



## Council

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An Extra Ordinary Meeting of the City of Lismore Council will be held at the Council Chambers on Tuesday 23 January 2024 at 6.00pm

Members of Council are requested to attend.

*Lismore City Council acknowledges the Widjabul Wia-bal people of the Bundjalung nation, traditional custodians of the land on which we meet.*

**Jon Gibbons**  
**General Manager**

9 January 2024



## **ETHICAL DECISION MAKING AND CONFLICTS OF INTEREST**

### **A guiding checklist for councillors, staff and community committees**

#### **Ethical decision making**

- Is the decision or conduct legal?
- Is it consistent with government policy, Council's objectives and Code of Conduct?
- What will the outcome be for you, your colleagues, the Council, anyone else?
- Does it raise a conflict of interest?
- Do you stand to gain personally at public expense?
- Can the decision be justified in terms of public interest?
- Would it withstand public scrutiny?

#### **Conflict of interest**

A conflict of interest is a clash between private interest and public duty. There are two types of conflict:

- Pecuniary – an interest that you have in a matter because of a reasonable likelihood or expectation of appreciable financial gain or loss to yourself or another person or entity defined in part 4 of the Lismore City Council Code of Conduct with whom you are associated.
- Non-pecuniary – a private or personal interest that you have that does not amount to a pecuniary interest as defined in the Lismore City Council Code of Conduct. These commonly arise out of family or personal relationships, or out of involvement in sporting, social, religious or other cultural groups and associations, and may include an interest of a financial nature.

#### **The test for conflict of interest**

- Is it likely I could be influenced by personal interest in carrying out my public duty?
- Would a fair and reasonable person believe I could be so influenced?
- Conflict of interest is closely tied to the layperson's definition of "corruption" – using public office for private gain.
- Important to consider public perceptions of whether you have a conflict of interest.

#### **Identifying problems**

- Do I have private interests affected by a matter I am officially involved in?
- Is my official role one of influence or perceived influence over the matter?
- Do my private interests' conflict with my official role?

#### **Disclosure and participation in meetings**

- A councillor or a member of a Council Committee who has a pecuniary interest in any matter with which the Council is concerned and who is present at a meeting of the Council or Committee at which the matter is being considered must disclose the nature of the interest to the meeting as soon as practicable.
- The councillor or member must not be present at, or in sight of, the meeting of the Council or Committee:
  - a. at any time during which the matter is being considered or discussed by the Council or Committee, or
  - b. at any time during which the Council or Committee is voting on any question in relation to the matter.

**No Knowledge** - a person does not breach this clause if the person did not know and could not reasonably be expected to have known that the matter under consideration at the meeting was a matter in which he or she had a pecuniary interest.

**Non-pecuniary Interests** - Must be disclosed in meetings.

There are a broad range of options available for managing conflicts & the option chosen will depend on an assessment of the circumstances of the matter, the nature of the interest and the significance of the issue being dealt with. Non-pecuniary conflicts of interests must be dealt with in at least one of the following ways:

- It may be appropriate that no action be taken where the potential for conflict is minimal. However, councillors should consider providing an explanation of why they consider a conflict does not exist.
- Limit involvement if practical (eg. participate in discussion but not in decision making or vice versa). Care needs to be taken when exercising this option.
- Remove the source of the conflict (eg. relinquishing or divesting the personal interest that creates the conflict)
- Have no involvement by absenting yourself from and not taking part in any debate or voting on the issue as of the provisions in the Code of Conduct (particularly if you have a significant non-pecuniary interest)

Whilst seeking advice is generally useful, the ultimate decision rests with the person concerned.

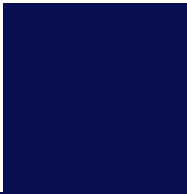
# Agenda

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- 1. Opening of Meeting**
- 2. Acknowledgement of Country**
- 3. Pause for reflection**
- 4. Apologies and Applications for Leave of Absence or Attendance by Audio-Visual Link**
- 5. Disclosures of Interest**
- 6. Public Forum**
- 7. Mayoral Minute(s) and Condolence Motions**
- 8. Reports of Committees**
- 9. Matters Arising**
- 10. Reports of the General Manager**
  - 10.1 2022/23 Financial Report .....6
- 11. Notices of Motion / Questions with Notice**

# Reports of the General Manager

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## Report

<b>Subject</b>	<b>2022/23 Financial Report</b>
<b>TRIM Record No</b>	BP24/18:AF23/3748
<b>Prepared by</b>	Manager Finance
<b>Reason</b>	Legislative requirement - Section 419 & 420 Local Government Act 1993
<b>Strategic Theme</b>	Leadership and participation
<b>Strategy</b>	We provide effective management and responsible governance.
<b>Action</b>	Ensure the efficient and effective operation of Council.

