
Quarterly Budget Review Statement for the quarter ending 30 September 2023

Responsible Officer: Group Manager Corporate and Commercial (Geoff Ward)

Report Author: Finance Manager (Jonathan Patino)

Recommendation

That Council note the results presented in the Quarterly Budget Review Statement as at 30 September 2023 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 2023/24 budget was adopted on 21 June 2023 as part of the 2023/24 Operational plan and the 2023/27 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 30 September 2023 indicates that Council's projected financial position at 30 June 2024 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."



Jonathan Patino
Responsible Accounting Officer

Commentary on Proposed Adjustments – September 2023 (Table 1)

The following table details proposed budget variations as compared to the original budget and quarterly adjustments. The tables that follow summarise the changes on a reporting unit basis. For reporting purposes, only changes over \$5,000 are individually referenced.

Operating income has increased by \$1.8M, operating expenditure has increased by \$0.9M, capital revenue is unchanged and capital expenditure has decreased by \$5.6M resulting in an overall change of \$6.5M to be transferred back to reserves.

Significant Adjustments

- **Capital Works Program**

Management have taken the QBRS as an opportunity to review the capital works program, particularly the impact of carry over budgets and the resources available to complete works. This remains an important focus with a complete review of proposed capital works to be undertaken as part of the annual budget process.

- **Impact on Reserves as a Whole**

The required changes this quarter will provide a substantial increase to our budgeted reserves, meaning our internal reserves policy position will be met, along with the New South Wales Treasury Corporation loan covenant requirement to hold reserves that equal 6 months of the next financial year's operating expenditure less depreciation.

(QBR2) Table 1: Summary of Proposed Changes Whole Organisation – September 2023

BUDGET ITEMS	Original Budget 2023/24	2022/23 Carryovers	September	Ref	Projected Year End Result 2023/24
			30-Sep-23		
			Quarter		
Operating Income					
Bulk	28,798,700	0	114,000	BW1	28,912,700
Retail	3,512,700	0	0		3,512,700
Flood	1,174,200	0	1,546,900	FM1, FM2, FM3, FM4, FM5, FM6	2,721,100
Weeds	1,722,200	0	0		1,722,200
Property	197,800	0	140,000	P1	337,800
Fleet	126,100	0	0		126,100
TOTAL OPERATING INCOME	35,531,700	0	1,800,900		37,332,600
Operating Expenses					
Bulk	30,132,300	1,053,500	708,300	BW2, BW3, BW4, BW5, BW6, BW7, BW8, BW23, BW24, BW25, BW26, BW27	31,894,100
Retail	3,617,400	0	(8,500)	RW1	3,608,900
Flood	1,922,700	122,000	133,600	FM3, FM4, FM5, FM8, FM9, FM10	2,178,300
Weeds	2,667,100	113,500	13,300	WB1	2,793,900
Property	321,600	0	82,500	P3, P4, P5	404,100
Fleet	129,400	0	(2,100)	F1, F2, F3	127,300
TOTAL OPERATING EXPENSES	38,790,500	1,289,000	927,100		41,006,600
OPERATING RESULT	(3,258,800)	(1,289,000)	873,800		(3,674,000)
Exclude Depreciation	8,305,100	0	0		8,305,100
Cash Result	5,046,300	(1,289,000)	873,800		4,631,100
Less: Capital Expense	26,611,600	4,564,500	(5,621,100)	BW8, BW9, BW10, BW11, BW12, BW13, BW14, BW15, BW16, BW17, BW18, BW19, BW20, BW21, BW22, FM6, FM7, P1, P2	25,555,000
Add: Loan Funds	15,000,000	0	0		15,000,000
Less: Loan Repayments	4,191,300	0	0		4,191,300
Add: From/Less: (To) Reserve	10,756,600	5,853,500	(6,494,900)		10,115,200
Estimated Cash Movement	0	0	0		0

