

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, 9 May 2024
Time	2.00PM

Esmeralda Davis
Director Corporate and Community Services

I2024/686
Distributed 02/05/24

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 Meetings held 16
November 2023 and 15 February 2024 6

4. STAFF REPORTS

Corporate and Community Services

- 4.1 Budget Review - 1 January 2024 to 31 March 2024 9

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ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

3.1

ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

5 **Report No. 3.1 Adoption of Minutes of the Finance
Advisory Committee Meetings held 16
November 2023 and 15 February 2024**

Directorate: Corporate and Community Services



File No: I2024/253

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RECOMMENDATION:

That the minutes of the Finance Advisory Committee Meetings held on 16 November 2023 and 15 February 2024 be confirmed.

15 **Attachments:**

- 1 Minutes 16/11/2023 Finance Advisory Committee, I2023/1806 
- 2 Minutes 15/02/2024 Finance Advisory Committee, I2024/198 

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BYRON SHIRE COUNCIL

ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

3.1

Report

The attachments to this report provides the Minutes of the Finance Advisory Committee Meetings of 16 November 2023 and 15 February 2024.

Report to Council

- 5 The Minutes of 16 November 2023 were reported to Council on 22 February 2024 and the Minutes of 15 February 2024 were reported to Council on 28 March 2024. **Comments**

Minutes of 16 November 2023

In accordance with the Committee Recommendations, Council resolved the following:

24-001 Resolved that Council adopts the following Committee recommendation:

Report No. 4.2 Budget Review - 1 July 2023 to 30 September 2023
File No: I2023/1758

Committee Recommendation 4.2.1

That Council:

1. Authorises the itemised budget variations as shown in Attachment 2 (#E2023/115792) which include the following results in the 30 September 2023 Quarterly Review of the 2023/2024 Budget:
 - a) General Fund – \$0 movement to the Estimated Unrestricted Cash Result
 - b) General Fund - \$1,701,000 decrease in reserves
 - c) Water Fund - \$1,083,200 increase in reserves
 - d) Sewerage Fund - \$473,300 decrease in reserves
2. Adopts the revised General Fund Estimated Unrestricted Cash Deficit of \$250,000 for the 2023/2024 financial year as at 30 September 2023.
(Lyon/Westheimer).

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ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

3.1

Minutes of 15 February 2024

In accordance with the Committee Recommendations, Council resolved the following:

24-002 Resolved that Council adopts the following Committee Recommendations:

Report No. 3.1 Budget Review - 1 October 2023 to 31 December 2023

File No: I2024/60

Committee Recommendation 3.1.1

That Council:

1. Authorises the itemised budget variations as shown in Attachment 2 (#E2024/4306) which include the following results in the 31 December 2023 Quarterly Review of the 2023/2024 Budget:
 - a) General Fund – \$1,200 increase to the Estimated Unrestricted Cash Result
 - b) General Fund - \$2,772,500 increase in reserves
 - c) Water Fund - \$282,400 increase in reserves
 - d) Sewerage Fund - \$3,614,200 increase in reserves
2. Adopts the revised General Fund Estimated Unrestricted Cash Deficit of \$250,000 for the 2023/2024 financial year as at 31 December 2023.

(Lyon/Balson)

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

Report No. 4.1 Budget Review - 1 January 2024 to 31 March 2024

5 **Directorate:** Corporate and Community Services
Report Author: James Brickley, Manager Finance
File No: I2024/679

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 2023/2024 financial year, reviewed as at 31 March 2024.

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:

That Council:




- 25 1. **Authorises the itemised budget variations as shown in Attachment 2 (#E2024/48670) which include the following results in the 31 March 2024 Quarterly Review of the 2023/2024 Budget:**
- 30 a) **General Fund - \$250,000 increase to the Estimated Unrestricted Cash Result**
 - b) **General Fund - \$7,008,200 increase in reserves**
 - c) **Water Fund - \$1,321,800 increase in reserves**
 - d) **Sewerage Fund - \$952,900 increase in reserves**
- 35 2. **Adopts the revised General Fund Estimated Unrestricted Cash of \$0 for the 2023/2024 financial year as at 31 March 2024.**

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Attachments:

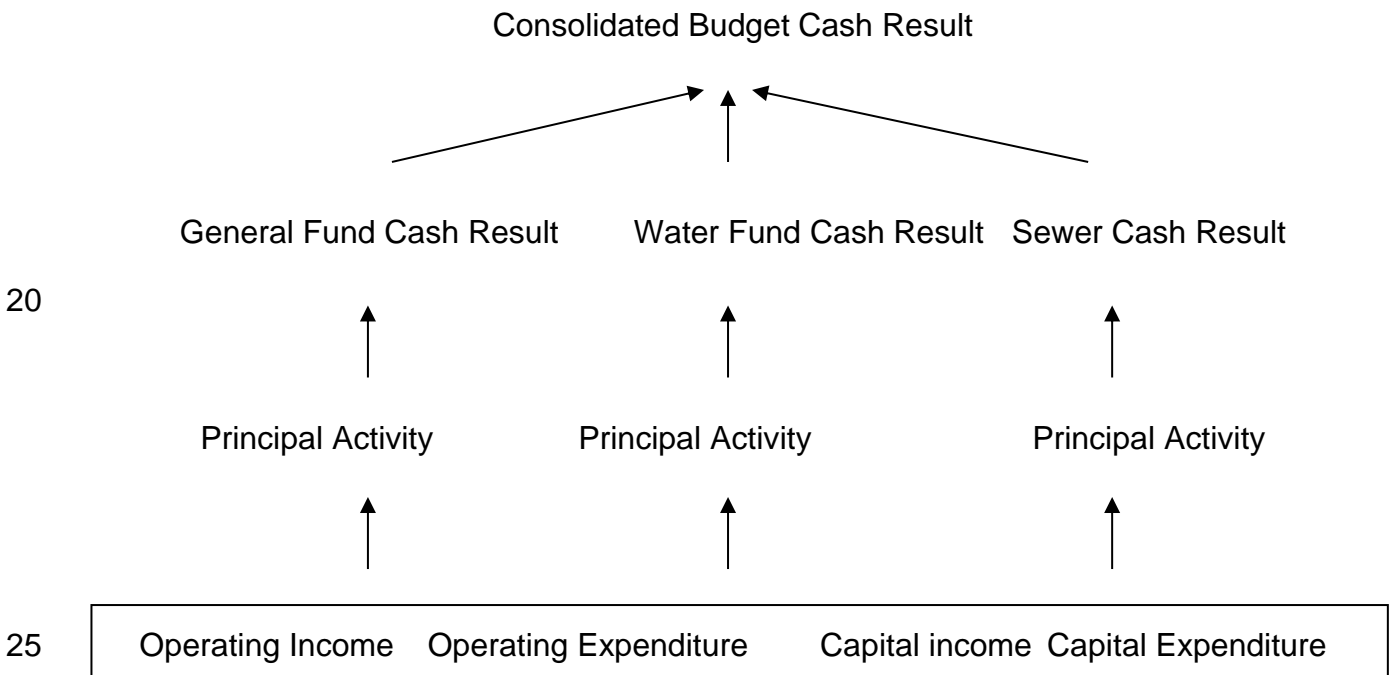
- 5
- 1 Budget Variations for General, Water and Sewerage Funds, E2024/48669 
 - 2 Itemised Listing of Budget Variations for General, Water and Sewerage Funds, E2024/48670 
 - 3 Integrated Planning and Reporting Framework (IP&R) required Quarterly Review Statements, E2024/48672 

Report

Council adopted the 2023/2024 budget on 22 June 2023 via Resolution **23-280**. Council also considered and adopted the budget carryovers from the 2022/2023 financial year, to be incorporated into the 2023/2024 budget at its Ordinary Meeting held on 24 August 2023 via Resolution **23-414**. Since that date, Council has reviewed the budget taking into consideration the audited 2022/2023 Financial Statement results and progress through three quarters of the 2023/2024 financial year. This report considers the March 2024 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 2023 plus the adopted carryover budgets from 2022/2023 followed by adjustments from July 2023 to December 2023 (including resolutions) and the revote (or adjustment for this review) and then the revised position projected for 30 June 2024 as at 31 March 2024.

On the far right of the Principal Activity, there is a column titled "Note". If this is populated by a number, it indicates there has been an adjustment in the quarterly review. This

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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 2024 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 (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:
 - 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.

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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 March 2024 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 (KPIs)

At this stage, the KPIs 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 January to March 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 2023/2024 financial year projected to 30 June 2024 but revised as at 31 March 2024.

