

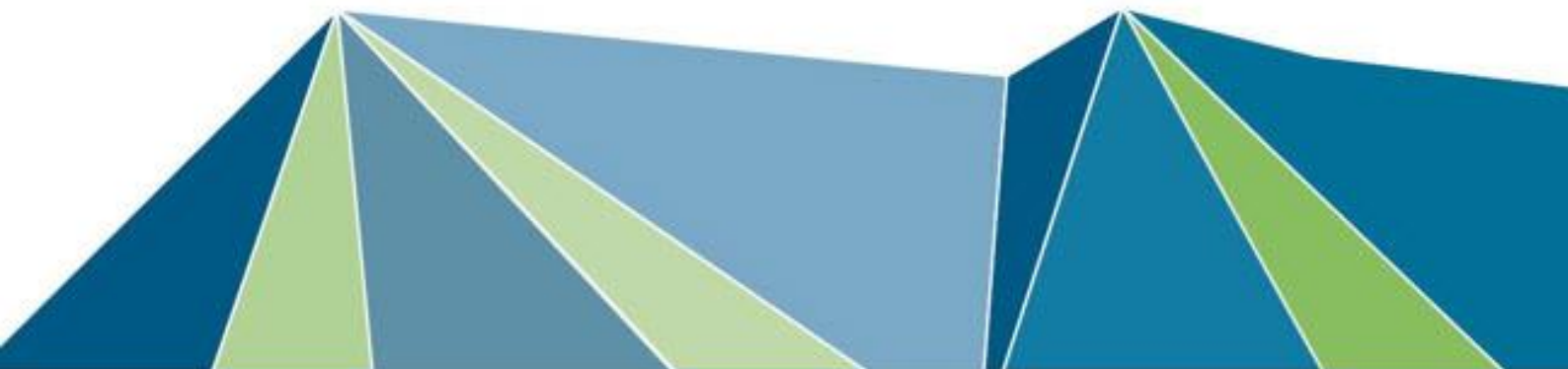
# Agenda

## ***Finance and Facilities Committee Meeting*** **13 March 2024**

A Finance and Facilities Committee Meeting` will be held in the Ballina Shire Council Chambers, 40 Cherry Street, Ballina on **13 March 2024 commencing at 4:00 PM.**

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

Paul Hickey  
**General Manager**



## **Ethical Decision Making and Conflicts of Interest**

### **A guide for Councillors, Council employees and community representatives**

#### Ethical decision making

- Is the decision or conduct legal?
- Is it consistent with Government policy, Council's objectives and Code of Conduct?
- What will the outcome be for you, your colleagues, the Council, anyone else?
- Does it raise a conflict of interest?
- Do you stand to gain personally at public expense?
- Can the decision be justified in terms of public interest?
- Would it withstand public scrutiny?

#### **Conflict of Interest**

A conflict of interest is a clash between private interest and public duty. There are two types of conflict:

- **Pecuniary** – an interest that you have in a matter because of a reasonable likelihood or expectation of appreciable financial gain or loss to yourself or another person or entity defined in part 4 of the Council's Code of Conduct, with whom you are associated.
- **Non-pecuniary** – a private or personal interest that you have that does not amount to a pecuniary interest as defined in the Council's Code of Conduct.

These commonly arise out of family or personal relationships, or out of involvement in sporting, social, religious or other cultural groups and associations, and may include an interest of a financial nature.

#### **The test for a conflict of interest**

- Is it likely I could be influenced by personal interest in carrying out my public duty?
- Would a fair and reasonable person believe I could be so influenced?
- Conflict of interest is closely tied to the layperson's definition of "corruption" – using public office for private gain.
- It is important to consider public perceptions of whether you have a conflict of interest.

#### **Identifying problems**

- Do I have private interests affected by a matter I am officially involved in?
- Is my official role one of influence or perceived influence over the matter?
- Do my private interests' conflict with my official role?

#### **Disclosure and participation in meetings**

##### **Pecuniary Interests**

- A Councillor or a member of a Council Committee who has a pecuniary interest in any matter with which the Council is concerned, and who is present at a meeting of the Council or Committee at which the matter is being considered, must disclose the nature of the interest to the meeting as soon as practicable.
- The Councillor or member must not be present at, or in sight of, the meeting of the Council or Committee:
  - a) at any time during which the matter is being considered or discussed by the Council or Committee, or
  - b) at any time during which the Council or Committee is voting on any question in relation to the matter.

**No Knowledge** - A person does not breach this clause if the person did not know and could not reasonably be expected to have known that the matter under consideration at the meeting was a matter in which he or she had a pecuniary interest.

### **Non-pecuniary Interests**

Must be disclosed in meetings. There are a broad range of options available for managing non-pecuniary interests and the option chosen will depend on an assessment of the circumstances of the matter, the nature of the interest and the significance of the issue being dealt with. Non-pecuniary interests must be dealt with in one of the following ways:

- It may be appropriate that no action be taken where the potential for conflict is minimal. However, Councillors should consider providing an explanation of why they consider a conflict does not exist.
- Limit involvement if practical (eg. Participate in discussion but not in decision making or vice versa). Care needs to be taken when exercising this option.
- Remove the source of the conflict (eg. Relinquishing or divesting the personal interest that creates the conflict)
- Have no involvement by absenting yourself from and not taking part in any debate or voting on the issue as per the provisions in the Code of Conduct (particularly if you have a significant non pecuniary interest)

### **Deputations to Council – Guidelines**

- Deputations by members of the public may be made at Council meetings on matters included in the business paper.
- Deputations are limited to one speaker in the affirmative and one speaker in opposition.
- Deputations, per person, will be limited to a maximum of two items on the agenda.
- Requests to speak must be lodged in writing or by phone with the General Manager by noon on the day preceding the meeting.
- Deputations are given five minutes to address Council.
- Deputations on the same matter will be listed together with the opposition first and the speaker in affirmative second.
- Members of the public are advised that any documents tabled or given to Councillors during the meeting become Council documents and access may be given to members of the public in accordance with the requirements of the Government Information (Public Access) Act 2009.
- The use of powerpoint presentations and overhead projectors is permitted as part of the deputation, provided that the speaker has made prior arrangements with the General Manager's Office at the time of booking their deputation. The setup time for equipment is to be included in the total time of five minutes allocated for the deputation.
- To avoid conflicts of interest, real or perceived, deputations will not be accepted from:
  - a) Tenderers during a public tender or request for quotation
  - b) Persons or representatives from organisations seeking financial support from Council that involves an expression of interest
  - c) Consultants who are engaged by Council on the matter the subject of the deputation.

### **Recording and Livestreaming of Council Meetings**

- The meeting (with the exception of the confidential session) is being livestreamed and recorded for on-demand viewing via Council's website ([ballina.nsw.gov.au/agendas-and-minutes](http://ballina.nsw.gov.au/agendas-and-minutes)) and a person's image and/or voice may be broadcast.
- Attendance at the meeting is taken as consent by a person to their image and/or voice being webcast.
- All speakers should refrain from making any defamatory comments or releasing any personal information about another individual without their consent.
- Council accepts no liability for any damage that may result from defamatory comments made by persons attending meetings. All liability will rest with the individual who made the comments.  
This meeting must not be recorded by others without the prior written consent of the Council in accordance with Council's Code of Meeting Practice.

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1. Acknowledgement of Country
  2. Apologies
  3. Declarations of Interest
  4. Deputations
- 

**1. Acknowledgement of Country**

In opening the meeting the Mayor provided an Acknowledgement of Country.

**2. Apologies**

**3. Declarations of Interest**

**4. Deputations**

## 5.1 North East Weight of Loads Group (NEWLOG)

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### 5. Committee Reports

#### 5.1 North East Weight of Loads Group (NEWLOG)

**Section** Infrastructure Planning

**Objective** To provide Council with an annual update on the operations of NEWLOG and to endorse the budget for 2024/25.

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#### **Background**

The North East Weight of Loads Group (NEWLOG) is a resource sharing co-operative between seven member councils; Ballina, Byron, Clarence Valley, Kyogle, Lismore, Richmond Valley and Tweed.

The objective is to reduce damage to Council and classified roads and promote road safety, by policing of vehicle weights as prescribed in the Acts and Regulations relevant to overloading.

Corporate services for NEWLOG such as finance, administration, employment of staff etc are provided by Council, with Council charging an overhead recoupment fee to the other member councils.

NEWLOG, which is not a separate legal entity, has previously operated under a Memorandum of Understanding (MOU) with Transport for NSW (TfNSW).

The National Heavy Vehicle Regulator (NHVR) has now assumed this management role from TfNSW and a draft MOU between NEWLOG and the NHVR is currently under review.

It is unclear when the draft MOU will be finalised as the draft was issued to Council in December 2022 for our review.

However, the MOU with TfNSW expired years ago and the operations continued and were unaffected.

Despite the overdue nature of the MOU, the change from TfNSW to NHVR is otherwise working well and is a positive change.

The main reason for this position is NHVR hold a more direct interest in mass limit enforcement, within their other activities, compared to the level of interest formally shown by TfNSW.

#### **Key Issues**

- Financial sustainability
- Costs and outcomes

## 5.1 North East Weight of Loads Group (NEWLOG)

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### Discussion

A draft Long Term Financial Plan (LTFP) has been prepared for NEWLOG, which takes into account forecast revenues and expenses. The LTFP is included as Attachment 1 to this report.

The contribution from the NHVR to NEWLOG for 2023/24 is \$235,885. This includes an increase from the previous year of 7.3% which is determined by the percentage change in the Consumer Price Index.

Council can expect the NHVR to follow a similar process to be followed for 2024/25.

The LTFP incorporates future member contribution increases that were adopted during a previous NEWLOG AGM, held on 29 September 2020. These proposed increases were 7.5% for three years (commencing in 2020/21) followed by a 5% increase for one year and 3% from then on.

Accordingly, the LTFP now adopts the 3% figure, and this will be monitored by the NEWLOG member councils.

In 2023/24, the contribution from Council was approximately \$46,000, meaning the contribution for 2024/25 will be \$47,500.

From the perspective of the NEWLOG members, the costs to sustain the operation remain an excellent investment in terms of reducing the long term pavement damage caused from overloaded vehicles.

The program is also important from a safety perspective, as overloaded and off route vehicles, increase safety risks.

The damage to road infrastructure from overloading can be immediate, or gradual over the long term.

Overloaded trucks can cause structural elements, such as bridges and culverts to fail, or overloaded trucks can cause rutting damage, or cause significant wear on bitumen seals.

The more significant impact is the longer damage, or degradation, of road pavements. The effect of this is to reduce the design life of a road, meaning the community is exposed to the costs of more frequent renewals.

The damage caused by overloading an axle above the equivalent design standard increases exponentially. Even a minor heavy vehicle overload, repeated over and over, can have significant consequences in terms of reducing the remaining life of a pavement.

From an engineering perspective, this is described as the fourth power rule, as the effect of the additional load to a standard axle load is raised by the fourth power.

For example, an increase of loading (tonnes) on all heavy vehicles of 5% would result in an increase in standard axle loading of  $1.05^4 = 1.2155$ , or a 21.6% increase in pavement damage.

## 5.1 North East Weight of Loads Group (NEWLOG)

Looking at the value of Council's road assets, and the cost to renew these each year, the contribution to NEWLOG provides an effective return on investment, as it reduces the cost of damage from overloaded vehicles.

It is difficult to quantify in economic terms the benefits to road safety from the NEWLOG enforcement program. However, overloaded trucks, or trucks operating off approved routes, also increase the safety risk to road users. As well as the emotional and other impacts from road accidents, accidents are also an economic loss to the community.

Attachment 1 outlines recent financial results, and forecasts, for the period from 2019/20 to 2033/34. Recent results and forecasts for the next four years are summarised in the following table.

**Table One - NEWLOG - Financial Overview 2022/23 to 2027/28 (\$'000)**

Description	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Operating Revenues	414	333	343	352	361	370
Less Operating Expenses	560	570	607	623	640	657
<b>Operating Result</b>	<b>(146)</b>	<b>(237)</b>	<b>(264)</b>	<b>(271)</b>	<b>(279)</b>	<b>(287)</b>
Excl Deprec / Loss on Sale	26	24	27	28	29	30
<b>Cash Result</b>	<b>(119)</b>	<b>(213)</b>	<b>(237)</b>	<b>(243)</b>	<b>(250)</b>	<b>(257)</b>
<b>Reserve</b>						
<b>Opening Balance</b>	<b>259</b>	<b>447</b>	<b>557</b>	<b>573</b>	<b>673</b>	<b>776</b>
Cash Result	(119)	(213)	(237)	(243)	(250)	(257)
Add Members Contributions	307	323	333	343	353	364
Less Capital Expenditure	0	0	80	0	0	180
<b>Closing Balance</b>	<b>447</b>	<b>557</b>	<b>573</b>	<b>673</b>	<b>776</b>	<b>703</b>

In reviewing the 2023/24 figures, for the year to date, there are no extraordinary items, accordingly the estimates included in Attachment 1 for 2024/25 onwards adopt small variations, with operations forecast to remain similar to previous years.

An operating cash loss is forecast annually, which is offset by member capital contributions. In addition, \$180,000 is anticipated to be spent in 2027/28 for a new set of portable scales for weighing trucks. NEWLOG's scale supplier has confirmed that the current model held by Council is no longer manufactured and that servicing / calibrations services will cease as early as 2027 for the outdated model.

### Financial / Risk Considerations

Council contributes financially to the operations of NEWLOG, as well as providing support and management of the joint venture.

### Options

This report is for information, with Council also asked to support the draft 2024/25 budget.

### RECOMMENDATION

That Council endorses the draft NEWLOG budget for 2024/25, as per Attachment 1 to this report.

**Attachment(s) - 1.** NEWLOG - Long Term Financial Plan [↓](#)



NEWLOG - Long Term Financial Plan																
ACTUAL				DESCRIPTION	ESTIMATED											
2019/20	2020/21	2021/22	2022/23		2023/24	2024/25	%	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
				<b>OPERATING REVENUES</b>												
				<b>Fees and Charges</b>												
84,400	54,500	60,200	179,900	Fines	75,000	75,000	0	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
				<b>Contributions</b>												
200,400	205,400	210,600	220,000	National Heavy Vehicle Regulator (NHVR)	235,900	245,000	4	253,000	261,000	269,000	278,000	287,000	296,000	305,000	315,000	325,000
				<b>Other Revenues</b>												
0	0	23,900	0	Profit on Sale of Assets	0	0	0	0	0	0	0	0	0	0	0	0
5,100	3,000	2,300	14,100	Interest on Investments	22,000	23,000	5	24,000	25,000	26,000	27,000	28,000	29,000	30,000	31,000	32,000
<b>289,900</b>	<b>262,900</b>	<b>297,000</b>	<b>414,000</b>	<b>Total Operating Revenues</b>	<b>332,900</b>	<b>343,000</b>	<b>3</b>	<b>352,000</b>	<b>361,000</b>	<b>370,000</b>	<b>380,000</b>	<b>390,000</b>	<b>400,000</b>	<b>410,000</b>	<b>421,000</b>	<b>432,000</b>
				<b>OPERATING EXPENSES</b>												
				<b>Employee Benefits and Oncosts</b>												
276,900	267,000	228,200	266,900	Salaries including Casual Contract Staff	300,000	312,000	4	321,000	331,000	341,000	351,000	362,000	373,000	384,000	396,000	408,000
21,800	22,300	23,800	19,800	Annual Leave	23,000	22,000	(4)	23,000	24,000	25,000	26,000	27,000	28,000	29,000	30,000	31,000
12,100	10,300	7,800	13,400	Other Leave	10,000	15,000	50	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
21,900	18,100	10,600	26,200	Sick Leave	15,000	16,000	7	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
35,900	10,900	23,100	16,600	Long Service Leave	10,000	16,000	60	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
5,600	5,600	5,300	5,600	Workers Compensation	5,000	6,000	20	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
23,500	18,800	20,100	22,100	Superannuation	23,000	24,000	4	25,000	26,000	27,000	28,000	29,000	30,000	31,000	32,000	33,000
1,400	0	0	0	State Conference	2,000	2,000	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
<b>399,100</b>	<b>353,000</b>	<b>318,900</b>	<b>370,600</b>	<b>Sub Total</b>	<b>388,000</b>	<b>413,000</b>	<b>6</b>	<b>424,000</b>	<b>436,000</b>	<b>448,000</b>	<b>460,000</b>	<b>473,000</b>	<b>486,000</b>	<b>499,000</b>	<b>513,000</b>	<b>527,000</b>
				<b>Vehicles</b>												
24,800	24,500	26,200	18,400	Vehicle Running Costs	30,000	32,000	7	33,000	34,000	35,000	36,000	37,000	38,000	39,000	40,000	41,000
				<b>Non-cash Expenses</b>												
0	0	0	0	Loss on Sale of Plant	0	0	0	0	0	0	0	0	0	0	0	0
22,800	22,800	21,900	26,300	Depreciation	24,000	27,000	13	28,000	29,000	30,000	31,000	32,000	33,000	34,000	35,000	36,000
				<b>Other Expenses</b>												
10,000	16,700	12,500	23,700	Bad and Doubtful Debts	2,000	2,000	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
9,500	10,600	11,700	15,500	Insurance	15,000	16,000	7	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
5,600	0	0	0	Legal Costs	3,000	3,000	0	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
1,000	1,300	1,200	500	Telephone	1,000	1,000	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
1,900	1,400	3,300	3,300	Sundry Expenses	2,000	3,000	50	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
1,100	0	1,200	1,100	Uniforms	2,000	1,000	(50)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
45,000	50,000	53,000	53,000	Ballina Shire Council Overheads	58,000	60,000	3	62,000	64,000	66,000	68,000	70,000	72,000	74,000	76,000	76,000
4,600	3,700	1,000	8,900	Maintenance of Scales	8,000	8,000	60	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
0	0	14,800	31,700	Travel Costs	35,000	35,000	0	36,000	37,000	38,000	39,000	40,000	41,000	42,000	43,000	44,000
100	2,100	0	6,500	IPB Processing Fees	5,000	6,000	20	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
<b>78,800</b>	<b>85,800</b>	<b>98,700</b>	<b>144,200</b>	<b>Sub Total</b>	<b>128,000</b>	<b>135,000</b>	<b>5</b>	<b>138,000</b>	<b>141,000</b>	<b>144,000</b>	<b>147,000</b>	<b>150,000</b>	<b>153,000</b>	<b>156,000</b>	<b>159,000</b>	<b>160,000</b>
<b>525,500</b>	<b>486,100</b>	<b>465,700</b>	<b>559,500</b>	<b>Total Operating Expenses</b>	<b>570,000</b>	<b>607,000</b>	<b>6</b>	<b>623,000</b>	<b>640,000</b>	<b>657,000</b>	<b>674,000</b>	<b>692,000</b>	<b>710,000</b>	<b>728,000</b>	<b>747,000</b>	<b>764,000</b>
<b>(235,600)</b>	<b>(223,200)</b>	<b>(168,700)</b>	<b>(145,500)</b>	<b>Operating Result - Surplus / (Deficit)</b>	<b>(237,100)</b>	<b>(264,000)</b>	<b>11</b>	<b>(271,000)</b>	<b>(279,000)</b>	<b>(287,000)</b>	<b>(294,000)</b>	<b>(302,000)</b>	<b>(310,000)</b>	<b>(318,000)</b>	<b>(326,000)</b>	<b>(332,000)</b>
22,800	22,800	(2,000)	26,300	Add Back Depreciation / Profit or Loss	24,000	27,000	13	28,000	29,000	30,000	31,000	32,000	33,000	34,000	35,000	36,000
<b>(212,800)</b>	<b>(200,400)</b>	<b>(170,700)</b>	<b>(119,200)</b>	<b>Cash Result - Surplus / (Deficit)</b>	<b>(213,100)</b>	<b>(237,000)</b>	<b>11</b>	<b>(243,000)</b>	<b>(250,000)</b>	<b>(257,000)</b>	<b>(263,000)</b>	<b>(270,000)</b>	<b>(277,000)</b>	<b>(284,000)</b>	<b>(291,000)</b>	<b>(296,000)</b>
				<b>Net Current Assets (Working Capital and Liquidity)</b>												
<b>40,100</b>	<b>103,400</b>	<b>192,600</b>	<b>258,800</b>	<b>Opening Balance</b>	<b>446,800</b>	<b>556,700</b>		<b>572,700</b>	<b>672,700</b>	<b>775,700</b>	<b>702,700</b>	<b>814,700</b>	<b>840,700</b>	<b>961,700</b>	<b>1,087,700</b>	<b>1,218,700</b>
<b>(212,800)</b>	<b>(200,400)</b>	<b>(170,700)</b>	<b>(119,200)</b>	Cash Result - Surplus / (Deficit)	<b>(213,100)</b>	<b>(237,000)</b>		<b>(243,000)</b>	<b>(250,000)</b>	<b>(257,000)</b>	<b>(263,000)</b>	<b>(270,000)</b>	<b>(277,000)</b>	<b>(284,000)</b>	<b>(291,000)</b>	<b>(296,000)</b>
276,100	289,600	285,700	307,200	Add Members Contributions	323,000	333,000		343,000	353,000	364,000	375,000	386,000	398,000	410,000	422,000	435,000
0	0	0	0	Vehicles and Other Capital Purchases	0	(80,000)		0	0	(180,000)	0	(90,000)	0	0	0	0
0	0	(48,800)	0	Non-cash Movements	0	0		0	0	0	0	0	0	0	0	0
<b>103,400</b>	<b>192,600</b>	<b>258,800</b>	<b>446,800</b>	<b>Net Current Assets - Closing Balance</b>	<b>556,700</b>	<b>572,700</b>		<b>672,700</b>	<b>775,700</b>	<b>702,700</b>	<b>814,700</b>	<b>840,700</b>	<b>961,700</b>	<b>1,087,700</b>	<b>1,218,700</b>	<b>1,357,700</b>

## 5.2 Rating Structure - 2024/25

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### 5.2 Rating Structure - 2024/25

#### Delivery Program

Financial Services

#### Objective

To confirm the preferred ordinary rating structure for the 2024/25 rating year for the public exhibition of the draft 2024/25 Operational Plan.

