



# MINUTES

## Finance Committee

### 13 June 2018

### 4:30 p.m.

| Name of Committee |   |
|-------------------|---|
| Item Number       | Agenda  |
| 1                 | Welcome/present/ apologies                                |
| 2                 | Confirmation of Minutes – May Meeting                     |
| 3                 | Special Rate Variation Application - Update               |
| 4                 | May Performance Reporting to OLG                          |
| 5                 | May 2018 MTD & YTD Financial Results & Budget Variances   |
| 6                 | 2017/18 Carryover Requests                                |
| 7                 | May 2018 Investment Report                                |
| 8                 | June Council Meeting – Review of Finance & Assets Reports |
| 9                 | Audit Action List   |
| 10                | General Business  |
| 11                | Next meeting – 9 July 2018                                |

**ITEM: 1 PRESENT AND APOLOGIES**

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**PRESENT:** Cr Thompson, Cr Ring, Cr Lesslie, Cr Statham

**APOLOGIES:** Cr McAndrew

**OFFICERS:** Graeme Faulkner- General Manager, Ross Gurney - Chief Financial Officer, Trinity Newton - Minutes.

**DECLARATION OF INTERESTS:** Nil

**ITEM: 2 CONFIRMATION OF MINUTES FROM THE PREVIOUS MEETING**

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The minutes of the Finance Committee Meeting held on 14 May 2018 were endorsed by Council on 28 May 2018 with the resolution number 18-141.

**MOVED:** Councillor Lesslie

**SECONDED:** Councillor Ring

**ITEM: 3 SPECIAL RATE VARIATION APPLICATION - UPDATE**

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**SUMMARY**

The next stage is community consultation which commences in July and continues into August

The Committee noted the report:

**MOVED:** Councillor Lesslie

**SECONDED:** Councillor Ring

**ITEM: 4 MAY PERFORMANCE REPORTING TO OLG**

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**SUMMARY**

The Committee reviewed the May Performance Reporting to OLG.

The report was noted by the Committee

**MOVED:** Councillor Ring

**SECONDED:** Councillor Lesslie

**ITEM: 5 MAY 2018 MTD & YTD FINANCIAL RESULTS & BUDGET VARIANCES**

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## **SUMMARY**

The Committee reviewed the Financial Results and Budgets Variances Report.

The information in the report was noted by the committee.

**MOVED:** Councillor Thompson

**SECONDED:** Councillor Ring

## **ITEM: 6      2017/18 CARRYOVER REQUESTS**

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### **SUMMARY**

The Committee reviewed the Carryover requests as at June 2018. Operational carryovers / revotes should be carefully considered to minimise the impact on the 2018/19 operating result.

**MOVED:** Councillor Thompson

**SECONDED:** Councillor Ring

## **ITEM 7:      MAY 2018 INVESTMENT REPORT**

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### **SUMMARY**

The Committee reviewed the May 2018 Investment Report. The increase in the investments balance and change to interest income were noted.

### **FINANCIAL IMPLICATIONS**

- YTD Budget approved –      \$586,667
- Cost centre -                      3259
- YTD Income to date -          \$545,863
- Future potential impact –      Nil

### **RECOMMENDATION**

**THAT** the Committee endorse the May 2018 Investment Report recommendations:

#### **THAT**

1. Investments of \$28,925,000.00 and cash of \$783,899.82 for the period ending 31 May 2018 be noted.
2. The enclosed certificate of the Responsible Accounting Officer be noted.

**MOVED:** Councillor Ring

**SECONDED:** Councillor Thompson

**ITEM 8: JUNE COUNCIL MEETING – REVIEW OF FINANCE & ASSETS REPORTS**

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**SUMMARY**

The following report being presented to the Council meeting by Finance and Assets were discussed and recommended for approval at the Council meeting on 25 June 2018.

**ACTION/RECOMMENDATION**

**Rate Relief - Drought Affected Farmers**

**FINANCIAL IMPLICATIONS**

- Budget approved – N/A
- Cost centre – N/A
- Expended to date – N/A
- Future potential impact – N/A

**THAT** Council note:

1. The summary of the response from Federal Member, Mr Andrew Gee, with regard to lobbying the Federal Government to reinstate the Standing Council on Primary Industries.
2. The availability of rate relief for drought affected farmers within the provisions of Council's adopted Hardship Policy.

**MOVED:** Councillor Ring

**SECONDED:** General Manager

**ITEM 9: AUDIT ACTION LIST**

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The Audit Action List was discussed. All actions will be completed by 30/6/18.

**MOVED:** Councillor Ring

**SECONDED:** Councillor Thompson

**ITEM 10: GENERAL BUSINESS**

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There was no general business.

