking for the site along its full frontage (approximately 620 m), and access to the existing small car parking area adjacent to the netball courts. A number of trees have been planted within the verge adjacent to the site, breaking up the parking area. It operates well as a local street in a 50 km/h area with low traffic volumes. If future developments include increased usage of Owen Street, road upgrading may be warranted to ensure continued safety for all users. For example, there are currently no line markings on Owen Street and no street lighting.

Kingsford Smith Drive completes the boundary of the site on the south. It intersects with Bentnick Street at the north eastern corner of the site with a three-legged roundabout. It is currently predominantly used by local traffic travelling between residential areas of East Ballina and the retail/commercial facilities in central Ballina. On weekends, it is also a destination for people having picnics on the grassy verge to the east, swimming or fishing on the sand bar or visiting the weekly farmers market. Although no formal parking is provided, motorists often park on the verge adjacent to

the river. The Kingsford Smith Drive roadway is in good condition, with adequate road markings, lighting and capacity for increased traffic flows. It is, however, susceptible to air-blown sand, which somewhat frequently encroaches on the pavement. It is recommended that any future upgrades of the area include provisions to prevent this from occurring.



Preliminary Traffic Assessment, Kingsford Smith Sports Reserve Draft Master Plan
1855-1002 February 2014

Existing Road Network (Continued)

Intersections and Site Access

Three main intersections exist in the vicinity of Kingsford Smith Park. These are:

1. Bentinck and Owen streets (give-way cross intersection)
2. Bentinck and Kingsford Smith Drive (three leg roundabout)
3. Bentinck and the car park/rugby club house/hockey fields

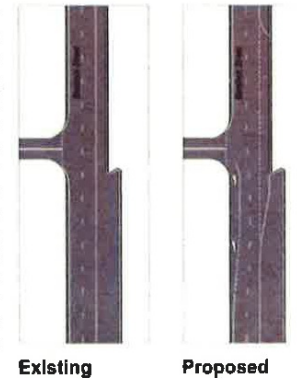


Preliminary modelling of these intersections suggests that all three are currently operating with a level of service category 'A'. This means there are only very minor delays at peak times for all movements. Modelling of future scenarios with assumed standard growth and estimated additional growth associated with the proposal indicate that Intersections 1 and 2 will have sufficient capacity to cope with the increased traffic flow.

Intersection 3 has capacity issues when there are mid-sized events (e.g. rugby matches, cricket matches) or larger events at Kingsford Smith Park. Vehicles turning into the site from Bentinck Street cause a build-up of through traffic. This is because there are no provisions for through traffic to pass turning vehicles, particularly for the left-turn in movement.



Regardless of which master plan option is adopted, it is recommended that a left-in lane be provided, along with a passing lane to allow through-traffic from the north-west to easily pass vehicles waiting to make a right turn into the site. Preliminary investigations indicate that the existing pavement width in this location will allow for the turning lanes to be installed without widening the roadway.



Should Master Plan Option 1 be adopted, the existing intersection on Owen Street together with the existing driveway would need to be upgraded to accommodate the additional traffic volumes.



Preliminary Traffic Assessment, Kingsford Smith Sports Reserve Draft Master Plan
1855-1002 February 2014

Cycling and Pedestrian Connectivity

The existing cycle and pedestrian paths in Ballina Shire provide good connectivity between various residential areas and popular destinations, and these are currently being extended to provide commuter and recreational facilities to cyclists and pedestrians between Ballina, East Ballina and Lennox Head to the north.

There are currently shared paths and footpaths near the site to the north, east and south. However, there is no direct link from any of these paths to Kingsford Smith Park, and as such, accessing the site on foot or by bicycle requires crossing a road with no refuge.

It is strongly recommended that these linkages be provided for safe and efficient access to the site for non-motorists. In particular, there is frequently a lot of recreational activity on both sides of Kingsford Smith Drive, with the lake and grassy areas on the western side and the estuarine beaches to the east. It is recommended this area be better connected to Kingsford Smith Park for pedestrians and cyclists to consolidate the area as a single recreational precinct.

The proposed pedestrian/bike paths, crossings and bridge depicted on both master plan options prepared by PDT Architects offer excellent connectivity and accessibility through the site and onto the surrounding network. Additionally, the proposal to restrict Kingsford Smith Drive to 20 km/h traffic would be highly desirable to ensure safety and amenity for users of the area.

Accessibility

The existing site does not adequately provide facilities or infrastructure to accommodate those with disabilities. The shared pathways to the north, east and west are suitable for wheelchair access. However, they do not currently link to Kingsford Smith Park as discussed above. Additionally, as indicated on the adjacent map, none of the four nearest public toilets provide disabled access.

It is recommended that the improvements to the precinct include provisions for the less able members of the public.



4.5 Ballina Indoor Sports and / or Events Centre

Public Transport

Bentinck Street to the north of the site forms part of the local bus network. Local bus companies operate public services throughout Ballina and to nearby towns, which utilise this portion of Bentinck Street. The nearest bus stops in either direction are less than 500 m away.

At present, there are 8 local Ballina trips running west to east and 12 trips running east to west each weekday, with about half this number on Saturdays. There are currently no public bus services on Sundays in Ballina.

Taxis and public hire cars operate in Ballina and provide a convenient, cost-effective option for short trips within the shire.

Overall, the site is well serviced by public transport in the context of a regional sporting and recreational facility.



Parking – On and Off Street

Existing Parking



The site currently has two car parking areas plus extensive unrestricted on-street parking on the bounding streets. Surveys of the existing and potential site users conducted by PDT Architects indicated that parking supply is generally sufficient to meet the demands. During peak times, such as rugby training, rugby matches, and Saturday morning netball, parking can be in short supply. However, the existing roadside parking adequately accommodates the overflow.

Major events held at the site, such as grand final days, festivals, car shows etc. require substantial off-street overflow parking, which is currently provided on a portion of the existing cricket oval.



Preliminary Traffic Assessment, Kingsford Smith Sports Reserve Draft Master Plan
1855-1002 February 2014

Parking – On and Off Street (Continued)
Future Requirements



To cater for future increased visitors and users at the site, it is recommended that there be no net loss to the existing number of off-street car parking spaces provided.

Additionally, it is recommended that the on-street parking in the surrounding streets and the small car parking areas adjacent to the sailing club and skate park be formalised but remain unrestricted. It is also recommended that bicycle parking be provided at key locations on the site to accommodate and encourage cycling.

Overflow parking for use during major events must still be possible in conjunction with any future upgrades to the site.

Bus Parking

The site does not currently provide designated bus/coach parking, despite sporting and school groups regularly visiting the site in buses or coaches. At present, buses generally park in Owen Street, parallel to the road and adjacent to sporting fields. This system does not appear to cause many problems, unless the event is also well-attended by the public, in which case the informal parking in Owen Street can easily fill up, resulting in double parking.

It is suggested that the improvements to the site include provision for bus parking. Providing this off-street would require large turning circles within the internal car parking areas, and thus a better option is to provide indented on-street bus bays in accordance with the current Austroads guidelines. The preferred option is for these to be on Bentinck Street, given that Owen Street is a local street and Bentinck Street is on the direct routes in and out of town. It is recommended that a minimum of three bus bays be provided.

If Master Plan Option 1 is implemented, it would be more practical to locate the bus parking bays close to the new stadium (adjacent to the existing netball courts) in Owen Street. If this option is selected, provision should be made for buses to turn around in Owen Street to allow entry and exit to the site via Bentinck Street and discourage use of the local streets to the west.

Traffic Calming

Kingsford Smith Drive is often subject to motorists exceeding the speed limit and given the sight distances, crossing this street as a pedestrian or cyclist is dangerous. It is recommended that traffic calming measures be implemented in accordance with the relevant Austroads guidelines to increase the safety of this stretch of road for all users. This could include any or all of the following:

1. Reducing the sign-posted speed limit
2. Installation of speed hump and/or raised pedestrian crossings
3. Narrowing the roadway
4. Creating contrasting pavement surfaces at either end of the stretch to act as visual thresholds.



An alternative to traffic calming is to close Kingsford Smith Drive to motorists. Further investigations would be required to ascertain the viability of this option, however initial thoughts are that it could be a possibility.



Preliminary Traffic Assessment, Kingsford Smith Sports Reserve Draft Master Plan
1855-1002 February 2014

4.6 Property Reserves - Future Cash Flows

4.6 Property Reserves - Future Cash Flows

Delivery Program Governance and Finance

Objective To review the cash flows for Council's Property Reserves in the context of the overall long term financial plan.

Background

This report has been prepared to provide an overview of the Council's property reserves, as these reserves have been a substantial source of funding for community infrastructure for the past 40 years.

In considering the 2014/15 budget, long term financial plan (LTFP) and community infrastructure priorities, it is important to have an understanding of the funds available within the property reserves as this can assist in determining which non-recurrent community infrastructure projects can be funded from the reserves.

Typically projects of a non-recurrent nature are funded from property reserves, as the use of reserve funds allows Council to respond to major variations in non-recurrent expenditure from year to year.

Projects of a recurrent nature, such as road, footpath, drainage etc renewal should be funded from a consistent funding stream, such as general revenue, as monies are needed each and every year to maintain essential infrastructure.

Reports outlining the allocation of funds for recurrent and non-recurrent capital expenditure projects are included later in this agenda.

Key Issues

- Funds available
- Forward financial planning

Information

The four attachments to this report represent the latest modelling for the Council's property reserves.

The attachments are for the Commercial Opportunities Reserve, Property Development Reserve, Community Infrastructure Reserve and a Consolidated Total for all three reserves.

Information on each of the attachments is as follows.

4.6 Property Reserves - Future Cash Flows

Commercial Opportunities Reserve (attachment one)

This reserve is in the process of being fully expended with all the available funds allocated to the Wollongbar Sports Fields project.

Property Development Reserve (attachment two)

Based on current forecasts, this reserve is expected to have a balance of \$2.9 million as at 30 June 2014. Major expenditures for 2014/15 relate to the development of the residential land at the Wollongbar Urban Expansion Area (WUEA) and the Wigmore Arcade refurbishment.

The majority of the income from land sales has been included in 2015/16 onwards, as a conservative approach, however there is an allowance for income from the sale of eight lots at the WUEA in 2014/15, with a net return of \$1.6m to Council (i.e. average of \$200,000).

Council has a total of 68 lots that should be developed at WUEA and the forecast allows for eight sales in 2014/15 and 15 lots per annum for the following four years. Development costs of \$100,000 per lot are included for 15 lots in 2013/14 and 2014/15 (spread over both years – with an additional \$100,000 in 2013/14 for earlier expenditure on this project) and 23 lots in 2015/16 and 30 lots in 2016/17. These expenditure cash flows are ultimately dependent on the actual rate of land sales.

A key line in the cash outlays is titled “Community Infrastructure Dividend”. This represents surplus funds from this reserve transferred to the Community Infrastructure Reserve, to allow infrastructure funding from that reserve.

The Property Development Reserve has been maintained at a balance of approximately \$2m each year to ensure adequate funds are available in case sales do not eventuate as planned.

Further brief comments on the various line items in this reserve are as follows:

Cash Inflows

- Interest Accrued – Represents interest earned on the reserve each year.
- Rental Income – 100% of the income from the Norfolk Homes lease and 50% from the ARC lease is transferred to this reserve.
- Sale – Alstonville Tennis Courts – Sale deferred to 2015/16.
- Sale – Alstonville Plaza – The sale of this road reserve is expected to settle early in 2014/15.
- Sale - ARC Residual – Deferred to 2015/16. This represents 50% of the estimate sale proceeds with the balance being transferred to the Community Infrastructure Reserve.
- Sale – Russellton (Major Sales (Two)) – Negotiations are on-going with two prospective buyers and the income has been deferred to 2015/16. Any proposal will need to be submitted to Council for approval and there will be expenditure needed to construct these lots, if a sale price is agreed

4.6 Property Reserves - Future Cash Flows

- Sales – Russellton and Southern Cross – Allowances have been made for the sale of one standard per year from each Estate. Lots are currently available for sale at Southern Cross and development costs are required to construct new lots for Russellton. The Russellton development costs are included in 2015/16 and will be subject to the monies being available.
- Sales – WUEA – As previously discussed.

Cash Outlays

- Operating Expenditure – Reflect the various operating expenses incurred annually for Council's land holdings.
- Wollongbar Sports Fields – This represents a contribution to that project from this reserve as there were insufficient funds available in the Community Infrastructure Reserve to finalise the entire works schedule.
- Community Infrastructure Dividend – As mentioned earlier this line highlights the magnitude of funds that can be transferred to the Community Infrastructure Reserve, as future land sales proceed. The transfers are designed to retain the balance of the Property Development Reserve at approximately \$2m.
- Wigmore Arcade – Represents the approved funding for this refurbishment.
- Russellton – Development – The figure of \$1.8m represents the likely cost of developing stages one and two of the Estate, with this figure including a significant one-off cost for a sewer pump station and storm water retention basin. These two infrastructure items will service the entire next stage of this development (i.e. now 28 lots) however less than 28 lots will initially be developed for sale. To balance the various cash flows the construction of these stages is now not planned until, at the earliest, July 2015.
- WUEA Development – A budget of \$1.6m has been split between 2013/14 and 2014/15 with other development costs pushed out one year to 2015/16 onwards. This may vary dependent on sales.
- Dividend – General Fund – Council's property operations continue to provide an annual dividend to our recurrent operations and this figure represents that dividend. Staff would like to see this dividend eliminated over time, as it is not best financial management practice to have funding for recurrent expenditure rely on property income streams, as property income can vary from year to year.

Council is already taking a dividend from this reserve through the Community Infrastructure Dividend and we need to ensure that we do not drain the property reserves as this will impact on our ability to undertake future projects, both from a property development and community infrastructure perspective.

4.6 Property Reserves - Future Cash Flows

Community Infrastructure Reserve (attachment three)

The important point with this reserve is that it is expected to still be overdrawn during 2014/15, with funds not available in the reserve, through transfers from the Property Development Reserve, until 2015/16. This means that the reserve is not available to assist with any funding allocations for 2014/15, other than those previously identified, which relate to the Marine Rescue Centre.

A \$250,000 allowance has been included for the Ballina and Alstonville swimming pools however \$550,000 has also been included as income from the Lennox Head Community Centre insurance claim. The swimming pool funds should not be expended until that claim is settled as otherwise we run the risk of the property reserves, combined, being overdrawn.

For 2015/16 onwards funds are available, assuming the dividends from the Property Development Reserve eventuate, and the major project identified in 2015/16 is funding for the Coastal Shared Path (section east of The Coast Road, north from Skennars Head Road).

The next report in this agenda outlines how the Coastal Shared Path / Walk / Western Cycleway projects could be funded and assuming that Council is successful in 2015/16 with a 50% grant from the RMS for this work, matching funding will need to be provided by Council. An amount of \$850,000 is included as expenditure from this reserve to match those grant funds, if forthcoming.

Brief comments on the major line items in this reserve are as follows:

Cash Inflows

- Interest – With the reserve overdrawn no interest is accrued in 2014/15 and 2015/16.
- Community Infrastructure Dividend – This represents the transfer received from the Property Development Reserve for 2015/16 onwards.
- Insurance Claim – Lennox Head – This claim should be settled during 2014/15 and a nominal figure is included. Due to the risk that this figure could vary substantially the expenditure from this reserve during 2014/15 should be minimised until the claim is settled.
- Rentals - Net rentals for 89 Tamar Street, ARC (50%) and Fawcett Park café are transferred to this reserve. These income items fund the loan repayments, as per the cash outlays section of the reserve.
- Sale - ARC Residual – 50% of the sale proceeds from the residual land adjoining the ARC building have previously been identified for transfer to this reserve.
- Section 94 Recouped – Nominal amount with this figure subject to fluctuations dependent on the rate of land development occurring in the Shire.

