



SNOWY VALLEYS COUNCIL EXTRAORDINARY MEETING

AGENDA

Thursday, 31 October 2024

THE MEETING WILL BE HELD AT 2:00 PM
COUNCIL CHAMBERS 76 CAPPER STREET TUMUT
/ VIA VIDEO LINK

Statement of Ethical Obligations

Councillors are reminded of the oath or affirmation of office they made under section 233A of the Local Government Act 1993 and the obligation under Council's Code of Conduct to disclose and appropriately manage conflicts of interest.

Disclosure of Pecuniary Interests at meetings (extract from the Code of Conduct – Section 4)

- 4.28** Councillor or a council committee member who has a pecuniary interest in any matter with which the council is concerned, and who is present at a meeting of the council or committee at which the matter is being considered, must disclose the nature of the interest to the meeting as soon as practicable.
- 4.29** The councillor or council committee member must not be present at, or in sight of, the meeting of the council or committee:
- (a) at any time during which the matter is being considered or discussed by the council or committee, or
 - (b) at any time during which the council or committee is voting on any question in relation to the matter.
- 4.30** In the case of a meeting of a board of a joint organisation, a voting representative is taken to be present at the meeting for the purposes of clauses 4.28 and 4.29 where they participate in the meeting by telephone or other electronic means.
- 4.31** Disclosure made at a meeting of a council or council committee must be recorded in the minutes of the meeting.

Disclosure of Political Donations and Gifts

The *Environmental Planning and Assessment Act 1979* places obligations on Councillors, staff, applicants and any person who makes a public submission, to disclose information relating to political donations and gifts during the environmental plan making or development assessment process.

The fact that political donations or gifts have been made by applicants / proponents of a planning application should not affect whether an application is approved or refused. Political donations or gifts should not be relevant in making a determination. The matter should be determined on its merits. Nor do they provide grounds for challenging the determination of any applications.

For further information, visit www.planning.nsw.gov.au/donations

Furthermore, for each planning decision made at a Council or Committee Meeting, the names of Councillors who supported the decision and those that oppose the decision must be recorded. (Sec. 375A of the *Local Government Act 1993*)

**Use of mobile phones and the unauthorised recording of meetings
(extract from the Code of Meeting Practice – Section 15)**

- 15.21** Councillors, council staff and members of the public must ensure that mobile phones are turned to silent during meetings of the council and committees of the council.
- 15.22** A person must not live stream or use an audio recorder, video camera, mobile phone or any other device to make a recording of the proceedings of a meeting of the council or a committee of the council without the prior authorisation of the council or the committee.
- 15.23** Any person who contravenes or attempts to contravene clause 15.22, may be expelled from the meeting as provided for under section 10(2) of the Act.
- 15.24** If any such person, after being notified of a resolution or direction expelling them from the meeting, fails to leave the place where the meeting is being held, a police officer, or any person authorised for the purpose by the council or person presiding, may, by using only such force as is necessary, remove the first-mentioned person from that place and, if necessary, restrain that person from re-entering that place for the remainder of the meeting.

Livestreaming of Meetings (extract from the Code of Meeting Practice – Section 5)

This meeting is live streamed on Council's website to allow the community to follow Council debates and decisions without the need to attend meetings in person. Members of the public attending or speaking at a meeting agree to have their image, voice and personal information (including name and address) recorded and publicly broadcast. Snowy Valleys Council does not accept liability for any defamatory remarks or inappropriate comments that are made during the course of a meeting. Any part of the meeting that is held in closed session will not be streamed.

- 5.19** All meetings of the council and committees of the council are to be webcast on the council's website.

Photography

Flash photography is not permitted at a meeting of the Council or a Committee of the council without the consent of the General Manager.

Public Forum (extract from the Code of Meeting Practice – Section 4)

- 4.1** The Council may hold a public forum prior to each Ordinary Council meeting for the purpose of hearing oral submissions on items of business to be considered at the meeting.
- 4.2** Public forums are to be chaired by the mayor or their nominee.

Those attending must comply with the terms and conditions of the Code of Meeting Practice which can be viewed on Council's website;

<http://www.snowyvalleys.nsw.gov.au/Council/Governance/Policies>



Thursday, 31 October 2024
Council Chambers 76 Capper Street Tumut and Via Video Link
2:00 PM

AGENDA

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1. ACKNOWLEDGEMENT OF COUNTRY

Snowy Valleys Council proudly acknowledges the traditional owners and custodians of this land and water and pay respects to their Elders past and present.