**ITEM 11 NEXT MEETING**

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**Next Meeting:** 9 July 2018 at 4:30 pm  
The Committee Room

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**There being no further business the meeting closed at 5.17pm**

## ITEM FIN - 25/06/18 - COUNCIL INVESTMENT REPORT - MAY 2018

REPORT BY: CHIEF FINANCIAL & INFORMATION OFFICER

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### REFERENCE

Min No 18-141: Ordinary meeting of Council held on 28 May 2018.

### SUMMARY

To advise Council of investments held as at 31 May 2018 and to note the certification of the Responsible Accounting Officer that funds have been invested in accordance with legislation, regulations and Council policy.

### COMMENTARY

Council's total investment portfolio, as at 31 May 2018 when compared to 30 April 2018, has increased by \$1,735,000 from \$27,190,000 to \$28,925,000. Cash in Council's bank account increased by \$379,334.38 from \$404,565.44 to \$783,899.82.

There is an overall increase in cash and investments of \$2,114,334.38 since 30 April 2018, this is due to the fourth rates instalment due on 31 May 2018 and the Financial Assistance Grant payment.

If the movement in the bank account is negative, this is shown as a net redemption. If the movement in the bank account is positive this is shown as a net new investment.

The movement in Investments for the month of May 2018 were as follows:

|   |                 |
|---|-----------------|
| Opening Balance of cash and investments as 01 May 2018    | \$27,594,565.44 |
| Plus New Investments – May 2018                           | \$11,614,334.38 |
| Less Investments redeemed – May 2018                      | -\$9,500,000.00 |
| Closing Balance of cash and investments as at 31 May 2018 | \$29,708,899.82 |

A large proportion of Council's investments are held as restricted assets for specific purposes. Restricted assets may consist of externally restricted assets which must be spent for the purpose for which they have been received (e.g. Water, Wastewater, Stormwater, Domestic Waste, Parking) or internally restricted assets which have been set aside by Council resolution. Some internal restrictions are held to fund specific liabilities such as employee leave entitlements and bonds and deposits.

### POLICY IMPLICATIONS

Investments are held in accordance with the Lithgow City Council's Investment Policy at the date of investing funds. On 14 August 2017, Council adopted a revised Investment Policy which includes the Minister's Investment Order of 12 January 2011

### FINANCIAL IMPLICATIONS

- YTD Budget approved – \$586,667
- Cost centre - 3259
- YTD Income to date - \$545,863
- Future potential impact – Nil

The Council's interest income is currently \$40,804 under budget due to the reversal of a \$132,000 interest accrual at the 30 June 2017. It is expected that interest revenue for the 2017/18 financial year will be approximately \$640,000.

Interest is paid on the maturity date of the investment. The budget for interest income is determined by the average level of funds held and the rate of return. Adjustments to the budget estimate are processed through Council's Quarterly Budget Review process. Interest Returns are determined by average funds invested and the rate of interest return.

### **LEGAL IMPLICATIONS**

Investments are held in accordance with the Lithgow City Council's Investment Policy at the date of investing the funds. On 14 August 2017 Council adopted a revised Investment Policy and investments comply with this Policy.

### **CERTIFICATION OF THE RESPONSIBLE ACCOUNTING OFFICER**

I hereby certify that the investments listed in the report have been made in accordance with Section 625 of the Local Government Act 1993, clause 212 of the Local Government (General) Regulation 2005 and Council's Investments Policy.

Ross Gurney  
Chief Financial and Information Officer (Responsible Accounting Officer)

### **ATTACHMENTS**

1. Investment Register 2017/18

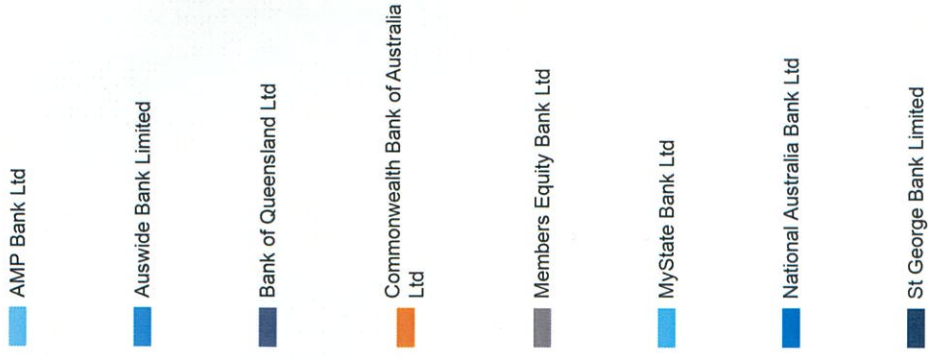
### **RECOMMENDATION**

#### **THAT**

1. Investments of \$28,925,000.00 and cash of \$783,899.82 for the period ending 31 May 2018 be noted.
2. The enclosed certificate of the Responsible Accounting Officer be noted.

