



EXTRAORDINARY MEETING OF COUNCIL

Held on

Thursday, 18 June 2020
9am

at

Armidale Council Chamber

PRESENT: Mr VHR (Viv) May PSM

IN ATTENDANCE: Ms Susan Law (Chief Executive Officer), Ms Kim Bryan (General Manager Organisational Development), Mr Mark Piorkowski (General Manager Operations), Mr Scot MacDonald (General Manager Businesses), Mr Andrew Brown (Senior Advisor People & Governance), Scott Waterson (Principal Advisor Governance & Risk), Ms Kelly Stidworthy (Manager Financial Services), Ms Stacey Drew (Executive Policy Advisor) and Leah Cook (Manager Asset Management & Strategic Planning).

MINUTES

1. CIVIC AFFIRMATION AND ACKNOWLEDGEMENT OF COUNTRY

Viv May is my name and I come to this role pursuant to an Order under the hand of the Minister for Local Government, dated 11 June 2020 which took effect upon publication in the NSW Government Gazette on 12 June 2020, suspending Armidale Regional Council for a period of three months.

I, the Interim Administrator of the Armidale Region declare that I will undertake the duties of the office of Interim Administrator in the best interests of our community and faithfully and impartially, carry out the functions, powers, authorities and discretions vested in me, to the best of my skill and judgement.

We acknowledge the traditional custodians of this land and pay our respects to elders past, present and

2. STATEMENT IN RELATION TO LIVE STREAMING OF COUNCIL MEETING

3. APOLOGIES AND APPLICATIONS FOR LEAVE

4. DISCLOSURES OF INTERESTS – There were no declaration of interest.

5. PUBLIC FORUM (HAVE YOUR SAY) – Nil

6. INTERIM ADMINISTRATOR MINUTE

The Interim Administrator read and tabled the following minute.

For the next three months while I am the Interim Administrator of Armidale Regional Council, residents may be assured that I will do my best to independently serve in an honest, open and transparent way, ensuring all voices are heard.

With that in mind, it is important to record that I have had professional relationships with suspended Councillor Ian Tiley and the CEO Ms Susan Law.

Ms Law was the principal of LKS Quaero a Local Government consultancy and I occasionally assisted with Fit for the Future assessments at several Regional Councils in NSW during the period February 2015 to January 2016. My involvement was mainly centred around Council structures, governance and scale and capacity. Other than being invited as an independent in a Kempsey Shire Council Director recruitment in December 2017, I have had no other assignments with the consultancy.

Dr Tiley is very well known in Local Government professional circles and obviously our paths crossed on a number of occasions being Administrators during the period May 2016 to September 2017.

I come to the role with an open mind and will aim to address all the issues raised by the Minister for Local Government in her correspondence to the Council of 19 May 2020.

Residents, Councillors and staff must question (as I do) how did it come to this?

Money and energy better used in the service of the ARC community seemingly wasted on matters that in my view are not the Charter of a Council. From my early discussions at both the political and operational levels of the organisation this is becoming increasingly apparent.

I am very conscious from my past experiences as an Administrator of the uncertainty that the suspension of a Council brings to some employees. Add to this, the drought, fires and COVID-19 must be having a negative impact on people who just want to get on with their jobs. Loyal and dedicated employees deserve better.

It is important for everyone to appreciate that I have not been appointed as the General Manager of the Council and the day to day operations must and will continue in a seamless way.

In that regard I should mention however, that I have asked that the Council offices be reopened as quickly as possible and that a stop be put to any outstanding Code of Conduct matters until I have had an opportunity to better understand their context.

As already indicated I have started meeting with suspended Councillors and my door will be open to any person who may wish to meet with me over the coming weeks.

It is extremely important that confidentiality be maintained in all discussions and correspondence with me. In that regard I have directed that all emails forwarded to me, be only accessible by me. Experience tells me that many and varied issues will be raised and I will make a determination whether they are more appropriately referred to the Administration for action.