2023/2024 Budget Review Statement as at 31 March 2024	Original Estimate (Including Carryovers) 1/7/2023	Adjustments to 31 March 2024 including Resolutions*	Proposed 31 March 2024 Review Revotes	Revised Estimate 30/6/2024 at 31/03/2024
Operating Revenue	117,955,300	(7,852,800)	1,343,700	111,446,200
Operating Expenditure	127,753,000	(6,170,800)	(910,500)	120,671,700
Operating Result – Surplus/Deficit	(9,797,700)	(1,682,000)	2,254,200	(9,225,500)
Add: Capital Revenue	155,394,600	(105,472,500)	2,392,000	52,314,100
Change in Net Assets	145,596,900	(107,154,500)	4,646,200	43,088,600
Add: Non Cash	20,523,000	0	0	20,523,000

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2023/2024 Budget Review Statement as at 31 March 2024	Original Estimate (Including Carryovers) 1/7/2023	Adjustments to 31 March 2024 including Resolutions*	Proposed 31 March 2024 Review Revotes	Revised Estimate 30/6/2024 at 31/03/2024
Expenses				
Add: Non-Operating Funds Employed	10,487,100	1,200,000	(5,886,600)	5,800,500
Subtract: Funds Deployed for Non-Operating Purposes	(204,353,500)	108,607,500	10,773,300	(84,972,700)
Cash Surplus/(Deficit)	(27,746,500)	2,653,000	9,532,900	(15,060,600)
Restricted Funds – Increase / (Decrease)	(27,311,500)	2,468,000	9,782,900	(15,060,600)
Forecast Result for the Year – Surplus/(Deficit) – Unrestricted Cash Result	(435,000)	185,000	250,000	0

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 March 2024:

Opening Balance – 1 July 2023	\$0
Plus original budget movement and carryovers	(435,000)
Council Resolutions July – September Quarter	185,000
September Quarterly Budget Review	0
Council Resolutions October – December Quarter	(1,200)
December Quarterly Budget Review	1,200
Council Resolutions January – March Quarter	0
Recommendations within this Review – increase/(decrease)	250,000
Estimated Unrestricted Cash Result Closing Balance – 30 June 2024	0

5 The General Fund financial position overall has increased by \$250,000 as a result of this budget review, leaving the forecast cash result for the year at an estimated balance of 0. The proposed budget changes are detailed in Attachment 1 and summarised further in this report below.

Council Resolutions

10 There were no Council resolutions that impacted the unrestricted cash balance in the January 2024 to March 2024 quarter.

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Budget Adjustments

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) \$	Unrestricted Cash Increase/ (Decrease) \$
General Manager	0	2,500	(2,500)
Corporate & Community Services	478,500	(134,500)	613,000
Infrastructure Services	(9,375,600)	(8,762,600)	(613,000)
Sustainable Environment & Economy	450,500	198,000	252,500
Total Budget Movements	(8,446,600)	(8,696,600)	250,000

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.
- 10 In addition to the adjustments identified within this report, Council received \$19.968 million in advanced funding from TfNSW on 8 January 2024 for the Essential Public Asset Reconstruction Works (EPARs) related to the March 2022 Natural Disaster. Of this amount, \$2.168million of this has been used to decrease the negative Flood Recovery reserve within the 31 March 2024 Quarterly Budget Review. Although this is part of an advanced payment in lieu of actual EPAR approvals, the actual expenditure was incurred
- 15 in the 2023 financial year. The remaining budget adjustments to EPARs will be undertaken during the 30 June 2024 Quarterly Budget Review process so additional, approved advanced funding if received and further expenditure can be accounted for the whole financial year once clarified.

20 Corporate and Community Services

- In the General Purpose Revenues program, it is proposed to increase interest on investments by \$200,000 due to the continued high interest rates that Council is obtaining for investments. The current rates being utilised are substantially higher than what the budget was estimated from. It is proposed to transfer this \$200,000 to the IS Carryover reserve to use as Councils' contribution to Transport for NSW (TfNSW) as an
- 25 'Opt-in' Council related to the latest Natural Disaster (AGRN 1119) that occurred in April 2024. It is also proposed to increase interest on developer contributions by \$257,200 due to the higher interest rates as mentioned above. This can be transferred to the relevant Developer Contribution reserves.

