

Notice of Meeting

Finance Advisory Committee Meeting

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

Venue	Conference Room, Station Street, Mullumbimby
Date	Thursday, 17 November 2022
Time	2.00pm

Esmeralda Davis
Director Corporate and Community Services

*I2022/1655
Distributed 10/11/22*



BYRON
SHIRE
COUNCIL

CONFLICT OF INTERESTS

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)

Committee members are reminded that they should declare and manage all conflicts of interest in respect of any matter on this Agenda, in accordance with the [Code of Conduct](#).

RECORDING OF VOTING ON PLANNING MATTERS

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.

OATH AND AFFIRMATION FOR COUNCILLORS

Councillors are reminded of the oath of office or affirmation of office made at or before their first meeting of the council in accordance with Clause 233A of the Local Government Act 1993. This includes undertaking the duties of the office of councillor in the best interests of the people of Byron Shire and the Byron Shire Council and faithfully and impartially carrying out the functions, powers, authorities and discretions vested under the Act or any other Act to the best of one's ability and judgment.

BYRON SHIRE COUNCIL

BUSINESS OF MEETING

1. APOLOGIES

2. DECLARATIONS OF INTEREST – PECUNIARY AND NON-PECUNIARY

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4. STAFF REPORTS

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ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

Report No. 3.1 Adoption of Minutes - 18 August 2022

Directorate: Corporate and Community Services


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

File No: I2022/1654

10 **RECOMMENDATION:**

That the minutes of the Finance Advisory Committee Meeting held on 18 August 2022 be confirmed.

15 **Attachments:**

1 Minutes 18/08/2022 Finance Advisory Committee, I2022/1041 , page 8 [↓](#) 

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 18 August 2022 .

Report to Council

- 5 The minutes were reported to Council on 29 September 2022.

Minutes of Meeting

Finance Advisory Committee Meeting

Venue	Conference Room, Station Street, Mullumbimby
Date	Thursday, 18 August 2022
Time	2.00pm



BYRON SHIRE COUNCIL

ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

3.1 - ATTACHMENT 1

BYRON SHIRE COUNCIL

FINANCE ADVISORY COMMITTEE MEETING MINUTES

18 AUGUST 2022

Minutes of the Finance Advisory Committee Meeting held on Thursday, 18 August 2022

File No: I2022/1041

PRESENT: Cr M Swivel, Cr S Balson, Cr A Pugh, Cr A Hunter

Staff: Mark Arnold (General Manager)

Esmeralda Davis (A/Director Corporate and Community Services)

Phil Holloway (Director Infrastructure Services)

James Brickley (Manager Finance)

Cr Balson (Chair) opened the meeting at 2.08pm and acknowledged that the meeting was being held on Bundjalung Country.

APOLOGIES:

There were no apologies.

PROCEDURAL MOTION

Committee Recommendation:

That Cr Pugh be permitted to attend the meeting held on 18 August 2022 by audio-visual link.

(Pugh)

DECLARATIONS OF INTEREST – PECUNIARY AND NON-PECUNIARY

There were no declarations of interest.

BYRON SHIRE COUNCIL

ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

3.1 - ATTACHMENT 1

BYRON SHIRE COUNCIL

FINANCE ADVISORY COMMITTEE MEETING MINUTES

18 AUGUST 2022

ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

Report No. 3.1 Adoption of Minutes from 19 May Meeting
File No: I2022/1025

Committee Recommendation:

That the minutes of the Finance Advisory Committee Meeting held on 19 May 2022 be confirmed.

(Hunter/Swivel)

The recommendation was put to the vote and declared carried.

Note: The minutes of the meeting held on 19 May 2022 were noted, and the Committee Recommendations adopted by Council, at the Ordinary Meeting held on 23 June 2022.

BUSINESS ARISING FROM PREVIOUS MINUTES

There was no business arising from previous minutes.

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

Report No. 4.1 Budget Review - 1 April to 30 June 2022
File No: I2022/990

Committee Recommendation:

1. **That Council authorises the itemised budget variations as shown in Attachment 2 (#E2022/77197) which includes the following results in the 30 June 2022 Quarterly Review of the 2021/2022 Budget:**
 - a) **General Fund - \$126,500 decrease in Unrestricted Cash Result**
 - b) **General Fund - \$27,657,600 increase in reserves**
 - c) **Water Fund - \$4,366,600 increase in reserves**
 - d) **Sewerage Fund - \$8,070,200 increase in reserves.**
2. **That Council adopts the revised General Fund Estimated Unrestricted Cash Result of \$0 for the 2021/2022 financial year.**

(Hunter/Swivel)

The recommendation was put to the vote and declared carried.

