
Quarterly Budget Review Statement for the quarter ending 31 March 2022

Responsible Officer: Group Manager Corporate and Commercial (Guy Bezrouchko)

Recommendation

That Council note the results presented in the Quarterly Budget Review Statement as at 31 March 2022 and authorise the variations to the amounts from those previously estimated.

Background

The Integrated Planning and Reporting (IP&R) framework sets out minimum standards of reporting that will assist Council in adequately disclosing its overall financial position and to provide sufficient additional information to enable informed decision-making and enhance transparency.

The Quarterly Budget Review Statement (QBRs) is made up of a minimum of six key statements:

- (QBRs1) Statement by the Responsible Accounting Officer on Council's financial position
- (QBRs2) Budget Review Income and Expenses Statement
- (QBRs3) Budget Review Capital Budget
- (QBRs4) Budget Review Cash and Investments Position
- (QBRs5) Budget Review Contracts and Other Expenses
- (QBRs6) Budget Review Key Performance Indicators

For the information of Council, the original 2021/22 budget was adopted on 17 June 2021 as part of the 2021/22 Operational plan and the 2017/22 Delivery program.

Finance

(QBRs1) Report by Responsible Accounting Officer

The following statement is made in accordance with clause 203(2) of the *Local Government (General) Regulation 2021*.

"It is my opinion that the Quarterly Budget Review Statement of Rous County Council for the quarter ended 31 March 2022 indicates that Council's projected financial position at 30 June 2022 will be satisfactory at year end, having regard to the projected estimates of income and expenditure, the original budgeted income and expenditure and Council's short-term liquidity position."



Guy Bezrouchko
Responsible Accounting Officer

Table 1: Summary of proposed changes whole organisation – March 2022

BUDGET ITEMS	Original Budget 2021/22	2020/21 Carryovers	September	December	March	Projected Year End Result 2021/22
			30-Sep-21	31-Dec-21	31-Mar-22	
			Quarter	Quarter	Quarter	
Operating Income						
Flood	950,100	0	1,129,900	32,000	0	2,112,000
Weeds	1,613,300	0	207,300	7,500	42,800	1,870,900
Retail	2,905,900	0	0	(8,200)	220,000	3,117,700
RWL	771,000	0	0	(3,300)	90,000	857,700
Commercial Property	270,900	0	0	(60,500)	(21,000)	189,400
Fleet	80,500	0	0	(9,000)	22,000	93,500
Bulk	19,961,700	0	0	(136,000)	0	19,825,700
TOTAL OPERATING INCOME	26,553,400	0	1,337,200	(177,500)	353,800	28,066,900
Operating Expenses						
Flood	1,713,000	162,700	1,276,500	32,000	0	3,184,200
Weeds	1,611,600	80,000	275,300	(44,400)	12,800	1,935,300
Retail	2,982,000	15,500	0	0	160,700	3,158,200
RWL	769,300	0	0	0	120,000	889,300
Commercial Property	381,900	0	0	0	(12,000)	369,900
Fleet	157,000	0	0	0	11,000	168,000
Bulk	23,247,000	737,500	383,700	50,000	(5,100)	24,413,100
TOTAL OPERATING EXPENSES	30,861,800	995,700	1,935,500	37,600	287,400	34,118,000
OPERATING RESULT	(4,308,400)	(995,700)	(598,300)	(215,100)	66,400	(6,051,100)
Exclude Depreciation	7,416,500	0	0	0	160,700	7,577,200
Cash Result	3,108,100	(995,700)	(598,300)	(215,100)	227,100	1,526,100
Add: Capital Income	5,766,400	0	(1,686,400)	850,000	0	4,930,000
Less: Capital Expense	36,878,000	803,100	461,500	(50,000)	(2,341,000)	35,751,600
Add: From/Less: (To) Reserve	31,417,900	1,798,800	2,751,500	(684,900)	(2,568,100)	32,715,200
Less: Loan Repayments	3,414,400	0	5,300	0	0	3,419,700
Estimated Cash Movement	0	0	0	0	0	0

Commentary on proposed adjustments – March 2022 (Table 1)

The following notes detail proposed budget variations on a fund basis as compared to the original budget and quarterly adjustments. For reporting purposes, only changes over \$5,000 are individually referenced.

March 2022 Floods

Background

The Northern Rivers flood events in March 2022 have had a significant impact on Council's assets and operations. Affected assets include rural levees, infrastructure projects, fleet items, administration building and sub-leases including Richmond Water Laboratories, the rental property at 20 Conway St, and Kyogle Street and Woodburn depots.

Insurance Claim

Rous' insurance policy with Statewide Mutual includes flood cover with a sub-limit of \$2M that applies for property loss and business interruptions. The full extent of this claim is still being assessed. The flood policy excess of \$100,000 will be deducted from the final claim when it is paid.

An insurance assessment of the Lismore Levee assets listed on Rous' insurance is scheduled to be undertaken in early May 2022. While Rous holds the insurance policy for some Lismore Levee assets, Lismore City Council pays the insurance premium cost for those assets calculated on a proportional basis. As such any claim made in relation to those assets that is approved by the insurer will be paid out also on a proportional basis.

Disaster Recovery Funding

Staff are currently compiling the necessary data to catalogue the extent of the damage. Once this is completed, a formal application will be made for Disaster Recovery Funding through NSW Public Works Advisory. This claim will be in addition to the insurance claim which is concurrently being prepared to fund the replacement/renewal of eligible affected assets.

At this stage the full extent of the damage and the funding claim is unknown. The estimates provided below are an indication of the extent of the damage, but it should be noted that this may not represent the entire cost. Council will be updated when the assessments are completed, and the specific information is available.

Expenditure Description	Amount \$ (excl of GST)
Ballina Heights Rotor Actuator	\$12,000
Data Loggers	\$113,900
ICT Equipment	\$53,200
Kyogle Street Depot	\$666,800
Fleet Replacements	\$308,300
Richmond Water Laboratory	\$441,200
Wilson's River Low Lift Pumps	\$2,261,800
Woodburn Depot	\$135,400
Woodburn Reservoir	\$744,000
Woodburn Telemetry	\$15,000
Total	\$4,751,600

The actual costs incurred relating to the March 2022 floods to 31 March 2022 are summarised below:

Expenditure Category	Amount \$ (excl of GST)
Operating Expenditure	\$138,100
Capital Expenditure	\$42,800
Total	\$180,900

Flood Mitigation Reporting Unit

(QBR2) Income & Expenses - Flood

	Original Budget 2021/22	2020/21 Carryovers	Approved Changes Sept Review	Approved Changes Dec Review	Recommend Changes for Council Resolution	Projected Year End Result 2021/22	Actual YTD
Operating Income							
Interest Income / Sundry	6,700	0	0	0	0	6,700	3,600
Lismore Insurance Reimbursement	4,500	0	0	0	0	4,500	4,400
Operating Contributions	821,000	0	59,900	0	0	880,900	664,500
Operating Grants	117,900	0	1,070,000	32,000	0	1,219,900	103,900
Total Operating Income	950,100	0	1,129,900	32,000	0	2,112,000	776,400
Operating Expense							
Administration Expenses	203,600	0	0	0	0	203,600	148,600
Building/Depot Expenses	18,100	0	0	0	0	18,100	5,300
Fleet Hire Expense	71,600	0	0	0	0	71,600	50,200
Insurance	4,500	0	0	0	0	4,500	4,400
Salaries & Wages	449,900	0	0	0	0	449,900	365,300
Operations Purchases	280,300	162,700	1,276,500	32,000	0	1,751,500	990,000
Depreciation	685,000	0	0	0	0	685,000	538,200
Total Operating Expense	1,713,000	162,700	1,276,500	32,000	0	3,184,200	2,102,000
Operating Result	(762,900)	(162,700)	(146,600)	0	0	(1,072,200)	(1,325,600)
Less Depreciation	685,000	0	0	0	0	685,000	538,200
Operating Result Excl. Non Cash	(77,900)	(162,700)	(146,600)	0	0	(387,200)	(787,400)
Add Capital Income	0	0	0	0	0	0	0
Less Capital Expenses	150,300	0	0	0	0	150,300	35,600
Transfer from/(to) Reserve	228,200	162,700	146,600	0	0	537,500	823,000
Net Cash Movement	0	0	0	0	0	0	0

No budget adjustments are required this quarter.

