Notice of Finance Committee Meeting

A Finance Committee Meeting will be held in the Ballina Shire Council Chambers, 40 Cherry Streets, Ballina on **Thursday 16 March 2017 commencing at 4.00 pm.**

Business

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General Manager

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4.1 Ballina - Byron Gateway Airport - Long Term Financial Plan

Delivery Program Commercial Services

Objective To provide an update on the long term financial plan for the Ballina - Byron Gateway Airport.

Background

The Ballina Byron Gateway Airport (BBGA) is operated as a stand-alone business with the financial goal of operating without being subsidised from other Council revenue.

The BBGA does not pay a direct cash dividend to Council's General Fund operations, however the return to the community is through the economic benefits generated from the provision of a wide range of affordable local airline services, along with the availability of these services to the residents of the Ballina Shire and the Northern Rivers region.

Table one outlines the BBGA's financial performance in recent years.

Table One - Airport Actual Operating Results for 2011/12 to 2015/16

Item	2011/12 Actual ($'000)	2012/13 Actual ($'000)	2013/14 Actual ($'000)	2014/15 Actual ($'000)	2015/16 Actual ($'000)
Operating Revenues	3,483	4,005	4,618	4,710	5,112
Operating Expenses	3,553	4,081	4,329	4,363	4,513
Operating Surplus / (Deficit)	**(70)**	**(76)**	**289**	**347**	**599**
Add Back Depreciation	784	830	761	771	830
Cash Operating Surplus	**714**	**754**	**1,050**	**1,118**	**1,429**
Capital Movements					
Less: Loan Principal Repaid	250	532	839	845	971
Add: Capital Income – Grants	115	2,885	0	0	2,291
Add: Capital Income - Loans	0	7,300	4,648	725	500
Less: Capital Expenditure	732	5,787	4,995	1,129	2,880
Less: Unexpended Loans	0	4,648	0	0	0
Net Cash Movement	**(153)**	**(28)**	**(136)**	**(131)**	**369**
Reserve Balance (Deficit)	**(427)**	**(455)**	**(591)**	**(722)**	**(353)**
Balance Outstanding Loans	**3,231**	**9,999**	**9,160**	**9,040**	**8,569**

As per this table revenues have been increasing at a rate that exceeds operating expenses. This has resulted in a steady improvement in the operating result to the point where an operating surplus, inclusive of depreciation, is now being recorded on a consistent basis.

Whilst the operating result is improving, capital expenditure, including loan principal repayments, has been exceeding the available cash reserve, resulting in the reserve balance being overdrawn. This overdraft is funded by an internal loan from Council's Property Reserves, which are also reaching low levels, as property and community infrastructure works are undertaken.

This means it is important that this overdraft be repaid as early as possible, with 2015/16 seeing a reduction in the overdraft for the first time in a number of years.

The BBGA is a major business operation within Council's overall budget and the report that follows outlines the latest revision of the long term financial plan (LTFP).

Key Issues

- Assumptions, financial position and performance

Information

The BBGA has gone through a period of strong growth with passenger numbers increasing and the services provided at the airport also improving.

Capital expenditure has been incurred on a variety of works including an upgrade of the terminal, extension of the apron and an overlay of the runway. The next major project planned is the expansion of the terminal with Council being awarded a State Government grant of $4.5m for this work.

The current LTFP has been reviewed for the 2017/18 financial year onwards and a copy is included as attachment one (five pages). The attachment includes the following information:

- Pages One and Two – The actual and estimated operating results for the period from 2002/03 to 2026/27 (some years between 2002/03 and 2013/14 are hidden to allow the results to be printed on the A3 pages)

- Page Three – The capital movements for the business relating to capital expenditure, sources of funding for that capital expenditure, the cash balances for the Airport Reserve and a summary of the loan debt, including annual principal and interest repayments.

- Pages Four and Five – Charts summarising key ratios.

The forecast operating results, as per pages one and two of attachment one, are summarised in the following table.

Table Two: Airport Forecast Operating Results for 2016/17 to 2026/27

Summary	**16/17**	**17/18**	**18/19**	**19/20**	**20/21**	**21/22**	**22/23**	**23/24**	**24/25**	**25/26**	**26/27**
Operating Revenues	5,592	6,186	6,368	6,481	6,607	6,708	6,817	6,952	7,099	7,247	7,401
Operating Expenses	4,878	5,473	5,731	5,832	5,925	6,023	6,124	6,274	6,481	6,701	7,033
Operating Result	**715**	**714**	**637**	**649**	**682**	**686**	**693**	**678**	**618**	**546**	**368**
Add Back Depreciation	915	999	1,096	1,131	1,167	1,204	1,242	1,287	1,364	1,443	1,489
Cash Result	**1,630**	**1,713**	**1,733**	**1,780**	**1,849**	**1,890**	**1,935**	**1,965**	**1,982**	**1,989**	**1,857**
Capital Movements											
Add Loan Funds	0	2,400	0	0	0	0	0	1,250	1,250	0	0
Add Grant Income	0	4,500	0	0	0	0	0	0	0	0	0
Less Loan Principal	1,074	1,178	1,302	1,361	1,434	1,443	1,042	395	197	207	216
Less Capital Expenditure	643	6,475	200	206	212	219	725	3,732	3,739	246	254
Net Reserve Movement	**(88)**	**960**	**231**	**213**	**203**	**228**	**168**	**(912)**	**(704)**	**1,536**	**1,387**
Reserve Balance	(441)	519	750	963	1,165	1,393	1,561	649	(55)	1,481	2,868
Loan Principal Owing	7,493	8,715	7,413	6,052	4,618	3,175	2,133	1,738	1,541	1,334	1,250
Debt Ratio	27%	26%	27%	27%	26%	25%	17%	7%	4%	4%	6%

In respect to the operating results (pages one and two of the attachment) key points of interest are as follows.

Operating Revenues (page one of attachment)

- Passenger Charges - Passenger numbers are anticipated to continue to grow strongly in 2017/18 with a total forecast of 526,000. More conservative increases in flight numbers are then forecast for 2018/19 onwards, which may well be low based on the recent growth in passenger numbers however this approach does ensure we have a conservative financial plan to minimise any financial risk.

- Even though there is still reasonable growth in future passenger numbers (4% for a number of years) the income only grows by 1%, primarily as the current Jetstar agreement is based on flights and not passengers. Negotiations are on-going to review this agreement.

- CAGRO - The airline contributions to the CAGRO will operate for a full year in 2017/18. Council will generate a small surplus on this service when operating revenues are compared to the operating expense for this item.

- Car Rental Franchises - Strong growth is anticipated in the car rental franchises with new agreements now fully operational.

- Rental Terminal Building – Expansion – This line represents the estimated increase in existing revenues once the terminal expansion is completed. The assumption being that the terminal will be completed during 2017, with 50% of the forecast additional income being received in 2017/18 ($50,000) and 100% (extra $100,000) in 2018/19 and then indexed onwards.

  Negotiations are already underway with the existing café operator and with the construction of a new café, sports bar and two new retail outlets planned, the forecast revenues are considered conservative.

- Airport Bus Shuttle Rents – Income from this item is trending downwards and this may reflect the availability of other services such as Uber, although there is currently no definitive answer for this reduction.

- Airport Lease Rentals – This line item for miscellaneous rentals increases significantly in 2017/18 as new leases are in place for the full year.

Operating Expenses (pages one and two)

- Management – Salaries and Oncosts – With the retirement of a long serving employee scheduled at the end of 2017/18 it is planned to recruit a replacement, part way during the year, to assist with the transition. The airport is also becoming of such a size and scale that additional staff may be needed on a permanent basis in future years and the modelling includes that allowance. A final decision on additional permanent staff will be subject to a further report to Council.

- Cleaning Contracts – The expanded terminal will see an increase in costs associated with maintaining the terminal.

- Reporting Officers – Similar to the Management – Salaries and Oncosts item the turnover of the business is increasing the demand for additional reporting officers. The modelling includes an allowance for one extra staff member in 2017/18 for six months and then in full for 2018/19 onwards. The permanent recruitment of this position will be subject to a further report to Council.

- Electricity – As per the comment for cleaning.

The overall operating result, inclusive of depreciation, is forecast to remain around the $600,000 mark which is a good result recognising that depreciation is such a big expenditure item.

The major financial challenge with the airport is funding capital improvements as per the following comments.

Capital Movements (page three)

The major capital project planned in the short term is the terminal expansion. The second attachment to this report is a factsheet, which provides a summary of what is involved in the project.

The key change from the existing financial model and the factsheet is that the updated estimate for the terminal expansion is $6.9m compared to the current $5.4m.

The primary reasons for this relate to:

- an overall increase in size of the departure lounge to reflect a larger café, newsagency and gift stores and a small art gallery to accommodate the level of passenger numbers. This will also help to generate increased lease revenues

- increased scope of civil construction works to integrate the car park and anciilary access roads with the upgraded terminal building; and

- the original estimate being too low, as used for the grant application, and once detailed drawings have been completed, the scope of the project has become more definitive.

The Airport Manager has reviewed the project a number of times to reduce costs and this is now considered to be the size needed to adequately plan for the future and to provide a reasonable level of service to passengers.

The Airport Manager will be in attendance at the Finance Committee meeting to provide an overview of the works and the overall forward plan for the airport.

The original $5.4m budget was funded in Council's LTFP through a $900,000 loan in 2016/17 and the $4.5m grant and the issue that Council now has to consider is whether it wishes to borrow $2.4m instead of the original $900,000, to undertake the works. The airport cash reserve is in overdraft so the only funding option is loan funds.

The updated LTFP now proposes that the $6.9m is funded as follows:

- $500,000 in 2016/17 and $6.4m in 2017/18 based on likely cash forecasts.

- The $500,000 in 2016/17 would be funded from an internal loan from Council's Property Reserves. As mentioned in the Background section of this report, the Airport Reserve has been overdrawn in recent years and that overdraft has been funded from an internal loan from the Property Reserves.

  Prior to the need to increase the terminal expansion budget it was anticipated that the overdraft would be eliminated during 2016/17 and the Airport Reserve would have a positive balance of $59,200.

  However to minimise the timing of the external loan borrowing, and with some uncertainty as to when the $4.5m in grants will be paid to Council, it is recommended that the $500,000 in 2016/17 again be funded from the Property Reserves.

  This would only be a short term proposal with the monies reimbursed in 2017/18. Council may also be able to claim some of the grant monies during 2016/17 which would reduce the amount needed to be borrowed internally.

  One of the key benefits of this approach is that the external loan borrowing can be deferred from 2016/17 to 2017/18 meaning there are no interest and loan repayments in 2016/17.

  If Council follows this approach the Airport Reserve will have an overdraft of $441,400 as at 30 June 2017 (funded from the Property Reserves) and then a positive balance of $518,600 as at 30 June 2018 (refer to the Cash and Reserve Balances table on page three of attachment one).

- The $6.4m in 2017/18 is funded by the grant of $4.5m and a loan of $2.4m ($6.9m less the $500,000 reimbursement paid to the Property Reserves).

  The assumption is that the loan, which will be an external borrowing, will be taken out in December 2017 resulting in six months of interest and one six monthly principal repayment.

  The $2.4m loan assumes a term of 15 years at 5% resulting in annual repayments of approximately $231,000 per annum.

  Overall, based on the various assumptions in the model, this is considered affordable. The Airport Reserve balance is forecast to remain positive from 2017/18 onwards until further major capital works are undertaken in 2024/25.

  The total loan principal outstanding for the airport, as at 30 June 2018, is $8.714m (as per page three) and this is still trending lower than the $9.157m outstanding as at 2013/14.

  The LTFP highlights that a significant component (approximately $1.3m to $1.4m) of the cash operating surplus for the airport is being consumed in funding loan principal repayments as per the Capital Movements summary on page two of the attachments (under operating result).

This remains an area of financial risk if airport operating revenues decrease suddenly.

Legal / Resource / Financial Implications

As outlined in the information section of this report.

Options

There are considered to be two main options in respect to this report.

The first option is to endorse the revised LTFP as attached and increase the loan funding from $900,000 to $2.4m.

As has been stated many times in reports on the airport LTFP, there is always a risk to Council in operating the airport in that by having large fixed loan repayments, there is the possibility that the number of flights operating could reduce, resulting in significant reductions in operating revenues. As a worst case this would then result in Council having to fund the loan repayments from general revenue.

Overall that scenario seems very unlikely based on the growth of the airport and with our growth based on tourism, the numbers should not decrease as has occurred for airports that have had their passenger growth reliant on the mining boom.

The revised LTFP, as attached, is reasonable and conservative and on that basis the recommendation is to endorse it for inclusion in the draft 2017/18 Delivery Program and Operational Plan.

As to other options, based on the Airport Manager's advice that the proposal outlined is the only feasible expansion for the terminal, there is really no other realistic option. Council must plan for the future and with a $4.5m grant available, the actual net cost of this project to this community is $2.4m, for a total project valued at $6.9m. This is still an excellent outcome.

RECOMMENDATIONS

1. That Council endorses the revised long term financial plan for the Ballina – Byron Gateway Airport, as attached to this report, for inclusion in the draft 2017/18 Delivery Program and Operational Plan.

2. That Council confirms an increase in the terminal expansion budget to $6.9m based on a loan of $2.5m and State Government grant funding of $4.5m.

Attachment(s)

1. Long Term Financial Plan
2. Airport - Factsheet - Terminal Precinct Expansion

4.2 Large Non-Domestic Recycled Water Users - Pricing

Delivery Program	Water and Wastewater
Objective	To consider recycled water charges for large non-domestic users.

Background

At the December 2016 Ordinary meeting Council considered a recommendation to re-structure the price path for recycled water supply to large non-domestic users.

The report recommended a reduction from the current price path that would lead to a fee of 10% of the current drinking water supply for the largest users with slightly higher fees for smaller consumption levels.

In response to this report, Council resolved to conduct a Councillor briefing on this issue, which occurred on 1 March 2017.

As an outcome of that meeting, Council is again requested to consider the pricing options proposed, which are discussed in the options section, below.

Key Issues

- Ensure that Recycled Water is the preferred supply to large customers
- Discourage wastage by pricing the water

Information

A copy of the December 2016 report is attached to this report and contains the original information supplied to Council on this issue.

Since the December 2016 report, there is some additional information available about metered consumption for large non-domestic recycled water users.

Although only a single quarter of data is available (from October to December 2016) and this is from a drier than normal period, staff estimate that current annual consumption from large non-domestic users is approximately 500 ML/year (this is less than the original figure of 750 ML/year which was based on treatment plant targets and not metered consumption).

At that rate of consumption Council would receive $107,000 per year of revenue using the ‘10%’ rate; with around 60% of that coming from three major users, 20% from Council irrigated sports grounds and the remainder from smaller users.

Using the ‘staged implementation’ proposed in the options below this would mean Council’s revenue would be expected to increase in the following way (not accounting for change in demand or change in the drinking water charge per kiloliter):

Financial Year	2016/17	2017/18	2018/19	2019/20	2020/21
Percentage of Drinking Water Price (currently $2.14 /kL)	0%	2.5%	5%	7.5%	10%
Rate per kL > 25 ML	0.00	5.35 cents	10.7 cents	16.05 cents	21.4 cents
Flow Estimate (ML)	500 ML	500 ML	500 ML	500 ML	500 ML
Revenue Estimate ($)	0	26,750	53,500	80,250	107,000

If Option 1 is adopted the revenue estimates would be slightly higher due to the volumetric charge for recycled water less than 25 ML is more than 10% for the drinking water price.

Legal / Resource / Financial Implications

The financial implications for this issue are discussed in this report and the previous report to Council. The reports also indicate that as well as revenue, a key point is for Council to maximize the beneficial reuse of recycled water, find a competitive price point to alternate water supplies, and ensure pricing equity for all wastewater and water customers.

Consultation

No further public consultation has occurred since the 15 December 2016 report. The proposed fee will be placed on public exhibition as part of Council's draft fees and charges for 2017/18. The major water users have been advised of the reporting of this matter to the Finance Committee.

Options

The three main options are as per Tables One and Two of the original report, along with any variance to those tables.

Importantly any agreed approach should include a staged implementation with the full fee introduced in 2020/21.

This is essentially a five year program; i.e.

2016/17	0%
2017/18	25%
2018/19	50%
2019/20	75%
2020/21	100%

Option One – As per Table One of the original report

Introduce a fixed fee (equivalent to 15% for 1 ML) and a stepped consumption tariff; i.e.

Table One

Water Usage (in Year)	<1 ML/a	1 - 5 ML/a	5 - 25 ML/a	>25 ML/a
Rate as % of Drinking Water	0%	15%	12%	10%
Variable Rate $/kL	$0	$0.321	$0.257	$0.214
Fixed Charge	$321	$321	$321	$321
Price Range	$321	from $321 to $1,605	from $1,605 to $6,741	from $6,741

Option Two - As per Table Two of the original report

Introduce a fixed fee (equivalent to 10% for 1 ML) and a flat rate consumption tariff; i.e.

Table Two

Water Usage (in Year)	<1 ML/a	1 - 5 ML/a	5 - 25 ML/a	>25 ML/a
Rate as % of Drinking Water	0%	10%	10%	10%
Variable Rate $/kL	$-	$0.214	$0.214	$0.214
Fixed Charge	$214	$214	$214	$214
Price Range	$214	from $214 to $1,070	from $1,070 to $5,350	from $5350

Option Three

Reduce the ultimate rate to some lower, arbitrary, amount with a structure as per either Option One or Two.

At the Councillor briefing the general consensus was the five year program to establish the price was fair having regard to the total annual cost to each consumer.

It was also agreed the target price of 21 cents per kl appears to be the best balance after considering the volume of water to be used, the cost of alternate supply sources, and the objectives of Council’s recycled water scheme. Therefore this forms the basis of the recommendation to this report.

In respect to the difference between options one and two, option one was recommended in the previous report based on feedback from users who preferred the sliding scale. Typically for most products consumers enjoy some savings associated with higher amounts of purchase.

However some Councillors appeared to prefer option two as it is simpler to administer and there is equity in charging the same amount for all users of the scheme. These preferences are both valid.

Therefore the recommendation to this report seeks Council to choose from either one of these options.

RECOMMENDATIONS

1. The Council adopts (Option One or Option Two – one to be deleted), as outlined in this report, as the preferred pricing structure for Recycled Water Supply to Large Non-Domestic Users.

2. That Council approves a staged implementation of this fee over four years, commencing in 2017/18 based on the following increments:

2017/18	25%
2018/19	50%
2019/20	75%
2020/21	100%

3. That the pricing structure and implementation strategy be included in the draft 2017/18 Fees and Charges document.

4. That Council write to large non-domestic recycled water customers to inform them of the public exhibition of the draft 2017/18 Fees and Charges.

Attachment(s)

1. December 2016 Council report

4.3 Land Valuations and Rating Structure - 2017/18

Delivery Program	Financial Management
Objective	To provide an update on the th new 2016 base date land valuations and to consider the ordinary rating structure for the 2017/18 rating year

Background

The following report consists of two main sections.

The first section provides information regarding the new 2016 land valuations supplied by the Valuer General (VG), that are to be used for the 2017/18 rating year onwards.

This section includes comparisons to the previous 2014 base date valuations we have been using for ordinary rating purposes for the last two years and considers the impact of any land valuation fluctuations on our current rating structure.

The second section provides an outline of the proposed rating structure for the 2017/18 rating year, based upon the same structure used to levy ordinary rates in the 2016/17 rating year.

Key Issues

- Land valuation movements between the 2014 and 2016 base dates
- Impact of new 2016 land valuations on the current rating structure
- Rating structure for the 2017/18 rating year

Information

Section One – New 2016 Base Date Land Valuations

The Valuer General (VG) normally provides Council with updated unimproved land valuations (i.e. the values don’t consider any development on the property), for all properties within the Shire every three years.

However new land values have been issued for Ballina Shire a year early due to the State Government’s intention to move the Emergency Services Property Levy onto Council rates and charges notices.

In order to achieve this goal, all councils in NSW needed to have the same valuation base date.

Land valuations are used to calculate a portion of a property’s ordinary rate when multiplied by a rate in the dollar. The other part of the ordinary rate, under our current rating structure, is a flat amount known as the base amount. More information is provided later in this report regarding rate calculations.

The VG supplies updated land valuations normally every three years to enable Council to equitably redistribute the rate burden in accordance with the ability to pay principle.

Council's total annual ordinary rate revenue is restricted by rate-capping legislation. As a result, new land values do not result in an increase or decrease in total rate revenue.

In order for Council to decide upon a fair and equitable rating structure, the two principles of rating need to be considered:

- **Ability to pay principle** – This method assumes there is a relationship between land values and the ability to pay rates

- **The benefit principle** – This is essentially a "user pays" principle

The mix between the rate in the dollar applied to the property's land valuation (ability to pay principle) and the base amount (benefit principle), is determined by Council after consideration of certain restrictions contained in the Local Government Act 1993 (LGA).

New 2016 Base Date Land Valuations – Comparisons to 2014

The following land valuation information provides comparisons between all land valuations within our Shire (i.e. includes rateable and non rateable land such as schools, churches, public reserves etc).

Historical comparisons shown in Table One list land values at the point in time they were originally received from the VG.

To ensure consistent and realistic comparisons, the remainder of this report makes comparisons using 2014 and 2016 land valuations currently on hand as many changes have occurred since the 2014 valuations were received two years ago.

These changes are primarily caused by property growth (i.e. subdivisions) and changes to individual valuations (e.g. valuation objection adjustments). This means that all current properties will have a 2016 and 2014 base date land valuation.

Table One: History of Valuer General Revaluations - Total Land Values

Land Value Base Date (1 July)	Total Land Valuations ($)	Land Valuation Change (%)	Properties	Properties Change (%)	Average LV per Property ($)	Average LV Change (%)
2016	6,195,739,561	19.23%	15,241	2.88%	406,518	15.89%
2014	5,196,410,931	-4.45%	14,814	2.23%	350,777	-6.54%
2011	5,438,581,840	0.75%	14,491	2.21%	375,308	-1.43%
2008	5,398,146,560	11.72%	14,178	1.71%	380,741	9.84%
2005	4,831,846,180	79.72%	13,940	2.87%	346,617	74.70%
2002	2,688,605,130	63.65%	13,551	3.78%	198,406	57.68%
1999	1,642,898,463	N/A	13,057	N/A	125,825	N/A

Overall, the new 2016 valuations showed a trend of generally consistent strong increases in land values except for commercial and industrial zoned land, which experienced moderate increases.

Overview of New Land Values by Valuer General's Office

Following receipt and analysis of the valuations by Council staff, a meeting was held with the contract valuer which confirmed the following:

- The mass valuation process is utilised. This process groups similar properties together in components. There are about 50 different components within Ballina.

- Representative properties within each component are benchmarked (reviewed annually) against comprehensively analysed sales data and the results applied to the whole component.