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- In the Community Development program, it is proposed to decrease operating expenditure by \$640,000 due to splitting up grant funded works for the SGB Resilience program and moving them to the Local Roads & Drainage program for easier management. As part of the Local Government Recovery Grants - NSW Severe Weather and Floods - \$1M Council support payments - AGRN 1012, \$140,000 was allocated to the SGB Resilience program. This comprised of 3 projects that engineers requested be separated with their own budgets in the Local Roads & Drainage program for easier management. Therefore, it is proposed to remove the \$140,000 from the Community Development program and add \$50,000 for the Flood Pump Generator Power Supply, \$60,000 for the Flood Levy Raising Investigation and \$30,000 for the Flood Pump Inv for Western Levy to the Local Roads & Drainage program, below. As part of the Local Government Recovery Grant - Highly Impacted Councils, \$500,000 was allocated to the SGB Resilience Betterment program. Again, this comprised of 3 projects that engineers requested be separated with their own budgets in the Local Roads & Drainage program for easier management. Therefore, it is proposed to remove the \$500,000 from the Community Development program and add \$90,000 for the Rear Drainage Easements Upgrade, \$360,000 for the Flood Pump Generator Power Supply and \$50,000 for the Soakage Pits Upgrade to the Local Roads & Drainage program, below.

Infrastructure Services

- In the Depot and Fleet Services Program the main budget adjustment is the removal of \$3,672,100 from the plant replacement program that was to be funded via new loan borrowings in 2023/24. The replacement program is behind schedule plus long delivery times for major plant items indicates this funding will not be required as the expenditure will not be realised. It is proposed to move this expenditure and associated loan funding to the 2024/25 budget.
- In the Local Roads and Drainage program, there are a number of adjustments outlined under Note 8 on pages 54 to 57 in the Budget Variations explanations section of Attachment 1. Further disclosure is included in the first and second pages of Attachment 2 under the budget program heading Local Roads and Drainage.
- In the Infrastructure Recovery program, it is proposed to increase capital income and expenditure by \$1,917,200 due to advance funding received and funding agreements being approved for various EPARS. A breakdown of these are outlined under Note on page 57 to 58 in the Budget Variations explanations section of Attachment 1. It is also proposed to transfer a further \$2,166,300 to the Flood Recovery reserve. This reserve was used to fund Natural disaster expenditure in 2023 for which Council has received some of the funding for these through the advance payments.
- In the Open Space and Recreation program, there are a number of adjustments outlined under Note 10 on page 58 to 59 in the Budget Variations explanations section of Attachment 1. Further disclosure is included on the second page of Attachment 2 under the budget program heading Open Space & Recreation.
- In the Waste Management program, it is proposed to decrease operating income due to the Special Waste Collection contribution program not happening this financial year. It

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5 is proposed to decrease operating expenditure due to the Waste Management Strategy Implementation being moved to 2024/25 (\$100,000) and the Special Waste Collection contribution program expenditure not happening this financial year (\$5,000). It is proposed to increase capital works by \$215,600 with further comments outlined under note 11 in the Budget Variations explanations section of Attachment 1

- 10 • In the First Sun Holiday Park program, it is proposed to decrease capital expenditure by \$2,075,000 due to the land purchase of the rail corridor adjacent to the park not being completed this financial year. This has been added to the 2024/25 budget.
- 15 • In the Facilities Management program, it is proposed to increase operating income by \$101,900 due to income received from Public Works relating to damage to the Mullumbimby pool caused by the March 2022 natural disaster. This can be transferred to the negative Flood Recovery as this is what originally funded the expense. It is proposed to decrease operating expenditure due to decreases to the Corporate Access Control System Design (\$27,000), Marvel Hall works (\$125,000), Federal Pre-School (\$40,000) and moving budgets between Lilly Pilli pre-school roof and guttering to the Mullumbimby Civic Hall works (\$20,000).

