



BUSINESS AGENDA

FINANCE ADVISORY COMMITTEE MEETING

14 June 2022

Commencing at 10:30am

Notice is hereby given, in accordance with the provision of the Local Government Act 1993 that a Meeting of Uralla Shire Council will be held in the Council Chambers, 32 Salisbury Street, Uralla.

Kate Jessep
GENERAL MANAGER

UINT/22/7177

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1 OPENING & WELCOME

2 PRAYER

3 ACKNOWLEDGEMENT OF COUNTRY

4 WEBCAST INFORMATION

5 APOLOGIES & APPLICATIONS FOR LEAVE OF ABSENCE BY COUNCILLORS

6 DISCLOSURES & DECLARATIONS OF INTEREST

To be tabled at the Meeting.

7 CONFIRMATION OF MINUTES

7.1 FINANCE ADVISORY COMMITTEE MEETING HELD 10 MAY 2022

MINUTES

Finance Advisory Committee Meeting

10 May 2022 – 4:00pm - Council Chambers

Councillor Attendee's:

Deputy Mayor Cr R Crouch
Cr T Bower
Cr S Burrows
Cr L Doran
Cr B McMullen
Cr T O'Connor
Cr L Petrov (Zoom) left meeting 6:31pm
Cr T Toomey

Apologies:

Mayor R Bell
Cr T O'Connor

Staff Attendee's:

General Manager – Ms K Jessep
Chief Financial Officer/Director Corporate Services – Mr S Paul
Director, Infrastructure of Development – Mr T Seymour
Director Community Services – Ms C Valencius
Manager, Governance - Ms N Heaton
Minute Clerk – Wendy Westbrook

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UNCONFIRMED

1 MEETING OPEN

The Chair declared the meeting open at 4pm.

2 WELCOME

The Chair welcomed attendees to the meeting.

3 ACKNOWLEDGEMENT OF COUNTRY

The Chair acknowledged Country and Elders past and present.

4 WEBCAST INFORMATION

The Chair advised that the meeting is audio recorded and the recording is made available on Council's website after the meeting.

5 APOLOGIES, REQUESTS FOR LEAVE OF ABSENCE AND OBSERVERS

The Chair advised there were apologies from Mayor Bell and Cr O'Connor.

The Chair advised Cr Petrov will be joining the meeting via Zoom.

6 DISCLOSURE AND DECLARATIONS OF INTEREST

Nil

7 CONFIRMATION OF MINUTES

7.1 MINUTES FROM THE 19 APRIL 2022 BUDGET REVIEW & FINANCE COMMITTEE MEETING.

Council adopted the minutes of the Budget Review and Finance Committee Meeting held 19 April 2022 at Council 24 April 2022 meeting as a true and correct record.

8 LATE, URGENT & SUPPLEMENTARY ITEM

Nil

9 REPORTS

9.1 DRAFT DELIVERY PROGRAM 2022-2025

MOTION Moved: Cr Doran / Seconded: Cr Burrows

- I. That the Committee request the draft Delivery Program include the following adjustments:
 - a. Add under 3.3 Establish and operate Bundarra waste transfer service.
 - b. Add an activity regarding development of the Council owned industrial land site.
 - c. Review wording of proposed projects to clarify the future decision points and resourcing; for example, seek funding opportunities to enable the option to expand McMaugh Gardens.
 - d. Add under 2.1:
 - i. Investigate opportunities to apply for suitable grants to facilitate vehicle charging without increasing cost to rate payers.
 - ii. Advocacy for opportunities and benefits from the NEREZ without increasing the cost to rate payers.
 - e. Add: Investigate opportunities to apply for suitable grants to facilitate events in the community.
 - f. Under 3.2 consider adding another activity that promotes appropriate developer contribution (wording to be developed)
 - g. Under 3.3 consider adding areas of waste disposal coming from developers as an opportunity for Uralla Shire (wording to be developed)
 - h. Under 4.1 consider adding: engage and collaborate with groups, businesses and potential developers (wording to be developed)
 - i. Include diagram on pg 11 of the report into the document.
- II. That the Finance Advisory Committee recommends to Council that the Draft Delivery Program 2022-2025, as amended, be placed on public exhibition from 25 May 2022 to 22 June 2022 and that a report be presented to the 28 June 2022 Ordinary Council meeting to enable adoption of the document.