- Property sales are the most important factor in determining a land value. Other factors such as planning instrument changes also affect valuations.

- Approximately 475 market sales were analysed to enable the establishment and verification of land values as at 1 July 2016.

- A rigorous verification review process is undertaken. Reviews are based on risk with properties such as shopping centres, highly valued properties, large land parcels ear marked for subdivision potential etc. This review is undertaken annually.

- Other land types such as commercial, rural, industrial and heritage land is reviewed every three years with one-third of these reviewed annually. Open space and residential land is verified every six years with at least one-sixth of these reviewed annually.

- In 2001 the VG began a process of individually reviewing all valued properties, and this process has now been completed. During this process some properties have now been reviewed multiple times.

- Any property that varied from the average by more or less than 15% was reported by the contract valuer to the VG with a justification for the variance, where a second review was undertaken.

- Several further quality assurance processes are undertaken to ensure the quality of land values.

The contract valuer explained the changes to our new 2016 land valuations in comparison to 2014 valuations, as well as reasons for the highest and lowest variances in the values as recognised by Council staff following the undertaking of an internal comparative analysis. The changes of note include:

- **Overall (17% increase)** – The approximate average increases experienced by main property types (see below) are reflective of market conditions and is consistent with changes experienced across coastal areas of the state.

    - Residential +23%
    - Commercial +5%
    - Industrial +5%
    - Rural +13%

Other general market conditions have affected the valuations, such as banks tightening borrowing conditions following the GFC, which has affected larger capital projects. For example, banks required 50% pre-sales before residential developments could occur.

- **Residential** – Overall a strong average increase (23%).

    - **Alstonville** properties experienced significant increases (28%) due to strong demand for lower priced land.
    - **Newrybar** and **Brooklet** experienced significant increases (29% and 23%) due to their proximity to Byron Shire, and the strong market demand for land in the Byron hinterland.
    - **Lennox Head** residential properties have increased at slightly below the overall residential average (20%).
    - **Ballina Island** experienced strong growth in values (19%) due to continued demand for land close to shops and services
    - **Non-urban** residential properties generally experienced below average increases, with the lowest in South Ballina (0%).
    - An increased demand has been noticed for density development sites within **Ballina, Wollongbar and Alstonville**
    - **Residue subdivision lots** (i.e. land ear-marked for subdivision potential or land left over for future development in the case of a staged subdivision) continues to experience difficulties in obtaining capital from the banks as borrowing remain difficult to obtain, together with an increase in development costs.

- **Commercial** – Overall a moderate increase (5%). This is a consistent trend across all areas of the Shire. Caused due to poor market sentiment and economic conditions.

- **Industrial** – Overall a moderate increase (5%) across the Shire.

- **Rural and Protection** – Overall an average increase of (13%)

    - Horticultural and grazing properties have had a clear strengthening in prices, especially in the last year.
    - Rural land **home sites in the northern area** of the shire continue to be positively influenced by the strong Byron Bay market.

Internal Review of Land Valuations

A comprehensive internal review of our new 2016 land valuations was also undertaken. The findings of the internal review were consistent with the VG conclusions.
As a result of our significant internal analysis, together with explanation and justification of perceived anomalies provided by the VG, there seems to be no reason to question the equity of the new 2016 land valuations.

Implications for our new 2016 base date rateable land valuations on our current rating structure are outlined within section two of this report.

Comparative Data – 2014 to 2016 Land Valuations

The following tables contain more specific comparative data based on rating categorisation between the previous 2014 base date land valuations used for rating purposes between 2015/16 and 2016/17, and the new 2016 base date valuations to be used for the next three rating years, commencing from 2017/18.

The data correlates with internal and VG findings mentioned earlier.

Table Two: Movement of Total Land Values within Rating Categories

Rating Category	Assessment or Property Count	2016 Land Valuations	2014 Land Valuations	2014 to 2016 LV Change ($)	2014 to 2016 LV Change (%)
Residential	15,867	4,729,927,635	3,935,058,022	794,869,613	20.20%
Business	1,311	486,457,515	457,738,828	28,718,687	6.27%
Farmland	1,050	755,616,780	674,260,500	81,356,280	12.07%
Mining	0	0	0	0	0.00%
Non Rateable	500	203,516,351	190,866,291	12,650,060	6.63%
TOTAL	**18,728**	**6,175,518,281**	**5,257,923,641**	**917,594,640**	**17.45%**
RATEABLE	**18,228**	**5,972,001,930**	**5,067,057,350**	**904,944,580**	**17.86%**

Assuming Council's rating structure remains unchanged and ignoring any increases to total revenue, the 17.86% increase in rateable land valuations to be used from the 2017/18 rating year provides the approximate benchmark as to whether or not individual properties will accept a greater or lesser share of the ordinary rate burden.

The table shows an increase of 17.45% between 2014 and 2016 total land valuations on hand. It also shows that business category properties have increased significantly less than the Shire average. Residential has increased the highest on average, whilst farmland categorised properties have experienced more average increases.

The percentage movement between rating categories and its impact on the rating structure is explained in the 2017/18 rating structure section of this report.

Table Three: Movement of Total Land Values within Localities

Locality	Property Count	2016 Land Valuations	2014 Land valuations	2014 to 2016 LV Change ($)	2014 to 2016 LV Change (%)
ALSTONVALE	156	66,223,000	58,338,000	7,885,000	13.52
ALSTONVILLE	2575	643,911,090	517,752,200	126,158,890	24.37
BAGOTVILLE	31	9,461,000	8,502,000	959,000	11.28
BALLINA	4105	1,044,198,510	905,785,820	138,412,690	15.28
BROKEN HEAD	18	15,190,800	12,684,770	2,506,030	19.76
BROOKLET	107	75,482,200	61,992,400	13,489,800	21.76
CABBAGE TREE ISLAND	3	1,307,580	1,215,620	91,960	7.56
COOLGARDIE	49	20,650,920	17,671,440	2,979,480	16.86
CUMBALUM	589	170,382,700	148,224,100	22,158,600	14.95
DALWOOD	88	50,314,700	44,979,500	5,335,200	11.86
EAST BALLINA	2499	780,260,650	644,149,050	136,111,600	21.13
EAST WARDELL	153	52,216,010	46,828,000	5,388,010	11.51
EMPIRE VALE	105	38,136,830	34,612,040	3,524,790	10.18
FERNLEIGH	104	53,413,330	46,510,700	6,902,630	14.84
GOAT ISLAND	1	325,000	325,000	-	0.00
KEITH HALL	62	24,835,270	22,960,000	1,875,270	8.17
KINVARA	9	6,428,000	5,646,000	782,000	13.85
KNOCKROW	77	54,564,600	44,777,000	9,787,600	21.86
LENNOX HEAD	2890	1,271,110,650	1,064,077,250	207,033,400	19.46
LYNWOOD	78	38,073,000	33,934,000	4,139,000	12.20
MAROM CREEK	11	3,466,000	3,057,000	409,000	13.38
MCLEANS RIDGES	36	20,591,000	18,506,000	2,085,000	11.27
MEERSCHAUM VALE	140	49,446,600	43,532,000	5,914,600	13.59
NEWRYBAR	209	162,296,620	130,553,790	31,742,830	24.31
PATCHS BEACH	31	11,948,500	10,973,500	975,000	8.89
PEARCES CREEK	39	17,083,000	15,090,000	1,993,000	13.21
PIMLICO	144	55,812,030	50,177,800	5,634,230	11.23
PIMLICO ISLAND	1	350,000	315,000	35,000	11.11
ROUS	89	53,877,100	48,251,200	5,625,900	11.66
ROUS MILL	79	36,850,000	32,975,000	3,875,000	11.75
SKENNARS HEAD	389	158,611,600	133,878,100	24,733,500	18.47
SOUTH BALLINA	18	6,638,500	6,435,000	203,500	3.16
TEVEN	120	56,500,300	49,385,100	7,115,200	14.41

TINTENBAR	289	132,958,550	116,774,720	16,183,830	13.86
TUCKOMBIL	105	46,540,000	40,617,000	5,923,000	14.58
URALBA	98	39,792,840	34,869,100	4,923,740	14.12
WARDELL	315	77,319,450	66,353,200	10,966,250	16.53
WEST BALLINA	1224	351,494,000	301,558,700	49,935,300	16.56

The next table provides locality movements based on rating categories. The table drills down further than Table Three to show that within localities there have been differing land valuation movements between categories.

Table Four: Land Valuation Movements: Localities / Rating Categories

Locality + Rating Category	Property Count	2016 Land Valuations	2014 Land Valuations	2014 to 2016 LV Change ($)	2014 to 2016 LV Change (%)
ALSTONVALE Farmland	44	25,748,000	23,201,000	2,547,000	10.98
ALSTONVALE Residential	112	40,475,000	35,137,000	5,338,000	15.19
ALSTONVILLE Business	214	52,925,930	48,613,400	4,312,530	8.87
ALSTONVILLE Farmland	87	66,754,000	59,366,000	7,388,000	12.44
ALSTONVILLE Residential	2274	524,231,160	409,772,800	114,458,360	27.93
BAGOTVILLE Business	1	508,000	465,000	43,000	9.25
BAGOTVILLE Farmland	11	4,888,000	4,374,000	514,000	11.75
BAGOTVILLE Residential	19	4,065,000	3,663,000	402,000	10.97
BALLINA Business	764	276,771,890	261,604,670	15,167,220	5.80
BALLINA Farmland	12	9,005,000	8,173,000	832,000	10.18
BALLINA Residential	3329	758,421,620	636,008,150	122,413,470	19.25
BROKEN HEAD Farmland	11	10,847,000	8,891,000	1,956,000	22.00
BROKEN HEAD Residential	7	4,343,800	3,793,770	550,030	14.50
BROOKLET Business	2	871,000	786,000	85,000	10.81
BROOKLET Farmland	41	33,954,000	28,292,000	5,662,000	20.01
BROOKLET Residential	64	40,657,200	32,914,400	7,742,800	23.52
CABBAGE TREE ISLAND Farmland	1	533,000	507,000	26,000	5.13
CABBAGE TREE ISLAND Residential	2	774,580	708,620	65,960	9.31
COOLGARDIE Business	1	251,000	220,000	31,000	14.09
COOLGARDIE Farmland	14	8,093,000	7,142,000	951,000	13.32
COOLGARDIE Residential	34	12,306,920	10,309,440	1,997,480	19.38
CUMBALUM Business	3	398,000	353,000	45,000	12.75
CUMBALUM Farmland	17	16,556,000	11,422,000	5,134,000	44.95
CUMBALUM Residential	569	153,428,700	136,449,100	16,979,600	12.44
DALWOOD Business	1	350,000	350,000	-	0.00

DALWOOD Farmland	51	36,314,000	32,555,000	3,759,000	11.55
DALWOOD Residential	36	13,650,700	12,074,500	1,576,200	13.05
EAST BALLINA Business	19	15,475,899	15,103,050	372,849	2.47
EAST BALLINA Residential	2480	764,784,751	629,046,000	135,738,751	21.58
EAST WARDELL Business	2	289,330	252,800	36,530	14.45
EAST WARDELL Farmland	49	30,166,000	28,552,000	1,614,000	5.65
EAST WARDELL Residential	102	21,760,680	18,023,200	3,737,480	20.74
EMPIRE VALE Business	3	121,250	106,420	14,830	13.94
EMPIRE VALE Farmland	32	19,166,000	18,088,000	1,078,000	5.96
EMPIRE VALE Residential	70	18,849,580	16,417,620	2,431,960	14.81
FERNLEIGH Business	1	85,000	76,500	8,500	11.11
FERNLEIGH Farmland	49	32,400,000	28,316,000	4,084,000	14.42
FERNLEIGH Residential	54	20,928,330	18,118,200	2,810,130	15.51
GOAT ISLAND Residential	1	325,000	325,000	-	0.00
KEITH HALL Business	3	943,270	939,000	4,270	0.45
KEITH HALL Farmland	17	11,686,000	11,301,000	385,000	3.41
KEITH HALL Residential	42	12,206,000	10,720,000	1,486,000	13.86
KINVARA Business	1	1,214,000	1,175,000	39,000	3.32
KINVARA Farmland	3	2,631,000	2,249,000	382,000	16.99
KINVARA Residential	5	2,583,000	2,222,000	361,000	16.25
KNOCKROW Business	4	965,600	801,000	164,600	20.55
KNOCKROW Farmland	29	27,285,000	23,527,000	3,758,000	15.97
KNOCKROW Residential	44	26,314,000	20,449,000	5,865,000	28.68
LENNOX HEAD Business	108	50,233,786	47,097,268	3,136,518	6.66
LENNOX HEAD Farmland	16	25,905,000	23,975,000	1,930,000	8.05
LENNOX HEAD Residential	2766	1,194,971,864	993,004,982	201,966,882	20.34
LYNWOOD Business	2	352,000	307,000	45,000	14.66
LYNWOOD Farmland	36	23,841,000	21,489,000	2,352,000	10.95
LYNWOOD Residential	40	13,880,000	12,138,000	1,742,000	14.35
MAROM CREEK Farmland	5	2,292,000	2,040,000	252,000	12.35
MAROM CREEK Residential	6	1,174,000	1,017,000	157,000	15.44
MCLEANS RIDGES Business	1	195,000	171,000	24,000	14.04
MCLEANS RIDGES Farmland	23	15,230,000	13,800,000	1,430,000	10.36
MCLEANS RIDGES Residential	12	5,166,000	4,535,000	631,000	13.91
MEERSCHAUM VALE Business	5	479,600	427,000	52,600	12.32
MEERSCHAUM VALE Farmland	47	23,209,000	20,384,000	2,825,000	13.86

MEERSCHAUM VALE Residential	88	25,758,000	22,721,000	3,037,000	13.37
NEWRYBAR Business	10	2,593,800	2,130,400	463,400	21.75
NEWRYBAR Farmland	67	59,790,200	51,255,000	8,535,200	16.65
NEWRYBAR Residential	132	99,912,620	77,168,390	22,744,230	29.47
PATCHS BEACH Business	1	37,500	37,500	-	0.00
PATCHS BEACH Farmland	3	1,481,000	1,409,000	72,000	5.11
PATCHS BEACH Residential	27	10,430,000	9,527,000	903,000	9.48
PEARCES CREEK Business	1	125,000	109,000	16,000	14.68
PEARCES CREEK Farmland	17	9,734,000	8,722,000	1,012,000	11.60
PEARCES CREEK Residential	21	7,224,000	6,259,000	965,000	15.42
PIMLICO Business	5	687,630	604,200	83,430	13.81
PIMLICO Farmland	33	24,388,700	23,247,400	1,141,300	4.91
PIMLICO Residential	106	30,735,700	26,326,200	4,409,500	16.75
PIMLICO ISLAND Farmland	1	350,000	315,000	35,000	11.11
ROUS Business	2	104,100	102,200	1,900	1.86
ROUS Farmland	48	37,159,000	33,567,000	3,592,000	10.70
ROUS Residential	39	16,614,000	14,582,000	2,032,000	13.93
ROUS MILL Business	2	377,000	329,000	48,000	14.59
ROUS MILL Farmland	38	25,132,000	22,567,000	2,565,000	11.37
ROUS MILL Residential	39	11,341,000	10,079,000	1,262,000	12.52
SKENNARS HEAD Business	5	4,295,800	4,020,800	275,000	6.84
SKENNARS HEAD Farmland	6	20,484,000	20,171,000	313,000	1.55
SKENNARS HEAD Residential	378	133,831,800	109,686,300	24,145,500	22.01
SOUTH BALLINA Business	3	1,798,500	1,735,000	63,500	3.66
SOUTH BALLINA Farmland	1	1,530,000	1,400,000	130,000	9.29
SOUTH BALLINA Residential	14	3,310,000	3,300,000	10,000	0.30
TEVEN Business	6	3,218,000	2,896,600	321,400	11.10
TEVEN Farmland	50	30,424,000	26,978,000	3,446,000	12.77
TEVEN Residential	64	22,858,300	19,510,500	3,347,800	17.16
TINTENBAR Business	11	2,385,380	2,116,120	269,260	12.72
TINTENBAR Farmland	43	32,706,770	30,025,600	2,681,170	8.93
TINTENBAR Residential	235	97,866,400	84,633,000	13,233,400	15.64
TUCKOMBIL Farmland	44	24,547,000	21,531,000	3,016,000	14.01
TUCKOMBIL Residential	61	21,993,000	19,086,000	2,907,000	15.23
URALBA Farmland	14	10,615,110	9,619,500	995,610	10.35
URALBA Residential	84	29,177,730	25,249,600	3,928,130	15.56

WARDELL Business	18	4,738,250	4,311,100	427,150	9.91
WARDELL Farmland	27	14,653,000	13,180,000	1,473,000	11.18
WARDELL Residential	270	57,928,200	48,862,100	9,066,100	18.55
WEST BALLINA Business	97	57,431,000	54,751,300	2,679,700	4.89
WEST BALLINA Farmland	5	2,796,000	2,557,000	239,000	9.35
WEST BALLINA Residential	1122	291,267,000	244,250,400	47,016,600	19.25
WOLLONGBAR Business	15	6,235,000	5,747,500	487,500	8.48
WOLLONGBAR Farmland	51	33,323,000	30,072,000	3,251,000	10.81
WOLLONGBAR Residential	1119	234,382,000	206,970,750	27,411,250	13.24

The following tables list the highest (Table Five) and lowest (Table Six) changes based on percentages for the street locations of properties (all rating categories included). It is important to also consider the number of properties relevant to each street location listed.

Table Five: Lowest Movements – Streets

Street/Locality	No. of Prop.	2016 Land Valuations	2014 Land Valuations	2014 to 2016 LV Change ($)	2014 to 2016 LV Change (%)
Pacific Highway TINTENBAR	2	2,175,000	2,653,000	-478,000	-18.02
Condon Drive EAST BALLINA	8	4,440,000	4,970,000	-530,000	-10.66
Taunton Place WOLLONGBAR	8	1,574,400	1,760,500	-186,100	-10.57
Latta Avenue BALLINA	17	7,274,400	7,592,000	-317,600	-4.18
Power Drive CUMBALUM	5	1,097,000	1,140,000	-43,000	-3.77
Kite Avenue BALLINA	21	5,295,000	5,375,000	-80,000	-1.49
Gardenia Street BALLINA	2	501,000	505,000	-4,000	-0.79
The Coast Road SKENNARS HEAD	1	18,000,000	18,000,000	-	0.00
Lighthouse Parade EAST BALLINA	1	1,900,000	1,900,000	-	0.00
Park Street EAST BALLINA	1	760,000	760,000	-	0.00
Gahans Road BAGOTVILLE	2	342,000	342,000	-	0.00
Flat Rock Road SKENNARS HEAD	1	500,000	500,000	-	0.00
GOAT ISLAND	1	325,000	325,000	-	0.00
Kirby Place CUMBALUM	8	1,715,000	1,715,000	-	0.00
Callicoma Court WOLLONGBAR	12	1,958,000	1,954,500	3,500	0.18
South Ballina Road KEITH HALL	7	2,291,000	2,279,000	12,000	0.53
Riverbend Drive WEST BALLINA	2	3,203,000	3,169,000	34,000	1.07
Wisteria Street BALLINA	17	4,120,000	4,062,000	58,000	1.43
Bullinah Crescent EAST BALLINA	10	3,202,000	3,148,000	54,000	1.72
Selkirk Place WOLLONGBAR	5	1,092,000	1,070,000	22,000	2.06

Minley Crescent EAST BALLINA	26	8,300,000	8,124,000	176,000	2.17
Eclipse Crescent CUMBALUM	2	890,000	870,000	20,000	2.30
Albatros Street BALLINA	13	2,842,000	2,778,000	64,000	2.30
Bannockburn Court CUMBALUM	19	4,455,000	4,342,000	113,000	2.60
Quandon Place WOLLONGBAR	8	1,496,000	1,455,000	41,000	2.82
South Ballina Beach Road SOUTH BALLINA	18	6,638,500	6,435,000	203,500	3.16
Newrybar Swamp Road KINVARA	1	1,214,000	1,175,000	39,000	3.32
Regatta Avenue BALLINA	4	808,300	782,300	26,000	3.32
Trillby Avenue EAST BALLINA	14	3,940,000	3,807,000	133,000	3.49
Burke Terrace EAST BALLINA	6	1,809,000	1,747,000	62,000	3.55
Woods Terrace EAST BALLINA	7	1,991,000	1,920,000	71,000	3.70
Iornbark Road BALLINA	33	7,749,000	7,443,000	306,000	4.11
Ray O'Neill Crescent BALLINA	14	6,153,000	5,885,000	268,000	4.55
Pacific Highway PIMLICO	3	3,415,000	3,265,000	150,000	4.59
Keppel Street WEST BALLINA	1	1,800,000	1,720,000	80,000	4.65
Simmons Street BALLINA	9	3,397,000	3,246,000	151,000	4.65
Piper Drive BALLINA	66	19,108,000	18,253,000	855,000	4.68
Convair Avenue BALLINA	4	2,536,000	2,422,000	114,000	4.71
Stinson Street BALLINA	23	1,646,000	1,572,000	74,000	4.71
Cessna Crescent BALLINA	36	8,832,000	8,434,000	398,000	4.72
Endeavour Close BALLINA	11	4,977,000	4,752,000	225,000	4.73
Boeing Avenue BALLINA	2	5,240,000	5,000,000	240,000	4.80
Fawcett Street BALLINA	61	6,003,000	5,725,000	278,000	4.86
Range Street EAST BALLINA	18	1,570,000	1,497,000	73,000	4.88
Spring Creek Place WOLLONGBAR	25	5,944,000	5,665,000	279,000	4.92
Murrogun Place WOLLONGBAR	10	2,056,000	1,959,000	97,000	4.95
Whytes Lane East PIMLICO	1	339,000	323,000	16,000	4.95
Ronan Place WEST BALLINA	3	2,757,000	2,626,000	131,000	4.99
McAndrews Lane PIMLICO	2	666,000	634,000	32,000	5.05

