



# **URALLA SHIRE COUNCIL BUSINESS PAPER**

## **BUDGET REVIEW AND FINANCE COMMITTEE MEETING**

**11 February 2020**

Uralla Shire Council  
Budget Review and Finance Committee  
Business Paper – 11 February 2020

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- A G E N D A -

# **Budget Review & Finance Committee Meeting**

**11 February 2020, 12:30pm, Council Chambers**

- 1. Opening & Welcome**
- 2. Acknowledgement of Country**
- 3. Apologies, Requests for Leave of Absence**
- 4. Disclosures & Declaration of Interests**
- 5. Announcements**
- 6. Confirmation of Minutes**
- 7. Urgent Supplementary & Late Items of Business**
- 8. Reports to Committee**  
Report 1 - Review increases in water fund fees and charges
- 9. Motions on Notice**
- 10. Confidential Business**
- 11. Meeting Close**

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1. **OPENING & WELCOME**
2. **ACKNOWLEDGEMENT OF COUNTRY**
3. **APOLOGIES, REQUESTS FOR LEAVE OF ABSENCE**
4. **DISCLOSURES & DECLARATIONS OF INTEREST**
5. **ANNOUNCEMENTS**
6. **CONFIRMATION OF MINUTES**

**Minutes to be confirmed at the 11 February 2020 Meeting:**

- Budget Review and Finance Committee Meeting held 12 November 2019 (copy enclosed)



## MINUTES

# Budget Review & Finance Committee

## Meeting 12 November 2019, 12:30pm, Council Chambers

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**Minutes of the Budget Review & Finance Committee Meeting  
held at 12 November 2019, 12:30pm, Council Chambers**

**ATTENDANCE**

Present were the Chairperson Cr M Pearce (Mayor), Cr R Crouch (Deputy Mayor), and Councillors, R Bell, M Dusting, N Ledger, T O'Connor, L Sampson, I Strutt, and T Toomey, Acting General Manager (Mr D Aber), Director Infrastructure and Development (Mr T Seymour), Executive Manager Corporate Services (Ms S Glasson) and Minute Clerk.

**1. OPENING & WELCOME**

*The Chair declared the meeting opened at 12:39pm.*

**2. PRAYER**

*The Chair recited the Uralla Shire Council prayer.*

**3. ACKNOWLEDGEMENT OF COUNTRY**

*The Uralla Shire Council recognises the traditional custodians of the land on which this meeting is being held and acknowledge Aboriginal Elders past and present and we pay respect to them and their heritage.*

**4. APOLOGIES, REQUESTS FOR LEAVE OF ABSENCE**

*The Chair advised receipt of an apology from Mr S Paul (Chief Financial Officer)*

**MOTION (Crs M Dusting / I Strutt)**

**That the Committee accept the apology from Mr S Paul (Chief Financial Officer)**

**BRFC24/19 CARRIED**

*The Chair advised there were no requests for Leave of Absence.*

**5. DISCLOSURES & DECLARATION OF INTERESTS**

*There were no disclosures or declarations made.*

**6. CONFIRMATION OF MINUTES**

Minutes to be confirmed at the 12 November 2019 Meeting:

- Minutes of the Budget Review and Finance Committee Meeting held 10 September 2019.

*The Chair referred Councillors to the minutes and called for any amendments.*

Cr Bell made reference to the minutes and requested the following amendments:

- Previous minutes need to be amended to include the closed session reasoning. The reason for going into closed session was that the statements were unaudited.

**MOTION (Crs R Bell / B Crouch)**

That the Committee confirm the minutes, together with amendments as noted, as a true and accurate record of the Budget Review and Finance Committee meeting held 10 September 2019.

**BRFC25/19 CARRIED**

**7. URGENT, SUPPLEMENTARY & LATE ITEMS OF BUSINESS**

The Chair advised there were no urgent, supplementary or late items of business.

**8. REPORTS TO COMMITTEE**

Department: General Manager's Office  
Submitted by: Chief Financial Officer  
Reference/Subject: Report 1 – Horizontal Service Review – Feedback on action items

**OFFICER'S RECOMMENDATION:**

That the Committee:

1. Note the report;
2. Provide decisions on items marked D; and
3. Provides any feedback or alternative actions to those noted for the remaining items.

**PROCEDURAL MOTION (Crs T O'Connor / I Strutt )**

**To move to Committee of the Whole**

**BRFC26/19 CARRIED**

*Councillors held a detailed discussion in committee regarding the report.*

*Cr Toomey left the meeting at 12:46pm*

*Cr Toomey returned to the meeting 12:51pm*

*Cr Sampson left the meeting at 12:54pm*

*Cr Sampson returned to the meeting at 12:54pm*

**PROCEDURAL MOTION (Crs T O'Connor / I Strutt )**

**To resume Standing Orders**

**BRFC27/19 CARRIED**

The Chair outlined details of the discussion held in committee.