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BYRON SHIRE COUNCIL

ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

3.1 - ATTACHMENT 1

BYRON SHIRE COUNCIL

FINANCE ADVISORY COMMITTEE MEETING MINUTES

18 AUGUST 2022

Report No. 4.2 **Carryovers for inclusion in the 2022-2023 Budget**
File No: I2022/1032

Committee Recommendation:

That the Committee recommends Council approves the works and services (with respective funding) shown in Attachment 1 (#E2022/76668) to be carried over from the 2021/2022 financial year and that the carryover budget allocations be adopted as budget revotes for inclusion in the 2022/2023 Budget Estimates.

(Swivel/Hunter)

The recommendation was put to the vote and declared carried.

There being no further business the meeting concluded at 3.23pm.

FAC Finance Advisory Committee Meetingpage 5

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

**Report No. 4.1 Budget Review - 1 July 2022 to 30
September 2022**

5 **Directorate:** Corporate and Community Services
Report Author: James Brickley, Manager Finance
File No: I2022/1648

Summary:

10 This report has been 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 2022/2023 financial year, reviewed as at 30 September
2022.

15 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.

20 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.

RECOMMENDATION:




- 25 1. **That Council authorises the itemised budget variations as shown in
Attachment 2 (#E2022/109971) which include the following results in the 30
September 2022 Quarterly Review of the 2022/2023 Budget:**
- a) **General Fund – \$0 movement to the Estimated Unrestricted Cash Result**
 - b) **General Fund - \$3,005,900 decrease in reserves**
 - c) **Water Fund - \$1,536,100 decrease in reserves**
 - d) **Sewerage Fund - \$278,600 decrease in reserves**
- 30 2. **That Council adopts the revised General Fund Estimated Unrestricted Cash
Result of (\$207,000) for the 2022/2023 financial year as at 30 September 2022**

Attachments:

BYRON SHIRE COUNCIL

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.1

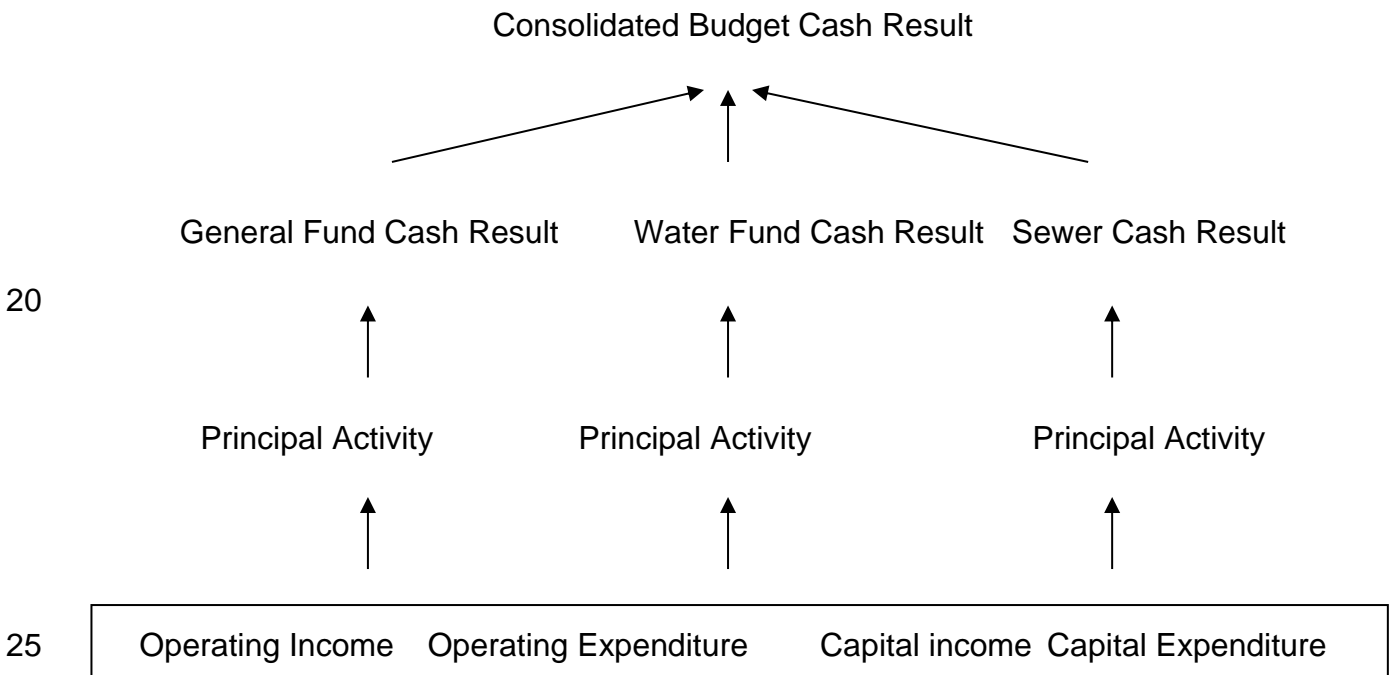
- 1 Budget Variations for General, Water and Sewerage Funds, E2022/109970 , page 25 [↓](#) 
 - 2 Itemised Listing of Budget Variations for General, Water and Sewerage Funds, E2022/109971 , page 89 [↓](#) 
 - 3 Integrated Planning and Reporting Framework (IP&R) required Quarterly Review Statements, E2022/109972 , page 94 [↓](#) 
- 5

