

# NOTICE OF MEETING



## FINANCE ADVISORY COMMITTEE MEETING

A Finance Advisory Committee Meeting of Byron Shire Council will be held as follows:

Venue	<b>Conference Room, Station Street, Mullumbimby</b>
Date	<b>Thursday, 11 November 2021</b>
Time	<b>2.00pm</b>

Vanessa Adams  
Director Corporate and Community Services

*I2021/1795  
Distributed 04/11/21*

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## CONFLICT OF INTERESTS

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**What is a “Conflict of Interests”** - A conflict of interests can be of two types:

**Pecuniary** - an interest that a person has in a matter because of a reasonable likelihood or expectation of appreciable financial gain or loss to the person or another person with whom the person is associated.

**Non-pecuniary** – a private or personal interest that a Council official has that does not amount to a pecuniary interest as defined in the Code of Conduct for Councillors (eg. A friendship, membership of an association, society or trade union or involvement or interest in an activity and may include an interest of a financial nature).

**Remoteness** – a person does not have a pecuniary interest in a matter if the interest is so remote or insignificant that it could not reasonably be regarded as likely to influence any decision the person might make in relation to a matter or if the interest is of a kind specified in the Code of Conduct for Councillors.

**Who has a Pecuniary Interest?** - a person has a pecuniary interest in a matter if the pecuniary interest is the interest of the person, or another person with whom the person is associated (see below).

**Relatives, Partners** - a person is taken to have a pecuniary interest in a matter if:

- The person’s spouse or de facto partner or a relative of the person has a pecuniary interest in the matter, or
- The person, or a nominee, partners or employer of the person, is a member of a company or other body that has a pecuniary interest in the matter.

N.B. “Relative”, in relation to a person means any of the following:

- (a) the parent, grandparent, brother, sister, uncle, aunt, nephew, niece, lineal descends or adopted child of the person or of the person’s spouse;
- (b) the spouse or de facto partners of the person or of a person referred to in paragraph (a)

**No Interest in the Matter** - however, a person is not taken to have a pecuniary interest in a matter:

- If the person is unaware of the relevant pecuniary interest of the spouse, de facto partner, relative or company or other body, or
- Just because the person is a member of, or is employed by, the Council.
- Just because the person is a member of, or a delegate of the Council to, a company or other body that has a pecuniary interest in the matter provided that the person has no beneficial interest in any shares of the company or body.

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

- 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 conflicts & 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 conflicts of interests must be dealt with in at least 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 of the provisions in the Code of Conduct (particularly if you have a significant non-pecuniary interest)

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## RECORDING OF VOTING ON PLANNING MATTERS

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### Clause 375A of the Local Government Act 1993 – Recording of voting on planning matters

- (1) In this section, **planning decision** means a decision made in the exercise of a function of a council under the Environmental Planning and Assessment Act 1979:
- (a) including a decision relating to a development application, an environmental planning instrument, a development control plan or a development contribution plan under that Act, but
- (b) not including the making of an order under that Act.
- (2) The general manager is required to keep a register containing, for each planning decision made at a meeting of the council or a council committee, the names of the councillors who supported the decision and the names of any councillors who opposed (or are taken to have opposed) the decision.
- (3) For the purpose of maintaining the register, a division is required to be called whenever a motion for a planning decision is put at a meeting of the council or a council committee.
- (4) Each decision recorded in the register is to be described in the register or identified in a manner that enables the description to be obtained from another publicly available document, and is to include the information required by the regulations.
- (5) This section extends to a meeting that is closed to the public.

**BYRON SHIRE COUNCIL**  
**BUSINESS OF MEETING**

**1. APOLOGIES**

**2. DECLARATIONS OF INTEREST – PECUNIARY AND NON-PECUNIARY**

**3. ADOPTION OF MINUTES FROM PREVIOUS MEETINGS**

- 3.1 Adoption of Minutes from the Finance Advisory Committee meeting 12  
November 2020 ..... 5

**4. STAFF REPORTS**

**Corporate and Community Services**

- 4.1 Quarterly Update - Implementation of Special Rate Variation ..... 11  
4.2 Budget Review - 1 July 2021 to 30 September 2021 ..... 16

**ADOPTION OF MINUTES FROM PREVIOUS MEETINGS**

**Report No. 3.1 Adoption of Minutes from the Finance  
Advisory Committee meeting 12 November  
2020**

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**Directorate:** Corporate and Community Services

**Report Author:** James Brickley, Manager Finance

**File No:** I2021/1325

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**RECOMMENDATION:**

**That the minutes of the Finance Advisory Committee Meeting held on 12 November 2020 be confirmed.**

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**Attachments:**

1 Minutes 12/11/2020 Finance Advisory Committee, I2020/1763 , page 7 [↓](#)

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# BYRON SHIRE COUNCIL

## ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

3.1

### **Report**

The attachment to this report provides the minutes of the Finance Advisory Committee Meeting of 12 November 2020.

