

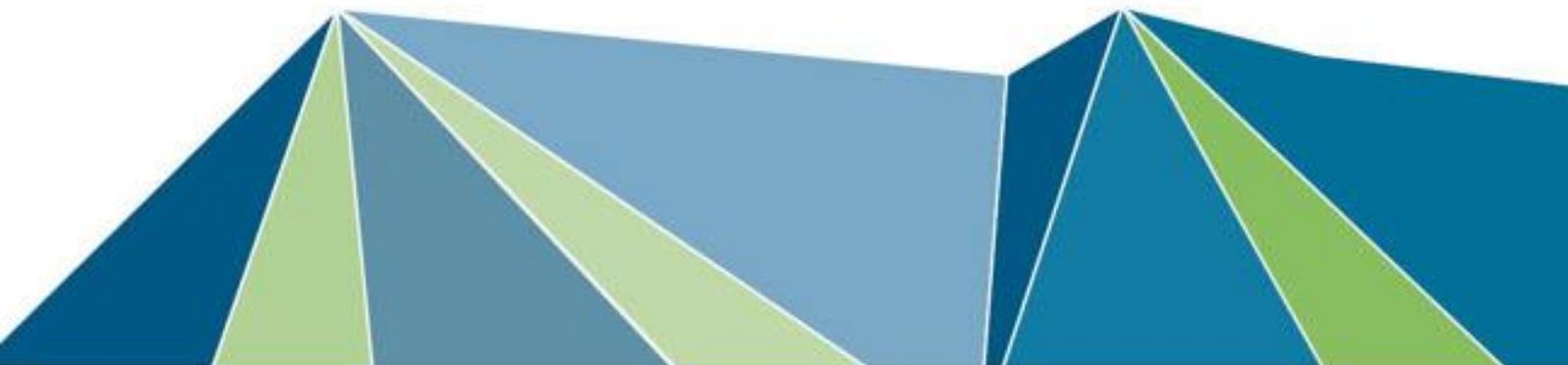
Agenda

Finance and Facilities Committee Meeting **9 March 2026**

An Finance and Facilities Committee Meeting will be held in the Ballina Shire Council Chambers, 40 Cherry Street, Ballina on **9 March 2026 commencing at 4:15 PM.**

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

Paul Hickey
General Manager



Ethical Decision Making and Conflicts of Interest

A guide for Councillors, Council employees and community representatives

Ethical decision making

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

Conflict of Interest

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

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

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

The test for a conflict of interest

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

Identifying problems

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

Disclosure and participation in meetings

Pecuniary Interests

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

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

Non-pecuniary Interests

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

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

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- 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.
- A person must not live stream or use an audio recorder, video camera, mobile phone or any other device to make a recording of the proceedings of a meeting of the council or a committee of the council without the prior authorisation of the council or the committee.

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

1. Acknowledgement of Country

In opening the meeting, the Mayor will provide an Acknowledgement of Country.

We acknowledge the Nyangbul peoples of the Bundjalung nation, the traditional custodians of the land on which we meet today and pay our respects to their Elders, past and present.

2. Apologies

3. Declarations of Interest

4.1 North East Weight of Loads Group (NEWLOG)

4. Committee Reports

4.1 North East Weight of Loads Group (NEWLOG)

Section Infrastructure Planning

Objective To provide Council with an annual update on the operations of NEWLOG and to endorse the budget for 2026/27.

Background

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

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

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

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

The National Heavy Vehicle Regulator (NHVR) has now assumed this management role from TfNSW and a MOU between NEWLOG and the NHVR has been developed.

A two-year MOU with the NHVR was finalised and signed, commencing on 1 July 2024. Work has now begun on developing a new MOU with the regulator to secure funding for the following two years.

The change from TfNSW to NHVR is working well and is a positive change. NHVR hold a more direct interest in mass limit enforcement, within their other activities, compared to the level of interest formally shown by TfNSW.

Key Issues

- Financial sustainability
- Cost and outcomes

Discussion

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

The contribution from the NHVR to NEWLOG for 2025/26 is \$251,000, with an increase of 3% to \$259,000 forecast for 2026/27.

4.1 North East Weight of Loads Group (NEWLOG)

The LTFP incorporates future member contribution increases that were adopted during a previous NEWLOG AGM, held on 29 September 2020.

These proposed increases were 7.5% for three years (commencing in 2020/21) followed by a 5% increase for one year and 3% from then on.

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

In 2025/26, the contribution from Council was \$48,300 meaning the contribution for 2026/27 will be \$49,800.

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

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

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

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

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

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

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

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

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

It is difficult to quantify in economic terms the benefits to road safety from the NEWLOG enforcement program.

However, overloaded trucks, or trucks operating off approved routes, also increase the safety risk to road users. As well as the emotional and other impacts from road accidents, accidents are also an economic loss to the community.

4.1 North East Weight of Loads Group (NEWLOG)

Attachment 1 outlines recent financial results, and forecasts, for the period from 2020/21 to 2035/36. Recent results and forecasts for the next four years are summarised in the following table.

Table One - NEWLOG - Financial Overview 2024/25 to 2029/30 (\$)

Description	2024/25 Actual	2025/26 Adopted Budget	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
Operating Revenues	408,000	350,000	389,000	398,000	408,000	418,000
Less Operating Expenses	516,300	623,000	633,200	655,900	671,200	695,200
Operating Result	(108,300)	(273,000)	(244,200)	(257,900)	(263,200)	(277,200)
Excl Deprec / Loss on Sale	35,600	28,000	40,000	45,000	45,000	50,000
Cash Result	(72,700)	(245,000)	(204,200)	(212,900)	(218,200)	(227,200)
Reserve						
Opening Balance	668,000	926,900	1,023,900	1,081,700	1,141,800	1,297,600
Cash Result	(72,700)	(245,000)	(204,200)	(212,900)	(218,200)	(227,200)
Add Members Contributions	331,600	342,000	352,000	363,000	374,000	385,000
Less Capital Expenditure	0	0	(90,000)	(90,000)	0	(90,000)
Closing Balance	926,900	1,023,900	1,081,700	1,141,800	1,297,600	1,365,400

In reviewing

The actual results for 2024/25 were favourable due to a higher than estimated level of fine income. Due to operational changes, there was also minimal travel costs. Further improvements above forecast included interest income and a profit on sale of assets (vehicles).

Forward estimates have been revised to include only minimal travel costs and a revised estimate of interest income. Depreciation charges have been revised based on planned capital expenditure and no profit on sale of assets is budgeted for.

Other than the above, the estimates included in Attachment 1 adopt small variations, with operations forecast to remain similar.

An operating cash loss is forecast annually, which is offset by member capital contributions.

Capital expenditure of \$180,000 is planned over the next two years, evenly split across each year from 2026/27 to 2027/28, for the purchase of a new set of portable truck-weighing scales.

NEWLOG's scale supplier has confirmed that the current model held by Council is no longer manufactured and that servicing / calibrations services will cease as early as 2027 for the outdated model.

Financial / Risk Considerations

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

Options

This report is for information, with Council also asked to support the draft 2026/27 budget.

RECOMMENDATION

That Council endorses the draft NEWLOG budget for 2026/27 and Long-Term Financial Plan, as per Attachment 1 to this report.

Attachment(s)

1. NEWLOG - Long Term Financial Plan [⇨](#)

4.2 Land Valuations and Rating Structure - 2026/27

4.2 Land Valuations and Rating Structure - 2026/27

Delivery Program

Financial Services

Objective

To provide an update on the new 2025 base date land valuations and to confirm the preferred ordinary rating structure to be exhibited for the 2026/27 financial year.

Background

The following report consists of two main sections.

The first section provides information regarding the new 2025 land valuations supplied by the Valuer General (VG), that are to be used for the 2026/27 rating year onwards.

This section includes comparisons to the 2022 base date valuations we have been using for ordinary rating purposes for the previous three year.

The second section provides an outline of the proposed rating structure for the 2026/27 rating year, based upon the same structure used to levy ordinary rates in the 2025/26 rating year. This section also considers the impact of any land valuation fluctuations on the current rating structure.

The Local Government Act 1993 (LGA) provides a variety of options for councils to adopt the ordinary rating structure. The purpose of this report is to determine the preferred rating structure for the 2026/27 rating year, for exhibition.

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 2026/27 rating year.

Key Issues

- Land valuation movements between the 2022 and 2025 base dates
- Rating structure for the 2026/27 rating year
- Fairness and equity in the opinion of Council

Discussion

Section One – New 2025 Base Date Land Valuations

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

In December 2025 Council received new land valuations, with a base date of July 2025, which will be applied for the 2026/27 rating year.

4.2 Land Valuations and Rating Structure - 2026/27

Land valuations are used to calculate a portion of a property's ordinary rate when multiplied by a rate in the dollar.

The other part of the ordinary rate, under our current rating structure, is a flat amount known as the base amount.

Council's total annual ordinary rate revenue is restricted by rate-capping legislation.

As a result, new land values do not result in an increase or decrease in total rate revenue.