**MOTION (Crs T O'Connor / I Strutt )**

That the Committee;

Accept the following;

Item 1. *Review and increase pricing of stock at the VIC*

Item 3. *Energy initiatives (e.g. solar and LED for street lighting)*

Item 10. *Upgrade Bundarra maintenance water truck*

Endorse the following;

Item 16. *The issue of fines for infringements being uniformly and equitably applied.*

Reject the following;

Item 2. *Implement full cost recovery for non-statutory fees and charges*

Item 5. *Reduce the number of councillors*

Item 6. *Close the Bundarra Library*

Item 9. *Reduce service levels for nature strip mowing at Bundarra*

Item 11. *Reduce number of newsletters (staff cost)/review print and delivery*

Item 12. *Implement business paper efficiencies (purchase software)*

Item 13. *Reduce printing, including issuing only digital business papers*

**BRFC28/19 CARRIED**

*Cr Toomey requested that her vote against the motion be recorded.*

**9. MOTIONS ON NOTICE**

*There were no 'Notices of Motion' addressed to the 12 November Meeting.*

**10. CONFIDENTIAL BUSINESS**

*There were no Confidential Business items.*

**11. MEETING CLOSE**

*The meeting closed at 1:55pm*

- 7. URGENT, SUPPLEMENTARY & LATE ITEMS OF BUSINESS**
  
- 8. REPORTS TO COMMITTEE**



## REPORT TO COMMITTEE

|                           |                                                                   |
|---------------------------|-------------------------------------------------------------------|
| <b>Department:</b>        | <b>General Manager's Office</b>                                   |
| <b>Submitted by:</b>      | <i>Chief Financial Officer</i>                                    |
| <b>Reference/Subject:</b> | <b>Report 1 – Review increases in water fund fees and charges</b> |

### LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

|                  |                                                                                              |
|------------------|----------------------------------------------------------------------------------------------|
| <b>Goal:</b>     | 4.2 An effective and efficient organisation                                                  |
| <b>Strategy:</b> | 4.2.2 Operate in a financially responsible and sustainable manner                            |
| <b>Activity:</b> | 4.2.2.1 Maintain and control financial system and improve long term financial sustainability |
| <b>Action:</b>   | 4.2.2.1.1 Review and revise the 10 year Long Term Financial Plan                             |

### SUMMARY:

During 2019-20 budget preparations Council was advised that the projected losses in the Water Fund could not be sustained in the long term. It was agreed by Council that water access charges and usage charges be increased by 5% in the 2019-20 year (instead of in line with the 2.7% rate peg) as a first stage increase to sustainability. It is now time to review the proposed increases necessary to maintain a financially healthy Water Fund and provide for long term sustainability.

### OFFICER'S RECOMMENDATION:

That the Committee recommend to Council that:

1. Water access charges for Uralla and Bundarra residents be increased by 22.5% in 2020-21;
2. Water access charges for Uralla and Bundarra residents be increased by 12.5% in 2021-22;
3. Water access charges for Uralla and Bundarra residents be increased by 7.5% in 2022-23;
4. Water consumption charges for Uralla and Bundarra residents be increased by 22.5% in 2020-21;
5. Water consumption charges for Uralla and Bundarra residents be increased by 12.5% in 2021-22;
6. Water consumption charges for Uralla and Bundarra residents be increased by 7.5% in 2022-23.

### REPORT:

The budgeted loss for the Water Fund for the year ended 30 June 2020 was originally \$282,343 (as per the Operational Plan 2019-20). This was subsequently adjusted to \$324,412 following the adoption of Council resolution 37.06/19. Based on the financial performance of the Water Fund to 31 January 2020 it is estimated that the Water Fund will return a loss of \$322,259 for the year ended 30 June 2020. This is after providing \$25,000 for granular activated carbon costs to 30 June 2020 and assumes that the purchase of all bottled water will be reimbursed by the NSW State Government. It does not take account of additional depreciation resulting from the anticipated installation of new equipment at the water treatment facility to manage the granular activated carbon process.

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The long term financial plan that was used to estimate the ongoing losses in the Water Fund over the years ended 30 June 2020 to June 2029 have been summarised into graphs 1 to 4 below. They indicate that by June 2024 that the Water Fund will need to borrow money to maintain operations. These calculations include likely additional costs of \$60,000 for granular activated carbon and \$14,300 for depreciation on new plant to manage the granular activated carbon process (\$1,000,000 depreciated over 70 years – very optimistic).

