

Minutes

Of the Special Council Meeting

Location: Council Chambers, Municipal Offices
62-68 Ovens Street, Wangaratta

Date: 23rd September 2019

Time: 6pm

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RURAL CITY OF WANGARATTA LIVE STREAM

CLAUSE 91(4) OF THE GOVERNANCE AND MEETING CONDUCT LOCAL LAW PROVIDES THE FOLLOWING:

“THIS PUBLIC MEETING IS BEING RECORDED TO IMPROVE ACCESS TO THE MEETING FOR OUR COMMUNITY. THE RECORDING WILL BE PUBLISHED AND WILL BE RETAINED BY COUNCIL IN ACCORDANCE WITH COUNCIL’S LEGAL OBLIGATIONS. AS A VISITOR IN THE PUBLIC GALLERY, YOUR PRESENCE MAY BE RECORDED.”

1. ACKNOWLEDGEMENT OF TRADITIONAL OWNERS

We acknowledge the Bangarang people as the traditional owners of the land on which we are meeting here tonight and pay our respects to their Elders past, present and emerging and to any other native land holders who may be amongst us today.

2. OPENING PRAYER

Almighty God, we humbly ask thee to bless and guide this council in its deliberations so that we may truly preserve the welfare of the people whom we serve. Amen

3. PRESENT

COUNCILLORS:

MR DAVID FULLER, MR DEAN REES, MR HARRY BUSSELL, MR HARVEY BENTON, MR KEN CLARKE OAM, MR MARK CURRIE, MS ASHLEE FITZPATRICK

OFFICERS:

MARCUS GOONAN, ACTING DIRECTOR INFRASTRUCTURE SERVICES
JAIME CHUBB, ACTING CHIEF EXECUTIVE OFFICER & DIRECTOR COMMUNITY WELLBEING; SARAH BRINDLEY, DIRECTOR CORPORATE SERVICES; STEPHEN SWART DIRECTOR DEVELOPMENT SERVICES.

4. ABSENT

COUNCILLORS:

NIL.

OFFICERS:

BRENDAN MCGRATH, CHIEF EXECUTIVE OFFICER; ALAN CLARK, DIRECTOR INFRASTRUCTURE.

5. ACCEPTANCE OF APOLOGIES & GRANTING OF LEAVE OF ABSENCE

NIL.

ORDER OF BUSINESS

6. CONFLICT OF INTEREST DISCLOSURE

In accordance with sections 77A, 77B, 78 and 79 of the *Local Government Act 1989* Councillors are required to disclose a '*conflict of interest*' in a decision if they would receive, or could reasonably be perceived as receiving, a direct or indirect financial or non-financial benefit or detriment (other than as a voter, resident or ratepayer) from the decision.

Disclosure must occur immediately before the matter is considered or discussed.

PRESENTATION OF REPORTS

OFFICERS' REPORTS

7. CORPORATE SERVICES

7.1 FINANCIAL STATEMENTS & PERFORMANCE STATEMENT 2018/19 (ADOPT IN PRINCIPLE)

Meeting Type: Special Council Meeting
Date of Meeting: 23 September 2019
Author: Governance & Reporting Advisor
File No: IC19/411

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

Executive Summary

This report is presented to Council for Council to consider 'in principle' approval of the Financial Statements 2018/19, Performance Statement 2018/19 and the Governance and Management Checklist, prior to forwarding the statements to the Victorian Auditor-General.

RECOMMENDATION:

(Moved: Councillor K Clarke OAM/Councillor M Currie)

That Council:

- 1. Approves 'in principle' the Financial Statements and Performance Statement for the Wangaratta Rural City Council for the Financial Year ending 30 June 2019 as endorsed by the Audit Advisory Committee on 17 September 2019.***
- 2. Authorises the Mayor, Cr Dean Rees, and Cr Mark Currie, to certify the Financial Statements and Performance Statement for the Wangaratta Rural City Council for the Financial Year ending 30 June 2019 in their final form after any changes recommended or agreed to by the Victorian Auditor-General have been made.***
- 3. Adopts the Governance and Management Checklist for the Wangaratta Rural City Council for the Financial Year ending 30 June 2019.***
- 4. Authorises the Mayor, Cr Dean Rees, to certify the Governance and Management Checklist for the Wangaratta Rural City Council for the Financial Year ending 30 June 2019.***

Carried

Background

The Local Government Act 1989 (the Act) requires Council to prepare an Annual Report at the conclusion of each financial year, including a Report of Operations, audited Financial Statements and Performance Statement.