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

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

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

New 2025 Base Date Land Valuations – Comparisons to 2022

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

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

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

Land Value Base Date (1 July)	Total Land Valuations (LV) (\$)	Land Valuation Change (%)	Properties	Properties Change (%)	Average LV per Property (\$)	Average LV Change (%)
2025	14,640,787,721	-2.95%	20,987	2.71%	697,612	-5.52%
2022	15,086,442,903	90.76%	20,433	28.22%	738,337	48.78%
2019	7,908,591,969	27.65%	15,936	4.56%	496,272	22.08%
2016	6,195,739,561	19.23%	15,241	2.88%	406,518	15.89%
2014	5,196,410,931	-4.45%	14,814	2.23%	350,777	-6.54%
2011	5,438,581,840	0.75%	14,491	2.21%	375,308	-1.43%
2008	5,398,146,560	11.72%	14,178	1.71%	380,741	9.84%
2005	4,831,846,180	79.72%	13,940	2.87%	346,617	74.70%
2002	2,688,605,130	63.65%	13,551	3.78%	198,406	N/A

4.2 Land Valuations and Rating Structure - 2026/27

Comparative Data – 2022 to 2025 Land Valuations

The following table contains comparative data based on rating categorisation between the previous 2022 base date land valuations used for rating purposes between 2023/24 and 2025/26, and the new 2025 base date valuations to be used for the next three rating years, commencing from 2026/27.

Table Two: Movement of Total Land Values within Rating Categories

Rating Category	Number of Properties	2025 Land Valuations (\$'000)	% of Total 2025	2022 Land Valuations (\$'000)	% of Total 2022	2022 to 2025 LV Change (\$'000)	2022 to 2025 LV Change (%)
Residential	17,991	11,526,941	79%	12,157,363	80%	(630,422)	-5.19%
Business	1,383	968,386	7%	875,596	6%	92,789	10.6%
Farmland	979	1,641,433	11%	1,634,165	11%	7,269	0.44%
Mining	0	0	0%	0	0%	0	0%
Non-Rateable	614	431,770	3%	419,319	3%	12,450	2.97%
Totals	20,967	14,568,530	100%	15,086,443	100%	(517,912)	-3.43%

The table shows an overall decrease of 3.43% between 2022 and 2025 for total land valuations.

On average, residential land values decreased by 5.19%, business land values increased by 10.6% and farmland values increased by 0.44%.

The movement between rating categories and its impact on the rating structure is explained in the 2026/27 rating structure section of this report.

Section Two - 2026/27 Rating Structure

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.

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.

The LGA provides options for councils in adopting an ordinary rating structure.

Council typically minimises major changes to the existing rating structure as changes result in variations to how the rate burden is distributed across ratable properties and do not result in increased revenue.

There needs to be a sound justification for a structural change, as any reduction in rates paid by one category of property owner results in increases for all other property owners.

The primary objective is to try and 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 2026/27 rating year based on the current approach.

4.2 Land Valuations and Rating Structure - 2026/27

For eligible pensioners, the general concession (i.e. ordinary rates plus domestic waste charges) in accordance with the LGA is 50% of the general levy to a maximum of \$250 per annum. This maximum has remained unchanged for many years.

All rateable properties have paid greater than \$500 per annum in ordinary rates and domestic waste charges for some time now and as a result, pensioners meet the full cost of any increase.

In addition to the \$250 concession, pensioners also receive \$87.50 for water and \$87.50 for wastewater (if connected), resulting in a total annual rebate of \$425.

Growth and Notional Rate Calculation

Each year Council performs a notional calculation to obtain the total allowable general income for the following year.

Included in this calculation is a percentage limit of variation from a previous year, known as the rate pegging limit. This limit represents either the rate peg, or where applicable, an IPART approved special rate variation.

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

The growth calculation is based upon the increase in assessments and land valuations due to subdivisions that occur during the year.

Council can also recover income from previous years (on a one-off basis) for income lost because of valuation objections.

The new land valuations have no effect on the total allowable notional income yield calculation, as only current rating year land valuations are used in the calculation process.

Base Amount Rating Structure

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

This structure comprises of 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.

4.2 Land Valuations and Rating Structure - 2026/27

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.

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 2025/26, 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.

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 2026/27.

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 six times the rate in the dollar paid by residential properties, which raised a concern that the rating structure was inequitable for business properties.

4.2 Land Valuations and Rating Structure - 2026/27

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

This is highlighted in the following table.

Table Three: Business Yields from 2018/19 to 2025/26

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
2025/26	18.65

Business property land values and property numbers have not been growing at the same rate as residential properties.

Over time, slowly reducing the business rate differential has been achieved by reducing the business yield.

As per Table Four, this resulted in a differential of 584% between business and residential properties for 2025/26 (i.e. 0.56439 cents in the dollar compared to 0.09667).

Table Four: 2025/26 Rating Structure

Rating Category	2025/26	
	Base Amount	Rate (cents in \$)
Residential	655	0.09667
Business	655	0.56439
Farmland	655	0.08502
Mining	655	0.56439

Proposed 2026/27 Rating Structure

Council resolved at the December 2025 Ordinary meeting as follows:

That Council authorises the General Manager to apply to IPART for a special rate variation based on 6% per annum for the four-year period from 2026/27 to 2029/30.

Scenario One presents a rating structure with an assumed 6.0% special rate variation (SRV) for 2026/27 and using a business income yield of 18.65%, being the same business yield that was applied for the 2025/26 year.

For comparative purposes, Scenario Two presents a rating structure with an assumed 3.4% rate peg increase only, which is the IPART approved rate peg for Council, if the SRV is not approved.

4.2 Land Valuations and Rating Structure - 2026/27

Scenario One – 2026/27 Rating Structure using Special Rate Variation (SRV) of 6.0% and 18.65% Business Yield

This scenario uses the same rating structure as applied for the 2025/26 rating year, that is, using a business yield of 18.65%.

Table Five: Proposed 2026/27 Rating Structure With SRV 6% and 18.65% Business Yield

Rating Category	2026/27 @ 6.0% increase	
	Base Amount	Rate (cents in \$)
Residential	690	0.11099
Business	690	0.54826
Farmland	690	0.08925
Mining	690	0.54826

Table Six: 2026/27 Rating Income and Yield With SRV 6% and 18.65% Business Yield

Rating Category	Revenue (\$)	Category % Base Charge	Category % of Total Yield	Average Rate (\$)
Residential	25,091,230	49.50	74.96	1,395
Business	6,241,869	14.96	18.65	4,512
Farmland	2,140,020	31.54	6.39	2,185
Mining	0.00	0.00	0.00	0.00
Totals	33,473,119	N/A	100	1,645

Under this scenario the business rate in the dollar has been reduced from 584% to 498%, even though the business yield rate was left unchanged.

This is due to a shift caused by the new 2025 land valuations.

With total business valuations increased, whilst total residential land valuations decreased and total farmland minimally change, the impact of the business yield cap is for a greater proportion of the overall rate burden to be borne by residential and farmland properties.

The farmland differential is still around 81% of the residential rate, which is consistent with previous years

The next three tables provide examples of the rates payable for a range of 2025 land valuations, based on the residential, business and farmland rating categories applying the pending IPART SRV rate peg of 6% and a business yield of 18.65%.

Table Seven: Residential Rates Payable in 2026/27 With SRV 6% and 18.65% Business Yield

2025 Land Value Range	Property Count	2025 Land Valuation Used for Calculation	2025/26 rate (\$)	2026/27 rate (\$)	Change (\$)	Change (%)
0 to 99,999	272	50,000	707	745	38	5.4%
100,000 to 199,999	1,046	150,000	810	855	45	5.6%
200,000 to 299,999	1,611	250,000	913	965	52	5.7%
300,000 to 399,999	1,718	350,000	1,016	1,075	59	5.8%
400,000 to 499,999	3,358	450,000	1,120	1,185	66	5.9%
500,000 to 599,999	2,427	550,000	1,223	1,295	72	5.9%

4.2 Land Valuations and Rating Structure - 2026/27

2025 Land Value Range	Property Count	2025 Land Valuation Used for Calculation	2025/26 rate (\$)	2026/27 rate (\$)	Change (\$)	Change (%)
600,000 to 699,999	1,816	650,000	1,326	1,405	79	6.0%
700,000 to 799,999	1,376	750,000	1,429	1,515	86	6.0%
800,000 to 899,999	1,256	850,000	1,532	1,625	93	6.1%
900,000 to 999,999	873	950,000	1,636	1,735	99	6.1%
1,000,000 to 1,499,999	1,549	1,250,000	1,945	2,065	120	6.2%
1,500,000 to 1,999,999	401	1,750,000	2,461	2,615	154	6.3%
2,000,000 to 2,999,999	888	2,500,000	3,236	3,440	204	6.3%
> 3,000,000	111	3,000,000	3,752	3,990	238	6.3%