Note: Grant revenue associated with the April 2021 flood damage (Bungawalbin levee and West Coraki landslip) of \$970K is forecast to be received in the next quarter. Also, further expenditure of \$240K will be brought to account in the quarter.

Impact on Flood Mitigation Reserve

Nil.

Weed Biosecurity Reporting Unit

(QBR2) Income & Expenses - Weeds

	Original Budget 2021/22	2020/21 Carryovers	Approved Changes Sept Review	Approved Changes Dec Review	Recommend Changes for Council Resolution	Projected Year End Result 2021/22	Actual YTD
Operating Income							
Interest Income / Sundry	10,200	0	0	0	0	10,200	7,400
Operating Contributions	825,100	0	0	0	0	825,100	618,800
Operating Grants	778,000	0	176,300	7,500	42,800	1,004,600	991,900
Private Works Income	0	0	31,000	0	0	31,000	31,100
Total Operating Income	1,613,300	0	207,300	7,500	42,800	1,870,900	1,649,200
Operating Expense							
Administration Expenses	327,400	0	0	0	0	327,400	240,300
Building/Depot Expenses	19,100	0	0	0	0	19,100	10,100
Fleet Hire Expense	155,800	0	0	15,000	0	170,800	126,700
Salaries & Wages	934,400	80,000	71,300	40,600	0	1,126,300	654,900
Operations Purchases	147,900	0	204,000	(100,000)	12,800	264,700	91,200
Depreciation	27,000	0	0	0	0	27,000	17,600
Total Operating Expense	1,611,600	80,000	275,300	(44,400)	12,800	1,935,300	1,140,800
Operating Result	1,700	(80,000)	(68,000)	51,900	30,000	(64,400)	508,400
Less Depreciation	27,000	0	0	0	0	27,000	17,600
Operating Result Excl. Non Cash	28,700	(80,000)	(68,000)	51,900	30,000	(37,400)	526,000
Add Capital Income	0	0	0	0	0	0	0
Less Capital Expenses	85,000	25,000	0	0	0	110,000	100
Transfer from/(to) Reserve	56,300	105,000	68,000	(51,900)	(30,000)	147,400	(525,900)
Net Cash Movement	0	0	0	0	0	0	0

Grant Funding - Tropical Soda Apple (Riparian/High Risk Pathways)

In March 2022, Rous was notified of its success in obtaining funding from North Coast Local Land Services (LLS) for the strategic and ongoing control of *Tropical Soda Apple in Riparian/High-Risk Pathways*.

Tropical Soda Apple (*Solanum viarum*) is classified as a state-wide prohibited matter. Infestations have been found near riparian zones of waterways and are considered high risk due to the likelihood of the weeds spreading if not contained. The movement of these weeds is attributable to water flow, the impacts of natural disasters and is further complicated by the difficulties in accessing the sites to undertake control work. Inspections and control works are planned to be undertaken at Grady's Creek, Byrril Creek, Tweed River, Tooloom Creek and Simes/Forest Road.

Funding from LLS is \$42,700 with the project to be completed by 1 March 2023. All grant funding is expected to be received by 30 June 2022 with the expenditure occurring over two financial years. Rous will contribute \$5,000 of in-kind funding in the form of staff time for monitoring and reporting.

To account for the cash component of this project for 2021/22, the following adjustment is required:

Operating Income	Grants and Contributions	North Coast LLS – TSA	\$42,800
Operating Expenditure	Materials and Contractors		\$12,800
Reserves	Weeds Biosecurity Reserve	Transfer to Reserve	(\$30,000)
		Impact on Cash Surplus	\$0

The Long-Term Financial Plan will be updated to account for the remaining cash component of this project, as per below.

		2022/23
Operating Expenditure	Materials and Contractors, Salaries and Wages	\$30,000
Reserves	Weeds Biosecurity Reserve (Transfer from Reserve)	\$30,000
	Impact on Cash Surplus	\$0

Impact on Weed Biosecurity Reserve

These required changes above will result in a \$30,000 transfer to the Weed Biosecurity reserve in the 2021/22 financial year. The projected balance as at 30 June 2022 will increase by \$30,000 to \$1,931,300 which is beyond the internal reserves policy target of 4 months operating expenditure or \$658,000.

Retail Water Reporting Unit

(QBR2) Income & Expenses - Retail

	Original Budget 2021/22	2020/21 Carryovers	Approved Changes Sept Review	Approved Changes Dec Review	Recommend Changes for Council Resolution	Projected Year End Result 2021/22	Actual YTD
Operating Income							
Water Sales	2,880,600	0	0	0	220,000	3,100,600	2,391,100
Interest Income / Sundry	25,300	0	0	(8,200)	0	17,100	25,300
Total Operating Income	2,905,900	0	0	(8,200)	220,000	3,117,700	2,416,400
Operating Expense							
Administration Expenses	223,100	0	0	0	0	223,100	141,000
Administration - Bulk Water Cost	1,779,100	0	0	0	0	1,779,100	1,334,200
Building/Depot Expenses	1,600	0	0	0	0	1,600	0
Fleet Hire Expense	83,500	0	0	0	0	83,500	59,900
Salaries & Wages	555,500	0	0	0	0	555,500	396,300
Operations Purchases	138,800	15,500	0	0	0	154,300	100,200
Depreciation	200,400	0	0	0	160,700	361,100	270,800
Total Operating Expense	2,982,000	15,500	0	0	160,700	3,158,200	2,302,400
Operating Result	(76,100)	(15,500)	0	(8,200)	59,300	(40,500)	114,000
Less Depreciation	200,400	0	0	0	160,700	361,100	270,800
Operating Result Excl. Non Cash	124,300	(15,500)	0	(8,200)	220,000	320,600	384,800
Add Capital Income	0	0	0	0	0	0	0
Less Capital Expenses	1,517,700	0	10,000	0	0	1,527,700	7,500
Transfer from/(to) Reserve	1,393,400	15,500	10,000	8,200	(220,000)	1,207,100	(377,300)
Net Cash Movement	0	0	0	0	0	0	0

Water Sales Revenue

Revenue from water sales is trending above budget forecast, indicating an increase of \$220K to total sales of \$3.1M for the financial year.

The impact of the flood on sales, if any, is unknown at this time and will be confirmed through the last quarters meter reading cycle. This will likely include increased requests for financial assistance or write-offs due to damaged infrastructure or hardship.

To account for these changes in the 2021/22 financial year, the following adjustment is required:

Operating Income	Water Sales		\$220,000
Reserves	Retail Water Reserve	Transfer to Reserve	(\$220,000)
		Impact on Cash Surplus	\$0

Depreciation Expense

Depreciation expense has increased more than forecast for 2021/22. In line with planned capital works over the next 2 years, existing reticulation pipelines have had their useful lives reduced and aligned with the forward planned works. This has resulted in an increase to the current financial years depreciation.