Report

Council adopted the 2022/2023 budget on 30 June 2022 via Resolution 22-332. Council also considered and adopted the budget carryovers from the 2021/2022 financial year, to be incorporated into the 2022/2023 budget at its Ordinary Meeting held on 25 August 2022 via Resolution 22-391. Since that date, Council has reviewed the budget taking into consideration the unaudited 2021/2022 Financial Statement results and progress through the first quarter of the 2022/2023 financial year. This report considers the September 2022 Quarter Budget Review.

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 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 30 June 2022 plus the adopted carryover budgets from 2021/2022 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 2023 as at 30 September 2022.

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 2023 for all Council's reserves.

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

Office of Local Government Budget Review Guidelines:

10 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.

15 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 (QBR):

- 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 QBR
- Budget review income and expenses statement in one of the following formats:
 - 20 ○ 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
- 25 • Budget Review Key performance indicators
- Budget Review Contracts and Other Expenses

The above components are included in Attachment 3 and outlined below:

Income and Expenditure Budget Review Statement by Type

30 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.

Capital Budget Review Statement

35 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.

BYRON SHIRE COUNCIL

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.1

Cash and Investments Budget Review Statement

5 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 2022 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:

- 10 ○ **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
- 15 ○ **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.

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

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 2022/2023 financial year projected to 30 June 2023 but revised as at 30 September 2022.

2022/2023 Budget Review Statement as at 30 September 2022	Original Estimate (Including Carryovers) 1/7/2022	Adjustments to 30 Sept 2022 including Resolutions*	Proposed 30 Sept 2022 Review Revotes	Revised Estimate 30/6/2023 at 30/9/2022
Operating Revenue	98,653,200	0	4,046,400	102,699,600
Operating Expenditure	111,603,900	2,517,000	3,318,100	117,439,000
Operating Result – Surplus/Deficit	(12,950,700)	(2,517,000)	728,300	(14,739,400)
Add: Capital Revenue	37,235,900	0	(6,137,900)	31,098,000
Change in Net Assets	24,285,200	(2,517,000)	(5,409,600)	16,358,600

BYRON SHIRE COUNCIL

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.1

2022/2023 Budget Review Statement as at 30 September 2022	Original Estimate (Including Carryovers) 1/7/2022	Adjustments to 30 Sept 2022 including Resolutions*	Proposed 30 Sept 2022 Review Revotes	Revised Estimate 30/6/2023 at 30/9/2022
Add: Non Cash Expenses	18,455,700	0	2,033,900	20,489,600
Add: Non-Operating Funds Employed	20,800,000	0	0	20,800,000
Subtract: Funds Deployed for Non-Operating Purposes	(99,493,500)	40,000	(1,444,900)	(100,898,400)
Cash Surplus/(Deficit)	(35,952,600)	(2,477,000)	(4,820,600)	(43,250,200)
Restricted Funds – Increase / (Decrease)	(35,747,600)	(2,475,000)	(4,820,600)	(43,043,200)
Forecast Result for the Year – Surplus/(Deficit) – Unrestricted Cash Result	(205,000)	(2,000)	0	(207,000)

