



UNSCHEDULED COUNCIL MEETING MINUTES – 30 SEPTEMBER 2022 WEST WIMMERA SHIRE COUNCIL

HELD: Friday 30 September 2022

LOCATION: Microsoft Teams

COMMENCED: 09:06am

PUBLIC ACCESS: Live Streaming from Council's website
www.westwimmera.vic.gov.au

IN ATTENDANCE:	
Councillors	Executive Leadership Group
Bruce Meyer OAM, Mayor Jodie Pretlove, Deputy Mayor Trevor Domaschenz Tom Houlihan Tim Meyer	David Bezuidenhout Chief Executive Officer (CEO) James Bentley Director, Corporate & Community Services (DCCS) Ram Upadhyaya Director, Infrastructure Development & Works (DIDW) <hr/> Senior Leadership Group Melanie Jordan Chief Financial Officer Kiara Silvester EA to the CEO

*The West Wimmera Shire Council Governance Rules
set out the meeting procedure rules for this Council Meeting.*

*Members of the public are reminded that they are required to
remain silent during this meeting.*

Vision Statement:

*Our Wimmera Shire communities are healthy, thriving, diverse, harmonious,
prosperous and self-sustaining, with regional and global connectivity*



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1.0 WELCOME

ACKNOWLEDGEMENT:

The West Wimmera Shire Council acknowledges the traditional custodians of the land on which we meet, and pays respect to their elders, past, present and emerging.

2.0 OPENING PRAYER – CEO

Almighty God, we humbly ask your blessing upon this Council. Guide and prosper our decisions to the advancement of Your Glory and the true welfare of the people of West Wimmera Shire. Amen.

3.0 APOLOGIES, LEAVE OF ABSENCE, DECLARATION OF CONFLICT OF INTEREST

3.1 APOLOGIES

Nil

3.2 LEAVE OF ABSENCE

Nil

3.3 DECLARATION OF CONFLICT OF INTEREST

All Councillors have a personal responsibility to ensure they are aware of the provisions mandated in the Local Government Act 2020 with regard to Conflict of Interest disclosures.

None received.



4.0 CORPORATE & COMMUNITY SERVICES

4.1 ADOPTION OF THE DRAFT 2021/22 ANNUAL REPORT, 2021/22 FINANCIAL STATEMENTS AND 2021/22 PERFORMANCE STATEMENT

FILE NUMBER:

REPORT AUTHOR: MELANIE JORDAN, CHIEF FINANCIAL OFFICER

FOR DECISION

Introduction

West Wimmera Shire Council (Council) is required under S.98 of the *Local Government Act 2020* (the Act) to prepare an Annual Report on the operations of Council in respect of each financial year.

This report presents the Draft 2021/22 Annual Report, 2021/22 Financial Statements and 2021/22 Performance Statement to Council seeking:

1. A resolution be made by Council approving in principle the 2021/22 Financial Statements and Performance Statement
2. Authorisation for the 2021/22 Financial Statements and Performance Statement to be submitted to the Victorian Auditor-General's Office for final audit approval
3. Endorsement of two Councillors to certify Council's 2021/22 Financial Statements and Performance Statement in their final form
4. Adoption of the Draft 2021/22 Annual Report, with authorisation given to the Chief Executive Officer to make minor editorial changes as required

Following audit approval, Council will include the certified Financial Statements and Performance Statement in the 2021/22 Annual Report.

Declaration of Interests

No officer declared an interest under the *Local Government Act 2020* in the preparation of this report.

Background

The Annual Report summarises Council operations and provides general information about Council's activities over a 12-month period to 30 June 2022. The report contains statutory



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requirements and various local government indices along with the audited Financial Statements and the Performance Statement.

The Annual Report also provides a number of departmental reports which provide additional information regarding Council's activities throughout the 2021/22 financial year.

Section 98 (2) the Act requires that Council produce as part of its annual report, a set of audited Financial Statements and audited Performance Statement for the financial year. Council's external auditors, Crowe Australasia, acting as agents for VAGO, have conducted their 2021-22 final audit.