For: Crs Burrows, Toomey, Bowers, Doran, McMullen, Crouch

Against: Nil

Absent: Cr Petrov

FAC01.10/22 CARRIED

9.2 DRAFT OPERATIONAL PLAN 2022-2023

MOTION Moved: Cr McMullen / Seconded: Cr Petrov

- I. That the Committee request the draft Operational Plan include the following adjustments:
- a. Add action: organisation-wide desk-top service review and benchmarking to assess service levels and costs so that the need for savings/efficiencies and additional revenue can be assessed
 - b. on p43 add the Wordsworth for advertising purposes
 - c. add the service area income, expenditure and FTE
 - d. cost benefit analysis for items on page 53 (wording to be developed)
 - e. review the wording arising from workforce strategy (wording to be developed)
 - f. 2.2.5.2 review the performance measure from point of lodgement
 - g. 2.2.6.1 review deadline if that could be inserted
 - h. Asset Management Plans scheduled for review to be identified as reviewed by March 2023.
 - i. Review action(s) with community groups such as ZNet Water Project
 - j. 3.1.45 – change numbering to 3.1.5
 - k. 3.3.2.1 add specifics investigate increased recycling opportunities in public spaces
 - l. 3.3.6.2 & 3.3.6.3 change the measure to March 2023
 - m. 4.2.2 add to the action v1 by March 2023
- II. That the Finance Advisory Committee recommends to Council that the *Draft Operational Plan 2022-2023*, as amended, be placed on public exhibition from 25 May 2022 to 22 June 2022 and that a report be presented to the 28 June 2022 Ordinary Council meeting to enable adoption of the document.

For: Crs, McMullen, Crouch, Petrov
Against: Crs Burrows, Toomey, Bowers, Doran
Absent: Nil
LOST

Cr McMullen left the meeting 6:19pm

Cr McMullen returned to the meeting 6:22pm

Chair called for short adjournment 6:31pm

Cr Petrov left the meeting 6:31pm

The Chair resumed the meeting at 6:45pm

9.3 DRAFT BUDGET 2022-2023 VERSION 3

MOTION Moved: Cr Bower / Seconded: Cr Toomey

- I. That Council receive the following information:
 - a. Cost of contractor vs in-house waste collection services
 - b. Cost and proposed benefits of any new project in the draft budget
 - c. Provide a detailed Profit and Loss report

- II. That the Committee recommend Council consider the draft 2022-2023 budget, and any further amendments arising from that information, in order to determine the final draft for public exhibition for a period of 28 days.

For: Crs, McMullen, Crouch, Burrows, Toomey, Bowers, Doran
Against : Nil
Absent: Cr Petrov

FAC02.10/22 CARRIED

9.4 FEES & CHARGES

MOTION Moved: Cr Crouch / Seconded: Cr McMullen

That the Finance Advisory Committee considered the draft of Fees and Charges for 2022-23 at the 10 May 2022 meeting and recommend to Council that the schedule of draft Fees and Charges 2022-23 be placed on public exhibition.

For: Crs, McMullen, Crouch, Burrows, Toomey, Bowers, Doran
Against : Nil
Absent: Cr Petrov

FAC03.10/22 CARRIED

9.5 DRAFT ASSET MANAGEMENT PLANS

MOTION Moved: Cr McMullen / Seconded: Cr Burrows

RECOMMENDATION:

- I. That the Finance Committee consider the draft Asset Management Plans attached to this report:
 - a. Plant and Equipment Asset Management Plan (Attachment 1)
 - b. Buildings Asset Management Plan (Attachment 2)
 - c. Transport Asset Management Plan (Attachment 3)
 - d. Stormwater Drainage Asset Management Plan (Attachment 4)
 - e. Water Asset Management Plan (Attachment 5)
 - f. Sewerage Asset Management Plan (Attachment 6)
 - g. Open Spaces and Recreation Asset Management Plan (Attachment 7)
- II. That the Committee request the draft Asset Management Plans include the following adjustments:
 - a. Update reference to vision, mission and strategies per new draft community strategic plan
 - b. Update reference to integrated planning and reporting diagram per report to Committee
 - c. Update the Building Asset Management Plan with detailed CAPEX renewal and delete "on average per year" from 1.3.1
 - d. Update the TAMP ten-year forecast at section 6.1.1 to run from 2021-22 per the appendix.
 - e. Update the Storm Water AMP to add reference to the Stormwater levy at section 7.2
 - f. All draft AMPs to be clearly marked as "draft" on all pages
- III. That the Committee recommend to Council that the draft Asset Management Plans, as amended, be presented to the May Ordinary Council meeting for placing on public exhibition for a period of 28 days.

For: Crs, McMullen, Crouch, Burrows, Toomey, Bowers, Doran

Against: Nil

Absent: Cr Petrov

FAC04.10/22 CARRIED

10 CONFIDENTIAL BUSINESS

Nil

11 MEETING CLOSED

Meeting closed at 7:33pm

12 CONFIRMATION OF MINUTES

COUNCIL MINUTES CONFIRMED BY:	
RESOLUTION NUMBER:	
DATE:	
CHAIR:	Mayor Robert Bell
Presented to Council	Ordinary Meeting 24 May 2022

UNCONFIRMED

8 URGENT, SUPPLEMENTARY AND LATE ITEMS OF BUSINESS

8.1 LATE REPORTS TO COUNCIL

8.2 URGENT ITEMS

8.3 SUPPLEMENTARY ITEMS

9 REPORTS

9.1 DRAFT BUDGET 2022-2023 – REVISION TO VERSION ON PUBLIC EXHIBITION



Department:	Corporate Services
Prepared by:	Director Corporate Services/Chief Financial Officer
TRIM Reference:	UINT/22/7190
Attachment:	UINT/22/7267

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

Goal:	4.2	An effective and efficient organisation
Strategy:	4.2.2	Operate in a financially sustainable manner

SUMMARY:

1. The purpose of this report is to enable the Finance Advisory Committee to undertake a further review of the draft 2022-2023 budget that is currently on public exhibition and provide further direction for the finalisation of the budget so that Council can proceed to adopt the Operational Plan 2022-2023, including the revised budget, on 28 June 2022.
2. At the Council's Ordinary Meeting on 24 May 2022, Council resolved 20.05/22:
That:
 1. the Draft Operational Plan 2022-23 including the draft budget, draft revenue policy and draft fees and charges be placed on public exhibition from 25 May 2022 to 22 June 2022 and that any operational considerations and submissions from the public be collated for Council consideration at the 28 June 2022 Ordinary Meeting of Council;
 2. concurrently, Council vote funds [quantum retained in confidence] to engage an independent financial expert to assist Council with the review of the draft budget to identify any further saving and revenue options for the 2022-23 budget including:
 - a. the forecast fees and charges revenue
 - b. kerbside collections optimum service delivery method
 - c. optimised staffing costs
 - d. retaining services within budget
 3. the notice for the public exhibition is to advise that Council will be undertaking the above steps both during the public consultation period and in the first quarter of the 2022-23 financial year; and
 4. that the quantum in part 2 remain in confidence.
3. Council must adopt its annual budget by 30 June 2022 as part of a suite of integrated planning and reporting (IP&R) documents required by legislation.

RECOMMENDATION:

- I. That the Finance Advisory Committee note the savings in the draft 2022-2023 budget currently on public exhibition and recommend to Council that the following further adjustments be made:
 - a. <<<to be inserted at the meeting>>>; and
- II. Note that the review will continue into the first quarter of the financial year.

