



MOREE PLAINS SHIRE COUNCIL

15 MARCH 2018

**FINANCE AND GOVERNANCE
COMMITTEE MEETING**

**ADOPTED PUBLIC BUSINESS
PAPER AND MINUTES**

Monday, 12 March 2018

TO:

- Councillors
- General Manager
- Director – Corporate Services
- Director – Planning and Community Development
- Director – Engineering Services
- Manager – Water and Waste
- Manager – Executive Projects

Notice is hereby given that the **Finance and Governance Committee Meeting** will be held in the Council Chamber, the Max Centre, 30 Heber Street, Moree, on **Thursday, 15 March 2018** commencing at **2pm**.

Please note that all Council meetings are recorded.

Yours sincerely



Mitchell Johnson
DIRECTOR OF CORPORATE SERVICES

Agenda

1. Open Meeting
2. Apologies
3. Confirmation of Minutes
4. Leave of Absence requests
5. Declarations of Interest
6. Presentation – 2018-2019 Budget Workshop
7. Reports
 - a) Review of Funding Agreement for Moree Artesian Aquatic Centre Limited.
 - b) Moree Plains Shire Council Enterprise Risk Management Strategy
8. Standing agenda item: New Questions on Notice
9. Standing agenda item: Strategic Planning Proposals and Current Project Updates
10. Standing agenda item: Overseas Trade and Investment
11. Responses to Previous Questions on Notice
12. Closed Committee/Confidential Reports
13. Close Meeting

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15 March 2018



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Finance and Governance Committee Meeting Adopted Public Business Paper and Minutes

15 March 2018

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REPORTS:

1. Review of Funding Agreement for Moree Artesian Aquatic Centre Limited.[Error! Bookmark not defined.](#)
2. Moree Plains Shire Council Enterprise Risk Management Strategy.[Error! Bookmark not defined.](#)



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MINUTES OF THE FINANCE AND GOVERNANCE COMMITTEE MEETING OF THE MOREE PLAINS SHIRE COUNCIL HELD IN THE COUNCIL CHAMBER, HEBER STREET, MOREE ON THURSDAY, 15 MARCH 2018, COMMENCING AT 2.13PM

PRESENT:

Councillors J Tramby OAM, K Humphries (Mayor), G Smith, K Cassells, M Montgomery, S Ritchie and J Crawford.

IN ATTENDANCE:

Mr L Rodgers (General Manager), Mr M Johnson (Director of Corporate Services), Mr I Dinham (Director of Engineering Services), Mr A Probert (Finance Manager), Mr A Witherby (Director of Planning and Community Development), Mr J Carleton (Executive Projects Manager), Mr Roland Heatley (Acting Water and Waste Manager), Mrs L Carter (Integrated Planning and Reporting Manager), Ms A Pippos (Commercial Services/Corporate Risk Manager), Mrs T Smith (Corporate Services Support Officer).

18/03/01 RESOLVED (Humphries/Montgomery)

APOLOGIES:

Councillors - G Chiu and S Price

18/03/02 RESOLVED (Humphries/Ritchie)

LEAVE OF ABSENCE:

Cr Montgomery -19 April 2018

MINUTES:

Minutes from the Finance and Governance Committee Meeting held 15 February 2018.

18/03/03 RESOLVED (Montgomery / Ritchie)

That the minutes from the Finance and Governance Committee Meeting held on 15 February 2018 be adopted.

18/03/04 RESOLVED (Cassells/Montgomery)

DECLARATIONS OF INTEREST:

Cr Smith declared an interest in the first report as he is a MAAC Board member.



18/03/05 RESOLVED (Ritchie/Humphries)

That the Committee move into workshop mode.

The Committee moved into workshop mode at the time being 2.19pm.

18/03/06 RESOLVED (Montgomery/Ritchie)

That the Committee move out of workshop mode.

The Committee moved out of workshop mode at the time being 3.30pm.