Following this, Section 99 (3) of the Act requires that the Financial Statements and Performance Statement be certified by two Councillors in their final form after any agreed changes recommended by audit have been undertaken.

Therefore, to complete its legislative requirements, the procedure is as follows:

1. Council receives and approves in principle the draft Financial Statements and Performance Statement, following review by the Audit and Risk Committee;
2. Council passes a resolution in accordance with S.99(2) of the Act authorising two Councillors to sign the Financial Statements and Performance Statement in their final (post-audit) form;
3. After review by the Victorian Auditor General's contractor, and after any required and recommended changes to the draft statements are undertaken, the statements are then signed by the two nominated Councillors, the Chief Executive Officer and the Principal Accounting Officer;
4. The Victorian Auditor General issues an audit opinion on the Financial Statements and the Performance Statement;
5. The Financial Statements and Performance Statement are inserted into the Annual Report in their final post-audit form
6. Council holds a meeting to consider the Annual Report in accordance with section 100 of the Act by 31 October 2022

Risk Management Implications

Council may be exposed to multiple forms of risk by not adopting its Annual Financial Statements and Performance Statement.

The first of these is in compliance risk. Failure to follow the process as set out under the Act will result in Council breaching its legislative requirements. Secondly, Council may be



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exposed to a level of reputational risk if it fails to comply with legislative requirements and/or fails to report on its operations, including its financial performance and position. Council's reputation would be negatively impacted if the Annual Report was not submitted and presented in a professional manner.

Council may also be subject to financial and resource risk if it fails to provide Annual Financial Statements and the Performance Statement by failing to identify financial issues and opportunities, and an inability to be able to effectively plan resource allocation.

Legislative Implications

Section 98(1) of the Act requires Council to prepare an annual report in respect of each financial year. Section 98(2) prescribes that the annual report must contain;

- (a) a report of operations of the Council;
- (b) an audited performance statement;
- (c) audited financial statements;
- (d) a copy of the auditor's report on the performance statement;
- (e) a copy of the auditor's report on the financial statements under Part 3 of the *Audit Act 1994*;
- (f) any other matters prescribed by the regulations.

Per section 99(2) Council, after passing a resolution giving its approval in principle to the performance statement and financial statements, must submit the statements to the auditor for reporting on the audit. Section 100 of the Act prescribes that Council must hold a meeting to consider the Annual Report within 4 months of the end of the financial year.

Environmental Implications

Not commented on

Financial and Budgetary Implications

The draft Annual Financial Statements contain information on Council's financial performance and variances to the adopted budget for the 2021/22 financial year.

A summary of the outcomes contained within the Annual Financial Statements is as follows:



Financial Summary 2021-22

Council's financial position continues to remain sound. A summary of Council's performance is outlined below. Detailed information relating to Council's financial performance is included within the financial statements and performance statements attachments of this report.

