



BUSINESS PAPER

ORDINARY MEETING OF COUNCIL

To be held on

Wednesday, 24 June 2020
4pm

at

Armidale Council Chamber

Members

Vivian May - Interim Administrator

AGENDA

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20.2	FOR DECISION: Recommendation Report - Design and Construct Replacement of 3 Bridges in Armidale Regional Council LGA	
	<i>As this report deals with commercial information of a confidential nature that would, if disclosed, reveal a trade secret (Section 10A(2)(d)(iii) of the Local Government Act 1993). Council closes part of this meeting, in accordance with Council's Code of Meeting Practice, as consideration of this matter in open Council would be contrary to the public interest.</i>	
20.3	FOR DECISION: Australian Transport Museum	
	<i>As this report deals with commercial information of a confidential nature which, if disclosed, confers a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business (Section 10A(2)(c) of the Local Government Act 1993). Council closes the meeting, in accordance with Council's Code of Meeting Practice, as consideration of this matter in open Council would be contrary to the public interest.</i>	
20.4	FOR DECISION: Employee Matters	
	<i>As this report deals with personnel matters concerning particular individuals (Section 10A(2)(a) of the Local Government Act 1993). Council closes the meeting, in accordance with Council's Code of Meeting Practice, as consideration of this matter in open Council would be contrary to the public interest.</i>	
21	Close of Ordinary Meeting	

Item: 8.1 **Ref:** AINT/2020/18492
Title: FOR DECISION: Rescission Motion: Item 113/20 be rescinded from 26 May 2020 Ordinary Council Meeting **Container:** ARC16/0025
Author: Bradley Widders, Councillor
Attachments: 1. Rescission Motion Item 113/20 resolved in the 27 May OCM

We the undersigned Councillors hereby request that Minute No.: 113/20 passed at 27 May 2020 Council Meeting be rescinded. The Minute read:

FOR DECISION: Green Waster Services and Fees **Ref:** AINT/2020/14365

- a) That Council recognizes that many residents have dead and dying tree and shrubs because of the drought and will need additional green waste services.
- b) That green waste disposal fees at the transfer station are waived on at least on day per month for 6 months, commencing when permitted under COVID-19 restrictions.

Bradley Widders

Diane Gray

Libby Martin

.....
Councillor

.....
Councillor

.....
Councillor

Resolution of Ordinary Council Meeting 27 May 2020;

8.4 FOR DECISION: Green waste services and fees

Ref: AINT/2020/14365 (ARC16/0025)

1/20

Moved Cr Robinson

Seconded Cr O'Connor

- a) That Council recognizes that many residents have dead and dying trees and shrubs because of the drought and will need additional green waste services.
- b) That green waste disposal fees at the transfer station are waived on at least one day per month for 6 months, commencing when permitted under COVID-19 restrictions.

DIVISION The result being:-

FOR: Crs P Bailey, J Galletly, A Murat, D O'Brien, M O'Connor, D Robinson and I Tiley

AGAINST: Crs D Gray, L Martin, S Murray and B Widders

The Mayor declared the MOTION CARRIED.

Item:	10.1	Ref: AINT/2020/15291
Title:	FOR DECISION: Council Meeting Cycle for Ordinary Meetings for 2020-2021	Container: ARC16/0001-5
Author:	Scott Waterson, Principal Advisor Governance & Risk	
Attachments:	Nil	

RECOMMENDATION:

(a) That the Ordinary Council Meeting cycle for the 2020-2021 financial year be scheduled the fourth Wednesday of each month as follows:

- **Wednesday 22 July 2020, in Armidale**
- **Wednesday 26 August 2020, in Armidale**
- **Wednesday 23 September 2020, in Guyra**
- **Wednesday 28 October 2020, in Armidale**
- **Wednesday 25 November 2020, in Armidale**
- **Wednesday 9 December 2020, in Guyra (Second Wednesday)**
- **Wednesday 24 February 2021, in Armidale**
- **Wednesday 24 March 2021, in Armidale**
- **Wednesday 28 April 2021, in Guyra**
- **Wednesday 26 May 2021, in Armidale**
- **Wednesday 23 June 2021, in Armidale**

(b) That the time for the Ordinary Council meetings to commence is 9am.

Background:

This report deals with arrangements for Ordinary Council meetings for the 2020-2021 financial year.

Key Issues and Risks

Council's Code of Meeting Practice requires Council, by resolution, to set the frequency, time, date and place of its Ordinary Meetings. The current practice is for Council meetings to be conducted on the fourth (4th) Wednesday of each month, except for December and January. No meeting is scheduled for January 2021. The meeting cycle includes a rotation between Armidale and Guyra as both administration centres have suitable meeting room facilities and webcasting capabilities.

When setting the time and date, Council should give consideration to the needs of the public, the most effective use of Councillor time and the safety and wellbeing of Councillors and staff.

Workshops/Briefings will be scheduled to allow Councillors to meet informally and discuss key projects, strategic planning and emerging issues.

One of the main concerns in relation to amending the start times of the meetings is to address safety issues of staff and Councillors travelling at night.