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#### Background

The Local Government Act 1993 (LGA) provides a variety of options for councils in adopting an ordinary rating structure. The purpose of this report is to determine the preferred rating structure for the 2024/25 rating year.

Council has traditionally minimised changes to the rating structure, as changes do not result in increased revenue, but rather they vary the manner in which the ordinary rate burden is distributed across rateable properties.

The key objective is to determine a structure that is fair and equitable within the limitations of the LGA. The information that follows outlines the proposed rating structure for the 2024/25 rating year.

#### Key Issues

- Fairness and equity, in the opinion of Council

#### Discussion

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

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

#### Base Amount Rating Structure

Council has been using the base amount rating structure since 2005/06.

This structure comprises two components that make up the total ordinary land rate a property pays being:

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

## 5.2 Rating Structure - 2024/25

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

The base amount rating structure flattens, or evens, out the rates payable by individual properties, as only half of the ordinary rate is determined by the property's land valuation. Council determined this to be the most equitable structure, as there is an underlying assumption that properties are benefiting equally from Council services.

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

The residential base amount normally derives just less than the maximum 50% allowed of total rate income for that category. As business and farmland category properties tend to have higher land valuations (and fewer properties) than the residential category, the base amount for business and farmland categories raises significantly less than the maximum 50% (for 2023/24, around 15% and 32% respectively).

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

The primary reason for implementing this strategy was to provide a more equitable distribution of the rate burden for business and farmland properties, as a higher percentage for the base charge had resulted in smaller properties paying significantly higher rates.

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

There are no changes recommended to the base amount rating structure for 2024/25.

### **Yield from Business Category**

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

This strategy, which required business properties to pay a higher rate in the dollar for their land values (the differential), was commenced in 2006/07 and in 2010/11 the yield reached the desired 20%.

For the following rating years, up to and including 2018/19, Council retained the 20% of total income yield from the business category regardless of land value movements between rating categories.

## 5.2 Rating Structure - 2024/25

However, over that period, properties within the residential category had seen the highest growth in land values and the highest growth in the number of assessments.

This meant that by 2019/20, the business differential was approaching five times the rate in the dollar paid by residential properties, which raised the concern that the rating structure was inequitable for business properties (i.e. is it fair for business properties to pay five times, or more, the rate in the dollar as compared to residential properties).

For the 2019/20 rating year the business yield percentage was adjusted down to help reduce the differential applied.

For each year since, except 2022/23, the business yield has been adjusted down to further reduce the differential, while at the same time aiming for a consistent increase in rates payable, between residential, business and farmland properties.

This is highlighted in the following table.

**Table One: Business Yields from 2018/19 to 2023/24**

Rating Year	Business Yield (%)
2018/19	20.00
2019/20	19.85
2020/21	19.35
2021/22	19.20
2022/23	19.20
2023/24	19.00

### Proposed 2024/25 Rating Structure

IPART has announced a minimum core rate peg of 4.5% for the 2024/25 rating year for NSW councils, with Ballina Shire Council also having a 0.1% population growth factor approved, for a total approved increase of 4.6%.

As mentioned, business property values and property numbers have not been growing at the same rate as residential properties and the rate in the dollar applied to business properties has been increasing by a higher amount to maintain a set percentage of total rate income.

As per Table Two, this resulted in a differential of 597% between business and residential properties for 2023/24 (i.e. 0.52606 cents in the dollar compared to 0.08811).

**Table Two: 2023/24 Rating Structure**

Rating Category	2023/24	
	Base Amount	Rate in Dollar
Residential	606	0.08811
Business	606	0.52606
Farmland	606	0.07816
Mining	606	0.52606

## 5.2 Rating Structure - 2024/25

If Council wishes to continue to try and reduce this differential, a higher share of the total rate burden needs to be applied to residential and farmland properties.

Two scenarios are provided within this report.

Scenario One is based on a 19.00% business yield for business properties, being the same percentage as 2023/24.

Under this scenario the business rate in the dollar is approximately 602%, or more than six times, the residential rate in the dollar.

In Scenario Two, the business yield is decreased to 18.85%.

Under this structure, the business rate in the dollar decreases to 595% higher than the residential rate in the dollar.

This scenario has been provided as an option to reduce the differential, with a slightly higher share of the rate burden shifted to residential and farmland properties.

### Scenario One – 2024/25 Rating Structure using 19.00% Business Yield

If the same rating structure for 2023/24 is applied for 2024/25, the rate yield is as follows, applying the Independent Pricing and Regulatory Tribunal (IPART) rate peg of 4.6%.

**Table Three: 2024/25 Rating Income and Yield**

Rating Category	Revenue (\$)	Category % Base Charge	Category % of Total Yield	Average Rate (\$)
Residential	22,574,939	49.90	74.56	1,268
Business	5,752,996	14.80	19.00	4,178
Farmland	1,950,671	31.91	6.44	1,982
Mining	0.00	0.00	0.00	0
<b>Totals</b>	<b>30,278,606</b>	<b>N/A</b>	<b>100.00</b>	<b>1,502</b>

**Table Four: 2024/25 Rating Structure**

Rating Category	Using 4.6% Rate Peg Increase	
	Base Amount	Rate in Dollar
Residential	633	0.09204
Business	633	0.55435
Farmland	633	0.08165
Mining	633	0.55435

Under this structure, the business rate in the dollar is approximately 602% higher than the residential rate in the dollar.

The farmland differential is around 89% of the residential rate. This has historically been around 83%, but the high increase in land values for farmland properties has moved this closer to residential properties.

The next three tables provide examples of the rates payable for a range of 2022 land valuations, based on the residential, business and farmland rating categories.

**Table Five: Residential Rates Payable in 2024/25**

2022 Land Value Range	Property Count	2022 Land Valuation Used for Calculation	2023/24 rate (\$)	2024/25 rate (\$)	Change (\$)	Change (%)
0 to 99,999	269	50,000	650	679	29	4.5%
100,000 to 199,999	940	150,000	738	771	33	4.5%
200,000 to 299,999	1,705	250,000	826	863	37	4.5%
300,000 to 399,999	1,272	350,000	914	955	41	4.5%
400,000 to 499,999	2,150	450,000	1,002	1,047	45	4.5%
500,000 to 599,999	3,065	550,000	1,091	1,139	49	4.5%
600,000 to 699,999	2,007	650,000	1,179	1,231	53	4.5%
700,000 to 799,999	1,220	750,000	1,267	1,323	56	4.5%
800,000 to 899,999	1,250	850,000	1,355	1,415	60	4.5%
900,000 to 999,999	1,090	950,000	1,443	1,507	64	4.5%
1,000,000 to 1,499,999	1,992	1,250,000	1,707	1,784	76	4.5%
1,500,000 to 1,999,999	461	1,750,000	2,148	2,244	96	4.5%
2,000,000 to 2,999,999	256	2,500,000	2,809	2,934	125	4.5%
> 3,000,000	132	3,000,000	3,249	3,394	145	4.5%

**Table Six: Business Rates Payable in 2024/25**

2022 Land Value Range	Property Count	2022 Land Valuation Used for Calculation	2023/24 rate (\$)	2024/25 rate (\$)	Change (\$)	Change (%)
0 to 99,999	295	50,000	869	910	41	4.7%
100,000 to 199,999	134	150,000	1,395	1,465	69	5.0%
200,000 to 299,999	107	250,000	1,921	2,019	98	5.1%
300,000 to 399,999	151	350,000	2,447	2,573	126	5.1%
400,000 to 499,999	124	450,000	2,973	3,128	154	5.2%
500,000 to 599,999	122	550,000	3,499	3,682	183	5.2%
600,000 to 699,999	94	650,000	4,025	4,236	211	5.2%
700,000 to 799,999	79	750,000	4,551	4,791	239	5.3%
800,000 to 899,999	49	850,000	5,078	5,345	267	5.3%
900,000 to 999,999	23	950,000	5,604	5,899	296	5.3%
1,000,000 to 1,499,999	85	1,250,000	7,182	7,562	381	5.3%
1,500,000 to 1,999,999	44	1,750,000	9,812	10,334	522	5.3%
2,000,000 to 2,999,999	38	2,500,000	13,758	14,492	734	5.3%
> 3,000,000	39	3,000,000	16,388	17,264	876	5.3%

**Table Seven: Farmland Rates Payable in 2024/25**

2022 Land Value Range	Property Count	2022 Land Valuation Used for Calculation	2023/24 rate (\$)	2024/25 rate (\$)	Change (\$)	Change (%)
0 to 99,999	3	50,000	645	674	29	4.5%
100,000 to 199,999	1	150,000	723	755	32	4.5%
200,000 to 299,999	1	250,000	801	837	36	4.5%
300,000 to 399,999	3	350,000	880	919	39	4.5%
400,000 to 499,999	19	450,000	958	1,000	43	4.5%
500,000 to 599,999	30	550,000	1,036	1,082	46	4.5%
600,000 to 699,999	33	650,000	1,114	1,164	50	4.5%
700,000 to 799,999	44	750,000	1,192	1,245	53	4.5%
800,000 to 899,999	54	850,000	1,270	1,327	57	4.5%
900,000 to 999,999	61	950,000	1,349	1,409	60	4.5%
1,000,000 to 1,499,999	352	1,250,000	1,583	1,654	71	4.5%
1,500,000 to 1,999,999	170	1,750,000	1,974	2,062	88	4.5%
2,000,000 to 2,999,999	144	2,500,000	2,560	2,674	114	4.5%
> 3,000,000	70	3,000,000	2,951	3,083	132	4.5%

## 5.2 Rating Structure - 2024/25

As per these tables, residential and farmland rates increase by 4.5%, while most business rates increase in the range of 4.7% to 5.3%.

If Council wants to lessen the business rate differential and percentage increase for the business category, one option is to reduce the business yield percentage below 19.00% and this is presented in Scenario Two.

### Scenario Two – 2024/25 Rating Structure using 18.85% Business Yield

There are many possibilities that could be modelled for consideration. Scenario Two has modelled the rating structure with the business yield reduced from 19.00% to 18.85%.

**Table Eight: 2024/25 Rating Income and Yield**

Rating Category	Revenue (\$)	Category % Base Charge	Category % of Total Yield	Average Rate (\$)
Residential	22,617,312	49.89	74.70	1,271
Business	5,707,036	14.94	18.85	4,144
Farmland	1,954,257	31.89	6.45	1,985
Mining	0	0.00	0.00	0
<b>Totals</b>	<b>30,278,605</b>	<b>N/A</b>	<b>100.00</b>	<b>1,502</b>

**Table Nine: 2024/25 Rating Structure**

Rating Category	Using 4.6% Rate Peg Increase	
	Base Amount	Rate in Dollar
Residential	634	0.09224
Business	634	0.54900
Farmland	634	0.08181
Mining	634	0.54900

This scenario is more favourable to businesses, with the average residential property rate increasing by a relatively small amount.

For Scenario Two, as compared to Scenario One, the average rate for residential properties is increased by \$3 to \$1,271.

The average rate for business properties is decreased by \$34 to \$4,144.

Under this structure, the business rate in the dollar reduces to 595% higher than the residential rate in the dollar and farmland remains at around 89% of the residential rate.

Council would have to shift a substantial proportion of the business yield to residential and farmland to have a meaningful impact on the high differential that currently exists.

The next three tables provide examples of the rates payable for a range of 2022 land valuations, based on the residential, business and farmland rating categories.

**Table Ten: Residential Rates Payable in 2024/25**

2022 Land Value Range	Property Count	2022 Land Valuation Used for Calculation	2023/24 rate (\$)	2024/25 rate (\$)	Change (\$)	Change (%)
0 to 99,999	269	50,000	650	680	30	4.6%
100,000 to 199,999	940	150,000	738	772	34	4.6%
200,000 to 299,999	1,705	250,000	826	865	38	4.6%
300,000 to 399,999	1,272	350,000	914	957	42	4.6%
400,000 to 499,999	2,150	450,000	1,002	1,049	47	4.6%
500,000 to 599,999	3,065	550,000	1,091	1,141	51	4.7%
600,000 to 699,999	2,007	650,000	1,179	1,234	55	4.7%
700,000 to 799,999	1,220	750,000	1,267	1,326	59	4.7%
800,000 to 899,999	1,250	850,000	1,355	1,418	63	4.7%
900,000 to 999,999	1,090	950,000	1,443	1,510	67	4.7%
1,000,000 to 1,499,999	1,992	1,250,000	1,707	1,787	80	4.7%
1,500,000 to 1,999,999	461	1,750,000	2,148	2,248	100	4.7%
2,000,000 to 2,999,999	256	2,500,000	2,809	2,940	131	4.7%
> 3,000,000	132	3,000,000	3,249	3,401	152	4.7%

**Table 11: Business Rates Payable in 2024/25**

2022 Land Value Range	Property Count	2022 Land Valuation Used for Calculation	2023/24 rate (\$)	2024/25 rate (\$)	Change (\$)	Change (%)
0 to 99,999	295	50,000	869	909	39	4.5%
100,000 to 199,999	134	150,000	1,395	1,458	62	4.5%
200,000 to 299,999	107	250,000	1,921	2,007	85	4.4%
300,000 to 399,999	151	350,000	2,447	2,556	108	4.4%
400,000 to 499,999	124	450,000	2,973	3,105	131	4.4%
500,000 to 599,999	122	550,000	3,499	3,654	154	4.4%
600,000 to 699,999	94	650,000	4,025	4,203	177	4.4%
700,000 to 799,999	79	750,000	4,551	4,752	200	4.4%
800,000 to 899,999	49	850,000	5,078	5,301	223	4.4%
900,000 to 999,999	23	950,000	5,604	5,850	246	4.4%
1,000,000 to 1,499,999	85	1,250,000	7,182	7,497	315	4.4%
1,500,000 to 1,999,999	44	1,750,000	9,812	10,242	429	4.4%
2,000,000 to 2,999,999	38	2,500,000	13,758	14,359	602	4.4%
> 3,000,000	39	3,000,000	16,388	17,104	716	4.4%

**Table 12: Farmland Rates Payable in 2024/25**

2022 Land Value Range	Property Count	2022 Land Valuation Used for Calculation	2023/24 rate (\$)	2024/25 rate (\$)	Change (\$)	Change (%)
0 to 99,999	3	50,000	645	675	30	4.6%
100,000 to 199,999	1	150,000	723	757	33	4.6%
200,000 to 299,999	1	250,000	801	839	37	4.6%
300,000 to 399,999	3	350,000	880	920	41	4.6%
400,000 to 499,999	19	450,000	958	1,002	44	4.6%
500,000 to 599,999	30	550,000	1,036	1,084	48	4.6%
600,000 to 699,999	33	650,000	1,114	1,166	52	4.6%
700,000 to 799,999	44	750,000	1,192	1,248	55	4.6%
800,000 to 899,999	54	850,000	1,270	1,329	59	4.6%
900,000 to 999,999	61	950,000	1,349	1,411	63	4.6%
1,000,000 to 1,499,999	352	1,250,000	1,583	1,657	74	4.7%
1,500,000 to 1,999,999	170	1,750,000	1,974	2,066	92	4.7%
2,000,000 to 2,999,999	144	2,500,000	2,560	2,679	119	4.7%
> 3,000,000	70	3,000,000	2,951	3,088	138	4.7%



## 5.2 Rating Structure - 2024/25

As per these tables, most residential and farmland rates increase in the range of 4.6% to 4.7%, on average. While business rates increase in the range of 4.4% to 4.5%.

Scenario Two is preferred, as it slightly reduces the business rate differential, bringing the percentage increase to average business rates a little below the rate peg of 4.6%.

If Council wanted to achieve a consistent 4.6% to 4.7% across all categories, the yield from business properties would need to be set at around 18.90%. This would result in a business differential of 598% as compared to residential properties.

Another alternative would be to further reduce the yield from business properties down to say 18.80% of the total yield. This would achieve a majority increase of 4.7% in residential and farmland rates and a majority increase of 4.1% in Business rates. This would result in a business differential of 593% as compared to residential properties.

On balance the 18.85% yield from business properties, as per Scenario Two, is recommended, as it continues the steady process of reducing the business yield, it results in a differential for business properties as compared to residential properties of 595%, which is marginally less than the 597% for 2023/24, and it minimises the additional increase in residential and farmland rates.

### Revenue from Localities

The reason Council introduced the base charging structure in 2005/06 was due to concerns that higher than average increases in the land values for Lennox Head were resulting in that locality paying an unreasonable proportion of the total rate yield.

The next table provides a comparison of the percentage of revenue generated from the main localities as compared to the number of assessments.

**Table 13: 2024/25 Localities compared to Assessments**

Locality	Assessments	%	Revenue (\$)	%	Average LV per Locality (\$)
Ballina, West Ballina	5608	27.8%	8,495,436	28.1%	478,405
East Ballina, Cumbalum	3614	17.9%	4,889,657	16.1%	736,486
Lennox Head, Skennars Head	4176	20.7%	7,335,679	24.2%	1,072,085
Alstonville, Wollongbar	3965	19.7%	4,988,363	16.5%	522,548
Wardell, East Wardell	478	2.4%	527,872	1.7%	459,234
Rest of Ballina Shire	2319	11.5%	4,041,599	13.3%	1,158,785
<b>Total</b>	<b>20,160</b>	<b>100.0%</b>	<b>30,278,605</b>	<b>100.0%</b>	<b>734,129</b>

Revenues generated by locality broadly match the assessment figures, with Lennox Head paying slightly more and Alstonville / Wollongbar paying slightly less.

## 5.2 Rating Structure - 2024/25

If the base charge for residential properties was reduced from the (maximum allowable) 50%, this would result in a further increase of the rate burden to the Lennox Head / Skennars Head localities, rather than improving the disparity, due to higher than average land values.

Whether matching the percentage of total rate revenue to the number of properties, by locality, is a good approach or not, is debatable, as the figures are very high level averages and are an indicator only of how the rate yield is being raised.

Considering that rating structures have limited flexibility, the correlation is somewhat reasonable, although it does need to be continually monitored.

### Comparative Information

It is important to consider affordability of our rates. It is also important to ensure that our business rate is reasonable and competitive to support our local economy.

To review this, data was obtained from the State Government Your Council website [yourcouncil.nsw.gov.au](http://yourcouncil.nsw.gov.au), which is managed by the Office of Local Government.

The average rates for councils in a similar council classification as Ballina Shire, as per the Your Council comparative data, is summarised in the following table.

This is the latest information published by Your Council. Ballina Shire Council is classed as a Group 4 Council, based on population size.