**Table Eight: Business Rates Payable in 2026/27
With SRV 6% and 18.65% Business Yield**

2025 Land Value Range	Property Count	2025 Land Valuation Used for Calculation	2025/26 rate (\$)	2026/27 rate (\$)	Change (\$)	Change (%)
0 to 99,999	266	50,000	915	964	49	5.4%
100,000 to 199,999	144	150,000	1,436	1,512	77	5.4%
200,000 to 299,999	113	250,000	1,956	2,061	105	5.4%
300,000 to 399,999	135	350,000	2,476	2,609	133	5.4%
400,000 to 499,999	115	450,000	2,996	3,157	161	5.4%
500,000 to 599,999	118	550,000	3,517	3,705	188	5.4%
600,000 to 699,999	74	650,000	4,037	4,253	216	5.4%
700,000 to 799,999	92	750,000	4,557	4,802	244	5.4%
800,000 to 899,999	64	850,000	5,078	5,350	272	5.4%
900,000 to 999,999	32	950,000	5,598	5,898	300	5.4%
1,000,000 to 1,499,999	100	1,250,000	7,159	7,543	384	5.4%
1,500,000 to 1,999,999	48	1,750,000	9,761	10,284	523	5.4%
2,000,000 to 2,999,999	45	2,500,000	13,663	14,395	732	5.4%
> 3,000,000	45	3,000,000	16,265	17,136	871	5.4%

**Table Nine: Farmland Rates Payable in 2026/27
Rating Structure using 18.65% Business Yield
With SRV 6% and 18.65% Business Yield**

2025 Land Value Range	Property Count	2025 Land Valuation Used for Calculation	2025/26 rate (\$)	2026/27 rate (\$)	Change (\$)	Change (%)
0 to 99,999	3	50,000	697	735	38	5.5%
100,000 to 199,999	0	150,000	781	824	43	5.5%
200,000 to 299,999	2	250,000	865	913	48	5.6%
300,000 to 399,999	5	350,000	949	1,002	53	5.6%
400,000 to 499,999	11	450,000	1,033	1,092	59	5.7%
500,000 to 599,999	26	550,000	1,117	1,181	64	5.7%
600,000 to 699,999	40	650,000	1,201	1,270	69	5.7%
700,000 to 799,999	36	750,000	1,285	1,359	74	5.8%
800,000 to 899,999	69	850,000	1,369	1,449	79	5.8%
900,000 to 999,999	61	950,000	1,453	1,538	85	5.9%
1,000,000 to 1,499,999	330	1,250,000	1,705	1,806	100	5.9%
1,500,000 to 1,999,999	180	1,750,000	2,126	2,252	126	5.9%
2,000,000 to 2,999,999	136	2,500,000	2,756	2,921	166	6.0%
> 3,000,000	81	3,000,000	3,176	3,368	192	6.1%

As per these tables, most residential and farmland rates are expected to increase in the range of 5.4% to 6.3%, with an average increase of around 6.0%.

Business rates are generally expected to increase by 5.4%.

4.2 Land Valuations and Rating Structure - 2026/27

This analysis assumes that all property land values within each category moved by the same %.

That is, that all residential property land values decreased by 5.19%, that all business properties increased by 10.6% and all farmland properties increased by 0.44%.

Realistically, properties within each category will experience variation from these averages.

Those properties who decrease less than the category average will be advantaged, and those properties with movements higher than the category average will be disadvantaged.

This scenario does provide a favourable impact for business ratepayers, with no noticeable impact on residential ratepayers as the income generated from residential ratepayers is across a much large number of ratepayers.

For this reason, there is no change recommended to the business total income yield (18.65%) for 2026/27.

The change in land values itself has provided the desired decrease in the business rate differential.

The average rates, as per Table Six, are consistent with the SRV information provided within Council's special rate variation consultation materials and consistent with the information provided within the application made to IPART.

Scenario Two – 2026/27 Rating Structure using Rate Peg 3.4% and 18.65% Business Yield

This scenario is shown for comparative purposes, to illustrate the differences in the average rates between an SRV scenario and the IPART rate peg only scenario.

**Table Ten: 2026/27 Rating Structure
With Rate Peg 3.4% and 18.65% Business Yield**

Rating Category	2026/27 @ 3.4% increase	
	Base Amount	Rate (cents in \$)
Residential	670	0.10772
Business	670	0.53524
Farmland	670	0.08724
Mining	670	0.53524

**Table Eleven: 2026/27 Rating Income and Yield
With Rate Peg 3.4% and 18.65% Business Yield**

Rating Category	Revenue (\$)	Category % Base Charge	Category % of Total Yield	Average Rate (\$)
Residential	24,475,573	49.27	74.96	1,360
Business	6,088,143	14.89	18.65	4,401
Farmland	2,087,458	31.40	6.39	2,132
Mining	0.00	0.00	0.00	0
Totals	32,651,174	N/A	100.00	1,604

4.2 Land Valuations and Rating Structure - 2026/27

Under this scenario the business rate in the dollar has been reduced from 584% to 496%.

The farmland differential is again around 81% of the residential rate.

The next three tables provide examples of the rates payable for a range of 2025 land valuations, based on the residential, business and farmland rating categories applying the IPART approved rate peg of 3.4%.

**Table Twelve: Residential Rates Payable in 2026/27
With Rate Peg 3.4% and 18.65% Business Yield**

2025 Land Value Range	Property Count	2025 Land Valuation Used for Calculation	2025/26 rate (\$)	2026/27 rate (\$)	Change (\$)	Change (%)
0 to 99,999	272	50,000	707	724	17	2.4%
100,000 to 199,999	1,046	150,000	810	832	22	2.7%
200,000 to 299,999	1,611	250,000	913	940	26	2.9%
300,000 to 399,999	1,718	350,000	1,016	1,047	31	3.1%
400,000 to 499,999	3,358	450,000	1,120	1,155	36	3.2%
500,000 to 599,999	2,427	550,000	1,223	1,263	40	3.3%
600,000 to 699,999	1,816	650,000	1,326	1,371	45	3.4%
700,000 to 799,999	1,376	750,000	1,429	1,478	49	3.4%
800,000 to 899,999	1,256	850,000	1,532	1,586	54	3.5%
900,000 to 999,999	873	950,000	1,636	1,694	58	3.6%
1,000,000 to 1,499,999	1,549	1,250,000	1,945	2,017	72	3.7%
1,500,000 to 1,999,999	401	1,750,000	2,461	2,556	95	3.9%
2,000,000 to 2,999,999	188	2,500,000	3,236	3,365	129	4.0%
> 3,000,000	111	3,000,000	3,752	3,903	152	4.1%

**Table Thirteen: Business Rates Payable in 2026/27
With Rate Peg 3.4% and 18.65% Business Yield**

2025 Land Value Range	Property Count	2025 Land Valuation Used for Calculation	2025/26 rate (\$)	2026/27 rate (\$)	Change (\$)	Change (%)
0 to 99,999	266	50,000	915	938	22	2.4%
100,000 to 199,999	144	150,000	1,436	1,473	37	2.6%
200,000 to 299,999	113	250,000	1,956	2,008	52	2.7%
300,000 to 399,999	135	350,000	2,476	2,543	67	2.7%
400,000 to 499,999	115	450,000	2,996	3,078	82	2.7%
500,000 to 599,999	118	550,000	3,517	3,613	96	2.7%
600,000 to 699,999	74	650,000	4,037	4,148	111	2.8%
700,000 to 799,999	92	750,000	4,557	4,683	126	2.8%
800,000 to 899,999	64	850,000	5,078	5,218	141	2.8%
900,000 to 999,999	32	950,000	5,598	5,754	156	2.8%
1,000,000 to 1,499,999	100	1,250,000	7,159	7,359	200	2.8%
1,500,000 to 1,999,999	48	1,750,000	9,761	10,034	274	2.8%
2,000,000 to 2,999,999	45	2,500,000	13,663	14,048	385	2.8%
> 3,000,000	45	3,000,000	16,265	16,723	458	2.8%

**Table Fourteen: Farmland Rates Payable in 2026/27
With Rate Peg 3.4% and 18.65% Business Yield**

2025 Land Value Range	Property Count	2025 Land Valuation Used for Calculation	2025/26 rate (\$)	2026/27 rate (\$)	Change (\$)	Change (%)
0 to 99,999	3	50,000	697	714	17	2.4%
100,000 to 199,999	0	150,000	781	801	20	2.6%
200,000 to 299,999	2	250,000	865	888	23	2.7%

4.2 Land Valuations and Rating Structure - 2026/27

2025 Land Value Range	Property Count	2025 Land Valuation Used for Calculation	2025/26 rate (\$)	2026/27 rate (\$)	Change (\$)	Change (%)
300,000 to 399,999	5	350,000	949	975	26	2.7%
400,000 to 499,999	11	450,000	1,033	1,063	30	2.9%
500,000 to 599,999	26	550,000	1,117	1,150	33	3.0%
600,000 to 699,999	40	650,000	1,201	1,237	36	3.0%
700,000 to 799,999	36	750,000	1,285	1,324	39	3.0%
800,000 to 899,999	69	850,000	1,369	1,412	42	3.1%
900,000 to 999,999	61	950,000	1,453	1,499	46	3.2%
1,000,000 to 1,499,999	330	1,250,000	1,705	1,761	55	3.2%
1,500,000 to 1,999,999	180	1,750,000	2,126	2,197	71	3.3%
2,000,000 to 2,999,999	136	2,500,000	2,756	2,851	95	3.5%
> 3,000,000	81	3,000,000	3,176	3,287	111	3.5%

As per these tables, residential and farmland rates increase in the range of 2.4% to 4.1%, with an average increase of around 3.4%.