Table Six: Highest Movements – Streets

Street/Locality	No. of Prop.	2016 Land Valuations	2014 Land Valuations	2014 to 2016 LV Change ($)	2014 to 2016 LV Change (%)
Kyla Street ALSTONVILLE	29	6,116,000	4,643,000	1,473,000	31.73
Ocean View Drive ALSTONVILLE	22	6,194,000	4,702,000	1,492,000	31.73
William Street ALSTONVILLE	14	2,842,000	2,157,000	685,000	31.76
Ashland Street ALSTONVILLE	27	5,526,000	4,194,000	1,332,000	31.76
Shoalhaven Street ALSTONVILLE	19	4,331,000	3,287,000	1,044,000	31.76
Albert Place ALSTONVILLE	9	2,078,000	1,577,000	501,000	31.77
Prelude Place ALSTONVILLE	4	1,012,000	768,000	244,000	31.77
Freeborn Place ALSTONVILLE	10	2,530,000	1,920,000	610,000	31.77
Newland Street WEST BALLINA	11	2,770,500	2,102,500	668,000	31.77
McGill Place ALSTONVILLE	13	2,981,000	2,262,000	719,000	31.79
Mantula Place ALSTONVILLE	11	3,010,000	2,284,000	726,000	31.79
Bahama Avenue ALSTONVILLE	19	4,983,000	3,781,000	1,202,000	31.79
Tyrone Place ALSTONVILLE	5	1,339,000	1,016,000	323,000	31.79
Trinidad Court ALSTONVILLE	5	1,430,000	1,085,000	345,000	31.80
Coachwood Court ALSTONVILLE	5	1,351,000	1,025,000	326,000	31.80
Elliott Avenue ALSTONVILLE	25	5,350,000	4,059,000	1,291,000	31.81
Richland Court ALSTONVILLE	10	2,610,000	1,980,000	630,000	31.82
Alibaster Place ALSTONVILLE	4	1,044,000	792,000	252,000	31.82
Albert Street ALSTONVILLE	18	3,965,000	3,007,000	958,000	31.86
Parkview Circle ALSTONVILLE	13	3,319,000	2,517,000	802,000	31.86
Sunset Place ALSTONVILLE	8	2,011,000	1,525,000	486,000	31.87
Coral Street ALSTONVILLE	44	10,083,000	7,645,000	2,438,000	31.89
Suncrest Avenue ALSTONVILLE	28	5,674,000	4,302,000	1,372,000	31.89
Kim Court ALSTONVILLE	10	2,688,000	2,038,000	650,000	31.89
Adele Place ALSTONVILLE	6	1,538,000	1,166,000	372,000	31.90
Short Street ALSTONVILLE	9	1,885,000	1,429,000	456,000	31.91
Graham Place ALSTONVILLE	10	1,798,000	1,363,000	435,000	31.91
Nature Court ALSTONVILLE	8	2,190,000	1,660,000	530,000	31.93
Arrowsmith Avenue ALSTONVILLE	43	7,692,000	5,829,000	1,863,000	31.96
Newborn Street ALSTONVILLE	3	710,000	538,000	172,000	31.97
Cooke Avenue ALSTONVILLE	62	14,197,500	10,758,000	3,439,500	31.97
Solara Court ALSTONVILLE	12	2,910,000	2,205,000	705,000	31.97

Brown Avenue ALSTONVILLE	32	7,016,000	5,316,000	1,700,000	31.98
Little Place ALSTONVILLE	5	1,209,000	916,000	293,000	31.99
Whiting Way BALLINA	6	1,015,000	769,000	246,000	31.99
Scenic Court ALSTONVILLE	10	3,234,000	2,450,000	784,000	32.00
Parkland Drive ALSTONVILLE	48	10,243,500	7,760,000	2,483,500	32.00
Perry Street ALSTONVILLE	4	956,000	724,000	232,000	32.04
Amber Drive LENNOX HEAD	45	21,530,000	16,251,000	5,279,000	32.48
Westland Place WEST BALLINA	16	3,479,000	2,623,000	856,000	32.63
Horizon Drive WEST BALLINA	54	14,694,000	10,973,000	3,721,000	33.91
Seabreeze Place LENNOX HEAD	5	2,703,000	2,009,000	694,000	34.54
Amy Place WEST BALLINA	10	2,703,000	2,005,000	698,000	34.81
Castle Drive LENNOX HEAD	36	15,586,000	11,542,000	4,044,000	35.04
Seamist Place LENNOX HEAD	5	2,074,000	1,532,000	542,000	35.38
Monica Place WEST BALLINA	1	279,000	204,000	75,000	36.76
Eltham Road TUCKOMBIL	3	1,506,000	927,000	579,000	62.46
Byron Bay Road BROKEN HEAD	2	1,210,800	729,770	481,030	65.92
Ballina Heights Drive CUMBALUM	2	6,140,000	2,000,000	4,140,000	207.00

Section Two – 2017/18 Rating Structure

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

The key objective is to try and determine a structure that is fair and equitable within the limitations of the LGA.

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

In respect to rating structures, the onus is on Council to adopt a fair and equitable structure that also complies with criteria outlined within the LGA.

It is the elected Council that determines the fairest and most equitable rating structure for its ratepayers.

Base Amount Rating Structure

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

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

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

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

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

Council has adopted a uniform base amount for all residential, business and farmland properties.

The residential base amount derives just less than the maximum 50%, which means that, because business and farmland category properties tend to have higher land valuations (and fewer properties) than the residential category, the base amount for business and farmland categories raises significantly less than the maximum 50% (for 2016/17, around 15% and 32% respectively).

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

Council previously had the base charge for business and farmland properties at the 50% threshold, however the Council resolved to make the base charge the same for all properties, no matter the category, as this was considered to provide a more equitable distribution of the rate burden for business and farmland properties.

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

If Council adopts the same rating structure for 2017/18 as 2016/17 the following principles would apply.

Yield from Business Category to be 20% of the Total Yield

Due to Ballina having the lowest average rate for the business category of properties for similar sized councils, in 2006 Council resolved to increase the yield from business properties from 10% of the total rate yield to 20% over a period of five years (i.e. incrementally increase by 2% per annum).

This strategy was commenced in the 2006/07 rating year and in 2010/11, the yield from the business category had reached the desired 20%.

In all following rating years, Council decided to retain the 20% proportion of total income from the business category regardless of actual growth movements between rating categories from year to year.

Generally properties within the residential category cause the most growth, and if the total rate burden between rating categories was altered each year based on actual growth, the business category proportion would be slightly less than 20% of the total income generated.

As Council has supported this strategy for many years, it has again been included within the proposed 2017/18 rating structure.

What this does do is result in a much higher rate in the dollar for business properties.

The higher rate in the dollar compensates for the relatively lower land value and effectively provides a distortion to generate the required revenue.

Growth and Notional Rate Calculation

Each year Council performs a notional calculation to obtain the total allowable general income for the following year. Included in this calculation is a percentage limit of variation from a previous year, known as the rate pegging limit.

The notional calculation method also provides Council with additional income to allow for additional service provision costs caused by growth.

The growth calculation is based on property number changes and changes to land valuations of the same base date, from year to year. Council can also recover income lost in previous years (on a one off basis) for income lost as a result of valuation objections.

It is important to understand that new land valuations have no effect on the total allowable notional income yield calculation, as only current rating year land valuations are used in the calculation process.

As explained within section one of this report, the reason the VG provides new valuations every three years is to update the equitable distribution of rates based on the "ability to pay" principle.

Council relies on the VG to determine how that part of the ordinary rate determined by land valuations is distributed. Fluctuations with the new 2016 base date land valuations will generally result in small changes to the rating burden between rateable properties.

Ordinary Rate Calculation Methodology

The following steps outline the current methodology used to set the base amount rating structure and ordinary rate. It is intended to use the same methodology in the setting of 2017/18 ordinary rates.

1. Calculate the total notional income for 2016/17 and total notional income yield allowable for 2017/18. This entails using the base amount and rate in the dollar set in 2016/17 and applying it to the current properties and land valuations on hand (rather than those on hand when the 2016/17 rates were set in July 2016).

   This effectively creates a growth allowance to total allowable income for 2017/18.

   The rate pegging limit or special variation percentage is then applied to the calculated 2017/18 notional income.

   In addition to this, legislative adjustments such as income lost in previous years due to land value objections (one off adjustment) and previous year catch up/excess results are included.

2. Implement the current strategy adopted by Council to set the total business category income as 20% of the total allowable income. Council may wish to consider allowing natural growth between rating categories from year to year to calculate the desired income from the business category. The natural growth in recent years has been +/- 1% of the 20% fixed percentage.

3. Take into account growth in assessments and land valuations between categories from the previous year to arrive at a percentage of total income required from the farmland and residential categories (business already set at 20% and currently no mining category properties).

4. Calculate the base amount (flat charge) for the residential category to be marginally less than 50% to conform to legislative requirements. This base amount is then utilised as the base amount for the business and farmland categories.

5. Calculate the rate in the dollar for each category, with the mining category to be set at the same rate as the business category. The farmland category rate in the dollar is set at approximately 85% of the residential rate in the dollar.

Proposed 2017/18 Rating Structure

IPART announced a rate pegging limit of 1.5% for the 2017/18 rating year however, Council is applying for a permanent special variation to allowable income of 4.9% in 2017/18, a 5.9% increase in 2018/19, and a 5.9 % increase in 2019/20.

The following estimates are based on Council's application for a 4.9% increase in 2017/18 being successful. If unsuccessful, the 2017/18 estimates will be recalculated based on a 1.5% limit. The 3.4% difference equates to around $700,000 in income.

Table Seven shows the adopted rating structures for 2015/16 and 2016/17. Table Eight details the proposed structure for 2017/18, which incorporates the proposed 4.9% special variation increase.

Even if Council's special variation application is successful, the figures in Table Seven and Table Eight are in draft form only and will change slightly by the time they are adopted for 2017/18.
This is because ratepayers may successfully object to their current valuations, and there will be variations due to growth in assessments and land valuations between now and when the 2017/18 rating structure is adopted by Council.

Table Seven: 2015/16 and 2016/17 Rating Structures

Rate Category	2015/16		2016/17	
	Base Amount	Rate in Dollar	Base Amount	Rate in Dollar
Residential	449	0.180828	470	0.190250
Business	449	0.711775	470	0.757920
Farmland	449	0.143208	470	0.150990
Mining	449	0.711775	470	0.757920

Table Eight: Proposed 2017/18 Rating Structure

Rating Category	4.9% Increase	
	Base Amount	Rate in Dollar
Residential	491	0.1658284
Business	491	0.7558078
Farmland	491	0.1412750
Mining	491	0.7558078

Table Nine details the income that will be generated for each rating category, the percentage of revenue each category derives and the average rate per category. The increase in total notional income between 2016/17 and 2017/18 equates to $1,004,730.

Table Nine: Proposed 2017/18 Income per Category (Cat.) at 4.9%

	2016/17				2017/18			
Rate Category	Income 5.34% Increase	Cat.% from base	Cat % of yield	Ave Rate	Income 4.9% increase	Cat % from base	Cat % of yield	Ave Rate
Residential	14,748,183	49.81	72.55	943	15,629,051	49.81	72.66	985
Business	4,065,676	14.58	20.00	3,160	4,301,992	14.95	20.00	3,298
Farmland	1,514,776	32.45	7.45	1,448	1,579,118	32.43	7.62	1,514
Mining	0	0	0.00	0.00	0.00	0.00	0.00	0.00
Total	**20,328,634**	**N/A**	**100.0**	**1,131**	**21,510,160**	**N/A**	**100.00**	**1,181**

The next three tables provide examples of the rates payable for a range of 2016 land valuations, based on the residential, business and farmland rating categories.

Remember that we will change from using 2014 base date land valuations to 2016 land valuations in 2017/18.

To provide more realistic comparative data, the 2017/18 ordinary rates listed are calculated using the 2016 land valuation shown in column three. However, the 2016/17 comparative ordinary rate calculation uses a land valuation adjusted down by the average land valuation increase for that rating category.

For example, in the first row of the residential rates payable table, the 2017/18 rate payable is calculated on the 2016 land value of $50,000.

The 2016/17 rate payable is based on a land value of $41,597 as the average residential land valuations increased by 20.2% between 2014 and 2016.

The average rating category percentage increase for residential (20.2%), business (6.27%) and farmland (12.07%) were applied in this regard.

Table Ten: Residential Rates Payable in 2017/18
(**2016/17 rate based on **20.2%** higher land valuation than listed)

2016 Land Value Range	Property Count	**2016 Land Valuation Used for Calculation	**2016/17 rate	2017/18 rate	Change ($)	Change (%)
0 to 99,999	1,253	50,000	549	574	25	4.51%
100,000 to 199,999	2,794	150,000	707	740	32	4.57%
200,000 to 299,999	5,778	250,000	866	906	40	4.61%
300,000 to 399,999	3,135	350,000	1,024	1,071	47	4.63%
400,000 to 499,999	1,615	450,000	1,182	1,237	55	4.65%
500,000 to 599,999	425	550,000	1,341	1,403	63	4.66%
600,000 to 699,999	273	650,000	1,499	1,569	70	4.68%
700,000 to 799,999	176	750,000	1,657	1,735	78	4.68%
800,000 to 899,999	107	850,000	1,815	1,901	85	4.69%
900,000 to 999,999	99	950,000	1,974	2,066	93	4.70%
1,000,000 to 1,499,999	158	1,250,000	2,448	2,564	115	4.71%
1,500,000 to 1,999,999	36	1,750,000	3,240	3,393	153	4.73%
2,000,000 to 2,999,999	13	2,500,000	4,427	4,637	210	4.74%
> 3,000,000	5	3,000,000	5,218	5,466	248	4.74%

Table Eleven: Business Rates Payable in 2017/18
(**2016/17 rate based on **6.27%** higher land valuation than listed)

2016 Land Value Range	Property Count	**2016 Land Valuation Used for Calculation	**2016/17 rate	2017/18 rate	Change ($)	Change (%)
0 to 99,999	364	50,000	827	869	42	5.12%
100,000 to 199,999	288	150,000	1,540	1,625	85	5.51%
200,000 to 299,999	173	250,000	2,253	2,381	128	5.66%
300,000 to 399,999	130	350,000	2,966	3,136	170	5.74%
400,000 to 499,999	115	450,000	3,679	3,892	213	5.78%
500,000 to 599,999	58	550,000	4,393	4,648	255	5.81%
600,000 to 699,999	33	650,000	5,106	5,404	298	5.84%
700,000 to 799,999	26	750,000	5,819	6,160	341	5.85%
800,000 to 899,999	18	850,000	6,532	6,915	383	5.87%
900,000 to 999,999	11	950,000	7,245	7,671	426	5.88%
1,000,000 to 1,499,999	46	1,250,000	9,385	9,939	554	5.90%
1,500,000 to 1,999,999	22	1,750,000	12,951	13,718	767	5.92%
2,000,000 to 2,999,999	17	2,500,000	18,300	19,386	1,086	5.94%
> 3,000,000	10	3,000,000	21,866	23,165	1,299	5.94%

Table 11: Farmland Rates Payable in 2017/18
(**2016/17 rate based on **12.07%** higher land valuation than listed)

Land Value Range	Property Count	**2014 Land Valuation Used for Calculation	**2014/15 rate	2015/16 rate	Change ($)	Change (%)
0 to 99,999	3	50,000	537	562	24	4.52%
100,000 to 199,999	2	150,000	672	703	31	4.59%
200,000 to 299,999	0	250,000	807	844	37	4.63%
300,000 to 399,999	99	350,000	942	985	44	4.66%
400,000 to 499,999	223	450,000	1,076	1,127	50	4.69%
500,000 to 599,999	212	550,000	1,211	1,268	57	4.71%
600,000 to 699,999	122	650,000	1,346	1,409	64	4.72%
700,000 to 799,999	92	750,000	1,480	1,551	70	4.74%
800,000 to 899,999	59	850,000	1,615	1,692	77	4.75%
900,000 to 999,999	51	950,000	1,750	1,833	83	4.75%
1,000,000 to 1,499,999	99	1,250,000	2,154	2,257	103	4.77%
1,500,000 to 1,999,999	31	1,750,000	2,828	2,963	136	4.79%
2,000,000 to 2,999,999	11	2,500,000	3,838	4,023	185	4.81%

For **eligible pensioners**, the general concession (ie ordinary rates plus domestic waste charges) in accordance with the LGA is 50% of the general levy to a maximum of $250 per annum.

This maximum has remained unchanged for many years. All properties have paid greater than $500 per annum in ordinary rates and domestic waste charges for some time now and as a result, pensioners will meet the full cost of any increase.

For many years, Council has received a 55% reimbursement of pensioner concessions granted from the State Government (although legislation has only ever provided for a 50% reimbursement).

The Federal Government was funding the additional 5% reimbursement up until 2014/15.

The State Government did still pay Council for 55% for 2015/16 and 2016/17.

The current State Government has promised to continue to provide a 55% reimbursement up until the 2017/18 annual claim (claims are made once a year in October).

In regard to our previous annual claim for reimbursement in October 2016, we provided a total of $1,498,000 in pensioner concessions for all rates and charges (i.e. ordinary rates, domestic waste charges, water and wastewater charges).

Of this, the State Government provided a 55% reimbursement being $824,000.

If we were not provided with the additional 5%, it would equate to $75,000 in lost revenue.

For ordinary rates and domestic waste charge pensioner concessions only (i.e. excluding water and wastewater), the 5% reduction would result in a $46,000 loss to General Fund revenue

Legal / Resource / Financial Implications

It is important that Council adopt the most equitable and fairest rating structure within the limitations that exist within the legislation.

Rates are a very important component of a council's resource or revenue base. They provide a guaranteed income source and rate income can be used to finance essentially any service provided by a council.

Consultation

The rating structure will be placed on exhibition for public comment as part of the 2017/18 Operational Plan.

Options

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

The preferred approach is to retain the existing structure as it is a reasonably fair structure within the confines of the restrictions of the LGA.

A copy of the proposed rating structure is as per the following table.

Table 12 - Proposed 2017/18 Rating Structure

Rating Category	2017/18 - 4.9% Increase	
	Base Amount	Rate in Dollar
Residential	491	0.1658284
Business	491	0.7558078
Farmland	491	0.1412750
Mining	491	0.7558078

It is important to note the impact this rating structure is having on the rate in the dollar differentials. As mentioned earlier the farmland property rate in the dollar is approximately 85% of the residential rate in the dollar.

On the other hand, the business rate in the dollar is approximately 455%, or four and a half times, the residential rate in the dollar.

This reflects the impact of the decision to raise 20% of the total rate revenue from business properties.

To achieve that outcome, the 455% differential must be applied to the business property values.

Prior to the decision in 2006 to increase the yield from business properties to 20% of the total income, the residential and business property rate in the dollar was the same figure.

What has happened over time is that the land values of the residential properties have grown proportionally faster than the business properties and we have had to gradually increase the business differential to achieve the 20% outcome.

No change is recommended to the current structure, however it is important for Council to note the magnitude of the differentials for both farmland and business properties as compared to residential properties.

Typically the community is very interested in any significant changes to the rating structure. If Council were to consider making significant changes to the current rating structure, extensive community engagement would be required.

The actual draft Operational Plan will need to include both the 1.5% standard rate peg limit and the 4.9% special rate variation, if approved, however for the purposes of this report, and to simplify the modelling, only the 4.9% has been included.

RECOMMENDATIONS

1. That for the draft 2017/18 Operational Plan, Council approves the inclusion of a base rating structure, modelled on the 2016/17 structure, which applies the following principles:

   a) Marginally less than 50% of the rate income for the residential category of properties being generated from the base amount

   b) Business, farmland and mining categories to have the same base amount as the residential base amount

   c) A total of 20% income from the rate yield to be sourced from the business category properties

   d) Farmland rate in the dollar is approximately 85% of the residential rate in the dollar

   e) The mining category rate in the dollar to be set as the same rate as the business category (currently no mining category properties in the shire).

2. That Council notes the indicative figures for this rating structure for 2017/18, are as follows as per the contents of this report:

Table Nine: Proposed 2017/18 Income per Category (Cat.) at 4.9%

	2016/17			2017/18		
Rate Category	**Income 5.34% increase**	**Cat % of yield**	**Ave Rate**	**Income 4.9% increase**	**Cat % of yield**	**Ave Rate**
Residential	14,748,183	72.55	943	15,629,051	72.66	985
Business	4,065,676	20.00	3,160	4,301,992	20.00	3,298
Farmland	1,514,776	7.45	1,448	1,579,118	7.34	1,514
Mining	0	0.00	0.00	0.00	0.00	0.00
Total	**20,328,634**	**100.0**	**1,131**	**21,510,160**	**100.00**	**1,181**

Table 12: Proposed 2017/18 Rating Structure

Rating Category	2017/18 - 4.9% Increase	
	Base Amount	Rate in Dollar
Residential	491	0.1658284
Business	491	0.7558078
Farmland	491	0.1412750
Mining	491	0.7558078

3. That Council notes that the draft 2017/18 Operational Plan will also include a rating structure based on a 1.5% rate peg limit on the assumption that Council's proposed special rate variation may not be approved.

Attachment(s)

Nil

4.4 Plant Replacement Program

Delivery Program	Operations Support
Objective	To complete the annual review of the Plant Replacement Program for 2017/18 to 2027/28

Background

Council owns and operates a wide range of fleet and plant items to meet its operational needs. The fleet range from light vehicles (utility and passenger) to heavy plant (graders, excavators, rollers, trucks backhoes, loaders, tractors and a street sweeper).

To maintain Council's fleet in a serviceable condition and to optimize operational costs, a rolling replacement program has been prepared which is updated annually. Replacement dates are based on industry recommended replacement intervals of age and utilisation (hours / kilometres operated), along with staff assessments to ensure the ownership decisions for the fleet are optimised.

This report presents an update to Council's 10 year Plant Replacement Program, which if endorsed, will be included in Council's adopted Delivery and Operational Plan for 2017/18.

Key Issues

- Optimum plant replacement to minimise operational costs
- Funding replacements by utilising operating surplus from fleet and plant operations (excluding depreciation)
- Update of strategic program

Information

The Plant Replacement Program proposed for 2017/18 to 2027/28 (attachments one to four) includes fleet covered under the General, Water, Wastewater and Domestic Waste Management plant funds. These have been separated accordingly in the program.

The plant funds work by Council charging internal hire rates to the jobs using the plant, with the net surplus on those hire rates then transferred to an internal reserve to fund the plant replacements.

The replacement program does not allow for any expansion in the size of the fleet. Any additional plant items need external or extra funding for their purchase. Once purchased the renewals are managed by the on-going internal hire charges.

Funding for the Replacement Program has been considered, using the following:

- Industry referenced material / advice on annual depreciation to ensure resale value is optimised.
- Forecasting of plant operational income and expenses
- Predictions on the available plant reserve balance
- Estimated plant changeover costs (net values)
- Reducing the risk of uneconomic major maintenance costs later in a plant item's life

To meet the proposed Plant Replacement Program, a 10 year Financial Plan (attachment five) has been prepared for the replacements under the General Plant fund. The financial plan predicts the required Capital Expenditure needed to be transferred from the Plant Reserve, along with the effect on the Reserve Balance at the end of each Financial Year.

The capital funds required for meeting the 2017/18 replacements will be $1,371,587.

Due to the capital expenditure required to meet planned plant replacements and the backlog of replacements, the Plant Reserve balance at the end of each financial year is influenced.

The Financial Plan aims to utilise the Plant Reserve to manage the plant replacements.

The balance of the reserve will be continually monitored throughout the program to ensure that any changes to improve the position of the reserve can be made as opportunities are identified.

