



Brighton Council

MINUTES OF THE **FINANCE COMMITTEE MEETING**
OF THE BRIGHTON COUNCIL HELD
IN THE COUNCIL CHAMBER, COUNCIL OFFICES
OLD BEACH AT 5.00 P.M. ON TUESDAY,
13TH OCTOBER, 2015

PRESENT: Cr Foster (Chairperson); Cr Curran; Cr Garlick; Cr Gray; Cr Owen and Cr Taylor.

IN ATTENDANCE: Cr P Geard; Cr M Jeffries; Mr G Davoren (Deputy General Manager); Mr H Macpherson (Municipal Engineer) and Mrs J Banks (Governance Manager)

1. APOLOGIES:

All members were present.

2. QUESTION TIME & DEPUTATIONS:

There was no requirement for question time.

3. DECLARATION OF INTEREST:

In accordance with Part 5, Section 48 of the *Local Government Act 1993*, the Chairman of a meeting is to request Councillors to indicate whether they have, or are likely to have an interest in any item on the agenda; and

Part 2 Regulation 8 (7) of the *Local Government (Meeting Procedures) Regulations 2005*, the Chairman of a meeting is to request Councillors to indicate whether they have, or are likely to have, a pecuniary interest in any item on the agenda.

Accordingly, Councillors are requested to advise of any interest they may have in respect to any matter appearing on the agenda, or any supplementary item to the agenda, which the Council has resolved to deal with, in accordance with Part 2 Regulation 8 (6) of the *Local Government (Meeting Procedures) Regulations 2005*.

4. BUSINESS:

4.1 MONTHLY FINANCE REPORT AS AT 30 SEPTEMBER 2015:

FILE REFERENCE: 0103

AUTHOR: Deputy General Manager
(Mr G Davoren)

Background:

The finance reports were submitted for consideration.

They comprised the summarised financial position and revenue and expenses of the Council for the first three months of the 2015/16 financial year.

Consultation:

Nil

Risk Implications:

Nil

Financial Implications:

Not Applicable

Other Issues:

Nil

Assessment:

Nil

Options:

1. As per the recommendation.
 2. Not receive the reports.
-

RECOMMENDATION:

That the reports be received.

DECISION:

Cr Taylor moved, Cr Owen seconded that the reports be received.

CARRIED

VOTING RECORD

In favour	Against
Cr Curran	
Cr Foster	
Cr Garlick	
Cr Gray	
Cr Owen	
Cr Taylor	

4.2 MINOR AMENDMENT - RATES & CHARGES POLICY 1.6:

FILE REFERENCE:

AUTHOR: Deputy General Manager
(Mr G Davoren)

Background:

To comply with changes to the requirements of Section 86B (1) of the *Local Government Act 1993*, Council adopted a Rates and Charges Policy in 2012.

To comply with Section 90 of the *Local Government Act 1993*, Council adopted its Rates Resolution in June 2015.

The Rates & Charges Policy needs to be amended periodically to reflect any variation identified in the Rates Resolution.

Consultation:

Julie Evans (Senior Rates Officer)

Risk Implications:

Financial Implications:

N/A

Other Issues:

Nil

Assessment:

The original Rates & Charges Policy referred to a specific discount of 1.3% if rates are paid in full by the first instalment. It is preferable that the policy refers to an “applicable discount” that reflect the discount adopted within the Rates Resolution by Council.

Options:

1. As per the recommendation.
2. Do not adopt the amended Rates and Charges Policy.

RECOMMENDATION:

Council adopt the amended Rates and Charges Policy.

DECISION:

Cr Garlick moved, Cr Owen seconded that the recommendation be adopted.

CARRIED

VOTING RECORD

In favour	Against
Cr Curran	
Cr Foster	
Cr Garlick	
Cr Gray	
Cr Owen	
Cr Taylor	

4.3 COMPLETE SET OF FINANCIAL STATEMENTS 2014/15:

AUTHOR: Deputy General Manager
(Mr G Davoren)

The Complete set of Financial Statements for the year ending 2014/15 is formally submitted for consideration.

The Tasmanian Audit Office has given its opinion that the Financial Statements presents fairly, in all material respects, the consolidated entities’ financial position as at 30 June 2015, and of its financial performance, cash flows, and changes in equity for the year then ended.

The report is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

The Financial Statements have again been passed without any qualifications by the Tasmanian Audit Office.

The Tasmanian Audit Office is responsible for the report to be completed in accordance with section 84(3) of the *Local Government Act 1993*.

The report format also complies with the Australian Equivalent to International Reporting Standards (AIFRS). The format is not generally user friendly due to its compliance to these standards so a summary has been provided below.