Report Title	1. Review of Funding Agreement for Moree Artesian Aquatic Centre Limited.
Report by	Executive
Contact	Governance Project Officer
Attachments	One (1) attachment; refer to Attachments section
File	FILE 15/666

RECOMMENDATION

That the Finance and Governance Committee:

1. Receive for information a presentation from representatives of Moree Artesian Aquatic Centre Limited.
2. Consider the Draft Funding Agreement for the Moree Artesian Aquatic Centre Limited for the period 1 July 2018 – 30 June 2020.

COMMITTEE RECOMMENDATION 18/03/07 RESOLVED (Humphries/Cassells)

1. Receive for information a presentation from representatives of Moree Artesian Aquatic Centre Limited.
2. That Council support the increase of CSO by an additional \$250,000 each year if required for the duration of the next funding agreement 1 July 2018 – 30 June 2020.
3. That Council identify funding strategy for deliberation at the next budget workshop.



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REPORT

ALIGNMENT WITH MOREE PLAINS 2027 – YOUR SHIRE. THE PLAN. OUR FUTURE

- An Inclusive, Caring Community
Not applicable
- Sustainable Spaces and Places
Not applicable
- A Vibrant Regional Economy
Not applicable
- A Leading Organisation
L1.2 Deliver the desired services throughout the Shire to meet community needs in an effective, efficient and financially viable way, having regard to compliance and risk obligations

BACKGROUND AND KEY ISSUES

At its Ordinary Council Meeting of 9 August 2012, the Council resolved:

12/08/239 RESOLVED:

1. ***That pursuant to section 358 of the Local Government Act 1993 NSW, Council make application to the Minister for Local Government for consent to form the Moree Artesian Aquatic Centre (MAAC) Limited, a company limited by guarantee and governed by the Corporations Act 1984 Cth.***
2. ***That Council endorse the Draft Constitution of the MAAC Limited for inclusion in the application to the Minister.***
3. ***That Council endorse the Draft Lease Agreement between the MAAC Limited and Moree Plains Shire Council for inclusion in the application to the Minister.***
4. ***That Council endorse the Draft Business Model of the MAAC Limited inclusion in the application to the Minister.***

On 21 March 2013, Moree Artesian Aquatic Centre Limited (**Company**) was incorporated under the *Corporations Act 2001 (Cth)* as a public company, limited by guarantee. The business of the Company is managed by, or under the direction of, its Board of Directors (**Board**) subject to the requirements of the *Corporations Act 2001 (Cth)*, its Constitution and its member (the Council) in general meeting. The Council cannot compel the Company to act in a particular way or take decisions in a particular manner; the Company is a separate legal entity which must act in accordance with the legislative framework and its governance procedures.

The two material contracts that have been entered into by the Company and the Council outline the formalised arrangement between the two parties with respect to the terms under which the Company

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will operate and be funded. These contracts are the Occupancy Agreement (ten year term) and the Funding Agreement (two year term).

The Funding Agreement outlines the terms upon which the Moree Plains Shire Council (**Council**) will fund the Company to operate the Moree Artesian Aquatic Centre (**MAAC**). Each Funding Agreement has had a two year term with the current agreement which will lapse on 30 June 2018.

No material changes to the terms are being proposed by Council, a marked up copy of the Draft Funding Agreement for the 2018-19 and 2019-20 financial years has been included as **Attachment 1**.

Further, at the Ordinary Council Meeting held 14 December 2017, Council resolved to require the Company to provide a report to the Council with updated projections for the 2017/18 and 2018/19 financial years. Representatives of the Company will be present at the meeting to provide this update to the Finance and Governance Committee ahead of their consideration of the terms of the Draft Funding Agreement.

FINANCIAL IMPACT TO COUNCIL

The Company have indicated that an increase to the Community Service Obligation (Clause 4) will be required to ensure the ongoing operation of the MAAC. The exact amount to be requested will be endorsed at the Board Meeting to be held 15 March 2018 and will be discussed with the Finance and Governance Committee at its meeting on that day.

STATUTORY AND POLICY IMPLICATIONS

Operations of the Company are covered by the provisions of the *Corporations Act 2001 (Cth)* and it's Constitution.

As a council-related entity, sections of the *Local Government Act 1993* also apply to the Company.

