Agenda

Finance and Facilities Committee Meeting

12 March 2025

An Finance and Facilities Committee Meeting
will be held in the Ballina Shire Council Chambers, 40 Cherry Street, Ballina
on **12 March 2025 commencing at 4:00 PM.**

1. Acknowledgement of Country
2. Apologies
3. Declarations of Interest
4. Deputations
5. Committee Reports
6. Confidential Session

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) 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
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1. Acknowledgement of Country

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

2. Apologies

Cr Phil Meehan has been granted leave of absence.

3. Declarations of Interest

4. Deputations

5. Committee Reports

5.1 Ballina Surf Club Meeting Rooms - Sublease

Section	Commercial Services
Objective	To provide an update on a proposal to sublease the three meeting rooms at the Ballina Surf Club, following consultation with the Ballina Lighthouse and Lismore Surf Lifesaving Club.

Background

A report was tabled at the Commercial Services Committee meeting of 2 December 2024 with a proposal to sublease the three meeting rooms at the Ballina Surf Club. A confidential report was also included in the agenda.

The recommendation from that meeting, as adopted at the 12 December 2024 Ordinary meeting, was as follows:

"That Council notes the contents of this report in respect to the potential for a commercial sublease of the three meeting rooms at the Ballina Surf Club with consultation to be undertaken with the Executive Committee of the Ballina Lighthouse & Lismore Surf Life Saving Club."

In accordance with the resolution, Council staff met with representatives of the Ballina Lighthouse and Lismore Surf Lifesaving Club (BLLSLC) in early January 2025.

Following this meeting, BLLSLC provided a submission, which is included as Attachment 1.

The purpose of this report is to respond to the BLLSLC submission and to obtain direction as to how Council wishes to manage this proposal.

Key Issues

- Commercial and community use of public facilities
- Commercial viability

Discussion

BLLSLC has outlined concerns regarding the proposal to lease the meeting rooms to the Far East Company Pty Ltd (trading as Capiche and referenced as Capiche in this report).

The following responses have been provided in response to the points raised by BLLSLC.

Community Use of the Surf Club Building

BLLSLC has queried whether the current use of the Surf Club building is consistent with the development consent for the facility. Their understanding is that the building is to be used for "surf club and community meeting rooms".

A review of DA 2011/540 indicates the use of the building is for *"surf club, function rooms and café".*

The proposal to lease the function rooms to a private operator does not constitute a change of use, as Council is currently using the rooms for the same purpose, i.e. letting the rooms out for private functions. Under the Capiche proposal, Room 3 would still be available for community use and charged as per Council's fees and charges.

However, the setting of the fees for Rooms 1 and 2, by Capiche, will likely result in less community use of those rooms, based on the increased commercial focus.

Operational Challenges

BLLSLC state they have experienced a range of practical challenges in the use of shared spaces with Capiche and are concerned this situation could be exacerbated if the meeting rooms are leased to Capiche. The meeting rooms are currently let out for functions and meetings by Council and as such there is no proposed change in use, albeit that there is likely to be a higher commercial use for functions.

BLLSLC is also concerned about the current arrangement they have with Council over their use of the meeting rooms as per Clause 38(a) of the Surf Club sublease:

"…. The Sublessor (Council) licences the Licenced Area (the meeting rooms) to the Sublessee (BLLSLC), free of charge for one week night per month (being Monday to Thursday) and for three additional nights per annum (being Friday or Saturday) for uses associated with the Sublessee's authorized use under the Subleases (i.e. uses ancillary to lifesaving services) …..."

Council staff managing the meeting rooms advise that over the years BLLSLC have not maximised their use of the meeting rooms, as provided for under the sublease.

If Council were to proceed to a sublease with Capiche for the meeting rooms, a clause could be inserted into the meeting room sublease granting BLLSLC similar access to the meeting rooms that is allowed for under the sublease to BLLSLC.

Due Process

BLLSLC have expressed concerns as to whether a sublease to Capiche is consistent with the Plan of Management (POM) as it relates to the Surf Club.

The head lease for the Surf Club facility nominates Ballina Coastal Reserve Trust as Head Lessor and Ballina Shire Council as Head Lessee. The head lease authorises the Sublessor to grant subleases over areas of the facility.

In considering a lease relating to Crown Land, Council as Crown Land Manager is required to comply with the Crown Land Management Act. This includes matters such as the purpose of the reserve and Native Title.

If Council resolves to accept the leasing proposal from Capiche, it will be subject to gaining legal advice to ensure the proposal complies with the relevant legislation. In the interest of managing costs, and time, on this matter, it was deemed appropriate the Capiche leasing proposal be dealt with by Council before incurring legal costs.

<u>Testing the Market</u>

BLLSLC has expressed concerns that Council did not “test the market” by going to tender or conducting an expression of interest (EOI).

Council has the discretion of whether it goes through a public process in leasing property it owns or manages. In this instance, Capiche submitted a leasing proposal, and that proposal has been presented to Council.

From a practical viewpoint it is reasonable that a tenant of the building, such as Capiche, manages the meeting rooms, given they are on site and have a commercial kitchen and bar to adequately cater for functions.

Under the current arrangements of Council managing the meeting rooms, the lack of a commercial kitchen and cold room often result in food trucks and alcohol being delivered and at times causing conflict with BLLSLC.

<u>Financial Viability</u>

BLLSLC has questioned the financial data and comments made in the Commercial Services report of 2 December 2024, claiming that upswing in income received from the State Government for housing flood recovery services is evidence that the meeting rooms should be kept available for such uses. Hopefully the requirement to house disaster services is not a common occurrence.

There is no guarantee that such services will use the Surf Club in the future and as such rental income is not guaranteed.

What is certain is that the Surf Club building requires a high level of maintenance on a regular basis due to the harsh coastal environment. The income from the meeting rooms does not cover the costs of maintenance. The proposal from Capiche forecasts a higher and more consistent income stream than the current operating model.

<u>Child Safety</u>

BLLSLC has expressed concerns that if Capiche lease the meeting rooms in the Surf Club, child safety within and around the building may be compromised. The proposed use of the meeting rooms will not change. Therefore, the child safety matter remains the same whether Council staff, or Capiche, manage the meeting rooms.

Regarding the internal areas of the Surf Club building, Capiche staff and staff of the previous sublessee had access to internal areas of the building without any incidents arising. Council's People and Culture Section also advise that:

"Ballina Shire Council is a child safe organisation that supports and promotes the safety, wellbeing and empowerment of children and young people.
Council has a responsibility to ensure the activities and services delivered by Council are carried out in a manner that provides appropriate child safe environments.

In the case of tenants who lease buildings owned by Council, child safety is the responsibility of the Lessee.

It is an existing practice that patrons of the restaurant and attendees of functions in the meeting rooms regularly use the communal areas to access the lift and rest rooms.

It is recommended that BLLSLC continue to emphasise the importance of ensuring children are supervised at all times when using the facilities in the building common areas."

The proposal by Capiche is not to change the use of the meeting rooms, and issues raised by BLLSLC would be addressed in the sublease.

Community Engagement Strategy

Council staff met with members of the BLLSLC who have provided a response to the proposal (see Attachment 1).

Financial / Risk Considerations

The following table provides the latest income and expenditure figures for the Surf Club as detailed in Council's LTFP for the Community Facilities program.

Table 1 – Community Facilities - Income and Expenditure
Ballina Surf Club

Item	2021/22 Actual	2022/23 Actual	2023/24 Actual	2024/25 Estimate	2024/25 to Feb 2025
Operating Revenues					
Café / Kiosk Lease	69,800	71,500	85,700	80,000	65,100
Café / Kiosk Outgoings	3,700	6,500	8,300	6,000	4,500
Room Hire	38,100	160,700	60,900	62,000	38,600
Sub Total	**111,600**	**238,700**	**154,900**	**148,000**	**108,200**
Operating Expenses					
Insurance / Utilities	32,800	24,200	24,700	27,000	20,700
Security	12,200	14,700	14,500	15,000	7,300
Cleaning	63,300	67,600	55,300	15,000	18,900
Rates and Charges	6,600	8,400	10,000	11,000	5,300

Lease Expenses	8,400	0	22,400	25,000	12,800
Sundries	1,100	3,800	16,700	13,000	3,900
Sub Total	**124,400**	**118,700**	**143,600**	**106,000**	**68,900**
Net Cash Result	**(12,800)**	**120,000**	**11,300**	**42,000**	**39,100**

Room hire for the current financial year, at $38,600, is tracking to be just under budget for the 2024/25 year, although December and January are often the quieter months, and business hire should pick up for the period March to June.

In respect to operating expenses, total expenses to the end of February, at $69,100, which is tracking close to budget.

There was a major change to the cleaning budgets for the Community Facilities buildings in 2024/25, where the budgets for cleaning were reduced to reflect consumables only, and other ancillaries such as window cleaning.

The actual cleaning labour, which is now provided by Council staff following a Council decision not to continue with contract cleaners, has been consolidated into one account for all the community facilities, to help track the total labour costs of cleaning.

This means it is not practical to compare the actuals in previous years to the 2024/25 expense budget, as the labour component of cleaning has been removed from this item.

The current cleaning budget has been consumed, with the purchase of consumables, and regular window cleaning, tracking higher than anticipated when the revised budget was formulated.

Labour cleaning costs need to be added to compare 2024/25 to previous years, and with the total cleaning cost in previous years averaging around $60,000, it is fair to say that current cleaning labour costs, if added to this program, would absorb most of, if not the entire $42,000 forecast cash surplus for 2024/25.

These figures also exclude maintenance expenses, which form part of a separate program in Council's budget; i.e. the Facilities Management Program. This program has a budget of approximately $700,000 for the maintenance of Council's public halls and community facilities.

The maintenance budgets are grouped or pooled in one program, as it is difficult to allocate specific maintenance budgets to each community building, as maintenance can vary greatly from year to year.

The pooled funds provide sufficient funding to undertake essential maintenance work, as required, with the available funding distributed between all the buildings requiring ongoing maintenance.

Actual maintenance expenditure on the Ballina Surf Club was $81,000 in 2023/24 and for 2024/25, to the end of February, the figure is $45,000.

Once these figures are added to the operating expenses in Table 1, it highlights the cost of operating and maintaining a building, such as a surf club.

These figures also exclude any capital budgets for the Ballina Surf Club, with Council allocating $184,000 in 2024/25 for balustrade replacement ($50,000), concertina wall replacement ($40,000), rolladoor replacement ($16,000) and carpets and air-conditioning ($78,000).

The demand for maintenance and capital improvements at the Ballina Surf Club is expected to grow in future years as the building ages.
There are several expenses that Capiche would be responsible for under the sublease arrangement, which will reduce the operating expense budget. This includes cleaning of common areas, including foyer, electricity and air-conditioning servicing. These costs are estimated to be in the order of $67,000 pa.

The cleaning may not necessarily be a direct saving to Council in that the existing Council staff would be reallocated to other facilities, unless the hours allocated to the permanent staff were reduced.

Options

The purpose of this report is to advise Council on a meeting held with members of BLLSLC and a review of the submission they lodged regarding the Capiche leasing proposal.

Accordingly, the following options are presented for Council’s consideration.

Option 1

Council notes the contents of this report and then considers the confidential report dealing with the subleasing proposal from the Far East Company Pty Ltd (Capiche) outlined in the confidential report later in this agenda.

Council must balance the commercial and economic aspects of that confidential report with the matters raised by the BLLSC, and the potential reduction in community use of the meeting rooms, due to the rooms being booked for functions.

Option 2

Council resolves not to accept the subleasing proposal, as the preference is to retain a high level of community involvement in the meeting rooms, through Council managing those rooms.

From a commercial perspective, the preferred approach is Option 1.

The subleasing should improve the commercial viability of the Surf Club and expand the hospitality options available in Ballina, with the Surf Club precinct, including Shelly Beach Café (Council owned land) and Belle General, being an attractive dining location for residents and visitors.

If Option 1 is supported, Council will need to consider the confidential report later in this agenda in respect to the terms and conditions of the sublease.

From a community service perspective, the preferred approach is Option 2.

It is important that Council balances the need for key essential infrastructure, including community facilities such as meeting rooms, with the financial constraints within Council operates.

The primary objective of the Ballina Surf Club is to support the provision of life saving services. Surf Clubs provide unique facilities, based on their location, therefore Council should aim to maximise the community use of these buildings, through ancillary services such as meeting rooms and cafes.
These ancillary services also help with financial sustainability. This is why it is important to generate revenue, as there are many examples of surf clubs in NSW, where the revenue generated is not invested back into the building, resulting in a steady deterioration of the infrastructure.

Overall, on balance Option 2 is the preferred approach as:

- The BLLSLC is a key stakeholder in the operation of the building, and it is important that Council works co-operatively with the BLLSLC

- Council staff managing the meeting rooms, maximises the input and interaction with the BLLSLC, and the community use of those rooms

- Council continues to set the hire fees for all three meeting rooms

- Direct Council staff involvement results in better management of these types of buildings, as there is consistent feedback to Council on maintenance needs and preferred capital improvements

- Council can still aim to increase the revenue generated from the meeting rooms, as the population of the region continues to grow, along with increased marketing campaigns

- There is some doubt about Council obtaining all the necessary approvals for the sub lease based on the complexities of the NSW Crown Land Management Act. The preference is not to pursue such a proposal if ultimately it is not approved by the State Government. Legal advice is needed on this prior to any sublease being signed.

If Option 2 is supported there will not be a need to resolve into confidential session to consider the confidential report later in this agenda. The contents of that report could be noted with no further action.

This is decision between balancing community and commercial use of Council infrastructure and if the commercial and economic benefits of this proposal are supported, the recommendation can be amended as per Option 1.

RECOMMENDATIONS

1. That Council notes the contents of this report and resolves not to proceed with the leasing proposal based on the reasons outlined in the report.

2. That Council thanks the Far East Company Pty Ltd (Capiche) and the Ballina Lighthouse and Lismore Surf Lifesaving Club for their proposal and input into this decision.

Attachment

1. Ballina Lighthouse & Lismore Surf Lifesaving Club Submission - Meeting Room Proposal

5.2 Road Material Reuse - Stockpile Locations Review

Section	Engineering Works
Objective	To report on alternate stockpile sites to the current Lynwood stockpile.