| Issuer                             | Market Value         | % Total Value  |
|------------------------------------|----------------------|----------------|
| AMP Bank Ltd                       | 4,039,035.61         | 13.54%         |
| Auswide Bank Limited               | 5,530,654.79         | 18.54%         |
| Bank of Queensland Ltd             | 5,025,953.42         | 16.84%         |
| Commonwealth Bank of Australia Ltd | 1,675,000.00         | 5.61%          |
| Members Equity Bank Ltd            | 8,040,894.52         | 26.95%         |
| MyState Bank Ltd                   | 3,012,652.05         | 10.10%         |
| National Australia Bank Ltd        | 1,507,586.30         | 5.05%          |
| St George Bank Limited             | 1,004,882.19         | 3.37%          |
| <b>Portfolio Total</b>             | <b>29,836,658.88</b> | <b>100.00%</b> |

### Market Value by Issuer





## ITEM FIN - 25/06/2018 - RATE RELIEF - DROUGHT AFFECTED FARMERS

REPORT BY: CHIEF FINANCIAL AND INFORMATION OFFICER

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### REFERENCE

Min 18-146: Ordinary Meeting of Council 28 May 2018

### SUMMARY

This report advises Council on the response from Federal Member, Mr Andrew Gee, with regard to lobbying the Federal Government to reinstate the Standing Council on Primary Industries. The report also responds to a request from Mr Gee that Council consider assisting drought affected farmers by offering rate relief.

### COMMENTARY

At the Ordinary Meeting of Council held 28 May 2018 Council resolved (Min 18-146):

***THAT*** Council request the General Manager of Lithgow City Council, Mr Graeme Faulkner write to the Federal Member, Mr Andrew Gee seeking Mr Gee to lobby the Federal Government to reinstate the Standing Council on Primary Industries.

Mr Gee responded to Council's letter on 31 May 2018. In his response, Mr Gee outlined a range of measure to assist drought affected farmers. Mr Gee also clarified the arrangements and responsibilities with regard to standing committees on primary industries. Further, Mr Gee requested that Council consider assisting drought affected farmers by offering rate relief.

#### **Hardship Policy**

The Council adopted an updated Hardship Policy at the Ordinary Meeting of Council held 23 October 2017 (Min 17-311).

The objective of the Hardship Policy is: *to provide assistance to ratepayers suffering financial hardship, with outstanding debts due to council and to provide an administration process to determine applications promptly.*

Farmers affected by the current drought can apply for assistance available to ratepayers as set out in the Hardship Policy. The Hardship Policy (in accordance with the NSW Local Government Act 1993) permits Council to enter into payment agreements with ratepayers who cannot meet their normal instalment payments. Accrued interest on rates and charges may also be written off in cases of hardship.

Drought affected farmers may apply for hardship relief on Council's Hardship Application Form.

#### **POLICY IMPLICATIONS**

This report refers to Policy 8.6 Hardship Policy.

#### **FINANCIAL IMPLICATIONS**

- Budget approved – N/A
- Cost centre – N/A
- Expended to date – N/A
- Future potential impact – N/A

**LEGAL IMPLICATIONS**

Nil.

**ATTACHMENTS**

1. Policy 8.6 Hardship Policy

**RECOMMENDATION****THAT** Council note:

1. The summary of the response from Federal Member, Mr Andrew Gee, with regard to lobbying the Federal Government to reinstate the Standing Council on Primary Industries.
2. The availability of rate relief for drought affected farmers within the provisions of Council's adopted Hardship Policy.



## **8. FINANCE**

Policy 8.6

HARDSHIP POLICY

**Version 5**

## **8. FINANCE**

### **8.6 HARDSHIP POLICY**

#### **OBJECTIVE:**

To provide assistance to ratepayers suffering financial hardship, with outstanding debts due to council and to provide an administration process to determine applications promptly.

#### **POLICY:**

A debtor who cannot pay a debt due to Council for the reason of financial hardship can apply for assistance at any time.

Each individual case will be considered on its merits. The criteria for assessment is contained in the Hardship Application form, attachment 1, including but not limited to, the following:

- The amount of any rate increase when compared to the average rate increase for the rate category
- Income from all sources
- Living expenses
- Reason for financial hardship
- Length of occupancy

The assistance provided will be determined under the legal requirements of the Local Government Act 1993.