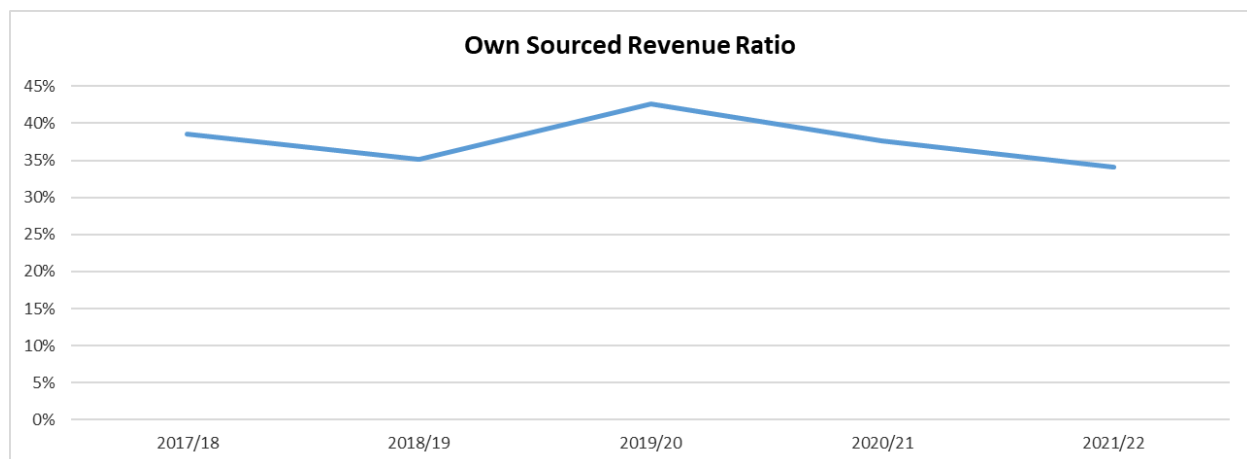
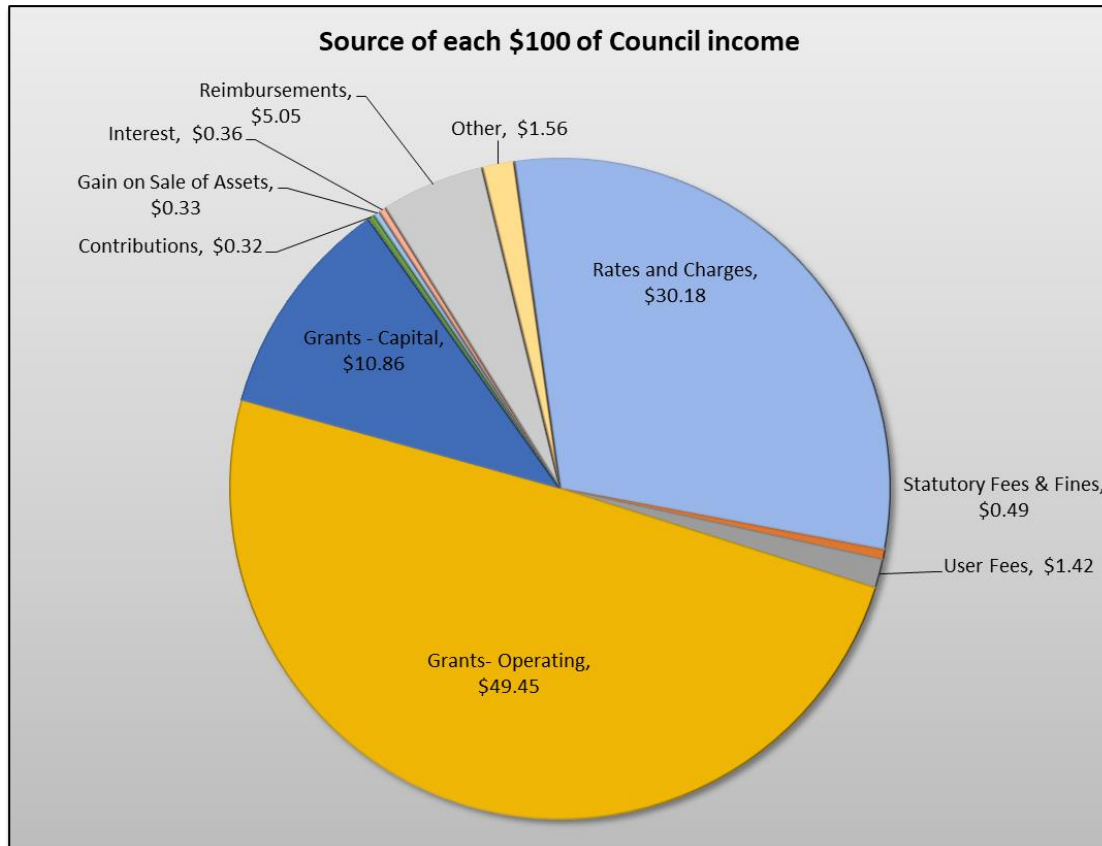
Council's operating result for 2021-22 shows an operating surplus of \$1.20 million (\$0.61 million deficit in 2020-21). After taking into consideration other comprehensive income, Council's total comprehensive result was a surplus of \$1.23 million (\$33.23million surplus 2020-21). This large comprehensive surplus from 2020-21 included an asset revaluation increment of \$33.83million as a result of a revaluation of Council's road assets. Council's underlying result for 2021-22 (the operating surplus less non-recurrent income) shows a deficit of \$2.50million (2020-21 \$2.40million deficit).