4.6 Property Reserves - Future Cash Flows

Cash Outlays

- Ballina Sports and Events Centre – Represents existing funding allocated to this project.
- Coastal Path / Walk – The amount of \$850,000 represents 50% of the cost of constructing the pathway planned for eastern side of The Coast Road, north of Skennars Head Road. The assumption is that Council may obtain a grant for 50% of the cost of this project in 2015/16 and these funds are set aside to match that grant – Further details are outlined in the next report in this agenda.
- Marine Rescue Centre – This figure represents Council's contribution to the project, as previously resolved, assuming State and Federal Government grants are forthcoming.
- Loan Repayments – Represent loan repayments primarily for the Ballina Town Centre upgrades. The repayments are being financed by the rental income from properties such as 89 Tamar Street.
- Swimming Pools – These budgets have been rolled forward from 2013/14 and with Council allocating monies to the Alstonville Pool at the February 2014 Ordinary meeting, the \$50,000 for Alstonville may no longer be required.

It was originally planned that the \$200,000 for Ballina would assist with scoping out the refurbishment / upgrade proposal for that pool. More detailed discussion on the swimming pool upgrades is outlined in the Non-recurrent Community Infrastructure Capital Projects report later in this agenda.

- Community Infrastructure - Property Development – This allocation from 2015/16 onwards represents funds available for community infrastructure projects based on the dividend received from the Property Development Reserve. The allocation of this funding is considered later in this agenda as part of the Community Infrastructure - Non-recurrent Capital Projects report.
- Community Infrastructure – From 2017/18 onwards, this reserve is starting to generate its own surplus and by retaining a reserve balance of approximately \$500,000, the surplus funds are available for community infrastructure projects. As per the previous item the allocation of this funding is considered later in this agenda as part of the Community Infrastructure - Non-recurrent Capital Projects report.

Importantly, in the short term, the Community Infrastructure Reserve remains overdrawn as at 30 June 2014 and 30 June 2015, with the reserve not actually returning to a positive cash balance until 30 June 2016, assuming land sales do eventuate, as per the Property Development Reserve forecasts.

4.6 Property Reserves - Future Cash Flows

Total Property Reserves (attachment four)

The final attachment to this report is the consolidated movements for all three reserves. What this summary highlights is the large amount of activity, both from an income and expenditure perspective that originates from Council's property reserves.

This consolidated summary also helps to show what the consolidated closing balance is each year. It is essential that the consolidated balance remain positive to provide funding for future projects.

The main concern is for 30 June 2015, with the balance estimated at \$998,900.

As this includes \$1.6m in income from land sales at the WUEA and \$550,000 from the Lennox Head insurance claim, Council needs to be very careful not to incur certain expenditures until these income items are realised.

Legal / Resource / Financial Implications

This entire report is focused on the financial movements within Council's property reserves.

Consultation

There has been consultation with the various Council staff involved in projects identified in this report.

Options

The primary purpose of this report is to inform Council of the latest cash flow movements anticipated for Council's property reserves. This report allows Council to have a good understanding of the cash flows in these reserves to assist in discussions that will arise from a number of reports later in this agenda.

The report is for noting only with the information in the attachments included in Council's draft long term financial plan as per a later report in this agenda.

RECOMMENDATION

That Council notes the contents of this report with respect to the forward projections for the property reserves and in particular there is no discretionary funding available in the Community Infrastructure Reserve for additional non-recurrent projects in the 2014/15 financial year.

Attachment(s)

1. Cash Flow - Commercial Opportunities Reserve
2. Cash Flow - Property Development Reserve
3. Cash Flow - Community Infrastructure Reserve
4. Cash Flow - Total Property Reserves

Cash Flow - Commercial Opportunities Reserve - 10 Year Financial Plan Updated as at March 2014 - As per draft budget to 18 March 2014 Finance Committee													
Item	2011/12 Actual	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Opening Balance	3,536,500	2,350,200	2,472,800	1,684,000	0	0	0	0	0	0	0	0	0
Add: Cash Inflows													
Interest Accrued	178,000	67,000	95,000	0	0	0	0	0	0	0	0	0	0
Int Loan Repaid - Flat Rock	41,000	41,300	0	0	0	0	0	0	0	0	0	0	0
Int Loan Repaid - Plant	33,500	33,800	0	0	0	0	0	0	0	0	0	0	0
Int Loan Repaid - Street Lighting	33,000	36,500	53,500	0	0	0	0	0	0	0	0	0	0
Fawcett Park Café - Insurance Claim	0	0	75,000	0	0	0	0	0	0	0	0	0	0
Section 94 Recoupments	122,200	0	0	0	0	0	0	0	0	0	0	0	0
Sub Total	407,700	178,600	223,500	0	0	0	0	0	0	0	0	0	0
Less: Cash Outlays													
Property Development Projects													
Ballery Gallery - Refurbishment	0	0	55,000	0	0	0	0	0	0	0	0	0	0
Fawcett Park Café - Mtce and Refurbishment	0	34,000	156,300	0	0	0	0	0	0	0	0	0	0
Henderson Farm - Consents	0	2,000	0	0	0	0	0	0	0	0	0	0	0
River Street - 139 Refurbishment	0	0	50,000	0	0	0	0	0	0	0	0	0	0
Shellys on the Beach - Land Purchase	0	0	300,000	0	0	0	0	0	0	0	0	0	0
Sports Fields - Skennars - Approvals	21,000	20,000	0	0	0	0	0	0	0	0	0	0	0
Tamar Street - 89 Refurbishment (Air-con)	0	0	180,000	0	0	0	0	0	0	0	0	0	0
Sub Total	21,000	56,000	741,300	0	0	0	0	0	0	0	0	0	0
Community Infrastructure													
Sports Fields - Wollongbar	1,573,000	0	0	1,684,000	0	0	0	0	0	0	0	0	0
Contingency - Ballina Surf Club	0	0	271,000	0	0	0	0	0	0	0	0	0	0
Sub Total	1,573,000	0	271,000	1,684,000	0	0	0	0	0	0	0	0	0
Total Outlays	1,594,000	56,000	1,012,300	1,684,000	0	0	0	0	0	0	0	0	0
Closing Balance	2,350,200	2,472,800	1,684,000	0	0	0	0	0	0	0	0	0	0

Cash Flow - Property Development Reserve - 10 Year Financial Plan Updated as at March 2014 - As per draft budget to 18 March 2014 Finance Committee													
Item	2011/12 Actual	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Opening Balance	303,500	4,438,100	4,613,900	2,961,900	1,731,400	2,092,300	2,095,900	2,071,700	2,050,800	2,083,500	2,113,400	2,248,200	2,290,400
Add: Cash Inflows													
Interest Accrued	261,000	178,000	159,000	68,000	43,000	52,000	52,000	52,000	51,000	52,000	53,000	56,000	57,000
Internal Loans Repaid - Waste	288,500	0	0	0	0	0	0	0	0	0	0	0	0
Rental - Norfolk Homes	133,600	136,500	138,000	145,000	149,400	153,900	158,500	163,300	168,200	173,200	178,400	183,800	189,300
Rental - ARC (50%)	156,000	158,500	163,500	164,500	169,400	174,500	179,700	185,100	190,700	196,400	202,300	208,400	214,700
Sale - Alstonville Tennis Courts	0	0	0	0	2,000,000	0	0	0	0	0	0	0	0
Sale - Alstonville Plaza	0	0	0	180,000	0	0	0	0	0	0	0	0	0
Sale - ARC Residual (50%)	0	269,000	262,500	0	365,000	0	0	0	0	0	0	0	0
Sale - Balance Skennars Hd	0	0	400,000	0	0	0	0	0	0	0	0	0	0
Sale - Harvey Norman	4,246,000	0	0	0	0	0	0	0	0	0	0	0	0
Sale - Land Adjoining BP (50%)	0	0	250,000	0	0	0	0	0	0	0	0	0	0
Sale - Russellton (Major Sales (Two))	0	0	0	0	1,500,000	0	0	0	0	0	0	0	0
Sales - Russellton (Standard Lots)	0	413,000	0	0	0	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Sales - Southern Cross (Standard Lots)	0	0	0	0	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Sales - WUEA (Standard Lots)	0	0	0	1,600,000	3,000,000	3,000,000	3,000,000	3,000,000	0	0	0	0	0
Sub Total	5,085,100	1,155,000	1,373,000	2,157,500	7,476,800	3,780,400	3,790,200	3,800,400	809,900	821,600	833,700	848,200	861,000
Less: Cash Outlays													
Operating Expenditure													
Internal Overheads - Russellton	60,000	80,000	66,000	65,000	67,000	69,000	71,100	73,200	75,400	77,700	80,000	82,400	84,900
Internal Overheads - Southern Cross	132,400	67,000	69,000	67,000	69,000	71,100	73,200	75,400	77,700	80,000	82,400	84,900	87,400
Internal Overheads - WUEA	0	0	75,000	49,000	50,500	52,000	53,600	55,200	56,900	58,600	60,400	62,200	64,100
Russellton - Operating Exps	35,400	30,000	13,000	14,500	25,100	25,900	26,700	27,500	28,300	29,100	30,000	30,900	31,800
Southern Cross - Operating Exps	65,600	66,000	65,000	216,000	178,000	80,500	83,000	85,000	88,000	91,000	94,000	97,000	100,000
WUEA - Operating Expenses	7,200	15,000	35,000	47,000	48,400	49,900	51,400	52,900	0	0	0	0	0
Sub Total	300,600	258,000	323,000	458,500	438,000	348,400	359,000	369,200	326,300	336,400	346,800	357,400	368,200
Community Infrastructure													
Animal Shelter	0	0	370,000	0	0	0	0	0	0	0	0	0	0
Ballina Surf Club	0	0	228,000	0	0	0	0	0	0	0	0	0	0
Wollongbar Sports Field	0	0	0	400,000	0	0	0	0	0	0	0	0	0
Community Infrastructure Dividend	0	0	0	0	2,300,000	300,000	1,700,000	3,300,000	300,000	300,000	200,000	300,000	300,000
Sub Total	0	0	598,000	400,000	2,300,000	300,000	1,700,000	3,300,000	300,000	300,000	200,000	300,000	300,000
Property Development Projects													
ARC Residual - Selling Costs	0	0	230,000	0	0	0	0	0	0	0	0	0	0
Bridge Club Sale Legals	42,000	0	0	0	0	0	0	0	0	0	0	0	0
Lennox Head Comm Centre Legals	0	0	115,000	0	0	0	0	0	0	0	0	0	0
North Creek Dredging	5,000	0	0	0	0	0	0	0	0	0	0	0	0
Russellton - Development	60,400	0	100,000	0	1,800,000	0	0	0	0	0	0	0	0
Southern Cross - Development	198,000	115,000	0	0	0	0	1,600,000	0	0	0	0	0	0
Southern Cross - Masterplan	63,000	110,000	0	0	0	0	0	0	0	0	0	0	0
Wigmore Arcade - Development	0	0	150,000	1,450,000	0	0	0	0	0	0	0	0	0
WUEA - Development	0	48,000	900,000	700,000	2,300,000	3,000,000	0	0	0	0	0	0	0
Sub Total	368,400	273,000	1,495,000	2,150,000	4,100,000	3,000,000	1,600,000	0	0	0	0	0	0
Dividends													
General Fund	281,500	448,200	609,000	379,500	277,900	128,400	155,400	152,100	150,900	155,300	152,100	148,600	165,800
Total Outlays	950,500	979,200	3,025,000	3,388,000	7,115,900	3,776,800	3,814,400	3,821,300	777,200	791,700	698,900	806,000	834,000
Closing Balance	4,438,100	4,613,900	2,961,900	1,731,400	2,092,300	2,095,900	2,071,700	2,050,800	2,083,500	2,113,400	2,248,200	2,290,400	2,317,400

Cash Flows - Community Infrastructure Reserve - 10 Year Financial Plan Updated as at March 2014 - As per draft budget to 18 March 2014 Finance Committee													
Item	2011/12 Actual	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Opening Balance	917,300	909,300	245,600	(276,500)	(732,500)	62,700	524,200	517,800	620,700	579,200	570,800	591,500	727,900
Add: Cash Inflows													
Interest Accrued	177,000	54,000	17,000	0	0	2,000	13,000	13,000	16,000	14,000	14,000	15,000	18,000
Community Infrastructure Dividend	0	0	0	0	2,300,000	300,000	1,700,000	3,300,000	300,000	300,000	200,000	300,000	300,000
Insurance Claim - Lennox Head C.C.	0	0	0	550,000	0	0	0	0	0	0	0	0	0
Rate Revenue - Roundabouts (30%)	308,000	0	0	0	0	0	0	0	0	0	0	0	0
Rental - 89 Tamar St (100%)	641,000	656,000	698,500	661,000	680,800	701,200	722,200	743,900	766,200	789,200	812,900	837,300	862,400
Rental - ARC (50%)	156,000	158,500	163,500	164,500	169,400	178,800	179,700	185,100	190,700	196,400	202,300	208,400	214,700
Rental - Fawcett Pk (100%)	65,000	0	0	39,500	40,700	41,900	43,200	44,500	45,800	47,200	48,600	50,100	51,600
Sale - ARC Residual (50%)	0	250,000	262,500	0	365,000	0	0	0	0	0	0	0	0
Sale - Harvey Norman Sale (Part)	1,780,000	0	0	0	0	0	0	0	0	0	0	0	0
Sale - Land Adjoining BP (50%)	0	0	250,000	0	0	0	0	0	0	0	0	0	0
Sale - Southern Cross Sale	400,000	0	0	0	0	0	0	0	0	0	0	0	0
Section 94 - Recouped	325,000	631,300	100,000	103,000	106,000	109,200	112,200	115,400	118,400	121,600	125,600	129,800	133,800
Sub Total	3,852,000	1,749,800	1,491,500	1,518,000	3,661,900	1,333,100	2,770,300	4,401,900	1,437,100	1,468,400	1,403,400	1,540,600	1,580,500
Less: Cash Outlays													
Operating Expenditure													
Development Application Refund	27,000	0	0	0	0	0	0	0	0	0	0	0	0
Donations	0	5,000	0	0	0	0	0	0	0	0	0	0	0
Fawcett Park Café - Operating Expenses	0	33,000	0	0	0	0	0	0	0	0	0	0	0
Master Plan - Captain Cook Park	60,000	0	0	0	0	0	0	0	0	0	0	0	0
Master Plan - Kingsford Smith Park	0	0	18,000	0	0	0	0	0	0	0	0	0	0
Property Investigations	20,000	0	0	0	0	0	0	0	0	0	0	0	0
Sharpes Beach Masterplan	40,000	0	0	0	0	0	0	0	0	0	0	0	0
Sub Total	147,000	38,000	18,000	0	0	0	0	0	0	0	0	0	0
Community Infrastructure													
Animal Shelter	280,000	0	0	0	0	0	0	0	0	0	0	0	0
Ballina Sports and Events Centre	34,000	26,000	100,000	283,000	0	0	0	0	0	0	0	0	0
Coastal Path / Walk	324,900	0	0	0	850,000	0	0	0	0	0	0	0	0
Marine Rescue Centre	0	21,000	100,000	879,000	0	0	0	0	0	0	0	0	0
Lennox Head Rural Fire Shed	0	72,000	0	0	0	0	0	0	0	0	0	0	0
Lennox Head C.C.	382,000	73,000	0	0	0	0	0	0	0	0	0	0	0
Loan Repayments Community Infrastructure	428,100	501,500	557,600	562,000	566,700	571,600	576,700	499,000	178,600	176,800	182,700	104,200	1,100
Main Street - Ballina	1,500,000	0	0	0	0	0	0	0	0	0	0	0	0
Newrybar Hall	5,000	0	0	0	0	0	0	0	0	0	0	0	0
Street Lighting	13,000	0	0	0	0	0	0	0	0	0	0	0	0
Surf Club - Ballina	746,000	1,682,000	1,218,000	0	0	0	0	0	0	0	0	0	0
Swimming Pool - Ballina	0	0	0	200,000	0	0	0	0	0	0	0	0	0
Swimming Pool - Alstonville	0	0	0	50,000	0	0	0	0	0	0	0	0	0
Wardell Hall	0	0	20,000	0	0	0	0	0	0	0	0	0	0
Community Infrastructure - Property Dev	0	0	0	0	1,450,000	300,000	1,700,000	3,300,000	300,000	300,000	200,000	300,000	300,000
Community Infrastructure	0	0	0	0	0	0	500,000	500,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Sub Total	3,713,000	2,375,500	1,995,600	1,974,000	2,866,700	871,600	2,776,700	4,299,000	1,478,600	1,476,800	1,382,700	1,404,200	1,301,100
Total Outlays	3,860,000	2,413,500	2,013,600	1,974,000	2,866,700	871,600	2,776,700	4,299,000	1,478,600	1,476,800	1,382,700	1,404,200	1,301,100
Closing Balance	909,300	245,600	(276,500)	(732,500)	62,700	524,200	517,800	620,700	579,200	570,800	591,500	727,900	1,007,300