As this is only a prediction, the replacement program will be continually monitored throughout the year along with the Financial Plan.

Plant utilisation, condition and operational needs will be frequently reassessed in order to defer the replacement of any plant where that is feasibly possible to the following financial years, aiming to prevent the reserve balance being reduced to an unsustainable level.

The use of Reserve funds for Capital Expenditure will not impact on Council's Operational Plan targets of:

- Implementing a Fleet Management Plan (EL3.3.3b)
- Targeting an operating surplus from the fleet and plant operations, excluding depreciation (EL2.1.3b)

Legal / Resource / Financial Implications

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

As indicated in the Financial Plan, the Reserve balance is predicted to trend in a low position; this is to be closely monitored throughout the program. Replacement of plant will be reviewed and reassessed throughout the year in an attempt to defer feasible plant replacements to the following year.

In the event that the General Plant Reserve Balance requires assistance to remain in the positive, an internal loan may need to be sought from internal reserves such as Property Development or LRM. The forecast overdraft is considered not to be excessive and as there are often delays in receiving plant items the actual timing of the payment may result in the reserve balance remaining positive.

The last few years of the program see a significant deficit and that information will need to be reviewed as the program progresses.

Consultation

Consultation has been undertaken with internal staff regarding the proposed replacement program.

Options

This program is submitted for endorsement while noting that it is monitored and annually reviewed as part of budget deliberations and operational needs. This program can be amended by Council if it desires, either now or in subsequent annual reviews which are scheduled to occur within the process to prepare the Delivery Program.

RECOMMENDATIONS

1. That Council endorses, for strategic planning purposes, the Plant Replacement Program, as attached to this report, along with the Financial Plan.

2. That the draft 2017/18 Delivery and Operational Plan include a fleet procurement program in accordance with the Plant Replacement Program endorsed in point one above.

Attachment(s)

1. General Fund - Plant Replacement Program
2. Water Fund - Plant Replacement Program
3. Wastewater Fund - Plant Replacement Program
4. DWM Fund - Plant Replacement Program
5. Plant - Long Term Financial Plan

4.5 Lennox Head Town Centre - Main Street Upgrade

Delivery Program	Engineering Works
Objective	To report the outcomes of an options review for the upgrade of the Lennox Head CBD.

Background

Council's 2016/17 Operational Plan includes an action to examine the options to upgrade the Lennox Head CBD. The objective is to develop a concept plan that could provide information in respect of an "order of magnitude" cost estimate and assist the community assess the priority and possible future directions for this project.

In response to this, preliminary work on concept design for the *Lennox Head Main Street Upgrade* recommenced in 2016 and has included consultation with representatives of Lennox Head community groups.

Further community consultation and Council decisions will be required to resolve a number of mutually exclusive configuration options if the concept design is to move forward.

The project is one of several Community Infrastructure Priority Projects that do not have funding in the Long Term Financial Plan and the purpose of this report is to advise the expected costs of the upgrade options.

Key Issues

- Design options
- Community consultation
- Financing

Information

Extensive community consultation was undertaken in 2003/04 for the master planning of the Lennox Head village centre. This culminated in the adoption of the Lennox Head DCP in 2004 (later incorporated into the Ballina Shire DCP 2012).

The masterplan and DCP consultation process canvassed two masterplan options, the point of difference being Option 1 provided one way southbound traffic in Ballina Street and two way traffic in Park Avenue, whereas Option 2 provided two way traffic in both Ballina Street and Park Avenue. Option 2 (two way) was adopted by Council and incorporated into the DCP.

To progress the design and eventual implementation of the main street upgrades, a budget item of $32,000 was provided in the 2015/16 budget and $26,500 has been brought forward in 2016/17.

The concept design has been prepared using internal staff resources, with professional assistance from a private landscaping consultant.

During 2016, as the concept progressed, there were a number of meetings between the design team and delegates from Lennox Head Residents Association, Lennox Head Chamber of Commerce and Lennox Head Combined Sports Association to ensure the design was developed with feedback and is in general alignment with current community expectations.

As the concept design progressed, the role of Ross Park was recognised by the design team and at meetings with community representatives as a key element to:

- act as a focal town centre park/square, catering for all segments of the community
- establish a strong visual and physical linkage between the central part of the main street and the ocean
- provide an attractive, landscaped green space in the heart of the main street to compliment resident's retail/commercial activities and provide for low key relaxation and recreation as part of the main street experience
- provide residents with space for informal lunches and evening dining

The current playground location is not considered compatible with this concept because

- its configuration interrupts sightlines from the main street to the ocean
- the prominent location and its large footprint constrains Ross Park's optimisation for other community uses.

An alternative site was sought for the playground and the coastal reserve adjacent to the northern section of the main street, east of the current picnic shelter was identified as a suitable location for the following reasons:

- ample parking can be provided for parents in adjacent Ballina Street with proposed reconfigured kerbside parking
- the playground would have a strong and direct pedestrian connection with the restaurant/cafe complex on the west side of Ballina Street and through to the Community Centre in Park Lane
- public toilet facilities nearby
- suitable landscaping and land forming could create a first class children's playground and associated picnic areas at this site
- this site, although not in the centre of the main street, is nevertheless closely associated with the active retail/cafe/dinning activities of Ballina Street, which has extended further northwards in recent times.

Paper sketches (not yet available in digital format) of both the reconfigured Ross Park and Northern Park with relocated playground and upgraded picnic facilities and landscaping were prepared by the Landscape Architect presented to and favourably received at a meeting of the design team and representatives of the Lennox Head Residents Association, Lennox Head Chamber of Commerce and Lennox Head Combined Sports Association held in late 2016.

A concept design has been prepared based on the adopted 2004 Masterplan Option 2 (two way) concept, however late in 2016, in response to a request from the community stakeholder groups, a one way option variation was investigated.

4.5 Lennox Head Town Centre - Main Street Upgrade

The design team has now produced two concept plans (see attachments, two sheets for each option), one based on a two way configuration and the other based on a one way configuration with Park Lane one way northbound and Ballina Street one way southbound.

The preliminary cost estimate (not based on completed concept plans or schedule of quantities) for both options is $5.5M.

CONCEPT ESTIMATE OF COSTS
LENNOX HEAD CBD UPGRADE

NOTE: Costs subject to detailed design anf quotes from suppliers and service providers

Project No:			**Date:**		**23-Feb-17**
Establish Site	item	$	5,000.00	**$**	**5,000.00**
Provision for Traffic	item	$	75,000.00	**$**	**75,000.00**
Sedimentation Control	item	$	1,750.00	**$**	**1,750.00**
Earthworks					
Cut to Waste 1.0 m Roadway	1650 m³	$	55.00	**$**	**90,750.00**
Concrete Removal					
Kerb and Gutter	250 Tonnes	$	90.00	**$**	**22,500.00**
Footpath	800 Tonnes	$	90.00	**$**	**72,000.00**
Pavement					
Base Coarse	1650 m³	$	135.00	**$**	**222,750.00**
Wearing Surface					
AC 10	5,500 m²	$	35.00	**$**	**192,500.00**
Footpath Construction					
Concrete Sub Base	2,750 m²	$	150.00	**$**	**412,500.00**
Supply Pavers	2,750 m²	$	100.00	**$**	**275,000.00**
Lay pavers	2,750 m²	$	125.00	**$**	**343,750.00**
Concrete Path	800 m²	$	150.00	**$**	**120,000.00**
Kerb and Gutter					
Kerb and Gutter	1250 m	$	120.00	**$**	**150,000.00**
Drainage					
Pits	15 ea	$	3,000.00	**$**	**45,000.00**
375dia Pipework	290 m	$	250.00	**$**	**72,500.00**
Roadside Furniture Linemarking					
Signage	item	$	3,000.00	**$**	**3,000.00**
Linemarking	item	$	5,000.00	**$**	**5,000.00**
Services					
Telstra Adjustments	item	$	250,000.00	**$**	**250,000.00**
Electrical Street Lights & Underground	item	$	1,000,000.00	**$**	**1,000,000.00**
Pedestrian Lighting	20 ea	$	5,000.00	**$**	**100,000.00**
Pedestrian Conduit and undergrounding	440 m	$	150.00	**$**	**66,000.00**
Watermain Replacement	800 m	$	200.00	**$**	**160,000.00**
Landscaping					
Landscaping /Trees/Street furniture/Artworks		$	400,000.00	**$**	**400,000.00**
Ross Park Referbishment		$	500,000.00	**$**	**500,000.00**
Lennox Park Reserve		$	500,000.00	**$**	**500,000.00**
Contingency					
Contingency	item		10%	**$**	**508,500.00**
		TOTAL		**$**	**5,593,500.00**

Note 1: The current One Way option (One Way northbound Park Lane, One Way southbound Ballina Street) differs from the 2003/04 option (One Way southbound Ballina Street, Two Way Park Lane). Park Lane was reconstructed in 2010 and its current width of 13.5 m with 90 degree angle parking is now two narrow (15.2 m required by AS2890.5) to accommodate the large volumes of traffic in a two way configuration that would be induced by restricting Ballina Street to One Way.

Note 2: Park Lane was unable to be widened any more in 2010 due to concerns in respect of encroachment onto the adjacent playing field.

Note 3: Park Lane's current width could be configured, compliant with AS2890.5, to accommodate two way traffic if the 90 degree parking was changed to 45 degree parking, but this would result in the loss of 21 parking spaces.45 degree parking would also only be accessible to northbound traffic.

Design elements of the attached concept plans that are common to both options are:

- re-configuring the levels and alignment of Ballina Street from Park Lane to Byron Street and surfacing with new asphalt pavement
- associated reconstruction of kerb and gutter, underground stormwater drainage and utility services relocation
- re-configuring and re-paving of the footpath areas to optimise, landscaping, footpath dinning and streetscape
- undergrounding overhead electricity from 68 Ballina Street to Byron Street This eliminates overhead power lines from the seaward viewline of pedestrians/diners/shopfronts on the west side of Ballina Street
- upgrade existing pedestrian connections between Park Lane and Ballina Street to enhance and unify the sense of place of both parts of the village centre
- redevelopment of Ross Park as the focal town centre park
- redevelopment and activation of the foreshore park at the northern end of the shopping strip

    - to support the development of a larger, more imaginative play space
    - provide individual picnic shelters to enable people to picnic in the park, hold birthday parties at the play space
    - reinforce the pedestrian link from the community centre to this northern park area across Ballina Street and through the intervening shopping/dinning plaza.
    - provision of additional parking spaces near to the northern park to facilitate intensified use by parents and children.

Design elements of the attached concept plans that differ are:

Element	**2-Way Option**	**1-Way Option**	**Comments**
Car parking	95 spaces provided. Ballina Street has mostly parallel parking except for northern section adjacent to foreshore park.	124 spaces provided. Ballina Street has angle parking on west side and parallel parking on east side.	One way option enables more street space that can be used for car parking.

Element	2-Way Option	1-Way Option	Comments
Vehicle Access and Circulation	One way option restricts some vehicle circulation options and makes accessing of some locations more difficult with longer travel distances/times. Also the proportional mix of left/right/through turning movements at Park Ln/Byron St, Park Ln/Ballina St and Byron St/Pacific Pde/Ballina St intersections will change.		
Footpath space	Less space is available than with one way option.	More space is available for landscaping and/or footpath dinning due to angle parking providing larger scope for blister extensions.	Creation of additional footpath space with either option would be a trade off that would proportionally reduce the available car spaces.
Shared Zone near Ross Park/Rayner Lane	Not practical in two way configuration	A 10 kph shared zone in the town centre adjacent to Ross Park would be an option.	A shared zone in Ballina Street would slow travel times for all southbound traffic. This may cause more trips to be diverted onto the Lennox Head Bypass.
Rayner Lane	No change	For access convenience, Rayner Lane is proposed to change to one way northbound.	

The two options are expected to cost a similar amount.

The one way option provides more car park spaces and potentially more space for landscape works, however traffic management is compromised.

In relation to the traffic management for the one way option, it is expected the intersections would function at reasonable levels of service (ie delays would met relevant standards), however the available traffic modelling (based on current data availability) is not considered satisfactory for a decision of this consequence.

Therefore, if the community and Council are of a mind to adopt the One Way concept, it would be recommended that the layout be trialled for a reasonable period before making a final commitment.

The One Way trial could take place for say six months and use temporary regulatory signage, temporary sandbag structures to reconfigure kerbs, parking blisters and temporary landscape elements.

The Way Ahead

The Masterplan/DCP process that amongst other matters, adopted the Two Way main street configuration in 2003/04 was preceded by an extensive public consultation process (see attached extract from Planning Committee 12 February 2004).

The current 2017 concept design options have now reached a stage where further public consultation and Council determination is needed to either confirm the current two way concept or alternatively proceed with the One Way concept and further to either confirm or change the other design elements (particularly Ross Park) that are common to both alternatives, albeit as this project is yet to be included in the long term financial plan, this matter does not need to be determined at this point in time.

A consultation process could be now conducted with newspaper notices, web page information, public displays, and information sessions on location at Lennox Head, feedback forms, invitation for written submissions etc.

The feedback from this process could provide Council with sufficient information to enable a determination of alternatives that would then enable detailed design and cost estimation to proceed.

However, as there is currently no budget allocation for the project in either the Delivery Plan or the Long Term Financial Plan, proceeding with the public consultation for options at this time risks raising unrealistic expectations regarding commencement of the project. However, not proceeding with public consultation will leave key project configuration matters undecided and defer further progression of the project design.

Legal / Resource / Financial Implications

There is no provision for expenditure of $5.6M on the Lennox Head Main Street currently in the Long Term Financial Plan (LTFP). The April 2017 Finance Committee will include a report on the major non-recurrent projects under consideration in the LTFP and this project will form part of that discussion.

The current budget allocation of $26,500 can be used for the consultation process and further landscape architect fees. If these tasks are not required in this financial year, there has been previous interest in seeing if these funds could be used to achieve some improvements to Ross Park ahead of the upgrade program. The difficulty with this is whether or not a stage of work can be identified for this sum and be designed to be consistent with the masterplan. An alternate use of these funds would be to establish temporary traffic management measures to trial the one way option.

Consultation

Representatives from three community associations in Lennox Head have provided input in the development of this report. The Council should now determine whether or not it wishes to proceed to formal consultation or wait until closer to the time when the funds are available.

Options

1. Proceed to a public consultation phase to determine the level of support for the two options discussed in this report.

2. Suspend further design work and public consultation until the project is identified for funding in the Long Term Financial Plan.

It is likely the contrast in advantages and disadvantages between the one way and two way street configuration options will generate substantial community interest.

As noted in the above report, it is not preferred to invite the community to participate in such a discussion until funding is forecast in the Long Term Financial Plan.

If a significant time gap exists between the consultation and the delivery of the works, it is likely the consultation would need to be repeated immediately prior to the delivery.

The work completed recently is helpful to confirm the options that are available for consideration and further the work has provided a cost estimate for use in grant applications and Council's strategic planning. On this basis further design work and consultation is not recommended until funding for the project is available.

RECOMMENDATIONS

1. That Council notes the contents of this report in respect of the design options for the proposed Lennox Head CBD Upgrade Project.

2. That Council defer undertaking further design work or community consultation regarding this project until the project is included in a future Operation Plan and Delivery Program.

Attachment(s)

1. Plans of One Way and Two Way Options for the Lennox Head Main Street Upgrade
2. Extract from Planning Committee 12 February 2004

4.6 Houghlahans Creek Road - Upgrade Consideration

Delivery Program	Engineering Works
Objective	To update Council following a review on the options (including cost estimates) to upgrade Houghlahans Road.

Background

At the November 2016 Ordinary meeting Council resolved to receive a report, to be considered during the preparation of the draft 2017/18 Delivery Program, which investigates the options and corresponding cost estimates, to upgrade Houghlahans Creek Road.

Currently, Council's corporate plans do not include programs that fund the upgrading and sealing of gravel roads.

This report will present the findings of that review for further consideration in the preparation of the 2017/18 Operational Plan.

The primary documents considered in the preparation of this report include;

- Road Maintenance and Renewal policy
- Dust Sealing Policy
- Gravel road historical maintenance assessment

Key Issues

- Equitable allocation of resources (funds)

Information

Houghlahans Creek Road extends from Teven Road (80m to the west of North Teven Road intersection) to the Shire boundary at Pearces Creek (north west) and its total length is 8.6 km.

There are currently two (2) unsealed segments (namely segments 80 and 130) located along Houghlahans Creek Road, refer Figure 1 attached to this report.

This report will present the results of an assessment undertaken for the recurrent maintenance costs of gravel (unsealed) roads that provides staff with a list of potential roads for prioritisation of the sealing of roads if funds were available to do so.

The report will also provide an estimate of cost to undertake the required road construction activities to facilitate the sealing of the remaining segments on Houghlahans Creek Road.

In March 2016 Council completed a pavement rehabilitation project for the sealed section of this road at a cost of $434,000.

<u>Policy Context</u>

Council's capital works funding for roads does not allocate funds to convert gravel road surfaces to bitumen. Council does have a dust sealing policy, which has allowed some resurfacing, however as explained further below, this is only possible on the very low traffic roads and is subject to certain financial circumstances.

There are several reasons why the Council does not have a program for the conversion of gravel roads to bitumen.

A gravel surface does provide a reasonable level of service for many rural roads. While a higher level of service might be desirable, it is typically not economically feasible to provide this level of service, based on the amount of funding available.

The sealing of a road typically requires a significant upgrade to the engineering standard of the road. For example, vehicle speeds on sealed roads are generally faster than on gravel roads and therefore an increase in travel lane widths is usually required. This will trigger road widening and new shoulder construction, and associated drainage works, meaning significant costs are involved.

Over time, Council has been able to seal the rural roads with more substantial traffic volumes.

While there has been a direction from the NSW Government in recent years under the Fit for Future reforms for councils to focus on the maintenance and renewal of existing assets, this is essentially a basic financial management principle, and this Council has been mindful of this need for more than 15 years.

In this regard Council's road program has been primarily dedicated to asset maintenance and renewal.

For the unsealed rural road network there is an annual maintenance regime that is applied to all roads to retain their level of service.

For the urban and rural sealed roads there is a pavement rehabilitation program, routine maintenance activities and a resealing program.

However, as highlighted to Council in the recent reporting in regard to the special rate variation, the annual expenditure for road maintenance and renewal is not sufficient to maintain our road assets at the preferred standard.

This means the asset renewal activities are usually completed at a point in time after the asset condition has deteriorated beyond the optimum economic time for the renewal treatment.

Therefore it is imperative that Council continue to focus on its asset renewal priority or it risks creating asset management liabilities for future generations.

Council has continued to invest in some road upgrade projects. However the economic case for these is different.

Council has a Section 94 Developer Contributions Plan for Roads which is intended to facilitate the mitigation of the impacts associated with population growth in the Shire.

While a substantial proportion of the works under this plan are developer funded, due to legislative provisions, Council also has obligations to fund a proportion of the works. However, the scale of the future contributions to be made by Council, create a significant pressure on the roads budget.

The other area where Council has invested in road upgrades is through applications to the Black Spot programs and other grant opportunities. These are important works as they target identified locations with crash histories.

Typically a relatively small contribution from Council has leveraged large grant opportunities. However to achieve this outcome, high traffic volumes and a poor accident history is required.

For example, the most recent projects funded this way, valued at many millions of dollars, have been the Angels Beach Drive/Links Avenue, Ross Lane/Coast Road and Skennars Road/Coast Road intersection projects.

The key point in the above discussion is to emphasise the works proposed under the resolution would represent a major change in policy and funding allocation direction for the Council. Therefore if Council was to change direction and fund a major upgrade to Houghlahans Creek Road, from a governance perspective, the Council should consider the unsealed surface network as a whole to ensure this road would represent the highest priority for funds.

This analysis should be extended beyond the unsealed network as the demands from residents for road upgrades generally are significant. Just one example is roads that provide evacuation routes for floods might be recognised as a higher priority for upgrade.

As well as service levels, Council needs to be mindful of risk. Table 5.1.2 in Council's adopted Road Asset Management Plan reports a large number of projects that have been identified from the Risk Management Plan 2015 as service deficiencies.

The projects in this list include roads with issues such as substandard alignment geometry, missing guard rail, traffic exceeding road capacity, and poor pavement condition.

<u>Maintenance Considerations</u>

To provide a more appropriate reporting mechanism for recurrent maintenance costs of unsealed roads, a review was conducted in 2015 which assessed the 'actual' costs accrued over the ten year period from 2004 to 2014. The costs were inclusive of labour, plant/machinery and material resources used throughout the course of undertaking the maintenance activities on each road.

To better quantify and understand the information, the total costs were averaged over the area (per square metre) for each road and year throughout the ten year period.

A ranking of the 10 most costly gravel roads is denoted in Table 1 below. The list is ranked from top to bottom with highest being at the top.

Table 1: Gravel Road recurrent maintenance costs

Road	Average $'s /m2/yr
Coverys Lane	2.72
Scanlon Lane	2.46
Ingrams Lane	2.29
Houghlahans Creek Road	2.29
Leadbeatters Lane	2.19
Whytes Lane	2.16
Rishworths Lane	2.16
Shaws Lane	2.14
Laws Lane	2.12
Grays Lane	2.09

Whilst the results in themselves provide a useful tool in assisting staff to better understand recurrent maintenance costs the results alone cannot be used to prioritise the 'sealing' of unsealed roads if surplus funds were available.

Importantly the figures do not consider the total costs associated with upgrading individual roads to an appropriate standard in the preparation for sealing.

In other words, whilst Houghlahans Creek Road is ranked equal third on the list for recurrent cost it is also considered to be the most expensive segment/s of gravel road to seal.

Indicative scope and cost to upgrade Houghlahans Road is provided later in this report.

It is also important to consider the ongoing maintenance costs of a sealed road, which are higher than that for an unsealed road when considered on a whole of life basis.

Figure 5.3.2.1 from Council's Road Asset Management Plan shows the costs for bituminous maintenance by wearing course age for rural and regional roads.

The price for a road with a 15 year old seal is slightly more than the rate above for the unsealed Houghlalans Creek Road, however the majority of Council's sealed roads are not resealed at this point in their life cycle and the costs increase significantly after that (for example from 0.25 $/m2/yr at 15 years to 0.4 $/m2/yr at 20 years).

Dust Seal Policy

A dust seal is a low cost technique which consists of a seal applied to the existing road configuration, with limited need for road drainage, road formation and road pavement reconstruction. A dust seal is usually most suitable for low traffic roads where the cost of a dust seal can offer maintenance savings, improved amenity and/or environmental outcomes.

A dust seal is a risk-based solution for locations where road works to standard engineering specifications are non-economic and the risk associated with the lower standard is considered reasonable.

Council has adopted a dust sealing program that allows for operational cost savings (achieved within the gravel road maintenance budget) to be used for the dust sealing of limited lengths of gravel roads.