Both parties are also bound by the terms of the Occupancy and Funding Agreements.

RISK IMPLICATIONS

Members of the Board of Directors of MAAC Ltd have an obligation under the *Corporations Act 2001 (Cth)* to ensure that the Company does not trade insolvently. Recognising that, as a predominantly municipal pool operation, and cognisant of the development of the legal case with respect to its construction, Council committed to underwrite the company by way of Clause 5.5 of the current (and draft) Funding Agreement. In this way, Council, upon receipt of a written request from the Company and submission of reasonable verification of the financial status of the Company, must immediately advance additional funding to them. This clause provides as a protection to the Board and ensures the ongoing availability of the MAAC to the community.

ASSET MANAGEMENT IMPLICATIONS

As the owner of the asset, Council needs to be satisfied that sufficient funds are directed towards the maintenance of this infrastructure. These costs are not subject to the Draft Funding Agreement as costs associated with asset management remain the responsibility of the Council (as enshrined in the Occupancy Agreement which lapses in September 2023). The budget for Council's asset maintenance responsibilities will be provided to the Council during budget considerations in the coming weeks.

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Notwithstanding the responsibility for costs, the Company are responsible for the day to day operations of the facility, including identifying and remedying any issues following approval from the Council.

Asset management is undertaken with an abundance of caution given the legal case currently before the courts.

PREVIOUS COUNCIL DECISIONS

16/03/33 RESOLVED (PRICE/MUNN):

1. That Council enter into Funding Agreement with Moree Artesian Aquatic Centre Limited (MAAC Ltd) for the period 1 July 2016 to 30 June 2018.

2. That pursuant to Section 377 of the Local Government Act 1993, the Council gives the General Manager delegated authority to execute the Funding Agreement between Moree Plains Shire Council and MAAC Ltd.

ATTACHMENTS

Attachment 1 Review of Funding Agreement for Moree Artesian Aquatic Centre Limited



FUNDING AGREEMENT

BETWEEN

- (1) MOREE PLAINS SHIRE COUNCIL
- (2) MOREE ARTESIAN AQUATIC CENTRE LIMITED



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THIS AGREEMENT is made on 1 July 2016~~2018~~

BETWEEN:

- (1) MOREE PLAINS SHIRE COUNCIL of Level 2, the Max Centre, 30 Heber Street, Moree ("Council"); and
- (2) MOREE ARTESIAN AQUATIC CENTRE LIMITED ACN 162 958 198 of 20 Anne Street, Moree ("Company").

BACKGROUND:

- A. The Council owns the Premises and the Council and the Company have entered into an Occupancy Agreement in relation to the appointment of the Company as operator to occupy and manage the Premises.
- B. The Company has been duly incorporated and has aims and objects which are commensurate with the Council's objectives for the Premises.
- C. It has been agreed that the Council shall provide certain funds to the Company to enable it to carry out its responsibilities as operator of the Premises, on the terms and conditions set out in this Agreement.

1. DEFINITIONS

- 1.1 **Additional Funding** has the meaning ascribed to that term in clause 5.1.
- 1.2 **Asset Development and Improvement Plan** has the meaning ascribed to that term in the Occupancy Agreement.
- 1.3 **Commencement Date** means 1 July 2016~~2018~~.
- 1.4 **CSO Payment** means the amount of the community service obligation approved by the Council each June for the forthcoming financial year in relation to the operations of the Company and paid in full by the Council into the Company's bank account on the first Thursday of each financial year.
- 1.5 **Dispute** has the meaning ascribed to that term in clause 8.1.
- 1.6 **Improvement Funding** has the meaning ascribed to that term in clause 6.1.
- 1.7 **Premises** means the premises located at 20 Anne Street, Moree NSW 2400 being Lot 100 in DP 1163663.
- 1.8 **Occupancy Agreement** means the agreement between the Council and Company in relation to the appointment of the Company as operator of the Premises, as executed simultaneously with this Agreement.
- 1.9 **Term** means the two year period following each agreement