Item: 11.1 **Ref:** AINT/2020/19341
Title: FOR DECISION: 2019/20 Third Quarter Budget Review
Container: ARC18/2703
Author: Kelly Stidworthy, Manager Financial Services
Attachments: 1. Quarterly Budget Review Report 3

RECOMMENDATION:

- a) **That Council note the 2019/20 Third Quarter Budget Review; and**
- b) **That Council resolve to amend the 2019/20 budget in accordance with the Quarterly Budget Review Statement for the period 1 January 2020 to 31 March 2020 tabled at the attachment.**

Context

Section 203(1) of the *Local Government (General) Regulation 2005* requires Council's responsible accounting officer to prepare and submit a quarterly budget review statement within 2 months of the end of each quarter.

The document attached to this report provides a quarterly budget review statement in the format required by the Office of Local Government *Quarterly Budget Review Statement for NSW Local Government*, which outlines the minimum disclosure requirements. Council has the option to show the quarterly budget review statement at a consolidated level or by fund. For the purposes of transparency, the statement contains the impact of the quarterly budget review by fund. A consolidated result is also included.

The 2019/20 Revised Budget in the attached quarterly budget review statement reflects the full year forecast budget position as at 31 December 2019. While the disclosure requirements require a projected year end result also be included, at this time the 2019/20 Revised Budget position and the projected year end result are very close. It is a requirement to include commentary if these results are likely to be materially different and a threshold of >10% has been used to determine this. The attached quarterly budget review statement contains a full listing of all budget adjustments proposed for both the operating and capital budget by fund.

As required by the Office of Local Government, the quarterly budget review statement is provided at the attachment in the following order:

1. Income Statement (containing operating income and expenses) by fund – this format is the same as the monthly financial report provided to Council to assist with providing alignment between these 2 reports
 - 1.1 Operating budget adjustments by fund
2. Capital Budget by fund – the net impact on funding from the capital program flows through to the Income Statement
 - 2.1 Capital budget adjustments by fund
3. Cash & Investments by fund – this statement shows the movement in unrestricted cash and internal and external reserves
4. Cash & Investments position
5. Key Performance Indicators by fund
6. Contracts entered into and Consultancy/Legal expenditure

Purpose

The purpose of this report is to provide Council with information on the 2019/20 Revised Budget position and to obtain approval to amend the adopted budget for those amounts.

Proposal, Research and Analysis

After accounting for carry forwards, the revised 2019/20 budget forecast a Consolidated operating surplus of \$1.1m. This result was negatively impacted by the adoption of the 2019/20 first quarter budget review resulting in a forecast Consolidated operating deficit of \$4.7m due to the impacts of drought on Council's Water Fund. The third quarter budget review proposes an improvement to the Consolidated operating result but it remains a forecast operating deficit of \$3.8m.

After carry forwards were included, the capital program was forecast at \$47.5m for 2019/20. The first quarter budget review increased this to \$52.4m. This level of capital expenditure is significantly in excess of Council's ability to deliver and the second quarter budget review proposes a reduction in the overall capital program of \$14.4m reducing it to \$38m. The third quarter budget review proposes a further reduction of \$9.2m with the revised 2019/20 capital program estimate at \$28.8m.

Many projects have been deferred to the 2020/21 financial year and form the starting point for the 2020/21 capital program. As a result, the starting point for the 2020/21 budget has been necessarily constrained by the existing capacity and resources available to deliver projects. Council will prioritise the finalisation of projects within the existing funded capital program over the undertaking of new works in the 2020/21 budget and has sized the capital program appropriately to eliminate the accumulation of years of carry forward works.

Impact

The overall financial results are summarised as follows:

Operating Result \$'000	FUND			Consolidated
	General	Water	Sewer	
Original Budget	20	974	1,546	2,040
Carry Forwards	(897)	974	1,546	1,123
Budget Review 1	(576)	(5,067)	971	(4,673)
Budget Review 2	(615)	(5,086)	954	(4,748)
Budget Review 3	(442)	(4,428)	1,062	(3,809)

Cash Result \$'000	FUND			Consolidated (Unrestricted Cash)
	General (Unrestricted Cash)	Water (Unallocated)	Sewer (Unallocated)	
Original Budget	3,088	24,234	13,041	3,088
Carry Forwards	3,088	22,523	12,498	3,088
Budget Review 1	2,366	11,704	13,302	2,366
Budget Review 2	2,341	18,949	15,042	2,341
Budget Review 3	1,963	21,168	15,854	1,963

The impact of the budget adjustments that have been identified through the third quarter budget review are as follows.

General Fund

The Operating Surplus for the General Fund improves slightly from a deficit of \$615k to a deficit of \$442k. There are a range of reasons for this and a detailed listing of budget adjustments is included in the attachment. The improvement largely relates to the transfer of expenditure to the unspent grants reserve for Bushfire Recovery grant funded programs to be undertaken in 2020/21. It has also been achieved through a detailed review of the 2019/20 budget and strategies put in place to limit expenditure to critical and essential items only. However, the operating budget has also been negatively impacted by coronavirus related impacts and a reduction in revenue of \$700k has been recognised due to these impacts.

