

**NAMBUCCA SHIRE COUNCIL**

**Ordinary Council Meeting - 30 May 2019**

***LATE AGENDA***

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**GENERAL MANAGER'S REPORT**

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**ITEM 9.12 SF2513 300519 FURTHER FUNDING FOR MURALS IN WALLACE LANE**

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**AUTHOR/ENQUIRIES:** Michael Coulter, General Manager

**SUMMARY:**

A summary is not required.

**RECOMMENDATION:**

**That Council allocate \$1,500 from the donations budget towards the purchase of sign writer panels and consumables for murals in Wallace Lane, Macksville.**

**OPTIONS:**

The Council has discretion in relation to what funding, if any, is allocated for this project.

**DISCUSSION:**

Council has been advised by the Macksville Rotary Club that they wish to recommence work on the murals in Wallace Lane, Macksville.

They are proposing to work with high schools to prepare art work off site on pre-made panels that will then be screwed to fences and walls. There are two other artists also proposing to prepare works off site.

To facilitate this Macksville Rotary are seeking to purchase a quantity of sign writer panels. They also need more paint, anti-graffiti and other consumables.

The work to date has been funded from WO3265 Murals – Economic Development Promotion & Strategies which has a budget of \$5,300 but which has incurred expenditure of \$9,715. There is other unexpended funds in Economic Development Promotion & Strategies which can offset this over expenditure.

Macksville Rotary has received a quote for \$989.55 for the sign writer panels that they need for the art work. Beside the panels they believe their required expenditure for the remainder of the financial year will be limited to \$1,500.

They will consider what budget might be required to continue the work next year and will further advise Council in the next week or so. Council will be able to consider any request for next year when finally considering the budget on 27 June 2019.

The requested \$1,500 for the balance of this financial year can be funded from the donations budget if Council is in agreeance. The donations budget has a remaining balance for the financial year of \$5,131.25.

**CONSULTATION:**

There has been consultation with the Grants and Contributions Officer and Mr Rod Edwards from Macksville Rotary.

**SUSTAINABILITY ASSESSMENT:**

**Environment**

There are no implications for the environment.

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**ITEM 9.12 FURTHER FUNDING FOR MURALS IN WALLACE LANE**

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**Social**

The opportunity for students to contribute to murals in Wallace Lane will be a very positive social endeavour.

**Economic**

There are no significant economic impacts although the murals are contributing positively to the revitalisation of Macksville, post by-pass.

**Risk**

There are no significant risks. The application of the murals requires the approval of the relevant property owner.

**FINANCIAL IMPLICATIONS:****Direct and indirect impact on current and future budgets**

The requested funding can be obtained from an existing budget line item.

**Working funds – justification for urgency and cumulative impact**

There is no impact on working funds.

**Service level changes and resourcing/staff implications**

The artists who have provided the murals in Wallace Lane have volunteered their time. Macksville Rotary has acted as Council's project manager and have managed all of the liaison which has been required to allow the project to proceed.

**ATTACHMENTS:**

There are no attachments for this report.

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**ASSISTANT GENERAL MANAGER CORPORATE SERVICES REPORT**

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**ITEM 10.4 SF2530 300519 MARCH 2019 QUARTERLY BUDGET REVIEW**

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**AUTHOR/ENQUIRIES:** Robert Hunt, Assistant General Manager Corporate Services; Matthew Sykes, Chief Financial Officer

**SUMMARY:**

A review of the 2018/19 budget has been carried out for the quarter ended 31 March 2019. Across all funds, there is a net **deficit budget variation of \$3,619,700**. After adjusting for revotes and depreciation this results in a **revised deficit projection of \$4,193,800** for 2018/19. A list of the variances above \$5,000 is shown in the attachment to the Report.

Council is currently disclosing more individual financial reserve types for the Water and Sewer Funds than what is required per the Office of Local Government (OLG) Code of Accounting Practice and Financial Reporting. It is proposed that the current financial reserves in the Water Fund and Sewer Fund be consolidated to reflect the OLG requirements.

