



# Confirmed Minutes Special Council Meeting

28 June 2021



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# Flinders Council Special Meeting – Confirmed Minutes

## Monday 28 June 2021

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<b>Venue</b>	Furneaux Arts and Entertainment Centre, Whitemark
<b>Commencing</b>	2.03pm
<b>Attendees – Councillors</b>	Mayor Annie Revie Sharon Blyth Aaron Burke Vanessa Grace Peter Rhodes Rachel Summers Deputy Mayor David Williams
<b>Apologies</b>	
Peter Rhodes	
<b>Attendees – Staff</b>	Warren Groves   General Manager (2.03 – 2.09pm) Chris Wilson   Infrastructure and Airport Manager (2.04 – 2.09pm) Heidi Marshall   Financial Organisational Performance Manager (2.00 – 2.09pm) Rowena Nicholls   Administrative Services Officer (Minute Taker) (2.03 – 2.09pm)

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### **1 Acknowledgment of Country**

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The Mayor began by acknowledging the Traditional Owners of the land on which we meet today, the palawa people of the trawulwai Nation. She recognised their continuing connection to the land, waters and culture of this island, and paid respects to Elders past, present and emerging.

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### **2 Declaration of Pecuniary Interest**

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Nil

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### **3 Conflict of Interest**

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Nil

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## 4 Governance

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### 4.1 Long-Term Financial and Asset Management Plans, Strategies and Policy 2021

<b>Action</b>	<b>Information</b>
<b>Proponent</b>	Council Officer
<b>Officer</b>	Heidi Marshall   Finance Organisational Performance Manager
<b>File Reference</b>	FIN/0701
<b>Annexures</b>	4.1.1 <i>Local Government (Content of Plans and Strategies) Order 2014</i> 4.1.2 Long-Term Financial and Asset Management Plans, Strategies and Policy

#### **INTRODUCTION:**

Section 70, S70A, S70B, S70C and S70D of the *Local Government Act 1993* (The Act), requires Council to develop a range of strategic and operational plans that underpin the operations of Council. These include the Long-Term Financial Management Plan and Strategy; the Long-Term Asset Management Plan and Strategy; and the Asset Management Policy. These documents all link to, and form part of, Councils Strategic Plan, Annual Budget Estimates, Annual Plan, and Rating Strategy.

The overall objective of Council's strategic and operational plans is to: provide an understanding of Council's challenges; identify what needs to be done to achieve the short, medium and long-term goals; ensure achievements and improvements can be measured; and identify the main risks of the strategy.

The Asset Management Policy is an important document of Council as it provides direction to Staff, Management and Councillors, to help manage Council's strategic direction and reduce Council's exposure to risk.

#### **PREVIOUS COUNCIL CONSIDERATION**

15 June 2021	Council Workshop
17 June 2021	Council Workshop

#### **PREVIOUS COUNCIL DISCUSSION**

Nil

#### **OFFICER'S REPORT**

The Long-Term Financial and Asset Management Strategy, Plans, and Policy, embrace fundamental principles and assumptions to enable the achievement of a robust financial strategy over the next ten years.

The preparation on the long-term strategies and plans, has been based on detailed financial and asset modelling, in conjunction with an assessment of Council's present and historic information. Major assumptions have been carefully considered to align with Council's understanding of the Island challenges, and to reflect the constraints of Council.

Some key assumptions underlying the long-term forecasting model include (but are not limited to):

- The detailed Budget Estimate for year 2021/2022 provides the base level of service, costs and income;
- The Long-Term Financial Plan does not assume that all desired projects will automatically be funded, particularly those requiring external grant funding;

- Consumer Price Index (CPI) of 3% is applied to Income, Operating Expenditure and Capital Expenditure;
- A minimum rate-rise of 7% per annum (which comprises an assumed 2% natural growth, CPI at 3%, and 2% capital funding requirements) is expected in future years, in order to achieve the base operational service level; fulfill the capital replacement program; and meet Council's obligations to repay its loans.

The over-arching guiding principles that hinge the Financial Management Plans and Strategy to the Asset Management Plans and Strategy are:

- Cash sustainability;
- Council's ability to achieve a Low-Risk Underlying Surplus within a reasonable timeframe;
- Council's ability to meet its grant obligations;
- Council's ability to maintain and replace its assets, except for major infrastructure requiring grant funding;
- The Financial Management Plan does not include grant income or expenditure for any potential projects relating to infrastructure upgrades or major operational projects, until the project funding and costs have been reasonably assured and committed to by Council.

Details of these Long-Term Financial and Asset Management Plans, Strategies, and Policy are shown in a consolidated document (*Annexure 4.2.1*) which comprises Part 1 Financial Management Plan and Strategy, Part 2 Asset Management Plan and Strategy, and Asset Management Policy.