Business rates increase in the range of 2.4% to 2.8%, with the majority being 2.8%.

This scenario also provides a favourable impact for business ratepayers.

The average rates, as per Table Eleven, are consistent with the rate-peg-only information provided within Council's special rate variation consultation materials and consistent with the information provided within the application made to IPART.

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 Fifteen: 2026/27 Localities compared to Assessments
With SRV 6% and 18.65% Business Yield**

Locality	Assessments	%	Revenue (\$)	%	Average LV per Locality (\$)
Ballina, West Ballina	5,623	27.6%	8,735,864	26.1%	480,369
East Ballina, Cumbalum	3,657	18.0%	5,940,351	17.7%	648,573
Lennox Head, Skennars Head	4,266	21.0%	8,701,357	26.0%	961,767
Alstonville, Wollongbar	4,008	19.7%	5,790,217	17.3%	521,806
Wardell, East Wardell	484	2.4%	915,666	2.7%	493,382
Rest of Ballina Shire	2,316	11.4%	3,389,664	10.1%	1,136,101
Total	20,354	100.0%	33,473,119	100.0%	694,559

4.2 Land Valuations and Rating Structure - 2026/27

Revenue generated by locality broadly match the assessment figures.

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.

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.

Data has been obtained from neighbouring councils for the 2025/26 year and is summarised in the next table.

Table Sixteen: Benchmarking from Neighbouring Councils 2025/26 (\$)

Council	Average Business Rate (\$)	Average Residential Rate (\$)	Average Farmland Rate (\$)
Ballina	4,269	1,319	2,065
Byron	4,435	1,685	3,031
Clarence Valley	3,792	1,430	2,007
Lismore	5,606	1,470	2,864
Richmond Valley	4,041	1,353	2,144
Tweed	3,595	1,763	2,694

As per these figures, Ballina Shire's average rates compare favourably with neighbouring councils, in particular for residential and farmland rates.

Ballina's business rates, although they also compare favourably with most neighbouring Councils, do reflect a higher proportionate burden to business ratepayers.

As such, a continuation of the shifting of the burden from the business to the residential and farmland rating categories is considered appropriate.

Over recent years, a reduction in the differential has generally been achieved by reducing the business yield %, which was gradually reduced to 18.65% for the 2025/26 rating year.

For the upcoming year, the change in land valuations between 2022 and 2025 (with business land valuations overall increasing whilst residential land valuations overall decreasing) has resulted in the differential reducing.

For this reason, it is recommended to retain the existing rating structure, maintaining a business income yield of 18.65% for the 2026/27 year.

Community Engagement Strategy

The rating structure will be placed on exhibition for public comment as part of the draft 2026/27 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 option presented in this report relates to the business yield being held at 18.65% of the total rate yield. The recommendation is to apply this existing base rating structure due to the reductions in the new 2025 Land Valuations applied to our business properties.

Under the scenario presented, the business differential has been reduced from 2025/26 from 584% to 498% due to the changes resulting from the new 2025 land valuations.

Furthermore, the rating structure presented is consistent with Council's special rate variation consultation materials and with the application that has been lodged with IPART.

Council may consider changes to the rating structure in future years, with consideration given to further reducing the business rate differential and may also give consideration in relation to farmland rates.

It is not recommended to make changes to the rating structure for the upcoming 2025/26 year, however, as the implementation of such changes along with a special rate variation may have unintended negative impacts on some ratepayers.

The figures in Table Five and Table Ten are indicative and will change slightly by the time of adoption for 2026/27. This is because there may be variations due to growth in assessments and land valuations between now and when the 2026/27 rating structure is adopted at the June 2026 Ordinary meeting.

If the SRV is not approved, by IPART, which will not be known until May 2026, the same rating structure will apply, based on the 3.4% IPART approved rate peg for Council.

RECOMMENDATIONS

1. That for the draft 2026/27 Operational Plan, Council approves the application of a base rating structure, which applies the following principles:

4.2 Land Valuations and Rating Structure - 2026/27

- 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
 - d) Farmland rate in the dollar is approximately 81% 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 the rating structure for the 2026/27 rating year, applying a 6.0% Special Rate Variation, as per Table Five of this report. If the Special Rate Variation is not approved by the Independent Pricing and Regulatory Tribunal (IPART), the 3.4% rate peg already set by IPART for 2026/27, will apply.

Attachment(s)

Nil

4.3 Waste Operations - Long Term Financial Plan

4.3 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, 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 LRM surplus cash 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 DWM surplus cash is held as an Externally Restricted Reserve, as it is restricted by legislation.

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

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

Key Issues

- Financial performance, sustainability, and affordability
- External cost pressures
- Diversion from landfill, waste generation performance and long term aims and objectives
- Domestic bin collection service level including preliminary data from the changed rural DWM service

4.3 Waste Operations - Long Term Financial Plan

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.

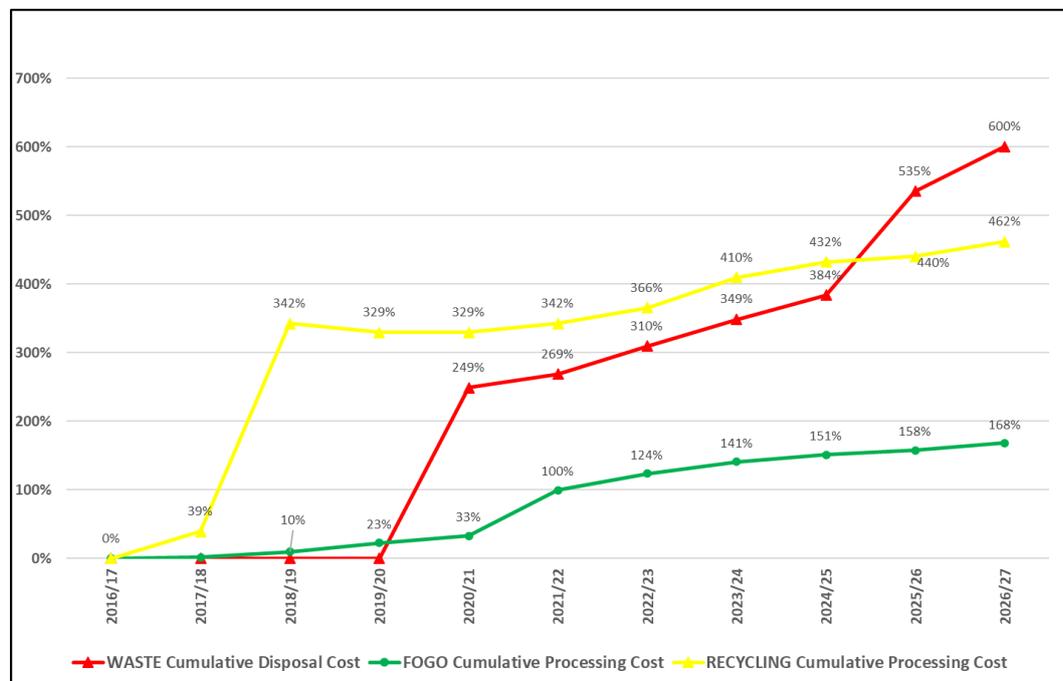
Challenges also remain due to a lack of local and regional waste disposal infrastructure, and national recycling processing infrastructure.

Increasing Cost Pressures

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

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

Figure One - 10-year Cumulative Increase



These disposal and/or processing costs account for approximately 60% of the LRM budget and 57% of DWM expenditure. Any changes to these costs have a major influence on the bottom line.

Recyclable Material

The cost of recyclable material processing gate fees has increased 462% 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.

4.3 Waste Operations - Long Term Financial Plan

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 that time, sustained annual cost increases continue, 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 LTFP period, as the gate fee paid is tied to Council's nine-year waste collection contract and indexed bi-annually in line with CPI.

FOGO Materials

Increases in the FOGO material processing costs have been constant, albeit at a lower overall rate of 168% 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, resulting 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.

Whilst an extension to this contract will be sought, the region faces a significant shortfall in processing capacity, and future access to external facilities is uncertain.

To address this issue, Council, in partnership with Byron, Lismore, Kyogle, and Richmond Valley councils, has successfully secured \$155,000 in funding under the NSW EPA Joint Procurement Program to undertake a feasibility study for a sub-regional organics processing facility

Objectives of the study, to be delivered by end of 2026, include:

- Assessment of regional organic waste streams and future projections, including impacts of upcoming FOGO mandates for commercial businesses.
- Evaluation of technology, location, governance, and funding models to determine the most viable regional solution.
- Development of a whole-of-life financial model, covering capital and operational costs to inform investment decisions.

The study will deliver a preferred operating model for a regional processing facility, providing the foundation for a detailed business case and future investment decision by participating councils.

Residual Waste Disposal

Residual waste disposal has experienced the most significant financial impact within the business, increasing by approximately 600% over the past decade.

4.3 Waste Operations - Long Term Financial Plan

This escalation is driven by two primary factors:

1. Queensland Waste Levy Increases

The Queensland waste levy, introduced in 2020/21, has increased by \$10 per tonne each year. For 2026/27, the levy will be \$135 per tonne, costing Council an estimated \$4m for the financial year.