Significant budget variations for the March 2019 Quarterly Budget Review address previous negative balances in financial reserves and other accounting anomalies. Other major variations are shown below in the discussion section such as the reduced water and sewer best practice dividend, matching funding for unexpected government grants (Macksville Park-Refurbishment of Club House) and reduced land development sales.

**RECOMMENDATION:**

That:

- a) **The budget review for the quarter ended 31 March, 2019 be received.**
- b) **The recommended increases and decreases in votes be included as subsequent votes for the financial year 2018/2019.**
- c) **For the Water Fund, financial reserves are rationalised to become Water Supplies, Water Fund Section 64 Developer Contributions, Water Fund Unexpended Grants and Water Fund Unexpended Loans.**
- d) **For the Sewer Fund, financial reserves are rationalised to become Sewerage Services, Sewer Fund Section 64 Developer Contributions, Sewer Fund Unexpended Grants and Sewer Fund Unexpended Loans.**
- e) **The principal outstanding on the internal loan from Current Liquid Equity to Land Development for the Valla Urban Growth Area as at 1 July 2018 of \$399,100 be paid out from Working Funds.**
- f) **The negative balance in the Land Development Reserve as at 1 July 2018 of \$1,019,200 be cleared to nil by being funded through Working Funds.**
- g) **Future land sales to the value of \$1,418,300 be returned to Working Funds to offset the payout of principal outstanding of the internal loan from Current Liquid Equity to Land Development for the Valla Urban Growth Area as at 1 July 2018 of \$399,100 and the reversal of the negative balance in the Land Development Reserve as at 1 July 2018 of \$1,019,200, both of which are proposed to be funded from Working Funds.**

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**ITEM 10.4 MARCH 2019 QUARTERLY BUDGET REVIEW**

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**OPTIONS:**

Council can amend, reject or adopt the Report.

**DISCUSSION:**

In accordance with s203 of the *Local Government (General) Regulations 2005*:

- (1) Not later than 2 months after the end of each quarter, the responsible accounting officer of a Council must prepare and submit to the Council a budget review statement that shows, by reference to the estimate of income and expenditure set out in the Council's Revenue Policy included in the Operational Plan for the relevant year, a revised estimate of the income and expenditure for that year.
- (2) A budget review statement must include or be accompanied by:
  - (a) A report as to whether or not the responsible accounting officer believes that the statement indicates that the financial position of the Council is satisfactory, having regard to the original estimate of income and expenditure; and
  - (b) If that position is unsatisfactory, recommendation for remedial action.

**Report by Responsible Accounting Officer**

The following statement is made in accordance with Clause 203(2) of the *Local Government (General) Regulations 2005*:

31 March 2019

*It is my opinion that the Quarterly Budget Review Statement for Nambucca Shire Council for the quarter ended 31 March 2019 indicates that Council's projected financial position at 30 June 2019 will be unsatisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure. My recommendation for remedial action to address the unsatisfactory projected financial position at 30 June 2019 is that future sales of land held for development be used to replenish Council's working funds.*

Signed: M L Sykes Date: 30 May 2019

Matthew Sykes  
Responsible Accounting Officer

Council officers have reviewed their 2018/19 budgets as at 31 March 2019. The attachment to this report shows the variations to budget that are recommended for Council approval as a result of this review.

While the attached format still reflects the results of the budget review, it is planned to present a broader range of financial information in future budget reviews. This will include key performance indicators, a separate capital budget forecast and other statements consistent with local government requirements for quarterly budget reviews.

It is noted however that the capital budget progress is reported monthly to Council in a separate report by the AGMES and therefore is not included in this Report.