2. INTERPRETATION

- 2.1 In this Agreement, unless otherwise indicated by the context:
 - (a) words importing the singular include the plural and vice versa;
 - (b) headings are for convenience only and do not affect interpretation of this Agreement;



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- (c) a reference to a clause, paragraph or schedule is a reference to a clause, paragraph or schedule of this Agreement;
- (d) where any word or phrase is given a definite meaning in this Agreement, any part of speech or other grammatical form of that word or phrase has a corresponding meaning;
- (e) an expression importing a natural person includes a body corporate, partnership, joint venture, association or other legal entity;
- (f) a reference to a statute, statutory provision or regulation includes all amendments, consolidations or replacements thereof;
- (g) a reference to a party to a document includes that party's legal personal representatives, successors and permitted assigns;
- (h) a covenant or agreement on the part of or for the benefit of two or more persons binds or benefits them jointly and severally;
- (i) a reference to a body, whether statutory or not:
 - (i) which ceases to exist; or
 - (ii) whose powers or functions are transferred to another body,

is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (j) in any circumstances where the consent of a party is required, such consent shall not be unreasonably or arbitrarily withheld; and
- (k) including and similar expressions are not words of limitation.

3. TERM

- 3.1 The provisions of this Agreement shall operate from the Commencement Date.
- 3.2 The appointment of the Company as operator under the Occupancy Agreement is subject to, and conditional upon, the execution of, and continuing operation of, a Funding Agreement with Council.

4. CSO FUNDING

- 4.1 The Council has agreed to provide funding to the Company through a CSO Payment that does not accrue interest and is not repayable.
- 4.2 The CSO Payment in respect of each subsequent financial year shall be determined as follows:
 - (a) the CSO Payment shall be subject to a maximum limit being an amount equal to three hundred thousand dollars (\$300,000);
 - (b) by 31 March each year, the Company shall submit a report to the Council detailing the proposed amount of the CSO Payment for the forthcoming financial year, together with all appropriate documentation to support its proposal, including (without limitation) the business plan and budget for the forthcoming financial year; and
 - (c) as part of its budgeting process for the forthcoming financial year, the Council shall consider the submission of the Company and determine the amount of the CSO Payment (in doing so, representatives of the Company including its Chief Executive



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Officer and the Chairman may be required to attend a meeting of the Council to present their submission and/or respond to questions of the Councillors concerning the CSO Payment).

- 4.3 The full amount of the CSO Payment (as determined by the Council) in respect of any financial year shall be paid on the first Thursday of that financial year.

5. ADDITIONAL FUNDING

- 5.1 In respect of any financial year, the Company may apply for funding in excess of the CSO Payment (the "Additional Funding") provided always that any such amount (or part thereof) as approved by the Council will be advanced by the Council as an unsecured loan.

- 5.2 An application by the Company for the Additional Funding in relation to any financial year must be made in conjunction with the Company's submissions in respect of the CSO Payment for that financial year and such application must include:

- (a) all appropriate documentation to justify the application and the amount of the Additional Funding; and
- (b) the repayment terms proposed in relation to that Additional Funding provided always that the principal amount of the Additional Funding shall attract interest at a fixed rate equal to the Australian Government Bond Rate 5 Year Yield plus two percent (2%) as determined on the date the Additional Funding is advanced by the Council.

- 5.3 The Council shall consider the Company's application for the Additional Funding in conjunction with the Company's submissions in respect of the CSO Payment and determine:

- (a) the amount of the Additional Funding (if any) to be advanced to the Company; and
- (b) the repayment terms which shall be applicable to the Additional Funding,

provided always that the Company may (in its discretion) accept or decline the offer of funding by the Council. If the Company has not, within fourteen (14) days of notification of the terms of the Additional Funding offered by the Council, declined that funding by notice in writing to the Council, the Company shall be deemed to have accepted the terms of the Additional Funding.

- 5.4 Provided that the Company has accepted or is deemed to have accepted the Council's offer of funding, the full amount of that Additional Funding (as determined by the Council) in respect of any financial year shall be paid on the first Thursday of that financial year.