Council must submit for auditing, the Financial Statements 2018/19 (Financial Statements) and Performance Statement 2018/19 (Performance Statement) in their finalised form, to the Auditor appointed by the Victorian Auditor-General's Office (VAGO), as soon as possible after the end of the financial year and be certified in the manner prescribed.

After completion of the initial audit, Council is required to consider the audited Financial Statements and Performance Statement and provide 'in principle' approval for the statements, which are then submitted to VAGO.

VAGO's auditors must then prepare a report on the submitted Financial Statements and Performance Statement and provide it to Council, as well as provide a copy to the Minister for Local Government.

VAGO cannot sign the audit reports unless the Financial Statements and Performance Statement are in their final form, inclusive of any changes recommended or agreed by the Auditor and are certified in accordance with the Local Government (Planning and Reporting) Regulations 2014 (Regulations), by two Councillors authorised by Council, The Chief Executive Officer and Principal Accounting Officer.

The Governance and Management Checklist and Performance Indicators have been prepared in accordance with the Regulations.

The Audit Advisory Committee, at its meeting held Tuesday, 17 September 2019 recommended that Council approves 'in principle' the Financial Statements and Performance Statement, subject to any further changes by the Auditor.

Implications

Policy Considerations

There are no specific Council policies or strategies that relate to this report.

Financial/Economic Implications

The Financial Statements consist of:

- Comprehensive Income Statement
- Balance Sheet
- Statement of Changes in Equity
- Statement of Cash Flows
- Statement of Capital Works
- Notes to the Financial Statements

Comprehensive Income Statement

The Comprehensive Income Statement shows Council's revenue and expenses for the year plus other comprehensive income.

The statement does not include the cost of asset purchases, loan repayments or reserve funds. It does however include the depreciation of asset values as an expense. Below is a summary of the Comprehensive Income Statement.

	2017/18 \$'000	2018/19 \$'000	Increase/ (decrease) \$'000
Income	64,351	65,572	1,221
Expenses	54,570	61,951	7,381
Surplus/(deficit) for the period	9,781	3,621	(6,160)
Other Comprehensive Income	46,371	5,329	(41,042)
Total Comprehensive Result	56,152	8,950	(47,202)

Total income has increased by \$1.221 million. Some of the key movements between income categories were:

- Rates and charges increased by \$1.451 million. The increase was due to a 2.25% increase in rates and 6% increase in waste charges.
- Grants Capital decreased by \$581,000. The decrease is mainly due to a reduction in the Roads to Recovery funding.
- Contributions non-monetary decreased by \$1.386 million. Non-monetary asset income generally relates to the transfer of infrastructure by developers to Council following the completion of subdivisions. These assets become the property of Council and hence increase Council's asset levels. The value of the assets is recorded as income when the transfer of ownership takes place. The total value of assets transferred varies considerably from year to year depending on the level of development in the municipality and subsequent transfer of infrastructure to Council.
- Other Income increased by \$562,000. This was due to increased reimbursements for natural disasters and found assets – paths of \$165,000.

Total expenditure has increased by \$7.381 million. Some of the key movements between expenditure categories were:

- Employee costs increased by \$1.053 million. The increase was due to an increase in salaries & wages, annual leave and long service leave provisions in accord with the Enterprise Agreement approved in August 2018.
- Materials and services increased by \$2.231 million. This increase was due contract payments of \$949,000, Packaged Care \$373,000, Livestock Exchange \$175,000 and other materials and services \$640,000.
- Depreciation and amortisation increased by \$4.160 million. The increase is due to an increase in infrastructure depreciation of \$3.826 million.

- Borrowing costs increased by \$1.129 million due to an increase in the landfill provision arising from changes in the discount rates of \$1.187 million and offset by lower interest on borrowings.
- Other expenses decreased by \$1.128 million. Waste Management assets were written off or impaired during the 2017/18 financial year. This has not occurred in the 2018/19 financial year.

Balance Sheet

The Balance Sheet shows what Council owns as assets and what it owes as liabilities. The bottom line of this statement is Total Equity which is an accumulation over time of the net worth of Council.