Sustainable Environment and Economy

- 20 • In the Development & Certification program It is proposed to decrease operating income due to DA fees (\$121,700) and Construction Certificate Inspections (\$50,000) actual income being less than the budget. The number and value of DA's is significantly less than previous years. These can be offset by increases to the Certificate Registration Fee (\$4,000), Construction Certificates (\$100,000), Sundry Building Control Income 25 (\$15,100) and Building Certificates – 149D (\$17,300) where the actual income is more than the budget in addition to a grant received for a Strong Start Planner Cadetship (\$25,000). It is proposed to increase operating expenditure due to the Strong Start Planner Cadetship grant (\$25,000) and funding required to support Planning Priority projects (\$133,800).
- 30 • In the Planning Policy & Natural Environment program, it is proposed to increase operating income by \$69,100 due to grants received for the CMP for Byron Bay Embayment (\$11,100), Stage 2 - Southern Coastal Management Program (\$30,000), Revegetating Streams in the Brunswick Catchment Booklet (\$3,000), Middleton Flying 35 Fox Camp Habitat Restoration (\$10,000) and the Koala Trees Field Guide (\$15,000).
- 40 • Operating expenditure decreased due to the budgets for the Byron Rural Settlement Strategy (\$51,000) and DCP Character Design Guidelines (\$23,300) not being required. These can be redirected to the increase to the Planning Priority Projects budget in the Development & Certification program, above. It is also proposed to decrease the 40 budgets for the Comprehensive Koala Plan of Management (\$9,000) and Shire wide Flying fox Management Plan (\$14,000), restrict them in the Land and Natural Environment reserve and move to the 2024/25 'Review Shire wide Pest Management Plan' budget. The operating expenditure decrease is offset by increases to budgets related to the Southern Coastal Management Program (\$30,000), Revegetating 45 Streams in the Brunswick Catchment Booklet (\$3,000), Middleton Flying Fox Camp Habitat Restoration (\$10,000) and the Koala Trees Field Guide (\$15,000) grants.

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- 5 • In the Environment & Compliance program, it is proposed to increase operating income by \$347,800 due to actual income for fine revenue being substantially higher than the budget (\$312,500), actual income for On-Site Sewage-Operation & Installation Applications (\$40,000), DET Traineeships (\$6,300) and Section 735A Certificates (\$4,000) being higher than the budget and a decrease in Food/Health inspections income (\$15,000). It is proposed to increase operating expenditure due to increased collection fees paid on the increased fine income.

WATER FUND

- 10 After completion of the 2022/2023 Financial Statements the Water Fund as at 30 June 2023 has a capital works reserve of \$5,702,300 and held \$1,720,900 in section 64 developer contributions.

The estimated Water Fund reserve balances as at 30 June 2024, and forecast in this Quarter Budget Review, are derived as follows:

15 Capital Works Reserve

Opening Reserve Balance at 1 July 2023	\$5,702,300
Plus original budget reserve movement	(3,254,300)
Resolutions July - September Quarter – increase / (decrease)	(690,700)
September Quarterly Review Adjustments – increase / (decrease)	(1,208,600)
Resolutions October - December Quarter – increase / (decrease)	0
December Quarterly Review Adjustments – increase / (decrease)	251,000
Resolutions January - March Quarter – increase / (decrease)	0
March Quarterly Review Adjustments – increase / (decrease)	1,033,700
Forecast Reserve Movement for 2023/2024 – Increase / (Decrease)	(3,368,900)
Estimated Reserve Balance at 30 June 2024	\$1,833,400

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Section 64 Developer Contributions

Opening Reserve Balance at 1 July 2023	\$1,720,900
Plus original budget reserve movement	(2,199,600)
Resolutions July - September Quarter – increase / (decrease)	(917,900)
September Quarterly Review Adjustments – increase / (decrease)	2,291,800
Resolutions October - December Quarter – increase / (decrease)	0
December Quarterly Review Adjustments – increase / (decrease)	31,400
Resolutions January - March Quarter – increase / (decrease)	0
March Quarterly Review Adjustments – increase / (decrease)	288,100
Forecast Reserve Movement for 2023/2024 – Increase / (Decrease)	(506,200)
Estimated Reserve Balance at 30 June 2024	\$1,214,700

Movements for Water Fund can be seen in Attachment 1 with a proposed estimated increase to reserves (including S64 Contributions) overall of \$1,321,800 from the 31 March 2024 Quarter Budget Review.

5 SEWERAGE FUND

After completion of the 2022/2023 Financial Statements the Sewer Fund as at 30 June 2023 has a capital works reserve of \$3,935,300 and plant reserve of \$896,200. It also held \$5,448,900 in section 64 developer contributions and a \$272,500 unexpended grant.