At the time of creating the policy it was hoped that climatic conditions from time to time would allow staff to defer some maintenance activities and Council could reinvest the savings into the dust sealing program.

The reality has been it is very difficult to defer maintenance activities without causing complaints or having an impact on future maintenance costs.

Furthermore, the limited funds available for road maintenance and increasing costs in traffic control, roadside slashing and quarry products makes generating savings very problematic.

Therefore the only time we have been able to instigate works under the dust sealing program was in 2005 following a flood event.

The flood event was declared a natural disaster and the State Government funded restoration works meant there was a reduced demand for maintenance in that year, which was able to be used for some dust sealing projects.

The projects selected under that program were typically rural cul-de-sacs (rather than through roads) serving a few properties and some roads which were located in areas predominately serviced by sealed roads.

The unit rate maintenance cost for these roads was relatively high due to establishment costs and hence there was an economic reason to select these roads.

The dust seal policy also provides the community with an opportunity to voluntarily self-fund the dust sealing of roads adjacent to their property and there has been a few examples where we have been able to facilitate an outcome for residents under this part of the policy.

Whilst Houghlahans Creek Road has relatively low traffic volumes, due to the substantial scope of works required to prepare the road for sealing, in segment 130 in particular, staff do not consider the dust sealing to be appropriate in this instance.

<u>Road Construction (Seal preparation)</u>

Segment 80

The alignment of Segment 80 is typically straight and situated on flat terrain. Its total length is 285m with an average width of 5.2m. The works required to upgrade this section of the road would include but not limited to:

- Importing and placement of approximately 150mm of select road base material

- Upgrading of the adjoining causeway immediately south of segment 80
- Two coat bitumen seal.

An indicative cost to upgrade Segment 80 (in the absence of detailed design) is $140,000.

Segment 130

The alignment of Segment 130 is typically windy on steep terrain with a total length of 1.75 km (approx.) with an average width of 5.3m. To facilitate 'sealing' of this section of the road substantial preparation and ancillary works would be required including;

- Removal and replace of approximately 300mm of select road base material
- Shoulder widening
- Kerb and gutter works
- Drainage/culvert replacement and upgrade at least ten (10) locations varying in size from 375mm to 1200mm diameter
- Two Coat bitumen seal

An indicative cost to upgrade Segment 130 (in the absence of detailed design) is $1,340,000.

By way of context, the whole of the road renewal budget for 2017/18 as outlined in the next report in this agenda, under the recurrent works program is $2,833,100.

A culvert upgrade (twin 900mm) has been identified for replacement (Segment 130) and has been scheduled in the 2017/18 stormwater capital works program. These works were previously unscheduled, however our inspection program has identified these works as urgent and they have been recommended for inclusion in the Delivery Plan.

Letters to Council overtime seeking the upgrade of Houghlahans Creek Road discuss a number of issues in addition to the alignment problems costed above and these issues include soil erosion and road scouring.

From the perspective of staff, these issues are typical of the rural road context.

The preferred approach to deal with these issues over time is to respond to various maintenance and other interventions at specific locations where this possible. This allows these issues to be dealt with to the extent that is practical without the need for a whole upgrade.

Traffic Volumes

The average daily traffic counts as recorded in 2006 were 120 vehicles per day. With the level of development that has occurred since 2006 a 3% growth allowance has been applied with the forecast daily volumes is approximated at 165 vehicles per day.

Legal / Resource / Financial Implications

The indicative total cost to upgrade the unsealed sections of Houghlahans Creek Road such that the entire length of road is sealed is $1,480,000. This funding would absorb more than half of the total recurrent budget for road reconstruction works of $2.83m.

Consultation

No external consultation has been undertaken in the preparation of this report. A copy of this report has been sent to the residents who have written to Council recently regarding this issue.

Options

1. Maintain the Council's current direction in respect of asset maintenance and renewal, meaning Houghlahans Road is not considered further for a major capital upgrade.

2. Commit to undertake the Sealing of Segment 80 (including associated road and drainage works) at an estimated cost of $140,000.

3. Commit to undertake the Sealing of both Segments 80 and 130 at a total cost of $1,480,000.

For the reasons set out in the report, option one is recommended.

RECOMMENDATIONS

1. That based on the contents of this report Council confirms it will not include the sealing of Houghlahans Creek Road in the draft 2017/18 – 2020/21 Delivery and Operational Plan.

2. The reason for the decision in point one include:

    - The stewardship of Council's road assets means its programs are prioritised to the maintenance and renewal of existing road assets.
    - The costs are significant and would represent a major proportion of the available funding for roads across the whole Shire.
    - The Council has not adopted a prioritised works program for the sealing of rural roads and before Council could consider allocating funds to an individual road it is appropriate that Council consider the priority and costs for all possible candidate roads for such a program.
    - The Council has significant unfunded road priorities identified on the basis of risk and reported in its Road Asset Management Plan
    - The relative low traffic volumes mean it is not reasonable to upgrade this road relative to other priorities for Council's limited resources.
    - The unsealed road is maintained by Council under its annual program and this provides a reasonable level of service.

Attachment(s)

1. Houghlahans Creek Road Overview

4.7 Community Infrastructure - Recurrent Projects and Funding

Delivery Program Financial Services

Objective To outline the capital expenditure projects that are to be financed from recurrent revenue streams.

Council's long term financial plan (LTFP) has two types of 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 could be termed essential community infrastructure. Non-recurrent refers to items where capital expenditure funding is not required every year, however there are times when major injections of funding are needed (i.e. swimming pools).

This report deals with the recurrent funded items.

The recurrent funded budgets in the Council's draft General Fund LTFP are:

1. Stormwater / Drainage – Approximately $450,000 pa
2. Street Lighting – Approximately $50,000 pa
3. Footpaths / Shared Paths – Approximately $460,000 pa
4. Roads – Recurrent revenue funding of approximately $4m with this amount subject to change dependent on the use of other income sources such as loans, grant and Section 94 contributions for road works
5. Open Spaces, Parks and Reserves – Approximately $160,000 pa
6. Sports Fields – Approximately $160,000 pa
7. Public Amenities – Approximately $100,000 pa
8. Asset Management - Community Buildings – Approximately $2030,000 pa plus an additional $20,000 for equipment for the Community Centres (i.e. Lennox Head, Kentwell, Surf Club etc)

For each of these items a four year works plan is included in the Council's Delivery Program and Operational Plan, to identify the projects planned for the term of the Delivery Program.

The above figures exclude the Council's recent special rate variation (SRV) application and if that application is approved the following additional revenue will be available for infrastructure renewal projects:

Asset Class	2017/18	2018/19	2019/20	2020/21
Stormwater / Roads	389,600	711,100	1,174,300	1,203,600
Open Spaces and Sports Fields	0	270,000	480,000	492,000
Community Buildings		150,000	280,000	287,000
Total	**389,600**	**1,131,100**	**1,934,300**	**1,982,600**

The Council's SRV application has been written to allow these funds to be redistributed within each of the asset classes, dependent on the works program. The key issue is that this funding must be expended on asset renewal works.

4.7 Community Infrastructure - Recurrent Projects and Funding

The report that follows outlines the priorities for the allocation of the recurrent funding, along with the special rate variation monies, for inclusion in the Council draft 2017/18 Delivery Program and Operational Plan.

Key Issues

- Program priorities

Information

From a financial management perspective it is paramount that a council efficiently manages and minimises its operating expenses so as to maximise the funding available for capital works.

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 asset failures.

It is also important that a council focuses, as the first priority for capital expenditure, on asset renewal, rather than expanding its asset base, as we need to have adequate funds to maintain our existing assets before building new facilities.

In respect to the current levels of recurrent funding the proposed works program for the next four years is as follows.

Stormwater - Manager - Paul Busmanis

Item	*2017/18*	*2018/19*	*2019/20*	*2020/21*
Stormwater (excluding SRV)	**456,000**	**474,000**	**493,000**	**506,000**
Asset Data Collection	61,000	62,000	63,000	64000
Urban Stormwater Management Plan	22,000	23,000	24,000	25000
Tanamera Drive, Alstonville	42,000	43,000	44,000	45000
Grant Street, Ballina	80,000			
Martin Street (River Street to Richmond River)		85,000		
Kerr Street, Ballina	120,000			
Houghlahans Creek Road Culverts	78,000			
Moon Street, Ballina (Tamar Street to Holden Lane)		80,000		
Henry Philp Avenue, Ballina		32,000	23,000	
Williams Reserve, Lennox Head			40,000	
Compton Drive, Ballina		85,000		
Kingsford Smith Drive, Ballina			90,000	
River Street, Ballina				45000
Skinner Street, Ballina Tide Gates	10,000			
Rutherford Street and Tresise Place, Lennox		10,000	132,000	
Tide Gates to Urban Streets	21,000	30,000	53,000	54000
Urban Lanes	22,000	24,000	24,000	25000
Fox Street, Ballina				75000
Owen Street, Ballina				90,000
Moon Street, Ballina				83,000

4.7 Community Infrastructure - Recurrent Projects and Funding

Item	*2017/18*	*2018/19*	*2019/20*	*2020/21*
Stormwater (including SRV)	**456,000**	**474,000**	**767,300**	**809,600**
Asset Data Collection	61,000	62,000	63,000	64000
Urban Stormwater Management Plan	22,000	23,000	24,000	25000
Tanamera Drive, Alstonville	42,000	43,000	44,000	45000
Grant Street, Ballina	80,000			
Martin Street (River Street to Richmond River)		85,000		
Kerr Street, Ballina	120,000			
Houghlahans Creek Road culverts	78,000			
Moon Street, Ballina (Tamar Street to Holden Lane)		80,000		
Henry Philp Avenue, Ballina		32,000	23,000	
Williams Reserve, Lennox Head			40,000	
Compton Drive, Ballina		85,000		
Kingsford Smith Drive, Ballina			90,000	
River Street, Ballina				45000
Skinner Street, Ballina Tide Gates	10,000			
Rutherford Street and Tresise Place, Lennox Head		10,000	132,000	
Tide Gates to Urban Streets	21,000	30,000	53,000	54000
Urban Lanes	22,000	24,000	24,000	25000
Fox Street, Ballina			75,000	
Owen Street, Ballina			90,000	
Moon Street, Ballina			109,300	40,000
Grant Street, Ballina				60,000
Martin Street, Ballina				200,000
Hickey Street, Ballina				251,600

<u>Ancillary Transport Services - Manager – Paul Busmanis</u>

Item	*2017/18*	*2018/19*	*2019/20*	*2020/21*
Street Lighting	**49,000**	**51,000**	**53,000**	**54,000**
River Street, West Ballina	30,000			
Sheather Street, Ballina			4,000	
Convair Avenue, North Ballina				4,000
De Havilland Crescent, North Ballina				28,000
Piper Drive, North Ballina				10,000
Ceretto Circuit, Wollongbar	19,000			
Quays Drive, West Ballina				5,000
Daydream Avenue/Sunnybank Drive				7,000
Lighthouse Parade, East Ballina		51,000	49,000	

<u>Ancillary Transport Services - Manager – Paul Busmanis (cont'd)</u>

Item	*2017/18*	*2018/19*	*2019/20*	*2020/21*
Footpaths and Shared Paths	**366,000**	**459,000**	**477,000**	**489,000**
Sneaths Road, Wollongbar	92,000			
Pine Avenue, East Ballina	40,000			
Chickiba Drive / Links Avenue, East Ballina	25,000			
Burnet Street, Ballina	147,000			
Alston Avenue, Alstonville	30,000			
Hill Street, East Ballina - refuge	15,000			
Smith Lane / Rubiton St, Wollongbar		35,000		
Chickiba Drive, East Ballina	17,000	83,000		
Manly Street, East Ballina		25,000		
Hill Street, East Ballina		30,000		
Freeborn Place, Alstonville		15,000		
Parkland Drive, Alstonville		15,000		
Owen Street, Ballina		130,000		
Skinner Street, Ballina		46,000	24,000	

Footpaths (continued)	*2017/18*	*2018/19*	*2019/20*	*2020/21*
Fripp Oval , Ballina - renewal		40,000		
South Street, Alstonville - renewal		20,000		
Main Street, Alstonville - renewal		20,000		
Cawarra Street, Ballina			40,000	
Greenfield Road, Lennox Head			45,000	
Kingsford Smith Drive, Ballina - renewal			30,000	
Compton Drive, East Ballina			38,000	
Commemoration Park - renewal			150,000	
Angels Beach Drive, Ballina - renewal			150,000	
Teven Road, Alstonville				170,000
Jameson Ave, East Ballina				90,000
Ferngrove Drive, North Ballina				50,000
Gibbon Street, Lennox Head				30,000
Montwood Drive, Lennox Head				149,000

In addition to this an allowance of $1.7m will be made available for the Coastal Shared Path from Skennars Head Road to Pat Morton, funded 50% grant and 50% internal reserve.

<u>Roads and Bridges - Manager - Paul Busmanis</u>

Item	*2017/18*	*2018/19*	*2019/20*	*2020/21*
Road Reconstruction Program				
Tamar Street seg 30	146,000			
Pimlico Road seg 40	166,000			
River Drive seg 90	142,000			
Fernleigh Road seg 10	243,000			
Links Avenue seg 60	318,000			
Marom Creek Road seg 130	272,000			
Bagotville Road seg 50	321,100			
Cherry St seg 220-230	250,000			
River Drive seg 140	305,000	251,000		
Wardell Road seg 70	350,000	176,000		
Northumberland Drive seg 10	320,000	247,000		
Perry Street seg 10		59,000		
Bagotville Road seg 30&32		330,000		
Regatta Avenue seg 30		86,000		
Wardell Road seg 80		137,000		
Fernleigh Road seg 70		180,000		
Burnet Street seg 80		89,000		
Pimlico Road seg 110		296,000		
Teven Road seg 70		334,000		
Simmons Street seg 20		116,000		134,000
Chickiba Drive seg 10-20/30		180,000	189,000	
Riverbank Road seg 50		218,000	205,000	
Corks Lane seg 10-30			250,000	
River Drive seg 130			255,000	
Gibbon Street seg 20			89,000	
Fawcett Street seg 10			77,000	
Skinner Street seg 30			64,000	
Crane Street seg 70			290,000	
Swift Street seg 30			105,000	
Winton Lane seg 40			138,000	
Barlows Road seg 20			167,000	
Brunswick Street seg 20			84,000	
Burnet Street seg 50			199,000	

Roads (continued)	***2017/18***	***2018/19***	***2019/20***	***2020/21***
South Ballina Beach Road seg 60			197,000	138,000
Fernleigh Road seg 80			300,000	300,000
Teven Road seg 58-60			270,000	258,000
Martin Street seg 150				125,000
Teven Road seg 10				187,000
North Creek Road seg 50				133,000
Bagotville road (Barrage)				189,000
River Drive seg 10-30				263,000
Pimlico Road seg 20				120,000
Eltham Road seg 10				162,000
Uralba Road seg 70				130,000
North Creek Road seg 10				189,000
Links Avenue seg 70				108,000
Kays Lane seg 20				380,700
Wilson Street seg 10				109,000
Uralba Road seg 40				171,000
Johnson Drive seg 10				159,000
Byron Street seg 20				132,000
Sub Total	**2,833,100**	**2,699,000**	**2,879,000**	**3,387,700**
This sub total is funded from:				
Council Revenue	1,933,100	2,025,000	2,060,000	2,551,000
Regional Roads Grant	0	182,000	185,000	190,000
Roads to Recovery Grant	900,000	492,000	634,000	646,700
Sub Total	**2,833,100**	**2,699,000**	**2,879,000**	**3,387,700**

Item	***2017/18***	***2018/19***	***2019/20***	***2020/21***
Road Reconstruction Program (including SRV)				
Tamar Street seg 30	146,000			
Pimlico Road seg 40	166,000			
Fernleigh Road seg 10	243,000			
Links Avenue seg 60	318,000			
Marom Creek Road seg 130	272,000			
Bagotville Road seg 50	321,000			
Cherry St seg 220-230	250,000			
River Drive seg 90	142,000			
Burnet Street seg 80	89,000			
Fernleigh Road seg 70	180,000			
Simmons Street seg 20	116,000			134,000
Northumberland Drive seg 10	320,000	247,000		
Wardell Road seg 70	350,000	176,000		
River Drive seg 140	309,700	245,000		
Perry Street seg 10		59,000		
Wardell Road seg 80		137,000		
Regatta Avenue seg 30		86,000		
Bagotville Road seg 30&32		331,000		
Gibbon Street seg 20		89,000		
Pimlico Road seg 110		296,000		
Teven Road seg 70		335,000		
Martin Street seg 150		125,000		
Crane Street seg 70		290,000		
Chickiba Drive seg 10-20&p30		180,000	189,000	
Riverbank Road seg 50		214,000	208,000	
Winton Lane seg 40			138,000	
Fawcett Street seg 10			77,000	
Skinner Street seg 30			64,000	
Swift Street seg 30			105,000	
Brunswick Street seg 20			84,000	
Burnet Street seg 50			199,000	
Barlows Road seg 20			167,000	
Gibbon Street seg 10			104,000	

Roads (continued)	***2017/18***	***2018/19***	***2019/20***	***2020/21***
Corks Lane seg 10-30			250,000	
River Drive seg 130			255,000	
Fernleigh Road seg 80			300,000	300,000
Teven Road seg 58-60			268,000	220,000
Kays Lane seg 20			190,000	191,000
South Ballina Beach Road seg 60			197,000	138,000
Johnson Drive seg 10			155,000	156,000
Uralba Road seg 40			229,000	160,000
Fawcett Street seg 10				176,000
North Creek Road seg 10				189,000
North Creek Road seg 50				133,000
Bagotville road (Barrage)				189,000
River Drive seg 10-30				263,000
Pimlico Road seg 20				120,000
Eltham Road seg 10				162,000
Uralba Road seg 70				130,000
Winton Lane seg 20				168,000
Links Avenue seg 70				108,000
Wilson Street seg 10				109,000
Byron Street seg 20				131,000
Smith Drive seg 20				194,000
Old Pacific Highway seg 20				122,000
Martin Street seg 10				194,700
Sub Total	**3,222,700**	**2,810,000**	**3,179,000**	**3,687,700**

This sub total is funded from:

Council Revenue	1,933,100	2,025,000	2,060,000	2,551,000
Regional Roads Grant	0	182,000	185,000	190,000
Roads to Recovery Grants	900,000	492,000	634,000	646,700
Special Rate Variation	389,600	111,000	300,000	300,000
Sub Total	**3,222,700**	**2,810,000**	**3,179,000**	**3,687,700**

Resealing Program and Heavy Patching (Revenue funded plus SRV)

Urban Roads - Bitumen Reseals	324,000	337,000	350,000	359,000
Rural Roads - Bitumen Reseals	314,000	327,000	340,000	349,000
Urban Roads - Heavy Patching	342,000	356,000	370,000	379,000
Rural Roads - Heavy Patching	175,000	182,000	189,000	194,000
Special Rate Variation	0	600,000	600,000	600,000

A large component of the special rate variation funds will be expended by increasing the resealing and heavy patching programs.

Open Spaces - Manager – Cheyne Willebrands

Item	***2017/18***	***2018/19***	***2019/20***	***2020/21***
Playgrounds Totals	**168,000**	**175,000**	**182,000**	**187,000**

Council has adopted a playground improvement program, however the exact timing of specific works remains unclear.

Sports Fields Totals	**168,000**	**175,000**	**182,000**	**187,000**
Saunders Oval Lighting	148,000			
Ballina Tennis Club	20,000			
Pacific Pines Lighting		175,000		
Crawford Park Lighting			182,000	
Williams Reserve Lighting				187,000
Open Spaces and Sports Fields (SRV to be allocated)		270,000	480,000	492,000

Asset Management – Tony Partridge

Item	*2017/18*	*2018/19*	*2019/20*	*2020/21*
Public Amenities	**104,000**	**108,000**	**112,000**	**115,000**
North Missingham (Rebuild)	104,000			
Kerr St Toilets (Rebuild/Reconfigure)		108,000		
Wardell Public Amenities Rebuild Adjacent to Tennis Courts			112,000	
Lennox Head Main Beach				115,000

Community Buildings and Halls

Item	Description	2017/18	2018/19	2019/20	2020/21
Lennox Comm Centre	External Painting Program	25,000	25,000	25,000	25,000
Lennox Comm Centre	External Cladding and Internal Rust Repairs	102,000		48,000	50,000
Lennox Comm Centre	AC Unit Replacements				144,000
Ballina Surf Club	External Painting Program	25,000	25,000	25,000	25,000
Ballina Surf Club	Internal Painting and Floor Surfaces		50,000		
Kentwell Centre	Internal / External Painting Program	12,000	12,000	12,000	12,000
Kentwell Centre	AC Unit Replacements				73,000
Ballina Library / VIC/ Richmond Room	External Repaint				80,000
ALEC	External / Internal Building Modification's			280,000	250,000
Shelley Beach Surf Club	Exterior Finishing		40,000		
Lennox Comm Centre	External Painting Program	25,000	25,000	25,000	25,000
Wollongbar Hall	Repairs / Repaint		48,000		
Newrybar Hall	Repaint		48,000		
Community Gallery	Repaint			15,000	
60 Crane St	External Repairs / Repaint			13,000	
Naval Museum	Exterior Repaint / Public Toilet Update			50,000	
Alstonville Pool	Building Repaint / Change Room Repairs	40,000			
Animal Shelter	Repaint			20,000	
Administration Centre	External Repaint				80,000
71 Tamar St	External Repaint				15,000
Works Depot	Amenity / Archive Building - Painting				37,000
Old Library Building 42 Cherry St	External Repairs/Repaint		20,000		
Waste Centre Main Building	Internal / External Painting and Repairs		130,000		
Totals		**204,000**	**398,000**	**488,000**	**791,000**

The items marked in green are to be funded if Council's SRV is approved. Also in 2020/21 there is a dividend of $200,000 from Council's Property Development Reserve contributing to this program. This funding will only be available if forecast property sales proceed.

Legal / Resource / Financial Implications

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

The funds allocated may vary slightly as the budget is finalised, however the report provides an overview of the works priority as planned.

Consultation

The priorities endorsed by Council will be exhibited for public comment as part of the draft 2017/18 Delivery Program and Operational Plan.

Options

The options available relate to the timing of the works identified in the report along with the priorities, with Councillors able to amend priorities based on what may be considered higher priorities. For example Wardell constituents consistently criticize Council for inadequate works in that township.

The attachment to this report is an early submission from the Wardell Progress Association in respect to the proposed works program. In that submission they are asking for Byron Street, East Wardell to be included in the road reconstruction program. It is currently not in the list.

Pleasingly a rebuild of Wardell Toilets is included in 2019/20.

The other two matters are operational matters that can be dealt with at a staff level.

Ultimately it is a matter for Councillors to confirm the priority for works.