### Executive Summary

At the 12 December 2023 meeting, Council formed its opinion on and adopted the Audited Financial Statements for the year ended 30 June 2023.

In accordance with the *Local Government Act 1993* the audited financial reports and audit report must be presented to the public at a Council meeting. Before doing so, it must have been advertised in the approved form and submissions from the public invited. Council has complied with these requirements. Members of the public can make a written submission to Council up to seven days after the meeting (30/01/24). Council must forward a copy of any submission received to the Auditor and take any action it considers appropriate.

### Recommendation

That in accordance with Section 419 of the *Local Government Act 1993*, the Audited Financial Statements for the year ended 30 June 2023 and Audit Report be presented to the public.

### Background

Council resolved at the 12 December 2023 meeting:-

*That:*

1. *in accordance with Section 413 (2) (c) of the Local Government Act 1993 and clause 215 of the Local Government (General) Regulation 2021, adopt the Audited Financial Statements for the year ended 30 June 2023 and form an opinion based on the attached 'Statement by Councillors and Management' for both the General-Purpose Financial Statements and Special Purpose Financial Statements*
2. *delegate to the Mayor and Deputy Mayor to sign the 'Statement by Councillors and Management' on behalf of Council.*
3. *delegate to the General Manager to, on receipt of the Independent Audit Reports, submit the Audited Financial Statements to the NSW Office of Local Government.*
4. *in accordance with Section 705 of the Local Government Act 1993 determine the public notice relating to the financial statements will be advertised on Council's website and Council's Facebook page*
5. *Council present the Audited Financial statements to the public on the 23 January 2024*

Council's resolution has been implemented, but it is important to note the public has until 30 January 2024 to make a submission. Council is to ensure copies of all submissions received are referred to the Auditor, and also take such action as it considers appropriate with respect to any submission, including the giving of notice to the Director-General of any matter that appears to require amendment of the financial reports.

A copy of the Audited Financial Statements for the year ended 30 June 2023 is available for inspection at Council's Corporate Centre and on Council's website.

## Summary of Key Financial Data

The information in the summary below is consistent with the reporting requirements of the NSW Office of Local Government. In addition, information on borrowings has been added: -

Item	2022/23 (\$,000)	2021/22 (\$,000)
<b>Income Statement</b>		
Total income from continuing operations	202,870	169,548
Total expenses from continuing operations	155,075	164,482
Operating result from continuing operations	47,795	5,066
Net operating result for the year	47,795	5,066
Net operating result for the year before grants and contributions provided for capital purposes	(13,416)	(27,220)
<b>Statement of Financial Performance</b>		
Total current assets	169,833	150,377
Total current liabilities	(59,217)	(47,605)
Total non-current assets	1,830,286	1,700,188
Total non-current liabilities	(52,828)	(60,734)
Total equity	1,888,074	1,742,226
<b>Other Financial Information</b>		
Operating Performance Ratio	(4.09%)	0.88%
Own Source Operating Revenue Ratio	46.98%	56.13%
Unrestricted Current Ratio	2.07x	2.38x
Debt Service Cover Ratio	2.89x	4.73x
Rates, Annual Charges, Interest & Extra Charges		
Outstanding Percentage	9.95%	10.59%
Cash Expense Cover Ratio	12.04 months	14.14 months
Building & Infrastructure Renewals Ratio	259.01%	22.73%
Infrastructure Backlog Ratio	12.22%	15.02%
Asset Maintenance Ratio	106.95%	80.18%
External Borrowings	45,767	52,185

## Comments

### Finance

At the Council meeting 12 December 2022 Council resolved to adopt the Draft Audited Financial Statements for the year ended 30 June 2023, form an opinion and refer to the auditors for completion of the audit.

The audit has been completed with a number of items identified as requiring adjustment to ensure the statements were in accordance with the Office of Local Government reporting requirements and Australian Accounting Standards.

After discussions with Council's auditors, it was determined the adjustments were not of a material nature and therefore did not require the statements to be represented to Council.

Materiality is assessed against Council assets and the operating expenses of Council.

The following provides a summary of the changes:

Item	OLG Benchmark	Final '000	Draft '000	Movement
<b>Income Statement</b>				
Total Income from continuing operations		\$202,870	\$202,870	\$0
Total Expenses from continuing operations		-\$155,075	-\$157,874	-\$2,799
Operating result from continuing operations		\$47,795	\$44,996	-\$2,799
Net operating result for the year		\$47,795	\$44,996	-\$2,799
Net operating result for the year before capital grants and contributions provided to capital		-\$13,416	-\$16,215	-\$2,799
<b>Statement for Financial Performance</b>				
Total current assets		\$169,833	\$169,832	-\$1
Total current liabilities		-\$59,217	-\$59,216	\$1
Total non-current assets		\$1,830,286	\$1,829,271	-\$1,015
Total non-current liabilities		-\$52,828	-\$52,828	\$0
Total equity		-\$1,888,074	-\$1,887,059	\$1,015
<b>Other Financial Information</b>				
Operating Performance ratio	>0%	-4.81%	-4.81%	0.00%
Own Source Revenue ratio	>60%	46.98%	46.98%	0.00%
Unrestricted current ratio	>1.5x	2.18	2.18	0.00
Debt Service ratio	>2.00x	2.79	2.79	0.00
Rates, Annual Charges, Interest & Extra Charges %	<10.00%	9.95%	9.95%	0.00%
Cash Expense Cover Ratio	>3months	12.04 mnths	12.98 mnths	0.94
Building & Infrastructure Renewal Ratio	>=100.0%	259.01%	259.01%	0.00%
Infrastructure Backlog Ratio	<2.00%	12.22%	12.23%	0.01%
Asset Management Ratio	>=100.0%	106.95%	106.95%	0.00%
External Borrowings ('000)	n/a	45,767	45,767	\$0

Does not meet benchmark	
Meets or exceeds benchmark	

**What has changed from the Draft Reports presented to Council and ARIC.**

## 1. GENERAL PURPOSE FINANCIAL STATEMENTS FOR DECLARED BUSINESS ACTIVITIES

**Corrected monetary.**

Management corrected the following monetary misstatements in the current year's GPFS. We agree with management's determination and confirm this treatment complies with Australian Accounting Standards.



Description	Assets	Liabilities	Net result for the year	Other comprehensive income
Effect of correction	Increase/ (decrease) \$'000	(Increase)/ decrease \$'000	(Increase)/ decrease \$'000	(Increase)/ decrease \$'000
<b>Factual misstatements</b>				
<i>Reclassification of \$24.0 million of investments to cash equivalents. This entry did not affect the overall reported asset position.</i>	-	-	-	-
Reclassification of water revenue received in advance	320	(320)	-	-
Account for assets incorrectly recorded through the prior year roads infrastructure revaluation	-	-	(1,783)	1,783
Reinstate road assets incorrectly expensed	1,014	-	(1,014)	-
<b>Total impact of corrected misstatements</b>	<b>1,334</b>	<b>(320)</b>	<b>(2,797)</b>	<b>1,783</b>

## 2. Corrected disclosure deficiencies

Management corrected the following disclosure deficiencies in the current year's GPFS. We agree with management's determination and confirm this treatment complies with Australian Accounting Standards.

AASB reference	Disclosure title	Description of disclosure deficiency
AASB 107	Statement of cash flows	Adjustments to the statement of cash flows including transfer of balances between operating and financing activities as a result of the above audit adjustments, as well to gross up balances to include GST cash flows.
AASB 101	Accounting policies and other information disclosures	Adjustments to disclosures relating to the impacts of natural disasters, spelling errors, comparatives to ensure they match with current year disclosures as well as other presentation improvements.
AASB 116	Capital commitments	The capital commitments note required update as it was incomplete.

## 2. SPECIAL PURPOSE FINANCIAL STATEMENTS FOR DECLARED BUSINESS ACTIVITIES

### Corrected monetary.

Management corrected the following monetary misstatements in the current year's SPFS for Declared Business Activities. We agree with management's determination and confirm this treatment complies with the financial reporting framework.

Description	Assets	Liabilities	Surplus (deficit) after tax	Accumulated surplus
Effect of correction	Increase/ (decrease)	(Increase)/ decrease	(Increase)/ decrease	(Increase)/ decrease
	\$'000	\$'000	\$'000	\$'000
<b>Factual misstatements</b>				
Reclassification of water revenue received in advance	320	(320)	-	-
<b>Total impact of corrected misstatements</b>	320	(320)	-	-

### Corrected disclosure deficiencies

Management corrected the following disclosure deficiencies in the current year's SPFS for Declared Business Activities. We agree with management's determination and confirm this treatment complies with the financial reporting framework.

AASB reference	Disclosure title	Description of disclosure deficiency
Local Government Code of Accounting Practice and Financial Reporting (the Code)	Tax equivalent charges	The significant accounting policy did not contain updated disclosures to reflect tax rates and thresholds relevant to the current financial year.

### Public consultation

The Audited Financial Statements for the year ended 30 June 2023, in the prescribed format, have been advertised on Council's website and Facebook page on 12 January 2024 seeking public comment until 30 January 2024.

### Conclusion

In accordance with the *Local Government Act 1993* the Audited Financial Statements for the year ended 30 June 2023 and the Auditors Report must be presented to the public at a Council meeting. This report is intended to meet this requirement.

The Audited Financial Statements for the year ended 30 June 2023 have been advertised and submissions from the public invited. At the time of preparing this report, no submissions had been received.

### Attachment/s

There are no attachments for this report.