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### **Report to Council**

The minutes were reported to Council on 26 August 2021

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STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

**Report No. 4.1      Quarterly Update - Implementation of  
Special Rate Variation**

5    **Directorate:**                      Corporate and Community Services

**Report Author:**                  James Brickley, Manager Finance

**File No:**                              I2021/1784

**Summary:**

10    At its Ordinary Meeting held on 2 February 2017 Council resolved to apply for a Special Rate Variation (SRV) of 7.50% per annum for four years commencing from the 2017/2018 financial year (Resolution **17-020 part 5**).

Following approval of Council's SRV by the Independent Pricing and Regulatory Tribunal (IPART), received on 9 May 2017, Council resolved to implement the SRV at its Ordinary Meeting held on 22 June 2017 (Resolution **17-268 part 1**).

15    At the same Ordinary Meeting, Council resolved (Resolution **17-222 part 2**) to incorporate reporting on the Special Rate Variation into the development of the 2017/2018 Financial Sustainability Plan, and to provide quarterly updates to Council through the Finance Advisory Committee on the adopted Plan's implementation. Whilst Council is no longer developing an annual Financial Sustainability Plan (from 2018/2019 onwards), it is  
20    important to provide progressive reporting on the implementation of the SRV.

The purpose of this report is to provide the Finance Advisory Committee with a quarterly update on the implementation of the SRV and expenditure from 1 July 2021 to 30 September 2021.

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**RECOMMENDATION:**

30    **That the Finance Advisory Committee notes the quarterly update on the Special Rate Variation Implementation as at 30 September 2021 as outlined in Attachment 1 (#E2021/135591).**

**Attachments:**

1      2017-2018 Special Rate Variation Expenditure 1 July 2021 to 30 September 2021,  
35      E2021/135591 , page 15 [↓](#)

## Report

At its Ordinary Meeting held on 2 February 2017 Council resolved to apply for a Special Rate Variation (SRV) as follows:

5 Resolution **17-020 part 5**:

10 *Lodge a Section 508A permanent Special Rate Variation application to the Independent Pricing and Regulatory Tribunal, for increases to the ordinary rate income (general revenue) of 7.5% (including rate peg) in 2017/18, 7.5% (including rate peg) in 2018/19, 7.5% (including rate peg) in 2019/20 and 7.5% (including rate peg) in 2020/21.*

15 After lodging the Special Rate Variation application with the Independent Pricing and Regulatory Tribunal (IPART), Council received approval to increase its ordinary rate income as per resolution **17-020**. This approval was granted on 9 May 2017. Council resolved to implement the SRV through adoption of the 2017/2018 Operational Plan and Revenue Policy at its Ordinary Meeting held on 22 June 2017 (Resolution **17-268 part 1**).

20 At its Ordinary Meeting held on 22 June 2017 Council received Report 13.13 confirming the outcome of the SRV application and its subsequent approval. Council resolved resolution **17-222** as follows:

- 25 1. *That Council note the determination from IPART in relation to its 2017/2018 Special Rate Application including the following conditions imposed by IPART on Council for the:*
  - 25 a) *use of the additional income derived from the special variation for the purposes of reducing its infrastructure backlog and improving financial sustainability; and*
  - 30 b) *reporting on this use against the forecasts included in the Council's application as part the Council's annual report for each year from 2017-18 to 2026-27.*
- 35 2. *That Council adopt as a Policy Framework the use and reporting conditions imposed by IPART in the SRV determination and further incorporate reporting on the Special Rate Variation into the development of the 2017/2018 Financial Sustainability Plan and the quarterly updates to Council through the Finance Advisory Committee on the implementation of the adopted Financial Sustainability Plan.*
- 40 3. *That Council establish as a policy framework that funding for infrastructure renewal and maintenance from general revenue sources is not ever lower than the general revenue baseline indicator established in the 2016/2017 Budget.*
- 45 4. *That Council establish as a policy framework that any funds generated by the SRV that remain unexpended at the end of each financial year are to be restricted and held in a internal reserve, to be carried forward to subsequent*

# BYRON SHIRE COUNCIL

## STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.1

*financial year, for expenditure in accordance with the uses imposed in the SRV approval.*

- 5           5. *That Council incorporate the research of potential non resident revenue sources (if any) as part of the Revenue Review chapter in the development of the 2017/2018 Financial Sustainability Plan, and provide quarterly updates to Council through the Finance Advisory Committee.*
- 10           6. *That Council not proceed with the implementation of part 9 and part 11 of resolution 17-020.*

15           This report is provided to the Finance Advisory Committee as advice on the implementation of the SRV and the current status of expenditure from 1 July 2021 to 30 September 2021, as detailed in Attachment 1.