Budget Adjustments Required this Quarter

New / Existing	Description	Reporting Unit	Category	Ref	Adjustment Amount		Notes
					Current Budget (2023/24)	LTFP (2024/25-2032/33)	
New	Water Loss Implementation Grant Funding	BULK	Operating Revenue	BW1	(114,000)	0	Rous has been successful in obtaining grant funding from the Department of Planning and Environment under the Regional Leakage Reduction Program. The grant will provide up to \$114,000 towards the Water Loss Implementation project. The expenditure for this project has already been included in the Budget.
Existing	Molesworth Street Automatic Sliding Door	BULK	Operating Expenditure	BW2	11,900	0	Replacement of the automatic sliding door at the entrance to the Molesworth Street building is required as the existing door is not operational, and it cannot be repaired as parts are no longer available. A transfer of \$11,900 from the bulk water reserve is required.
Existing	Dam Safety Compliance	BULK	Operating Expenditure	BW3	400,000	0	Implementation of the Dams Safety Management System in compliance with Dams Safety Regulation 2019, included in the 2023-24 Operation Plan, requires detailed risk assessments and safety review reports for Emigrant Creek Dam and Rocky Creek Dam. The requirement for additional geotechnical investigations at Emigrant Creek Dam means that approved funding has been exhausted. It is estimated that an additional \$400,000 will be sufficient to complete the safety review of Emigrant Creek Dam and award the detailed risk assessments and safety review report for Rocky Creek Dam. Therefore, a transfer of \$400,000 from the bulk water reserve is required.
New	Update Service Level Agreements	BULK	Operating Expenditure	BW4	20,000	0	Service Level Agreements with constituent councils are required to be updated early in the 2025 calendar year. A budget of \$20,000 for legal fees is requested.
Existing	Governance and Risk position	BULK	Operating Expenditure Operating Expenditure	BW5 BW5	(60,000) 60,000	0 0	The Risk and Assurance Specialist position has now been filled by a permanent appointment and we will not need to use a contractor in this role. This movement from contractors to wages has an overall budget impact of nil.
Existing	People and Culture Manager position	BULK	Operating Expenditure Operating Expenditure	BW6 BW6	(66,000) 80,000	0 0	The People and Culture Manager position is being filled on a labour hire basis for the first 6 months of the 2023/24 financial year. This movement from wages to contractors will cost an additional \$14,000, which will need to be transferred from the bulk water reserve.
Existing	Stores and Depot Officer position	BULK	Operating Expenditure Operating Expenditure	BW7 BW7	(40,000) 52,000	0 0	The Stores and Depot Officer position is being filled on a labour hire basis for the first 6 months of the 2023/24 financial year. This movement from wages to contractors will cost an additional \$12,000, which will need to be transferred from the bulk water reserve.
Existing	IT - Content Management Improvement Program	BULK	Capital Expenditure Operating Expenditure	BW8 BW8	(100,000) 100,000	0 0	This program is being run using a labour hire contractor and should be classified as operating expenditure. Overall budget impact is nil.
	IT - Servers, Storage and UPS		Capital Expenditure	BW9	20,000	0	A decision was made last financial year to hold off on replacing the Head Office UPS (Uninterrupted Power Supply) due to the pending relocation to Gallans Road. However, the UPS is now alerting that two of the batteries are failing and likely won't last until the move to Gallans Road. The IT team would like to replace this UPS now to adhere to its business continuity requirements. Therefore, a transfer of \$20,000 from the bulk water reserve is required.
	IT - AV Equipment		Capital Expenditure	BW10	10,000	0	During the requirements gather phase of the AV Equipment upgrade project, it was identified that our meeting room capabilities at remote sites also required upgrading. Therefore, a transfer of \$10,000 from the bulk water reserve is requested to allow the IT team to upgrade meeting equipment at key remote sites.

New / Existing	Description	Reporting Unit	Category	Ref	Adjustment Amount		Notes
					Current Budget (2023/24)	LTFP (2024/25-2032/33)	
	IT - Computers		Capital Expenditure	BW11	32,500	(17,500)	A program is planned to replace existing operations tablets with cellular-enabled iPads so that the entire fleet is using the same hardware. To fund this, \$17,500 is required to be brought forward from the 2024/25 financial year and \$15,000 transferred from reserve.
	IT - BPM Software		Capital Expenditure	BW12	(50,000)	0	This project is not going ahead, and the budget can be returned to reserves.
	IT - Wi-Fi		Capital Expenditure	BW12	(30,000)	0	Excess funds can be returned to reserves
	IT - Security Panel		Capital Expenditure	BW13	(30,000)	0	Excess funds can be returned to reserves
	IT - Microwave Bridge		Capital Expenditure	BW13	(45,000)	0	Excess funds can be returned to reserves
	IT – Mobiles		Capital Expenditure	BW13	(27,000)	0	Excess funds can be returned to reserves
	IT - Future Improvements		Capital Expenditure	BW13	(11,500)	0	Excess funds can be returned to reserves
Existing	Emigrant Creek Dam Destratification System	BULK	Capital Expenditure	BW14	(50,000)	50,000	Deferred to the 2024/25 financial year.
Existing	Rocky Creek Dam Destratification System	BULK	Capital Expenditure	BW15	(200,000)	200,000	This project will not be fully completed in the 2023/24 financial year. Therefore, \$200,000 of the budget should be deferred to the 2024/25 financial year.
Existing	St Helena 300 Upgrade	BULK	Capital Expenditure	BW16	400,000	(400,000)	In order to meet future water supply demands, the St Helena 450 pipeline is required to be installed to replace an ageing 1950's 300mm pipeline in poor condition. Construction is currently planned to start in the 2027/28 financial year. Due to development impacts, a section of Council's St Helena 525mm water main is required to be relocated at full cost to the developer through a development site at Rankin Drive, Bangalow. Rous staff have identified an opportunity to install a planned section of the St Helena 450mm pipeline at the same time through the same alignment on this property, presenting significant savings to Rous. There are also expected savings from undertaking the construction while the property is undeveloped, rather than after the property is subdivided, internal roadways are constructed, and access becomes more restricted. All works will be managed by Rous, with the developer to contribute project management administration charges and all costs associated with the construction of the relocated 525mm pipeline. Therefore, it is proposed to bring forward \$400,000 of the budget for this project from the 2027/28 financial year to the current financial year.
Existing	Emigrant Creek Dam Causeway	BULK	Capital Expenditure	BW17	(300,000)	522,000	This project is the construction of a concrete causeway at the base of Emigrant Creek Dam to improve access to the other side for operational monitoring and maintenance. Works package is near completion (awaiting Fisheries Permit); however, initiation of the procurement phase of the project now would push the works into Spring/Summer which is considered an unacceptable risk due to the location being at the toe of the dam and subject to dam overtopping in the events of storms. The dam is also likely to need to be lowered and outflows managed to minimize the risk of overtop events during the construction phase. For this reason, it is proposed to postpone the works into Winter 2024, with the budget deferred to the 2024/25 financial year. The amount of the budget should be increased to \$522,000 based on the construction cost provided by Bellwether Consulting plus 20% contingency plus 5% project management plus 5% escalation.
Existing	Emigrant Creek Water Treatment Plant BAC	BULK	Capital Expenditure	BW18	70,000	0	Carry forward works to finalise the replacement of the Emigrant Creek Water Treatment Plant BAC media, paint and modify the BAC tanks are now completed and final costs for the works are approximately \$70,000 over budget. This is due to higher-than-expected painting costs, unexpected costs relating to replacement of filter nozzles and additional crane hire to complete works safely.

