

**Richmond**  
**Valley**  
**Council**



**Minutes**  
**Ordinary Meeting**  
**15 May 2018**



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**MINUTES OF THE ORDINARY MEETING OF RICHMOND VALLEY COUNCIL,  
HELD IN THE COUNCIL CHAMBERS, CNR WALKER STREET AND  
GRAHAM PLACE, CASINO, ON 15 MAY 2018 AT 5PM.**

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*Please note: these minutes are subject to confirmation at the next Council meeting. Decisions recorded in the draft minutes are subject to the Council's Code of Meeting Practice in relation to rescinding decisions.*

**PRESENT**

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Crs Robert Mustow (Mayor), Steve Morrissey (Deputy Mayor), Daniel Simpson, Sam Cornish, Robert Hayes, Sandra Humphrys and Jill Lyons.

Vaughan Macdonald (General Manager), Angela Jones (Director Infrastructure and Environment), Ryan Gaiter (Chief Financial Officer/Manager Mid-Richmond), Deborah McLean (Manager Governance & Risk) and Julie Clark (Personal Assistant to Mayor and General Manager) were also in attendance.

**1 ACKNOWLEDGEMENT OF COUNTRY**

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The Mayor provided an Acknowledgement of Country by reading the following statement on behalf of Council:

*"Richmond Valley Council recognises the people of the Bundjalung Nations as Custodians and Traditional Owners of this land and we value and appreciate the continuing cultural connection to lands, their living culture and their unique role in the life of this region in the past, present and future."*

**2 PRAYER**

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The meeting opened with a prayer by the General Manager.

### 3 PUBLIC ACCESS AND QUESTION TIME

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**3.1 Public Access – Geoff Austin; on behalf of Casino & District Historical Society Incorporated** – Item 14.4 Draft revised Delivery Program 2017/2021, Draft Operational Plan 2018/2019 (including Draft Financial Estimates 2018/2022) and Draft Revenue Policy 2018/2019  
(A copy of the presentation was made available to Councillors).

Mr Austin, referred to Item 14.4; Key Projects, Signature Projects and the Drill Hall Site South Casino and thanked Council for the ongoing support to the Casino & District Historical Society.

The Museum group are currently seeking support in obtaining a new building located at the Casino Drill Hall complex. Disappointed that no mention of a new historical museum building is included in the revised draft documents before Council this evening. Would like Council's assistance and support to ensure the proposed business plan is advanced to gain grant funding.

The General Manager commented under Item 14.4 that Council is very supportive of the Folk Museum, however our challenge is about prioritising, as we have many groups requesting assistance. Currently Council's priority is to focus on getting the Drill Hall activated (the development application was lodged today). Council will continue to seek opportunities in liaison with the Folk Museum.

Councillors thanked Mr Austin for his time and the presentation.

**3.2 Question – Ms Liz Stops**

Ms Stops asked her question as follows:

Question

*" Referring to page 20 in the current business papers, the Financial Analysis Report, where it is stated that the '\$14,000,000 invested in Cash and Strategic Cash Funds....have not performed as expected', is it possible to determine, in retrospect, whether the returns would have been better if invested in institutions that don't support the fossil fuel industry?"*

The General Manager commented this is a good question, however there would be a lot of work involved in going back over the records. Council's focus is on looking forward, which we've done by seeking advice from T-Corp and adjusting Council's investment opportunities to gain better returns. Council will again invest in areas where the returns are most advantageous to our community.

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**4 APOLOGIES**

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Nil

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**5 MAYORAL MINUTE**

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Nil.

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**6 CONFIRMATION OF MINUTES**

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**6.1 ORDINARY MEETING MINUTES – 17 APRIL 2018**

A copy of the Minutes of the Ordinary Meeting, held on 17 April 2018, was distributed with the Business Paper.

**RECOMMENDATION**

Recommended that the Minutes of the Ordinary Meeting, held on 17 April 2018, be taken as read and confirmed as a true record of proceedings.

**150518/1 RESOLVED** (Cr Hayes /Cr Lyons)

That the Minutes of the Ordinary Meeting, held on 17 April 2018, be taken as read and confirmed as a true record of proceedings.

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**7 MATTERS ARISING OUT OF THE MINUTES**

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Nil.

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**8 DECLARATION OF INTERESTS**

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Nil.

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**9 PETITIONS**

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Nil

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**10 NOTICES OF MOTION**

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Nil.

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**11 MAYOR'S REPORT**

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**11.1 MAYOR'S ATTENDANCES – 9 APRIL – 9 MAY 2018**

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**RECOMMENDATION**

Recommended that the Mayor's Report be received and noted.

**150518/2 RESOLVED** (Cr Mustow/Cr Morrissey)

That the above recommendation be adopted.

FOR VOTE - All Council members voted unanimously.

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**Report**

The Mayor attends a number of meetings/functions on behalf of Council.

The following information has been provided by the Mayor in regard to recent attendances.

**April**

- 9<sup>th</sup> Meeting with Bishop
- 10<sup>th</sup> Co-opera evening "The Barber of Seville"
- 12<sup>th</sup> Casino Public School - Anzac Day ceremony
- 12<sup>th</sup> Seniors' Week Concert and Luncheon Casino
- 13<sup>th</sup> Seniors Week Luncheon Evans Head
- 16<sup>th</sup> Casino Tennis Club Opens
- 17<sup>th</sup> Ordinary Meeting
- 18<sup>th</sup> Stage 1 NRLX Official Opening
- 18<sup>th</sup> Rous County Council Ordinary meeting
- 19<sup>th</sup> Petersons quarry opening day
- 19<sup>th</sup> Meeting with Chris Gulpatis
- 19<sup>th</sup> Rileys Hill Drydock Committee
- 25<sup>th</sup> Anzac Day Dawn Service Casino
- 25<sup>th</sup> Anzac Day service Woodburn
- 25<sup>th</sup> Anzac Day luncheon Casino RSM
- 26<sup>th</sup> Casino Library school holiday activities
- 29<sup>th</sup> RVC-Beef Week Queen Induction Day 2018
- 30<sup>th</sup> Visit A'vanners

**May**

- 1<sup>st</sup> Attend A'Van Club of Australia AGM
- 1<sup>st</sup> Meeting with School Principal
- 1<sup>st</sup> Internal Audit Committee meeting
- 1<sup>st</sup> Councillor Information Session
- 4<sup>th</sup> Beef Education Day BBQ
- 6<sup>th</sup> Evans Head - Casino Surf Lifesaving Club presentation
- 6<sup>th</sup> A'vanners Farewell function
- 7<sup>th</sup> – 9<sup>th</sup> Beef Australia Expo Rockhampton

**12 DELEGATES' REPORTS**

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**12.1 DELEGATES REPORT SUBMITTED TO THE MAY 2018 ORDINARY MEETING**

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**RECOMMENDATION**

Recommended that the Delegates' Reports be received and noted.

**150518/3 RESOLVED** (Cr Mustow/Cr Humphrys)

That the above recommendation be adopted.

FOR VOTE - All Council members voted unanimously.

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**Report**

Council delegates are required to report on meetings/forums attended on Council's behalf.

The following information has been provided in regard to meetings/functions attended by Councillors.

***Rous County Council Meeting 18 April 2018***

Cr Robert Mustow and Cr Sandra Humphrys have provided the following summary of the main items of business for the Rous County Council meeting held on 18 April 2018.





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**Summary of main items of business for  
Rous County Council meeting**

**18 April 2018**

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**1. Quarterly Budget Review Statement for the quarter ending 31 March 2018**

The results presented in the QBRS were noted and variations were authorised to the amounts from those previously estimated.

It was noted that all budget items other than those identified in the Council report had performed within the parameters set by Council in adopting the 2017/18 Operational Plan.

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**2. Retail water customers account assistance**

Council received one application for financial assistance in accordance with section 356(1) under the 'Retail Water Customers Account Assistance' policy. The total amount of financial assistance approved by Council was \$7,685.13.

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**3. Information reports**

**i). Investments – March 2018**

Total funds invested for March was \$35,225,771

This is an increase of \$402,394 compared to February 2018, primarily due to section 64 development contributions received from constituent councils.

Return for March was 2.57%

The weighted average return on funds invested for March 2018 was 2.57%, an increase of two basis point compared to the February 2018 result. This rate of return is 64 basis points above Council's benchmark, the average 90-day bank bill swap rate of 1.93%.

Interest earned was \$610,761 year to date

Interest earned compared to the adjusted budget was \$71,836 in excess of pro-rata budget.

Ethical holdings represent 60.38% of the total portfolio

The current holdings in Ethical Financial Institutions is \$21,100,000. A review of Council's Investment policy is focusing on the existing rating and investment amount limits and opportunities to increase the portfolio's ethical investment portfolio.

**ii). Water production and usage March 2018**

Total consumption by constituent councils in March 2018 decreased compared to the previous year. For March 2018, Rocky Creek Dam recorded 268mm rainfall.

Daily source usage for March 2018 averaged 28.664ML. This is a decrease from the February 2018 daily average of 31.744ML. As at 31 March 2018 Rocky Creek Dam was at full capacity.

RCC Council meeting summary 18 April 2018

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**4. Letting of the contract via a direct engagement for the Emigrant Creek Dam rock anchors remediation project (Confidential report)**

Council resolved, pursuant to section 55(3)(i) of the *Local Government Act 1993*, not to invite tenders for the remediation of rock anchors at Emigrant Creek Dam due to the unavailability of reliable tenderers in the market, specifically those with the skills or abilities to undertake the work to the required standard for this project. The contract for work will be let to SRG Civil Pty Ltd, by direct engagement.

*For a copy of the draft minutes for this meeting and the business paper please go to Council's website [www.rous.nsw.gov.au](http://www.rous.nsw.gov.au)*

RCC Council meeting summary 18 April 2018

**13 MATTERS DETERMINED WITHOUT DEBATE**

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**150518/4 RESOLVED** (Cr Simpson/Cr Humphrys)

That Items 14.5, and 14.6 be determined without debate.

FOR VOTE - All Council members voted unanimously.

**14 MATTERS FOR DETERMINATION**

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**14.1 BROADWATER RILEYS HILL COMMUNITY HALL AND MEMORIAL PARK REDEVELOPMENT**

**Responsible Officer:**

Vaughan Macdonald (General Manager)

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**RECOMMENDATION**

Recommended that:

1. Council notes the feedback from the public consultation process on the Broadwater Rileys Hill Community Hall and Memorial Park Redevelopment Plan; and
2. Approves the plan in principle, with minor adjustments to be made to respond to the feedback from the consultation process; and
3. Notes that a final plan and project delivery timetable will be brought back for Council's consideration at the June Ordinary meeting.
4. Council write to Broadwater Public School thanking them for their initiation of this project and a summary of this report be provided to them.

**150518/5 RESOLVED** (Cr Hayes/Cr Simpson)

That the above recommendation be adopted.

FOR VOTE - All Council members voted unanimously.

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**Executive Summary**

The Broadwater Rileys Hill Community Hall and Memorial Park Redevelopment Plan presents an exciting vision for the delivery of a community hub in Broadwater. It aims to meet the community's desire to maintain open space and maximise accessible, active facilities for the local residents, as well as provide

improved facilities for passing tourists which will be increasingly important when the Pacific Motorway bypasses the town.

The planned improvements will allow for a variety of community uses for all ages and complement the existing facilities and uses of the area. The open space will include the Community Hall, new playground equipment, tennis courts, public toilets, a basketball half court, a skate area, barbecue facilities and increased shelters.

The site will provide spaces for the community to come together to benefit from activities which strengthen the community, such as art exhibitions, community and civic events, as well as providing relaxing and active outdoor recreation facilities for the community and visitors.

Council has been considering how to make the best use of public recreation space for more than two years and is now in a position to move forward with delivering the project following a lengthy consultation process.

A redevelopment plan has been prepared and the results of the community survey indicate the majority of the Broadwater community support the proposed plan. The plan will now be finalised and a project delivery plan determined.

### **Delivery Program Links**

Connecting People & Places

PP1.3 Provide clean, safe and accessible open spaces and recreational services to the community and visitors

PP1.3.6 Completion of capital program which includes the Broadwater Youth Space

### **Budget Implications**

Council has allocated \$90,000 of funding to the project and was successful in securing \$131,785 for the project from the NSW Government's Stronger Country Communities Fund. This provides total funding of \$221,785 to implement park improvements in line with the approved redevelopment plan.

### **Report**

Council first considered the idea of constructing a skate park in Broadwater at its meeting of 22 December 2015. Council included funding in the 2016/17 budget for the delivery of a project subject to identification of a suitable site and sufficient funding. This followed feedback from children at Broadwater Primary School and support from their parents. Feedback during Council's consultation for the Richmond Valley Made 2030 Community Strategic Plan also supported the provision of a youth space in Broadwater.

The development of a youth space was subsequently included as a key project for Broadwater in Council's Richmond Valley Made 2030 Community Strategic Plan. In February 2018 Council was successful in securing \$131,785 for the project from the NSW Government's Stronger Country Communities Fund. Council has also committed \$90,000, leaving \$221,785 to fund the project.

An initial proposal for what could be included in the space was prepared and consultation undertaken with the community. Options for the location of the space are limited with Council owning the Broadwater Rileys Hill Community Centre and adjoining Memorial Park, along with land adjacent to the SES property on the Pacific Highway. A discussion was held with Sunshine Sugar to explore if it had any surplus land which may have been available for a youth space. The discussion identified two possible options which were not ideal locations. These would have fragmented recreation spaces and had similar issues to the Memorial Park being in close proximity to residences. These options were, therefore, not pursued.

Following consultation with the Broadwater Rileys Hill Community Centre Committee, local residents living adjacent to the Memorial Park and with the newly established Broadwater Residents Group, the Broadwater Rileys Hill Community Hall & Memorial Park Redevelopment Plan was prepared. This plan takes into account all feedback and aims to strike a balance in the views and needs identified during all consultations. The plan was distributed to all residential premises in Broadwater and Rileys Hill in March 2018 via post. The information included an update on the proposal and a survey for the community to provide feedback.

Thirty-seven responses to the survey were received with the proposal being strongly supported.

A detailed analysis of the survey results follows:

### **1. Adequacy of the Broadwater master plan**

Respondents were asked to provide a yes/no response for the following items:

- 36 of 37 respondents (97%) agreed the master plan provides adequate activities for young people
- 28 of 36 respondents (78%) agreed the master plan provides adequate seating areas; 8 (22%) did not
- 31 of 37 respondents (84%) agreed the master plan provides adequate amenities for resident/tourist activities; 6 (16%) did not
- 30 of 37 respondents (81%) agreed the master plan provides picnic, park and other facilities; 7 (19%) did not

### **2. Critical elements for success**

The elements considered **most** critical to the success of the project are, from most popular to least popular:

- Good public toilets – 26 respondents (76%)
- New barbecue areas – 25 respondents (74%)
- Playground equipment – 23 respondents (68%)
- New pathways – 22 respondents (65%)
- Seating – 22 respondents (65%)
- Basketball area – 20 respondents (59%)
- Skate area – 19 respondents (56%)
- Trees and vegetation – 16 respondents (47%)

- Car parking – 10 respondents (29%)
- Other – 3 respondents (9%)

### 3. Least Critical Elements of success

The elements considered **least** critical to the success of the project, are, in order:

- Car parking – 14 respondents (50%)
- Skate area – 11 respondents (39%)
- Trees and vegetation – 8 respondents (29%)
- Other – 6 respondents (21%)
- Basketball area – 5 respondents (18%)
- New pathways – 4 respondents (14%)
- Good public toilets – 2 respondents (7%)
- New barbecue areas – 1 respondent (4%)
- Seating – 1 respondent (4%)
- Playground equipment – No respondents (0%)

### Other issues raised

The survey also provided a section for thoughts and general comments, with these provided separately to councillors along with a copy of survey responses. Along with the surveys there were four written submissions which have also been provided to councillors for their review.

The issues, concerns and ideas identified in these comments include:

- Potential loss of revenue from the barbecue area within the Community Hall due to the provision of free barbecues adjacent to the Hall
- Including a footpath along the western side of the tennis courts to link the Memorial Park space to the park improvements adjacent to the Community Hall
- Council should buy land on the river to provide a park space and fund it through a levy
- Additional shelter/s in the Memorial Park
- Loss of open space for events which are held at the Community Hall
- Potential clash of usage from the youth space elements and events at the Community Hall
- Proximity of the youth space elements to neighbouring residences
- Improving the appearance/entry of the park from the Pacific Highway to entice people into the park
- Skate space not required
- The importance of the park for tourists to stopover at Broadwater
- Questioning of the popularity of basketball with today's youth
- The need to upgrade the toilet
- Build a cycleway along Rileys Hill Road to Riley Hill
- The need to address any security and behavioural concerns which may arise from the new youth space and park shelter and picnic facilities

- Noise issues from the skate component and the potential increased usage of the area
- Suggested that families should go out for the day to Woodburn and/or Evans Head to use skate facilities there

These will all be considered as the plan is finalised. There were some submissions which were critical of Council, however, these were significantly outnumbered by feedback that Council has listened to the wide variety of views from the community to prepare a plan which provides something for everyone.

It should also be noted that at a recent special meeting of the Broadwater Rileys Hill Hall Committee, a new committee was elected and at that meeting a motion was passed to support Richmond Valley Council's current plans for redevelopment of the Community Hall precinct.

## **Consultation**

Consultation has been undertaken over the past two years on the development of this project as set out in the body of this report. The redevelopment plan encompasses the feedback and aims to balance the wide variety of views which have been expressed throughout this process. A meeting will be held with the newly elected Broadwater Rileys Hill Community Hall Committee and the Broadwater Residents Group to finalise the plan and seek feedback on any staging of project delivery that may be necessary prior to the plan being considered for adoption at the June meeting.

## **Conclusion**

Council has undertaken and completed a thorough community consultation process which informed the preparation of the redevelopment plan. Following the results of the community survey, it is clear the majority of the Broadwater community supports the proposed redevelopment plan. Importantly, the Broadwater Rileys Hill Community Hall Committee also supports the redevelopment plan and Council will work with the Hall Committee to implement the plan.