It should be noted that Rous' water infrastructure assets are currently being revalued in line with the 5-yearly cycle as mandated by the Office of Local Government's Code of Accounting Practice and Financial Reporting Guidelines.

The revaluation will be ready for review by Rous' external auditors in May 2022. Any further changes to depreciation will be updated in June 2022 to correspond with the end of the financial

year. Changes to the forecast depreciation levels are expected to be reported to Council in the Quarterly Budget Review Statement for the quarter ending 30 September 2022.

To account for these changes in the 2021/22 financial year, the following adjustment is required:

Operating Expenditure	Depreciation		\$160,700
		Impact on Cash Surplus	\$0

It should be noted that depreciation is a non-cash financial component and will not have any effect on the cash reserve.

Impact on Retail Water Reserve

These required changes above will result in a \$220,000 transfer to the Retail Water reserve in the 2021/22 financial year. The projected balance as at 30 June 2022 will increase by \$220,000 to \$1,457,000 which is short of the internal reserves policy target of 8 months operating expenditure or \$2,116,000.

Richmond Water Laboratory (RWL) Reporting Unit

(QBR2) Income & Expenses - Richmond Water Laboratory

	Original Budget 2021/22	2020/21 Carryovers	Approved Changes Sept Review	Approved Changes Dec Review	Recommend Changes for Council Resolution	Projected Year End Result 2021/22	Actual YTD
Operating Income							
Laboratory Sales	766,000	0	0	0	90,000	856,000	668,500
Interest Income / Sundry	5,000	0	0	(3,300)	0	1,700	2,100
Total Operating Income	771,000	0	0	(3,300)	90,000	857,700	670,600
Operating Expense							
Administration Expenses	44,700	0	0	0	0	44,700	34,000
Building Expenses	51,000	0	0	0	0	51,000	26,800
Fleet Hire Expense	15,500	0	0	0	0	15,500	15,000
Salaries & Wages	434,200	0	0	0	0	434,200	287,900
Operations - Materials & Contractors	177,500	0	0	0	120,000	297,500	231,300
Operations - Licences/Accreditation	26,200	0	0	0	0	26,200	19,300
Operations - Equipment	5,000	0	0	0	0	5,000	1,100
Depreciation	15,200	0	0	0	0	15,200	12,700
Total Operating Expense	769,300	0	0	0	120,000	889,300	628,100
Operating Result	1,700	0	0	(3,300)	(30,000)	(31,600)	42,500
Less Depreciation	15,200	0	0	0	0	15,200	12,700
Operating Result Excl. Non Cash	16,900	0	0	(3,300)	(30,000)	(16,400)	55,200
Less Capital Expenses	44,100	0	0	0	0	44,100	0
Transfer from/(to) Reserve	27,200	0	0	3,300	30,000	60,500	(55,200)
Net Cash Movement	0	0	0	0	0	0	0

Impact of Flood on RWL Forecasts Result for 2021/22

Prior to the main flood event on 1 March 2022 sales were tracking ahead of forecast with costs being managed within budget and resulting in an increase to the net surplus.

The impact of the flood was extensive leaving the laboratory space inoperable with damage to both the premises and equipment. In addition, routine sampling schedules were reduced due to the flood impact on sampling sites and road conditions for March and parts of April.

Short-term arrangements have been implemented utilising space and services available at NSW DPI's Wollongbar site. At the time of writing this report, RWL was negotiating volume/price and rental costs with NSW DPI.

Assuming RWL maintains revenue at 80% of pre-flood sales, it is appropriate to recognise an increase to the budget of \$90,000. However additional contract costs mean that an increase in budgeted expenditure of \$150,000 is also required.

It is important to note that these forecasts do not include restoration or replacement costs, insurance claims or any other grant funding that may be available.

Laboratory and finance staff are assessing the impact of these short-term arrangements on the forecast financial result. Further information will be provided to Council in the future.

To account for these changes in the 2021/22 financial year, the following adjustment is required:

Operating Income	Sales	RWL	\$90,000
Operating Expenditure	Materials and Contractors		\$120,000
Reserves	RWL Reserve	Transfer from Reserve	\$30,000
		Impact on Cash Surplus	\$0

Impact on RWL Reserve

The required changes will result in a \$30,000 transfer from the RWL reserve which is available. The projected balance as at 30 June 2022 will be reduced by \$30,000 to \$349,200 which is short of the internal reserves policy target of 6 months operating expenditure or \$445,000.

Property Reporting Unit

(QBR52) Income & Expenses - Property

	Original Budget 2021/22	2020/21 Carryovers	Approved Changes Sept Review	Approved Changes Dec Review	Recommend Changes for Council Resolution	Projected Year End Result 2021/22	Actual YTD
Operating Income							
Interest Income / Sundry	9,900	0	0	0	0	9,900	5,300
Property Income	261,000	0	0	(60,500)	(21,000)	179,500	137,000
Total Operating Income	270,900	0	0	(60,500)	(21,000)	189,400	142,300
Operating Expense							
Administration Expenses	50,800	0	0	0	0	50,800	38,100
Building - Maintenance	108,600	0	0	0	0	108,600	71,700
Building - Lease	74,700	0	0	0	(12,000)	62,700	48,000
Perradenya Estate Operations	64,000	0	0	0	0	64,000	40,700
Salaries & Wages	20,900	0	0	0	0	20,900	14,600
Operations Purchases	0	0	0	0	0	0	0
Depreciation	62,900	0	0	0	0	62,900	42,800
Loss on Sale	0	0	0	0	0	0	0
Total Operating Expense	381,900	0	0	0	(12,000)	369,900	255,900
Operating Result	(111,000)	0	0	(60,500)	(9,000)	(180,500)	(113,600)
Less Depreciation	62,900	0	0	0	0	62,900	42,800
Operating Result Excl. Non Cash	(48,100)	0	0	(60,500)	(9,000)	(117,600)	(70,800)
Add Capital Income	1,686,400	0	(1,686,400)	850,000	0	850,000	850,000
Less Capital Expenses	2,551,000	29,800	0	0	(2,290,000)	290,800	33,300
Transfer from/(to) Reserve	912,700	29,800	1,686,400	(789,500)	(2,281,000)	(441,600)	(745,900)
Net Cash Movement	0	0	0	0	0	0	0

March 2022 Flood Damage – Rent Reductions

Several Rous owned and rented properties including the administration building in Molesworth Street, Lismore and the commercial property at 20 Conway Street, Lismore were impacted by the March 2022 flood events.

The main Administration building remains unavailable for occupation by sublease tenants or staff at the present time while repairs are conducted. Rental obligations have been put on hold for the months of March and April 2022 and this has been extended to the current sub-leases on level 2 who have been unable to operate their businesses as usual. The rent received from the sub-lease tenants is included in the Property Reporting Unit and as such the reduction in rent to be received and the associated expenditure is reflected here.

To account for these changes in the 2021/22 financial year, rental income reductions of \$8,400 and \$6,600 respectively (for each sub-lease), offset by a reduction to the building lease expenditure of \$6,300 and \$5,700 (for each sub-lease) and \$3,000 to be taken from funds available in Property reserve:

Operating Income	Rental Revenue	NRMA	(\$8,400)
		ONQ	(\$6,600)
Operating Expenditure	Rental Expenditure	NRMA	(\$6,300)
		ONQ	(\$5,700)
Reserves	Property Reserve	Transfer from Reserve	\$3,000
		Impact on Cash Surplus	\$0

In addition to this the tenants in the commercial property at 20 Conway Street have given notice that they will not be returning to this location leaving the property without a current tenant. The building requires internal repair works and will remain vacant for the foreseeable future. A new tenant will be sought to occupy the building once the repairs are completed however this is unlikely to occur before 30 June 2022.