20           The levy of Council's annual rates and charges was completed prior to 31 August 2021 with Council now back to rate pegging (2.0% for 2021/2022) as the 2020/2021 was the last financial year the 7.5% annual increase applied however the cumulative increase is now part of the rating bases as a permanent addition.

25           The cumulative yield from the SRV for 2017/2018 (the first year of the increase) was \$1,185,000 with the yield for 2018/2019 being \$2,276,400, the yield for 2019/2020 being \$3,475,300 and the yield for 2020/2021, being the final year of the SRV, \$4,788,600.

30           Upon adoption of the 2021/2022 Budget Estimates, Council resolved to undertake the program of capital and maintenance works, including the additional SRV revenue and other funding, outlined in Attachment 1. During the course of the 2021/2022 financial year, any adjustments required to the expenditure budgets identified in the schedule of capital and maintenance works funded by the SRV revenue are presented to Council for approval via the Quarterly Budget Review process.

35           The expenditure program adopted for the 2021/2022 financial year is consistent with Council's SRV application and approval from IPART to use the funding to improve financial sustainability and reduce infrastructure backlog.

## 35           **Strategic Considerations**

### **Community Strategic Plan and Operational Plan**

CSP Objective	L2	CSP Strategy	L3	DP Action	L4	OP Activity
<b>Community Objective 5: We have community led decision making which is open and inclusive</b>	5.2	Create a culture of trust with the community by being open, genuine and transparent	5.2.1	Provide timely, accessible and accurate information to the community	5.2.1.3	Report on progress of Delivery Program actions

### **Legal/Statutory/Policy Considerations**

Approval and conditions received from the Independent Pricing and Regulatory Tribunal (IPART) regarding the Byron Shire Council Special Rate Application 2017-2018 received 9 May 2017.

- 5 Council Resolution **17-268, 18-429** and **17-222**.

### **Financial Considerations**

10 There are no direct financial implications associated with this report. The table included at Attachment 1 provides information to the Finance Advisory Committee on the expenditure of the Special Rate Variation Funds up to the end of the first quarter of the 2021/2022 financial year.

The total 2017/2018 SRV Allocation for 2020/2021 as indicated in Attachment 1 is \$4,842,200.

### **Consultation and Engagement**

15 Prior to the approval of the SRV, Council undertook extensive community consultation. This report also provides an opportunity for the community to receive a quarterly update on the implementation of the SRV for the current financial year. Final outcomes for the 2021/2022 financial year will also be published in Council's Annual Report in accordance with the approval conditions set by IPART.



**Report No. 4.2      Budget Review - 1 July 2021 to 30  
September 2021**

**Directorate:** Corporate and Community Services

**Report Author:** James Brickley, Manager Finance

5 **File No:** I2021/1793

**Summary:**

This report is prepared to comply with Section 203 of the *Local Government (General) Regulation 2021* and to inform Council and the Community of Council's estimated financial position for the 2020/2021 financial year, reviewed as at 30 September 2021.

10 This report contains an overview of the proposed budget variations for the General Fund, Water Fund and Sewerage Fund. The specific details of these proposed variations are included in Attachment 1 and 2 for Council's consideration and authorisation.

15 Attachment 3 contains the Integrated Planning and Reporting Framework (IP&R) Quarterly Budget Review Statement (QBRS) as outlined by the Office of Local Government in circular 10-32.

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**RECOMMENDATION:**

20 **That the Finance Advisory Committee recommends to Council:**

1. **That Council authorises the itemised budget variations as shown in Attachment 2 (#E2021/135696) which include the following results in the 30 September 2021 Quarterly Review of the 2021/2022 Budget:**

- 25
- a) **General Fund – \$271,800 increase to the Estimated Unrestricted Cash Result**
  - b) **General Fund - \$9,327,100 decrease in reserves**
  - c) **Water Fund - \$773,300 decrease in reserves**
  - d) **Sewerage Fund - \$2,716,300 decrease in reserves**

30 2. **That Council adopts the revised General Fund Estimated Unrestricted Cash Result of \$789,400 for the 2021/2022 financial year as at 30 September 2021.**

**Attachments:**

1 Budget Variations for General, Water and Sewerage Funds, E2021/135695 , page 28 [↓](#)



# BYRON SHIRE COUNCIL

## STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.2

- 2 Itemised Listing of Budget Variations for General, Water and Sewerage Funds, E2021/135696 , page 92 [↓](#)
- 3 Integrated Planning and Reporting Framework (IP&R) required Quarterly Review Statements, E2021/135697 , page 97 [↓](#)

