

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, 16 February 2023
Time	2.00pm

Esmeralda Davis
Director Corporate and Community Services

I2023/178
Distributed 10/02/23



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

3. ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

- 3.1 Adoption of Minutes of the Finance Advisory Committee Meeting held 17
November 2022 6

4. STAFF REPORTS

Corporate and Community Services

- 4.1 Budget Review - 1 October 2022 to 31 December 2022 11

ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

Report No. 3.1 Adoption of Minutes of the Finance Advisory Committee Meeting held 17 November 2022

5

Directorate: Corporate and Community Services

Report Author: Storm Townsend, Executive Assistant Corporate & Community Services

File No: I2023/19

10

RECOMMENDATION:

15 **That the Minutes of the Finance Advisory Committee Meeting held on 17 November 2022 be confirmed.**

Attachments:

20 1 Minutes 17/11/2022 Finance Advisory Committee, I2022/1656 , 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 17 November 2022 .

Report to Council

- 5 The minutes were reported to and adopted by Council on 15 December 2022. Council endorsed all the Committee's recommendations at Resolutions **22-710** to **22-711**.

Minutes of Meeting

Finance Advisory Committee Meeting

Venue	Conference Room, Station Street, Mullumbimby
Date	Thursday, 17 November 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

17 NOVEMBER 2022

Minutes of the Finance Advisory Committee Meeting held on Thursday, 17 November 2022

File No: I2022/1656

PRESENT: Cr M Swivel, Cr S Balson [Virtual], Cr A Pugh, Cr A Hunter

Staff: Mark Arnold (General Manager)
Esmeralda Davis (Director Corporate and Community Services)
Phil Holloway (Director Infrastructure Services)
James Brickley (Manager Finance)
Amber Evans Crane (Minute taker)

Cr Hunter (Chair) opened the meeting at 2:06PM and acknowledged that the meeting was being held on Bundjalung Country.

ATTENDANCE VIA AUDIO-VISUAL LINK:

Cr Balson attended the meeting via audio-visual link.

APOLOGIES:

There were no apologies.

DECLARATIONS OF INTEREST – PECUNIARY AND NON-PECUNIARY

There were no declarations of interest.

ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

Report No. 3.1 Adoption of Minutes - 18 August 2022

File No: I2022/1654

Committee Recommendation:

That the minutes of the Finance Advisory Committee Meeting held on 18 August 2022 be confirmed. (Swivel/Pugh)

The recommendation was put to the vote and declared carried.

Note: The minutes of the meeting held on 18 August 2022 were noted, and the Committee Recommendations adopted by Council, at the Ordinary Meeting held on 29 September 2022.

BYRON SHIRE COUNCIL

ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

3.1 - ATTACHMENT 1

BYRON SHIRE COUNCIL

FINANCE ADVISORY COMMITTEE MEETING MINUTES

17 NOVEMBER 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 July 2022 to 30 September 2022
File No: I2022/1648

Committee Recommendation:

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
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.
3. That a memo be brought to a Councillor Workshop identifying options to refocus the intent of Resolution No. 22-586 part 5 to reallocate operational funding with a view to continuing a drainage maintenance focus for the second half of the financial year. (Pugh/Swivel)

The recommendation was put to the vote and declared carried.

There being no further business the meeting concluded at 3:06PM.

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

Report No. 4.1 Budget Review - 1 October 2022 to 31 December 2022

5 **Directorate:** Corporate and Community Services
Report Author: James Brickley, Manager Finance
File No: I2023/170

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 31 December 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.

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.

20

RECOMMENDATION:




- 25 1. **That Council authorises the itemised budget variations as shown in Attachment 2 (#E2023/13829) which include the following results in the 31 December 2022 Quarterly Review of the 2022/2023 Budget:**
- a) **General Fund – \$0 movement to the Estimated Unrestricted Cash Result**
 - b) **General Fund - \$7,342,100 increase in reserves**
 - c) **Water Fund - \$208,200 decrease in reserves**
 - 30 d) **Sewerage Fund - \$297,500 decrease in reserves**
2. **That Council adopts the revised General Fund Estimated Unrestricted Cash Result of (\$205,000) for the 2022/2023 financial year as at 31 December 2022.**

BYRON SHIRE COUNCIL

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.1

Attachments:

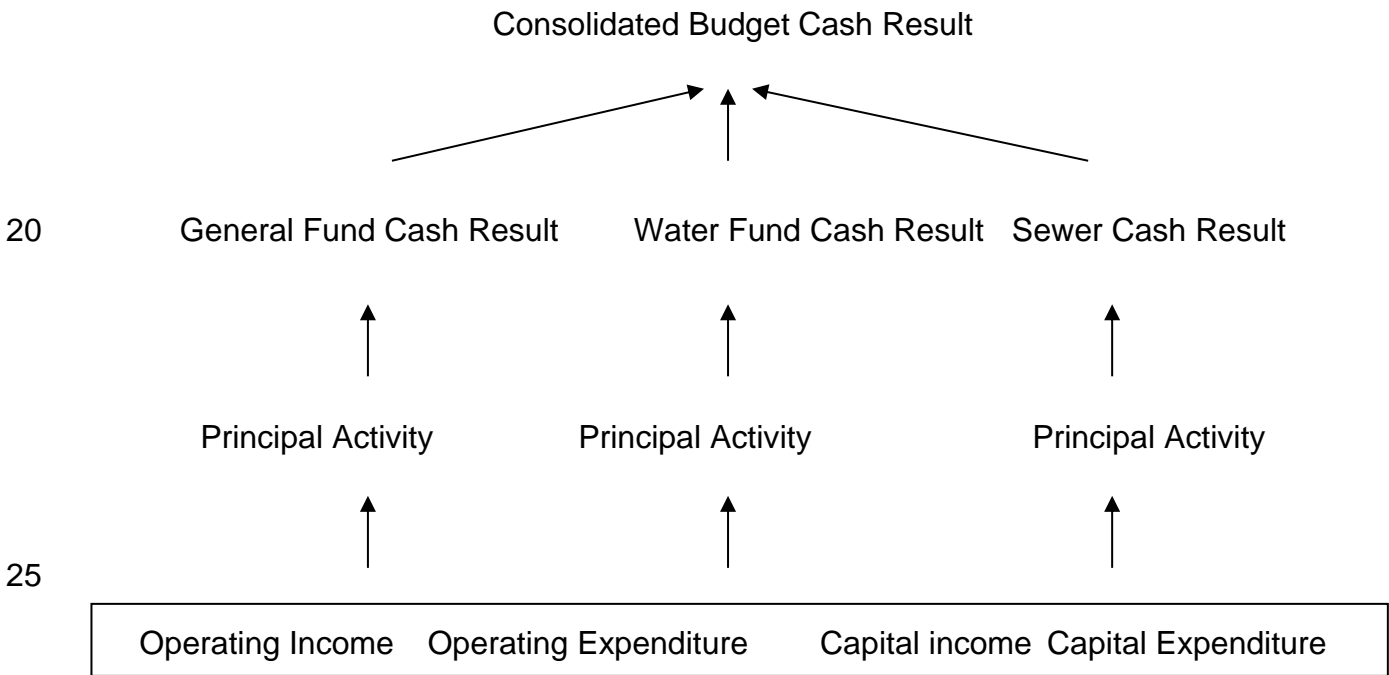
- 1 Budget Variations for General, Water and Sewerage Funds, E2023/13828 , page 25 [↓](#) 
- 2 Itemised Listing of Budget Variations for General, Water and Sewerage Funds, E2023/13829
5 , page 85 [↓](#) 
- 3 Integrated Planning and Reporting (IP&R) required Quarterly Review Statements,
E2023/13832 , page 89 [↓](#) 

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 audited 2021/2022 Financial Statement results and progress through the first half of the 2022/2023 financial year. This report considers the December 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 December and the revote (or adjustment for this review) and then the revised position projected for 30 June 2023 as at 31 December 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 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 9 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.

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 31 December 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 depending 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 31 December 2022.

2022/2023 Budget Review Statement as at 31 December 2022	Original Estimate (Including Carryovers) 1/7/2022	Adjustments to 31 Dec 2022 including Resolutions*	Proposed 31 Dec 2022 Review Revotes	Revised Estimate 30/6/2023 at 31/12/2022
Operating Revenue	98,653,200	4,046,400	13,294,800	115,994,400
Operating Expenditure	111,603,900	5,833,100	9,209,800	126,646,800
Operating Result – Surplus/Deficit	(12,950,700)	(1,786,700)	4,085,000	(10,652,400)
Add: Capital Revenue	37,235,900	(6,137,900)	2,760,800	33,858,800
Change in Net Assets	24,285,200	(7,924,600)	6,845,800	23,206,400

BYRON SHIRE COUNCIL

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.1

2022/2023 Budget Review Statement as at 31 December 2022	Original Estimate (Including Carryovers) 1/7/2022	Adjustments to 31 Dec 2022 including Resolutions*	Proposed 31 Dec 2022 Review Revotes	Revised Estimate 30/6/2023 at 31/12/2022
Add: Non Cash Expenses	18,455,700	2,033,900	0	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)	(1,404,900)	(9,400)	(100,907,800)
Cash Surplus/(Deficit)	(35,952,600)	(7,295,600)	6,836,400	(36,411,800)
Restricted Funds – Increase / (Decrease)	(35,747,600)	(7,295,600)	6,836,400	(36,206,800)
Forecast Result for the Year – Surplus/(Deficit) – Unrestricted Cash Result	(205,000)	0	0	(205,000)

GENERAL FUND

In terms of the General Fund projected Unrestricted Cash Result the following table provides a reconciliation of the estimated position as at 31 December 2022:

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

- 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 \$205,000. 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 Sportsfields 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.