New / Existing	Description	Reporting Unit	Category	Ref	Adjustment Amount		Notes
					Current Budget (2023/24)	LTFP (2024/25-2032/33)	
Existing	Coraki 225 - Mains Renewal	BULK	Capital Expenditure	BW19	(264,800)	264,800	An options assessment has been undertaken but the remainder of this project is to be deferred until the 2024/25 financial year.
Existing	FWP Alstonville Groundwater	BULK	Capital Expenditure	BW20	(2,000,000)	2,000,000	Deferred to the 2024/25 financial year.
	FWP Tyagarah Groundwater		Capital Expenditure	BW20	(250,000)	250,000	Deferred to the 2024/25 financial year.
Existing	Nightcap Water Treatment Plant PLC SB Upgrade	BULK	Capital Expenditure	BW21	(936,300)	936,300	Deferred to the 2024/25 financial year.
Existing	Nightcap and Emigrant Creek Water Treatment Plant Sludge	BULK	Capital Expenditure	BW22	(58,000)	(58,000)	These capital renewal projects are no longer required and can be returned to reserves.
Existing	Water Quality Monitoring Grant Funding	FLOOD	Operating Revenue	FM1	(36,600)	0	Grant funding for Water Quality Monitoring is to be reinstated this financial year. The budget for the related expenditure was carried over from the last financial year and is expected to be spent this financial year.
New	Lismore Levee Grant Funding	FLOOD	Operating Revenue	FM2	(1,300,000)	0	This grant funding will be received through Disaster Recovery Funding Arrangements to cover the cost of work to reinstate the Lismore Levee by Lismore City Council. The related expenditure is already included in the capital expenditure budget.
Existing	Fish Habitat (Coraki Riparian Plan) Grant Funding	FLOOD	Operating Revenue	FM3	(16,000)	0	Grant funding for the Fish Habitat (Coraki Riparian Plan) is to be reinstated this financial year. The budget for the related expenditure was carried over from the last financial year and is expected to be spent this financial year.
			Operating Expenditure	FM3	(7,000)	18,000	This project will be completed this financial year and, once the remaining consultants, project signage, excavator and rubbish removal costs are incurred, it is expected to come in \$7,000 under budget. However, the original grant application commits to ongoing bush regeneration maintenance for the next 3 years. Therefore, a budget of \$6,000 per annum is requested for the 2024/25, 2025/26 and 2026/27 financial years - 3 contractor days (\$400 per day) per site (5 sites) per year.
New	Floodgate Construction for Ballina Shire Council	FLOOD	Operating Revenue	FM4	(13,800)	0	The Flood Mitigation team has agreed to manufacture and sell four floodgates to Ballina Shire Council for use in their roadside/stormwater drainage network to demonstrate Council's willingness to develop a collaborative approach to drainage issues in constituent council's LGAs. Prices have been quoted to fully recover Rous' costs so overall budget impact is nil.
			Operating Expenditure	FM4	13,800	0	
New	Tuckombil Levee Flood Repair Grant Funding	FLOOD	Operating Revenue	FM5	(144,500)	0	Rous has been successful in obtaining grant funding of \$144,500 from NSW Public Works under the Natural Disaster Relief Assistance Program to restore Tuckombil Levee which was damaged in the 2022 floods. Expenditure of these funds will take place in the 2023/24 financial year. The overall budget impact is nil.
			Operating Expenditure	FM5	144,500	0	
New	RSL Pump Lismore Levee	FLOOD	Operating Revenue	FM6	(36,000)	0	This work to reinstate the RSL pump portion of the Lismore Levee is being carried out during the 2023/24 financial year. The cost is to be recovered through Disaster Recovery Funding Arrangements and, therefore, the overall budget impact is nil.
			Capital Expenditure	FM6	36,000	0	

