MINUTES OF THE MEETING OF SPECIAL COUNCIL MEETING

held on Wednesday 29 November 2023 commencing at 5.15pm
in the Council Chambers, 43-51 Tanunda Road, Nuriootpa.

M I N U T E S

1. THE BAROSSA COUNCIL

1.1 Welcome

Welcome by Mayor Bim Lange declared the meeting open at 5.16pm.

1.2 Members Present

Mayor Bim Lange, Crs John Angas, Don Barrett, Tony Hurn, Kathryn Schilling, Jane Evans, Bruce Preece, Rick Lane and Heidi Thompson

Apologies

Cr Cathy Troup

Not Present

Cr Jess Greatwich

Leave of Absence

Nil

2. DEBATE REPORTS

2.1 Corporate Services and Business Innovation

2.1.1 ANNUAL FINANCIAL STATEMENTS FOR THE 2022-2023 FINANCIAL YEAR - NURIOOTPA CENTENNIAL PARK AUTHORITY AND CONSOLIDATED ACCOUNTS FOR THE BAROSSA COUNCIL
23/114173

Cr de Vries entered the meeting at 5.30pm

MOVED Cr Barrett

That Council, having reviewed the annual financial statements for the 2022/23 financial year and noted the Audit and Risk Committee endorsement, adopt:

(1) The Nuriootpa Centennial Park Authority Annual Financial Statements as presented at Attachment 1 with an amendment to the Statement of Financial Position, Other Non-current Assets being a reduction of the disclosure by $4,071 to $91,803.

(2) The Barossa Council consolidated Annual Financial Statements as presented at Attachment 3; and

(3) Notes the analysis contained within this report comparing The Barossa Council's audited 2022/23 Financial Statements with the 2022/23 original adopted budget.

SECONDED Cr Hurn **CARRIED 2022-26/306**

PURPOSE

To review and adopt the annual financial statements for the 2022-2023 financial year of the Nuriootpa Centennial Park Authority and consolidated accounts for The Barossa Council.

REPORT

<u>*Background*</u>
Regulation 13 of the Local Government (Financial Management) Regulations 2011 requires that the Financial Statements of a Council be prepared in accordance with the requirements set out in the Model Financial Statements.

Regulation 10 of the Local Government (Financial Management) Regulations 2011 requires a report showing the audited financial results of each item shown in the statement of comprehensive income and balance sheet of the budgeted financial statement compared with the estimated financial results set out in the budget.

The Mayor and Chief Executive Officer have previously been endorsed to sign the Financial Statements.

<u>*Introduction*</u>
The completed Annual Financial Statements for the Nuriootpa Centennial Park Authority for 2022/2023 are provided as Attachment 1 and The Barossa Council are provided as Attachment 3.

Council's external audit has been carried out by Galpins, returning an unmodified report and no reports to the Minister.

Attached for your information at Attachment 2, is the Nuriootpa Centennial Park Authority Draft Audit Report and The Barossa Council Draft Audit Completion Report at Attachment 4.

The Audit and Risk Committee have reviewed both sets of annual financial statements and endorsed them at their committee meeting held 27 November 2023.

The Nuriootpa Centennial Park Authority Audit and Risk committee have not met yet to endorse the financial statements.

Discussion

Key results of The Barossa Council 2022/23 Annual Financial Statements include:

- 2022/23 Operating Surplus of $0.949m compared to $2.749m surplus for 2021/22.
- 2022/23 Net Surplus after capital adjustments is $8.403m (2021/22 $8.230m surplus).
- 2022/23 Total Comprehensive Income after Changes in Revaluation Surplus is $3.685m (2021/22 $17.834m surplus).
- Net Assets increased to $403.5m as at 30 June 2023 from $399.8m as at 30 June 2022.
- Cash and Cash Equivalents at 30 June 2023 were $4.618m (2022 $13.264m).
- Total borrowings have increased from $7.768m to $8.958m at 30 June 2023.
- Asset revaluations undertaken in 2022/23 resulted in a net decrement of $4.714m.
- Approximately 95% of the allocated 2023/24 Federal Budget grants were paid in June 2023. The effect of this for 2022/23 was an increase in actual income and improved operating surplus and cash at bank position.