Cash Flow - Total Property Reserves - 10 Year Financial Plan Updated as at March 2014 - As per draft budget to 18 March 2014 Finance Committee													
Item	2011/12 Actual	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Opening Balance	4,757,300	7,697,600	7,332,300	4,369,400	998,900	2,155,000	2,620,100	2,589,500	2,671,500	2,662,700	2,684,200	2,839,700	3,018,300
Add: Cash Inflows	616,000	299,000	271,000	68,000	43,000	54,000	65,000	65,000	67,000	66,000	67,000	71,000	75,000
Interest Accrued	0	0	0	550,000	0	0	0	0	0	0	0	0	0
Insurance Claim - Lennox Head C.C.	0	0	0	0	0	0	0	0	0	0	0	0	0
Fawcett Park Café - Insurance Claim	396,000	111,600	75,000	0	0	0	0	0	0	0	0	0	0
Internal Loans Repaid	308,000	0	53,500	0	0	0	0	0	0	0	0	0	0
Rate Revenue - Roundabouts (30%)	641,000	666,000	698,500	661,000	680,800	701,200	722,200	743,900	766,200	789,200	812,900	837,300	862,400
Rental - 88 Tamar Street	312,000	317,000	327,000	329,000	338,800	353,300	370,200	381,400	392,800	392,800	404,600	416,800	429,400
Rental - Fawcett Park Café	65,000	0	0	39,500	40,700	41,900	43,200	44,500	45,800	47,200	48,600	50,100	51,600
Rental - Norfolk Homes	133,600	136,500	138,000	145,000	149,400	153,900	158,500	163,300	168,200	173,200	178,400	183,800	189,300
Sale - Alstonville Tennis Courts	0	0	0	2,000,000	0	0	0	0	0	0	0	0	0
Sale - Alstonville Plaza	0	0	0	180,000	0	0	0	0	0	0	0	0	0
Sale - ARC Residual	0	519,000	525,000	0	730,000	0	0	0	0	0	0	0	0
Sale - Balance Skennars Hd	0	0	400,000	0	0	0	0	0	0	0	0	0	0
Sale - Harvey Norman	6,026,000	0	500,000	0	0	0	0	0	0	0	0	0	0
Sale - Land Adjoining BP	0	0	0	0	1,500,000	0	0	0	0	0	0	0	0
Sale - Russellton (Major Sale)	0	0	0	0	0	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Sale - Russellton (Standard Lots)	400,000	413,000	0	0	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Sale - Southern Cross (Standard Lots)	0	0	0	1,600,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Sale - WUJA	0	631,300	100,000	103,000	106,000	109,200	112,200	115,400	118,400	121,600	125,600	129,800	133,800
Section 94 - Recouped	447,200	3,088,000	3,088,000	3,675,500	8,838,700	4,813,500	4,860,500	4,902,300	1,947,000	1,990,000	2,037,100	2,088,800	2,141,500
Sub Total	9,344,800	3,083,400	3,088,000	3,675,500	8,838,700	4,813,500	4,860,500	4,902,300	1,947,000	1,990,000	2,037,100	2,088,800	2,141,500
Less: Cash Outlays													
Operating Expenditure	27,000	0	0	0	0	0	0	0	0	0	0	0	0
Development Application Refund	0	5,000	0	0	0	0	0	0	0	0	0	0	0
Donations	0	33,000	0	0	0	0	0	0	0	0	0	0	0
Fawcett Park Café - Operating Expenses	60,000	60,000	66,000	65,000	67,000	69,000	71,100	73,200	75,400	77,700	80,000	82,400	84,900
Internal Overheads - Russellton	132,400	67,000	69,000	67,000	69,000	71,100	73,200	75,400	77,700	80,000	82,400	84,900	87,400
Internal Overheads - Southern Cross	0	0	75,000	49,000	50,500	52,000	53,600	55,200	56,900	58,600	60,400	62,200	64,100
Internal Overheads - WUJA	35,400	30,000	13,000	14,500	25,100	29,900	26,700	27,500	28,300	29,100	30,000	30,900	31,800
Russellton - Operating Exps	65,600	66,000	65,000	216,000	178,000	80,500	83,000	85,000	88,000	91,000	94,000	97,000	100,000
Southern Cross - Operating Exps	7,200	15,000	35,000	47,000	48,400	49,900	51,400	52,900	54,400	55,900	57,400	58,900	60,400
WUJA - Operating Expenses	60,000	0	0	0	0	0	0	0	0	0	0	0	0
Master Plan - Captain Cook Park	0	0	18,000	0	0	0	0	0	0	0	0	0	0
Master Plan - Kingsford Smith Park	0	0	0	0	0	0	0	0	0	0	0	0	0
Property Investigations	20,000	0	0	0	0	0	0	0	0	0	0	0	0
Sharpes Beach Masterplan	40,000	0	0	0	0	0	0	0	0	0	0	0	0
Sub Total	447,600	296,000	341,000	458,500	438,000	348,400	359,000	369,200	326,300	336,400	346,800	357,400	368,200
Community Infrastructure	280,000	0	370,000	0	0	0	0	0	0	0	0	0	0
Animal Shelter	34,000	26,000	100,000	283,000	0	0	0	0	0	0	0	0	0
Ballina Sports and Events Centre	324,900	0	0	850,000	0	0	0	0	0	0	0	0	0
Coastal Path / Walk	0	21,000	100,000	879,000	0	0	0	0	0	0	0	0	0
Marine Rescue Centre	382,000	73,000	0	0	0	0	0	0	0	0	0	0	0
Lennox Head Cultural and Community Centre	428,100	501,500	557,600	562,000	566,700	571,600	576,700	499,000	179,600	176,800	182,700	104,200	1,100
Loan Repayments for Infrastructure	1,500,000	0	0	0	0	0	0	0	0	0	0	0	0
Main Street - Ballina	5,000	0	0	0	0	0	0	0	0	0	0	0	0
Newrybar Hall	1,573,000	0	0	2,084,000	0	0	0	0	0	0	0	0	0
Sports Fields - Wollongbar	13,000	0	0	0	0	0	0	0	0	0	0	0	0
Street Lighting	746,000	1,682,300	1,717,000	200,000	0	0	0	0	0	0	0	0	0
Surf Club - Ballina	0	0	0	50,000	0	0	0	0	0	0	0	0	0
Swimming Pool - Alstonville	0	0	0	0	0	0	0	0	0	0	0	0	0
Swimming Pool - Ballina	0	0	20,000	0	0	0	0	0	0	0	0	0	0
Warcell Hall	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub Total	5,286,000	2,375,500	2,864,600	4,058,000	1,416,700	571,600	576,700	499,000	179,600	176,800	182,700	104,200	1,100
Property Development Projects	0	0	230,000	0	0	0	0	0	0	0	0	0	0
ARC Residual - Selling Costs	0	0	55,000	0	0	0	0	0	0	0	0	0	0
Bailey Gallery - Refurbishment	42,000	0	0	0	0	0	0	0	0	0	0	0	0
Bridge Club Sale Legals	0	0	115,000	0	0	0	0	0	0	0	0	0	0
Lennox Head Comm Centre Legals	0	34,000	156,300	0	0	0	0	0	0	0	0	0	0
Fawcett Park Café - Mice and Refurbishment	0	2,000	0	0	0	0	0	0	0	0	0	0	0
Henderson Farm - Consents	5,000	0	0	0	0	0	0	0	0	0	0	0	0
North Creek Dredging	60,400	0	50,000	0	0	0	0	0	0	0	0	0	0
River Street - 139 Refurbishment	0	0	100,000	0	0	0	0	0	0	0	0	0	0
Russellton - Development	0	0	300,000	0	0	0	0	0	0	0	0	0	0
Shellys on the Beach - Land Purchase	198,000	115,000	0	0	0	0	1,600,000	0	0	0	0	0	0
Southern Cross - Development	53,000	110,000	0	0	0	0	0	0	0	0	0	0	0
Southern Cross - Masterplan	21,000	20,000	0	0	0	0	0	0	0	0	0	0	0
Sports Fields - Skennars - Approvals	0	0	180,000	0	0	0	0	0	0	0	0	0	0
Tamar Street - 89 Refurbishment (Air-con)	0	0	150,000	1,450,000	0	3,000,000	0	0	0	0	0	0	0
Wigmore Arcade - Development	0	48,000	900,000	700,000	2,300,000	3,000,000	1,700,000	3,300,000	3,000,000	3,000,000	2,000,000	300,000	300,000
WUJA - Development	0	0	0	0	1,450,000	300,000	500,000	500,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Community Infrastructure - Property Dev	0	0	0	0	0	0	0	0	0	0	0	0	0
Community Infrastructure	389,400	329,000	2,236,300	2,150,000	5,550,000	3,300,000	3,800,000	3,800,000	1,300,000	1,300,000	1,200,000	1,300,000	1,300,000
Sub Total	281,500	448,200	609,000	379,500	277,900	128,400	155,400	162,100	150,900	155,300	152,100	148,600	165,800
Dividends	6,404,500	3,448,700	6,050,900	7,046,000	7,682,600	4,348,400	4,891,100	4,820,300	1,955,800	1,968,500	1,881,600	1,910,200	1,835,100
Total Outlays	7,697,600	7,332,300	4,369,400	998,900	2,155,000	2,620,100	2,589,500	2,671,500	2,662,700	2,664,200	2,684,200	2,839,700	3,018,300
Closing Balance	2,350,200	2,472,800	1,684,000	0	0	0	0	0	0	0	0	0	0
Summary	909,300	245,600	(276,500)	(732,500)	62,700	524,200	517,800	620,700	579,200	570,800	591,500	727,900	1,007,300
Commercial Opportunities	4,438,100	4,613,900	2,961,900	1,731,400	2,092,300	2,095,900	2,071,700	2,060,800	2,083,500	2,113,400	2,248,200	2,290,400	2,317,400
Community Infrastructure	7,697,600	7,332,300	4,369,400	998,900	2,155,000	2,620,100	2,589,500	2,671,500	2,662,700	2,664,200	2,684,200	2,839,700	3,018,300
Property Development	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	12,485,100	14,364											

4.7 Coastal Recreation Path / Walk Projects - Funding Update

4.7 Coastal Recreation Path / Walk Projects - Funding Update

Delivery Program Governance and Finance

Objective To review the forward funding program for the coastal shared path / walk projects following the approval of grant funding from the RMS.

Background

At the 4 March 2014 Finance Committee meeting a report on the non-recurrent funded community infrastructure projects outlined the various sections of the coastal shared path / walk, including western commuter shared path (i.e. cycleway) that still require funding. The various sections and segments of these projects identified in that report were as follows:

Section A: Western Side of The Coast Road – Shared Path (\$1.63m)

- Intersection of Headlands Drive / Skennars Head Road to Henderson Drive - \$130,000
- Henderson Drive to Tara Downs (North Creek Road) - \$710,000
- Tara Downs to Palisade Way - \$410,000
- Palisade Way to Castle Drive - \$190,000
- Castle Drive to Amber Drive - \$190,000

Section B: Eastern Side of The Coast Road – Shared Path (\$1.4m)

- Angels Beach to Flat Rock - \$800,000
- Flat Rock to Sharpes Beach - \$600,000

Section C: Eastern Side of The Coast Road – Coastal Walk (\$1.4m)

- Sharpes Beach to Iron Peg / Boulder Beach - \$300,000
- Boulder Beach to start of Pat Morton Headland - \$1,100,000

Section D: Eastern and Western Side of The Coast Road – Shared Path

- Skennars Head Road to The Coast Road to Pat Morton (initially west of The Coast Road and then east of The Coast Road) - \$1.7 million

The two recommendations arising from that report, which are still to be endorsed at the March 2014 Ordinary Council meeting, are as follows:

That Council confirms its No. 1 priority for the funding proposal outlined in this report is for the Coastal Shared Path segments from Angels Beach to Sharpes Beach (referred to as Section B), with this information to be included in the drafting of Council's long term financial plan for 2014/15 onwards.

That Council's remaining priority order, in respect to the long term financial plan, for the Coastal Shared Path / Walk and cycleway projects is Sections D, A and C, as referenced within this report.

Subsequent to this meeting Council received advice from the RMS that we have obtained grants for 100% of the estimated cost for the first two segments of Section A. The purpose of this report is to consider how the availability of these grants impacts on Council's forward financial planning.

Key Issues

- Priorities and funding limitations

Information

The day following the 4 March Finance Committee meeting the RMS advised Council that we would receive \$840,000 in funding for the first two segments (as per the first two bullet points in the introduction to this report) of the shared path on the western side of The Coast Road (referred to as Section A). The two segments are described as follows:

1. Construction of a 2.5m wide concrete shared path - Skennars Head Road between Headlands Drive and Henderson Drive, Skennars Head - \$130,000.
2. Construction of a 2.5m wide concrete shared path - Northern side of Skennars Head Road from Henderson Drive, Skennars Head through to south of Tara Downs on North Creek Road, Lennox Head - \$710,000.

This funding represents 100% of the estimated cost of these two segments and the funding is part of the RMS's 2013/14 cycleway program (i.e. the funding is for the current financial year).

Council has been advised that these funds are available as some Sydney Metropolitan councils have not been able to progress their allocated funding. With Council having planning approvals in place for the western side pathway we are in an ideal position to expend these funds in the current financial year.

This once again highlights the benefits of having approvals in place for community infrastructure projects.

The provision of the funds is subject to certain conditions including:

- a) Council providing a statement indicating that Environmental Approval has been issued and that the conditions of approval have been met (including the environmental management plan and the heritage management plan) prior to construction commencing
- b) a final cost estimate
- c) construction and a Stage 4 Road Safety Audit must be completed by 30 June 2014
- d) and Council's two current 2013/14 grant applications for (1) the eastern side of the Coast Road (Beachfront Parade, East Ballina to Flat Rock Tent Park – total cost \$800K (\$400K - RMS) and (2) the eastern side of the Coast Road starting at Flat Rock and continuing to Sharpes Beach – total cost \$600K (\$300K RMS)) are to be withdrawn.