***Consolidated Budget***

In its budget forecasting Council has previously reconciled an operating loss (\$10,162,200) back to a 'funded' deficit by adding back non-cash items including depreciation (\$9,672,000), internal loan repayments (\$108,000) and increase in employee entitlements (\$261,000). For 2018/19 this deficit was

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**ITEM 10.4 MARCH 2019 QUARTERLY BUDGET REVIEW**

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originally estimated to be \$120,600 for all funds. This is now projected to be \$4,193,800 after deducting the revoked works that were not spent in 2017/18 which are now included in the 2018/19 budget and adjusting for depreciation.

**General Fund**

Net deficit variations of \$3,600,900 are recommended for Council's General Fund this quarter. Major variances include:

- Land Development Sales reduced (\$1,100,000),
- Reversal of negative balance in Land Development Reserve at 30 June 2018 (\$1,019,200),
- Macksville Street Revitalisation revote (\$293,800) and original budget (\$100,000) not funded from Developer Contributions Reserve as insufficient funds in the reserve (totalling \$393,800),
- Removal and payout of internal loan for Valla Urban Growth Area from Current Liquid Equity (\$333,400),
- Reduction in Best Practice Dividends from Water and Sewer Funds (\$248,000),
- Macksville Park-Refurbishment of Club House (\$178,400),
- Dawkins Park Drainage revote not funded from Developer Contributions Reserve as insufficient funds in the reserve (\$140,000),
- Reduction in Parking and Other Rangers Revenue (\$70,000),
- Donation of D/A fees for Revitalisation and Improvement Grant for Shop Owners Macksville (\$50,000),
- Additional Street Cleaning costs (\$45,000), and additional Public Amenities Maintenance costs (\$35,000).

The **revised deficit** for the year in the General Fund, after adjusting for revotes, internal loans and depreciation is now **\$4,035,900** (\$61,200 at the start of the year).

**Water Fund**

Significant variances to estimates for the quarter ended 31 March 2019 in Council's Water Fund that are reserve funded include reduced expenditure for Lanes Bridge Water Main Replacement (\$90,000) and increased Section 64 Developer Contributions (\$35,000). For the quarter ended 31 March 2019 there is a net deficit variation (i.e. unfunded from reserves) of \$2,000.

The **revised deficit** for the year, after adjusting for revotes and depreciation is now **\$237,300** (\$38,700 at the start of the year).

The Water Fund currently has the following 7 Financial Reserves:

- Augmentation – Section 64 Developer Contributions
- Augmentation – Revenue
- Mains Replacement
- Meter Replacement
- Reservoir Maintenance
- Pump Replacement
- Water Storage Loan Repayment savings 12/13

For the purposes of Note 6(c) "Restricted cash, cash equivalents, and investments – details" of the Annual Financial Statements there are only 4 financial reserves required for Water Fund being:

- Section 64 Developer Contributions
- Unexpended Loans
- Unexpended Grants
- Water Supplies

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Along those lines it is proposed that the Augmentation – Revenue reserve, the Mains Replacement reserve, the Meter Replacement reserve, the Reservoir Maintenance reserve, the Water Storage Loan Repayment savings 12/13 reserve and the Pump Replacement reserve are consolidated into the Water Supplies reserve.

***Sewer Fund***

The significant variance to estimates for the quarter ended 31 March 2019 in Council's Sewer Fund which is reserve funded is increased Section 64 Developer Contributions (\$35,000). The net deficit variation this quarter is \$16,800, chiefly attributable to an EPA fine for sewer surcharge into the creek near Riverside Drive and Giinagay Way.

The **revised surplus** for the year, after adjusting for revotes and depreciation, is **\$79,400** (a \$20,700 deficit at the start of the year).