Background

This report has been prepared in accordance with the following resolution from the 28 November 2024 Ordinary meeting:

That Council investigate alternate stockpile locations on the plateau, as compared to the current residential site at the junction of Uralba Road and Dee's Lane, Lynwood.

Waste disposal costs comprise a significant portion of Council's civil works project budgets. Operational changes have been implemented since 2022 to minimise waste costs. Key to this approach was the closure of numerous, small, informal stockpile locations in favour of the establishment of three formal stockpile sites.

This report provides details on those sites along with other locations evaluated in confirming the preferred sites.

Key Issues

- Significant operational savings from formal stockpile sites
- Site options
- Impact on neighbours and the local amenity from the stockpile sites

Discussion

The benefits identified in implementing consolidated material management approach, through three formal stockpile sites include:

- better management and re-use of waste material has reduced waste disposal costs by 75%, saving Council an estimated $1.7m over 20 months.
- three strategic locations provide ready access for most projects and
- better managed stockpile sites have reduced instances of illegal dumping.

As part of the original decision and in accordance with the November 2024 resolution, Council's technical officers have assessed all potentially suitable road reserve sites to determine the most appropriate locations to formalise.

Many of these locations have stored Council material for decades.

Essential criteria considered during the assessment of suitable stockpile sites included:

- the stockpiles must be located within a road reserve (not a land parcel) to allow re-use under the NSW EPA excavated public road material order

- spatial coverage across the Shire
- capacity (size) and vehicle access
- surrounding land use/ proximity to residences
- access to road network

Following the suitability assessment, stockpile sites were formalised, by installing sedimentation bunds, security measures and separate bays at:

- Roseville Lane, Cumbalum
- Ross Lane, Kinvara and
- Uralba Road on the corner of Dees Lane, Lynwood.

A summary of the site suitability assessment for sites in the vicinity of the Uralba Road stockpile is provided in Table 1, with the location of these sites included as Attachment 1.

Table One – Review of Potential Road Reserve Sites

Road Reserve Location	**Uralba Rd (intersection of Dees Lane), Lynwood**	**Dalwood Rd (intersection of Cooks Lane)**	**Dalwood Rd (near Fosters Lane)**	**Ellis Rd (near Weiss Lane)**	**Tintenbar Rd (between Houghlahans Creek Rd and Teven Rd)**
Area	Area 1= 640m^2 Area 2 = 900m^2	600m^2	200m^2	100m^2	900m^2
Topography	Level	Undulating and will require significant filling	Slopes toward Dalwood Road and will require filing	Mostly level	Level
Surrounding land use	Distance to waterway >1km Closest dwelling 50m	Distance to waterway >1km Closest dwelling 88m	Distance to waterway 440m Closest dwelling 95m	Distance to waterway 60m Closest dwelling 213m	Distance to waterway 50m Closest dwelling 127m
Access to road network	Good to Moderate	Poor	Poor	Poor	Good
Limitations	Proximity to adjoining residents Area 2 shared with school bus stop	Overhead power lines. Dalwood Road is routinely impacted by flooding causeways	Overhead power lines. Dalwood Road is routinely impacted by flooding causeways	Overhead powerlines, small site, down gradient location, road is impacted by flooding	Within Resilience and Hazards SEPP Coastal environment and coastal use areas
Benefits	Truck and quad access Centrally located Area 1 bunded and fenced	Bogie truck access only	Bogie truck access only	Bogie truck access only	Bogie truck access only Bunded area

Road Reserve Location	Uralba Rd (intersection of Dees Lane), Lynwood	Dalwood Rd (intersection of Cooks Lane)	Dalwood Rd (near Fosters Lane)	Ellis Rd (near Weiss Lane)	Tintenbar Rd (between Houghlahans Creek Rd and Teven Rd)
Site suitability	Area 2 has been used for material storage for more than 45 years (pad visible on 1979 aerial photograph)	Not recommended due to site access constraints (flooding), significant site establishment costs, and the proximity of power lines.	Not recommended due to site access constraints (flooding) and the proximity of power lines.	Not recommended due to site access constraints and the proximity of power lines	In close proximity to Council rehabilitation areas. OK for short term use only.

The reviewed potential stockpile areas are all located within formed roads.

The storage of waste material generated in road maintenance and construction projects is a permissible activity within road reserves.

The Uralba Road site has the largest storage capacity, is a level site and has been used for material storage since at least 1979. It is the only site capable of accepting truck and quad trailer vehicles.

Limitations for this site include the distance to the nearest residence (50 m) and a school bus stop within the non-fenced part of the site.

The Tintenbar Road stockpile area is level with reasonable capacity, although the long and narrow shape can accommodate rigid body trucks only.

The site is within 50 metres of both Maguires and Houghlahans Creeks, within a coastal use, and coastal environment area (Resilience and Hazards SEPP).

Given proximity to water, this site is more suited to short term, temporary use.

The three road reserve sites along Dalwood Road and Ellis Road are much smaller, undulating sites. These sites are constrained by overhead power lines and access is via causeways that regularly flood.

Community Engagement Strategy

Formal community consultation was not undertaken as the Uralba Road and Ross Lane pads have been used for stockpiling operations for many decades.

Once the sites commenced current operations, staff have responded to community inquiries.

Installing sedimentation bunds, security measures (either site gates or a security camera) and barriers to separate different waste streams are improvements to the original relatively uncontrolled mounds of stockpiled material.

Financial / Risk Considerations

Material that is reused must follow NSW EPA waste legislation.

Storing material within a road reserve allows greater opportunities to re-use material under the NSW EPA resource recovery framework.

Surplus material that cannot be re-used by Council is currently bulk transported to Queensland for re-use.

Segregated bays allow for the storage of multiple waste streams, while minimising cross contamination.

This consolidated waste management approach has reduced waste disposal costs by 75%, saving Council $1.7m over 20 months compared with costs to dispose of material at the Ballina Waste Management Facility.

The sites are managed in accordance with Council's Work Health and Safety framework and other risk management practices.

The sites are similar to other road work areas and accordingly, hazard identification is undertaken, and mitigation measures are applied in response to the circumstances of each site.

Options

Option 1 – Continue the operation of the Uralba Road (Dees Lane) material storage area.

This site continues to be the most suitable material storage area within the area and Council has invested funds improving the environmental controls, site access and operation of the site.

The stockpile pad is used reasonably infrequently (averaging 19 truckloads per month) so the disturbance to neighbouring properties is limited.

Option 2 – Cease use of the Uralba Road (Dees Lane) material storage area.

A suitable alternative site was not identified during the review process therefore this option would not see the site replaced by another location.

Operational costs are forecast based on using identified road reserves sites to manage waste and minimise waste disposal costs. This means, under this option, significant cost increases would be incurred and Council's road program would need to be adjusted by deferring projects and works under the program.

Option 1 is recommended as it is not feasible to shut the existing site down without finding an alternative, suitable site.

The stockpile suitability review demonstrates that the Uralba Road (Dees Lane) site is the only site suitable for long term use, the risks associated with the site are appropriately managed and the impacts on the local amenity are considered reasonable having regard to the public benefits from the site's operation.

In recommending this option, it is also important to emphasise that Council will take any reasonable actions, such as fencing where needed and signage, to ensure that the risks to neighbours and bus passengers, are minimised.

RECOMMENDATION

That Council notes the concerns that have been expressed in respect to the operation of the Uralba Road (Dees Lane), material storage area, and endorses the continued operation of this this stockpile site, based on:

- the significant operational savings generated from the operation of the material storage area
- the lack of any other suitable site in the locality
- a commitment to ensure risks are minimised in the operation of the site through fencing, signage and operational practices that are consistent with Council's Work Health and Safety framework.

Attachment

1. Location Map - Potential Road Reserve Stockpile Locations

5.3 Southern Cross Employment Precinct Expansion - Update

Section	Strategic Planning
Objective	Update Council on the progress of the Southern Cross Employment Precinct expansion rezoning and seek a resolution to discontinue efforts to rezone the site.

Background

For many years Council has been pursuing a rezoning of land it owns adjacent to the Ballina Byron Gateway Airport to cater for expansion of the Southern Cross Industrial Estate.

Rezoning of the Southern Cross Expansion Precinct (the SCEP) has proven difficult to advance for a several reasons including biodiversity and flooding constraints. A Planning Proposal for rezoning of the land was withdrawn by resolution of Council at the April 2022 meeting, predominantly due to objections from the Biodiversity Conservation Division (BCD) within the Department of Planning. The SCEP site contains Endangered Ecological Communities including regenerating freshwater wetlands.

Subsequent discussions with BCD provided an option whereby approximately 9 hectares of the 35-hectare precinct could potentially be rezoned E4 (General Industrial) with the remainder of the site to be zoned C2 (Environmental Conservation). The C2 zoned area would be protected in perpetuity through a process of Biodiversity Certification and the implementation of a Biodiversity Rehabilitation Plan.

The April 2022 resolution required Council to undertake a range of actions including preparation of updated Biodiversity Certification and Flood Impact Assessments.

Updated flood modelling was undertaken by BMT, which considered the future site filling requirements to facilitate airport expansion under the approved Airport Land Use Plan (LUP). BMT's conclusion was that it is unlikely a suitable design can be achieved that would allow for both the SCEP and airport upgrades. BMT recommended Council focus on achieving suitable flood mitigation solutions for the airport upgrade and exclude future development of the SCEP.

Council's Local Strategic Planning Statement 2020 (LSPS), states that, "*The bulk of the demand for industrial zoned land to 2041 is likely to be met from the existing and proposed expanded Southern Cross Industrial Estate at Ballina*". This assumed that the whole 35 hectares of the SCEP, would be suitable for development.

However, due to the biodiversity constraints, the potentially developable area would be limited to a maximum of nine hectares (assuming agreement can be reached with the State through the rezoning process) and could be further reduced if the flood impacts are unacceptable, or the mitigation options are unachievable.

To meet forecast demand for employment lands and given the time involved in rezoning and developing land, Council needs to consider progressing other sites for industrial / employment zoned land within the Shire.

A report was provided to the Commercial Services Committee in February 2024, in which Council noted the land use planning conflicts between the Southern Cross Expansion Precinct rezoning and the Ballina Byron Gateway Airport Land Use Plan. The resolution also authorised the Mayor make further representations to the State Government to identify opportunities that would allow the SCEP rezoning to proceed.

This report provides an update on these matters. The report recommends that Council not progress further with the rezoning of the SCEP land, at this time, and instead investigate potential alternative locations for employment land within the Shire, with alternatives incorporated into an updated LSPS.

Key Issues

- Need for additional employment land
- Flood impacts and potential mitigation option

Discussion

In June 2022, Council applied to the Minister for the Environment and Heritage (James Griffin) to ask that biodiversity certification of the Southern Cross expansion area be declared a ‘strategic application’, in accordance with section 8.5(2) of the *Biodiversity Conservation Act 2016*.

The effect of this declaration would be to enable consideration of biodiversity matters from a broader landscape perspective.

This request was not supported. A response was provided in March 2023 in which the Minister’s delegate advised that the proposal would not be declared as a strategic application, noting that it did not meet the threshold to achieve significant biodiversity outcomes at a landscape scale.

In August 2024, a further letter was sent the Minister for Planning and Public Spaces (Paul Scully) seeking support for the strategic application for biodiversity certification, as under Section 8.5(2), the Minister for the Environment must consider advice provided by the Minister of Planning.

A response was provided back to Council in September 2024 from the Department of Planning, Industry and Environment (DPIE) acknowledging there is limited land within Ballina Shire for employment uses and that the Southern Cross Estate is of strategic importance (see Attachment 1).

The DPIE requested that to assist the Minister, further evidence of the overall land supply and demand forecast over the next 5-10 years should be provided and that further investigations around the use of land adjoining the Russellton Estate should be explored with the Department of Primary Industries and Regional Development.

The problem with this response is that Council’s correspondence to the Minister provided evidence of land supply and demand for Ballina Shire via reference to a study commissioned by the Department of Planning.

The demand and need question has been answered by Council's strategic planning work and the Department's own regional study. The real issue for the Southern Cross Employment Precinct is whether the land is suitable for development or not under the current legislative framework, particularly given ecological and flooding constraints.

Further analysis of employment land demand at present (given the contemporary nature of the currently available information) is not considered to be an effective use of public funds.

Updated Flood Modelling – Discussion and Recommendations

In accordance with the April 2022 Council resolution, BMT were engaged to provide an updated flood impact assessment, where filling of the reduced 9 ha SCEP site area was modelled. The brief included consideration of cumulative development in the surrounding area and potential regional mitigation requirements.

BMT's assessment built upon previous assessments undertaken in 2021 (Southern Cross Expansion Stage 1 and Southern Cross Stage 2 Mitigation Assessment) as well as previous modelling on the Ballina Airport Runway Upgrade Compound and Hangars (2022).

Significant development works or projects identified in Council's adopted Airport Land Use Plan (LUP) that require site filling, including the runway overlay and filling of Bay 5, were included in BMT's assessment.

The mitigation options include the construction of two floodways (Figure 1), being:

- Floodway 1: a channel extending from the sandpit north of the runway out to North Creek, approximately 1.2km long and 40m wide.
- Floodway 2: south of the runway extending to the wetland area adjacent to North Creek, approximately 634m long and 108m wide.

Figure 1: Post development case modelled by BMT.

The key points in the final report are:

- Considering the revised Airport Boulevard design that was not incorporated in previous modelling, increased flood levels exceeding 150mm west of Airport Boulevard would result from the anticipated cumulative development in the area.

- There are ecological constraints in the vicinity of Floodway 2, meaning the proposed flood mitigation strategy is unlikely to be feasible.

- The proposed airport upgrade is now substantially more extensive than was modelled in 2021. This includes a taxiway and terminal upgrade, a future rescue centre and other buildings and associated access roads, and a more resolved runway upgrade including 170mm overlay and an additional clearway section which effectively extends the length of the runway raising.

- A future planning proposal to rezone land within the SCEP would be inconsistent with Ministerial Direction 4.3 which relates to Flood Prone Land and poses a substantial risk that the rezoning would not be supported.

BMT's recommendation is that it is unlikely to be possible to achieve a viable design for the site that does not cause adverse flood impacts to neighbouring properties.

It is recommended that Council focus on achieving a mitigation solution for the proposed Airport upgrades as a priority, excluding development of the Southern Cross Industrial Expansion Area.