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 2022:

Opening Balance – 1 July 2022	\$0
Plus original budget movement and carryovers	(205,000)
Council Resolutions July – September Quarter	(2,000)
Recommendations within this Review – increase/(decrease)	0
Forecast Unrestricted Cash Result – Surplus/(Deficit) – 30 June 2023	(207,000)
Estimated Unrestricted Cash Result Closing Balance – 30 June 2023	(\$207,000)

- 5 The General Fund financial position overall has not moved as a result of this budget review, leaving the forecast cash result for the year at an estimated deficit of \$207,000. 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

4.1

Council Resolutions

5 Resolution **22-361** relating to the Plan of Management for Bangalow Sportfields point 4 states 'That council support a workshop with Bowling Club stakeholders and a budget of up to \$2,000 be made available to support this workshop'. This has been added to the 2022/2023 Budget.

10 Council at the 27 October 2022 Ordinary Meeting considered Notice of Motion 9.2 Drainage Capital Works Budget. Through Resolution, **22-586 part 5**, Council resolved 'Considers, through this year's September Budget Review, adding \$300,000 to Drainage Capital Works and notes this may have to come from other important activities. In
15 compiling the 30 September 2022 Quarterly Budget Review, the estimated budget deficit position has not been changed and at this stage the \$300,000 allocation has not been included due to funding and capacity but will be discussed with the Finance Advisory Committee at their Meeting to be held on 17 November 2022. Pending those discussions, further advice by way of Memo will be provided to Council before the 24 November 2022 Ordinary Meeting.

20 Council at the 29 September 2022 Ordinary Meeting Council resolved in relation to parking at Brunswick Heads to 'allocate \$140,000 in the September quarterly budget review to fund an updated parking study including expansion of the pay parking areas and assessment of current supply and demand, time limits....' Through resolution **22-534 part 1(a)**. The report to Council did not identify a funding source but this item has been included in the review with funding sourced from the Infrastructure Renewal Reserve – Non Byron.

Budget Adjustments

25 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	37,000	43,300	(6,300)
Infrastructure Services	5,083,900	5,082,800	1,100
Sustainable Environment & Economy	490,800	485,600	5,200
Total Budget Movements	5,611,700	5,611,700	0

Budget Adjustment Comments

5 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. Across the budget as a whole there has been a global review of anticipated depreciation following completion of the 2021-2022 financial statements and results from indexation/revaluation of assets. Overall across all assets, depreciation expenses are estimated to increase by \$2.033million to be \$20.508million for 2022/2023.

10 Corporate and Community Services

- In the General Purpose Revenue program, it is proposed to increase income by \$13,300 as the final amount allocated to Council for the 2022/2023 Financial Assistance Grant (FAG) is more than the budget.
- 15 • In the Community Development program, it is proposed to decrease operating expenditure due to a decrease in the New Years' Eve (NYE) budget (\$30,000), an increase to the budget for an Arts & Cultural Summit (\$10,000) identified by resolution 22-010 and an increase to the Community Initiative Program (\$3,800).

Infrastructure Services

- 20 • In the Projects and Commercial Development Program it is proposed to decrease the salaries budget (3009.1) by \$50,000 as a result of savings in staff costs due to vacancies and redirect this to the Rail Corridor Activation (3012.6) associated with Resolutions 22-409 and 22-412. Further during the 2021/2022 financial year, Council sold part of lot 12 Bayshore Drive to the Sewerage Fund for provision of an easement in the amount of \$1,057,000. A reserve was created for Property Development – Lot 12 Bayshore Drive but the funds were not transferred to that reserve at year end. This had the effect of understating the reserve balance established for the flood recovery to represent outstanding funding due to Council not paid at financial year end. This budget adjustment is restating that reserve to reflect more accurately what was outstanding and to re-establish the Property Development Reserve for Lot 12 Bayshore Drive to reflect the 2022/2023 Budget and account for the sale proceeds.
- 25
- 30
- 35 • In the Depot Services program, it is proposed to increase capital expenditure by \$2,576,500 as the renewal of plant items has been reassessed as a result of the replacement program review and plant needs to assist in the February/March 2022 flood events recovery which has resulted in the need for additional plant items to be purchased. It is also proposed to increase operating income as \$53,500 has been transferred from the Sewer Fund to reimburse the plant reserve that purchased or upgraded sewer vehicles and expected income from the sale of plant (\$156,300).
- 40
- In the Local Roads and Drainage program, there are a number of adjustments outlined under Note 9 on pages 52 to 57 in the Budget Variations explanations section of