The Sewer Fund currently has the following 6 Financial Reserves:

- Augmentation – Section 64 Developer Contributions
- Subsidy - Bowraville Treatment Works Waste Water Quality
- Bowraville Treatment Works Recycled Water System
- Augmentation Revenue (future upgrade)
- Mains Rehabilitation
- Pump Replacement

For the purposes of Note 6(c) "Restricted cash, cash equivalents, and investments – details" of the Annual Financial Statements there are only 4 financial reserves required for Sewer Fund being:

- Section 64 Developer Contributions
- Unexpended Loans
- Unexpended Grants
- Sewerage Services

Along those lines it is proposed that the Augmentation Revenue (future upgrade) reserve, the Subsidy - Bowraville Treatment Works Waste Water Quality reserve, the Bowraville Treatment Works Recycled Water System reserve, the Mains Rehabilitation reserve and the Pump Replacement reserve are consolidated into the Sewerage Services reserve.

**CONSULTATION:**

Accountant  
Budget Managers

**SUSTAINABILITY ASSESSMENT:****Environment**

Not applicable

**Social**

Not applicable

**Economic**

As per the Report

**Risk**

As per the Report

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**ITEM 10.4 MARCH 2019 QUARTERLY BUDGET REVIEW**

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**FINANCIAL IMPLICATIONS:****Direct and indirect impact on current and future budgets**

As per the Report

**Working funds – justification for urgency and cumulative impact**

As per the attachment the projected General Fund working funds balance for 2018/19 is \$1,462,100. Per Council's Financial Sustainability Policy the minimum working funds balance is \$1,300,000. With the projected General Fund working funds only being \$162,100 above the minimum balance it is important that expenditure is contained within budget. Council should be wary of adopting any deficit budget in General Fund for 2019/20 as this will need to be deducted from the projected General Fund working funds balance for 2018/19 of \$1,462,100.

**Service level changes and resourcing/staff implications**

None as a result of this Report.

**ATTACHMENTS:**

1  19490/2019 - Updated Quarterly Budget Report

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**ASSISTANT GENERAL MANAGER ENGINEERING SERVICES REPORT**

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**ITEM 11.11 SF699 300519 REVIEW OF PUBLIC AMENITIES WITHIN THE SHIRE AND BBQ FACILITIES AT STUART ISLAND**

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**AUTHOR/ENQUIRIES:** Paul Gallagher, Assistant General Manager - Engineering Services; Clint Fitzsummons, Manager Assets; Simon Chapman, Civic Services Coordinator; Michael Coulter, General Manager

**SUMMARY:**

***Public amenities:*** Councillors may recall the report on the cleaning of public amenities quotations that was presented to Council on 15 September 2018 when it was resolved to, *“commence community consultation on the amenities identified in the discussion area of the report with the aim to rationalise the number of public amenities across the Shire”*.

It is recommended the existing number of public amenities within the Shire be reduced.

This report is being presented to Council to recommend community consultation on the proposal for rationalisation of the public amenities which includes consideration of closing and demolition of the following:

- Fletcher Street amenities at Nambucca Heads
- Pool (Coach Stop) amenities at Macksville
- Grassy Park amenities Bowraville
- McKay Park amenities Bowraville

It is recommended Council transfer the following amenities to community organisations:

- Thompson Street amenities (adjacent to the tennis courts) at Valla Beach to the tennis club
- Headland amenities at Nambucca Heads to the museum

***BBQ's within parks and reserves:*** At the present time the cost to clean the BBQ facilities in and around the Nambucca Heads reserves relies on the use of volunteer labour from a community service club.

Due to anti-social behaviour in and around Stuart Island, the Lions Club of Nambucca Heads has advised they have ceased cleaning the BBQ located at Stuart Island. It is now proposed to relocate this BBQ to the V-Wall due to Council not having staff resources to continue the cleaning of the BBQ.

The work of volunteers in this area has highlighted a potential risk to Council on the levels of service that is being provided through community groups in the event that they cease offering the assistance of volunteer labour.

**RECOMMENDATION:**

**1 That Council undertake public consultation on the rationalisation of public amenities within the Shire with the following amenities recommended for removal:**

- **Fletcher Street amenities at Nambucca Heads**
- **Pool (Coach Stop) amenities at Macksville**
- **Grassy Park amenities Bowraville**
- **McKay Park amenities Bowraville**

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**ITEM 11.11 REVIEW OF PUBLIC AMENITIES WITHIN THE SHIRE AND BBQ FACILITIES AT STUART ISLAND**

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The reduction in service levels and savings from expenditure attributed to the maintenance, cleaning and repairs to vandalism of these facilities will be redirected into other upgrades of the public amenities.