The need for additional employment land

The (then) Department of Planning, Industry and Environment commissioned Hill PDA to undertake regional level employment land supply and demand analysis in 2023.

Hill PDA concluded that there is a shortfall of employment land for development in the short and medium term across the Northern Rivers.

Hill PDA indicates that the greatest need for employment land is in the Tweed to Ballina and Byron to Lismore catchments.

The reporting also specifically recommends investigating around 76 hectares of new employment land across the Tweed, Byron and Ballina LGAs.

Ballina's current Strategic Urban Growth Areas (SUGAs) for potential new employment lands are identified within the LEP and the North Coast Regional Plan (NCRP).

These sites are all highly constrained and Hill PDA recommended that additional sites be investigated.

A summary of the SUGA areas is provided in the following table.

Location	Potential future growth area	Constraint Considerations
Southern Cross Expansion, Ballina	Approximately 40 ha identified as SUGA	Biodiversity constraints will limit the development potential of this land to a maximum of 9 ha, with flood impacts likely to make the entire precinct unviable.
Ballina Racecourse area	Approximately 6 ha identified as SUGA	Land contains a range of existing uses associated with horse racing. Site is flood prone and adjacent to a wetland area.
Clark Street expansion area, Ballina	Approximately 6ha identified as an employment land investigation area in the NCRP (2041).	Land owned by State Government and part leased to Ballina Council for depot purposes. Land is impacted by flooding and contamination constraints. Aboriginal land claims have been raised over parts of the land and are not yet determined.
Ferngrove Drive area, Ballina	Approximately 36 ha identified as SUGA.	Site is impacted by flooding.
Ross Lane Lennox Head	Approximately 21 ha identified as an employment land investigation area in the NCRP (2041).	Less than 1ha is considered to be flood free. Sewer servicing requirements also indicate this a long-term prospect for future development.

Given the regional imperative to identify suitable future employment lands, and the highly constrained nature of these SUGA sites, Hill PDA considered two additional areas within the Ballina Shire.

1. *Russellton Estate - Alstonville.*

The final stage of development within the existing E4 zoned land is due for completion in 2025 and will create 28 serviced industrial lots. An additional 23 hectares located on the eastern side of the existing estate was identified within the Wollongbar Strategic Plan (2039) for further evaluation as to its suitability as future industrial land.

However, this land is mapped as ‘Important Farmland’ and to date, the DPIE have not been supportive of it being included in the North Coast Regional Plan as potential employment land.

In the DPIE’s response to Council’s August 2024 correspondence, Council was “strongly encouraged” to engage with the Department of Primary Industries and Regional Development in relation to the matter of important farmland and how other employment land areas are progressed and / or exhausted.

2. *Wardell*

An area of approximately 68ha located between the Pacific Highway and Blackwall Drive, north of Wardell village was investigated by Hill PDA and found to have minimal constraints and good connections to the motorway.

The land is predominantly owned by State Government and Council. Further investigations are recommended.

Community Engagement Strategy

If Council elects to pursue any future rezoning proposal for SCEP, a planning proposal would be subject to consultation requirements as outlined in a Gateway Determination from the Department of Planning, Housing and Infrastructure.

An update of the Local Strategic Planning Statement (LSPS) is proposed during 2025 and any changes or additions to potential employment land would be included and subject to community consultation, assuming the draft is endorsed by Council for public exhibition.

Financial / Risk Considerations

A considerable amount of money has been spent to date on flood studies and modelling and ecological reports for the SCEP rezoning.

There are also significant risks outlined in BMT's report relating to flood mitigation, and conflicts with Council's adopted Airport Land Use Plan.

Options

Option 1 – Take no further action in pursuing the rezoning of the Southern Cross Expansion Precinct.

Based on the matters raised in this report, there is little likelihood of achieving a design that would satisfy flooding and biodiversity planning requirements to support the rezoning of land within the Southern Cross Expansion Precinct (SCEP) based on the present legislative framework.

The recommendation from BMT that Council focus on achieving a mitigation solution for the proposed Airport upgrades is a reasonable priority and once this is achieved, Council may wish to revisit flood mitigation design options for the SCEP later.

Further ecological assessment to address the biodiversity characteristics of the land for a rezoning is likely to require substantial funds, with the amount difficult to estimate.

Given the regional imperative to identify suitable future employment lands, it is recommended that the sites east of Russellton Estate at Alstonville and the land north of Wardell be investigated for inclusion into a revised and updated Local Strategic Planning Statement and that Council undertakes engagement with Government agency stakeholders in relation to the employment land potential of these areas.

Option 1 is the recommended approach.

Option 2 – Continue to pursue rezoning of the Southern Cross Expansion Precinct.

The next step in continuing to pursue the rezoning would involve providing the DPIE and Minister for Planning and Public Spaces further evidence of the overall land supply and demand forecast for employment land over the next 5 to 10 years, in conjunction with undertaking further investigations with

Department of Primary Industries around suitability of land adjoining Russellton Estate.

This would require further staff time and funding to commission a study into the industrial and employment land forecast.

There is no guarantee that after providing this further evidence, the Minister of Planning and Public Space would support a subsequent strategic biodiversity certification application to the Minister for the Environment and Heritage.

As noted above, further costs would then be incurred in addressing biodiversity considerations in further detail. Importantly strategic certification of the process does not guarantee progression to a point where the land can be rezoned.

Even if strategic biodiversity certification is granted, there is still little likelihood of achieving a design that would satisfy flooding requirements, particularly before airport upgrades have been completed.

This option is not recommended for these reasons.

RECOMMENDATIONS

1. That based on the contents of this report, Council takes no further action, at this point in time, in pursuing the rezoning of Council owned land associated with the Southern Cross Expansion Precinct at this time.

2. That Council investigate the sites east of Russellton Estate at Alstonville and the land north of Wardell for inclusion in an updated draft Local Strategic Planning Statement as potential future employment lands.

Attachment

1. Minister Scully - Southern Cross Employment Precinct Expansion

5.4 Wollongbar Residential Estate Stage Three - Sale of Lots

Section	Commercial Services
Objective	To provide an update on the timing and method of sale for Lots 1 to 18 on Council's Wollongbar Residential Land.

Background

In a report to the 14 February 2024 Commercial Services meeting, relating to the Wollongbar Residential Estate Stage Three, Council resolved as follows at the 22 February 2024 Ordinary meeting:

That Council approves the sale of lots 1 to 18 on the plan of subdivision, as per Attachment 1 to this report, subject to a further report being presented to Council on the timing and method of sale for those lots.

Attachment 1 contains the subdivision and lot layout plan for Wollongbar Residential Estate Stage Three, as referenced in that resolution.

This report responds to the resolution.

Key Issues

- Return on investment to Council
- Transparency and equity

Discussion

Method of Sale

Council has previously conducted three public auctions of industrial lots (not residential) by engaging an independent auctioneer to conduct the auction whilst Council staff managed the marketing campaign and enquiries from real estate agents and potential buyers.

Given the potential demand for the lots, a public auction is the fairest way to sell the lots and deliver the best financial return to Council.

Historically, real estate agents were able to nominate a buyer up to 24 hours prior to the auction but were only eligible for a commission upon production of written proof that they introduced a successful buyer.

A public auction is the best way to test the market and gain the best price for a vendor, particularly in a tight market.

Outside of a sale by public auction, Council could sell by private treaty, by setting sale prices. Council could also sell by private treaty by appointing one or two local agents.

Either of these approaches have drawbacks including:

- Setting prices does not fully test the market given the quality of the lots that would be on offer and the demand for such lots

- Selling by private treaty involves fielding numerous bids, including conditional and unconditional bids, and can lead to disputes as to who offered what price and when

- Appointing one or two local agents means disappointing other local agents and possibly leading to disputes over commissions etc.

The preferred approach is to auction to maximise transparency and selling price.

Council has previously debated agents' commission for land sales, with the most recent resolution adopting a percentage of 1.5% of the sale price, which is below typical rates requested by agents (often 2% or 2.2%).

In respect to setting reserve prices for auction, this is generally done so by the General Manager, considering local market conditions.

Should any lots fail to sell on the day of the auction, they can be placed on the market for sale by private treaty, at prices based on the lots that did sell at auction.

Timing

Council has a resolved to proceed with finalising the planning and design works for the proposed medium density housing project on Lots 19 to 30, with construction tenders to be called once all the planning approvals are in place.

This now allows Council staff to also focus on the sale of Lots 1 to 18.

The proceeds of the sale of Lots 1 to 18 will be applied, initially, to repay significant loan borrowings on several Council residential and industrial land development projects, with part of the sales revenue able to assist with community infrastructure projects also to potentially fund part of the proposed medium density housing project.

There is some merit in delaying the sale of lots until the proposed medium density residential development has progressed to construction to give potential buyers of Lots 1 to 18 a better understanding of the project prior to committing to the purchase of a residential lot.

However, given the number of projects Council has in progress, and the deficit in the General Fund, the preference is to sell Lots 1 to 18 as a matter of priority.

This will provide a cash injection to pay down loans and help deliver other Council projects.

Market Overview

Enquiries with local real estate agents indicate that demand for residential lots in the local market at present is best described as "flat" with demand decreasing over the past two years due to several factors including:

- Escalation in housing construction costs and builders seeking costs plus contracts.

- Timeframes for gaining development and construction approvals

- Difficulties in securing finance for construction.

Agents also suggest that lot prices have fallen by about 10% from the post COVID peak of 2021 to 2022, however there's been a lack of sales in the past twelve months to assist in predicting prices.

Council staff understand a number of lots have sold "off the plan" in Killarney Park Estate (off Rifle Range Road) with settlement of these sales due within the next few months.

Lots 1 to 18 in Stage Three of Council's Wollongbar Estate are probably some of the best vacant lots available for the foreseeable future.

The lots are level, elevated and regular in shape and will present minimal challenges for constructing houses.

Given the current state of the local property it's proposed to stage the release of Lots 1 to 18. The first release proposed to be offered for sale by public auction will be Lots 1 to 6.

A staged release will minimise the risk of flooding the market and may assist in preserving prices.

Community Engagement Strategy

Council has developed the Wollongbar land over many years.

An auction would include a marketing campaign promoting to ensure the public is adequately informed.

It will also be important to ensure that prospective buyers are fully informed on Council's medium density housing project.

Financial / Risk Considerations

The financial feasibility assessment of developing lots 19 to 30 of the Wollongbar Urban Expansion Area – Stage Three was examined in reports to the 14 February 2024 and the 2 December 2024 Commercial Services Committee meetings.

The assessments were based on two scenarios:

1. Develop and sell the completed project; or
2. Develop and hold the completed project.

The recommendation adopted by Council was to develop and hold 12 of the proposed dwellings in the first stage of the project to address the lack of rental accommodation and create an income producing asset that should escalate in value over time, to the benefit of future generations.

This assessment was based, in part, on receiving proceeds from the sale of Lots 1 to 18, as well as the sale of the childcare land (Lot 31) which is now proceeding.

It's estimated that the net sale proceeds from the proposed first land release, Lots 1 to 6 may be in the order of $3m (excluding GST).

It is proposed the auction of these lots take place in April/May 2025 to allow for settlement to occur within the current financial year.

Options

Council resolved to sell Lots 1 to 18 in February 2024 pending a further report on the method of sale.

The *Local Government Act 1993* does not place any restrictions on how a Council may wish to sell operational land.

Sale can be by public auction, placed on the market at set prices, or by direct negotiation (private treaty).

The preferred method of sale is by public auction.

A public auction ensures that the market is fully tested, and the process is transparent, as the auction is conducted in public and preceded by a marketing campaign.

It is also proposed to proceed with the first land release being Lots 1 to 6 in April 2025. Following on from the sale of Lots 1 to 6, Council staff propose to offer Lots 7 to 18 as two releases for a sale by public auction at a time to be determined and pending the results of the first land release.

RECOMMENDATIONS

1. That Council authorises the sale of Lots 1 to 18 (inclusive) in DP 1292552 as per Attachment 1 to this report, by public auction and authorises the General Manager to set the price reserve based on market conditions at the time.

2. That Council authorises the General Manager to enter into open or general agency agreements with local real estate agents who wish to participate in the auction campaign.

3. That the agents' commission be set at 1.5% + GST of the sale price.

4. That in respect to point 1, the General Manager is authorised to execute all necessary sale documents and affix the Council seal to same.

Attachment

1. Wollongbar Residential Estate Stage 3 - Lot Layout Plan

5.5 Waste Operations - Long Term Financial Plan

Section	Financial Services
Objective	To review the long-term financial plan for Council's waste operations.

Background

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

LRM is responsible for the 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 effectively a separate internal bank account to hold the surpluses generated from the LRM service. Council is entitled to take dividends from LRM.

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 paying for the running costs for the residential 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 account, as the revenues are raised through an annual charge placed on residential properties. All revenues and expenses generated must be retained within that account.

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, which includes the proposed transition to a fortnightly landfill bin collection service model for the approximately 2,500 properties receiving a rural DWM service.

Key Issues

- Financial performance, sustainability, and affordability
- External cost pressures
- Diversion from landfill, waste generation performance and long term aims and objectives
- Domestic bin collection service level
- Review of rural DWM service

Discussion

The local, regional, and national waste and recycling sector continues to experience economic challenges, with ongoing impacts from sustained high fuel prices and waste levy pressures.