When analysing Council's financial data, we note that Council incurred a significant depreciation charge of \$8.17 million for 2021-22. This amount is not a cash expense, rather it represents the consumption of Council's assets annually. If this amount was removed from Council's underlying result, Council would be generating a significant underlying surplus.

Roughly 60% of Council's income in 2021-22 was derived from external operating and capital grant funding. This highlights Council's reliance on external sources to fund its operations. For the 2021-22 year, Council's own-sourced revenue accounted for 34% of its total income (\$9.20million). As has been the case in prior years, Council continues to be heavily reliant upon external funding sources (particularly capital grants) to fund its asset renewal requirements and ongoing operations. It must be said that this is not an uncommon position within local government in Victoria, with all but the largest municipalities facing similar issues. A breakdown of Council's income sources is as follows:



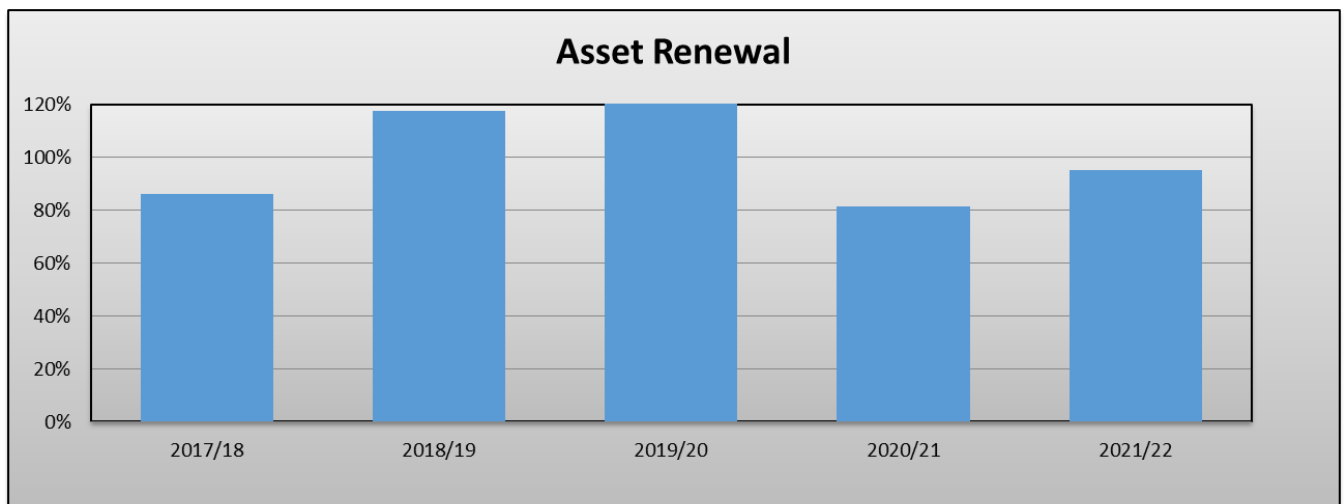
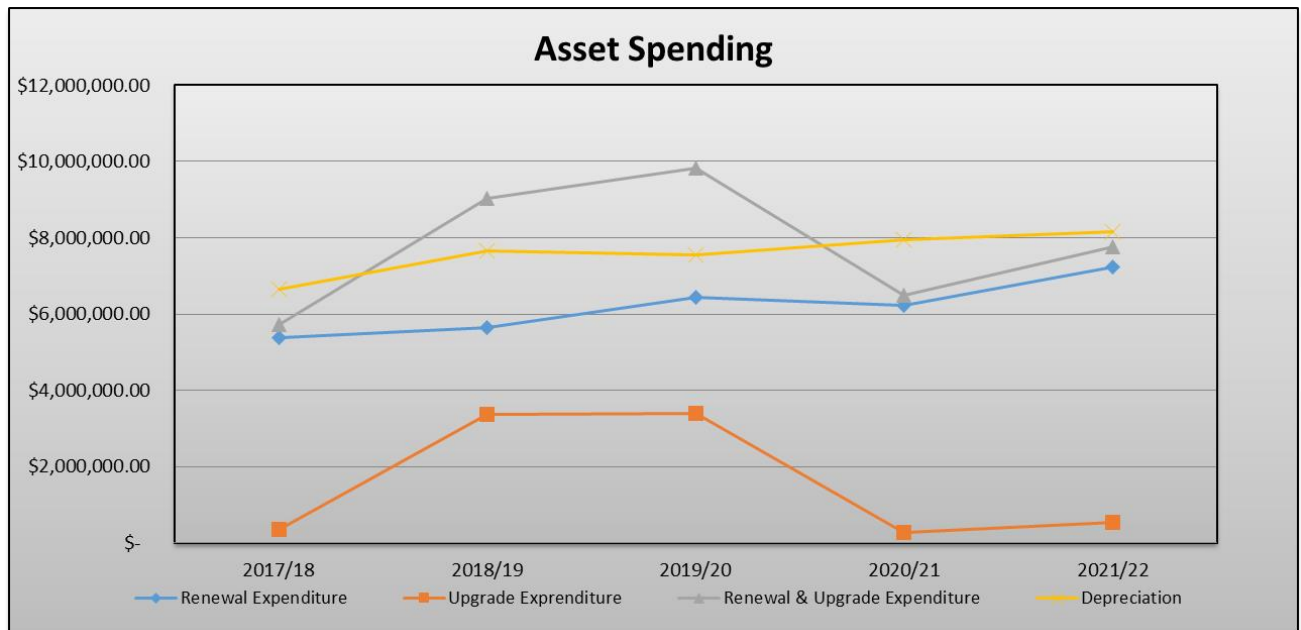
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Council delivered a significant capital expenditure program during 2021-22 of \$7.85million, up from \$6.56million in 2020-21. Of this, \$5.86million was spent on roads with a further \$0.18million spent on other infrastructure such as footpaths and drainage. Council's asset renewal ratio was 95% in 2021-22, indicating the depreciation expense was slightly higher than Council's spend on asset renewal and upgrades. However, it is noted that Council has still exceeded the annual asset renewal requirement spend per its most recent revaluation of road and infrastructure assets.