The tables below for The Barossa Council compare the 2022/23 audited financial result to both the 2022/23 adopted original budget and the 2021/22 audited financial result.

- Table 1 – Statement of Comprehensive Income
- Table 2 – Statement of Financial Position
- Table 3 – Financial Indicators

Furthermore, Table 4 – Asset Revaluation, has been included to briefly explain the asset revaluation movements.

Table 1: Statement of Comprehensive Income	2022/23 Actual $'000	2022/23 Budget $'000	Variance to budget $'000	Variance to budget %	Notes	2021/22 Actual $'000	Variance to actual $'000	Variance to actual %	Notes
Income									
Rates	35,800	35,759	41	0.1%		33,700	2,100	6%	A1
Statutory Charges	803	797	6	1%		833	(30)	(4%)	
User Charges	3,601	3,200	401	13%	B1	3,140	461	15%	A2
Grants, Subsidies and Contributions	4,311	1,857	2,454	132%	B2	4,227	84	2%	
Investment Income	415	88	327	372%	B3	146	269	184%	A3
Reimbursements	9	61	(52)	(85%)		8	1	13%	
Other Income	806	722	84	12%		658	148	22%	A4
Total Income	**45,745**	**42,484**	**3,261**	**8%**		**42,712**	**3,033**	**7%**	
Expenses									
Employee Costs	15,897	16,493	596	4%		14,118	(1,779)	(13%)	A5
Materials, Contracts and Other Expenses	17,887	17,878	(9)	(0.1%)		15,951	(1,936)	(12%)	A6
Depreciation, Amortisation and Impairment	10,553	9,159	(1,394)	(15%)	B4	9,425	(1,128)	(12%)	A7
Finance Costs	441	419	(22)	(5%)		464	23	5%	
Net Loss - Equity Accounted Council Businesses	18	0	(18)	-%		5	(13)	(260%)	
Total Expenses	**44,796**	**43,949**	**(847)**	**(2%)**		**39,963**	**(4,833)**	**(12%)**	
Operating Surplus / (Deficit)	**949**	**(1,465)**	**2,414**	**(165%)**		**2,749**	**(1,800)**	**(65%)**	
Physical Resources Received Free of Charge	3,131	0	3,131	-%		2,009	1,122	56%	A8
Asset Disposal & Fair Value Adjustments	(1,097)	(821)	(276)	34%	B5	(874)	(223)	26%	A9
Amounts Received Specifically for New or Upgraded Assets	5,420	7,251	(1,831)	(25%)	B6	4,346	1,074	25%	A10
Net Surplus / (Deficit)	**8,403**	**4,965**	**3,438**	**69%**		**8,230**	**173**	**2%**	
Other Comprehensive Income									
Increase/(decrease) in asset revaluation surplus	(4,714)	0	(4,714)	-%		9,604	(14,318)	(149%)	A11
Impairment Expense	(4)	0	(4)	-%		0	0	-%	
Total Other Comprehensive Income	**(4,718)**	**0**	**(4,718)**	**-%**		**9,604**	**(14,322)**	**(149%)**	
Total Comprehensive Income	**3,685**	**4,965**	**(1,280)**	**(26%)**		**17,834**	**(14,149)**	**(79%)**	

Whereby the variation is greater than both 5% and $100,000, a comment is provided below.

Notes	**Explanation**
B1	Nuriootpa Centennial Park site activity exceeded budgeted expectations resulting in additional income for cabins and site fees.
B2	95% of the Financial Assistance Grant for 2023/24 was received in June 2023.
B3	The increase is due to: • Increase in interest rates on investments during the year resulting in more income • Community Loans budget classified against Reimbursements.
B4	The increase is attributable to revaluation of assets and increases in the unit rates for CWMS, Bridges, footpaths, kerb and gutter and Transport asset classes.
B5	No budget provision for building disposals as part of the upgrade works for the Council and Library Main Office.
B6	The variance is attributable to:

- less grant funding carried forward than what was budgeted for The Big Project
- some grants classified as a liability as at balance date due to the grants being obtained on the condition that they be expended for specified purposes and not yet full expended.

