



Notice of Finance Committee Meeting

a Finance Committee Meeting will be held in the Ballina Shire Council Chambers, 40 Cherry Streets, Ballina on **Thursday 20 April 2017 commencing at 4.00 pm.**

Business

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

A handwritten signature in black ink, appearing to read 'Paul Hickey', with a long horizontal line underneath.

Paul Hickey
General Manager

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

2. Declarations of Interest

3. Deputations

4.1 Interest Write Off - Survey Street, Lennox Head

4. Committee Reports

4.1 Interest Write Off - Survey Street, Lennox Head

Delivery Program Financial Services

Objective To seek Council's approval to write off interest charges on overdue rates and charges levied upon the subject land.

Background

Negotiations have been on-going with respect to overdue rates and charges on 44 Survey Street, Lennox Head. This report examines whether Council wishes to approve writing off interest charges relevant to the property.

Key Issues

- Merits of the application

Information

Debt recovery action has been undertaken for rates and charges for the property dating back to 2009. On 12 September 2012 the owner met with Council's Rating Coordinator.

The owner initially disputed the legality of rates and charges under the Australian Constitution. They were advised that the rates and charges were legal and that debt recovery action would continue if the rates were not paid in full.

A number of other issues were raised, including a request for a reconciliation of the account, a review of the water access charges and the legality of the service of a Statement of Claim for the outstanding rates and charges.

The then Rating Coordinator undertook to investigate these issues and a hold on the legal action was put in place.

This matter has continued to be drawn out and following further correspondence another meeting was held with the owner, the Mayor, General Manager and the current Rating Coordinator on 16 December 2016.

As a result of this meeting the owner agreed to accept the legality of the rates and charges and has now paid these in full, excluding interest charges.

The owner has also asserted that an administrative error occurred in that an interest override was not put in place whilst this matter has been on-going and has requested that the interest charges be waived. This request was made by email dated 30 January 2017.

Contact has been made with the previous Rating Coordinator who recalled the original meeting. They have also confirmed that no interest override was

4.1 Interest Write Off - Survey Street, Lennox Head

added, and that the matter had been overlooked due to other work priorities for quite some time. The then Rating Coordinator agreed that it would be normal practice to have an interest override whilst matters are being investigated.

The interest charges levied and unpaid for the assessment is outlined in the following table. Only interest charges from 12 September 2012, being the date of the original meeting, are included.

Rating Year	Interest Charges
2012/13	557.19
2013/14	787.91
2014/15	946.17
2015/16	986.45
2016/17	433.88
TOTAL	3,711.60

Following the 16 December 2016 meeting the owner paid the outstanding rates and charges, which amounted to in excess of \$15,200.

On balance it is considered reasonable to write off the interest accrued during this period as:

- The staff directly involved at that time acknowledge there could have been a more timely follow up of the issues raised by the owner
- It would be normal practice to have an interest override whilst matters are in dispute and
- The owner has now paid the outstanding rates and charges (excluding the interest).

Legal / Resource / Financial Implications

Council will forgo \$3,711.60 in interest charges previously levied on the subject property if the recommendation for this report is approved.

Consultation

There has been on-going dialogue between Council staff and the property owner.

Options

The options are to approve or not approve the write-off of the interest charges.

The recommendation is to approve the write-off as the staff directly involved acknowledge that a more timely review and follow up of the concerns raised by the owner could have occurred.

However it is also important to recognise that the entire basis of the owner's dispute, being the legitimacy of Council's rates and charges, never had any basis. This means there was no justification in the owner not paying the rates

4.1 Interest Write Off - Survey Street, Lennox Head

and charges in a timely fashion. Therefore Council not supporting a write-off of the interest charges is also a reasonable decision in the circumstances.

RECOMMENDATION

That due to the acknowledgment by Council staff that the concerns over the rates and charges levied on the subject property, as raised by the property owner could have been investigated in a more timely manner, Council approves the write off of interest charges on assessment No 224620 for the period between 12 September 2012 and 30 December 2016 for the amount of \$3,711.60.

Attachment(s)

Nil

4.2 Water Operations - Pricing Structure Review

4.2 Water Operations - Pricing Structure Review

Delivery Program Water and Wastewater

Objective To examine options to amend our water pricing structure.

Background

Council, at the March 2016 Ordinary meeting, considered a report on the existing water charges structure, which included proposals to:

- a) levy a water access charge on each self-contained residential occupancy; and
- b) replace the inclining two step tariff to a single rate per kilolitre (kL) for water consumption charges.

Council subsequently resolved to defer this matter and consider it again as part of the 2017/18 budget.

The report that now follows is largely consistent with the March 2016 Ordinary meeting report.

Consumption data from 2015/16 has been used for modelling purposes as this is the most recent complete year of data.

The following definitions apply in the report.

- **Residential Flats** – multiple self-contained occupancies (ie units) situated on a single rating assessment/property. All units within a flat complex are on a single land title and have common ownership. An example of this would be holiday flats. In regard to ordinary land rates, owners pay one general rate based on the overall land value.
- **Strata Unit** – a self-contained occupancy within a strata complex consisting of multiple units/lots. Each unit has a land title deed and is separately owned. Because of this, each unit is treated as a separate rateable assessment pursuant to the *NSW Local Government Act 1993* (LGA). In regard to ordinary land rates, each strata unit pays the general rate based on each strata land value.
- **Self-contained occupancy** – considered as a separate living space. The living space is usually required to be lockable, and have separate kitchen and bathroom facilities to other buildings on the subject property. A common test would be to consider if the property could be rented. An example of this would be a granny flat.

Key Issues

- Equity of the water billing structure
- Impact of proposed changes on our consumers

Information

Water meters were installed in Ballina Shire in the early 1980s. Before this time a simple flat charge system was in place per property. An allowance based water charging structure existed from the early 1980s until the early 2000s. This structure consisted of a flat water charge per property that provided an allowance for water consumption (usually 400 kL of water per annum per property) before “excess” water charges were levied. A part rebate was available for low water users.

This billing system meant that consumers with lower water consumption subsidised higher users, as low water consumers paid for water consumption not used (everyone had the 400 kL allowance).

In 2001/02 Council introduced a fairer billing structure based on a “user pays” model. Each property now pays a fixed water access charge (effectively an access or availability charge) and a consumption charge. The water access charge, at that time, did not consider the size of the water meter connected to the property or the number of occupancies (eg flats, units, granny flats) situated on the property.

A two tier step “water consumption” charge was levied for all water consumed (in addition to the fixed access charge). Water consumption was charged at a set rate for the first 350 kL consumed per property per annum, and then was charged at a higher rate per kL thereafter.

High water consumers now subsidise low water consumers, as they pay a higher rate once they reach the second step, whereas the actual cost of water to Council does not change.

In 2005/06 Council reviewed the “user pays” water billing structure based on guidelines provided by the NSW Office of Water (NSWOW).

Drought, inefficient management and lowering levels of dams were the catalyst in developing these guidelines, which were aimed at ensuring councils were efficiently managing their water resources and part of the strategy was to decrease customer demand by implementing pricing signals.

Whilst Council was already pricing based on a “user pays” model, some significant changes were made to our water billing charging structure (and sewer for non-residential customers) as a result of implementing the NSWOW pricing guidelines.

The major changes made were:

- Water access charges were levied based on the water meter size, rather than levying a flat charge per property, regardless of the water meter size. This recognised the potential of larger water meters to use more water during peak demand periods.
- Water access charges were levied on each strata unit, regardless of whether they were separately metered or not. If the strata complex only has one water meter, water consumption charges increase to the higher

4.2 Water Operations - Pricing Structure Review

step rate if water consumption at the whole strata complex exceeds the number of units multiplied by the 350 kL allowance per unit.

The 2007 NSWOW guidelines recommend that the residential water access charges should generate 25% of total water income, with the remaining 75% to be generated from water consumption charges. Our consumption charges income is around 66% of our combined access and consumption income.

Water meter connections

We currently have around 13,300 potable water meters connected. Of these, around 11,900 service residential customers and 1,400 service non-residential customers (eg schools, churches, shops, caravan/mobile home parks, halls, sporting clubs, commercial, and industrial properties to name a few).

Additionally there are almost 1,100 recycled water meters servicing properties with dual reticulation. Of these, almost 1,000 service residential customers with the remaining 100 servicing non-residential properties.

Based on this information the following sections examine possible changes to the current structure.

Water Access Charges – Residential charge per tenement

Currently we levy water access charges for developments such as flats, dual occupancies and granny flats based on the size of the connected water meter/s. This means these properties currently pay one access charge for the entire property based on the meter size.

Non-residential (commercial / business) customers are excluded from this review as it is impossible to define a “self-contained occupancy” for the vast range of non-residential developments.

Our 2016/17 water access charges are reproduced in the following table.

The increased charging scale recognises the increased potential of larger meters drawing more water from our system during peak demand periods.

Table One – 2016/17 Water Access Charges

Water Meter Size	Charge (\$)
Vacant land (not connected)	200
20mm	200
25mm	312
32mm	510
40mm	800
50mm	1,248
65mm	2,110
80mm	3,205
100mm	4,998

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Water Meter Size	Charge (\$)
150mm	11,244
200mm	19,990

Approximately 90% of water meters connected are of the standard size 20mm.

Under the proposed change every residential connection would pay the standard 20mm access charge per tenement (currently \$200) to reflect occupancy. Flats, dual occupancies would pay a multiple of the 20mm access charge based on the approved occupancy number.

Non-residential developments would continue to pay based on the meter size, as it is not practical to determine the self-contained occupancy as mentioned earlier.

The reasons for this proposed change are:

- We **currently use this separate fixed charging methodology** when levying wastewater (sewer) charges and also for domestic waste charges. The change will result in a more consistent billing system for most fixed charges we levy.
- It results in a **more equitable charging structure**. A good example is to **consider strata units**. Currently each strata unit attracts a separate water access charge regardless of whether it has its own water meter or not.

This is because they are considered a separate rateable assessment under the LGA, whereas a residential flat development is rated as a single assessment, regardless of the number of self-contained occupancies within the development.

To further highlight the charging inequity, we could have two identical developments of ten units, one under strata and one not.

Overall the strata complex pays ten times \$200 per annum being \$2,000.

The flats pay a total of \$800 (based on a 40mm water meter).

- In the above example, in respect to water consumption charges, the strata complex is also allowed ten times the normal water allowance before being charged at the higher step rate. The flat complex pays the higher water consumption step rate after 350 kL is consumed.

If Council chooses to support this change to water access charging, the additional charges would generate around \$128,000 in extra income based on the 2015/16 rating year.

It would affect approximately 330 rateable assessments.

Table two provides comparisons of the current and the proposed charging structures using the 2016/17 year charges.

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Increases to water access charges may also result in reductions to water consumption charges. This is because in most cases, flats would no longer progress to the higher step rate per kilolitre.

Table Two – Current and Proposed Water Access Charge Changes

Example Property	Current 2016/17 Water Access Charge (Quantity)	Current 2016/17 Water Access Charge (\$)	Proposed Water Access Charge (Quantity)	Proposed Water Access Charge (\$)	Change (\$)	Change (%)
Dwelling House (1 x 20mm water meter)	1	200	1	200	0	0%
Dwelling House + Granny Flat (1 x 20mm water meter)	1	200	2	400	200	100%
Duplex (1 x 20mm water meters)	1	200	2	400	200	100%
Duplex (2 x 20mm water meters)	2	400	2	400	0	0%
(3) Flats (1 x 20mm water meter)	1	200	3	600	400	200%
(3) Flats (1 x 25mm water meter)	1	312	3	600	288	92%
(4) Flats (1 x 25mm water meter)	1	312	4	800	488	156%
(5) Flats (1 x 32mm water meter)	1	510	5	1000	490	96%
(20) Flats (1 x 50mm water meter)	1	1,248	20	4,000	2,752	221%

Water Consumption Charges – Move to a single rate per kilolitre

Currently water consumption charges are levied under the same structure for residential and non-residential customers.

For the 2016/17 year, consumption was levied at rate of \$2.14 (Step 1) for each kL of water consumed per water meter per annum up to a maximum of 350 kL.

All water consumed above 350 kL is charged at the higher rate of \$3.22 (Step 2) per kL.

Our current step rate water consumption billing system is based on the 2007 NSWOW guidelines. The increasing tariff was intended to persuade consumers to use less of our water resource, otherwise pay a higher rate per kilolitre.

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NSWOW changed their stance on the inclining step rate tariff and delivered a circular in March 2011 recommending local water utilities consider introducing a single rate per kilolitre, providing that around 75% of total residential customer income was generated from water consumption charges (to retain a strong pricing signal to consumers).

Arguments in favour of the switch to a single per kilolitre rate include:

- A single rate per kilolitre is more equitable
 - Council buys water in bulk from Rous County Council at a single rate per kilolitre
 - Higher users such as schools, clubs, nursing homes, caravan parks etc are subsidising the lower water users.
 - Under our current billing structure, properties such as residential flats that have a single meter, but multiple occupancies, are billed for most of their water consumption at the higher rate, even though, on an individual basis, they may be low water users.
 - Caravan and mobile home parks are currently charged for the majority of water consumed at the higher rate, however, under the relevant Residential Park legislation, the park owner can only seek reimbursement from tenants of the park at the lower rate.
- Other water utilities apply a single rate
 - Major water utilities such as Sydney Water and Gold Coast City levy water consumption charges at a single rate per kilolitre. Brisbane City use an increased tariff system however, the difference between the step rates is only small. Lismore City levy water consumption charges at a single rate per kilolitre.
- A single rate per kilolitre is consistent with IPART best practice billing
 - In 2009/10 Sydney Water (services 4.3 million people), moved from a two tier based charging structure to a single rate per kilolitre. This change was adopted following a review of their pricing by the Independent Pricing and Regulatory Tribunal (IPART).

In recommending this change, IPART stated that recent rain, desalination and increased recycling have eased concerns over water scarcity, reducing the need for the pricing signal provided by the two-tier system.
- A consistent single charge per kilolitre still provides a pricing signal
 - In 2000/01 our water consumption charges were \$0.70/kL and \$0.95/kL for the higher step. In 2016/17 they are \$2.14 and \$3.22 respectively. This now represents a 50 percent increase on top of the lower rate.

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- A concern is that the cost difference between the step rates is becoming extreme with the second step rate now more than \$1 per kilolitre higher than the first step rate. This cost difference will continue to increase.
- Simplifies water bills for our customers and our staff
 - A single rate per kilolitre provides for a much simpler and justifiable water billing system. This also creates a water account that is easier to read and easier to compare cost to water consumption.
 - It removes any complexities for customers that tenant their property and have tenants reimburse them for water consumption costs. This is especially the case if tenancy changes during a year and previous tenants have already exceeded the water allowance for the first step.
 - It simplifies our internal administration and creates efficiencies for water billing modelling.
- A single rate per kilolitre will be consistent with our pricing for recycled water
- Customer education and awareness for water demand management has reduced the need for a two step rate
 - Significant customer water saving education has increased customer's awareness of the importance to minimise their water consumption to save water and therefore save money. The water saving message has worked and as a result, it is considered that a single rate per kilolitre is a sufficient pricing signal to encourage water conservation.

The current charging structure derives approximately 66% of charges income from the consumption charge. It will be important to graduate this split upwards over coming years to reach the 75% target. This will ensure that the pricing signal to minimise water consumption remains strong.

Impact of single rate per kilolitre

The estimates provided in this section are based on 2015/16 water consumption data. The estimates are based on implementation of the single rate per kilolitre entirely within one year.

Options for phasing in the change are discussed later in this report.

In 2015/16, we generated approximately \$6,409,000 in water consumption charges. Our 2015/16 water consumption charges were billed at **\$2.08** per kL for the first 350 kL consumed on each water meter and then **\$3.13** per kL thereafter.

If we levied a single rate per kilolitre in 2015/16, all water consumption would have been charged at **\$2.24*** per kilolitre to generate the same total income.

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This equates to an increase of **\$0.16** above the first step rate in the same year.

**This rate allows for the off-set of additional income that would have been generated if water access charges were levied per tenancy (as proposed in this report) to partly off-set the increase in the per KL rate. Otherwise this rate would be \$2.26 or \$2.27.*

Modelling suggests water consumers using less than 400 kilolitres per annum will pay more, whilst consumers using higher than 400 kilolitres per annum will pay less.

The majority of water users use less than 400 kilolitres per annum and would pay more.

Some high consumption users are residential flat developments and residential mobile home parks that may typically be low individual water consumers however are considered as one property for the purpose of water billing.

Impact of both changes

Table three provides examples of actual water charge comparisons between our current pricing structure and the new proposed structure for multiple occupancy residential properties that will experience changes for both water access and consumption charges under the proposed new pricing structure.

Financial figures are based on 2016/17 pricing and the single rate per kilolitre is based on the rate being increased to \$2.31 per kilolitre.

Consumption is for the actual results for 2015/16, being the most recent full year, which has been used for this example.

Table Three – 2016/17 Water Charges Comparisons – Pricing Structures

Property	2015/16 Water Consumed (KL)	2016/17 Access Charges				2016/17 Consumption Charges				TOTAL Charges			
		Current Pricing	Proposed Pricing	(\$)	(%)	Current Pricing	Proposed Pricing	(\$)	(%)	Current Pricing	Proposed Pricing	(\$)	(%)
6 Shoalhaven St ALSTONVILLE Duplex (2 Flats) - 279170	122	200	400	200	100%	261	282	21	8%	461	682	221	48%
7 Siesta Ct ALSTONVILLE Duplex (2 Flats) - 279324	341	200	400	200	100%	730	740	10	1%	930	1140	210	23%
66 Simpson Ave WOLLONGBAR (3) Flats - 292673	278	312	600	288	92%	595	603	8	1%	907	1203	296	33%
80 Swift St BALLINA (5) Flats - 185606	846	312	1000	688	221%	2346	1836	-510	-22%	2658	2836	178	7%
85-87 Swift St BALLINA (7) Flats - 185020	1,758	510	1400	890	175%	4534	3815	-719	-16%	5044	5215	171	3%
5-9 Norton Street Ballina (12) Flats - 165046	1,152	800	2400	1600	200%	2582	2500	-83	-3%	3382	4900	1517	45%
102-104 Crane St BALLINA	1,632	1,248	4000	2752	221%	4128	3541	-587	-14%	5376	7541	2165	40%

4.2 Water Operations - Pricing Structure Review

Property	2015/16 Water Consumed (KL)	2016/17 Access Charges				2016/17 Consumption Charges				TOTAL Charges			
		Current Pricing	Proposed Pricing	(\$)	(%)	Current Pricing	Proposed Pricing	(\$)	(%)	Current Pricing	Proposed Pricing	(\$)	(%)
(20) Flats - 137491													
6-8 Manly St BALLINA	2,651	1,248	4000	2752	221%	7409	5753	-1657	-22%	8657	9753	1095	13%
(20) Flats - 156097													
8-18 Tamar St BALLINA	3,633	1,248	8800	7552	605%	10571	7884	-2688	-25%	11819	16684	4864	41%
(44) Flats - 116542													

Charging Scenarios

There is a wide range of charging scenarios that could be considered and some options are as follows:

Scenario 1

Levy the additional water access charges and proceed to the one rate per kilolitre and use the additional income from the change in access charges to partly off-set the change in the kilolitre rate.

Scenario 2

Levy the additional water access charges and retain the existing two step rate charging structure for water consumption.

Scenario 3

Levy the additional water access charges, with the one step rate introduced over two years (only 50% of proposed increase for the first year) and use the additional income from the change in access charges to partly off-set the change in the kilolitre rate.

Scenario 4

Levy the additional water access charges, with the one step rate introduced over four years, and use the additional income from the change in access charges to partly off-set the change in the kilolitre rate.

Each of these scenarios has the effect of varying the water consumption charges.

The following table shows modelling for each of the scenarios.

Table Four – Scenario Comparison Summary

Year	2017/18		2018/19		2019/20		2020/221	
Annual CPI Increase %	2.00%		2.50%		2.50%		4.00%	
Current Pricing	Step 1	Step 2	Step 1	Step 2	Step 1	Step 2	Step 1	Step 2
	\$2.18	\$3.27	\$2.24	\$3.35	\$2.30	\$3.44	\$2.39	\$3.57
Scenario 1	\$2.36		\$2.43		\$2.48		\$2.60	

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Scenario 2	\$2.14	\$3.22	\$2.19	\$3.30	\$2.25	\$3.38	\$2.34	\$3.52
Scenario 3	\$2.28	\$2.82	\$2.43		\$2.48		\$2.60	
Scenario 4	\$2.23	\$3.05	\$2.34	\$2.92	\$2.46	\$2.72	\$2.60	

The impact of these scenarios on the average consumption of 175 kilolitres per annum for a residential property is as per the following table.