An adjustment is required to account for the absence of rental revenue of \$6,000 for the remaining four months in the 2021/22 financial year, offset by a reduction to the Property reserve:

Operating Income	Rental Revenue	CONWAY	(\$6,000)
Reserves	Property Reserve	Transfer from Reserve	\$6,000
		Impact on Cash Surplus	\$0

Perradenya Release 7

This budget was previously carried forward with the intention that Perradenya Release 7 land development would be constructed and sold in the 2021/22 financial year. Preliminary works have commenced on obtaining a construction certificate however issues pertaining to tree removal and bushfire considerations require a planning resolution. As a result, construction is now scheduled to begin in the 2022/23 financial year.

Release 7 is the next stage of the Perradenya land development - 20 lots adjacent to Fredericks Road on the north side of the land allotment.

A budget reallocation is required to move the remaining capital expenditure of \$2,290,000 from 2021/22 to 2022/23.

To account for this change in the 2021/22 financial year, the following adjustment is required:

Capital Expenditure	Property	Perradenya Release 7	(\$2,290,000)
Reserves	Property Reserve	Transfer to Reserve	(\$2,290,000)
		Impact on Cash Surplus	\$0

The Long-Term Financial Plan will be updated to account for the remaining cash component of this project, as per below.

		2022/23
Capital Expenditure	Perradenya Release 7	(\$2,290,000)
Reserves	Property Reserve (Transfer from Reserve)	\$2,290,000
	Impact on Cash Surplus	\$0

At this stage the budget has forecast sales included however these sales are dependent upon finalising the sales and marketing strategy. This will be monitored through the QBRS processes in 2022/23.

Impact on Property Reserve

The required changes above will result in a \$2,281,000 transfer to the Property reserve in the 2021/22 financial year. The projected balance as at 30 June 2022 will increase by \$2,281,000 to \$1,645,000 which is beyond the internal reserves policy target of 6 months operating expenditure or \$185,000.

Fleet Reporting Unit

(QBR52) Income & Expenses - Fleet

	Original Budget 2021/22	2020/21 Carryovers	Approved Changes Sept Review	Approved Changes Dec Review	Recommend Changes for Council Resolution	Projected Year End Result 2021/22	Actual YTD
Operating Income							
Interest Income / Sundry	80,500	0	0	(9,000)	22,000	93,500	74,700
Total Operating Income	80,500	0	0	(9,000)	22,000	93,500	74,700
Operating Expense							
Fleet Operations	514,800	0	0	0	11,000	525,800	289,500
Fleet Hire Income	(909,200)	0	0	0	0	(909,200)	(678,700)
Salaries & Wages	111,400	0	0	0	0	111,400	37,400
Operations Purchases	0	0	0	0	0	0	800
Depreciation	440,000	0	0	0	0	440,000	222,700
Total Operating Expense	157,000	0	0	0	11,000	168,000	(128,300)
Operating Result	(76,500)	0	0	(9,000)	11,000	(74,500)	203,000
Less Depreciation	440,000	0	0	0	0	440,000	222,700
Operating Result Excl. Non Cash	363,500	0	0	(9,000)	11,000	365,500	425,700
Add Capital Income	0	0	0	0	0	0	0
Less Capital Expenses	454,000	0	0	0	0	454,000	61,200
Transfer from/(to) Reserve	90,500	0	0	9,000	(11,000)	88,500	(364,500)
Net Cash Movement	0	0	0	0	0	0	0

March 2022 Flood Damage - Council Fleet

The March 2022 flood events impacted several work sites resulting in the loss of fleet items stored at these locations. Impacted items include motor vehicle utilities (including tools and equipment located in the vehicles), tractors, a forklift, a ride on lawnmower and a marine vessel. These are covered under Rous' motor vehicle (MV) and marine hull (MH) insurance policies.

The excess payable on the MV policy is set at \$2,000 per motor vehicle, however this is capped at \$10,000 per single event. Given that the current losses relate to 8 separate fleet items this mitigates the claim cost by \$6,000. The excess payable on the MH policy is set a \$1,000 per vehicle and one vessel is currently being assessed for total loss.

Several items (particularly trailers) are still being assessed for damage and as such the number of items to be claimed may still increase.

To account for this change in the 2021/22 financial year, the following adjustment is required:

Operating Expenditure	Insurance	Fleet	\$11,000
Reserves	Fleet Reserve	Transfer from Reserve	\$11,000
		Impact on Cash Surplus	\$0

Insurance Claims - Council Fleet

Following a motor vehicle accident in December 2021, the vehicle was assessed by insurance with the outcome being that the vehicle was beyond economic repair. The insurance settlement was received in February 2022 for \$22,000.

While this vehicle has not been replaced yet, the staff member has had access to a surplus vehicle from the additional items purchased in response to the need to comply with COVID-19 social distancing regulations.

To account for this change in the 2021/22 financial year, the following adjustment is required:

Operating Revenue	Insurance Claim		\$22,000
Reserves	Fleet Reserve	Transfer to Reserve	(\$22,000)
		Impact on Cash Surplus	\$0

Replacement of Fleet

Planned purchases of motor vehicles are taking longer than expected due to market delays in supply. Several fleet items are currently on order with additional orders for the fleet items lost in the March 2022 flood events to be raised soon. There is likely to be a price difference between the cost to replace fleet items and the amount to be received under an insurance claim.

With that in mind the capital expenditure budget for fleet has not been reduced at this stage.

Impact on Fleet Reserve

The required changes above will result in a \$11,000 transfer to the Fleet reserve in the 2021/22 financial year. The projected balance as at 30 June 2022 will increase by \$11,000 to \$1,071,600 which is beyond the internal reserves policy target of 4 months operating expenditure or \$366,000.

Bulk Water Reporting Unit

(QBR2) Income & Expenses - Bulk

	Original Budget 2021/22	2020/21 Carryovers	Approved Changes Sept Review	Approved Changes Dec Review	Recommend Changes for Council Resolution	Projected Year End Result 2021/22	Actual YTD
Operating Income							
Water Sales	19,436,400	0	0	0	0	19,436,400	14,577,300
Interest Income / Sundry	349,100	0	0	(136,000)	0	213,100	137,800
Property Income	18,000	0	0	0	0	18,000	14,600
Operating Contributions	5,000	0	0	0	0	5,000	5,000
Operating Grants	151,000	0	0	0	0	151,000	0
Profit on Sale	2,200	0	0	0	0	2,200	500
Total Operating Income	19,961,700	0	0	(136,000)	0	19,825,700	14,735,200
Operating Expense							
Administration Expenses	535,600	60,000	0	0	0	595,600	350,300
Administration - Retail Water Cost	(1,779,100)	0	0	0	0	(1,779,100)	(1,334,200)
Finance Costs	1,659,900	0	(19,600)	0	0	1,640,300	837,000
Building/Depot Expenses	919,100	0	0	0	(40,100)	879,000	452,000
Fleet Hire Expense	568,300	0	0	0	0	568,300	378,100
Training & Staff	320,300	0	0	0	(20,000)	300,300	147,000
Insurance	273,000	0	0	0	25,000	298,000	285,700
Members Expenses	168,600	0	0	0	0	168,600	62,200
Salaries & Wages	7,454,300	0	381,300	(30,000)	(40,000)	7,765,600	5,351,000
Operations Purchases	7,141,000	677,500	22,000	80,000	70,000	7,990,500	3,235,100
Depreciation	5,986,000	0	0	0	0	5,986,000	5,098,700
Loss on Sale	0	0	0	0	0	0	0
Total Operating Expense	23,247,000	737,500	383,700	50,000	(5,100)	24,413,100	14,862,900
Operating Result	(3,285,300)	(737,500)	(383,700)	(186,000)	5,100	(4,587,400)	(127,700)
Less Depreciation	5,986,000	0	0	0	0	5,986,000	5,098,700
Operating Result Excl. Non Cash	2,700,700	(737,500)	(383,700)	(186,000)	5,100	1,398,600	4,971,000
Add Capital Income	4,080,000	0	0	0	0	4,080,000	3,043,800
Less Capital Expenses	32,075,900	748,300	451,500	(50,000)	(51,000)	33,174,700	14,074,400
Transfer from/(to) Reserve	28,709,600	1,485,800	840,500	136,000	(56,100)	31,115,800	8,356,700
Less Loan Repayments	3,414,400	0	5,300	0	0	3,419,700	2,297,100
Net Cash Movement	0	0	0	0	0	0	0