Points a) to c) are standard conditions and will be undertaken as part of this work, albeit that it is a tight time frame to have the works completed by 30 June. Realistically works will be on-going between 2013/14 and 2014/15 and this is not expected to put the grant funds at risk.

4.7 Coastal Recreation Path / Walk Projects - Funding Update

Point d) is the interesting one in that the RMS is asking Council to withdraw our two 2013/14 applications for the eastern side, which relate to the Coastal Recreational Path project.

In discussions with the RMS it is apparent that they are offering 100% of the western side as they wish to see Council 100% fund the eastern side shared pathway from Beachfront Parade (i.e. Angels Beach) to Sharpes Beach. As previously advised the RMS do not see this section as a cycleway, as compared to sections of the western pathway that are adjacent to the road network.

Council staff had some initial concerns about this condition, as it is rather unusual. It does appear that part of the reason that the RMS is asking for Council to withdraw these two applications is that it helps justify why Council is receiving 100% of the estimated cost for the two segments now approved for grant funding.

In looking at the total picture for the Coastal Recreational Path / Walk / Western Cycleway projects, it is considered that Council can agree to this condition as it would then allow Council to aim towards the following financial strategy for the delivery of key elements of these projects:

Section B: Eastern Side of The Coast Road – Shared Path (\$1.4m)

- Angels Beach to Flat Rock - \$800,000
- Flat Rock to Sharpes Beach - \$600,000

A funding strategy for the delivery of this section, in 2014/15, was recommended for approval at the 4 March Finance Committee meeting.

Section A: Western Side of The Coast Road – Shared Path (\$1.63m)

- Intersection of Headlands Drive / Skennars Head Road to Henderson Drive - \$130,000
- Henderson Drive to Tara Downs (North Creek Road) - \$710,000
- Tara Downs to Palisade Way - \$410,000
- Palisade Way to Castle Drive - \$190,000
- Castle Drive to Amber Drive - \$190,000

With the first two segments now able to be delivered in 2013/14 through the RMS funding, it is recommended that Council base our RMS funding applications for the 2014/15 financial year for the remaining three segments (Tara Downs to Amber Drive).

In having the first two segments fully funded in 2013/14 it is logical for Council to confirm the remaining three segments as the priority for 2014/15. The RMS clearly sees this as a priority and funding should be forthcoming for one or more of remaining three segments as they represent the next stages of this cycleway.

Ideally all three remaining segments would receive approval for grant funding in 2014/15, which would then require Council to provide matching funding of \$395,000.

Options to source this funding are outlined later in this report.

Section D: Eastern and Western Side of The Coast Road – Shared Path

- Skennars Head Road to The Coast Road to Pat Morton (initially west of The Coast Road and then east of The Coast Road) - \$1.7 million

This section meets all the criteria for a cycleway and it is recommended that Council apply for funding for this section from the RMS in 2015/16 onwards, assuming the 2014/15 applications are successful for North Creek Road.

If only part of the 2014/15 application is successful, then this item would be deferred to 2016/17, or until the North Creek Road section is completed.

Section C: Eastern Side of The Coast Road – Coastal Walk (\$1.4m)

- Sharpes Beach to Iron Peg / Boulder Beach - \$300,000
- Boulder Beach to start of Pat Morton Headland - \$1,100,000

This section is ineligible for funding from the RMS and realistically they it is unlikely to be completed during this term of Council.

In summary what this means is that the order of priority for funding is Sections A, D and C. It is acknowledged that this is inconsistent with the recommendation from the 4 March Finance Committee meeting, which recommended D, A and C, however with funding now available for 100% of the cost of two segments of Section A, it is logical to actively pursue funding from the RMS for the balance of this section.

Once Section A is completed Section D then becomes the highest priority.

Legal / Resource / Financial Implications

At the 4 March 2014 Finance meeting the Committee recommended the following funding sources for the \$1.4 million construction cost of the eastern pathway from Angels Beach to Sharpes Beach.

- Existing shared path / cycleway reserves – estimated balance as at 30 June 2014 - \$187,400
- Remaining funding from existing 2013/14 shared pathway budgets as per Capital Expenditure report to the February 2014 Ordinary meeting (excluding the \$600,000 western segment of the cycleway planned for construction in 2013/14) - \$289,100
- Funding currently allocated in Council's LTFP for the Coastal Shared Path in 2014/15 - \$194,000
- SIC Reserve – remaining balance assuming \$40,000 has been allocated to the Better Boating Program - \$225,700
- Various small Civil Services Ancillary Infrastructure Reserves including car parking, street lighting, bus shelters - \$135,700
- Various small Civil Services Asset Management Reserves including SES and Section 94 Administration - \$31,200
- Various small Civil Services Reserves for marine infrastructure and RMS related works - \$65,400
- Quarry Dividend - \$271,500 – This leaves an estimated quarry reserve balance of \$1,157,800, as at 30 June 2015, based on the current LTFP.

4.7 Coastal Recreation Path / Walk Projects - Funding Update

From a financial planning perspective assuming Council was successful in obtaining grant funding for 50% of the remaining North Creek Road segments in 2014/15 and 50% of The Coast Road segment in 2015/16 we would need to then find matching funding of \$395,000 (50% of \$790,000) in 2014/15 and \$850,000 (50% of \$1.7m) in 2015/16.

The draft budget for 2014/15 is included as a separate report later in this agenda and the key issue facing Council is that our property reserves are entirely locked away for other projects and there is very little in the way of other discretionary reserves available.

The forward cash flows for the property reserves, as per the earlier report in this agenda, highlight that funds are not returned to those reserves until 2015/16.

The only reserve, which could be considered somewhat discretionary, with a reasonable level of funds available is the Quarry Reserve, with Council already extracting \$271,500 from that reserve to finance the pathway works on the eastern side of The Coast Road.

With Council looking to use this reserve to finance any dredging investigations, along with planning for the expansion of the quarries, further use of this reserve is not recommended.

What this means is that if Council is successful in obtaining grant funds of \$395,000 (all or part) in 2014/15 for the North Creek Road segments the only option available is to defer other revenue funded capital works.

As per the recurrent funded community infrastructure works report also included later in this agenda, the major categories of recurrent capital infrastructure are as follows:

- Roads – Capital funding of approximately \$1.8m with this amount subject to change dependent on the use of other income sources such as loans, grant and Section 94 contributions
- Stormwater / Drainage – Approximately \$350,000 pa
- Footpaths / Shared Paths – Approximately \$400,000 pa
- Depot Improvements – Approximately \$150,000 pa
- Community Buildings – Approximately \$200,000 pa
- Street Lighting – Approximately \$45,000 pa
- Parks and Reserves – Approximately \$150,000
- Sports Fields – Approximately \$150,000
- Public Amenities – New program with Council striving to achieve an annual recurrent capital budget of approximately \$100,000.

In reviewing these items the preferred option would be to defer elements of the roads program for 2014/15 as this is considered to be the one program with enough funding to still allow some works to proceed during the year, even if funding is reallocated to the North Creek Road cycleway.

4.7 Coastal Recreation Path / Walk Projects - Funding Update

The various jobs in the roads program are spread out over the entire year and Council should know early in the financial year as to whether or not we have been successful with the grant applications. This will allow Council to determine which road works can be deferred for 2014/15.

Also in support of this proposal is that through the Local Infrastructure Renewal Scheme (LIRS) loan funding Council has accelerated its works program for roads in recent years, through the use of these low interest loans.

Finally for 2015/16, if Council is successful in obtaining 50% of the cost of Section D (The Coast Road – West and East - \$1.7m) the recommendation is to allocate funds from the Community Infrastructure Reserve. The viability of this proposal is outlined in the previous report in this agenda.

If Council's land sales at Wollongbar are progressing ahead of schedule this may also allow Council to reallocate funds to the roads program in 2014/15 to allow any deferred works to still proceed.

Consultation

There has been significant community consultation in respect to the overall shared path / walk / cycleway projects along with on-going communications with the RMS in regard to their grant programs.

Correspondence has also been forwarded to the local member, Mr Don Page, and it is understood that Mr Page has helped Council achieve this latest round of grant funding.

Options

Options available revolve around the acceptance of the grant and the associated conditions, along with the different mixes of priorities for the construction of the pathway / cycleway projects.

The various options have been canvassed in the information section of this report. The recommendations that follow are consistent with the preferred approach as outlined in the information section.

The recommendations also endorse a letter of acknowledgment to Mr Don Page for any assistance he may have provided in Council obtaining the additional grant funds for 2013/14.

The only other matter that needs to be clarified in respect to Section B (Coastal Shared Path – Eastern side of The Coast Road) is the construction of the initial section near the Angels Beach underpass.

As per the attachment to this report, the preferred route is initially adjacent to The Coast Road, north of the existing underpass.

The majority of Councillors have advised that their preference is for this section of the path to traverse the vegetated area and there was interest in amending the consent, if and when obtained.

4.7 Coastal Recreation Path / Walk Projects - Funding Update

Both options were canvassed by Geolink in preparing their final designs for the planning application and ultimately, due to cultural heritage and environmental issues, The Coast Road option was identified as the route most likely to obtaining planning consent.

Assuming that planning consent is forthcoming for the entire Coastal Shared Path route during March or April 2014, staff are preparing to commence construction of these works as soon as possible, as funding is immediately available. Typically it will take at least two to three months to meet all the planning consent conditions prior to construction.

If Council wishes to apply for an amendment to the route, the time taken to prepare this application, including all the necessary consultation, particularly with the registered Aboriginal stakeholders, along with the assessment of the application, could range anywhere from six to 12 months, if not longer. There is also no guarantee that a planning consent will eventually be obtained.

Therefore the final recommendation is, assuming a planning consent is obtained for the Coastal Shared Path in the near future, that Council proceed with constructing the shared path as per the current application.

Staff cannot see any benefit in expending significant time and resources, along with the angst that will be created within certain sections of the community, in pursuing this modification when the works as planned meet all relevant standards and will still provide an excellent outcome for the broader community.

If Councillors do wish to pursue the alternative alignment then the final recommendation will need to be amended to reflect that view.

RECOMMENDATIONS

1. That Council confirms its acceptance of the additional \$840,000 in grant funds from the RMS for construction of the two segments of the western cycleway, as outlined in this report.
2. In accepting the grants Council agrees to withdraw its applications for RMS grant funding for the Coastal Shared Path project from Angels Beach to Sharpes Beach.
3. That due to the availability of the funding in point one, Council confirms its priorities for future grant funding for the Coastal Shared Path / Walk / Western Cycleway projects is, in order of priority, and as referenced in this report:

Section A – Western Side of The Coast Road - Shared Path (North Creek Road - \$890,000)

Section D – Eastern and Western Side of The Coast Road – Shared Path (\$1.7m)

Section C - Easter Side of The Coast Road – Coastal Walk (\$1.4m)

4.7 Coastal Recreation Path / Walk Projects - Funding Update

4. That for the purposes of our financial planning Council confirms that funding for Section A will be sourced in the 2014/15 budget, if any grant applications are successful, through the deferral of road capital works projects. The identification of these projects is to be confirmed following announcement of the grants for 2014/15.
5. That for the purposes of our financial planning Council confirms that funding for Section D will be included in the year 2015/16 in Council's long term financial plan, with the project to be funded 50% from RMS grants and the balance from Council's Community Infrastructure Reserve.
6. That due to Council's current commitments to the construction of the Coastal Shared Path / Western and Eastern Shared Paths, that funding for Section C is not to be specifically identified in Council's long term financial plan. The construction of this section is unlikely to be financed during this term of Council unless significant grant funding opportunities arise.
7. That the Mayor write to the local State Member, Mr Don Page, thanking him for any assistance he may have provided in securing Council the additional RMS grant funds.
8. That Council approves the construction of the Coastal Shared Path, just north of Angels Beach, to be consistent with the planning consent, if and when obtained, as per the attachment to this report.

Attachment(s)

1. Plan - Angels Beach Underpass to Angels Beach Carpark



- LEGEND**
- Approximate property boundary
 - Existing fence (to be replaced)
 - Design surface contours at 0.2 m
 - Proposed asphalt path
 - - - Limit of proposed CRP works

DRAFT

Rev	Description	Date	Des	App	Chk
Amendments					

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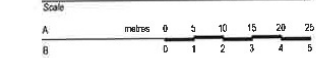
quality solutions sustainable future

Project Title
Coastal Recreational Path

Client
 Ballina Shire Council

Designed	MVE	Drawn	MVE	Checked
Approved		Date	Dec 2013	

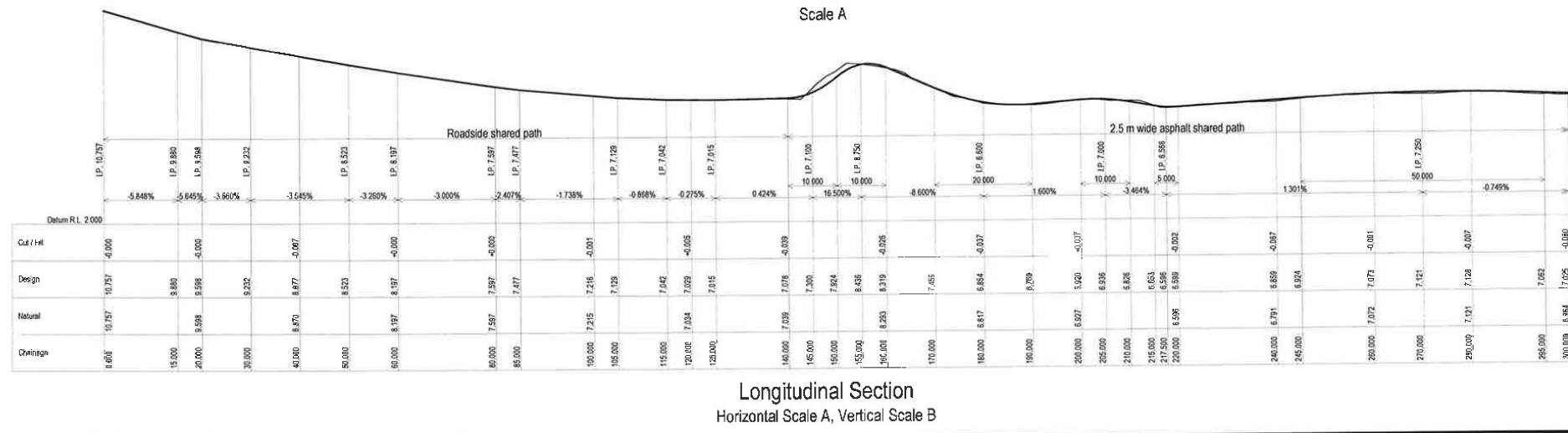
XPFFs



Drawing Title
Detailed Design
 Longitudinal Section: Sheet 1 of 20
 2165-1018

Drawing Number
2165/101

Plan
 Scale A



Longitudinal Section
 Horizontal Scale A, Vertical Scale B

4.8 Community Infrastructure - Recurrent Capital Projects

4.8 Community Infrastructure - Recurrent Capital Projects

Delivery Program Governance and Finance

Objective To discuss the forward works program in respect to the recurrent capital infrastructure budgets.