Table Five – Summary – Average Residential Consumption 175kl

Scenario	2017/18	2018/19	2019/20	2020/21
Current	381.50	392.00	402.50	418.25
Scenario 1	413.00	425.25	434.00	455.00
Scenario 2	374.50	383.25	393.75	409.50
Scenario 3	399.00	425.25	434.00	455.00
Scenario 4	390.25	409.50	430.50	455.00

Impact on pensioners

Pensioners currently receive the maximum pensioner concession in accordance with the LGA of \$87.50 per annum. This is applied to the water access charges, which is listed on their July Rates and Charges Notice each year. As a result, a pensioner concession is not applied to water consumption charges, so any change to a pensioner's water account will apply in full.

In 2016/17, Council provided \$285,000 in pensioner concessions for water only. The State Government provides Council with a reimbursement of 55% of the cost, meaning Council's total burden of the cost was around \$128,000.

Water Charging Structure Comparisons with other Water Utilities

Table six provides comparative information. It shows the 2016/17 water consumption charges for a range of other water suppliers.

Each water utility has slightly different pricing structures and some comparisons are difficult due to their complexity.

4.2 Water Operations - Pricing Structure Review

Table Six – 2016/17 Pricing Structure Comparisons – Water Utilities

Comparison	Ballina	Byron	Lismore	Coffs Harbour	Richmond Valley	Gold Coast	Brisbane	Sydney Water
Water Access Charge 20mm (per annum)	\$200.00	\$179.00	\$248.00	\$143.00	\$139.00	\$212.08	\$192.48	\$90.04
Water Consumption Charge (per KL)*	\$2.14 > 350kL then \$3.22	\$2.47 > 450 kL then \$3.70 Non-Res \$2.65 flat charge	\$3.41	\$2.71/kL 1kL average per day then \$4.07	\$2.12 <201kL then \$3.22	\$3.83	\$3.50 kL < 74 kL >75kL \$4.19 kL	\$2.00 Pot \$1.79 Re
Total combined charges including 250KL consumption	\$735.00	\$796.50	\$1,100.50	\$820.50	\$724.00	\$1,169.58	\$1,188.23	\$590.04

Legal / Resource / Financial Implications

The possible changes to our water billing structure detailed within this report conform to the LGA and NSWOW best practice pricing guidelines.

Consultation

If approved by Council, the new water billing pricing structure will be placed on exhibition for public comment.

Options

There are a number of options in respect to water billing charges.

Option One – No change to current structure. With Council already pursuing a special rate variation, which includes a commitment to minimise any increases in other annual and consumption charges, Council may well wish to defer any changes.

Option Two – Only change the access charges structure per tenement, which will impact developments such as flats, dual occupancies and granny flats. There is merit in this proposal in that the current system is inconsistent with our wastewater and DWM charging structures. Even though the properties impacted will pay higher access charges, they will have the benefit of the 350 kilolitre allowance per tenement, assuming the two step charging structure remains.

Option Three – Remove the two step charging structure, possibly over a period of four years to minimise the impact. Any change to this structure will directly impact the lower consumption properties.

A phased in single step rate could be less equitable to owners in a couple of situations. Multiple occupancy owners would have the increase in water

4.2 Water Operations - Pricing Structure Review

access charges based on number of tenancies, but would not have the full offset of the reduction of the step two rate per kilolitre as proposed.

Having said that, current modelling shows that of the 330 assessments affected, all but two would have their total water consumption billed at the lower step rate, due to the increases in allowances of the 350kL per occupancy.

The two impacted properties are dual occupancies and their higher water consumptions may be due to particular or peculiar circumstances specific to the properties.

Option Four – A combination of options two and three.

In conclusion the issue of levying the water access charge on each self-contained residential occupancy does have merit and would improve consistency in respect to our charging structures. Therefore this proposal is supported, subject to Council writing to each property impacted by this decision as part of the exhibition of the draft Delivery Program and Operational Plan.

In respect to the step two removal, this also has merit however it does negatively impact a large number of users.

Our water billing staff would prefer to see the step two eliminated immediately due to the inequities that regularly occur.

However Council needs to determine whether it wishes to make this change, when there is also a special rate variation currently under consideration, as this change to the step structure will result in higher than CPI increases in water consumption for a large number of users.

If the change is supported the recommendation would be to phase it in over two to four years.

This is ultimately a political decision to determine whether Council wishes to pursue this change and the recommendation provides for deferral or implementation.

If Council supports the change to the pricing structure in respect to steps one and two, a report later in this agenda has the pricing for water for 2017/18 based on the current structure. Therefore the recommendation in that report will need to be amended.

RECOMMENDATIONS

1. That Council approves, for inclusion in the draft 2017/18 Operational Plan, an amendment to the existing water access charging structure, whereby Council will levy a water access charge on each self-contained residential occupancy, situated on a rateable property/assessment, based on the 20mm water access charge.
2. In conjunction with the exhibition of the draft 2017/18 Operational Plan Council is to write to all property owners impacted by the proposed change in point one seeking their feedback.
- 3A. That Council replace the inclining step tariff rate with a single rate per kilolitre for water consumption charges, with that change to be phased in over a maximum period of four years.

OR

- 3B. That Council continue with the two step rate per kilolitre for water consumption charges for 2017/18.

Attachment(s)

Nil

4.3 Concealed Water Leak - Options for Management

4.3 Concealed Water Leak - Options for Management

Delivery Program Financial Services

Objective To examine options for the management of concealed water leaks.

Background

At the February 2017 Ordinary meeting, Council considered a Notice of Motion regarding financial relief to provide a 50% discount for water consumption charges in relation to concealed water leaks.

Council subsequently resolved as follows;

1. *That Council hold a briefing and receive a report on options to provide some relief for ratepayers from water charges resulting from a concealed water leak in circumstances where:*
 - *There was a delay in notifying the property owner of the leak*
 - *The leak is the result of actions by a third party and costs are not recoverable by the property owner*
 - *The imposition of the charge results in exceptional circumstances.*
 - *That Council removes the step two charges.*
2. That Council receive a report on options for financial relief for Mr Rod Hornby and Ms Tania Watson (Gardnir).

This report is to satisfy point one of the resolution. If Council still wishes to hold a briefing based on the contents of this report, the report can be deferred until that briefing is held.

Key Issues

- Options
- Fairness
- Cost

Information

Council previously had a Concealed Water Leaks Policy that was adopted at the February 2011 Ordinary meeting. This policy allowed for a level of financial assistance for all water users that experienced much higher than normal water consumption charges, due to a concealed water leak.

The policy consisted of a two part adjustment for water consumption charges as follows:

4.3 Concealed Water Leak - Options for Management

Part One – Kilolitre rate adjustment – The increase in consumption determined by Council to be above normal consumption will be adjusted to the lower step rate per kilolitre, assuming Council has a stepped tariff

Part Two – 50% of increase adjustment – The water consumption charges will be adjusted to 50% of the increase in consumption, determined by Council to be above normal consumption. The maximum adjustment is the equivalent of 250 kilolitres following the Part One adjustment and the minimum value write off is \$50.

Sewer (now wastewater) usage charges (applicable for non-residential (business) customers only) will be adjusted at 100% of the increase above normal water consumption caused by the concealed water leak, taking into consideration the property's sewer discharge factor (SDF). The minimum wastewater usage charges adjustment is \$50. There is no maximum adjustment for wastewater providing the water consumption determined by Council to be above normal consumption, was not returned to Council's waste water drainage system.

The writing back of volumetric wastewater charges is not considered a write-off but a financial adjustment, as the water was not returned to the drainage system and therefore should not have been originally charged.

Other relevant provisions of the previous policy are summarised as follows:

- to qualify, the leak event had to be at least 200% above the normal water consumption
- the minimum adjustment was \$50
- to allow an interest free period (case by case) to pay off large bills, with the maximum period being twelve months
- all property owners will receive a benefit under this policy one time only, irrespective of future property ownership changes.

At the May 2014 Ordinary meeting Council resolved to rescind the policy. Resolution 220514/23 of the same meeting approved the write-off of eight claims under the policy totalling \$10,715.

The following table summarises write-offs during the life of the previous policy.

Year	Count	Amount (\$)
2013/14	34	23,119
2012/13	38	16,437
2011/12	20	8,129

Other Authorities

The attachment to this report provides a comparison of the level of financial assistance provided by some other water authorities. The main difference between these other authorities is the percentage of consumption above normal usage that is adjusted.

4.3 Concealed Water Leak - Options for Management

Considerations

Property owners are ultimately responsible for any water that passes through the water meter, as that leak is occurring on private property.

Providing some level of financial relief can create goodwill and possibly provide an increased level of fairness, so long as that relief is implemented in a consistent and equitable manner.

In respect to the options in the February 2017 resolution, comments on the merits of each are as follows:

- *There was a delay in notifying the property owner of the leak*

The difficulty with this option is confirming an agreed standard of service and then ensuring that Council has an adequate level of resources to avoid variations in that service.

Currently property owners are contacted by telephone, however if staff are unable to make contact then a letter is sent detailing the high consumption.

Depending on the number of high consumptions found, property owners not contacted before the water billing is finalised, are included in a bulk mail-out after billing has been completed. This means that it may be four or five weeks after the meter was physically read.

It is considered problematic to consider this as an option as any agreed service level may not be able to be achieved on a consistent basis.

- *The leak is the result of actions by a third party and costs are not recoverable by the property owner*

If this option was to be included in a policy, the difficulty would be clarifying in a documented policy the circumstances where the benefit is to be provided, as there could be a myriad of circumstances where a third party was involved. Also it could be debated whether Council should be responsible for the lost water when a third party is involved, as that party has no connection to Council.

From the experience of staff the issue of third parties has not been a regular matter of concern with respect to water leaks and therefore the preference would not be to try and formalise it in a policy. The concern is that such a process, due to the difficulty in documenting it, could result in inconsistent decisions.

- *The imposition of the charge results in exceptional circumstances*

Exceptional circumstances are essentially how the rescinded policy operated i.e. to qualify, the leak event had to be at least 200% above normal water consumption. If Council wishes to reinstate a policy a similar approach could apply.

4.3 Concealed Water Leak - Options for Management

- *That Council removes the step two charges.*

A key point to consider when exploring options for financial relief is that consumption charges are presently based on a stepped tariff, with the second step having the impact of adding 50% to the per kilolitre rate, once overall consumption exceeds 350 kilolitres.

Owners experiencing a large leak in the first quarter of the year, that pushes their consumption past the 350 kilolitre threshold are penalised by having all consumption levied at the higher rate for the remainder of the year.

If financial assistance is supported the step rate difference should be addressed to not have the higher rate applied for the above normal consumption. The lower step rate should apply for the remainder of the year unless their normal consumption exceeds 350 kilolitres. This option would be negated if there was one rate per kilolitre.

Magnitude

The rescinded policy allowed for cancellation of 50% of the water consumption above normal usage to a maximum of 250 kilolitres. There are many alternatives to consider in this regard as to what percentage of the water lost could be cancelled – 50%, 75%, 100% or some other percentage. Another option could be to place a maximum dollar value.

Cancelling 250 kilolitres at the 2016/17 lower step rate equates to \$535, which is a significant benefit.

Purchase Price

The current charge for water consumption is \$2.14 per kilolitre for the first 350 kilolitres per meter per annum and \$3.22 thereafter.

Council purchases water from Rous County Council. The cost per kilolitre is \$1.6671 for the 2016/17 year.

Of the total water supplied to this Council, approximately 15-19% is lost in the reticulated system due to leaking or broken water mains and slowing or stopped water meters.

Another option could be to reduce the charge to the same figure as the Rous purchase price. This then means Council does not “lose” money on the transaction.

Volumetric Wastewater (non-residential (business) properties)

The rescinded policy provided a matching adjustment against volumetric wastewater charges where it is proven that water lost in a concealed leak was not returned to Council’s drainage system. This adjustment was based on the average normal water consumption.

Payment arrangement and interest charging

Allowing a property owner to pay-off, much larger than normal, water charges over a period of time, interest free, may elevate budgetary stress.

4.3 Concealed Water Leak - Options for Management

Not charging interest demonstrates compassion to the property owner as apart from having the burden of paying the high water charges, they would also likely have had a sizeable plumber's bill to pay.

Legal / Resource / Financial Implications

Financial relief provided to ratepayers against water consumption charges would be treated as a write-off.

Consultation

Many customers, over the years, reporting large water leaks have enquired about adjustments to water consumption charges.

Options

With no policy outlining financial relief due to a concealed water leak, there is no provision to provide any relief.

Apart from the period that the previous Concealed Water Leaks Policy was current, the consistent staff response to property owners has been that financial assistance is not available.

From time to time Council has made ad-hoc decisions to provide one-off financial assistance in cases where there has been a concealed water leak.

This inconsistent approach disadvantages other property owners that have also faced high water consumption charges due to similar circumstances, especially if they were forced to pay the higher step rate. It also sends a mixed message to the public.

Council needs to reach a conclusion as to whether there is to be financial assistance available to property owners that experience high water consumption charges, generated from concealed water leaks, or not.

If there is to be assistance, staff would develop a policy once the level of assistance has been determined. If there is not to be any assistance, then Council must consistently abide by that decision.

In summary the options available are to continue with no policy or to develop a policy based on an agreed set of guidelines.

If Council wishes to support a policy the preferred structure would be largely consistent with the previous policy; i.e.

- to qualify, the leak event had to be at least 200% above normal water consumption
- minimum adjustment is \$50
- the maximum adjustment is the equivalent of 250 kilolitres (at the lower step rate per kilolitre)
- to allow an interest free period (case by case) to pay off large bills, with the maximum period being twelve months

4.3 Concealed Water Leak - Options for Management

- all property owners will receive a benefit under this policy one time only irrespective of future property ownership changes

In addition to the above dot points, other improvements recommended would be:

- the step 2 rate would only apply for the financial year, where the normal water consumption would have exceeded the 350 kilolitres threshold – this avoids the issue of owners paying step 2 for the balance of the financial year, when normally they would never pay step 2
- the policy will only apply to residential properties – the major write-offs being incurred with the previous policy related to properties categorised as business, who also then had their wastewater usage account reduced. It may be fairer to only apply the policy to residential properties, as properties categorised as business would normally be able to claim any expenses related to that property as a business expense.

The recommendation is for noting only as Council has not specifically resolved that it wishes to reinstate a Concealed Water Leaks Policy.

If the preferred option is to reinstate a policy the recommendation should be amended to authorise the General Manager to prepare such a policy, with the various points listed above providing a good guide for items to be included.

RECOMMENDATION

This Council notes the contents of this report in respect to options for the management of concealed water leaks.

Attachment(s)

1. Concealed Water Leaks - Authority Examples

4.4 Concealed Water Leak - Palisade Way, Lennox Head

4.4 Concealed Water Leak - Palisade Way, Lennox Head

Delivery Program Financial Services

Objective To determine whether Council wishes to provide financial relief in respect to a concealed water leak.

Background

At the February 2017 Ordinary meeting Council considered a Notice of Motion regarding financial relief to provide a 50% discount for water consumption charges in relation to concealed water leaks. Council subsequently resolved as follows;

1. *That Council hold a briefing and receive a report on options to provide some relief for ratepayers from water charges resulting from a concealed water leak in circumstances where:*
 - *There was a delay in notifying the property owner of the leak*
 - *The leak is the result of actions by a third party and costs are not recoverable by the property owner*
 - *The imposition of the charge results in exceptional circumstances.*
 - *That Council removes the step two charges.*
2. *That Council receive a report on options for financial relief for Mr Rod Hornby and Ms Tania Watson (Gardnir).*

There was a follow-on motion for Council to waive \$4,000 of water charges for Ms Tania Watson (Gardnir). Council resolved as follows:

That Council waive \$4,000 in water charges for Ms Tania Watson (Gardnir).

The second resolution negates the requirement to report on options concerning Ms Tania Watson (Gardnir), although there remains uncertainty as to whether the higher Step 2 rate should still apply for the remainder of the 2016/17 rating year.

The report that follows is to satisfy point two of the first resolution, specifically relating to Mr Rod Hornby.

Key Issues

- Equity and fairness

Information

Council does not have a policy relating to the need to contact property owners concerning high water consumptions.

4.4 Concealed Water Leak - Palisade Way, Lennox Head

Following receipt of the quarterly water data, from the meter reading contractor, Council staff, as resources allow, will procedurally action the high consumption figures to determine if they are indicative of genuine high consumption, a water leak at the property, or if the reading has been overstated.

Historically a standard letter would have been sent to property owners if their consumption appeared higher than normal, however in more recent years it is staff practice to contact property owners by telephone to discuss a high consumption and to discuss how to conduct a meter test, to confirm if there is a water leak at the property.

If telephone contact is unsuccessful (generally two attempts) then a standard letter together with Council's Water Meter Checking Procedure form (includes commentary on how to conduct a meter test to confirm if there is a water leak) is mailed to the owner, using the mailing address recorded on the assessment at that time. This is the extent of due diligence and care taken for all high consumptions.

Staff are not aware of another water authority that provides the same courtesy of contacting owners by telephone, however some other authorities send a letter if the level of consumption is above predetermined parameters.

High consumption – Mr Rod Hornby – 11 Palisade Way Lennox Head

For the September 2016 meter reading, data was returned from the contractor on Monday 19 September 2016 with formatting of the high consumption report occurring on Tuesday 20 September.

In this instance, the assessment appeared on row 36 of the report with a recorded consumption of 232 kilolitres.

Staff were unable to contact the owner by telephone and the standard high usage letter and form were mailed on Tuesday 27 September to the owner's recorded address for service of mail, which was a Post Office Box in Lismore.

The high usage letter was returned to Council on Friday 21 October (24 days later) with reason of "box closed". The same letter was then sent direct to the property.

Mr Hornby telephoned Council on Wednesday 26 October to advise that he no longer held the Post Office Box in Lismore and therefore the letter was originally sent to the incorrect address, even though Council records show that it was the recorded address for service of mail.

Mr Hornby made further contact with several calls seeking financial relief due to the leak being concealed and the delay in notification. The staff response was that Council does not have a policy to allow for financial relief, as the previous policy was rescinded, and that every effort was made to contact the owner in this case.

4.4 Concealed Water Leak - Palisade Way, Lennox Head

Subsequently Mr Hornby wrote to Council requesting a review of the water consumption charges, due to the concealed nature of the leak, and the delay in being advised of the leak due to the leak letter being sent to the closed Post Office Box in Lismore.

Due to the delay in fixing the leak there has been further high consumption for the December 2016 quarter. Total water consumption for the two quarters is as follows;

- September – 232 kilolitres = \$496 (\$2.14 per KL)
- December – 403 kilolitres = \$1,170 (118 KLs at \$2.14 and 285 KLs at \$3.22)

The \$3.22 calculation is important in that any consumption over 350 kilolitres per annum is billed at the higher step rate, which is a 50% premium to the base rate. This higher step continues for the entire consumption year.

The normal historical water consumption for this property is around 60 kilolitres per quarter.

Lismore Post Office

Enquiries with Lismore Post Office reveal that the Post Office Box was closed at the end of April 2016 with a three month mail redirection in place that expired at the end of July 2016.

An explanation was not offered as to the cause of delay in the letter being returned to Council as it should have been returned within a couple of days of being received at the Post Office.

Even allowing for mail to take five working days for delivery, the letter should have been received at Council by 10 October.

Name and Address Record (NAR)

An audit of the NAR for Mr Rod Hornby reveals that it was created on 22 December 2015, as a result of the purchase of the property at 11 Palisade Way, Lennox Head with details as recorded on the property transfer notification, which would have been completed by the conveyancer.

The NAR, at this time, only had name and mailing address details.

The NAR was subsequently modified on 21 October 2016, following receipt of the returned high consumption letter, to change the mailing address to the property and addition of the home telephone number obtained from the White Pages.

The most recent change to the NAR was on 28 October 2016 when a mobile telephone number and email address were added.

A search of Council's records could not locate any evidence of any other change of address notification.

4.4 Concealed Water Leak - Palisade Way, Lennox Head

Additional Properties Experiencing Concealed Water Leaks

The following table provides some examples of other urban residential properties experiencing recent high water consumptions due to confirmed concealed water leaks. The figures relate to readings from one quarter.

Property	Normal Consumption KL	Charges \$	High Consumption KL	Charges \$
Alston Avenue Alstonville	30	64	376	833
Dalmacia Drive Wollongbar	60	128	325	696
Acacia Street Wollongbar	70	150	855	2,467
Sea-swallow Place East Ballina	70	150	452	1,174
Survey Street Lennox Head	40	86	405	1,020
Redford Drive Skennars Head (12 units)	700	1,498	5,132	12,752

The above properties are also required to paying the higher Step 2 rate for the remainder of the 2016/17 rating year.