If the Water Fund increased access charges by:

- ✓ 20% above the expected annual increase of 2.5% in 2020-21 i.e. by 22.5%; and
- ✓ 10% above the expected annual increase of 2.5% in 2021-22 i.e. by 12.5%; and
- ✓ 5% above the expected annual increase of 2.5% in 2022-23 i.e. by 7.5%; and

Increased water usage charges by:

- ✓ 20% above the expected annual increase of 2.5% in 2020-21 i.e. by 22.5%; and
- ✓ 10% above the expected annual increase of 2.5% in 2021-22 i.e. by 12.5%; and
- ✓ 5% above the expected annual increase of 2.5% in 2022-23 i.e. by 7.5%;

Then it is likely that the Water Fund would return to a more sustainable position as summarised in graphs 5 to 8 below.

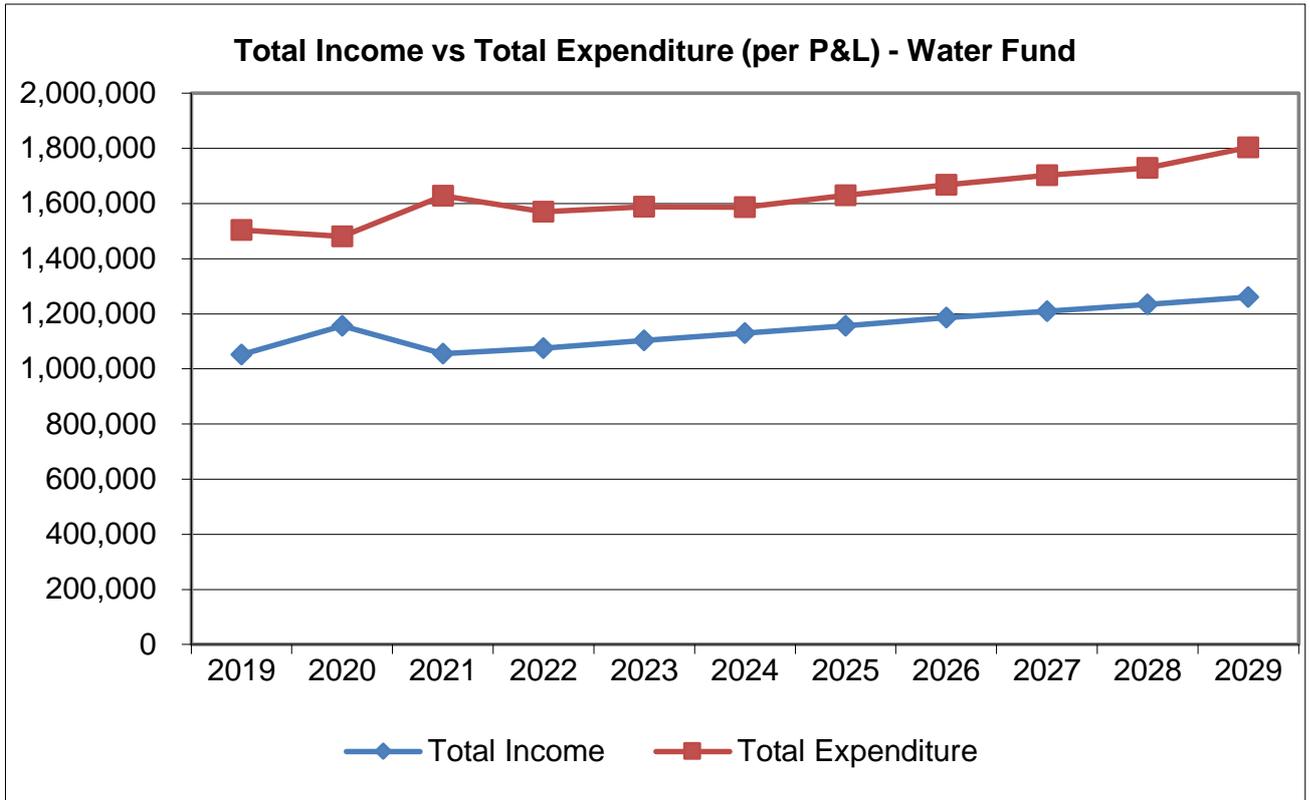
It is likely however, that with the proposed increases in user charges as outlined above, that consumers would reduce their usage which would in turn require further increases in the level of water use charges necessary to maintain a sustainable financial performance in the Water Fund. For example, based on a 20% reduction in water use charges in 2020-21, it is estimated that Council would need to increase water usage charges by 20% above the expected annual increase of 2.5% in 2021-22 (i.e. by 22.5%) in order to maintain a more sustainable position.

An alternative to the above single price increases, Council could introduce tiered water charges to target higher non-price sensitive users.