The recommendation is to endorse the information as included in the report as the priorities represent adopted programs or the latest assessments from technical staff.

RECOMMENDATION

That Council include in the draft 2017/18 Delivery Program and Operational Plan the recurrent capital work priorities as outlined in this report.

Attachment(s)

1. Submission Wardell and District Progress Association
2. Document referred to in the submission

4.8 Long Term Financial Plan - General Fund

Delivery Program	Financial Services
Objective	To provide an overview of the financial situation of the General Fund.

Background

Council's finances are based on three main funds, being the General Fund, Water Fund and Wastewater Fund.

The Water and Wastewater Funds are operated as standalone entities with any revenues sourced from water and wastewater charges having to be expended on water and wastewater activities and functions.

The benefit these funds have is that increases in their major income sources (access and consumption charges) are not restricted by legislation. Therefore they can respond fairly quickly to changes in costs.

The General Fund includes every other activity of Council, many of which are operated at a net cost to the community (roads, open spaces etc). The major income source of the General Fund, being rate income, is restricted by rate pegging limits.

The General Fund is constantly under financial pressure as the demand for services far outstrips revenue.

The annual budget for the General Fund is targeted at achieving a close to breakeven result for the working capital of the Fund.

Working capital is a measure of short term liquidity and Council needs to ensure that sufficient working capital is available to finance day to day operations.

The current General Fund working capital balance is approximately $3m and this is a reasonable balance for the size of the General Fund (turnover of around $50m to $60m).

The General Fund budget is still being prepared and the intention is to submit the draft document to the April 2017 Finance Committee meeting.

However with a new Council elected it is important that Councillors have an opportunity to identify any changes to existing programs.

This report provides that opportunity while at the same time highlighting the financial position of the General Fund.

Key Issues

- Structure of budget
- Forecast working capital deficit
- Possible service changes

4.8 Long Term Financial Plan - General Fund

Information

In managing a Council's finances one of the key objectives is to maximize the cash operating surplus, with those surplus funds then invested into capital activities such as asset expenditure, loan principal repayments and transfers to reserve for future activities.

The attachment to this report is an extract from Council's Long Term Financial Plan (LTFP) relating to the General Fund activities.

The document consists of five main sections:

Part A – Provides an overview of the forecast results, from an operating result and working capital perspective.

Part B – Provides the operating revenues and expenses for each of the General Fund programs.

Part C – Provides a summary of the capital expenditure planned, along with how that expenditure is funded.

Part D – Provides a summary of capital income items and movements in Section 94 contributions.

Part E – Outlines the transfers to and from the reserves held within the General Fund.

This extract is still early in the preparation process and there are many budget requests relating to staffing levels, capital works etc that have not been considered or included in the draft document. A number of the recommendations from reports elsewhere in this agenda have also not yet been included in the draft document.

Nevertheless the document is still useful in providing an overview of the financial position of the General Fund, along with information on how revenues and expenses are distributed across programs.

The current forecast operating results, and working capital movements, as per page three of the document are as follows:

Table One - Forecast General Fund Operating Result ($'000)

Year	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Operating Revs	54,741	52,029	54,265	56,326	57,888	59,317	60,755	62,439	63,997	65,633
Operating Exps	55,105	52,695	54,137	55,646	56,948	58,206	59,153	60,425	61,857	62,895
Result (Deficit)	**(364)**	**(666)**	**128**	**680**	**940**	**1,111**	**1,601**	**2,013**	**2,140**	**2,738**
Result Ex Dep	**13,262**	**13,503**	**13,775**	**14,119**	**14,374**	**14,664**	**14,959**	**15,259**	**15,566**	**15,880**
WC Result	68	(182)	(337)	(395)	(438)	(307)	(234)	(41)	(15)	(5)
WC Balance	**3,103**	**2,921**	**2,584**	**2,189**	**1,752**	**1,445**	**1,210**	**1,169**	**1,154**	**1,149**

Key points from this summary are:

1. The Operating Result, inclusive of depreciation, is forecast to be in surplus from 2018/19 onwards. This is one of the key benchmarks for the Fit for the Future Program, with this forecast assuming Council's special rate variation is approved.

2. The Working Capital (WC) forecasts are largely in deficit, meaning that cash savings need to be made in recurrent programs or capital works, otherwise the WC balance reduces to an unsatisfactory balance.

This second point is important, as the forecast working capital deficit for 2017/18 is $182,000 which is close to the maximum deficit, that could be deemed as acceptable, with that deficit then increasing in future years.

Once of the major reasons for the deficit increasing in 2018/19 and 2019/20 is due to the future operation of the Ballina Indoor Sports Stadium, which is anticipated to operate at a loss.

The forecast working capital result for 2017/18 has deteriorated compared to 2016/17 largely due to forecast reductions in building fees, as the last two years have been extraordinarily high. Whether this will continue is debatable.

Also in recent meetings, Council has approved expenditure of $50,000 on a Significant Tree Register in 2017/18, along with expanding the road network maintenance program. These types of decisions only place further pressure on the General Fund.

Ideally Councillors need to identify savings in existing programs to reduce the forecast deficits.

From a staff perspective savings could be made, however whether those decisions are politically acceptable may be debatable.

The Council budget can often be dissected between essential services (e.g. road maintenance, parks etc) and discretionary services (e.g. tourism, event funding). In order to make significant savings in the budget discretionary services would need to be substantially reduced.

Even with the current forecast deficits, examples of requests from staff that have not yet been included in the draft budget include items such as:

- Environmental Health - legal expenses to be increased from $5,000 to $20,000 to reflect recent expenditure trends

- Building Services - legal expenses to be increased from $10,000 to $20,000

- Support Operations - A number of highly desirable increases to maintenance budgets include (but not limited to) exterior cleaning, paint touch-ups/rust rectifications, AC system maintenance and solar inspections along with:

    - extra $17,500 for Depot No 1 buildings
    - extra $57,000 for various community buildings
    - extra $15,000 for open spaces buildings vandalism
    - extra $30,000 for public toilets maintenance

- Engineering Works – requesting a substantial increase in the roads maintenance budgets based on current expenditure trends

- Numerous requests for additional staff including planners, building surveyors, rating staff etc

This again reinforces the financial pressures on the General Fund.

Ideally it would be good for Councillors to review the draft budget, as it currently stands, and identify areas where savings could be achieved, or areas where there is a preference for additional expenditure. That feedback would then assist in the preparation of the draft budget for the April 2017 Finance Committee meeting.

The attached document does not include a large part of the commentary that is normally provided with the final document, however the financial information provides a reasonable guide in respect to costs, revenues etc.

Legal / Resource / Financial Implications

As outlined in the information section of this report.

Consultation

The purpose of this report is seek feedback from Councillors on the direction of the General Fund budget.

Options

This is a brief report to generate discussion on the General Fund budget and to highlight the recurrent funding pressures.

The report is for noting only, however if Councillors wish to see budgets changed, deleted or included, that direction should be provided in the final resolution, as that information will help formulate the report to the April 2017 Finance Committee meeting.

RECOMMENDATION

That Council notes the contents of this interim update on the Long Term Financial Plan for the General Fund.

Attachment(s)

1. Extract from Long Term Financial Plan - Draft General Fund Budget (Under separate cover)

4.9 Public Reserve Management Fund - Applications

Delivery Program	Governance and Finance
Objective	To confirm the priority projects to apply for Public Reserve Management Funding for 2017/18

Background

NSW Crown Lands have advised that the Public Reserve Management Fund (PRMF) program is now open and applications close on Friday 24 March 2017. A copy of the Minister's announcement is attached.

The PRMF provides funds for improvements on crown reserves, with both maintenance and capital related works eligible. Further details on the program are available on the web site as per the attachment; i.e.

http://www.crownland.nsw.gov.au/crown_lands/crown_reserves/funding/PRMFP

Council has had reasonable success with this program with recent grants obtained including:

2016/17 Program

$95,000 – Shaws Bay Management Plan related works

2015/16 Program

Nil

2014/15 Program

$200,000 – Contribution towards construction of Coastal Shared Pathway
$350,000 – Contribution towards Marine Rescue Tower
$150,000 – Infrastructure works for Lake Ainsworth

2013/14 Program

$100,000 – Contribution towards construction of Coastal Shared Pathway

Council did not actually submit an application for the $350,000 for the Marine Rescue Tower, and from all reports the approval of that funding had more to do with the influence of the local member at that time, Mr Don Page. As a general rule it is felt that grants up to $100,000 are more likely to be approved, albeit there are examples in the above list higher than that amount.

The purpose of this report is to obtain Council confirmation of the works to be submitted as grant applications for 2017/18.

Key Issues

- Priority projects

4.9 Public Reserve Management Fund - Applications

Information

A number of possible projects have been identified for this program with the preferred list of projects as follows:

PRMF 2017/18 – Application Priorities ($)

Title	Application Estimate	Description
Capital Projects		
Saunders Oval – Sports Field Lighting	80,000	This project is currently included in the Council 2017/18 works program at an estimated cost of $148,000. The securing of grant funds would allow those monies to then be allocated to other projects.
Coastal Walk	150,000	The Coastal Walk from Sharpes Beach to Pat Morton is not funded in Council's long term financial plan. This is the type of project that can be completed in segments, as the walk already exists, albeit that it is not formalised. Council has had success with PRMF funding for the Coastal Recreational Path and the walk might also possibly be supported by Crown Lands. The application may include matching funds from Council, to increase its chances of success. Those funds would need to be sourced through the deferral of other projects, if the application was successful.
Operational Projects		
Weed control – Williams Reserve	20,000	Projects of this nature are often supported through the PRMF.
Community Projects		
Fripp Oval Fencing	Uncertain	Ballina Cricket Club has asked for Council support for their application.
Ballina Tennis Club Extension	Uncertain	Ballina Tennis Club has asked for Council support for their application. The estimate for this project is approximately $180,000.

In respect to the community projects, there have been two community groups asking for Council approval for the applications they will be submitting on behalf of their groups.

The PRMF guidelines now require councils to take responsibility for the oversight of works approved for community groups. This means that Council staff will need to be actively involved in the delivery of those projects if funding is approved.

Legal / Resource / Financial Implications

Any grant funds obtained assist in delivering important community projects.

Consultation

The projects listed represents items sourced from various programs within Council.

Options

The options are to support the projects listed or amend.

This is considered to be a reasonable balance of projects for 2017/18, recognising that PRMF monies are limited and the recommendation supports this approach.

RECOMMENDATION

That Council approves the following list of projects to be submitted as applications for the 2017/18 Public Reserve Management Fund, as detailed within this report.

Council Projects
Saunders Oval – Sports Field Lighting
Coastal Walk
Weed control – Williams Reserve

Community Projects
Fripp Oval Fencing
Ballina Tennis Club Extension

Attachment(s)

1. PRMF 2017/18 Announcement

4.10 Kerbside Bulky Waste Collection - Assessment

Delivery Program	Waste Management
Objective	To provide information on the implementation of a limited bulky waste kerbside collection and/or drop off service.

Background

At the 24 November 2016 Ordinary meeting, in response to a notice of motion, Council resolved (in part) as follows:

Resolution 241116/37

That Council receive a report, to be considered during the preparation of the draft 2017/18 Delivery Program, which investigates the implementation and costing of an annual system of (i) kerbside bulky waste pick-up and (ii) free tip drop-off tickets.

The resolution also called for the report to respond to a model proposed in the notice of motion. A copy of the full text of the resolution is provided in attachment one.

The following report addresses the above resolution.

Key Issues

- Providing a user-friendly service for bulky waste
- Minimising collection and administration costs
- Maximising resource recovery and reducing waste disposal to landfill
- Identifying and managing key risks.

Information

The purpose of this report is to provide information on the options available to Council to assist residents to dispose of bulky waste. The report examines both options for kerbside collections and options for a tip voucher system for use at the waste management centre.

Overview of Kerbside Collection Programs

- Traditional kerbside clean-up services have included one or more collections of a set quantity of waste per annum
- Waste items are manually loaded into a rear loading truck with compaction to maximise payloads
- Services are provided by area, with residents being provided with advance notice supported by advertising
- Waste collected via kerbside systems cannot be recycled. Some kerbside systems have provided a separate collection for scrap metal to reduce the amount of waste to landfill

- Significant problems have arisen with area based collections, including illegal dumping and the inability to control the volume, timing and type of waste put out
- The main community concerns include the unsightliness of piles of waste being left on the kerb for up to a week, illegal dumping, and the dispersion of waste caused by others rummaging through waste piles
- Kerbside collections in rural areas can be problematic as roads and verges are generally too narrow for safe storage and collection
- Average participation rates in our region are in the order of 50-60%, although typically participation declines over time following the introduction of a service.
- Where ongoing problems have occurred, some councils have phased out Shire wide collections and replaced them with a pre-booked collection service or a voucher system.

Overview of Voucher Systems

- Vouchers are provided that entitle the holder to free or subsidised disposal at a waste management facility
- Vouchers take various forms, including the official rates notice and numbered vouchers
- Voucher systems require robust security features so vouchers cannot be duplicated as there are numerous examples where this has occurred
- Vouchers have generally been issued with rates notices. This creates a significant problem for renters, who have an expectation of being entitled to free or subsidised disposal. Some councils have implemented a system where renters can obtain vouchers on request, however this increases administration and disposal costs
- The cost of administration of voucher systems can be significant due to the need to produce and distribute unique vouchers that cannot be copied, and to ensure that the issuing of vouchers is tightly controlled
- Voucher systems provide a lower level of service than kerbside systems as they are not suited to residents who cannot physically manage bulky items or do not have a suitable vehicle to take the waste to the waste management centre
- Participation rates with voucher systems vary. Byron Shire has an average uptake of 16%. Average participation rates are generally less than 50%
- Numerous Councils have implemented on-line systems to reduce administration costs, improve customer service and control duplication of vouchers.

Proposed Services Arrangements

Council staff have reviewed the information provided as part of resolution 241116/37 and also undertaken a review of a number of existing kerbside and voucher systems across NSW.

Given the considerable problems with illegal dumping and the inability to safely service rural areas, a traditional area based kerbside collection program has not been considered.

Due to administration costs and misuse via duplication of vouchers, a traditional paper based voucher system has not been considered.

The two service options recommended for consideration include a pre-booked kerbside collection program, and an electronic voucher system.

Only residential properties that receive a garbage collection service will be eligible to utilise the voucher system (currently approximately 16,200 services). This service is not provided for vacant allotment clearing, commercial or trade waste, or general farm clean-ups.

Option 1 Pre-booked Kerbside Bulky Pickup Service

The kerbside bulky waste pickup service is based on the following model:

- The kerbside pickup service is limited to one collection per financial year per residence
- The proposed co-payment is $40 per collection or $20 per pensioner collection, to be paid through the Council office
- Once payment is received, a collection day will be arranged with our designated contractor
- Collection quantities will be limited to a maximum of 2 m^3 or 150 kg
- Single items must not exceed 1.8 m in length and must be easily lifted by two persons
- An information sheet will be provided to residents to clarify what will be collected
- Accept household items only such as:
  - furniture
  - small white goods (eg washing machine, dryer, bar fridge)
  - electrical appliances
- A list of items not accepted to be developed, which will include:
  - asbestos
  - builder's waste
  - bulk motor vehicle parts
  - liquid waste
  - green waste
  - household garbage
  - tyres
  - commercial, industrial or farm waste
  - hazardous waste (e.g. chemicals, paints, batteries)
- Any material placed on the kerbside without a co-payment service booking, or placed after the material has been collected will be treated as illegally dumped and appropriate compliance action will be taken.

Option 2 Free tip drop-off voucher

The free tip drop-off voucher is based on the following model:

- Provision of one free tip voucher per residence for the disposal of up to 2 m^3 or 150 kg of permitted waste per financial year
- A unique bar coded voucher will be available per household by applying online. People without internet access or an email address can obtain a waste voucher by visiting the Council office. Provisions will exist to allow tenants to participate in the scheme
- Restrictions will be placed on what materials can be disposed ie
  - no liquid or asbestos waste

  - o no chemicals
  - o no building materials or
  - o tyres
- An information sheet will be provided to residents to clarify what is acceptable material, and
- All material brought to the Ballina Waste Management transfer station must be disposed in accordance with waste separation requirements.

Comparison of Pre-booked Kerbside Collection and Voucher Systems

Selection criteria (listed below) have been developed to assist Council in determining its preferred service model for bulky waste.

- Provides assistance for residents that do not have a suitable vehicle to transport bulky waste
- Minimises storage of waste at the kerb reducing illegal dumping and other impacts
- Minimises collection costs per household
- Minimises administration costs
- Maximising resource recovery and reducing waste disposal to landfill
- Minimises financial, environmental and operational risks
- Provides access for both ratepayers and tenants

A comparison of the two collection systems against the key objectives is provided below.

Criteria	Kerbside Collection	Voucher System
Assist residents without a suitable vehicle to transport bulky waste	Convenient kerbside service	Residents are required to transport their waste. Council can provide free trailer hire to assist those without a suitable vehicle
Minimises storage of waste at the kerb	Pre-booked system minimises time at the kerb, however some dumping problems would be expected	Does not require kerbside storage
Minimises collection costs	Council funds collection	No collection costs
Minimises administration costs	Additional costs of managing logistics of pre-booked collections to be borne by Council	An online portal and electronic voucher system would minimise administration costs
Maximising resource recovery and reducing waste disposal to landfill	Very difficult and cost prohibitive to separate waste under the typical contractor model. Majority of waste will require disposal.	Condition of participation in voucher system to keep wastes separate from reusable or recyclable material to reduce disposal costs.
Minimises financial, environmental and operational risks	Some inherent risks with placement of waste on public land. Pre-booked collections mitigates significant risks	Unique barcoded vouchers can prevent duplication of vouchers and control costs. Activities at the waste management centre can be controlled to manage risks
Provides access for both ratepayers and tenants	The kerbside pickup system would be available to urban service areas	The proposed voucher program (used by Lismore Council) demonstrates that a

Criteria	Kerbside Collection	Voucher System
	only	workable booking system that provides access for both ratepayers and renters can be developed
Minimises the resource requirements at the waste management centre	Existing systems are in place for management of bulk loads. Some additional resources will be required for load out of waste for disposal	Marginal increase in self haul customers however more resource intensive to inspect loads and dispose of more bulky waste.

State and Regional Snapshot

Most Sydney Metropolitan Councils and the surrounding councils such as Wollongong, Central Coast, Blue Mountains and Lithgow provide usually two pre-booked collection services per year.

All bulky waste services had similar constraints on what material was eligible for collection including size and maximum volume.

Neighbouring Council Comparison

The following Table summarises the range of bulky waste collection services provided by neighbouring Councils.

Council	Service provided	Specifics
Byron Shire Council	1 free drop off at the landfill per year (show rates notice)	150 kg of waste or up to 500 kg of garden waste
Clarence Valley Council	1 annual Household Council Collection service	2 m^3 per household. Significant problems controlling the volume and type of waste put out.
Kyogle Council	No service	N/A
Lismore City Council	• 3 vouchers per year per household • Courtesy trailer available • Pick up service available for a fee	Maximum volumes of: • 200 kg of mixed general waste (not sortable) • 333 kg of self-sort waste (50% recoverable) • 714 kg of green waste • 1.6 tonne of scrap steel • One gassed whitegood or two un-gassed whitegoods • Five car/4x4 tyres or one truck tyre
Richmond Valley Council	No service	N/A
Tweed Shire Council	• Last kerbside clean up in May 2017 • Will be switching to 2 on-call clean-ups per year	Max 1 m^3 per clean-up

Legal / Resource / Financial Implications

Legal Implications
The NSW EPA (2014) *NSW Waste Avoidance and Resource Recovery Strategy, 2014–21* sets out a number of key strategies to reduce waste. Councils and achieve target rates by 2021-22. The key strategies that are relevant to this report include:

- Increase recycling rates for municipal solid waste to 70%
- Increase the waste to be diverted from landfill to 75%; and
- Reduce illegal dumping

To achieve the required resource recovery targets set by the NSW Government, some form of waste sorting will be required.

The NSW EPA have outlined a range of proposed reforms that will have significant impacts on all waste streams, especially with the proposed repeal of the proximity principle for transported waste.

Currently, Ballina Shire's waste can be transported lawfully to Queensland as we are located within 150 kilometres of the NSW border. The transported waste levy is charged to all material that enters the landfill (current rate $78.20/Tonne). A waste levy rebate can be claimed once waste leaves the landfill and is lawfully disposed.

Proposed changes to the Protection of the Environment Operations (Waste) Regulation 2014 (the Waste Regulation) will mean that we will be entitled to claim the transported waste levy only for material being sent to another facility for processing or resource recovery.

If this regulation is passed, Council will need to allocate funds to pay the transported waste levy on the bulky waste, as it would be sent offsite for landfill disposal. This is estimated to be potentially as high as $190,000 depending on the take of collection service.

Other proposed changes to the Waste Regulations relate to improving landfill performance and the ability to recovery or process waste. It may become an offence to send a mixed load from a facility if they can lawfully accept that waste ($15,000 fines apply). A mixed load could be defined as a mattress and scrap metal such as a washing machine in the same load.

A possible consequence of this requirement may be the need to undertake resource recovery and sorting on this bulky waste and have larger storage areas on site for separate waste streams until load volumes are achieved. Any waste storage area would require adequate bunding and potential leachate collection systems incorporated into the design. While levy costs would be avoided, handling and infrastructure costs will be incurred.

It is the experience of other councils of illegal dumping occurring in the street, often in periods immediately following a collection service. Material stored on the nature strip is the responsibility of Council. Currently dumped or orphan waste is removed by Civil Services staff. Ownership of material must be proved before Council can fine individuals for illegal dumping.

Council compliance staff has suggested that the material is stored within the resident's front yard for collection to avoid risk to the public and to clarify responsibility of waste until it is collected. This will obviate the need for Council Rangers to investigate the matter as an illegal dumping incident. There would be other risks associated with contractors removing waste from within the property.

Resource Implications

It is expected that frontline service staff such as customer service, weighbridge operators, and waste management officers will incur increased customer volumes with the introduction of this bulky waste collection service.

If a bar coded voucher system is adopted, the software and associated hardware (computer and bar code scanner) similar to that used at the Lismore Recycling and Recovery Centre would be required to identify the authenticity of each voucher and prevent multiple visits. Those without internet access can either utilise the computer in the foyer of Council or apply in person with customer service personnel.

Those residents who require a Council kerbside pick-up service will need to pre-book this service. The current model for the pre-booked kerbside pick-up service is based upon residents visiting Council to pay and book this service.

Currently Council cannot administer payments over the phone or online. Establishing an E-service portal will be necessary to enable customers to book and (if required) pay for services online that would significantly reduce the reliance on customer service staff.

A range of information fact sheets will need to be developed outlining the items that will be eligible for collection. Alternative disposal options will be provided for a range of common waste types. This will include education to encourage consumers to be responsible for the whole life cycle of a product by utilising existing services such as the removal of old mattresses or whitegoods for a nominal fee.