BYRON SHIRE COUNCIL

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.1

Attachment 1. Further disclosure is included in the second and third pages of Attachment 2 under the budget program heading Local Roads and Drainage.

- 5 • In the Transport for New South Wales program (TfNSW), it is proposed to increase operating income by \$3,400,000 due to income received for the February 2022 flood events, transferring this to the Flood Recovery reserve, and decrease capital 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.
- 10 • In the Open Space and Recreation program, there are a number of adjustments outlined under Note 11 on pages 57 and 58 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.
- 15 • In the Cavanbah Centre program it is proposed to increase capital revenue and expenditure by \$20,000 due to a grant being approved for sheds at the Cavanbah Centre \$70,000 and a decrease for Stadium Cooling/Airflow \$50,000 as this project was previously completed and no longer required.
- 20 • In the Suffolk Park Holiday Park program, it is proposed to increase operating expenditure by \$53,400 to enable additional project resourcing to facilitate ongoing negotiations and liaison with dwelling owners to allow compliance and encroachment matters to be resolved. This can be funded through the Holiday park reserve.
- 25 • In the Facilities Management program, it is proposed to increase operating expenditure due a budget required for flood repair works at the Bangalow Showgrounds that is funded from an unexpended grant (\$45,000) and a budget required to treat rust on the awning at the Council Chambers (\$14,800). It is also proposed to increase capital works for the Apex park Exeloos (\$30,000) and decrease the budgets for the Middleton Street toilets (\$28,200) and Clarkes Beach public amenities (\$55,400) as these have
30 been completed.

Sustainable Environment and Economy

- 35 • In the Planning Policy & Natural Environment program, it is proposed to increase operating income and expenditure by \$26,600 due to a grant received for Koala VMS Signs (\$15,400) and the second instalment for the Byron Arts & Industrial Estate Pocket Park project (\$11,200). Operating expenditure increased by a further \$97,000 due to Council paying back the unexpended part of the Communities Combating Pests and Weeds grant (\$45,200) and allocating a budget for Short Term Rental Accommodation (\$51,800).
- 40 • In the Environment & Compliance program, it is proposed to increase operating income due to an increase in actual income received for Notices and Orders.
- 45 • In the Economic Development program, it is proposed to increase operating income and expenditure due to a grant of \$362,000 being approved through the Reconnecting Regional NSW - Communities Community Events Program.

BYRON SHIRE COUNCIL

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.1

WATER FUND

After completion of the 2021/2022 Financial Statements the Water Fund as at 30 June 2022 has a capital works reserve of \$8,953,800 and held \$1,844,900 in section 64 developer contributions.

- 5 The estimated Water Fund reserve balances as at 30 June 2023, and forecast in this Quarter Budget Review, are derived as follows:

Capital Works Reserve

Opening Reserve Balance at 1 July 2021	\$8,953,800
Plus original budget reserve movement	(4,874,800)
Resolutions July - September Quarter – increase / (decrease)	0
September Quarterly Review Adjustments – increase / (decrease)	(1,036,100)
Forecast Reserve Movement for 2022/2023 – Increase / (Decrease)	(5,910,900)
Estimated Reserve Balance at 30 June 2023	\$3,042,900

Section 64 Developer Contributions

Opening Reserve Balance at 1 July 2022	\$1,844,900
Plus original budget reserve movement	(1,120,100)
Resolutions July - September Quarter – increase / (decrease)	0
September Quarterly Review Adjustments – increase / (decrease)	(500,000)
Forecast Reserve Movement for 2022/2023 – Increase / (Decrease)	(1,620,100)
Estimated Reserve Balance at 30 June 2023	\$224,800

- 10 Movements for Water Fund can be seen in Attachment 1 with a proposed estimated decrease to reserves (including S64 Contributions) overall of \$1,313,100 from the 30 September 2022 Quarter Budget Review.