## **Attachment**

1. Notice of public consultation on the Broadwater Rileys Hill Community Hall and Memorial Park Redevelopment – 27 March 2018

## **14.2 QUARTERLY BUDGET REVIEW OF RICHMOND VALLEY COUNCIL AS AT 31 MARCH 2018**

### **Responsible Officer:**

Ryan Gaiter (Chief Financial Officer / Manager Mid-Richmond)

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### **RECOMMENDATION**

Recommended that Council adopt the Quarterly Budget Review Statement as at 31 March 2018 and approve the variations thereto.

**150518/6 RESOLVED** (Cr Mustow/Cr Lyons)

That the above recommendation be adopted.

FOR VOTE - All Council members voted unanimously.

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### **Executive Summary**

This report outlines the proposed adjustments to the 2017/2018 budget for the quarter ended 31 March 2018. These adjustments exclude all previously adopted Monthly Budget Adjustments.

The proposed changes see Council's projected operating surplus from continuing operations for 2017/2018 increase from the revised budget operating surplus as at 28 February 2018 of \$5,351,339, to \$7,336,288. This increase of \$1,984,949 is largely made up of grant funding along with an increase in Natural Disaster Restoration Funding for the March 2017 flood event. There has also been an improvement in reserve funding of \$4,446,188, with a projected transfer from cash reserves of \$2,587,136, down from \$7,033,324 in the second quarter. This is primarily due to the sale of residential land at Evans Head along with a reduction in the Capital Works Budget with several key projects expected to commence in 2018/2019.

Income from continuing operations has increased by \$3,691,270, with total income now projected to be \$66,573,409. This is largely due to Council being successful in a number of grant funded projects with \$855,612 being received under the Stronger Country Communities Fund and \$224,700 from Transport NSW under the NSW Boating Now Funding. Along with an increased allocation in Natural Disaster Restoration Funding of \$594,899, additional Section 94 Rural Development Heavy Haulage contributions of around \$960,000 are expected to be received due to the Pacific Highway Upgrade further contributing to the increase.

The March quarter has also seen expenses from continuing operations increase by \$1,706,321, with total operating expenses now projected to be \$59,237,121. This increase is largely due to the costs associated with refinancing Council's loans as resolved at Council's Ordinary Meeting on 19 December 2017.



Whilst Council's Capital Works Program has increased slightly by \$103,380 to a projected total of \$29,377,098, this is largely due to over \$1.3 million in grant funded projects along with an additional \$594,899 in Natural Disaster Funding which has been offset by the proposed deferral of the Bora Ridge Cell Capping project, with actual capping expected to commence in 2018/2019. It is also proposed to carry forward \$238,000 towards drainage works at Evans Head and over \$770,000 in Sewer Capital Projects which are currently in the planning stage and are not expected to commence until June or July 2018.

A detailed Quarterly Budget Review Statement for the third quarter of the 2017/2018 year has been circulated separately to each Councillor. These changes are disclosed by Priority on pages 2-8 of the Quarterly Budget Review Statement and detailed explanations are provided on pages 9-12.

### **Delivery Program Links**

Making Council Great

CS2 Great Support

CS2.14 Provide efficient, effective and highly valued financial services to the organisation

### **Budget Implications**

As detailed in the report.

### **Report**

The budget review for the third quarter of the 2017/2018 financial year has seen Council's operating surplus from continuing operations increase to a projected surplus of \$7,336,288. This is an increase of \$1,984,949 from the revised budget as at 28 February 2018 of \$5,351,339.

Council's estimated budget result (unrestricted cash result) has also increased from \$173,007 to a projected surplus of \$309,176. This increase is largely attributed to over \$43,000 being received as a rebate on Council's insurances from State Cover along with savings of \$91,983 in principal and interest repayments of loans, as detailed further below.

In overall cash terms, there is an improvement in the reduction in cash from reserves of \$4,446,188 for the 2017/2018 financial year. The revised budget as at 28 February 2018 showed a deficit of \$7,033,324 in cash reserves which has improved to \$2,587,136. This improvement is predominately due to the sale of residential land at Evans Head along with a reduction in Capital Works as it has been proposed to defer a number of key projects until 2018/2019, as detailed further below.

Income from continuing operations has increased by \$3,691,270 from the revised budget as at 28 February 2018, with total income now projected to be \$66,573,409. This is partly due to Council being successful in many grant funded projects with \$855,612 being received for six projects under the Stronger Country Communities Fund along with \$224,700 from Transport NSW for the Coraki Pontoon and Woodburn Boardwalk & Jetty. A further \$216,800 was also

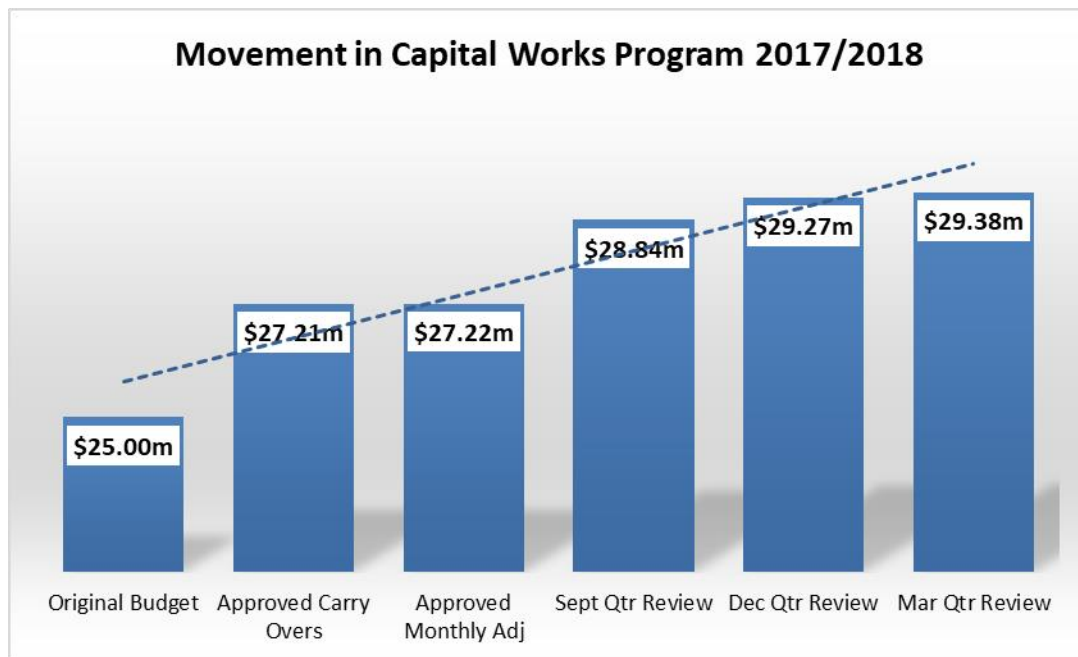
received for the Casino Drill Hall Revitalisation Project and an additional \$594,899 in Natural Disaster Funding. It is also expected that additional Section 94 Rural Development Heavy Haulage contributions of \$960,000 will be received along with additional royalty fees from Petersons Quarry due to the Pacific Highway Upgrade works. All recommended changes for Council resolution of \$3,691,270 are disclosed by Priority on pages 4 and 7 of the Quarterly Budget Review Statement and detailed explanations are provided on pages 9-12.

Expenses from continuing operations have increased by \$1,706,321 from the revised budget as at 28 February 2018, with total operating expenses now projected to be \$59,237,121. This is largely due to \$1.5m in break costs associated with refinancing a number of Council's loans, as presented to Council on 19 December 2017 which has been offset slightly by a reduction in interest repayments of \$184,809. Along with this, an additional \$282,902 was received in RMS Funding due to increased work orders under the State Road maintenance contract (RMCC) along with \$91,729 in additional crushing of flood blend at Woodview Quarry due to flood repair works. All recommended changes for Council resolution of \$1,706,321 are disclosed by Priority on page 5 of the Quarterly Budget Review Statement and detailed explanations are provided on pages 9-12.

Council's proceeds from the disposal of assets has increased significantly during the quarter by \$2,639,022, to a projected total of \$5,744,603 with the sale of residential land at Evans Head. There has also been a reduction in principal repayments on Council's loans of \$61,766 with the NRLX Stage 1 and Special Rate Variation loans being drawn down during the quarter, which occurred later than originally budgeted and has resulted in no repayments during the current financial year.

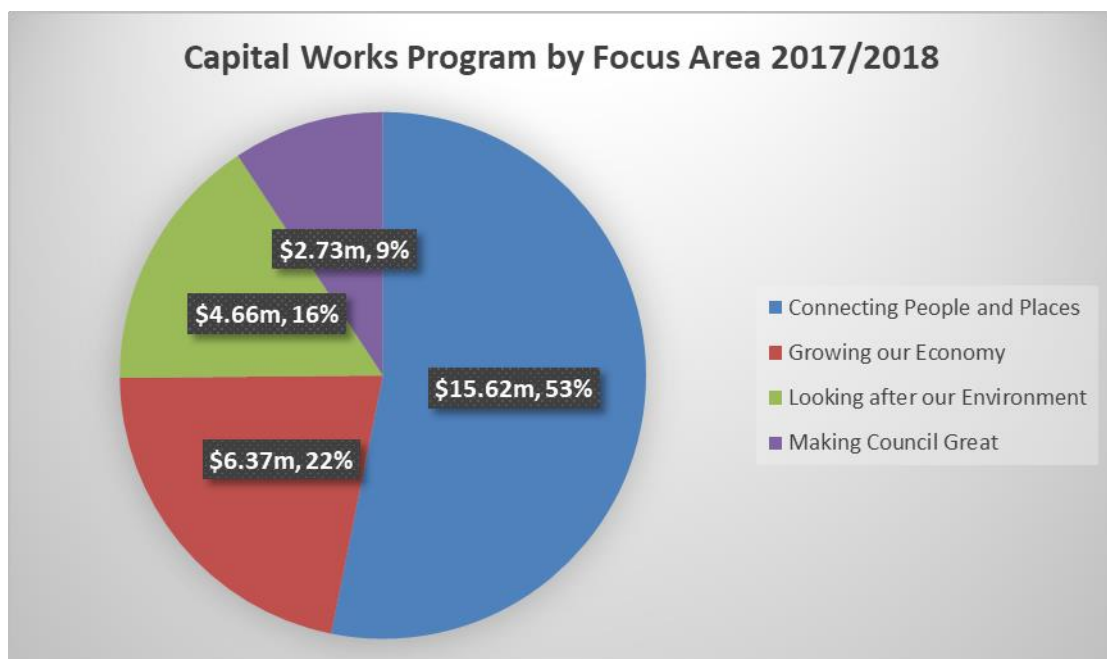
Council's Capital Works Program has increased overall by \$103,380 to a projected total of \$29,377,098 with grant and natural disaster funding of \$1.6m. This has been offset by the proposed carry forward of \$425,000 for Bora Ridge Landfill Cell Capping, along with \$777,770 in projects under sewerage fund which are still in the planning stage and a further \$238,000 towards drainage works at Evans Head which requires further consultation. It is also proposed to carry over \$108,334 towards the final asphaltic concrete seal on the roads in Settlers Subdivision due to be performed once house construction is completed. All recommended changes to the Capital Works Program are disclosed by Priority on page 6 of Council's Quarterly Budget Review Statement and detailed explanations are provided on pages 9-12.

The following graph tracks the movement in Council's Capital Works Program for 2017/2018 from the original budget, after the adoption of approved carry over works and other approved monthly adjustments up to the March Quarterly Budget Review.



The Capital Works Program as a whole will need to be closely monitored and further reviewed during the June quarter as actual expenditure as at 31 March 2018 represents 53% of the Capital Works Budget.

The following graph provides a summary of the Capital Works Program by Priority:



Council's projected budget position and recommended changes for Council resolution are summarised in the table below with detailed explanations contained in the attachment to the Business Paper:

Quarterly Budget Review Statement for the quarter ended 31 March 2018	Revised Budget 28-Feb-18	Recommended Changes for Council Resolution	Projected Year End Result 2017/2018
Income from Continuing Operations	62,882,139	3,691,270	66,573,409
Expenses from Continuing Operations	57,530,800	1,706,321	59,237,121
<b>Operating Result from Continuing Operations</b>	<b>5,351,339</b>	<b>1,984,949</b>	<b>7,336,288</b>
<b>Operating Result before Capital Income</b>	<b>(4,350,898)</b>	<b>(932,229)</b>	<b>(5,283,127)</b>
Add: Non-Cash Expenses	14,040,489	0	14,040,489
Add: Non-Operating Funds Employed	5,088,816	2,639,022	7,727,838
Less: Capital Expenditure	29,273,718	103,380	29,377,098
Less: Loan Repayments	2,067,243	(61,766)	2,005,477
<b>Estimated Funding Result – Surplus/(Deficit)</b>	<b>(6,860,317)</b>	<b>4,582,357</b>	<b>(2,277,960)</b>
Restricted Funds – Increase/(Decrease)	(7,033,324)	4,446,188	(2,587,136)
<b>Unrestricted Funds – Increase/(Decrease)</b>	<b>173,007</b>	<b>136,169</b>	<b>309,176</b>

Pages 9 to 12 of the attached Quarterly Budget Review Statement contains the budget variation explanations. A summary of the main contributing factors within each Priority is as follows:

#### Connecting People & Places

- Increase in income and expenditure, both capital and operating by \$1,139,421 due to grant funding under the Stronger Country Communities and NSW Boating Funding along with \$216,800 for the Casino Drill Hall Revitalisation project.
- An additional \$594,899 in Natural Disaster Restoration Funding for the March 2017 flood event.
- An increase in RMS Funding of \$282,903 due to increased ordered works under the State Road maintenance contract.

#### Growing our Economy

- An increase in asset sales of \$2,639,022 due to the sale of residential land at Evans Head.
- Increase in operating expenditure due to the break costs associated with refinancing Council's loans, offset slightly by a reduction in interest repayments.
- Reduction in capital expenditure due to the proposed carry forward of \$108,334 to complete the final asphaltic concrete seal in Settlers Subdivision.

#### Looking after our Environment

- Increase in operating expenditure due to the break costs associated with refinancing Council's loans, offset by a reduction in interest repayments.
- Waste Management capital expenditure has decreased due to the Bora Ridge Cell Capping project being deferred until 2018/2019.
- There has also been a decrease in the Stormwater Management program with the proposed carry forward of \$238,000 towards drainage works at Evans Head.

- A decrease in capital expenditure within Sewerage Services with the carry forward of four projects currently in the planning stage, namely Pump Station 10 Upgrade, Long Term Strategy, Tertiary Ponds Sludge Removal and Wetlands Management projects, all at Casino.

#### Making Council Great

- Increase in operating income with \$56,326 in Long Service Leave Entitlements being received from other Councils.
- A decrease in operating expenditure due to \$22,548 being allocated towards clean up works in Rappville after the January 2018 storm event along with \$19,400 being allocated from the Signature Project Master Planning towards the Casino Swimming Pool Master Plan works.

#### **Conclusion**

As at the end of the third quarter Council's Operating Result from Continuing Operations has seen a significant improvement, to \$7,336,288. The estimated budget result (unrestricted cash result) has also increased slightly to a surplus of \$309,176, along with the cash deficit (decrease in reserve funds utilised), due to the sale of residential land at Evans Head as well as the carry forward of funding for works not expected to be completed in 2017/2018. Overall, Council's projected financial position at year end remains satisfactory.

#### **Attachment(s)**

Included in Appendix:

1. Quarterly Budget Review Statement as at 31 March 2018.

**14.3 FINANCIAL ANALYSIS REPORT – APRIL 2018****Responsible Officer:**

Ryan Gaiter (Chief Financial Officer/Manager Mid-Richmond)

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**RECOMMENDATION**

Recommended that:

1. Council adopt the Financial Analysis Report detailing investment status and performance for the month of April 2018.
2. Council note the update from NSW Treasury Corporation on the performance of its Cash and Strategic Cash Facility Trusts that Council have funds invested in and details of the Medium-Term Growth Fund that may provide an alternative investment option.

**150518/7 RESOLVED** (Cr Simpson/Cr Humphrys)

That the above recommendation be adopted.

FOR VOTE - All Council members voted unanimously.

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**Executive Summary**

The purpose of this report is to inform Council on the status and performance of its investment portfolio in accordance with the *Local Government Act 1993* (Section 625), *Local Government (General) Regulations 2005* (Clause 212), Australian Accounting Standard AASB 139 and Council's Investment Policy.

The value of Council's Investment Portfolio as at 30 April 2018 including General Bank Accounts and Trust Funds are shown below.

Investment Portfolio	General Bank Accounts	Trust Funds	Total
\$39,465,350	\$980,126	\$120,995	\$40,566,471

The rate of return on Council's investments for April 2018 was 2.57% which is above the 90 Day Bank Bill Index for March of 2.04%.

**Delivery Program Links**

Making Council Great

CS 2 Great Support

CS2.14 Provide efficient, effective and highly valued financial services to the organisation.

## Budget Implications

As at 30 April 2018, Council had earned \$335,326 in interest and \$271,098 in fair value gains for total investment revenue of \$606,424 against a budget of \$788,396 (which equates to 76.92%).

## Report

### Reserve Bank of Australia (RBA) Cash Rate Update

The RBA left the cash rate unchanged at 1.50% per annum at its April 2018 meeting.

### Rate of Return

The weighted average rate of return on investments increased in April 2018 to 2.57%, an increase of 6 basis points from the previous month. This rate of return is 53 basis points above the 90 Day Bank Bill Index of 2.04% which is Council's benchmark.

### Council's Investment Portfolio

The value of Council's Investment Portfolio as at 30 April 2018 including General Bank Accounts and Trust Funds are shown below.

<b>Investment Portfolio</b>	<b>Face Value</b>	<b>General Bank Accounts</b>	<b>Trust Funds</b>
\$39,465,350	\$38,483,350	\$980,126	\$120,995

The Investment Portfolio balance at 30 April 2018 of \$39,465,350 is made up of Council's Business Online Saver Account (\$3,483,350), Term Deposits (\$21,000,000) and NSW Treasury Corporation Investments (\$14,982,000).