Background

Council's long term financial plan (LTFP) has two main components for capital expenditure, being recurrent and non-recurrent funded projects. Recurrent refers to items in the LTFP where an allocation of general revenue funding is provided, each and every year, to assist Council deliver what is considered essential infrastructure. The recurrent funded items in the Council's draft LTFP are:

1. Roads – Capital funding of approximately \$1.8m with this amount subject to change dependent on the use of other income sources such as loans, grant and Section 94 contributions
2. Stormwater / Drainage – Approximately \$350,000 pa
3. Footpaths / Shared Paths – Approximately \$400,000 pa
4. Depot Improvements – Approximately \$150,000 pa
5. Community Buildings – Approximately \$200,000 pa
6. Street Lighting – Approximately \$45,000 pa
7. Parks and Reserves – Approximately \$150,000
8. Sports Fields – Approximately \$150,000
9. Public Amenities – New program with Council striving to achieve an annual recurrent capital budget of approximately \$100,000.

For each of these items a forward works plan is included in the Council's Delivery Program, to identify the projects planned for the next four years.

The current level of funding for some of these items could be increased to meet the needs of ageing infrastructure however the important point is that funding is available for these items every year.

Items four to nine did not have recurrent budgets until Council pursued additional rate pegging increases in recent years, with funding for roads and footpaths also increased as part of the special rate increase approvals.

The report that follows outlines the priorities for this funding for inclusion in the Council draft 2014/15 Delivery Program and Operational Plan.

Key Issues

- Program priorities

Information

From a financial management perspective it is paramount that a Council manage and minimise its operating expenses so as not to reduce the funding available for capital works.

4.8 Community Infrastructure - Recurrent Capital Projects

Without adequate funding provided on an on-going basis the overall infrastructure base will deteriorate, resulting in reduced service levels to the community and increased risks due to failures in assets.

Staff continue to refine improve the asset management plans (AMP) for our infrastructure, which has an asset value of approximately \$1.2 billion, as AMPs can assist in determining the appropriate level of funding for asset renewal.

The general position of most councils is that there is always inadequate funding allocated to infrastructure renewal and therefore the aim is to maximise the operating surplus (specifically from a cash perspective) and invest those surplus funds into infrastructure renewal.

Through a combination of rate increases and the gradual reallocation of monies to capital expenditure Council has been building its investment into asset renewal and this next section deals with the recommended priorities for the expenditure of these recurrent funds for the next four years.

Roads and Bridges - Manager - Paul Busmanis

Roads and Bridges Totals	3,019,000	2,455,500	3,028,100	2,097,100
Regional Road Repair Program (Grant Funded)				
Rifle Range Road Part Segment 250	313,700			
Maguires Bridge	362,600			
Maguires Bridge (Roads to Recovery)	362,600			
Grant Funds (to be approved and allocated)		530,500	546,400	562,800
Bridges (Revenue)				
Bridges – Other	100,000	100,000	100,000	100,000
Roads				
Rifle Range Road Part Segment 250	159,700			
Midgen Flat Road	258,000	205,000		
Pimlico Road	200,000		190,000	
Uralba Road	160,000	142,000		
Wardell Road	190,000		180,000	
Ridgeway	220,000	285,000		305,000
Grant Street		180,000	153,000	
River Street	266,000			
Sneaths Road		294,000		
Bagotville Road		223,000	225,000	305,000
Canal Road	132,400			
Martin Street	106,000			
Swift Street			102,000	
Marsh Avenue		165,000		
Fox Street		150,000	205,000	128,840
Nashua Road			130,000	
Skennars Head Road			211,000	
Stewart Street			120,000	
Shelly Beach Road			150,100	
Skinner Street			62,600	190,860
Houghlahans Creek Road				400,000
Hickey Place				104,600
Bypass Reserves				
Ballina Road, Alstonville (old Bruxner H'way)	60,000	130,000	20,000	
Tamarind Dve, Kerr/River Streets (old Pacific)	128,000	51,000	633,000	200,000
Funding Summary				
Revenue Funded	1,792,100	1,744,000	1,828,700	1,534,300
Grant Funded	1,038,900	530,500	546,400	562,800
Reserve Funded	188,000	181,000	653,000	200,000

4.8 Community Infrastructure - Recurrent Capital Projects

Other road works planned for 2014/15 include the construction of the roundabouts at Tamar and Cherry and Moon and River Street, with these projects being Section 94 related and non-recurrent in nature.

Ancillary Transport Services - Manager – Paul Busmanis

<i>Item</i>	<i>2014/15</i>	<i>2015/16</i>	<i>2016/17</i>	<i>2017/18</i>
Street Lighting Totals	45,000	46,800	49,100	52,000
Isabella Drive Skennars Head	42,000			
Kays Lane Alstonville	3,000			
College Avenue Skennars Head		20,000		
Grant Street Ballina		15,000		
Moon and Martin Streets Ballina		11,800		
River Street West Ballina			36,000	
Sheather Street Ballina			4,000	
Simmons Street North Ballina			9,100	
Convair Ave North Ballina				4,000
Boeing Ave North Ballina				8,000
De Havilland Ave North Ballina				30,000
Piper Dve North Ballina				10,000
Footpaths and Shared Paths Totals	182,400	391,500	413,000	438,800
Main Street Alstonville	30,000			
Ballina Street Lennox Head	90,000			
Commercial Road Alstonville	20,000			
Quays Drive West Ballina	10,000			
Robertson Street Alstonville	10,000			
Kerr Street Ballina	22,400			
Simpson Ave Wollongbar		70,000		
Fox Street Ballina		10,000		
Park Lane Lennox Head		12,000		
Tamarind Dve North Ballina		55,000		
Quays Dve West Ballina		4,000		
Allens Pde Lennox Head		55,000		
River St Ballina		12,000		
Martin St Ballina		23,000		
Horizon Dve West Ballina		12,000		
Simpson Ave Wollongbar		10,000		
Fox St Ballina		10,000		
Compton Dve East Ballina		80,000		
Pine Ave East Ballina		38,500		
Chickiba Dve East Ballina			22,000	
Ross Street Lennox Head			45,000	
Hill Street East Ballina			12,000	
Smith Lane Wollongbar			35,000	
Chickiba Dve East Ballina			100,000	
Burnet Street Ballina (Moon-Kerr)			60,000	
Burnet Street Ballina (Kerr-Temple)			87,000	
Alston Ave Alstonville			27,000	
Manly Street East Ballina			25,000	
Beachfront Pde East Ballina				85,000
Hill Street East Ballina				30,000
Freeborn Place Alstonville				15,000
Parkland Dve Alstonville				15,000
Owen Street Ballina				130,000
Skinner Street Ballina				80,000
Cawarra Street Ballina				40,000
Greenfield Road Lennox Head				43,800
Coastal Recreational Path / Walk	194,000			

An additional \$916,900 from reserves and grants, plus potential carry forward funding is also available for the Coastal Recreational Path / Walk / Cycleway projects in 2014/15.

4.8 Community Infrastructure - Recurrent Capital Projects

Stormwater - Manager - Paul Busmanis

<i>Item</i>	<i>2014/15</i>	<i>2015/16</i>	<i>2016/17</i>	<i>2017/18</i>
Stormwater Totals	350,800	364,800	383,100	406,100
Asset Data Collection	40,000	40,000	40,000	40,000
Grant Street (River St to River)	100,000			
Grant Street (Tamar St to River)	100,000			
Martin Street (River St to Fawcett St)	10,000	90,000		
Martin Street (Fawcett Street to River)	30,000	90,000		
Kerr Street			99,000	
Moon Street (Tamar St to Holden Lane)			120,000	
Henry Philip Avenue			54,100	
Williams Reserve				110,000
Coast Road		74,800		
Compton Drive				186,100
Urban Storm Water Management Plan Actions	50,000	50,000	50,000	50,000
Urban Lanes	20,800	20,000	20,000	20,000

Open Spaces - Manager – Cheyne Willebrands

<i>Item</i>	<i>2014/15</i>	<i>2015/16</i>	<i>2016/17</i>	<i>2017/18</i>
Playgrounds Totals	150,000	156,000	164,000	174,000

Council has resolved to review this program and following the completion of this review the details of the various works will be included in the Draft Delivery Program and Operational Plan.

Sports Fields Totals	150,000	156,000	164,000	174,000
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With a new manager having recently commenced in this role, an assessment of the priorities for this funding is still underway.

Asset Management – Tony Partridge

<i>Item</i>	<i>2014/15</i>	<i>2015/16</i>	<i>2016/17</i>	<i>2017/18</i>
Asset Management Totals	206,000	214,000	225,000	239,000
Administration Building (air-conditioning)	40,000	64,000	225,000	239,000
Visitor Information Centre (roof / paint)	60,000	0	0	0
Library – Ballina (roof / paint)	70,000	0	0	0
Crawford House (paint/ repairs)	36,000	0	0	0
Ferry Shed (paint / repairs)	0	34,000	0	0
Shelley Beach SLSC	0	70,000	0	0
Lennox Hd Com Centre (public address)	0	36,000	0	0

The air-conditioning replacement for the Administration Centre is estimated at approximately \$0.5m. Funds allocated in earlier years will be transferred to reserve to allow these works to be undertaken in 2017/18.

Public Amenities Totals	50,000	75,000	100,000	106,000
Shelley Beach SLSC (paint / partitions)	20,000	0	0	0
North Lake Ainsworth (paint / repairs)	10,000	0	0	0
Compton Drive Toilets (asbestos / paint)	15,000	0	0	0
Meldrum Park (paint / repairs)	5,000	0	0	0
Bi-centennial Park (install ceilings and paint)	0	55,000	0	0
Riverview Park (paint / repairs)	0	15,000	0	0
Flat Rock (paint / repairs)	0	5,000	0	0
Pop Denison (rebuild)	0	0	100,000	0
North Missingham Bridge (rebuild)	0	0	0	106,000

Council has recently adopted a public amenities improvement program.

4.8 Community Infrastructure - Recurrent Capital Projects

The figures in this report represent the General Fund recurrent capital projects with details of the Water and Wastewater programs to be submitted to the next Finance Committee meeting.

Legal / Resource / Financial Implications

The purpose of this report has been to highlight the funding available for recurrent community infrastructure projects.

Consultation

The priorities endorsed by Council will be exhibited for public comment as part of the Draft 2014/15 Delivery Program and Operational Plan.

Options

The options available relate to the timing of the works identified in the report along with the priorities. The recommendation is to endorse the information as presented as the priorities represent previously adopted programs or the latest assessments from technical staff.

RECOMMENDATION

That Council endorses, for the preparation of the draft 2014/15 Delivery Program and Operational Plan, the program of recurrent funded capital projects, as detailed within this report.

Attachment(s)

Nil

4.9 Community Infrastructure - Non-recurrent Capital Projects

4.9 Community Infrastructure - Non-recurrent Capital Projects

Delivery Program Governance and Finance

Objective To discuss the forward works program in respect to the major non-recurrent capital infrastructure projects.

Background

Council's long term financial plan (LTFP) has two main components in respect to capital expenditure, being recurrent and non-recurrent funded projects.

As pre the previous report in this agenda recurrent refers to items in the LTFP where an allocation of general revenue funding is provided each and every year, to assist Council deliver, what is considered essential infrastructure. The recurrent funded items in the Council's draft LTFP are:

1. Roads – Capital funding of approximately \$1.8m
2. Stormwater / Drainage – Approximately \$350,000 pa
3. Footpaths / Shared Paths – Approximately \$400,000 pa
4. Depot Improvements – Approximately \$150,000 pa
5. Community Buildings – Approximately \$200,000 pa
6. Street Lighting – Approximately \$45,000 pa
7. Parks and Reserves – Approximately \$150,000
8. Sports Fields – Approximately \$150,000
9. Public Amenities – Council striving for a budget of \$100,000.

A difficulty for any council is trying to fund classes of community infrastructure that are not required to be financed every year (i.e. they are non-recurrent). Trying to find the cash contribution to these non-recurrent projects is always difficult as very few council budgets have unallocated discretionary revenues. The report that follows examines projects that Council has identified as priorities that are of a non-recurrent nature and discusses funding options for those projects.

Key Issues

- Priorities and funding limitations and options

Information

Non-recurrent community infrastructure projects under consideration include:

- Coastal Shared Path / Walk – Approximately \$4.5m
- Ballina Town Centre – Approximately \$4m
- Lennox Head Surf Club – Approximately \$4m
- Skennars Head Sports Field Expansion – Approximately \$1m
- Sports and Events Centre – anywhere from \$4m to \$14m
- Ballina and Alstonville Swimming Pool Upgrades – Anywhere from \$2m to \$8m depending on works program.

4.9 Community Infrastructure - Non-recurrent Capital Projects

This list excludes smaller scale items such as improvements to Missingham Park, the Ballina Town Entry Treatments or upgrades to buildings such as the Naval Museum.

The report to the 4 March 2014 Finance Committee also highlighted two community based projects seeking funding from Council, being the relocation of the Ballina cenotaph and the new Alstonville Pre-school.

A copy of the Ballina RSL Sub-branch correspondence relating to the cenotaph is attached to this report.

Council has been fortunate since the 1970s to be able to raise non standard revenues from property development activities that have assisted in financing non-recurrent infrastructure projects.

Major projects such as Angels Beach Drive, the Lennox Head bypass, the Ballina Surf Club, Lennox Head Cultural and Community Centre, Northern Rivers Community Gallery and the Kentwell Centre have come to fruition through these property development activities.

These funds, which are held in Council's property reserves, have also assisted Council in financing many smaller scale community based projects.

The earlier report in this agenda for the Property Reserves highlighted that there are no, or limited, discretionary funds available in the reserves for 2014/15. This means Council will need to pursue alternative funding options, if non-recurrent community infrastructure projects are going to be funded in 2014/15.

The next section of this report examines the various projects under consideration.

Community Groups Seeking Funding

Alstonville Pre-school

The Pre-school Executive are already looking for Council to assist with this project as substantial improvements will be needed to the drainage and car parking in this location (Crawford Park).

The Pre-school site is in a high volume floodway and the infrastructure required to manage drainage will be expensive. In addition there is limited formal car parking and the lengthy distance to the Pre-school will require improvements to both the access and the car parking.

The Pre-school see these, primarily, as Council's responsibility as the problems already exist.

A quantity surveyor's report has been requested to confirm the likely costs of this work along with the building construction costs.

The Pre-school has funding of \$384,881 from the State Government which, it is assumed, will be well below the actual building construction cost.

4.9 Community Infrastructure - Non-recurrent Capital Projects

There remain major concerns that Council is facing liabilities in the hundreds of thousands of dollars if it wishes to support this project. There are no funds available in the Property Reserves for this work therefore any funding allocated will need to be sourced from our recurrent capital funding. In other words funds already allocated to key infrastructure areas such as roads, drainage, footpaths etc will need to be deferred to allow the funds to be reallocated to this project.

In looking at the recurrent funding, as per the introduction section of this report and the previous report in this agenda, the monies allocated to stormwater (i.e. approximately \$350,000) would appear to be the logical source. However if Council supports this option then it needs to recognise that stormwater is already a high priority and dependent on the amount of funds needed Council may not undertake any stormwater works in the next financial year.

The difficulties facing the Pre-school in respect to this site should not be understated with Council's planning staff already having serious concerns about the strict conditions that will need to be applied, if a planning consent is issued. Those conditions may well impact heavily on the overall cost of the project.

Ballina Cenotaph

The correspondence from the Ballina RSL Sub-branch seeks funding of approximately \$180,000. Similar to the Alstonville Pre-school, if this funding is to be approved then Council needs to defer other projects. In looking at the recurrent capital funding the budgets for improvements to playgrounds and sports fields would appear to be the logical choice, as they have an open spaces focus. A total of \$300,000 is available under this option and Council would need to decide whether the funding is sourced from one program or both.