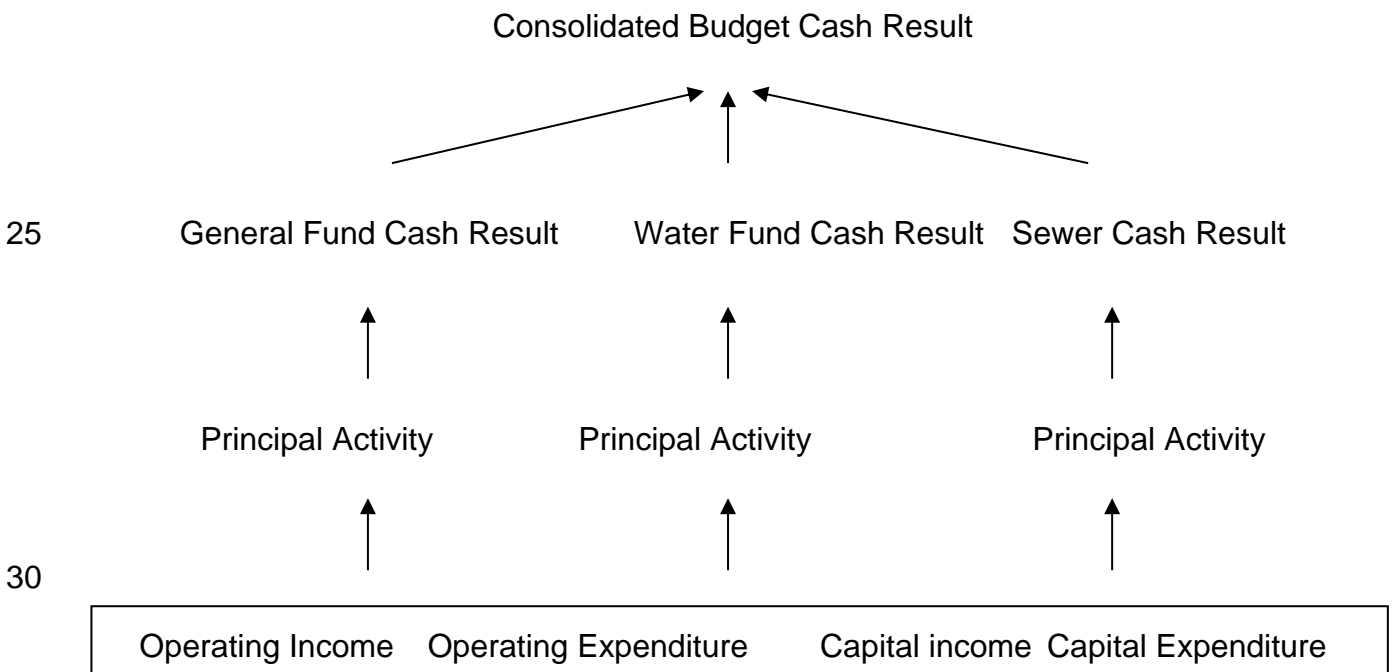
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### Report

10 Council adopted the 2021/2022 budget on 24 June 2021 via Resolution **21-243**. It also considered and adopted the budget carryovers from the 2020/2021 financial year, to be incorporated into the 2021/2022 budget at its Ordinary Meeting held on 26 August 2021 via Resolution **21-315**. Since that date, Council has reviewed the budget taking into consideration the unaudited 2020/2021 Financial Statement results and progress through the first quarter of the 2021/2022 financial year. This report considers the September 2021 Quarter Budget Review.

15 The details of the budget review for the Consolidated, General, Water and Sewer Funds are included in Attachment 1, with an itemised listing in Attachment 2. This aims to show the consolidated budget position of Council, as well as a breakdown by Fund and Principal Activity. The document in Attachment 1 is also effectively a publication outlining a review of the budget and is intended to provide Councillors with more detailed information to  
20 assist with decision making regarding Council's finances.

Contained in the document at Attachment 1 is the following reporting hierarchy:



The pages within Attachment 1 are presented (from left to right) by showing the original budget as adopted by Council on 24 June 2021 plus the adopted carryover budgets from

# BYRON SHIRE COUNCIL

## STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.2

2020/2021 followed by the resolutions between July and September and the revote (or adjustment for this review) and then the revised position projected for 30 June 2022 as at 30 September 2021.

5 On the far right of the Principal Activity, there is a column titled "Note". If this is populated by a number, it means that there has been an adjustment in the quarterly review. This number then corresponds to the notes at the end of the Attachment 1 which provides an explanation of the variation.

There is also information detailing restricted assets (reserves) to show Council's estimated balances as at 30 June 2022 for all Council's reserves.

10 A summary of Capital Works is also included by Fund and Principal Activity.

### **Office of Local Government Budget Review Guidelines:**

15 The Office of Local Government on 10 December 2010 issued the new Quarterly Budget Review Guidelines via Circular 10-32, with the reporting requirements to apply from 1 July 2011. This report includes a Quarterly Budget Review Statement (refer Attachment 3) prepared by Council in accordance with the guidelines.