Council's investment portfolio has maturity dates ranging from same day up to 732 days. Term deposits of \$21,000,000 represented 53.21% of the total portfolio as at 30 April 2018. Council made one new term deposit with Members Equity Bank which doesn't support the fossil fuel industry. This term deposit was chosen as it offered the highest available return after diversification principles were applied. One term deposit matured during the period.

Council had \$14,000,000 at face value in longer term investments being the Cash Facility Trusts with NSW Treasury Corporation as at 30 April 2018. The fair value of these investments as at 30 April 2018 are shown below.

<b>Hourglass Cash Facility Trust</b>	<b>Hourglass Strategic Cash Facility Trust</b>
\$6,469,990	\$8,512,010

### Environmentally Sustainable Investments (ESI's)

The current holdings in ESI's is \$11,000,000 or 27.87% of the total portfolio. The information for the assessment has been sourced from the website [www.marketforces.org.au](http://www.marketforces.org.au) which is an affiliate project of the Friends of the Earth Australia.

### **NSW Treasury Corporation Performance Update**

Council staff recently asked NSW Treasury Corporation for an update on the performance of its Funds; specifically, the Cash, Strategic Cash and Medium-Term Growth Funds. Council has \$14,000,000 invested in the Cash and Strategic Cash Funds with the objective of achieving higher returns than those on term deposits. However, these investments have not performed as expected especially during the current financial year where annualised yields on these funds have been 1.98% and 2.12%.

The update from NSW Treasury Corporation is included below:-

#### Cash and Strategic Cash Funds

*The lower than expected returns in March were due to the widening of credit spreads between the Bank Bill and Floating Rate Note markets. The US Government announced a fiscal stimulus package earlier this year and the reduction in tax rates encouraged US companies to return excess funds to the US. This movement in funds resulted in mounting funding pressure in the Australian cash market; Australia's banks receive a significant tranche of their funding from the US dollar market. As a result, margins on short term cash instruments widened and prices fell.*

*Falling prices has led to rising yields and three-month bank bills recently rose above 2%. The running yield across the portfolio of investments in the Cash Fund is now (13 April) 2.11% and 2.29% for the Strategic Cash Fund.*

*At this time, we continue to expect the Cash Fund to yield in excess of 2% for the 12 months to 30 June with the Strategic Cash Fund delivering a higher return in light of its greater portfolio allocation to Floating Rate Notes.*

#### Medium term Growth Fund (MTGF)

*MTGF is a diversified fund which invests approximately 60% of the portfolio in defensive assets (e.g. cash and Australian bonds), 24% in growth assets (primarily Australian and overseas equities and property) with the balance in alternatives (which are a mix of defensive and growth). Comparing this to an industry survey of similar funds, such as the Chant West Multi-Manager Survey, the MTGF would be classified on the cusp of "Conservative" (21% - 40% growth assets) and "Balanced" (41% - 60% growth assets).*

*In light of the Fund's exposure to growth assets which are inherently more volatile than interest rate securities, TCorp's suggested investment time horizon for investors in MTGF is three to seven years. To successfully invest in MTGF,*



*clients need to take an appropriately long-term view and be able to tolerate some volatility and the risk of negative returns (there is a 6% probability of a negative return after three years falling to 2.5% after five years).*

*The current return objective of MTGF is CPI plus 2.0% p.a. over rolling 7-year periods. Based on an inflation assumption of 2.5%, this equates to an expected return of approximately 4.5% p.a. (4.69% for the previous 12 months) over the next 7 years. Financial year to date earnings to 31 March are 3.5% despite negative returns for the month of March 2018 reflecting rising trade tensions and issues around technology stocks.*

*The March monthly report for the MTGF is attached.*

*Many councils have embraced this Fund as the investment horizon is not out of step with many of the sector's long-term liabilities. While the presence of an allocation to growth assets will generate some volatility, the Fund has performed at near twice interest rate security returns for many years and is a good option for councils looking to place a modest portion of their investment assets for a longer term, to generate returns more in line with rising indices.*

*As indicated above we recommend a three year plus investment horizon although redemptions are subject to five working days' notice at any time.*

Council staff are currently in the process of reviewing Council's investment structure, Investment Policy, the use of financial advisors and various investment platforms being offered. This information will be presented in a report to the July 2018 Ordinary Meeting of Council.

## **Conclusion**

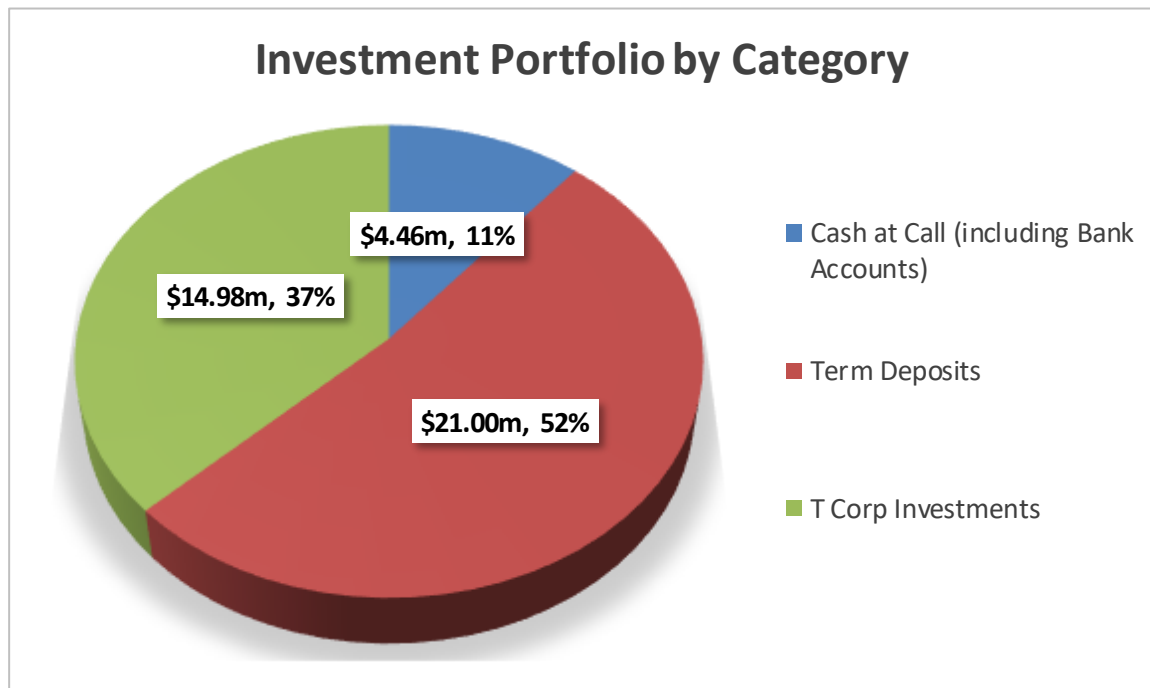
During the month of April 2018 Council's investments have been made in accordance with the Act, the regulations and Council's investment policy. As at 30 April 2018 Council's investments totalled \$39,465,350 with a further \$1,101,121 held in bank accounts. The average rate of return was 2.57% for the month of April and total investment revenue equals 76.92% of budgeted revenue for the year to 30 April 2018. An update from NSW Treasury Corporation on the performance of its Funds has been included and a review of Council's investments is currently underway.

## **Attachment(s)**

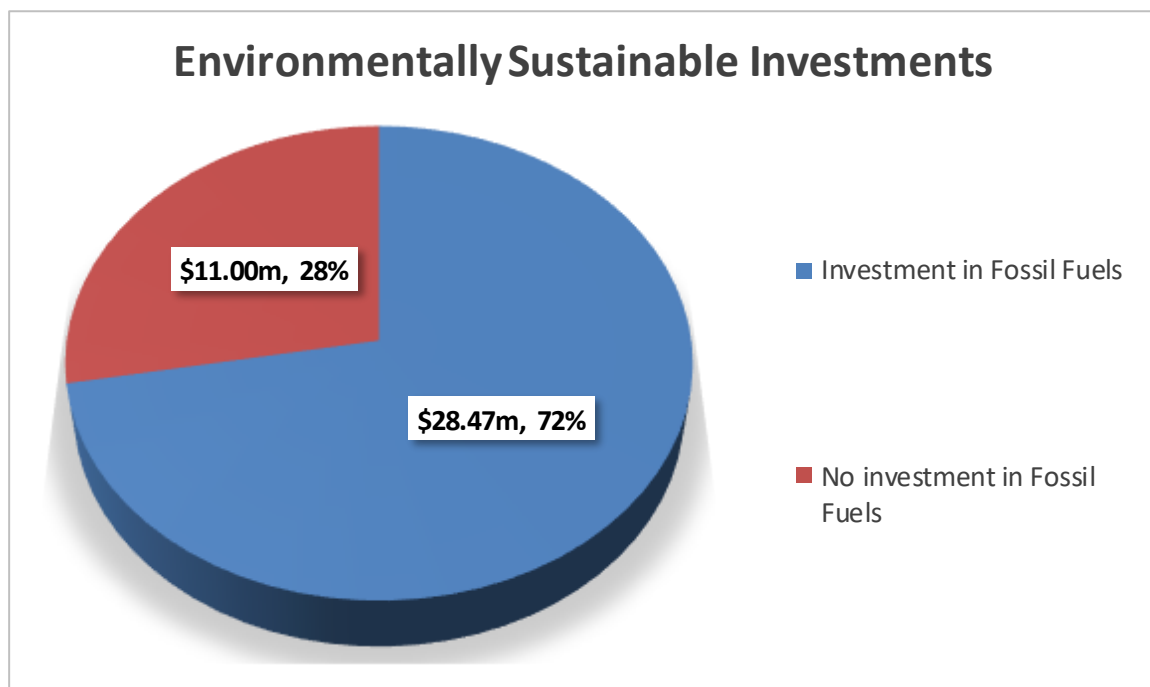
Included below in Appendix:

1. Supporting Graphs
2. Investment Portfolio as at 30 April 2018.

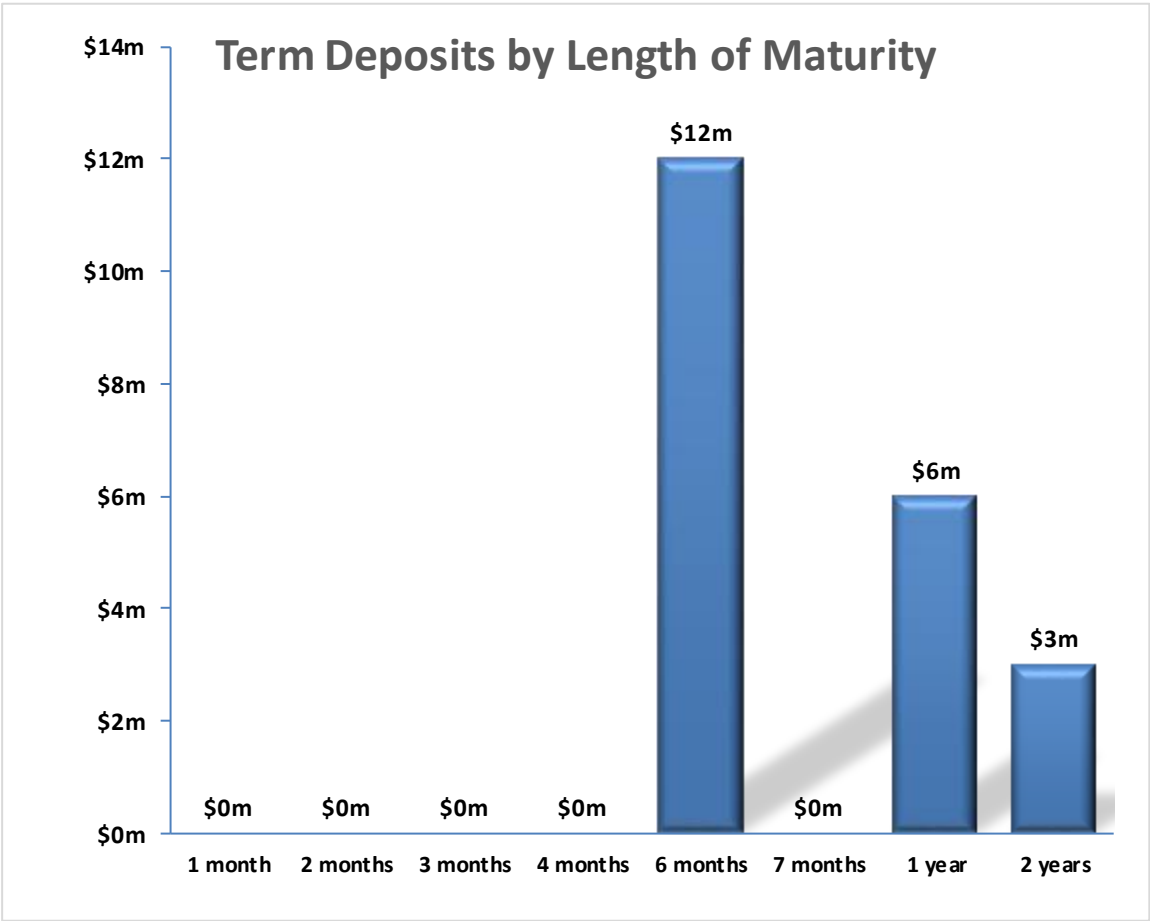
The following graph shows Council's investment portfolio by investment category as at 30 April 2018.



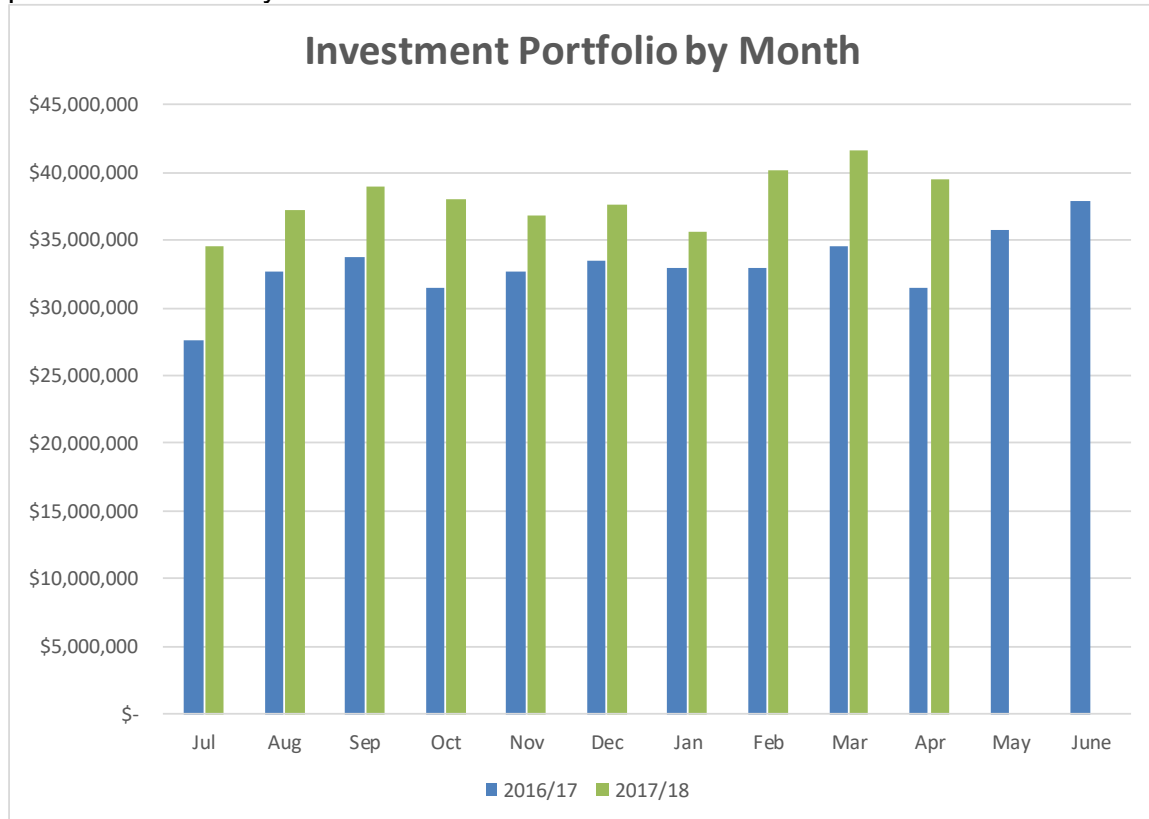
The following graph details Council's Environmentally Sustainable Investments as a percentage of Council's investment portfolio as at 30 April 2018.