REPORT:

4. The process to develop the draft 2022-2023 budget to date is summarised at attachment 1.
5. The draft budget already includes the following savings:
 - a. 50% reduction in overtime allowance
 - b. Reduced community grants and donations \$19k
 - c. Organisational review cost reduced by 38K
6. Known Items to be adjusted in the draft budget are:
 - a. X05.05/22 amount voted for proposed Workforce Management Strategy organisation change.
 - b. Corporate information technology system database upgrade advised as unsupported from December 2022 if not upgraded – estimated \$200k capitalised over 5 years.
7. Potential risks in the draft budget include:
 - a. Immature assets plans may not have forecast sufficient asset maintenance and renewal
 - b. Effect of extra weather events on road network exceeding planned maintenance costs
 - c. Insurance premiums pending, and may have greater increases than the estimated 10% currently in the draft budget.
 - d. Other unknown issues to be addressed through quarterly budget reviews.
8. Council has engaged LGOutcomes to assist with the review of the draft budget to identify any further saving and revenue options for the 2022-23 budget. Mr Chris Weber has commenced a desk-top review and will attend the Financial Advisory Committee meeting to assist with a workshop of possible budget adjustments.
9. The following framework is provided to assist with the Committee's workshop with some initial considerations in each area.
10. **Workshop part 1** - Identify possible expenditure savings, for example:
 - A. Waste facility and domestic waste management (DWM)
 - a. Outsource DWM services (and potentially cease contract with Walcha Council for their DWM services – possible joint tender)
 - b. Lease landfill operations
 - B. Cease provision for restoration of quarries & pits
 - a. Annual provision for restoration of quarries & pits of \$20K
 - C. No provisions for prior years have been included in cash restrictions
 - D. Borrow for large plant purchases to spread the cash implication over the life of the asset.
 - E. Review grants where own source revenue is required.
 - F. Possible service level reductions.

- 11. Workshop part 2** - Identify possible revenue opportunities, for example:
- A. Sell industrial land as a whole and allow it to be developed by others
 - a. Sell land
 - b. Pay out remaining associated borrowings (approximately \$678,005)
 - c. Retain any surplus proceeds as unrestricted cash and remove loan restriction (currently \$491K)
 - B. Sporting club facility hire agreements (usually with 90% subsidy)
 - C. Expand McMaugh Gardens
 - a. Would require a business case to be prepared. Estimated cost \$30K
 - b. Would require architectural plans to be prepared. Estimated cost \$70K
 - D. Increase revenue from section 7.11 and 7.12
 - a. Identify opportunities to raise additional levies from these sources
 - E. Increase plant hire charges
 - a. Increased plant fund revenue could be paid to 'general fund' as a 'dividend' noting this adds cost to road maintenance or rehabilitated
 - F. Increase Water and Sewer Fund charges to achieve break-even
 - a. Increase water access charges and water consumption charges for 2022-23 by 32% instead of 5% noting that this would remove a total of 55% of fee increases over six years.
 - b. Increase sewer access charges for 2022-23 by 18% instead of 5% noting that this would remove a total of 25% over three years.
 - G. Investigate special rates variation options to cover increased cost of maintaining service levels.
- 11.** Local government has been under enormous financial pressure for over a decade from multiple directions including rate cap limitations, cost shifting (e.g. emergency services costs), increased regulatory compliance costs, and significant grant funding upgrading assets (service level increases) with no new money for on-going operating costs.
- 12.** The review of the draft budget 2022-2023 will continue into the first quarter of the financial year. Concurrently, asset management plan will continue to be developed and a desk-top review (benchmarking) of all service areas will be undertaken.

CONCLUSION:

- 13.** The Committee should provide direction on any further changes to the draft 2022-2023 budget parameters, service levels, income opportunities or expenditure savings, to enable preparation of the final budget for adoption by Council on 28 June 2022; noting that the review will continue into the first quarter of the financial year.

COUNCIL IMPLICATIONS

14. Community Engagement/Communication

All IP&R documents 28 days public exhibition.

15. Policy and Regulation

Local Government Act 1993 (NSW), Local Government (General) Regulations 2021 (NSW) Office of Local Government, Integrated Planning & Reporting: Guidelines, September 2021

16. Financial/Long Term Financial Plan

The Draft LTFP 2023-2032 is now on public exhibition. Any changes identified in this final review will be updated in the version adopted by Council.

