

Minutes

Of the Special Council Meeting

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

Date: Monday, 5 October 2020

Time: 3.00PM



RURAL CITY OF
WANGARATTA

Brendan McGrath
Chief Executive Officer

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1. **ACKNOWLEDGEMENT OF TRADITIONAL OWNERS**

We acknowledge the traditional owners of the land on which we are meeting. We pay our respects to their Elders and to Elders from other communities who may be here 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

OFFICERS:

BRENDAN MCGRATH, CHIEF EXECUTIVE JAIME CHUBB, DIRECTOR COMMUNITY WELLBEING SARAH BRINDLEY, DIRECTOR CORPORATE SERVICES MARCUS GOONAN, MANAGER INFRASTRUCTURE, PLANNING AND DELIVERY

4. **ABSENT**

COUNCILLORS

MS ASHLEE FITZPATRICK
MR MARK CURRIE

OFFICERS:

ALAN CLARK, DIRECTOR INFRASTRUCTURE SERVICES
STEPHEN SWART, DIRECTOR DEVELOPMENT SERVICES

5. **ACCEPTANCE OF APOLOGIES & GRANTING OF LEAVE OF ABSENCE**

RECOMMENDATION:

(Moved: Councillor K Clarke OAM/Councillor D Fuller)

That an apology from Cr. Ashlee Fitzpatrick and Cr. Mark Currie be accepted.

Carried

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. EXECUTIVE SERVICES

7.1 AMENDMENT TO SCHEDULE OF COUNCIL MEETINGS 2020

Meeting Type: Special Council Meeting
Date of Meeting: 5 October 2020
Author: Executive Service Coordinator
File No: IC20/1583

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 consider the amendment of the 2020 schedule of Ordinary Council meeting dates.

RESOLUTION:

(Moved: Councillor H Benton/Councillor H Bussell)

That Council resolve to

- 1. Relocate the October Ordinary Council meeting from Springhurst to the Council Chambers at the Wangaratta Government Centre;***
- 2. publishes the amended venue in the Wangaratta Chronicle and Council's website.***

Carried

Background

The October Council meeting scheduled for the 20th October should be relocated to a suitable venue that allows council to meet the social distancing requirements set out by State Government as well as successfully livestream the meeting to the community.

The meeting is currently scheduled to be held in the Springhurst Hall however this venue is not suitable for these purposes. It is therefore recommended that Council relocate the meeting to the Council Chambers at the Wangaratta Government Centre.

In accordance with Section 8.1 of Councils Governance Rules, Council by resolution, or the Chief Executive Officer, may change the date, time, and place of, or cancel, any scheduled Council meeting and must provide notice of such change to the public.

Implications

Policy Considerations

Section 8.1 of Councils Governance Rules provide that, Council by resolution, or the Chief Executive Officer, may change the date, time, and place of, or cancel, any scheduled Council meeting and must provide notice of such change to the public.

Financial/Economic Implications

There are no financial or economic implications identified for the subject of this report.

Legal/Statutory

Council's Governance rules provide that Council by resolution, or the Chief Executive Officer, may change the date, time, and place of, or cancel, any scheduled Council meeting and must provide notice of such change to the public.

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 (2020 Revision)

This report supports the 2017 - 2021 Council Plan:

Goal

We are connected

We will plan and make decisions for the future:

The non-negotiables

We consult and engage effectively with the community and provide information that is clear, accessible and easy to understand about local decision making.

Strategic Links

a) Rural City of Wangaratta 2030 Community Vision

N/A

b) Other strategic links

N/A

Risk Management

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

Consultation/Communication

Public notification will be provided of Council's 2020 Ordinary Meeting dates and venues.

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

Conclusion

It is recommended that Council relocate the October Council meeting from Springhurst to the Council Chambers at the Wangaratta Government Centre.

Attachments

Nil

8. CORPORATE SERVICES

8.1 FINANCIAL STATEMENTS & PERFORMANCE STATEMENT 2019/20 (ADOPT IN PRINCIPLE)

Meeting Type: Special Council Meeting
Date of Meeting: 5 October 2020
Author: Manager Finance
File No: IC20/1101

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 consider 'in principle' approval of the Financial Statements 2019/20, Performance Statement 2019/20 and the Governance and Management Checklist, prior to forwarding the statements to the Victorian Auditor-General.

RESOLUTION:

(Moved: Councillor K Clarke OAM/Councillor D Fuller)

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 2020 as endorsed by the Audit & Risk Committee on 29 September 2020.***
- 2. Authorises the Mayor, Cr Dean Rees, and Deputy Mayor, Cr Dave Fuller, to certify the Financial Statements and Performance Statement for the Wangaratta Rural City Council for the Financial Year ending 30 June 2020 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 2020.***
- 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 2020.***

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 2019/20 (Financial Statements) and Performance Statement 2019/20 (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 & Risk Committee, at its meeting held Tuesday, 29 September 2020 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

The 2019/20 financial statements include the effects of COVID-19. There are no material impacts or disclosures in the financial statements specifically relating to COVID-19. This is partly due to the fact that Council implemented a range of measures during the last quarter of 2019/20 to offset the cash flow related impacts of COVID-19. Additionally, the defined benefit category of the Vision Super fund remains in a satisfactory position and no change is needed to the funding arrangements from prior years.

Noteworthy impacts of COVID-19 for 2019/20 are:

- increase in rates and garbage debtors of \$812,000 compared to the same time in 2019. This is expected due to the deferred payment date for the fourth instalment for 2019/20. The relative increase in the debtors is less than Council's forecasts in April and May 2020 which is pleasing. The Property & Revenue team are implementing strategies to assist ratepayers in arrears to ensure the debtors does not increase substantially more in the coming months and years.
- reduction in user fee income from closed services (i.e. Wangaratta Performing Arts and Convention Centre and parking meters) and reduction in user fee income for Children's Services due to the Federal Government's changes to the childcare subsidy.