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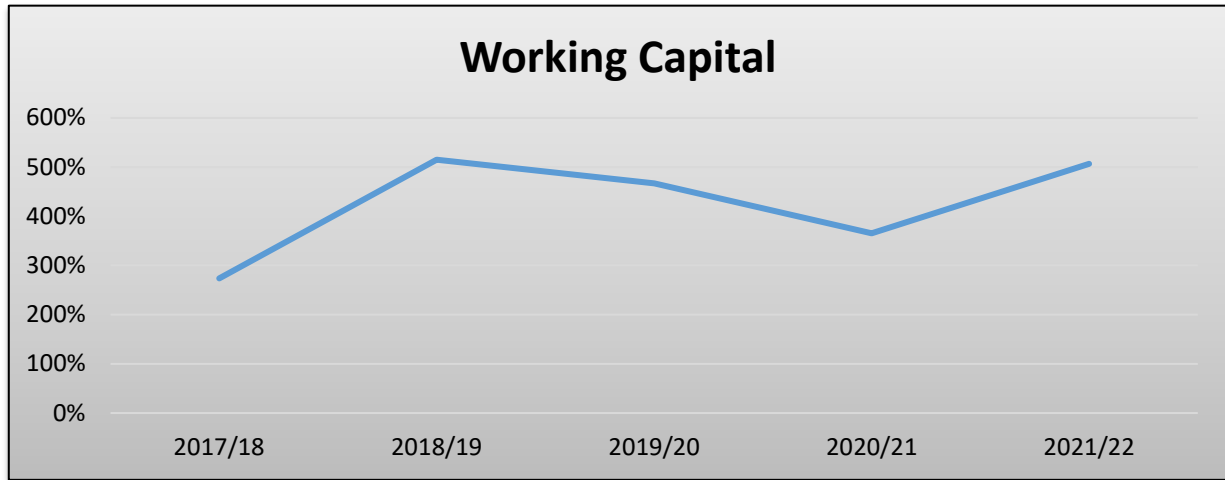