**Table 14: Average Rates Your Council Data – 2021/22 (\$)**

Council	Business Rate	Residential	Farmland	Yield Difference (4)
Ballina	3,567	1,137	1,784	0
Byron	3,529	1,415	2,547	5,646,000
Clarence Valley	3,042	1,235	1,669	925,000
Coffs Harbour (1)	4,192	1,295	2,234	4,095,000
Lismore	4,572	1,361	2,560	6,101,000
Richmond Valley (2)	3,002	1,116	1,822	(1,096,000)
Tweed (1)(3)	2,929	1,528	2,231	6,540,000
<b>Average of Above</b>	<b>3,548</b>	<b>1,298</b>	<b>2,121</b>	<b>3,171,000</b>
<b>Group 4 Average</b>	<b>4,038</b>	<b>1,194</b>	<b>2,452</b>	<b>2,305,000</b>

- (1) Coffs Harbour and Tweed are classified as Group 5 councils.
- (2) Richmond Valley received a special rate variation (SRV) approval of 5.5% per annum for a four year period from 2019/20 to and 2022/23.
- (3) Tweed had a special rate variation (SRV) approved of 6.35% per annum for 2023/24. The 6.35% includes the standard rate peg limit.
- (4) This column outlines the difference in the total rate yield that would be generated by Council, based on current assessment numbers, if the average rates for the councils listed are applied in Ballina Shire.

## 5.2 Rating Structure - 2024/25

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As per these figures, Ballina Shire's average rates compare more than reasonably with neighbouring councils, particularly noting that Richmond Valley had the SRV approval of 5.5% for 2022/23 (compared to a rate peg of 2.0% for Ballina) and Tweed had an SRV approval of 6.35% for 2023/24 (compared to a rate peg of 3.9% for Ballina).

Ballina Shire's average rates for 2021/22 were and continue to remain below the NSW Group 4 average.

This figure may appear to be a good outcome; however it can highlight concerns regarding the long term financial sustainability of Council, especially when councils with higher levels of rate income are also struggling to maintain services and renew infrastructure in a timely manner.

The future compounding of the figures is also important, as percentages applied to higher average rates generate more income each year, which means that as Ballina Shire's figures continue to fall below the average figures for other councils, the gap becomes bigger and bigger over time, until one day Council is forced to pursue a special rate variation to narrow potential funding shortfalls.

Limited rate yields also limit the opportunities for Council to increase our investment in infrastructure and to expand the range of services provided to the community.

### **Community Engagement Strategy**

The rating structure will be placed on exhibition for public comment as part of the draft 2024/25 Operational Plan.

### **Financial / Risk Considerations**

The structure and proposed increases outlined in this report align with the requirements set out in the Local Government Act and Regulations.

### **Options**

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

The two main options presented in this report relate to the business yield being 19.00% or 18.85% of the total rate yield.

The recommendation is to apply the existing base rating structure but reduce the business yield to 18.85% (as per Scenario Two).

The rating structure will then be placed on exhibition for public comment as part of the draft 2024/25 Operational Plan.

Scenario Two is more favourable to businesses, with a relatively small negative impact to the average residential property.

The figures in Tables Eight and Nine are in draft form only and will change slightly by the time they are adopted for 2024/25.

This is because there may be variations due to growth in assessments and land valuations between now and when the 2024/25 rating structure is adopted at the June 2024 Ordinary meeting.

### RECOMMENDATIONS

1. That for the draft 2024/25 Operational Plan, Council approves the application of a base rating structure, which applies the following principles:
  - a) Marginally less than 50% of the rate income for the residential category of properties being generated from the base amount
  - b) Business, farmland and mining categories to have the same base amount as the residential base amount
  - c) A total of 18.85% income from the rate yield to be sourced from the business category properties
  - d) Farmland rate in the dollar is approximately 89% of the residential rate in the dollar
  - e) The mining category rate in the dollar to be set as the same rate as the business category (currently no mining category properties in the shire).
2. That Council notes the indicative figures for this rating structure for the 2024/25 rating year, are as per Tables Eight and Nine of this report.

### Attachment(s)

Nil

## 5.3 Waste Operations - Long Term Financial Plan

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### 5.3 Waste Operations - Long Term Financial Plan

<b>Section</b>	Financial Services
<b>Objective</b>	To review the long term financial plan for Council's waste operations.

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#### **Background**

Council's waste service comprises two distinct programs being Landfill and Resource Management (LRM) and Domestic Waste Management (DWM).

LRM is responsible for the operation of the Resource Recovery Centre and the collection and disposal of kerbside non-residential waste and recyclable material. Any surplus cash balance for LRM is held as an Internally Restricted Reserve, which is essentially a separate account for the surpluses generated from the operation of the LRM service.

DWM is responsible for the collection and disposal of kerbside residential waste and recyclable material. DWM pays LRM gate fees for disposing of residual red bin waste at the Resource Recovery Centre, as well as incurring costs to pay for the waste collection service, which is now fully contracted to the waste collection company Solo Resource Recovery. The fully contracted model commenced in November 2023.

The Local Government Act requires DWM to be treated as a separate financial entity, as the revenues are raised through an annual charge. All revenues and expenses generated must be retained within that entity.

The surplus cash balance for DWM is held as an Externally Restricted Reserve, as it is restricted by legislation.

An assessment must also be completed each year, to ensure that DWM is not generating a surplus that is beyond the needs of the business.

This report provides an overview of the latest update of the Long-Term Financial Plan (LTFP) for the LRM and DWM operations.

#### **Key Issues**

- Financial performance, sustainability, and affordability
- Legislative change and long term aims and objectives

#### **Discussion**

The local, regional, and national waste and recycling sector continues to experience economic challenges with ongoing impacts from sustained high fuel prices, inflation, and waste levy pressures. There also remain challenges due to a lack of national recycling processing infrastructure and regional disposal infrastructure.

### 5.3 Waste Operations - Long Term Financial Plan

This continues to place sustained upward pressures on operational costs associated with our business.

Despite this pressure, Council's waste management business continues to perform well, resulting in a sound long term financial position for the LRM and DWM operations. This is the result of a number of factors:

- the change in service delivery model to a fully contracted kerbside collection model for a nine-year term, which includes the processing of the comingled recycling material collected in our yellow lid bins

This has resulted in annual operational savings estimated at \$220,000 and provided stability in the forward financial forecasting model for the DWM business

- establishment of stable contracts for other key high value operational services. In particular, the transport and disposal of waste and recycling materials (approximately \$8m pa), and kerbside food and garden organics collection and processing (approx. \$1.8m pa)
- sustained volumes of gate fee income from residential and commercial customers
- sustained volumes of commercial waste received from local collection contractors and
- continual improvement in operational efficiencies

#### **Landfill and Resource Management (LRM)**

The recent financial results for LRM together with the forecast for 2023/24 are shown in Table One.

**Table One - LRM Actual and Forecast Results (\$'000)**

Description	2021/22 Actual \$000	2022/23 Actual \$000	2023/24 Estimate \$000
Operating Revenues	11,602	11,459	11,804
Operating Expenses (including depreciation)	11,713	12,894	13,022
<b>Operating Result - Surplus / (Deficit)</b>	<b>(112)</b>	<b>(1,435)</b>	<b>(1,218)</b>
Excluding Depreciation / Remediation	960	1,167	1,193
<b>Cash Operating Result - Surplus / (Deficit)</b>	<b>848</b>	<b>(268)</b>	<b>(25)</b>
Add Loan Income	0	0	0
Less Loan Principal Repaid	0	0	0
Less Capital Expenditure	404	38	824
Less Dividend to General Fund	35	146	50
<b>Cash Increase / (Decrease)</b>	<b>409</b>	<b>(452)</b>	<b>(899)</b>
<b>Internally Restricted Reserve Balances</b>	<b>2,615</b>	<b>2,163</b>	<b>1,264</b>

The latest figures result in an operating deficit of \$1,218,000 (\$25,000 cash deficit excluding depreciation), with the forecast reserve balance of \$1,264,000 as at 30 June 2024.

Operating revenues have increased substantially in recent years due to:

### 5.3 Waste Operations - Long Term Financial Plan

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- Continued receipt of commercial waste from the larger local collection contractors.

Due to ongoing improvements in operational efficiencies and stable transport and disposal contract costs, Council is able to negotiate an annual price on application, for a bulk commercial waste gate fee, in accordance with the adopted fees and charges. This fee attracts a commercial benefit for the waste collection contractor whilst also delivering profit for the Waste Management Centre. The gate fee income from these customers is approximately \$4.5m pa.

- Over the past five years the annual customer transaction numbers at the Resource Recovery Centre have increased by 35,000 transactions or 63%. The associated volume of waste and recyclable material being managed through the Resource Recovery Centre has also increased by 68% over this period.
- Sustained volumes of development from new residential properties and flood damaged property renovations. Construction and demolition waste volumes from these sources are now beginning to stabilise or trend slightly lower after the peak associated with waste from the clean-up and large-scale demolition works after the floods, however, remain at a level that continues to provide a healthy income stream to the business.
- The Resource Recovery Centre continues to receive a large number of out-of-shire customer numbers.

Anecdotal feedback for the attraction to our Waste Management Centre, being cheaper gate fees, preferable customer experience and convenient opening hours.

- Ongoing gate fee income paid by the DWM budget associated with the management of domestic waste delivered to the Resource Recovery Centre.

Even with this sound revenue stream, costs continue to increase substantially due to:

- The Queensland waste levy which increases \$10 per tonne on an annual basis. This increase will add approximately \$360,000 to 2024/25 costs for total waste disposal.
- Inflation pressure, particularly sustained high diesel costs, which is tied into the rise and fall mechanisms within Council's waste and recycling material transport and disposal contract.
- Ongoing impacts from the China Sword policy and lag in development of onshore processing industry capacity.

#### *Financial Model*

The LTFP financial model has been revised based on current operational activity at the Resource Recovery Centre.

Table Two summarises the latest financial plan for LRM.

### 5.3 Waste Operations - Long Term Financial Plan

**Table Two - LRM Long Term Financial Plan (\$'000)**

Description	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
Operating Revenues	11,804	12,651	13,243	13,913	14,509	15,126	15,780	16,471	17,187	17,938	18,728
Operating Expenses	13,022	13,204	13,890	14,718	14,818	15,328	15,760	16,207	16,669	17,143	17,905
<b>Operating Result</b>	<b>(1,218)</b>	<b>(553)</b>	<b>(647)</b>	<b>(805)</b>	<b>(309)</b>	<b>(202)</b>	<b>20</b>	<b>264</b>	<b>518</b>	<b>795</b>	<b>823</b>
Add Back Depreciation	1,193	1,220	1,260	1,301	552	571	590	609	629	650	672
<b>Cash Surplus / (Deficit)</b>	<b>(25)</b>	<b>667</b>	<b>613</b>	<b>496</b>	<b>243</b>	<b>369</b>	<b>610</b>	<b>873</b>	<b>1,147</b>	<b>1,445</b>	<b>1,495</b>
Loan Income	0	0	1,500	2,000	1,700	0	0	0	0	0	0
Loan Principal	0	0	0	119	284	349	367	385	404	424	445
Capital Expenditure	824	1,691	1,500	2,500	2,000	0	0	0	0	0	0
Dividends	50	50	50	50	50	50	50	50	50	50	50
<b>Reserve M'ment</b>	<b>(899)</b>	<b>(1,074)</b>	<b>563</b>	<b>(173)</b>	<b>(391)</b>	<b>(30)</b>	<b>193</b>	<b>438</b>	<b>693</b>	<b>971</b>	<b>1,000</b>
<b>Total Reserves</b>	<b>1,264</b>	<b>190</b>	<b>753</b>	<b>580</b>	<b>189</b>	<b>159</b>	<b>352</b>	<b>790</b>	<b>1,483</b>	<b>2,454</b>	<b>3,454</b>

The current forecast for 2023/24 is a cash deficit of \$25,000. The forecast reserve balances are impacted by capital expenditure.

This projected capital expenditure stems from preliminary estimates sourced from a master plan, developed for the Resource Recovery Centre. This master plan will guide infrastructure upgrades to ensure future waste and recycling capacity is met, and to improve customer experience, safety, and environmental performance.

Projected capital expenditure for the next four years is as follows:

Description	2024/25	2025/26	2026/27	2027/28
Remediation Provision			500,000	2,000,000
Bulk Loadout Area	250,000	1,500,000	2,000,000	
Front of House Upgrades	1,311,000			
Leachate System Upgrade	130,000			
<b>Totals</b>	<b>1,691,000</b>	<b>1,500,000</b>	<b>2,500,000</b>	<b>2,000,000</b>

#### Assumptions

- Council will continue to export all waste off site
- LRM will pay transport and treatment expenses for mixed waste, garden waste, and construction / demolition waste
- LRM will continue to receive gate fee income paid by the DWM budget associated with the management of domestic waste delivered to the Resource Recovery Centre.
- Capital works totaling \$2.5m across 2026/27 and 2027/28 relating to the remediation of the existing cells. A loan of \$1.7m in 2027/28 is incorporated into the LTFP to fund this work, with repayments commencing 2028/29.
- Capital works totaling \$3.75m across 2024/25, 2025/26 and 2026/27 relating to a new covered construction and demolition drop-off and sorting area plus bulk waste and recycling area load out area. Loans of \$3.5m have been incorporated into the LTFP to fund this work, with repayments commencing in 2026/27.



### 5.3 Waste Operations - Long Term Financial Plan

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- Existing customer base and gross quantity of waste coming in the gate will remain reasonably consistent. There is the inherent risk that the local commercial waste collection companies may find an alternate disposal option, at a rate that Council cannot match. This would impact LRM revenue and expense, with an overall negative effect on the bottom line.

#### *Operating Revenues*

- Commercial properties collection annual charge income of \$720,000
- Gate fees from self-haul \$7.1m
- Gate fees from DWM / Council \$3.2m
- The gate fees paid by DWM represent a significant percentage of total gate fees, highlighting the importance of DWM to LRM.

#### *Operating Expenses*

- Transport and disposal costs for mixed and inert waste increase to \$7.8m
- Overhead and administration expenses \$2.7m

A copy of the LTFP for LRM is included as Attachment 1.

#### *Fees and Charges*

The draft 2024/25 charges relating to LRM are included as Attachment 2.

Although charge increases for waste are not dictated by a rate peg or IPART set increase, consideration is still given to IPART's peg rate for ordinary rates. IPART approved a peg rate of 4.6% for 2024/25 for Council, for the application to ordinary rates. This rate peg is underpinned by reference to a Local Government Cost Index (LGCI).

The LGCI is relevant in the context of Council costs for delivery of services, although it does have a greater lag time from the measurement of the price movements. A benchmark of around 4% to 5% has been considered reasonable for this report, with additional waste specific factors to be added in where appropriate.

Recommendations are for the gate fee for general mixed waste to increase by approximately 4% for domestic and 8% for commercial customers, and the charge for recyclables increase by 4%.

The larger increase in general mixed waste for commercial customers is to account for general cost increases plus the \$10 per tonne waste levy increase imposed by the Queensland State Government.

The domestic general mixed waste fee has been increased less, although similarly impacted by the \$10 per tonne waste levy increase, to assist in minimising cost of living pressures for resident's waste disposal. All remaining external gate fees are generally increased in line with the LGCI.

The gate fees for DWM Waste material (which are internal charges for Council) are increased by 34%. This is in response to increasing operational costs, forward planned capital works program for the LRM budget (discussed earlier) and due to it now being the only source of income received by the LRM business from the DWM business.

### 5.3 Waste Operations - Long Term Financial Plan

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This is a factor of the changed operational and recyclables ownership models, associated with the transition to a fully contracted kerbside bin collection service, delivered by Solo, which commenced on 6 November 2023.

Under the new contract, Solo now owns the recyclable material as soon as it is collected at the kerbside.

Solo direct haul the recyclables in the collection vehicles to a materials recycling facility (MRF) in Chinderah. Solo is responsible for all costs associated with the transport, processing, contamination etc.

This change means that the recyclables collected at the kerbside are no longer delivered to the Resource Recovery Centre.

Under the old model, the DWM budget used to pay a gate fee to the Resource Recovery Centre for this material, which functioned as a source of income for the LRM budget, paid by the DWM budget.

The LRM budget was then responsible for funding the costs associated with bulking up the material, transport to the MRF and the processing gate fee.

Under the new model, this expense is no longer realised by the LRM budget. Rather, this gate fee is now paid from the DWM budget directly to Solo for the material that they deliver to the Chinderah MRF.

As such, we need to increase the gate fee income that is paid from DWM to LRM for the domestic residual waste material that continues to be delivered to the Resource Recovery Centre.

This is the mechanism used to transfer funds from DWM to the LRM budget to ensure the ongoing viability of the LRM business, which is more prone to externalised financial shocks associated with the volatility within the waste industry and wider economy.

The ability to review and vary this gate fee on an annual basis, remains an important mechanism to manage the long-term financial sustainability of both programs.

Currently, the sustainability of the LRM is reliant on this DWM income stream. Without it the viability of the LRM budget performance deteriorates.

Based on the modelling, the proposed fees for 2024/25 are as follows:

Item	Charge per Tonne (\$) GST incl
<b>General Mixed Waste</b>	
Commercial	357
Domestic	287
<b>DWM Operations</b>	
Mixed Putrescible Waste (internal charge)	446

#### ***Domestic Waste Management (DWM)***

DWM is, in comparison to LRM, is a more predictable operation.

### 5.3 Waste Operations - Long Term Financial Plan

The business underwent significant change in 2023/24 as a result of the fully contracted collection service delivery model. This has delivered a number of benefits to the business.

It is estimated that since commencing the collection contract in November 2023 operational savings of approximately \$155,000 have been realised compared to the old service model of operating the service internally. This equates to annual savings of approximately \$220,000.

Additionally, annual DWM staff management costs have been reduced by \$138,000 as a result of the reduced resource required to manage the contract, as opposed to the full collection service operation.

The changed service model also facilitates a greater level of stability in the forward financial forecasting model for the DWM business and reduced risk in sustaining an effective service.

Under the previous internal delivery model, we needed to build up cash reserve levels to fund periodic replacement of the collection vehicle fleet. Coupled with this was the requirement to anticipate required labour resourcing levels and costings over the forward LTFP period to ensure sustained effective provision of the service.

This was becoming increasingly difficult to manage internally due to increasing demand for plant and labour resources associated with the sustained growth of the service.

Under the fully contracted model, the responsibility for all costs required to adequately resource and deliver the service in accordance with the contract specification is borne by the contractor. This includes depreciation as they own the collection vehicles.

Council pay the tendered rate for the service via monthly invoice for the nine year term of the contract. This expenditure is more stable and easier to predict over the forward LTFP period. It only varies on a bi-annual basis in accordance with the rise and fall provision within the contract which comprises a multi-parameter calculation based on fuel, labour, and CPI cost indexes.

The recent financial results for DWM together with the forecast for 2023/24 are shown in Table Three.

**Table Three – DWM Actual and Forecast Results (\$'000)**

Item	2021/22 Actual \$000	2022/23 Actual \$000	2023/24 Estimate \$000
Operating Revenues	8,695	8,992	8,793
Operating Expenses	8,724	9,010	8,530
<b>Operating Result - Surplus / (Deficit)</b>	<b>(28)</b>	<b>(17)</b>	<b>263</b>
Excluding Depreciation	275	937	30
<b>Cash Operating Result - Surplus / (Deficit)</b>	<b>247</b>	<b>920</b>	<b>293</b>
Less Capital Expenditure	35	0	0
<b>Cash Increase / (Decrease)</b>	<b>212</b>	<b>920</b>	<b>293</b>
<b>Reserve Balance</b>	<b>1,087</b>	<b>2,007</b>	<b>2,300</b>

The current forecast for 2023/24 is a cash surplus of \$293,000.

### 5.3 Waste Operations - Long Term Financial Plan

#### *Financial Model*

DWM is in a sound financial position, with no debt owing and a stable forecasted expenditure profile.

Given we no longer must periodically build up cash reserve to fund vehicle replacement, the stability in the forward expenditure means there is no longer the requirement to hold a large cash reserve in DWM. As such, the current forecast reserve balance of \$2.3m at 30 June 2024 is unnecessarily high.

This balance is a legacy of the build-up of cash previously required to fund the future fleet of collection vehicles. Additionally, the reserve received a \$740,000 cash injection from the sale of our existing fleet of collection vehicles to Solo which formed part of the collection service contract.

This reserve is externally restricted, so we are not permitted to directly transfer funds from the reserve. Therefore, as discussed previously we plan to continue to use the DWM waste gate fee charge as a mechanism to pay the LRM business an annual income stream associated with the management of domestic waste delivered to the Resource Recovery Centre.