2 That Council undertake public consultation on the transfer of the following amenities to community organisations as follows:

- Thompson Street amenities (adjacent to the tennis courts) at Valla Beach
- Headland amenities at Nambucca Heads

The reduction in service levels and savings from expenditure attributed to the maintenance and cleaning of these facilities will be redirected into other upgrades of the public amenities or in assistance to the community groups.

3 That Council advise the Nambucca Heads Chamber of Commerce and Nambucca Heads Lions Club that the public BBQ located at Stuart Island is going to be relocated to the V-Wall and formally express its appreciation to the Lions Club for their work at Stuart Island.

4 That Council receive a report on the outcome of the community consultation.

**OPTIONS:**

- 1 Take no further action and retain the existing public amenities.
- 2 Undertake public consultation to gauge community response to the closure of the amenities.

**DISCUSSION:**

Council staff are continually reviewing service levels for a range of public facilities in an endeavour to ensure they are delivering best value and are financially sustainable. It is recommended Council undertake public consultation with a view to reducing the existing number of public amenities.

The following is proposed:

**Nambucca Heads**

- **Headland amenities** - These facilities could be provided to the Nambucca District Historical Society (Museum) as they are located away from the main public area and are not a high use facility.
- **Fletcher Street Amenities** – These facilities should be demolished. They are located away from the main public area, they have been known to attract vagrants using them for sleeping, drug injection, graffiti writing and are subject to constant vandalism. It is proposed to construct new, modern public amenities to a very high standard as part of the library extensions.

**Macksville**

- **River Street Amenities** - These facilities are highly used but detract from the river view. Currently there are four amenities in close proximity with three in the CBD area of Macksville. The Macksville Revitalisation Plan endorsed by Council proposed to relocate the amenities to the east of its existing location in order to open up the Princess Street vista to the Nambucca River. This option would require Council to demolish the existing building and construct new amenities. This would cost between \$180,000 and \$240,000 (excluding contingencies). There may be opportunities to access external funds to support new amenities however this is not guaranteed. The removal of these amenities would be subject to funding for their replacement.

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**ITEM 11.11 REVIEW OF PUBLIC AMENITIES WITHIN THE SHIRE AND BBQ FACILITIES AT STUART ISLAND**

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- **Pool (Coach Stop) amenities at Macksville** – Macksville very well serviced with public amenities with Winifred Street only being around the corner. The highway by pass has eased the congestion on the amenities and each street is now sign posted showing access to parking and public amenities.

**Bowraville**

- **Grassy Park Amenities** - These facilities should be demolished as they are located away from the main public area, attract the homeless and are used for sleeping, drug injection, graffiti writing and vandalism. This toilet block has been locked for the past 18 months due to vandalism, and there has been no comment received from the community.
- **McKay Park Amenities** - These facilities should be demolished as they no longer comply with today's standards with regards to access, are located in a flood zone, are often subject to vandalism and there are other public amenities available in the CBD. An amenities upgrade including disabled facilities is planned for the new playground hub, which includes the recently constructed bike track and skate park.

**Valla Beach**

- **Thompson Street Amenities** - These facilities are located away from the main public area and are not a high use facility. They could be provided to the Valla Beach Tennis Club which is opposite.

**Background**

In the community surveys undertaken by Council public amenities have generally rated as "high importance and low satisfaction".