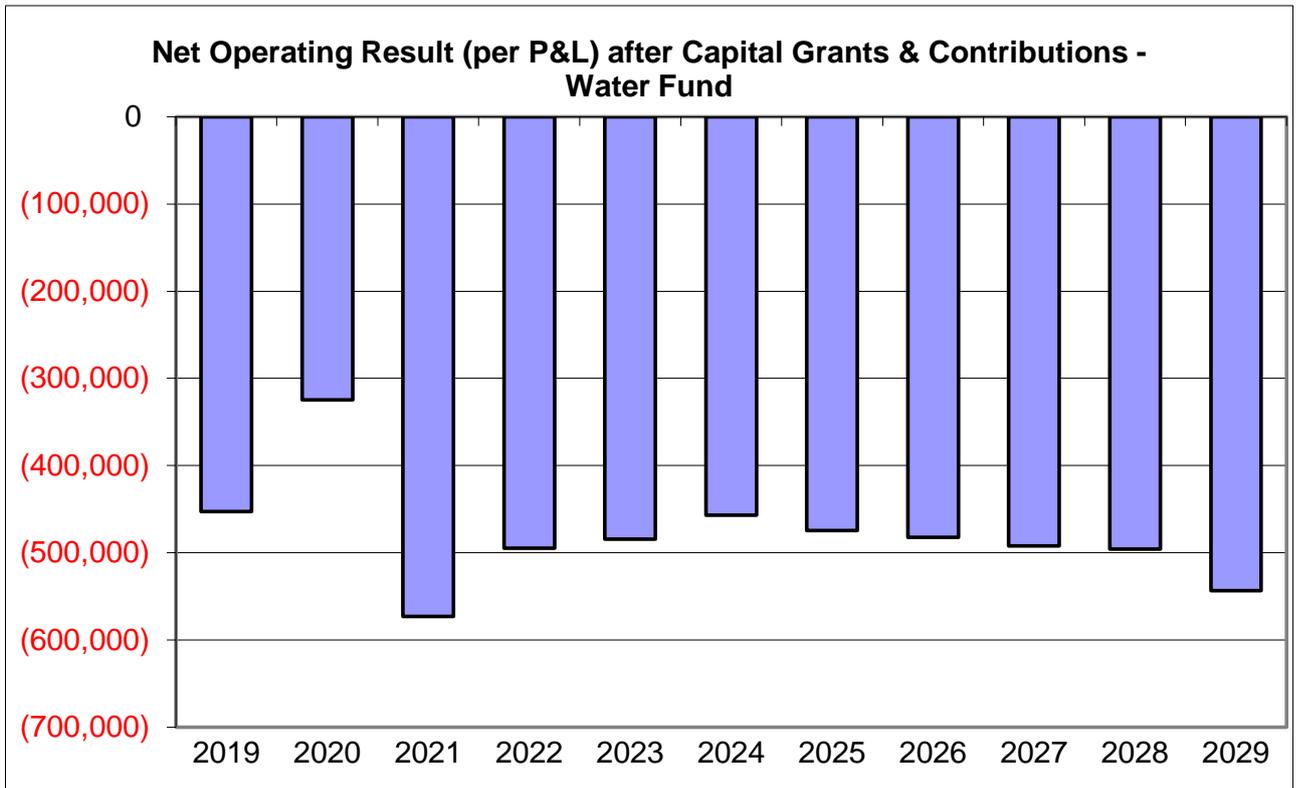
|                               |                          |
|-------------------------------|--------------------------|
| Prepared by staff member:     | Chief Financial Officer  |
| TRIM Reference Number:        | UINT/20/1040             |
| Approved/Reviewed by Manager: | Acting General Manager   |
| Department:                   | General Manager's Office |
| Attachments:                  |                          |

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**Graph 1: Budgeted Income and Expenditure June 2020 to June 2029**