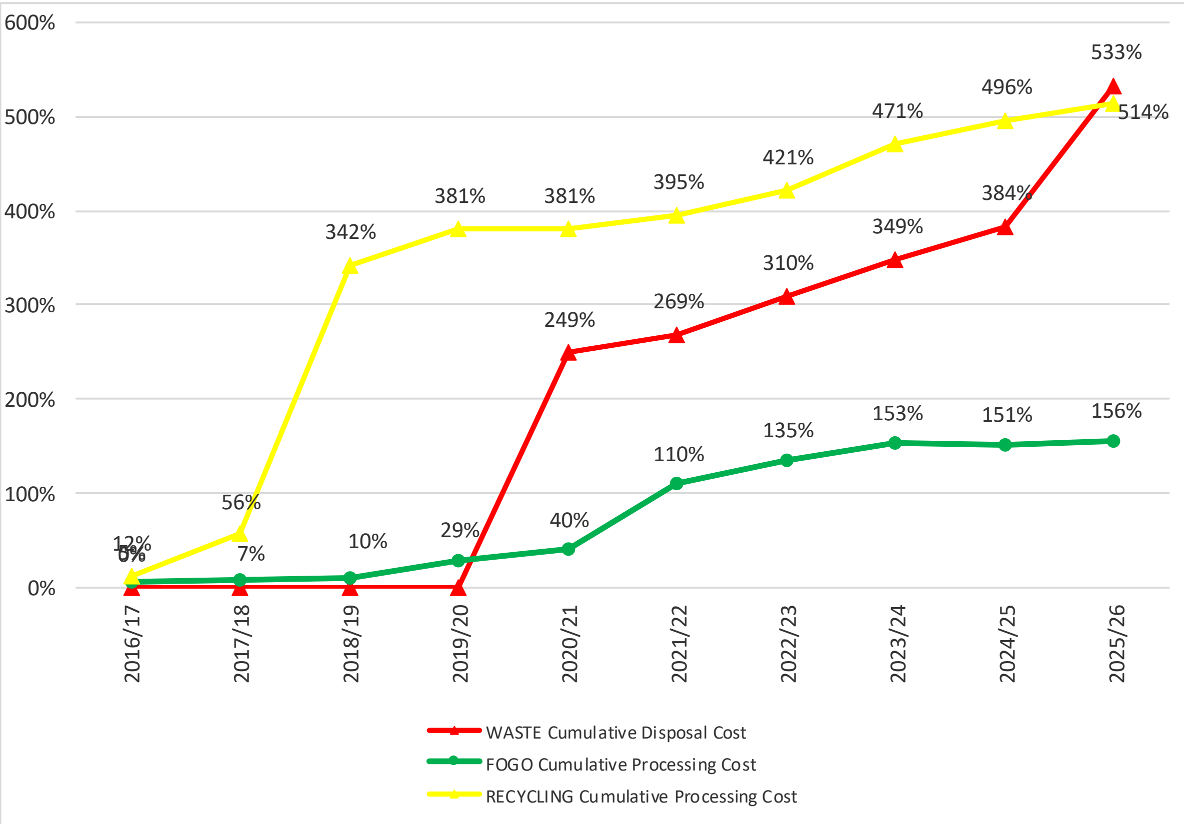
There also remain challenges due to a lack of local and regional waste disposal infrastructure coupled with national recycling processing infrastructure.

Increasing Cost Pressures

These challenges continue to place sustained upward pressures on operational costs associated with our business.

In particular, the cost to dispose or process residual waste, comingled recycling and food and garden organics (FOGO) material has increased exponentially during the last 10 years, as illustrated in Figure 1.

Figure One - 10-year Cumulative increase in cost of disposal and processing of waste, recyclable and FOGO material



These disposal and/or processing costs account for 70% of the LRM budget and 63% of DWM expenditure. As such, any changes to these costs have a major influence on the budget bottom line.

The cost of recyclable material processing gate fees has increased 514% since 2016/17.

Most of this increase occurred between 2017/18 and 2018/19, because of the China Sword policy, where China placed bans on the receipt of recyclable materials from overseas countries, due to concerns relating to contaminated waste being offloaded.

This resulted in a global crash in the commodity price for recyclable material, coupled with an increase in Material Recycling Facility (MRF) operational costs, as there was a shift in focus to improve the quality and contamination levels of the product being produced from these facilities.

Since this time, there continues to be sustained annual cost increases, due to ongoing pressure on global commodity prices, and a lag in the development of onshore processing industry capacity.

These cost increases should stabilise over the forward LTFP period, as the gate fee we pay is tied into our nine-year waste collection contract and indexed bi-annually in line with CPI.

Increases in the FOGO material processing cost have been sustained, albeit at a lower overall rate of 156%, over the previous 10-year period.

This is attributed to a lack of regional processing infrastructure, resulting in the oversupply of feedstock, coupled with increasing regulatory requirements being applied to the composting process, which result in upward pressure on operational costs.

Cost increases in recent years have stabilised in line with CPI, due to the commencement of a long-term processing contract with the SoilCo facility, at Tweed Shire Council's waste facility.

The cost for residual waste disposal has experienced the largest increase of 533%, over the previous 10-year period.

The increase can be attributed to the introduction of a waste levy by the Queensland State Government in 2020/21, which has since increased at a rate of $10 per annum.

It is set at $125 per tonne for 2025/26, which is forecast to cost Council approximately $4.3m for the financial year.

The Queensland State Government applies the metropolitan levy rate to our waste, which is the highest rate applicable under the levy framework, due to the waste being transported interstate from NSW.

Similar to NSW, the Queensland framework includes a lower levy rate for local governments located in regional areas of the state. This is forecast at $98 for 2025/26.

There is a valid argument that given Ballina Shire is a regional council, regardless of the State boundary, we should be charged the regional levy rate for waste disposal.

This would result in an operational saving of approximately $950,000 per annum to the LRM budget.

This position is shared by the three other northern rivers councils (Lismore, Byron, Tweed) currently transporting waste to SE Queensland, due to the lack of local and regional landfill capacity.

As such, the North-East Waste Regional Group has submitted an application to the Queensland State Government to apply the regional levy rate (as opposed to the metropolitan rate) to the waste transported by the four northern rivers councils.

Previous requests have been dismissed; however, they were made during a period where there was significant political scrutiny on the issue due to the significant volume of waste being transported from NSW to Queensland.

This has alleviated in the past couple of years.

Given the financial implications for our business, it is recommended that Council lobby the Queensland State Government Minister for the Environment and Tourism and Minister for Science and Innovation, for the regional waste levy rate to be applied to the waste transported to landfill in Queensland from the Ballina Shire.

A further significant cost increase has been realised because of the tender process for the long term (5 + 3 x 1 year extension options) transport and disposal of our residual waste to Queensland, which was recently released to the market and is currently being assessed.

The prices submitted by tenderers for the gate fee rate Council must pay the landfill to dispose of waste is significantly higher (almost double) than the current rate.

This increase was unforeseen and will result in an increase of $1.2m to the LRM business annual waste disposal operational expenditure in 2025/26, as compared to 2024/25.

This places pressure on the LRM and DWM operational budgets and requires an increase in gate fees and charges to compensate.

The specific LRM and DWM budgetary implications, including impacts on fees and charges, are discussed as follows.

Fiscal and Operational Response to Cost Challenges

Despite sustained cost increases Council's waste management business continues to perform well, resulting in an acceptable long term financial position for the LRM and DWM operations. This is the result of several factors including:

- 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

- establishment of long-term contracts for other key high value operational services, which facilitates more stable forward forecasting of annual operational expenditure

- sustained volumes of gate fee income from residential and commercial customers

- sustained volumes of commercial waste received from local collection contractors

- continual improvement in operational efficiencies and

- implementing a balanced approach to raising annual fees and charges over the term of the LTFP, to maintain sufficient revenue to cover increases in operational costs and expenditure.

Landfill and Resource Management (LRM)

The recent financial results for LRM together with the forecast for 2024/25 are shown in Table One.

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

Description	2022/23 Actual $000	2023/24 Actual $000	2024/25 Estimate $000
Operating Revenues	11,245	11,991	12,866
Operating Expenses (including depreciation)	12,894	13,636	13,650
Operating Result - Surplus / (Deficit)	**(1,649)**	**(1,645)**	**(784)**
Excluding Depreciation / Remediation	1,381	1,492	1,200
Cash Operating Result - Surplus / (Deficit)	**(268)**	**(153)**	**416**
Add Capital Income	24	0	193
Less Capital Expenditure	38	628	1,050
Less Dividend to General Fund	0	50	50
Cash Increase / (Decrease)	**(282)**	**(831)**	**(491)**
Internally Restricted Reserve Balance	**2,163**	**1,332**	**841**

The latest figures for 2024/25 forecast an operating deficit of $784,000 ($416,000 cash surplus excluding depreciation), with the forecast reserve balance of $841,000 as at 30 June 2025.

Operating revenues have increased in recent years due to:

- Continued receipt of commercial waste from larger collection contractors.

  Due to ongoing improvements in operational efficiencies and the ability to forecast long-term transport and disposal costs through the establishment of long-term contracts, Council can 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 to the Resource Recovery Centre.

  The projected 2025/26 gate fee income from these customers is approximately $5m.

- Over the past five years the annual customer transaction numbers at the Resource Recovery Centre have increased by 35,000 transactions or 56%.

  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 trending lower after the peak associated with waste from the clean-up and large-scale demolition works after the floods.

  However, they remain at a level that continues to provide a healthy income stream to the business.

- The Resource Recovery Centre continues to receive many 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.

- Implementing advanced resource recovery initiatives and operations resulting from winning a $193,000 grant from the NSW Environmental and Protection Authority to fund a program aimed at resource recovery of construction and demolition material deposited at the Resource Recovery Centre.

  These operations have resulted in increased income from the sale of recovered scrap metal, whilst reducing disposal expenditure.

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

- impact of the Queensland waste levy, which will cost Council approximately $4.3m for the 2025/26 financial year.

- unforeseen increase in contract costs for disposal of waste in Queensland landfill of approximately 15% or $1.2m per annum.

- Inflationary pressure, particularly sustained high diesel costs, which is tied into the rise and fall mechanisms within Council's transport and disposal contract.

- ongoing impacts from the China Sword policy and the lag in development of onshore recyclable 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.

5.5 Waste Operations - Long Term Financial Plan

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

Description	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35
Operating Revenues	12,866	14,000	15,223	16,263	17,139	17,822	18,419	19,025	19,649	20,309	20,978
Operating Expenses	13,650	15,459	16,357	16,520	17,133	17,626	18,132	18,655	19,194	19,747	20,318
Operating Result	**(784)**	**(1,459)**	**(1,134)**	**(257)**	**6**	**196**	**287**	**370**	**455**	**562**	**660**
Add Back Depreciation	1,200	1,239	1,279	530	548	566	585	604	624	645	666
Cash Surplus / (Deficit)	**416**	**(220)**	**145**	**273**	**554**	**762**	**872**	**974**	**1,079**	**1,207**	**1,326**
Capital Income	193	0	0	0	0	0	0	0	0	0	0
Loan Income	0	1,250	1,500	2,700	0	0	0	0	0	0	0
Loan Principal	0	0	99	223	317	332	349	367	385	404	169
Capital Expenditure	1,050	1,250	1,750	3,000	0	0	0	0	0	0	0
Dividends	50	50	50	50	50	50	50	50	50	50	50
Reserve M'ment	**(491)**	**(270)**	**(254)**	**(300)**	**187**	**380**	**473**	**557**	**644**	**753**	**1,107**
Total Reserves	**841**	**571**	**317**	**17**	**204**	**584**	**1,057**	**1,614**	**2,258**	**3,011**	**4,118**

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:

Table Three - LRM Forecast Capital Expenditure

Description	2025/26	2026/27	2027/28	2028/29
Front of House Upgrades	1,250,000	0	0	0
Remediation Provision	0	500,000	2,000,000	0
Bulk Loadout Area	0	1,250,000	1,000,000	0
Totals	**1,250,000**	**1,750,000**	**3,000,000**	**0**

Assumptions

- Council will continue to export all waste off site and continue to dispose of residual waste using a Queensland landfill. Although the identified cost increases associated with the levy and contract gate fee rates continue to pressure the LRM budget, the transport and disposal to Queensland remains the best model for Council due to the following reasons:

  - There is currently extremely limited approved airspace within the Ballina Shire landfill, reserved for absolute contingency situations (e.g. landfilling of a deceased whale carcass).

  - If Council were to reconsider landfilling at the Ballina Shire Landfill, the current planning and environmental regulatory framework requirements for landfill approvals would result in a very costly and long-drawn-out approval process.

  - There is also a material risk of not achieving final approval given the location of the landfill within a flood plain and acceptable buffer zones to the Airport, Christian College and residents of Gallans Road.

  - Hypothetically, if additional landfill area was approved, ongoing operations would be subject to strict, onerous and costly environmental operational controls to manage the risks associated with the proximity to these receptors.

    The risk of bird and vermin attraction would require challenging operational management to prevent risk of bird strike to aircraft accessing the adjacent Airport.

    Odour, noise and other general environmental impacts would also require significant resource and management compared to current operations.

  - Council has been transporting waste to Queensland landfills since 2013 and has developed operational efficiency and maturity conducting this operation.

- 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 $250,000 in 2026/27 and $1.7m in 2027/28 is incorporated into the LTFP to fund this work, with repayments commencing 2028/29.

- Capital works totaling $3.5m across, 2025/26, and 2026/27 and 2027/28 relating to the installation of a second weighbridge, covered construction and demolition drop-off and sorting area, plus bulk waste load out area.

  Loans of $3.5m have been incorporated into the LTFP to fund this work, with repayments commencing in 2026/27.

- Existing customer base and gross quantity of waste coming in the gate will remain 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.

Operating Revenues

- Commercial properties collection annual charge income of $763,000
- Gate fees from self-haul $8m
- Gate fees from DWM / Council $4.4m
- 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 $9.2m
- Overhead and administration expenses $1.3m

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

Fees and Charges

The draft 2025/26 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 3.8% for 2025/26 for Council, for 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 the delivery of standard services, although it does have a lag time from the measurement of the price movements.

The LGCI does not include consideration of waste and recycling operational cost increases, such as the disposal and processing costs discussed earlier in this report, which account for 70% proportion of the LRM budget's total expenditure amount.

As such, the fees and charges included in this report have utilised the LGCI as a benchmark increase, with additional increases associated with the higher waste disposal costs added where appropriate.

Resulting from the unforeseen increase to Council's general waste disposal costs for 2025/26, gate fees for general mixed waste will need to be raised commensurately to compensate for the increased expenditure.

This gate fee increase has been smoothed out over the LTFP period to avoid a large one-off shock to customers, as per below:

- increase in domestic gate fees by 10% each year for the next two financial years, with subsequent annual increases slowly declining over the LTFP

- increase in commercial gate fees by 13-15% each year for the next two financial years, with subsequent annual increases slowly declining over the LTFP.

The domestic general mixed waste fee has been increased less, although impacted by the same rising cost pressures, 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.

As a guide, this increase would result in the gate fees for an average trailer increasing from $72 to $79.

The gate fees for DWM Waste material (which are internal charges for Council) are increased by 12%.