There is a need to consider fairness in why Council would provide one-off financial relief to one individual when many other property owners have been in the situation of experiencing a concealed water leak, and the inherent high water consumption charges. These owners have been advised that the previous Concealed Water Leaks Policy was rescinded and financial relief is no longer available.

Legal / Resource / Financial Implications

Any financial relief in this instance would be treated as a write-off and represents lost revenue.

Consultation

There has been consultation with the Lismore Post Office and earlier discussions with Mr Hornby.

Options

Option 1 – Council staff handled this matter with the due diligence and care that is afforded to any other property owner experiencing a high water consumption, whether due to a concealed water leak or not.

The delay in Mr Hornby receiving written notification of the high water consumption was out of the control of Council staff and was due to the apparent delay with the letter, originally addressed to the Post Office Box in Lismore, being returned to Council.

With the lack of policy concerning financial relief due to a concealed water leak, there is no provision to provide financial relief in this matter, which is the consistent response that has been provided to all other property owners that suffer a similar experience.

4.4 Concealed Water Leak - Palisade Way, Lennox Head

Option 2 – Councilors may consider a one-off dispensation in this matter to cancel part of the consumption charges relating to the water lost in the leak event, that is above normal consumption. This ad-hoc approach disadvantages the other property owners that have also faced high water consumption charges due to concealed water leaks.

Option 3 – Councilors may consider cancelling the difference between the Step 1 and Step 2 rate for water consumption charges relating to the water lost in the leak event that is above normal consumption (285KL x \$1.08 = \$307.80). If Councilors elect this option, clarification would need to be provided to staff whether cancellation of the higher Step 2 rate would also apply to consumption recorded for the remaining quarters in the 2016/17 rating year.

This option also disadvantages other property owners that have also faced high water consumption charges due to concealed water leaks and also had to pay the higher step rate.

Option one is the recommended approach as this is consistent with the management of similar matters handled by staff in recent years. Until Council has a policy in place it is not considered fair or equitable to provide one-off concessions as it results in an inconsistent decision making process.

Also, as mentioned in the introduction to this report, it is unclear whether Ms Tania Watson (Gardnir) is to pay the step 2 rate for the remainder of the year. It is assumed that the step 2 rate will apply as this is consistent with the approach for all other excess water consumers.

RECOMMENDATIONS

1. That Council declines to provide financial relief to Mr Rod Hornby as:
 - a) Council staff undertook reasonable efforts to inform Mr Hornby of the high water usage and
 - b) The circumstances in respect to the notification correspondence being returned to Council were beyond Council's control.
2. That Council confirms that Ms Tania Watson is to pay the step 2 rate for the remainder of the financial year, as this is consistent with all other excess water accounts.

Attachment(s)

Nil

4.5 Water Operations - Long Term Financial Plan

4.5 Water Operations - Long Term Financial Plan

Delivery Program Financial Services

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

Background

Water operations form a significant part of Council's overall turnover at approximately 12% of income received.

Over the last three years, the business has achieved operating surpluses, after many years of operating deficits, and current modelling indicates that price increases approximating to CPI can be maintained. This report provides an overview of the Long Term Financial Plan (LTFP) for our water operations.

Key Issues

- Financial sustainability

Information

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

Table One: Water Financial Performance

Description	2014/15 Actual \$000	2015/16 Actual \$000	2016/17 Estimate \$000
Operating Revenues	10,893	11,199	11,914
Operating Expenses (include deprec)	10,783	10,816	11,236
Operation Surplus / (Deficit)	110	383	678
Excl Depreciation / loss on sale	1,499	1,563	1,428
Cash Surplus / (Deficit)	1,609	1,946	2,106
Less Loan Principal	0	0	0
Less Capital Expenditure	2,822	1,427	3,524
Less Dividend to General Fund	34	34	34
Add Capital Income	1,055	812	610
Cash Increase / (Decrease)	(192)	1,297	(842)
Reserve Balance	10,471	11,769	10,927

The business has shown increasing operating surpluses for the last three years. This suggests that our Water Operations are well on the way to being financially sustainable.

The primary income source for water is the water consumption charge. This can be a variable income source, which is touched on later in this report.

In the current year water consumption income is trending towards a forecast of \$7.2 million (2015/16 actual was \$6.7 million). This is due to a larger than average consumption for the first two quarters, although recent rain may decrease consumption for the third and fourth quarters.

4.5 Water Operations - Long Term Financial Plan

For 2017/18 the forecast operating income has been tapered down slightly (1.0%) from the current 2016/17 forecast, as the 2016/17 water consumption levels have been abnormally high and is not considered indicative of average typical levels.

For 2017/18 the forecast is for operating expenses to remain steady (with a decrease of < 1%) in comparison to the current 2016/17 forecast.

In respect to expenses the annual contribution to Rous Water represents about 60% of total operating expenses. Rous Water has provided their pricing structure for the 2017/18, with an overall increase to Ballina Shire Council's contribution of \$91,000 (1.55%) compared to the 2016/17 year.

As a consequence of the above movements in operating income and operating expenses, the overall cash operating result for 2017/18 is forecast to decrease by 4% from the 2016/17 result.

The capital works program is a key driver in the LTFP and a large component 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 \$3 million annually, which causes cash reserves to decline over the forecast period.

Capital income refers to contributions from developers relating to new subdivisions. This income source is difficult to predict. The model assumes \$575,000 from this source (increasing by approximately CPI each year) however this figure can be considerably higher or lower in any given year.

In many respects the current financial performance and position of the business is satisfactory. A modest operating surplus is being achieved, the asset network is in relatively good condition, there is no debt and current cash reserves are sufficient to meet the immediate needs of the business.

The largest income source is the charge for water consumption, which typically generates around 60% of total income.

Unfortunately it is also the most variable given that the weather can materially affect consumption patterns and is the biggest risk to accurate modelling.

Council's water consumption income, as compared to price increases, over the last four financial years is as follows:

Table Two: Water Consumption Income Compared to Price

Year	Revenue (\$)	Revenue % change	Increase in price per annum
2016/17	*7,247,100	8.9	2.8%
2015/16	6,654,300	3.5	3.0%
2014/15	6,429,000	(1.8)	6.0%
2013/14	6,549,000	17.3	8.0%

(*) estimated

The table indicates that there is not necessarily any correlation between increases to price and increases (or decreases) to revenue received.

4.5 Water Operations - Long Term Financial Plan

The current year is trending as though the revenue increase will be substantially higher than the price increase, when compared to the previous year, and this is the result of the large increase in consumption levels.

The financial modelling is still based on revenue increasing in accordance with price as this remains as a good an indicator as any. However given that there is fair likelihood that income received is likely to vary up or down from the forecast it is important that the business maintains sufficient cash reserves as a buffer to meet lean times.

The financial model, which is summarised as follows, looks to maintain a fairly consistent operating surplus whilst reserves decline. There are sufficient reserves on hand to allow a gradual approach to this strategy, such that reserves tend to decrease for the majority of the ten year model. Importantly no borrowings are anticipated.

The attachment to this report provides the complete model.

Table Three: Water 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 Revenues	11,914	11,788	12,036	12,292	12,568	12,958	13,233	13,557	13,897	14,258	14,721
Operating Expenses	11,236	11,155	11,450	11,694	11,984	12,312	12,700	12,997	13,354	13,720	14,097
Operating Result	678	633	586	598	584	646	533	560	543	539	624
Add Back Deprec	1,428	1,380	1,408	1,436	1,465	1,494	1,524	1,554	1,585	1,617	1,650
Cash Surplus	2,106	2,013	1,994	2,034	2,049	2,140	2,057	2,114	2,128	2,156	2,274
Capital Income	610	575	600	620	640	660	680	700	720	740	760
Loan Principal	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditure	3,524	3,427	3,750	3,400	1,990	5,836	4,662	4,631	4,377	1,792	1,751
Dividend	34	34	34	34	34	34	34	34	34	34	34
Net Reserve M'ment	(842)	(873)	(1,190)	(780)	665	(3,070)	(1,959)	(1,850)	(1,563)	1,070	1,250
Total Reserves	10,927	10,054	8,863	8,083	8,748	5,678	3,719	1,869	306	1,376	2,626
% Increase in Annual Charge	2.8	2.0	2.5	2.5	2.5	3.0	3.0	3.0	3.0	3.0	3.0

The model is based on an increase to prices of 2.0% in 2017/18 followed by three years of 2.5% and 3% for the remaining years.

The remainder of the report assumes that Council will adopt the recommended 2% price increase to annual charges for 2017/18.

Assumptions Applied

- The increase to annual charges in 2017/18 is 2.0%. Estimated income from the availability charge is \$3.4 million and consumption \$7.0 million
- Rous Water contribution to increase by 1.55% to \$6.0 million
- Developer contributions are forecast at \$575,000
- Capital expenditure of \$3.4 million

Fees and Charges

4.5 Water Operations - Long Term Financial Plan

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

Table Five: Proposed Annual Charges

Charge Type	2016/17	2017/18	% Increase
Water Access Charge 20mm meter	200	204	2.0
Water Consumption under 350kl	2.14	2.18	1.9
Water Consumption over 350kl	3.22	3.27	1.6
Vacant Land Charge	200	204	2.0

The over 350kl charge is a 50% premium to the base charge of \$2.18.

In 2016/17 a residential property using 200kilolitres would pay \$628 for the year and in 2017/18 they will pay \$640.

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, and the LTFP, as per the contents of this report.

RECOMMENDATION

That 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, as per the attachments to this report.

Charge Type	2016/17	2017/18	% Increase
Water Access Charge 20mm meter (1)	200	204	2.0
Water Consumption under 350kl	2.14	2.18	1.9
Water Consumption over 350kl	3.22	3.27	1.6
Vacant Land Charge	200	204	2.0

Attachment(s)

1. Water Operations - Long Term Financial Plan

4.6 Workforce Plan - 2017/18 to 2020/21

Delivery Program Governance

Objective To provide an overview of the Council's draft Workforce Plan.

Background

The Office of Local Government's Integrated Planning and Reporting (IP&R) requirements require councils to have a resourcing strategy which consists of the Long Term Financial Plan (LTFP), the Asset Management Plan and the Workforce Plan.

The Workforce Plan is a document that outlines the human resourcing requirements of Council's Delivery Program and it must be for a minimum period of four years.

This report discusses the draft Workforce Plan.

Key Issues

- Human resource strategies
- Resource limitations

Information

The draft Workforce Plan is included as a separate attachment to this report.

The document provides an overview of Council's organisation structure and workforce profile, along with a summary of the various actions (Section 5) that are being implemented, on an on-going basis, to ensure that Council has a motivated and contemporary workforce.

The two appendices provide a summary of current and forecast employee numbers.

Appendix B is a summary of the additional resources being sought by Section Managers to ensure that adequate services are being delivered to the community.

As per that summary the majority of the positions are not funded in the LTFP.

Unfortunately that reflects the funding limitations for local government (and all levels of government).

Despite the numerous positions unfunded there are a number of new positions that are recommended for inclusion in the LTFP.

This list is extensive as a thorough review of all sections within Council has been completed, with the various Section Managers working with the Group Managers, to confirm preferred staffing levels.

A number of positions that are recommended for recruitment have had casual staff filling those roles, in some cases for a lengthy period of time, to assess whether permanent appointments should be made and whether the recurrent budgets can manage the additional fixed costs.

The list represents extra positions in the structure. Positions where an existing job may be redesigned are not listed as they do not represent extra permanent positions.

The general practice has been for the elected Council to confirm all extra (or additional) positions to ensure Councillors are aware of the overall level of staff resources allocated.

A summary of the recommended appointments for 2017/18, and the estimated cost for 2017/18, as sourced from Appendix B, is as follows:

Development Services

- Senior Town Planner - \$25,000 – Represents an additional day per week as a staff member increases their time at work following a return from maternity leave
- Student Town Planner - \$34,000 – Not a permanent position, with the resource assisting with the high workload (and increased income) currently occurring in the Development and Environmental Health Group

Open Spaces and Reserves

- Horticulturalist Tradesperson - \$60,000 - A horticultural tradesperson is proposed within the Open Spaces and Reserves Team to manage the increase in sports field maintenance following the construction of Wollongbar, Pacific Pines, Ballina Heights and Ferngrove sporting fields.

Engineering Works

- Maintenance Supervisor - \$65,000 - The Engineering Works maintenance section currently comprises approximately half of the field staff, however the Team Leader at this stage has one supervisor to assist with customer requests, inspection, planning and maintenance activities across roads, paths and stormwater.

With the roll-out of improved technology and recording systems it is proposed to provide the maintenance section with an addition supervisor to improve the inspection and planning of maintenance activities.

The existing supervisor is fundamentally associated with road assets and it is proposed that management of stormwater and drainage assets be strengthened. This added position will align with the construction teams, and provide for improved efficiency with improved inspection and planning for work team activities, as has been experienced with the construction section.

- Leading Hand / Construction Officer - \$60,000 (two positions) - The current arrangement with construction teams is that one supervisor looks after a project on-site, with plant operators on machines and one trainee.

Project survey control is set-up separately by the Council surveyor.

With added technology (like machine grade control and electronic reporting) and improved ability for efficient project delivery and seamless transition to new projects, the emphasis under this new arrangement is for the supervisor to focus on project managing, and on planning, controlling and delivering quality projects.

The role of the Leading Hand Construction Officer is to take responsibility for the operational ground work such as machine control systems and WHS, environmental and quality systems. Council's surveyor no longer has such a significant role on-site.

This position also responds to an Engineering Works action plan relating to the development of trainees. This position will now enable mentoring and skills development of trainees.

Overall these positions are seen as the next evolution in the planning and delivery of works to ensure quality and value for money expectations are achieved.

Support Operations

- Fitter - \$60,000 - This position is intended to save the amount of work outsourced by Council. This will also assist in ensuring our programmed maintenance is completed on time and reduce the risks and costs associated with reactive maintenance in pump stations.

Water and Wastewater

- Supervisor Construction - \$68,000 - It is intended, and already planned, to carry out more internal construction works as opposed to outsourcing to contractors. The job requires significant skills in supervision, planning and programming.

There will be significant gains due to reactive response time to emergencies, as well as savings in time and cost on tendering and contract admin on works executed.

- Construction Operator – Plant - \$55,000 - Currently we have plant, backhoe and tipper truck, that is hired for the majority of the works carried out by the internal construction crew.

A dedicated backhoe and tipper truck is the preferred structure for the team. It is planned to fill one of these positions internally.

Only one additional operator position is then required to replace both the hired backhoe and tipper truck. There will be significant benefits and savings having these members available in-house.

- Water Assistant - \$55,000 - This position is dedicated to Fire Hydrant Maintenance. This position has historically been filled by contract staff. By keeping this in-house, there will be more flexibility with the workforce and greater assistance with on-call requirements and reactive maintenance assistance.

4.6 Workforce Plan - 2017/18 to 2020/21

- Water Assistant - \$55,000 - As per the position above, this position is also dedicated to Fire Hydrant Maintenance and has historically been filled by contract staff.
- Wastewater Assistant (pump station maintenance) - \$55,000 – This position is dedicated to pump station cleaning and mowing of the pump station sites. This position has been filled by contract staff for a number of years. The inclusion of the permanent position allows greater flexibility with regard to staff leave as well as offering the security of permanent employment to contract staff.
- Wastewater Assistant (pump station maintenance) - \$55,000 – As above this position is dedicated to pump station cleaning and mowing of the pump station sites. Again, this position has been filled by contract staff for a number of years.

Infrastructure Planning

- Design Engineer - \$121,000 - This position is considered essential to the delivery of a major portion of Council's program, particularly in relation to road infrastructure projects.

Council has one design engineer position and one engineering design officer position in its structure. This has been identified as a very small level of resource relative to the size of the program as benchmarked with other councils.

This means typically there are delays in the delivery program and the outsourcing of work.

As well as the concern of not meeting community expectations, the delays represent a financial cost to the community from deferred works and from less than optimal management of our construction program.

The design program is often placed under pressure from successful grant applications such as the works being undertaken at Skennars Road/Coast Road intersection and at Ross Lane.

There are also considerable problems when one of designers is on leave, or if one of the positions was to become vacant for a period of time.

While more outsourcing is an option, it is typically more expensive and the activity still needs to be managed.

Furthermore, it is our experience, internal design provides a better outcome as the designers are fully aware of community expectations, our construction methods, design specifications and mapping and other data. It is proposed to fund the position from the budgets allocated to the delivery of the capital works in the design program.

Commercial Services

- Terminal Area Supervisor and Maintenance Coordinator - \$41,000 – Position to be recruited half way during the year as terminal expansion is completed – This level of resource was identified in the report to the March 2017 Finance Committee in respect to the long term financial plan for the Ballina Byron Gateway Airport.

- Airport Operations Officer - \$38,000 – As per the above item.

Legal / Resource / Financial Implications

The positions identified as funded in the Workforce Plan are included in the draft LTFP.

Consultation

The preparation of the Workforce Plan involves internal consultation across the entire organisation.

Options

The Workforce Plan forms part of the IP&R documents for Council. The options are to approve the document as submitted or amend based on differing priorities from the elected Council.

In respect to the additional permanent positions identified for 2017/18, which equate to 14 in total, this represents a major increase in our workforce, considering that we currently have approximately 300 permanent employees, excluding trainees and apprentices (4.7% increase).

The majority of the positions are field based staff involved in the direct provision of services to the community. This is pleasing and reflects the ever increasing population and the amount of infrastructure under Council management.

The field based positions are direct charged to the services being provided (i.e. open spaces operations etc) and the Section Managers are confident that the existing operating budgets can afford these additional fixed costs.

In summary the draft Workforce Plan reflects the funding allocated in the LTFP, along with the level of resources considered essential, and as such it is recommended that Council approve the exhibition of the document as part of the exhibition of the draft Delivery Program and Operational Plan.

RECOMMENDATION

That Council approves the exhibition of the draft Workforce Plan, as attached to this report, in conjunction with the exhibition of the draft Delivery Program and Operational Plan for 2017/18 to 2020/21.

Attachment(s)

1. 2017/18 - Draft Workforce Plan 2017 - 2021 (Under separate cover)

4.7 Organisation Structure - Review

4.7 Organisation Structure - Review

Delivery Program Governance

Objective To review the Organisation Structure in accordance with the requirements of the Local Government Act.

Background

A key principle of the Local Government Act is that councillors are responsible for policy formulation with the General Manager responsible for employing staff to implement that policy. Even though the General Manager employs the staff the elected council is responsible for determining the organisation structure.

This is outlined in section 332 of the Local Government Act (LGA), which states, in part, as follows:

332 Determination of structure

1) *A council must, after consulting the general manager, determine:*

- a) *the senior staff positions within the organisation structure of the council,*
- b) *the roles and reporting lines (for other senior staff) of holders of senior staff positions,*
- c) *the resources to be allocated towards the employment of staff.*

1A) *The general manager must, after consulting the council, determine the positions (other than the senior staff positions) within the organisation structure of the council.*

1B) *The positions within the organisation structure of the council are to be determined so as to give effect to the priorities set out in the strategic plans (including the community strategic plan) and delivery program of the council.*

2) *A council may not determine a position to be a senior staff position unless:*

- a) *the responsibilities, skills and accountabilities of the position are generally equivalent to those applicable to the Executive Band of the Local Government (State) Award, and*
- b) *the total remuneration package payable with respect to the position is equal to or greater than the minimum remuneration package (within the meaning of Part 3B of the Statutory and Other Offices Remuneration Act 1975) payable with respect to senior executives whose positions are graded Band 1 under the Government Sector Employment Act 2013 .*

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

333 Re-determination of structure

The organisation structure may be re-determined by the council from time to time. The council must review, and may re-determine, the organisation structure within 12 months after any ordinary election of the Council.

The purpose of this report is to review the existing organisation structure as per Section 333.

Key Issues

- Effective organisation structure
- Options

Information

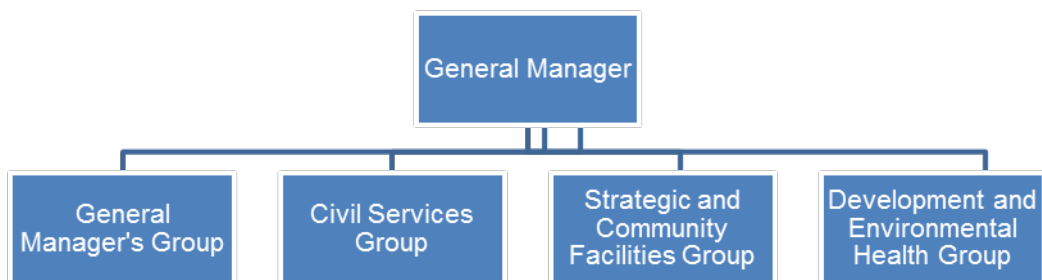
The primary objective of Sections 332 and 333 is to ensure that the organisation structure reflects the desires of the elected Council, along with the Council's Community Strategic Plan, Delivery Program and Operational Plan.