It is noted that the General Fund result includes an impact of net expenditure of \$471,211 relating to projects where Council is the auspice agent only.

A number of capital projects have been deferred due to the drought and capital program sizing resulting in a reduction in the forecast capital program of \$6.0m.

In terms of cash, a negative impact on unrestricted cash is recognised of \$379k. Originally, an increase of \$1.2m was forecast to increase total unrestricted cash to \$3.1m and this has now been revised to \$2.0m as a result of the latest budget review.

The main reason for this is the reduction in revenue from coronavirus related impacts. A \$2m unrestricted cash balance would only represent around 2 weeks of operating expenditure if Council was in a position where payments could not be received.

Even at this level, the cash position can only be maintained in future if Council is able to successfully apply for the extension of the temporary Special Rate Variation (SRV) that expires 30 June 2021. The SRV contributes around \$1.5 million to Council's budget each year and the loss of this funding would create severe negative financial impacts.

Water Fund

The revised Operating Result for the Water Fund was a deficit of \$4.4m and this is a \$658k improvement from the second quarter budget review. The main reason for this is inclusion of \$1m in operating grant funding expected to be received as partial reimbursement for groundwater investigation and bore drilling costs associated with the drought.

Ongoing severe drought conditions have negatively impacted Council's Water Fund by around \$6 million in the 2019/20 financial year. This includes around \$3.2 million in net costs associated with drought response, communications, rebate programs and bore drilling and around a \$2.5 million reduction in revenue from water usage charges resulting from decreased water usage.

A number of capital projects have been deferred due to the drought and capital program sizing and this has improved the forecast cash result in the third quarter budget review by \$2.2m. The Water Fund reserve is now forecast to be around \$23m as at 30 June 2020 and was \$28m as at 30 June 2019. The Water Fund reserve will experience a significant decrease during 2019/20 due to the costs associated with the drought response.

Sewer Fund

The review of the sewer fund shows a positive impact to the Operating Result due to an overall reduction in operating expenditure. The impact on cash is positive as a number of projects have been revised or deferred due to the drought and capital program sizing.

Consolidated

The outlook for the Consolidated operating result has improved from a forecast \$4.7m deficit to a \$3.8m deficit. The outlook for the cash position is improved by \$2.6m with the improvement in the water and sewer funds only. The General Fund cash position deteriorates as a result of the budget review.

Summary

The Budget Review needs to be resolved by Council in order to be included in the 2019/20 adopted budget.

The 2019/20 Third Quarter Budget Review for the period 1 January 2020 to 31 March 2020 tabled in the attachment contains the revised 2019/20 budget as outlined above.

Item: 11.2 **Ref:** AINT/2020/20087
Title: FOR DECISION: Suspension of Section 2.5.2 of the Street Trading
Activities Local Approvals Policy and Alcohol Free Zone for Twilight
Food Markets **Container:** ARC20/3629
Author: Jade Meddemmen, Event & Administration Coordinator
Attachments: Nil

RECOMMENDATION:

- a) That the operation of the Alcohol Free Zone within Beardy Street Mall at 102 Faulkner Street be suspended within proposed contained areas for the purposes of the Twilight Food Markets (5.00pm-9.00pm) on the last Friday of each month from 25 September 2020 with the following conditions:
- i) The lifting of the prohibition does not preclude Council or the Police from taking any action considered necessary under the provisions of all relevant legislation.
 - ii) Any necessary liquor licences through the Office of Liquor, Gaming and Racing must be obtained prior to the period's identified events.
 - iii) At the completion of the proposed markets the prohibition to consume alcohol will return.
- b) That the prescribed and required public notification be undertaken in accordance with the requirements of 645(1) of the Local Government Act 1993.

Context

At the Ordinary Council Meeting on 11 December 2019, Council resolved to suspend the Alcohol Free Zone for the Twilight Food Markets in the Beardy Street Mall for a 6 month trial period. Due to COVID19, only one market took place on 28 February 2020.

The Twilight Food Markets are proposed to run from 5:00pm–9.00pm on the last Friday of each month from 25 September 2020 with approximately 10 high quality touring food trucks to be invited per event. The success of such events (eg. Coffs Harbour, Port Macquarie, Newcastle) is based on the appeal of *visiting* food trucks providing something different to that regularly on offer in town. Live acoustic music would be performed opposite the Tattersalls Hotel.

Purpose

To enhance the event and enjoyment of its patrons, the hotels in the Beardy Street Mall will be given the opportunity to temporarily extend their "drink on premise license" in front of their premises in a designated and fenced area, allowing patrons to enjoy a drink whilst taking in the atmosphere of the Twilight Food Market.

Patrons would not be allowed to remove alcohol from the respective hotel's contained area allowing a safe and maintained environment for all. It would be clearly stipulated to businesses that outside the time of the Twilight Markets, the Beard Street Mall would return to an alcohol free zone and no further permanent application could be used in the future.

Proposal, Research and Analysis

There are two separate Parts of the Local Government Act which relate to Alcohol Prohibited Areas (Part 2 Public Places) and Alcohol Free Zones (Part 4 Street Drinking).