New / Existing	Description	Reporting Unit	Category	Ref	Adjustment Amount		Notes
					Current Budget (2023/24)	LTFP (2024/25-2032/33)	
New	Replacement Spraying Rig and Helmets	FLOOD	Capital Expenditure	FM7	23,000	0	Controlling vegetation in Council-managed drainage systems with herbicide is an important component of the flood mitigation maintenance program. Without this spray program, drains become overgrown with vegetation, which can impact their flow and function. After many years of service, the flood mitigation team needs to replace their Quick Spray unit and two associated spray helmets. The total cost of these replacements exceeds the current budget for tools and equipment and, therefore, a transfer of \$23,000 from the flood reserve is requested.
New	Conway Street Insurance Claim	PROPERTY	Operating Revenue Capital Expenditure	P1 P1	(140,000) 140,000	0 0	Insurance claim for Conway Street flood repairs has been approved at \$140,000 and a contractor has been engaged to carry out the repairs. Overall budget impact is nil.
Existing	Perradenya Capital Expenditure	PROPERTY	Capital Expenditure	P2	(2,000,000)	2,000,000	Defer \$2,000,000 of the budget to the 2024/25 financial year.
Existing	Fleet GPS Tracking and Cameras	FLEET	Operating Expenditure	F1	34,500	310,500	GPS tracking units and cameras have been installed in additional vehicles. A transfer of \$34,500 from the fleet reserve is required to cover the additional related costs.
Existing	Insurance	BULK FLOOD	Operating Expenditure Operating Expenditure	BW23 FM8	26,000 1,500	0 0	Insurance premiums for the 2023/24 financial year came in above the budgeted amount.
Existing	Kyogle Street Depot Expenses	BULK PROPERTY	Operating Expenditure Operating Expenditure	BW24 P3	(29,500) 29,500	(119,000) 119,000	This property is no longer being used as a depot for water operations. It is currently being subleased. Operating expenditure for the current and future financial years is to be allocated to the Property Reporting Unit. Overall budget impact is nil.
New	Additional Staff Vehicle	BULK FLEET FLEET	Operating Expenditure Operating Expenditure Operating Expenditure	BW25 F2 F2	16,400 (16,400) 16,400	147,600 0 0	New internal hire vehicle.
Existing	Adjustments to Salaries Budget	BULK RETAIL FLOOD WEEDS PROPERTY FLEET	Operating Expenditure Operating Expenditure Operating Expenditure Operating Expenditure Operating Expenditure	BW26 RW1 FM9 WB1 P4 F3	147,500 (8,500) 9,800 13,300 68,300 (36,600)	0 0 0 0 0 0	The increase in the Local Government State Award for the 2023/24 financial year was 4.5%, whereas the budgeted increase was only 3%. There have also been some changes to staff grading and some reallocations between business units.
Existing	Budget Savings Identified						
	Phriendly Phishing	BULK	Operating Expenditure	BW27	(10,000)	(90,000)	This project was not required, remaining budget to be returned to reserve.
	Carrington Street Maintenance	PROPERTY	Operating Expenditure	P5	(15,300)	(119,700)	This property has been disposed of, remaining recurrent budget returned to reserve.
	Flood Repairs	FLOOD	Operating Expenditure	FM10	(29,000)	(261,000)	This budget for potential unplanned flood repairs is no longer required.
					(6,494,900)	5,753,000	

Bulk Water Reporting Unit

(QBR2) Income & Expenses - Bulk						
	Original Budget 2023/24	2022/23 Carryovers	Recommend Changes for Council Resolution	Ref	Projected Year End Result 2023/24	Actual YTD
Operating Income						
Water Sales	21,796,700	0	0		21,796,700	5,449,200
Interest Income / Sundry	1,103,100	0	0		1,103,100	545,800
Property Income	20,800	0	0		20,800	5,100
Operating Grants and Contributions	1,507,100	0	114,000	BW1	1,621,100	44,000
Profit on Sale	0	0	0		0	0
Capital Income	4,371,000	0	0		4,371,000	268,500
Total Operating Income	28,798,700	0	114,000		28,912,700	6,312,600
Operating Expense						
Administration Expenses	755,500	0	20,000	BW4	775,500	644,500
Administration - Retail Water Cost	(2,041,000)	0	0		(2,041,000)	(502,700)
Finance Costs	2,259,300	0	0		2,259,300	219,800
Building/Depot Expenses	612,500	0	(17,600)	BW2, BW24	594,900	159,100
Fleet Hire Expense	629,000	0	16,400	BW25	645,400	161,500
Training & Staff	368,200	0	0		368,200	41,100
Insurance	385,700	0	26,000	BW23	411,700	364,900
Members Expenses	169,100	0	0		169,100	28,500
Salaries & Wages	9,040,400	0	101,500	BW5, BW6, BW7, BW26	9,141,900	1,815,600
Operations Purchases	11,244,500	1,053,500	562,000	BW3, BW5, BW6, BW7, BW8, BW27	12,860,000	1,585,700
Depreciation	6,709,100	0	0		6,709,100	1,549,700
Total Operating Expense	30,132,300	1,053,500	708,300		31,894,100	6,067,700
Operating Result	(1,333,600)	(1,053,500)	(594,300)		(2,981,400)	244,900
Less: Depreciation	6,709,100	0	0		6,709,100	1,549,700
Operating Result Excl. Non Cash	5,375,500	(1,053,500)	(594,300)		3,727,700	1,794,600
Less: Capital Expenses	20,175,300	2,143,300	(3,820,100)	BW8, BW9, BW10, BW11, BW12, BW13, BW14, BW15, BW16, BW17, BW18, BW19, BW20, BW21, BW22	18,498,500	1,905,900
Add: Loan Funds	15,000,000	0	0		15,000,000	0
Less: Loan Repayments	4,191,300	0	0		4,191,300	690,000
Transfer from/(to) Reserve	3,991,100	3,196,800	(3,225,800)		3,962,100	801,300
Net Cash Movement	0	0	0		0	0

Impact on Bulk Water Reserve

The required changes above will result in \$3,225,800 being transferred to the Bulk Water reserve in the 2023/24 financial year. The projected balance as at 30 June 2024 will increase to \$23,531,800 which is beyond of the internal reserves policy target of 6 months operating expenditure or \$15,947,000.

Retail Water Reporting Unit

(QBR2) Income & Expenses - Retail						
	Original Budget 2023/24	2022/23 Carryovers	Recommend Changes for Council Resolution	Ref	Projected Year End Result 2023/24	Actual YTD
Operating Income						
Water Sales	3,417,900	0	0		3,417,900	828,000
Interest Income / Sundry	79,800	0	0		79,800	5,000
Capital Income	15,000	0	0		15,000	3,100
Total Operating Income	3,512,700	0	0		3,512,700	836,100
Operating Expense						
Administration Expenses	2,282,100	0	0		2,282,100	556,300
Fleet Hire Expenses	91,400	0	0		91,400	22,900
Salaries and Wages	684,300	0	(8,500)	RW1	675,800	136,700
Operations Purchases	139,400	0	0		139,400	37,600
Depreciation and Amortisation	420,200	0	0		420,200	66,400
Total Operating Expense	3,617,400	0	(8,500)		3,608,900	819,900
Operating Result	(104,700)	0	8,500		(96,200)	16,200
Less Depreciation	420,200	0	0		420,200	66,400
Operating Result Excl. Non Cash	315,500	0	8,500		324,000	82,600
Less: Capital Expenses	3,591,600	1,024,200	0		4,615,800	68,100
Transfer from/(to) Reserve	3,276,100	1,024,200	(8,500)		4,291,800	(14,500)
Net Cash Movement	0	0	0		0	0

