

MINUTES OF THE BUDGET SUBMISSIONS & FINANCIAL PLANNING STANDING COMMITTEE MEETING OF MARANOA REGIONAL COUNCIL HELD AT ROMA ADMINISTRATION CENTRE ON 21 MAY 2018 & 24 MAY 2018 COMMENCING AT 9.20AM

ATTENDANCE

Mayor Cr. T D Golder chaired the meeting with Deputy Mayor J L Chambers, Cr. N H Chandler, Cr. G B McMullen, Cr. W M Newman, Cr. C J O'Neil, Cr D J Scheffe (24 May 2018), Cr. J M Stanford (24 May 2018), Chief Executive Officer – Julie Reitano.

AS REQUIRED

Director Infrastructure Services – Cameron Castles, Director Development, Facilities & Environmental Services – Rob Hayward, Director Corporate, Community & Commercial Services – Sharon Frank

WELCOME

The Mayor welcomed all present and declared the meeting open at 9.20AM.

APOLOGIES

Resolution No. BUD/05.2018/89

Moved Cr O'Neil

Seconded Cr Newman

That apologies be received and leave of absence granted for Cr. Stanford, Cr. Flynn and Cr. Scheffe for 21 May 2018.

CARRIED

6/0

Resolution No. BUD/05.2018/90

Moved Cr O'Neil

Seconded Cr Scheffe

That apologies be received and leave of absence granted for Cr. Flynn for 24 May 2018.

CARRIED

8/0

BUSINESS

In accordance with the provisions of section 275 of the *Local Government Regulation 2012*, Council resolved to close the meeting to discuss items it has deemed to be of a confidential nature and specifically pertaining to the following sections:-

- (a) the appointment, dismissal or discipline of employees;
- (c) the local government budget;

Resolution No. BUD/05.2018/91

Moved Cr O'Neil

Seconded Cr Newman

That the Committee close the meeting to the public at 9.20AM.

CARRIED

6/0

Resolution No. BUD/05.2018/92
Moved Cr O'Neil
Seconded McMullen
That the Committee open the meeting to the public at 3.30PM
CARRIED
8/0
Responsible Officer
Item Number:
C.1
File Number: D18/35529
SUBJECT HEADING:
**BRIEFING ON QUEENSLAND AUDIT OFFICE'S REPORT
ON LOCAL GOVERNMENTS' FINANCIAL
SUSTAINABILITY**
Officer's Title:
Chief Executive Officer
Executive Summary:

The report brought to Council's attention the Auditor-General report to the Queensland Parliament titled:

*Local government entities: 2016-17 results of financial audits
Report 13: 2017-18*

The report included an overview of key trends over the last 5 years, in particular:

- *Reduction in operating revenue by 46%;*
- *Reduction in operating expenses excluding depreciation by 54%;*
- *The increase in depreciation expense from 2012/13 to 2016/17 of \$16.141 million;*
- *That Council has experienced 5 consecutive years of operating losses (after depreciation) with the depreciation pertaining to the Roads, Drainage & Bridge Network increasing from \$3.14 million in 2012/13 to \$15.899 million in 2013/14;*

In relation to the operating losses, the Auditor-General of Queensland included within his report for Parliament that:

"Councils with persistent operating losses are not charging ratepayers for a portion of the services that have been provided to them during the year. This can result in burdens being placed on future generations to fund the renewal of infrastructure assets".

- *Depreciation for each of Council's asset classes was compared:*

| Asset | Depreciation Expense 2016/17 \$'000 |
|--|---|
| <i>Buildings</i> | 2,093 |
| <i>Plant and equipment</i> | 2,398 |
| <i>Road, Drainage and Bridge Network</i> | 17,015 |
| <i>Water</i> | 1,514 |
| <i>Sewerage</i> | 1,089 |
| <i>Other Infrastructure</i> | 657 |
| <i>Airport</i> | 1,226 |
| <i>Total</i> | \$25,992 |

The Committee was advised that Maranoa Regional Council area ranks third (3rd) out of 77 local governments with respect to the length of its road network.