March 2022 Flood Damage – Administration Building Lease Rent Reduction

Several Rous owned and rented properties including the administration building in Molesworth Street, Lismore and the commercial property at 20 Conway Street, Lismore were impacted by the March 2022 flood events.

The main Administration building remains unavailable for occupation by sublease tenants or staff. Rous' rental obligations have been put on hold for the months of March and April 2022 and at this stage it is highly unlikely that sublease tenants or staff will return before May 2022. The rental expenditure for the building is in the Bulk Water Reporting Unit and as such the reduction in rent to be received and the associated expenditure is reflected here.

A budget reduction of \$40,100 to rental expenditure, offset by an increase in the Property reserve is required.

To account for this change in the 2021/22 financial year, the following adjustment is required:

Operating expenditure	Rental Expenditure		(\$40,100)
Reserves	Bulk Water Reserve	Transfer to Reserve	(\$40,100)
		Impact on Cash Surplus	\$0

Contents Insurance

Following the insurance valuation of Rous' contents last year, declared property values increased by 64.7%. The total declared asset value directly impacts the StateWide Mutual Property Contribution cost. As a result, StateWide's Executive Officer reduced Rous' rate so as not to burden Rous with such a significant increase for the 30 June 2021 to 30 June 2022 Scheme Period and the 30 June 2020-21 Property Scheme adjustment.

Contents Insurance	2021-22 Renewal (incl GST)	2020-21 Adjustment (incl GST)
Original Cost in Renewal Report	\$170,549.61	\$29,778.22
Revised Costs on Invoice	\$148,304.01	\$13,200.00
Reduction from Report	\$22,245.60	\$16,578.22

StateWide's rate review for the 2021-2022 period, and 2020-2021 adjustment revision reduced the cost to Rous by \$38,823.82 incl. GST.

Despite the above there was an increase to Rous' overall insurance premiums and an adjustment of \$15,000 is required.

The increased cost of insurance has been factored into budget estimates for 2022/23 onwards. In addition to this Council staff had made progress toward an external review of property and contents values. This had to be deferred due to the February / March 2022 floods. Having regard to the magnitude of impact from the floods, including the need to bring forward the utilisation of Council's new site at Gallans Road, staff will need to redetermine the most appropriate approach moving forward.

A budget adjustment of \$15,000 is required with the funds recommended to be drawn from the salaries budget allocated to the Enterprise Risk Coordinator position, which has been vacant since late 2021.

To account for this change in 2021/22, the following adjustment is required:

Operating Expenditure	Insurance		\$15,000
Operating Expenditure	Salaries and Wages		(\$15,000)
		Impact on Cash Surplus	\$0

Workers' Compensation Insurance

Insurance costs have increased as salaries and wages expenditure has increased with the appointment of term contract staff. The increased cost of insurance has been factored into budget estimates for 2022/23 onwards.

\$10,000 is requested for this purpose with the funds to be drawn from the salaries budget allocated to the Payroll Support Officer position, which due to ongoing recruitment activities was recruited in March 2022 which was later than originally planned.

To account for this change in 2021/22, the following adjustment is required:

Operating Expenditure	Insurance		\$10,000
Operating Expenditure	Salaries and Wages		(\$10,000)
		Impact on Cash Surplus	\$0

Leader in Me (LiMe) Project

Rous' LiMe initiative has delivered significant benefit to staff in the areas of leadership training and professional development. The program was supplemented during the year with a "ReCharge" option designed to offer 1:1 coaching and professional development to participants. As a result, additional funds are required.

\$20,000 is requested for this purpose with the funds to be drawn from the staff training budget, which due to COVID-19 has savings this financial year.

To account for this change in 2021/22, the following adjustment is required:

Operating Expenditure	Contractors and Materials		\$20,000
Operating Expenditure	Training		(\$20,000)
Impact on Cash Surplus			\$0

Rous Cultural, Environmental and Information Centre for Lismore Visitor Information Centre

Rous leased the former Lismore Visitor Information Centre from Lismore City Council in 2021. In partnership with First Nations peoples and Lismore City Council, Rous undertook significant work to re-establish the Centre with a focus on reconciliation, cultural awareness and education. The Centre was to provide several different services on behalf of both Councils. The costs to bring the centre to operational capacity have exceeded the original budget by approximately \$15,000.

The Centre was inundated as a result of the March 2022 flood events, with the upper office area being the only space not filled with water. Lismore City Council has not identified the restoration of the site as a current priority.

To fund the proposed budget adjustment, it is recommended that \$15,000 is drawn from savings in the salaries budget allocated to Customer and Communications Manager position, which was filled in January 2022.

To account for this change in 2021/22, the following adjustment is required:

Operating Expenditure	Contractors and Materials		\$15,000
Operating Expenditure	Salaries and Wages		(\$15,000)
Impact on Cash Surplus			\$0

Distribution System pH Stability Research Project

Rous has undertaken previous desktop projects to understand and improve the treated water pH stability within the distribution network. Whilst these projects have helped us improve overall water stability across the network there are still a select number of sites where pH issues occasionally arise. Through a 6-month work student placement program in collaboration with Sydney University, a research project is currently underway to undertake further detailed site investigation to identify possible causes of these high pH's within the Rous distribution network and to recommend solutions to solve the issue.

The cost of the project is \$35,000 and it is proposed to fund the project from savings in the unplanned dams and treatment projects budget.

To account for this change in 2021/22, the following adjustment is required:

Operating Expenditure	Contractors and Materials	pH Stability	\$35,000
Capital Expenditure	Contractors and Materials	Unplanned Dams & Treatment Replacements	(\$35,000)
Impact on Cash Surplus			\$0

Nightcap WTP Raw Water Jetty Corrosion Repairs

Funding of \$300,000 was allocated in the 2021/22 financial year to deliver corrosion repairs work on the Nightcap WTP raw water jetty.

After calling tenders to perform the work it is noted that the pre-tender cost estimate derived from previous corrosion works undertaken on pipeline projects underestimated the budget requirements for this project. The tenders received to perform the work now inform our budget requirements and the revised budget is \$450,000.

It is proposed to transfer unspent funds from other projects to Nightcap WTP Raw Water Jetty Corrosion Repairs project to fund the increased costs. \$123,000 is available from several projects that will now be completed as part of the Bulk Chemical Storage project which is funded separately and the Unplanned Dams and Treatment Replacement budget which is a reoccurring annual budget that is used for projects when needed.