A mobile phone has now been provided to me with the following number 0427 293 082 and while it may not be possible to answer immediately, residents are assured I will return all calls, generally during business hours. If it does not suit, please advise me in your message.

Correspondence addressed to me, will be opened by me and along with relevant confidential emails will be maintained in a secure way that complies with statutory requirements.

I would like to thank the staff of the Council who have put in place at very short notice the audit controls to ensure that any person has absolute confidence in approaching me.

The community deserves better from its Council so let's commit to work together to restore a democratically elected Armidale Regional Council as soon as possible.

MOTION

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Moved and declared carried by the Interim Administrator that the minute is received and noted.

7. REPORTS FOR DECISION - LEADERSHIP FOR THE REGION

The CEO introduced Item 7.1 - Integrated Planning and Reporting - 2020-2021 Operational Plan, Budget, Resourcing Strategy and Fees and Charges

I am pleased to present the report entitled *Integrated Planning and Reporting - 2020-2021 Operational Plan, Budget, Resourcing Strategy and Fees and Charges*. This report is the culmination of several months of work by Council officers and I would like to acknowledge their contribution to this process.

The Operational Plan and Budget has been developed in consultation with the Council. Briefing sessions were held on Wednesday, 13th of May and Tuesday, 9th of May. These briefing sessions were held by audio visual link due to COVID-19 restrictions and attended by the Mayor and Councillors.

The Integrated Planning and Reporting framework requires Council to adopt an Operational Plan for the purposes of public consultation. The Operational Plan details the activities to be undertaken for the forthcoming financial year and Council's commitments to the community. The operational plan is derived from the 4 year Delivery Plan which was adopted by the Armidale Regional Council for its term.

The 2020-21 Operational Plan is supported by a Resourcing Strategy, which includes the budget, a Revenue Policy, which details rates, annual charges and water consumption charges, and a Fees and Charges document. These documents are being adopted today in draft. A public consultation process will run from Friday, 19th of June to Thursday, 16th of July, during which time Council officers will conduct face to face and online community consultation. The community has the ability during this time to make submissions to the budget. Details will be available on Council's website from today. Following the public consultation period, any submissions received will be considered before the final budget is adopted.

Leading into the budget process, Council has continued to meet the challenges presented by drought, bushfires, flooding and finally pandemic. These represent significant individual events but this region has experienced all of them in one year. All of these events have had a detrimental impact on Council's financial position.

Despite these challenges, the 2020/21 budget manages to minimise the forecast operating deficit to \$2m, which is a significant achievement considering the impact of the downturn of the economy on revenues sources such as interest, airport user charges and rental income. The impact of COVID-19 alone is estimated to cost Council \$826,000 in lost revenue in 2020/21. Importantly, Council's general fund deficit is only \$1.24m. I highlight this result because the general fund is the source of funding for all council services apart from water and sewerage.

I will also take this opportunity to highlight the general fund unrestricted cash position. At 30 June 2018 the unrestricted cash balance was very low at \$1.5m and just above the recommended minimum balance as advised by the Office of Local Government. Unrestricted cash is forecast to be \$2m by 30 June 2020 and \$3m by 30 June 2021 in the 2020/21 budget. This is important as unrestricted cash is the only buffer the Council has against the unexpected. To illustrate, during the drought, Council used \$7m of its own reserves before some, but not all of the expenditure started being reimbursed by the State Government. Given what has occurred in 2019/20 in terms of unexpected events it highlights how important it is for the Council to have a safety net. An unrestricted cash balance of \$3m would only cover around 3 weeks of Council expenditure if Council was in a position where it could not receive payments.

The draft 2020/21 budget contains a \$40 million capital program. There are a number of key projects in the program and details are contained in the Operational Plan.

The details on rates, annual charges and fees and charges that raise the revenue sources that underpin the budget are contained in the Revenue Policy and Fees and Charges document.