A1 The increase is represented by:

- A general rate increase of 3.75%
- A budgeted growth in rateable properties of 0.84%
- Waste, Recycling and Green Organics Collection service charge increase of 8.8%
- CWMS service charge increase of 3.4%.

A2 Nuriootpa Centennial Park site activity exceeded budgeted expectations resulting in additional income for cabins and site fees.

A3 Increase in interest rates on investments resulting in more income.

A4 Increased income associated with The Rex Barossa Aquatic Fitness Centre.

A5 The increase is predominately represented by:

- The increase is due in part to FTE growth and significant vacancies held as 30 June 2021(as at 30 June comparison) impacting the comparison
- 3.5% increase for ASU workforce
- 2.3% increase for AWU workforce
- Increase in compulsory superannuation payments
- Increase in workers compensation insurance costs.

A6 The increase is predominately reflective of annual local government price index increase of 6.5% and in line with 2022/23 budgeted expenditure for:

- energy and fuel costs
- maintenance and parts, accessories and consumables costs
- waste collection services
- contractors and professional services.

A7 The increase is attributable to revaluation of assets and increases in the unit rates for CWMS, Bridges, footpaths, kerb and gutter and Transport asset classes. In addition, new/upgraded assets of $13.6m completed in 2022/23 incurred $250k depreciation expense.

A8 The increase is predominately attributable to the transport assets received from the Krieg Park development.

A9 The decrease is predominantly attributable to less proceeds received on disposed assets in 2022/23.

A10 The increase is predominantly attributable to funding received from the Local Roads and Community Infrastructure Program in 2022/23.

A11 The difference is predominately related to the Transport asset class revaluation. In 2022/23, an assessment of both the unit rates and condition was undertaken with the condition

Table 2: Statement of Financial Position	2022/23 Actual $'000	2022/23 Budget $'000	Variance to budget $'000	Variance to budget %	Notes	2021/22 Actual $'000	Variance to actual $'000	Variance to actual %	Notes
Current Assets									
Cash & Cash Equivalents	4,618	88	4,530	5,148%	B1	13,264	(8,646)	(65%)	A1
Trade & Other Receivables	2,946	2,463	483	20%	B2	2,671	275	10%	A2
Inventories	245	218	27	12%		391	(146)	(37%)	A3
Total Current Assets	**7,809**	**2,769**	**5,040**	**182%**		**16,326**	**(8,517)**	**(52%)**	
Non-current Assets									
Trade & Other Receivables	1,312	1,358	(46)	(3%)		1,162	150	13%	A4
Equity Accounted Investments in Council Businesses	2,263	2,286	(23)	(1%)		2,281	(18)	(1%)	
Other	15,893	0	15,893	-%	B3	6,103	9,790	160%	A5
Infrastructure, property, plant and equipment	394,340	438,860	(44,520)	(10%)	B4	392,816	1,524	0.4%	
Total Non-current Assets	**413,808**	**442,504**	**(28,696)**	**(6%)**		**402,362**	**11,446**	**3%**	
Total Assets	**421,617**	**445,273**	**(23,656)**	**(5%)**		**418,688**	**2,929**	**1%**	
Current Liabilities									
Trade & Other Payables	5,116	4,589	527	11%	B5	7,118	(2,002)	(28%)	A6
Borrowings	1,945	8,356	(6,411)	(77%)	B6	1,080	865	80%	A7
Provisions	3,622	2,521	1,101	44%	B7	2,911	711	24%	A8
Total Current Liabilities	**10,683**	**15,466**	**(4,783)**	**(31%)**		**11,109**	**(426)**	**(4%)**	
Non-current Liabilities									
Borrowings	7,013	15,701	(8,688)	(55%)	B8	6,688	325	5%	A9
Provisions	418	1,330	(912)	(69%)	B9	1,073	(655)	(61%)	A10
Total Non-current Liabilities	**7,431**	**17,031**	**(9,600)**	**(56%)**		**7,761**	**(330)**	**(4%)**	
Total Liabilities	**18,114**	**32,497**	**(14,383)**	**(44%)**		**18,870**	**(756)**	**(4%)**	
Net Assets	**403,503**	**412,776**	**(9,273)**	**(2%)**		**399,818**	**3,685**	**1%**	
Equity									
Accumulated Surplus	105,026	104,602	424	0.4%		98,215	6,811	7%	
Asset Revaluation Reserve	282,905	297,205	(14,300)	(5%)		287,623	(4,718)	(2%)	
Other Reserves	15,572	10,969	4,603	42%		13,980	1,592	11%	
Total Equity	**403,503**	**412,776**	**(9,273)**	**(2%)**		**399,818**	**3,685**	**1%**	