This gate fee is set at a higher rate than the external gate fee rate to account for a combination of the increased waste disposal 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.

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 in 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 Chinderah 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 2025/26 are as follows:

Table Four - LRM Proposed Fees for 2025/26

Item	Charge per Tonne ($) GST inclusive
General Mixed Waste	
Commercial	404
Domestic	316
DWM Operations	
Mixed Putrescible Waste (internal charge)	446

Domestic Waste Management (DWM)

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

The business underwent significant change in 2023/24 because of the fully contracted collection service delivery model. This has delivered several benefits to the business.

It is difficult to evaluate precise cost savings associated with the change to a contracted service, due to several changes in the service operation model (including the change in the collection model to direct haulage of recyclable materials to the MRF in Chinderah).

However, it is estimated that operational savings of approximately $150,000 to $200,000 per annum have been realised from the change.

The changed service model also facilities 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, 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 pays 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.

Rural Collection Service Model - Review

At the June 2024 Ordinary meeting, Council considered the attached report (Attachment 3) to examine options to improve resource recovery achieved from the rural bin collection services.

The proposed changes discussed in that report stem from shire wide bin composition audit results conducted in 2020 and 2022, that highlighted consistently poorer environmental and resource recovery performance in the rural area collection, compared to the urban area.

This performance level is largely attributed to the current collection frequency of the 2-bin rural collection service, which consists of a weekly landfill waste bin and a fortnightly recycling bin.

Resulting from that meeting, Council resolved as follows:

1. *That Council notes the information detailed in this report regarding the poorer performance of the rural bin collection service, from the perspective of relatively high waste generation rates and low landfill diversion rates, when compared to other collection service models.*

2. *That Council investigate a proposal to change the rural bin collection service, to a fortnightly landfill bin and fortnightly recycling bin collection, by undertaking a trial as detailed in this report.*

The reasoning for conducting a trial was to manage the risk of potential community dissatisfaction associated with reducing a level of service, and to gain valuable insight and learnings should the decision be taken to permanently implement the revised service model.

The trial was conducted over a six-week period commencing mid-September and running to the end of October 2024. It involved selecting 80 rural residential households from four different geographical areas (in accordance with the current collection schedule). The households were subject to the following provisions under the trial:

- households had their landfill bin collection reduced to a fortnightly frequency
- households were provided with a home composting system (if required) to divert food and garden waste from landfill, coupled with support in the form of educational material and workshops
- participants were provided education and support to reduce food waste and improve commingled recycling behaviour
- each property was provided a $50 rates rebate as compensation for participating in the trial
- participants were strongly encouraged to complete pre- and post-trial surveys and provide on-going feedback and observations throughout the trial.

Trial Results

In the last week of the trial, each property's landfill bin was audited to determine results of the trial against key service performance measures including bin composition, waste generation, presentation rate and capacity.

Table Five illustrates the trial audit results compared to data from the 2020 and 2022 shire wide audits, and data from a 2023 audit of Byron Shire Council's rural bins, where a fortnightly landfill bin service has been in place for over 15 years.

Table Five – Bin Audit Results - Fortnightly Rural Landfill Bin Collection

Landfill Bin Results	Ballina 2020 Audit Rural Weekly Service	Ballina 2022 Audit Rural Weekly Service	2024 Trial Audit Rural Fortnightly Service	Byron 2023 Audit Rural Fortnightly Service
Generation Rate kg/household (hh)/wk	12.10 kg	14.38 kg	10.95 kg	6.55 kg
Generation Rate Litres/hh/wk	139 litres	171 litres	98.8 litres	73 litres
Capacity (% full)	57.8% (weekly)	71.3% (weekly)	82 % (fortnightly)	65.6% (fortnightly)
Presentation rate	75%	75.1%	89.75%	90.7 %
Compliant organics kg/hh/wk	4.68 kg	5.58 kg	2.66 kg	2.18 kg
Compliant Recycling kg/hh/wk	1.96 kg	1.96 kg	0.97 kg	0.89 kg

The audit results show a significantly improved environmental and resource recovery performance during the trial. Key highlights include.

- the volume of compliant compostable organic material in the landfill bin was over 50% less than pre-trial results
- the volume of compliant comingled recycling material in the landfill bin was over 50% less than pre-trial results
- the waste generation rate per household was significantly reduced, trending lower towards Byron Shire's rural figures. This equates to approximately 440 tonnes less residual waste sent to landfill each year
- average landfill bin capacity was 82%, suggesting remaining capacity despite a reduced collection frequency
- the presentation rate of landfill bins during the trial was higher at circa 90% (mirroring Byron Shire's rate). This demonstrates a more efficient utilisation of the collection service due to the reduced collection frequency

- comparison to Byron Shire's audit results show there is still room for further improvement within our rural service. This is expected given the maturity of Byron Shire's fortnightly rural landfill bin collection service.

Despite strong encouragement to complete pre and post survey, only 37 and 19 participants completed the surveys respectively.

The feedback and survey results from this small sample indicated a generally positive response to the trial and revised collection schedule.

Some of the key survey findings included:

- 76% of the 37 pre-trial respondents provided positive or neutral answers to the question "how well do you think your household will manage with a fortnightly landfill bin collection?" This suggests most rural residents may already feel confident managing a reduced landfill bin service frequency

- 15 of the 19 (78.9%) post-trial respondents provided positive or neutral answers to the question "How well did your household manage with a fortnightly landfill bin collection?" Two replied they had a few issues and another two found it challenging.

- 16 of the 19 (84.3%) post-trial respondents provided positive or neutral answers to the question "overall, how satisfied are you with the trial?"

Overall, the positive performance results and feedback from the trial support the option of permanently transitioning to a fortnightly landfill bin collection service model for all rural residents in the Ballina Shire.

Given this report recommends this option, the financial implications associated with the revised rural collection service model have been modelled in the following sections of this report.

Should Council resolve to maintain the business-as-usual service delivery option, the financial modelling can be revised to reflect that alternate option.

Financial Forecast

The recent financial results for DWM together with the forecast for 2024/25 are shown in Table Six.

Table Six – DWM Actual and Forecast Results ($'000)

Item	2022/23 Actual $000	2023/24 Actual $000	2024/25 Estimate $000
Operating Revenues	8,992	9,674	8,688
Operating Expenses	9,010	8,840	9,066
Operating Result - Surplus / (Deficit)	**(17)**	**834**	**(378)**
Excluding Depreciation	937	34	0
Cash Operating Result - Surplus / (Deficit)	**920**	**869**	**(378)**
Less Capital Expenditure	0	0	0
Cash Increase / (Decrease)	**920**	**34**	**(378)**
Reserve Balance	**2,007**	**2,041**	**1,663**

The current forecast for 2024/25 is a cash deficit of $378,000.

5.5 Waste Operations - Long Term Financial Plan

Financial Model

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

Given we no longer must periodically build up a 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 $1.66m, as at 30 June 2025, is unnecessarily high. This balance is a legacy of the build-up of cash previously required to fund the future fleet of collection vehicles.

This reserve is externally restricted, so we are not permitted to directly transfer funds from the reserve. Therefore, as discussed, we plan 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 is particularly important given the recent significant increases to waste disposal costs and will deliver a sustained increased revenue stream to the LRM budget, contributing to forecast healthy cash surpluses over the LTFP.

Concurrently, this annual expense to the DWM budget will contribute to sustained operational deficits over the LTFP period for DWM, at a rate commensurate with the reduction of the DWM reserve to an acceptable level.

At this stage, the forecast reserve balance is approximately $691,000 at the end of the LTFP period.

Table Seven outlines the latest financial plan for DWM based on a 5.5% increase in the annual DWM charge to ratepayers and based on a differential price charging for gate fees paid to LRM.

Table Seven - DWM Long Term Financial Plan ($'000)

Description	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35
Operating Revenues	8,688	8,941	9,431	9,895	10,383	10,849	11,284	11,739	12,214	12,707	13,218
Operating Expenses	9,066	9,495	9,835	10,285	10,568	10,924	11,293	11,673	12,172	12,482	12,906
Operating Result	**(378)**	**(554)**	**(404)**	**(390)**	**(185)**	**(75)**	**(9)**	**66**	**42**	**225**	**312**
Add Back Depreciation	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus / (Deficit)	**(378)**	**(554)**	**(404)**	**(390)**	**(185)**	**(75)**	**(9)**	**66**	**42**	**225**	**312**
Capital Expenditure	0	0	0	0	0	0	0	0	0	0	0
Reserve M'ment	**(378)**	**(554)**	**(404)**	**(390)**	**(185)**	**(75)**	**(9)**	**66**	**42**	**225**	**312**
Total Reserves	**1,663**	**1,109**	**705**	**315**	**130**	**55**	**46**	**112**	**154**	**379**	**691**

The DWM assumptions in the financial plan are:

- DWM annual charges increase by 5.5% for the next two years with subsequent annual increases slowly declining over the LTFP.
- The option of permanently transitioning to a fortnightly landfill bin collection service model for all rural residents is adopted.
- No external loans.

The key features of the 2025/26 plan include:

- Annual charge income of $9m
- Gate fees paid to LRM $3.5m
- Waste, Recycling and Organics kerbside collection contract and processing gate fees $4.2m
- Overhead and administration expenses $1.1m.

A copy of the LTFP for DWM is included as Attachment 4.

Fees and Charges

The draft 2025/26 charges for DWM are included in Attachment 2.

The DWM annual charge increase is 5.5%.

The 5.5% increase results in the annual domestic waste management charges for urban and rural domestic residents increasing by $25 and $22 respectively.

As previously mentioned, charges for waste are not dictated by a rate peg or IPART set increase.

Historically we have generally increased the annual DWM charge in close alignment to the rate peg or LGCI.

Last year we only applied a 2.5% increase, which was 2.1% less than the rate peg, due to the operational savings realised from the transition to a contracted collection service model.

However, due to the significant increase in waste disposal and processing costs forecasted for 2025/26, we have had to raise the DWM by 5.5% to compensate.

At this stage, subject to on-going review, it is likely we will have to apply a similar increase for 2026/27 to manage the higher costs over the term of the LTFP.

The financial implications associated with the proposed reduced landfill collection frequency for rural residents have been modelled to determine the impact on the annual domestic waste management charge for each rural household.

Modelling from the trial data shows the proposed reduced collection service frequency would result in a reduction of 19% or $73 to each household's annual domestic waste management (DWM) charge (based on the 2024/25 annual rural DWM charge of $391).

This amount is based on the reduced collection contract costs and reduced waste management costs associated with managing the lower volume of landfill bin waste that will be generated through the revised service model.

Overall, the rural DWM charge will be reduced by $51 (13%) from $391 to $340.

This amount accounts for the increase of $22 (5.5%) associated with increased operational costs and the reduction of $72 associated with the proposed fortnightly landfill bin collection service model.

By way of benchmarking, Byron Shire Council's rural 2024/25 DWM charge for the same service is $638.

Given their anticipated annual increases, our rural residents will be paying half compared to Byron Shire rural residents for the same service.

Community Engagement Strategy

The proposed waste charges and permanent transition to a fortnightly landfill bin collection service model for the approximately 2,500 properties receiving a rural DWM service will be subject to community consultation through the exhibition of the draft 2025/26 Operational Plan.

Should the proposed change to the rural service be supported, a comprehensive community engagement and education campaign will be required to support our rural community through the required behavioral change.

$50,000 has been budgeted to deliver the campaign via a multifaceted approach, using learnings from the trial and a range of mechanisms including:

- comprehensive communication and awareness program to deliver key messaging focusing on environmental benefits, successes from the trial and the Byron Shire Council service, and reduced charge associated with the revised service

- targeted education information using a variety of methods to assist behavioural change

- provision of a subsidised compost bin program for all rural residents

- composting and other waste management educational workshops

- promoting the reusable nappy and sanitary rebate program introduced in 2024

- promoting the availability to switch to larger 360L recycling bins (at no additional cost)

- promoting the ability to pay for an additional waste bin available for $140pa for properties that generate larger volumes of residual waste.

It is proposed to commence the transition to the fortnightly landfill bin service frequency in October 2025.

This date will provide the necessary time to deliver the engagement and education program if the change in service is adopted.

It will also provide the added benefit to residents of a three-month discounted DWM fee, whilst still receiving a weekly collection service.

Financial / Risk Considerations

This report outlines the proposed budget and the Long-Term Financial Plan, including reserve balances, of the Waste Operations, based on the proposed transition to a fortnightly landfill bin collection service model for all properties receiving a rural DWM service.

Several risks were initially identified in the attached report (Attachment 3) with the proposed shift to a fortnightly rural landfill bin collection model, including:

- community dissatisfaction and complaints regarding odour, disposal options for nappies/sanitary items and insufficient capacity of bin
- criticism of the reduced service level being perceived as a cost saving measure rather than achieving environmental benefits
- risk of recycling bin contamination
- risk of increased illegal dumping incidents.

Given the success of the trial and proven results in the Byron Shire, it is anticipated these risks will be mitigated through the community engagement and education campaign.

It is also important to benchmark Council's charges compared to our neighbouring councils, as different pricing can impact on the viability of Council's waste operations.

The latest information available is for 2024/25, as per the following table.

Table Eight – Benchmarking from Neighbouring Councils 2024/25 ($)

Council	Weekly Urban Residential Collection
Ballina	448
Byron	834
Clarence Valley	462
Coffs Harbour	720
Kyogle	750
Lismore	646
Richmond Valley	733
Tweed	568

This is based on the weekly collection for green waste, with alternative fortnightly collections for recycling and general waste.

A number of councils also apply a waste operations charge as part of their service, with the above table including the operations charge. Some councils also offer different service levels other than the standard weekly organics and fortnightly recyclables and general waste.

Options

Option 1

Do nothing with the rural collection service and accept the current performance level for the diversion of waste for the existing rural collection 2-bin service model.

The LTFP and rural DWM charges would be revised to the business-as-usual model and Council has the option of endorsing the other proposed charges or examining alternatives, which could include amending the proposed pricing.

The revised fees and charges long-term financial plans would then be placed on public exhibition.

Option 2

Endorsing the proposed LTFP and fees and charges and transition to a fortnightly landfill bin collection frequency service for all rural residents, commencing October 2025, including delivery of a comprehensive community engagement and education campaign.