Impact on Retail Water Reserve

The required changes above will result in a \$8,500 transfer to the Retail Water reserve in the 2023/24 financial year. The projected balance as at 30 June 2024 will increase to \$418,500 which is short of the internal reserves policy target of 8 months operating expenditure or \$2,406,000. This includes a planned transfer of \$2,000,000 from Bulk Water reserves to fund the smart metering/backflow project.

Flood Mitigation Reporting Unit

(QBR52) Income & Expenses - Flood						
	Original Budget 2023/24	2022/23 Carryovers	Recommend Changes for Council Resolution	Ref	Projected Year End Result 2023/24	Actual YTD
Operating Income						
Grants and Contributions	1,150,400	0	1,533,100	FM1, FM2, FM3, FM5, FM6	2,683,500	261,900
Interest Income / Sundry	23,800	0	13,800	FM4	37,600	10,600
Capital Income	0	0	0		0	0
Total Operating Income	1,174,200	0	1,546,900		2,721,100	272,500
Operating Expense						
Administration Expenses	216,400	0	0		216,400	54,100
Building/Depot Expenses	9,900	0	0		9,900	3,500
Fleet Hire Expenses	78,200	0	0		78,200	19,500
Insurance	4,700	0	1,500	FM8	6,200	0
Salaries and Wages	490,600	0	50,500	FM4, FM5, FM9	541,100	107,300
Operations Purchases	417,200	122,000	81,600	FM3, FM4, FM5, FM10	620,800	59,400
Depreciation and Amortisation	705,700	0	0		705,700	193,900
Loss on Sale	0	0	0		0	0
Total Operating Expense	1,922,700	122,000	133,600		2,178,300	437,700
Operating Result	(748,500)	(122,000)	1,413,300		542,800	(165,200)
Less Depreciation	705,700	0	0		705,700	193,900
Operating Result Excl. Non Cash	(42,800)	(122,000)	1,413,300		1,248,500	28,700
Less: Capital Expenses	156,400	1,368,000	59,000	FM6, FM7	1,583,400	23,200
Transfer from/(to) Reserve	199,200	1,490,000	(1,354,300)		334,900	(5,500)
Net Cash Movement	0	0	0		0	0

Impact on Flood Mitigation Reserve

The required changes above will result in a \$1,354,300 transfer to the Flood Mitigation reserve in the 2023/24 financial year. The projected balance as at 30 June 2024 will increase to \$626,200 which is short of the internal reserves policy target of 5 months operating expenditure or \$744,000.

Weed Biosecurity Reporting Unit

(QBR2) Income & Expenses - Weeds						
	Original Budget 2023/24	2022/23 Carryovers	Recommend Changes for Council Resolution	Ref	Projected Year End Result 2023/24	Actual YTD
Operating Income						
Grants and Contributions	1,640,000	0	0		1,640,000	215,400
Interest Income / Sundry	82,200	0	0		82,200	56,800
Capital Income	0	0	0		0	0
Total Operating Income	1,722,200	0	0		1,722,200	272,200
Operating Expense						
Administration Expenses	338,700	0	0		338,700	87,200
Building/Depot Expenses	13,900	0	0		13,900	4,800
Fleet Hire Expenses	232,000	0	0		232,000	58,300
Training & Staff	0	0	0		0	12,500
Salaries and Wages	1,457,400	54,500	13,300	WB1	1,525,200	365,900
Operations Purchases	594,100	59,000	0		653,100	51,600
Depreciation and Amortisation	31,000	0	0		31,000	7,900
Total Operating Expense	2,667,100	113,500	13,300		2,793,900	588,200
Operating Result	(944,900)	(113,500)	(13,300)		(1,071,700)	(316,000)
Less Depreciation	31,000	0	0		31,000	7,900
Operating Result Excl. Non Cash	(913,900)	(113,500)	(13,300)		(1,040,700)	(308,100)
Less: Capital Expenses	0	0	0		0	0
Transfer from/(to) Reserve	913,900	113,500	13,300		1,040,700	308,100
Net Cash Movement	0	0	0		0	0

Impact on Weed Biosecurity Reserve

The required changes above will result in a \$13,300 transfer from the Weed Biosecurity reserve in the 2023/24 financial year. The projected balance as at 30 June 2024 will decrease to \$817,300 which is short of the internal reserves policy target of 4 months operating expenditure or \$931,000.