assessment outcome unfavourable resulting in a write down of the overall value of the Transport asset class. This is compared to 2021/22 whereby only an assessment of the unit rates was undertaken which increased the overall value of the asset class.

Whereby the variation is greater than both 5% and $100,000, a comment is provided below.

Notes	**Explanation**
B1	The budget assumed greater cash outflows for investing activities for new and upgraded assets.
B2	Due to budget assumptions associated with repayments of loans to community and level of predicted rates debtors.
B3	The budget does not provision for work in progress and assumes all work will be completed.
B4	The variance is predominately attributable to the following: • The budget assumed $34.4m of new asset additions and asset renewals whereby actuals were $18.1m. Noting that work in progress increased by $9.8m during 2022/23. • The budget did not provision for an asset revaluation.

B5 Due to the differences in budget assumptions for payments received in advance related to unspent conditional capital grants.

B6 & B8 Less borrowings were required than budget due to less than budgeted works on new and renewed assets.

B7 & B9 The provision for annual leave has now been fully classified as a current liability to better align to accounting standard AASB 119 Employee Benefits.

A1 Greater cash outflows for investing activities with new and upgraded assets.

A2 Increase is representative of the increase in total income and specifically rates.

A3 Decrease is attributable to less road materials on hand at balance date.

A4 Increase is due to an additional loan to a community organisation.

A5 Increase is due to work in progress not yet capitalised.

A6 The movement is predominately attributable to the decrease in payments received in advance related to unspent conditional capital grants at balance date.

A7 & A9 The increase is associated with funding capital projects.

A8 & A10 The provision for annual leave has now been fully classified as a current liability to better align to accounting standards.

Table 3: Financial Indicators	**Notes**	**2022/23 Actual**	**2022/23 Budget**		**2021/22 Actual**	**Adopted Target**
Operating Surplus Ratio	*1*	2.1%	(3.4%)		6.4%	(2%) - 10%
Net Financial Liabilities Ratio	*2*	20%	67.3%		4%	0 - 100%
Asset Renewal Funding Ratio	*3*	108%	112%		89%	80% - 110%

Notes	**Explanation**
1	Operating Surplus Ratio exceeded budget expectations and was within the adopted target range.
2	Net Financial Liabilities Raito exceeded budgeted expectations due to less than budgeted borrowings and was within the adopted target range.
3	Asset Renewal Funding Ratio is in line with budgeted expectations and within the adopted target range.

Asset Revaluations
Three asset classes were revalued in 2022/23. Table 4 below explains the revaluation movements as reported in note 9(a).

Table 4 – Asset Revaluations

Asset Class	**Increment/ (Decrement) $'000**	**Explanation**
Bridges, Floodways and Major Culverts	$3.807m	The increase is due to an increase in unit rates in which Council Officers applied the Local Government Price Index of 17.5% on the previous valuation 1 July 2017.
Community Wastewater Management Scheme	$13.532m	The increase is due to: • A review of the unit rates which was undertaken by Council Officers from the previous valuation 1 July 2021 • A review of the condition of the assets by Council Officers in which the assessment determined a slight improvement then previously assessed.
Transport	($21.293m)	The decrease is due to a review of the condition of sealed and sheeted roads undertaken by Infrastructure Management Group partly offset by an increase in the unit rates which was undertaken by Tonkin Consulting.