2. APOLOGIES, LEAVE OF ABSENCE AND REMOTE ATTENDANCE

3. DECLARATIONS OF PECUNIARY INTEREST

Pursuant to Section 4 of the Code of Conduct, Councillors are required to declare any direct or indirect pecuniary interest in any matters being considered by Council.

4. GOVERNANCE AND FINANCIAL REPORTS

4.1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 2024

REPORT AUTHOR: CHIEF FINANCIAL OFFICER

RESPONSIBLE DIRECTOR: DIRECTOR COMMUNITY & CORPORATE

EXECUTIVE SUMMARY:

Following completion of the annual external audit, Council's Annual Financial Statements for the year ended 30 June 2024 are presented to Council for adoption and subsequent lodgement with the Office of Local Government by 31 October 2024. It is recommended that Council adopt the Annual Financial Statements and invite the Audit Office of NSW to attend the next Council meeting to present the Auditor's Report.

RECOMMENDATION:

THAT COUNCIL:

- 1. Adopt the Annual Financial Statements for the year ended 30 June 2024;**
- 2. In accordance with Section 413(2)(c) of the *Local Government Act 1993*, authorize the Mayor, one other Councillor, the Interim General Manager and the Responsible Accounting Officer to sign the "Statement by Councillors and Management" for the General and Special Purpose Financial Statements and lodge them with the Office of Local Government by 31 October 2024;**
- 3. Note that the Annual Financial Statements will be placed on Council's website for public comment;**
- 4. Invite the Audit Office of NSW to attend the Council meeting of 21 November 2024 to present the Auditor's Report;**

BACKGROUND:

The 2024 Draft Financial Statements were presented to the Audit, Risk and Improvement Committee (ARIC) on 30 October 2024.

The Auditor's Report still needs to be finalised and lodged, together with the audited Financial Statements, with the Office of Local Government by the due date of 31 October 2024.

It should be noted that Section 418 of the *Local Government Act 1993*, requires that as soon as practicable after a council receives a copy of the Auditor's Report:

- It must fix a date for the meeting at which it proposes to present its audited financial reports, together with the Auditor's reports, to the public; and
- It must give public notice of the date so fixed.

Notice will be given via Council's website of the intention to present the Annual Financial Statements for the year ended 30 June 2024, together with the Auditor's Report at the 21 November 2024, Ordinary Council Meeting and invite members of the public to make written submission, should they wish to do so.

Representatives from the Audit Office of NSW will be invited to attend the 21 November 2024 Council meeting to present the Auditors Report and respond to any questions Councillors may have.

REPORT:**Financial Result****Income Statement**

The income statement details the income and expenditure of the Council. This is presented on an 'accrual' basis, that is, it records revenue when it is earned and expenses when they are incurred, regardless of the timing of the receipt or payment of cash. The Income Statement measures Council's financial performance over the year and shows whether or not Council has earned sufficient revenues to support its activities during the year; and whether or not it has created surpluses to fund additional or replacement of assets to service the community needs.

The Draft Annual Financial Statements 2023/24 will be provided as a late attachment as the Audit Office are still finalising the audit.

Snowy Valleys Council | Income Statement | for the year ended 30 June 2024

Snowy Valleys Council**Income Statement**

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Income from continuing operations				
22,403	Rates and annual charges	B2-1	22,572	19,860
15,600	User charges and fees	B2-2	19,657	25,456
1,482	Other revenues	B2-3	1,167	4,758
11,356	Grants and contributions provided for operating purposes	B2-4	17,715	20,309
36,690	Grants and contributions provided for capital purposes	B2-4	14,011	14,579
1,292	Interest and investment income	B2-5	2,181	1,159
–	Other income	B2-6	1,681	1,746
–	Reversal of IPPE revaluation decrements previously expensed	B6-1	1,513	4,219
88,823	Total income from continuing operations		80,497	92,086
Expenses from continuing operations				
20,241	Employee benefits and on-costs	B3-1	20,901	21,155
19,706	Materials and services	B3-2	25,156	38,756
237	Borrowing costs	B3-3	264	282
11,638	Depreciation, amortisation and impairment of non-financial assets	B3-4	12,797	11,949
1,448	Other expenses	B3-5	1,487	1,493
–	Net loss from the disposal of assets	B4-1	4,746	3,685
53,270	Total expenses from continuing operations		65,351	77,320
35,553	Operating result from continuing operations		15,146	14,766
35,553	Net operating result for the year attributable to Council		15,146	14,766
(1,137)	Net operating result for the year before grants and contributions provided for capital purposes		1,135	187

The above Income Statement should be read in conjunction with the accompanying notes.