Council's cash position remains healthy, with unrestricted cash of \$8.80million and a total of \$17.20million cash on hand at 30 June 2022. Council is holding commitments by way of reserves, carried forward capital project funds, unspent grants and trust deposits of \$8.39million. It must be noted that the majority of the \$8.39million of funds restricted is held on a discretionary basis which Council may resolve to use for other purposes if the need arises.

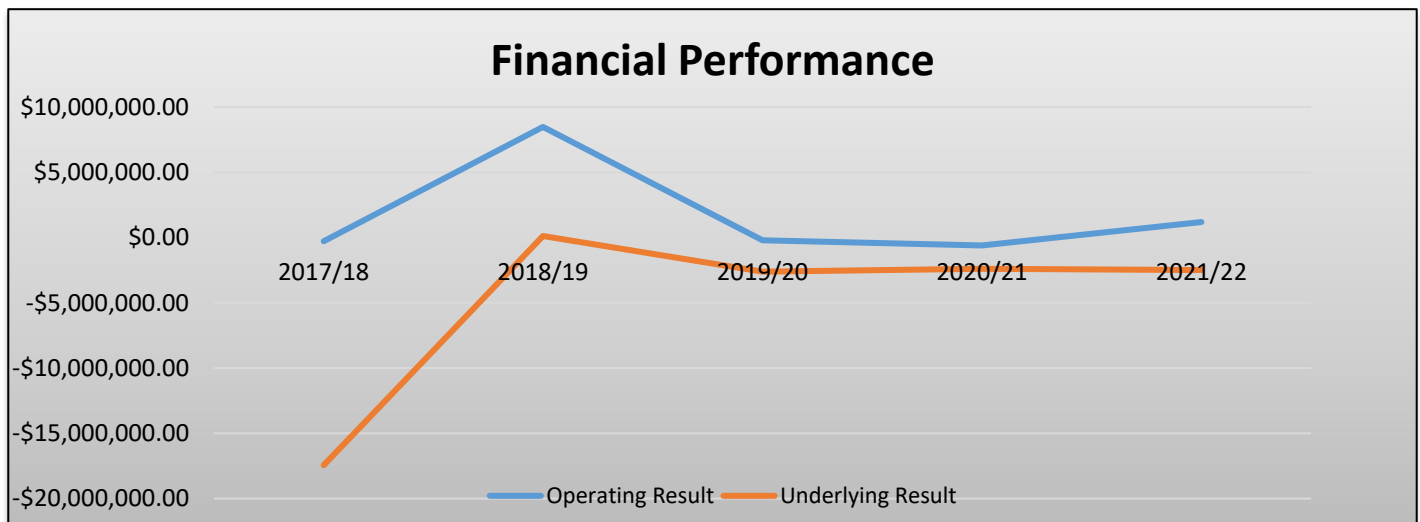
Council retains a solid working capital ratio. This is the coverage of current liabilities by current assets and measures the ability of Council to cover liabilities as and when they fall due. At 30 June 2022 Council had a working capital ratio of 507%.



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Overall, Council has reported an operating surplus of \$1.20million for the 2021-22 year. The underlying operating result is very consistent with the prior year.



A lack of own sourced revenue sources other than rate income coupled with the 1.5% rate cap creates a complex financial sustainability issue for Council into the future.

Council has met its asset renewal requirements per the most recent valuation and condition assessment. Council was holding property, plant and infrastructure assets of \$226.70million as at 30 June 2022, of which infrastructure accounts for \$205.14million. Being Council's largest asset class by far, continued focus must be placed on meeting minimum asset renewal requirements annually and again highlights Councils dependence on grant funding.