As Ballina Shire's waste is transported interstate, the metropolitan levy rate, the highest tier, is applied. Queensland, like NSW, also applies a reduced regional levy rate, estimated at \$100 per tonne for 2026/27, to councils located in regional parts of the State.

Given Ballina Shire's regional status in NSW, there is a strong argument that the Queensland regional levy rate should apply irrespective of the State border. This would provide a saving of approximately \$1m per annum to the LRM budget. This position is shared by Byron and Tweed councils, which also transport waste to South-East Queensland due to limited local landfill capacity.

In response, the North-East Waste Regional Group, which Council is a member, have independently lobbied the Queensland Government, through the Ministers for Environment and Tourism, and Science and Innovation, requesting that the regional rate be applied to interstate regional councils.

The Queensland Government has advised that the issue will be considered as part of the broader review of the waste disposal levy under the *Queensland Waste Strategy 2025–2030*. Timeframes for completion of the review remain uncertain, with initial consultation feedback currently being assessed.

2. Increased Transport and Disposal Contract Costs

The second major cost driver is the significant price increase in Council's renewed waste transport and disposal contract with Veolia.

As outlined in last year's Waste Operations LTFP, these increases were unforeseen and resulted in an additional \$1m in annual disposal expenditure for 2025/26, compared with 2024/25.

The escalation of contract costs places considerable pressure on both the LRM and DWM operating budgets.

Consequently, increases to gate fees and waste charges are required to offset the impact.

Fiscal and Operational Response to Cost Challenges

These recent and sustained significant cost increases have impacted the short-term performance of Council's waste management business, resulting in a temporary draw-down on reserve balances in the LRM budget.

Despite these impacts, the ongoing performance and long-term financial position for the LRM and DWM operations remain acceptable.

4.3 Waste Operations - Long Term Financial Plan

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 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, although, the recent increase in gate fees and costs has reduced the overall benefit of this operation
- 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 2025/26 are shown in Table One.

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

Description	2023/24 Actual \$000	2024/25 Actual \$000	2025/26 Estimate \$000
Operating Revenues	11,991	13,295	12,821
Operating Expenses (including depreciation)	13,636	13,805	14,504
Operating Result - Surplus / (Deficit)	(1,645)	(510)	(1,683)
Excluding Depreciation / Remediation / Non-Cash	1,492	628	1,235
Cash Operating Result - Surplus / (Deficit)	(153)	118	(448)
Add Capital Income	0	193	0
Less Capital Expenditure	628	403	682
Less Dividend to General Fund	50	50	50
Cash Increase / (Decrease)	(831)	(143)	(1,180)
Internally Restricted Reserve Balance	1,332	1,189	9

The latest figures for 2025/26 forecast an operating deficit of \$1,683,000 (\$448,000 cash deficit excluding depreciation), with the forecast reserve balance of \$9,000 as at 30 June 2026.

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.

4.3 Waste Operations - Long Term Financial Plan

Since 2020, these competitive gate fees have attracted a commercial benefit for the waste collection contractor to transport waste to Ballina, despite the additional travel distance compared with using Lismore and Byron Shire Council facilities, whilst also delivering profit to the Resource Recovery Centre (RRC).

From July 2025, Council was required to increase the bulk commercial waste gate fees to reflect the higher costs associated with Council's renewed waste transport and disposal contract with Veolia. To maintain the financial sustainability of the RRC, these cost increases were passed on to commercial customers and contractors.

Following this adjustment, one of the local commercial contractors reviewed its operational model and determined that it was no longer economically viable to continue directing all commercial waste loads to the Ballina RRC.

As a result, the contractor has commenced diverting a portion of these loads to Lismore and Byron RRCs.

This change has reduced gate fee income for Council; however, it has also correspondingly reduced the volume-related operational costs associated with transporting and disposing of this waste under Council's contract with Veolia, as well as on-site handling costs at the RRC.

Despite this partial cost offset, the overall net impact to the budget bottom line resulting from the reduced volume of commercial waste being deposited at the RRC is an estimated deterioration of \$350,000 for 2025/26 (with similar annual impact over the forward LTFP model).

Other points of note in respect to revenue include:

- Over the past decade the annual customer transaction numbers at the RRC have increased by over 50,000 transactions or 100%. The associated volume of waste and recyclable material being managed through the RRC has also increased by 90% over this period
- The RRC continues to receive many out-of-shire customer numbers. Anecdotal feedback as to the attraction to Ballina's RRC includes cheaper gate fees, preferable customer experience, and convenient opening hours.
- Implementing advanced resource recovery initiatives and operations resulting from winning a \$193,000 grant from the NSW Environment Protection Authority (EPA) in 2025 to fund a program aimed at resource recovery of construction and demolition material deposited at the RRC. 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 \$4m for the 2025/26 financial year.
- unforeseen increase in contract costs for disposal of waste - approximately \$1m per annum.

4.3 Waste Operations - Long Term Financial Plan

- Inflationary pressure, particularly sustained high diesel costs - 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.

Tip Shop Operations

Momentum Collective (Momentum) had operated the Ballina Salvage Shed (Tip Shop) under a licence agreement for the past ten years, during which time it contributed significantly to Council's circular economy and waste-diversion objectives by recovering several hundreds of tonnes of reusable materials annually.

Momentum has delivered the service as an Australian Disability Enterprise (ADE), providing supported employment and training opportunities for NDIS participants.

The licence agreement with Momentum was due to expire on 30 June 2026, and Council commenced an Expression of Interest (EOI) process in October 2025 to identify a new operator from 1 July 2026.

During the EOI period, Momentum entered Voluntary Administration and subsequently sought a partner organisation to assume responsibility for its ADE programs.

As no suitable partner could be secured, Momentum advised it would be unable to continue its operations and formally withdrew from the EOI process. Further, Momentum advised they would cease operating the Tip Shop on 28 February 2026.

Following Momentum's withdrawal, Council expedited discussions with the remaining EOI participant, Community Resources Limited - trading as Resource Recovery Australia (RRA).

During discussions, RRA advised that following internal review, its Board and Executive had determined not to expand its national tip-shop operations due to ongoing financial sustainability challenges. RRA subsequently withdrew its interest in operating the Tip Shop.

The Tip Shop plays an important role in delivering on Council's resource recovery goals and broader Community Strategic Plan outcomes. To ensure operational continuity, Council's Resource Recovery team will assume temporary management of the Tip Shop, while a detailed review of a long-term operating model is undertaken.

To support stability, Council intends to engage as many of the current Tip Shop workers as possible through a casual labour-hire arrangement.

Unfortunately, Council is unable to employ the former NDIS participants involved in Momentum's ADE program due to the complexities surrounding ADE governance and the timeframes required to establish an appropriate support framework.

4.3 Waste Operations - Long Term Financial Plan

Based on preliminary modelling and historical data from the incumbent operator, the interim operating model is expected to be cost neutral to the LRM budget, with labour-hire and operational expenses offset by revenue from sales.

Uncertainty does remain, regarding financial performance, given the change in operator and the need to transition quickly. Performance will be closely monitored and operational adjustments made as required.

For budgeting purposes, a revenue and expenditure allocation of \$550,000 each has been incorporated into the LRM budget for the Tip Shop's interim operation.

LRM Financial Model

The LRM LTFP financial model has been revised based on current operational activity at the RRC. Table Two summarises the latest financial plan for LRM.

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

Description	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35	35/36
Operating Revenues	12,821	14,493	15,389	16,084	16,719	17,253	17,825	18,424	19,038	19,671	20,312
Operating Expenses	14,504	15,698	15,575	16,144	16,609	17,088	17,579	18,084	18,604	19,139	19,690
Operating Result	(1,683)	(1,205)	(186)	(60)	110	165	246	340	434	532	622
Add Back Depreciation	1,235	1,275	525	543	561	579	598	618	639	660	681
Cash Surplus / (Deficit)	(448)	70	339	483	671	744	844	958	1,073	1,192	1,303
Loan Income	0	1,970	2,250	2,000	0	0	0	0	0	0	0
Loan Principal	0	0	156	232	244	256	269	283	297	312	327
Capital Expenditure	682	1,970	2,250	2,000	600	0	800	0	1,000	0	1,200
Dividends	50	50	50	50	50	50	50	50	50	50	50
Reserve M'ment	(1,180)	20	133	201	(223)	438	(275)	625	(274)	830	(274)
Total Reserves	9	29	162	363	140	578	303	928	654	1,484	1,210

The projected capital expenditure stems from preliminary estimates sourced from a draft master plan, developed for the RRC.

The master plan, which will be completed in 2025/26, will guide infrastructure upgrades to ensure future waste and recycling capacity is met, and to improve customer experience, safety, and environmental performance at the RRC.

Projected capital expenditure for the next four years is shown in Table three.