This adjustment has no impact on the forecast operating result

To account for this change in 2021/22, the following adjustment is required:

Capital Expenditure	Contractors and Materials	NCWTP Jetty Corrosion	\$150,000
Capital Expenditure	Contractors and Materials	NCWTP Disinfection	(\$54,000)
Capital Expenditure	Contractors and Materials	NCWTP Dose Pumps	(\$38,000)
Capital Expenditure	Contractors and Materials	NCWTP Wastewater	(\$31,000)
Capital Expenditure	Contractors and Materials	Unplanned Dams & Treatment Replacements	(\$27,000)
Impact on Cash Surplus			\$0

Gallans Road Fibre Project

Funding of \$330,000 was allocated in the 2021/22 financial year to deliver the capital works project for IT microwave bridges. It is now proposed that any investment in new equipment be put on hold and part of this existing budget be used to fund installing NBN fibre at Gallans Road.

A redesign of the microwave bridge network is required prior to Rous moving the administration office to the consolidated workplace site at Gallans Road, Ballina. Any work to replace existing antennas could prove to be inefficient and costly unless the network redesign work is completed first. The locations used in the network need to be assessed to ensure that they are suitable for communicating with the new site, otherwise replacements carry an inherent risk of being decommissioned in the near future.

Recently, the March 2022 flood events forced the ICT team to quickly establish an emergency network connection to Gallans Road via expanding the existing microwave bridge network. At present there is no reliable backup available at this site with the current redundancy connection being provided via a 4G modem. This method has enabled Rous staff to work during the aftermath and disruption of the flood events but is not suitable in the long-term. The current microwave bridge antenna will need to be moved in the future to avoid tree growth from blocking the line of site needed for it to work effectively.

The installation of a separate TPG fibre (NBN) internet connection is required to rectify issues with the existing connection. Once installed this will provide Rous with an efficient primary connection source. The combination of a primary fibre connection and a backup microwave bridge link will provide the Gallans Road site with the same network redundancy capacity that is present at the

current administration office in Molesworth Street, Lismore. This project proposal was the subject of consultation between the General Manager, Group Manager Corporate and Commercial and the ICT team and involved consideration of alternative Telstra options.

The cost of the project is \$85,000 and it is proposed to fund the project from savings remaining in the microwave bridges capital budget with \$69,000 needed in the 2021/22 financial year. The remaining funds will be transferred to future years to fund operating costs.

To account for this change in 2021/22, the following adjustment is required:

Capital Expenditure	Contractors and Materials	Gallans Road Fibre Project	\$69,000
Capital Expenditure	Contractors and Materials	Microwave Bridges	(\$85,000)
Reserves	Bulk Water Reserve	Transfer to Reserve	(\$16,000)
Impact on Cash Surplus			\$0

The Long-Term Financial Plan will be updated to account for the remaining cash component of this project, as per below.

		2022/23	2023/24	2024/25
Operating Expenditure	Contractors and Materials	\$5,400	\$5,300	\$5,300
Reserves	Bulk Water Reserve (Transfer from Reserve)	(\$5,400)	(\$5,300)	(\$5,300)
Impact on Cash Surplus		\$0	\$0	\$0

Impact on Bulk Water Reserve

The required changes above will result in \$56,100 being transferred to the Bulk Water reserve in the 2021/22 financial year. The projected balance as at 30 June 2022 will increase by \$56,100 to \$9,649,300 which is short of the internal reserves policy target of 6 months operating expenditure or \$12,207,000.

Budget Review for the Quarter Ended 31 March 2022

(QBR3) Capital Budget

	Original Budget 2021/22	2020/21 Carryovers	Approved Changes Sept Review	Approved Changes Dec Review	Recommend Changes for Council Resolution	Projected Year End Result 2021/22	Actual YTD
Capital Funding:							
Capital Grants & Contributions	0	0	0	0	0	0	0
Internal Restrictions							
- Renewals	12,044,600	859,840	408,960	(130,000)	(120,000)	13,063,400	3,880,600
- New Assets	19,067,000	(56,740)	1,738,940	80,000	(2,221,000)	18,608,200	7,287,700
External Restrictions							
- Infrastructure	0	0	0	0	0	0	0
Other Capital Funding Sources							
- Operating Revenue	0	0	0	0	0	0	0
- S64 Contributions	4,080,000	0	0	0	0	4,080,000	3,043,800
Income from Sale of Assets							
- Plant and Equipment	0	0	0	0	0	0	0
- Land and Buildings	1,686,400	0	(1,686,400)	0	0	0	0
Total Capital Funding	36,878,000	803,100	461,500	(50,000)	(2,341,000)	35,751,600	14,212,100
Capital Expenditure:							
New Assets							
- Plant and Equipment	0	0	0	0	0	0	0
- Office Equipment	110,000	50,000	0	0	0	160,000	128,700
- Inventory (Land)	2,490,000	0	0	0	(2,290,000)	200,000	33,300
- Land and Buildings	7,737,500	0	0	0	0	7,737,500	6,850,000
- Infrastructure	14,495,900	(106,740)	52,540	80,000	69,000	14,590,700	3,319,500
Renewals (Replacement)							
- Plant and Equipment	498,100	0	0	0	0	498,100	100,700
- Office Equipment	672,300	0	0	0	0	672,300	143,900
- Land and Buildings	26,000	29,800	0	0	0	55,800	0
- Infrastructure	10,848,200	830,040	408,960	(130,000)	(120,000)	11,837,200	3,636,000
Total Capital Expenditure	36,878,000	803,100	461,500	(50,000)	(2,341,000)	35,751,600	14,212,100

Budget Review for the Quarter Ended 31 March 2022

(QBR54) Cash & Investments

	Opening Balances 2020/21	Original Budget 2021/22	2020/21 Carryovers	Approved Changes Sept Review	Approved Changes Dec Review	Recommend Changes for Council Resolution	Projected Year End Result 2021/22
Unrestricted:							
Flood Mitigation	99,000	0	0	0	0	0	99,000
Weeds Biosecurity	25,800	0	0	0	0	0	25,800
Retail Water	100,000	0	0	0	(8,200)	0	91,800
Richmond Water Laboratories	10,000	0	0	0	(3,300)	0	6,700
Property	100,000	0	0	0	0	0	100,000
Fleet	50,000	0	0	0	(9,000)	0	41,000
Bulk Water	1,043,800	0	0	0	(136,000)	0	907,800
Total Unrestricted	1,428,600	0	0	0	(156,500)	0	1,272,100
Externally Restricted:							
Flood Grants	197,800	0	0	(30,000)	0	0	167,800
Weeds Grants	922,000	0	0	(68,000)	51,900	30,000	935,900
Weeds Other	0	0	0	0	0	0	0
Bulk Water Grants	11,500	0	0	0	0	0	11,500
Bulk Water Other	2,950,000	0	0	0	0	0	2,950,000
Total Externally Restricted	4,081,300	0	0	(98,000)	51,900	30,000	4,065,200
Internally Restricted:							
Flood Mitigation	802,300	(228,200)	(162,700)	(116,600)	0	0	294,800
Weeds Biosecurity	1,130,900	(56,300)	(105,000)	0	0	0	969,600
Retail Water	2,564,100	(1,393,400)	(15,500)	(10,000)	0	220,000	1,365,200
Richmond Water Laboratories	399,600	(27,200)	0	0	0	(30,000)	342,400
Property	1,103,400	(912,700)	(29,800)	(1,686,400)	789,500	2,281,000	1,545,000
Fleet	1,110,100	(90,500)	0	0	0	11,000	1,030,600
Bulk Water							
- Buildings & Structures	187,700	(150,000)	0	0	0	40,100	77,800
- Assets & Programs	30,676,300	(27,209,300)	(1,375,800)	(840,500)	0	16,000	1,266,700
- Employee Leave Entitlement	2,264,200	(678,000)	0	0	0	0	1,586,200
- Electricity	2,586,900	0	0	0	0	0	2,586,900
- Office Equipment & Computer	936,400	(672,300)	(110,000)	0	0	0	154,100
- Greenhouse Gas Abatement	108,300	0	0	0	0	0	108,300
Total Internally Restricted	43,870,200	(31,417,900)	(1,798,800)	(2,653,500)	789,500	2,538,100	11,327,600
Total Restricted	47,951,500	(31,417,900)	(1,798,800)	(2,751,500)	841,400	2,568,100	15,392,800

Investment and Cash Bank Statement

The Responsible Accounting Officer certifies that all funds including those under restriction have been invested in accordance with section 625 of the *Local Government Act 1993*, clause 212 of the *Local Government (General) Regulation 2021* and Council's 'Investment' policy. Council's bank statement has been reconciled up to and including 31 March 2022.