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Council has traditionally seen large fluctuations in grant funding over the years, with a significant total increase of \$4.42million in grant funding as compared with the prior year. \$1.70 million of this increase was seen in non-recurrent grants, with \$2.72million increase in recurrent grants. This is predominantly due to the prepayment of 75% of the 2022-23 Financial Assistance Grant allocation.

Policy Implications

This report is supported by the following West Wimmera Shire Council Policy:

Asset Capitalisation Policy
Asset Disposal Policy
Asset Management Policy
Asset Management Strategy
Borrowings Policy
Communications Policy
Community Engagement Policy
Community Support Fund Policy
Corporate Credit Card and Purchase Cards Policy
Council Grants Policy
Fraud & Corruption Control Policy
Guarantor Policy
Investment Policy
Procurement Policy

Council Plan Implications

This report supports the following section/s of the West Wimmera Shire Council Plan 2021-2025:

- Goal 4 – Good Governance

Communication Implications

Upon audit clearance of the Annual Financial Statements and Performance Statement, these documents will be appended to the 2021/22 Annual Report and will become freely available to the public.

In accordance with section 100 of the Act, public notice via local media and Council's website will be provided 14 days prior to the Council Meeting to consider the Annual Report that Council will consider the Annual Report for 2021/22 at a Council Meeting that is open to the public.



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This document will be available for inspection by the public and will be published on Council's website. Copies will also be on display at Councils' Edenhope and Kaniva Customer Service Centres.

Conclusion

In summary, this report recommends that Council approves and certifies the 2021/22 Financial Statements and Performance Statement, and authorises them to be submitted to the Victorian Auditor-General's Office for final audit approval. Following audit approval, Council will include the certified Financial Statements and Performance Statement in the 2021/22 Annual Report.

OFFICER RECOMMENDATION:

1. That Council,
 - a. Approve in principle the 2021/22 Financial Statements and Performance Statement pending any material changes from the Victorian Auditor-General; and,
 - b. Authorises the Chief Executive Officer to submit the 2021/22 Financial Statements and Performance Statement to the Victorian Auditor-General for final audit approval; and,
 - c. Nominate 2 Councillors to sign and authorise the 2021/22 Annual Financial Statements and Performance Statement in their final form
 - d. Authorise the Chief Financial Officer to make any material changes to the 2021/22 Financial Statements and Performance Statement arising from the completion of audit procedures and reporting the changes to Council
2. That Council adopts the attached Draft 2021/22 Annual Report; and,
3. That Council authorises the Chief Executive Officer to make any minor editorial changes as required to the final Annual Report

Moved: Cr. Tim Meyer

Seconded: Cr. Jodie Pretlove

1. That Council,
 - a. Approve in principle the 2021/22 Financial Statements and Performance Statement pending any material changes from the Victorian Auditor-General and,
 - b. Authorises the Chief Executive Officer to submit the 2021/22 Financial Statements and Performance Statement to the Victorian Auditor-General for final audit approval; and,



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- c. **Nominate 2 Councillors to sign and authorise the 2021/22 Annual Financial Statements and Performance Statement in their final form**
- d. **Authorise the Chief Financial Officer to make any material changes to the 2021/22 Financial Statements and Performance Statement arising from the completion of audit procedures and reporting the changes to Council**
2. **That Council adopts the attached Draft 2021/22 Annual Report; and,**
3. **That Council authorises the Chief Executive Officer to make any minor editorial changes as required to the final Annual Report**

Carried (5/0)

Moved: Cr. Trevor Domaschenz

Seconded: Cr. Tim Meyer

That Council nominate Mayor Bruce Meyer and Deputy Mayor Jodie Pretlove to sign and authorise the 2021/22 Annual Financial Statements and Performance Statement in their final form.

Carried (5/0)

Attachments:

No.	Name	RecFind Ref
4.1.1	Draft Annual Financial Statements 2021/22	
4.1.2	Draft Performance Statement 2021/22	
4.1.3	Draft Annual Report 2021/22	

MEETING CONCLUDED: 10:01AM