Property Reporting Unit

(QBR2) Income & Expenses - Property						
	Original Budget 2023/24	2022/23 Carryovers	Recommend Changes for Council Resolution	Ref	Projected Year End Result 2023/24	Actual YTD
Operating Income						
Interest Income / Sundry	36,800	0	140,000	P1	176,800	9,200
Property Income	161,000	0	0		161,000	33,800
Capital Income	0	0	0		0	0
Total Operating Income	197,800	0	140,000		337,800	43,000
Operating Expense						
Administration Expenses	53,200	0	0		53,200	13,400
Building/Depot Expenses	187,800	0	14,200	P3, P5	202,000	50,500
Salaries and Wages	11,100	0	68,300	P4	79,400	19,500
Operations Purchases	26,300	0	0		26,300	4,700
Depreciation and Amortisation	43,200	0	0		43,200	12,300
Total Operating Expense	321,600	0	82,500		404,100	100,400
Operating Result	(123,800)	0	57,500		(66,300)	(57,400)
Less Depreciation	43,200	0	0		43,200	12,300
Operating Result Excl. Non Cash	(80,600)	0	57,500		(23,100)	(45,100)
Less: Capital Expenses	2,266,900	29,000	(1,860,000)	P1, P2	435,900	27,200
Transfer from/(to) Reserve	2,347,500	29,000	(1,917,500)		459,000	72,300
Net Cash Movement	0	0	0		0	0

Impact on Property Reserve

The required changes above will result in a \$1,917,500 transfer to the Property reserve in the 2023/24 financial year. The projected balance as at 30 June 2024 will increase to \$1,146,500 which is beyond the internal reserves policy target of 6 months operating expenditure or \$202,000.

Fleet Reporting Unit

(QBRS2) Income & Expenses - Fleet						
	Original Budget 2023/24	2022/23 Carryovers	Recommend Changes for Council Resolution	Ref	Projected Year End Result 2023/24	Actual YTD
Operating Income						
Interest Income / Sundry	126,100	0	0		126,100	29,700
Capital Income	0	0	0		0	0
Total Operating Income	126,100	0	0		126,100	29,700
Operating Expense						
Fleet Operations	582,100	0	50,900	F1, F2	633,000	194,800
Fleet Hire Income	(1,030,600)	0	(16,400)	F2	(1,047,000)	(261,800)
Salaries and Wages	182,000	0	(36,600)	F3	145,400	31,400
Depreciation and Amortisation	395,900	0	0		395,900	95,200
Loss on Sale	0	0	0		0	0
Total Operating Expense	129,400	0	(2,100)		127,300	59,600
Operating Result	(3,300)	0	2,100		(1,200)	(29,900)
Less Depreciation	395,900	0	0		395,900	95,200
Operating Result Excl. Non Cash	392,600	0	2,100		394,700	65,300
Less: Capital Expenses	421,400	0	0		421,400	188,200
Transfer from/(to) Reserve	28,800	0	(2,100)		26,700	122,900
Net Cash Movement	0	0	0		0	0

Impact on Fleet Reserve

The required changes above will result in a \$2,100 transfer to the Fleet reserve in the 2023/24 financial year. The projected balance as at 30 June 2024 will increase to \$1,116,100 which is beyond the internal reserves policy target of 4 months operating expenditure or \$391,000.

Budget Review for the Quarter Ended 30 September 2023

(QBR3) Capital Budget

	Original Budget 2023/24	2022/23 Carryovers	Recommend Changes for Council Resolution	Ref	Projected Year End Result 2023/24	Actual YTD
Capital Funding:						
Capital Grants & Contributions	0	1,300,000	0		1,300,000	0
Internal Restrictions						
- Renewals	10,834,730	2,336,485	(867,000)		12,304,215	1,075,000
- New Assets	11,405,870	928,015	(4,754,100)		7,579,785	869,100
External Restrictions						
- Infrastructure	0	0	0		0	0
Other Capital Funding Sources						
- Operating Revenue	0	0	0		0	0
- S64 Contributions	4,371,000	0	0		4,371,000	268,500
Income from Sale of Assets						
- Plant and Equipment	0	0	0		0	0
- Land and Buildings	0	0	0		0	0
Total Capital Funding	26,611,600	4,564,500	(5,621,100)		25,555,000	2,212,600
Capital Expenditure:						
New Assets						
- Plant and Equipment	0	0	0		0	0
- Office Equipment	880,000	0	(70,000)	BW10, BW12	810,000	17,600
- Inventory (Land)	2,200,000	0	(2,000,000)	P2	200,000	27,200
- Land and Buildings	4,087,800	0	0		4,087,800	506,500
- Infrastructure	8,609,070	928,015	(2,684,100)	BW16, BW17, BW20, BW21	6,852,985	586,300
Renewals (Replacement)						
- Plant and Equipment	421,400	0	23,000	FM7	444,400	188,200
- Office Equipment	543,700	0	(161,000)	BW8, BW9, BW11, BW13	382,700	100
- Land and Buildings	66,900	29,000	140,000	P1	235,900	0
- Infrastructure	9,802,730	3,607,485	(869,000)	BW14, BW15, BW16, BW18, BW19, BW21, BW22, FM6	12,541,215	886,700
Total Capital Expenditure	26,611,600	4,564,500	(5,621,100)		25,555,000	2,212,600

Impact on Capital Works Program

The required adjustments above will result in a reduction in capital works of \$5,621,100 being transferred to reserves reducing the total capital works program for 2023/24 to \$25,555,000. As at 30 September, \$2,212,600 or 8.7% of these works have been completed.