The Quarterly Budget Review Guidelines set a minimum standard of disclosure, with these standards being included in the Local Government Code of Accounting Practice and Financial Reporting as mandatory requirements for Councils to address.

20 Since the introduction of the new planning and reporting framework for NSW Local Government, it is now a requirement for Councils to provide the following components when submitting a Quarterly Budget Review Statement (QBRs):-

- A signed statement by the Responsible Accounting Officer on Council's financial position at the end of the year based on the information in the QBRs
- Budget review income and expenses statement in one of the following formats:
  - 25 ○ Consolidated
  - By fund (e.g., General, Water, Sewer)
  - By function, activity, program etc. to align with the management plan/operational plan
- Budget Review Capital Budget
- Budget Review Cash and Investments Position
- 30 • Budget Review Key performance indicators
- Budget Review Contracts and Other Expenses

The above components are included in Attachment 3:-

35 **Income and Expenditure Budget Review Statement by Type** – This shows Council's income and Expenditure by type. This has been split by Fund. Adjustments are shown, looking from left to right. These adjustments are commented on through the last 13 pages of Attachment 1.

# BYRON SHIRE COUNCIL

## STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.2

5 **Capital Budget Review Statement** – This statement identifies in summary Council’s capital works program on a consolidated basis and then split by Fund. It also identifies how the capital works program is funded. As this is the first quarterly review for the reporting period, the Statement may not necessarily indicate the total progress achieved on the delivery of the capital works program.

10 **Cash and Investments Budget Review Statement** – This statement reconciles Council’s restricted funds (reserves) against available cash and investments. Council has attempted to indicate an actual position as at 30 September 2021 of each reserve to show a total cash position of reserves with any difference between that position and total cash and investments held as available cash and investments. It should be recognised that the figure is at a point in time and may vary greatly in future quarterly reviews pending on cash flow movements.

**Key Performance Indicators (KPI’s)** – At this stage, the KPI’s within this report are:-

- 15 ○ **Debt Service Ratio** - This assesses the impact of loan principal and interest repayments on the discretionary revenue of Council.
- **Rates and Annual Charges Outstanding Ratio** – This assesses the impact of uncollected rates and annual charges on Councils liquidity and the adequacy of recovery efforts
- 20 ○ **Asset Renewals Ratio** – This assesses the rate at which assets are being renewed relative to the rate at which they are depreciating.

These may be expanded in future to accommodate any additional KPIs that Council may adopt to use in the future.

Contracts and Other Expenses - This report highlights any contracts Council entered into during the July to September quarter that are greater than \$50,000.

## 25 CONSOLIDATED RESULT

The following table provides a summary of the overall Council budget on a consolidated basis inclusive of all Funds’ budget movements for the 2021/2022 financial year projected to 30 June 2022 but revised as at 30 September 2021.

2021/2022 Budget Review Statement as at 30 September 2021	Original Estimate (Including Carryovers) 1/7/2021	Adjustments to 30 Sept 2021 including Resolutions*	Proposed 30 Sept 2021 Review Revotes	Revised Estimate 30/6/2022 at 30/9/2021
Operating Revenue	93,504,500	0	(1,572,200)	91,932,300
Operating Expenditure	97,728,100	0	767,000	98,495,100
<b>Operating Result – Surplus/Deficit</b>	<b>(4,223,600)</b>	<b>0</b>	<b>(2,339,200)</b>	<b>(6,562,800)</b>
Add: Capital Revenue	28,841,500	0	223,700	29,065,200

## BYRON SHIRE COUNCIL

### STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.2

2021/2022 Budget Review Statement as at 30 September 2021	Original Estimate (Including Carryovers) 1/7/2021	Adjustments to 30 Sept 2021 including Resolutions*	Proposed 30 Sept 2021 Review Revotes	Revised Estimate 30/6/2022 at 30/9/2021
<b>Change in Net Assets</b>	<b>24,617,900</b>	<b>0</b>	<b>(2,115,500)</b>	<b>19,557,400</b>
Add: Non Cash Expenses	15,779,900	0	0	15,779,900
Add: Non-Operating Funds Employed	13,500,000	1,057,500	0	14,557,500
Subtract: Funds Deployed for Non-Operating Purposes	(80,385,700)	(210,000)	(10,429,400)	(91,025,100)
<b>Cash Surplus/(Deficit)</b>	<b>(26,487,900)</b>	<b>847,500</b>	<b>(12,544,900)</b>	<b>(38,185,300)</b>
Restricted Funds – Increase / (Decrease)	(26,487,900)	847,500	(12,816,700)	(38,457,100)
<b>Forecast Result for the Year – Surplus/(Deficit) – Unrestricted Cash Result</b>	<b>0</b>	<b>0</b>	<b>271,800</b>	<b>271,800</b>