The top 3 ranking Councils differ significantly in 3 key factors impacting availability of funding for this major infrastructure asset – i.e. the amount of revenue that is raised and that can be set aside for renewal and replacement of the existing road network as it deteriorates. Therefore, the depreciation figure for Maranoa Regional Council is of particular significance.

| Council | State Ranking for Length of Roads (Out of 77 Local Governments) * | Length of Road Network (Kms) * | Population * | Net General Rates 2016/17 (As reported in the Local Government Comparative Information) |
|--------------------------------|--|-----------------------------------|-----------------|--|
| Western Downs Regional Council | 1 | 7,527 | 33,799 | \$59.746 million |
| Toowoomba Regional Council | 2 | 6,597 | 163,232 | \$116.249 million |
| Maranoa Regional Council | 3 | 5,857 | 13,862 | \$20.928 million |

* As reported in the Local Government Remuneration Tribunal Report

Whilst the depreciation figure has been subject to external (independent) audit over the last 5 years (and passed audit scrutiny), after undertaking benchmarking with a range of Councils it was recommended that Council liaise with other valuers with a view to undertaking a new (full) valuation of its Roads, Drainage & Bridge network. At the Committee's meeting on 16 April, 2018 the Committee resolved as follows:

Resolution No. BUD/04.2018/07

That:

- The Committee support the further review of Council's road depreciation, including discussions with the sample of other Councils, the valuers and auditors where applicable. Further that this include gathering additional data on the Councils' road types (e.g. sealed, gravel pavement, formation only) and geographical area.**
- The Committee give its in-principle support to the establishment of two funds within Council's management reporting to separately account for the major asset expenditure of:**
 - Urban Streets and Drainage**
 - Rural Roads and Drainage (with funding modelled on 100%, 95%, 90% of rural rates, with and without the share of the Identified Road Grant from the Federal Government).**
- In the interim, the preliminary budget for renewals be based on the average annual condition based renewal program (0.9 x \$11.9 million).**

The Committee was provided with a preliminary update on the discussions to progress item 1 of the previous resolution.

Resolution No. BUD/05.2018/93

Moved Cr O'Neil

Seconded Cr Scheffe

That the Committee:

- Note the preliminary update on the depreciation review.**
- Recommend that Council proceed with a full valuation of its Roads, Drainage & Bridges Network.**

CARRIED

8/0

Responsible Officer

Chief Executive Officer

Item Number: C.2 **File Number:** D18/35477

SUBJECT HEADING: PURCHASE OF LOT 9 ON SP119660 - YULEBA FOR THE DEVELOPMENT OF COBB & CO PARK

Officer's Title: Manager - Facilities (Land, Buildings & Structures)

Executive Summary:

Council has received ongoing requests from the Yuleba Development Group to secure tenure over land in Yuleba to extend Cobb and Co Park. This land is currently owned by Queensland Rail who has recently notified Council of the purchase price for the land.

Resolution No. BUD/05.2018/94

Moved Cr Chambers

Seconded Cr McMullen

That the Committee give its in-principle support for further discussion to occur with the State Government Department in relation to the purchase of the land.

CARRIED

6/2

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| Responsible Officer | Manager - Facilities (Land, Buildings & Structures) |
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Item Number: C.3 **File Number:** D18/36852

SUBJECT HEADING: 2018/19 AIRPORT OPERATIONS PROJECT SUBMISSION - ROMA AIRPORT UPS

Officer's Title: Manager - Airports (Roma, Injune, Surat, Mitchell)

Executive Summary:

Existing power supply quality issues are impacting the reliability of the sensitive equipment in operation at the Roma Airport. The current processes to mitigate these issues also impacts airport users and the travelling public. Maranoa Regional Council is required to provide for backup power for the runway and airfield lighting which activates automatically within 15 seconds.

This project is to design, supply, install and commission an online uninterruptable power supply (UPS) system to mitigate the impact of poor mains' power quality, extend the life of equipment and minimise impacts to airport users and the travelling public.

Resolution No. BUD/05.2018/95

Moved Cr O'Neil

Seconded Cr Newman

That the Committee recommend to the Mayor the inclusion of the Roma Airport Uninterruptable Power Supply (UPS) project in the draft 2018/19 budget, with the project to be funded from Airport Reserves.

CARRIED

6/2

The Mayor called for a division of the vote.

The outcomes were recorded as follows:

| Those in Favour of the Motion | Those Against the Motion |
|--------------------------------------|---------------------------------|
| Cr. Chambers | Cr. Chandler |
| Cr. Golder | Cr. Stanford |
| Cr. McMullen | |
| Cr. Newman | |

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| Cr. O'Neil | |
| Cr. Scheffe | |

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| Responsible Officer | Manager - Airports (Roma, Injune, Surat, Mitchell) |
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Item Number: C.4 **File Number:** D18/36855

SUBJECT HEADING: 2018/19 AIRPORT OPERATIONS PROJECT SUBMISSION - INJUNE, SURAT AND MITCHELL MOVEMENT AREA AND LIGHTING DESIGN

Officer's Title: Manager - Airports (Roma, Injune, Surat, Mitchell)

Executive Summary:

Maranoa Regional Council's Aeroplane Landing Areas (ALAs) in Injune, Surat and Mitchell are in need of major maintenance works in the forthcoming 5 years in order to keep them operational and safe.