This financial model will deliver a sustained increased revenue stream to the LRM budget contributing to forecasted healthy cash surpluses over the LTFFP.

Concurrently, this annual expense to the DWM budget will contribute to sustained operational deficits over the LTFFP period at a rate commensurate with the reduction of the DWM reserve to an acceptable level. At this stage the forecasted reserve balance is approximately \$350,000 at the end of the LTFFP period.

Table Four outlines the latest financial plan for DWM based on a 2.5% increase in the annual DWM charge to ratepayers and based on a differential price charging for gate fees paid to LRM.

**Table Four - DWM Long Term Financial Plan (\$'000)**

Description	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
Operating Revenues	8,793	8,567	8,822	9,084	9,353	9,627	9,913	10,207	10,509	10,821	11,139
Operating Expenses	8,530	8,702	8,965	9,233	9,611	9,796	10,088	10,391	10,702	11,144	11,355
<b>Operating Result</b>	<b>263</b>	<b>(135)</b>	<b>(143)</b>	<b>(149)</b>	<b>(258)</b>	<b>(169)</b>	<b>(175)</b>	<b>(184)</b>	<b>(193)</b>	<b>(323)</b>	<b>(216)</b>
Add Back Depreciation	30	0	0	0	0	0	0	0	0	0	0
<b>Cash Surplus / (Deficit)</b>	<b>293</b>	<b>(135)</b>	<b>(143)</b>	<b>(149)</b>	<b>(258)</b>	<b>(169)</b>	<b>(175)</b>	<b>(184)</b>	<b>(193)</b>	<b>(323)</b>	<b>(216)</b>
Capital Expenditure	0	0	0	0	0	0	0	0	0	0	0
<b>Reserve M'ment</b>	<b>293</b>	<b>(135)</b>	<b>(143)</b>	<b>(149)</b>	<b>(258)</b>	<b>(169)</b>	<b>(175)</b>	<b>(184)</b>	<b>(193)</b>	<b>(323)</b>	<b>(216)</b>
<b>Total Reserves</b>	<b>2,300</b>	<b>2,165</b>	<b>2,022</b>	<b>1,873</b>	<b>1,615</b>	<b>1,446</b>	<b>1,271</b>	<b>1,087</b>	<b>894</b>	<b>571</b>	<b>355</b>

### 5.3 Waste Operations - Long Term Financial Plan

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The DWM assumptions in the financial plan are:

- DWM annual charges increase by 2.5% for 2024/25 and at CPI for future years
- Waste streams remain similar to the current year
- CPI is 3% per annum for future years
- No external loans.

The key features of the 2024/25 plan include:

- Annual charge income of \$8.6m
- Gate fees paid to LRM \$3.2m
- Waste, Recycling and Organics kerbside collection contract and processing gate fees \$4m
- Overhead and administration expenses \$1.7m.

A copy of the LTFP for DWM is included as Attachment 3.

#### *Fees and Charges*

The draft 2024/25 charges for DWM is included in Attachment 2.

The DWM annual charge increase is proposed at 2.5%.

The 2.5% increase results in the annual domestic waste management charges for urban and rural domestic residents increasing by \$11 and \$10 respectively.

As previously indicated, charges for waste are not dictated by a rate peg or IPART set increase. In recent history however, we have generally increased the annual DWM charge in alignment with the rate peg or LGCI.

This year, because of the operational savings realised from the transition to a contracted collection service model, we have been able to limit the increase in the DWM charge to 2.5% which is 2.1% less than the 2024/25 rate peg.

#### *Feasibility of a Bulk Automated Return and Earn Facility*

In April 2023, the Rotary Satellite Club of Ballina requested Council's support with lobbying the NSW State Government and TOMRA to establish a bulk automated return and earn facility within the Ballina Shire.

The NSW Environmental Protection Authority (EPA) is the State Government Agency responsible for administering the return and earn scheme. They engage the recycling infrastructure company TOMRA to manage the beverage container collection infrastructure throughout the state.

TOMRA is responsible for determining the number, location, and type of collection points throughout the State to meet geographical coverage requirements set by the EPA.

Upon receipt of the request from Rotary, Council wrote to the Member for Ballina, Tamara Smith, and NSW Minister of the Environment, Penny Sharpe, supporting the Rotary's request for establishing a bulk automated return and earn facility within the Ballina Shire.

### 5.3 Waste Operations - Long Term Financial Plan

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Minister Sharp's response (included as Attachment 4) indicated TOMRA were working with Rotary to find a solution however this would unlikely involve installing an automated facility as the Rotary club were not interested or able to own/operate such a facility.

Following this response Council resolved to receive a report on the feasibility of establishing a bulk return and earn facility at the Resource Recovery Centre.

Staff approached the NSW EPA and TOMRA requesting the potential installation of a facility.

TOMRA has recently advised they do not support the installation of an automated facility in Ballina. As TOMRA are responsible for determining the volume and location of these facilities, this response means there is currently no further avenues for Council to progress this matter.

Should TOMRA revise their position we will recommence the feasibility study.

#### **Community Engagement Strategy**

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

#### **Financial / Risk Considerations**

This report outlines the proposed budget and the Long-Term Financial Plan, including reserve balances, of the Waste Operations.

#### **Options**

Council has the option of endorsing the proposed charges or examining alternatives, which could include amending the proposed pricing.

The recommendation is to exhibit the proposed fees and charges, and long-term financial plans, as per the contents of this report.

#### **RECOMMENDATION**

That Council endorses the draft fees and charges and Landfill and Resource Management and Domestic Waste Management long term financial plans, as per the Attachments 1, 2 and 3 to this report, for exhibition in the draft 2024/25 to 2027/28 Delivery Program and Operational Plan.

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

1. LRM - Long Term Financial Plan 2019/20 to 2033/34 [↓](#)
2. Waste Operations - Draft 2024/25 Fees and Charges [↓](#)
3. DWM - Long Term Financial Plan 2019/20 to 2033/34 [↓](#)
4. Letter from Hon Penny Sharpe MP - response re request for an automated recycling centre for Ballina [↓](#)

RESOURCE RECOVERY (LANDFILL AND RESOURCE MANAGEMENT - LRM)																
ACTUAL				DESCRIPTION	ESTIMATED											
2019/20	2020/21	2021/22	2022/23		2023/24	2024/25	%	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
<b>OPERATING REVENUES</b>																
<b>Fees and Charges</b>																
614,300	654,600	673,600	691,300	Annual Charges - Business	705,000	720,000	2	741,000	763,000	786,000	810,000	834,000	859,000	884,000	910,000	937,000
1,621,800	2,798,100	5,688,800	6,271,400	External Fees - Self Haul - Mixed Waste	6,650,000	7,150,000	8	7,579,000	8,034,000	8,436,000	8,858,000	9,301,000	9,766,000	10,254,000	10,767,000	11,305,000
138,700	283,400	371,700	269,100	External Fees - Self Haul - Recyclables	414,000	417,000	1	429,000	441,000	454,000	467,000	481,000	495,000	509,000	524,000	539,000
173,000	197,900	146,700	89,100	External Fees - Container Deposit Scheme	25,000	0	(100)	0	0	0	0	0	0	0	0	0
0	83,600	100,300	48,800	Internal Fees - Public Bin Collections	35,000	40,000	14	42,000	45,000	47,000	49,000	51,000	54,000	57,000	60,000	63,000
961,300	1,244,800	1,000,800	753,800	Internal Fees - DWM Recycling	275,000	0	(100)	0	0	0	0	0	0	0	0	0
1,736,900	2,520,500	2,127,100	1,708,500	Internal Fees - DWM Mixed	2,500,000	3,200,000	28	3,296,000	3,395,000	3,497,000	3,602,000	3,710,000	3,822,000	3,937,000	4,055,000	4,176,000
756,400	892,300	1,307,300	1,144,900	Internal Fees - Self Haul Works	1,000,000	960,000	(4)	1,018,000	1,079,000	1,133,000	1,190,000	1,250,000	1,313,000	1,379,000	1,448,000	1,520,000
82,000	82,000	83,000	0	Operating Grants and Contributions	0	0	0	0	0	0	0	0	0	0	0	0
4,100	14,700	15,000	76,000	Interest On Investments	74,000	35,000	(53)	5,000	19,000	15,000	5,000	4,000	9,000	9,000	11,000	20,000
500	1,700	87,300	114,100	Licence Fees and Sundry Income	126,000	129,000	2	133,000	137,000	141,000	145,000	149,000	153,000	158,000	163,000	168,000
0	0	0	292,200	Remediation Provision Adjustment	0	0	0	0	0	0	0	0	0	0	0	0
<b>6,089,000</b>	<b>8,773,600</b>	<b>11,601,600</b>	<b>11,459,200</b>	<b>Total Operating Revenues</b>	<b>11,804,000</b>	<b>12,651,000</b>	<b>7</b>	<b>13,243,000</b>	<b>13,913,000</b>	<b>14,509,000</b>	<b>15,126,000</b>	<b>15,780,000</b>	<b>16,471,000</b>	<b>17,187,000</b>	<b>17,938,000</b>	<b>18,728,000</b>
<b>OPERATING EXPENSES</b>																
<b>Waste Administration</b>																
507,600	518,600	579,500	639,800	Employee and Office Expenses	721,000	932,000	29	961,000	989,000	1,017,000	1,046,000	1,076,000	1,107,000	1,139,000	1,172,000	1,205,000
531,000	656,000	774,000	1,000,800	Internal Overheads	1,330,000	1,206,000	(9)	1,242,000	1,279,000	1,317,000	1,357,000	1,398,000	1,440,000	1,483,000	1,527,000	1,573,000
0	0	0	0	Interest on Loans	0	0	0	0	75,000	169,000	240,000	222,000	204,000	185,000	165,000	445,000
<b>Other Administration Expenses</b>																
72,100	101,800	95,000	101,800	Utility, Security, Cleaning and Rates	74,000	99,000	34	102,000	105,000	108,000	111,000	114,000	117,000	120,000	123,000	126,000
42,000	12,000	104,000	84,000	Contributions	223,000	188,000	(16)	192,000	199,000	206,000	213,000	220,000	228,000	237,000	245,000	227,000
0	0	38,400	6,400	Waste Mgmt Centre Masterplan	25,000	25,000	0	0	0	0	0	0	0	0	0	0
0	0	0	0	Wardell Landfill Management Plan	100,000	0	0	0	0	0	0	0	0	0	0	0
12,200	4,000	4,000	5,100	Sundry	8,000	9,000	13	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
19,500	27,600	23,500	5,300	Staff Training	10,000	5,000	(50)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
7,200	12,800	13,100	9,000	Licence	8,000	10,000	25	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
74,600	63,700	68,100	68,400	Commercial Kerbside Collection	90,000	106,000	18	109,000	112,000	115,000	118,000	122,000	126,000	130,000	134,000	138,000
82,200	94,000	93,200	103,000	Clean Up Illegally Dumped Waste	110,000	120,000	9	124,000	128,000	132,000	136,000	140,000	144,000	148,000	152,000	157,000
14,800	13,100	10,500	7,200	Programs	6,000	7,000	17	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
0	0	121,200	0	Flood Event	0	0	0	0	0	0	0	0	0	0	0	0
<b>Waste Disposal</b>																
101,400	230,000	205,200	156,700	Maintenance	150,000	118,000	(21)	122,000	126,000	130,000	134,000	138,000	142,000	146,000	150,000	154,000
443,600	463,700	547,000	560,100	Landfill Operations	653,000	642,000	(2)	661,000	680,000	699,000	718,000	737,000	757,000	779,000	802,000	825,000
807,000	780,100	780,100	810,600	Transfer - Recyclables	308,000	52,000	(83)	54,000	56,000	58,000	60,000	62,000	64,000	66,000	68,000	70,000
2,640,300	3,806,900	6,595,900	7,326,600	Transfer - Inert and Mixed Waste	7,300,000	7,800,000	7	8,346,000	8,930,000	9,555,000	9,842,000	10,137,000	10,441,000	10,754,000	11,077,000	11,409,000
94,500	112,100	121,300	138,100	Transfer Preparation - Inert Waste	160,000	160,000	0	165,000	170,000	175,000	180,000	185,000	191,000	197,000	203,000	209,000
87,000	76,900	66,400	63,400	Transfer Preparation - Recyclables	25,000	5,000	(80)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
144,200	166,600	215,600	180,500	Transfer Preparation - Mixed Waste	200,000	210,000	5	216,000	222,000	229,000	236,000	243,000	250,000	258,000	266,000	274,000
152,400	275,400	297,300	246,200	Public Place Bins	328,000	290,000	(12)	300,000	310,000	320,000	330,000	340,000	351,000	362,000	373,000	385,000
<b>Non-Cash Expenses</b>																
278,700	313,800	248,500	247,500	Depreciation	320,000	320,000	0	331,000	342,000	353,000	365,000	377,000	389,000	402,000	415,000	429,000
27,200	5,400	0	214,200	Unwinding Remediation PV	0	0	0	0	0	0	0	0	0	0	0	0
18,800	18,800	711,300	919,300	Remediation Depreciation	873,000	900,000	3	929,000	959,000	199,000	206,000	213,000	220,000	227,000	235,000	243,000
<b>6,158,300</b>	<b>7,753,300</b>	<b>11,713,100</b>	<b>12,894,000</b>	<b>Total Operating Expenses</b>	<b>13,022,000</b>	<b>13,204,000</b>	<b>1</b>	<b>13,890,000</b>	<b>14,718,000</b>	<b>14,818,000</b>	<b>15,328,000</b>	<b>15,760,000</b>	<b>16,207,000</b>	<b>16,669,000</b>	<b>17,143,000</b>	<b>17,905,000</b>
<b>(69,300)</b>	<b>1,020,300</b>	<b>(111,500)</b>	<b>(1,434,800)</b>	<b>Operating Result - Surplus / (Deficit)</b>	<b>(1,218,000)</b>	<b>(553,000)</b>	<b>(55)</b>	<b>(647,000)</b>	<b>(805,000)</b>	<b>(309,000)</b>	<b>(202,000)</b>	<b>20,000</b>	<b>264,000</b>	<b>518,000</b>	<b>795,000</b>	<b>823,000</b>
297,500	332,600	959,800	1,166,800	Add Back Depreciation	1,193,000	1,220,000	2	1,260,000	1,301,000	552,000	571,000	590,000	609,000	629,000	650,000	672,000
<b>228,200</b>	<b>1,352,900</b>	<b>848,300</b>	<b>(268,000)</b>	<b>Cash Result - Surplus / (Deficit)</b>	<b>(25,000)</b>	<b>667,000</b>	<b>(2,768)</b>	<b>613,000</b>	<b>496,000</b>	<b>243,000</b>	<b>369,000</b>	<b>610,000</b>	<b>873,000</b>	<b>1,147,000</b>	<b>1,445,000</b>	<b>1,495,000</b>
<b>Capital Movements</b>																
0	0	0	0	Less Loan Principal Repayments	0	0	0	0	119,000	284,000	349,000	367,000	385,000	404,000	424,000	445,000
108,400	1,352,900	862,800	76,000	Less Transfer to Reserves	0	667,000	613,000	2,496,000	1,943,000	369,000	610,000	873,000	1,147,000	1,445,000	1,495,000	1,495,000
1,000	78,100	418,700	357,700	Add Transfer from Reserves	899,000	1,741,000	50,000	2,669,000	2,334,000	399,000	417,000	435,000	454,000	474,000	495,000	495,000
0	0	0	23,800	Add Capital Income Applied	0	0	1,500,000	2,000,000	1,700,000	0	0	0	0	0	0	0
120,800	78,100	404,200	37,500	Less Capital Expenditure	824,000	1,691,000	1,500,000	2,500,000	2,000,000	0	0	0	0	0	0	0
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Cash Result after Capital Movements</b>	<b>50,000</b>	<b>50,000</b>	<b>0</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>

## 5.3 Waste Operations - Long Term Financial Plan

Ballina Shire Council – 2024/25 Fees and Charges

### Civil Services Division

Fee Name	Pricing Policy	2023/2024	GST Y/N	2024/25	WO Number
<b>Waste Management</b>					
<b>100% Sorted Recyclables</b> <i>(Paper, cardboard, glass/plastic bottles, steel/aluminium cans) Minimum weight charge 20kg.</i>					
Domestic - weighed \$/tonne.	B	\$104.00	Y	\$108.00	W657.0352.0101
Commercial - weighed \$/tonne.	B	\$287.00	Y	\$299.00	W657.0352.0101
<b>General Mixed Waste</b> <i>(No liquids - includes putrescible, builders and bulky waste). Minimum weight charge 20kg.</i>					
Domestic - weighed \$/tonne.	B	\$275.00	Y	\$287.00	W657.0352.0101
Commercial - weighed \$/tonne.	B	\$332.00	Y	\$357.00	W657.0352.0101
<b>100% Green Waste</b> <i>(Grass clippings, garden waste, tree lopping &lt;300mm diameter, no soil and no treated timber) Any green waste mixed with other material will be charged non sorted mixed waste fee. Minimum weight charge 20kg.</i>					
Sorted - weighed \$/tonne.	B	\$79.00	Y	\$82.00	W657.0352.0101
<b>Sorted Wood, Trees, or Tree Stumps</b> <i>(Tree stumps diameter &gt;300mm thick includes mixed with green waste, no soil, and no treated timber). Any green waste mixed with other material will be charged non sorted mixed waste fee. Minimum weight charge 20kg.</i>					
Sorted - weighed \$/tonne.	B	\$129.00	Y	\$135.00	W657.0352.0101
<b>100% Sorted Scrap Metal</b> <i>(Includes car bodies and white goods). Minimum weight charge 20kg.</i>					
Sorted - weighed \$/tonne.	B	\$0.00	Y	\$0.00	W657.0352.0101
<b>100% Sorted Brick and Concrete</b> <i>(Clean concrete, bricks and rock, no soil. Penalties will be imposed for material containing asbestos). Minimum weight charge 20kg.</i>					
Sorted - weighed \$/tonne.	B	\$200.00	Y	\$208.00	W657.0352.0101
<b>100% Sorted Roof Tiles and Ceramics</b> <i>(Clean, loose tiles only, no bathroom tiles with backing board. Penalties will be imposed for material containing asbestos). Minimum weight charge 20kg.</i>					
Sorted - weighed \$/tonne.	B	\$200.00	Y	\$208.00	W657.0352.0101
<b>DWM Kerbside Putrescible Waste</b>					
Internal Charge for Domestic Waste Collected at the Kerbside.	B	\$333.00	Y	\$446.00	W657.0352.0101
<b>Bulk Commercial Waste &amp; Recycling Loads</b>					
Waste Services is a Commercial Enterprise and Council Reserves the Right to Negotiate Gate Fees with Individual Persons or Organisations where there is a Commercial Benefit to Council.	B	POA	Y	POA	W657.0352.0101
<b>Virgin Excavated Natural Material (VENM)</b> <i>(Must be pre-booked at least 24 hours in advance and have all certification and test results). Minimum weight charge 20kg.</i>					
All vehicles - weighed \$/tonne.	B	POA	Y	POA	W657.0352.0101
<b>Soil (not contaminated or VENM)</b> <i>(Must be pre-booked at least 24 hours in advance and have testing results to comply with the Waste Guidelines. Soil only. No boulders, tree stumps). Minimum weight charge 20kg.</i>					
All vehicles - weighed \$/tonne.	B	POA	Y	POA	W657.0352.0101
<b>Contaminated Soil</b> <i>(Soil with no testing results that hasn't been pre-booked. Soil mixed with other material. Penalties will be imposed for material containing asbestos). Minimum weight charge 20kg.</i>					
All vehicles - weighed \$/tonne.	B	\$332.00	Y	\$357.00	W657.0352.0101
<b>Specific Waste Charge</b>					
<b>Asbestos Waste</b> <i>The Householders Asbestos Disposal Scheme seeks to improve work health and safety for the safe removal and disposal of bonded asbestos. Ballina Shire Council is subsidising the cost of the kits which will be made available at the Waste Centre.</i>					
Household asbestos sample test kit.	B	No charge	Y	No charge	W657.0352.0101
Household Asbestos Kit.	C	\$30.00	Y	\$30.00	W657.0361.0101

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## 5.3 Waste Operations - Long Term Financial Plan