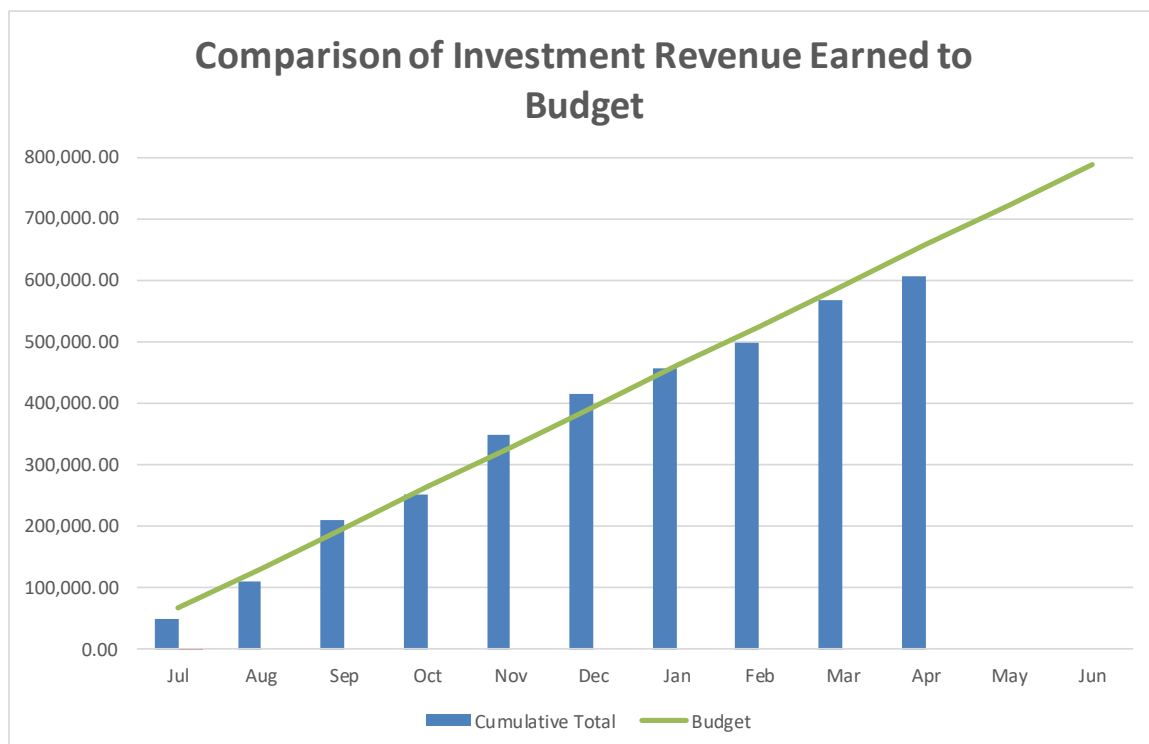
The following graph shows the length of time of Council's term deposit maturities as at 30 April 2018.



The following graph shows Council's total investment portfolio by month over the past two financial years to date.



The following graph compares Council's total investment revenue by month to the budgeted revenue.



RICHMOND VALLEY COUNCIL FINANCIAL ANALYSIS REPORT AS AT 30 APRIL 2018										
Investment Source	Investment Type	Rating	Environmentally Sustainable Investments	Investment Date	Maturity Date	Rate of Return	Original Investment Value	Current Investment Fair Value	Interest/ Fair Value Gain Received	% of Total Portfolio
<b>Cash at Call</b> CBA Business Online Saver  Interest on Other Bank Accounts	At Call	A1+/AA	N	At Call		1.15%	N/A	3,483,350	5,871	8.83%
	<b>Total</b>							<b>3,483,350</b>	<b>6,231</b>	<b>8.83%</b>
<b>Term Deposits</b>										
Bank Australia	Term Deposit	A2/BBB	Y	27/11/2017	28/05/2018	2.65%	N/A	1,000,000	0	2.53%
Bank of QLD	Term Deposit	A2/BBB+	N	28/11/2017	28/05/2018	2.60%	N/A	1,000,000	0	2.53%
Auswide Bank	Term Deposit	A3/BBB-	Y	28/11/2017	28/11/2018	2.60%	N/A	1,000,000	0	2.53%
Auswide Bank	Term Deposit	A3/BBB-	Y	28/11/2017	28/11/2018	2.60%	N/A	1,000,000	0	2.53%
Members Equity Bank	Term Deposit	A2/BBB	Y	29/11/2017	29/05/2018	2.60%	N/A	1,000,000	0	2.53%
Defence Bank	Term Deposit	A2/BBB	Y	1/12/2017	1/06/2018	2.60%	N/A	1,000,000	0	2.53%
Bank of QLD	Term Deposit	A2/BBB+	N	1/12/2017	1/06/2018	2.60%	N/A	1,000,000	0	2.53%
Defence Bank	Term Deposit	A2/BBB	Y	4/12/2017	4/12/2018	2.75%	N/A	1,000,000	0	2.53%
MyState Bank Limited	Term Deposit	A2/BBB+	Y	11/12/2017	12/06/2018	2.65%	N/A	1,000,000	0	2.53%
People's Choice Credit Union	Term Deposit	A2/BBB	Y	12/12/2017	12/06/2018	2.67%	N/A	1,000,000	0	2.53%
Westpac	Term Deposit	A1+/AA-	N	20/02/2018	20/02/2019	2.63%	N/A	1,000,000	0	2.53%
ING Direct	Term Deposit	A2/A-	N	21/02/2018	21/02/2020	2.90%	N/A	1,000,000	0	2.53%
AMP Ltd	Term Deposit	A1-A	N	26/02/2018	27/08/2018	2.80%	N/A	1,000,000	0	2.53%
Defence Bank	Term Deposit	A2/BBB	Y	1/03/2018	3/09/2018	2.60%	N/A	1,000,000	0	2.53%
Westpac	Term Deposit	A1+/AA-	N	1/03/2018	1/03/2019	2.62%	N/A	1,000,000	0	2.53%
ING Direct	Term Deposit	A2/A-	N	1/03/2018	2/03/2020	2.88%	N/A	1,000,000	0	2.53%
Westpac	Term Deposit	A1+/AA-	N	5/03/2018	3/09/2018	2.60%	N/A	1,000,000	0	2.53%
ING Direct	Term Deposit	A2/A-	N	5/03/2018	5/03/2020	2.88%	N/A	1,000,000	0	2.53%
MyState Bank Limited	Term Deposit	A2/BBB+	Y	6/03/2018	6/03/2019	2.75%	N/A	1,000,000	0	2.53%
AMP Ltd	Term Deposit	A1-A	N	13/03/2018	10/09/2018	2.80%	N/A	1,000,000	0	2.53%
Members Equity Bank	Term Deposit	A2/BBB	Y	9/04/2018	9/10/2018	2.75%	N/A	1,000,000	0	2.53%
<b>Matured Term Deposits</b>										
National Australia Bank (2.47%)	Term Deposit	A1+/AA-	N	7/12/2017	6/04/2018		N/A	0	8,324	0.00%
<b>Total</b>							<b>Total</b>	<b>21,000,000</b>	<b>8,324</b>	<b>53.21%</b>
<b>NSW Treasury Corporation Hourglass Investments</b> Cash Facility Trust Strategic Cash Facility Trust	Trust		N	Various	N/A	1.98%	6,000,000	6,469,990	10,886	16.39%
	Trust		N	Various	N/A	2.12%	8,000,000	8,512,010	14,604	21.57%
	<b>Total</b>							<b>14,000,000</b>	<b>14,982,000</b>	<b>25,490</b>
<b>Bank Accounts</b>										
Account Name	Balance \$ 30-Apr-18		Total Investment Portfolio at Face Value		38,483,350		Total Investment Portfolio at Fair Value		39,465,350	
	General Fund Bank Account		Interest Revenue Received		40,044					
	Trust Fund Bank Account		Overall Average Interest Rate		2.57%					
	NAB Cheque Account		Total Bank Account Portfolio		1,101,121					
	Evans Head Memorial Areodrome Fund		Total Portfolio		40,566,471					

#### 14.4 DRAFT REVISED DELIVERY PROGRAM 2017/2021, DRAFT OPERATIONAL PLAN 2018/2019 (INCLUDING DRAFT FINANCIAL ESTIMATES 2018/2022) AND DRAFT REVENUE POLICY 2018/2019

##### Responsible Officer:

Vaughan Macdonald (General Manager)

### RECOMMENDATION

A recommendation was moved;

1. The Draft Revised Delivery Program 2017/2021, Draft Operational Plan 2018/2019 (including Draft Financial Estimates 2018/2022) and the Draft Revenue Policy 2018/2019 be placed on public exhibition for a period of at least 28 days.
2. The draft documents be brought back to Council to consider any submissions received for final adoption at the Ordinary Meeting of Council on 26 June 2018.
3. The following fees for the Coraki Caravan Park be included in the Draft Revenue Policy

<b>Powered sites</b> (based on 1-2 people per site per night)	
<b>Daily rates</b> 1-2 people \$28 (up from \$24-\$30) Extra guests: \$10 per adult (up from \$9) and \$7 per child (up from \$5) per night	<b>Weekly rates</b> (pay for 6 nights and stay the 7th night for free) 1-2 people \$168 (up from \$120-\$150) Extra guests: \$60 per adult (up from \$54) and \$42 per child (previous figure of \$10 incorrect)
<b>Unpowered sites</b> (based on 1-2 people per site per night)	
<b>Daily Rates</b> 1-2 people \$20 (up from \$18-\$22) Extra guests: \$7 per adult (no change) and \$4 per child per night (no change)	<b>Weekly rates</b> (pay for 6 nights and stay the 7th night for free) 1-2 people \$120 (up from \$90-\$110) Extra guests: \$42 per adult (no change) and \$24 per child (the previous figure of \$4 was incorrect.)
Children under five stay free. 10% Kui Park members and pensioner discounts apply. No holiday tariffs apply.	

**150518/8 RESOLVED** (Cr Simpson/Cr Humphrys)

That the above recommendation be adopted.

FOR VOTE - All Council members voted unanimously.

## **Executive Summary**

The following documents have been compiled by staff in consultation with Councillors:

1. Draft Revised Delivery Program 2017/2021,
2. Draft Operational Plan 2018/2019 (including Draft Financial Estimates for the period 2018/2022), and
3. Draft Revenue Policy 2018/2019

As shown in the circulated documents, the draft budget estimates project a surplus of \$131,643 for next year and surplus budgets for all four years of the Delivery Program. Council has cut costs yet still managed to deliver a number of new projects and initiatives. The budgets as presented put Council in a much stronger financial position in the future building on the current year results, whilst delivering core services and essential capital works.

A copy of the Draft Revised Delivery Program 2017/2021, Draft Operational Plan 2018/2019 (including Draft Financial Estimates 2018/2022) and Draft Revenue Policy 2018/2019 have been circulated separately to Councillors.

## **Delivery Program Links**

Making Council Great

CS2 Great Support

CS2.14 Provide efficient, effective and highly valued financial services to the organisation.

## **Budget Implications**

As outlined in the report.

## **Report**

Council is required to undertake its planning and reporting activities in accordance with the *Local Government Act 1993* and the *Local Government (General) Regulation 2005* by adopting an Integrated Planning and Reporting Framework and to consider the Office of Local Government Integrated Planning and Reporting Guidelines for guidance and best practice methods for drafting the plans.

## ***Delivery Program and Operational Plan***

The Draft Revised Delivery Program has been prepared on the revised community priority areas identified in the Community Strategic Plan. The Delivery Program has been sorted into Council's 30 service areas with clear strategies and accountability for delivering on each council service. The Delivery Program is accompanied by a four-year Capital Works Program for the period 2018/2022 and a one-year Operational Plan outlining Council's budget and

revenue for 2018/2019. The four-year Capital Works program will be included in the revised Delivery Program following finalisation of the draft budget.

The Draft Operational Plan (including Draft Financial Estimates 2018/2022) shows a budget surplus (unrestricted cash surplus) of between \$4,371 and \$131,643 across the four-year forward estimates as shown in the table below:

<b>Budget Estimates</b>	<b>2018/19 \$'000</b>	<b>2019/20 \$'000</b>	<b>2020/21 \$'000</b>	<b>2021/22 \$'000</b>
Total Operating Revenue	55,469	57,670	59,314	61,145
Total Operating Expenditure	57,125	58,625	59,874	61,721
<b>Operating Result before Capital Grants and Contributions</b>	<b>(1,656)</b>	<b>(955)</b>	<b>(560)</b>	<b>(576)</b>
<b>Add: Capital Grants and Contributions</b>	<b>12,110</b>	<b>3,102</b>	<b>2,215</b>	<b>2,064</b>
<b>Operating Result including Capital Grants and Contributions</b>	<b>10,454</b>	<b>2,147</b>	<b>1,655</b>	<b>1,488</b>
<b>Add: Non-Cash Expenses</b>	<b>14,552</b>	<b>14,976</b>	<b>14,594</b>	<b>15,643</b>
<b>Add: Non-Operating Funds Employed</b>	<b>5,726</b>	<b>1,864</b>	<b>1,738</b>	<b>2,221</b>
Less: Asset Acquisitions	28,083	19,259	14,337	12,507
Less: Loan Repayments	2,370	2,567	2,686	2,813
<b>Estimated Funding Result – Surplus/(Deficit)</b>	<b>279</b>	<b>(2,839)</b>	<b>965</b>	<b>4,034</b>
Restricted Funds – Increase/(Decrease)	147	(2,953)	961	3,913
<b>Unrestricted Funds – Increase/(Decrease)</b>	<b>132</b>	<b>114</b>	<b>4</b>	<b>121</b>

Whilst the unrestricted cash result is important and needs to be a surplus, the focus needs to be on Council's operating result before capital grants and contributions. Council's estimated operating result before capital grants and contributions for 2018/2019 is a deficit of \$1,655,874. Over the forward estimates to 2021/2022, this improves to a deficit of \$575,801.

Council's operating result before capital grants and contributions has been adversely affected by changes in depreciation as a result of compliance with Australian Accounting Standards around the use of residual values in asset valuations. These changes were brought about after the submission of Fit for the Future Improvement Plans and it should be noted that Council was fully compliant with industry accepted Asset Valuation Methodologies at the time of submitting its Fit the Future Improvement Plan.

Council needs to focus on achieving a break even result before capital grants and contributions by finding ways of achieving additional income, reducing operating expenditure and reviewing Asset Valuation Methodologies to refine depreciation estimates going forward.

General fund loan borrowings total \$2,000,000 for 2018/2019, which includes \$1,000,000 for approved Special Rate Variation projects, along with a further \$1,000,000 towards Council's Waste business. No further loan borrowings are proposed during the Delivery Program period.

In framing the expenditure budget, the delivery of a surplus has been considered essential. Given the increases in non-controllable costs and the absence of any significant increase in revenue items, a surplus budget has been difficult to achieve and cuts have been made to achieve this result. Notwithstanding this, a number of new projects and initiatives have been included and are fully funded in the forward financial estimates. These projects are shown in the table below:



New Projects and Initiatives Fully Funded	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000
Roads – Additional Road Maintenance Coraki Woodburn Rd	165	169	172	0
Roads – Additional Heavy Patching Coraki Woodburn Rd	135	138	142	0
Roads – Emu Park Road Rehabilitation	185	0	0	0
IT – Council Meeting Streaming	30	20	20	20
Libraries – Casino – Internal Painting & Public Toilets	10	0	0	0
Libraries – Casino – Concrete Footpath Entrance	3	0	0	0
Libraries – Casino – Render Internal Walls	0	4	0	0
Libraries – Coraki – Internal Painting	8	0	0	0
Libraries – Coraki – Carpet Renewal	0	3	0	0
Libraries – Coraki – Crimsafe Security	0	4	0	0
<b>Total</b>	<b>536</b>	<b>338</b>	<b>334</b>	<b>20</b>

The Draft Operational Plan 2018/2019 (including Draft Financial Estimates 2018/2022) includes a sizeable capital works program of \$28,082,592 for the 2018/2019 financial year. The major projects identified for completion are shown in the table below:

Major Capital Works 2018/2019	2018/2019 \$'000
Casino Drill Hall & Riverside Precinct	1,632
Woodburn Riverside Precinct	1,200
Coraki Riverfront	355
Roads to Recovery Program	701
Road Rehabilitation Projects (SRV)	1,000
MR145 Woodburn-Coraki Road	1,000
Northern Rivers Livestock Exchange Upgrade	7,000
Canning Dr Residential Land Construction	900
Nammoona Landfill – Cell 6 Planning & Preparation	2,120
Nammoona Landfill – Cell Capping	500
Bora Ridge Landfill – Cell Capping & Transfer Station Construction	721
Evans Head Transfer Station Weighbridge	150
Stormwater Capital Works	433
Casino Water Supplies Solar Installation	350
Evans Head Water Supplies Booster Pump Station Improvements	315
Evans Head Sewerage Treatment Plant Fixed Sludge Dewatering Gear	250
Fleet Replacement Program	2,521

In developing the 2018/2019 income budget, the following increases have been proposed to Rates and Annual Charges:

- General Rates – to increase by 5.50% consistent with the approved Special Rate Variation,
- Waste Annual Charge – Domestic Waste Charge to increase by 9.62% to \$490,
- Waste Annual Charge – Non-Domestic Waste Charge to increase by 10.04% to \$515,
- Waste Infrastructure Charge – to increase by 20.00% to \$30, this charge was introduced to contribute funding towards the construction of a new landfill cell (essential infrastructure) at Nammoona Landfill and to fund ongoing asset renewals of the Waste Management program,

- Water Annual Charges – to increase by 5.00%, and
- Sewerage Annual Charges – to increase by 2.3%.

The increases to waste management charges have been necessary due to the increase in fees for recyclables going to Lismore's MRF facility and to fund the new waste levy of at least \$35/tonne that the Queensland Government is proposing to introduce in 2018/19, which Council will have to fund while landfill waste is transported to the Ti Tree facility in South East Queensland. Council also requires funding for the construction of a new landfill cell at its Nammoona facility.

Council is investing \$14M in the Northern Rivers Livestock Exchange (NRLX) in partnership with the Federal and NSW Governments and is required to fund repayments on a \$3.5M loan over the next 9 years. The Stage 1 project valued at \$7m is now complete with the Stage 2 project due to commence early in the 2018/19 financial year.

The following proposed increases to fees at the NRLX are to move the operation of the facility towards a financially sustainable position of a breakeven result after funding its operations including depreciation and loan repayments. New fees for Bull and Stud sales have been introduced to cover operational costs for these sales which generally have lower throughput, are held on weekends and are high value stock. This fee structure is also levied at other saleyards.

- Vendor Usage Fee – to increase by 2.86% to \$10.80/head
- Vendor Usage Fee – Bull and Stud Sales – new fee \$20.00/head
- Vendor Capital Works Levy – to increase by 2.50% to \$2.05/head
- Agents Business Licence Fee – to remain at \$10,500.00/annum
- Agents Business Usage Fee – to increase by 100.00% to \$1.00/head
- Agents Business Usage Fee – Bull and Stud Sales – new fee \$2.00/head

A copy of the Draft Revised Delivery Program 2017/2021, Draft Operational Plan 2018/2019 (including Draft Financial Estimates 2018/2022) and Draft Revenue Policy 2018/2019 have been circulated separately to Councillors.