There are 23 public amenities buildings across the Shire that are cleaned seven days per week. New modern toilet amenities have been constructed at Lions Park Macksville, Bellwood Park, Gordon Park, Shelley Beach and Stuart Island in Nambucca Heads, Valla Reserve, Anderson Park in Valla Beach, and the amenities completely refurbished at the V-Wall, South Valla Beach and Bowraville Main Street. Significant maintenance has been undertaken at the Coach Stop and Winifred Street amenities in Macksville

Costs to service the existing public amenities revolve around the frequency of service i.e. once, twice, three times or 7 days per week and additional services throughout the holiday periods. Schedule cleaning is covered by a contract however community expectation can exceed the stipulated cleaning frequency. The busiest periods for this section span the holiday and summer period and reduce within the colder winter months.

**Relocation of the BBQ Facilities located at Stuart Island to the V-Wall**

At the present time the Nambucca Heads Lions Club clean the BBQ facilities located at the V-wall, Gordon Park, Bellwood Park and Stuart Island. The club recently advised council that they would no longer clean the BBQ located at Stuart Island due to continuing anti-social behaviour, verbal abuse of the volunteers and vandalism.

During normal daylight there is good passive surveillance, however the inappropriate behaviour is not always limited to the twilight hours and our own staff on the garbage truck have been verbally abused when they turn up to pick up the rubbish and clean the surrounds as well as the Green Space Team mowing the area.

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**ITEM 11.11 REVIEW OF PUBLIC AMENITIES WITHIN THE SHIRE AND BBQ FACILITIES AT STUART ISLAND**

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The service provided by the club in cleaning the BBQ's is a significant cost saving to Council. If the club were to cease the cleaning of the BBQ's Council would be required to commit day labour to this activity or consider rationalising the number of BBQ's within these highly frequented reserves.

Council day labour are presently cleaning the BBQ at Stuart Island and emptying the fat tin. It is recommended Council relocate the BBQ to the V-wall as there are a number of BBQ's located in the Bellwood Park Reserve directly opposite Stuart Island.

**CONSULTATION:**

General Manager  
Nambucca Heads Lions Club (only on the BBQ matter)  
Manager Infrastructure Services  
Manager Assets  
Civic Services Coordinator  
Green Space Coordinator

**SUSTAINABILITY ASSESSMENT:****Environment**

No change to environmental sustainability as toilets will continue to be cleaned while the review proceeds.

**Social**

There are current social impacts associated with the review of levels of service for this report. Some of these amenities are being used by the homeless and for sleeping, drug injection, graffiti writing and for vandalism.

The service provided by the community volunteers is a significant cost saving to Council.

**Economic**

Currently, there is no change to budgets as a result of this report.

Council's Tourism Strategy indicates that it is no longer good enough for a location aspiring to attract visitors to present old, tired and poorly maintained public amenities. This is also borne out by the community survey. The Council will be better off having fewer public amenities but maintained to a much higher standard.

**Risk**

There are risks associated with the review of levels of service for this report, as some amenities are used for sleeping, drug injection, graffiti writing and vandalism. Cleaning staff have been accosted at different times by vagrants during the course of cleaning the amenities.

There is also a risk to Council volunteers and staff experiencing anti-social behaviour in the parks and reserves.

Council is exposed to further risk if the Nambucca Heads Lions Club ceases their volunteer work in cleaning the BBQ facilities across the remaining parks and reserves which would require funding to pay for day labour or removal of the facilities.

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**ITEM 11.11 REVIEW OF PUBLIC AMENITIES WITHIN THE SHIRE AND BBQ FACILITIES AT  
STUART ISLAND**

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**FINANCIAL IMPLICATIONS:****Direct and indirect impact on current and future budgets**

There is no change to the current 2018/19 budget with regards to this report. Future budgets may need to be increased if the current numbers of toilets are maintained or council takes over the cleaning of the BBQ's with day labour.

**Working funds – justification for urgency and cumulative impact**

No impact on working funds at this present time.

**Service level changes and resourcing/staff implications**

Current service levels are being maintained. A Council staff member will continue to clean the Scotts Head Weir amenities to reduce travel for the contract cleaners.

**ATTACHMENTS:**

There are no attachments for this report.