## **STATUTORY REQUIREMENT**

*Local Government Act 1993*

*Local Government (Content of Plans and Strategies) Order 2014*

## **POLICY/STRATEGIC IMPLICATIONS**

Strategic, Efficient and Effective Organisation - Ensure Council meets its statutory obligations and manages corporate and community risk.

## **RISK/LIABILITY**

Very High

The adoption of these Long-Term Financial and Asset Management Strategies & Plans and Policy provides the long-term strategic framework that shapes future Budget Estimates and Annual Plans and aims to comply with the *Act* and *Local Government (Content of Plans and Strategies) Order 2014*. They represent the absolute minimum approach that can prudently be recommended to achieve short-term sustainability.

Council's policies, strategies, plans, and programs are based on realistic forward projections. They have identified that Flinders Council has too small a rate base to sustain major infrastructure work on existing assets, let alone contribute towards new major assets, and or large operational projects. With limited human resources and cash constraints, Council will be heavily reliant on Government grants to support major project works.

Risk and sensitivity analysis in the financial modelling has indicated that Council is very sensitive to Rate Income, and even a 1% fall in the projected Rateable Income would result in a significant fall in the cash reserves. As such, continuous monitoring of the Long-Term Financial and Asset plans, is vitally important to mitigate risks.

## **VOTING REQUIREMENTS**

Simple Majority

## **RECOMMENDATION**

That Council adopts the Long-Term Financial and Asset Management Plans, Strategies and Policy 2021 and authorises the General Manager to:

1. Make a copy of the Long-Term Financial and Asset Management Plans, Strategies and Policy 2021 available on the Council Website and for public inspection at the Council office during ordinary business hours; and.
2. Provide the Director of Local Government with a copy of the Long-Term Financial and Asset Management Plans, Strategies and Policy 2021.

## **DECISION**

**120.06.2021 Moved: Cr R Summers                      Seconded: Cr A Burke**

**That Council adopts the Long-Term Financial and Asset Management Plans, Strategies and Policy 2021 and authorises the General Manager to:**

- 1. Make a copy of the Long-Term Financial and Asset Management Plans, Strategies and Policy 2021 available on the Council Website and for public inspection at the Council office during ordinary business hours; and.**
- 2. Provide the Director of Local Government with a copy of the Long-Term Financial and Asset Management Plans, Strategies and Policy 2021.**

**CARRIED UNANIMOUSLY (5-0)**

**For: Mayor A Revie, Cr S Blyth, Cr A Burke, Cr V Grace, and Cr R Summers.**

*Noted by Mayor Annie Revie, I really am in awe of the work that has been done it's an amazing piece of work. I am very impressed with this document.*

## 4.2 Rescind Asset Management Policy

<b>Action</b>	<b>Information</b>
<b>Proponent</b>	Council Officer
<b>Officer</b>	Warren Groves   General Manager
<b>File Reference</b>	FIN/0300
<b>Annexures</b>	4.2.1 Asset Management Policy

### INTRODUCTION

Council's Policy Manual is an important document of Council as it provides direction to Staff, Management and Councillors. Many of the policies are required by, or relate to, legislation and in most instances help manage Council's exposure to risk.

### PREVIOUS COUNCIL CONSIDERATION

3 May 2018                      Council Workshop

### PREVIOUS COUNCIL DECISION

278.09.2012                      20 September 2012

### OFFICER'S REPORT

Section 70C of the *Local Government Act 1993* requires Council to maintain an Asset Management Policy. Council adopted an Asset Management Policy in September 2012.

Council has a policy that states that policies should be reviewed every four years at the beginning of the election cycle or at Council's discretion. Staff have been reviewing the Policy Manual in its entirety and found the Asset Management Policy to be no longer required for the following reasons:

In August 2018, Council Officers prepared the Long-Term Strategic Asset and Financial Management Plans document, which included the Asset Management Policy adopted in September 2012.

In June 2021 Council Officers prepared the Long-Term Financial and Asset Management Plans, Strategies, and Policy 2021. This document incorporates an Asset Management Policy addressing the requirements of Section 70C of the *Local Government Act 1993*.

Therefore, I recommend Council rescind the above policy.

### STATUTORY REQUIREMENT

*Local Government Act 1993*

Local Government (General) Regulations 2015

### POLICY/STRATEGIC IMPLICATIONS

Nil

### RISK/LIABILITY

Rescinding this policy will not expose Council to risk in these areas.

### VOTING REQUIREMENTS

Simple Majority

**RECOMMENDATION**

That Council rescinds the Asset Management Policy and allows it to lay on the table for 28 days for public comment.

**DECISION****121.06.2021 Moved: Cr R Summers****Seconded: Cr S Blyth**

**That Council rescinds the Asset Management Policy and allows it to lay on the table for 28 days for public comment.**

**CARRIED UNANIMOUSLY (5-0)****For: Mayor A Revie, Cr S Blyth, Cr A Burke, Cr V Grace, and Cr R Summers.**

*The Mayor declared the meeting closed at 2.09pm.*

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**Meeting Closed 2.09pm**

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