- 5.5 To enable the Company to meet its obligations as and when they fall due in a timely manner in circumstances where the CSO Payment and any Additional Funding (if any) in respect of the relevant financial year has been or will shortly be fully utilised and the Company would otherwise be trading, or is likely to be trading, insolvent, the Council undertakes to immediately advance additional funding to the Company in addition to the amount of the CSO Payment and any Additional Funding (if any) for that relevant financial year, on written application by the Company and subject to the provision by the Company of reasonable verification of the said financial status of the Company.

- 5.6 Any funding advanced by the Council to the Company pursuant to clause 5.5 shall be treated as an unsecured loan by the Council and the repayment terms applying to such funding shall:

- (a) if Additional Funding has been advanced during that financial year, be the same as those applying to that Additional Funding on and from the date of the advance of moneys pursuant to clause 5.5; or
- (b) if no Additional Funding has been advanced during that financial year, be determined by the Council acting reasonably within twenty-eight (28) days of such advance, with



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such terms applying retrospectively from the date of the advance and the applicable interest rate being the rate specified in clause 5.2(b).

6. IMPROVEMENT FUNDING

- 6.1 At any time during the Term, the Company may apply for funding to satisfy the costs (or any part thereof) associated with any improvements proposed by it but not contemplated in the Asset Development and Improvement Plan and the maintenance of such improvements (the "Improvement Funding") provided always that any such amount (or part thereof) as approved by the Council will be advanced by the Council as an unsecured loan.
- 6.2 An application by the Company for the Improvement Funding must satisfy the requirements of clause 6.4(e) of the Occupancy Agreement and also include:
- (a) all appropriate documentation to justify the requested amount of the Improvement Funding and the timing of its advance; and
 - (b) the repayment terms proposed in relation to that Improvement Funding provided always that the principal amount of the Improvement Funding shall attract interest at a fixed rate equal to the Australian Government Bond Rate 5 Year Yield plus two percent (2%) as determined on the date the Improvement Funding is advanced by the Council.
- 6.3 The Council shall consider the Company's application for the Improvement Funding in a timely manner and in doing so, shall determine:
- (a) the amount and timing of the Improvement Funding (if any) to be advanced to the Company; and
 - (b) the repayment terms which shall be applicable to the Improvement Funding,
- provided always that the Company may (in its discretion) accept or decline the offer of funding by the Council. If the Company has not, within fourteen (14) days of notification of the terms of the Improvement Funding offered by the Council, declined the funding by notice in writing to the Council, the Company shall be deemed to have accepted the terms of the Improvement Funding.
- 6.4 Provided that the Company has accepted or is deemed to have accepted the Council's offer of funding, the Improvement Funding shall be paid in such amounts and at such times in accordance with the offer of funding by the Council.

7. TERMINATION

- 7.1 Either party may terminate this Agreement by giving the other party three (3) months' notice in writing.

8. DISPUTE RESOLUTION

- 8.1 The parties are free to use reasonable efforts to resolve by negotiation any problems that arise between them under this Agreement.

9. NOTICES

- 9.1 A notice or other communication required or permitted to be given by one party to another must be in writing and:
- (a) delivered personally;
 - (b) sent by pre-paid mail to the address of the addressee specified in this Agreement; or



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- (c) sent by facsimile transmission to the facsimile number of the addressee with acknowledgment of receipt from the facsimile machine of the addressee.
- (d) All other electronic means (including email).

9.2 A notice or other communication is taken to have been given (unless otherwise proved):

- (a) if mailed, on the second Business Day after posting; or

9.3 if sent by facsimile or electronic means before 5.00pm on a Business Day at the place of receipt, on the day it is sent and otherwise on the next Business Day at the place of receipt. A party may change its address for service by giving notice of that change in writing to the other party.

10. WAIVER OR VARIATION

10.1 A party's failure or delay to exercise a power or right does not operate as a waiver of that power or right.

10.2 The exercise of a power or right does not preclude:

- (a) its future exercise; or
- (b) the exercise of any other power or right.

10.3 The variation or waiver of a provision of this Agreement or a party's consent to a departure from a provision by another party will be ineffective unless in writing executed by the parties.