## **Consultation**

There has been extensive community engagement in the development of our strategies and plans.

In accordance with the Integrated Planning and Reporting requirements the Draft Revised Delivery Program 2017/2022, Draft Operational Plan 2018/2019 (including Draft Financial Estimates 2018/2021) and Draft Revenue Policy 2018/2019 will be placed on public exhibition for a period of at least 28 days. During that time public submissions on the documents can be made. A further report on the documents and submissions will be presented to the Ordinary Meeting scheduled for 26 June 2018.

## Conclusion

The Draft Revised Delivery Program 2017/2021, Draft Operational Plan 2018/2019 (including Draft Financial Estimates 2018/2022) and Draft Revenue Policy 2018/2019 have been created based on extensive consultation with the community and are presented to Council for consideration. The report recommends that these documents be placed on public exhibition.

## Attachment(s)

Included in Appendix

Draft Revised Delivery Program 2017/2021  
Draft Operational Plan 2017/2018 (including financial estimates 2018/2022)  
Draft Revenue Policy 2018/2019

### 14.5 MAYORAL ALLOWANCE/COUNCILLOR FEES 2018/2019

#### Responsible Officer:

Ryan Gaiter (Chief Financial Officer / Manager Mid-Richmond)

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## RECOMMENDATION

Recommended that:

1. Council set the Mayoral Allowance for the 2018/2019 financial year effective from 1 July 2018 at \$43,170 per annum or \$3,597.50 per month, being the maximum remuneration allowable for a Regional Rural Council.
2. Council set the Councillor Fee for the 2018/2019 financial year effective from 1 July 2018 at \$19,790 per annum or \$1,649.16 per month, being the maximum remuneration allowable for a Regional Rural Council.

### 150518/9 RESOLVED (Cr Simpson/Cr Humphrys)

That the above recommendation be adopted.

FOR VOTE - All Council members voted unanimously.

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## Executive Summary

Each financial year, the Local Government Remuneration Tribunal determines the minimum and maximum remuneration payable to Mayors and Councillors for carrying out their duties. The determination by the Local Government Remuneration Tribunal is pursuant to Sections 239 and 241 of the *Local Government Act 1993*.

Council has received notification that the Local Government Remuneration Tribunal has determined that the Mayoral and Councillor Fees are to increase by

2.5% for the 2018/2019 financial year. The only way a Council can increase the fees payable by more than this percentage is if the Local Government Remuneration Tribunal re-categorises that Council.

Richmond Valley Council is classified as a Regional Rural Council. The minimum and maximum fees set by the Tribunal for the 2018/2019 financial year for Regional Rural Councils are as follows:

	<b>Minimum Fee</b>	<b>Maximum Fee</b>
Councillor Annual Fee	\$8,970.00	\$19,790.00
Mayoral Additional Annual Fee	\$19,100.00	\$43,170.00

### **Community Strategic Plan Links**

Making Council Great

CS1 Leading and Advocating for our Community

CS1.1 Improve decision making by engaging stakeholders and taking community input into account

### **Budget Implications**

The 2018/2019 draft budget includes an approximate 1.9% increase on the 2017/2018 budget, this equates to \$42,920 for the Mayoral Allowance and \$19,677 for each Councillor Fee. Accordingly, changes to the budget of an additional \$1,042 will be required if the recommended fees are adopted.

### **Report**

Council has received notification that the Local Government Remuneration Tribunal has determined that the Mayoral and Councillor Fees are to increase by 2.5% for the majority of New South Wales Councils for the 2018/2019 financial year. The Tribunal's Report is attached. In making its determination, the Local Government Remuneration Tribunal considered the following:

- Submissions and comments made by Associations and individual Councils,
- Key Economic Indicators,
- Categorisation,
- Workload,
- Training and Development, and
- Attracting high quality candidates to nominate for election to Local Government.

Richmond Valley Council is categorised as a Regional Rural Council, Councils categorised as Regional Rural will typically have a minimum population of 20,000. Other features which distinguish them from other non-metropolitan councils include:

- a major town or towns with the largest commercial component of any location in the surrounding area.

- a significant urban population existing alongside a traditional farming sector, and are surrounded by smaller towns and villages or may be located on or close to the coast with high levels of population and tourist facilities.
- provide a full range of higher-order services including business, office and retail uses with arts, culture, recreation and entertainment centres.
- regional services to the wider community through principal referral hospitals, tertiary education services and major regional airports.
- these councils may also attract large visitor numbers to established tourism ventures.

The remuneration band set for 2018/2019 for a Regional Rural Council by the Local Government Remuneration Tribunal is as follows:

	<b>2018/2019 Minimum Annual Fee</b>	<b>2018/2019 Maximum Annual Fee</b>
Councillor Annual Fee	\$8,970.00	\$19,790.00
Mayoral Additional Annual Fee	\$19,100.00	\$43,170.00

As an example, if Council adopts the maximum remuneration for a Regional Rural Council, the remuneration for 2018/2019 will be as follows:

	<b>2018/2019 Annual Fee</b>	<b>2018/2019 Monthly Fee</b>
Councillor Annual Fee	\$19,790.00	\$1,649.16
Mayoral Additional Annual Fee	\$43,170.00	\$3,597.50

Note: Total remuneration for the Mayor is the Mayoral Allowance plus the Councillor Fee, i.e. for 2018/2019, assuming the maximum is set, the amount would be \$62,960.00 per annum or \$5,246.66 per month.

Councillors invest significant amounts of time in preparing for and attending Council meetings, information/briefing sessions, meetings with community groups and since the 2016 election an intensive consultation program across the Valley's towns and villages has been completed.

Councillors also attend community events and are available to discuss issues with the community at all times. The reports that have been provided at Council meetings since the 2016 election by the Mayor highlight the time that goes into the Civic duties of a Mayor in a Council of this size. Experience also is that the majority of Councils in NSW set the Mayor/Councillor fees at the maximum level for its category.

## **Conclusion**

The determination of fees for Councillors and Mayors by the Local Government Remuneration Tribunal has been determined as indicated in this report. Historically, Council has set its remuneration at the maximum allowable for the Regional Rural category as set by the Local Government Remuneration Tribunal.

The exception to this was the 2010/2011 year when Council resolved to not increase the Mayoral Allowance or Councillor Fees for the financial year.

On this basis, it is recommended that Council set the Mayoral Allowance/ Councillor Fee at the maximum level, however Council has the discretion to determine the appropriate range of remuneration for the Mayor and Councillors provided it is within the minimum/maximum range for a Regional Rural Council as set by the Local Government Remuneration Tribunal.

**Attachment(s)**

Nil.

**14.6 INTERNAL AUDIT COMMITTEE MEETING HELD ON TUESDAY, 1 MAY 2018****Responsible Officer:**

Ben Zeller (Manager Projects and Performance)

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**RECOMMENDATION**

Recommended that the Minutes of the Internal Audit Committee Meeting held on 1 May 2018, be received and adopted.

**150518/10 RESOLVED** (Cr Simpson/Cr Humphrys)

That the above recommendation be adopted.

FOR VOTE - All Council members voted unanimously.

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**Executive Summary**

The Internal Audit Committee provides independent assurance and assistance to the Richmond Valley Council on risk management, control, governance and external accountability responsibilities. The Committee meets four times a year in accordance with the Meeting Plan which is adopted annually.

The minutes for the meeting held on 1 May 2018, follow;

**MINUTES OF THE INTERNAL AUDIT COMMITTEE MEETING HELD IN THE COUNCIL CHAMBERS, RICHMOND VALLEY COUNCIL, CNR WALKER STREET AND GRAHAM PLACE, CASINO, ON TUESDAY, 1 MAY 2018 AT 4PM**

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**PRESENT**

Cr Stephen Morrissey (Chair), Cr Robert Mustow, Cr Robert Hayes, Cr Sandra Humphrys, Cr Jill Lyons and Cr Sam Cornish.

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Jarrold Lean (Internal Auditors Grant Thornton), Vaughan Macdonald (General Manager), Angela Jones (Director Infrastructure and Environment), Ben Zeller (Executive Internal Audit), Ryan Gaiter (Chief Financial Officer/Manager Mid-Richmond) and Julie Clark (Personal Assistant to General Manager and Mayor) were also in attendance.

**APOLOGY**

Cr Daniel Simpson

**DECLARATION OF INTERESTS**

Nil.

**AGENDA ITEMS**

1. **Internal Audit Report – Status 2017/18 – presented by Grant Thornton.**

A progress status for Councils Internal Audit Plan was presented by the internal auditors. Three reviews have been completed to date, being Billings and Collections, Waste Management, and Accounts Payable. Two further reviews being Project Management and IT General Controls have been conducted with the reports due to be table at the next Internal Audit Meeting.

The Plan will be completed by 30 June 2018 and reported to the August meeting.

2. **Internal Audit Report – Accounts Payable (February 2018) presented by Grant Thornton**

The Accounts Payable review was given an acceptable rating by the internal auditors. This rating was applied due to the robust controls that are in place to mitigate key risks such as fraudulent payments, duplicate payments, late payments and financial misstatement.

Despite the robust controls that are in place, there are key review and approval processes being performed inefficiently outside the TechOne system resulting in the end-to-end AP process being largely paper based with no electronic workflow. Independent reviews and approvals of key reports such as the Audit Report, Payment Run Report, Remittances and supporting documentation are all performed outside the system due to the system constraint.

Furthermore, there is another system limitation around the Purchasing module and the Accounts Payable module not being integrated even though they form part of TechOne. This requires goods receipt documentation to be printed from the Purchasing module and physically provided to the Creditors Coordinator for further processing within the Accounts Payable module.

It is considered despite these system limitations, RVC has implemented the most efficient process without having to invest in additional resources and / or third-party systems.

3. **Internal Audit Plan 2018/19 – presented by Grant Thornton**

The Internal Audit Plan for the 2018/19 year was presented by the internal auditors. It outlined the intention to perform four reviews, being Regulatory Enforcement, BCP/DRP, Water & Sewer, Work Health & Safety.

4. **Outstanding Action Items**

Action items from previous reports that are unresolved and past the identified action date were tabled to the meeting.

Due to the list being quite extensive, it was resolved that outstanding items are to be addressed at the upcoming Managers' meeting with commitment to resolution dates identified.

**Other matters**

The Audit Office of NSW sent through the Client Service Plan for the 2018 External Audit which outlines the plan for the external audit and providing focus areas.

The Audit Office will:

- liaise closely with TNR during the planning phase of the audits and agree the overall audit approach
- help resolve significant issues and the reporting of those significant audit findings
- objectively evaluate significant judgements and conclusions
- monitor audit quality throughout the engagement
- issue all formal written communications to management and those charged with governance
- participate in meetings with management and those charged with governance, where practical and cost effective (using video conferencing or other available facilities).

Next Internal Audit Committee meeting to be held on 7 August 2018, at 4pm  
The meeting closed at 4.35pm

## **Delivery Program Links**

Making Council Great

CS1 Leading and advocating for our community

CS1.3 Ensure transparency and accountability in Council's operations

### **14.7 TENDER RVC799016 – WOODBURN RIVERSIDE PRECINCT**

**Responsible Officer:**

Ben Zeller (Manager Projects and Performance)

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## **RECOMMENDATION**

Recommended that Council:

1. Note the actions taken in line with Council's approval to enter direct negotiations to procure a qualified contractor in line with the project scope and budget for the Woodburn Riverside Precinct project.
2. Authorise the General Manager to enter into and endorse relevant contracts, including affixing the seal of Council where appropriate, for the delivery of the project generally in accordance with the project scope and approved budget and other details considered by Council.
3. Notes that the outcome of direct negotiations will be reported back to Council.

**150518/11 RESOLVED** (Cr Hayes/Cr Cornish)

That the above recommendation be adopted.

FOR VOTE - All Council members voted unanimously.

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## Executive Summary

Council sought tenders from appropriately qualified and experienced tenderers for the Woodburn Riverside Precinct. After a further three-week extension to the original submission closing date, Council did not receive any submissions for this project. There were 49 companies who downloaded the tender documentation.

Council has a budget of \$1,600,000.00 excluding GST over the current financial year 2017/18 and next financial year 2018/19, with significant progress on completing this project targeted at December 2018.

Immediately after the April 2018 Council meeting, where Council approved entering direct negotiations due to no tenders being received, Council was contacted by a number of potential contractors expressing interest in delivering the project for Council. Council is now conducting a formal quotation process with interested contractors which closes on 7 June 2018. The intention is for Council to enter negotiations with an appropriate contractor following a detailed assessment of all quotations received by a Panel established by the Project Management Office, with a contract to be entered into as authorised by General Manager.

## Delivery Program Links

Connecting People and Places

PP2 Getting around

PP2.2 Striving for consistent improvement

## Budget Implications

Nil.

## Report

Council called for tenders for Woodburn Riverside Precinct and after a further three-week extension to the original closing date, did not receive any tenders.

Under Clause 178 (3e) of the *Local Government (General) Regulation 2005*, Council “*will enter into negotiation with any person (whether or not the person was a tenderer) with a view to entering into a contract in relation to the subject matter of the tender*” as well as Clause 178 (3f) of the *Local Government (General) Regulation 2005*, enables Council to “*carry out the requirements of the proposed contract itself*” if that becomes necessary.

Immediately after Council approved entering direct negotiations at the April 2018 Council meeting due to no tenders being received, the Project Management Office was contacted by a number of potential contractors interested in delivering the project for Council.

Due to this interest, the Project Management Office determined that the best course of action was to go directly to the interested contractors, supply them with the tender documentation and have them participate in a quotation process. The quotation period closes on 7 June 2018. This competitive process should enable Council to secure a value for money proposal for the delivery of the project.

Council has assembled an assessment panel to review the quotes received, and with the authorisation of the General Manager, intends to enter direct negotiation with the most suitable contractor and finalise a contract to deliver the works. Giving this authority to the General Manager will enable a contract to be entered into without waiting until a Council meeting, minimising any further delays with this project.

### **Conclusion**

Given there is now interest in this project by suitable contractors, the Project Management Office believes the quotation process followed by direct negotiation will provide the most timely and beneficial result for Council.

The outcome of these direct negotiations will be reported to a future Council meeting.

## **14.8 WATER SUPPLY AND SEWERAGE STRATEGIC PLAN**

### **Responsible Officer:**

Andrew Leach (Manager Asset Planning)

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### **RECOMMENDATION**

Recommended that:

1. The *Water Supply and Sewerage Strategic Plan (March 2018)* be adopted to provide strategic planning direction for the future management of Council's water supply and sewerage business.
2. The strategies identified in the Plan be included in Council's Integrated Planning and Reporting documents to ensure commitment to the implementation of the actions.

### **150518/12 RESOLVED** (Cr Mustow/Cr Morrissey)

That the above recommendation be adopted.

FOR VOTE - All Council members voted unanimously.

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### **Executive Summary**

A review and update of Council's water supply and sewerage services strategic planning documents has been undertaken, culminating in *The Water Supply and Sewerage Strategic Plan*. This Plan will be submitted for adoption by Council, providing the strategic direction for the future management of Council's water supply and sewerage business.

The Strategic Plan includes a financial analysis which uses a 30-year planning horizon and provides information on the required revenue to be recovered through residential bills. The analysis recognises full life cycle water and sewerage service cost and determines the appropriate funding strategies to ensure the services remain affordable to the community in the long term.

The typical residential bill (TRB) derived from the financial modelling, provides an indication of the affordability to establish the price path Council needs to set, to meet its level of service (LOS).

Council's TRB for water supply is low compared to other water utilities in the region, even though full cost recovery is being achieved (TRB in 2017/18 of \$461 per assessment p.a. vs Regional median TRB \$580 p.a). The TRB for sewerage services is marginally higher than other water utilities in the region, however it is recommended Council maintain the sewerage TRB at the current level as additional income will be required to fund future upgrades of the Casino STP and Evans Head STP (Sewerage - TRB in 2017/18 of \$934 per assessment p.a. vs Regional median TRB \$921 p.a).

### **Delivery Program Links**

Looking After Our Environment

EH1 Managing our Waste and Water

EH1.8 Provide compliant, continuous and cost effective water supplies and sewerage services

EH1.8.1 Continue to provide safe and secure water and sewerage networks through the implementation of Integrated Water Cycle Management Plans

### **Budget Implications**

The *Water Supply and Sewerage Strategic Plan* reviews the water and sewerage 30-year capital works program and operational cost to ensure full cost recovery through the water and sewerage charges.

The Strategic Plan includes a financial analysis which uses a 30-year planning horizon which recognises the full life cycle cost of service provision and determines appropriate funding strategies to ensure that the services remain affordable in the long term. The main output of the financial analysis is the typical residential bill (TRB) which is defined as the annual bill paid by a customer who is not a pensioner and uses the average water demand. The purpose of the financial modelling is to identify the lowest TRB that will enable Council to fund the operation, maintenance and administration expenses and the capital investment of the schemes.

The purpose of the financial modelling is to identify the lowest TRB that will enable Council to fund the operation, maintenance and administration expenses and the capital investment of the schemes. The TRB is used to measure the affordability and establishes the price path Council needs to set in order to meet the level of service (LOS). The modelling showed that the current service charges represent full cost recovery and no tariff changes are recommended except for annual CPI adjustment.

## Report

Council first prepared its *Integrated Water Cycle Management Strategic Plan (IWCM)* between 2006 and 2008, and a *Water Supply and Sewerage Strategic Business Plan (SBP)* in 2010. Since the adoption of the IWCM (2008), Council has progressively implemented components of the preferred IWCM scenario as well as ongoing strategic investigations. Many of Council's water and sewer planning initiatives including water security, demand management, leakage reduction and the management of treated effluent were directed by the IWCM Strategic Plan.

Some of the issues identified in the IWCM (2008) have been resolved and are no longer relevant, while new issues have been identified through strategic planning.