The proposed fees and charges, long-term financial plans and changes to the rural collection service model would then be placed on exhibition.

Option two is recommended based on the following reasons:

- The environmental performance resulting from the current rural bin collection service model is poor and prevents improvements in the Shire's overall resource recovery and waste management practices.
- The success of the trial, and performance of the same model in the Byron Shire, proves the transition will deliver improved diversion from landfill and waste generation performance.
- The risks of widespread community dissatisfaction associated with reducing a level of service can be mitigated through a comprehensive community engagement and education campaign.

RECOMMENDATIONS

1. That Council endorses the draft fees and charges and Landfill and Resource Management and Domestic Waste Management long term financial plans, as per Attachments 1, 2 and 4 to this report, for exhibition in the draft 2025/26 to 2028/29 Delivery Program and 2025/26 Operational Plan.

2. That Council write to the Queensland Government Minister for the Environment and Tourism and Minister for Science and Innovation, along with the NSW Cross Border Commissioner, to request the regional waste levy rate be applied to waste transported from the Ballina Shire.

3. That Council approves the transition to a fortnightly landfill bin collection service model for all properties receiving a rural Domestic Waste Management Service, including delivery of a comprehensive community engagement and education campaign.

Attachment(s)

1. Landfill and Resource Management - Long Term Financial Plan
2. Waste Operations - Draft Fees and Charges - 2025/26
3. Council 27 June 2024 - REPORT Rural Bin Collection Service - Review
4. Domestic Waste Management - Long Term Financial Plan

5.6 Rating Structure - 2025/26

Delivery Program	Financial Services
Objective	To confirm the preferred ordinary rating structure for the 2025/26 rating year for the public exhibition of the draft 2025/26 Operational Plan.

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 2025/26 rating year.

Council has traditionally minimised changes to the rating structure, as changes do not result in increased revenue, but rather they vary the way 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 2025/26 rating year.

Key Issue

- 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.

- 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, which is based on the underlying assumption that properties are benefiting equally from Council services.

In recent years, Council has adopted the same 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 2024/25, around 15% and 32% respectively).

As a result, the land valuation still 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 for business and farmland properties, was to provide a more equitable distribution of the rate burden, as a higher percentage of the income collected from the base charge had resulted in smaller land value 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 2025/26.

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.

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 relatively 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 2024/25

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
2024/25	18.85

Proposed 2025/26 Rating Structure

The Independent Pricing and Regulatory Tribunal (IPART) has announced a rate peg of 3.8% for Ballina Shire Council for the 2025/26 rating year. The information on that determination, along with the increases for all councils in NSW, is included as Attachment 1 to this report.

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 595% between business and residential properties for 2024/25 (i.e. 0.54900 cents in the dollar compared to 0.09224).

Table Two: 2024/25 Rating Structure

Rating Category	2024/25	
	Base Amount	Rate in Dollar
Residential	634	0.09224
Business	634	0.54900
Farmland	634	0.08181
Mining	634	0.54900

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.

Three scenarios are provided within this report.

Scenario One is based on a 18.85% business yield for business properties, being the same percentage as 2024/25.

Under this scenario the business rate in the dollar is approximately 597%, or close to six times, the residential rate in the dollar.

In Scenario Two, the business yield is decreased to 18.77%.

Under this structure, the business rate in the dollar decreases to 593% higher than the residential rate in the dollar.

In Scenario Three, the business yield is decreased to 18.65%.

Under this structure, the business rate in the dollar decreases to 587% higher than the residential rate in the dollar.

These scenarios have 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 – 2025/26 Rating Structure using 18.85% Business Yield

If the same rating structure for 2024/25 is applied for 2025/26, the rate yield is as follows, applying the IPART rate peg of 3.8%.

Table Three: 2025/26 Rating Income and Yield

Rating Category	Revenue ($)	Category % Base Charge	Category % of Total Yield	Average Rate ($)
Residential	23,502,485	49.85	74.70	1,316
Business	5,930,239	14.87	18.85	4,315
Farmland	2,029,337	31.82	6.45	2,060
Mining	0	0	0	0
Totals	**31,462,061**	**N/A**	**100**	**1,556**

Table Four: 2025/26 Rating Structure

Rating Category	Using 3.8% Rate Peg Increase	
	Base Amount	Rate in Dollar
Residential	656	0.095986
Business	656	0.573028
Farmland	656	0.084967
Mining	656	0.573026

Under this structure, the business rate in the dollar is approximately 597% 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 at 18.85%.

Table Five: Residential Rates Payable in 2025/26

2022 Land Value Range	Property Count	2022 Land Valuation Used for Calculation	2024/25 rate ($)	2025/26 rate ($)	Change ($)	Change (%)
0 to 99,999	269	50,000	680	704	24	3.5%
100,000 to 199,999	940	150,000	772	800	28	3.6%
200,000 to 299,999	1,739	250,000	865	896	31	3.6%
300,000 to 399,999	1,312	350,000	957	992	35	3.7%
400,000 to 499,999	2,158	450,000	1,049	1,088	39	3.7%
500,000 to 599,999	3,067	550,000	1,141	1,184	43	3.7%
600,000 to 699,999	2,000	650,000	1,234	1,280	46	3.8%
700,000 to 799,999	1,219	750,000	1,326	1,376	50	3.8%
800,000 to 899,999	1,251	850,000	1,418	1,472	54	3.8%
900,000 to 999,999	1,086	950,000	1,510	1,568	58	3.8%
1,000,000 to 1,499,999	1,983	1,250,000	1,787	1,856	69	3.9%
1,500,000 to 1,999,999	462	1,750,000	2,248	2,336	88	3.9%
2,000,000 to 2,999,999	257	2,500,000	2,940	3,056	116	3.9%
> 3,000,000	128	3,000,000	3,401	3,536	134	4.0%

Table Six: Business Rates Payable in 2025/26

2022 Land Value Range	Property Count	2022 Land Valuation Used for Calculation	2024/25 rate ($)	2025/26 rate ($)	Change ($)	Change (%)
0 to 99,999	296	50,000	909	943	34	3.7%
100,000 to 199,999	134	150,000	1,458	1,516	58	4.0%
200,000 to 299,999	106	250,000	2,007	2,089	82	4.1%
300,000 to 399,999	149	350,000	2,556	2,662	106	4.2%
400,000 to 499,999	123	450,000	3,105	3,235	130	4.2%
500,000 to 599,999	123	550,000	3,654	3,808	154	4.2%
600,000 to 699,999	94	650,000	4,203	4,381	178	4.2%
700,000 to 799,999	79	750,000	4,752	4,954	202	4.3%
800,000 to 899,999	50	850,000	5,301	5,527	226	4.3%
900,000 to 999,999	23	950,000	5,850	6,100	250	4.3%
1,000,000 to 1,499,999	86	1,250,000	7,497	7,819	322	4.3%
1,500,000 to 1,999,999	43	1,750,000	10,242	10,684	442	4.3%
2,000,000 to 2,999,999	37	2,500,000	14,359	14,982	623	4.3%
> 3,000,000	39	3,000,000	17,104	17,847	743	4.3%

Table Seven: Farmland Rates Payable in 2025/26

2022 Land Value Range	Property Count	2022 Land Valuation Used for Calculation	2024/25 rate ($)	2025/26 rate ($)	Change ($)	Change (%)
0 to 99,999	2	50,000	675	698	24	3.5%
100,000 to 199,999	1	150,000	757	783	27	3.5%
200,000 to 299,999	1	250,000	839	868	30	3.6%
300,000 to 399,999	3	350,000	920	953	33	3.6%
400,000 to 499,999	19	450,000	1,002	1,038	36	3.6%
500,000 to 599,999	30	550,000	1,084	1,123	39	3.6%
600,000 to 699,999	33	650,000	1,166	1,208	43	3.6%
700,000 to 799,999	44	750,000	1,248	1,293	46	3.7%
800,000 to 899,999	54	850,000	1,329	1,378	49	3.7%
900,000 to 999,999	61	950,000	1,411	1,463	52	3.7%
1,000,000 to 1,499,999	353	1,250,000	1,657	1,718	61	3.7%
1,500,000 to 1,999,999	173	1,750,000	2,066	2,143	77	3.7%

2022 Land Value Range	Property Count	2022 Land Valuation Used for Calculation	2024/25 rate ($)	2025/26 rate ($)	Change ($)	Change (%)
2,000,000 to 2,999,999	141	2,500,000	2,679	2,780	101	3.8%
> 3,000,000	71	3,000,000	3,088	3,205	117	3.8%

As per these tables, residential and farmland rates increase in the range of 3.5% to 4.0%, while business rates increase in the range of 3.7% to 4.3%.

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 18.85%. This is presented in Scenario Two.

Scenario Two – 2025/26 Rating Structure using 18.77% Business Yield

Scenario Two has modelled the rating structure with the business yield reduced from 18.85% to 18.77%.

Table Eight: 2025/26 Rating Income and Yield

Rating Category	Revenue ($)	Category % Base Charge	Category % of Total Yield	Average Rate ($)
Residential	23,525,696.80	49.88	74.77	1,317
Business	5,905,206.72	14.96	18.77	4,296
Farmland	2,031,502.23	31.83	6.46	2,062
Mining	0	0	0	0
Totals	**31,462,405.74**	**N/A**	**100**	**1,556**

Table Nine: 2025/26 Rating Structure

Rating Category	Using 3.8% Rate Peg Increase	
	Base Amount	Rate in Dollar
Residential	656	0.096175
Business	656	0.570185
Farmland	656	0.085100
Mining	656	0.573026

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 $1 to $1,317.

The average rate for business properties is decreased by $19 to $4,296.

Under this structure, the business rate in the dollar reduces to 593% higher than the residential rate in the dollar and farmland remains at around 88% 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 at 18.77%.

Table Ten: Residential Rates Payable in 2025/26

2022 Land Value Range	Property Count	2022 Land Valuation Used for Calculation	2024/25 rate ($)	2025/26 rate ($)	Change ($)	Change (%)
0 to 99,999	269	50,000	680	704	24	3.5%
100,000 to 199,999	940	150,000	772	800	28	3.6%
200,000 to 299,999	1,739	250,000	865	896	32	3.7%
300,000 to 399,999	1,312	350,000	957	993	36	3.7%
400,000 to 499,999	1,258	450,000	1,049	1,089	40	3.8%
500,000 to 599,999	3,067	550,000	1,141	1,185	44	3.8%
600,000 to 699,999	2,000	650,000	1,234	1,281	48	3.9%
700,000 to 799,999	1,219	750,000	1,326	1,377	52	3.9%
800,000 to 899,999	1,251	850,000	1,418	1,473	55	3.9%
900,000 to 999,999	1,086	950,000	1,510	1,570	59	3.9%
1,000,000 to 1,499,999	1,983	1,250,000	1,787	1,858	71	4.0%
1,500,000 to 1,999,999	462	1,750,000	2,248	2,339	91	4.0%
2,000,000 to 2,999,999	257	2,500,000	2,940	3,060	120	4.1%
> 3,000,000	128	3,000,000	3,401	3,541	140	4.1%

Table Eleven: Business Rates Payable in 2025/26

2022 Land Value Range	Property Count	2022 Land Valuation Used for Calculation	2024/25 rate ($)	2025/26 rate ($)	Change ($)	Change (%)
0 to 99,999	296	50,000	909	941	33	3.6%
100,000 to 199,999	134	150,000	1,458	1,511	54	3.7%
200,000 to 299,999	106	250,000	2,007	2,081	75	3.7%
300,000 to 399,999	149	350,000	2,556	2,652	96	3.8%
400,000 to 499,999	123	450,000	3,105	3,222	117	3.8%
500,000 to 599,999	123	550,000	3,654	3,792	139	3.8%
600,000 to 699,999	94	650,000	4,203	4,362	160	3.8%
700,000 to 799,999	79	750,000	4,752	4,932	181	3.8%
800,000 to 899,999	50	850,000	5,301	5,503	202	3.8%
900,000 to 999,999	23	950,000	5,850	6,073	223	3.8%
1,000,000 to 1,499,999	86	1,250,000	7,497	7,783	287	3.8%
1,500,000 to 1,999,999	43	1,750,000	10,242	10,634	393	3.8%
2,000,000 to 2,999,999	37	2,500,000	14,359	14,911	552	3.8%
> 3,000,000	39	3,000,000	17,104	17,762	658	3.8%

Table Twelve: Farmland Rates Payable in 2025/26

2022 Land Value Range	Property Count	2022 Land Valuation Used for Calculation	2024/245 rate ($)	2025/26 rate ($)	Change ($)	Change (%)
0 to 99,999	2	50,000	675	699	24	3.5%
100,000 to 199,999	1	150,000	757	784	27	3.6%
200,000 to 299,999	1	250,000	839	869	30	3.6%
300,000 to 399,999	3	350,000	920	954	34	3.6%
400,000 to 499,999	19	450,000	1,002	1,039	37	3.7%
500,000 to 599,999	30	550,000	1,084	1,124	40	3.7%
600,000 to 699,999	33	650,000	1,166	1,209	43	3.7%
700,000 to 799,999	44	750,000	1,248	1,294	47	3.7%
800,000 to 899,999	54	850,000	1,329	1,379	50	3.8%
900,000 to 999,999	61	950,000	1,411	1,464	53	3.8%
1,000,000 to 1,499,999	353	1,250,000	1,657	1,720	63	3.8%
1,500,000 to 1,999,999	173	1,750,000	2,066	2,145	80	3.9%
2,000,000 to 2,999,999	141	2,500,000	2,679	2,784	104	3.9%
> 3,000,000	71	3,000,000	3,088	3,209	121	3.9%

As per these tables, residential and farmland rates still increase in the range of 3.5% to 4.1%, on average. While business rates increase in the range of 3.6% to 3.8%.

Scenario Two provides an outcome whereby business rates increases are close, or marginally under, the rate peg.

Scenario Three – 2025/26 Rating Structure using 18.65% Business Yield

Scenario Three has modelled the rating structure with the business yield reduced further again, from 18.85% to 18.65%.