### GENERAL FUND

In terms of the General Fund projected Unrestricted Cash Result the following table provides a reconciliation of the estimated position as at 30 September 2021:

<b>Opening Balance – 1 July 2021</b>	<b>\$517,600</b>
Plus original budget movement and carryovers	0
Council Resolutions July – September Quarter	0
Recommendations within this Review – increase/(decrease)	271,800
<b>Forecast Unrestricted Cash Result – Surplus/(Deficit) – 30 June 2022</b>	<b>271,800</b>
<b>Estimated Unrestricted Cash Result Closing Balance – 30 June 2022</b>	<b>\$789,400</b>

- 5 The General Fund financial position overall has increased or improved by \$271,800 as a result of this budget review, bringing the forecast cash result for the year to an estimated surplus of \$271,800. The proposed budget changes are detailed in Attachment 1 and summarised further in this report below.

# BYRON SHIRE COUNCIL

## STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.2

### Council Resolutions

Council has not passed any resolutions that impact the unrestricted cash result for the July 2021 to September 2021 quarter.

### Budget Adjustments

- 5 The budget adjustments identified in Attachments 1 and 2 for the General Fund have been summarised by Budget Directorate in the following table:

Budget Directorate	Revenue Increase/ (Decrease) \$	Expenditure Increase/ (Decrease) \$	Accumulated Surplus (Working Funds) Increase/ (Decrease) \$
General Manager	0	0	0
Corporate & Community Services	194,400	46,900	147,500
Infrastructure Services	7,726,700	7,602,600	124,100
Sustainable Environment & Economy	37,900	37,700	200
<b>Total Budget Movements</b>	<b>7,959,000</b>	<b>7,687,200</b>	<b>271,800</b>

### Budget Adjustment Comments

- 10 Within each of the Budget Directorates of the General Fund, are a series of budget adjustments identified in detail at Attachment 1 and 2. More detailed notes on these are provided in Attachment 1 but in summary the major additional items included are summarised below by Directorate and are included in the overall budget adjustments table above:

#### Corporate and Community Services

- 15
- In the General Purpose Revenue program, it is proposed to increase income by \$154,200 as the final amount allocated to Council for the 2021/2022 Financial Assistance Grant (FAG) is more than the budget.
- 20
- In the Community Development program it is proposed to increase the budget for income and expenditure by \$34,100 to reflect the estimated actual income and expenditure for the Lone Goat Gallery as a result of the facility no longer being a S355 Committee.

# BYRON SHIRE COUNCIL

## STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.2

### **Infrastructure Services**

- 5 • In the Emergency Services program it is proposed to decrease the operating expenditure budget by \$119,200 due to the actual advised 2021/2022 contributions to the Bush Fire Fighting fund (\$91,800), NSW Fire Brigades (\$8,700) and the SES (\$18,700) being less than the budget and previous advice.
- 10 • In the Depot Services program, it is proposed to increase the budget to enable the purchase of fleet and heavy plant that has not occurred over the last two years due to a variety of factors including delays in supply. It is also proposed to increase operating income as \$95,300 has been transferred from the Sewer Fund to reimburse the plant reserve that purchased upgraded sewer vehicles in the 2021 financial year.
- 15 • In the Local Roads and Drainage program, there are a number of adjustments outlined under Note 8 in the Budget Variations explanations section of Attachment 1. Further disclosure is included in the second and third pages of Attachment 2 under the budget program heading Local Roads and Drainage.
- 20 • In the Roads and Maritime Services program (RMS), it is proposed to decrease income and expenditure due works on regional roads that have been allocated to the Repair Program (4813.006) and will be duplicated if the budget remains.
- 25 • In the Open Space and Recreation program, there are a number of adjustments outlined under Note 10 in the Budget Variations explanations section of Attachment 1. Further disclosure is included in the fourth page of Attachment 2 under the budget program heading Open Space & Recreation.
- 30 • In the Waste & Recycling program it is proposed to decrease operating income by \$186,400 as the actual income for commercial waste (\$168,800) and the second-hand shop (\$17,600) is expected to be less than the budget due to closures as a result of the COVID lockdown. It is proposed to increase operating expenditure due to an increase in management costs (\$162,000) to cover additional compliance reporting undertaken by consultants at the request of the EPA, and additional leachate sampling costs as required for the STP trade waste agreement, further investigations requested by the EPA for the Butler Street landfill contamination assessment (\$57,000) and a decrease in the plastic reduction project (\$39,500), redirecting this to the Second Life for Second Hand Shop project. An increase to the on-site leachate management project of \$258,700 is also required. These adjustments can be funded through the Domestic Waste Management Reserve and Other Waste Management Reserve..
- 40
- 45 • In the Suffolk Park Holiday Park program, it is proposed to increase the budget by \$154,000 to fund the purchase and installation of a Cabin on Site 8.
- In the Facilities Management program it is proposed to increase operating expenditure due a budget required for the feasibility study for the conversion of the Mullumbimby pool to a year-round facility (\$50,000) and adjustments to Crown toilet expenditure (\$72,500). It is also proposed to increase capital works for the Clarkes Beach amenities block (\$135,000) and new toilets at Middleton Street (\$85,600).