11. GOVERNING LAW AND JURISDICTION

11.1 This Agreement is governed by the laws of New South Wales.

11.2 Each party irrevocably submits to the non-exclusive jurisdiction of the courts of New South Wales.

12. FURTHER ASSURANCE

12.1 Each party will from time to time do all things (including executing all documents) necessary or desirable to give full effect to this Agreement.

13. COSTS

13.1 The costs of and incidental to the preparation and execution of this Agreement shall be the responsibility of the Council.

14. COUNTERPARTS

14.1 This Agreement may be executed in any number of counterparts each of which will be an original but such counterparts together will constitute one and the same instrument and the date of the Agreement will be the date on which it is executed by the last party.

15. SEVERANCE

15.1 If any part of this Agreement is invalid or unenforceable, this Agreement does not include it. The remainder of this Agreement continues in full force.



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16. NO MERGER

16.1 Nothing in this Agreement merges, extinguishes, postpones, lessens or otherwise prejudicially affects any right, power or remedy that a party may have against another party or any other person at any time.

17. RIGHT TO INFORMATION AND DISCLOSURE

17.1 The *Government Information (Public Access) Act 2009* (GIPA Act) provides members of the public with a legally enforceable right to access documents held by New South Wales Government agencies (including local governments).

17.2 The GIPA Act requires that documents be disclosed upon request, unless the documents are exempt, or on balance, disclosure is contrary to the public interest.

17.3 Information provided by the Company is potentially subject to disclosure to third parties pursuant to the GIPA Act.

17.4 If disclosure under the GIPA Act, or general disclosure of information provided by the Company, would be of substantial concern to the Company, because it would disclose trade secrets, information of commercial value, the purpose or results of research, or other information of a confidential nature, including Personal Information, this should be indicated by the Company. There is provision in the GIPA Act for third party review prior to release of information subject to a formal application and information on this will be provided to you as part of the determination process. The Council cannot guarantee that any information provided by the Company will be protected from disclosure under the GIPA Act.



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EXECUTED AS AN AGREEMENT.

EXECUTED by THE COUNCIL OF THE SHIRE OF MOREE PLAINS pursuant to a resolution of the said Council passed on the 31 day of March 2016 in the presence of :

General Manager

Witness

EXECUTED by MOREE ARTESIAN AQUATIC CENTRE LIMITED (ACN 162 958 198) in accordance with Section 127(1) of the *Corporations Act 2001*:

Signature of Director

Signature of Director/Secretary

Name of Director

Name of Director/Secretary



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Report Title **2. Moree Plains Shire Council Enterprise Risk Management Strategy**
Report by Corporate Services
Contact Commercial Services/Corporate Risk Manager
Attachments One (1) attachment; refer to Attachments section
File FILE 13/1218

**COMMITTEE RECOMMENDATION 18/03/08 RESOLVED
(Montgomery/Crawford)**

- 1 That the draft Moree Plains Shire Council Enterprise Risk Management Strategy be placed on public exhibition for a period of 28 days.

 - 2 That should no submissions be received on the draft Moree Plains Shire Council Enterprise Risk Management Strategy that it be adopted by Council.
-

REPORT

ALIGNMENT WITH MOREE PLAINS 2027 – YOUR SHIRE. THE PLAN. OUR FUTURE

- An Inclusive, Caring Community
 Not applicable

- Sustainable Spaces and Places
 Not applicable

- A Vibrant Regional Economy
 Not applicable

- A Leading Organisation
 L1.5 Adopt an integrated risk management approach

BACKGROUND AND KEY ISSUES

Moree Plains Shire Council (Council) Enterprise Risk Management Strategy is based on the International Standard, ISO 31000:2018 Risk Management –Guidelines.

The benefits of a coordinated, systematic approach to risk management include:

- Council and senior management having a clear understanding of the key risks facing the organisation;
- Meeting Council’s strategic objectives through informed decision-making and planning;
- Encouraging proactive management of strategies to identify and manage risks;
- Promoting a positive risk management culture, integrated across the Council structure;
- Ensuring a continuous improvement regime across Council; and
- The community having increased confidence in the Council’s operations.