Alcohol Prohibited Areas cover Public Places other than a road such as Reserves and Parks. Within the Armidale Regional LGA it is assumed that the existing Alcohol Prohibited Areas were originally established under Section 632 of the Act and with the introduction of the Local Government Amendment (Confiscation of Alcohol) Act 2010, any existing Alcohol Prohibited Area carried over under a new Section 632A of the Act which amongst other things requires new areas to meet the following:

- (6) An alcohol prohibited area operates, in accordance with the terms of the declaration establishing the area, during such times or events as are specified in the declaration.*
- (7) An alcohol prohibited area operates only so long as there are erected at the outer limits of the area, and at suitable intervals within the area, conspicuous signs:
(a) stating that the drinking of alcohol is prohibited in the area, and
(b) specifying the times or events, as specified in the declaration by which the area was established, during which it is to operate.*
- (8) An alcohol prohibited area cannot be established without the approval of the Local Area Commander of Police for the area in which the proposed alcohol prohibited area is situated.*
- (9) If a council is required by the guidelines in force under section 646 to provide the Anti-Discrimination Board with a copy of the council's proposal to establish an alcohol-free zone, the council cannot establish an alcohol prohibited area unless the council has complied with the consultation requirements set out in those guidelines.*
- (10) For the purposes of subsection (9), the guidelines in force under section 646 apply, with such modifications as are necessary, in relation to a proposed alcohol prohibited area in the same way as they apply in relation to a proposed alcohol-free zone.*

There are no clear directions within the Act or Regulations relating to the suspension or cancellation of an Alcohol Prohibited Area. As a consequence guidance is being taken from section 645 of the Act (below), being the provisions for the suspension or cancellation of an Alcohol Free Zone and also the Ministerial Guidelines established pursuant to section 646 of the Act as referred to above, have also been used.

The Ministerial Guidelines emphasise consultation with the Local Police before and after a decision has been made to cancel or suspend an Alcohol Free Zone.

645 Suspension or cancellation

- (1) The council may, at the request of any person or body or of its own motion, suspend the operation of an alcohol-free zone by publishing notice of the suspension in a newspaper circulating in the area as a whole or in a part of the area that includes the zone concerned.*
- (2) During the period indicated in such a notice as the period of suspension, the zone does not operate as an alcohol-free zone.*
- (3) In like manner the council may at any time cancel the operation of an alcohol-free zone.*

For the requested suspension period to have effect, a Public Notice must be published indicating the area and period of suspension.

Whilst the suspension does not enable anyone to set up and sell alcohol as this is governed through the Office of Liquor, Gaming and Racing and the liquor licensing process, it does enable

the consumption of alcohol in the identified area and within the specified times in the Alcohol Free Zone area.

Impact

It is estimated that each event will have a financial impact of \$1,000. Due to the event remaining in a trial period the stall holders will attend for free. It is proposed from January 2021 a fee will be introduced to allow the event to self-fund. The monthly cost will be funded from the Events and Tourism budget FY20-21.

Summary

The popularity of such events continues to grow in many regional cities. Touring foodie trucks are seeking new venues and Armidale with its multicultural population is seen as an ideal location.

The success of Armidale's first Twilight Food Market in February of 2020, with over 1,500 portions of food sold and all vendor's supplies depleted, evidences the community interest and support for this event.



Item:	12.1	Ref: AINT/2020/19625
Title:	FOR DECISION: Council Nominated Representatives on the Northern Regional Planning Panel	Container: ARC16/1193
Author:	Ambrose Hallman, Service Leader Sustainability and Development	
Attachments:	Nil	

RECOMMENDATION:

- i. That Dr Jim White and Mr James McGregor be endorsed as the Council representatives for the Armidale Regional Council on the Northern Regional Planning Panel for all matters within the Armidale Regional Council Local Government Area.
- ii. That the Secretariat for the Northern Regional Planning Panel be advised of these endorsements.
- iii. That the former representatives Simon Murray and Diane Gray of the Armidale Regional Council be thanked for their time and representation on behalf of Council's on the Northern Regional Planning Panel.
- iv. That once the Councillor suspension is lifted, a further report be presented to Council on these appointments to allow a review of the representatives to occur.

Context

As a result of the Minister for Local Government the Hon. Shelley Hancock MP suspending the Armidale Regional Councillors for three months commencing 12 June 2020 and the resignation of Diane Gray as a Councillor, new nominee/s to the Northern Regional Planning Panel (Northern RPP) is required to be endorsed.

Purpose

The report seeks to endorse the appointment of new members to the Northern (RPP) to replace the current members.

Proposal, Research and Analysis

On 2 June 2020, Cr Dianne Gray resigned her position of Councillor of Council.

On the 12 June 2020, the Hon. Shelley Hancock MP, Minister for Local Government gazetted the suspension of the Armidale Regional Councillors for an initial period of three (3) months and appointment Mr VHR (Viv) May PSM as Interim Administrator.

Given these recent events it is necessary for new delegates to be endorsed and these nominees be referred to the secretariat for the Northern RPP. It is preferable that any nominees have an ongoing relationship with the region and are cognisant of the region.