The IWCM and SBP should be prepared every eight years on a rotation of every four years respectively. The IWCM was updated in 2012 and the SBP in 2013 however these reviews were never formally adopted by Council and remained in draft form. The NSW Office of Water (NOW) introduced a new Check List in 2014 which essentially is a road map prepared to assist local water authorities (LWU) to identify the urban water issues, assess the options, develop and evaluate proposed IWCM scenarios and adopt a sound IWCM scenario, Strategy and Financial Plan in a transparent manner to address the identified issues.

The key aim of the *Water Supply and Sewerage Strategic Plan* is to provide Council with an updated Strategic Plan which reviews, updates and consolidates all Council's water supply and sewerage strategic planning documentation including:

- The IWCM Strategic Plan (2008);
- Update of the IWCM Strategy 2012(draft);
- Water Supply and Sewerage Strategic Business Plan (SBP) originally prepared in 2010 and reviewed in 2013 (draft);
- Casino Drought Management Plan prepared in 2006 as well as investigations in 2008 and 2011 into potential emergency supplies; and
- Financial plans prepared in 2008, and reviewed annually thereafter.

The Plan also considers:

- Recent water cycle management direction from the NSW government;
- The appropriateness of the management issues identified in the IWCM Strategic Plan and any new issues that have arisen since 2008;
- Recent policies and strategic planning initiatives undertaken by Council; and
- The status of the actions identified and Council's progress towards implementation of the original preferred IWCM Scenario.

In addition, many of the strategies relating to regional planning initiatives, such as water sharing and environmental flows, have largely been determined by NSW Government policy development.

Many of the issues will continue to be addressed through best-practice management such as demand management and drinking water quality management.

The Plan aligns with the NSW Government's water utility best-practice requirements and will be used to guide the future water supply and sewerage businesses. The Plan will refer to and inform other related plans including the Development Servicing Plans whilst aligning with Council's Integrated Planning and Reporting documents including future reviews of the Operational Plan and Delivery Program.

#### Water supply and sewerage system review

The urban area of Richmond Valley Council is supplied with potable water sourced from two separate systems. Casino is supplied from water treated from the Richmond River (Jabour Weir) source, whilst the Mid-Richmond (including Evans Head, Woodburn, Broadwater, Rileys Hill and Coraki) is supplied by potable water purchased from Rous County Council (RCC).

The treatment cost of water produced at the Casino WTP is much lower than the potable water purchased from RCC thereby allowing potable water charges which is lower than other water utilities in the region as reflected in the relatively low TRB. The RCC potable water scheme relies on a major trunk infrastructure across the region which is why the RCC potable water cost is higher than the local Casino water scheme.

There are four sewerage systems serving the urban areas of Casino, Evans Head (including Woodburn and Broadwater), Coraki and Rileys Hill. The relatively high sewage TRB is partly due to the higher cost to operating four treatment plans compared to the operation cost of one large treatment plan. The upgrade to the Evans Head STP and the Broadwater pressure sewer scheme also contributed to the sewerage TRB being marginally higher than the other water utilities in the region.

The rural areas of the LGA rely on on-site sewerage systems and local water supplies such as rainwater tanks and groundwater supply.

Future growth projections for the region is 0.33% p.a. for Casino (next 20 years) and 1.2% p.a. for the Mid-Richmond area between 2018 and 2027 after which it is projected to reduce to 0.6% p.a. to 2037.

#### System performance and management issues

Management and performance issues have been identified from information provided by staff on the performance of the water supply and sewerage system, recent strategic planning option assessments of the water and sewerage schemes and reviews of the risk management strategies and the Drinking Water Management System (DWMS).

The performance of the existing systems as well as current and emerging management issues are summarised in the tabled below.

**Water supply – Performance:**

- Water demand across Council has reduced with approximately 40% since 2005, potentially due to leak reduction and water saving measures. Future system capacity limitations and required upgrades to achieve adopted levels of service need to be identified through hydraulic modelling of the water supply system.
- A Drinking Water Management System (DWMS) and Improvement Plan were prepared in 2016.
- The secure yield of the Casino Water Supply is understood to be similar to current average demand although future growth in demand is predicted to be minimal.
- Casino WTP capacity will be sufficient for the long term (>30 years).
- The RCC Regional Drought Management Strategy documents a regional restriction regime that applies to all customers served by the regional water supply that includes the Mid-Richmond area.
- Water supply pricing in Richmond Valley is significantly lower than other water utilities in the region.
- Best practice water supply pricing has been implemented except the Northern Cooperative Meat Company (NCMC) is charged a lower tariff than other customers.

**Water supply - Management issues to be addressed:**

- The Casino water supply system relies on a single source of water. The development of an emergency supply source for Casino is required.
- Drought management planning for Casino should be consistent with the regional approach (adopted for the Mid-Richmond region) to ensure community acceptance and improve the success of drought management in the region.
- Much of the asset stock is ageing, particularly the Casino reservoirs and WTP, some work has been done to extend the life expectancy of some reservoirs.
- The long-term supply arrangement for the NCMC need to be addressed through consultation and agreement on pricing and water supply demand.
- The effect of climate change will have direct and indirect implications in relation to water supply services including damage to infrastructure from:
  - flooding,
  - storms,
  - increase to sea levels,
  - the need to reduce greenhouse emissions,
  - potentially higher cost of energy,
  - greater competition for existing water sources; and
  - changes in customer demand and usage patterns.
- Analysis of the impact of climate change on the secure yield of the Casino water supply is required.
- The location/routes of some of the underground assets in rural areas are not clearly marked and are potentially subject to accidental damage during excavation.
- The existing fishway at Jabour weir is of inappropriate design and provides virtually no mitigation of the fish passage barrier effects of the weir.

**Sewerage – Performance:**

- The volume of sewage collected per property has decreased by 20% since 2008 potentially due to internal household water saving measures and sewer infiltration/inflow reduction measures.
- System capacity limitations and required upgrades to achieve adopted levels of service need to be identified through hydraulic modelling of the sewerage system.
- A Recycle Water Management Plan (RWMP) and Improvement Plan were prepared.
- The Casino STP currently has little difficulty in meeting the effluent load (with the exception of total phosphorus) and concentration limits. The ultimate loading on the Casino STP is not expected to exceed the original design capacity.
- Treated effluent from Casino STP is currently reused primarily for surface irrigation of various crops. Historically reuse has been approximately 26% of the effluent but this has increased to 37% in the last four years. In dry periods, most of the effluent is reused.
- Evans Head STP is currently performing to licence requirements. A Stage 2 augmentation of the Evans Head STP has been delayed due to lower than expected growth within the catchment.
- The Salty Lagoon monitoring program for pre-post closure of the artificial channel indicates closure of the channel has been successful. Continued discharge from the Evans Head STP is unlikely to adversely affect the overall health of the system.
- Coraki STP - Full compliance with licence requirements is generally achieved apart from the concentration of total suspended solids (TSS) in effluent discharge due to the growth of algae in the effluent ponds.
- Recycled water is used for irrigation of the Coraki Golf Course fairways (10% of the treated effluent).
- Rileys Hill – The performance of the sewerage system is considered to be adequate.
- Best-practice sewerage pricing has been implemented.

#### **Sewerage - Management issues to be addressed:**

- Raw sewage in Casino appears to be heavily influenced by trade waste contributions which may influence the achievement of licence quality and load limits.
- There is a risk the total phosphorus load limit from Casino STP could be breached based on the current process configuration and reuse quantities.
- The Casino STP sludge handling facilities appear to be overloaded.
- The Casino STP relies heavily on the performance of the wetlands to achieve the effluent licence load and concentration limits.
- Casino STP and sewerage pipelines are ageing, relining works has extended the life expectancy of some of the sewerage pipelines.
- Dry weather groundwater infiltration and wet weather stormwater infiltration are significant in Evans Head, Casino and Coraki.
- The performance of Evans Head STP is affected during peak wet weather events and the peak summer holiday period. Augmentation of the STP will be required to cater for catchment growth and peak loadings.
- Coraki STP is ageing.
- Non-compliance with TSS licence limits at Coraki STP is expected to be an ongoing issue until the algae growth is controlled.

- The effect of climate change will have direct and indirect implications in relation to water supply services including damage to infrastructure from:
  - flooding,
  - storms,
  - increase to sea levels,
  - the need to reduce greenhouse emissions,
  - potentially higher cost of energy,
  - changes in customer demand and usage patterns.
- The location/routes of some of the underground assets in rural areas are not clearly marked and are potentially subject to accidental damage during excavation.
- The cost of provision of sewerage services in the RVC area is high.
- Typical residential bills are high for sewerage compared with other water utilities in the region.

### Proposed actions

In order to address the identified issues, strategies have been developed in the *Water Supply and Sewerage Strategic Plan* with cost-effective and practical solutions determined through ongoing consultation with regulators and the community.

The inclusion of the identified strategies (listed below) are recommended in Council's Integrated Planning and Reporting documents to ensure ongoing commitment to implementation of the proposed strategies and actions.

#### **Asset Management – Council to:**

- Undertake hydraulic modelling of the water supply and sewerage system to identify system capacity limitations and required upgrades to achieve the adopted levels of service;
- Undertake a stormwater infiltration study in priority catchments to identify illegal and faulty private plumbing connections;
- Implement an inspection program to identify sewerage infrastructure requiring repairs;
- Incorporate supplementary information on condition and renewal requirements into the asset register;
- Assess the risk of climate change on the water supply and sewerage assets and operations, particularly the security of Casino's water supply; and
- Identify options for the protection of the water supply and sewerage assets in rural locations.

#### **Data Collection and reporting – Council to:**

- Review the requirements for data collection and reporting of customer information, water consumption and billing to improve data available for strategic planning.

#### **Water Supply – Council to:**

- Undertake annual reviews of the DWMS;
- Continue to address the improvement actions identified in the DWMS;
- Develop and implement an emergency water supply for Casino;
- Prepare an updated Drought Management Plan for Casino;
- Participate in the review of RCC retail water supply services in the



<p>Richmond Valley LGA.</p> <ul style="list-style-type: none"> <li>• Review the tariff arrangement for the NCMC;</li> <li>• Construct a fishway at Jabour Weir when external funding becomes available;</li> <li>• Replace the ageing Casino WTP; and</li> <li>• Review and update the bulk water supply service agreement with RCC.</li> </ul>
<p><b>Sewerage – Council to:</b></p> <ul style="list-style-type: none"> <li>• Continue to address the improvements actions identified in the RWMP;</li> <li>• Continue to implement the on-site sewerage management strategy;</li> <li>• Develop a long-term strategy for the upgrade and renewal of the Casino sewerage network and the STP including trade waste management, phosphorous removal, sludge management, effluent reuse and wetland maintenance;</li> <li>• Continue to investigate options to reduce the growth of algae and the discharge of suspended solids from Coraki STP;</li> <li>• Develop a long-term strategy for Coraki STP; and</li> <li>• Augment the Evans Head STP once the existing capacity is no longer sufficient.</li> </ul>

### Review

To ensure these recommended actions effectively resolve the issues and address new issues that may arise, ongoing monitoring and review of these actions are required.

In accordance with the Office of Water requirements for IWCM, it is recommended this *Water Supply and Sewerage Strategic Plan* is reviewed in 2021, four years from this current review and that progress against the implementation of the actions be included in Council's annual delivery program performance report.

### Water and sewerage capital works and financial plan review

The Capital Works Program and costs identified in the Plan provides a guide for estimating long-term capital cost. It is important to identify future commitments as accurately as possible even though the level of confidence in capital works projections decreases with time from the present.

The financial analysis of the water supply and sewerage funds undertaken provides information on the required revenue to be recovered through residential bills. The model was developed using FINMOD, the financial planning software developed by DEUS (now NSW Office of Water) for use by non-metropolitan water utilities. The analysis recognises the full life cost cycle of service provision and determines appropriate funding strategies to ensure services remain affordable in the long term. The main output of the financial analysis is the TRB which is defined as the annual bill paid by a customer that uses the average water demand and is not entitled to special discounts.

The FINMOD financial modelling analysis provides an indication of the relative cost to Council and its customers of the water supply and sewerage services. It identifies the lowest TRB which will enable Council to fund the operation,

maintenance and administration expenses as well as the capital investment of the schemes. The TRB is used to measure the affordability and establish the price path Council needs to set to meet the level of service (LOS) and ensure sustainable annual residential bills over the long term.

A 30-year planning horizon has been adopted for the modelling of the RVC water supply and sewerage business. Taking a long-term view highlights the current impact of future actions and allows financial peaks and troughs to be smoothed out to provide a consistent pricing policy.

*Current water supply cost:*

Council's water supply pricing is low compared to other water utilities in the region, even though the financial planning shows full cost recovery is being achieved for the water supply fund. The relatively low water charges is partly due to the low treatment cost of water produced at the Casino WTP which is much lower than the potable water purchased from RCC thereby allowing lower water charges than other water utilities in the region.

It is recommended that Council maintain the water supply TRB at the current level for the next four years (TRB in 2017/18 of \$461 per assessment p.a. compared to the regional median TRB @ \$580p.a).

*Current sewerage cost*

The sewerage TRB is high compared to other water utilities in the region, partly due to the higher cost to operating four treatment plans compared to operating one large treatment plan. The upgrade to the Evans Head STP and the Broadwater pressure sewer scheme also contributed to the sewage charges being marginally higher than the other water utilities in the region. Additional income will also be required to fund future upgrades of Casino and Coraki STPs and stage 2 at the Evans Head STP. Although external funding may be available for some of the upgrades at the STPs, this has not been factored into the financial plan. It is recommended that Council maintain the sewerage TRB at the current level for the next four years (TRB in 2017/18 of \$934 per assessment p.a. compared to the regional median TRB @ \$921p.a).

The TRB's should be checked and adjusted annually in accordance with changes to the CPI.

## **Consultation**

Throughout the 2008 IWCM process to prepare the IWCM concept Study and IWCM Strategy Plan stakeholder consultation was undertaken to ensure that stakeholders contribute to the identification of water cycle management issues and potential solutions. This was achieved through the formation of a Project Reference Group which included representatives from Council, government agencies, local organisations and the community. The different scenarios were assessed on their economic, social and environmental outcomes and the preferred scenario set out a list of strategic actions to improve the management of the identified water cycle issues over a 30-year planning horizon. Council will continue to review asset management strategies and expenditure requirements

in consultation with regulators and the community to ensure cost-effective and practical solutions.

### **Conclusion**

This *Water Supply and Sewerage Strategic Plan* reviews and update Council's water supply and sewerage strategic planning documents into a consolidated document to provide strategic direction for the future management of Council's water supply and sewerage business.

The report reviews future capital expenditure required to ensure the upkeep of Council's water and sewerage assets and assess the full life cycle cost of service provision to determine appropriate funding strategies to ensure that the services remain affordable to the community in the long term.

### **Attachment(s)**

Included:

1. Water Supply and Sewerage Strategic Plan (Hydrosphere Consulting March 2018).

## **15 MATTERS FOR INFORMATION**

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### **RECOMMENDATION**

Recommended that the following reports submitted for information be received and noted.

**150518/13 RESOLVED** (Cr Morrissey/Cr Hayes)

That the above recommendation be adopted.

FOR VOTE - All Council members voted unanimously.

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### **15.1 COMMUNITY FINANCIAL ASSISTANCE PROGRAM**

#### **Responsible Officer:**

Andrew Leach (Manager Asset Planning)

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### **Report**

Council allocates an amount of financial assistance each year for requests from individuals, groups and organisations seeking financial assistance. Council's Policy 1.2 Community Financial Assistance Program provides for two rounds of funding allocations each year. The policy also sets out the method of determining

allocations in accordance with the strategies, eligibility and selection criteria outlined in the policy.

Council has allocated \$70,000 in the 2017/18 budget for financial assistance funding. The policy provides for approximately two equal funding rounds. There is currently \$35,000.00 worth of funding available. The second round of funding was advertised in March 2018 and Council received 17 applications.

All of the applications received have been reviewed in accordance with the policy and 12 of the applications fit the eligibility requirements and selection criteria, and were able to be partially or fully funded.

In determining eligibility, consideration has been given to Council's Community Strategic Plan and the deliverables identified in the Delivery Program and Operational Plan, as well as eligibility requirements and selection criteria.

A Councillor Workshop was held on 1 May 2018 and applications were assessed, with the General Manager approving the allocation of funds for Section 356 Community Financial Assistance funds as indicated in the following tables under delegation from Council as resolved at its Ordinary Meeting held on 15 November 2016.

### **Community Strategic Plan Links**

Connecting People and Places

PP3 Working Together

PP3.8 Maximise opportunities for community and Council to apply for grant opportunities.

### **Budget Implications**

Council has allocated \$70,000 in the 2017/18 budget for financial assistance. The total amount of current funds available is \$35,000.00. The policy provides for two rounds of funding in the budget period. The proposed allocation of \$26,980.44 is within budgetary constraints.

## Summary of Applications

The following table summarises the applications which met the eligibility criteria and have been partially or fully funded.

Organisation	Requested allocation	Proposed Use	Amount allocated
2nd Casino Scout Group, Scouts Australia NSW	\$770.00	Safely Engaging Scouts in Adventurous Outdoor Activities - Purchase Kayak and PFDs for use by Volunteer Scout Leaders	\$770.00
Bentley Community Preschool	\$726.64	Providing an opportunity for children to garden and harvest vegetables - purchase raised garden beds, soil, gardening tools	\$726.64
Broadwater Koala Reserve Trust	\$356.00	Garden tool kit for volunteers to maintain the Broadwater Koala Park	\$356.00
Casino BMX Club	\$4,027.30	Eyes on Casino BMX Track - safe and secure at Crawford Square. 2 x tiered seats	\$1,300.00
Casino Pony Club	\$5,000.00	Stage 1 Eventing Cross Country Course at Casino Showgrounds - purchase materials for construction of portable jumps	\$5,000.00
Evans Head-Casino Surf Life Saving Club Incorporated	\$1,155.00	Custom Training Equipment for Junior Activities Program - purchase custom made nipper board for juniors with special needs	\$1,155.00
Northern Rivers Military Museum (inc)	\$6,000.00	Purchase free standing display case for 4 mannikins representing the Australia Armed Services at Military Museum.	\$5,000.00
Our Two Hands	\$5,000.00	Better support service - food cards, emergency accommodation and laundromat vouchers for homeless people in our community	\$2,500.00
Pacific Coast Railway Society Inc (Casino Miniature Railway and Museum)	\$1,850.00	Materials to repair the "coal bunker" structure to safely store valuable items.	\$1,850.00
Rileys Hill War Memorial Reserve Trust	\$3,300.00	Steel frames for 3 information signs	\$3,300.00
Woodburn Amateur Boxing Club Inc.	\$1,083.50	Purchase and install ceiling fans at gym to reduce heat stress and exhaustion in summer.	\$1,083.50
Woodburn and District Garden Club Inc	\$1,212.00	Purchase projector and screen for use by presenters at Garden Club meetings, ensure elderly can see data presented.	\$1,212.00
<b>TOTAL</b>			<b>\$24253.14</b>

The following table summarises the five applications which were not funded.