Further Options

If Council did not wish to reduce its recurrent funding for core infrastructure the other option would be to cancel or defer other non-recurrent projects already funded by Council, that have not yet commenced.

Examples of this include:

- Sports and Events Centre – Council has approximately \$380,000 set aside for the planning of this facility
- Swimming Pools - \$250,000 – The Property Reserves report has allocated \$200,000 to Ballina and \$50,000 to Alstonville, which are funds that had originally been allocated in 2013/14, subject to land sales. As those land sales did not eventuate the expenditure was transferred to 2014/15. This expenditure is somewhat dependent on the settlement of the Lennox Head Community Centre insurance claim, so there may be restrictions on the timing of these monies.
- Ballina Town Entry Treatments - \$140,000 has been allocated in 2013/14 with the majority of the funds unexpended.

4.9 Community Infrastructure - Non-recurrent Capital Projects

- Missingham Car Park - \$150,000 has been allocated in 2013/14, with the majority of the funds unexpended.

In respect to Missingham Car Park, the Civil Services Group has previously reported their concerns that providing a car park only, will not in itself result in a reasonable standard of amenity for this location.

An overall site plan has been prepared for this location and the total estimate for the entire project is closer to \$400,000 with the works proposed to be undertaken in two stages:

Stage One (estimated cost \$225,000)

- Improved access
- Formalise parking (stallholders and general beach goers)
- Improve the amenity and general safety
- Address current drainage issues
- Remove redundant pavement and replace with turf
- Consideration of spill through parking

Stage Two (estimated cost \$154,000)

- Consistent with the site plan - developed by Sheryn Da-Re
- Complete landscaping features including planting and formalise blisters
- Improve lighting
- Improved/formalised beach access
- Dune revegetation (a grant application has been submitted that would assist with these works)
- Furniture / Picnic Tables
- Turf Paving (where stalls occupy the site)

The second to fifth attachments to this report provide the site plans for Stages One and Two, along the break down of the estimates for both stages.

As the Stage One budget is above the \$150,000 in funding allocated to the project the Civil Services Group is now reviewing the site plan and the estimates to reduce the budget shortfall. If the shortfall cannot be eliminated additional project funding will need to be sourced from other Engineering Works Projects and / or reported back to Council for direction.

Council Priorities for Non-recurrent Projects

In reviewing the Council priorities it is important to acknowledge the funding that may be allocated in future years from Council's property reserves for community infrastructure projects.

As per the Property Reserves' report earlier in this agenda the following funds are available for community infrastructure, in future years, assuming the forecasts come to fruition.

Property Reserve Funding Available for Community Infrastructure (\$'000)

Year	2014/15	2015/16	2016/17	2017/18	2018/19
Property Dev Reserve – Dividend	0	1,450	300	1,750	3,300
Community Infra Reserve - Surplus	0	0	0	500	500
Total Funding	0	1,450	300	2,250	3,800

4.9 Community Infrastructure - Non-recurrent Capital Projects

In looking at the various Council projects under consideration, multi million dollar expenditures such as the Ballina Town Centre, Swimming Pool Upgrades, Lennox Head Surf Club and Ballina Sports and Events Centre are not feasible until at least 2017/18 or 2018/19, as there is simply not enough funding available. In the medium term (i.e. 2015/16 to 2016/17) there is funding of \$1.75 million (\$1.45m and \$300,000) and one option for the allocation of this funding could be as follows:

Funding Option for Medium Term Property Reserve Allocation (\$'000)

Year	2015/16	2016/17
Skennars Head Sports Fields – Expansion (20% contingency)	1,200	0
Missingham Car Park	250	0
Ballina Town Entry Treatment Master Plan	0	300
Total	1,450	300

The strategic planning advice is that there is a deficit of sports fields in Lennox Head and Council should be focusing on rectifying infrastructure deficiencies where possible. The Skennars Head sport fields expansion, with Council already owning the land, is therefore considered to be one of the highest priorities for future funding.

In reviewing options for the balance of the monies available, additional funding for the Missingham Car Park or the Ballina Town Entry Treatment project are both viable options. Missingham Car Park has been outlined in detail earlier and the allocation of \$250,000 in 2015/16 provides a total budget of \$400,000 (i.e. \$150,000 in 2013/14). This then allows the Civil Services Group to balance the funding available to allow the total project to be completed.

In respect to the Ballina Town Entry Treatments, Council has adopted a Master Plan, which includes seven distinct projects as per the following table.

Ballina Town Entry Treatment Master Plan - Stages

Project Number	Project	Estimate (\$)
1	Landscaping of median strip between the roundabouts at Quays Drive and Barlows Road/Keppel Street.	322,000
2	Installation of tree planting blisters and tree planting along each side of River Street between Burns Point Ferry Road and Barlows Road/Keppel Street.	224,000
3	Installation of tree planting blisters and tree planting along each side of River Street between Barlows Road/Keppel Street and Boatharbour Road.	97,000
4	Installation of tree planting blisters and tree planting along each side of River Street between the Canal Bridge and Kerr Street.	95,000
5	Installation of tree planting blisters and tree planting along each side of Kerr Street between River Street and Fox Street.	140,000
6	Installation of tree planting blisters and tree planting along each side of Tamarind Drive between the Canal Bridge and Southern Cross Drive. Landscaping/tree planting on the corner of Kerr Street and Tamarind Drive	18,000
7	Roadside planting of trees on Tamarind Drive between Southern Cross Drive and Bicentennial Gardens.	16,000

Council has resolved to complete stages 4, 6 and 7 with \$140,000 allocated for this work in the 2013/14 financial year. The funding identified from the property reserves would allow stage one or two be completed in 2016/17.

Remaining Major Council Projects

The remaining projects under consideration require substantial amounts of funding. If Council wishes to pursue any of these, during this term of Council, the only viable funding options are major asset sales, assuming there is a market for the asset, the use of loan funds, which would then require substantial expenditure savings to finance both the loan repayments and any operating costs associated with the asset, grant funds and any combination thereof.

For the Ballina Sports and Events Centre, funding is allocated to obtain planning consent for the agreed facility and a report earlier in this agenda seeks clarification as to how that project is to be progressed. The Coastal Walk / Path has adequate funding for this term of Council and the Lennox Head Surf Club is currently under review through a separate consultancy. In respect to the Ballina Main Street improvements Council has undertaken significant improvements in recent years, with works planned for the Moon Street / River Street and Tamar / Cherry Street roundabouts during 2014/15.

This then leaves the Ballina and Alstonville Swimming Pool refurbishments as the remaining priority. From a financial planning perspective these projects have merit in that they represent aged infrastructure and maintenance costs are rapidly increasing. The final attachment to this report is the attachment to a report submitted to a Facilities Committee meeting in December 2011, which outlines the various options for redevelopment of the pools. As per that attachment the works for both pools are split between essential and desired with indicative estimates at that time, for the total works proposed, as follows:

Total Works Program – Ballina and Alstonville Swimming Pools

Location	Description	Ballina	A'ville
50 metre pool	Access ramp and steps	85,000	85,000
50 metre pool	Enclose 50 metre pool	0	1,000,000
50 metre pool	Expand to a 50 x 25 metre pool	0	2,000,000
50 metre pool	New water reticulation piping	42,000	42,000
50 metre pool	Additional lane	150,000	150,000
50 metre pool	Pool Heating – Heat Pump Pool	195,000	195,000
50 metre pool	Remove and reinstate concourse	115,500	124,000
50 metre pool	Remove coping and relining	940,000	940,000
50 metre pool	Covered spectator tiered seating	120,000	120,000
Site	Storm water drainage to concourse	23,000	0
Site	Replacement boundary fence	95,000	0
Plant room	Backwash water disposal to sewer	0	45,000
Plant room	Plant Room – full upgrade	500,000	500,000
Existing toddlers pool area	Children's wet play area	240,000	240,000
Existing training pool area	Expand to a multi use pool 16x16m	0	400,000
Existing training pool area	Expand to a 25 metre training pool	450,000	0
Existing training pool area	Enclose new 25 metre pool	500,000	500,000
New 25 metre pool	Pool Heating – Heat Pump	96,000	85,000
New 25 metre pool	Balance tank and new reticulation	55,000	0
New 25 metre pool	Pool Plant for new 25 metre pool	275,000	0
Training Pool	Remove and reinstate concourse	33,000	33,000
Training Pool	Remove coping and relining	224,000	175,000
Various	BBQ and picnic facilities	30,000	30,000
Total		4,168,500	6,664,000

These estimates are now three years old and would need to be indexed by at least 10%.

4.9 Community Infrastructure - Non-recurrent Capital Projects

The works identified as per that report, as being required in the short to medium term were as follows:

Essential Works – Ballina and Alstonville Swimming Pools

Location	Description	Ballina	A'ville
50 metre pool	Remove coping and relining	940,000	940,000
50 metre pool	Remove and reinstate concourse	115,500	124,000
50 metre pool	New water reticulation piping	42,000	42,000
Training Pool	Remove coping and relining	224,000	175,000
Training Pool	Remove and reinstate concourse	33,000	33,000
Plant room	Plant room – full upgrade	500,000	500,000
50 metre pool	Pool heating	0	195,000
Various	BBQ / Picnic Facilities / Piping	30,000	30,000
Total		1,884,500	2,039,000

With Council, at that time, also expressing an interest in upgrading the pools and providing heating at Ballina, a preferred priority listing of works was identified, as per the following table.

Essential and Desired Works – Ballina and Alstonville Swimming Pools

Location	Description	Ballina	A'ville
50 metre pool	Access ramp and steps	85,000	85,000
50 metre pool	New water reticulation piping	42,000	42,000
50 metre pool	Additional lane	150,000	150,000
50 metre pool	Pool heating	195,000	195,000
50 metre pool	Remove and reinstate concourse	115,500	124,000
50 metre pool	Remove coping and relining	940,000	940,000
50 metre pool	Covered spectator tiered seating	120,000	120,000
Site	Storm water drainage to concourse	23,000	23,000
Site	Replacement boundary fence	95,000	30,000
Plant room	Backwash water disposal to sewer	0	45,000
Plant room	Plant room – full upgrade	500,000	500,000
Existing toddlers pool area	Children's wet play area	240,000	240,000
Existing training pool area	Expand to a multi use pool 16x16m	0	400,000
Existing training pool area	Expand to a 25 metre training pool	450,000	0
New extended pool	Pool heating – heat pump	96,000	85,000
New extended pool	Balance tank and new reticulation	55,000	50,000
New extended pool	Pool plant	275,000	250,000
New extended pool	Remove and reinstate concourse	33,000	33,000
New extended pool	Remove coping and relining	224,000	175,000
Various	BBQ / Picnic Facilities / Piping	30,000	30,000
Total		3,668,500	3,517,000

This expenditure ensures that both pools have a 50 metre pool, a training pool and adequate disabled access and lanes, along with upgrading any aged infrastructure. Assuming a 10% increase in costs, Council is now looking at approximately \$4m for each pool to deliver these outcomes.

It is impractical to expect both pools to be upgraded at once and the goal could be to achieve an upgrade of one pool during this term of Council and the second pool during the next term. Ballina would be the highest priority due to a larger population base.

In respect to funding, assuming no grants are forthcoming the only really viable options are asset sales or loan funding.

4.9 Community Infrastructure - Non-recurrent Capital Projects

In respect to asset sales Council already has upwards of \$8 million of land available for sale and the difficulty is obtaining buyers in what remains a very tough property market.

The other options are to sell commercial properties such as 89 Tamar Street, the ARC building or Wigmore Arcade. That strategy is not recommended as the revenues from these properties assist to finance community infrastructure on an on-going basis and with Council's comparatively low rate base additional income streams are needed to ensure the financial viability of Council.

In respect to loans, the repayments on a \$4m loan over 15 years at 7% are \$440,000. Council would need to find these savings in its operating budgets to offset the loan costs, raise additional rate revenue, or a combination of both.

There are many different options to redevelop pools with many experts stating that pools should be enclosed to maximise revenues and efficiencies.

The draft LTFP has \$200,000 allocated for Ballina and \$50,000 for Alstonville and if Council wishes to pursue an upgrade of the pools in future years these funds can be used to appoint an expert to plan for the works, subject to Council confirming how its wishes to finance the \$4m required for each pool.

Legal / Resource / Financial Implications

The purpose of this report has been to highlight the financial demands facing Council for non-recurrent community infrastructure projects.

Consultation

The projects listed in this report reflect community aspirations for the Ballina Shire.

Options

There are three key elements to this report requiring direction from Council.

1. Community Group Projects

Both the Alstonville Pre-school and cenotaph relocation are high profile projects seeking Council support. Council needs to firstly determine whether it wishes to provide a cash contribution to each project and if yes, where that funding is to be sourced.

2. Future Allocation of Property Reserves

Funding is available from the Property Reserves in 2015/16 and 2016/17 and the proposal outlined in this report is as follows:

Year	2015/16	2016/17
Skennars Head Sports Fields – Expansion (20% contingency)	1,200	0
Missingham Car Park	250	0
Ballina Town Entry Treatment Master Plan	0	300
Total	1,450	300

4.9 Community Infrastructure - Non-recurrent Capital Projects

From a financial planning perspective it would be handy to have clarification as to whether or not Council wishes to confirm these priorities for the preparation of the draft LTFP.

3. Major Community Infrastructure Projects

With little in the way of non-recurrent funding available for the next few years Council needs to determine whether it wishes to actively pursue major projects such as the swimming pool upgrades. Any strategy will need to examine the preferred funding approach.

The recommendations that follow seek direction on certain items and endorsement of the allocation of the future Property Reserve monies.

Finally there are numerous other projects such as the Newrybar Village Traffic Management Plan, Crane Street Memorial Trees etc that have not been addressed as part of this report as Council does not have the funding capacity to undertake those works in the short to medium term, unless there is a significant reallocation of funding or existing priorities.

RECOMMENDATIONS

1. That Council determine its position in respect to funding the Alstonville Pre-school.
2. That Council determine its position in respect to funding the relocation of the Ballina cenotaph.
3. That Council confirms the following allocation of the discretionary property reserve funds available in 2015/16 and 2016/17 for the purposes of our draft 2014/15 Delivery Program and Operational Plan:

Year	2015/16	2016/17
Skennars Head Sports Fields – Expansion (20% contingency)	1,200	0
Missingham Car Park	250	0
Ballina Town Entry Treatment Master Plan	0	300
Total	1,450	300

4. That Council determine its position in respect to the re-development of the Ballina and Alstonville Swimming Pool Upgrades.

Attachment(s)

1. Ballina RSL Sub-Branch - Request for Assistance
2. Missingham Park - Design 1 Plan
3. Missingham Park - Design 2 Plan
4. Missingham Park - Design 1 Estimate
5. Missingham Park - Design 2 Estimate
6. Ballina Shire Aquatic Facilities Strategic Financial Plan Discussion Paper - 2011 (Under separate cover)

THE RETURNED AND SERVICES



President
Mr Bill Moore
Hon. Secretary
Mr Charles Nicholson JP
Treasurer
Mr A.J. Walsh

LEAGUE OF AUSTRALIA
(New South Wales Branch)
"The Price of Liberty is Eternal Vigilance"
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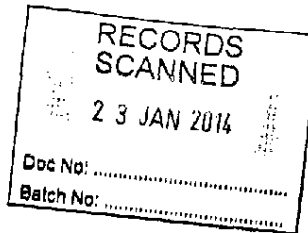
PATRONS:

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

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

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

22nd January 2014



Dear Sir,

Further to your communications with Mr Peter Cucilovic regarding the relocation and upgrading of the Cenotaph in Ballina RSL Sub-Branch Memorial Park, please find enclosed the costings supplied by Council to the Ballina RSL Sub-Branch (*not* the Ballina RSL Club Ltd).