#### **DEFINITIONS**

- LGA, 1993 - refers to the Local Government Act 1993.
- Pensioner - means an eligible pensioner as defined in clause 135 of the Local Government (General) regulations 2005.
- Hardship Application form will be used for the purpose of applying for assistance under this policy.
- Hardship Committee will review hardship applications and will include the Finance Manager and a Rating Officer.
- The workgroup will make recommendations to the Chief Financial and Information Officer (CFIO) and prepare reports to Council if amounts exceed the General Manager's delegations.

#### **HARDSHIP PROVISIONS**

The Local Government Act 1993 provides Council with three (3) options for providing assistance to ratepayers who are finding it difficult to pay their rates and charges because of financial hardship. A summary of the options is as follows:

### **Section 601 LGA 1993**

Any ratepayer who incurs a rate increase in the first year following a revaluation of land values can apply to Council for rate relief if the increase in the amount of rates payable would cause them substantial hardship.

Council has discretion to waive, reduce or defer the payment of the whole or any part of the increase in the amount of the rate payable.

Council can set the period of time for when applications can be made under this Section.

Applications under Section 601 LGA 1993 must be made during the first year a new land value is used for rating purposes. Where an application is made in the first year, an application can also be made in subsequent years of the valuation base date.

### **Section 582 LGA 1993**

Council can provide assistance to pensioners under this Section. Council may defer payment of all or part of the rates and charges payable after rebates have been deducted.

### **Sections 564 and 567 LGA 1993**

Council can enter into payment agreements with rate payers, who cannot meet their normal instalment payments as provided by the LGA 1993.

- Council will provide an application form for the purpose of applying for assistance
- The Hardship Committee will review the application and recommend to the CFIO any offer of assistance as provided by the Local Government Act 1993 having regard to the circumstances of the applicant
- The CFIO can approve or not approve the Committee's recommendation
- The ratepayer will be informed of Council's decision in writing and if not satisfied with the outcome can request the Council to reconsider its decision
- After the Council considers the application and makes a decision the ratepayer has no further right to appeal.

Delegated Officers of Council can enter into payment agreements with ratepayers (Sections 564 and 567 LGA 1993).

Accrued interest on rates and charges may be written off where payment of the accrued interest would cause the person hardship. The Hardship Committee may request the ratepayer to come to an interview if it is necessary to understand the issues causing hardship.

### **HARDSHIP RESULTING FROM A GENERAL REVALUATION GOVERNMENT AREA**

In accordance with Section 601 of the Local Government Act a rate payer that suffers substantial hardship as the consequence of the making and levying of a rate on the most recent valuation, may apply to Council for relief. Assistance is only available in the first year new valuations are used to calculate rates. The criteria used to determine eligibility are:

- The rates payable must be more than 5% of the gross household income
- The applicant must be an owner and an occupier of the property to which the rates relate and the dwelling must be the applicants sole or principle place of living

- The ordinary rate increase must be more in percentage terms than the amount determined by Council at each revaluation. The ordinary rate increase is calculated as the ordinary rates payable for the new rating year (being the first year in which revaluations are used) minus the ordinary rates payable in the previous rating year increased by the allowed rate pegging increase for the year
- The maximum amount of assistance in aggregate for all ratepayers is \$20,000.

Only applications on the approved Hardship Application form, attachment 1, with certified supporting documentation will be considered. Applications with insufficient documentation will be referred back to the applicant. Completed applications will be assessed within 10 working days from lodgement with Council. Applications will be considered by the Hardship Committee. A ratepayer dissatisfied with a decision of the CFIO may have that decision reviewed by the General Manager. If an application is refused, the applicant will be provided with reasons for such refusal by the CFIO. Applicants may appeal, in writing, to the General Manager.

### PRIVACY

Privacy in relation to any consideration of hardship will be preserved in accordance with Council's Privacy Management Plan.

### ATTACHMENTS

- 1 Hardship Application Form

|                                  |   |                           |         |                        |   |
|----------------------------------|---|---------------------------|---------|------------------------|---|
| <b>Maintained by Department:</b> | Finance and Assets  | <b>Approved by:</b>       | Council |                        |   |
| <b>Reference:</b>                | Dataworks: Policy Register  | <b>Council Policy No:</b> | 8.6     | <b>Effective Date:</b> | 23 October 2017                               |
| <b>Min No:</b>                   | V1 - 06-349<br>V2 - 008-165<br>V3 - 12-49<br>V4 - 14-367<br>V5 - 17-311 | <b>Version No:</b>        | 5       | <b>Review Date:</b>    | Feb 2013<br>Oct 2013<br>Sept 2014<br>Oct 2018 |
| <b>Attachments:</b>              | Hardship Application Form   |                           |         |                        |   |