The rates freeze has been extended to 30 June 2021 for ordinary rates and a new land valuation will apply to rates levied for the 2020/21 financial year. This will not change overall rate revenue apart from the 2.6% rate peg increase. However, individual properties may experience variations if their land valuation has moved lower or higher relative to the average in their rating category.

The rates freeze does not apply to annual charges.

In 2020/21 we are proposing to harmonise annual charges and water consumption charges for the former Armidale Dumaresq Council and Guyra Shire Council areas.

Water access charges had already been harmonised but not sewer. Sewer access charges are proposed to be applied consistently in the 2020/21 financial year.

Water consumption charges have been reviewed in light of the significant reduction in revenue from reduced water usage while the community is on level 5 water restrictions. This has been necessary in light of the significant cost of the response to the drought.

Waste collection annual charges had already been harmonised but not annual waste charges for vacant and rural land. These are proposed to be applied consistently in the 2020/21 financial year.

In 2020/21 we are proposing that the landfill levy, currently only applied to the former Armidale Dumaresq Council area is applied to all properties across the region. This levy recoups the capital cost of construction of the new landfill located on Waterfall Way.

The new landfill will commence operation in 2020/21 and this will result in additional operational costs. A new waste charge is proposed to be introduced to cover these costs and this will apply to all properties in the region.

Finally, I commend this report for adoption today for the purpose of public consultation commencing Friday, 19th of June.

7.1 FOR DECISION: Integrated Planning and Reporting - 2020-2021 Operational Plan, Budget, Resourcing Strategy and Fees and Charges

Ref: AINT/2020/19469 (ARC19/3619)

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OFFICER RECOMMENDATION:

- (a) That Council endorse the following draft documents for public exhibition for a minimum period of 28 days pursuant to the requirements of the Local Government Act 1993:
 - a. Draft Operational Plan 2020-2021;
 - b. Draft Resourcing Strategy, incorporating the Long Term Financial Plan, Workforce Management Plan and Asset Management Plan;

- c. Draft Budget 2020-2021 including the operational and capital budget, contained in the draft Resourcing Strategy;
 - d. Draft Revenue Policy 2020-2021; and
 - e. Draft Fees and Charges 2020-2021.
- (b) That the Draft Plans (a. – e. above) prepared under the Integrated Planning and Reporting (IP&R) Framework be placed on public exhibition from Friday, 19 June 2020 to Thursday, 16 July 2020;
- (c) That following the exhibition period, a report be presented to Council, which outlines community submissions, along with the final IP&R documents; and
- (d) That Council note the accompanying communications plan outlining the proposed engagement for the period of exhibition.

Moved and declared carried by the Interim Administrator

- (a) That Council endorse the following draft documents for public exhibition for a minimum period of 28 days pursuant to the requirements of the Local Government Act 1993:**
- a. Draft Operational Plan 2020-2021;**
 - b. Draft Resourcing Strategy, incorporating the Long Term Financial Plan, Workforce Management Plan and Asset Management Plan;**
 - c. Draft Budget 2020-2021 including the operational and capital budget, contained in the draft Resourcing Strategy;**
 - d. Draft Revenue Policy 2020-2021; and**
 - e. Draft Fees and Charges 2020-2021.**
- (b) That the Draft Plans (a. – e. above) prepared under the Integrated Planning and Reporting (IP&R) Framework be placed on public exhibition from Friday, 19 June 2020 to Thursday, 16 July 2020;**
- (c) That following the exhibition period, a report be presented to Council, which outlines community submissions, along with the final IP&R documents; and**
- (d) That Council note the accompanying communications plan, as altered in the explanatory advice of the CEO, ensuring that residents of villages are also afforded the same opportunity as residents in Armidale and Guyra to participate in the proposed engagement for the period of exhibition.**

There being no further business the Interim Administrator declared the meeting closed at 9.27am.