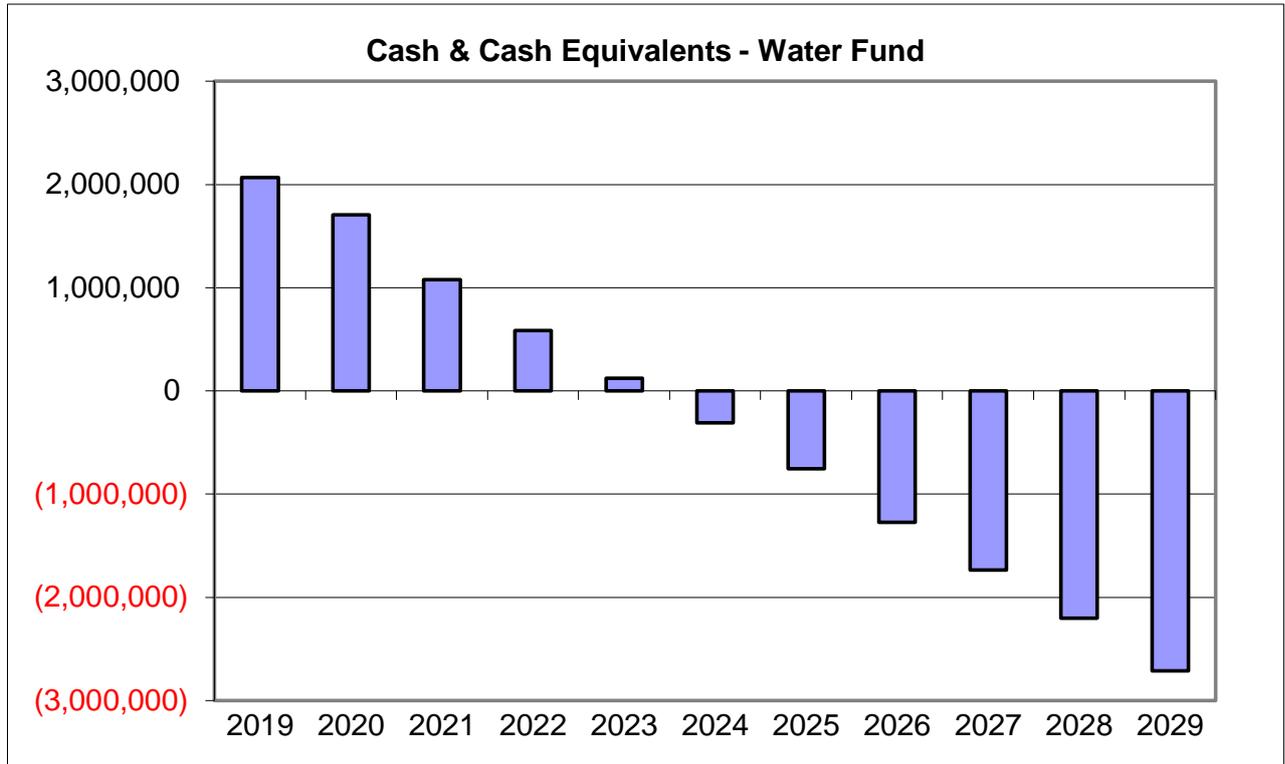


**Graph 2: Budgeted Net Operating Result June 2020 to June 2029**

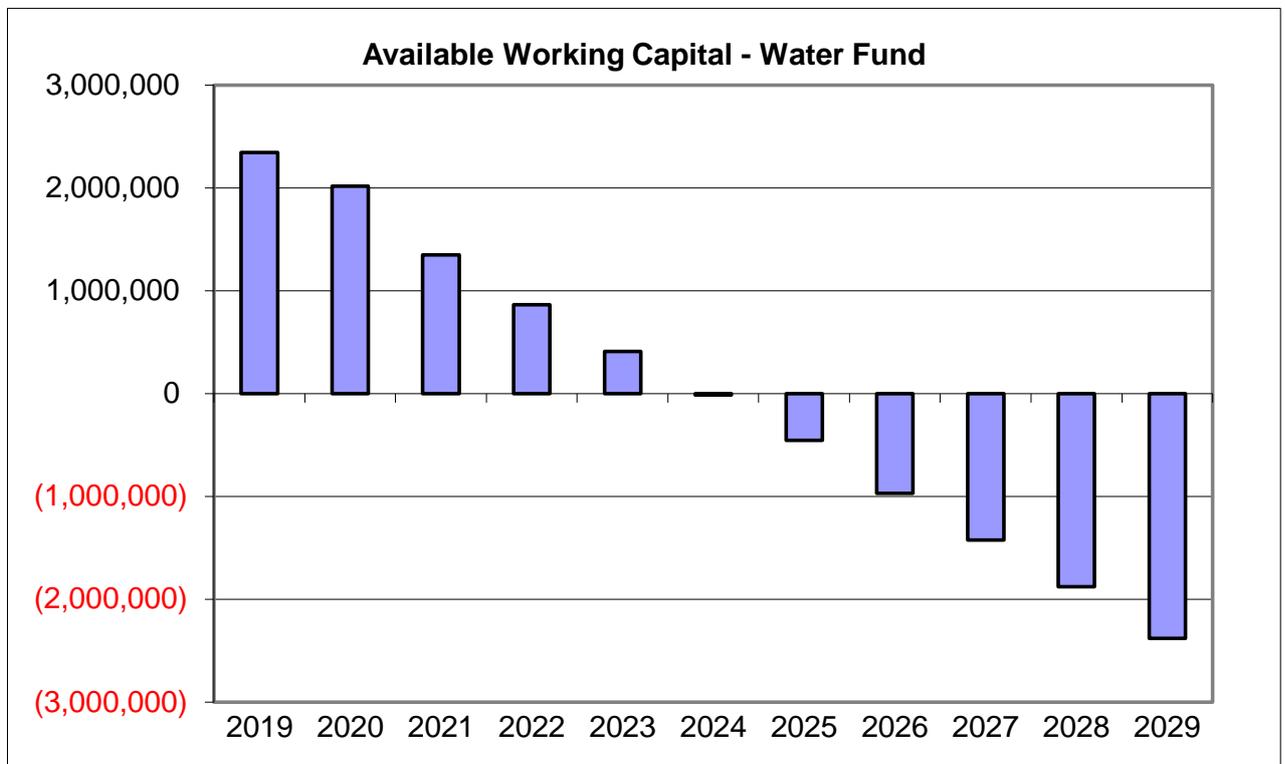


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**Graph 3: Budgeted Cash Result June 2020 to June 2029**