The Federal Government has announced an extension of the Remote Airstrip Update funding program which Council's ALAs are eligible to apply for. This project is to undertake design of the maintenance projects required for Injune, Surat and Mitchell aerodromes to get 'shovel ready' for execution and funding applications.

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| Resolution No. BUD/05.2018/96 | |
| Moved Cr O'Neil | Seconded Cr McMullen |
| That the Committee recommend to the Mayor the inclusion of the Injune, Surat and Mitchell movement area and lighting design renewal project in the draft 2018/19 budget, with the project to be budgeted to come from Airport Reserves, but that Council actively pursue external funding. | |
| CARRIED | 8/0 |

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| Responsible Officer | Manager - Airports (Roma, Injune, Surat, Mitchell) |
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Item Number: C.5 **File Number:** D18/37680

SUBJECT HEADING: TOURISM ENHANCEMENT TO ROMA AIRPORT

Officer's Title: Manager - Economic & Community Development

Executive Summary:

Cr O'Neil has proposed an allocation of \$50,000 in the 2018/19 budget for the tourism enhancement of the Roma Airport terminal.

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| Resolution No. BUD/05.2018/97 | |
| Moved Cr O'Neil | Seconded Cr Chandler |
| That the Committee endorse the project, to the value of \$20,000, proceeding to the next stage of budget deliberations, with the funding to come from the Airport reserve. | |
| CARRIED | 8/0 |

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| Responsible Officer | Manager - Economic & Community Development |
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Item Number: C.6 **File Number:** D18/37608

SUBJECT HEADING: GRAVEYARD TOURS

Officer's Title: Manager - Economic & Community Development

Executive Summary:

The Mayor proposed a new Tourism product initiative and this report explored its feasibility. The project is not complex and accordingly the writer has provided indicative scope and costs with which to make a reasonable assessment. If approved, further proving of the scope, cost etc., would be required in close consultation with stakeholders. The costs of establishing the project have been based on project concepts that were commissioned by Roma Town Council in 2008, and are for a much larger project than is proposed herein. Accordingly the capital costs that are described in this report should prove to be inflated, when tested, and prove that feasibility estimates are overstated in project costs and understated in revenue.

Resolution No. BUD/05.2018/98

Moved Cr Golder

Seconded Cr McMullen

That the Committee endorse the project as a **Priority 2**, to a maximum value of \$40,000, proceeding to the next stage of budget deliberations.

CARRIED

5/3

Mayor Golder called for a division of the vote. The outcomes were recorded as follows:

| Those in Favour of the Motion | Those Against the Motion |
|-------------------------------|--------------------------|
| Cr. Golder | Cr. Chambers |
| Cr. McMullen | Cr. Chandler |
| Cr. Newman | Cr. Scheffe |
| Cr. O'Neil | |
| Cr. Stanford | |

Responsible Officer

Manager - Economic & Community Development

Item Number: C.7 **File Number:** D18/37653

SUBJECT HEADING: COBB & CO FESTIVAL 2019

Officer's Title: Local Development Officer - Surat

Executive Summary:

The report provided complete budget expenses for the Cobb & Co Festival 2019 as requested from the Cobb & Co Festival Committee that may require consideration for a line budget.

Resolution No. BUD/05.2018/99

Moved Cr McMullen

Seconded Cr Chandler

That the Committee endorse the inclusion of the following amounts for the next stage of the budget deliberations:

1. \$20,000 – Cash sponsorship
2. \$20,000 – In kind assistance
3. \$ 5,000 – Insurance for the coach to be used on the road for a year.
4. \$ 5,000 – Coach roadworthy maintenance

CARRIED

8/0

Responsible Officer

Local Development Officer - Surat

LATE CONFIDENTIAL ITEM
Item Number: LC.1 **File Number:** D18/37820

SUBJECT HEADING: ORGANISATIONAL STRUCTURE REVIEW

Officer's Title: Chief Executive Officer

Executive Summary:
Preliminary discussion occurred at the meeting, but it was suggested that the matter be held over to the next Committee meeting.

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| Resolution No. BUD/05.2018/100 | |
| Moved Cr Chambers | Seconded Cr Newman |
| That the matter be discussed further at the next Committee meeting. | |
| CARRIED | 8/0 |

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| Responsible Officer | Chief Executive Officer |
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CLOSURE

There being no further business, the Mayor thanked Council for their attendance and declared the meeting closed at 3.51PM.

These Minutes are to be confirmed at the next General Meeting of Council to be held on 13 June 2018, at Roma Administration Centre.

 Mayor.

 Date.