This report is recommending two independent members be endorsed and act as Councils representative on the Northern RPP. Dr Jim White has extensive experience in the region is a current member of Council's Regional Growth and Place Activation Committee. Mr James McGregor is currently a Lecturer at University of New England, and is an urban planner with local government experience in growth area and peri-urban planning, with teaching experience in planning, urban design and architectural history. Both Dr White and Mr McGregor have been contacted and have agreed to participate on the Northern Regional Planning Panel as Council's representatives.

On 8 July 2020, the Northern RPP is schedule to meet to determine DA-17-2020 for a 29.5Mw solar farm at 1060 Grafton Road Metz located east of Armidale. Council has contacted the Panel Secretariat who has advised the endorsement of the nomination needs to be received 14 days prior to the scheduled meeting of 8 July 2020.

Impact

This will have no financial impact as Councils representatives are not paid for this position. The Northern RPP only requires the three state nominated members to achieve a quorum, however there is benefit to have members from the local community attending representing Council.

Summary

This report allows Council to endorse two new members to attend the Northern RPP meeting during the period of Councillor suspension to enable local representatives to be present during the determination of Development Applications which are required to be referred to the Northern RPP for determination.

Item: 13.1 **Ref:** AINT/2020/19656
Title: FOR DECISION: Review of Council Committees **Container:** ARC16/0759
Author: Scott Waterson, Principal Advisor Governance & Risk
Attachments: 1. Report by Ian Reynolds

RECOMMENDATION:

- a) **That Council notes:**
- i. **that suspended former Councillors will not form part of the Advisory Committees of which they were previously members, in any capacity;**
 - ii. **that the external members of each Advisory Committee remain members;**
 - iii. **that each Advisory Committee elect a Chairperson from its members;**
 - iv. **that the Interim Administrator attends the meetings of each Advisory Committee when available.**
- b) **That Council receives the Review of Council Committees report (“Reynolds Report”) prepared March 2019.**
- c) **That Council retain the following Advisory Committees:**
- i. **the Environmental Sustainability Advisory Committee (“ESAC”);**
 - ii. **the Traffic Advisory Committee;**
 - iii. **the Arts, Cultural & Heritage Advisory Committee (“ACHC”);**
 - iv. **the Sports Council Committee;**
 - v. **Regional Growth and Place Activation Advisory Committee;**
and review the Terms of Reference of each considering the recommendations of the Reynolds Report.
- d) **That Council:**
- i. **undertake a review of the Charter of the Audit, Risk and Improvement Committee (“ARIC”) in light of changes to the Local Government Act relating to ARIC Committee functions;**
 - ii. **review and if necessary refresh the membership of the ARIC Committee to address expertise shortfalls in light of the new requirements.**

Context

A report on the chairs of Committees, and appointment of councillors to Advisory Committees was considered at the Ordinary Council Meeting held November 2017.

At the December 2018 OCM, Council resolved:

- (a) That Council request the CEO to undertake a review of the current committee structure, including the number of committees, composition and the ToR.
- (b) That Councillors note that the Armidale Regional Sports Council was omitted from the list included in the report and will be included as part of the review.

Following this dashboard review, the CEO engaged Ian Reynolds as an independent consultant to undertake a review of all Council Committees. The Review of Committees (“Reynolds Report”) was completed in March 2019 and made a number of recommendations around the construction of these Committees.

The 24 July 2019 OCM addressed a deferred motion from the June 2019 OCM in relation to the recommendations of the Reynolds Report.

That meeting resolved:

- (a) *That Council notes that the report on the Review of Council Committees is being re-examined and will be provided to a future Ordinary Council meeting for consideration.*

Among others, the Reynolds report included recommendations around Good Governance Principles, relating to Terms of Reference (“ToR’s”), reporting requirements, adherence to Council’s Code of Meeting Practice (“CoMP”) and Code of Conduct, and Chairmanship.

Council has received a number of representations from external (community) members of various Committees submitting that governance issues, compliance with the CoMP, and the use of Advisory Committees to further personal agendas, has been impeding the ability of the Committees to function properly. The role of Councillors on these Committees was common to many of the complaints. Complaints include a lack of notice of agenda items and reports, substituted agendas, and a failure by Committee chairs to allow debate. One Committee requested the removal of the Chair, while the resignation of community members has been foreshadowed in others.

Purpose

The recommendation seeks to ensure that the voices of community members of Council’s Advisory Committees are not lost, and are able to provide their expertise in areas of interest to Council. By providing a clear governance framework, in a manageable sized and accountable Committee, it is hoped that the Committees continue to provide community feedback to Council efficiently, transparently, and without interference.

Key Issues and Risks

The key issue is that without reform it is likely that significant portions of Council’s Advisory Committees will simply cease to continue to participate as members.

Members with an interest in a particular aspect of the community, and an expertise of value to the functioning of the Committee, are liable to be lost due to inefficient and ineffective management of their Committee.

In relation to ARIC, it is important that the Committee reflect the requirements of the new *s428A* of the *Local Government Act* by incorporating review of governance, compliance and risk management, and performance improvement, as aspects of its function.