Capital Works Reserve

Opening Reserve Balance at 1 July 2023	\$3,935,500
Plus original budget reserve movement	(504,300)
Resolutions July - September Quarter – increase / (decrease)	(1,613,600)
September Quarterly Review Adjustments – increase / (decrease)	(666,600)
Resolutions October - December Quarter – increase / (decrease)	0
December Quarterly Review Adjustments – increase / (decrease)	2,479,100
Resolutions January - March Quarter – increase / (decrease)	0
March Quarterly Review Adjustments – increase / (decrease)	338,500
Forecast Reserve Movement for 2023/2024 – Increase / (Decrease)	33,100
Estimated Reserve Balance at 30 June 2024	\$3,968,600

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Plant Reserve

Opening Reserve Balance at 1 July 2023	\$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
Resolutions January - March Quarter – increase / (decrease)	0
March Quarterly Review Adjustments – increase / (decrease)	0
Forecast Reserve Movement for 2023/2024 – Increase / (Decrease)	0
Estimated Reserve Balance at 30 June 2024	\$896,200

It is proposed to create a reserve for Property Development -Temporary Housing funded from income received for temporary housing on Sewer Fund land.

Property Development Reserve – Temporary Housing

Opening Reserve Balance at 1 July 2023	\$0
Plus original budget reserve movement	136,200
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
Resolutions January - March Quarter – increase / (decrease)	0
March Quarterly Review Adjustments – increase / (decrease)	0
Forecast Reserve Movement for 2023/2024 – Increase / (Decrease)	136,200
Estimated Reserve Balance at 30 June 2024	\$136,200

5 Public Works – March 2022 Flood Event Grant

Opening Reserve Balance at 1 July 2023	\$272,500
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
Resolutions January - March Quarter – increase / (decrease)	0

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March Quarterly Review Adjustments – increase / (decrease)	211,300
Forecast Reserve Movement for 2023/2024 – Increase / (Decrease)	483,800
Estimated Reserve Balance at 30 June 2024	\$483,800

Section 64 Developer Contributions

Opening Reserve Balance at 1 July 2023	\$5,448,900
Plus original budget reserve movement	(610,000)
Resolutions July - September Quarter – increase / (decrease)	(865,700)
September Quarterly Review Adjustments – increase / (decrease)	193,300
Resolutions October - December Quarter – increase / (decrease)	0
December Quarterly Review Adjustments – increase / (decrease)	1,135,100
Resolutions January - March Quarter – increase / (decrease)	0
March Quarterly Review Adjustments – increase / (decrease)	403,100
Forecast Reserve Movement for 2023/2024 – Increase / (Decrease)	255,800
Estimated Reserve Balance at 30 June 2024	\$5,704,700

Movements for the Sewerage Fund can be seen in Attachment 1 with a proposed estimated overall increase to reserves (including S64 Contributions) of \$952,900 from the 31 March 2024 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 31 March 2024.

Total Legal Income & Expenditure as at 31 March 2024

Program	2023/2024 Budget (\$)	Actual (\$)	Percentage To Revised Budget
Income			
Legal Expenses Recovered	0	32,000	0%
Total Income	0	32,000	0%
Expenditure			
General Legal Expenses	210,000	183,394	87.33%
Total Expenditure General Fund	210,000	183,394	87.33%

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Note: 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
1: Effective Leadership	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.

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

Financial Considerations

5 The 31 March 2024 Quarter Budget Review of the 2023/2024 Budget has improved the overall estimated budget result by \$250,000. This leaves the movement against the unrestricted cash balance attributable to the General Fund to balanced result for the year, leaving the unrestricted cash balance attributable to the General Fund at an estimated \$0 at 30 June 2024.

It is the view of the Responsible Accounting Officer that the short term financial position of the Council is satisfactory for the 2023/2024 financial year, having consideration of the original estimate of income and expenditure at the 31 March 2024 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 2023/2024 outlined in this Budget Review is further improved through the final quarterly budget reviews for the 2023/2024 financial year. Council must remember it has a short term financial goal of maintaining \$1,000,000 in unrestricted cash.
- 15 Council must also be mindful of its cash flow position as the financial year progresses given the ongoing expenditure on restoration of infrastructure from the February/May 2022 flood events whilst experiencing significant delays in claims approvals, processing and payments from the NSW State Government. This position will need continual close monitoring as Council is delivering business as usual plus the flood recovery.
- 20 Progress is slowly being made with Transport for NSW to deal with claims, application for payment advances and expenditures. The advance payment of \$19.968million in January 2024 has been of great assistance and Council has made application for a further \$15.4million yet to be determined under the Tripartite Agreement.