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The purpose of risk management is not to eliminate all risks but, rather, to reduce them to a level acceptable to the Council in accordance with its risk tolerance limits. Risk management requires a mature proactive approach to achieving a balance between the costs of managing risks and the anticipated benefits.

Risk Management in the Local Government Context

The *Local Government Act 1993 (LG Act)* was enacted in an era before enterprise risk management was a widely accepted element of good governance. The *LG Act* nevertheless requires councils, among other things, to:

Section 8B(c) *"Councils should have effective financial and asset management, including sound policies and processes for the following:*

- (i) performance management and reporting,*
- (ii) asset maintenance and enhancement,*
- (iii) funding decisions,*
- (iv) risk management practices."*

Section 8C *"The following principles for strategic planning apply to the development of the integrated planning and reporting framework by councils:*

...(h) Councils should manage risks to the local community or area or to the council effectively and proactively."

The Division of Local Government's Promoting Better Practice Program reviews have frequently made recommendations to actively encourage councils to undertake a comprehensive risk management plan across all functions of council to proactively identify and manage risk exposures. (Premier and Cabinet, Division of Local Government (now Office of Local Government (OLG), *"Internal Audit Guidelines"*, September 2010)

In 2008, pursuant to section 23A of the *LG Act*, the Department of Local Government (OLG) released Internal Audit Guidelines for local governments in NSW. These Guidelines advise all councils to develop an internal audit committee to act as an independent and objective oversight of council systems and processes (these guidelines were updated in 2010).

According to the OLG, *"Internal audit is an essential component of good governance for all councils. The combination of an effective audit committee and internal audit function provides a formal means by which councillors and members of the public can obtain assurance that the council has in place a robust system of controls, processes, and procedures to manage the risks to its operations"*.

Further after the next election it will be a requirement pursuant to the Local Government Act for all Council's to establish an Audit, Risk and Improvement Committee.

Local Government also has risk management obligations under other legislation, such as the Work Health and Safety Act 2011.



Councillors responsibilities in relation to risk management

- Under the *NSW Local Government Act 1993*, "Council decision-making should be transparent and decision-makers are to be accountable for decisions and omissions", section 8A(2)(e);
- Adopting and monitoring Council's Enterprise Risk Management Strategy;
- Give consideration to risk management in their decision making;
- Internal Audit Committee (comprising Councillors and independent external members);
- In accordance with the Internal Audit Charter, which is based on the OLG Internal Audit Guidelines, the Internal Audit Committee is responsible for:
 - providing an independent assurance and assistance... on risk management, control, governance and external accountability responsibilities.
- Assist the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management.

FINANCIAL IMPACT TO COUNCIL

A robust and well integrated Enterprise Risk Management System should provide for efficiencies and savings to Council. Risk management is about protecting and enhancing our assets and activities and continuous improvement of service delivery.

STATUTORY AND POLICY IMPLICATIONS

Council's Enterprise Risk Management Strategy adheres to the ISO 31000:2018 Risk Management – Guidelines and complies with Council's various risk obligations as outlined in the *LG Act* and prescribed by the OLG.

RISK IMPLICATIONS

Risk management is the term applied to a logical and systematic method of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risks associated with any activity, function or process, in a way that will enable organisations to minimise losses and maximise opportunities.

ASSET MANAGEMENT IMPLICATIONS

Risk Management is one of the fundamental principles of good and proactive asset management and forms part of Council's Asset Management Strategy.

PREVIOUS COUNCIL DECISIONS

Council adopted the last Risk Management Plan in 2014, the Enterprise Risk Management Strategy will replace this document.

ATTACHMENTS

Attachment 2 Draft Moree Plains Shire Council Enterprise Risk Management Strategy

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(To be provided under separate cover)

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Questions on Notice

Councillor Ritchie

1. Councillor Ritchie asked where the Lease for the Academy up to?

Mr Rodgers provided a verbal update and advised that it will be dealt with in a future confidential report.

2. Councillor Ritchie stated that he believes the pigeons are the responsibility of the Council as it is an OH&S concern to the community. The pigeon problem is costing local business significant additional funds. We need to do elimination not a reduction.