4.3 Waste Operations - Long Term Financial Plan

Table Three - LRM Forecast Capital Expenditure (\$)

Description	2026/27	2027/28	2028/29	2029/30
Front of House Upgrades	1,820,000	0	0	0
Remediation Provision	0	500,000	2,000,000	0
Bulk Loadout Area	150,000	1,750,000	0	0
General capital improvements	0	0	0	600,000
Totals	1,970,000	2,250,000	2,000,000	600,000

LRM Assumptions and Inclusions

- Council plans to continue exporting all waste off site and disposing 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 protracted approval process.
 - There is 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.
 - 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.
- LRM will continue to receive gate fee income paid by the DWM budget associated with the management of domestic waste delivered to the RRC.
- Capital works totaling \$2.5m across 2026/27 and 2027/28 relating to the remediation of the existing cells. A loan of \$500,000 in 2027/28 and \$2m in 2028/29 is incorporated into the LTFP to fund this work, with repayments commencing 2028/29.
- Capital works in 2026/27 and 2027/28 relating to upgrades to the front of house at the RRC including installation of a second weighbridge and the development of a covered construction and demolition drop-off and sorting area, plus bulk waste load out area. Loans of \$3.72m have been incorporated into the LTFP to fund this work, with repayments commencing in 2026/27.
- Existing customer base and gross quantity of waste remains consistent. As realised during 2025/26, an inherent risk remains that commercial waste

4.3 Waste Operations - Long Term Financial Plan

collection companies may find an alternative disposal option, at a rate that Council cannot match.

LRM Operating Revenues

- Commercial properties collection annual charge income of \$830,000
- Gate fees from self-haul \$7.3m
- Gate fees from DWM / Council \$5.1m
- The gate fees paid by DWM represent a significant percentage of total gate fees, highlighting the importance of DWM to LRM.

LRM Operating Expenses

- Transport and disposal costs for mixed and inert waste of \$8.2m
- Administration expenses of \$1.2m
- Overhead expenses are \$1.5m

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

Fees and Charges

The draft 2026/27 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 2026/27 peg rate of 3.4% 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 60% 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 ongoing increase to Council's general waste disposal costs, 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 LTFFP period to avoid a large one-off shock to customers, as follows.

- increase in domestic waste gate fees by 10% in 2025/26 and 2026/27, with subsequent annual increases slowly declining over the LTFFP
- increase in commercial gate fees by 14% in 2025/26 and 2026/27, with subsequent annual increases slowly declining over the LTFFP.

4.3 Waste Operations - Long Term Financial Plan

To assist in minimising cost of living pressures for resident's waste disposal, although impacted by the same rising cost pressures, the domestic general mixed waste fee has been increased less than commercial.

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 \$79 to \$88.

The internal gate fee charged to the DWM business for domestic residual waste delivered to the RRC will increase by 8% in 2026/27.

This represents the gate fee paid from the DWM to the LRM budget for the domestic residual waste material collected in the red bins and delivered to the RRC.

The slightly lower increase compared to the external domestic waste gate fee reflects the fact that the internal fee was raised by 12% in the previous year to address higher transport and disposal contract costs.

Across the 2025/26 and 2026/27 financial years, the combined adjustments result in an equivalent overall increase of 20%.

This gate fee 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, and without it the viability of the LRM budget performance deteriorates.

Based on the modelling, the LRM proposed fees for 2026/27 are shown in Table Four.

Table Four - LRM Proposed Fees for 2026/27

Item	Charge per Tonne (\$) GST inclusive
General Mixed Waste	
Commercial	459
Domestic	346
DWM Operations	
Mixed Putrescible Waste (internal charge)	550

Solar Panel Disposal

A new fee has been introduced for solar panel drop-offs.

Historically, old panels received at the RRC were managed as part of the scrap metal stream.

4.3 Waste Operations - Long Term Financial Plan

However, due to the growing volume of end-of-life panels, our scrap metal recycling contractors have advised they will no longer accept them. Solar panels are complex to process and are not suitable for standard scrap metal recycling operations.

To ensure responsible management of this material, we intend to engage a specialist solar panel recycling contractor that can process panels through dedicated recycling systems.

This service will incur a cost to Council, and a fee of \$10 per panel is required to recover the operational cost of recycling.

The Australian Government has announced plans to develop a national product stewardship scheme for solar panels, which is expected to place responsibility for end-of-life management on manufacturers and importers.

While this scheme will ultimately help shift costs away from councils, implementation is not anticipated in the short term.

Until the scheme is established, the proposed gate fee is required to ensure cost recovery.

Domestic Waste Management (DWM)

DWM is, in comparison to LRM, a more predictable operation. The transition to a fully contracted collection service model remains a key structural change to the business that continues to deliver sustained operational and financial benefits for the DWM business

The model delivers a stable and predictable cost structure over the LTFP period, with Council paying a fixed tendered rate subject only to bi-annual rise-and-fall adjustments linked to fuel, labour, and CPI indices.

All resourcing requirements including labour, fleet ownership and replacement, and associated operating costs are managed by the contractor. This reduces financial risk for Council and removes the need to build and maintain cash reserves for fleet renewal or to forecast internal labour resourcing requirements for service delivery

Rural Collection Service Model

Council resolved through the 2025/26 Delivery Program to transition the rural collection service to a fortnightly landfill-bin collection model for all properties receiving a Rural Domestic Waste Management Service. The revised service model was introduced in October 2025.

This change was supported by a comprehensive community engagement and education program. A key component of this program was the provision of several support options to assist rural residents transition to the new frequency.

The following data illustrates the volume of these options taken up by the community to date:

- 249 subsidised compost bins
- 467 free upgrades to a larger 360L recycle bin

4.3 Waste Operations - Long Term Financial Plan

- 447 free kitchen caddies
- 82 participants attended one of the five compost workshops held throughout the shire
- 152 additional landfill waste bins
- 16 additional 360L recycling bins

Preliminary results for the first four months of the revised service are encouraging:

- Our collection contractor data indicates an overall reduction of approximately 1,580 km in vehicle movements per fortnight, equating to roughly 4 – 5 fewer collection runs
- Weighbridge data shows a 148-tonne reduction in landfill waste compared to the same period in the previous year – a 23% decrease, consistent with outcomes observed during the community trial phase
- Strong uptake of support offers provided to assist the community transition to the new collection frequency

Whilst a small number of residents remain dissatisfied with the reduced frequency; current data suggests that most households are adapting by reducing the amount of landfill waste presented.

Detailed bin composition audits are scheduled for March/April 2026, which will provide more granular insights into waste volumes, material types, and behavioural changes resulting from the new service.

These findings will inform ongoing community education and engagement initiatives.

DWM Financial Forecast

The recent financial results for DWM together with the forecast for 2025/26 are shown in Table Five.

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

Item	2023/24 Actual \$000	2024/25 Actual \$000	2025/26 Estimate \$000
Operating Revenues	9,674	8,738	9,061
Operating Expenses	8,840	9,174	9,617
Operating Result - Surplus / (Deficit)	834	(437)	(556)
Excluding Depreciation/Non Cash	34	0	0
Cash Operating Result - Surplus / (Deficit)	869	(437)	(556)
Less Capital Expenditure	0	0	0
Cash Increase / (Decrease)	34	(437)	(556)
Reserve Balance	2,041	1,604	1,048

The current forecast for 2025/26 is a cash deficit of \$556,000.

DWM Financial Model

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

4.3 Waste Operations - Long Term Financial Plan

Given there is no longer a need to build 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 \$1.05m, as at 30 June 2026, is unnecessarily high.

This reserve is externally restricted, and direct transfer from the reserve is not permitted. Therefore, it is proposed 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 RRC.

The proposed financial model is important given the significant increases in waste disposal costs. The proposal will deliver a sustained increased revenue stream to the LRM budget, contributing to forecast 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 \$364,000 at the end of the LTFP period.

Table Six outlines the latest financial plan for DWM based on a 6% increase in the annual DWM charge to ratepayers and based on a differential price charging for gate fees paid to LRM.

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

Description	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35	35/36
Operating Revenues	9,061	9,587	10,164	10,767	11,166	11,557	11,965	12,388	12,823	13,277	13,748
Operating Expenses	9,617	10,200	10,516	10,777	11,222	11,520	11,909	12,415	12,734	13,167	13,716
Operating Result	(556)	(613)	(352)	(10)	(56)	37	56	(27)	89	110	32
Add Back Depreciation	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus / (Deficit)	(556)	(613)	(352)	(10)	(56)	37	56	(27)	89	110	32
Capital Expenditure	0	0	0	0	0	0	0	0	0	0	0
Reserve M'ment	(556)	(613)	(352)	(10)	(56)	37	56	(27)	89	110	32
Total Reserves	1,048	435	83	73	17	54	110	83	172	282	314

DWM Assumptions and Inclusions

- DWM annual charges increase by 6% this year with subsequent annual increases slowly declining over the LTFP.
- No external loans.

4.3 Waste Operations - Long Term Financial Plan

The key features of the 2026/27 plan include:

- Annual charge income of \$9.6m.
- Gate fees paid to LRM \$3.95m.
- Waste, Recycling and Organics kerbside collection contract and processing gate fees \$4.4m
- Administration expenses \$1.1m.
- Overhead expenses of \$511,000.

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

DWM Fees and Charges

The draft 2026/27 charges for DWM are included in Attachment 2. The DWM annual charge increase is 6%. The increase results in the annual domestic waste management charges for urban and rural domestic residents increasing by \$28 and \$20 respectively.