	2017/18 \$'000	2018/19 \$'000	Increase/ (decrease) \$'000
Current Assets	40,228	31,136	(9,092)
Non Current Assets	534,551	557,612	23,061
Current Liabilities	11,244	15,360	4,116
Non Current Liabilities	23,495	24,246	751
Equity	540,040	549,142	9,102

- Current assets decreased by \$9.092 million. The decrease in current assets is mainly due to the level of financial assets (investments) being used for the completion of the capital works program and the deferral of loan borrowings which are used to fund the capital program until 2019/20.
- Non-current assets have increased by \$23.061 million. Non-current assets are assets which are not expected to be converted into cash within the next 12 months. The increase is mainly due to the revaluation of the Aerodrome and the level of Works in Progress.
- Current liabilities have increased by \$4.116 million. This is mainly due to an increase in trade and other payables including materials and Contracts, employee costs and unearned income.
- Non-current liabilities have decreased by \$751,000. This is mainly due to no new borrowings drawn down during the financial year. The landfill provision increased by \$1.187 million.
- Total equity is the term used to describe the value of the Council to its ratepayers and is divided between:
 - Accumulated surplus – the value of all net assets over time,
 - Asset revaluation reserve, and
 - Reserves – funds reserved for specific future expenditure.

Total equity increased by \$9.102 million, and is mainly due to Council's surplus of \$3.621 million for 2018/19, Contributed equity \$152,000, and the asset revaluation of \$5.329 million.

Statement of Cash Flows

The Statement of Cash Flows is a record of cash received and cash paid by Council for the financial year. It excludes non-cash expenses such as depreciation that are included in the Comprehensive Income Statement and includes items such as capital expenditure and proceeds from loans or repayment of loans that are not included in the Comprehensive Income Statement.

Overall the Statement of Cash Flows shows that cash on hand was \$6.453 million at the end of the year. The level of cash is lower than 2017/18. Council also decreased its term deposits (disclosed under financial assets), bringing total cash and investments to \$21.263 million at 30 June 2019. The level of cash should be considered in conjunction with the financial assets category as investments move between these two asset categories when they come closer to maturity.

Overall Council's cash flow is strong in 2018/19. Further, the 2018/19 Budget disclosed carry over capital works of \$11.875 million which is funded from Council's cash and investments and future borrowings. As such, there are significant future obligations for which the cash and investments will be directed.

Budget Comparison

A budget comparison with actual performance is provided at Note 1. The *Local Government (Planning and Reporting) Regulations 2014* require explanation of any material variances. Council has adopted a materiality threshold of ten percent and positive or negative \$200,000. Refer to Note 1 in the attached Financial Statements.

Legal/Statutory

This report has been prepared in accordance with the Act and the Regulations.

Social

There are no social impacts identified for the subject of this report.

Environmental/Sustainability Impacts

There are no environmental/ sustainability impacts identified for this subject of this report.

2017-2021 Council Plan (2019 Revision)

This report supports the 2017-2021 Council Plan (2019 Revision):

Pillar

We are Sustainable

Our team will make the best and most efficient use of Council's resources.

Risk Management

Risks	Likelihood	Consequence	Rating	Mitigation Action
Financial reports not prepared in accordance with statutory requirements	Low	Medium	Medium	Consultation with external auditors, Local Government Victoria and FinPro for the latest updates and changes

Consultation/Communication

Extensive consultation has been undertaken with the Auditor appointed by the Victorian Auditor-General's Office, Johnsons MME, during the preparation of the Financial Statements and Performance Statement.

Options for Consideration

There are no options for consideration given that production of an Annual Report containing the Financial Statements and Performance Statement is required by the Act and the process is prescribed.

Conclusion

The production of the Financial Statements, Performance Statement and the Governance and Management Checklist is a critical component in the management of Council's operations to ensure accountability and public disclosure in the delivery of services and programs to residents of the municipality.

Attachments

- 1 Performance Statement 2018/19 
- 2 Governance and Management Checklist 2018/19 
- 3 Financial Statements 2018/19 

Councillor Speeches

Please follow link [23 September 2019 Special Council Meeting Video](#) and refer to minutes 8:22 to 11:06 for councillor speeches and responses related to Item 7.1 Financial Statements & Performance Statement 2018/19 (Adopt in Principal).