Integrated Planning and Reporting Framework

Community Strategic Plan 2017-2027: Leadership for the Region

L3 – Council demonstrates sound organisational health and has a culture which promotes action, accountability and transparency.

Delivery Program 2018-2021

L3.4 – Ensure the organisation is well led and managed through implementation of the Good Governance Framework.

Item: 14.1 **Ref:** AINT/2020/16544
Title: FOR INFORMATION: Integrated Planning and Reporting - Delivery Program 2018-2021 and Operational Plan 2019-2020 Progress Report - Third Quarter **Container:** ARC19/3298
Author: Renata Davis, Principal Advisor - Corporate Planning
Attachments: 1. Integrated Planning and Reporting (IP&R) - Q3 Progress Report 2019-2020

RECOMMENDATION:

That the Delivery Program 2018-2021 and Operational Plan 2019-2020 Progress Report (Third Quarter) be noted.

Context

The attached document is a progress report based on the strategies of the Delivery Program 2018-2021 and the activities of the Operational Plan 2019-2020 for the January to March Quarter. This report is the third Integrated Planning and Reporting progress report for the 2019-2020 Financial Year.

Purpose

This Report informs Council and the Community about the progress of Council's Operational Plan actions and how these actions work towards delivering the principal activities outlined in the Delivery Program, and ultimately, the goals of the Community Strategic Plan, as part of the Integrated Planning and Reporting Framework.

This reporting is a requirement of the **Local Government Act 1993 s404(5)**, which states that: *The general manager must ensure that regular progress reports are provided to the council reporting as to its progress with respect to the principal activities detailed in its delivery program. Progress reports must be provided at least every 6 months.*

Armidale Regional Council has opted to provide Quarterly Progress Reports which update Councillors on both the Delivery Program and the progress of the Operational Plan actions.

Proposal, Research and Analysis

Each of Council's business areas have completed a progress report, based on the Third Quarter period, of the strategic and operational tasks and key performance indicators adopted in the Operational Plan 2019-2020.

Summary

The next Progress Report will be based on the April to June 2020 period.

Item: 14.2 **Ref:** AINT/2020/16633
Title: FOR INFORMATION: Cash and Investment Report May 2020
Container: ARC16/0001-5
Author: Deborah Walls, Accountant
Attachments: 1. Curve Securities Investment Reporting Pack May 2020

RECOMMENDATION:

That Council receive and note the Cash and Investment Report for May 2020.

Context

As at 31 May 2020, Council held \$72,762,264 in investments and \$1,500,071 as cash in the Trust Fund. Total of \$74,262,335.

Purpose

The Cash and Investment Report provides an overview of cash and investments for the period 1 May 2020 – 31 May 2020 and certifies compliance with Council’s Investment policy and the Local Government Act 1993 and Regulations.

Proposal, Research and Analysis

Cash and Investments

Balances were as follows:

Item/Account	May 2020 \$	April 2020 \$	Movement \$
<u>Cash at Bank</u>			
General Fund Bank Account	-	-	-
Trust Fund	1,500,071	1,395,352	104,719
Total Cash	1,500,071	1,395,252	104,719
<u>Investments</u>			
High Interest Cash At Call	15,470,186	8,804,675	6,665,511
T-Corp IM Cash Fund	5,292,078	5,286,478	5,600
Term Deposits	52,000,000	55,000,000	(3,000,000)
Total Investments	72,762,264	69,091,153	3,671,111
Total Cash & Investments	74,262,335	70,486,505	3,775,830

Summary of Investment movements for May 2020:

<u>Term Deposit Maturities</u>	
Institution	Amount
Macquarie Bank	\$1,000,000
Macquarie Bank	\$1,000,000
Mystate	\$2,000,000
Macquarie Bank	\$1,000,000
AMP	\$1,000,000
Total	\$6,000,000

<u>New Term Deposit</u>	
Institution	Amount
Macquarie Bank	\$1,000,000
Macquarie Bank	\$1,000,000
AMP	\$1,000,000
Total	\$3,000,000

Investment Revenue Earned

	May 2020
Term Deposits	\$72,576
T-Corp IM Cash Fund	\$5,600
High Interest Account	\$4,783
Trust Account	\$610
Total	\$83,569

As per the attached investment report (refer Attachment 1 section 2), as provided by Council's investment broker Curve Securities, the investments are diversified across a range of institutions, with no one institution exceeding 30% of funds invested to ensure the portfolio is in line with the Investment Policy.

Actual to Budget Comparison

	YTD Actual Income	YTD (Rev) Budget	Difference
Cumulative May2020	\$1,249,017	\$1,457,473	(\$208,456)
Cumulative April 2020	\$1,165,448	\$1,324,975	(\$159,527)
Movement	\$83,569	\$132,498	(\$48,929)

Outcome: Unfavourable Budget Variance of \$48,929 for May 2020 due to lower than budgeted interest rates.