Budget Review for the Quarter Ended 30 September 2023					
(QBR54) Cash & Investments					
	Opening Balances 2023/24	Original Budget 2023/24	2022/23 Carryovers	Recommend Changes for Council Resolution	Projected Year End Result 2023/24
Unrestricted:					
Flood Mitigation	99,000	0	0	0	99,000
Weeds Biosecurity	25,800	0	0	0	25,800
Retail Water	100,000	0	0	0	100,000
Property	100,000	0	0	0	100,000
Fleet	50,000	0	0	0	50,000
Bulk Water	2,354,000	0	0	0	2,354,000
Total Unrestricted	2,728,800	0	0	0	2,728,800
Externally Restricted:					
Flood Grants	416,800	(310,600)	0	23,000	129,200
Weeds Grants	771,500	(263,500)	0	0	508,000
Weeds Other	0	0	0	0	0
Bulk Water Grants	826,000	(826,000)	0	0	0
Bulk Water Other	2,740,900	(1,380,900)	0	0	1,360,000
Total Externally Restricted	4,755,200	(2,781,000)	0	23,000	1,997,200
Internally Restricted:					
Flood Mitigation	445,300	1,111,400	(1,490,000)	331,300	398,000
Weeds Biosecurity	1,060,700	(650,400)	(113,500)	(13,300)	283,500
Retail Water	2,610,300	(1,276,100)	(1,024,200)	8,500	318,500
Property	1,505,500	(1,347,500)	(29,000)	917,500	1,046,500
Fleet	1,092,800	(28,800)	0	2,100	1,066,100
Bulk Water					
- Buildings & Structures	66,200	0	0	0	66,200
- Assets & Programs	16,815,200	(5,784,200)	(3,196,800)	5,225,800	13,060,000
- Employee Leave Entitlement	2,393,300	0	0	0	2,393,300
- Electricity	2,610,500	0	0	0	2,610,500
- Office Equipment & Computer	1,403,600	0	0	0	1,403,600
- Greenhouse Gas Abatement	284,200	0	0	0	284,200
Total Internally Restricted	30,287,600	(7,975,600)	(5,853,500)	6,471,900	22,930,400
Total Restricted	35,042,800	(10,756,600)	(5,853,500)	6,494,900	24,927,600

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 30 September 2023.

Reconciliation

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

	\$
Cash at Bank (as per bank statements)	7,183,339
Investments on Hand	30,000,000
Reconciled Cash at Bank & Investments	<u>37,183,339</u>

A comparison of the actual cash and investment balance above of \$37,183,339 as at 30 September 2023 to the forecast cash and investment balance of \$27,656,400 as at 30 June 2024, indicates significant spending will need to occur before 30 June 2023 if all forecast works are to be completed.

(QBR5) Contractors

Contractor	Contract Details & Purpose	Contract Value (\$) Excluding GST	Contract Date	Duration of Contract	Budgeted (Y/N)
Water Services Association of Australia	Water Efficiency Plans and Data Logger Meters	83,750	5/07/2023	5 Months	Y
Advanced Concrete Engineering P/L T/as APS	Nightcap Water Treatment Plant Platforms	332,921	1/08/2023	1 Month	Y
Thorpe Family Trust t/as CLH Plumbing Pty Ltd	Grace Road - Reticulation Upgrade	411,042	14/09/2023	4 Months	Y
Thorpe Family Trust t/as CLH Plumbing Pty Ltd	Arthur Road - Reticulation Upgrade	212,707	27/09/2023	4 Months	Y
Cultures of Design Pty Ltd t/as Agency In Design	Syllabus and Training Manual Development	60,000	1/09/2023	6 Months	Y
Hunter H2O Holdings Pty Ltd	Woodburn New Bores - Early Design, Testing, Inspections and Planning.	162,731	12/09/2023	9 Months	Y
Compass Equipment Hire Pty Ltd	Lismore 900 Erosion Repairs	54,036	15/08/2023	3 Months	Y
Marcon Consultancy Pty Ltd	Project Management - Gallans Road EOI and RFT	148,850	1/08/2023	5 Months	Y
Change2020 Pty Ltd	Change Management Approach - Gallans Road	57,100	11/09/2023	6 Months	Y
Alex Llewellyn P/L t/as Llewellyn Building & Renovations	Emigrant Creek Water Treatment Plant Chemical Storage Area Roof Replacement	77,251	26/09/2023	2 Months	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	\$188,600	Y
Legal Fees	\$2,000	Y

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

Consultancies		
	Corporate & Commercial - RAP Advisory	22,200
	Corporate & Commercial - IT Strategy	6,600
	Corporate & Commercial - Revaluation of Land and Buildings	7,000
	Planning & Delivery – Coraki Riparian Project Revegetation	17,900
	Planning & Delivery – Dam Safety Management System	95,300
	Planning & Delivery – Modelling Connection Data	4,500
	Future Water Project – Purified Recycled Water for Drinking Investigation	35,100
Legal Fees		
	Easement Matters	1,800
	Legal Services - Lease Variation Molesworth Street	200

Statement of Expenses for Councillors

Councillor Expenses for the Quarter Ending 30/09/2023 (Q1)

Quarter 1	Other Expenses	Official Business of Council - Travel	Official Business of Council - Professional Development/Training	Total by Councillor (Q1)
Councillor Bruem	0	0	0	0
Councillor Cadwallader	0	0	0	0
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 Rob	0	0	5,496	5,496
Total Per Expense Type	0	0	5,496	5,496


	Q1	Q2	Q3	Q4	Total by Councillor YTD
Councillor Bruem	0	0	0	0	0
Councillor Cadwallader	0	0	0	0	0
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 Rob	5,496	0	0	0	5,496
Total Per Expense Type	5,496	0	0	0	5,496