17. Asset management/Asset Management Strategy

The draft budget has been prepared using the current and draft asset management plans (current asset valuations) and known requirements.

18. Workforce/Workforce Management Strategy

The draft WMS is currently on public exhibition. The strategy is integrated within the draft budget and LTFP.

19. Legal and Risk Management

The Draft Budget 2022-2023 version 3 forecasts a deficit which is assessed as high risk.

20. Performance Measures

Integrated Planning and Reporting Framework documents are adopted by Council before 30 June 2022. Financial indicators as prepared in the draft LTFP.

21. Project Management

General Manager and Director Corporate Services/Chief Financial Officer.

Attachment 1

Summary of process to prepare draft budget 2022-2023

4. Asset management development
 - a. Documents circulated to councillors pre 15 March BR&FC meeting:
 - i. draft Asset Management Policy
 - ii. draft Asset Management Strategy
 - iii. draft Transport Asset Management Plan
 - iv. draft Plant and Equipment Asset Management Plan
5. Budget Review & Finance Committee Meeting – 15 March 2022:
 - a. Documents included in agenda:
 - i. Report on draft budget
 - ii. Works funding report
 - iii. Draft capital expenditure listing
 - iv. Draft Income Statements for the General Fund, Water Fund, Sewer Fund and McMaugh Gardens
 - v. Budget bids
 - b. Draft consolidated operating loss for the year before capital grants was estimated to be \$1.8M based on:
 - i. Reduced overtime budget (50% reduction)
 - ii. Increase in water and sewer access charges of 10%
 - iii. Increase in rate revenue of just 0.7%
 - iv. Reduced community grants and contributions of \$29K (\$55.7K reduction)
 - v. Organisational review cost of \$63K
6. Budget Review & Finance Committee Meeting – 19 April 2022:
 - a. Documents included in agenda:
 - i. Draft fees and charges
 - ii. Report on draft budget
 - iii. Draft capital expenditure listing;
 - iv. Draft Income Statement – High Level Income & Expenditure – Consolidated Funds - both including and excluding capital grants; and
 - v. Unresolved budget bids.
 - b. Draft consolidated operating loss for the year before capital grants was estimated to be \$1.7M based on:
 - i. Reduced overtime budget (50% reduction)
 - ii. Increase in water and sewer access charges of 5%
 - iii. Increase in rate revenue of 2.5%
 - iv. Increase interest revenue based on higher rates and cash balances
 - v. Reduced community grants and contributions of \$65K (\$19K reduction)
 - vi. Organisational review cost of \$25K
 - vii. Reduced training, licence and IT costs

7. Budget Review & Finance Committee Meeting – 10 May 2022:
 - a. Documents included in agenda:
 - i. Draft Delivery Program 2022-2025
 - ii. Draft Operational Plan 2022-2023
 - iii. Draft asset management plans – 7 attachments
 - iv. Draft fees and charges
 - v. Report on draft budget
 - vi. Draft capital expenditure listing
 - vii. Draft Income Statement – High Level Income & Expenditure – Consolidated Funds - both including and excluding capital grants.
 - viii. Budget bids
 - b. Draft consolidated operating loss for the year before capital grants was estimated to be \$1.77M based on changes identified at 19 April 2022 BR&FC meeting:
 - i. Reduced income from lower fee charges;
 - ii. Increased licence and emergency services costs;
 - iii. Increased labour costs for parks & gardens casual for main street blister maintenance.
8. Other plans adopted or on exhibition:
 - a. Draft Workforce Management Strategy 2022
 - b. Asset Management Strategy 2022-2032
 - c. Asset Management Policy 2022
 - d. Community Strategic Plan
 - e. Draft Delivery Program 2022-2025
 - f. Draft Operational Plan 2022-2023

10 CONFIDENTIAL MATTERS

There are no confidential matters.

11 CONCLUSION OF THE MEETING

END OF
FINANCE ADVISORY COMMITTEE
BUSINESS AGENDA