That a report of the options and costings be bought to the next meeting.

3. Cr Ritchie would like to see the final invoice for the Hazmat team that cleaned up 26 Balo Street Moree. All the gutters are blocked up so we will need new drainage. I predict that 26 Balo Street will cost around the \$100,000, again this is a problem and a cost that Council should not have.

That a report of the options and costings be bought to the next meeting.

Councillor Smith

4. Concern of the costing of what the Weight of loads is to Moree Plains Shire Council. The scales that we are currently using at the moment do not work unless they are on a concrete base, therefore, we are looking after the RMS main roads at a cost to Council.

Mr Dinham took the question on notice.

Councillor Tramby

5. The last time we saw the figures of the Australian Rural Roads group Council was the major contributor, is this still the case? How is the costing share split?

That Councillor Price to provide an update when she returns.

6. Councillor Tramby asked what is the capacity of the SES in Moree as Council funds them to some extent. We need to see the report, we do not need to have a repeat of 2012 when we did not have the capacity in our town.

If we need to get State funding to help with training I suggest we do it.

Councillor Humphries advised that Council write to the SES advising that they would like to assist in any way they can.



Councillor Montgomery

7. Councillor Montgomery asked if the General Manager Mr Lester Rodgers could update the committee on the New England Group of Councils meeting. Can we hear a little about that meeting and more specifically the membership who is on the committee and who wants to be on it.

Mr Rodgers advised that he attended a meeting two weeks ago for the New England board and at that time the meeting considered an application from Narrabri Council to join the New England group.

Prior to that we had advised the Minister Gabriel Upton that was advised that Moree Plains Shire Council's position was that they preferred to be aligned with the New England group of Councils consisting of, Moree, Uralla, Glen Innes, Tenterfield, Armidale and Inverell. Gwydir had taken a decision previously to not peruse membership of the New England group but to continue membership with the Namoi Group.

Mr Rodgers advised that we had a close working relationship with Narrabri, however, there are some differences. There was some robust discussion in relation to Narrabri's application. Mr Rodgers advised that he spoke to the chair of the meeting and advised that Moree had no objection to Narrabri joining and that we saw it as a gateway opportunity to access it as an opportunity towards inland rail.

At the end of the day the matter was put and supported for Narrabri to join the group. Minister Gabriel Upton's office had advised that Moree's application had been received and will be considered, a copy has been put into the Councillors correspondence for you.



Strategic Planning Proposals and Current Project Updates

Councillor Smith asked for an update on the Inland Rail.

Mr Carleton advised that a meeting was held with the ARTC Inland Rail Detail Design Team two weeks ago, to review technical requirements and information regarding the Jones Avenue overpass.

The Detail Design Team is preparing designs and information regarding the Inland Rail passenger through Moree and expects to be at 50% completion by June, at which time it will be presented to Council.

Councillor Humphries provided information on the Country Mayors meeting

Councillor Humphries advised that the Country Mayors meeting went well and that there would have been seventy six in attendance including general mangers. In attendance, was the Royal Far West , Police Comissioner, Infrastructure Regional NSW, Adam Marshall and Linda Dytwyler. We want to put together a list of startegic opportunities for priorities for Country Mayors and better rating systems.


Overseas Trade and Investment

Nil.

There being no further business, the meeting closed at the time being 4.37pm

SIGNED BY THE CHAIR OF THE FINANCE AND GOVERNANCE COMMITTEE, WHOSE SIGNATURE APPEARS BELOW.

ADOPTED AT THE FINANCE AND GOVERNANCE COMITTEE MEETING OF THE MOREE PLAINS SHIRE COUNCIL HELD ON


.....
CHAIRPERSON

19/9/18
.....
DATE

This is the last page of the document

This is Page No. 23 of 23 of the ADOPTED minutes of the FINANCE & GOVERNANCE COMMITTEE MEETING of the Moree Plains Shire Council held


CHAIR

25 January 2018

PUBLIC PAPER


DIRECTOR OF CORPORATE SERVICES