Reconciliation

The YTD cash and investment figure reconciles to the actual balances held as follows:

Cash at Bank (as per bank statements)	6,119,403
Investments on Hand	34,500,000
Reconciled Cash at Bank & Investments	<u>40,619,403</u>

(QBR5) Contractors

Contractor	Contract Details & Purpose	Contract Value (\$) Excluding GST	Contract Date	Duration of Contract	Budgeted (Y/N)
Iplex Pipeline Systems	Supply pipe and fittings as for Broadwater 150 project	171,700	21/01/2022	14 mths	Y
E3 Advisory Pty Ltd	Future Water Project 2060 procurement and delivery strategy	55,400	4/02/2022	3 mths	Y
RedEye Apps Pty Ltd	Implementation of Engineering Document Management System	85,000	9/02/2022	5 mths	Y
Fletcher Stiles Family Trust trading as Australian Liner & Tanks	ECDWTP Tank Liner Replacements	94,500	17/02/2022	4 mths	Y
Audit Office of New South Wales	Auditing Services for the financial year to 30 June 2022	62,400	9/03/2022	12 mths	Y

Note: Minimum reporting level is 1% of estimated income from continuing operations or \$50,000 whichever is the lesser.

(QBR5) Consultancy and Legal Expenses

Definition of Consultant

A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high-level specialist or professional advice to assist decision making by management. Generally, it is the advisory nature of the work that differentiates a consultant from other contractors.

Expense	Expenditure YTD \$	Budgeted (Y/N)
Consultancies	\$120,700	Y
Legal Fees	\$22,100	Y

Comment: All consultancies and legal expenses incurred to date are within budget allocations. All figures exclude GST.

Consultancies		
	Corporate & Commercial - RAP Advisory	\$200
	Corporate & Commercial - Information Systems Review Start Up	\$7,900
	People & Performance – RCEIC Launch Welcome to Country	\$300
	Planning & Delivery – Dam Safety Management System	\$102,600
	Planning & Delivery – Broadwater PS Concept Design	\$9,700
Legal Fees		
	Corporate & Commercial - Purchase Gallan's Road Property	\$5,000
	Corporate & Commercial - Sale Carrington Street Property	\$2,400
	People & Performance - Water Connection Policy	\$6,700
	Planning & Delivery – Developer Contributions	\$1,000
	Planning & Delivery – Future Water Program Cultural Heritage Advice	\$6,800
	Operations – Biosecurity Debt Recovery Actions	\$200

Statement of Expenses for Councillors

Councillor Expenses for the Quarter Ending 31/03/2022 (Q3)

Quarter 3	Other Expenses	Official Business of Council - Travel	Official Business of Council - Professional Development/Training	Total by Councillor (Q3)
Councillor Big Rob	0	0	105	105
Councillor Bruem	0	0	105	105
Councillor Cadwallader	0	0	105	105
Councillor Gordon	0	0	0	0
Councillor Humphrys	0	0	0	0
Councillor Lyon	0	0	0	0
Councillor Mustow	0	0	0	0
Councillor Ndiaye	0	0	0	0
Councillor Cameron	0	0	0	0
Councillor Cook	0	0	0	0
Councillor Ekins	0	0	0	0
Councillor Richardson	0	0	0	0
Councillor Williams	0	0	0	0
Total Per Expense Type	0	0	314	314

	Q1	Q2	Q3	Q4	Total by Councillor YTD
Councillor Big Rob	0	0	105	0	105
Councillor Bruem	0	0	105	0	105
Councillor Cadwallader	49	56	105	0	210
Councillor Gordon	0	0	0	0	0
Councillor Humphrys	0	0	0	0	0
Councillor Lyon	0	0	0	0	0
Councillor Mustow	0	0	0	0	0
Councillor Ndiaye	0	0	0	0	0
Councillor Cameron	0	0	0	0	0
Councillor Cook	72	72	0	0	144
Councillor Ekins	0	0	0	0	0
Councillor Richardson	0	0	0	0	0
Councillor Williams	0	0	0	0	0
To Be Refunded*	0	1,421	0		1,421
Total Per Expense Type	121	1,549	314	0	1,984

Budget 2021/22 FY 61,500


* This represents the cost for two Councillors to attend the Local Government New South Wales conference. No delegates were able to attend the conference and a partial refunded is expected to be received prior to 30 June 2022.


This information is provided in accordance with paragraph 6.2 of the 'Payment of Expenses and Provision of Facilities for Chairperson and Councillors' policy.

(QBR56) Key Performance Indicators

In assessing an organisation's financial position, there are several performance indicators that can assist to easily identify whether an organisation is financially sound. These indicators and their associated benchmarks, as stipulated by Office of Local Government, are set out below:

	# Performance Indicator		Flood	Weeds	Retail	RWL	Property	Fleet	Bulk	Consolidated (Whole Organisation)	Local Government Bench Mark
1	Operating Performance	2021/22 Budget Review	(1,072,200)	(64,400)	(40,500)	(31,600)	(180,500)	(74,500)	(4,587,400)	(6,051,100)	Surplus
		2020/21 Actual	(996,969)	182,587	(441,212)	(36,557)	868,066	105,730	(592,588)	(910,944)	
2	Current Ratio	2021/22 Budget Review	56.16	193.13	58.28	43.64	32.90	53.58	1.93	3.25	> 1.5
		2020/21 Actual	7.87	45.91	182.68	19.32	22.07	13.12	5.47	6.46	
3	Debt Service Cover Ratio	2021/22 Budget Review	-	-	-	-	-	-	1.46	1.80	> 2
		2020/21 Actual	-	-	-	-	-	-	1.56	1.95	
4	Own Source Operating Revenue Ratio	2021/22 Budget Review	1%	2%	100%	100%	100%	100%	82%	75%	> 60%
		2020/21 Actual	1%	1%	98%	100%	100%	100%	78%	75%	
5	Building and Infrastructure Renewals Ratio	2021/22 Budget Review	0.18 : 1	-	-	-	1.11 : 1	-	2.41 : 1	2.09 : 1	> 1:1
		2020/21 Actual	0.11 : 1	-	-	-	0.00 : 1	-	0.96 : 1	0.86 : 1	

 Projected result meets or exceeds benchmark.

 Projected result does not meet benchmark.

Comments on Key Performance Indicators

Please note that comments relate to the consolidated financial indicators.

1. Operating Result Before Capital Contributions

The operating result is the surplus or deficit that Council makes from normal operations (including depreciation) excluding expenditure on capital items. A surplus is a positive financial indicator.

Comment: Council's operating result (deficit) before capital items has increased compared with the original budgeted deficit of \$4,308,400.