The involvement of Councillors in recruitment and the various layers of the organisation structure has varied over the years, with some councils (i.e. not necessarily Ballina Shire) becoming actively involved in employee matters, well below the top layers of management.

This is inconsistent with the intentions of the LGA and Sections 332 (1A) and (1B) of the LGA have only recently been included to make it clear that the elected Councillors must only determine the overall structure and the senior staff positions.

In discussing structure, this refers to the Groups (also often referred to as Divisions or Directorates) that form the structure along with the senior staff positions.

The current organisation structure is based on four groups as follows:



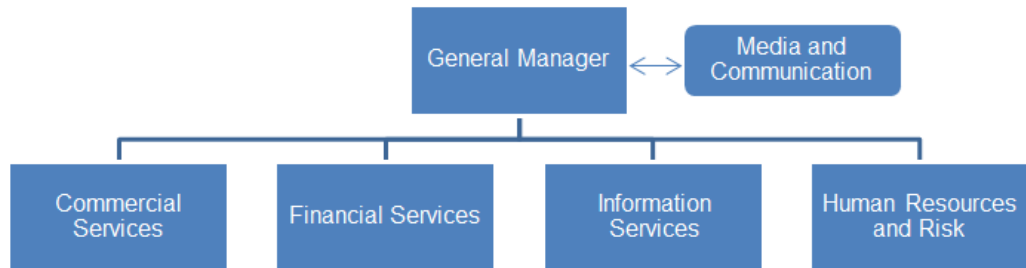
The primary functions of each group are as follows:

- General Manager's (GM) Group – This was historically the Corporate Services Group providing services such as finance, human resources, information technology etc.

4.7 Organisation Structure - Review

This group also includes Council's major commercial functions such as property development and the airport. The group has approximately 46 employees.

The position of Group Manager – Corporate Services was not replaced with the employment of the current General Manager and the various line managers for that group report directly to the General Manager, as per the following chart.



- Civil Services Group - The majority of the activities for this group relate to engineering functions and field based services (roads, open spaces, fleet etc), along with water, wastewater and waste.

All the field based staff are located in this group, which has approximately 188 employees (over 200 once trainees and apprentices are added), with the following reporting structure.



- Strategic and Community Facilities Group (SACFG) – This group has two distinct functions, being Strategic Planning, largely related to land use planning, and Community Facilities and Customer Service, which involves the management of all our major halls and facilities, along with tourism, the community gallery and our frontline customer service positions.

This group has approximately 20 employees with the following reporting structure.

4.7 Organisation Structure - Review



- Development and Environmental Health Group (DEHG) – This group focuses on the assessment of applications, both building and development, along with environmental and public health activities, plus the management of Council's ranger services.

This group has approximately 35 employees with the following reporting structure.



Key principles underlying this structure can be summarised as:

- Ensuring there is a clear separation between Council's strategic land use planning (SACF) and the assessment of applications relating to that planning (DEHG). This helps to ensure transparency in our planning processes.
- Having all the field based staff in one group (Civil) to assist with consistency in management
- Consolidating Council's commercial functions in the one section (Commercial Services Unit) as part of the GM's Group
- Having the corporate functions in one distinct group (GM) to assist in ensuring equity in service delivery across the organisation.

In respect to reviewing the existing organisation structure one option is to engage an external consultant to provide a review and recommendations, as this process provides a level of independence. The cost of this consultancy can range from \$30,000 to \$60,000 dependent on the scale and magnitude of the review.

4.7 Organisation Structure - Review

It was determined at the last organisation structure review, in 2013, to engage an independent firm, as that process had not been undertaken for a number of years, and there was interest in seeing what ideas, thoughts etc such a process would identify.

A copy of the report from that review is included as the attachment to this report, as it provides a good summary of the organisation, along with benchmarking information, most of which is still relevant today.

All of the recommendations in that report have been implemented, excluding recommendations seven and ten:

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

This has not been undertaken as there is limited expertise in quarry management in the Commercial Services Unit. It remains a viable option dependent on the future strategy for the quarries.

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

This was examined and there was considered to be no real benefit in creating another separate entity. A large part of the driver for this recommendation related to criticism Council was receiving, at that time, in respect to its commercial property activities.

In examining whether or not an external consultant should again be engaged, the general consensus, at a staff level, is no, for a number of reasons:

- The 2013 review was comprehensive and beneficial, although to be fair many of the recommendations were items that were being pursued at a staff level already
- The organisation "health" appears good with low rates of workers compensation injuries and lost days, reasonable staff turnover rates and limited, if any, industrial disputes.
- From a customer service perspective the 2016 Micromex survey confirmed high resident satisfaction levels, albeit that the special rate variation survey saw those levels decrease. Communication was identified as one area for improvement in the 2016 survey.
- The cost, with there being no budget for such a consultancy.

There is always room for improvement in service delivery and communication and one of the complexities with councils is that due to the wide variety of services delivered, some of which can have conflicting priorities, it is essential that all sections of the organisation are communicating well with each other, as there is often cross over between sections.

4.7 Organisation Structure - Review

The organisation structure itself only partly supports this and actions such as cross-sectional teams, regular meetings, strong communication networks etc help to assist with that interaction.

Within the group structure there are also occasional changes in task allocation, with one recent example being the transfer of Council's Festival and Events Program from SACFG to Civil Services. Also the media and communications staff have been transferred from SACFG to the GM's Group.

Similarly the Environmental and Public Health Section, within DEHG, has had a staff member transferred to that section on a temporary basis, to increase the resources allocated to our waterways program.

It is envisaged that Environmental and Public Health will oversee the expenditure of the monies raised through the special rate variation for our Healthy Waterways Program, if the application to IPART is successful.

In reviewing the existing structure and how it has functioned since 2013, the one area where there is considered to be an on-going structural issue, is Customer Service.

There was some uncertainty in respect to the allocation of this service in the attached 2013 report, (as per pages 20 to 22), with the recommendation resulting in the transfer of that service from the GM's Group to SACFG (recommendation three).

The position of Manager – Community Facilities and Customer Service (recommendation 20) was also created, along with the creation of the new section of Community Facilities and Customer Service within SACFG.

It is fair to say that during the last four years there has been limited focus on customer service, from a corporate perspective, through the transfer of this function.

There has also been a slight disconnect with the customer service staff, as a large part of the focus of the Community Facilities and Customer Services Section's activities has been on the community facilities portfolio, particularly the operation of the Lennox Head Cultural and Community Centre and the redevelopment of the swimming pools.

A recent internal audit report on customer service also identified a number of areas for improvement.

With the recent resignation of the current manager for that section, an opportunity has now arisen to review this component of the structure with minimal impact on existing staff.

This review has identified that the preferred arrangements are now as follows:

- Remove customer services from SACFG and reallocate these responsibilities and staff back to the General Manager's Group as part of the current Media and Communications Team.

This team, which would be re-badged as Governance and Communications (or something similar) would then be responsible for

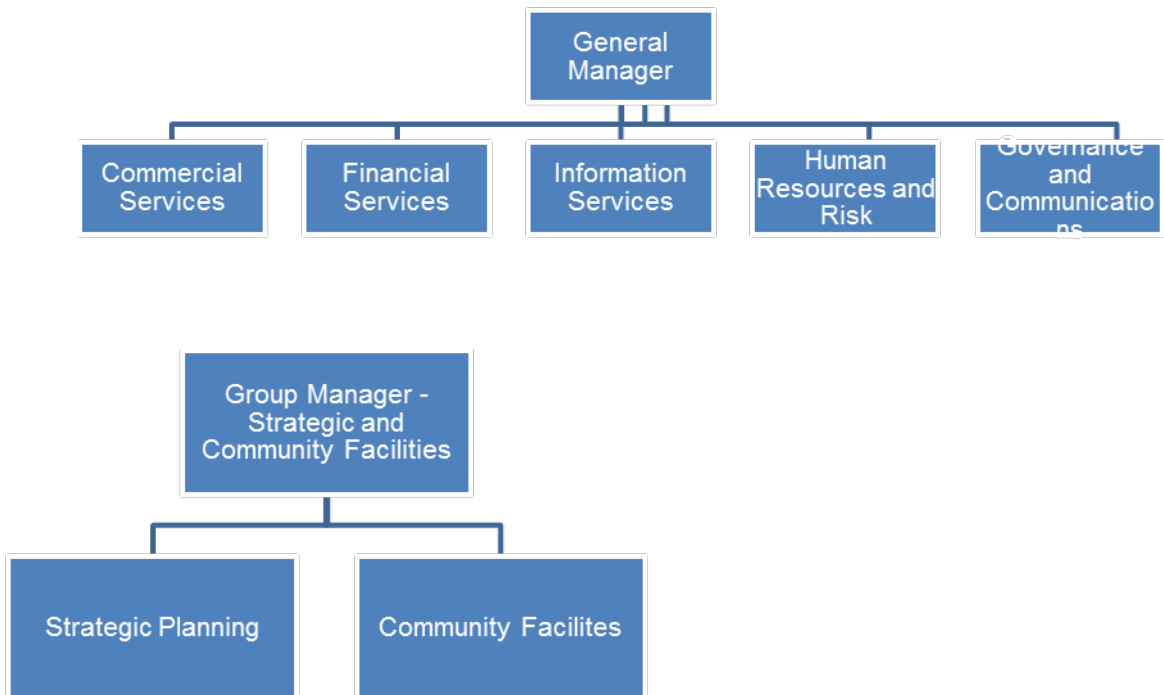
4.7 Organisation Structure - Review

activities such as media, governance, particularly integrated planning and reporting, Councillor support, customer service and general administration.

The centralisation of corporate based services, inclusive of customer service, within the General Manager's Group will help to create greater consistency in service delivery. It also helps to have people with similar job focuses together and should provide a more cohesive approach.

- Leave the Community Facilities function within SACFG, recognising that this role will continue to grow as Council delivers the new Ballina Indoor Sports Stadium, with its associated staff demands. The promotion and management of the redeveloped swimming pools will also be a major task in the near future, and the future of the ALEC facility may impact on the staff resources for this section. The workload for the previous position was proving problematic and this should help with an improved distribution of duties.

This revised structure for the General Manager's Group and SACFG is then as follows.



Legal / Resource /Financial Implications

Council is legally required to complete a review of the organisation structure by September 2017.

With the resignation of the Manager – Community Facilities and Customer Services, the one other position that has a significant change in its current job description due to this restructure, would be the Coordinator Corporate Communication and Media role, in the General Manager's Group, which would be replaced by a Manager role.

4.7 Organisation Structure - Review

The net recurrent difference in salaries would be approximately \$15,000 per annum, a large part of which (40% approximately) would be distributed to business activities such as water, waste and wastewater. The position would also be entitled to a vehicle which has a recurrent cost to the Council of \$5,000 after private lease fees.

In accordance with Council's merit based recruitment process, the new role will need to be advertised and should the current Coordinator not be appointed to the position, this would result in a redundancy payment of approximately \$60,000.

Any redundancy would be funded from Council's Employee Leave Entitlements Reserve.

The other legal part of the organisation structure review is that Council must confirm the senior staff positions within the organisation structure, as per Section 332 of the Local Government Act.

Senior staff has a specific meaning in the Local Government Act in that a defined senior staff member may be placed on a maximum five year performance contract, albeit that their total remuneration package must be above a pre-determined amount.

This amount is linked to the Senior Executive Service of the NSW State Government, as referenced in Section 332 (2) (b) of the LGA.

All other permanent staff, other than senior staff, in the Council are employed in accordance with the Local Government Award.

The senior staff performance contracts are based on standard templates provided by the Office of Local Government.

The major difference with staff on senior contracts is that the contracts can be terminated on expiry, without any redundancy being paid.

The three positions that are currently defined as senior staff are:

- General Manager
- Group Manager – Civil Services
- Group Manager – Development and Environmental Health.

The General Manager can only be appointed by the Council, whereas the Group Managers are appointed by the General Manager however the General Manager must consult with Councillors prior to the appointment or dismissal of a senior staff member.

No change is recommended to the senior staff positions, and if Councillors wish to see other staff placed on senior staff performance contracts, any existing staff member would be entitled to a redundancy.

The total remuneration paid to any determined senior staff member would also need to be above the remuneration threshold.

4.7 Organisation Structure - Review

In respect to clause 332 1) c) of the LGA referenced earlier, being the overall resources allocated to staff, that amount forms part of the preparation of the annual budget each year and is outlined in the draft Operational Plan.

Consultation

There has been and continues to be consultation with staff in respect to the current organisation structure.

The Local Government Award identifies that where a decision has been made to implement a new structure that relevant unions and affected employees are to be notified. Prior to implementing any changes involving staff transfers or changes in roles, all Award requirements will need to be satisfied.

Options

The options available include:

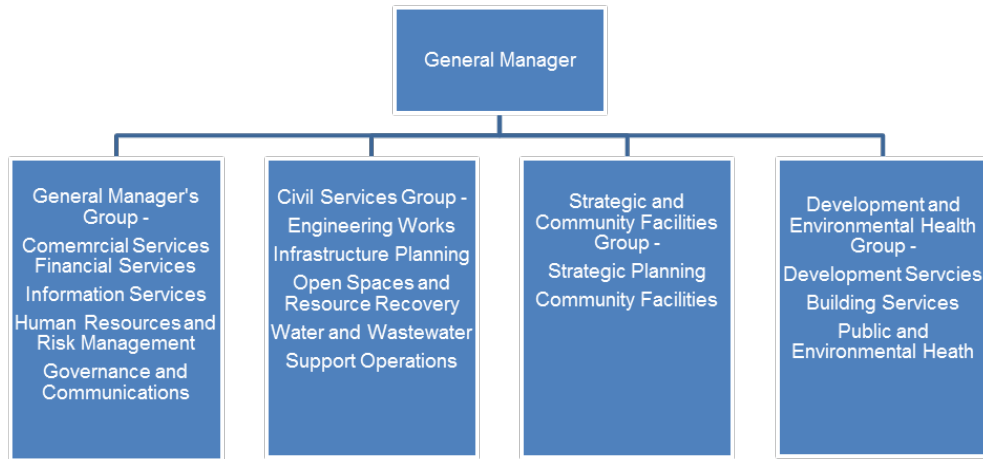
1. Defer this matter for further discussion – Councillors may require further information before considering a decision on this matter.
2. Engage an independent consultant – This will provide an external review of the organisation and it is a matter of then determining the scope of this review and how much Council wishes to expend.
3. Adopt the existing structure without any changes – The existing structure is working reasonably well and Council may wish to continue with that structure.
4. Amend the structure based on the contents of this report.

Option four is the preferred option, as major changes are not needed to the organisation structure and the relocation of the Customer Service function should help to further improve our overall service delivery.

This is effectively not a change to the organisation structure as the existing group titles and reporting will remain the same however there will be a change to the allocation of roles and responsibilities within those groups.

RECOMMENDATIONS

1. That Council adopts the following organisation structure for the purposes of the Section 322 of the Local Government Act.



2. That Council approves the reallocation of the customer services function from the Strategic and Community Facilities Group to the General Manager's Group, as detailed within this report.
3. That Council confirms that the senior staff positions within the organisation structure are as follows:
 - General Manager
 - Group Manager – Civil Services
 - Group Manager – Development and Environmental Heath.

Attachment(s)

1. Organisation Structure Review - March 2013 - Brett De Chastel & Associates (Under separate cover)

4.8 Fees and Charges - 2017/18

4.8 Fees and Charges - 2017/18

Delivery Program Financial Services

Objective To obtain Council approval to exhibit the draft 2017/18 fees and charges for public comment.

Background

An important part of Council's resourcing strategy is the setting of fees and charges for the provision of works and services. The Rates, Waste, Water and Wastewater charges are the primary income sources for Council and this report deals with the myriad of other fees and charges either required or allowed to be raised for Council services.

A list of all these fees and charges is compiled annually and advertised for public comment as part of the draft Operational Plan. A copy of the draft fees and charges document, for 2017/18, is included as an attachment to this report.

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

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

- Business/Commercial - Fee set in accordance with the marketplace with the fee aiming to generate a return for Council
- Full Cost Recovery - Fees set to recover the full cost of the service
- Partial Cost Recovery - Fees set at what Council considers is a reasonable cost for the user to bear. The balance of the cost of providing that service is then funded from general revenue
- Fixed by Legislation - Fees set by legislation

The attached document details whether the fee is or is not subject to the goods and services tax (GST). This is a critical determination, so as well as Council staff checking this aspect of the document an external local government GST specialist confirms, approximately every two years, that the GST treatment is correct.

The fees and charges document is divided into the four groups that represent the Council's organisation structure.

Key Issues

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

4.8 Fees and Charges - 2017/18

Information

The fees mentioned in this report relate to either new fees or price changes outside of a cost of living adjustment.

General Manager's Group - Rates and Charges

Rates Administration / Refund Fee \$20

A new fee is proposed as partial cost recovery for staff time processing refund cheques or transfer of balances between rates assessments, when an error or request has come from the ratepayer.

General Manager's Group - Byron Bay Gateway Airport

CAGRO Service Charge *Individual Agreements*

This fee is a charge to the airlines, by individual agreement, contributing to the cost of CAGRO (Certified Air Ground Radio Operations).

Fly Pelican Passengers and Landing Fees *Individual Agreements*

Subsequent to the adoption of the 2016/17 Fees and Charges, Fly Pelican are now utilising the Ballina Byron Gateway Airport.

Divert Aircraft Charge \$10.20 per MTOW

This proposed new fee is for charging for diverted RPT aircraft landings when passengers do not embark/disembark.

Staff Car Parking Charge \$10

This proposed new fee is for an annual car parking permit for staff only and covers the cost of printing.

Short Stay and Long Stay Car Parking

Previously there was a distinction between the fee charged for covered parking vs non-covered parking. This distinction has now been removed, with the one charge applied to both covered and non-covered. The charge for 2017/18 has been proposed to remain unchanged from the 2016/17 covered car parking charge.

Airport Other Charges - Operations Call Out Fee \$90

New fee, as a reasonable contribution, for call outs for airport operational personnel.

Airport Other Charges – Management Call Out Fee \$140

Proposed new fee as reasonable contribution for call outs of airport management personnel.

Ground Transport Charges – Taxi, Uber, Hire Car \$2

4.8 Fees and Charges - 2017/18

Proposed charges to apply after the introduction of boom gates, per transaction, for taxi, uber or hire cars per entry. It is unlikely boom gates will be installed during 2017/18 however the Airport Manager wishes to flag this charge for future reference.

Ground Transport Charges – Bus Private Tours/Charters POA

Proposed charges to apply after the introduction of boom gates, per transaction, for bus private tours and charters.

Civil - Water Services

Automatic Water Reading and Smart Metering \$POA

New charges are proposed for automatic water reading, 'Smart' metering installation and a 'Smart' metering annual fee.

Water Charge per Kilolitre – Recycled Water \$TBC

This is a new fee proposed for recycled water extracted through a standpipe. Previously there was no charge for this usage other than the Standpipe Usage Approval charge. The introduction of this charge provides consistency with the Drinking Water charges, which is based on a Standpipe Usage Approval Charge and a Usage (per kilolitre) charge.

Civil Services - Waste Management Charges

As noted in the Waste Operations LTFP submitted to the March 2017 Finance Committee meeting, a number of charges have been made to the charging structure for waste management.

To comply with the criteria and definitions outlined by the NSW EPA Waste levy guidelines, Council has been required to consolidate a number of fee categories, has updated terminology and has applied certain risk factors to different types of materials.

New fees proposed

Contaminated Soil - All vehicles - weighed \$/tonne	\$266
100% Sorted Roof Tiles and Ceramics – All vehicles - \$/tonne	\$170
100% Sorted Roof Tiles and Ceramics – All vehicles – minimum \$/vehicle	\$10
Mixed & Bulky Waste – All vehicles under 300kg - \$/tonne	\$230
100% Sorted Green Waste – Non sorted contaminated green waste – All vehicles - \$/tonne	\$261
Sorted Wood, Trees or Tree Stumps – All vehicles under 100kg – minimum \$/vehicle	\$7.30

In addition to the above new charges, the charges for 100% sorted brick and concrete has been elevated significantly, from \$90/tonne to \$170/tonne. This information was outlined in the Waste Long Term Financial Plan report submitted to the March 2017 Finance Committee meeting.

The price increase reflects the high risk associated with the potential for asbestos to contaminate this material and the subsequent disposal and management costs. Charges for inert soil and sorted scrap metal have been decreased.

Civil - Open Spaces Charges

A number of charges fall under this area such as access to public land, four wheel drive beach access permits, amphitheatre hire, filming application charges, assessment of traffic control plans, and licences to conduct commercial activity on public land.