### Ballina Shire Council – 2024/25 Fees and Charges

Fee Name	Pricing Policy	2023/2024	GST Y/N	2024/25	WO Number
<b>Tyres</b>					
Car, motor bike (/tyre).	B	\$10.00	Y	\$10.00	W657.0352.0101
4 x 4 Light truck (/tyre).	B	\$15.00	Y	\$15.00	W657.0352.0101
Truck (/tyre).	B	\$35.00	Y	\$35.00	W657.0352.0101
Car, motor bike (/tyre with rim).	B	\$15.00	Y	\$15.00	W657.0352.0101
4 x 4 Light truck (/tyre with rim).	B	\$25.00	Y	\$25.00	W657.0352.0101
Truck (/tyre with rim).	B	\$50.00	Y	\$50.00	W657.0352.0101
Other (/tyre).	B	POA	Y	POA	W657.0352.0101
<b>Refrigerators/Air Conditioners</b>					
(No degas certificate) (/item).	B	\$35.00	Y	\$35.00	W657.0352.0101
<b>Dead Animals</b>					
<i>Minimum weight charge 20kg.</i>					
Dead animal(s) - weighed \$/tonne.	B	\$332.00	Y	\$357.00	W657.0352.0101
<b>Special Event Bin Collection Service</b>					
<i>Charge for delivery and one (1) collection of Garbage, Recycling and/or Organic Bin/s.</i>					
<i>Price available upon application to the Waste Management Centre. Prices reviewed as market rates and operating costs change.</i>					
1-6 bins - Small Sized Event.	B	N/A	Y	163.00	W657.0352.0101
7-12 bins - Medium Sized Event.	B	N/A	Y	322.00	W657.0352.0101
13-18 bins - Large Sized Event.	B	N/A	Y	473.00	W657.0352.0101
Additional Event Bin Collection.	B	N/A	Y	24.00	W657.0352.0101
<b>Weighbridge Certificate - For Registration Purposes Only</b>					
<i>Single weighing requiring certificate (includes account customers). Please note - this facility is not a public weighbridge.</i>					
Weighbridge Certificate.	B	\$40.00	Y	\$42.00	W657.0352.0101
<b>Mulch</b>					
Large quantities of mulch - price reviewed to meet demand and operational needs.	C	POA	Y	POA	W657.0352.0101
<b>Crushed concrete sale per tonne</b>					
Crushed concrete sale per tonne.	B	POA	Y	POA	W657.0352.0101
<b>Waste Management Negotiated Fees</b>					
<i>Waste Services is a commercial enterprise and Council does reserve the right to negotiate with individual persons or organisations where there is a commercial benefit to Council e.g., specific fees may be negotiated for bulk sales of waste product.</i>					
<b>Waste Management Collection Services</b>					
<b>Domestic Waste Exempt Collection Service (Section 496 of the Local Government Act)</b>					
Properties that are occupied and for which a DWM service is available but where Council has decided not to provide a collection service (e.g., safety, physical limitations of the property, Multi Unit Dwelling's approved by Council to utilise an alternate service arrangement) must still pay a DWM charge pursuant to section 496 of the LGA.	B	\$47.00	N	\$48.00	W657.0352.0101
<b>Bin Changeover Fee</b>					
Size/capacity changeover fee (first changeover free of charge then all subsequent changes per property per annum per owner/s attracts fee).	B	\$68.00	N	\$73.00	W657.0352.0101
<b>Domestic Waste Collection Charges - Urban (Section 496 of the Local Government Act)</b>					
<i>Wheelie Bin Collection Service - Charges per property, per self-contained occupancy, per annum. Charges relevant for mixed waste and organics bins up to 240 litres capacity and recycling bins up to 360 litres capacity.</i>					
Urban Properties - Service provides collection of one mixed bin per fortnight, one recycling bin per fortnight and one organics bin per week.	B	\$437.00	N	\$448.00	03230.0210.0040
Vacant Land - Per rateable property where the collection service is available but not utilised.	B	\$47.00	N	\$48.00	03230.0210.0048

## 5.3 Waste Operations - Long Term Financial Plan

### Ballina Shire Council – 2024/25 Fees and Charges

Fee Name	Pricing Policy	2023/2024	GST Y/N	2024/25	WO Number
<b>Domestic Waste Collection Charges - Rural (Section 496 of the Local Government Act)</b>					
<i>Wheelie Bin Collection Service - Charges per property, per self-contained occupancy, per annum. Charges relevant for mixed waste bins up to 240 litres capacity and recycling bins up to 360 litres capacity.</i>					
Rural Properties - Service provides collection of one mixed waste bin per week and one recycling bin per fortnight.	B	\$381.00	N	\$391.00	03230.0210.0040
<b>Additional Domestic Waste Collection Services (Section 496 of the Local Government Act)</b>					
Additional Domestic Recycling Collection Charge - Urban and Rural - One recycling bin per fortnight.	B	\$105.00	N	\$108.00	03230.0210.0040
Additional Domestic Organics Collection Charge - Urban - One organics bin per week.	B	\$184.00	N	\$189.00	03230.0210.0040
Additional Mixed Waste Collection Charge - Urban - One mixed waste bin per fortnight.	B	\$130.00	N	\$133.00	03230.0210.0040
Additional Mixed Waste Collection Charge - Rural - One mixed waste bin per week.	B	\$260.00	N	\$267.00	03230.0210.0040
<b>Non-Domestic Collection Charges - Business, Commercial, Industrial Properties (Section 501 of the Local Government Act)</b>					
<i>Optional service provided to non-domestic customers upon request. Per collection service, per annum. Charges relevant for mixed waste and organic bins up to 240 litres capacity and recycling bins up to 360 litres capacity.</i>					
Non-Domestic Waste Collection - One mixed waste bin collection per week.	A	\$417.00	N	\$437.00	03220.0210.0056
Non-Domestic Recycling Collection - One recycling bin collection per fortnight.	A	\$206.00	N	\$216.00	03220.0210.0057
Non-Domestic Organics Collection - One organics bin collection per week.	A	\$269.00	N	\$282.00	03220.0210.0058
<b>Organic Bin Caddy</b>					
Kitchen Organics Bin Caddy.	B	\$10.00	Y	\$10.00	W679.0001.0233
<b>Admin Fee</b>					
Fee for the Replacement of lost Commercial Bin Stickers.	B	\$10.00	Y	\$10.00	W657.0352.0101
<b>Missed Bin Collection Charge</b>					
Fee charged for instances where the customer has not presented their bin for collection and subsequently ask for the bin to be collected. 1 - 5 Bins.	B	\$45.00	Y	\$45.00	W657.0352.0101
Fee charged for instances where the customer has not presented their bin for collection and subsequently ask for the bin to be collected. Greater than 5 Bins.	B	\$60.00	Y	\$60.00	W657.0352.0101

DOMESTIC WASTE MANAGEMENT (DWM)																
ACTUAL				DESCRIPTION	ESTIMATED											
2019/20	2020/21	2021/22	2022/23		2023/24	2024/25	%	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
<b>OPERATING REVENUES</b>																
7,129,300	7,509,600	7,771,000	7,961,700	DWM Annual Charges	8,370,000	8,579,000	2	8,836,000	9,101,000	9,374,000	9,655,000	9,945,000	10,243,000	10,550,000	10,867,000	11,193,000
29,500	29,700	33,200	35,600	Vacant Property Annual Charges	36,000	39,000	8	40,000	41,000	42,000	43,000	44,000	45,000	46,000	47,000	48,000
0	2,300	2,400	2,400	DWM Exempt Collections	3,000	3,000	0	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
(248,400)	(250,200)	(244,500)	(239,600)	Pensioner Abandonments	(238,000)	(242,000)	2	(244,000)	(246,000)	(248,000)	(250,000)	(252,000)	(254,000)	(256,000)	(258,000)	(260,000)
863,700	958,500	992,700	1,045,200	Internal Plant Hire Charges	340,000	0	(100)	0	0	0	0	0	0	0	0	0
136,600	137,600	134,500	131,800	Operating Grants and Contributions	135,000	132,000	(2)	133,000	134,000	135,000	136,000	137,000	138,000	139,000	140,000	141,000
22,100	1,900	0	6,200	Sundry Income	65,000	0	(100)	0	0	0	0	0	0	0	0	0
30,000	9,900	6,000	49,000	Interest on Investments	82,000	56,000	(32)	54,000	51,000	47,000	40,000	36,000	32,000	27,000	22,000	14,000
29,800	85,300	0	0	Gain / (Loss) on Disposal of Assets	0	0	0	0	0	0	0	0	0	0	0	0
<b>7,992,600</b>	<b>8,484,600</b>	<b>8,695,300</b>	<b>8,992,300</b>		<b>8,793,000</b>	<b>8,567,000</b>	<b>(3)</b>	<b>8,822,000</b>	<b>9,084,000</b>	<b>9,353,000</b>	<b>9,627,000</b>	<b>9,913,000</b>	<b>10,207,000</b>	<b>10,509,000</b>	<b>10,821,000</b>	<b>11,139,000</b>
<b>OPERATING EXPENSES</b>																
<b>Administration</b>																
494,400	544,600	585,000	499,500	Employee Costs and Administration	624,000	414,000	(34)	428,000	440,000	453,000	466,000	479,000	493,000	507,000	522,000	537,000
7,800	200	4,800	7,700	Internal Audit	6,000	6,000	0	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
32,000	12,000	0	0	Contributions	0	0	0	0	0	0	0	0	0	0	0	0
40,000	40,000	40,000	40,200	North East Waste Membership	42,000	43,000	2	44,000	45,000	46,000	47,000	48,000	49,000	50,000	52,000	54,000
791,000	945,000	1,047,000	1,047,600	Indirect Expenses - Overheads	1,073,000	994,000	(7)	1,024,000	1,055,000	1,087,000	1,120,000	1,154,000	1,189,000	1,225,000	1,262,000	1,300,000
76,500	82,200	19,300	142,200	Promotion and Education	30,000	80,000	167	82,000	84,000	187,000	90,000	93,000	96,000	99,000	222,000	105,000
<b>Collection</b>																
635,300	697,900	783,000	783,200	Collection Kerbside - Mixed Waste	660,000	660,000	0	680,000	700,000	721,000	743,000	765,000	788,000	812,000	836,000	861,000
1,910,600	1,597,400	1,610,600	1,714,700	Collection Kerbside - Organics	1,840,000	1,935,000	5	1,993,000	2,053,000	2,115,000	2,178,000	2,243,000	2,310,000	2,379,000	2,451,000	2,525,000
1,736,900	2,520,500	2,145,400	1,707,700	Collection Kerbside - Disposal Fees	2,500,000	3,200,000	28	3,296,000	3,395,000	3,497,000	3,602,000	3,710,000	3,822,000	3,937,000	4,055,000	4,176,000
481,100	518,100	487,100	568,100	Collection Kerbside - Recycling	665,000	600,000	(10)	618,000	637,000	656,000	676,000	696,000	717,000	739,000	761,000	784,000
961,300	1,246,300	1,005,400	754,600	Collection Kerbside - Recycling Disposal	655,000	620,000	(5)	639,000	658,000	678,000	698,000	719,000	741,000	763,000	786,000	810,000
246,700	184,300	233,400	199,600	Collection Kerbside - Bin Maintenance	190,000	150,000	(21)	155,000	160,000	165,000	170,000	175,000	180,000	185,000	191,000	197,000
389,600	371,500	487,600	607,200	Collection Trucks - Operating Expenses	215,000	0	(100)	0	0	0	0	0	0	0	0	0
<b>Non-Cash Expenses</b>																
168,600	266,000	274,900	274,900	Depreciation	30,000	0	(100)	0	0	0	0	0	0	0	0	0
			662,300	Impairment - Domestic Waste												
<b>7,971,800</b>	<b>9,026,000</b>	<b>8,723,500</b>	<b>9,009,500</b>	<b>Total Operating Expenses</b>	<b>8,530,000</b>	<b>8,702,000</b>	<b>2</b>	<b>8,965,000</b>	<b>9,233,000</b>	<b>9,611,000</b>	<b>9,796,000</b>	<b>10,088,000</b>	<b>10,391,000</b>	<b>10,702,000</b>	<b>11,144,000</b>	<b>11,355,000</b>
<b>20,800</b>	<b>(541,400)</b>	<b>(28,200)</b>	<b>(17,200)</b>	<b>Operating Result - Surplus / (Deficit)</b>	<b>263,000</b>	<b>(135,000)</b>	<b>(151)</b>	<b>(143,000)</b>	<b>(149,000)</b>	<b>(258,000)</b>	<b>(169,000)</b>	<b>(175,000)</b>	<b>(184,000)</b>	<b>(193,000)</b>	<b>(323,000)</b>	<b>(216,000)</b>
(29,800)	(85,300)	0	0	Add Back Gain / Loss on Sale	0	0	0	0	0	0	0	0	0	0	0	0
168,600	266,000	274,900	937,200	Add Back Depreciation	30,000	0	(100)	0	0	0	0	0	0	0	0	0
<b>159,600</b>	<b>(360,700)</b>	<b>246,700</b>	<b>920,000</b>	<b>Cash Result - Surplus / (Deficit)</b>	<b>293,000</b>	<b>(135,000)</b>	<b>(146)</b>	<b>(143,000)</b>	<b>(149,000)</b>	<b>(258,000)</b>	<b>(169,000)</b>	<b>(175,000)</b>	<b>(184,000)</b>	<b>(193,000)</b>	<b>(323,000)</b>	<b>(216,000)</b>
<b>Capital Movements</b>																
0	0	0	0	Less Loan Principal Repayments	0	0		0	0	0	0	0	0	0	0	0
169,700	0	246,700	920,000	Less Transfer to Reserves	293,000	0		0	0	0	0	0	0	0	0	0
2,149,100	360,700	34,800	0	Add Transfer from Reserves	0	135,000		143,000	149,000	258,000	169,000	175,000	184,000	193,000	323,000	216,000
0	0	0	0	Add Capital Income Applied	0	0		0	0	0	0	0	0	0	0	0
2,139,000	0	34,800	0	Less Capital Expenditure	0	0		0	0	0	0	0	0	0	0	0
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Cash Result after Capital Movements</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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### The Hon Penny Sharpe MLC

Minister for Climate Change, Minister for Energy,  
Minister for the Environment, Minister for Heritage,  
Leader of the Government in the Legislative Council



Your ref: 259-012/596-012  
Our ref: MD23/2638

Cr Sharon Cadwallader  
Mayor  
Ballina Shire Council  
PO Box 450  
BALLINA NSW 2478

By email: [council@ballina.nsw.gov.au](mailto:council@ballina.nsw.gov.au)

Dear Mayor Cadwallader

Thank you for your letter requesting an automated recycling facility be established in Ballina Shire. I appreciate you bringing this matter to my attention.

The NSW Environment Protection Authority (EPA) has contacted TOMRA Cleanaway about this matter. TOMRA Cleanaway is the Return and Earn Network Operator and manages the Return and Earn return point network in NSW, including decisions on where to locate Return and Earn facilities.

I am advised that TOMRA Cleanaway are working with the Rotary Satellite Club of Ballina Lifestyle to find a solution that best suits the Club's operations. However, this is unlikely to be an automated bulk return facility as the Club is not interested in owning or operating such a facility. Independent private operators operate all return points in the Return and Earn scheme under commercial contracts with TOMRA Cleanaway. Locating an automated bulk return facility in Ballina Shire will require finding an interested and suitable private operator.

The EPA is happy to discuss this matter further with Ballina Shire Council as well as facilitate any discussions with TOMRA Cleanaway. I have been advised that the EPA made initial contact with Council on 9 June 2023.

If councillors or council staff would like to discuss this matter further, please contact Andrew Ware, Manager, CDS Scheme Operations and Performance, EPA, at [andrew.ware@epa.nsw.gov.au](mailto:andrew.ware@epa.nsw.gov.au).

Thank you for taking the time to bring this matter to my attention.

Sincerely

A handwritten signature in black ink, appearing to read "Penny Sharpe".

**Penny Sharpe MLC**

Minister for Climate Change, Minister for Energy,  
Minister for the Environment, Minister for Heritage

7/7/23

52 Martin Place Sydney NSW 2000  
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## 5.4 Water Operations - Long Term Financial Plan

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### 5.4 Water Operations - Long Term Financial Plan

<b>Section</b>	Financial Services
<b>Objective</b>	To review the long term financial plan for Council's Water Operations.

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#### Background

The provision of water services and associated infrastructure forms a significant part of Council's overall turnover at approximately 12% of total operating revenue.

This report provides an overview of the latest update of the Long-Term Financial Plan (LTFP) for our Water Operations.

#### Key Issues

- Financial performance and sustainability

#### Discussion

The following table shows actual results for the last two financial years together with the current year's estimated result to 30 June.

**Table One - Water Operations Financial Performance**

Description	2021/22 Actual \$000	2022/23 Actual \$000	2023/24 Estimate \$000
Operating Revenues	13,208	15,030	15,829
Operating Expenses (including depreciation)	14,546	14,256	15,687
<b>Operating Result - Surplus/(Deficit)</b>	<b>(1,338)</b>	<b>774</b>	<b>143</b>
Excluding Depreciation and Loss on Sale	2,613	1,805	2,268
<b>Cash Operating Result – Surplus</b>	<b>1,275</b>	<b>2,579</b>	<b>2,410</b>
Less Loan Principal Repaid	0	0	0
Less Capital Expenditure	1,733	3,574	4,370
Add Capital Income	855	730	1,037
<b>Cash Increase / (Decrease)</b>	<b>397</b>	<b>(265)</b>	<b>(923)</b>
Infrastructure Movements / Leave Balances	(162)	(348)	0
<b>Reserve Balances</b>	<b>21,128</b>	<b>20,515</b>	<b>19,593</b>

The forecast for 2023/24 following the December 2023 quarterly budget review, is for a small operating surplus of \$143,000.

The purchase of bulk water from Rous County Council (RCC) represents 62% of operating expenses, excluding depreciation, which means Council is susceptible to changes in that expense.

The RCC price increases and Council charge increases for the last several years have been as follows:

## 5.4 Water Operations - Long Term Financial Plan

**Table Two - Rous and Council Increase (%)**

Year	19/20	20/21	21/22	22/23	23/24
RCC Increase	4.00	12.00	7.00	7.00	6.00
Council Charge Increase	2.70	2.60	3.50	3.70	5.50

The higher than CPI increases from RCC have been largely absorbed by the business for the years listed, with Council user charges increased by more moderate amounts.

The modelling of the current draft LTFP is based on the following RCC increases for Council, as advised by RCC.

**Table Three – Forecast Rous Increases (%)**

Year	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
% Increase	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	1.00	2.00

The attachments to this report are the latest review of the LTFP for the ten-year period from 2024/25 to 2033/34.

Attachment 1 is the forecast Income Statement for Water Operations, based on Council's Annual Financial Statements format.

Attachment 2 is the same information, based on the main operating revenues and expense categories for the business, along with a summary of capital movements. This attachment also includes the end of year cash reserve balances for Water Operations.

Attachment 3 is the capital expenditure program for the ten-year period.

In respect to operating revenues, the primary income source is the water consumption charge. This is a variable income source, subject to seasonal variations and also weather dependent.

The above CPI increases from RCC do necessitate Council to implement increases above CPI for future years, however the modelling has been completed to minimise this impact to the end user, whilst still maintaining positive reserve balances at all times.

The model presented in this report proposes the following Council increases for water access and water consumption charges:

**Table Four – Forecast Council Water Charge Increases (%)**

Year	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
% Increase	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	3.0	3.0

The resulting LTFP outcome is as per Attachments 1 and 2 and is summarised in Table Six of this report. This shows moderate operating surpluses before capital income over the ten-year timeframe.

For 2023/24, water consumption income is trending above the current budget of \$8.8 million (2022/23 actual was \$8.6million).

## 5.4 Water Operations - Long Term Financial Plan

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For 2024/25, forecast consumption income has been estimated at \$9.5 million, representing an overall increase of 8.3%.

The other large income source is the annual access charge, which is a fixed charge based on the size of the meter connection to the property.

For 2023/24, water access charges are trending towards the budgeted \$5.1m. For 2024/25 forecast access charge income has been estimated at \$5.5m representing an overall increase of 6.2%.

For 2024/25, forecast operating expenses, excluding depreciation and loss on disposal of infrastructure, has been estimated to increase by 3.4% in comparison to the current 2023/24 forecast, an increase of \$467,000. This is despite an increase of \$583,000 for the contribution to RCC for the bulk supply of water.

As mentioned, RCC has estimated a price per kilolitre increase of 7.0%, for all constituent councils, for 2024/25.