SEWERAGE FUND

- 15 After completion of the 2021/2022 Financial Statements the Sewer Fund as at 30 June 2022 has a capital works reserve of \$2,701,600 and plant reserve of \$896,200. It also held \$7,180,100 in section 64 developer contributions and a \$766,900 unexpended grant.

Capital Works Reserve

Opening Reserve Balance at 1 July 2022	\$2,701,600
Plus original budget reserve movement	(926,200)

BYRON SHIRE COUNCIL

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.1

Resolutions July - September Quarter – increase / (decrease)	0
September Quarterly Review Adjustments – increase / (decrease)	(653,600)
Forecast Reserve Movement for 2022/2023 – Increase / (Decrease)	(1,579,800)
Estimated Reserve Balance at 30 June 2023	\$1,121,800

Plant Reserve

Opening Reserve Balance at 1 July 2022	\$896,200
Plus original budget reserve movement	0
Resolutions July - September Quarter – increase / (decrease)	0
September Quarterly Review Adjustments – increase / (decrease)	0
Forecast Reserve Movement for 2022/2023 – Increase / (Decrease)	0
Estimated Reserve Balance at 30 June 2023	\$896,200

Section 64 Developer Contributions

Opening Reserve Balance at 1 July 2021	\$7,180,100
Plus original budget reserve movement	(4,591,700)
Resolutions July - September Quarter – increase / (decrease)	0
September Quarterly Review Adjustments – increase / (decrease)	375,000
Forecast Reserve Movement for 2022/2023 – Increase / (Decrease)	(4,216,700)
Estimated Reserve Balance at 30 June 2023	\$2,963,400

- 5 Movements for the Sewerage Fund can be seen in Attachment 1 with a proposed estimated overall decrease to reserves (including S64 Contributions) of \$278,600 from the 30 September 2022 Quarter Budget Review.

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 2022.

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Total Legal Income & Expenditure as at 30 September 2022

Program	2022/2023 Budget (\$)	Actual (\$)	Percentage To Revised Budget
Income			
Legal Expenses Recovered	0	0	0%
Total Income	0	0	0%
Expenditure			
General Legal Expenses	202,600	9,246	4.56%
Total Expenditure General Fund	202,600	9,246	4.56%

Note: At the time of writing this report in October, Council has incurred additional expenditure that brings the total legal expenditure for 2022/23 to \$12,705. This should continue to be monitored to ensure there is enough funding for future expenses.

5 Strategic Considerations

Community Strategic Plan and Operational Plan

CSP Objective	CSP Strategy	DP Action	Code	OP Activity
1: Effective Leadership We have effective decision making and community leadership that is open and informed	1.3: Ethical and efficient management of resources	1.3.1: Financial Management - Ensure the financial integrity and sustainability of Council through effective financial management	1.3.1.2	Provide Quarterly Budget Reviews to Council for adoption.

Legal/Statutory/Policy Considerations

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*

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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.

- 5 (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.*
- 10 (3) *A budget review statement must also include any information required by the Code to be included in such a statement.*

Financial Considerations

15 The 30 September 2022 Quarter Budget Review of the 2022/2023 Budget has left the overall estimated budget result at zero. This leaves the movement against the unrestricted cash balance attributable to the General Fund to an estimated deficit of \$207,000 for the year, leaving the estimated unrestricted cash balance attributable to the General Fund at an estimated \$207,000 at 30 June 2023.

20 It is the view of the Responsible Accounting Officer that the short term financial position of the Council is still satisfactory for the 2022/2023 financial year, having consideration of the original estimate of income and expenditure at the 30 September 2022 Quarter Budget Review.

25 This opinion is based on the estimated General Fund Unrestricted Cash Result position and that the current indicative budget position for 2022/2023 outlined in this Budget Review is further improved through the remaining quarterly budget reviews for the 2022/2023 financial year. Council must remember it has a short term financial goal of maintaining \$1,000,000 in unrestricted cash.

30 The 2022/2023 budget estimates are at a stage where it is a real issue for Council in terms of physical capacity to deliver works programs, operational plan activities and the ongoing flood recovery. It is suggested that Council look closely to the remainder of 2022/2023 and consider what is likely to be achieved and start to remove from the budget and operational plan, items that will not be delivered/completed.