# BYRON SHIRE COUNCIL

## STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.2

### Sustainable Environment and Economy

- 5 In the Development Certification program, it is proposed to increase operating income due to an increase in actual income against the budget for DA fees (\$50,000), activities over road reserves (\$24,000) and the information and technology service fee (\$15,000) which can be transferred to reserves. It is proposed to increase operating expenditure due to an increase in temporary resourcing/overtime as a result of an increased labour shortage and workload (\$50,000).
- 10 In the Environment & Compliance program, it is proposed to reimburse the plant reserve \$25,000 for the purchase of a vehicle from the 2021 financial year.
- 15 In the Planning Policy & Natural Environment program, it is proposed to increase operating income by \$31,600 due to a grant received for the Jonson Street protection works for works already completed. This project has an existing expenditure budget of \$79,500, funded from the Holiday Park reserve and is no longer required due to the preparation of the CMP which will encompass this project. The grant funding will cover the remaining commitment of \$29,190. It is proposed to decrease operating expenditure due to the Azility subscription being less than the budget (\$1,200). It is also  
20 proposed to decrease the budget for the Leash-Up communication project as an amount of \$38,200 was carried over from 2021, funded by a grant, but additional expenditure of \$21,100 was incurred after the carryovers had been finalised. This reduced the available unexpended grant in 2022 to \$17,100, with this adjustment bringing the expenditure budget into line with the available unexpended grant. It is  
25 proposed to increase the budget for the Centennial Circuit One-way Traffic Trial by \$17,900 as a result of a report resolved by Council on 4 November 2021 to identify outcomes of the trial and the next steps.

### WATER FUND

30 After completion of the 2020/2021 Financial Statements the Water Fund as at 30 June 2021 has a capital works reserve of \$6,077,800 and held \$1,859,500 in section 64 developer contributions.

The estimated Water Fund reserve balances as at 30 June 2022, and forecast in this Quarter Budget Review, are derived as follows:

#### Capital Works Reserve

<b>Opening Reserve Balance at 1 July 2020</b>	<b>\$6,077,800</b>
Plus original budget reserve movement	(3,545,100)
Resolutions July - September Quarter – increase / (decrease)	0
September Quarterly Review Adjustments – increase / (decrease)	(723,300)
<b>Forecast Reserve Movement for 2021/2022 – Increase / (Decrease)</b>	<b>(4,268,400)</b>
<b>Estimated Reserve Balance at 30 June 2022</b>	<b>\$1,809,400</b>

# BYRON SHIRE COUNCIL

## STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.2

### Section 64 Developer Contributions

<b>Opening Reserve Balance at 1 July 2021</b>	<b>\$1,859,500</b>
Plus original budget reserve movement	(1,022,800)
Resolutions July - September Quarter – increase / (decrease)	0
September Quarterly Review Adjustments – increase / (decrease)	(50,000)
<b>Forecast Reserve Movement for 2021/2022 – Increase / (Decrease)</b>	<b>(1,072,800)</b>
<b>Estimated Reserve Balance at 30 June 2022</b>	<b>\$786,700</b>

Movements for Water Fund can be seen in Attachment 1 with a proposed estimated decrease to reserves (including S64 Contributions) overall of \$773,300 from the 30 September 2021 Quarter Budget Review.

### 5 SEWERAGE FUND

After completion of the 2020/2021 Financial Statements the Sewer Fund as at 30 June 2021 has a capital works reserve of \$3,453,200 and plant reserve of \$896,200. It also held \$8,871,900 in section 64 developer contributions.

#### Capital Works Reserve

<b>Opening Reserve Balance at 1 July 2021</b>	<b>\$3,453,200</b>
Plus original budget reserve movement	(3,128,300)
Resolutions July - September Quarter – increase / (decrease)	(210,000)
September Quarterly Review Adjustments – increase / (decrease)	187,900
<b>Forecast Reserve Movement for 2021/2022 – Increase / (Decrease)</b>	<b>(3,150,400)</b>
<b>Estimated Reserve Balance at 30 June 2022</b>	<b>\$302,800</b>

### 10 Plant Reserve

<b>Opening Reserve Balance at 1 July 2021</b>	<b>\$896,200</b>
Plus original budget reserve movement	0
Resolutions July - September Quarter – increase / (decrease)	0
September Quarterly Review Adjustments – increase / (decrease)	0
<b>Forecast Reserve Movement for 2021/2022 – Increase / (Decrease)</b>	<b>0</b>
<b>Estimated Reserve Balance at 30 June 2022</b>	<b>\$896,200</b>