Organisation	Requested allocation	Proposed Use	Comments
Community Radio Coraki Association Incorporated; aka 88.9 FM, Richmond Valley Radio	\$5,000.00	Off Grid Transmission Power Project for Coraki Community Radio Station	This infrastructure project is not considered to be of significant benefit to the community. Furthermore, the successful completion rests on another grant application, Community Broadcasting Foundation, of \$30,268. There is also a \$12,500 solar communities grant for which this project would be eligible, closing on 31 May 2018. The organisation will be advised of this.
Mid Richmond Neighbourhood Centre Inc.	\$4,900.00	Volunteer Recognition and Reimbursement Project - reimbursement of travel related expenses for Mid Richmond Neighbourhood Centre volunteers	No detail provided on volunteer activities. Council considers that the organisation has sufficient resources available to fund this.
Northern NSW Helicopter Rescue Service Ltd t/a Westpac Life Saver Rescue Helicopter	\$500.00	Sun Protection for Northern NSW Helicopter Rescue Service Volunteers and Staff - purchase wide brim hats	Hats for volunteers are not considered to be of significant benefit to the Richmond Valley community. Council considers that the organisation has sufficient resources available to fund this.
Quota International of Casino Incorporated	\$1,200.00	Purchase laptop and printer for use by Casino Quota Club, which will be primarily used by the Club's treasurer.	Previously received funding in 2015/16 Round 2 for a laptop for the group. Council funding is not to purchase laptops for committee members.
Richmond Valley Physie Incorporated	\$1,320.00	Applying to send three Physical Culture teachers interstate to complete accreditation courses	Council funding is not for interstate professional development of individuals

### Attachment(s)

Nil.

**15.2 GRANT APPLICATION INFORMATION REPORT – APRIL 2018****Responsible Officer:**

Ryan Gaiter (Chief Financial Officer/Manager Mid-Richmond)

**Report**

This report provides information on grant applications that have been approved, grants that have been received, grant applications that were unsuccessful and grant applications submitted for the month of April 2018.

Two new grants were approved and two grants had additional funding approved during the month of April 2018. Council received funding for five grants during the reporting period, totalling \$481,541. Council was notified as being unsuccessful with one grant application and didn't apply for any new grants during April 2018. Details of these grants are provided below:

***Grants that have been approved***

<b>Flood Event of 12 March 2017 Emergency and Restoration Works</b>	
Project ID	10256
Funding Body	Roads and Maritime Services
Funding Name	Natural Disaster Funding
Government Level	State
Project Value (exc GST)	\$1,773,221
Grant Funding (exc GST)	\$1,744,221
Council Funding (exc GST)	\$ 29,000
Date Application Submitted	Various
Date Approved	1 April 2018
Comment (if required)	\$1,631,191 in funding has been approved as at 30 April 2018 for Local Roads and \$113,030 for Crown Roads. Additional funding of \$78,073 has been approved for Local Roads.

<b>Flood Event of 28 March 2017 Emergency and Restoration Works</b>	
Project ID	10258
Funding Body	Roads and Maritime Services
Funding Name	Natural Disaster Funding
Government Level	State
Project Value (exc GST)	\$3,113,420
Grant Funding (exc GST)	\$3,084,420
Council Funding (exc GST)	\$ 29,000
Date Application Submitted	Various
Date Approved	1 April 2018
Comment (if required)	\$2,662,286 in funding has been approved as at 30 April 2018 for Local Roads and \$422,134 for Regional Roads. Additional funding of \$423,849 has been approved for Local Roads and \$367,465 for Regional

	Roads.
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### Kyogle Library Redesign

Project ID	10278
Funding Body	State Library NSW
Funding Name	Public Library Infrastructure Grants 2017/18
Government Level	State
Project Value (exc GST)	\$102,513
Grant Funding (exc GST)	\$ 99,673
Council Funding (exc GST)	\$ 2,840
Date Application Submitted	10 November 2017
Date Approved	17 April 2018
Comment (if required)	N/A

### Elsa Dixon Aboriginal Employment Funding

Project ID	10290
Funding Body	NSW Government Department of Industry
Funding Name	Elsa Dixon Aboriginal Employment Program
Government Level	Federal
Project Value (exc GST)	\$40,000
Grant Funding (exc GST)	\$40,000
Council Funding (exc GST)	\$ 0
Date Application Submitted	N/A
Date Approved	9 March 2018
Comment (if required)	N/A

### ***Grants that have been received***

#### Flood Event of 12 March 2017 Emergency and Restoration Works

Project ID	10256
Funding Body	Roads and Maritime Services
Funding Name	Natural Disaster Funding
Government Level	State
Project Value (exc GST)	\$1,773,221
Grant Funding (exc GST)	\$1,744,221
Council Funding (exc GST)	\$ 29,000
Date Application Submitted	Various
Date Received	\$141,000 received 30 April 2017
Total Funds Received To Date	\$1,373,000
Comment (if required)	\$1,631,191 in funding has been approved as at 30 April 2018 for Local Roads and \$113,030 for Crown Roads.

#### Improving Amenity: Casino's Community Playgroup Building

Project ID	10279
Funding Body	Department of Family and Community Services
Funding Name	Social Housing Community Improvement Fund



Government Level	State
Project Value (exc GST)	\$61,991
Grant Funding (exc GST)	\$49,791
Council Funding (exc GST)	\$12,200
Date Application Submitted	13 December 2017
Date Received	\$49,791 received 26 April 2018
Total Funds Received To Date	\$49,791 (total funding received)
Comment (if required)	N/A

#### **Elsa Dixon Aboriginal Employment Funding**

Project ID	10290
Funding Body	NSW Government Department of Industry
Funding Name	Elsa Dixon Aboriginal Employment Program
Government Level	Federal
Project Value (exc GST)	\$40,000
Grant Funding (exc GST)	\$40,000
Council Funding (exc GST)	\$ 0
Date Application Submitted	N/A
Date Received	\$40,000 received 17 April 2018
Total Funds Received To Date	\$40,000 (total funding received)
Comment (if required)	N/A

#### **Regional Roads Block Grant 2017/2018**

Project ID	N/A
Funding Body	Roads and Maritime Services
Funding Name	Regional Roads Block Grant 2017/2018
Government Level	State
Project Value (exc GST)	\$885,000
Grant Funding (exc GST)	\$885,000
Council Funding (exc GST)	\$ 0
Date Application Submitted	N/A – Annual allocation
Date Received	\$231,750 received 30 April 2018
Total Funds Received To Date	\$885,000 (total funding received)
Comment (if required)	N/A

#### **MR544 Regional Roads REPAIR Program – Bentley Road**

Project ID	N/A
Funding Body	Roads and Maritime Services
Funding Name	Regional Roads REPAIR Program
Government Level	State
Project Value (exc GST)	\$320,608
Grant Funding (exc GST)	\$160,304
Council Funding (exc GST)	\$160,304
Date Application Submitted	Rolling program
Date Received	\$19,000 received 30 April 2018
Total Funds Received To Date	\$138,000
Comment (if required)	N/A

**Unsuccessful Grant Applications**

<b>Casino Library Makerspace - Growing Inclusive Learning Communication through Creating, Construction and Collaborating.</b>	
Project ID	10277
Funding Body	State Library NSW
Funding Name	Public Library Infrastructure Grants 2017/18
Government Level	State
Project Value (exc GST)	\$45,133
Grant Funding (exc GST)	\$37,892
Council Funding (exc GST)	\$ 7,241
Date Application Submitted	10 November 2017
Date Advised Unsuccessful	17 April 2018
Comment (if required)	N/A

**Delivery Program Links**

Making Council Great

CS2 Great Support

CS2.12 Examine all revenue and expenditure reduction opportunities within legislative powers

**Budget Implications**

All Council funding required for the grants in this report have been included in Council's budget.

**Attachment(s)**

Nil.

**15.3 AUDIT OFFICE REPORT ON LOCAL GOVERNMENT 2017****Responsible Officer:**

Ryan Gaiter (Chief Financial Officer/Manager Mid-Richmond)

**Report**

As part of the Local Government reforms in New South Wales the Auditor General is now the appointed auditor for the New South Wales Local Government sector. Section 421C of the Local Government Act 1993 states the Auditor-General is to report annually on any Local Government sector-wide matter arising from the examination of financial statements of Councils.

On 20 April 2018 the Auditor-General, Margaret Crawford, has released her inaugural report on the results of statutory financial audits of Councils in the Local Government sector, titled "Report on Local Government 2017".

The Audit Office completed audits of 139 Councils' 2016–2017 financial statements and eight Councils' 2015–2016 financial statements. The main

finding from the audits was that the overall quality of financial reporting needs to improve.

The Audit Office issued modified (qualified) audit opinions on the financial statements of three Councils in 2016–17, and one council and one water authority in 2015–16. They also reported 39 significant matters to 29 Councils which related to material accounting issues and significant deficiencies in internal controls. Twenty-two Councils required material adjustments to correct errors in previous audited financial statements. Moderate risk issues were identified in financial statement preparation processes for 43 Councils.

The report also states that the Office of Local Governments guidance for council year-end financial reporting needs to align with Australian Accounting Standards and be issued earlier, and that the timeliness of financial reporting needs to improve. Forty Councils required lodgement extensions past the 31 October 2017 statutory reporting deadline.

A summary of more specific findings in the report are as follows:

### **Financial Performance and Sustainability**

- Eighteen Councils operating expenses exceed current operating revenue.
- Fifty-nine Councils do not meet OLG's target of 60 per cent for own source operating revenue.
- Most Councils have sufficient liquidity and working capital, however there are indicators that three Councils may not have the ability to meet short-term obligations as measured by the unrestricted current ratio, two Councils may not have sufficient operating cash available to service debt as measured by the debt service cover ratio, eighteen Councils do not meet the OLG benchmark for the collection of rates and annual charges, and five Councils may not have sufficient cash to continue paying expenses without additional cash inflows as measured by the cash expense cover ratio.

### **Asset Management**

- Seventy Councils are not renewing assets in line with the rate of their depreciation.
- Eighty-four Councils did not meet OLG's benchmark for managing the infrastructure maintenance backlog.
- Seventy-one Councils are not maintaining their assets in accordance with their asset management plans.
- Ten high risk issues relating to Councils' asset management and accounting practices were reported.
- The accuracy of asset registers requires improvement and all assets need to be reported in the financial statements.
- There were seven high risk matters related to asset valuations, including two that resulted in qualified audit opinions.
- Thirteen Councils do not have an asset management strategy, policy and plan, as required by the Office of Local Government's Integrated Planning and Reporting Framework

**Governance and Internal Controls**

- Seventeen high risk issues relating to governance, financial accounting, purchasing and payables and payroll matters.
- As there is currently no requirement for Councils to have an audit, risk and improvement committee and internal audit function, there are fifty three Councils that do not have an audit committee and fifty two Councils that do not have an internal audit function.
- The Office of Local Government has incomplete information on the number of entities established by Councils. There is no financial reporting framework for the variety of entities established by Councils.
- Councils can strengthen policies and procedures to support critical business processes, practices for risk management and compliance with key laws and regulations.
- Councils can improve internal controls over manual journals, reconciliations, purchasing and payables and payroll.

**Information Technology**

- Nine high risk issues relating to information technology.
- Controls over user access to IT systems needs to be strengthened.
- Around one in four Councils do not have an IT strategy or operational plan.
- Half of New South Wales Councils have an IT security policy.
- Seventeen Councils do not have a documented plan to recover from a disaster.

There is also a data visualisation tool on the Audit Office website, <https://www.audit.nsw.gov.au/news/report-on-local-government-2017-and-data-visualisation>, which compares each Council on three levels. The first is against all New South Wales Councils, the second is against the median of all thirty six regional Councils and the third is against the twelve north coast Councils. This tool looks at revenue, expenses, operating result, assets, liabilities and performance measures.

**Richmond Valley Council's Performance**

Even though there is significant improvement required across the sector, Council's result from its inaugural audit by the Audit Office was very positive. Council ended up with an unmodified audit report and received very positive feedback on both its performance and its preparation/participation for the audit. Council's year end management letter identified twelve Information Technology risks that were classified either low or moderate risks, and five general risks also classified as low or moderate. There were no high-risk findings within Council's finances or processes.

The following is a summary of audit findings on the 139 Council's audited in relation to the NSW Local Government Fit for the Future Ratio's:

**Operating Performance Ratio**

This ratio measures a Council's achievement in containing operating expenditure within operating revenue, 18 Councils failed to meet the OLG's benchmark of

“greater than zero”. Council’s result was 7.5% which is well above the benchmark.

#### Own Source Operating Revenue Ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions, 59 Councils failed to meet the benchmark of greater than 60%. Council’s result was 68.1%.

#### Unrestricted Current Ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council. Only 4 councils failed to meet the benchmark of greater than 1.5 times. Council’s result was 3.5 times, over double the benchmark.

#### Debt Service Cover Ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments. 15 Councils failed to meet the OLG benchmark of greater than two times. Council’s result was five times which again is well above the benchmark.

#### Rates and Annual Charges Outstanding Percentage

To assess the impact of uncollected rates and annual charges on a councils liquidity and the adequacy of recovery efforts. 18 Councils failed to meet the OLG benchmark, which for non-metropolitan Councils is 10%. Council’s result for the 16/17 year was 14.9%, which is over the benchmark but is improving on previous years. Council’s ratio is impacted on due to the timing of the collection of its annual water charges. Council collects its annual water charges in arrears, this means come 30 June each year there is a whole quarter of annual charges still outstanding. Council continues to focus on decreasing this percentage.

#### Cash Expenses Cover Ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow. Five councils failed to meet the OLG’s benchmark of greater than three months. Council’s result was seven months.

#### Buildings and Infrastructure Renewals Ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating. 77 Councils failed to meet the benchmark of greater than 100% on this ratio. Council’s didn’t achieve this benchmark with the ratio at 82.9%.

#### Infrastructure Backlog Ratio

This ratio shows what proportion the backlog is against the total value of a Council’s infrastructure. 84 Councils failed to meet the benchmark of less than 2% for this ratio. Council’s ratio was 3.8%.

#### Asset Maintenance Ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog

growing. The benchmark is greater than 1 (or 100%). Council scored 113.8% or 1.14 times.

As can be seen from the above information, Council is performing well in the majority of cases against the benchmarks set for Fit for the Future. Of the three ratios Council did not meet or exceed benchmark, the rates and annual charges outstanding ratio has improved every year in the past four years. Council still maintains a focus on this percentage and work towards decreasing the ratio to meet the benchmark.

In relation to the two asset ratios where Council has not met the benchmark, this shows additional revenue sources need to be found so more funding can be focussed on improving our asset renewals and infrastructure backlog. This is important as we also invest in new assets including upgrading the NRLX, activating the Drill Hall site and the improving the Woodburn Riverside Precinct.

It is timely with 2018/19 being the last year of Council's five year Special Rate Variation, that Council reflect on the position it is in at present, what a positive effect the previous variation has had on Council's financial position and delivery of higher levels of service, and consider whether another special rate variation should be applied for. With rate pegging being set so low and most expenses increasing by more than CPI, Council needs to either increase income or revisit service levels to remain financially sustainable.

### **Delivery Program Links**

Making Council Great

CS2 Great Support

CS2.14 Provide efficient, effective and highly valued financial services to the organisation.

### **Attachment(s)**

Included in Appendix: Report on Local Government 2017.

#### 15.4 DEVELOPMENT APPLICATIONS DETERMINED UNDER THE ENVIRONMENTAL PLANNING AND ASSESSMENT ACT FOR THE PERIOD 1 APRIL 2018 TO 30 APRIL 2018

##### Responsible Officer:

Andrew Hanna (Manager Development and Environment)

### Report

This report provides a summary of development activity on a monthly basis. All Development Applications determined in the month are outlined in this report, including Section 96 approvals, applications that are refused and withdrawn, and applications with no development value such as subdivisions.

Council receives a weekly summary of the status of applications (including all received). Council notifies all determinations of Development Applications in the local newspaper pursuant to Clause 101 of the *Environmental Planning and Assessment Act 1979* (as amended) on a monthly basis.

The total number of Development Applications and Complying Development Applications determined within the Local Government area for the period 1 April 2018 to 30 April 2018 was 24, with a total value of \$2,967,328.00.

In order to provide a better understanding of the value of Development Consents issued by Council over a 12-month period, a graph is set out below detailing this information.