Original Budgeted Deficit	(\$4,308,400)
Projected Year End Result 2021/22	(\$6,051,100)
	(\$1,742,700)

The increase can be attributed to carry over works (\$996K) reinstated from 2020/21, operating expenses (\$1.743M), salaries (\$423K), insurance expenses (\$25K), a decrease in property income (\$82K) and a reduction in interest on investments (\$156K), offset by revenue increases from grant funding (\$1.328M), RWL sales (\$90K), contributions (\$60K), building/depot expenses (\$52K), private works income (\$31K), insurance claim revenue (\$22K), training expenses (\$20K) and a reduction in interest expense (\$20K).

Carryovers / Reinstatements	(\$995,700)
Expenses	(\$2,260,500)
Revenue	\$1,513,500
	(\$1,742,700)

Note: Operating results include depreciation of \$7,416,500 which is non-cash.

2. Current Ratio Liquidity

The current ratio measures Council's ability to pay existing liabilities in the next 12 months. A ratio greater than one is a positive financial indicator.

Comment: The above ratio means that for every dollar Council owes in the short term, it has \$3.25 available in assets that can be converted to cash.

3. Debt Service Cover Ratio

This ratio demonstrates the cost of servicing Council's annual debt obligations (loan repayments, both principal and interest) as a portion of available revenue from ordinary activities. A higher ratio is a positive financial indicator.

Comment: Ratio, as a percentage of ordinary revenue, is consistent with the Long-Term Financial Plan.

4. 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. A Council's financial flexibility improves the higher the level of its own source revenue. A higher ratio is a positive financial indicator.

Comment: The above percentage demonstrates that the majority of Council's income is generated from user fees and charges, i.e. water sales.

5. Building and Infrastructure Renewal Ratio

This ratio indicates the rate of renewal/replacement of existing assets against the depreciation of the same category of assets. A ratio greater than one is a positive financial indicator.

Comment: The current ratio reflects an above benchmark forecast.

Grant application information

This table provides information on grant applications that have been approved or submitted up to time of preparation of the QBRS. Any grants that may have been approved after that date or that have been applied for, will be covered in future reports. The details of new grants, including grants awaiting a determination, are provided below. A financial update on existing grants has also been provided.

Note: all totals are GST exclusive

Grant Name	Reporting Unit	Synopsis	Funding Body	Program	Project Length	Total Project Value	Grant Funding	Council Funding	Total Expenditure to Date	Balance of Approved Funds to Spend
New Grant Applications Awaiting Determination										
Rous Regional Water Supply Drought Readiness Project Stage 1	Bulk	FWP 2060 - drought contingency water supply at existing Woodburn groundwater bore.	DITRDC	Building Better Regions Fund - Infrastructure Projects Stream Round 6	6 mths	481,300	240,650	240,650		
Langs Hill to Broadwater Water Main Augmentation	Bulk	Replacement of drinking water supply to Broadwater with a larger main.	DITRDC	Building Better Regions Fund - Infrastructure Projects Stream Round 6	6 mths	1,942,700	971,350	971,350		
Richmond and Wilsons Rivers NSW Flood Mitigation Planning	Flood	This planning project is anticipated to reduce the risk and improve resilience of the community to floods in the natural environment by conducting a comprehensive scan of strategic disaster risks and mitigation options for the Richmond River Catchment.	DISER	Preparing Australian Communities – Local Stream Program	3 years	250,000	250,000	-		
Active Grants That Have Been Previously Reported										
Integrated Water Cycle Management (IWCM) Strategy	Water	Undertake a review of the long-term water security strategy and complete a integrated water cycle management strategy for RCC.	DPIE	Safe & Secure Water Program	12 mths	929,000	151,000	778,000	928,566	434
Coastal Management Plan	Flood	Stage one of the Richmond River Coastal Management program scoping study	DPIE	Floodplain Management Grants Scheme	18 mths	149,997	99,998	49,999	137,345	12,652
Water Quality Monitoring 2019-22	Flood	Richmond River water quality monitoring project	DPIE	Coastal & Estuary Grants Program	36 mths	199,768	99,884	99,884	117,107	82,661
Voluntary House Raising	Flood	Facilitate the voluntary house raising of 2 homes in the Lismore area.	DPIE	Floodplain Management Grants Scheme	12 mths	187,900	187,900	-	60,228	127,672
Flood Maintenance 2018-22	Flood	Fourth year of a four year grant. Each year Council approves spending on this project in excess of the required 1:2 (funding per the agreement \$169,200).	DPIE	Floodplain Management Grants Scheme	48 mths	676,800	84,600 p.a.	84,600 p.a.	211,772	72,228
Coraki Riparian Project	Flood	Richmond River coastal riparian project at Coraki	DPIE	Fish Habitat Action Grant	12 mths	112,160	40,000	72,160	-	112,160
Weeds Action Program 2020-25	Weeds	Funding allocated annually	LLS	North Coast Weeds Action Program 2020-25	12 mths	1,267,500	642,500	625,000	567,700	699,800
Miconia 2018-21	Weeds	Miconia weed surveillance and control services in Northern NSW	QLD Ag & Fisheries	Miconia Weed Eradication	36 mths	61,740	61,740	-	58,863	2,877
Alligator Weed - Evans Catchment	Weeds	Funded under new weed incursion program	NSW DPI	WAP - New Weed Incursion	12mths	41,500	32,000	9,500	41,500	0
Parthenium Weed Rapid Response	Weeds	Rapid response to control prohibited Matter species – parthenium weed	NSW DPI	New Weed Incursion	12 mths	20,000	15,000	5,000	13,279	6,721
2020-2021 NSW Weeds Action Program – New Weed Incursion – Frogbit Rapid Response	Weeds	Support essential first response treatments of new incursions of prohibited weeds	NSW DPI	NSW Weeds Action Program – State Priority Weeds Coordination and Response	12 mths	25,000	15,000	10,000	25,000	0
Bushfire Recovery Stimulus -W2 Strategic Weed Control	Weeds	Control of high priority weeds in the region. Focus on Tropical Soda Apple control in areas that are on fire affected properties or located within high risk pathways.	LLS	NSW Bushfire Recovery Stimulus	12 mths	272,000	250,000	22,000	274,647	(2,647)
North Coast Bushfire Recovery – Delivery of – W1 Tropical Soda Apple Landholder Engagement Project in the North Coast	Weeds	Tropical Soda Apple Landholder Engagement and Compliance Program – delivery of 210 property inspections	LLS & DPI	NSW Bushfire Recovery Stimulus	60 mths	236,000	214,000	22,000	132,516	103,484
Miconia 2022-24	Weeds	Miconia weed surveillance and control services in Northern NSW	QLD DAF	Miconia Weed Surveillance	36 mths	298,000	298,000	-	1,086	296,914
Frogbit	Weeds	Chinderah Frogbit incursion management and monitoring	DPIE	2021-2022 NSW Weeds Action Program – New Weed Incursion	12 mths	10,000	10,000	-	10,000	0
Active Grants That Have Not Been Previously Reported										
Tropical Soda Apple (Riparian/High Risk Pathways)	Weeds	Tropical Soda Apple - strategic and ongoing control In high-risk pathways.	LLS	Small Grants Funding	8 mths	47,750	42,750	5,000	-	47,750

Note: the additional expenditure on the Bushfire Recovery Stimulus grant is funded by the Weeds Action Program 2020-25.

Legal

In accordance with clause 203 of the *Local Government (General) Regulation 2021*, Council's financial position is satisfactory having regard to the original estimate of income and expenditure and Council's projected short-term liquidity position.

Consultation

This report was prepared in consultation with the General Manager and relevant staff.

Conclusion

In summary, all budget items other than those identified in the report have performed within the parameters set by Council in adopting the 2021/22 Operational Plan.