The reduction in income and negative cash flow impacts have been offset by a reduction in planned capital works expenditure of over \$2.5 million for 2019/20. It is expected that the financial impact of COVID-19 will be more severe in 2020/21 than in 2019/20 due to the lockdown restrictions that have been in place in Regional Victoria and Metropolitan Melbourne, and the announced easing of the Job Seeker and Job Keeper programs.

Comprehensive Income Statement

The comprehensive income statement shows Council's revenue and expenses plus other comprehensive income. It does not include the cost of asset purchases, loan repayments or reserve funds. It does include the depreciation of asset values as an expense.

The following table summarises the comprehensive income statement.

	2019/20 \$'000	2018/19 \$'000	Increase/ (decrease) \$'000
Income	78,187	65,572	12,615
Expenses	71,951	61,951	10,000
Surplus/(deficit) for the period	6,236	3,621	2,615
Other Comprehensive Income	328	5,329	(5,001)
Total Comprehensive Result	6,564	8,950	(2,386)

Total income has increased by \$12.615 million. Some of the key movements between income categories were:

- Rates and charges increased by \$1.607 million. The increase was due to a 2.5% increase in rates and 6% increase in waste charges, together with the roll out of the organic bin service to Glenrowan, Oxley and Milawa.
- User fees increased by \$2.6 million and this is largely attributable to Council receiving substantial volumes of waste from the January 2020 bushfires.
- Grants - Capital increased by \$3.184 million. The increase is mainly due to Council receiving large parts of the State and Federal funding for the Aquatics Plan and Railway Precinct works.
- Contributions - non-monetary increased by \$1.264 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 \$1.784 million. This was due to the favourable movement in discount rates in the landfill rehabilitation provision.

Total expenditure has increased by \$10 million. Some of the key movements between expenditure categories were:

- Materials and services increased by \$4.081 million. This increase is in line with budgeted expenditure for items such as the operating costs associated with the ICT strategy implementation, new grant funded projects such as Grit and Resilience and implementation and the commencement of Council's marketing and branding works. In addition, Council incurred approximately \$500,000 more in emergency response and asset restoration costs when compared to the 2018/19 year. This is due to the ongoing asset restoration costs from the 2018 floods and the emergency response provided to the January 2020 bushfires. Expenditure to service the increase in Aged and Community Care services has also occurred with an increase in expenses of almost \$1m.
- Depreciation and amortisation decreased by \$1.898 million. The decrease is due to an overstatement of depreciation on road assets in 2018/19.
- Borrowing costs decreased by \$1.183 million. The 2018/19 results included an increase in the landfill provision arising from changes in the discount rates of \$1.187 million. No equivalent increase in the landfill provision exists for 2019/20 as a result of changes in discount rates. Instead, the change in discount rates in 2019/20 has resulted in income of \$2.689 million (refer to comments above in other income). Excluding the landfill provision impacts borrowings costs are stable between 2019/20 and 2020/21.
- Other expenses increased by \$7.322 million. Three non-recurring expenses are included in the 2019/20 results (i) revaluation of library books of \$196,000; (ii) write off of \$1.64 million capital works in progress (WIP) expenditure due to expenditure not meeting capitalisation

requirements; and (iii) increase in landfill provision of \$5.4 million due to increasing unit rate costs for closed landfill sites.

Other comprehensive income decreased by \$5.001 million; in the prior year Council processed a revaluation of the Wangaratta Aerodrome. The amount of \$328,000 for 2019/20 was due to asset revaluations of Council artwork collection and library books for the year ended 30 June 2020.

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.

	2019/20 \$'000	2018/19 \$'000	Increase/ (decrease) \$'000
Current Assets	29,909	31,136	(1,227)
Non-Current Assets	581,251	557,612	23,639
Current Liabilities	21,028	15,360	5,668
Non-Current Liabilities	34,427	24,246	10,181
Equity	555,705	549,142	6,563

- Current assets decreased by \$1.227 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 2020/21.
- Non-current assets have increased by \$23.639 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 ongoing large capital works program. A revaluation of land and building and infrastructure assets will be completed in 2020/21.
- Current liabilities have increased by \$5.668 million. This is mainly due to an increase in trade and other payables including materials and contracts and unearned income and a portion of Council's landfill provision is now recognised as a current liability due to the scheduled rehabilitation of Bowser cells 2 and 8 during 2020/21.
- Non-current liabilities have increased by \$10.181 million. This is mainly due to new borrowings drawn down during the financial year and an increase in the landfill provision (non-current portion) of \$1.389 million.
- Total equity is the term used to describe the value of the Council to its ratepayers and is divided between the accumulated surplus (the value of all net assets over time), the asset revaluation reserve, and other reserves (funds reserved for specific future expenditure). Total equity increased by \$6.563 million, and is due to:
 - accumulated surplus of \$6.564 million (comprehensive result)

- net transfers to reserves for future expenditure requirements of \$7.4 million
- asset revaluation of \$328,000.

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 \$16.065 million at the end of the year. The level of cash is higher than 2018/19.

There are significant future obligations for which the cash and investments will be directed, and Council's forecast financial performance indicate a reduction in working capital over the next three – five years.

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 (2020 Revision)

This report supports the 2017-2021 Council Plan (2020 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 2019/20 Financial Statements 
- 2 2019/20 Performance Statement 
- 3 Governance and Management Checklist 

9. CLOSURE OF MEETING

The Meeting closed at <<Type time here>>.