Council does not possess the equipment or resources to undertake the bulky waste kerbside pick-up service. Council could purchase a trailer for residents to use in conjunction with their waste voucher to assist with transportation to the landfill.

A kerbside collection service is likely to be undertaken by a sub-contractor. Council will need to determine whether the collection priority is maximising collection efficiencies or maximising sorting/resource recovery capacity.

Contractors who provide this type of service both locally and nationally typically utilise a rear loading truck that undergoes some compaction. No resource recovery work is typically undertaken on this waste stream.

The required collection rates are 50 properties per day, hence a lead time of 4-6 weeks may be required to achieve these operating efficiencies.

Financial Implications

The cost to implement the bulky waste collection service has not been included in the 2017/2018 budget to date. The following estimates are provided for Council's consideration.

Tip voucher – drop off system
The anticipated annual cost to implement the free tip voucher drop off service for all eligible 16,200 services is outlined as follows:

Item	Cost
Initial set up costs	
Computer software, hardware and training (for vouchers)	$9,200
Community education, print media	$25,000
Purchase a trailer (for residents to use)	$7,000
Sub total	**$41,200**
Ongoing annual costs	
Administration processing	$26,000
Waste fees for handling, transportation and disposal to landfill (based on 2,430 T @ $225/T)	$546,000
Sub total	**$572,000**
Total	**$613,200**

The above cost is based on a voucher utilisation of 100% and assumes the maximum annual volume of waste collected will not exceed 2,430 tonnes (150 kg per 16,200 households).

Assuming a similar participation rate to other Councils (50% utilisation), the cost would be likely to range between $334,075 and $613,950 per year.

Kerbside Pick Up System

The costs for the drop off system will incur all the charges associated with the voucher system as residents will use their vouchers for free landfill disposal.

Final costs for the pre-book pick up system will depend on the preferred collection methodology for bulky waste. The method outlined is based on a co-payment of $40/ $20 pensioner. A contractor pick-up fee has been estimated at $55 per property. On this basis, Council will incur the cost difference of between $15 to $35 per pick-up depending on whether the pick-up is for a pensioner or non-pensioner.

Council would need to fund the short fall of $247,815 per year (calculated on 2,100 pensioners and 11,621 non pensioner residents eligible for this service in the urban area).

Therefore the indicative cost for pickup and disposal of bulky waste would be expected to range between $457,990 (50% utilisation) and $861,765 (100% utilisation) for the pick-up system.

Risk

The kerbside collection service although convenient and preferable to a scheduled area based clean up collection is an expensive service that is likely to benefit a small portion of the Shire.

Once such a system has been introduced, it will be extremely difficult to cease such a service. Council would need to be prepared to make an ongoing commitment to continue to fund this project.

There remains a risk that proposed changes to waste legislation will be introduced that will prevent Council being able to claim the transported waste levy. This will incur an additional $190,026 cost to this scheme.

Further investigation should be undertaken if this model is to be considered for adoption to resolve ongoing issues such as:

- the potential for problematic waste to enter the environment as a result of poor storage on the kerbside;
- the risk of public injury for pedestrians;
- the inability to service rural areas;
- service delays (potentially 4-6 weeks) in providing this service; and
- the lack of capacity to perform resource recovery under the typical model.

Consultation

Internal and external consultation was undertaken during the development of this report.

Council staff consulted with staff at Tweed Shire, Byron Shire, Lismore City and Port Macquarie-Hastings Councils.

Extensive consultation was undertaken with a range of Ballina Shire Council departments in an attempt to identify operational limitations and develop acceptable alternatives.

Options

Council has the option to accept or reject the proposal to implement a bulky waste collection service as proposed in the notice of motion. If the Council elects to proceed, Council has the option of a free tip drop off system, a kerbside collection, or both.

There is no doubt many residents make requests for this service and this is reflected by the number of times this has been debated by Council in the past. However, the reality is the service is not free and the costs would result in significant budget impacts as per the details in the above report. Importantly, there is also the concern that the participation rates mean the costs of this service represent a cross subsidy between residents.

While it is accepted that public taxation and rating principles involve cross subsidies to support the overall health and wellbeing of a community, typically these cross subsidies occur where it is not reasonable to apply user pays principles.

The existing arrangements provide pay for use at the landfill, or pay to collect and haul where a resident does not have the capacity to complete such a task. As well as being equitable, the existing arrangements overall represent the most efficient expenditure and least cost to the community for this service.

Council is also reminded this type of service, unless supported by extensive waste sorting and separation processes at the landfill is essentially inconsistent with Council's resource recovery and landfill avoidance programs on the basis a kerbside collection provided by Council without fees and charges does not encourage residents to consider recycling, resale and other waste diversion activities.

Council should also be mindful of the risks noted in this report in relation to the unconfirmed, yet proposed, legislative changes which will have a significant impact on the financial and operational considerations for such a service.

The risks to the environment and neighbourhood amenity from the kerbside service have also been articulated in the report and are the key reasons why a number of councils have sought to terminate their involvement in this type of service.

If the Council is of the mind to implement a scheme, it is noted a trial is not considered a possible option for two reasons. Firstly, the establishment costs for either the voucher system or the kerbside service are significant. Secondly, irrespective of the effectiveness of a service, it is often very difficult for Council to withdraw a service once it is in place on a temporary or permanent basis.

Therefore, if the Council does prefer to proceed, it is suggested that Council establish in principle support only at this point in time and request a further report examining the costs, risks and logistics in more detail. As this is not the recommendation to this report a suggested resolution for this direction would be;

1. *That Council record its in principle support for the introduction of a kerbside bulky waste collection service and/or a free landfill drop off system generally in accordance with the proposals in the attachment to this report.*

2. *That Council defer the implementation of the scheme proposed in point one above until;*

    a) *Council receives another report assessing in further detail the cost estimates, system and infrastructure establishment requirements, and the operational risks associated with the scheme.*
    b) *The proposed amendments to the NSW Waste Regulations have been confirmed.*

Having regard to the comments above in respect of the costs and risks associated with this proposal, and based on the availability of an existing alternate, economically and environmentally efficient method for dealing with this community need, the recommendation from staff is not to proceed with either a bulky waste collection service or free landfill drop off system.

RECOMMENDATIONS

1. That based on the contents of this report Council resolves not to proceed with the introduction of either a bulky waste collection service or free landfill drop off system.

2. That Council records the reasons for its decision in point one above including:

   - The financial impact to Council is significant and would result in increased waste charges.

   - The proposal is inconsistent with Council's objectives for waste recovery and landfill diversion.

   - The proposal is inconsistent with the emerging regulatory regime for waste management.

   - Residents are able to access the landfill on a user pays system and local contractors and other service providers are able to assist residents with collection and haulage of bulky goods.

   - For the kerbside collection, there are significant risks associated with environmental pollution, scavenging, residential amenity and illegal dumping.

   - The programs require significant additional resources to establish and implement.

Attachment(s)

1. Resolution from 24 November 2016

4.11 Waste Operations - Long Term Financial Plan

Delivery Program	Governance and Finance
Objective	To review the long term financial plan for Council's waste operations.

Background

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

The Local Government Act requires DWM to be treated as a separate program due to the manner in which the revenues are raised via an annual charge. Each year the auditor does an assessment to see that DWM is not being run with the intent of making a surplus that is beyond the needs of the business.

LRM had been struggling financially for many years however its position has improved in recent years due to the strategy to export waste off site and with two loans paid out in 2015/16 and the remaining loan to be paid out in 2017/18, the financial outlook is becoming very positive.

Key Issues

- Legislative change
- Long term aims and objectives
- Affordability

Information

Legislative Position

The legislation in respect to the New South Wales (NSW) State Government Waste levy has not changed over the last twelve months. Ballina can avoid paying the levy due to a clause relating to proximity to the Queensland (QLD) border so long as the waste is trucked off site to another lawful processing facility.

Council has primarily avoided paying the levy over the last few years by taking advantage of the legislation and trucking virtually all waste off site.

This strategy means that we do not have to pay approximately $1.5 to $2 million in external tax and we do not consume valuable landfill cell space.

The loading and trucking costs that we do incur tend to be reasonably predictable, without the latent liability of providing a licensed landfill.

At this stage there is no current news in respect to legislative change however it does seem possible that Queensland will introduce a waste levy in the not too distant future, albeit most likely at a much lower rate than the current rate per tonne than NSW.

The cost of the levy has not been included in our pricing structure (currently $78.20/tonne).

There is no indication that the levy will become payable in 2017/18 however it is important to be aware that this report and the proposed pricing structures that it contains, assume that Council will pay only minor amounts (around $210,000) in respect to the levy.

Other relevant legislative change is expected in relation to a new Container Deposit Scheme (CDS). The commencement date for the NSW 10 cent CDS is currently proposed as 1 December 2017. The EPA is currently working with industry and stakeholders on the implementation of the program. Whilst there is a potential for impact on waste operations, this impact is unknown based on information currently available. As such, no adjustments have been made to the modelling based on the anticipated implementation of the CDS.

Landfill and Resource Management (LRM)

The recent financial results for LRM together with the forecast for 2016/17, as at 31 December 2016, are as follows.

Table One: Actual and Forecast Results for LRM

Description	**2014/15 Actual $000**	**2015/16 Actual $000**	**2016/17 Estimate $000**
Operating Revenues	3,958	3,845	3,567
Operating Expenses (include dep)	2,612	3,544	2,984
Operation Surplus / (Deficit)	**1,346**	**301**	**583**
Excl Depreciation / Remediation	1,278	1,248	1,308
Cash Surplus / (Deficit)	**2,624**	**1,549**	**1,891**
Less Loan Principal	1,135	1,206	1,112
Less Capital Expenditure	96	477	537
Less Dividend to /(from) General Fund	162	(741)	1,483
Capital income	0	0	0
Cash Increase / (Decrease)	**1,231**	**607**	**(1,241)**
Reserve Balance	**3,563**	**4,170**	**2,929**

The 2015/16 result was impacted by the write-off of the Biochar project, $635k, and costs incurred for asbestos clean-up, $156k.

The bottom line is that the operating performance is reasonably strong with an operating surplus of $583,000 predicted (as at December 2016) for this financial year. The cash surplus is estimated to be $1.89 million and loan principal repayments are $1.1 million.

The forecast cash reserve at year’s end is in the order of $3 million. The reserve balance includes one restricted reserve (estimated to be approximately $500,000) that can only be used for specific purposes.

A key change for the 2017/18 year is the removal of the existing waste operations charge of $73 per annum for residential and farmland ratepayers.

This change reduces the recurrent income by approximately $1.3 million.

The estimated balance of outstanding debt at the end of the current financial year is approximately $180,000 with the majority of the loans having been repaid this year.

Strategy

The plan at this stage is to continue to truck off site and generally keep operations similar to current practices.

At this stage the costs/benefits to truck off site are preferable to landfilling. Council needs to be mindful that if this situation alters due to legislative change in respect to the waste levy, a large amount of capital will be required to construct new waste cells or alternatively look at trucking the waste to other landfills in the region.

Council will also need to provide for the rehabilitation of the cells currently in use, which is estimated to be in the order of $2 to $2.6 million.

The paragraphs below are excerpts from a report presented to the November 2015 Council meeting on the Waste strategy;

'The existing system capacity is estimated at three to four years based on current compaction rates and volumes received at the landfill.

Council still has in place approvals to construct the remaining three cells at the Ballina waste facility with an approximated construction cost of $17m.

This estimated cost to construct the cells is a critically important cost when placed into prospective with the cost to construct similar sized cells in 2006 ($7.9m). It highlights the increasing costs to develop landfills and potentially means that if Council did defer the construction of another three cells then the cost could potentially increase to $27m by 2025. ($1m annually).'

Given the rapid escalation in the cost to construct new cells, unless Council puts aside strong cash reserves, landfilling may cease to be an option due to the set up cost.

LRM has been achieving a sound operating surplus in recent years and is forecast to achieve a sound result for 2016/17 however the outlook going forward does change with the impact of the removal of the annual waste charge. As a consequence of this change, forecast dividends have been revised down from what had been previously proposed.

The current modelling proposes dividends of $2 million in 2017/18 and $1 million for the following two years to contribute to the Sports Stadium, and dividends of $1 million thereafter proposed towards other general fund works.

Reserve balances remain reasonably consistent until 2024/25, however are significantly depleted once remediation works are included in 2024/25.

This scenario may potentially limit Council's options to consider future landfilling given the anticipated costs of constructing new cells noted earlier.

Financial Model

The current outlook for LRM is positive with all outstanding loans to be paid by the end of 2017/18 and the forward plan does not propose any new borrowings nor does it include the construction of new cells. LRM has assets valued at $12.5 million which mainly relates to property plant and equipment. The next biggest asset is the cash reserves, which have been discussed earlier in this report.

The capital works in the plan are quite minor in comparison to the revenue stream and are generally funded from the levy reimbursement reserve.

The plan does foresee a time when expenditure will be required to be spent on remediating the current cell however given current practices it is difficult to know exactly when this will be necessary. For modelling purposes an amount of $2.6 million has been included in 2024/25.

Notably the plan does include provision for a dividend to be taken on an annual basis, with a dividend of $2 million for 2017/18 and $1 million per annum thereafter. These revised amounts are lower than what was proposed previously, predominantly impacted by the reduction in operating revenue as a result of the removal of the annual charge.

Only one scenario has been presented, which presumes approximately a 2% increase to price. This is on the basis that Council has indicated a commitment to minimise increases on other fees and charges, in view of the proposed ordinary rate special rate variation.

Council may be interested in an increase of more than 2% given that the financial fortunes of LRM are volatile and the outlook may change rapidly if, for example legislation changes and the levy becomes payable.

The next table shows the latest financial plan for LRM.

Table Two: LRM Long Term Financial Plan

Description	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
Operating Revenue	3,567	2,215	2,312	2,416	2,467	2,518	2,569	2,619	2,681	2,744	2,810
Operating Expense	2,984	2,477	2,486	2,540	2,595	2,627	2,660	2,696	2,726	2,757	2,789
Operating Result	**583**	**(262)**	**(174)**	**(124)**	**(127)**	**(109)**	**(91)**	**(75)**	**(45)**	**(11)**	**20**
Add Back Deprec	1,308	1,264	1,289	1,315	1,342	1,369	1,396	1,424	1,453	1,482	1,511
Cash Surplus	**1,891**	**1,002**	**1,115**	**1,191**	**1,214**	**1,260**	**1,305**	**1,349**	**1,408**	**1,470**	**1,532**
Capital Income	0	0	0	0	0	0	0	0	0	0	0
Loan Principal	1,112	194	0	0	0	0	0	0	0	0	0
Capital Expenditure	537	109	113	118	121	124	127	130	2,733	136	139
Dividend	1,483	2,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Reserve M'ment	(1,241)	(1,302)	2	73	93	136	178	219	(2,325)	334	393
Total Reserves	**2,929**	**1,628**	**1,630**	**1,703**	**1,796**	**1,932**	**2,110**	**2,329**	**4**	**383**	**731**

The plan indicates that LRM will continue to be profitable with cash surpluses forecast to gradually rise from around $1 million in 2017/18.

The model assumes that prices will rise by approximately 2% to 2.5% annually and operating expenditure is also predicted to have increases in the order of 2% to 2.5%.

The reserve balance remains reasonably consistent until 2024/25 (the year in which it is currently modelled to complete the remediation).

It is noted that the reserves are quite a lot lower than the plan adopted by Council in June 2016 (as result of the impact of the removal of the annual waste charge).

The reserve balance in this forecast excludes externally restricted items such as grants and the waste levy returned by the State Government.

Assumptions

- Council will continue to export virtually all waste off site and essentially avoid paying the levy
- The levy payable will be in the order of $210,000
- LRM will pay transport and treatment expenses for mixed waste, green waste, recyclates and construction / demolition
- There are proposed capital works in 2023/24 relating to remediation of existing cells $2,500,000.
- It is assumed that the existing customer base and gross quantity of waste coming in the gate will remain reasonably consistent with the current financial year.

Operating Income

- Waste operations annual charge has been removed for the 2017/18 years and forward (this income represented approximately $1.3 million recurrent income)
- Business collection annual charge $0.5 million
- Gate fees from self-haul $1.5 million
- Gate fees from DWM/Council work $3.2 million. This item is presented as a negative expense. It has been included in the income section of this narrative to compare against other gate fees.
- The gate fees paid by DWM represent a very significant percentage of total gate fees, which emphasises the importance of DWM to LRM.

Operating Expenses

- Transport fees for mixed/inert/recyclates $1.4 million
- Transfer preparation and loading $310,000
- Weighbridge $210,000
- Transfer station $210,000
- Baling and recycling $70,000
- Loan interest $10,000
- Overhead and administration $1 million

The primary expense relates to preparing, loading, transporting and paying gate fees, which amounts to approximately $1.7 million.

Fees and Charges

Fees and charges for waste services have generally applied a cost of living increase, with a 2% increase applied for the 2016/17 financial year.

The same approach is recommended for the 2017/18 financial year such that fees and charges are generally proposed to increase by approximately 2%.

In some instances the percentage increase will vary depending on rounding to enable sensible prices to be charged.

To comply with the criteria and definitions outlined by the NSW EPA Waste levy guidelines, Council has been required to consolidate of a number of fee categories.

The term inert was used in several different and very diverse categories causing some confusion.

Some (such as those for excavated material) were based on historical and superseded terminology.

A larger increase has been proposed for brick/concrete and roof tile/ceramic fees, with the proposed rate reflecting the high risk associated with the potential for asbestos to contaminate this material and the subsequent disposal and management costs.

Proposed LRM waste charges are shown in the next table.

Table Three – LRM Waste Charges

Charge Type	2016/17 ($)	2017/18 ($)	% Change
Kerbside Non Domestic Mixed Waste (Annual)	342	348	1.8
Kerbside Non Domestic Recycling (Annual)	169	172	1.8
Kerbside Non Domestic Green Waste (Annual)	299	304	1.7
DWM Gate Fee Mixed Waste	261/tonne	266/tonne	1.9
Self-Haul Mixed Waste Under 300kg Over 300kg	225/tonne 261/tonne	230/tonne 266/tonne	2.2 1.9
DWM Gate Fee Recyclables	219/tonne	223/tonne	1.8
Self-Haul Recyclables	90/tonne	92/tonne	2.2
Self-Haul Brick & Concrete	90/tonne	170/tonne	88.9
Self-Haul Roof Tile Ceramics	90/tonne	170/tonne	88.9
Self-Haul Green Waste	71/tonne	72/tonne	1.4
Remaining Gate Fees	Various up to 5%	Various up to 5%	Up to 5%
Waste Operations Annual charge	73	0	Removed

Domestic Waste Management (DWM)

DWM is, in comparison to LRM, a smaller and more predictable operation. The business must pay wages and provide collection vehicles for residential mixed and recycled kerbside collections, plus meet contract payments for the kerbside collection of residential green waste.

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

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

The plant program anticipates that four of the six trucks require replacement in 2017/18, at an approximate net cost of $380,000 each (assumes $30,000 trade in value).

So very roughly DWM requires an annual transfer to reserve of $380,000 (per annum to provide for vehicle replacement.

The next table shows the recent financial results for DWM.

Table Four - DWM Operating Results ($'000)

Item	2014/15 Actual $000	2015/16 Actual $000	2016/17 Estimate $000
Operating Revenues	5,865	6,080	6,295
Operating Expenses	5,865	5,917	5,843
Operating Surplus / (Deficit)	**0**	**163**	**452**
Less Depreciation	177	177	177
Cash Surplus / Deficit)	**177**	**340**	**628**
Less Loan Principal	153	163	0
Less Capital Expenditure		379	0
Cash Increase / (Decrease)	**24**	**(202)**	**628**
Reserve Balance	**1,587**	**1,385**	**2,013**

The current forecast for 2016/17 is for a cash surplus $628,000. This is considered reasonable given that there is no capital expenditure for the current year.

The increase to reserves is effectively to fund the planned truck replacement program in 2017/18.

Financial Model

DWM is in a sound financial position with no debt owing and reserves are anticipated to be approximately $2.0 million at the end of the current financial year.

The purchase of four new trucks is scheduled for 2017/18, at an estimated cost of $1.5 million.

4.11 Waste Operations - Long Term Financial Plan

The 2016/17 financial model is based on an increase to the annual charge of 2% and continuing at 2.5% for a number of years.
The next table shows a summary of the model.

Table Five: DWM Long Term Financial Plan

Description	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
Operating Revenues	6,295	6,418	6,556	6,736	6,921	7,111	7,296	7,497	7,705	7,873	8,070
Operating Expenses	5,843	6,017	6,164	6,316	6,472	6,616	6,764	6,914	7,070	7,227	7,389
Operating Result	**452**	**401**	**392**	**420**	**449**	**495**	**533**	**583**	**635**	**646**	**681**
Add Back Deprec	177	181	184	188	192	196	200	204	208	212	216
Cash Surplus	**628**	**582**	**576**	**608**	**641**	**691**	**732**	**787**	**843**	**858**	**897**
Capital Income	0	0	0	0	0	0	0	0	0		
Loan Principal	0	0	0	0	0	0	0	0	0		
Capital Expenditure	0	1,533	0	0	0	414	0	0	1,813	0	0
Net Reserve M'ment	628	(951)	576	608	641	277	732	787	(970)	858	897
Total Reserves	**2,013**	**1,062**	**1,638**	**2,246**	**2,887**	**3,164**	**3,895**	**4,683**	**3,713**	**4,570**	**5,467**

The plan predicts that the cash surplus will range around the $600,000 mark for the next four years.

This is more than sufficient to meet known liabilities given that the reserve is predicted to be $3.2million in 2021/22 which is when the next vehicle replacement is due after 2017/18.

The plan will need to be monitored, but if it proves to be reasonably accurate it may be that a CPI increase is not required in one of the years after 2017/18.

The main threat to this scenario is changes to LRM operations that will impact gate fees and therefore DWM.

The main DWM assumptions in the financial plan are:

- Charges to increase by approximately 2%
- Waste streams will remain similar to the current year
- Costs for labour, plant and contracts to rise by approximately 2% to 2.5%
- Capital outlays limited to approximately 1 replacement vehicle per year
- No external loans

The main features of the 2017/18 plan include:

- Annual charge income of $6.2 million
- Kerbside collection costs $540,000
- Gate fees paid to LRM $1.9 million
- Green waste collection and gate fees $1.1 million
- Overheads $680,000

Annual Charges

4.11 Waste Operations - Long Term Financial Plan

Based on the assumptions outlined in the financial plan the proposed 2017/18 charges as compared to 2016/17 are as follows.