The methodology used by RCC to apportion cost between the constituent councils is based on the proportion of consumption, for the previous year ending February. This means that the impact on an individual constituent council in any year can be more or less than the RCC price increase.

This information has yet to be provided, as at the time of writing this report.

Based on an estimated water cost increase of 7% and the 6% increase in Council water charges, the operating result for 2024/25 is forecast to be a moderate surplus of \$611,000.

The capital works program is also 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 current model predicts capital works of \$5.9m for 2024/25. This includes expenditure of \$1.7m for the Depot Master Plan.

Capital expenditure for the following three years is in the range of \$5.5m to \$7.4m.

Projected reserve balances do steadily decline from 2024/25 until 2028/29 as funds held are being expended on capital works.

Capital income refers to contributions from developers in accordance the Council's Developer Contribution Plans, where payments are made to Council to help fund new infrastructure associated with population growth. This income source is difficult to predict.

The model assumes \$1.1m from this source, which is based on amounts recognised in recent years, and a prediction of continued growth. This figure can vary substantially from year to year.

## 5.4 Water Operations - Long Term Financial Plan

Council also records non-cash capital contributions, where infrastructure that supports a new subdivision, is transferred to Council to manage, and maintain.

The model assumes \$1.2m from this source, which is also based on amounts recognised in recent years and a prediction of continued growth. This figure can also vary substantially each year.

Overall, in many respects the current financial performance and position of the Water Operations business is satisfactory.

The asset network is in relatively good condition, there is no debt and cash reserves are sufficient to meet the immediate and future needs of the business.

The largest income source is water consumption, which typically generates around 57% of total operating revenues. 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 five financial years is as follows.

**Table Five - Water Consumption Income Compared to Price**

Year	Income (\$)	% Change	Increase in Price
2023/24 <sup>(1)</sup>	8,790,000	2.2	5.5%
2022/23	8,603,900	10.9	3.7%
2021/22	7,756,000	0.8	3.5%
2020/21	7,694,600	0.4	2.6%
2019/20	7,932,200	(0.3)	2.7%
2018/19	7,951,800	5.5	2.3%
2017/18	7,538,600	(3.0)	2.0%

(1) estimated

As per these figures, there is no direct correlation between increases to price and increases (or decreases) to income received.

The modelling is based on consumption income increasing in accordance with price, as this remains the best indicator for financial forecasting.

Given that it is likely that income received will vary up or down from the forecast, it is important that the business maintains sufficient cash reserves as a buffer to meet lean times and financial shocks.

The financial model, summarised in Table Six, shows the cash result (which is the operating result with depreciation excluded).

The model looks to maintain a moderate operating cash 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 first part of the ten-year model. Importantly no borrowings are anticipated.

The attachments to this report provide the complete model.



## 5.4 Water Operations - Long Term Financial Plan

**Table Six - Water Operations LTFP (Cash Movements) (\$'000)**

Description	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
Operating Revenues	15,829	16,826	17,599	18,564	19,529	20,545	21,753	23,180	24,691	25,622	26,623
Operating Expenses	15,687	16,215	17,069	17,932	18,865	19,859	20,934	22,074	23,255	23,601	24,152
<b>Operating Result</b>	<b>143</b>	<b>611</b>	<b>531</b>	<b>633</b>	<b>667</b>	<b>690</b>	<b>824</b>	<b>1,112</b>	<b>1,443</b>	<b>2,030</b>	<b>2,482</b>
Add Back Depreciation	2,268	2,330	2,389	2,450	2,513	2,578	2,645	2,714	2,785	2,859	2,935
<b>Cash Surplus</b>	<b>2,410</b>	<b>2,941</b>	<b>2,920</b>	<b>3,083</b>	<b>3,180</b>	<b>3,268</b>	<b>3,469</b>	<b>3,826</b>	<b>4,228</b>	<b>4,889</b>	<b>5,417</b>
Capital Income	1,037	1,100	1,200	1,300	1,400	1,500	1,600	1,700	1,800	1,900	2,000
Loan Principal	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditure	4,370	5,875	5,570	7,412	5,490	4,580	1,210	1,290	1,320	1,300	1,340
<b>Reserve M'tment</b>	<b>(923)</b>	<b>(1,834)</b>	<b>(1,450)</b>	<b>(3,029)</b>	<b>(910)</b>	<b>188</b>	<b>3,859</b>	<b>4,236</b>	<b>4,708</b>	<b>5,489</b>	<b>6,077</b>
<b>Total Reserves</b>	<b>19,593</b>	<b>17,759</b>	<b>16,309</b>	<b>13,280</b>	<b>12,370</b>	<b>12,558</b>	<b>16,417</b>	<b>20,653</b>	<b>25,361</b>	<b>30,850</b>	<b>36,927</b>

The Wastewater Operations - Long Term Financial Plan report, which is the following report in this agenda, is based on the following increases for wastewater access charges:

Year	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
% Increase	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0

The proposed low increases on the wastewater charges, is to provide a balance with the required increase in water charges.

Even though the Wastewater and Water Operations are not subject to rate pegging, Council minimises increases to help with the affordability of what are essential services.

### Assumptions Applied

- Estimated income from the access charge is \$5.5m
- Estimated income from consumption is \$9.5m
- Rous Water contribution to increase to \$8.9m
- Estimated cash developer contributions are \$1.1m
- Capital expenditure of \$5.9m for 2024/25
- Operating expenses and other revenues increasing by 3.0% per annum in future years

### Fees and Charges

The proposed charges for 2024/25 are shown in the next table.

**Table Seven - Proposed Water Charges (\$)**

Charge Type	2023/24	2024/25	% Increase
Water Access Charge 20mm meter	236	250	5.9
Water Consumption under 350kl	2.66	2.82	6.0
Water Consumption over 350kl	3.99	4.23	6.0
Vacant Land Charge	236	250	5.9

## 5.4 Water Operations - Long Term Financial Plan

The over 350 kilolitre charge is a 50% premium to the base charge of \$2.82.

In 2023/24 a residential property using 150 kilolitres would pay \$635 for the year and in 2024/25 they will pay \$673 (overall increase of 6.0%).

### Council Comparison

The next table compares the 2023/24 water charges of various councils for an average residential property, with Council's charge well below mid-range.

**Table Eight – Council Comparative Water Charges for 2023/24**

Charge (\$)	Ballina	Byron	Clarence	Coffs	Lismore	Richmond	Tweed
Annual	236	217	136	160	352	198	193
Consumption (150kl)	399	497	417	513	718	453	542
<b>Total</b>	<b>635</b>	<b>714</b>	<b>553</b>	<b>673</b>	<b>1,070</b>	<b>651</b>	<b>735</b>

### Community Engagement Strategy

The draft fees and charges and LTFP will be subject to formal exhibition.

### Financial / Risk Considerations

With a significant amount of revenue sourced from consumption, which is variable, and a major cost driver set by RCC, the Water Operations is a somewhat riskier business to manage, from a financial perspective. There are also significant environmental and public health risks in respect to the delivery of water services.

### Options

Council has the option of endorsing the proposed LTFP, or examining alternatives, which could include amending the proposed pricing or amending the capital works program. The recommendation is to exhibit the proposed fees and charges, and LTFP, as per the contents of this report.

### RECOMMENDATION

That Council endorses the annual charges, as per the following table, as well as the long-term financial plan, as per Attachments 1, 2 and 3 to this report, for the Water Operations, for exhibition in the draft 2024/25 to 2027/28 Delivery Program and Operational Plan.

Charge Type	2023/24	2024/25	% Increase
Water Access Charge 20mm meter	236	250	5.9
Water Consumption under 350kl	2.66	2.82	6.0
Water Consumption over 350kl	3.99	4.23	6.0
Vacant Land Charge	236	250	5.9

### Attachment(s)

1. Water Operations - Income Statement - 2019/20 to 2033/34 [↓](#)
2. Water Operations - Long Term Financial Plan - 2019/20 to 2033/34 [↓](#)
3. Water Operations - Capital Expenditure [↓](#)

WATER OPERATIONS - INCOME STATEMENT (2019/20 to 2033/34)																
ACTUAL				DESCRIPTION	ESTIMATED											
2019/20	2020/21	2021/22	2022/23		2023/24	2024/25	%	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
<b>OPERATING RESULTS</b>																
<b>Operating Income</b>																
3,808,800	4,234,000	4,205,900	4,427,100	Annual Charges	4,862,000	5,180,000	7	5,507,000	5,854,000	6,221,000	6,608,000	7,014,000	7,450,000	7,906,000	8,142,000	8,398,000
8,617,600	8,369,600	8,668,900	9,233,900	User Charges and Fees	9,432,000	10,180,000	8	10,794,000	11,450,000	12,146,000	12,882,000	13,660,000	14,489,000	15,368,000	15,868,000	16,389,000
421,400	175,500	154,600	854,000	Interest and Investment Revenues	1,040,000	940,000	(10)	756,000	701,000	588,000	464,000	471,000	616,000	774,000	951,000	1,157,000
225,600	0	0	341,800	Other Revenues	340,000	370,000	9	382,000	394,000	406,000	419,000	432,000	445,000	458,000	472,000	486,000
310,700	160,800	178,100	156,000	Grants and Contributions for Operating Purposes	155,000	156,000	1	161,000	166,000	171,000	176,000	181,000	186,000	192,000	198,000	204,000
762,600	700,300	878,800	730,000	Grants and Contributions for Capital Purposes - Cash	1,000,000	1,100,000	10	1,200,000	1,300,000	1,400,000	1,500,000	1,600,000	1,700,000	1,800,000	1,900,000	2,000,000
600,400	1,359,700	951,000	540,800	Contributions for Capital Purposes - Non-cash	1,200,000	1,200,000	0	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
<b>Other Income:</b>																
0	0	0	17,000	Net Gain from Disposal of Assets	0	0	0	0	0	0	0	0	0	0	0	0
<b>14,747,100</b>	<b>14,999,900</b>	<b>15,037,300</b>	<b>16,300,600</b>	<b>Total Income from Continuing Operations</b>	<b>18,029,000</b>	<b>19,126,000</b>	<b>6</b>	<b>20,000,000</b>	<b>21,065,000</b>	<b>22,132,000</b>	<b>23,249,000</b>	<b>24,558,000</b>	<b>26,086,000</b>	<b>27,698,000</b>	<b>28,731,000</b>	<b>29,834,000</b>
<b>Operating Expenses</b>																
2,367,000	2,467,000	2,563,000	2,440,000	Employee Benefits and On-costs	2,501,000	2,589,000	4	2,667,000	2,747,000	2,829,000	2,914,000	3,001,000	3,091,000	3,184,000	3,280,000	3,378,000
2,129,900	1,739,300	1,926,500	1,943,700	Materials and Contracts	2,405,000	2,135,000	(11)	2,220,000	2,266,000	2,331,000	2,402,000	2,497,000	2,594,000	2,666,000	2,690,000	2,769,000
6,108,700	6,843,500	7,359,900	7,893,900	Purchase of Water from Rous County Council	8,334,500	8,918,000	7	9,542,000	10,210,000	10,925,000	11,690,000	12,508,000	13,384,000	14,321,000	14,464,000	14,753,000
0	0	0	0	Borrowing Costs	0	0	0	0	0	0	0	0	0	0	0	0
1,606,800	1,678,900	1,762,500	1,783,900	Depreciation and Amortisation	1,818,000	1,880,000	3	1,939,000	2,000,000	2,063,000	2,128,000	2,195,000	2,264,000	2,335,000	2,409,000	2,485,000
117,800	160,600	83,600	156,300	Other Expenses	178,000	243,000	37	251,000	259,000	267,000	275,000	283,000	291,000	299,000	308,000	317,000
0	943,800	850,300	37,800	Net Loss from Disposal of Assets	450,000	450,000	0	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
<b>12,330,200</b>	<b>13,833,100</b>	<b>14,545,800</b>	<b>14,255,600</b>	<b>Total Expenses from Continuing Operations</b>	<b>15,686,500</b>	<b>16,215,000</b>	<b>3</b>	<b>17,069,000</b>	<b>17,932,000</b>	<b>18,865,000</b>	<b>19,859,000</b>	<b>20,934,000</b>	<b>22,074,000</b>	<b>23,255,000</b>	<b>23,601,000</b>	<b>24,152,000</b>
<b>2,416,900</b>	<b>1,166,800</b>	<b>491,500</b>	<b>2,045,000</b>	<b>Net Operating Result Including Capital Income</b>	<b>2,342,500</b>	<b>2,911,000</b>	<b>24</b>	<b>2,931,000</b>	<b>3,133,000</b>	<b>3,267,000</b>	<b>3,390,000</b>	<b>3,624,000</b>	<b>4,012,000</b>	<b>4,443,000</b>	<b>5,130,000</b>	<b>5,682,000</b>
<b>1,053,900</b>	<b>(893,200)</b>	<b>(1,338,300)</b>	<b>774,200</b>	<b>Net Operating Result Before Capital Income</b>	<b>142,500</b>	<b>611,000</b>	<b>329</b>	<b>531,000</b>	<b>633,000</b>	<b>667,000</b>	<b>690,000</b>	<b>824,000</b>	<b>1,112,000</b>	<b>1,443,000</b>	<b>2,030,000</b>	<b>2,482,000</b>

WATER OPERATIONS - LONG TERM FINANCIAL PLAN (2019/20 to 2033/34)																
ACTUAL				DESCRIPTION	ESTIMATED											
2019/20	2020/21	2021/22	2022/23		2023/24	2024/25	%	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
<b>OPERATING RESULTS</b>																
13,384,100	12,939,900	13,207,500	15,029,800	Operating Revenues	15,829,000	16,826,000	6	17,600,000	18,565,000	19,532,000	20,549,000	21,758,000	23,186,000	24,698,000	25,631,000	26,634,000
10,723,400	11,210,400	11,933,000	12,433,900	Less Operating Expenses	13,418,500	13,885,000	3	14,680,000	15,482,000	16,352,000	17,281,000	18,289,000	19,360,000	20,470,000	20,742,000	21,217,000
<b>2,660,700</b>	<b>1,729,500</b>	<b>1,274,500</b>	<b>2,595,900</b>	<b>Operating Result before Non-cash Items</b>	<b>2,410,500</b>	<b>2,941,000</b>	<b>22</b>	<b>2,920,000</b>	<b>3,083,000</b>	<b>3,180,000</b>	<b>3,268,000</b>	<b>3,469,000</b>	<b>3,826,000</b>	<b>4,228,000</b>	<b>4,889,000</b>	<b>5,417,000</b>
1,606,800	1,678,900	1,762,500	1,783,900	Less Depreciation Expense	1,818,000	1,880,000	3	1,939,000	2,000,000	2,063,000	2,128,000	2,195,000	2,264,000	2,335,000	2,409,000	2,485,000
0	943,800	850,300	37,800	Less Loss on Disposal of Infrastructure Assets	450,000	450,000	0	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
<b>1,053,900</b>	<b>(893,200)</b>	<b>(1,338,300)</b>	<b>774,200</b>	<b>Net Operating Result Before Capital Income</b>	<b>142,500</b>	<b>611,000</b>	<b>329</b>	<b>531,000</b>	<b>633,000</b>	<b>667,000</b>	<b>690,000</b>	<b>824,000</b>	<b>1,112,000</b>	<b>1,443,000</b>	<b>2,030,000</b>	<b>2,482,000</b>
<b>Add Capital Grants and Contributions</b>																
0	(79,900)	24,300	15,500	Capital Grants and Contributions	37,000	0	(100)	0	0	0	0	0	0	0	0	0
762,600	780,200	854,500	730,000	Section 64 Contributions Collected	1,000,000	1,100,000	10	1,200,000	1,300,000	1,400,000	1,500,000	1,600,000	1,700,000	1,800,000	1,900,000	2,000,000
<b>Subtract Funds Deployed for Non-operating Purposes</b>																
(3,029,800)	(2,403,700)	(1,732,600)	(3,574,100)	Capital Expenditure	(4,370,000)	(5,875,000)	34	(5,570,000)	(7,412,000)	(5,490,000)	(4,580,000)	(1,210,000)	(1,290,000)	(1,320,000)	(1,300,000)	(1,340,000)
0	0	0	0	Repayment of Principal on Loans	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net Movement in Other Working Capital Items</b>																
(763,700)	(2,001,400)	(186,000)	(380,200)	Net Increase / (Decrease) in Leave and Working Capital	0	0	0	0	0	0	0	0	0	0	0	0
<b>Add Back Non-Cash Expenses</b>																
1,606,800	1,678,900	1,762,500	1,783,900	Depreciation	1,818,000	1,880,000	3	1,939,000	2,000,000	2,063,000	2,128,000	2,195,000	2,264,000	2,335,000	2,409,000	2,485,000
0	943,800	850,300	37,800	Loss on Disposal of Infrastructure Assets	450,000	450,000	0	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
<b>(370,200)</b>	<b>(1,975,300)</b>	<b>234,700</b>	<b>(612,900)</b>	<b>Water Cash Reserves - Increase / (Decrease)</b>	<b>(922,500)</b>	<b>(1,834,000)</b>	<b>99</b>	<b>(1,450,000)</b>	<b>(3,029,000)</b>	<b>(910,000)</b>	<b>188,000</b>	<b>3,859,000</b>	<b>4,236,000</b>	<b>4,708,000</b>	<b>5,489,000</b>	<b>6,077,000</b>
<b>Movement in Reserves - Increase / (Decrease)</b>																
(303,700)	(2,720,500)	(629,300)	(496,900)	Water Reserves	(1,060,500)	(2,384,000)	125	1,082,000	491,000	1,435,000	1,425,000	2,162,000	2,375,000	2,678,000	3,283,000	3,688,000
(66,500)	745,200	864,000	(116,000)	Developer Contributions - Section 64	138,000	550,000	299	(2,532,000)	(3,520,000)	(2,345,000)	(1,237,000)	1,697,000	1,861,000	2,030,000	2,206,000	2,389,000
<b>(370,200)</b>	<b>(1,975,300)</b>	<b>234,700</b>	<b>(612,900)</b>	<b>Total Movement in Reserves (incl Sec 64)</b>	<b>(922,500)</b>	<b>(1,834,000)</b>	<b>99</b>	<b>(1,450,000)</b>	<b>(3,029,000)</b>	<b>(910,000)</b>	<b>188,000</b>	<b>3,859,000</b>	<b>4,236,000</b>	<b>4,708,000</b>	<b>5,489,000</b>	<b>6,077,000</b>
<b>Reserves - Balances as at 30 June</b>																
12,832,200	10,111,700	9,482,400	8,985,500	Water Reserves	7,925,000	5,541,000	(30)	6,623,000	7,114,000	8,549,000	9,974,000	12,136,000	14,511,000	17,189,000	20,472,000	24,160,000
10,036,500	10,781,700	11,645,700	11,529,700	Developer Contributions - Section 64	11,667,700	12,217,700	5	9,685,700	6,165,700	3,820,700	2,583,700	4,280,700	6,141,700	8,171,700	10,377,700	12,766,700
<b>22,868,700</b>	<b>20,893,400</b>	<b>21,128,100</b>	<b>20,515,200</b>	<b>Total Reserves</b>	<b>19,592,700</b>	<b>17,758,700</b>	<b>(9)</b>	<b>16,308,700</b>	<b>13,279,700</b>	<b>12,369,700</b>	<b>12,557,700</b>	<b>16,416,700</b>	<b>20,652,700</b>	<b>25,360,700</b>	<b>30,849,700</b>	<b>36,926,700</b>