As previously mentioned, charges for waste are not dictated by a rate peg or IPART set increase. Historically, Council has increased the annual DWM charge in close alignment to the rate peg or LGCI.

In 2024/25, Council applied a 2.5% increase, which was 2.1% less than the rate peg. This lesser increase was 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 realised during 2025/26, the DWM charges have been raised to compensate. At this stage, subject to on-going review, the increases will begin to decline over the forward term of the LTFP.

The following new fees and charges have been added to provide convenient access to kitchen caddies and compost bins for all residents, encouraging best practice management of organic waste material either through the FOGO bin in urban areas or via home composting in both urban and rural collection areas:

- Sale of 220L Compost Bins
 - Pick-up from the RRC - \$50
 - Delivered - \$60
- Sale of kitchen Caddies
 - Delivered - \$15 (note – caddies are already available for pick-up sale for \$10 from the Council admin building and the RRC)

Community Engagement Strategy

The draft fees and charges and LTFP will be subject to formal exhibition as part of the 2026/27 Operational Plan.

Financial / Risk Considerations

This report outlines the proposed budget and the Long-Term Financial Plan, including reserve balances for Council's Waste Operations.

4.3 Waste Operations - Long Term Financial Plan

Council Comparisons

Table Seven shows 2025/26 waste charges for Northern Rivers councils, noting that other councils will be applying similar increases to their 2026/27 charges.

Table Seven – Council Benchmarking - 2025/26 (\$)

Council	Urban Residential 3-bin Collection	Rural Residential 2-bin Collection
Ballina	473	340
Byron	866	663
Clarence Valley	452	395
Lismore	747	631
Tweed	716	716
Richmond Valley	768	768*
Kyogle	911	911*

*3-bin service provided to rural properties due to small number of properties

This comparison is generally based on the comparative urban residential 3-bin collection service of weekly FOGO, with alternative fortnightly collections for recycling and general waste bins, and a rural 2-bin collection of alternative fortnightly recycling and general waste bins.

Several councils apply an annual waste operations charge, as part of their service, with the amount in the above table including this operations charge. Some councils also offer different service levels other than the standard weekly organics and fortnightly recyclables and general waste.

Options

Council has the option of endorsing the proposed charges or examining alternatives, which could include amending the proposed pricing. The recommendation is to exhibit the proposed fees and charges, and long term financial plans, as per the contents of this report.

RECOMMENDATION

That Council endorses the draft fees and charges and Landfill and Resource Management and Domestic Waste Management long term financial plans, as per Attachments 1, 2 and 3 to this report, for exhibition in the draft 2026/27 to 2029/30 Delivery Program and 2026/27 Operational Plan.

Attachment(s)

1. Landfill and Resource Management Long Term Financial Plan [⇒](#)
2. Draft Fees and Charges [⇒](#)
3. Domestic Waste Management Long Term Financial Plan [⇒](#)

4.4 Wastewater Operations - Long Term Financial Plan

4.4 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 16% of total operating revenue. This report provides an overview of the latest update of the Long-Term Financial Plan (LTFP) for Council's Wastewater Operations.

Key Issues

- Financial performance and sustainability

Discussion

Table One provides actual results for the last two financial years together with the current year's estimated result.

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

Description	2023/24 Actual	2024/25 Actual	2025/26 Estimate
Operating Revenues	24,694	25,053	27,920
Operating Expenses (including depreciation)	18,292	19,389	20,131
Operating Result – Surplus	6,403	5,665	7,789
Excluding Depreciation and Loss on Sale	5,458	5,024	5,300
Cash Operating Result – Surplus	11,861	10,689	13,089
Less Loan Principal Repaid	3,939	3,966	3,998
Less Capital Expenditure	5,303	12,560	10,416
Add Capital Income	937	3,276	1,000
Cash Increase / (Decrease)	3,556	(2,561)	(325)
Infrastructure Movements / Leave Balances	(969)	(2,587)	0
Reserve Balances	27,324	22,175	21,850

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.

LTFP Review

The attachments to this report are the latest review of the LTFP for the ten-year period from 2026/27 to 2035/36.

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

4.4 Wastewater Operations - Long Term Financial Plan

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 2025/26, the annual charge is trending towards \$21.62m out of a total projected operating income, excluding capital grants, of \$27.92m.

Adjustments to this charge are the primary lever used to direct the financial performance of the business.

Cost Increases

It is preferable to minimise overall cost increases to ratepayers, especially for monopoly services.

The model presented in this report proposes the following increases, as shown in Table Two for Council's wastewater annual charges:

Table Two - Forecast Wastewater Charge Increases (%)

Year	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35	35/36
% Increase	2.0%	2.0%	2.0%	2.0%	3.3%	0.0%	0.0%	0.0%	0.0%	0.0%

The increases are less than estimated CPI increases, however still provides positive operating results and healthy reserve balances for the Wastewater Operations.

Revenues

Based on this modelling, the annual charge is forecast to generate approximately \$22.05m out of total operating revenues of \$26.08m for 2026/27.

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 \$1.125m 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 \$2.525m from this source, which is also based on amounts recognised in previous years.

This figure can also vary substantially each year.

4.4 Wastewater Operations - Long Term Financial Plan

Loan Liabilities

One major cost in operating expenses is the interest portion, of existing loan repayments, which will be \$1.49m in 2026/27. As the year's progress, the interest portion of the loan liability reduces, whilst the principal repayment increases. This is important when comparing total operating expenses from one year to the next, as it can distort comparisons.

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

Table Three - Total Outstanding Loans (\$'000)

Loan	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Principal Paid	3,998	4,028	4,058	4,092	4,126	4,161	4,199	4,237
Interest Paid	1,698	1,490	1,264	1,049	830	610	389	163
Loan Balance	28,900	24,872	20,814	16,722	12,596	8,435	4,237	0

Capital Works

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 \$14.477m for 2026/27 and expenditure in the range of \$6.68m to \$10.89m for the following three years. The attachments provide the complete model.

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

Description	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35	35/36
Operating Revenues	27,920	26,079	26,448	26,924	27,441	28,251	28,413	28,546	28,688	28,907	29,164
Operating Expenses	20,131	20,586	20,848	20,991	21,395	21,823	22,185	22,499	22,982	23,646	24,330
Operating Result	7,789	5,493	5,600	5,933	6,046	6,428	6,228	6,047	5,706	5,261	4,834
Add Back Depreciation	5,300	5,448	5,601	5,759	5,922	6,090	6,263	6,441	6,625	6,815	7,011
Cash Surplus	13,089	10,941	11,201	11,692	11,968	12,518	12,491	12,488	12,331	12,076	11,845
Capital Income	1,000	1,125	1,175	1,225	1,275	1,325	1,375	1,425	1,475	1,525	1,575
Capital Expenditure	10,416	14,477	10,890	10,260	6,680	5,450	6,600	6,430	7,610	5,890	8,670
Loan Principal	3,998	4,028	4,058	4,092	4,126	4,161	4,199	4,237	0	0	0
Net Reserve M'ment	(325)	(6,439)	(2,572)	(1,435)	2,437	4,232	3,067	3,246	6,196	7,711	4,750
Total Reserves	21,850	15,411	12,839	11,404	13,841	18,073	21,140	24,386	30,582	38,293	43,043

4.4 Wastewater Operations - Long Term Financial Plan

An operating surplus is predicted for all years.

Assumptions Applied

- Increase to annual charges (availability / usage) is 2.0%
- Estimated income from recycled water is \$546,000, 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 3.9%
- Operating expenses (excluding any future non-compulsory dividends) and other revenues increasing by 3% per annum in future years
- Estimated cash developer contributions is \$1.125m
- Capital expenditure of \$14.477m for 2026/27

Fees and Charges

The proposed charges for 2026/27 are shown in Table Five.

Table Five - Proposed Wastewater Charges (\$)

Charge Type	2025/26	2026/27	% Increase
Residential Availability Charge	1,106	1,128	2.0
Vacant Land Charge	835	852	2.0
Non-Residential Usage Charge	2.82	2.88	2.1
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

Table Six compares the 2025/26 wastewater charges of other Northern Rivers councils for an average residential property. Council's charge is mid-range.

Table Six – Council Benchmarking - 2025/26 (\$)

Charge (\$)	Ballina	Byron	Clarence	Lismore	Richmond	Tweed
Annual	1,106	1,618	1,460	1,053	1,342	1,000

Based on the contents of this report, and those for Water and Waste charges the 2026/27 charges for utility services are shown in Table Seven.

Table Seven – Increase in Council Utility Charges - Residential Property

Charge (\$)	2025/26	2026/27	% Increase	\$ Dollar
Water Annual Access Charge	265	281	6.0	16
Water Consumption (150 Kilolitres)	449	476	6.0	27
Wastewater Annual Charge	1,106	1,128	2.0	22
Domestic Waste Collection Charge	473	501	6.0	28
Total	2,293	2,386	4.1	93

The total increase is 4.1%, this being slightly above the rate peg limit of 3.4%.

4.4 Wastewater Operations - Long Term Financial Plan

The reasons for the higher charges are:

- Rous county Council increase in bulk water charges of 7%, and
- increase in domestic waste management charge of 6.0% due to significant increase in waste disposal and processing costs.