The 2023/24 Draft Income Statement demonstrates total income from continuing operations (including capital grants and contributions) of \$80.5 million, total expenses from continuing operations of \$65.3 million, resulting in a net operating surplus of \$15.1 million. Council's 2023/24 financial performance has slightly improved from the 2022/23 financial year primarily as a result of 17.5% SRV increase and the reversal of revaluation decrement of water supply network assets in the income statement.

The net operating result when excluding grants and contributions provided for capital purposes results in a surplus of \$1.1 million. A positive performance ratio indicates that the Council is able to fund its day-to-day activities including ongoing maintenance of Infrastructure, Properties, Plant & Equipment (IPPE) assets and will aim to continue to manage the core operations.

Total council revenue decreased by \$11.6 million (12.6%) compared to FY2022/23. The major contributors to the revenue reduction are:

- **User charges and fees** decreased by \$5.8 million (22.78%), primarily driven by a \$3.2 million decline in private works revenue, largely due to the completion of the Bobeyan Road project, which saw most of its expenditures in the FY2022/23 period. Additionally, revenue from Transport for NSW projects fell by approximately \$3 million, reflecting a reduction in funding allocations from Transport.
- **Other Revenue** dropped by \$3.6million (75.47%) predominantly due to \$3.1 million in Disaster funding reported in FY2022/23 which was not repeated in FY2023/24.
- **Grants and contributions provided for Operating expenses** reduced by \$2.6 million (12.77%) community care \$0.8 million and Natural disaster \$4.8 million, Transport for NSW \$0.5 million.
- **Rates and annual charges** increased by \$2.7 million due to the rate peg increase of 3.7% in annual charges for FY2023/24. Second half of the SRV increased by 17.5% (including rate peg) resulting in cumulative total increase of 35.95%
- **Reversal of IPPE revaluation** In the FY2021/22, the Council's water assets were significantly revalued downwards, leading the water business to exhaust its reserves and report a \$14 million loss in the Income Statement (Profit and Loss). Since then, subsequent indexations have increased the value of the water assets over the past two years. In the FY2023/24, further indexing raised the assets' value by \$1.5 million, which is reported as income until the initial \$14 million loss is fully recovered.

Total expenses from continuing operations decreased by \$11.9 million (15.48%) compared to the previous FY2022/23 due to the below contributors,

- **Materials and services expenses** decreased by \$13.6 million (35%), primarily due to reductions in Transport for NSW works (\$5.8 million), EPA Bushfire expenses (\$5.2 million), and Flood-related expenses (\$3.3 million). These expense reductions correspond with a decrease in related revenue as stated above.
- **Employee benefits and on-costs** reduced slightly by \$0.25 million (1.2%) predominantly due to FTE's, workers compensation and Employee leave liability.
- **Depreciation, amortization and impairment of non-financial assets** expenses rose by \$0.85 million largely due to the indexations and revaluations undertaken in FY2023/24.
- **Net loss from the disposal of the assets** of \$4.76 million was reported in FY2023/24 financials, an increase of \$1.05 million (28.79%) compared to the last FY2022/23 due to the disposal of the infrastructure assets.

It should also be noted that the General Fund has experienced a deficit of \$3.5 million which affects ongoing operations.

The **Cash balance** as at 30 June 2024, was \$54.81 million, up from \$44.01 million on 30 June 2023, an increase of \$10.79 million year on year (24.51%). This growth was primarily driven by net cash flows from operating activities.

Statement of Financial Position

The Statement of Financial Position details the assets and liabilities of the council, also referred to as a balance sheet statement. The key highlights are reported as below,

Council's total equity as at 30 June 2024 is \$838.89 million (\$797.07 million as at 30 June 2023).

Cash Assets

Council's cash assets, which comprise cash and investments totalling \$54.81 million as at 30 June 2024 compared to \$44.01 million at 30 June 2023.

Note C1-1 to C1-3 of the Financial Statements provides a breakdown of the cash position including funds held in Council's various reserves.

Council's internally restricted cash of \$10.6 million within the General Fund represents money set aside by Council to fund the cost of future works and/or to meet financial obligations including employee leave entitlements.

In addition to General Fund reserve balances, Council holds externally restricted investments totalling \$39.72 million, which are only available for specific use by Council due to legislative restriction or third party contractual agreement. These restricted funds include Water fund, Sewer fund, Domestic waste management, Retirement village and Urban Stormwater.

Infrastructure, Property, Plant and Equipment

Council's fixed assets were valued at \$797.3 million at 30 June 2024.

Council, in accordance with the Accounting Code, revalued buildings and open space recreational assets. Revaluation increments totalled \$47.06 million whilst a revaluation increment with regards to the Water Fund of \$4.22 million is recognized in the income statement.