WATER - CAPITAL EXPENDITURE																										
Asset Description	Expenditure										Funding Source 2024/25				Funding Source 2025/26				Funding Source 2026/27				Funding Source 2027/28			
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	Grants	Sec 64	Loans	Reserves	Grants	Sec 64	Loans	Reserves	Grants	Sec 64	Loans	Reserves	Grants	Sec 64	Loans	Reserves
<b>Main Renewals</b>																										
Recurrent	200,000	200,000	600,000	620,000	640,000	660,000	680,000	700,000	720,000	750,000				200,000				200,000				600,000				620,000
Crane Street (Moon to Kerr Streets), Ballina	165,000													165,000				0				0				0
Norton Street, Ballina	400,000													400,000				0				0				0
Rayner Lane / Rutherford St, Lennox Head	250,000													250,000				0				0				0
The Avenue, Alstonville	60,000													60,000				0				0				0
Noryln Avenue, Ballina	50,000													50,000				0				0				0
West Ballina Secondary Supply	500,000													500,000				0				0				0
Martin Street, Ballina	500,000													500,000				0				0				0
Stonehenge Place, Lennox Head	10,000	200,000												10,000				200,000				0				0
Ballina Road, Geoff Watt Oval Connection	200,000													200,000				0				0				0
Sunrise Crescent, Lennox Head	15,000	200,000												15,000				200,000				0				0
<b>Water Reservoirs</b>																										
Reservoir - Ross Lane		1,500,000	2,200,000											0	1,500,000			0	2,200,000			0				0
Reservoir - Pine Avenue	75,000													75,000				0				0				0
Reservoirs - Exterior Painting	50,000			50,000			50,000	50,000						50,000				0				0				50,000
<b>Miscellaneous</b>																										
Telemetry	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000				10,000				10,000				10,000				10,000
Reticulation Valve Replacement	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000				50,000				50,000				50,000				50,000
Water Loss Reduction	50,000													50,000				0				0				0
Summerhill Estate	100,000													100,000				0				0				0
Depot - Administration Building	1,700,000													1,700,000				0				0				0
<b>Water Pump and Bore Stations</b>																										
Russellton Booster			450,000											0				0	450,000			0				0
Ballina Heights Booster Pump Upgrade		200,000												0	200,000			0				0				0
<b>Trunk Mains</b>																										
Wardell Mains			282,000											0				0	141,000			141,000				0
North Ballina Reticulation Mains				720,000										0				0				0	720,000			0
North Ballina Distribution Mains		1,100,000	1,400,000	2,000,000										0	1,100,000			0	1,400,000			0	2,000,000			0
Pine Avenue Distribution Mains					2,600,000									0				0				0				0
Ballina Island Distribution Mains			600,000	600,000										0				0	480,000			120,000	480,000			120,000
Lennox Head Mains			640,000	640,000										0				0	512,000			128,000	512,000			128,000
CURA B Distribution Main				330,000										0				0				0	264,000			66,000
Russellton Reticulation Mains		160,000												0			160,000	0			0	0				0
West Ballina Bypass Distribution Main	500,000	0	0								500,000			0			0	0			0	0				0
Lennox Palms Distribution and Reticulation		390,000												0	390,000			0			0	0				0
Tamar Street (Bagot to Canal Road), Ballina														0				0			0	0				0
Bentinck Street (Owen / Kingsford Smith)		110,000												0				110,000			0	0				0
Fox Street (Fox / Martin), Ballina														0				0			0	0				0
Temple Street (Tamar / Tamarind), Ballina			720,000											0				0			0	720,000				0
North Creek Road / Angels Beach Drive	500,000										500,000			0				0			0	0				0
Angels Beach Drive to Missingham, Ballina					800,000									0				0			0	0				0
Basalt Court Gravity Main Augmentation	50,000	1,000,000									50,000			0	1,000,000			0			0	0				0
<b>Plant and Equipment</b>																										
Vehicle and Plant Replacement	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000				100,000				100,000				100,000				100,000
<b>Service Connections</b>																										
Water Meter - New	260,000	270,000	280,000	290,000	300,000	310,000	320,000	330,000	340,000	350,000				260,000				270,000				280,000				290,000
Water Meter - Replacement	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000				80,000				80,000				80,000				80,000
<b>Total Capital Expenditure</b>	<b>5,875,000</b>	<b>5,570,000</b>	<b>7,412,000</b>	<b>5,490,000</b>	<b>4,580,000</b>	<b>1,210,000</b>	<b>1,290,000</b>	<b>1,320,000</b>	<b>1,300,000</b>	<b>1,340,000</b>	<b>0</b>	<b>1,050,000</b>	<b>0</b>	<b>4,825,000</b>	<b>0</b>	<b>4,190,000</b>	<b>0</b>	<b>1,380,000</b>	<b>0</b>	<b>5,183,000</b>	<b>0</b>	<b>2,229,000</b>	<b>0</b>	<b>3,976,000</b>	<b>0</b>	<b>1,514,000</b>

## 5.5 Wastewater Operations - Long Term Financial Plan

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### 5.5 Wastewater Operations - Long Term Financial Plan

<b>Section</b>	Financial Services
<b>Objective</b>	To review the long term financial plan for Council's Wastewater Operations.

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#### Background

The provision of wastewater services and associated infrastructure forms a significant part of Council's overall turnover at approximately 19% of total operating revenue. This report provides an overview of the latest update of the Long Term Financial Plan (LTFP) for our Wastewater Operations.

#### Key Issues

- Financial performance and sustainability

#### Discussion

The following table shows actual results for the last two financial years together with the current year's estimated result to 30 June.

**Table One - Wastewater Operations Financial Performance (\$'000)**

Description	2021/22 Actual \$000	2022/23 Actual \$000	2023/24 Estimate \$000
Operating Revenues	21,795	22,965	24,104
Operating Expenses (including depreciation)	18,108	18,083	19,306
<b>Operating Result – Surplus</b>	<b>3,683</b>	<b>4,883</b>	<b>4,798</b>
Excluding Depreciation and Loss on Sale	4,950	4,389	5,190
<b>Cash Operating Result – Surplus</b>	<b>8,633</b>	<b>9,272</b>	<b>9,988</b>
Less Loan Principal Repaid	2,920	3,115	3,939
Less Capital Expenditure	1,937	6,549	9,187
Add Capital Income	2,082	1,492	1,500
<b>Cash Increase / (Decrease)</b>	<b>5,858</b>	<b>1,100</b>	<b>(1,638)</b>
Infrastructure Movements / Leave Balances	(285)	3,342	0
<b>Reserve Balances</b>	<b>24,504</b>	<b>28,946</b>	<b>27,309</b>

The operating results have been a comfortable surplus, although there is variability in non-cash items such as depreciation and losses on sale of assets, which typically refers to infrastructure that has been replaced.

The attachments to this report are the latest review of the LTFP for the ten year period from 2024/25 to 2033/34.

Attachment 1 is the forecast Income Statement for the Wastewater Operations, based on Council's Annual Financial Statements format.

## 5.5 Wastewater Operations - Long Term Financial Plan

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Attachment 2 is the same information, based on the main operating revenues and expense categories for the business, along with a summary of capital movements. This attachment also includes the end of year cash reserve balances for Wastewater Operations.

Attachment 3 is the capital expenditure program for the ten year period.

In respect to operating revenues the primary income source is the annual charge. For 2023/24, the annual charge is trending towards \$20.5m out of a total projected operating income, excluding capital grants, of \$24.1m.

Adjustments to this charge are the primary lever used to direct the financial performance of the business. It is preferable to minimise overall cost increases to ratepayers, especially for monopoly services.

As per the previous report in this agenda, for the Water Operations - Long Term Financial Plan, future water charges are modelled on the following increases:

**Table Two - Water Operations Forecast Council Increases (%)**

Year	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
% Increase	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	3.0	3.0

These increases are necessitated by large increases in water costs proposed by Rous County Council.

The model presented in this report proposes the following increases for Council's wastewater annual charges:

**Table Three - Forecast Council Wastewater Charge Increases (%)**

Year	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
% Increase	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0

The low increases provide a balance with the larger increases in water charges.

The modelling of the Wastewater Operations, with these low increases provides positive operating results and healthy reserve balances.

Based on this modelling, the annual charge is forecast to generate approximately \$20.7m out of total operating revenues of \$23.4m for 2024/25.

Capital income refers to contributions from developers in accordance the Council's Developer Contribution Plans, where payments are made to Council, to help fund new infrastructure associated with population growth. This income source is difficult to predict.

The model assumes \$2.1m from this source, which is based on amounts recognised in recent years, and a prediction of continued growth. This figure can vary substantially from year to year.

Council also records non-cash capital contributions, where infrastructure that supports a new subdivision, is transferred to Council to manage, and maintain.

## 5.5 Wastewater Operations - Long Term Financial Plan

The model assumes \$4m from this source, which is also based on amounts recognised in recent years and a prediction of continued growth. This figure can also vary substantially each year.

One major cost in operating expenses is the interest portion, of existing loan repayments, which will be \$1.9m in 2024/25.

As the year's progress, the interest portion of the loan liability reduces, whilst the principal repayment increases.

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

The next table details the forecast movements in the total loan liability, with the original loan borrowing relating to the Ballina and Lennox Head wastewater treatment plant upgrades, including the dual reticulation system.

**Table Four - Total Outstanding Loans (\$'000)**

Loan	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Principal Paid	3,939	3,966	3,998	4,028	4,060	4,092
Interest Paid	2,131	1,914	1,698	1,488	1,262	1,049
<b>Loan Balance</b>	<b>36,863</b>	<b>32,897</b>	<b>28,900</b>	<b>24,871</b>	<b>20,811</b>	<b>16,719</b>

The last loan repayment is June 3033, with the LTFP summary shown in Table Five now showing a nil repayment for the last year of the ten year plan.

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

The current model predicts capital works of \$16m for 2024/25 and expenditure in the range of \$7.2 to \$15.2m for the following three years.

The capital expenditure for 2024/25 is inclusive of \$6.4m for the Ballina Treatment Plant Rectification works and \$1.7m for the Depot Masterplan works.

The attachments to this report provide the complete model.

**Table Five - Wastewater Operations LTFP (Cash Movements) (\$'000)**

Description	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
Operating Revenue	24,104	23,423	23,307	23,373	23,554	23,824	24,123	24,402	24,789	25,187	25,630
Operating Expense	19,306	19,238	19,531	19,857	20,143	20,405	20,755	21,129	21,549	21,782	22,227
<b>Operating Result</b>	<b>4,798</b>	<b>4,185</b>	<b>3,776</b>	<b>3,516</b>	<b>3,411</b>	<b>3,419</b>	<b>3,368</b>	<b>3,273</b>	<b>3,240</b>	<b>3,405</b>	<b>3,403</b>
Add Back Depreciation	5,190	5,230	5,375	5,524	5,678	5,837	6,001	6,170	6,345	6,525	6,711
<b>Cash Surplus</b>	<b>9,988</b>	<b>9,415</b>	<b>9,151</b>	<b>9,040</b>	<b>9,089</b>	<b>9,256</b>	<b>9,369</b>	<b>9,443</b>	<b>9,585</b>	<b>9,930</b>	<b>10,114</b>
Loan Principal	3,939	3,966	3,998	4,029	4,060	4,092	4,123	4,155	4,186	4,255	0
Capital Expenditure	9,187	16,047	15,260	10,750	7,270	6,280	2,560	3,420	3,270	1,950	1,980
Capital Income	1,500	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
<b>Net Reserve M'ment</b>	<b>(1,638)</b>	<b>(8,498)</b>	<b>(8,007)</b>	<b>(3,639)</b>	<b>(141)</b>	<b>984</b>	<b>4,786</b>	<b>3,968</b>	<b>4,229</b>	<b>5,825</b>	<b>10,234</b>
<b>Total Reserves</b>	<b>27,309</b>	<b>18,811</b>	<b>10,804</b>	<b>7,165</b>	<b>7,024</b>	<b>8,008</b>	<b>12,794</b>	<b>16,762</b>	<b>20,991</b>	<b>26,816</b>	<b>37,050</b>



An operating surplus is predicted for all years.

### **Assumptions Applied**

- Increase to annual charges (availability/consumption) is 1%
- Estimated income from recycled water is \$422,000, based on 80% of the potable water step one tariff
- Operating expenses, excluding non-cash items (depreciation and loss on sale), loan interest and non-compulsory dividend) have been increased by 1.4%
- Operating expenses and other revenues increasing by 3.0% per annum in future years
- Estimated cash developer contributions is \$2.1m
- Capital expenditure of \$16m for 2024/25
- A non-compulsory dividend of \$485,000 for 2024/25, incremented by predicted growth in number of assessments for each subsequent year in the LTFP.

### **Compulsory and Non-Compulsory Dividends**

#### *Non-Compulsory Dividends*

For many years, NSW councils have been required to record in their water and wastewater (sewerage) businesses, a compulsory dividend that reflects a tax equivalent payment based on the principles of competitive neutrality.

A tax equivalent payment reflects the tax that the business would pay, if it was operating in a commercial and taxable environment, rather than as a council owned monopoly.

For Council, the compulsory dividends are paid from Water and Wastewater to the General Fund.

The forecast compulsory dividends to the General Fund for 2024/25 are \$37,000 from the Water Fund (\$36,000 for 2023/24) and \$47,000 from the Wastewater Fund (\$46,000 for 2023/24).

#### *Non-Compulsory Dividends*

In addition to the compulsory dividend, under section 409 of the NSW Local Government Act 1993 (the LG Act), a local water utility must use the revenue it receives from levying water and sewerage charges to provide water and sewerage services, although the council may receive a return on its capital invested in the utility (a dividend) and use this for any purpose allowed under the LG Act or any other Act.

That is, a non-compulsory dividend *may* be paid from the water or wastewater fund. For a non-compulsory dividend to be permissible, it is necessary to meet several requirements, as outlined by guidelines issued by the NSW Department of Climate Change, Energy, the Environment and Water (DCCEEW).

The guidelines require not only financial sustainability but also compliance with a range of other policy matters.

### *Eligibility Criteria*

Under the guidelines, *before taking a dividend payment from the surplus of the local water utility, a council must:*

- *calculate the dividend based on the income statement of the business activity in the council's audited special-purpose financial reports.*
- *be able to demonstrate there is a surplus in its water and sewerage business*
- *demonstrate full cost-recovery pricing and developer charges are in place for its water and/or sewerage business*
- *have in place effective, evidence-based strategic planning in accordance with section 3 of the department's Regulatory and assurance framework for local water utilities, (refer link [Regulatory and assurance framework for local water utilities \(nsw.gov.au\)](https://www.nsw.gov.au/regulatory-and-assurance-framework-for-local-water-utilities))*
- *demonstrate that water supply and/or sewerage special-purpose financial reports are a true and accurate reflection of the business, with an unqualified financial audit report*
- *demonstrate that the overhead reallocation charge to the water and/or sewerage business is a fair and reasonable cost, with an independent audit report of cost allocation of the water and/or sewerage business.*

### *Evidence-Based Strategic Planning Criteria*

As noted in the 'Wastewater Operations - Long Term Financial Report' presented to the 13 March 2023 Finance and Facilities Committee meeting, it was believed that Council had the ability to comply with all the points listed, except for the point regarding evidence-based strategic planning.

The actual requirements for the evidence-based strategic planning provided an element of uncertainty as to whether Council would comply.

Council staff have been in numerous discussions with DCCEEW over recent months.

It was generally considered that Council may be able to meet requirements despite not currently having a completely updated Developer Contributions Plan or Integrated Water Cycle Management Strategy.

It is true to say that Council is constantly reviewing its strategic planning for water and wastewater infrastructure to ensure it remains contemporary, and thus may be considered able to provide a level of evidence of processes etc supporting this.

DCCEEW have since developed a detailed lengthy checklist, which has now been provided to Council staff, indicative of the criteria for assessment. The checklist, and supporting guidance, indicates a significant amount of documentation may be required to meet the guidelines.

## 5.5 Wastewater Operations - Long Term Financial Plan

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It is recognised that the checklist is cumbersome, and discussions with DCCEEW indicate that they are of the view that several aspects are not expected to be able to be met by councils.

Unfortunately, it will not be known as to whether Council meets the benchmark until an application is lodged for assessment.

To this end, Council staff are currently working through the checklist collating responses and supporting documentation, with a planned lodgement date of 20 March 2024.

That timeframe will allow a 12 week window for the assessment process to take place (per advice received from DCCEEW) which would then hopefully allow for a known outcome by mid-June 2024.

### *Other Criteria*

Other aspects currently also in clarification include evidence requirements regarding overhead allocations and possible capital expenditure thresholds within the LTFP. These aspects are not expected to prevent the ability to take a dividend.

### *Proposed Non-Compulsory Dividend*

The 2023/24 LTFP included a non-compulsory dividend from Wastewater Operations and all subsequent years based on an estimate of \$450,000.

The guidelines set an upper limit for the allowable dividend based on the number of assessments from the previous year, reduced by the amount of the compulsory dividend. A calculation of the maximum dividend for the 2024/25 year, provided it meets all other criteria, is estimated at \$485,000.

The draft LTFP presented in this report, for inclusion in the draft 2024/25 to 2027/28 Delivery Program and Operational Plan, includes a non-compulsory dividend of \$485,000 for 2024/25, indexed annually thereafter for expected growth in assessment numbers.

The proposed compulsory dividends have been allocated to fund additional stormwater works in the General Fund, with Council's stormwater renewal budget approximately \$1m less than the recurrent depreciation expense.

### *Council Resolution requirements*

If all criteria are met in a timely manner, before taking a dividend, a council must also indicate in an open meeting of the council that it has complied with all requirements.

It is proposed that a report will be provided to the 27 June 2024 Ordinary Council meeting prior to adoption of the 2024/25 to 2027/28 Delivery Program and Operational Plan. Subject to whether requirements are met at that time, that report will include a recommended resolution noting compliance to allow the taking of a non-compulsory dividend for the current (2023/24) year and confirming the inclusion of the budgeted dividends for 2024/25 and subsequent years.

## 5.5 Wastewater Operations - Long Term Financial Plan

### Fees and Charges

The proposed charges for 2024/25 are shown in the next table.

**Table Six - Proposed Wastewater Charges (\$)**

Charge Type	2023/24	2024/25	% Increase
Residential Availability Charge	1,063	1,074	1.0
Vacant Land Charge	803	811	1.0
Non-Residential Usage Charge	2.71	2.74	1.0
Non-Residential Access Charge	Variable based on meter size		
Recycled Water	80% of potable water step one		

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

- There is no availability charge
- The usage charge is set at 80% of the step one price of potable water

### Council Comparison

The next table compares the 2023/24 wastewater charges of various councils for a residential property, with Council's charge around mid-range.

**Table Seven – Council Comparative Wastewater Charges for 2023/24**

Charge (\$)	Ballina	Byron	Clarence	Coffs	Lismore	Richmond	Tweed
Annual	1,063	1,434	1,276	1,036	1,013	1,166	935

### Community Engagement Strategy

The draft fees and charges and LTFP will be subject to formal exhibition.

### Financial / Risk Considerations

With annual charges representing a large component of operating revenues, and not subject to any rate peg limit, the Wastewater Operations is a low-risk business from a financial perspective. There are also significant environmental and public health risks in respect to the delivery of wastewater services.

The ability to pay a non-compulsory dividend from the Wastewater Operations to the General Fund is identified within this report as being unconfirmed.

This has flow on concerns about the long term financial sustainability of the General Fund.

### Options

Council has the option of endorsing the proposed LTFP, or examining alternatives, which could include amending the proposed pricing, or amending the capital works program.

The recommendation is to exhibit the proposed fees and charges, and LTFP, as per the contents of this report.

## 5.5 Wastewater Operations - Long Term Financial Plan

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The second recommendation notes the inclusion of a non-compulsory dividend from the Wastewater Operations to the General Fund, with a report to be provided back to Council prior to adoption of the 2024/25 Delivery Program and Operational Plan, confirming whether Council meets requirements to include this dividend.

### RECOMMENDATION

1. That Council endorses the annual charges, as per the following table, as well as the long term financial plan, as per Attachments 1, 2 and 3 to this report, for the Wastewater Operations, for exhibition in the draft 2024/25 to 2027/28 Delivery Program and Operational Plan.

Charge Type	2023/24 \$	2024/25 \$	% Increase
Residential Availability Charge	1,063	1,074	1.0
Vacant Land Charge	803	811	1.0
Non-Residential Usage Charge	2.71	2.74	1.0
Non-Residential Access Charge	Variable based on meter size		
Recycled Water	80% of potable water step 1		

2. That Council notes the inclusion of a non-compulsory dividend from Wastewater Operations to the General Fund, with a report to be provided back to Council prior to adoption of the 2024/25 to 2027/28 Delivery Program and Operational Plan, confirming whether Council meets requirements to include this dividend.

