

Annual Electors Meeting

Minutes



19th April 2022

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UNCONFIRMED

SHIRE OF QUAIRADING

The Minutes of the Annual Electors Meeting held in the Quairading Lesser Hall on Tuesday 19th April 2022, commencing at 7.00 pm.

ITEM 1 OPENING & ANNOUNCEMENTS

The Shire President opened the Meeting at 7.00 pm.

“Before we start our Meeting, I would like to acknowledge that we are meeting on Noongar/Ballardong land. We pay respect to the original custodians of the land...past, present and future. I welcome you all here today for this meeting.”

Cr Peter Smith welcomed the general public, fellow Councillors and Shire employees.

ITEM 2 ATTENDANCE AND APOLOGIES

Councillors

Cr PD Smith	Shire President
Cr TJ Stacey	Deputy Shire President
Cr JN Haythornthwaite	
Cr B McGuinness	

Council Officers

Ms NJ Gibbs	Chief Executive Officer
Mrs LM Horton	Executive Manager, Corporate Services
Mr RM Bleakley	Executive Manager, Community, Projects & Strategy
Miss BJ Hadlow	Executive Officer

Name of Electors in attendance

Mr Brian Caporn
Mrs Shirley Stacey
Mrs Liz Smith
Ms Annie Hayes

Apologies

Cr JC Hayes
Cr BR Cowcill
Cr E Cheang
Cr JR Hippisley

Leave of Absence Previously Granted

ITEM 3 CONFIRMATION OF MINUTES AND BUSINESS ARISING

3.1 Confirmation of Minutes – 2nd February 2021

RECOMMENDATION

MOVED Mr Caporn SECONDED Cr Stacey

That the Minutes of the Annual Electors Meeting held on the 2nd February 2021 be confirmed as a true and accurate record.

CARRIED

3.2 Business Arising

Mr Caporn

Mr Caporn queried the dieback in the area between the bores located back towards the Waste Recycle Facility, and whether it was getting worse.

The previous CEO considered the dieback matter to be outside of local government jurisdiction. The new CEO has not been made aware of the dieback issue. Cr Smith took this question on notice.

Mr Caporn said that the salt was starting to rise around the bores and was coming closer to the surface. It was acknowledged that there was not a great deal that could be done to rectify this.

Council had previously attempted to restrict movement in the dieback affected area so that it did not spread.

Ms Gibbs took Mr Caporn's query on notice to allow further investigation. This would include attempting to determine whether the impact was caused by dieback or water logging.

ITEM 4 ANNUAL REPORT

4.1 2020/2021 Annual Report

The 2020/2021 Annual Report includes the following: -

Governance

Statistics Snapshot 2020/2021

Presidents Report

CEO's Report

Elected Representatives

Council Meeting Attendance

Executive Team and Council Staff

Community Grants Programme

Drought Funding Projects

Strategic Reporting

Strategic Community Plan

Compliance

Disability Access and Inclusion Plan

National Competition Policy

Competitive Neutrality

Public Interest Disclosure

Register of Complaints

Freedom of Information

State Records Act 2000

Finance Statements

Annual Financial Report (includes Auditor's Report).

The 2020/2021 Annual Report was formally received by Council at its Ordinary Meeting on Thursday 31st March 2022, Resolution 139-21/22.

RECOMMENDATION

MOVED Mr Caporn SECONDED Cr Stacey

That the Annual Report for the Financial Year ended 30th June 2021, be received.

CARRIED

4.2 Questions on Annual Report

Mr Caporn congratulated Council on a very well presented Annual Report.

Mr Caporn said the Drought Project Funding was put to good use and had made a difference to the town.

Mr Caporn asked why the loan had dropped \$100,000 but the current liabilities had gone up to \$116,000. Mr Caporn said the Debt Service Ratios appeared to have dropped.

Mrs Leah Horton took this query on notice.

RESPONSE TAKEN ON NOTICE

The Shire thanks Mr Caporn for his question raised at the annual meeting of electors. The following response was provided by Leah Horton, Executive Manager, Corporate Services and Mr Bob Waddell of Bob Waddell and Associates.

Page 42 of the Annual Report 2020/2021 stated that “no new loans were taken out during 2020/2021”, and noted that the loan liability reduced by \$98,154 overall.

Page 43 of the Annual Report 2020/2021 reported that the “Debt Service Coverage Ratio” had reduced from 15.02 in 2020 to 7.12 in 2021 against the target ratio of >15 (greater than 15). This target ratio indicates that a higher ratio result is favourable, therefore our diminishing result indicates a negative trend.

Page 57 of the Financial Report for the year ended 30 June 2021 specifies that the Debt Service Coverage Ratio is calculated by dividing the adjusted operating surplus “annual operating surplus before interest and depreciation” by the debt service costs “principal and interest”.

This ratio is the measurement of a Local Government’s ability to repay its debt including lease payments. The higher the ratio, the easier it is for a Local Government to obtain a loan.

The figures used to calculate the Debt Service Coverage Ratio are from the audited Annual Financial Reports and are summarised below:

Debt Service Ratio (Calculations)	30-Jun-21	30-Jun-20	30-Jun-19
Annual operating surplus before interest and depreciation	978,107	1,668,274	2,018,169
Debt Service Cost	137,460	111,037	102,922
Annual Operating Surplus ÷ Debt Service Cost	7.12%	15.02%	19.61%

The annual operating surplus has reduced each year, significantly by \$690,167 between 30 June 2020 and 30 June 2021.

Conversely, the debt service cost has increased each year due to more loan principal and interest repayments being made, this has reduced the Shire’s overall loan liability.

The combined decrease in operating surplus and increase in debt service cost results in a negative trend in the debt service ratio.

There are multiple reasons as to why the debt service coverage ratio exhibits a negative trend;

1. The ratio removes “non-operating grants, subsidies and contributions” from the operating surplus.

For the year ended 30 June 2021 this amount was \$2,735,552 in comparison to \$1,140,516 for the year ended 30 June 2020.

Therefore the ratio is materially affected by items such as the advance payments/adjustments of the Federal Government’s Financial Assistance Grant (Grants Commission),

2. In 2019/20 the changes to Accounting Standard AASB 16 – Leases came into effect. This resulted in right of use (ROU) assets and their contra lease liabilities being reported in the Shire’s annual financial report (AFR).

From a ratio perspective there was a first-time introduction of borrowing expenses of \$14,750. Unfortunately an error in the calculation for the 2019/20 ratios excluded these lease borrowing costs.

The 2019/20 AFR was finalised and audited with the incorrect ratio of 15.02%.

The correct debt service ratio for 30 June 2020 was 13.26%,

3. In 2020/21 there was additional lease liabilities (2 new leases) of \$91,090 recognised and additional associated borrowing expenses of \$12,202.

These have been included in the 2020/21 ratio calculations correctly as per AASB 16.

Comparison between the 2019/20 and 2020/21 ratio is skewed as the Shire was required to include the incorrect 30 June 2020 “audited” figure of 15.02% for the 2021 Annual Financial Statements.

Overall there are multiple reasons as to why debt service costs have gone up even though loan borrowings have decreased.

The Shire will continue to monitor performance against this and other financial health indicator (FHI) ratio’s.

This ratio can be positively affected by monitoring operating expenses to increase operating surplus and by ensuring borrowings, interest rates and repayments are closely monitored.

ITEM 5 CONSIDERATION OF OTHER GENERAL BUSINESS

Nil.

ITEM 6 CLOSURE

There being no further business, the Chairperson closed the Meeting at 7.08pm.

Confirmed.....