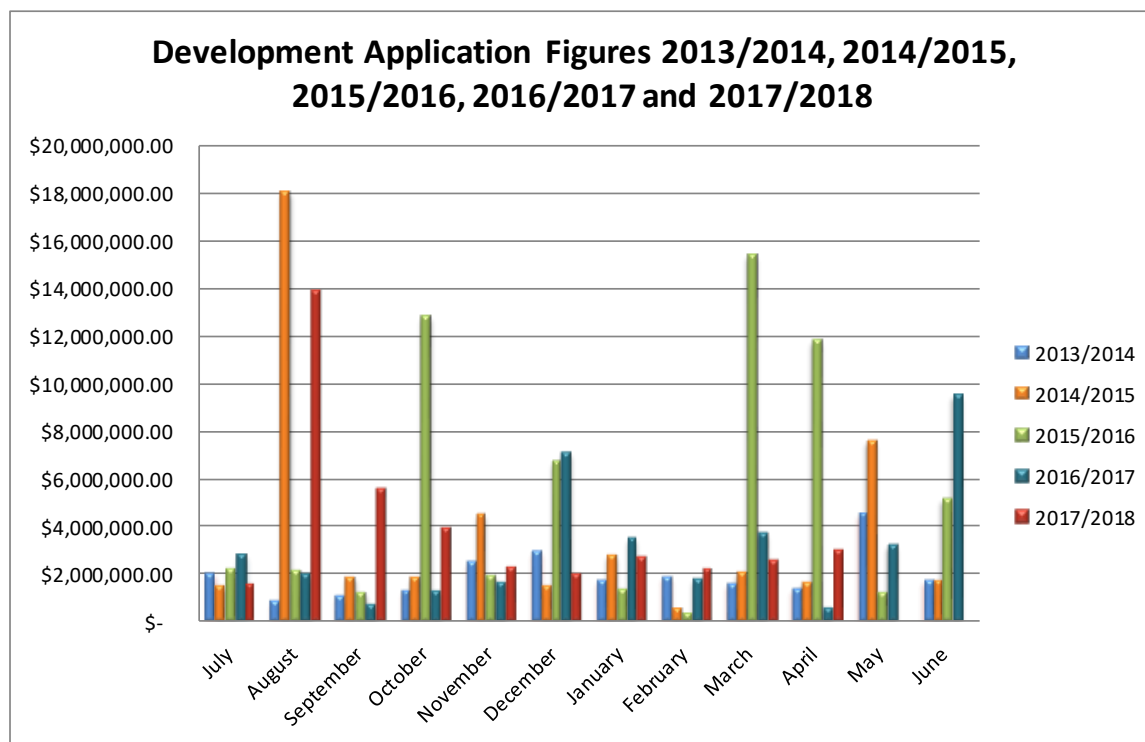


Figure 1: Monthly dollar value of development processed by Council over five financial years.

Figure 2 graph provides the annual value of Development Consents issued by Council over six financial years and Figure 3 and 4 graphs provide a detailed review of the value for the reporting month of April 2018.

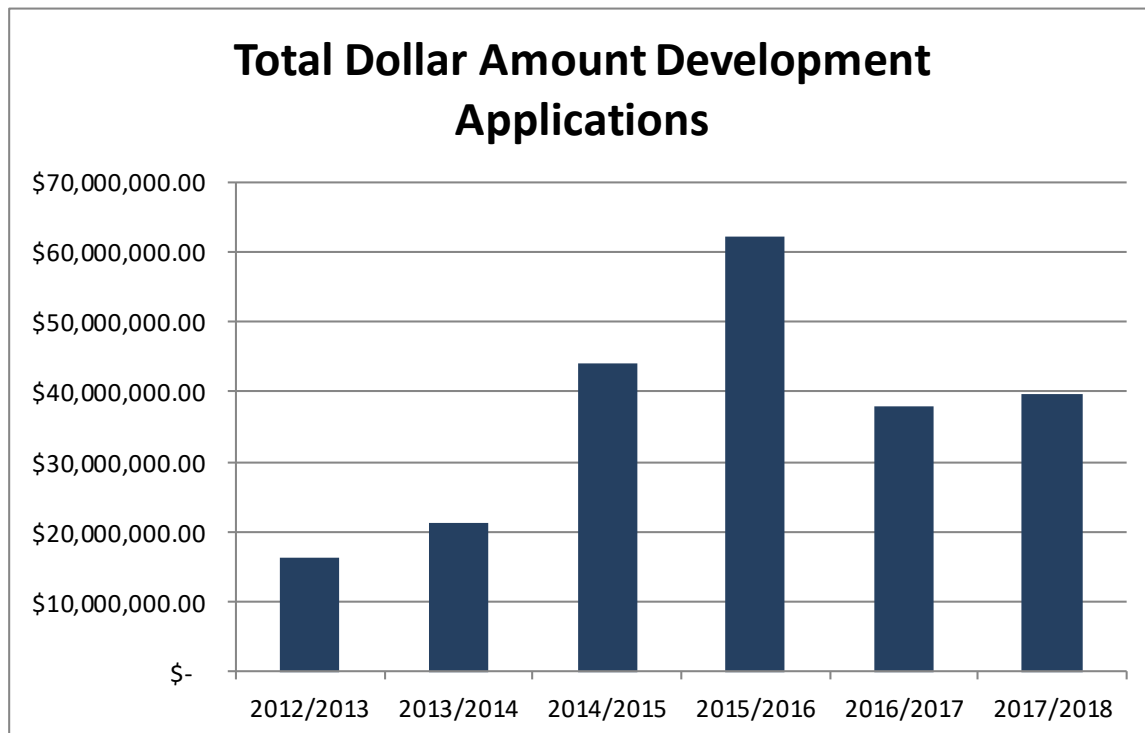


Figure 2: Annual value of development.

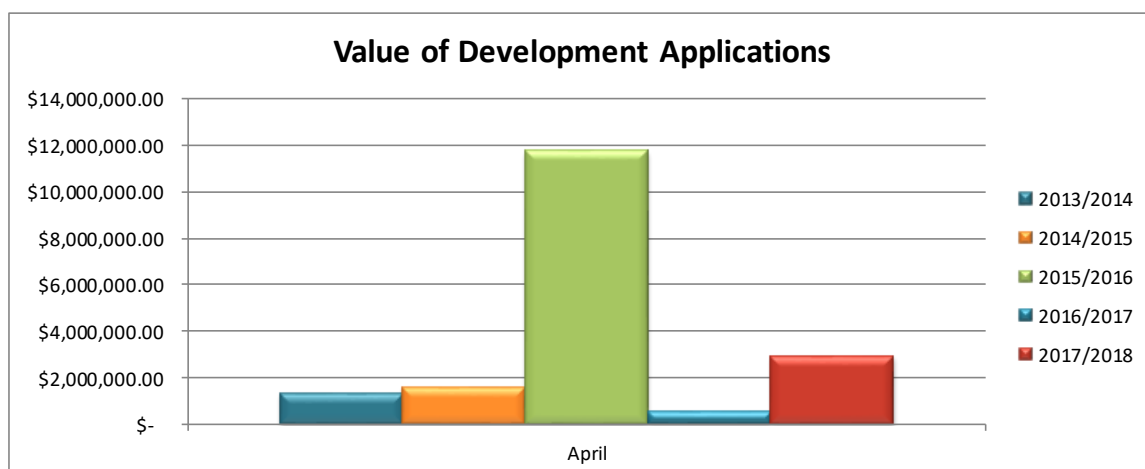


Figure 3: Value of development for the month of April.

### **Number of Development Applications**

The number of applications received by Council does not necessarily reflect the value of developments as single large developments can be equivalent in value to a large number of more standard type developments such as sheds, dwellings and small commercial developments.

Figures 4 and 5 below detail the number of applications determined by Council which, as stated above, is not necessarily reflective of the value of development.



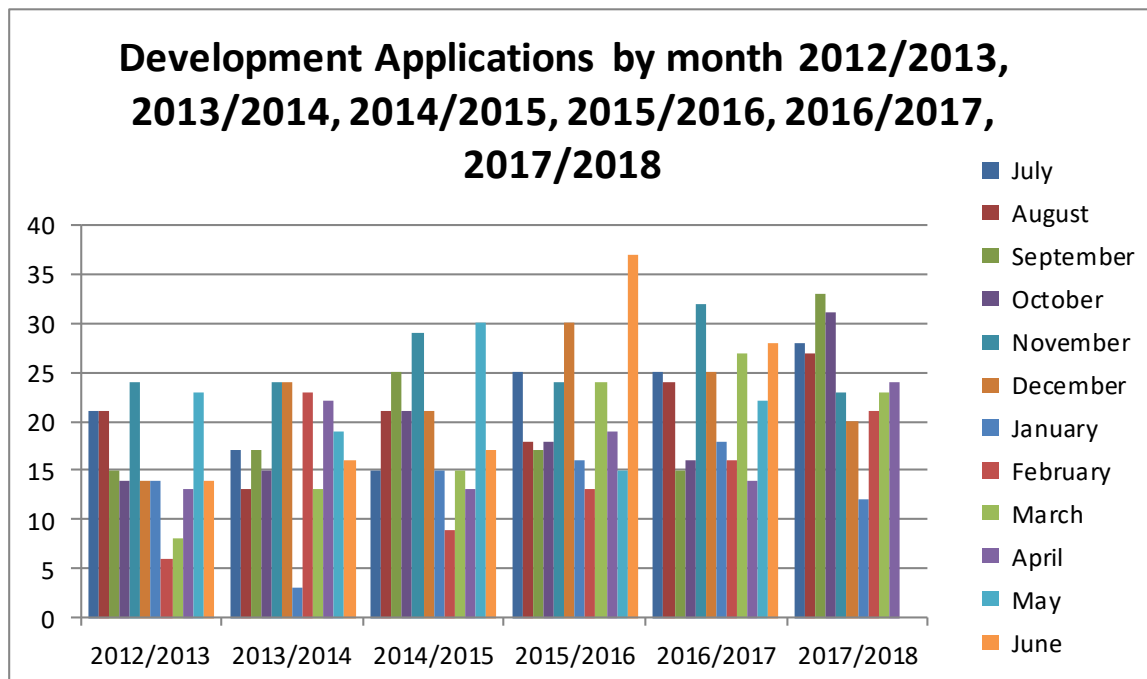


Figure 4: Number of Development Applications per month over six financial years.

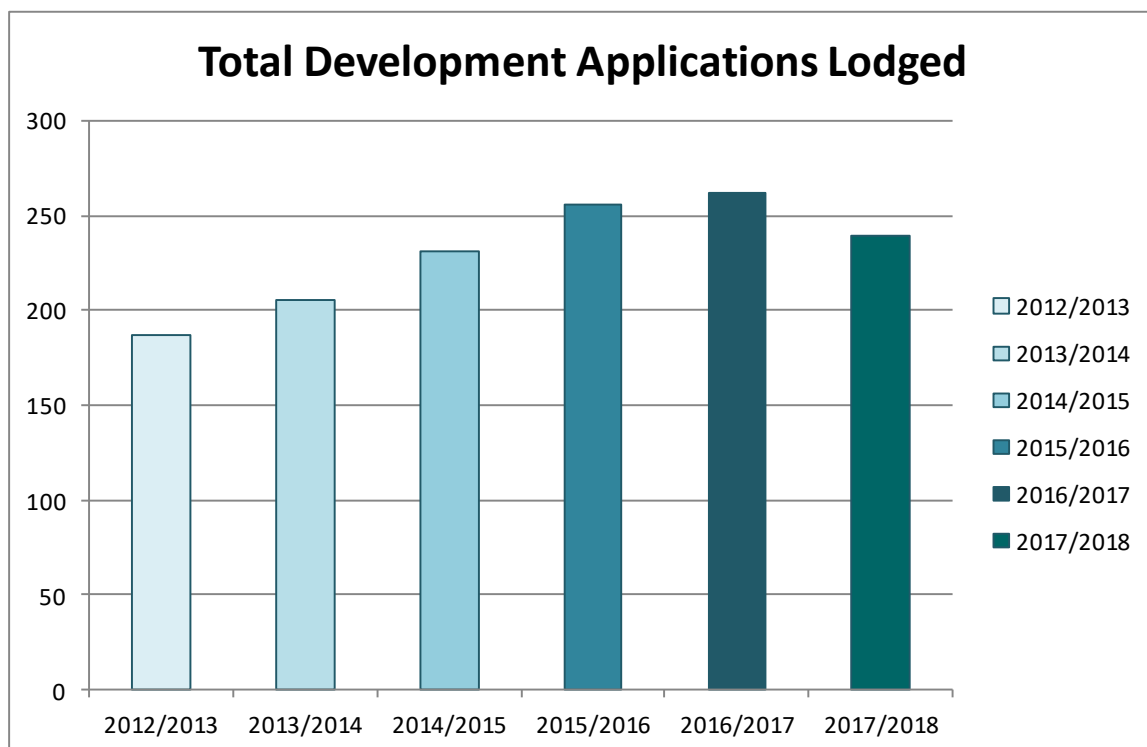


Figure 5: Number of development applications per year over six financial years.

#### **Activity for the month of April**

General Approvals (excluding Subdivisions, Section 96s)	16
Section 96 amendments to original consent	3
Subdivision	3
Refused	0
Withdrawn	2
Complying Development (Private Certifier Approved)	0
<b>TOTAL</b>	<b>24</b>

### **Delivery Program Links**

Growing our Economy

EC1 Driving Economic Growth

EC1.6 Improved customer satisfaction with the DA process

### **Attachment(s)**

Summary of Development Applications

Summary of Development Applications determined under the Environmental Planning and Assessment Act for the period 1 April 2018 to 30 April 2018							
Application ID	Applicant	Owners	Location	Parcel Description	Development	Determination Date	Estimated Cost
DA2018/0095	Newton Derry Chapelle	JC Bell JM Bell	2 Pine Lane, Evans Head	Lot A DP 1 019 37	Three Storey Dwelling and Variation to Development Control Plan 2015.	19/04/2018	\$ 750,000.00
DA2018/0113	C Flynn L Turnbull	C Flynn L Turnbull	11 Shyne Road, Woodburn	Lot 42 DP 1 025 678	Shed and Variation to Development Control Plan 2015.	23/04/2018	\$ 34,700.00
DA2018/0149	Newton Derry Chapelle	SR Dougherty CJ Dougherty	1165 Spring Grove Road, Spring Grove	Lot 41 DP 1 084 516	Subdivision to Create Nineteen (19) Lots being 18 Rural Residential Lot and 1 Residential Lot, Demolition of Existing Dwelling and Associated Civil Works	24/04/2018	\$ 470,000.00
DA2018/0153	Hagen Building Consultancy	MA Marcott MM Newcombe	2/8 Ocean Street, Evans Head	Lot 2 SP 67 420	Carport, Alterations & Additions and Variation to Development Control Plan 2015.	9/04/2018	\$ 48,000.00
DA2018/0159	Diorbuild Pty Ltd	RL Porter	1/36 Simpson Parade, Casino	Lot 101 DP 1 21 965 7	Dual Occupancy	10/04/2018	\$ 257,823.00
DA2018/0166	NSW Department of Education	MHS for Education	31A Walker Street, Casino	Lot 307 DP 821 019	Covered Outdoor Learning Area at Casino Primary School	19/04/2018	\$ 100,000.00
DA2018/0169	Richmond Valley Council	Richmond Valley Council	22 Mangrove Street, Evans Head	Lot 75 DP 09 11 594 10	Alterations and Additions to Evans Head State Hall comprising Decks, Disability Access & Covered Area	9/04/2018	\$ 40,000.00
DA2018/0178	Sumnercraft Poles Pty Ltd	SK Gray LA Gray	110 Pacific Highway, Broadwater	Lot 1 Sec 5 DP 2 769	Shed framed single skin flyover patio	17/04/2018	\$ 8,700.00
DA2018/0180	CJ Gray SL Gray	CJ Gray SL Gray	50 Hereford Drive, North Casino	Lot 34 DP 8 326 48	Inground Swimming Pool	3/04/2018	\$ 33,200.00
DA2018/0182	Newton Derry Chapelle	JF Kershaw	19 Martin Street, Coraki	Lot 13 DP 7 771 Lot 14 DP 7 771 Lot 42 DP 8 298 57	Consolidation and Subdivision to Create 2 Lots being Lot 1(1,106m <sup>2</sup> ) and Lot 2(2,184.4m <sup>2</sup> )	3/04/2018	\$ -
DA2018/0184	BA Harley	DJ Palmer H Waddell	36 Ivory Circle, Casino	Lot 11 DP 1 230 663	Dwelling	17/04/2018	\$ 429,000.00
DA2018/0185	JK Knight PJ Knight	JK Knight PJ Knight	15 McAuliffe Street, Casino	Lot 9 Sec 2 DP 2 235 9	New Shed & Demolition of Existing Shed	10/04/2018	\$ 9,000.00
DA2018/0186	Diorbuild Pty Ltd	C Skellings	14 Carrington Drive, Casino	Lot 2 DP 12 389 63	Dwelling	16/04/2018	\$ 183,758.00
DA2018/0188	Global Projects	LG Chubb	870 Fitzgerald Road, Yorklea	Lot 11 DP 8 055 31	Dwelling Alterations and Additions	3/04/2018	\$ 160,000.00
DA2018/0187		GJ Lindquist TL Johnson	1/85 Nathan Street, Casino	Lot 12 DP 1 104 095	Strata Title Subdivision to Create Two Lots being Lot 1(6,20m <sup>2</sup> ) and Lot 2(4,20m <sup>2</sup> )	17/04/2018	\$ -
DA2018/0190	Metrican Homes QLD Pty Ltd	TM Hurrell RC Scarr	East Coraki Road, East Coraki	Lot 6 DP 75 569 9	Dwelling	16/04/2018	\$ 278,097.00
DA2018/0194	Hagen Building Consultancy	PT Muldoon MM Muldoon	7 Lancaster Place, Evans Head	Lot 4 Sec 50 DP 253 218	Carport & Dwelling Extensions	20/04/2018	\$ 70,000.00
DA2018/0180.01	Hagen Building Consultancy	CD Ware BA Ware	22 Cypress Street, Evans Head	Lot A DP 3 653 75	Section 4.5.5 Modification Dwelling Extensions and Granny Flat	19/04/2018	\$ -
DA2018/0156.01	ML Peterson	ML Peterson	2 Knight Street, Casino	Lot 1 DP 78 330 4	Section 4.5.5 Modification Shed	17/04/2018	\$ -

**16 QUESTIONS ON NOTICE**

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Nil.

**17 QUESTIONS FOR NEXT MEETING (IN WRITING)**

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Nil.

**18 MATTERS REFERRED TO CLOSED COUNCIL**

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Nil.

The Meeting closed at 6.04 pm.

**CONFIRMED – 26 June 2017**

**CHAIRMAN**

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