7.2 2018/19 CARRY OVERS - CAPITAL AND OPERATING PROJECTS

Meeting Type: Special Council Meeting
Date of Meeting: 23 September 2019
Author: Manager - Finance
File No: IC19/481

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

Executive Summary

This report is presented to Council to endorse the end of year financial position in relation to the Capital Works Program and the carry forward of budget allocations or over expenditure of the relevant 2018/19 capital budgets to the 2019/20 financial year.

RECOMMENDATION:

(Moved: Councillor K Clarke OAM/Councillor M Currie)

That Council:

- 1. carries forward \$3,054,573 from the 2018/19 capital works budget allocations to the 2019/20 financial year.***
- 2. reduces capital expenditure in the 2019/20 budget by \$30,104 for capital projects commenced in the 2018/19 financial year.***
- 3. carries forward \$441,659 in non-recurrent operating expenditure to the 2019/20 financial year.***

Carried

Background

Capital works budgets are allocated on an annual basis, however unforeseen events can impact on the ability of some of these projects to be completed within the expected timeframe. As such, it is not uncommon for there to be an amount of allocated funds to be carried over to the next financial year to enable the completion of key capital projects.

Implications

Policy Considerations

There are no specific Council policies or strategies that relate to this report.

Financial/Economic Implications

Capital expenditure

Set out below are the proposed carry over amounts in excess of \$100,000:

Project	Carry Forward 2018/19 \$
01573 2014 Aquatics Plan - WISAC Development	671,893
01584 Organics processing plant	558,172
00725 Road Street reconstruction	299,949
01888 Wangaratta Flood Mitigation Strategy and Design	271,548
01846 Wangaratta-Eldorado Road / Bourke Road Intersection Reconstruction	195,784
01999 Plant Replacement 19/20	157,999
01836 Gallery Feasibility Study	128,504
01671 Building and Planning Online	113,008

A detailed list of the carry over projects, totalling \$3,054,573 are set out in **attachment 1** to this report.

A number of projects budgeted for in 2019/20 have been partly completed in 2018/19 or commenced earlier than expected and are funded from the 2019/20 approved budget. These projects total \$30,104 and are listed in the table below.

Project	Carry Forward 2018/19 \$
02038 Cusack & Spearing Street - Drainage & Car Parking Renew al	(11,105)
01753 CBD masterplan: Railw ay Precinct - Design and construction	(18,999)
Total	(30,104)

Operating Expenditure – Non recurrent

Some operational projects will be carried forward to the 2019/20 financial year. The projects that have a carried forward operating expenditure are as follows:

Project	Carry Forward 2018/19 \$
01907 Business Attraction and Investment	103,816
01902 Comprehensive Planning Framew ork	99,345
01881 Residential Lifestyle Land Use Study	69,955
01901 Finalise the Strategic Planning Framew ork	64,000
01873 Brand Wangaratta	39,760
01779 Wangaratta Hospital Precinct	37,352
01903 Design and establish enabling framew orks	27,431
Total Carry Forward	441,659

Legal/Statutory

There are no legal/statutory implications identified for the subject of this report.

Social

There are no social impacts identified for the subject of this report.

Environmental/Sustainability Impacts

There are no environmental/ sustainability impacts identified for this subject of this report.

2013 – 2017 Council Plan

This report supports the 2017-2021 Council Plan:

Goal

We are Sustainable
The non-negotiables

Our team will make the best and most efficient use of Council's resources.

Risk Management

There are no risks identified for the subject of the report.

Consultation/Communication

Officers believe that appropriate consultation has occurred and the matter is now ready for Council consideration.

Conclusion

Whilst every effort is made to predict the timelines of project expenditure, there are many factors that can delay or advance actual project expenditure. Therefore, under and over expenditures need to be carried forward to allow for budget matching with expenditure.

Attachments

1 2018-19 Carry Overs - Capital & Operating Projects 

Councillor Speeches

Please follow link [23 September 2019 Special Council Meeting Video](#) and refer to minutes 12:05 to 13:05 for councillor speeches and responses related to Item 7.2 2018/19 Carry Overs – Capital and Operating Projects.

8. CLOSURE OF MEETING

The Meeting closed at 6.10pm.