Table Thirteen: 2025/26 Rating Income and Yield

Rating Category	Revenue ($)	Category % Base Charge	Category % of Total Yield	Average Rate ($)
Residential	23,560,698.86	49.88	74.88	1,319
Business	5,867,434.68	15.08	18.65	4,269
Farmland	2,034,759.22	31.83	6.47	2,065
Mining	0.00	0.00	0.00	0
Totals	**31,462,892.76**	**N/A**	**100.00**	**1,556**

Table Fourteen: 2025/26 Rating Structure

Rating Category	Using 3.8% Rate Peg Increase	
	Base Amount	Rate in Dollar
Residential	656	0.096460
Business	656	0.565900
Farmland	656	0.085300
Mining	656	0.565900

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

For Scenario Three, as compared to Scenario One, the average rate for residential properties is increased by $3 to $1,319.

The average rate for business properties is decreased by $46 to $4,269.

Under this structure, the business rate in the dollar reduces to 587% higher than the residential rate in the dollar and farmland remains at around 88% of the residential rate.

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 at 18.65%.

Table Fifteen Residential Rates Payable in 2025/26

2022 Land Value Range	Property Count	2022 Land Valuation Used for Calculation	2024/25 rate ($)	2025/26 rate ($)	Change ($)	Change (%)
0 to 99,999	269	50,000	680	704	24	3.5%
100,000 to 199,999	940	150,000	772	801	28	3.7%
200,000 to 299,999	1739	250,000	865	897	33	3.8%
300,000 to 399,999	1312	350,000	957	994	37	3.8%

2022 Land Value Range	Property Count	2022 Land Valuation Used for Calculation	2024/25 rate ($)	2025/26 rate ($)	Change ($)	Change (%)
400,000 to 499,999	2158	450,000	1,049	1,090	41	3.9%
500,000 to 599,999	3067	550,000	1,141	1,187	45	4.0%
600,000 to 699,999	2000	650,000	1,234	1,283	49	4.0%
700,000 to 799,999	1219	750,000	1,326	1,379	54	4.0%
800,000 to 899,999	1251	850,000	1,418	1,476	58	4.1%
900,000 to 999,999	1086	950,000	1,510	1,572	62	4.1%
1,000,000 to 1,499,999	1983	1,250,000	1,787	1,862	75	4.2%
1,500,000 to 1,999,999	462	1,750,000	2,248	2,344	96	4.3%
2,000,000 to 2,999,999	257	2,500,000	2,940	3,068	128	4.3%
> 3,000,000	128	3,000,000	3,401	3,550	149	4.4%

Table Sixteen: Business Rates Payable in 2025/26

2022 Land Value Range	Propert y Count	2022 Land Valuation Used for Calculation	2024/25 rate ($)	2025/26 rate ($)	Change ($)	Change (%)
0 to 99,999	296	50,000	909	939	30	3.4%
100,000 to 199,999	134	150,000	1,458	1,505	47	3.2%
200,000 to 299,999	106	250,000	2,007	2,071	64	3.2%
300,000 to 399,999	149	350,000	2,556	2,637	81	3.2%
400,000 to 499,999	123	450,000	3,105	3,203	98	3.2%
500,000 to 599,999	123	550,000	3,654	3,768	115	3.1%
600,000 to 699,999	94	650,000	4,203	4,334	132	3.1%
700,000 to 799,999	79	750,000	4,752	4,900	149	3.1%
800,000 to 899,999	50	850,000	5,301	5,466	166	3.1%
900,000 to 999,999	23	950,000	5,850	6,032	183	3.1%
1,000,000 to 1,499,999	86	1,250,000	7,497	7,730	233	3.1%
1,500,000 to 1,999,999	43	1,750,000	10,242	10,559	318	3.1%
2,000,000 to 2,999,999	37	2,500,000	14,359	14,804	445	3.1%
> 3,000,000	39	3,000,000	17,104	17,633	529	3.1%

Table Seventeen: Farmland Rates Payable in 2025/26

2022 Land Value Range	Property Count	2022 Land Valuation Used for Calculation	2024/25 rate ($)	2025/26 rate ($)	Change ($)	Change (%)
0 to 99,999	2	50,000	675	699	24	3.5%
100,000 to 199,999	1	150,000	757	784	27	3.6%
200,000 to 299,999	1	250,000	839	869	31	3.7%
300,000 to 399,999	3	350,000	920	955	34	3.7%
400,000 to 499,999	19	450,000	1,002	1,040	38	3.8%
500,000 to 599,999	30	550,000	1,084	1,125	41	3.8%
600,000 to 699,999	33	650,000	1,166	1,210	45	3.8%
700,000 to 799,999	44	750,000	1,248	1,296	48	3.9%
800,000 to 899,999	54	850,000	1,329	1,381	52	3.9%
900,000 to 999,999	61	950,000	1,411	1,466	55	3.9%
1,000,000 to 1,499,999	353	1,250,000	1,657	1,722	66	4.0%
1,500,000 to 1,999,999	173	1,750,000	2,066	2,149	83	4.0%
2,000,000 to 2,999,999	141	2,500,000	2,679	2,789	109	4.1%
> 3,000,000	71	3,000,000	3,088	3,215	127	4.1%

As per these tables, most residential and farmland rates increase in the range of 3.5% to 4.4%, on average, while business rates increase in the range of 3.1% to 3.4%.

Overall, it is recommended that Council should continue to steadily reduce the magnitude of the business differential as per Scenarios Two and Three.

Reducing from 18.85% as per the 2024/25 yield, to 18.65% as per Scenario Three is the preferred option, as it still results in overall increases in rates being in a reasonable range from 3.1% to 4.4%, and it is a more meaningful step towards the overall goal of reducing the business differential, as compared to Scenarios One and Two.

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 Eighteen: 2025/26 Localities compared to Assessments

Locality	Assessments	%	Revenue ($)	%	Average LV per Locality ($)
Ballina, West Ballina	5,607	27.7%	8,811,395	28%	477,264
East Ballina, Cumbalum	3,635	18%	5,903,508	16.2%	732,372
Lennox Head, Skennars Head	4,209	20.8%	7,633,997	24.3%	1,062,799
Alstonville, Wollongbar	3,962	19.6%	5,167,340	16.4%	520,460
Wardell, East Wardell	486	2.4%	556,437	1.8%	457,833
Rest of Ballina Shire	2,321	11.5%	4,199,729	13.3%	1,161,297
Total	**20,220**	**100%**	**31,462,406**	**100%**	**731,517**

Revenue generated by locality broadly match the assessment figures, with Lennox Head and Alstonville having the highest discrepancies at 3.5% and 3.2% respectively.

The use of land values for rating has several limitations and the aim is to try and achieve a structure that, in the opinion of Council, is as fair and equitable as possible.

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 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 reasonable, although it does need to be continually monitored.

It is also not easy to identify an alternative structure, for example, 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.

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.

Furthermore, Council resolved at the 24 October 2024 Ordinary meeting as follows:

That as part of the preparation of the 2025/26 to 2028/29 Delivery Program and 2025/26 Operational Plan, Council receive a report that examines our current level of rate income and the long-term financial sustainability of the General Fund, to assess whether Council should consider increases above the rate peg limit, subject to IPART approval.

To explore this, data has been obtained from neighbouring councils for the 2024/25 year and is summarised in the next table.

Table Nineteen: Benchmarking from Neighbouring Councils 2024/25 ($)

Council	Average Business Rate ($)	Average Residential Rate ($)	Average Farmland Rate ($)	Yield Difference ($)
Ballina	4,144	1,271	1,985	0
Byron	4,204	1,614	2,877	7,064,796
Clarence Valley	3,689	1,394	1,947	1,525,227
Lismore	5,475	1,489	2,750	6,465,511
Richmond Valley	3,878	1,298	2,075	202,824
Tweed	3,483	1,689	2,581	7,115,831
Average of Above	**3,553**	**1,452**	**2,031**	**2,455,512**

As per these figures, Ballina Shire's average rates compare favourably with neighbouring councils.

If Ballina Shire Council had the same average rates as any of these neighbouring council's, the total rates income for Ballina Shire Council would be substantially more.

For example, if Ballina Shire Council applied the average rates of Byron Shire Council to Ballina's ratepayers in the 2024/25 year, there would have been an additional $7.1m income available for Council for the 2024/25 year alone.

Whilst this analysis may appear a good outcome from a Ballina Shire ratepayer's perspective, it can highlight concerns regarding long term financial sustainability and Council's ability 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.

This 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 may be forced to pursue a special rate variation to narrow potential funding shortfalls.

The NSW State Government's Your Council website also provides a useful in benchmarking Council's performance, with that website allowing councils to be benchmarked against each other and against council group averages (groups being similarly classified councils).

A link to that website is as follows:

Home - Your Council NSW

The downside to that site is that the information is typically a few years old, with the latest data being for 2022/23.

As per the Finances tab on that site, Ballina Shire Council's average rates for 2022/23, were as follows, compared to the Group Average (being Group 4 – Regional Town / City).

Rate Category	**Ballina ($)**	**Group ($)**
Residential Rate	1,164	1,237
Business Rate	3,642	3,999
Farmland Rate	1,827	2,589

Council's total rate revenue would increase by approximately $2.5m if the Group averages were applied to the current number of rateable assessments for the three rating categories.

The "General Fund - Long Term Financial Plan" report that will be presented to the 8 April 2025 Finance and Facilities Committee meeting will examine the long-term financial sustainability of the General Fund, including discussions and scenarios of rate rises above the IPART peg rate.

Community Engagement Strategy

The rating structure will be placed on exhibition for public comment as part of the draft 2025/26 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 three options presented in this report relate to the business yield being 18.85, 18.77% or 18.65% of the total rate yield.

The recommendation is to apply the existing base rating structure but reduce the business yield to 18.65% (as per Scenario Three).

The figures in Tables Thirteen and Fourteen are in draft form only and will change slightly by the time they are adopted for 2025/26. This is because there may be variations due to growth in assessments and land valuations between now and when the 2025/26 rating structure is adopted at the June 2025 Ordinary meeting.

This recommendation also indirectly confirms that Council will not be applying a special rate variation (SRV), above the standard rate peg, for 2025/26.

The SRV process requires councils to complete the mandatory community consultation process by around December the year before the SRV, if approved, is applied.

The council then decides to apply for the SRV prior to the end of February, with the application submitted to IPART for determination. IPART then provides that determination by May, with the SRV then applied, for the next financial year.

If Council does decide to apply for a SRV, the special variation, if approved, would not commence until 2026/27.

RECOMMENDATIONS

1. That for the draft 2025/26 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 18.65% income from the rate yield to be sourced from the business category properties
   1.

   d) Farmland rate in the dollar is approximately 88% 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 2025/26 rating year, are as per Tables Thirteen and Fourteen of this report.

Attachment

1. IPART - Rate Pegs for NSW councils for 2025/26

5.7 Water Operations - Long Term Financial Plan

Section Financial Services

Objective To review the long-term financial plan for Council's Water Operations.

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 Issue

- 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	2022/23 Actual $000	2023/24 Actual $000	2024/25 Estimate $000
Operating Revenues	15,030	15,493	16,826
Operating Expenses (including depreciation)	14,256	15,533	16,411
Operating Result - Surplus/(Deficit)	**774**	**(40)**	**415**
Excluding Depreciation and Loss on Sale	1,805	1,918	2,330
Cash Operating Result – Surplus	**2,579**	**1,878**	**2,745**
Less Loan Principal Repaid	0	0	0
Less Capital Expenditure	3,574	3,777	5,284
Add Capital Income	1,216	1,071	1,000
Cash Increase / (Decrease)	**(221)**	**(828)**	**(1,439)**
Infrastructure Movements / Leave Balances	(436)	(1,880)	0
Reserve Balances	**20,408**	**17,700**	**16,261**

The forecast for 2024/25 following the December 2024 quarterly budget review, is for a small operating surplus of $415,000.

The purchase of bulk water from Rous County Council (RCC) represents 62% of Council's operating expenses, excluding depreciation, which means Council is susceptible to changes in that expense. The RCC price increases and Council charge increases in recent years have been as follows:

Table Two – Historical Rous County Council and Council Increase (%)

Year	20/21	21/22	22/23	23/24	24/25
RCC Increase	12.00	7.00	7.00	6.00	7.00
Council Charge Increase	2.60	3.50	3.70	5.50	6.00

The modelling for the current draft LTFP is based on the following RCC increases.

Table Three – Forecast Rous Increases (%)

Year	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/25
% Increase	7	7	7	7	7	7	7	2	2	2

This is based on recent advice from RCC, however the RCC LTFP has not yet been formally endorsed by RCC.

The attachments to this report are the latest review of the LTFP for the ten-year period from 2025/26 to 2034/35.

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

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 it is weather dependent.

The large increases from RCC result in Council having to implement increases above CPI in future years, with the modelling completed to minimise the 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	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/25
% Increase	6	6	6	6	6	6	6	3	3	3

These increases are above CPI; however, they are needed to keep pace with the RCC increases, with the purchase of bulk water representing the majority of the operating expenses for Council's Water Operations.

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 2024/25, water consumption income is trending towards the current budget of $9.5m. For 2025/26, forecast consumption income has been estimated at $10.1m, representing an overall increase of 6.2%.

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 2024/25, water access charges are trending towards the budgeted $5.5m.

For 2025/26, forecast access charge income has been estimated at $5.8m representing an overall increase of 6%.

For 2025/26, forecast operating expenses, excluding depreciation and loss on disposal of infrastructure, has been estimated to increase by 4.5% in comparison to the current 2024/25 forecast, an increase of $628,000.

This includes an increase of $616,000 for the contribution to RCC for the bulk supply of water. Without the RCC bulk water increase, increases in the remaining operating expenses are minimal.

RCC has estimated a price per kilolitre increase of 7%, for all constituent councils, for 2025/26.

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 for Ballina Shire has yet to be provided, as at the time of authoring this report. There is a risk that the RCC increase could be above the 7% figure if the portion of total water consumption for the Ballina Shire is well above the other RCC constituent councils.

Assuming the estimated water cost increase of 7% and the 6% increase in Council water charges, the operating result for 2025/26 is forecast to be a moderate surplus of $445,000.

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 2025/26.

Capital expenditure for the following three years is in the range of $5.9m to $9.0m.

Projected reserve balances do steadily decline from 2025/26 until 2029/30 as funds held are expended on capital works.

Capital income refers to contributions from developers in accordance with 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 $0.7m from this source, which is based on amounts collected in recent years.

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.

The model assumes $0.8m from this source, which is based on amounts recognised in recent years.