In general, these charges have been kept unchanged.

Civil – Engineering Services

In relation to Construction Certificates for Civil Works or Section 138 or Section 68 Approvals, two new fees are proposed.

Application for Ground Anchors/Foundations within public road or reserve \$10,000

Ground Anchors/Foundations Bond \$20,000

These proposed fees are for rock anchors/foundations which are part of a development and constructed under or within the adjoining public road or reserve. These anchors/foundations are not part of the road construction and may remain in place in perpetuity or may only be necessary during the adjacent construction.

The fee consists of a non-refundable application fee and a refundable bond should the anchors/foundations be removed.

Civil - Burns Point Ferry

Ticket increases are in the range of 1.3% to 3.7%, as a consequence of rounding, with the exception of bicycle charges per trip, which remain at \$1.

DEHG - Building Services

Written Flood Level Floor Height Information \$120

This is a new fee as cost recovery for providing written information regarding minimum required fill and floor levels to Australian Height Datum (ADH) for mapped flood prone area within the Shire.

Single Dwelling/Dual Occupancy Package \$1,980 to \$2,600

These fees have been increased to reflect the true cost of providing this contestable service. Council has now included several fees for this category based on the size/costs of the development, rather than the previous flat fee for all developments.

Previous fee structure

Single Dwelling only	\$1,800
Dwelling and Pool	\$1,980
Dual Occupancy (two dwellings) only	\$2,300
Dual Occupancy (two dwellings) and pool	\$2,400

4.8 Fees and Charges - 2017/18

New fee structure

Single Dwelling (including pool) up to \$250,000	\$1,980
Up to \$250,001 - \$500,000	\$2,200
Up to \$500,001 and above	\$2,500
Dual Occupancy (including pool)	\$2,600

Other contestable fees within the Building Services area have generally had a 10% increase across the board, based on true costs and market forces.

DEHG - Caravan Parks, Camping Grounds and Manufactured Homes Estates

A number of new fees are proposed for full cost recovery in providing services.

Amendment of s68 approval to operate \$185

This is a new fee proposed where amendments to the approval to operate are required to reflect changes to layout, site type, new structures etc. This fee is for minor amendments only, with substantial amendments requiring a new approval.

Relocatable homes, holiday cabins and associated structures
– installation notice assessment \$185
– installation inspection \$140

New fees are also proposed in relation to relocatable homes, holiday cabins and associated structures. An (assessment) fee is proposed for assessment of installation notices required to be submitted to Council under clause 160 of the Regulations, to confirm that the design, construction and installation meet the requirements of the regulations. A further (inspection) fee is proposed should a site inspection be required to complete the assessment.

DEHG - Public and Environmental Health

Animal Registration Fees –Approved Working Dogs No Charge

A new category is proposed, for approved working dogs to be registered at no charge (similar to assistance animals).

Casual Food Vendors

Council has now proposed a fee structure based on a risk assessment and/or whether not-for-profit.

Previous fee structure

Vans/Stalls Multi Step On-Site Preparation	\$225
Garbage Collection – All Markets	POA

New fee structure

High Risk	\$125
Medium Risk	\$95
Low Risk	\$30
Not-for-Profit	No Charge

4.8 Fees and Charges - 2017/18

Food/Other Premises/Swimming Pool Inspection/Registrations

The proposed 2017/18 fees have increased by varying amounts of up to 18%.

Council undertook a review of registration and inspection fees and charges for all commercial premises including food, hair, beauty, skin penetrators and swimming pools prior to the 2016/17 financial year.

It was identified at that time, that over a three year period, Council would modify its audit programs and increase fees in line with service agreements.

Strategic and Community Services - Community Spaces

For the Alstonville Leisure and Entertainment Centre, the fees for 2017/18 are proposed to be kept the same as 2016/17.

For the Lennox Head Community Centre's Park Lane Theatre, previously there was an "Auditorium Only" package (rehearsals, meetings etc), an "Intermediate" package (concerts, live events, theatre productions) and a "Basic" package (conferences, presentations, dinners). The "Intermediate" and "Basic" packages, which were at a higher charge than the "Auditorium Only" package, are proposed to be removed, with a new model subject to gross ticket sales, refer below.

Park Lane Theatre – Gross Ticket Sales *35% Ticket Sales*

This new line item is proposed to provide Council with the higher of two alternate fee structures.

The fee to hire Park Lane Theatre for events co-hosted by Ballina Shire Council is proposed as equal to the auditorium hire plus additional charges OR 35% of gross ticket sales, whichever is higher.

Park Lane Auditorium Only

Commercial Off Peak rates have been decreased by 20% and Commercial Peak Rates by 25%. Community Off Peak and Peak rates are proposed to remain unchanged.

Lennox Head Cultural and Community Centre Foyer *\$25 to \$200*

The introduction of charges for foyer usage is proposed, as follows:

Commercial hourly rate	\$50
Commercial daily rate	\$200
Community hourly rate	\$25
Community daily rate	\$100

Lennox Head Cultural and Community – Miscellaneous Additional Charges

The existing charge for a Technician (per event) for sound and lighting is proposed to increase from \$240 to \$600. The new charge covers both sound and lighting, previously charged separately (i.e. previously charged \$240 each). The overall increase in the charge is due to recognition that the time

4.8 Fees and Charges - 2017/18

required is longer than anticipated when this charge was first introduced and is in-line with industry charges for this service.

In addition, a number of new miscellaneous charges are proposed, in relation to services available:

Crockery and Cutlery – 100 settings (per booking)	\$100
Crockery and Cutlery – 200 settings (per booking)	\$200
Wireless Microphones x 2 (per day) not including sound desk or technician	\$50
Sound Desk (per day) not including technician	\$50
Tiered Seating (per booking)	\$200
Data Projection and Laptop (per day)	\$50
In-fill subs x 2 and foldback speakers x4 (per day)	\$50
Administration Assistant (per hour per staff member)	\$50
Security (per hour per 100 patrons) – Off Peak	\$50
Security (per hour per 100 patrons) – Peak	\$65
Refundable Security Deposit - Community	\$500
Refundable Security Deposit - Commercial	\$1,000

Strategic and Community Services - Northern Rivers Community Gallery

A new space is to be opened up for the Gallery, in the old Fire Station. This new area is planned to be utilised for Artists-in-Residence and workshop and project spaces. For the suite of new charges that are proposed for the Fire Station premises, refer to page 45 of the Fees and Charges document.

Strategic and Community Services - Swimming Pools

Pool entry fees have been maintained the same as the 2016/17 year primarily as it will be a shorter season and Council will need to consolidate the operations of the pools following the redevelopment.

Legal/Resource / Financial Implications

Discretionary fees and charges are a major source of revenue to Council.

Consultation

This report has been prepared following consultation with staff across Council's entire operations. Once approved the draft document will be exhibited for public comment as part of the 2017/18 Draft Delivery Program and Operational Plan.

Options

Council may approve the contents of this report or resolve to add, delete or amend the proposed 2017/18 fees and charges.

RECOMMENDATION

That Council approves the exhibition of the draft schedule of fees and charges for 2017/18 as attached, including any amendments resulting from this meeting.

Attachment(s)

1. Draft Fees and Charges - 2017/18 (Under separate cover)

4.9 Wollongbar Sports Fields - Budget Variance

4.9 Wollongbar Sports Fields - Budget Variance

Delivery Program Open Spaces and Reserves

Objective To inform Council of the current budget shortfall to complete the project and to confirm how the shortfall is to be funded.

Background

In April 2016 Council received a report detailing increases in the contract sum for the construction of the Wollongbar Sports Fields. At that time it was indicated that additional works to complete the works would increase the contract sum by \$479,000.

The additional works related to:

- Increased size and number of bio-retention swales
- Significant increase in the number of rock lined stormwater outlets
- Increased stormwater piping to accommodate swales and outlets and
- Increased culverts for creek crossing and depth of fill.

The report also outlined a shortfall in the budget for the amenities block of \$112,200.

Council subsequently resolved to allocate a further \$625,500 to the Wollongbar Sports Fields with these monies sourced from the funding for the Marine Rescue Centre project, where Council was very successful in securing additional grants and therefore able to reduce Council's own contribution to the project.

The majority of works within the sports fields have now been completed, however since the last report a number of issues have emerged in relation to the forecast expenditure for the project. The details are set out in the following report.

Key Issues

- Project budget and variances

Information

The following information is sourced from the April 2016 Finance Committee report.

The following is a breakdown of the current state of project budget, including the tennis courts, fencing and clubhouse.

<i>Item</i>	<i>Amount (\$)</i>
Current 2015/16 budget allowance	5,188,300
<i>Expended for year to date</i>	<i>1,490,000</i>

4.9 Wollongbar Sports Fields - Budget Variance

Items still to be expended	
<i>Balance of Synergy contract</i>	2,628,000
<i>Allowance for additional Synergy contract variations</i>	200,000
<i>Predicted cricket field savings from Synergy contract</i>	(45,000)
<i>Amenities block contract</i>	612,200
<i>Architect fees for tennis clubhouse design / approvals</i>	15,000
<i>Allowance for tennis clubhouse construction</i>	400,000
<i>Tennis courts, lighting and fencing quotation</i>	448,500
<i>Miscellaneous expenses plus contingency</i>	50,000
Total Expenditure	5,798,700
Net budget shortfall	(610,400)

The increase in the project budget allowed for additional works, such as the tennis courts and clubhouse, as Council had previously excluded those works from the budget due to funding constraints.

Two major components of the design were still to be finalised at the time of the April 2016 report - the design of the high voltage electrical mains and the street lighting to Pearces Creek Road.

Both of these components required the approval of Essential Energy and the design of the intersection with Pearces Creek Road could not be completed until the street lighting design was approved. The above budget allocated an allowance of \$200,000 for additional works within the contract.

The approved high voltage design was not received until July 2016 and the substation design was not received until December 2016 and this has now increased the total project cost by \$231,000 (ex GST).

Furthermore, the design of the intersection at Pearces Creek Road was dependent on the approved street lighting design from Essential Energy, as these works were not designed at the time of tender. The approved design for the street lighting was received from Essential Energy on 7 December 2016 and the final estimate for these works including the street lighting has now been costed at \$245,000 (ex GST) in excess of budget.

Changes to the stormwater and increased sub-base for the road and netball amenities building have also resulted in increases above the original estimate by approximately \$166,000.

Based on this latest information the overall budget has now been revised and the following table is a summary of the projected shortfall.

Item	(\$ Ex GST)
Budget deficit based on actual expenditure to date	217,000
Balance of works to be carried out by Synergy Contract	1,000
Variation for Pearces Creek Road incl Street lighting	245,000
Shed for Tennis Club	6,000
Project Management	4,000
Stormwater Repairs	10,000
Incidentals (locks, acquittal audit etc)	7,000
Total	490,000
Less	
Payment due from Rugby Club – Additional Lighting	(30,000)
Budget Shortfall	460,000

4.9 Wollongbar Sports Fields - Budget Variance

With a further 10% contingency the budget shortfall can be summarised as approximately \$500,000.

The increases in the project estimate can be attributed to Council calling tenders prior to obtaining a Construction Certificate and Essential Energy approvals, as well as delays in the specialist consultant finalising all the design elements of the project.

While calling tenders prior to a construction certificate finalisation, or other approvals, is a budget risk, often this cannot be avoided, as without these activities occurring concurrently, the project timeframes become excessively long, adding additional cost or creating risks of being non-compliant with grant conditions.

Significant changes were required to the scope of works between the issue of the development consent and the construction certificate. This combined with delays in the design of the electrical components and the Essential Energy approvals, provided a level of uncertainty in regard to the actual works to be undertaken.

The reason for calling tenders prior to the finalisation of the design and the approval process was due to the timelines imposed on Council by the Building Better Regional Cities (BBRC) funding agreement. Council received a BBRC grant of \$4.496m for this project.

The design consultant failed to complete some aspects of the design in a timely manner and extensive delays were experienced in relation to Essential Energy approvals.

Some aspects of the design were also inappropriate for the site conditions and this required on site changes to the work.

In relation to these issues, Council staff are examining a review of the process with legal counsel to assess any potential for a claim against the design consultant.

Legal / Resource / Financial Implications

The remaining budget for the construction of the Wollongbar Sports Fields is insufficient to complete the works.

The two options to finance this shortfall are the use of internal reserves and the reallocation of funding from other projects.

In respect to reserves Council has a contingency reserve of \$110,000 available for this project. This then leaves a shortfall of \$390,000 based on a budget variation of \$500,000.

The second reserve considered to be a viable option is the Open spaces Reserve, which has a balance of \$100,000. This reserve was established through savings generated in the annual open spaces operating budget for the last two financial years. The funds were earmarked to be used to supplement any playground improvement works and they can be used to finance this budget shortfall. This then leaves a shortfall of \$290,000.

4.9 Wollongbar Sports Fields - Budget Variance

The final reserve with funds available is the Floodplain / Hazard Studies Management Plans Reserve. This reserve has gradually been increasing due to savings in recurrent budgets each year and ultimately the reserve will be needed for key actions identified in the Ballina Floodplain Management Plan and the Ballina Coastline Coastal Zone Management Plan.

The actions in these Plans are likely to cost well in excess of the current forecast reserve balance for 30 June 2017, which is \$308,500 once externally restricted funds are eliminated.

Many of these actions are based on a lengthy implementation timeframe and the use of these reserve funds, in the interim, will not impact on the overall effectiveness of the Management Plans.

It is recommended that Council source \$120,000 from this reserve leaving a shortfall of \$170,000.

With no other reserves available the next option is to defer existing projects.

The major project that will not be completed this financial year is the Lake Ainsworth Eastern and Southern Precinct works. There are two distinct projects being:

- Eastern Precinct – Budget \$815,900 – Funded from an internal reserve created following the sale of Council owned land in Ross Street, Lennox Head
- Southern Precinct – Budget \$900,000 – Funded from the Community Infrastructure Reserve (\$725,000) and the reallocation of general revenue previously allocated to stormwater drainage works (\$175,000).

In order to finance the \$170,000 shortfall for the Wollongbar Sports Fields, Council could reduce the budget for the Lake Ainsworth Southern Precinct works for 2016/17 by \$170,000 and then reallocate that amount of funds back to the project in 2017/18, when the works are likely to take place.

The issue is then what works program will be amended in 2017/18 to reimburse the \$170,000.

In reviewing the capital expenditure program for 2017/18 the following projects are recommended to be deferred to allow the \$170,000 to be reimbursed to Lake Ainsworth:

- Open Spaces – Sports Fields - \$148,000 – There is the recurrent revenue funded budget for sports fields, with the works planned for the next four years as follows:

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

4.9 Wollongbar Sports Fields - Budget Variance

By reallocating \$148,000 for the Saunders Oval lighting, the works program for the four years would be pushed back one year. Council has applied for PRMF funding for 50% of the cost of the Saunders Oval lighting and if that grant application is successful a further budget review would be needed to identify how Council's contribution would be funded.

- Stormwater Drainage - \$22,000 – The four year works program for stormwater is as follows.

<i>Item</i>	<i>2017/18</i>	<i>2018/19</i>	<i>2019/20</i>	<i>2020/21</i>
Stormwater (excluding SRV)	456,000	474,000	493,000	506,000
Asset Data Collection	61,000	62,000	63,000	64,000
Urban Stormwater Management Plan	22,000	23,000	24,000	25,000
Tanamera Drive, Alstonville	42,000	43,000	44,000	45,000
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				45,000
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	54,000
Urban Lanes	22,000	24,000	24,000	25,000
Fox Street, Ballina				75,000
Owen Street, Ballina				90,000
Moon Street, Ballina				83,000

The recommendation is to delete the Urban Stormwater Management Plan (\$22,000) works to source the remaining funds. These works relate to specific projects that can be deferred to the following year.

It is unfortunate that works have to be deferred to finance the Wollongbar Sports Fields budget variation, however it is also important that Council operate within the overall funding available.

Consultation

The preparation of this report has involved internal staff discussions, negotiations with the existing contractor and Council's independent project manager.

Options

The agreement with the Federal Government's Building Better Regional Cities grant program requires Council to complete the works in full and failure to complete the intersection will result in non-compliance with the construction certificate. This means the only realistic option is to fund the shortfall.

In conclusion one of the major risks faced with projects such as this, where significant grant monies are obtained, is the level of detailed design completed when initial estimates are prepared. Ideally contingencies may need to be much higher in these situations, albeit that too large a contingency, that may not be needed, can result in a project not proceeding.

4.9 Wollongbar Sports Fields - Budget Variance

Importantly this project will deliver a multi-purpose sports complex that will cater for growth in Wollongbar for the next 20 years.

The project has also been significantly funded through a \$4.496m grant and by Council reallocating the existing tennis courts from the Russelton Estate to this complex, land sale proceeds of \$1.3m have been generated to again help to offset the net cost of the project to the community.

RECOMMENDATIONS

1. That based on the contents of this report Council approves an increase in the 2016/17 budget for the Wollongbar Sports Fields of \$500,000 funded as follows:
 - a) Transfer of \$110,000 from the Sports Fields contingency reserve
 - b) Transfer of \$100,000 from the Open Spaces Reserve
 - c) Transfer of \$120,000 from the Management Plans Reserve
 - d) Transfer of \$170,000 from the 2016/17 budget for the Lake Ainsworth Southern Precinct project

2. The \$170,000 for the Lake Ainsworth Southern Precinct is to be reimbursed in the 2017/18 budget funded as follows:
 - a) \$148,000 reallocated from the Sports Fields Capital Works budget with the current program of works deferred by one year

 - b) \$22,000 reallocated from the Stormwater Capital Works budget through the deletion of the Urban Stormwater Management Plan (\$22,000) project.

Attachment(s)

Nil

4.10 Community Infrastructure - Non-recurrent Projects and Funding

4.10 Community Infrastructure - Non-recurrent Projects and Funding

Delivery Program Financial Services

Objective To review the funding options for the non-recurrent projects that are under consideration as part of Council's Long Term Financial Plan.

Background

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

Recurrent refers to items in the LTFP where general revenue funding is provided each and every year, to assist deliver essential capital infrastructure. A report on the recurrent funded projects was submitted to the March 2017 Finance Committee meeting.

Once the available funding is allocated to essential recurrent infrastructure, a difficulty for any council is to fund classes of community infrastructure that are not required to be financed every year (i.e. they are non-recurrent). Trying to find the cash contribution for non-recurrent projects is always problematic as very few council budgets have significant unallocated discretionary revenues.

The report that follows examines projects that Council has identified as priorities that are of a non-recurrent nature.

Key Issues

- Project summaries
- Funding priorities
- Sources of funding

Information

In recent years Council has been making good progress completing or planning for the delivery of a number of major non recurrent capital projects.

Items that have been completed, or are being addressed this financial year, include the following.

Projects completed or well advanced

- Coastal Shared Path – A number of shared path segments are complete or have funding strategies confirmed
- Ballina Town Centre – Largely complete with the Moon Street to Grant Street section of River Street still to be completed
- Wardell and Alstonville Town Centres – Majority of works completed with the Wardell Boardwalk to be completed this financial year
- Ballina Surf Club – Complete, excluding Building B which is currently being retendered as the initial tender responses were above budget. The project is scheduled to be delivered this calendar year

4.10 Community Infrastructure - Non-recurrent Projects and Funding

- Northern Rivers Community Gallery Refurbishment - Complete
- Kentwell Community Centre - Complete
- Lennox Head Cultural and Community Centre and Skate Park - Complete
- Marine Rescue Tower – Complete
- Wollongbar Sports Fields – To be completed this financial year
- Ballina and Alstonville Swimming Pool Upgrades – Funding in place with works commenced
- Wollongbar Skate Park – Funding allocated with Council still to confirm the preferred design
- NSW Boating Now Plan – Funding strategy in place to finance a three year, part grant funded, program
- Lake Ainsworth South Eastern Precinct – Funding allocated for the eastern and southern precincts
- Missingham Park Concept Plan – Complete

In addition to these projects the following projects are included in the LTFP in future years, although in some cases the funding may not eventuate as it is reliant on land sales or grants.