Stormwater and drainage asset class revaluation decrement of $0.760m was due to a data issue in which cross drain headwall assets were duplicated in the previous asset register. At the time, the value of these asset was estimated to be $2.184 million and an annual depreciation effect of $14.5k. The asset data was transferred to a new

asset register in 2022/23 in which the error was identified and corrected through the asset revaluation reserve.

Summary and Conclusion
The 2022/23 annual financial statements are presented for adoption.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1	Nuriootpa Centennial Park Authority Draft Financial Statements 2022 2023
Attachment 2	2023 Draft Audit Report on Financial Statements - NCPA
Attachment 3	The Barossa Council Draft Annual Financial Statements 2022 - 2023
Attachment 4	Draft Audit completion report - Barossa Council 2022 - 2023

Supporting references
Nil

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Corporate Plan

BS6 – Finance - Provision of financial and budgetary accounting services, treasury and investment services, management reporting, reconciliation and taxation services, asset accounting, internal control, accounts payable and receivable services.

BS7 – Governance - Provision of governance advice and support in the discharge of legislative responsibilities for policy development, delegations and authorisations, internal review of Council decisions, Native Title claims.

BS 13 – Strategic/Legislative Planning and Reporting – Provision of organisational performance report (outcomes), activity report (outputs), a range of statutory reporting (e.g. public health, tax, superannuation) and financial reporting.

Legislative Requirements
Local Government Act 1999
Local Government (Financial Management) Regulations 2011

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Financial
All known financial and resourcing requirements as at 30 June 2023 have been included in the annual financial reports.

Risk Management
Risk management issues are considered by Management throughout the financial year and communicated to Council as required.

COMMUNITY ENGAGEMENT

Council's Annual Financial Statements do not require community consultation. The Statements are public documents, accessible to the community via Council's website after Council adoption.

2.1.2 REPORT ON FINANCIAL RESULTS 2022 - 2023 AS AT 30 JUNE 2023
23/114111

MOVED Cr de Vries

That Council, having noted and reviewed the Report on Financial Results for 2022-2023 (as at 30 June 2023) at Attachment 1, approve the report and all budget adjustments contained including carried forward requests of funding to the 2023-2024 financial year

.SECONDED Cr Angas **CARRIED 2022-26/307**

PURPOSE

The Report on Financial Results for 2022-2023 financial year is attached for Council consideration and approval of actual reserve transfers and carried forward adjustments to 2023-2024.

REPORT

Background

With the adoption of the annual financial statements the final financial performance report has been prepared and is now tabled. The report is a statutory report and also encases carry forward adjustments.

Discussion
The Report on Financial Results is prepared following the completion of the Financial Statements. This report provides Council with a final variance report for the actual results as compared to the adopted budget, along with carried forward adjustments to the 2023-2024 financial year that are consistent with the Annual Budget and Business Plan and continuation of programs and projects between the financial years.

The report provides information as to the financial position of Council, containing: Executive Summary, Uniform Presentation of Finances, Key Performance Indicators, Financial Statements with Variance Reporting as compared to the original budget and compared to last year actual results.

The report also provides a list of proposed Operating and Capital Budget carried forward adjustments. Many of these adjustments are for projects not completed by 30 June 2023 for various reasons and/or are attached to grant funding/contributions for programs in 2022/2023.

Summary and Conclusion
The report is now tabled for review and approval.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1	Report of Financial Results 2022-2023 - Carried Forwards report as at 30 June 2023

Supporting references
Nil

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Corporate Plan

BS6 – Finance - Provision of financial and budgetary accounting services, treasury and investment services, management reporting, reconciliation and taxation services, asset accounting, internal control, accounts payable and receivable services.