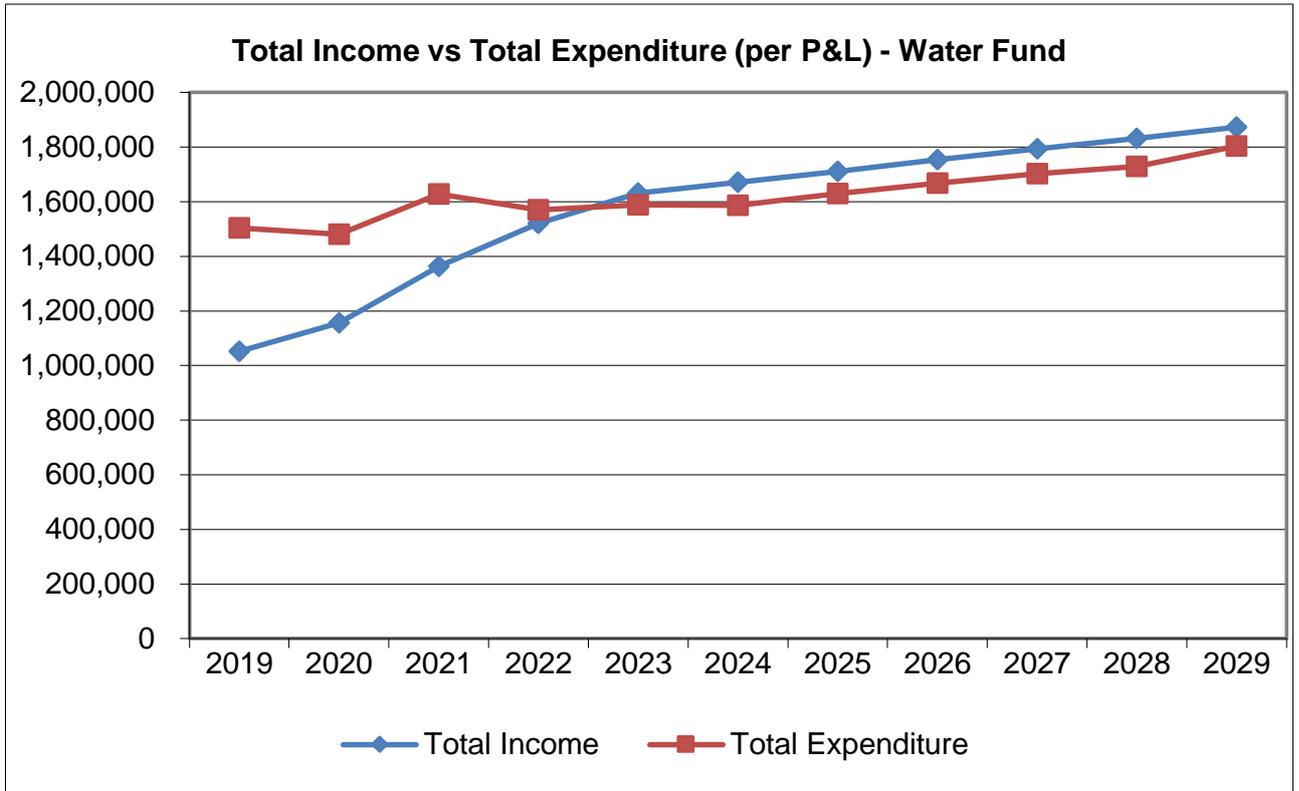


**Graph 4: Budgeted Available Working Capital June 2020 to June 2029**

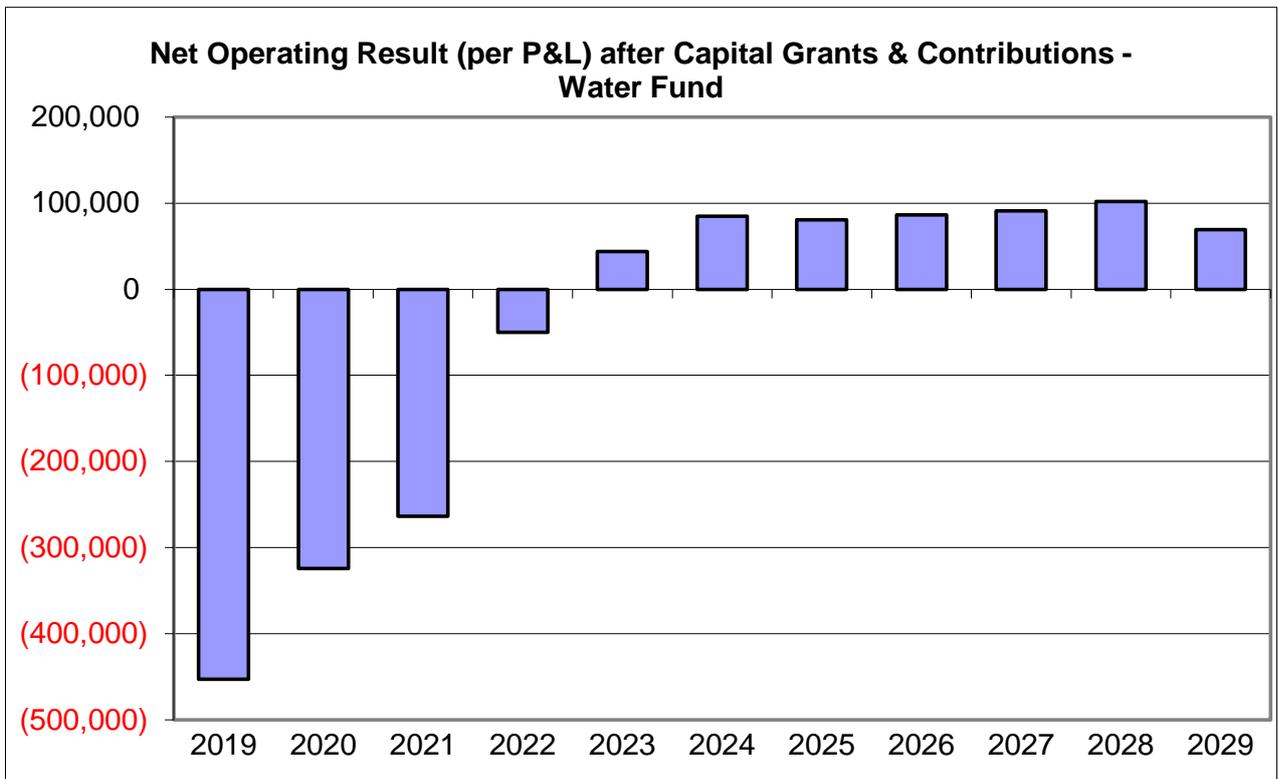


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**Graph 5: Budgeted Income and Expenditure June 2020 to June 2029**