Projects funded in future years in the LTFP

- Shaws Bay Coastal Zone Management Plan – This plan has approximately \$1.8m worth of works, both capital and operational, over a ten year period. The works are included in Council's LTFP, albeit that some of the works are subject to grants being secured. There is a significant amount of works planned for 2016/17 and 2017/18 and Council has recently secured grants of \$95,000 and \$128,900 to help implement the plan.
- Skennars Head Sports Field Expansion – Funded in 2017/18, at an estimated cost of \$1.3m. The funding is sourced from the Community Infrastructure Reserve and the Flat Rock Tent Park Reserve.
- Ballina Town Centre – Moon Street to Grant Street – Funded in 2018/19, from loans, at an estimated cost of \$2.5m, with the loan repayments funded through commercial property rentals.
- Ballina Indoor Sports Centre – Funded in 2017/18 and 2018/19 from waste dividends and the possible sale of either the ARC building or Henderson Land residual, if grant funds are not secured.
- Airport Boulevard – Funded in 2017/18 through a \$4m Federal Government grant and a \$3m dividend from the Property Development Reserve.
- Ballina Town Entry Statements – Funded in 2018/19 at an estimated cost of \$800,000, with this funding based on future land sales.
- Captain Cook Park Master Plan – Approximately \$3m required to complete the master plan. An amount of \$150,000 is included in the 2016/17 budget, \$750,000 in 2019/20 and \$2,100,000 in 2020/21 to complete various stages of the project. The 2019/20 and 2020/21 budgets are dependent on future land sales.
- Pop Denison Park Master Plan – This plan has a works schedule totaling approximately \$1.8m. The works are fully funded by developer contributions and an allowance of \$350,000 is included in the 2016/17 budget based on the amount of developer contributions collected to date. No funds are included in future years as any extra works are dependent on the collection of developer contributions.

4.10 Community Infrastructure - Non-recurrent Projects and Funding

In addition to these items, projects that have been identified as priorities and are currently not included in Council's LTFP include the following items.

Projects not funded in the LTFP

- Coastal Walk – Estimated cost of approximately \$1.5m – Council has applied for grant funding for 50% of the cost of this project through the State Government's Restart NSW program, however there are no Council funds allocated to the project. An application has also been submitted for \$150,000 in Public Reserve Management Funds (PRMF) to complete a stage of the project. If Council secures any of these grant funds we will need to find matching funding.
- Lennox Head Main Street Upgrade – \$5.5m is the latest estimate based on the preliminary designs.
- SES Building – Council has a statutory responsibility to provide a new building with no funds allocated to the project.
- Ballina Marina Master Plan – This master plan is currently on exhibition with no funds allocated.
- Martin Street Boat Harbour Master Plan – Council has adopted a master plan for this precinct with no funds allocated.
- North Creek Dredging – The estimated cost of this entire project is approximately \$729,000 with Council undertaking certain stages of the feasibility process. There is no funding available to complete all stages of the approval process.
- Lennox Head Surf Club – Estimated cost of approximately \$4m to \$5m based on preliminary designs with funding only allocated for the design and approval of the project.
- Lennox Head Rural Fire Service Shed – The current shed has a temporary development consent approval and Council is obliged to fund a new permanent shed. The consent is for a period of 10 years commencing 12 November 2012 (DA 2012/297). This means the onus is Council to provide a new facility prior to November 2022. This project could cost up to \$1m once the land acquisition is included.
- 9 Commercial Road, Alstonville – An amount of approximately \$180,000 is needed to provide car parking on this vacant Council owned property.
- Hutley Drive / North Creek Road intersection – This project is in Council's Section 94 Roads Plan which means Council has a statutory responsibility to deliver the project. The project has a nominal budget in the LTFP funded by developer contributions, however it is unlikely that the required developer contributions will be collected by the preferred construction date for the project.
- Section 94 Roads Plan – The Section 94 Roads Plan has tens of millions of dollars of road infrastructure projects identified over the next 20 years and the timing of those works will depend on the collection of developer contributions.
- Ballina Ocean Pool – This project is supported by Council subject to the works being funded by the community.

This information provides a snapshot of the various projects under consideration by Council. The next section of this report provides a brief commentary on the various projects that are still to have a confirmed funding strategy, or are incomplete, to assist Councillors in determining whether the current priorities are to be supported or possibly amended.

4.10 Community Infrastructure - Non-recurrent Projects and Funding

- *Coastal Walk – Approximately \$1.5m*

The coastal walk represents the segment of pathway from Sharpes Beach, through Boulders Beach and then to the stairs at the top of the Pat Morton car park, on the eastern side of The Coast Road.

Council has planning consent for these works, which involves the provision of a mixture of crushed aggregate and boardwalk, to provide a walk that is to National Parks and Wildlife standards. The planning consent is for a walking track and not a shared path / cycleway.

This project can be undertaken in segments as the track already exists in an informal manner. The strategy to fund this project is to seek grants and if any grants are secured that require matching funding (or a contribution from Council) other projects will need to be deferred to free up the required monies.

- *Lennox Head Main Street Upgrade - \$5.5m*

Council received a report on the two concept plans for this project at the March 2017 Finance Committee meeting. A copy of the plans is attached.

The various River Street upgrade works have been funded by loans and a similar approach would be needed to finance these works,

The estimated repayments on a loan of \$5.5m, based on a 4% interest rate are \$678,000 over a ten year period and \$495,000 if the loan term is for 15 years.

The River Street segment for Moon to Grant Streets is included in the LTFP for 2018/19. The majority of the earlier sections of the River Street works have been funded by loans, with the repayments financed through rental revenues generated from Council's commercial property at 89 Tamar Street.

The existing loans decrease by approximately \$407,000 per annum in 2019/20 and this means Council can undertake the River Street works in 2018/19, funded by loans, with the new loan repayments then commencing in 2019/20, without any material deterioration in Council's budget.

The loan for the Moon to Grant Street segment in 2018/19 is based on a 4% interest rate with repayments of \$308,000. This means there is actually a reduction in the net loans being repaid (i.e. current repayments of \$407,000 reduced to \$308,000).

If Council wanted to undertake the Lennox Head Main Street Upgrade works, in the near future, it would need to replace the River Street works with Lennox Head.

If the loan was borrowed over a 15 year term there is some deterioration in Council's budget as the existing \$407,000 in loan repayments would be replaced by loan repayments totalling \$495,000.

The revenues generated from 89 Tamar Street would still be able to finance these repayments, albeit that it would result in less funds being available in the Community Infrastructure Reserve (CIR). Movements in the CIR are examined in more detail later in this report.

4.10 Community Infrastructure - Non-recurrent Projects and Funding

- SES Building Expansion / Replacement – Cost unknown

The delivery of this project represents a deficiency in the LTFP as Council has a statutory responsibility to provide premises for the SES. Grant funding remains one of the key funding strategies and the Civil Services Group are in the processing of confirming preferred building plans and the location for the new premises. Once that information is known a funding strategy will need to be confirmed. If grant funds are not available other Council projects will need to be deferred to allow the project to proceed.

Port Macquarie recently went through a similar process and expended \$1.7m on a new facility.

- Ballina Marina Master Plan

Council's role should be to promote this project to the State Government as the magnitude of the project means that State Government funding is needed for it to be delivered. It is not planned to allocate any Council funding to the implementation of the master plan in the Council LTFP.

- Martin Street Boat Harbour Master Plan - \$8m to \$30m

Council has an adopted master plan for this precinct and an extract from that plan is included as an attachment to this report. As per the Ballina Marina Master Plan it is proposed to continue to promote this project to the State Government to secure grant funding.

There may well be an option to fund components of the plan, such as the marina, from State Government grants, with the obvious grant program being the NSW Boating Now Program (previously referred to as Better Boating). Council has had good success with this program with the current approach from the State Government being based on three year commitments, with funding no longer required to be 50% matched by councils. The current Council projects funded by this program are as follows:

Table One – NSW Boating Now Projects (\$)

Project Description	Total	Grant	Council
Ballina Marina – Master Plan	80,000	40,000	40,000
Keith Hall - Ramp / Pontoon	300,000	225,000	75,000
East Wardell – Pontoon	100,000	50,000	50,000
Captain Cook Park – Wharf / Pontoon	300,000	250,000	50,000
Fishery Creek – Pontoon	100,000	50,000	50,000
Faulks Reserve – Pontoon	175,000	100,000	75,000
Emigrant Creek - Access	40,000	40,000	0
North Creek, Lennox Head - Ramp	150,000	75,000	75,000
Brunswick Street – Ramp	200,000	125,000	75,000
Total Expenditure	1,445,000	955,000	490,000
Council Funding Sources			
Quarry Reserve			40,000
Footpaths Budget Reduction			300,000
Wardell Town Centre Reserve			50,000
Ballina RSL Club Contribution			50,000
Community Infrastructure Reserve			25,000
Property Development Reserve			25,000
Total Revenue			490,000

4.10 Community Infrastructure - Non-recurrent Projects and Funding

Planning for all these projects is well advanced, with the capital component of the projects scheduled to be delivered in the 2017/18 financial year, based on the current timing for design and approvals.

It is envisaged that the State Government will seek additional projects for funding, under the next round of the Boating Now Program in 2018/19, and the Martin Street Marina should be a high priority project for that grant funding program.

- North Creek Dredging – Approvals Process - \$729,000

The estimated cost of the approvals component of this project is \$729,000 with Council approving funding of \$90,000 in the current budget. That funding relates to sediment investigations and the economic assessment of the project in respect to the commercial use of the dredged sand.

This project was originally being funded from Council's Quarry Reserve, however with the quarries no longer generating revenue there is no funding available to complete all stages of the approval process.

If the economic assessment confirms the project is viable Council may have to consider using our Property Development Reserve to finance the work, as it relates to a commercial activity.

Council's Public and Environmental Health Section is also having discussions with the Office of Environment and Heritage to try and secure grant funds for the actual dredging by focusing on the positive environmental outcomes. Those discussions are on-going,

- Lennox Head Surf Club – Estimated cost of approximately \$4m to \$5m

Significant work has been undertaken on finalising the designs for the replacement surf club, with \$50,000 in funds available in the 2016/17 budget. Once the designs are confirmed with the Surf Club Executive, planning approval will be sought for the works. Once approvals are obtained the priority will be to secure significant grant funding.

No funding for capital construction is currently included in the LTFP due to the project being in the very early planning phase.

- Lennox Head Rural Fire Service Shed

The difficulty with this project has been identifying a preferred site as the availability of suitable land is limited.

One option that has been discussed is the possible use of part of Council's Henderson Farm residual land, although the timing of the development of that land remains uncertain.

Another option potentially available is land in the EPIQ Estate, with the Estate developers interested in negotiating potential sites for a pre-school and / or fire shed as part of that development. Those discussions are currently occurring and will be subject to a report to Council, if a reasonable proposal can be agreed.

4.10 Community Infrastructure - Non-recurrent Projects and Funding

Council has tended to place this project on the backburner due to the temporary consent in place, however we are now getting close to halfway through that consent timeframe with no formal strategy in place. It is important that Council confirm a preferred location in the near future.

- Car Parking - 9 Commercial Road, Alstonville – \$180,000

An amount of approximately \$180,000 is needed to construct car parking on this vacant Council owned property. Council purchased this commercially zoned residential property a number of years ago to provide additional car parking in the Alstonville town centre.

The cost of the acquisition of the property and the future construction of the car parks is included in the Section 94 Car Parking Plan for Alstonville. This means the costs of this work (acquisition and construction) will be reimbursed to Council over time, as development occurs in the town centre.

However to date no section 94 car parking contributions have been collected as no development subject to the contributions plan has taken place.

Council has resolved to consider a report on options to fund this work and unfortunately there is no ready funding solution available.

The latter part of this report examines movements in Council's property reserves and Council may well wish to reallocate the priorities for the projects being funded from those reserves, if this work is to proceed.

- Hutley Drive and Hutley Drive (north) / North Creek Road - \$5m to \$15m

The construction of Hutley Drive is in Council's Section 94 Roads Plan, which means Council has a statutory responsibility to deliver the project. The estimated cost of completing the entire road is approximately \$15m.

The more pressing part of this project is the Hutley Drive (north) / North Creek Road extension, as this work is needed to allow the roll out of the EPIQ development in Lennox Head. The provision of the commercial shopping precinct is very dependent on this extension to help reduce traffic movements in Montwood Drive and Silkwood Road.

The estimated cost of this section ranges from \$5m to \$6m.

The total project is 100% funded from developer contributions in the Section 94 Roads Plan, however contributions currently held for that roads contribution plan are approximately \$3m, which is well short of the budget needed for even the northern extension.

Hutley Drive is included in the LTFP in 2019/20 although this is more a nominal budget only as the LTFP has assumed there is a significant increase in developer contributions collected over the next three years.

That level of increase is unlikely which means the project may be pushed further back.

4.10 Community Infrastructure - Non-recurrent Projects and Funding

The securing of grant funds is one way this project can be brought forward and Council has resolved to seek a Federal Government grant through the Better Regions Fund. The outcome of that application will be known later this year.

In respect to the delivery of the northern section this is also dependent on a land swap with the owners of the Reservoir Hill site and those negotiations are on-going.

If a land swap is agreed the construction of the northern section will be the main priority from an infrastructure planning perspective and Council will need to examine options to finance any shortfall in developer contributions.

One option may well be to negotiate with the EPIQ developers, who are very dependent on the construction of this road, and have the developers assist in forward funding the works, in lieu of future payment of developer contributions.

Updates on this project will be provided to Council once negotiations with the Reservoir Hill property owners are further advanced.

- Section 94 Roads Plan

The Section 94 Roads Plan has tens of millions of dollars of road infrastructure projects identified over the next 20 years and the timing of those works depend on the collection of developer contributions.

This plan breaks the works program into three distinct time periods (2011-2019, 2019-2028 and 2028-2036).

Major works required to be completed for the period 2011 to 2019 are as per the following table.

Table Two – Section 94 Roads Plan – Works Program 2011 to 2019 (\$'000)

Ref. No.	Description	Total Cost	Council Liability	Comment
6	River Street Fisheries Ck Bridge to Tweed St - Four Laning	3,886	1,959	
7	Tamarind Dr, North Creek Rd to Kerr St - Four Laning	7,166	102	
9	River St, Upgrade Fisheries Creek Bridge - Four Lane	5,344	2,694	
10	Tamarind Dr, Duplication of North Creek Canal Bridge - Separate Two Lanes	4,008	57	
11	River St, Fisheries Ck Bridge to Sthn Interchange of Bypass - Four Laning	9,583	2,506	
11	Other River Street Improvements (land)	134	35	
12-14	Hutley Drive Extension	15,303	0	
28a	River Street / Cherry Street Roundabout	1,166	350	Complete
28b	River Street / Moon Street Roundabout	1,166	350	Complete
29	Tamar Street / Cherry Street Roundabout	644	193	Complete
31,33	Ballina Heights Drive	4,858	1,457	Complete
34	Cumbalum - Interchange, eastern roundabout	3,460	1,038	Complete

Items 6, 9 and 11 represent major liabilities for Council within the next four years, as they include an apportionment of the funding to Council.

4.10 Community Infrastructure - Non-recurrent Projects and Funding

The LTFP includes all the incomplete projects in our future works plan, with the works scheduled for 2019/20 and 2020/21, albeit that this is beyond the timeframe identified in the Section 94 Plan.

A large component of work is loan funded within the LTFP as it is unlikely, as per the comment for Hutley Drive, that the required developer contributions will be collected. The work is included in 2020/21 and 2021/22.

With loan repayments for roads, the net general fund revenue contribution to road capital expenditure is either increased or decreased dependent on the amount of the loan repayments each year. This then ensures that the overall Council revenue funded expenditure on roads (including loan repayments) remains constant, subject to annual indexing.

Ideally Council will aim to secure grants for these projects, which will then allow the required loan funds to be reduced.

- Ballina Ocean Pool

Council has resolved to not provide financial support to this project, which means there is no financial contribution included in the LTFP. The State Government has been approached to provide grant funding for the approval process and there is a high probability this funding may be approved based on feedback from the Government.

In considering this report it is also important to have understanding the various components of the master plans that are being funded. This next section provides an overview of three of those plans.

Status of Ballina Town Entry Treatment Master Plan

The Ballina Town Entry Treatments project is funded in the LTFP as follows:

- 2016/17 - \$48,500
- 2018/19 - \$800,000

The adopted Master Plan includes seven distinct components, as per the following table. A copy of the Master Plan is included as an attachment to this report.

Table Three - Ballina Town Entry Treatment Master Plan – Components (\$)

No.	Project	Original Estimate	Status
1	Landscaping of median strip between the roundabouts at Quays Drive and Barlows Road/Keppel Street.	322,000	Funded 2018/19
2	Installation of tree planting blisters and tree planting along each side of River Street between Burns Point Ferry Road and Barlows Road/Keppel Street.	224,000	Funded 2018/19
3	Installation of tree planting blisters and tree planting along each side of River Street between Barlows Road/Keppel Street and Boatharbour Road.	97,000	Funded 2018/19

4.10 Community Infrastructure - Non-recurrent Projects and Funding

No.	Project	Original Estimate	Status
4	Installation of tree planting blisters and tree planting along each side of River Street between the Canal Bridge and Kerr Street.	95,000	Complete
5	Installation of tree planting blisters and tree planting along each side of Kerr Street between River Street and Fox Street.	140,000	Funded 2018/19
6	Installation of tree planting blisters and tree planting along each side of Tamarind Drive between the Canal Bridge and Southern Cross Drive. Landscaping/tree planting on the corner of Kerr Street and Tamarind Drive	18,000	Funded 2016/17
7	Roadside planting of trees on Tamarind Drive between Southern Cross Drive and Bicentennial Gardens.	16,000	Funded 2016/17

Council allocated \$140,000 for Stages 4, 6 and 7 in the 2013/14 financial year and Council staff are still to finalise the Tamarind Drive component (items six and seven), with \$48,500 remaining in the 2016/17 budget.

This delay in delivering these works is unfortunate as the previous Council had identified these works as a high priority.

The Open Spaces and Reserves Section in the Civil Services Group is responsible for delivering the works and there are concerns that the estimates for items six and seven, along with items one, two, three and five, may not reflect the reality of the infrastructure that needs to be managed / relocated / constructed as part of this plan.

It is anticipated that the Civil Services Group will deliver a report to Council in the near future to confirm the required budget for the works, as well as the delivery timeframe for items six and seven.

Status of Captain Cook Park Master Plan

Similar to the Ballina Town Entry Statement project it is important that Council is aware of the status of the Captain Cook Master Plan. An extract of the proposed works in that plan is included as an attachment to this report.

Council staff had identified a preferred implementation plan for this Master Plan, which is outlined in the following table.

Table Four – Captain Cook Master Plan – Staged Implementation (\$)

Ref	Item	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
1.	Laneway and Car Park – one way access		750,000			
2.	Public Art / Monument					50,000
3.	Improved Pedestrian Entry - River Street		200,000			
4.	RSL Edge Landscaping	150,000				
5.	Open Park Land – Paths etc				200,000	
6.	Public Wharf and Pontoon (Boating Now)	300,000				
7.	Water Play Area – Drainage etc					500,000
8.	Picnic Shelter – BBQs, Structures				150,000	
9.	Public Toilets					300,000

4.10 Community Infrastructure - Non-recurrent Projects and Funding

Ref	Item	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
10.	Jetty			350,000		
11.	Landscape - Activity Zone / Fawcett Park			150,000		
	Totals	450,000	950,000	500,000	350,000	850,000

Works funded for this plan in the LTFP are as follows:

- 2016/17 – RSL Edge Landscaping \$150,000 (item 4), which includes a contribution from the Ballina RSL of \$60,000. This contribution was a development consent condition for the RSL when they obtained planning consent for the boardwalk on the southern side of the club. The landscaping works are scheduled for when the current renovations are completed at the club.
- 2016/17 and 2017/18 – Captain Cook Pontoon \$300,000 (item 6) – This is the work identified in the NSW Boating Now program, as outlined earlier in this report.
- 2019/20 \$750,000 – Allowance for one way access (item 1)
- 2020/21 \$2,100,000 – Allowance for items 2, 3, 5, 7, 8, 9 10 and 11 to complete the plan.

The 2019/20 and 2020/21 works are dependent on dividends from Council's land sales.

Status of Pop Denison Park Master Plan

This Master Plan includes works totaling approximately \$2m as per the following table.

Table Five – Pop Denison Master Plan

Stage Number, Timing and Description	Estimate (\$)
Stage One – 2015 to 2018	
Toilet block (with provision for kiosk and storage facility)	100,000
Foreshore path	70,000
Extend road	25,000
Install new southern car park	84,000
Shelter to existing petanque piste with seating	6,000
Sub-total Stage 1	285,000
Stage Two – 2018 to 2023	
Install new northern car park	70,000
Remove two existing southern carparks and regrass	15,000
Central spine path 200m long x 2m wide	36,000
Junior Playground with softfall	210,000
Senior Playground with softfall	250,000
Shade structures to senior and junior playground areas	90,000
New picnic shelters	50,000
New picnic settings	24,000
New seating	15,000
New water bubblers or taps plus provision of water	10,000
New bins	6,000
New bike racks	4,000
New BBQs + provision of electricity	22,000
New tree planting	30,000
Sub-total Stage 2	832,000
Stage Three – Timing 2023 to 2028	
New picnic shelters	40,000

4.10 Community Infrastructure - Non-recurrent Projects and Funding

Stage Number, Timing and Description	Estimate (\$)
New picnic settings	20,000
New bins	6,000
Curved eastern path	55,000
New seating	15,000
Boardwalk to ecological protection zone	96,000
Interpretive signage	8,000
Information sign at foreshore area	1,000
Park entry signs	6,000
New petanque piste with shelter and seating	20,000
Establish defined bush trails and revegetate disused trails	25,000
Car parking along Fenwick Drive	95,000
Bollards along Fenwick Drive	12,000
Path along Fenwick Drive frontage	40,000
Childrens cycle path	23,000
Exercise stations along foreshore path	18,000
Structure at end of central path with seating	15,000
Public art projects to park	100,000
Weed removal program to bushland	35,000
Sub-total Stage 3	630,000

An extract from the master plan is included as an attachment to this report.