The Ballina RSL Sub-Branch is formally requesting that the Ballina Shire Council provides the funding for the items in the attached list. The RSL Sub-Branch will be providing funding from its own sources to cover the actual cost of the cenotaph proper. Current cost estimates for the Sub-Branch portion of the relocation is in excess of \$125,000.

It is the Ballina RSL Sub-Branch's earnest request to have this project completed for the 1915 Centenary of ANZAC Commemoration, so time will be of the essence to get this project underway as there is a large lead time to provide the granite and to install it prior to ANZAC Day 2015. (The granite is quarried in Australia and then sent to China for manufacture.)

If you wish to discuss this matter further, the Ballina RSL Sub-Branch can be contacted via the Secretary on the contact details in the above letterhead, or Peter Cucilovic mobile: 0412 011 489, phone: (02) 6686 5177 or email: toughguy@bigpond.net.au

Yours faithfully,

Charles Nicholson,
Honorary Secretary

Please address all correspondence to the Honorary Secretary

THE RETURNED AND SERVICES



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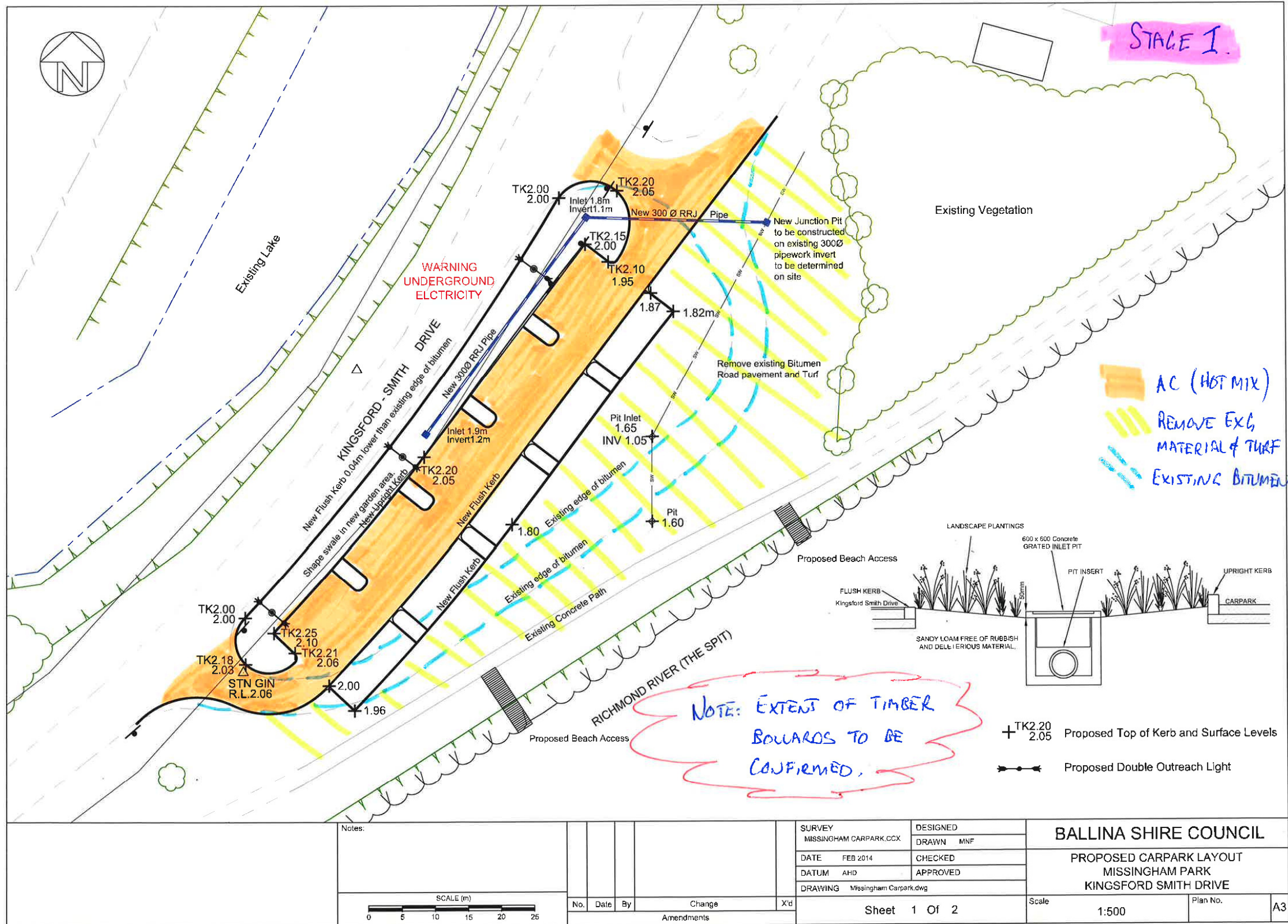
Mr D. Page, Member for Ballina
Mr Gary Hooley, Chairman Ballina RSL Club Ltd

BALLINA RSL CENOTAPH RELOCATION COSTINGS

The works that Ballina RSL Sub-Branch requires the Council to undertake as part of the cenotaph relocation are as follows:

1. Supply and erect temporary fencing (\$500)
2. Survey and mark position for new Cenotaph footings and pedestal (Council to undertake costing TBA)
3. Construct footings and pedestal for the new Cenotaph (note final drawings will be supplied shortly) (\$17043)
4. Electrical reticulation for Cenotaph eternal flame and power box relocation (\$3718)
5. Remove any trees or shrubs in the immediate area around the Cenotaph which will interfere with the access and construction of the Cenotaph footings and pedestal (\$4000)
6. Build up ground level for approximately a 15 metre radius around the new Cenotaph pedestal and pave and tile as necessary (awaiting Council estimate/costing)
7. Turfing, paving and landscaping to be done by Council once the Cenotaph construction is complete (\$139,200)
8. Removal of original Cenotaph footings and pedestal to be done by Council at Council's convenience (\$9004)

Please address all correspondence to the Honorary Secretary





**CONCEPT ESTIMATE OF COSTS
MISSINGHAM CARPARK**

STAGE 1

Project No:		Date:	3-Mar-14
Establish Site	item	\$ 5,000.00	\$ 5,000.00
Provision for Traffic	item	\$ 10,000.00	\$ 10,000.00
Sedimentation Control	item	\$ 1,200.00	\$ 1,200.00
Earthworks			
Cut to Waste includes old road	650 m ³	\$ 35.00	\$ 22,750.00
Pavement			
Base Coarse	450 m ³	\$ 120.00	\$ 54,000.00
Wearing Surface			
AC 10	1,220 m ²	\$ 21.00	\$ 25,620.00
Kerb and Gutter			
Flush Kerb	430 m	\$ 100.00	\$ 43,000.00
Drainage			
Pits	2 ea	\$ 1,500.00	\$ 3,000.00
300dia Pipework	70 m	\$ 100.00	\$ 7,000.00
Roadside Furniture Linemarking			
Signage	item	\$ 2,000.00	\$ 2,000.00
Linemarking	item	\$ 3,500.00	\$ 3,500.00
Bollards	170 ea	\$ 130.00	\$ 22,100.00
Vegetaion			
Rip old surface and Turf	2,100 m ²	\$ 12.00	\$ 25,200.00
		TOTAL	\$ 224,370.00

**CONCEPT ESTIMATE OF COSTS
MISSINGHAM CARPARK**

STAGE 2

Project No:			Date:	3-Mar-14
Establish Site	item	\$ 2,000.00	\$	2,000.00
Provision for Traffic	item	\$ 5,000.00	\$	5,000.00
Sedimentation Control	item	\$ 1,200.00	\$	1,200.00
Earthworks				
Cut to Waste	150 m ³	\$ 35.00	\$	5,250.00
Pavement				
Base Coarse includes under pavers	70 m ³	\$ 120.00	\$	8,400.00
Grass Pavers	350 m ²	\$ 80.00	\$	28,000.00
Kerb and Gutter	140 m	\$ 100.00	\$	14,000.00
Flush Kerb				
Lights				
Lighting	item	\$ 30,000.00	\$	30,000.00
Vegetaion and Beach Access				
Dune Revegetation includes fence	230 m ²	\$ 71.00	\$	16,330.00
Beach Access	item	\$ 8,000.00	\$	8,000.00
Trees	24 ea	\$ 400.00	\$	9,600.00
Garden	400 m ²	\$ 65.00	\$	26,000.00
		TOTAL	\$	153,780.00

4.10 Long Term Financial Plan - General Fund

4.10 Long Term Financial Plan - General Fund

Delivery Program Governance and Finance

Objective To review the draft long term financial plan (budget) for 2014/15 onwards, focusing on the General Fund operations.

Background

This report focuses on the General Fund, with the draft LTFP, included as a separate attachment to this business paper.

Further reports on business activities being the Airport, Waste, Water and Wastewater Operations will be submitted to the April Finance Committee, as the LTFP information for those programs is still being finalised.

Draft information for those activities is included in the attached LTFP, however as that information is still under review the substance of this report relates to the various other Council programs, along with a holistic overview of the General Fund.

Key Issues

- Allocation of resources
- Net cost of programs
- Council priorities

Information

The Council structure provides for four groups (Strategic and Community Facilities, Development and Environmental Health, Civil and General Manager) within which 30 distinct programs are delivered.

The LTFP is structured around these programs.

In preparing the draft LTFP the main assumptions applied have been:

- Rate pegging increase – 2.3% plus 0.55% growth
- Financial Assistance Grant (FAG) increase – 3.3%
- Interest rate for investments – 3.7% and a declining portfolio
- Interest rate for loans – No new loans are proposed in 2014/15
- CPI – 3%
- Salary movements – 2.7% award increase still under negotiation across the State.

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.

4.10 Long Term Financial Plan - General Fund

The 2014/15 General Fund forecast is for a deficit of approximately \$9.1 million before capital movements (page three of LTFP). The deficit includes approximately \$15.5 million for depreciation (a non-cash item), which means that a cash surplus of approximately \$6.4 million is forecast on operations. The principal component of loan repayments is estimated to be \$3.4 million, leaving approximately \$3 million in discretionary funds for capital expenditure.

Considering that General Fund has assets that have a carrying value of around \$700 million, the available discretionary funds of \$3 million is small (less than 1%). This is magnified by the fact that these same funds must also satisfy community demands for new assets.

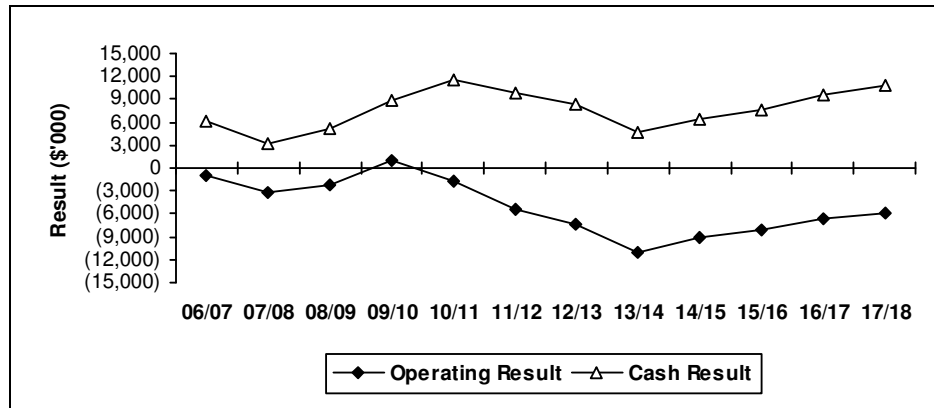
Council's General Fund strategy has been to improve the operating surplus by growing revenue and maintaining a watch on expenses. Increases above the rate pegging limit have been the most positive influence on operating performance over the last seven or eight years. The majority of this extra income has been applied to capital improvements to the transport network.

However one of the issues has been that some of the additional income has been applied to constructing new assets, as opposed to renewing existing assets. The new assets bring a new burden in terms of operations and maintenance which puts more strain on the next financial year.

Given that the General Fund is restricted by rate pegging it is an impossible task to achieve a surplus that enables all the 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 LTFP.

The following chart summarises the net General Fund operating results (inclusive and exclusive of depreciation) for the period from 2006/07 to 2017/18. The first seven years reflect actual results whilst the rest are forecast. The chart indicates that the cash and operating surplus is recently trending downwards to 2013/14 and then predicts a gradually improved performance.

Table One - General Fund Operating Results – 2006/07 to 2017/18



The annual results are subject to many specific items that can result in variations from year to year, but overall it is important for Council to increase the trend upwards to ensure funds are available for capital expenditure.

Council must be mindful of this 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.

4.10 Long Term Financial Plan - General Fund

Also if Council is looking to include additional expenditures into the LTFP 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 are shown in Table two. The table shows actual (2010/11 to 2012/13) and forecast (2013/14 to 2017/18) General Fund reserves balances.

Table Two - Cash Reserves (\$ million)

Year	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Internal reserves	19	22	27	18	9	10	11	11
External reserves	11	12	20	6	6	7	9	11
Total reserves	30	34	47	24	15	17	20	22

Reserves jumped dramatically in 2012/13. In respect to internal reserves the largest issue was the Ballina and Alstonville bypass handover grants of \$5.2 million.

External reserves increased due to a number of issues including unexpended airport loan/grant, grant for Ballina Heights Drive \$3 million and contributions from Section 64 Water and Wastewater \$2.4 million regarding the Ballina Heights and Wollongbar low income earners scheme.

Reserves are predicted to fall to approximately \$15 million by the end of 2014/15 and thereafter steadily 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 by a substantial margin over the next few years.

General Fund – Debt

Table three shows details of the actual (2011/12 to 2012/13) and forecast (2013/14 to 2017/18) General Fund debt.

Table Three – Debt and Repayments (\$ million)

Year	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Borrowings	17.2	28.2	26.2	22.8	19.2	15.7	21
New Loans	0.0	13.4	1.2	0.0	0.0	0.0	8.0
Capital Repayments	2.8	2.4	3.2	3.4	3.6	3.5	2.7

The table shows that borrowings peak in 2012/13 and trend down thereafter. Loan repayments increase to around the \$3.5 million which is a substantial increase on recent years. A significant portion of these borrowings belong to the Airport and the Waste Centre.

The debt service ratio (loan repayments as a percentage of recurrent income) is estimated to rise from 6.7% in 2011/12 to approximately 10.7% in 2014/15.

A large part of the debt is the responsibility of businesses with their own funding sources however from a total General Fund perspective it does mean that \$11 in every \$100 received is pre-committed to repaying debt from previous years.

4.10 Long Term Financial Plan - General Fund

From a benchmarking point of view the ratio is forecast to remain within acceptable tolerances however it is trending to the outer limit of what is acceptable.

General Fund – Summary

The capacity of General Fund is being tested as debt rises, cash reserves fall and an operating surplus is not on the horizon. Also the draft General Fund LTFP is showing a working capital deficit of \$380,000 (page three) which is unacceptable (see options section of this report). Ideally a balanced LTFP would be presented to Council however this has proven to be difficult to achieve.

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.