BS7 – Governance - Provision of governance advice and support in the discharge of legislative responsibilities for policy development, delegations and authorisations, internal review of Council decisions, Native Title claims.

BS 13 – Strategic/Legislative Planning and Reporting – Provision of organisational performance report (outcomes), activity report (outputs), a range of statutory reporting (e.g. public health, tax, superannuation) and financial reporting.

Legislative Requirements
Regulation 10 of the Local Government (Financial Management) Regulations 2011

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

To enable Council to make effective and strategic financial decisions, a regular up to date high level financial report is provided. This report contains budget adjustments for decisions Council has made since the last review and other adjustments to meet financial changes in capital and/or operational areas. The document contains comments and implications for the Longer Term Financial Plan as a result of this review.

COMMUNITY ENGAGEMENT

Community Consultation was part of the original budget adoption process in June 2022 as per legislation.

2.1.3 BUDGET UPDATE - QUARTER 1 2022-2023 - AS AT 30 SEPTEMBER 2023
23/114102

Cr Barrett requested that the line in correctly outlining "Talunga Oval Renovation" be corrected to "Tanunda Oval Renovation" prior to the finalisation of the document for publishing.

MOVED Cr Barrett

That Council, having reviewed the Budget Update for 2023/2024 (as at 30 September 2023) at Attachment 1, adopt the budget update report and budget variations including reserve transfers contained therein.

SECONDED Cr Lane **CARRIED 2022-26/308**

PURPOSE

The Budget Update for 2023-2024 (as at 30 September 2023) is attached for Council consideration and adoption of budget variations.

REPORT

Background

On a quarterly basis the budgets of Council are to be reviewed in accordance with the *Local Government Act 1999* and associated regulations.

Officers undertake a review of all budget lines and adjust where budgets are trending over or under budget and where changes are required associated with capital programs or new or changed funding conditions.

In addition, the first review in September each year brings into the budget changes associated with the finalisation of the financial statements and carried forward funding, final annual grant allocations, insurance costs and many others that are estimated in the budget but are solidified in the first quarter of each financial year when annual accounts are received. Further, each quarter will present prior decisions of Council where funding changes have been made so they are captured in the full estimates and budgeted financial statements.

Discussion
The report provides information as to the financial position of Council, containing budget update reports which include Executive Summary, Uniform Presentation of Finances, Key Performance Indicators, Summary of Operating Budget Variance Adjustments and Summary of Capital Budget Variance Adjustments.

The proposed variances between the Original Budget and this budget update are listed on the operating and capital budget adjustment pages.

Summary and Conclusion
The review has been completed and is ready for review and endorsement.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1 Quarter 1 Budget Update 2023 - 2024 as at 30 September 2023

Supporting references
Nil

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Corporate Plan

BS6 – Finance - Provision of financial and budgetary accounting services, treasury and investment services, management reporting, reconciliation and taxation services, asset accounting, internal control, accounts payable and receivable services.

BS7 – Governance - Provision of governance advice and support in the discharge of legislative responsibilities for policy development, delegations and authorisations, internal review of Council decisions, Native Title claims.

BS 13 – Strategic/Legislative Planning and Reporting – Provision of organisational performance report (outcomes), activity report (outputs), a range of statutory reporting (e.g. public health, tax, superannuation) and financial reporting.

Legislative Requirements
Section 123 (13) of the Local Government Act 1999
Regulation 9 of the Local Government (Financial Management) Regulation 2011

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

The report provides the best up to date estimates of financial and resource estimates to achieve the annual business plan and strategies set by Council.

COMMUNITY ENGAGEMENT

Community Consultation was part of the Original Budget adoption process in July 2023, as per legislation.

3. NEXT MEETING

Tuesday 19 December 2023 at 5.30pm

4. CLOSURE

Mayor Lange declared the meeting closed at 5.35pm.

Confirmed at Council Meeting on 19 December 2023

Date:……………………………… Mayor:…………………………………