Resolution **22-742** point 3 rescinds point 4 of resolution **22-361**, above, removing the budget allocation of \$2,000.

Budget Adjustments

10 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	37,500	37,500	0
Corporate & Community Services	32,700	17,500	15,200
Infrastructure Services	13,323,500	13,374,300	(50,800)
Sustainable Environment & Economy	508,900	473,300	35,600
Total Budget Movements	13,902,600	13,902,600	0

Budget Adjustment Comments

15 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.

General Manager

- 20 • In the General Managers program, it is proposed to decrease operating expenditure by \$60,000 as the development of the Plans of Management for Crown Reserves will not be undertaken this financial year. The budget has been moved to the draft 2023/24 budget.
- 25 • In the People & Culture program, it is proposed to increase operating expenditure by \$97,500 due to the Workers Compensation premium being more than the initial estimated budget.

BYRON SHIRE COUNCIL

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.1

Corporate and Community Services

- 5 • In the Information Services program, it is proposed to decrease the budget of \$20,000 for Cyber Penetration Testing as the State Government undertook this on Council's behalf so is no longer required.
- 10 • In the Corporate Services program, it is proposed to increase operating income by \$24,000 due to a Grant received for Australia Day. It is proposed to decrease operating expenditure by \$21,000 as the activities associated with the Annual Procurement Plan and the drafting and implementing of a new contract management framework and supporting contract management software (\$45,000) will be deferred until 2023/24. This has been added to the draft 2023/24 budget. This is offset by an increase of \$24,000 to Australia Day expenditure, funded from the Grant.
- 15 • In the Community Development program, it is proposed to increase operating income and expenditure by \$15,000 due to a Grant received for Regional Youth – Summer Holiday Break.
- 20 • In the Public Libraries program, it is proposed to increase operating income due to actual income received for the per capita Grant (\$18,100) and the Local Priority Grant (\$27,300) being more than the budget. It is proposed to increase operating expenditure due to increased costs relating to security (\$2,900), and an adjustment to the Local Priority Grant expenditure to match the income received (\$27,300).

Infrastructure Services

- 25 • In the Projects and Commercial Development Program, it is proposed to decrease capital expenditure as some of the budget allocated for the Lot 12 Bayshore Drive remediation is required for Bush Regeneration.
- 30 • In the Depot Services program, it is proposed to increase operating income as a contribution from the SEE Directorate is required due to the Plant Fund contributing to the additional costs for parking vehicles. This \$48,000 will reimburse the Plant Reserve.
- 35 • In the Local Roads and Drainage program, there are a number of adjustments outlined under Note 13 on pages 52 to 53 in the Budget Variations explanations section of Attachment 1. Further disclosure is included in the second page of Attachment 2 under the budget program heading Local Roads and Drainage.
- 40 • In the Transport for New South Wales program (TfNSW), it is proposed to increase operating income by \$12,302,900 due to income received for the February 2022 flood event. This is for various Emergency Works and EPAR projects, some of which had been expended in 2022, with a breakdown shown on page 3 of attachment 2. Of this total, \$3,957,400 can be transferred to the negative flood recovery reserve that was created at 30 June 2022 as Council had expended considerably more on projects than funds that had been received, and this income covers a portion of that. It should be noted that this transfer to the negative Flood Recovery reserve now leaves the balance
45 at zero.

BYRON SHIRE COUNCIL

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.1

- 5 • In the Open Space and Recreation program, there are a number of adjustments outlined under Note 15 on pages 53 to 55 in the Budget Variations explanations section of Attachment 1. Further disclosure is included in the third page of Attachment 2 under the budget program heading Open Space & Recreation.
- 10 • In the Facilities Management program, it is proposed to increase operating income so the budget for the Byron Bay tennis courts matches the actual income received. It is proposed to decrease operating expenditure due to the Marvell Hall Access Ramp (\$105,000) and Marvell Hall Kitchen Renovation (\$195,900) being moved to the 2023/24 draft budget as they will not be completed this financial year. It is also proposed to increase capital works for the Bangalow Showground Fencing (\$14,700) and the Byron Community Hub (\$1,237,000).