Highlights of the General Purpose Financial Report include:

Consolidated Statement of Comprehensive Income (P/L)

- Unqualified Audit Opinion by the Tasmanian Audit Office for Brighton Council including Microwise Australia Pty Ltd and Brighton Industrial Housing Corporation.
- Recurrent Income of \$14,322,466 up from \$11,780,184 last year. Predominately due to a decrease from a reduction of \$833,687 last financial year as well as an increase of \$798,534 this financial year in our Federal Assistance Grant due to the Federal Government decision to change the timing of the payment across Australia. A significant increase from commercial activities and in particular from BIHC also added to the increase over the previous year. BIHC had a particular improvement in property sales during the financial year.
- Total Income \$17,021,042. This includes capital income from capital grants specifically for new or upgraded assets of \$155,197, net contributions from non-monetary assets of \$2,880,000 less a loss on disposal of assets of \$13,459. Non-monetary assets typically include subdivision infrastructure donations.
- Other Comprehensive Income, although actually significantly negative in this instance that contributed to our overall comprehensive result included a net asset revaluation decrement of \$1,286,174. This was predominately due to a revaluation of our roads due to changes in the application of the accounting standards. Also, a fair value adjustment on our “Available for Sale Assets” saw a revaluation of positive \$361,328. In this instance our “Ready for Sale Assets” are actually our 2.93% ownership of Tas Water.
- Total Operating Expenditure was \$12,991,413 up from \$12,577,798, last year. Expenditure includes: \$2,958,010 in depreciation. The increase in expenditure predominately reflects a CPI increase, the growth of our community and an offset from the cost of land sales contributed to BIHC.
- A positive surplus representing the Continuing Operations of Recurrent Income and Total Expenditure of \$4,371,785. With the removal of non-monetary income then Brighton Council would have made a significant profit of \$1,331,053. However, after adjusting for the brought forward payment from the Federal Assistance Grant then Brighton Council would have produced a healthy surplus of \$532,519. This is a very positive result, confirming Brighton Council is operating within its financial means. An operating surplus represents one of the Auditor Generals key sustainability indicators and we have consistently succeeded this benchmark.

- Microwise Australia paid \$153,620 last financial year to Brighton Council by way of consultancy and fees. This amount was used to reduce Brighton Council wages, admin and IT expenditure. Brighton Council paid Microwise \$26,383 by way of software licence fees. Microwise Australia produced \$356,685 of external revenue with external expenditure of \$62,706. This represents an external profit of \$293,979 for the financial year ending June 2015. Brighton Council's total equity in Microwise Australia has risen to \$1,079,007.
- Brighton Industrial and Housing Corporation produced \$719,727 of external revenue with external expenditure of \$434,950. This represents an external profit of \$284,777 for the financial year ending June 2015. Brighton Council's total equity in Brighton Industrial and Housing Corporation is \$480,893 after adjusting for the internal expenditure.
- Our professional Service which supports other Councils provided a revenue stream of \$665,071 with expenditure of \$337,137. This equates to a profit to Brighton Council of \$327,934. The financial benefit of this service does not include the direct labour savings to Brighton Council. Significant savings in Brighton Council wages are achieved when Brighton staff consults to other Councils.

Consolidated Statement of Financial Position (Balance Sheet)

All our key economic indicators are in superb shape. The following balance sheet statistics provide an excellent overall picture of our financial position at year end.

- Our current assets are 340% of our current liabilities. The benchmark recognised by the Auditor General is >100%
- Our total assets have increased from \$180,264,841 to \$183,988,700 mainly from an increase in our road infrastructure and cash reserves.
- Our total liabilities have increased from \$1,751,315 to \$2,028,235 predominately due an increase in accrued expenses which has contributed to an impact on cash flow timing.
- Our total equity has increased from \$178,513,526 to \$181,960,465 during the financial year. This equity increase reflects the comments provided that relate to the movement in total assets and total liabilities.
- Our total cash held at the end of the year increased from \$2,087,392 to \$5,007,604. Positive effects on Cash Flow included the once off timing adjustment of the Federal Assistance Grant brought forward of \$798,534, an increase in accrued expenses payable next financial year of \$184,968 and a significant increase in land sales during the 2014/15 financial year.

In summary, the report outlines a strong position in the key financial management ratios of Brighton Council.

Council continues to lead other Tasmanian Council in Financial performance and continues to be recognised as a state leader in this field

I thank Councillors for their support and long term financial vision to place Brighton Council in such a strong financial position.

Consultation:

Tasmanian Audit Office

Risk Implications:

Nil

Financial Implications:

As stated

Other Issues:

Not applicable

Assessment:

Not applicable

Options:

1. As per the recommendation.
 2. That Council not receive the report.
-

RECOMMENDATION:

That the report be received.

DECISION:

Cr Taylor moved, Cr Garlick seconded that the reports be received.

CARRIED

VOTING RECORD

In favour	Against
Cr Curran	
Cr Foster	
Cr Garlick	
Cr Gray	
Cr Owen	
Cr Taylor	

The meeting closed at 5.10 p.m.

Confirmed:

(Mayor)

Date:

20th October 2015