Investment Yield

Term of Investment	May 2020			April 2020		
	ARC	RBA cash rate	Outperformance	ARC	RBA cash rate	Outperformance
6 months	1.77%	0.92%	0.85%	1.87%	1.13%	0.74%
12 months	2.11%	1.42%	0.69%	2.20%	1.65%	0.55%

Regulations

All of Council's investments for the period are in accordance with:

- Council Investment Policy
- Local Government Act 1993 – Section 625.
- Local Government Act 1993 – Order of the Minister dated 12 January 2011.
- The Local Government (General) Regulation 2005 – Reg 212.

The investment of surplus funds must remain in line with Council's Investment Policy. This will ensure sufficient working capital is retained and restrictions are supported by Cash. Cash management complies with the NSW Local Government (General) Regulation 2005.

Summary

The Cash and Investment Report provides an overview of cash and investments as at and for the period ended 31 May 2020 and demonstrates compliance with Council policy.

Item: 14.3 **Ref:** AINT/2020/18338
Title: FOR INFORMATION: Monthly Financial Report May 2020
Container: ARC18/2703
Author: Kelly Stidworthy, Manager Financial Services
Attachments: 1. Monthly Financial Report May 2020

RECOMMENDATION:

That Council receive and note the Monthly Financial Report for May 2020.

Context

Monitoring of YTD actual performance to budget is important to ensure that expenditure remains within available financial resources.

To assist with better monitoring of budgets, budget phasing has been introduced allowing a comparison to be made against YTD budget rather than the Annual budget.

Purpose

The monthly financial report is provided to assist with monitoring the financial position of Armidale Regional Council; and ensure that sound financial management practices are employed to ensure expenditure remains within available financial resources.

Proposal, Research and Analysis

The monthly financial report is provided for the following funds:

- General Fund
- Water Supply Fund
- Sewer Supply Fund
- Consolidated

More detailed operating and capital budget reports are also provided.

General Fund

As at 31 May the General Fund achieved a \$553k operating surplus against a YTD budget of \$111k. It is expected by 30 June that the operating result will be closer to the full year forecast of a \$614k deficit.

Most revenue and expenditure categories are on track to meet budget with the exception of user charges and fees and interest revenue. The performance against budget for the State roads program is below forecast and a number of claims have recently been prepared and submitted for payment so this is likely to correct by 30 June. The budget for investment interest had already been reduced in the first quarter budget review but actuals are still tracking lower across all funds due to lower investment rates being achieved and this will require further adjustment.

The net budget position represents the forecast cash impact of Council's operating and capital results for the year. Council's forecast is for a positive cash impact in 2019/20 to assist with reducing cashflow risk and improving the level of unrestricted cash. The main area where this is not likely to achieve budget is land divestment proceeds, which are under budget by around \$350k and this will not change by 30 June.

Water Supply Fund

As at 31 May, the Water Fund recorded a \$2.5M operating deficit against a YTD budgeted operating deficit of \$2.7M mainly due to user charges and fees not achieving budget.

Water usage charges, interest revenue and operating grants will all not achieve the current forecast and will require adjustment in the third quarter budget review. Some expenditure categories are higher than budget but overall operational expenditure is below budget.

Council has budgeted for a negative cash impact in 2019-20 of \$7.2M predominantly due to costs associated with the drought response. These costs will be funded from the water supply reserve fund.

Sewer Supply Fund

As at 31 May, the Sewer Fund achieved a \$3.2M operating surplus against a YTD budget of \$2.6M.

Most revenue and expenditure categories are on track to meet budget with the exception of interest revenue and other revenue. Drought conditions have impacted upon likely future cattle sales revenue.

Council has budgeted for a positive cash impact in 2019/20 of \$1.1M. There was originally a negative cash impact forecast but has improved with the deferral of capital projects in the second quarter budget review.

Consolidated

As at 31 May, the Consolidated position achieved a \$1.2M operating surplus against a YTD budget of \$50k.

Council has budgeted for a negative cash impact of \$5.6M in 2019/20, which predominantly relates to costs associated with the drought response. This will be funded from the water supply reserve funds.

Impact

Emerging Issues

There are a number of emerging issues and risks that may have a detrimental impact on Council's 2019/20 budget and financial position.

Legal Costs

There are a number of legal investigations currently underway and the volume and specialist nature of the work has necessitated engagement of external vendors to undertake the investigations. The likely costs for the remainder of the financial year are expected to require an increase in the legal costs budget of \$120,000.

Kempsey Road Natural Disaster Declaration

The disaster declaration on Kempsey Road has required Council to undertake emergency and restoration works to create vehicular access for residents that are likely to be in the order of \$1,000,000 as at 30 June 2020. These costs will be claimed under section 44 emergency funding provisions; however, Council will have to carry those costs until it receives reimbursement and this may not occur prior to 30 June.

Section 44 Fire Claims

The Tingha Fire claim has been submitted and is expected to be paid by the end of April. The Bees Nest Fire claim will be submitted before 30 June and will be in the order of \$750,000 for all works undertaken. Council will have to carry these costs until it receives reimbursement and this may not occur prior to 30 June. It should be noted that Council's contribution under the section 44 funding arrangements for these fire responses is \$261,000 (Tingha \$124,000 Bees Nest \$137,000).