Note C1-7 outlines that the Council invested \$18.48 million in new and replacement assets, with depreciation expenses amounting to \$12.67 million, representing the consumption of these assets. The Council recorded total asset disposals of \$6.38 million, largely involving infrastructure assets valued at \$5.15 million following the renewal and/or replacement of these assets.

Interest Bearing Loans

Council's net loan liability decreased by \$0.79 million to \$4.28 million as at 30 June 2024. A summary of loans by Fund is set out below:

- General Fund \$1.74 million
- Water Fund \$0.74 million
- Sewer Fund \$1.80 million

Performance Measures

G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicators 2023	Indicators 2022	Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	4,368	6.72%	(0.47)%	(3.88)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	64,973				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	47,258	59.83%	60.29%	60.80%	> 60.00%
Total continuing operating revenue ¹	78,984				
3. Unrestricted current ratio					
Current assets less all external restrictions	25,499	3.33x	1.95x	1.79x	> 1.50x
Current liabilities less specific purpose liabilities	7,662				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	17,429	16.55x	8.13x	5.71x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,053				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	1,326	5.59%	5.07%	3.95%	< 10.00%
Rates and annual charges collectable	23,711				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	54,806	11.94 months	7.68 months	10.46 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	4,588				

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

Operating performance

The 'operating performances ratio' measures how well local councils contained expenses within revenue. The benchmark set by the Office of Local Government (OLG) for the ratio is greater than zero percent.

In FY2023/24, the Council reported an operating surplus of \$4.37 million, contrasting with an operating deficit of \$0.347 million in FY2022/23, yielding a ratio of 6.72%. This performance highlights the Council's ability to generate sufficient income to cover its operating costs and sustain its ongoing obligations.

Own source operating revenue

The 'own source operating revenue ratio' assesses a council's fiscal flexibility and its reliance on external funding sources, such as operating grants and contributions. The benchmark set by the OLG for this ratio is over 60 percent.

The Council has reported a ratio slightly below this benchmark, at 59.83%.

Unrestricted current ratio

The 'unrestricted current ratio' is specific to the Local Government sector and represents a council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG for the ratio is greater than 1.5 times.

Council has improved its ratio to 3.33 times compared to FY2022/23 which reflect the strong short term financial position for the Council.

Debt service cover ratio

The 'debt service cover ratio' measures the operating cash available to service debt including interest, principal and lease payments. The benchmark set by OLG for the ratio is greater than two times.

Council reported 16.55 times for the FY2023/24.

Rates and annual charges outstanding percentage

The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on a Council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG for the ratio is less than five per cent for metropolitan and less than ten per cent for rural councils.

Council is performing well in the collection of rates and annual charges with only 5.59% outstanding rates and annual charges in FY2023/24.

Cash expense cover ratio

The 'cash expense cover ratio' indicates the number of months a council can continue paying its expenses without additional cash inflows. Council's ratio of 11.94 months exceeded the benchmark set by OLG of greater than 3 months.

Audit, Risk and Improvement Committee

The 2024 Draft Financial Statements were presented to the Audit, Risk and Improvement Committee (ARIC) on Wednesday 30 October 2024.

LINK TO COMMUNITY STRATEGIC PLAN AND DELIVERY AND OPERATIONAL PLAN:**Integrated Planning and Reporting Framework:****Community Strategic Plan Theme**

Theme 5 - Our Civic Leadership

Community Strategic Plan Strategic Objectives

CSP5 Our Civic leadership and organisation government fosters open and transparent partnership with our community

Delivery Program Principal Activities

5.5 Provide effective short and long term financial management to deliver financial sustainability

FINANCIAL AND RESOURCES IMPLICATIONS:

There is a considerable cost incurred to have the financial statements externally audited along with considerable internal resources required to produce the financial statements.

POLICY, LEGAL AND STATUTORY IMPLICATIONS:

Local Government Act, 1993.

RISK MANAGEMENT / COST BENEFIT ANALYSIS:

The process for undertaking the completion and validation of financial statements is robust and is a key component to managing financial and business risk.

OPTIONS:

1. Adopt as per recommendations set out in this report.

COUNCIL SEAL REQUIRED:

No

COMMUNITY ENGAGEMENT AND COMMUNICATION:

Audited Financial Statements will be presented to the Ordinary Council meeting in November 2024 by the Audit Office of NSW. Media releases and website information will follow both Council meetings to provide further information to the public.

ATTACHMENTS

1. Draft Annual Financial Statements 2023/24 (late attachment - Under separate cover)

5. MEETING CLOSURE