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 good condition, there is no debt and cash reserves are sufficient to meet immediate and future needs.

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
2024/25 (1)	9,520,000	10.3	6.0%
2023/24	8,629,100	0.3	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%

(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.

5.7 Water Operations - Long Term Financial Plan

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

Description	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35
Operating Revenues	16,826	17,543	18,476	19,354	20,252	21,418	22,797	24,255	25,126	26,056	27,022
Operating Expenses	16,411	17,096	17,991	18,899	19,885	20,930	22,116	23,268	23,764	24,324	24,894
Operating Result	**415**	**447**	**485**	**455**	**367**	**488**	**681**	**987**	**1,362**	**1,732**	**2,128**
Add Back Depreciation	2,330	2,389	2,450	2,513	2,578	2,645	2,714	2,785	2,859	2,935	3,013
Cash Surplus	**2,745**	**2,836**	**2,935**	**2,968**	**2,945**	**3,133**	**3,395**	**3,772**	**4,221**	**4,667**	**5,141**
Capital Income	1,100	700	725	750	775	800	825	850	875	900	925
Capital Expenditure	5,284	5,890	9,023	7,802	4,703	1,354	1,465	1,536	1,557	1,628	1,720
Loan Principal	0	0	0	0	0	0	0	0	0	0	0
Net Reserve M'ment	**(1,439)**	**(2,354)**	**(5,363)**	**(4,084)**	**(983)**	**2,579**	**2,755**	**3,086**	**3,539**	**3,939**	**4,346**
Total Reserves	**16,261**	**13,907**	**8,544**	**4,460**	**3,477**	**6,056**	**8,811**	**11,897**	**15,436**	**19,375**	**23,721**

Assumptions Applied

- Estimated income from consumption is $10.1m
- Estimated income from the access charge is $5.8m
- Rous Water contribution to increase to $9.4m
- Estimated cash developer contributions are $0.7m
- Capital expenditure of $5.9m for 2025/26
- Operating expenses and other revenues increasing by 3% per annum in future years.

Fees and Charges

The proposed charges for 2025/26 are shown in the next table.

Table Seven - Proposed Water Charges ($)

Charge Type	2024/25	2025/26	% Increase
Water Access Charge 20mm meter	250	265	6.0
Water Consumption under 350kl	2.82	2.99	6.0
Water Consumption over 350kl	4.23	4.49	6.1
Vacant Land Charge	250	265	6.0

The over 350 kilolitre charge is a 50% premium to the base charge of $2.99.

In 2024/25 a residential property using 150 kilolitres would pay $673 for the year and in 2025/26 they will pay $713 (overall increase of 6%).

Council Comparison

The next table compares the 2024/25 water charges of neighbouring councils for an average residential property, with Council's charge below mid-range.

Table Eight – Water Charges Benchmarking for 2024/25

Charge ($)	Ballina	Byron	Clarence	Lismore	Richmond	Tweed
Annual	250	237	145	369	213	210
Consumption (150kl)	423	541	442	754	487	588
Total	**673**	**778**	**587**	**1,123**	**700**	**798**

The standard increase for a residential property for Water, Wastewater and Waste charges, based on the contents of this report for 2025/26, and the separate reports in this agenda on Waste and Wastewater, will be as follows:

Table Nine – Increase in Council Utility Charges - Residential Property

Charge ($)	2024/25	2025/26	% Increase	$ Dollar
Water Annual Access Charge	250	265	6.0	15
Water Consumption (150 Kilolitres)	423	448	6.0	25
Wastewater Annual Charge	1,074	1,106	3.0	32
Domestic Waste Collection Charge	448	473	10.0	25
Total	**2,195**	**2,292**	**4.4%**	**97**

The 4.4% is slightly above the rate peg limit of 3.8%, with the major reasons for this being:

- the RCC increase in bulk water of 7% and
- the Queensland State Government increase in the waste levy

with those changes outside the control of Council.

Community Engagement Strategy

The draft fees and charges and LTFP will be subject to formal exhibition as part of the 2025/26 Operational Plan.

The Domestic Waste Collection Charge, Water Access Charge, Water Consumption Charge and Wastewater Access Charge, are all paid by residential property owners, and it is important that Council minimise the increases in these charges, while still ensuring the viability of these business operations.

Financial / Risk Considerations

With a significant amount of revenue sourced from consumption, which is variable, and a major cost driver set by RCC, Water Operations is a 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 2025/26 to 2028/29 Delivery Program and 2025/26 Operational Plan.

Charge Type	2024/25	2025/26	% Increase
Water Access Charge 20mm meter	250	265	6.0
Water Consumption under 350kl	2.82	2.99	6.0
Water Consumption over 350kl	4.23	4.49	6.1
Vacant Land Charge	250	265	6.0

Attachment(s)

1. Water Operations - Income Statement
2. Water Operations - Operating Income and Expenses
3. Water Operations - Capital Expenditure

5.8 Wastewater Operations - Long Term Financial Plan

Section Financial Services

Objective To review the long-term financial plan for Council's Wastewater Operations.

Background

The provision of wastewater services and associated infrastructure forms a significant part of Council's overall turnover at approximately 18% 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 Issue

- 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	2022/23 Actual $000	2023/24 Actual $000	2024/25 Estimate $000
Operating Revenues	22,965	24,694	24,330
Operating Expenses (including depreciation)	18,035	18,238	19,450
Operating Result – Surplus	**4,930**	**6,456**	**4,880**
Excluding Depreciation and Loss on Sale	4,389	5,458	5,230
Cash Operating Result – Surplus	**9,319**	**11,914**	**10,110**
Less Loan Principal Repaid	3,115	3,939	3,966
Less Capital Expenditure	6,549	5,303	16,101
Add Capital Income	1,492	937	2,100
Cash Increase / (Decrease)	**1,147**	**3,609**	**(7,857)**
Infrastructure Movements / Leave Balances	(1,380)	(1,022)	(200)
Reserve Balances	**24,737**	**27,324**	**19,467**

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 2025/26 to 2034/35.

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

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 2024/25, the annual charge is trending towards $20.8m out of a total projected operating income, excluding capital grants, of $24.3m.

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.

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

Table Two - Forecast Council Wastewater Charge Increases (%)

Year	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35
% Increase	3	3	3	3	3	3	3	3	3	3

The increases approximate estimated CPI increases and provides positive operating results and healthy reserve balances for the Wastewater Operations.

Based on this modelling, the annual charge is forecast to generate approximately $21.4m out of total operating revenues of $24.8m for 2025/26.

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 $1.5m from this source, which is based on amounts collected in recent years.

This figure can vary 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.

The model assumes $2.5m from this source, which is also based on amounts recognised in recent years.

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 $1.7m in 2025/26.

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.

5.8 Wastewater Operations - Long Term Financial Plan

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 Three - Total Outstanding Loans ($'000)

Loan	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Principal Paid	3,966	3,998	4,028	4,060	4,092	4,123
Interest Paid	1,914	1,698	1,488	1,262	1,049	832
Loan Balance	**32,897**	**28,900**	**24,871**	**20,811**	**16,719**	**12,596**

The last loan repayment is June 2033, as shown within the LTFP summary in Table Four.

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 $15.9m for 2025/26 and expenditure in the range of $11.3 to $ 11.8m for the following three years.

The attachments to this report provide the complete model.

Table Four - Wastewater Operations LTFP (Cash Movements) ($'000)

Description	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35
Operating Revenues	24,330	24,771	25,301	25,951	26,650	27,399	28,238	29,250	30,309	31,449	32,742
Operating Expenses	19,450	19,845	20,231	20,520	20,656	21,007	21,462	21,886	22,150	22,626	23,284
Operating Result	**4,880**	**4,926**	**5,070**	**5,431**	**5,994**	**6,392**	**6,776**	**7,364**	**8,159**	**8,823**	**9,458**
Add Back Depreciation	5,230	5,375	5,524	5,678	5,837	6,001	6,170	6,345	6,525	6,711	6,903
Cash Surplus	**10,110**	**10,301**	**10,594**	**11,109**	**11,831**	**12,393**	**12,946**	**13,709**	**14,684**	**15,534**	**16,361**
Capital Income	2,100	1,500	1,525	1,550	1,575	1,600	1,625	1,650	1,675	1,700	1,725
Capital Expenditure	16,101	15,920	12,270	11,650	11,330	4,030	3,930	3,820	2,540	2,620	2,700
Loan Principal	3,966	3,998	4,029	4,060	4,092	4,123	4,155	4,186	4,255	0	0
Net Reserve M'ment	**(7,857)**	**(8,117)**	**(4,180)**	**(3,051)**	**(2,016)**	**5,840**	**6,486**	**7,353**	**9,564**	**14,614**	**15,386**
Total Reserves	**19,467**	**11,350**	**7,170**	**4,119**	**2,103**	**7,943**	**14,429**	**21,782**	**31,346**	**45,960**	**61,346**

An operating surplus is predicted for all years.

Assumptions Applied

- Increase to annual charges (availability / usage) is 3%
- Estimated income from recycled water is $530,000, based on 80% of the potable water step one tariff
- Operating expenses, excluding non-cash items (depreciation, loss on sale of assets) and loan interest, have been increased by 3.8%
- Operating expenses (excluding any future non-compulsory dividends) and other revenues increasing by 3% per annum in future years
- Estimated cash developer contributions is $1.5m
- Capital expenditure of $15.9m for 2025/26
- There is no non-compulsory dividend due to Council being unable to meet the requirements of the Department of Climate Change, Energy, the Environment and Water (DCCEEW).

Compulsory and Non-Compulsory Dividends

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 2025/26 are $56,000 from the Water Fund and $54,000 from the Wastewater Fund.

Non-Compulsory Dividends

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 in the 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.

The adopted 2024/25 LTFP had included an annual non-compulsory dividend from Wastewater Operations to commence in 2025/26.

Following Council's formal application in March 2024, an assessment process was undertaken by DCCEEW. Council was formally notified in August 2024 that the application was unsuccessful, even though the Wastewater Fund is in a financially viable position and can support the proposed dividends.

To obtain approval, DCCEEW still requires Council's Water and Wastewater Section to undertake a significant amount of strategic planning for our Wastewater Operations, and it is not possible to confirm a timetable as to when this work will be completed.

There is also debate on the justification and need for that work.

Based on the status of this application and the work still needed, no non-compulsory dividend is included in future years.

This funding was to be allocated to additional stormwater works in the General Fund, with Council's stormwater renewal budget approximately $1m less than the recurrent depreciation expense.

If this situation does change, the non- compulsory dividend can be added back in for future years.

Fees and Charges

The proposed charges for 2025/26 are shown in the next table.

Table Five - Proposed Wastewater Charges ($)

Charge Type	2024/25	2025/26	% Increase
Residential Availability Charge	1,074	1,106	3.0
Vacant Land Charge	811	835	3.0
Non-Residential Usage Charge	2.74	2.82	2.9
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 2024/25 wastewater charges of neighbouring councils for an average residential property, with Council's charge around mid-range.

Table Six – Wastewater Charges Benchmarking for 2024/25

Charge ($)	Ballina	Byron	Clarence	Lismore	Richmond	Tweed
Annual	1,074	1,563	1,327	1,013	1,254	961

As mentioned in the report on Water Operations – LTFP, the standard increase for a residential property for Water, Wastewater and Waste charges, based on the contents of this report for 2025/26, and the separate reports in this agenda on Water and Waste, will be as follows:

Table Seven – Increase in Council Utility Charges - Residential Property

Charge ($)	2024/25	2025/26	% Increase	$ Dollar
Water Annual Access Charge	250	265	6.0	15
Water Consumption (150 Kilolitres)	423	448	6.0	25
Wastewater Annual Charge	1,074	1,106	3.0	32
Domestic Waste Collection Charge	448	473	10.0	25
Total	**2,195**	**2,292**	**4.4%**	**97**

The 4.4% is slightly above the rate peg limit of 3.8%, with the major reasons for this being:

- the Rous County Council increase in bulk water of 7% and
- the Queensland State Government increase in the waste levy

with those changes outside the control of Council.

Community Engagement Strategy

The draft fees and charges and LTFP will be subject to formal exhibition as part of the 2025/26 Operational Plan.

The Domestic Waste Collection Charge, Water Access Charge, Water Consumption Charge and Wastewater Access Charge, are all paid by residential property owners, and it is important that Council minimise the increases in these charges, while still ensuring the viability of these business operations.

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 future non-compulsory dividend from Wastewater Operations to the General Fund is identified within this report as not being available.

This has flow on concerns in respect to 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.

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 Wastewater Operations, for exhibition in the draft 2025/26 to 2028/29 Delivery Program and 2025/26 Operational Plan.

Charge Type	2024/25 $	2025/26 $	% Increase
Residential Availability Charge	1,074	1,106	3.0
Vacant Land Charge	811	835	3.0
Non-Residential Usage Charge	2.74	2.82	2.9
Non-Residential Access Charge	Variable based on meter size		
Recycled Water	80% of potable water step 1		

Attachment(s)

1. Wastewater Operations - Income Statement
2. Wastewater Operations - Operating Revenues and Expenses
3. Wastewater Operations - Capital Expenditure

6. Confidential Session

In accordance with Section 9 (2A) of the Local Government Act 1993, the General Manager is of the opinion that the matters included in the Confidential Business Paper, and detailed below are likely to be considered when the meeting is closed to the public.

Section 10A(4) of the Local Government Act, 1993 provides that members of the public are allowed to make representations to or at a meeting, before any part of the meeting is closed to the public, as to whether that part of the meeting should be closed.

A brief summary of each of the reports recommended for consideration in confidential session follows:

6.1 Ballina Surf Club Meeting Rooms - Sublease Proposal

As per agenda item 5.1, this report provides detail of the commercial negotiations in respect to the proposed sublease.

RECOMMENDATION

That Council moves into committee of the whole with the meeting closed to the public, to consider the following items in accordance with Section 10A (2) of the Local Government Act 1993.

6.1 Ballina Surf Club Meeting Rooms - Sublease Proposal

Reason for Confidentiality

This report is **CONFIDENTIAL** in accordance with Section 10A(2)(c) of the Local Government Act 1993. which permits the meeting to be closed to the public for business relating to the following:-

c) information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business

and in accordance with 10D(2)(c), on balance, the discussion of the matter in an open meeting is not considered to be in the public interest as it may compromise negotiations.