Bore Drilling

Council will receive a subsidy of \$1 million for the bore drilling works and the claim for this has been submitted. A timeframe on payment has not yet been advised and this may not occur prior to 30 June.

Coronavirus

The impacts of shutdowns caused by the coronavirus have had an immediate negative impact on Council revenues. Initial estimates are that Council will likely lose around \$700,000 in revenues from now until 30 June from loss of fees and charges in areas like the airport.

Drought Impacts

Ongoing severe drought conditions have negatively impacted Council's Water Fund by around \$6 million. This includes around \$3.2 million in net costs associated with drought response, communications, rebate programs and bore drilling and around a \$2.5 million reduction in revenue from water usage charges resulting from decreased water usage.

The forecast impact on the water fund of current drought conditions has been included in the revised budget and these impacts have had a significant detrimental impact on the 2019/20 water fund and consolidated financial position. This will have an impact on future years as well with consideration now required to borrow against the water fund to fund capital works and consideration of deferral of future capital works also required.

The adopted budget does not have provision for overspends or for initiatives not included in the original budget and, as a result, must be closely monitored to ensure that actual expenditure remains within available financial resources. Introduction of any new initiatives requiring expenditure or overspends will require us to make adjustments to either the quantum or quality of projects and services to accommodate. Any overspends or new initiatives identified outside of the original budget must have an accompanying funding source.

Summary

The monthly financial report provides information on Council's actual to budget performance.

Item: 14.4 **Ref:** AINT/2020/18482
Title: FOR INFORMATION: Update on the Armidale Dumaresq Development Control Plan 2012 and Guyra Development Control Plan 2015
Container: ARC19/3588
Author: Shili Wang, Strategic Planner
Attachments: Nil

RECOMMENDATION:

That the report providing an update on the amended Guyra Development Control Plan 2015 and Armidale Dumaresq Development Control Plan 2012 be noted.

Context

At its meeting dated 22 April 2020 Council considered and adopted Report for Exhibition of the amended Guyra Development Control Plan 2015 to bring it into alignment with Council Community Participation Plan. The amended Guyra Development Control Plan 2015 (GDCP 2015) was placed on public exhibition from the 29 April to 27 May 2020 in accordance with the Councils resolution with no submissions being received and therefore in accordance with Councils resolution the modified GDCP 2015 is considered to be adopted.

Purpose

The purpose of this report is to provide an update and advise Council of the adoption of the modified GDCP 2015.

Proposal, Research and Analysis

In order to streamline processes in and around community participation in relation to planning matters, the NSW Department of Planning, Industry and Environment (DPIE) recommends the removal of community participation requirements from DCPs, as a consequence of adoption the Community Participation Plan (CPP). Accordingly, the relevant document of Armidale Dumaresq Development Control Plan 2012 (ADDCP 2012) and Guyra DCP 2015 was amended and placed on public exhibition with no submission received.

Impact

The amended Guyra DCP 2015 was required to be publicly exhibited for a period of 28 days. No submissions were received during exhibition of the document.

Summary

NSW Department of Planning, Industry and Environment (DPIE) recommends the removal of community participation requirements from DCPs, as a consequence of adoption the CPP. Accordingly, the amended ADDCP 2012 and GDCP 2015 are considered to be adopted by Council and have been loaded on the NSW Planning Portal.

Item: 14.5 **Ref:** AINT/2020/20114
Title: FOR INFORMATION: Manager Structure **Container:** ARC16/0001-5
Author: Andrew Brown, Senior Advisor People & Governance
Attachments: 1. Manager Structure

RECOMMENDATION:

- a) **That Council notes the new manager (non senior-staff) structure.**

Context

On 27 May 2020, Council noted the voluntary redundancy of Mr Mark Piorkowski and adopted the presented new level two leadership structure.

Following that adoption, a review has been undertaken of Manager level positions to align with the adopted leadership structure.

Purpose

To establish Manager structure that aligns with the newly adopted leadership structure and sets the foundation for the Council organisation. It is leaner and fit for purpose to deliver the Operational Plan.

Proposal, Research and Analysis

In accordance with s332(1A) of the *Local Government Act 1993*, the CEO is consulting Council regarding positions within its organisational structure. Approval of Council is not required.

The proposed structure for Manager level is annexed here and marked 1. Manager Structure.

Integrated Planning and Reporting Framework

Community Strategic Plan – Leadership for the Region; Environment and Infrastructure; Growth, Prosperity and Economic Development; Our People and Community

Financial Implications

The anticipated direct reduction of cost is to the value of \$50,000 per annum.

Item: 17.1 **Ref:** AINT/2020/18839
Title: FOR DECISION: Minutes - Traffic Advisory Committee - 2 June 2020
Container: ARC16/0168-5
Author: Belinda Ackling, Personal Assistant
Attachments: 1. Minutes - Traffic Advisory Committee - 02 June 2020

RECOMMENDATION:

- a) That the Minutes of the Traffic Advisory Committee meeting held on 2nd June be noted and endorsed.
- b) That a No Stopping zone be installed across the SES HQ in Mann Street.