### Attachment(s)

1. Wastewater Operations - Income Statement - 2019/20 to 2033/34 [↓](#)
2. Wastewater Operations - Long Term Financial Plan - 2019/20 to 2033/34 [↓](#)
3. Wastewater Operations - Capital Expenditure [↓](#)

WASTEWATER OPERATIONS - INCOME STATEMENT (2019/20 to 2033/34)																
ACTUAL				DESCRIPTION	ESTIMATED											
2019/20	2020/21	2021/22	2022/23		2023/24	2024/25	%	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
<b>OPERATING RESULTS</b>																
<b>Operating Income</b>																
17,800,600	18,615,500	19,143,900	19,392,700	Annual Charges	20,240,000	20,446,000	1	20,650,000	20,856,000	21,064,000	21,275,000	21,488,000	21,703,000	21,919,000	22,138,000	22,359,000
1,001,700	1,093,700	1,389,300	1,612,500	User Charges and Fees	1,520,000	775,000	(49)	795,000	815,000	836,000	857,000	879,000	903,000	928,000	953,000	979,000
201,100	136,600	150,300	889,800	Interest and Investment Revenues	1,154,000	884,000	(23)	499,000	294,000	198,000	188,000	206,000	320,000	419,000	524,000	670,000
1,181,800	3,286,700	883,200	901,500	Other Revenues	941,000	1,063,000	13	1,098,000	1,133,000	1,170,000	1,207,000	1,247,000	1,287,000	1,328,000	1,371,000	1,414,000
249,800	159,900	224,400	154,900	Grants and Contributions for Operating Purposes	249,000	255,000	2	265,000	275,000	286,000	297,000	303,000	189,000	195,000	201,000	208,000
1,693,800	1,727,700	2,082,000	1,492,000	Grants and Contributions for Capital Purposes - Cash	1,500,000	2,100,000	40	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
1,201,200	5,668,900	3,032,100	1,605,400	Contributions for Capital Purposes - Non-cash	4,000,000	4,000,000	0	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
<b>Other Income:</b>																
0	0	4,100	13,900	Net Gain from Disposal of Assets	0	0	0	0	0	0	0	0	0	0	0	0
<b>23,330,000</b>	<b>30,689,000</b>	<b>26,909,300</b>	<b>26,062,700</b>	<b>Total Income from Continuing Operations</b>	<b>29,604,000</b>	<b>29,523,000</b>	<b>(0)</b>	<b>29,407,000</b>	<b>29,473,000</b>	<b>29,654,000</b>	<b>29,924,000</b>	<b>30,223,000</b>	<b>30,502,000</b>	<b>30,889,000</b>	<b>31,287,000</b>	<b>31,730,000</b>
<b>Operating Expenses</b>																
4,368,000	4,325,000	4,241,000	4,204,000	Employee Benefits and On-costs	4,309,000	4,460,000	4	4,594,000	4,732,000	4,874,000	5,020,000	5,171,000	5,326,000	5,486,000	5,651,000	5,821,000
5,609,800	5,531,200	5,710,600	6,378,600	Materials and Contracts	7,204,000	7,342,000	2	7,543,000	7,801,000	8,006,000	8,165,000	8,380,000	8,660,000	8,887,000	9,062,000	9,302,000
3,428,700	3,181,100	2,998,700	2,801,000	Borrowing Costs	2,131,000	1,914,000	(10)	1,698,000	1,488,000	1,262,000	1,049,000	832,000	616,000	402,000	163,000	0
3,910,000	4,233,100	4,584,300	4,357,700	Depreciation and Amortisation	4,560,000	4,600,000	1	4,745,000	4,894,000	5,048,000	5,207,000	5,371,000	5,540,000	5,715,000	5,895,000	6,081,000
518,900	243,200	212,300	310,300	Other Expenses	472,000	292,000	(38)	321,000	312,000	323,000	334,000	371,000	357,000	429,000	381,000	393,000
812,100	825,600	365,500	31,000	Net Loss from Disposal of Assets	630,000	630,000	0	630,000	630,000	630,000	630,000	630,000	630,000	630,000	630,000	630,000
<b>18,647,500</b>	<b>18,339,200</b>	<b>18,112,400</b>	<b>18,082,600</b>	<b>Total Expenses from Continuing Operations</b>	<b>19,306,000</b>	<b>19,238,000</b>	<b>(0)</b>	<b>19,531,000</b>	<b>19,857,000</b>	<b>20,143,000</b>	<b>20,405,000</b>	<b>20,755,000</b>	<b>21,129,000</b>	<b>21,549,000</b>	<b>21,782,000</b>	<b>22,227,000</b>
<b>4,682,500</b>	<b>12,349,800</b>	<b>8,796,900</b>	<b>7,980,100</b>	<b>Net Operating Result Including Capital Income</b>	<b>10,298,000</b>	<b>10,285,000</b>	<b>(0)</b>	<b>9,876,000</b>	<b>9,616,000</b>	<b>9,511,000</b>	<b>9,519,000</b>	<b>9,468,000</b>	<b>9,373,000</b>	<b>9,340,000</b>	<b>9,505,000</b>	<b>9,503,000</b>
<b>1,787,500</b>	<b>4,953,200</b>	<b>3,682,800</b>	<b>4,882,700</b>	<b>Net Operating Result Before Capital Income</b>	<b>4,798,000</b>	<b>4,185,000</b>	<b>(13)</b>	<b>3,776,000</b>	<b>3,516,000</b>	<b>3,411,000</b>	<b>3,419,000</b>	<b>3,368,000</b>	<b>3,273,000</b>	<b>3,240,000</b>	<b>3,405,000</b>	<b>3,403,000</b>

WASTEWATER OPERATIONS - LONG TERM FINANCIAL PLAN (2019/20 to 2033/34)																
ACTUAL				DESCRIPTION	ESTIMATED											
2019/20	2020/21	2021/22	2022/23		2023/24	2024/25	%	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
<b>OPERATING RESULTS</b>																
20,435,000	23,292,400	21,795,200	22,965,300	Operating Revenues	24,104,000	23,423,000	(3)	23,307,000	23,373,000	23,554,000	23,824,000	24,123,000	24,402,000	24,789,000	25,187,000	25,630,000
13,925,400	13,280,500	13,162,600	13,693,900	Less Operating Expenses	14,116,000	14,008,000	(1)	14,156,000	14,333,000	14,465,000	14,568,000	14,754,000	14,959,000	15,204,000	15,257,000	15,516,000
<b>6,509,600</b>	<b>10,011,900</b>	<b>8,632,600</b>	<b>9,271,400</b>	<b>Operating Result before Non-cash Items</b>	<b>9,988,000</b>	<b>9,415,000</b>	<b>(6)</b>	<b>9,151,000</b>	<b>9,040,000</b>	<b>9,089,000</b>	<b>9,256,000</b>	<b>9,369,000</b>	<b>9,443,000</b>	<b>9,585,000</b>	<b>9,930,000</b>	<b>10,114,000</b>
3,910,000	4,233,100	4,584,300	4,357,700	Less Depreciation Expense	4,560,000	4,600,000	1	4,745,000	4,894,000	5,048,000	5,207,000	5,371,000	5,540,000	5,715,000	5,895,000	6,081,000
812,100	825,600	365,500	31,000	Less Loss on Disposal of Infrastructure Assets	630,000	630,000	0	630,000	630,000	630,000	630,000	630,000	630,000	630,000	630,000	630,000
<b>1,787,500</b>	<b>4,953,200</b>	<b>3,682,800</b>	<b>4,882,700</b>	<b>Net Operating Result Before Capital Income</b>	<b>4,798,000</b>	<b>4,185,000</b>	<b>(13)</b>	<b>3,776,000</b>	<b>3,516,000</b>	<b>3,411,000</b>	<b>3,419,000</b>	<b>3,368,000</b>	<b>3,273,000</b>	<b>3,240,000</b>	<b>3,405,000</b>	<b>3,403,000</b>
<b>Add Capital Grants and Contributions</b>																
0	0	0	0	Capital Grants and Contributions	0	0	0	0	0	0	0	0	0	0	0	0
1,693,800	1,727,700	2,082,000	1,492,000	Section 64 Contributions Collected	1,500,000	2,100,000	40	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
<b>Subtract Funds Deployed for Non-operating Purposes</b>																
(2,090,200)	(2,088,300)	(1,937,300)	(6,549,100)	Capital Expenditure	(9,187,000)	(16,047,000)	75	(15,260,000)	(10,750,000)	(7,270,000)	(6,280,000)	(2,560,000)	(3,420,000)	(3,270,000)	(1,950,000)	(1,980,000)
(3,535,800)	(2,716,300)	(2,919,600)	(3,115,000)	Repayment of Principal on Loans	(3,939,000)	(3,966,000)	1	(3,998,000)	(4,029,000)	(4,060,000)	(4,092,000)	(4,123,000)	(4,155,000)	(4,186,000)	(4,255,000)	0
<b>Net Movement in Other Working Capital Items</b>																
(373,500)	(513,800)	(215,500)	3,343,000	Net Increase / (Decrease) in Leave and Working Capital	0	0	0	0	0	0	0	0	0	0	0	0
<b>Add Back Non-Cash Expenses</b>																
3,910,000	4,233,100	4,584,300	4,357,700	Depreciation	4,560,000	4,600,000	1	4,745,000	4,894,000	5,048,000	5,207,000	5,371,000	5,540,000	5,715,000	5,895,000	6,081,000
812,100	825,600	365,500	31,000	Loss on Disposal of Infrastructure Assets	630,000	630,000	0	630,000	630,000	630,000	630,000	630,000	630,000	630,000	630,000	630,000
<b>2,203,900</b>	<b>6,421,200</b>	<b>5,642,200</b>	<b>4,442,300</b>	<b>Wastewater Cash Reserves - Increase / (Decrease)</b>	<b>(1,638,000)</b>	<b>(8,498,000)</b>	<b>419</b>	<b>(8,007,000)</b>	<b>(3,639,000)</b>	<b>(141,000)</b>	<b>984,000</b>	<b>4,786,000</b>	<b>3,968,000</b>	<b>4,229,000</b>	<b>5,825,000</b>	<b>10,234,000</b>
<b>Movement in Reserves - Increase / (Decrease)</b>																
793,500	5,689,500	3,641,500	2,575,300	Wastewater Reserves	(779,000)	(4,714,000)	505	(5,002,000)	(1,819,000)	(181,000)	(1,212,000)	2,651,000	1,664,000	8,033,000	3,559,000	8,031,000
1,410,400	731,700	2,000,700	1,867,000	Developer Contributions - Section 64	(859,000)	(3,784,000)	341	(3,005,000)	(1,820,000)	40,000	2,196,000	2,135,000	2,304,000	(3,804,000)	2,266,000	2,203,000
<b>2,203,900</b>	<b>6,421,200</b>	<b>5,642,200</b>	<b>4,442,300</b>	<b>Total Movement in Reserves (incl Section 64)</b>	<b>(1,638,000)</b>	<b>(8,498,000)</b>	<b>419</b>	<b>(8,007,000)</b>	<b>(3,639,000)</b>	<b>(141,000)</b>	<b>984,000</b>	<b>4,786,000</b>	<b>3,968,000</b>	<b>4,229,000</b>	<b>5,825,000</b>	<b>10,234,000</b>
<b>Reserves - Balances as at 30 June</b>																
3,790,300	9,479,800	13,121,300	15,696,600	Wastewater Reserves	14,917,600	10,203,600	(32)	5,201,600	3,382,600	3,201,600	1,989,600	4,640,600	6,304,600	14,337,600	17,896,600	25,927,600
8,650,700	9,382,400	11,383,100	13,250,100	Developer Contributions - Section 64	12,391,100	8,607,100	(31)	5,602,100	3,782,100	3,822,100	6,018,100	8,153,100	10,457,100	6,653,100	8,919,100	11,122,100
<b>12,441,000</b>	<b>18,862,200</b>	<b>24,504,400</b>	<b>28,946,700</b>	<b>Total</b>	<b>27,308,700</b>	<b>18,810,700</b>	<b>(31)</b>	<b>10,803,700</b>	<b>7,164,700</b>	<b>7,023,700</b>	<b>8,007,700</b>	<b>12,793,700</b>	<b>16,761,700</b>	<b>20,990,700</b>	<b>26,815,700</b>	<b>37,049,700</b>

WASTEWATER - CAPITAL EXPENDITURE																												
Asset Description	Expenditure										Funding Source 2024/25				Funding Source 2025/26				Funding Source 2026/27				Funding Source 2027/28					
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	Grants	Sec 64	Loans	Reserves	Grants	Sec 64	Loans	Reserves	Grants	Sec 64	Loans	Reserves	Grants	Sec 64	Loans	Reserves		
<b>Pumping Stations</b>																												
Wet Well Relining	150,000	200,000	210,000	220,000	230,000	240,000	250,000	260,000	270,000	280,000		75,000		75,000		100,000		100,000		105,000		105,000		110,000		110,000		
Storage - Richmond Street			180,000																									
Storage - Lindsay Avenue			120,000																									
Pumping Stations - Renewals	200,000	200,000	520,000	530,000	540,000	550,000	560,000	570,000	580,000	590,000				200,000				200,000									530,000	
Pumping Stations - Switchboard Renewals	1,500,000	1,500,000	1,500,000	1,500,000	800,000	500,000	300,000	300,000	300,000	300,000				1,500,000				1,500,000									1,500,000	
Pumping Station - SPS 2101 Rebuild	50,000	250,000												50,000				250,000									0	
Pumping Station - Odour Control	100,000													100,000				0									0	
Pumping Station - SP2402 Pump Upgrade		500,000												0	500,000			0									0	
<b>Treatment Facilities - Minor Works</b>																												
Treatment Plant Ballina	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000				20,000				20,000										20,000
Treatment Plant Lennox	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000				20,000				20,000										20,000
Treatment Plant Alstonville	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000				10,000				10,000										10,000
Treatment Plant Wardell	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000				10,000				10,000										10,000
<b>Ballina Treatment Plant Upgrade</b>																												
Ballina - Defect Rectification	6,418,000											4,814,000	1,604,000					0									0	
Ballina - Reverse Osmosis Plant			2,500,000	2,500,000														0	1,875,000		625,000		1,875,000		625,000		625,000	
Ballina - Programmed Membrane						1,200,000	1,200,000											0									0	
Ballina - Roof Replacement		250,000																250,000									0	
Ballina - Hypo Dosing	100,000												100,000					0									0	
Ballina - Sludge Digester Bypass	100,000												100,000					0									0	
Ballina - Sludge Digester Aeration Upgrade	100,000	200,000									100,000		0		200,000			0									0	
<b>Lennox Head Treatment Plant Upgrade</b>																												
Lennox - Treatment Master Plan	200,000													200,000				0									0	
Lennox - Membrane Replacement					450,000									0				0									0	
Lennox - Aeration Optimisation		200,000												0				200,000									0	
Lennox - Belt Press	250,000													250,000				0									0	
Lennox - Low Lift Pumps		200,000												0				200,000									0	
Lennox - Balance Pond Pumps		150,000												0				150,000									0	
Lennox - Sludge Return	100,000												100,000					0									0	
Lennox - WAS Pump Upgrade	150,000											150,000						0									0	
Lennox - Hydrochloric Acid Dosing Upgrade	45,000											45,000						0									0	
<b>Alstonville Treatment Plant Upgrade</b>																												
Alstonville - Biosolids	200,000	2,440,000	800,000											200,000				2,440,000									800,000	
Alstonville - Aerator Replacement		500,000	500,000											0				500,000									500,000	
Alstonville - WAS Pump Upgrade	150,000													150,000				0									0	
Alstonville - Staff Facilities		100,000	300,000											0				100,000									300,000	
Alstonville - Dosing Upgrade	50,000	800,000										50,000		0		800,000		0									0	
<b>Wardell Treatment Plant Upgrade</b>																												
Wardell - Treatment Master Plan		100,000												0				100,000									0	
Wardell - UV Replacement	30,000	300,000												30,000				300,000									0	
Wardell - Section 60 Works			100,000											0				0									100,000	
											<i>Wastewater - Capital Expenditure Carried Forward</i>																	



WASTEWATER - CAPITAL EXPENDITURE (cont'd)																										
Asset Description	Expenditure										Funding Source 2024/25				Funding Source 2025/26				Funding Source 2026/27				Funding Source 2027/28			
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	Grants	Sec 64	Loans	Reserves	Grants	Sec 64	Loans	Reserves	Grants	Sec 64	Loans	Reserves	Grants	Sec 64	Loans	Reserves
<b>Trunk Mains</b>																										
Rising Main - Swift Street, Ballina	0	100,000											0				100,000									0
SP4006 - Gravity Sewer, Alstonville	0			100,000									0				0									100,000
GM4104 - Trans Mains, A'ville/W'bar	350,000												350,000				0									0
GMWUEA - Gravity Main, W'bar	200,000												200,000				0									0
GM2101 - Gravity Main, Ballina		0					300,000						0				0									0
GM2104 - Gravity Main, Ballina			440,000										0				0		440,000							0
RM-PS6 - Rising Main, CURA B				1,000,000	3,000,000								0				0									1,000,000
Rising Main - Skinners Street / Crowley	0	500,000											0				500,000									0
Rising Main - SP2017 Temple Street	350,000												350,000				0									0
Rising Main - SP2203 Racecourse Rd	125,000												125,000				0									0
Rising Main - SP2014 Webster Lane		90,000											0				90,000									0
Rising Main - SP2312 Junction Shelly Beach	4,000												4,000				0									0
Gravity Main - SP2013 Skinner St Duplic							30,000						0				0									0
Gravity Main - SP2311 Bayview Dr Duplication		30,000											0				30,000									0
Rising Main - SP2105 Oakland Avenue								150,000					0				0									0
Gravity Main - SP2402 Liffey Avenue			40,000										0				0									0
Gravity Main - SP2402 Lindsay Avenue			20,000										0				0									0
Gravity Main - SP3001 Byron Street		50,000											0				50,000									0
<b>Mains - Renewals</b>																										
Main Renewals	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000			100,000				100,000									100,000
Rising Main - Seamist Place	400,000										400,000		0				0									0
Relining Works	300,000	310,000	320,000	330,000	340,000	350,000	360,000	370,000	380,000	390,000			300,000				310,000								330,000	
Rising Main - Serpentine	5,000	400,000											5,000				400,000									0
<b>Plant and Equipment</b>																										
Plant Replacement Program	250,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000			250,000				200,000									200,000
<b>Other Miscellaneous Works</b>																										
Telemetry	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000			10,000				10,000									10,000
Wastewater Network Master Plan													0				0									0
Fishery Creek Road Land Acquisition													0				0									0
SCADA and Telemetry Improvements	500,000	500,000	500,000	500,000	500,000	500,000							500,000				500,000									500,000
Depot - Administration Building	1,700,000												1,700,000													
<b>Reuse Program</b>																										
Ross Lane - Dual Reticulation Reservoir	500,000	2,600,000									500,000		0		2,600,000		0									0
Recycled Water Meters New	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000			50,000				50,000								50,000	
Urban Reticulation System													0				0									0
Distribution Main - Henderson Farm	100,000										100,000		0				0									0
Distribution Main - Meadows Estate		190,000											0				190,000									0
Prospect Bridge to Bangalow Rd													0				0									0
Distribution Main - Greenfield Grove		160,000	160,000										0				160,000									0
Distribution Main - Lennox Head		350,000											0				350,000									0
Distribution Main - Fig Tree Hill			480,000										0				0									0
Distribution Main - CURA B		1,000,000	1,400,000										0		1,000,000		0		1,400,000							0
Main Extension - Palm Lake		250,000											0				250,000									0
Connection - Convair and Airport	500,000												500,000				0									0
Links Ave to Prospect Bridge RW Main	600,000												600,000				0									0
Links Ave to Chickiba RW Main		300,000											0				300,000									0
Recycled Water - Bulk Filling Point	50,000												50,000				0									0
RWP61 Lennox Head		50,000											0		50,000		0									0
RWP63 Lennox Head		70,000											0		70,000		0									0
RWP67 Lennox Head			200,000										0				0		200,000							0
RWP69 Lennox Head			40,000										0				0		40,000							0
RWP79 Lennox Head				120,000									0				0									120,000
RWP81 Lennox Head				50,000									0				0									50,000
<b>Total Capital Expenditure</b>	<b>16,047,000</b>	<b>15,260,000</b>	<b>10,750,000</b>	<b>7,270,000</b>	<b>6,280,000</b>	<b>2,560,000</b>	<b>3,420,000</b>	<b>3,270,000</b>	<b>1,950,000</b>	<b>1,980,000</b>	<b>0</b>	<b>6,234,000</b>	<b>0</b>	<b>9,813,000</b>	<b>0</b>	<b>5,320,000</b>	<b>0</b>	<b>9,940,000</b>	<b>0</b>	<b>4,060,000</b>	<b>0</b>	<b>6,690,000</b>	<b>0</b>	<b>2,155,000</b>	<b>0</b>	<b>5,115,000</b>