Community Engagement Strategy

The draft fees and charges and LTFP will be subject to formal exhibition as part of the 2026/27 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 minimises increases to these charges, while ensuring the ongoing viability of 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 significant environmental and public health risks in respect to the delivery of wastewater 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, and the long term financial plan, as per Attachments 1, 2 and 3 to this report, for the Wastewater Operations, for exhibition in the draft 2026/27 to 2029/30 Delivery Program and 2026/27 Operational Plan.

Charge Type	2025/26 \$	2026/27 \$	% Increase
Residential Availability Charge	1,106	1,128	2.0
Vacant Land Charge	835	852	2.0
Non-Residential Usage Charge	2.82	2.88	2.1
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 Income and Expenses [⇒](#)
3. WasteWater Operations - Capital Expenses [⇒](#)

4.5 Water Operations - Long Term Financial Plan

4.5 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 Council's Water Operations.

Key Issues

- Financial performance and sustainability

Discussion

Table One provides actual results for the last two financial years together with the current year's estimated result.

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

Description	2023/24 Actual	2024/25 Actual	2025/26 Estimate
Operating Revenues	15,493	16,311	17,814
Operating Expenses (including depreciation)	15,533	16,563	17,141
Operating Result - Surplus/(Deficit)	(40)	(251)	673
Excluding Depreciation and Loss on Sale	1,945	2,562	2,250
Cash Operating Result – Surplus	1,905	2,311	2,923
Less Loan Principal Repaid	0	0	0
Less Capital Expenditure	3,777	6,274	2,839
Add Capital Income	518	5,578	350
Cash Increase / (Decrease)	(1,354)	1,615	434
Infrastructure Movements / Leave Balances	(1,880)	170	0
Reserve Balances	17,700	19,485	19,919

The forecast for 2025/26 following the December 2025 quarterly budget review, is for an operating surplus of \$673,000.

The purchase of bulk water from Rous County Council (RCC) represents 64% of the Water Fund's operating expenses, excluding depreciation, which means Council is susceptible to changes in that expense. The RCC price increases and Council charge increases for the past six years are shown in Table two.

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

Year	20/21	21/22	22/23	23/24	24/25	25/26
RCC Increase	12.00	7.00	7.00	6.00	7.00	7.00
Council Charge Increase	2.60	3.50	3.70	5.50	6.00	6.00

4.5 Water Operations - Long Term Financial Plan

RCC Increases

The modelling for the current draft LTFP is based on the RCC increases as shown in Table Three.

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

Table Three – Forecast Rous Increases (%)

Year	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/25	35/36
% Increase	7.00	7.00	7.00	7.00	7.00	7.00	2.00	2.00	2.00	2.00

LTFP Review

The attachments to this report are the latest review of the LTFP for the ten-year period from 2026/27 to 2035/36.

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.

Cost Increases

The large increases from RCC require Council to implement increases above CPI in future years. The modelling has been completed to minimise impacts to the end user, whilst maintaining positive reserve balances.

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	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/25	35/36
% Increase	6.0	6.0	6.0	6.0	6.0	6.0	3.25	3.25	3.25	3.25

These increases are above CPI, however, they keep pace with the RCC increases.

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

4.5 Water Operations - Long Term Financial Plan

Revenues

For 2025/26, water consumption income is trending towards the current budget of \$10.14m.

For 2026/27, forecast consumption income has been estimated at \$10.775m, representing an overall increase of 6.3%.

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

For 2025/26, water access charges are trending towards the current budget of \$5.88m.

For 2026/27, forecast access charge income has been estimated at \$6.24m representing an overall increase of 6.1%.

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 as it is entirely dependent on developers and actual development.

The model assumes \$0.375m 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 \$0.7m from this source, which is based on amounts recognised in recent years.

This figure can also vary substantially each year.

Expenses

For 2026/27, forecast operating expenses, excluding depreciation and loss on disposal of infrastructure, has been estimated to increase by 7.0% in comparison to the current 2025/26 forecast, an increase of \$1,048,000.

This includes an increase of \$665,000 for the contribution to RCC for the bulk supply of water.

RCC has estimated a price per kilolitre increase of 7.0%, for all constituent councils, for 2026/27.

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.

4.5 Water Operations - Long Term Financial Plan

At the time of writing this report, the Ballina Shire apportionment has not been provided.

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 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 2026/27 is forecast to be a moderate surplus of \$673,000.

Capital Works

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 \$2.8m for 2026/27.

Capital expenditure for the following three years is in the range of \$2.9m to \$6m.

Projected reserve balances do steadily decline from 2026/27 until 2033/24 as funds held are expended on capital works.

Summary

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 shown in Table Five.

Table Five - Water Consumption Income Compared to Price

Year	Income (\$)	% Change	Increase in Price
2025/26 (1)	10,140,000	11.3%	6.0%
2024/25	9,112,700	5.6%	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%

(1) = Estimated

As per these figures, there is little correlation between increases in price and increases (or decreases) in income received.

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

4.5 Water Operations - Long Term Financial Plan

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 to allow a gradual approach to this strategy. The 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.

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

Description	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35	35/36
Operating Revenues	17,814	18,807	19,901	20,861	21,983	23,268	24,594	25,387	26,222	27,121	28,072
Operating Expenses	17,141	18,246	19,140	20,139	21,246	22,366	23,527	24,048	24,609	25,181	25,769
Operating Result	673	561	761	722	737	902	1,067	1,339	1,613	1,940	2,303
Add Back Depreciation	2,250	2,307	2,365	2,425	2,487	2,551	2,617	2,685	2,755	2,828	2,903
Cash Surplus	2,923	2,868	3,126	3,147	3,224	3,453	3,684	4,024	4,368	4,768	5,206
Capital Income	350	375	395	415	435	455	475	495	515	535	555
Capital Expenditure	2,839	2,884	6,227	5,953	3,624	4,985	5,096	5,167	4,088	4,219	4,350
Loan Principal	0	0	0	0	0	0	0	0	0	0	0
Net Reserve M'ment	434	359	(2,706)	(2,391)	35	(1,077)	(937)	(648)	795	1,084	2,741
Total Reserves	19,919	20,278	17,572	15,181	15,216	14,139	13,202	12,554	13,349	14,433	17,174

Assumptions Applied

- Estimated income from consumption is \$10.775m
- Estimated income from the access charge is \$6.24m
- Rous Water contribution to increase to \$0.665m
- Estimated cash developer contributions are \$0.375m
- Capital expenditure of \$2.884m for 2026/27
- Operating expenses and other revenues increase by 3% per annum in future years.

Fees and Charges

The proposed charges for 2026/27 are shown in Table Seven.

4.5 Water Operations - Long Term Financial Plan

Table Seven - Proposed Water Charges (\$)

Charge Type	2025/26	2026/27	% Increase
Water Access Charge 20mm meter	265	281	6.0
Water Consumption (per kl) under 350kl	2.99	3.17	6.0
Water Consumption (per kl) over 350kl ¹	4.49	4.76	6.0
Vacant Land Charge	265	281	6.0

The over 350 kilolitre charge is a 50% premium to the base charge of \$3.17.

Council Comparison

Table Eight compares the 2025/26 water charges of Northern Rivers councils for an average residential property. Council's charges are mid-range.

Table Eight – Council Benchmarking - 2025/26

Charge (\$)	Ballina	Byron	Clarence	Lismore	Richmond	Tweed
Annual	265	267	160	388	223	218
Consumption (150kl)	449	609	488	792	522	612
Total	714	876	648	1,180	745	830

Based on the contents of this report, and for the other Council charges listed elsewhere in this agenda, the 2026/27 charges for utility services are shown in Table Nine.

Table Nine – Increase in Council Utility Charges - Residential Property

Charge (\$)	2025/26	2026/27	% Increase	\$ Dollar
Water Annual Access Charge	265	281	6.0	16
Water Consumption (150 Kilolitres)	449	476	6.0	27
Wastewater Annual Charge	1,106	1,128	2.0	22
Domestic Waste Collection Charge	473	501	6.0	28
Total	2,293	2,386	4.1	93

The total increase is 4.1%, this being slightly above the rate peg limit of 3.4%. The reasons for the higher charges are:

- Rous county Council increase in bulk water charges of 7%, and
- Increase in domestic waste management charge of 6.0% due to significant increase in waste disposal and processing costs.

Community Engagement Strategy

The draft fees and charges and LTFP will be subject to formal exhibition as part of the 2026/27 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 minimises increases to these charges, while ensuring the ongoing viability of business operations.

4.5 Water Operations - Long Term Financial Plan

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 higher risk business to manage, from a financial perspective.

There are 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 2026/27 to 2029/30 Delivery Program and 2026/27 Operational Plan.

Charge Type	2025/26	2026/27	% Increase
Water Access Charge 20mm meter	265	281	6.0
Water Consumption under 350kl	2.99	3.17	6.0
Water Consumption over 350kl	4.49	4.76	6.0
Vacant Land Charge	265	281	6.0

Attachment(s)

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2. Water Operations - Operating Income and Expenses [⇒](#)
3. Water Operations - Capital Expenses