In comparing the current year to the 2014/15 forecast issues that have contributed to this position include:

- reduced interest income from funds invested - \$115,000
- transfer to election reserve - \$60,000
- public amenities capital - extra \$25,000
- public risk and workers compensation premiums - up by \$128,000
- salaries for Information Services and Procurement are up and there are also various positions that have received step and grade increases.
- there is a reduction in real terms in the overheads distributed to businesses in respect of salaries. This is partly due to staff time being applied in areas that do not support business functions to the same extent as in 2013/14 – negative impact of approximately \$100,000

In respect to recurrent expenditure, items of note include:

- salary/wage expenses are forecast to increase with an award based increment of 2.7%. The total 52 week General Fund wages expense, exclusive of overtime, is estimated to be in the order of \$15 million.
- workers compensation insurance premium is estimated to be \$560,000 which is a 10% increase on 2013/14. This is a preliminary estimate only as formal advice has not yet been received from Council's insurer.
- public liability insurance is estimated to be \$600,000 which is a 12% increase on 2013/14. As per workers compensation this is a preliminary estimate only and it is hoped that there will be savings from both of these estimates.
- superannuation expense is forecast to be approximately \$2,078,000. This is approximately the same forecast as the current year and represents a saving of approximately 2.3% in real terms. Staff are typically members of one of two schemes, the retirement or accumulation scheme. The retirement scheme is more expensive for Council. However the scheme is closed (no new members) and as members of the retirement scheme depart the organisation the cost is falling, at least in real terms.
- the cash budget for employee leave entitlements has been set at \$2.3 million. This relates to long service leave, annual leave, sick leave and maternity leave. This is a similar forecast to the start of the current year however as Council is aware (from reporting in the quarterly review) the 2013/14 cost will be in excess of \$2.7 million following various retirements. Any excess expenditure will need to be sourced from the Employees Leave Entitlements Reserve.

4.10 Long Term Financial Plan - General Fund

As at the start of this financial year the leave liability stood at \$7.5 million with a cash reserve to meet this debt of \$2 million. This means that, at that time, the liability was 27% 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.

The forecast for the end of the year is that the percentage funding will fall to approximately 22%. These predictions are a best guess only but unless funds can be found to top up the cash reserve it will almost certainly reduce.

Council has in the order of 35 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.

- internal overheads distributed to various sections of the LTFP amount to \$5 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 items of note include:

- income from the investment portfolio that is applied to general revenue is estimated to return \$590,000. This assumes that the reserve balance will fall although there is an assumption that not all capital works will be completed as forecast. The income forecast is \$115,000 less than the 2013/14 budget.
- the Financial Assistance Grant is estimated to provide 3.3% more than the current year, with total income estimated at \$3.7 million. This grant is unpredictable, as at times the amount has reduced from one year to another.
- income from rates, based on a 2.3% special variation and some growth, is estimated at \$18.1 million.
- private works income is forecast to be \$100,000 with expense of \$80,000. This 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.
- quarry royalties are estimated to return \$307,000, net of expenses and it is proposed that a dividend of \$210,000 be provided to assist General Fund. This includes approximately \$130,000 to finance repayments on a \$1 million loan taken out to reseal roads.
- cemetery operations are anticipated to produce a cash surplus of \$93,000 and of this amount \$50,000 will be allocated 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.
- rental returns from commercial properties are estimated at \$2 million with the property portfolio providing a dividend to general revenue of \$250,000.

In summary this has been a very difficult General Fund LTFP to prepare.

Various items have been excluded or restricted including:

- the legal provision for development services has been maintained at \$100,000, which reflects current year's trending, however it is a risk given that the expense has at times exceeded \$500,000.
- no funds are being transferred to the leave entitlements reserve.
- numerous operating expense budgets have very little tolerance for negative impacts.

- dividends have been taken from property, quarry and cemetery operations.

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 2014/15 LTFP, 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 capital basis (i.e. net unrestricted cash), for 2014/15, as compared to the latest (December 2013) estimated 2013/14 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 2013/14 column shows the LTFP as at the December 2013 quarterly finance review. This point has been selected in preference to the position at the beginning of the 2013/14 year, due to the organisation restructure.

Numerous accounts and cost centres have been relocated from one section to another and a comparison to the start of the year would have been problematic.

Table Four - Net Working Capital (Cash) Result by Program

Description	2013/14 Surplus / (Deficit) (\$'000)	2014/15 Surplus / (Deficit) (\$'000)	Variation Improve / (Worsen) (\$'000)	Variation %
Strategic and Comm. Services Group				
Strategic Planning	(936)	(1,012)	(76)	(8)
Community Centres and Halls	(318)	(541)	(223)	(70)
Cultural and Community Services	(721)	(716)	5	1
Library Services	(1,292)	(1,336)	(44)	(3)
Swimming Pools	(440)	(456)	(16)	(4)
Tourism and Communications	(711)	(754)	(43)	(6)
Sub Total	(4,418)	(4,815)	(397)	(9)
Development & Env. Health Group				
Development Services	(798)	(804)	(6)	(1)
Building Services	(71)	(16)	55	77
Environmental and Public Health	(519)	(544)	(25)	(5)
Administration & Public Order	(1,014)	(1,044)	(30)	(3)
Sub Total	(2,402)	(2,408)	(6)	0
Civil Services Group				
Asset Management	(3,731)	(4,174)	(443)	(12)
Stormwater/Environmental	(683)	(736)	(53)	(8)
Roads and Bridges	(6,563)	(6,648)	(85)	(1)
Ancillary Transport	(1,314)	(1,250)	64	5
RMS	0	0	0	0
Open Spaces and Reserves	(2,828)	(2,948)	(120)	(4)
Fleet Management	0	0	0	0
Rural Fire Service	(214)	(174)	40	19
Quarries and Sandpit	210	210	0	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
Sub Total	(15,123)	(15,720)	(597)	(4)
General Manager's Group				
Governance	(1,055)	(1,089)	(34)	(3)
Administrative Services	(556)	(534)	22	4
Financial Services	25,568	26,218	650	(3)
Information Services	(1,491)	(1,630)	(139)	(9)
Human Resources and Risk	(864)	(652)	212	25
Property Management	256	250	(6)	2
Airport	0	0	0	0
Sub Total	21,858	22,563	705	(3)
Working Capital – Increase / (Decrease)	(85)	(380)	(295)	(347)

4.10 Long Term Financial Plan - General Fund

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 Facilities Group

Strategic Planning (page 13)

The more specific budgets 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). The LTFP also includes a grant funded 'Regional Centre' project to \$120,000 for 2014/15. The 8% variance is primarily due to increased pay rates for existing staff members.

Community Centres and Halls (page 15)

This program incorporates the Kentwell Centre, Lennox Head Cultural and Community Centre, Alstonville Leisure and Entertainment Centre, Richmond Room, Ballina Surf Club, and sundry public halls.

In most respects the forecast income and expense for this section has remained comparable from 2013/14 to 2014/15. The main change between the years is the inclusion of a salary for the co-ordinator of Community Facilities. In 2013/14 this role was costed to Community Services and Customer Service.

Cultural and Community Services (page 17)

This section incorporates the customer services staff within the Administration Centre, the Manager – Facilities and Customer Services (new position in 2013/14) and various cultural services (seniors programs, youth programs) as well as community land management and the Northern Rivers Community Gallery.

The net cost of this section has reduced. This is due to movements of staff between Community Centres and Halls and Community Services and Customer Service. Across the two sections the above average increase is due to the additional Manager position.

Library Services (page 19)

The LTFP anticipates similar operations to the current year. The contribution to the Regional Library is estimated to be \$1,290,000.

Swimming Pools (page 21)

Pools are forecast to run at a net cost of \$456,000 which assumes higher than CPI increases on the current year's operations, due to the ageing infrastructure.

Tourism and Communications (page 23)

This 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 Festivals and Event program has a budget of \$108,000 which is an increase of \$48,000 on the current year, with Council resolving to reduce the donations budget in Governance to help offset this increase.

Development and Environmental Health Group

Development Services (page 27)

The forecast is for operations to continue in a similar fashion to the current year.

Building Services (page 29)

The forecast is for an improvement in this area of operations based on increased income of approximately \$130,000. The current trend in 2013/14 supports this forecast and there will be an increase to forecast 2013/14 income at the March 2014 review.

Environmental and Public Health (page 31)

The LTFP proposes a continuation of services such as the on site sewerage management program, water testing and inspection of commercial premises.

Recurrent funding has been included for Shaws Bay and Lake Ainsworth as shown below.

Item	2014/15	2015/16	2016/17	2017/18
Lake Ainsworth	15,000	20,000	25,000	30,000
Shaws Bay	15,000	20,000	25,000	30,000

This funding can be mixed and matched depending on the priority projects.

Administration and Public Order (page 33)

This section relates to the activities of the rangers and also includes the governance section of the Development and Environmental Health Group. Incremental increases are proposed with extra funds applied to cleaning and electricity associated with the new animal shelter.

Civil Services Group

Asset Management (page 37)

This section includes Civil Services office staff, emergency services contributions, maintenance of the administration centre, depot, public amenities and open space amenities.

Income forecast from Development Engineering inspection fees is \$110,000. This is a particularly volatile source of income and \$110,000 is consistent with 2013/14.

The net cost of operations is higher than a cost of living increase as this section now includes salaries for engineers and project related staff that were previously costed directly to jobs. The cost centres where the staff were previously charged have had their budgets reduced to compensate.

Stormwater and Environmental Protection (page 39)

This program 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.

4.10 Long Term Financial Plan - General Fund

The Blackwater research program is included in this section. There is an allocation of \$40,000 for 2014/15 and 2015/16. The project cost will be \$120,000 in each of these years however the LTFP assumes that other councils will contribute to the project.

Roads and Bridges (page 41)

This section includes maintenance and capital expenditure on the roads and bridges network. The lower than cost of living increase is because allowance has been made for staff that will now be direct charged to the Asset Management program as mentioned earlier.

Ancillary Transport (page 43)

Street lighting, footpaths/cycleways, private works, car parking, street furniture, and town centre upgrades are all included in Ancillary Transport.

The Burns Point Ferry is estimated to operate at a net deficit of \$213,000.

This section also includes the Martin Street Boat Harbour concept study \$80,000.

Open Spaces and Reserves (page 47)

This section includes operations and maintenance for reserves, sporting fields and cemeteries with budgets generally incremented. An extra \$15,000 has been added to maintain the new Ballina Heights sports field.

Fleet Management (page 49)

This 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) (page 51)

It is estimated that the 2014/15 expense will be \$40,000 less than 2013/14.

The 2013/14 budget includes a new fire vehicle and the overheads charged to Council increased as a result of this elevated expenditure.

Quarries and Sandpits (page 53)

Forecast net surplus from the quarries is \$307,000. The main source of income is royalties paid to Council for material extracted by the lessee.

A dividend of \$210,000 is transferred to assist the General Fund finances, with approximately \$130,000 of this relating to a Council decision to use this reserve to finance a 10 year Local Infrastructure Renewal Scheme Loan (LIRS). The quarry is predicted to have a reserve balance of \$1.3 million at the end of the current financial year.

General Manager's Group

Governance (page 67)

This provides for salaries, audit expenses, councillor expenses and \$124,000 for donations, including \$45,000 for community donations and \$41,000 for halls.

4.10 Long Term Financial Plan - General Fund

Administrative Services (page 69)

Provides for records staff salaries as well as printing, advertising, stationery and telephone costs.

Financial Services (pages 71 and 73)

Income from ordinary rates is forecast to be approximately \$18.1 million which is an increase of approximately 2.8% in comparison to last year.

Income from investments is forecast to be \$590,000. This forecast is some \$115,000 less than the current year. The LTFP shows a net figure of \$579,000 and this includes a reduction through interest transferred to Trust Funds held by Council.

Internal overheads are anticipated to distribute expenses of \$5,063,000 to separately funded areas of the organisation.

Information Services (page 75)

This includes additional salary expense associated with the organisation re-structure. One position has been located in General Fund which was previously funded 100% from water and wastewater. The new arrangements see only part of this cost distributed back to water and wastewater.

Human Resources and Risk Management (page 77)

This section 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 2014/15 budget is substantially less than the current year which is attributable to the large increase in leaves in 2013/14.

Property Management (page 79)

This includes an array of commercial properties and entrepreneurial activities. The net outcome is that a contribution is made to support General Fund activities with the 2014/15 figure less than 2013/14. Also this program previously funded the community property officer position which is now located in the Strategic and Community Facilities Group. This means that the dividend from property has reduced substantially as compared to 2013/14.

Airport (page 81)

A detailed financial report on the Airport will be presented to the next Finance Committee.

Parts C, D and E of LTFP

Part C (pages 83 to 90) provides details of the Capital Expenditure projects planned for the next four years.

Part D (pages 91 to 97) provides details of capital grants and contributions, Section 94 movements and proposed asset sales.

4.10 Long Term Financial Plan - General Fund

Part E (pages 99 to 104) details reserve movements and reserve balances and this information is very useful if Council wishes to examine options for the use of reserves to fund distinct projects.

Water, Wastewater and Waste Operating LTFPs

Reports on the current state of the Water, Wastewater and Waste LTFPs will be presented to the next Finance Committee.

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 draft LTFP has received input from Council managers and Council resolutions. Council's draft 2014/15 Delivery Program and 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 budgets and associated LTFP.

Finally the current working capital forecast for 2014/15 is a \$380,000 deficit, which is unacceptably high and this continues for the next few years as demonstrated in the following table.

Table Five – General Fund Forecast Working Capital Result

Year	2013/14	2014/15	2015/16	2016/17	2017/18
Working Capital Deficit	(84,700)	(380,000)	(481,700)	(362,600)	(240,000)

As staff have been unable to bring the recurrent budget back to a reasonable deficit, or even a small surplus based on existing service levels, it is proposed to freeze or defer the replacement of certain current vacant positions until the recurrent budget position improves. The positions and their estimated savings per annum for 2014/15 are:

Description	2014/15 (\$)
GIS staff - Reduced hours of four days per week	62,000
Finance - Part time position	25,000
Strategic Services - Part time position	47,000
Building Services Inspector (50% saving)	51,000
Depot - Part time position	30,000
Total recurrent saving	216,000

Based on the deferral of these positions the revised working capital result is as per Table Six.

Table Six – Revised General Fund Forecast Working Capital Result

Year	2013/14	2014/15	2015/16	2016/17	2017/18
Working Capital Deficit	(84,700)	(164,000)	(259,700)	(133,600)	(4,000)

This reduces the 2014/15 deficit to \$164,000 and whilst a deficit of this magnitude is not preferred it is manageable if every effort is made by Councillors and staff to achieve savings where possible. The starting deficit for 2013/14 was close to \$200,000.

In respect to the positions deferred these are positions where a reduction in staff resources results primarily in delays in project delivery rather than cuts in frontline services. It is still proposed to replace key front line customer service and service delivery positions as they become vacant.

The fact that a freezing of staff appointments is proposed is in itself a major step for this organisation. Such a step highlights the difficult financial circumstances that we face and Ballina Shire is not alone in this with many other Councils undertaking similar steps.

The fact that the rate pegging increase for 2014/15 is only 2.3% whereas the staff award increase is anticipated to be 2.7% means that there is an increased gap in revenues and expenses without any change in service levels.

The draft LTFP ultimately reflects the difficulties in providing a wide range of services to the community, with limited resources and it is recommended that Council endorse this document for public exhibition, subject to any further changes to the budgets at this Finance Committee meeting, or the later meeting scheduled for April.

RECOMMENDATIONS

1. That Council notes the contents of the draft operating LTFP, as per the separate attachment to this report, for inclusion in the draft 2014/15 Delivery Program and Operational Plan, including any adjustments resulting from this and other meetings prior to the formal exhibition process commencing.
2. That Council notes the proposal to defer the replacement of the positions identified within this report subject to improvements in the recurrent operating result.

Attachment(s)

1. Draft Long Term Financial Plan – 2014/15 (Under separate cover)