Sustainable Environment and Economy

- 15 • In the Planning Policy & Natural Environment program, it is proposed to increase operating income and expenditure by \$234,000 due to grants received for Addressing Priority Flood Impacts in BSC (\$200,000), WIRES – No Bat No Me project (\$19,000) and the Koala Habitat Restoration Program (\$15,000). In addition to this, Grant income has been received on completion of the Jonson Street Protection works (\$38,200) and transferred back to the Holiday Park reserve which is where the initial expenditure was taken from, grant income from Stage 2 for the Southern Coastal Management Program (20 \$77,400) and grant income for the CZMP Coastal Hazard Assessment Study (\$90,000). It is proposed to increase operating expenditure by a further \$81,400 due to the Stage 2 for the Southern Coastal Management Program (\$59,100), CZMP for Byron Bay Embayment (\$58,500), \$10,100 for repairs to the electric vehicle station at Byron Library, and budgets no longer required for the Riparian Restoration project (\$17,400) and the Develop Governance Models for the Facilitation of Housing project (\$28,900).
- 25 • In the Environment & Compliance program, it is proposed to increase operating expenditure due to the purchase of new enforcement vehicles.
- 30

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.

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

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BYRON SHIRE COUNCIL

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.1

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)
Resolutions October - December Quarter – increase / (decrease)	0
December Quarterly Review Adjustments – increase / (decrease)	(279,100)
Forecast Reserve Movement for 2022/2023 – Increase / (Decrease)	(6,190,000)
Estimated Reserve Balance at 30 June 2023	\$2,763,800

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)
Resolutions October - December Quarter – increase / (decrease)	0
December Quarterly Review Adjustments – increase / (decrease)	70,900
Forecast Reserve Movement for 2022/2023 – Increase / (Decrease)	(1,549,200)
Estimated Reserve Balance at 30 June 2023	\$295,700

5 Movements for Water Fund can be seen in Attachment 1 with a proposed estimated decrease to reserves (including S64 Contributions) overall of \$208,200 from the 31 December 2022 Quarter Budget Review.

SEWERAGE FUND

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.

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BYRON SHIRE COUNCIL

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.1

Capital Works Reserve

Opening Reserve Balance at 1 July 2022	\$2,701,600
Plus original budget reserve movement	(926,200)
Resolutions July - September Quarter – increase / (decrease)	0
September Quarterly Review Adjustments – increase / (decrease)	(653,600)
Resolutions October - December Quarter – increase / (decrease)	0
December Quarterly Review Adjustments – increase / (decrease)	(257,500)
Forecast Reserve Movement for 2022/2023 – Increase / (Decrease)	(1,837,300)
Estimated Reserve Balance at 30 June 2023	\$864,300

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
Resolutions October - December Quarter – increase / (decrease)	0
December 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
Resolutions October - December Quarter – increase / (decrease)	0
December Quarterly Review Adjustments – increase / (decrease)	(40,000)
Forecast Reserve Movement for 2022/2023 – Increase / (Decrease)	(4,256,700)
Estimated Reserve Balance at 30 June 2023	\$2,923,400

BYRON SHIRE COUNCIL

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

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Movements for the Sewerage Fund can be seen in Attachment 1 with a proposed estimated overall decrease to reserves (including S64 Contributions) of \$297,500 from the 31 December 2022 Quarter Budget Review.

Legal Expenses

- 5 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.

The table that follows indicates the allocated budget and actual legal expenditure within Council on a fund basis as at 31 December 2022.

10 Total Legal Income & Expenditure as at 31 December 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	87,554	43.21%
Total Expenditure General Fund	202,600	87,554	43.21%

Note: At the time of writing this report in February, Council has committed additional expenditure of \$24,220 that brings the total legal expenditure for 2022/23 to \$111,774. This should continue to be monitored to ensure there is enough funding for future expenses.

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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

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 31 December 2022 Quarter Budget Review of the 2022/2023 Budget has not changed the budget position overall as indicated at the 30 September 2022 Quarterly Budget Review. This leaves the movement against the unrestricted cash balance attributable to the General Fund to an estimated deficit of \$205,000 for the year, leaving the unrestricted cash balance attributable to the General Fund at an estimated \$205,000 deficit at 30 June 2023.

BYRON SHIRE COUNCIL

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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 31 December 2022 Quarter Budget Review.

- 5 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.
- 10 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. This is especially the case in
- 15 relation to Capital Works expenditure. It will be essential that Council reviews this position as part of the 31 March 2023 Quarterly Budget Review.

Pleasingly the 31 December 2022 Quarterly Budget Review demonstrates an improvement in the cash position of Council following a significant payment of Natural Disaster funding in December 2022 of over \$9.1million reimbursing significant expenditure

20 incurred in the previous financial year plus some expenditure in the current financial year.