Table Six - Domestic Waste Charges

Charge Type	2016/17 ($)	2017/18 ($)	% Change
DWM - Rural (excludes green)	320	326	1.9
DWM – Urban (all three collections)	367	374	1.9
Additional Extra Mixed Waste Urban – Fortnight	110	112	1.8
Additional Mixed Waste Rural – Weekly	219	223	1.8
Additional Domestic Recycling	110	112	1.8
Additional Green Waste Collection - Urban Only	219	223	1.8
DWM – Vacant Land	40	40	-

Legal / Resource / Financial Implications

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

Consultation

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

Options

Council has the option of endorsing the proposed charges or examining further alternatives. The recommendation is to exhibit the proposed fees and charges as per the contents of this report.

RECOMMENDATION

That Council endorses the inclusion of the LRM and DWM long term financial plans, as attached to this report, and the following waste charging structure, in the draft 2017/18 Delivery Program and Operational Plan for public exhibition:

LRM Waste Charges

Charge Type	2016/17 ($)	2016/17 ($)	% Change
Kerbside Non Domestic Mixed Waste (Annual)	342	348	1.8
Kerbside Non Domestic Recycling (Annual)	169	172	1.8
Kerbside Non Domestic Green Waste (Annual)	299	304	1.7
DWM Gate Fee Mixed Waste	261/tonne	266/tonne	1.9
Self-Haul Mixed Waste Under 300kg Over 300kg	225/tonne 261/tonne	230/tonne 266/tonne	2.2 1.9
DWM Gate Fee Recyclables	219/tonne	233/tonne	1.8
Self-Haul Recyclables	90/tonne	92/tonne	2.2

Self-Haul Brick & Concrete	90/tonne	170/tonne	88.9
Self-Haul Roof Tile Ceramics	90/tonne	170/tonne	88.9
Self-Haul Green Waste	71/tonne	72/tonne	1.4
Remaining Gate Fees	Various up to 5%	Various up to 5%	Up to 5%
Waste Operations Annual charge	73	0	Removed

Domestic Waste Charges

Charge Type	2016/17 ($)	2016/17 ($)	% Change
DWM - Rural (excludes green)	320	326	1.9
DWM – Urban (all three collections)	367	374	1.9
Additional Extra Mixed Waste Urban – Fortnight	110	112	1.8
Additional Mixed Waste Rural – Weekly	219	223	1.8
Additional Domestic Recycling	110	112	1.8
Additional Green Waste Collection - Urban Only	219	223	1.8
DWM – Vacant Land	40	40	-

Attachment(s)

1. Landfill and Resource Management and Domestic Waste Management Long Term Financial Plans

4.12 Wastewater Operations - Long Term Financial Plan

Delivery Program Governance and Finance

Objective To review the long term financial plan for Council's wastewater operations

Background

Wastewater operations form a very significant part of Council overall turnover at approximately 20% of income received.

For many years the price for wastewater annual charges has been on a steep incline. In recent times these increases were to position the business to manage substantial borrowings ($63 million), ongoing capital works and variations to operating expenses.

Current modelling is indicating that price increases can now be maintained at more palatable levels, with a proposed increase of 3% for 2017/18 and increases approximating CPI thereafter.

Key Issues

- Financial sustainability
- Affordability

Information

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

Table One: Wastewater Financial Performance and Current Forecast

Description	2014/15 Actual $000	2015/16 Actual $000	2016/17 Estimate $000
Operating Revenues	15,356	16,364	17,706
Operating Expenses (include dep)	28,727	17,313	17,168
Operation Surplus / (Deficit)	**(13,371)**	**(949)**	**538**
Excl Depreciation / loss on sale	14,880	3,844	2,927
Cash Surplus / (Deficit)	**1,509**	**2,895**	**3,465**
Less Loan Principal	2,188	2,793	2,958
Less Capital Expenditure	4,320	2,267	5,792
Less Dividend to General Fund	20	20	20
Capital income	1,475	1,439	1,300
Cash Increase / (Decrease)	**(3,544)**	**(746)**	**(4,004)**
Reserve Balance	**15,054**	**14,308**	**10,304**

The table highlights that the operating result is particularly variable. This is because, as well as depreciation, it also includes losses on sale of assets, which typically refers to infrastructure that has been replaced.

These anomalies are eliminated to calculate the cash surplus which shows that the result has and is forecast to improve.

This is primarily attributable to the price increases that have been applied to the annual charge to gradually get the business to a point where cash reserves are not required to meet capital expenditure and recurrent operations.

Long Term Financial Plan

The business has now reached a point where it is making an operating surplus, inclusive of depreciation, which is positive. The next goal is to achieve a cash surplus to fund capital expenditure and perhaps look to increase reserves to cater for growth and improved service levels.

The primary source of operating income is the annual availability charge, which currently generates approximately $15.4 million out of the total income of $17.7 million. Adjustments to this charge are the primary lever used to direct the financial performance of the business.

A major cost in operating expenses is the interest portion of the loan repayment which will be $4.1 million in 2017/18. As the year's progress, the interest portion of the loan reduces by approximately $150,000 annually, whilst the capital element of the repayment increases by the same amount.

This is an issue to consider when comparing total operating expenses from one year to the next, as it can distort the comparison.

Capital income refers to contributions from developers relating to new subdivisions. This income source is difficult to predict. The model assumes $1.4 million from this source (increasing by CPI each year) however this figure can be considerably higher or lower in any given year.

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

The model predicts capital works of around $5 million annually, although the final two years of the plan anticipate capital works of less than $2 million, which causes cash reserves to rise more in those years.

The next table details the forecast movements in the total loan liability. The amount outstanding tends to decline by approximately $3 million per annum.

Table Two: Total Outstanding Loans

Loan	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
Principal Paid	2,958,000	3,095,600	3,134,000	3,280,300	2,453,500	2,654,100
Interest Paid	4,193,500	4,055,900	3,744,300	3,598,000	3,439,800	3,239,200
Loan Balance	**59,571,000**	**56,475,400**	**53,341,400**	**50,061,100**	**47,607,600**	**44,953,600**

Significant events in respect to loans, over the next few years, include the completion of an interest free loan in 2019/20, which will reduce capital repayments by $985,000.

Also a five year fixed term loan comes up for renewal in 2017/18.

The balance outstanding on this loan will be $11.3 million and the revised loan rate should be less than that currently being paid. The current rate on this loan is 7.47% and the model assumes a revised rate of 6%.

The financial model presented includes an increase to prices of 3% in 2017/18 followed by 2.5 % thereafter.

Table Three: Wastewater Financial Model

Description	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
Operating Revenue	17,706	18,139	18,590	19,049	19,529	20,065	20,565	21,061	21,634	22,192	22,861
Operating Expense	17,168	17,749	17,621	17,737	17,845	17,988	18,199	18,314	18,484	18,597	18,779
Operating Result	**538**	**390**	**969**	**1,312**	**1,684**	**2,077**	**2,366**	**2,747**	**3,150**	**3,595**	**4,082**
Add Back Deprec	2,927	3,969	3,985	3,997	4,007	4,087	4,169	4,252	4,337	4,424	4,512
Cash Surplus	**3,465**	**4,359**	**4,954**	**5,309**	**5,691**	**6,164**	**6,535**	**6,999**	**7,487**	**8,019**	**8,594**
Capital Income	1,300	1,400	1,430	1,470	1,510	1,550	1,590	1,630	1,680	1,730	1,780
Loan Principal	2,958	3,096	3,134	3,280	2,454	2,654	2,844	3,037	3,235	3,430	3,627
Capital Expenditure	5,792	5,775	7,061	5,077	2,695	5,105	4,455	1,015	5,316	1,186	1,131
Dividend	20	20	20	20	20	20	20	20	20	20	20
Net Reserve M'ment	(4,004)	(3,132)	(3,831)	(1,598)	2,032	(65)	806	4,557	595	5,113	5,596
Total Reserves	**10,304**	**7,172**	**3,341**	**1,743**	**3,775**	**3,710**	**4,516**	**9,073**	**9,668**	**14,781**	**20,377**
% Increase in Annual Charge	7	3	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5

An operating surplus is predicted in 2016/17 and it takes until 2020/21 to have a positive reserve movement.

This model does allow reserves to fall to a low ebb ($1.7 million) in one year (2019/20). Ideally it would be preferable for a business of this size to maintain the reserves balance above $3 million, however generally speaking the balance maintained across the ten year period is considered reasonable.

The remainder of the report assumes that Council will adopt the recommended 3% price increase to annual charges for 2017/18.

Assumptions Applied

- The increase to annual charges (availability/consumption) in 2017/18 will be 3%
- Income from funds invested will decline along with reserve balances
- Income from recycled water is forecast at $30,000 being 80% of the potable water step one tariff
- Operating expenses, excluding non-cash items (depreciation etc) and loan interest to increase by 1.5%.
- Operating expenses in years following 2016/17 are forecast to increase by approximately 2.5%
- Developer contributions estimated at $1,400,000.
- Capital expenditure forecast is $5.8 million

Fees and Charges

The proposed annual charges for 2017/18 are shown in the next table.

Table Four: Proposed Annual Charges

Charge Type	2016/17 $	2017/18 $	% Increase
Residential availability charge	925	953	3.0
Residential availability charge vacant land	697	718	3.0
Non Residential Usage charge	2.34	2.41	3.0
Non Residential Access charge	Variable based on meter size		3.0
Recycled Water	80% of potable water step 1		*

*A report on water operations that will form part of the April Finance Committee agenda will make recommendation in respect to the current two step water pricing structure. Should a change in the water billing structure be implemented, further consideration may be made at that time in relation to the pricing of the recycled water (i.e. as to whether to maintain the pricing at 80% of potable water step 1 or review this percentage).

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

- There is no availability charge
- The usage charge is set at 80% of the step one price of potable water
- There is no charge for commercial properties already receiving recycled water such as the Jockey and Golf clubs
- There is no charge to connect recycled water (includes provision of the meter) to a property unless it is only recycled water that is being connected.

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

Council Comparison

The next table compares the 2016/17 wastewater charges of various councils for a residential property.

Charge ($)	Ballina	Byron	Coffs	Lismore	Richmond	Tweed
Wastewater	925	1,097	806	855	934	805

Ballina’s charge is approximately mid to high range when compared to the council’s listed.

Legal / Resource / Financial Implications

As outlined in the information section of this report.

Consultation

Any charges proposed for 2017/18 will be subject to formal exhibition.

Options

Council has the option of endorsing the proposed charges or examining further alternatives. The recommendation is to exhibit the proposed fees and charges as per the contents of this report.

RECOMMENDATION

That in respect to the Wastewater Operations Council endorses the annual charges, as per the following table, for exhibition in the draft 2017/18 Operational Plan, as well as the long term financial plan included, as per the attachments to this report.

Charge Type	2016/17 $	2017/18 $	% Increase
Residential availability charge	925	953	3.0
Residential availability charge vacant land	697	718	3.0
Non Residential Usage charge	2.34	2.41	3.0
Non Residential Access charge	Variable based on meter size		3.0
Recycled Water	80% of potable water step 1		

Attachment(s)

1. Wastewater Operations Long Term Financial Plan

4.13 Community Strategic Plan 2017 - 2027 - Draft

Delivery Program	Governance
Objective	To seek Council approval to exhibit the draft Community Strategic Plan for the ten year period from 2017 to 2027.

Background

The Office of Local Government's Integrated Planning and Reporting Framework (the IPR Framework) has a number of steps that a council must follow after a quadrennial election in respect to corporate documents that support the IPR Framework.

Some of the key steps listed in the Local Government Act are:

- A council must review the Community Strategic Plan (CSP) before 30 June following the election (section 402). The endorsed CSP must be exhibited for 28 days for public comment before formal adoption.

- A council must establish a Delivery Program after each ordinary election to cover the principal activities of the four year period commencing on 1 July following the election (section 404)

- A council must have an adopted Operational Plan each year, detailing the activities to be engaged in by the council, as part of the implementation of the Delivery Program, for that year (section 405).

The report that follows provides further details on the Community Strategic Plan (CSP) and the timeline proposed to meet the various deadlines outlined in the Local Government Act. The Delivery Program and Operational Plan will be reported to the April Finance Committee Meeting.

Key Issues

- Intention of the CSP
- Consultation
- Compliance with the Local Government Act

Information

A large part of the Councillor Induction Program conducted to date has focused on Council's existing resources, where those resources are allocated and possible priorities for the next four years.

The briefing held with Councillors present in November 2016 outlined the IPR Framework, which includes the Community Strategic Plan (CSP), Delivery Program and Operational Plan. These documents are essential as they advise the community how Council intends to, or has, allocated its resources.

Under the IPR Framework Council must have an adopted CSP, Delivery Program and Operational Plan in place by 30 June 2017.

Ideally the CSP should be completed first, with the Delivery Program and Operational Plan then based on the priorities in the CSP.

As outlined at the November 2016 briefing, the CSP is a very broad document that identifies the main aspirations and future vision of the community. The examples of CSPs provided at that briefing highlighted that many of the CSPs produced by councils are similar in that typically communities are seeking common goals (i.e. connected communities, safe, protecting the environment, employment, good infrastructure, balancing environment and growth for example).

The consensus from the briefing was that staff would prepare a draft CSP based on the extensive consultation that has been undertaken by Council in recent times.

Details of the entire engagement process, under the IPR Framework must be formally documented in a Community Engagement Strategy. A report on the Community Engagement Strategy was submitted to the November 2016 Ordinary meeting and endorsed by Council. A copy of that strategy is included as the first attachment to this report.

Consultation undertaken to date in preparing the first draft of CSP, which is included as the second attachment to this report, includes the following:

- Community Satisfaction Survey undertaken in August 2016 (500 people)
- Ward Committees (51 community organisations)
- Youth Forum undertaken January 2017 (8 people)
- Civic Panel undertaken January 2017 (5 people)
- Community Strategic Plan survey December 2016 (105 respondents)
- Feedback sought via Community Connect (21,000 copies distributed)
- Councillor feedback from the briefings held to date
- Existing strategies and plans

Phase one of the Community Engagement Strategy (preparation of the Draft CSP) has now been completed with the draft CSP ready to exhibit for public comment, subject to Council approval. That exhibition will also include formally writing to a range of organisations such as members of Council's ward committees and government agencies.

Key elements of the document include:

1) Explanation of the CSP – This section provides an overview of the Office of Local Government's Integrated Planning and Reporting Framework.

2) Community Partnerships - The CSP involves partnerships and collaboration with the NSW and Federal Governments, Councils in the Northern Rivers and community organisations.

3) A profile of the Ballina Shire – Provides a summary of key information, past and present, for Ballina Shire.

4) Achieving our vision - In preparing for the future it is important to recognise and understand the challenges we face.

5) What you said about the Ballina Shire – The CSP creates a picture of the future based on the extensive community engagement process.

6) Directions we will follow - To create the future, four key themes have been identified, by applying a quadruple bottom line (QBL) approach. The use of QBL means that our planning, reporting and decision making will consider the social, economic, environmental and governance implications in the context of achieving our overall vision.

   The four themes are a Connected Community (Social), Prosperous Economy (Economic), Health Environment (Environment) and Engaged Leadership (Governance). These themes are used throughout the CSP and they will also be applied in preparing the Delivery Program and Operational Plan. These are the same themes as the existing document and the preliminary feedback from Councillors was that no change was needed to these themes.

7) Measuring our success - The key measurements and indicators applied in measuring our success are outlined in this section.

Overall the document is considered to reflect the community aspirations derived from the consultation reasonably well and it complies with the IPR Framework. Therefore the recommendation is to approve the public exhibition of the draft CSP.

In recommending this Councillors should be mindful that elements of the document such as the vision, the community values, the four themes, are all important concepts that if supported, are applied for the next four years. So it is essential that Councillors are comfortable and supportive of the approach outlined in the document.

In the consultation, no one vision stood out as a preferred response. However there were key words and phrases that were mapped from the engagement exercises. This word mapping exercise provided the key words in which to build the vision. These key words included: environment, community, connected, healthy.

Taking these words into considerations, a number of options were considered:

a) A safe and happy place with strong community and cultural values, an environment that is treasured and protected and a thriving local economy.

b) The Ballina Shire is safe with a strong connected community, a healthy environment that is treasured and protected and a thriving local economy.

c) A shire that provides a healthy lifestyle, a prosperous natural environment and a community with a strong sense of place (pre 2013 vision)

d) We are serving the community of today while preparing for the challenges of tomorrow (2013 – 2017 vision)

Ideally the aim is to have a vision that can be remembered, is used, and is representative of the community. The concern with the 2013 – 2017 vision is it reflected more of a mission for Ballina Shire Council rather than a vision for the community.

In that regard and in examining the issues, the following vision has been selected:

The Ballina Shire is safe with a strong connected community, a healthy environment that is treasured and protected and a thriving local economy.

In respect to values, a review of other council's CSPs highlights a consistency in the use of words such as respect, safe, trust, cares, accessible, innovative etc.

In 2013, to put some meaning into a mix of words it was decided to use the acronym of CARES, which is detailed below, to help people more easily remember the key values applied in the CSP.

Creative *– we want to encourage ideas and be innovative. Innovation can make work easier and enjoyable and with the resources available to councils decreasing, it is essential that we constantly look at improving our processes.*

Accessible *– we need to be accessible and responsive to our community and our fellow employees.*

Respectful *– we must be polite and respect everyone's opinions and beliefs*

Energetic *– we want to be enthusiastic in our work, as it is far more enjoyable to work with enthusiastic and positive people, than it is with people who bring a negative approach to work.*

Safe *– safety takes priority over all actions and we want everyone to arrive at work and go home from work safe.*

Other words that have come out of the recent community engagement that could be included in Council's values are listed below.

Respect – we take responsibility for our actions and appreciate the opinions of others.

Safety – we value our right to feel safe in our homes and in public places.

Environmental custodians – we love our natural environment and work hard to ensure our footprints are minimal.

Cooperation – we recognise the value of partnerships to help us achieve our goals.

Community spirit – we are friendly, caring and keen to participate and help our neighbours.

Innovation – we are creative and progressive when planning for a balanced and prosperous future.

In recent times, Council has invested significantly to reinforce Council's values internally, and interpreting values to make them meaningful for each work section. Because of this investment it is recommended to continue using the existing values prepared in 2013, subject to one minor change.

It was decided that the Respect example was a better reflection of values than the current Respectful. On that basis the CSP has been amended to reflect the slight change in this value.

In regard to the QBL headings, a number of options were considered with the following directions (or themes) and outcomes selected to meet the requirements of the QBL and to reflect the feedback received.

Connected Community (CC)
CC1 We feel safe
CC2 We feel connected to the community
CC3 There are services and facilities that suit our needs

Prosperous Economy (PE)
PE1 We attract new business and visitors
PE2 My business can grow and diversify
PE3 Improve liveability in the Ballina Shire

Healthy Environment (HE)
HE1 We understand the environment
HE2 We use our resources wisely
HE3 Our built environment blends with the natural environment

Engaged Leadership (EL)
EL1 Our Council works with the community
EL2 Council's finances and assets are well managed
EL3 We are all valued citizens

The outcomes under each direction are important, as when Council prepares its Delivery Program and Operational Plan all the actions in those documents will need to be linked, or integrated, with these outcomes.

Council staff have reviewed our existing Delivery Program and Operational Plan and are confident that the outcomes selected for the CSP will support any actions identified in the Delivery Program and Operational Plan.

The drafts of the Delivery Program and Operational Plan will be submitted to the April Finance Committee meeting.

Sustainability Considerations

- **Environment**
  Environmental, social and economic factors represent a key part of the Integrated Planning and Reporting Framework.

- **Social**
  As above

- **Economic**
  As above

Legal / Resource / Financial Implications

In respect to the CSP there are no direct financial or resource implications as those decisions will be made as part of the preparation of the Delivery Program and Operational Plan to be tabled at the April Finance Committee Meeting.

Council is legally obliged to adopt a CSP.

Consultation

As detailed in this report there has been extensive consultation undertaken in preparing the CSP and further consultation is now recommended through a formal exhibition process.

Options

In respect to the CSP, the options are to exhibit the document for public comment or for Councillors to amend the document or defer it to a further workshop. Overall it is considered that the draft CSP has taken into account the extensive consultation undertaken to date and the recommendation is to proceed to exhibition.

RECOMMENDATION

That Council approves the public exhibition of the draft Community Strategic Plan, as attached to this report.

Attachment(s)

1. Community Engagement Strategy
2. Draft Community Strategic Plan 2017-2027 (Under separate cover)

4.14 Debtor Write-off

Delivery Program	Financial Services
Objective	To provide the open Council information in relation to Council determining whether it wishes to write off a debt in full, or in part.

Background

A motor vehicle accident occurred in August 2015 at Angels Beach Drive in East Ballina which caused damage to a guardrail (it had to be removed and replaced). A request has now been received for full relief of the debt, on financial hardship grounds. This request is considered justifiable in reporting to Council and further information on the person who has incurred the debt is disclosed in the confidential meeting notes.

Key Issues

- Fair and equitable allocation of Council funds

Information

In August 2015 a motor vehicle accident occurred at Angels Beach Drive in East Ballina. Costs incurred by Council in remedying this accident together with costs incurred to date in attempting to recover the debt, bring the total debt owed to Council to $7,732.74. On 20 February 2017 a letter requesting financial hardship was received by Council. Details of this letter are included in the confidential report.

Legal / Resource / Financial Implications

Council currently has a debt owed of $7,732.74. If Council resolved not to pursue recovery, the amount written off would show as a loss in private works. If Council resolved to pursue recovery, additional costs would be incurred by Council and may not be recoverable.

Consultation

There has been ongoing consultation with the debtor and with Council's debt recovery agency, in an attempt to recover this debt.

Options

This report is for noting only, with the options provided in the confidential report.

RECOMMENDATION

That Council notes the contents of this report in respect to the details of the outstanding debt.

Attachment(s)

Nil

5. Confidential Session

In accordance with Section 9 (2A) of the Local Government Act 1993, the General Manager is of the opinion that the matters included in the Confidential Business Paper, and detailed below are likely to be considered when the meeting is closed to the public.

Section 10A(4) of the Local Government Act, 1993 provides that members of the public are allowed to make representations to or at a meeting, before any part of the meeting is closed to the public, as to whether that part of the meeting should be closed.

A brief summary of each of the reports recommended for consideration in confidential session follows:

5.1 Debtor Write-off - Debtor Details

As per Item 4.14 of this agenda.

RECOMMENDATION

That Council moves into committee of the whole with the meeting closed to the public, to consider the following items in accordance with Section 10A (2) of the Local Government Act 1993.

5.1 Debtor Write-off - Debtor Details

Reason for Confidentiality

This report is **CONFIDENTIAL** in accordance with Section 10A(2)(b) of the Local Government Act 1993. which permits the meeting to be closed to the public for business relating to the following:-

b) the personal hardship of any resident or ratepayer

and in accordance with 10D(2)(c), on balance, the discussion of the matter in an open meeting is not considered to be in the public interest due to the nature of the personal matter.