The project is 100% funded from Ballina District Park Section 94 developer contributions. This means the works can be rolled out as the contributions are collected.

The actual collection rate for the Ballina District Park developer contributions is relatively slow with funds collected at an average rate of around \$50,000 per annum.

The 2016/17 budget has an allowance of \$350,000 for the works based on developer contributions held and planning for those works is occurring concurrently with the Shaws Bay CZMP works.

A Part V planning application for various elements of the Shaws Bay CZMP and Pop Denison Park works has recently been approved and works are expected to commence in the near future.

The balance of the works in the Master Plan, which are unfunded, will occur as and when adequate developer contributions are collected.

Property Reserves

The report to date has outlined the various capital projects either funded or under consideration by Council. One of the main funding sources for non-recurrent projects is Council's Property Reserves and the next section of this report provides an overview of the latest forecasts for the movements in those reserves.

Council has two internal reserves that are collectively referred to as the Property Reserves, as they are funded from Council's commercial property development activities. The two reserves are:

1. Property Development Reserve (PDR) – This reserve is effectively the banker for Council's commercial property development activities

4.10 Community Infrastructure - Non-recurrent Projects and Funding

- Community Infrastructure Reserve (CIR) – This reserve receives revenue from commercial property rentals and dividends from the Property Development Reserve, with the funds held in the reserve then financing community infrastructure projects.

The latest forecasts for these two reserves are included as attachments to this report. Comments on the movements in the reserves are as follows.

Property Development Reserve

The forecast movements in this reserve, for current and next four financial years, being the term of the 2017/18 Delivery Program, are as follows.

Table Six – Property Development Reserve

Item	2016/17	2017/18	2018/19	2019/20	2020/21
Opening Balance	3,220,000	588,500	428,500	2,571,100	637,900
Less Airport Overdraft	(444,800)	(173,400)	0	0	0
Revised Opening Balance	2,775,200	415,100	428,500	2,571,100	637,900
Add: Cash Inflows					
Interest Accrued	105,000	15,000	11,000	64,000	16,000
Rental - Norfolk Homes	147,000	150,400	153,400	156,500	159,600
Rental - ARC (50%)	125,400	127,200	129,700	132,300	135,000
Sale - Alstonville Tennis Courts Site	0	1,300,000	0	0	0
Sale - 9 North Creek Road	182,400	0	0	0	0
Sales - 54 North Creek Road	0	2,500,000	0	0	0
Sales - Russellton (Standard Lots)	0	90,000	0	0	360,000
Sales - Southern Cross (Large Lots)	0	0	1,350,000	1,350,000	0
Sales - Southern Cross (Standard Lots)	725,000	0	1,325,000	1,325,000	600,000
Sales - WUEA (Standard Lots)	387,000	3,990,000	1,980,000	1,980,000	1,980,000
Sub Total	1,671,800	8,172,600	4,949,100	5,007,800	3,250,600
Less: Cash Outflows					
Operating Expenses and Holding Costs	372,500	270,300	276,500	282,600	289,300
Community Infrastructure Dividend	0	0	0	0	1,000,000
Airport Boulevard Road	0	4,000,000	0	0	0
North Creek Road (54) - Development	1,085,000	0	0	0	0
Russellton - Land Development	100,000	500,000	0	4,500,000	0
Shelly Beach Café	80,000	0	0	0	0
Southern Cross - Land Development	0	2,500,000	500,000	0	950,000
Southern Cross – Masterplan	100,000	0	0	0	0
Wigmore Arcade – Roof	342,900	0	0	0	0
Wollongbar Urban Expansion	2,044,000	720,000	1,680,000	1,800,000	0
Dividend – General Fund	178,900	342,300	350,000	358,400	372,000
Sub Total Outflows	4,303,300	8,332,600	2,806,500	6,941,000	2,611,300
Closing Balance	588,500	428,500	2,571,100	637,900	1,277,200
Less Airport Overdraft	(173,400)	0	0	0	0
Revised Closing Balance	415,100	428,500	2,571,100	637,900	1,277,200

Comments on the major items in this summary are as follows.

Opening and Closing Balances (Excluding and including Airport Overdraft)

The Ballina Byron Gateway Airport (BBGA) internal reserve has been overdrawn in recent years due to the total operations, including operating and capital, at the BBGA, operating at a net cash deficit. The funds held in the PDR have financed that overdraft. This means the opening and closing balances of the PDR reserve are adjusted by the overdraft figure.

4.10 Community Infrastructure - Non-recurrent Projects and Funding

Based on the current forecasts this overdraft should be eliminated during 2017/18.

Cash Inflows

- a) Rental Income – The figures relate to the Norfolk Homes lease and 50% of the ARC Building, both of which are located at the Southern Cross Industrial Estate. The rental from the ARC Building is split evenly between the PDR and the CIR.
- b) Sale – Alstonville Tennis Courts Site – Council has approved this sale, with the sale conditional on the purchaser receiving satisfactory development consent. This contract may be settled during the current financial year, although the income has been included in 2017/18, as a conservative approach.
- c) Sale – 9 North Creek Road – Represents the sale of residual land located adjacent to a wastewater pump station. This sale has been finalised.
- d) 54 North Creek Road – Represents estimated sales income from the development of this property, with four out of a total of six contracts exchanged to date, albeit that the land has still not been developed. Development costs are included in the cash outflows.

The contracts exchanged will be finalised when the civil works are completed and the lots registered. From a budgeting perspective there is a high level of confidence that the income forecast for 2017/18 will be realised.

- e) Sales – Russellton (Standard Lots) – The 2017/18 sale represents a transaction related to regulating current uses by adjoining land owners, which has been subject to previous reports to Council. The sales proceeds in 2020/21 assume Council will expend monies on the development of the next stage of this Estate in 2019/20.
- f) Sales – Southern Cross (Large and Standard Lots) – Forecasts sales assuming Council develops this land in 2017/18. The sales figure for 2016/17 represents two contracts that have already settled.
- g) Sales – WUEA (Wollongbar Urban Expansion Area) – Represents forecast sales for the development of this residential land, with development expenditure included in the cash outflows. Based on the exchanged contracts to date the income for 2016/17 (two settled) and 2017/18 (15 exchanged, one under offer and two available) are considered achievable.

Cash Outflows

- a) Operating Expenditure – Represents holding costs for our major land holdings. The Southern Cross figure is relatively high for 2016/17 as it includes an allowance for expenses related to the rezoning of the bulky goods zoned land at this Estate.
- b) Community Infrastructure Dividend – This figure represents potential transfer(s) from the PDR to the CIR, with those monies then being available in the CIR for expenditure on community infrastructure projects.

4.10 Community Infrastructure - Non-recurrent Projects and Funding

- c) Airport Boulevard – Funding of \$4m as a contribution towards this \$7m project. The balance is funded by a \$3m Federal Government grant.
- d) North Creek Road (54) – Land Development – Represents the construction costs for this development, with tenders likely to be reported to the April 2017 Ordinary meeting. This expenditure will most likely be spread over the 2016/17 and 2017/18 financial years.
- e) Russellton Land Development – The \$100,000 for 2016/17 and \$500,000 for 2017/18 relates to subdivision and other ancillary costs to formalise existing uses in this Estate. The \$4.5m for 2020/21 relates to the estimated construction costs of the next stage of this Estate.
- f) Shelly Beach Café – Council resolved to finance works related to the relocation of infrastructure for this property.
- g) Southern Cross Land Development – Represents development costs for forthcoming stages of this Estate.
- h) WUEA – Development – Estimated development costs for the next stage of this development
- i) Dividend – General Fund – The PDR provides an annual dividend to the General Fund to support the recurrent operations of Council. This continues to drain the PDR, considering that community infrastructure dividends are also paid to the General Fund.

Ideally this recurrent dividend should be removed from our LTFP, and current practice has been to reduce the dividend during the year, if the forecast financial result improves during the year.

The forecasts for 2018/19 onwards are indicative only and are provided as a guide to Council's future operations and expenditure programs. Reports will be presented to Council for future major projects, prior to the expenditure being incurred.

As property development activities are subject to numerous variations in timing regarding sales forecasts, development costs etc, from a financial planning perspective, a very conservative approach is followed.

Key principles are:

- a) Revenue forecasts for the forecast budgetary year should always have a high degree of certainty.
- b) Uncertain revenues (i.e. sales) are typically pushed back a year and only brought forward if the sale eventuates.
- c) Major capital projects and cash outflows planned for the forecast budgetary year only proceed if the revenues for the reserve, for that year, are relatively certain.

4.10 Community Infrastructure - Non-recurrent Projects and Funding

The major revenues forecast for 2017/18 relate to the Alstonville Tennis Courts site sale, 54 North Creek Road and WUEA and with a large number of contracts exchanged, the figures are considered achievable.

Community Infrastructure Reserve (CIR)

The final attachment to this report is the latest forecasts for the CIR.

The forecast movements in this reserve, for the current and next four financial years, being the term of the 2017/18 Delivery Program, are as follows.

Table Seven – Community Infrastructure Reserve

Item	2016/17	2017/18	2018/19	2019/20	2020/21
Opening Balance	1,141,800	361,000	125,500	235,800	432,300
Cash Inflows					
Interest Earned on Reserve	16,000	9,000	4,000	7,000	13,000
Dividend - Prop Develop Reserve	0	0	0	0	1,000,000
Rental 89 Tamar Street	702,500	703,600	717,700	732,000	746,600
Rental ARC (50%)	125,400	127,200	129,700	132,300	135,000
Rental Fawcett Park Café	65,800	67,100	68,500	69,900	71,300
Sale – Russellton Land	225,000	0	0	0	0
Section 94 Recoupments	450,000	650,000	450,000	450,000	450,000
Sub Total Inflows	1,584,700	1,556,900	1,369,900	1,391,200	2,415,900
Cash Outflows					
Property Operating Expenses	81,800	101,500	104,600	107,600	110,800
Administration Centre	169,000	0	0	0	0
Ballina Seagulls Rugby League	30,100	0	0	0	0
Ballina Sports and Events Centre	3,000	0	0	0	0
Ballina Town Entry Treatments	0	0	800,000	0	0
Boat Ramps - Captain Cook	75,000	0	0	0	0
Boat Ramps - Keith Hall	50,000	0	0	0	0
Captain Cook Park Master Plan	90,000	0	0	750,000	2,100,000
Lake Ainsworth	725,000	0	0	0	0
Lennox Head Community Centre	30,000	0	0	0	0
Loan Repayments	402,600	436,900	354,000	336,100	328,600
Shaws Bay CZMP	75,000	104,000	0	0	0
Sports Fields - Skennars Head	0	1,150,000	0	0	0
Tamar Street - 89 Refurbishment	29,000	0	0	0	0
Wollongbar Skate Park	500,000	0	0	0	0
Sub Total Outflows	2,365,500	1,792,400	1,258,600	1,193,700	2,539,400
Closing Balance	361,000	125,500	235,800	432,300	306,800

Comments on the major items in this summary are as follows.

Cash Inflows

- Community Infrastructure – Property Dividends – The figure for 2020/21 represent a forecast dividend from the PDR. This is notional figure, as the dividend(s) are subject to future land subdivisions and sales, which have significant variability.
- Rental – 89 Tamar Street, ARC, Fawcett Street Café – Represents gross rental incomes from these properties. 100% of the income for 89 Tamar Street and Fawcett Park Café is transferred into this reserve, whereas the ARC rental is split equally between this reserve and the PDR.
- Sale – Russellton Land – This was a one-off sale with Council resolving to allocate the revenues from this sale to Lake Ainsworth Improvements.

4.10 Community Infrastructure - Non-recurrent Projects and Funding

- Section 94 – Recouped – This represents developer contributions collected by Council where a project in the Section 94 Plan has been forward funded by Council from other revenues sources, typically being the CIR. Council is able to reimburse or recoup a component of our expended monies consistent with the Section 94 Plan. This income is variable, as it is dependent on the level of Section 94 contributions collected each year.

Cash Outflows

- Operating Expenses – Relates to the operating expenses for the rental properties.
- Community Infrastructure Projects – The numerous items listed represents projects where funding is sourced from the CIR.

The amounts may represent 100% of the funding for a particular project, or may represent a portion of the total funding, with many of the projects funded from a variety of sources (i.e. grants, other reserves). This figure is essentially the CIR funding contribution to those projects.

- Loan Repayments Community Infrastructure – The principal and interest repayments relating to certain projects, most notably the recent Ballina Town Centre and River Street upgrades, is financed from this reserve. This figure is netted off against a Local Infrastructure Renewal Scheme (LIRS) Loan subsidy that Council also receives. The LIRS was a State Government low interest scheme which allowed councils to borrow for infrastructure at relatively low interest rates.

These loan repayments is the primary reason why 100% of the rental income from 89 Tamar Street is transferred into this reserve, in that Council identified that revenue as the funding source for these loan repayments. The repayments are now starting to reduce as the loans are repaid in full. This, in turn, creates an opportunity for another project to be funded from loans, with the repayments financed through the rental income.

The draft LTFP assumes Council will borrow \$2.5m in 2018/19 to undertake the next stage of the Ballina Town Centre works (River Street - Grant to Moon Streets) based on a loan term of 10 years at 4%.The additional loan repayments are then funded from the CIR meaning there is no negative impact on the working capital result. This is summarised in the following table.

Table Eight – Loan Repayments funded from CIR (\$)

Item	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Existing Repayments	436,900	354,000	28,100	20,600	20,600	20,600	0
New Repayments	0	0	308,000	308,000	308,000	308,000	308,000
Total Repayments	439,900	354,000	336,100	328,600	328,600	328,600	308,000
Funded from CIR	439,900	354,000	336,100	328,600	328,600	328,600	308,000
Working Capital Impact	0	0	0	0	0	0	0

Council may well wish to finance another project through this funding method.

4.10 Community Infrastructure - Non-recurrent Projects and Funding

In summary the CIR provides a key funding source for infrastructure projects that are non-recurrent in nature. Table seven highlights how that funding is allocated specifically for the next four years. If Councillors wish to see those priorities amended this report provides an opportunity to determine a preferred priority listing.

Legal / Resource / Financial Implications

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

Consultation

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

Options

The objective of this report is for Council to discuss forward funding programs for capital items of a non-recurrent nature. The priorities reflected in this report are included in the draft LTFP and if Councillors wish to amend those priorities any changes should be reflected in the resolution arising from this report.

In reviewing the various unfunded projects facing Council the key concerns are:

- Lennox Head Rural Fire Shed
- SES Building
- Hutley Drive (northern extension)

These are core infrastructure projects that must be delivered within the next few years, as compared to other items that may be more discretionary. Therefore further reports will need to be submitted to Council, in the near future, to assess more timely funding options for their delivery.

RECOMMENDATIONS

1. That Council notes the contents of this report in respect to the numerous non-recurrent community infrastructure projects under consideration by Council.
2. That Council endorses for inclusion in the draft 2017/18 Long Term Financial Plan the forecast movements in the Property Development Reserve and Community Infrastructure Reserve as per attachments five and six of this report.

Attachment(s)

1. Lennox Head Main Street Upgrade - One and Two Way Options
2. Extract from Martin Street Boat Harbour - Master Plan
3. Ballina Landscape Entry Treatment Plans
4. Extract from Captain Cook Master Plan

4.10 Community Infrastructure - Non-recurrent Projects and Funding

5. Extract from Pop Denison Master Plan
6. Property Development Reserve
7. Community Infrastructure Reserve

4.11 Long Term Financial Plan - Consolidated Forecast and General Fund

4.11 Long Term Financial Plan - Consolidated Forecast and General Fund

Delivery Program Financial Services

Objective To provide a final update on the Long Term Financial Plan prior to the exhibition of the document for public comment.

Background

The Council budget or Long Term Financial Plan (LTFP) forms a major component of the exhibition of the draft Delivery Program and Operational Plan. Through the Finance Committee meetings, plus various other reports and adopted strategies and plans, the draft LTFP for 2017/18 onwards is now at a stage where it can be exhibited, subject to any changes that arise from this meeting.

In addition to providing an overview of the LTFP this report also considers the following three matters where Council asked for further information as part of the budget deliberations:

1. *Analysis of the revenue for the Alstonville Leisure and Entertainment Centre revenue*
2. *Overview of the funding allocated for the Community Event program*
3. *Possibility of funding the Tourism Marketing and Destination budget through a dividend from the Airport.*

Key Issues

- Overall financial position
- Works and services included for 2017/18 onwards

Information

The complete LTFP is included as a separate attachment to this report. The document provides details on the various operating budgets for the Council programs, along with information on capital works, capital income and reserve movements.

The Council finances operate on a fund basis with Water and Wastewater having been the subject of separate reports to the March and April Finance Committee meetings therefore the focus of this report is on the General Fund.

The latest forecast operating result for the **General Fund**, as per page three of the attachment is as follows.

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

Year	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Operating Revs	52,020	53,972	56,502	57,586	59,078	60,601	62,295	63,868	65,531	67,254
Operating Exps	52,924	54,197	55,847	56,884	58,267	59,333	60,830	62,501	63,480	64,807
Result (Deficit)	(904)	(225)	655	702	811	1,268	1,465	1,367	2,051	2,447

4.11 Long Term Financial Plan - Consolidated Forecast and General Fund

The State Government's Fit for the Future Program is asking councils to achieve an operating surplus for the General Fund and it is anticipated that this outcome will be achieved by 2019/20. This financial plan assumes Council's special rate variation application for 2017/18 to 2019/20 is approved by IPART.

The operating surplus is a measure of long term financial sustainability and from a short term liquidity perspective the main focus in respect to the General Fund is the working capital result.

As per page three the forecast working capital results for the General Fund are all deficits as follows:

Table Four - Forecast General Fund Working Capital Result (\$'000)

Year	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
Result	(173)	(181)	(355)	(389)	(293)	(257)	(110)	(122)	(130)	(12)

The forecast deficit of \$172,500 is considered manageable for 2017/18 acknowledging the overall size of the General Fund budget and accepting that many of the income forecasts are conservative.

Unfortunately the table indicates that for the ten year period the working capital forecast is negative every year with the deficit increasing significantly during 2019/20 to 2022/23.

The major increase in recurrent operating costs facing Council in the near future is the operation of the Ballina Indoor Sports Stadium, which is forecast to operate at a loss of approximately \$200,000 once additional staff resources are recruited.

The first full year of operation for this facility is 2019/20 which results in the increase in the forecast deficit for that year.

This highlights that Council will need to continue to pursue savings and efficiencies during 2017/18 and 2018/19, as the level of working capital deficits forecast for 2019/20 onwards is too high and will result in our working capital being significantly depleted.

Ideally we would like to start every financial year with a forecast working capital result of zero or positive.

The negative starting point is symptomatic of the fact that it is always extremely difficult to balance the demand for General Fund works and services against the revenue available.

In respect to the actual budget document itself brief comments on the operating budgets and capital works are as follows.

Operating Budgets (Part B of Draft LTFP)

From an operating result perspective (i.e. operating revenues less operating expenses), and on a cash basis, which is how working capital is calculated, the major movements/items of interest when comparing 2016/17 to 2017/18 are as follows.

Strategic and Community Facilities Group

- Strategic – The starting 2017/18 forecast revenues are 25% lower than 2016/17, as this is an area in which rezoning fees, grant income and the like, and associated expenditures, are added throughout the year.

Expenditure is 17% lower than 2016/17, as per above offset by the addition of \$50,000 expenditure for a Significant Tree Register in 2017/18.

- Community Centres and Halls – Overall, both revenues and expenses are forecast to increase by 1%. The net cash cost of this program has remained fairly static, increasing from \$453,900 in 2016/17 to \$456,700 in 2017/18.
- Gallery – The net cash cost of this program has increased from \$171,400 in 2016/17 to \$190,650 in 2017/18. Forecast income for 2017/18 is consistent with 2016/17. The 2016/17 income included grant funding of \$13,000. The 2017/18 income includes additional income line items for airport sales and fire station bookings.