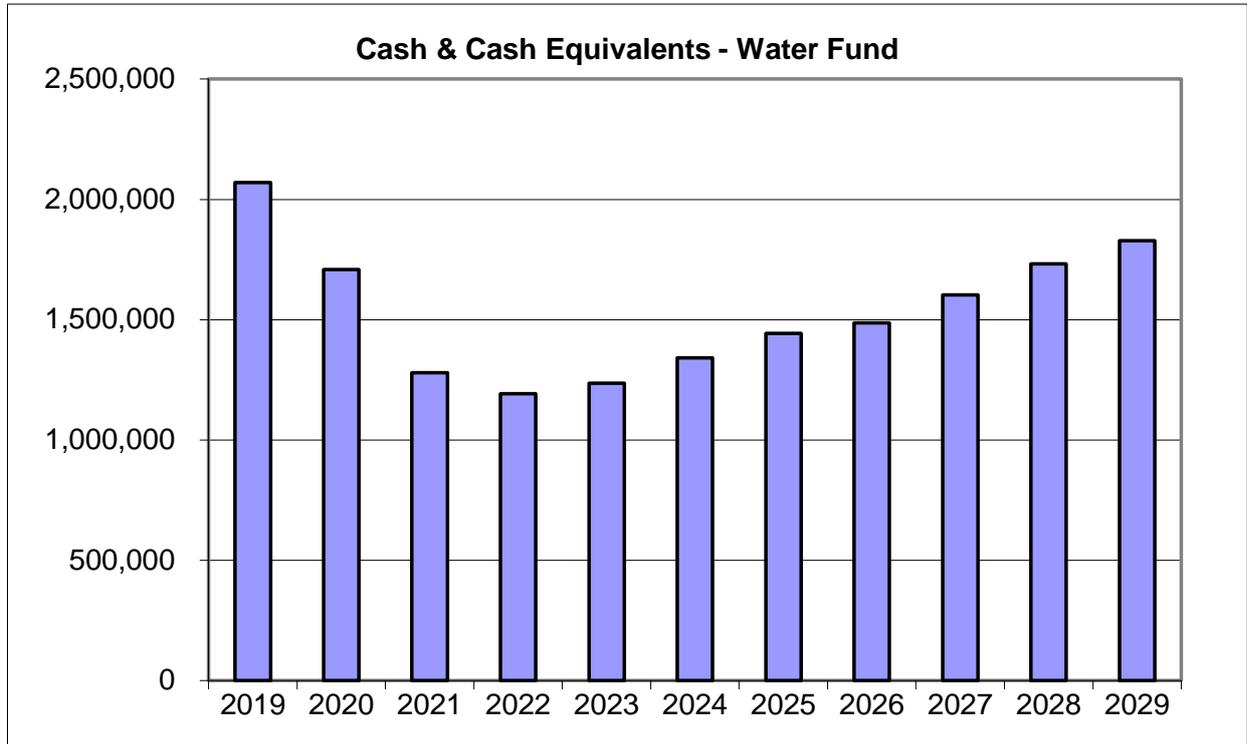


**Graph 6: Budgeted Net Operating Result June 2020 to June 2029**

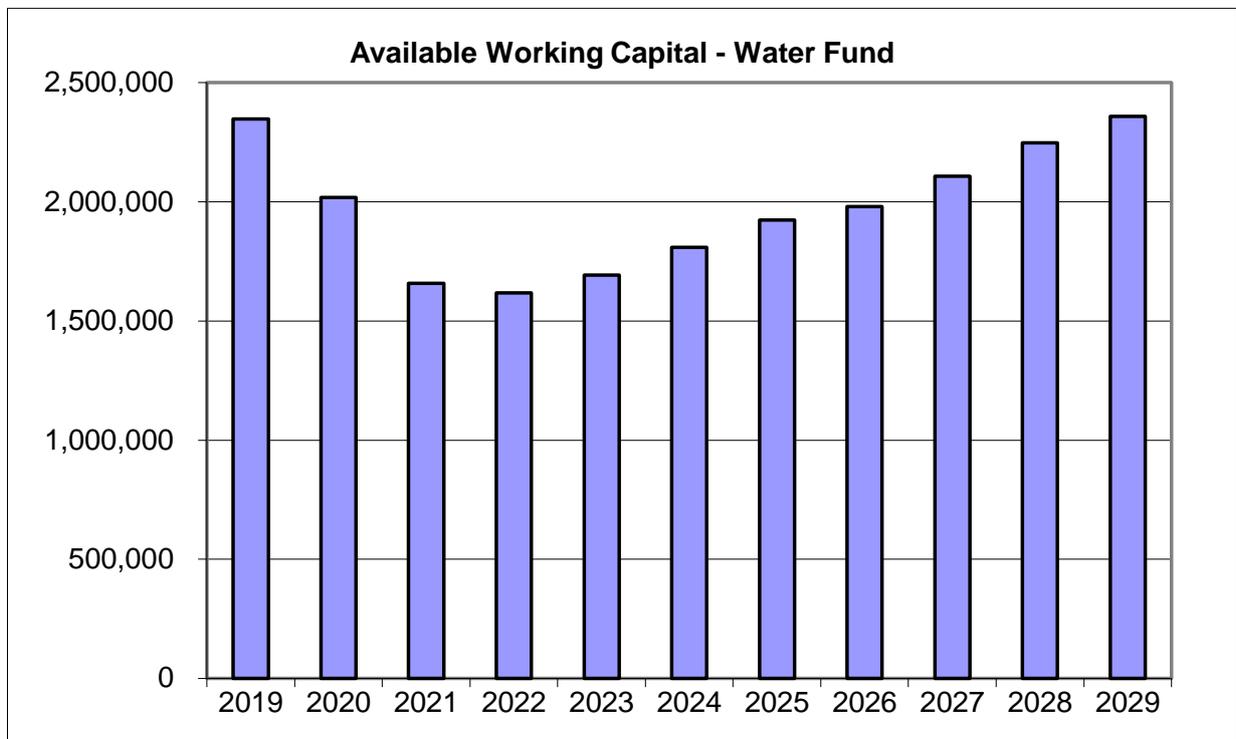


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**Graph 7: Budgeted Cash Result June 2020 to June 2029**



**Graph 8: Budgeted Available Working Capital June 2020 to June 2029**



**9. MOTIONS ON NOTICE**

**10. CONFIDENTIAL BUSINESS**

There are no Confidential Business Items.

**END OF BUSINESS PAPER**