# BYRON SHIRE COUNCIL

## STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.2

### Section 64 Developer Contributions

<b>Opening Reserve Balance at 1 July 2020</b>	<b>\$8,871,900</b>
Plus original budget reserve movement	(2,731,200)
Resolutions July - September Quarter – increase / (decrease)	0
September Quarterly Review Adjustments – increase / (decrease)	(2,904,200)
<b>Forecast Reserve Movement for 2020/2021 – Increase / (Decrease)</b>	<b>(5,635,400)</b>
<b>Estimated Reserve Balance at 30 June 2021</b>	<b>\$3,236,500</b>

Movements for the Sewerage Fund can be seen in Attachment 1 with a proposed estimated overall decrease to reserves (including S64 Contributions) of \$2,716,300 from the 30 September 2021 Quarter Budget Review.

### 5 Legal Expenses

One of the major financial concerns for Council over previous years has been legal expenses. Not only does this item represent a large expenditure item funded by general revenue, but can also be susceptible to large fluctuations.

10 The table that follows indicates the allocated budget and actual legal expenditure within Council on a fund basis as at 30 September 2021.

#### **Total Legal Income & Expenditure as at 30 September 2021**

Program	2021/2022 Budget (\$)	Actual (\$)	Percentage To Revised Budget
<b>Income</b>			
Legal Expenses Recovered	0	0	0%
<b>Total Income</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>Expenditure</b>			
General Legal Expenses	200,000	112,163	56.08%
<b>Total Expenditure General Fund</b>	<b>200,000</b>	<b>112,163</b>	<b>56.08%</b>

Note: At the time of writing this report in October, Council has incurred additional expenditure that brings the total legal expenditure for 2021/22 to \$137,900. This should continue to be monitored to ensure there is enough funding for future expenses.

## Strategic Considerations

### Community Strategic Plan and Operational Plan

CSP Objective	CSP Strategy	DP Action	Code	OP Activity
<b>Community Objective 5: We have community led decision making which is open and inclusive</b>	5.5: Manage Council's finances sustainably	5.5.1: Enhance the financial capability and acumen of Council	<b>5.5.1.1</b>	Financial reporting as required provided to Council and Management

### Legal/Statutory/Policy Considerations

5 In accordance with Section 203 of the Local Government (General) Regulation 2021 the Responsible Accounting Officer of a Council must:

- 10 (1) *Not later than 2 months after the end of each quarter (except the June quarter), the responsible accounting officer of a council must prepare and submit to the council a budget review statement that shows, by reference to the estimate of income and expenditure set out in the statement of the council's revenue policy included in the operational plan for the relevant year, a revised estimate of the income and expenditure for that year.*
- 15 (2) *A budget review statement must include or be accompanied by:*
- (a) *a report as to whether or not the responsible accounting officer believes that the statement indicates that the financial position of the council is satisfactory, having regard to the original estimate of income and expenditure, and*
- (b) *if that position is unsatisfactory, recommendations for remedial action.*
- (3) *A budget review statement must also include any information required by the Code to be included in such a statement.*

### 20 Financial Considerations

25 The 30 September 2021 Quarter Budget Review of the 2021/2022 Budget has improved the overall estimated budget result by \$271,800. This brings the movement against the unrestricted cash balance attributable to the General Fund to an estimated surplus of \$271,800 for the year, leaving the estimated unrestricted cash balance attributable to the General Fund at an estimated \$789,400 at 30 June 2022. This is an improved result for the first quarter, but the improvement needs to be cautioned against potential revenue losses from the COVID-19 lockdowns/restrictions since July 2021. Council's financial position will need to be further reviewed at the 31 December 2021 Quarter Budget Review

## BYRON SHIRE COUNCIL

### STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.2

where a further assessment of revenue impacts can be undertaken. Should revenue losses compared to the budget eventuate, the improvement in the budget outcome this quarter may need to be utilised to offset those losses.

5 It is the view of the Responsible Accounting Officer that the short term financial position of the Council is still satisfactory for the 2021/2021 financial year, having consideration of the original estimate of income and expenditure at the 30 September 2021 Quarter Budget Review.

10 This opinion is based on the estimated General Fund Unrestricted Cash Result position and that the current indicative budget position for 2021/2022 outlined in this Budget Review continues to improve for the remainder of the 2021/2022 financial year. Council must remember it has a short term financial goal of maintaining \$1,000,000 in unrestricted cash and if it is of the view to recover this position by 30 June 2022, the budget position must continue to improve by a further \$210,600 to a surplus position of \$482,400.



































































































































































