Forecast expenses are 7% higher than 2017/18, with expenditure in relation to the airport and fire station now included and an increase in the salaries expense, which has previously been approved by Council.

- Swimming Pools – The cash operating deficit for this program has increased from \$318,700 in 2016/17 to \$804,200 in 2017/18.

The contributing factors to the increased deficit are loan interest of \$413,000 for the swimming upgrades now included, an increase in forecast electricity costs of \$64,000 and pool heating costs of \$50,000.

- Tourism – Overall an improvement in the operating cash deficit is forecast, from \$588,800 in 2016/17 to \$542,400 in 2017/18. Forecast operating income is consistent with 2016/17 income, with the exception that 2016/17 income includes a grant of \$50,000 from North Coast Destination Network for the FlyDrive Campaign.

Forecast operating expenditure for 2017/18 is \$95,900 lower than 2016/17. The 2016/17 expenses includes \$75,900 for the FlyDrive Campaign.

The 2017/18 budget for Destination Development has been decreased by \$33,400, to \$100,000, and the budget for Festivals and Events has been decreased by \$5,000 (transferred to the Community Donations budget for the Ballina Ministers Association Event, as per Council November 2016 resolution). These decreases are offset partially by an increase in salaries expense.

Development and Environmental Health Group

- Development Services – The 2017/18 estimates for forecast development application and related fees have been set at a conservative level, at \$40,000 (average of 6.5%) lower than the 2016/17 current forecast. This revenue may be higher should the current level of activity continue.

Essential Fire Service Annual Fees, Swimming Pool Certificates of Compliance and Caravan Park Licence Fees have been transferred from the Building Services area, with moderate increases anticipated for 2017/18.

The budget for Legal Expenses has been maintained at its existing level, however it should be noted that this is a potentially very variable expenditure.

- Building Services – The 2017/18 estimates for forecast income have also been set at a conservative level, at \$133,500 (average of 10%) lower than the 2016/17 current forecast.
- Environmental and Public Health – The cash operating deficit for this area has increased from \$776,400 in 2016/17 to \$1,115,300 in 2017/18. An additional operating expense line item for the Healthy Waterways Program has been added, \$307,600 for 2017/18, which is subject to the special rate variation approval by IPART. The additional rate income to finance this expenditure is included in a separate program, being Financial Services – General Purpose Revenues.

Civil Services Group

- Engineering Management – User fees and charges have been set at a conservative level for 2017/18.

Budgeted total expenditure has been maintained at existing levels, with the increase in salary expenses offset by reductions for asset condition assessments and the Lennox Head CBD Masterplan (for which budgets are in existence for 2016/17, but no budget is required for 2017/18).

- Stormwater – The cash operating deficit for this area has remained consistent, improving slightly from \$349,300 in 2016/17 to \$348,500 in 2017/18. The main income for this area is the annual stormwater charge. The major expense for this area is contribution to Richmond River County Council. Other movements in income and expenses occur to the nature and timing of grant revenue.
- Roads and Bridges – The large movement in the operating deficit for this area is due to the fluctuation in the Roads to Recovery grant money. Operating expenses for 2017/18 are relatively consistent with those of 2016/17.
- Ancillary Transport Services – The cash operating deficit for this area has remained consistent, improving slightly from \$843,000 in 2016/17 to \$842,300 in 2017/18. Movements in income and expenses occur to the level of private works estimated, which has been forecast for 2017/18 on a conservative basis to be lower than the 2016/17 year.
- Ferry and Water Transport – The cash operating deficit for this area has deteriorated from \$127,800 in 2016/17 to \$202,700 in 2017/18. The main contributor to this is an increase in the forecast annual slippage and overhaul expenditure, from \$36,000 in 2016/17 to \$138,000 in 2017/18. Council is now undertaking this work every second year.

4.11 Long Term Financial Plan - Consolidated Forecast and General Fund

- Open Spaces and Reserves – The net cash result for the program is a decrease in the deficit of 7% compared to the previous year. An increase in forecast salaries expense was offset by reductions in the Regional Works Crew supervision expenses and reduction to nursery operation expenses.
- Fleet and Plant – The net cash result for the program has improved from \$1,132,700 to \$1,214,600.

Plant operation expenses have been reduced from \$1,937,000 in 2016/17 to \$1,800,000 in 2017/18.

This is offset partly by a reduction in internal income from Motor Vehicle Salaried Staff Charges, decreased from \$390,900 in 2016/17 to \$311,000 in 2017/18 resulting from a review of the cost of vehicles completed reducing the required charge per vehicle combined with a reduction in the number of vehicles charged.

- Rural Fire Service – The net cash deficit for the program is anticipated to deteriorate from \$174,800 to \$214,200. The 2016/17 contributions income includes a one off transition grant of \$45,000 received due to a restructure of the method of reimbursement of costs.
- Quarries – The 2016/17 budget has a number of significant items including the Quarry Expansion Study \$244,000, the Stokers Stage 1 Rectification Works \$250,000 and Dredging/Sand Nourishment \$120,000. These items are funded from reserve and will carry forward to the 2017/18 year if not completed in the current financial year.

General Manager's Group

- Governance and Communication – The net cash result forecasts a decrease in the deficit of 11% compared to the previous year. The major contributor for this movement was the election expenses incurred in the 2016/17, not required for the 2017/18 year.
- Financial Services – General Purpose Revenues – Forecast rates revenue is based on the assumption that the Special Rate Variation will be approved by IPART. Council will not be notified of this until sometime in May 2017.
- Information Services – The operating deficit has increased from \$2,126,400 to \$2,414,300. The main contributors are an increase in employee costs of \$157,200, an increase in software consumables of \$71,600 and a decrease of \$70,000 in forecast income from the Information Fee which has been set at a conservative level for the 2017/18 year. The increase in Employee Expenses refers to a staff member returning from Maternity Leave.
- Human Resources and Risk Management – The operating deficit has increased from \$687,500 to \$844,100. This is due to a decrease in the forecast revenues from Statewide Mutual Bonus Refund and the Statecover Workers Compensation Refund. These refunds are variable and a conservative basis has been taken for the 2017/18 estimates.

The budget for Workers Compensation expense has been maintained at its existing level, however it should be noted that this is a potentially very variable expenditure.

- Property Management – The main differences for the 2017/18 forecasts are that the 2016/17 includes the Southern Cross Masterplan expense and also the final year of recoupment from the water and wastewater funds for the BBRC scheme. Forecast interest income for 2017/18 is also lower as a result of a forecast reduction in the level of property reserves.

Capital Expenditure (Part C of draft LTFP)

The draft budget includes an extensive capital works program with the total works for the General Fund estimated at almost \$39m.

The program largely reflects the recurrent works confirmed at the March 2017 Finance Committee meeting, along with items identified in the separate report in this agenda on non-recurrent community infrastructure projects.

Section 94 Contributions and Other Capital Income (Part D of draft LTFP)

This section provides an overview of capital income movements, with many of those items helping to fund capital expenditure projects.

Reserve Movements (Part E of draft LTFP)

This section provides details on all of the reserves held for the General Fund, including movements to and from those reserves, along with the reserve balances.

Other Matters

At the March 2017 Ordinary meeting Council resolved to seek additional information on the following three items:

1. *Analysis of the revenue for the Alstonville Leisure and Entertainment Centre revenue (ALEC)*
2. *Overview of the funding allocated for the Community Event program*
3. *Possibility of funding the Tourism Marketing and Destination budget through a dividend from the Airport.*

A brief commentary on each is as follows.

ALEC Review

The draft LTFP for ALEC has forecast operating revenues of \$27,000 and operating expenses, excluding depreciation, of \$196,500 resulting in a net cash operating deficit of \$169,500.

The ALEC is managed by a contractor, with the contractor retaining all revenues held in operating the centre, excluding an agreed profit share component that is split between the contractor and Council.

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Council is currently in a dispute with the contractor in respect to payment of that profit share, and those negotiations are on-going.

Other community facilities operated by Council such as the Lennox head Community Centre (\$116,000), Kentwell Centre (\$134,000) and Ballina Surf Club (\$111,500) have far higher income figures included in the LTFP than ALEC however they also have significant operating costs as Council staff are employed to manage those centres.

A comparison of the operating costs for the major facilities managed by Council's Community Facilities Team for the 2017/18 financial year is as follows:

Item	LHCC	Ballina Surf Club	Kentwell Centre	Richmond Room	ALEC
Operating Revenues	116,000	111,500	134,000	20,000	27,000
Less					
Operating Expenses	189,300	125,300	56,500	28,300	196,500
Net Result (Ex dep)	(73,300)	(13,800)	77,500	(8,300)	(169,500)
Direct Staff Costs			216,000		0
Consolidated Result		(233,900)			(169,500)

The Kentwell Centre has the benefit of receiving a rental stream from permanent tenants, which conversely has the dis-benefit of reducing the level of community use.

The direct staff costs line represents the two full-time and one part-time (four days per week) positions that are employed to directly co-ordinate the four Council operated facilities. These staff costs exclude the salary and oncosts for the manager of this section, with that position also involved in overseeing the operation of all these facilities, including ALEC.

As Council has an existing contract for the ALEC there is little that can be addressed in respect to current revenues and the opportunity remains for the management arrangements to be reviewed when the current contract expires during May 2018.

The Strategic and Community Facilities Group will be providing further reports to Council on management options for ALEC prior to the termination of the contract.

Community Event Program

The draft LTFP has a recurrent allocation of \$120,000 to support Council's community festivals / events program.

This funding is guided by Council's "Festivals and Events – Council Support" policy.

As per this policy Council calls for submissions from community groups each year to hold a festival / event that must be of a reasonable scale (greater than \$20,000 in cost).

Due to demand for this funding the allocation for this program has grown significantly in recent years with the actual expenditure as follows:

4.11 Long Term Financial Plan - Consolidated Forecast and General Fund

2012/13 - \$50,300
2013/14 - \$79,600
2014/15 - \$95,900
2015/16 - \$122,300
2016/17 - \$120,000 (budget)

Councillors have responded to the high level of interest in this funding by increasing the budget well beyond normal movements. This in turn has placed increased pressure on the overall Council budget.

The funding is also approved a year in advance to allow groups to plan for their events. The funding that has already been approved for 2017/18 is as follows (as per November 2016 Ordinary meeting):

Name of organisation	Event	Amount
Quota International of Alstonville Wollongbar Inc	Quota Club of Alstonville Craft and Garden Fair 2017	5,000
Le-Ba Boardriders	Skullcandy Oz Grom Open 2017	25,000
Lennox Head Chamber of Commerce	Love Lennox Festival 2018	15,000
Alstonville Agricultural Society	New Year's Eve Family Festival 2017/18	20,000
Ballina Chamber of Commerce and Industry	Ballina Prawn Festival 2017	30,000
Rotary Club of Ballina-on-Richmond	Ballina Fine Wine and Food Fair 2017	10,000
Ballina District Minister's Association	Riverside Carols 2017	(1) 5,000
QSM Sports	Ballina Triathlon 2017 (commercial event)	9,500
Total		119,500

(1) Council resolved in November 2016 to transfer this \$5,000 to the Community Donations budget, as this event did not meet the criteria for the festivals / events program.

In addition to this funding Council also approved the carry-over of \$25,000 for the Ballina Coastal Country Music Festival from 2016/17 to 2017/18.

This list of events helps to highlight the demand for the funding.

Clearly the budget allowance for this program has increased well beyond the normal boundaries and ideally Council needs to minimise future increases to help manage the overall Council budget.

Tourism Marketing and Destination Budget – Airport Dividend

This proposal has been examined and the LTFP has now been amended to include a \$100,000 dividend from the airport for 2018/19 onwards. Refer to the operating result section of the LTFP for the Ballina – Byron Gateway Airport.

This dividend is not considered to be materially impacting (negatively) the overall financial position of the airport, due to the scale and magnitude of that business, therefore the inclusion of the dividend is supported.

The dividend has directly improved the working capital result for the General Fund by the \$100,000 figure for 2018/19 onwards.

In relation to the expenditure of the tourism marketing and destination budget, the following information provides an overview of how the monies are expended each year.

Destination Ambassador Program

Welcome arriving passengers to the Ballina Byron Gateway Airport and inspire them to see and do more throughout the shire (to spend more, be satisfied with experience and return as either visitors or residents).

Ambassadors cover approx. 58-62 two hour shifts per month with two staff rostered to meet arriving planes Please note the flight schedule fluctuates each month. Budget covers all training, support, product knowledge familiarisation tours, acknowledgement, uniforms and equipment to enable this service. Tourism enquires taken from Visitor Services desk this financial year to date 7, 365.

Visitor Guide

Print and distribute 110, 000 copies of the Ballina Coast & Hinterland Visitor Guide detailing the destination assets and attractions. The budget enables distribution of the visitor guide through the following access points:

- *Ballina Byron Gateway Airport*
- *Melbourne Airport*
- *Newcastle Airport*
- *Visitor Centres in NSW and South East Queensland*
- *Ballina Visitor Information Centre*
- *Sydney camping travel expo*
- *Australian Bus and Coach Show Sydney*
- *Queensland Caravan, Camping and Touring Supershow*
- *Melbourne camping and travel show*
- *Destination NSW offices*
- *Northern Rivers accommodation properties, tourism attractions and selected petrol stations*
- *Conference delegate satchels*
- *New resident packs*
- *Travel trade agent packs*
- *Direct mail out to phone enquiries*
- *An electronic version of the visitor guide is also available through the destination website.*

Maps and other in-house brochures

- *Access to printed street level and regional maps to service visitor enquiries. Benefits the businesses of the shire with visitors finding their way to spend money at local businesses*
- *Design in house brochures to profile the destination assets and encourage visitation*
- *The destination website profiles visitor attractions and destination assets to encourage greater spend throughout the region. 46,724 unique users; 62,319 sessions to date this FY*
- *Tourism Industry stakeholders are provided with updates through an electronic noticeboard and electronic communication on items such as funding, entering tourism awards*
- *Material used to serve new residents to encourage them to move here*
- *Material provided to new business investors*
- *Community members referred to social support assistance.*

Regional Collaboration

- *Collaborate with neighboring LGA's on tourism development matters, share resources to promote and increase visitation to the region.*
- *Work with Destination NSW to attract visitors to our shire, through profiling businesses on the state tourism data warehouse. Over 90 local attractions and activities profiled.*
- *Host familiarisation tours for trade travel agents so they can sell holidays to the Ballina Shire.*

Attend trade shows

- *Staff onsite at the Queensland Caravan, Camping and Touring Supershow. Distributed 2400 visitor packs on Ballina shire to prospective visitors*
- *Staff attended Australian Bus and Coach Show to motivate visitors and inform them of destination assets. Distributed 300 info packs with group itineraries and hot deals, gained 172 group travel planners contacts.*

Campaigns

For example a fly drive campaign into Victoria. A key benefit was the increase in passengers to the Ballina Byron Gateway Airport.

The Melbourne route saw load factors of 79% in December with 11,343 passengers travelling through the Ballina Byron Gateway Airport. October and November load factors were 90% and 87% respectively. The Airport's busiest ever October and December on record.

The destination website, discoverballina.com also had its busiest ever period with a record 31,240 sessions by 22,783 unique users.

Through this campaign we were able to build destination awareness through billboards in various locations throughout Melbourne (please see attached).

Produce key lifestyle images/footage

- *Produce images of key destination assets so that they can be profiled and people are motivated to visit. Images used across Council e.g. Community Connect, council websites, various publications and reports also provided to not for profit businesses to attract visitors to the region*
- *Produce destination marketing flags and banners (in collaboration with the community) to create a sense of place throughout the shire, and inform community events of this signage infrastructure.*

Fund customer satisfaction surveys

- *Ensure that services provided meet the needs of today's consumer and prepare for the future.*

Legal / Resource / Financial Implications

This report outlines the total budget.

Consultation

The draft document will be placed on exhibition for public comment for a minimum period of 28 days.

4.11 Long Term Financial Plan - Consolidated Forecast and General Fund

Options

Council is required to exhibit the draft document for public comment and the recommendation is to endorse the exhibition process, subject to any changes arising from this report or other reports elsewhere in this agenda.

As touched on in the report Council still needs to be looking for savings in the recurrent budget to improve our working capital results for the General Fund in future years.

RECOMMENDATION

That Council approves the exhibition of the draft Long Term Financial Plan document, as attached to this report, subject to any amendments arising from this meeting.

Attachment(s)

1. 2017/18 - Long Term Financial Plan - Draft (Under separate cover)

4.12 Delivery Program and Operational Plan - Exhibition

4.12 Delivery Program and Operational Plan - Exhibition

Delivery Program Governance

Objective To obtain Council approval to exhibit the draft Delivery Program and Operational Plan for public comment.

The Office of Local Government's (OLG's) Integrated Planning and Reporting Framework requires councils to review the Delivery Program and prepare a new Operational Plan each financial year.

The purpose of this report is to obtain Council approval to exhibit those documents for public comment.

Key Issues

- Format and content of documents
- Ensuring the documents reflect the objectives of Council, particularly for 2017/18

Information

The OLG's Integrated Planning and Reporting Framework specifies a range of information that must be included in the Delivery Program and the Operational Plan.

A summary of the major elements for each document are as follows.

Delivery Program

- A council must have a Delivery Program, detailing the principal activities it will undertake to achieve the objectives established in the Community Strategic Plan, within the resources available under the Resourcing Strategy.
- The Delivery Program must include a method of assessment to determine the effectiveness of each principal activity detailed in the Delivery Program in achieving the objectives at which the activity is directed.
- A council must prepare a new Delivery Program after each ordinary election of councillors to cover the principal activities of the council for the four year period commencing on 1 July following the election. The Delivery Plan is based on a four year plan.
- The General Manager must ensure that progress reports are provided to the council, with respect to the principal activities detailed in the Delivery Program, at least every six months.
- A council must review its Delivery Program each year when preparing the Operational Plan

Operational Plan

- Council must have an annual Operational Plan, adopted before the beginning of each financial year, outlining the activities to be undertaken that year, as part of the Delivery Program. The Operational Plan focuses on actions and activities to be delivered during the current year.
- The Operational Plan will include the Statement of Revenue Policy, which provides an overview of the major fees and charges.
- The draft Operational Plan must be publicly exhibited for at least 28 days and public submissions can be made to Council during the period.
- Council must accept and consider any submissions made on the draft Operational Plan before adopting the Operational Plan.
- Council must post a copy of the Operational Plan on our website within 28 days after the plan is adopted

The Operational Plan also includes details of:

- Estimated income and expenditure
- Ordinary rates and special rates
- Proposed fees and charges
- Council's proposed pricing methodology
- Proposed borrowings.

Council has been producing a combined Delivery Program and Operational Plan for a number of years to avoid unnecessary documentation and duplication. This approach has worked reasonably well and a combined document is once again submitted for 2017/18, with that document provided as a separate attachment to this report.

The key part of the attached document is the section titled "Heading in the Right Direction" (pages 10 to 30), as this section outlines the various activities (or tasks) that are planned for 2017/18, along with activities planned for later years.

It is paramount that Councillors have their priorities included in this section of the document as it is these actions that will direct staff resources during 2017/18. Ensuring that this section accurately reflects the goals of Council then assists in ensuring that ad hoc notices of motion for other actions are not lodged during the year.

Notices of motion can result in the redirection of staff resources towards projects, which then impact on planned priorities. The Operational Plan should be the document that reflects the Council's goals for the year and through its public exhibition and formal adoption the community is then in a position to measure how Council is performing against those goals.

The other key elements of the document are the Capital Expenditure and Revenue Policy sections.

4.12 Delivery Program and Operational Plan - Exhibition

Capital Expenditure reflects the scheduled capital works for the four year period and the Revenue Policy summarises all Council's major fees and charges.

A number of the financial tables in the document are still to be finalised as they depend on information arising from this meeting.

Legal / Resource / Financial Implications

Council is legally required to review the Delivery Program and exhibit the Operational Plan for public comment. The documents provide an overview of how Council's resources are allocated and a summary of our finances.

Consultation

The document will be exhibited for public comment following adoption of this meeting's minutes at the April Council meeting.

The exhibition will occur during May and early June, with the outcomes from the exhibition period then reported to the June meeting.

In respect to public meetings, in recent years Council has only held meetings in Lennox Head and Wardell and a similar approach is recommended for 2017/18.

Options

Council is required to exhibit the documents therefore the options are to exhibit as presented or exhibit inclusive of any amendments arising from this meeting. The recommendation allows for any amendments to be included.

RECOMMENDATION

That Council approves the exhibition of the draft Delivery Program and Operational Plan document, as attached to this report, inclusive of any changes arising from this meeting.

Attachment(s)

1. 2017/18 to 2020/21 - Draft Delivery Program and Operational Plan (Under separate cover)