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	Property	Fleet	Bulk	Consolidated (Whole Organisation)	Local Government Bench Mark
1	Operating Performance	2023/24 Budget Review	542,800	(1,071,700)	(96,200)	(66,300)	(1,200)	(2,981,400)	(3,674,000)	Surplus
		2022/23 Actual	(875,000)	22,000	(48,000)	(124,000)	127,000	158,000	(970,000)	
2	Current Ratio	2023/24 Budget Review	4.79	0.50	8.08	148.90	5.37	2.32	2.43	> 1.5
		2022/23 Actual	9.88	3.14	61.26	208.52	5.58	3.65	3.99	
3	Debt Service Cover Ratio	2023/24 Budget Review	-	-	-	-	-	0.94	1.08	> 2
		2022/23 Actual	-	-	-	-	-	1.57	1.71	
4	Own Source Operating Revenue Ratio	2023/24 Budget Review	1%	5%	100%	100%	100%	94%	84%	> 60%
		2022/23 Actual	0%	2%	100%	100%	100%	77%	74%	
5	Building and Infrastructure Renewals Ratio	2023/24 Budget Review	2.24 : 1	-	7.02 : 1	5.46 : 1	-	1.25 : 1	1.62 : 1	> 1:1
		2022/23 Actual	0.17 : 1	-	1.49 : 1	0.00 : 1	-	0.95 : 1	0.97 : 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 decreased compared with the original budgeted deficit of \$7,644,800. Due to the existing reserve balances Council has, a conscious decision has been made not to adhere to this benchmark.

Original Budgeted Deficit	(\$7,644,800)
Projected Year End Result 2023/24	(\$8,060,000)
	(\$415,200)

The decrease can be attributed to carry over works (\$1.289M) reinstated from 2022/23, an increase in salaries (\$188K), fleet expenses (\$51K) and operating expenses (\$688K), offset by an increase in grant revenue (\$1.647M), insurance claims (\$140K) and private works (\$14K).

Carryovers / Reinstatements	(\$1,289,000)
Expenses	(\$927,100)
Revenue	\$1,800,900
	(\$415,200)

Note: Operating results include depreciation of \$8,305,100 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 \$2.43 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 Outcome										
Coastal Management Plan - Stage 2	Flood	Development of the Coastal Management Plan for the Richmond River Estuary - Stage 2	DPE	NSW Department of Planning and Environment Coastal and Estuaries Grants Program. 2:1 funding ratio and contributions from all councils in the Richmond River catchment will make this amount much more affordable.	3 years	1,038,000	692,000	346,000		
Wilsons River Reach - Fish Habitat Action Grant 2023	Flood	Boatharbour Riparian Repair Project	DPIE	Fish Habitat Action Grant	1 year	96,737	40,000	56,737		
Active Grants										
Water Quality Monitoring 2019-22	Flood	Richmond River water quality monitoring project	DPIE	Coastal & Estuary Grants Program	3 years	199,768	99,884	99,884	171,697	28,071
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	4 years	676,800	84,600 p.a.	84,600 p.a.	580,926	95,874
Coraki Riparian Project	Flood	Richmond River coastal riparian project at Coraki	DPIE	Fish Habitat Action Grant	1 year	112,160	40,000	72,160	55,744	56,416
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	-	1,485	248,515
Natural Resource Management Flood Water Sustainability Project Grant	Water	Emergency Repairs Claim	Public Works Advisory	Northern Rivers March 2022 Flood/Water Sewerage Program	2 years	1,600,000	1,600,000	0	522,490	1,077,510
Safe & Secure Water Program 2022-2024 (SSWP479) - Tranche 3	Water	Funding for Stage 1 of Rous County Council - FWP2060. Planning, Investigation and Design Project. DPE is funding 25% of the estimated actual project costs.	DPE	Rous Water Customers Water Security Program	15 mths (31.05.24)	8,037,600	2,009,400	0	609,649	7,427,951
Local Water Utility Grants	Water	Regional Leakage Reduction Program – Local Water Utility Grants A maximum total amount of 114,025.00 (GST exclusive) payable in instalments. This is based on 25% of \$456,100.00 (total project costs). If total project costs are less than this, the payment will be adjusted accordingly.	DPIE	Regional Leakage Reduction Program	15 mths (31.05.24)	456,100	114,025	0	71,345	384,755
Weeds Action Program 2020-25 (2024)	Weeds	Funding allocated annually	DPIE	North Coast Weeds Action Program 2020-25	1 year	642,500	642,500	-	280,925	361,575
North Coast Bushfire Recovery – Delivery of – W1 Tropical Soda Apple Landholder Engagement Project in the North Coast (5 years)	Weeds	Tropical Soda Apple Landholder Engagement and Compliance Program – delivery of 210 property inspections	LLS & DPI	NSW Bushfire Recovery Stimulus	5 years	236,000	214,000	22,000	236,000	0
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	18,500	29,250
Early Needs Weed Management	Weeds	Early Needs Weed Management Project	LLS	Early Needs Weed Management Program	2 years	710,000	710,000	0	385,665	324,335
Priority Weeds Washdown Facility	Weeds	Funding to support essential programs and treatments of new incursions of prohibited weeds - Priority weeds washdown facility	DPI	2022-2023 New Weed Incursion - Priority Weeds Washdown Facility	12m	49,995	49,995	-	-	49,995
Parthenium 2023	Weeds	Surveillance, control, site maintenance of high risk properties. Distribution of educational materials.	DPI	New Weed Incursion - Parthenium Weed (Parthenium hysterophorus) Response	12 mths	30,000	20,000	10,000	107	29,893
Frogbit 2023	Weeds	Expand inspections areas, treatment of Frogbit infestation and follow up treatment	DPI	New Weed Incursion - Frogbit (Limnobia laevigatum) Rapid Response	6 mths	30,000	20,000	10,000	6,870	23,130
Tropical Soda Apple High Risk Pathways	Weeds	Next 12 months -Continue surveillance/control of the Tropical Soda apple in identified high risk pathways	DPI	Tropical Soda Apple High Risk Pathways	12 mths	32,000	30,000	2,000	53	31,947

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 2023/24 Operational Plan.

An update will be provided at a future Council meeting regarding a revision of the current internal reserves policy.