

## **7.1. Governance and Finance Committee - Minutes 9 November 2020**

**AUTHOR:** Ian Curry, Manager Governance & Committee Services

**ENDORSED BY:** Margaret Palmer, Director Corporate Services

### **ATTACHMENTS:**

1. Minutes - 9 November 2020 [7.1.1 - 6 pages]

### **PURPOSE:**

Council is required to consider the Minutes of this Committee under the Code of Meeting Practice.

### **EXECUTIVE SUMMARY:**

This report presents the recommendations of the last meeting of the Governance and Finance Committee held on Monday 9 November 2020 for Council adoption. The minutes are attached for information.

### **FINANCIAL IMPLICATIONS:**

Nil.

### **RECOMMENDATION:**

1. **THAT** the report on Investments and Loan Borrowings held as at 31 October 2020 be received. (This report was provided to the Governance & Finance Committee on 9 November 2020 for information). *(GF01)*
2. **THAT** the Quarterly Budget Review Statement - September 2020 report be received. *(GF02)*
3. **THAT** the revised 2020/21 Budget be adopted. *(GF02)*
4. **THAT** the Committee notes the remedial action for those projects that were not on track for the period ending 30 June 2020. *(GF02)*
5. **THAT** the Quarterly Review of the Operational Plan - 1 July to 30 September 2020 be received. *(GF03)*
6. **THAT** the Committee notes the remedial action for those projects that were not on track for the period ending 30 September 2020 *(GF03)*
7. **THAT** the revised Code of Meeting Practice be adopted. *(GF04)*
8. **THAT** the Code of Conduct - Precinct Office Bearers and Members submissions received be noted. *(GF05)*
9. **THAT** the final Code of Conduct - Precinct Office Bearers and Members be adopted, per Attachment 1. *(GF05)*

## **LINK TO COMMUNITY STRATEGIC PLAN**

The relationship with the Community Strategic Plan is as follows:

### **5. Our Civic Leadership**

#### **5.1 Council leads the strategic direction of North Sydney**

## **BACKGROUND**

In accordance with Council's Code of Meeting Practice:

*20.24 The minutes of meetings of each Committee of the Council must be confirmed at a subsequent meeting of the committee.*

The Charter of the Governance and Finance Committee states:

*11.3 The recommendations arising at Committee meetings are to be submitted to the next available Council meeting for adoption. Any Councillor, irrespective of whether that Councillor is a member that Committee may be the mover or seconder of such recommendations.*

## **CONSULTATION REQUIREMENTS**

Community engagement is not required.

## **DETAIL**

This report presents the recommendations of the last meeting of the Governance and Finance Committee held on 9 November 2020 for Council adoption. The minutes are attached for information.

**NORTH SYDNEY COUNCIL**

**REPORT OF GOVERNANCE & FINANCE COMMITTEE**

**SUBJECT: PROCEEDINGS OF COMMITTEE AT MEETING HELD IN THE SUPPER ROOM AT THE COUNCIL CHAMBERS, NORTH SYDNEY, ON MONDAY 9 NOVEMBER 2020 AT 6.00PM.**

**PRESENT**

Councillor Gibson in the Chair, Councillors Barbour (from Item 3.5), Brodie, Carr, Drummond (from Item 3.2), Keen, Mutton .

**Staff:** Ken Gouldthorp, General Manager  
Margaret Palmer, Director Corporate Services  
Darren Goode, Manager Accounting Services  
Jenny Gleeson, Manager Integrated Planning & Special Projects  
Ian Curry, Manager Governance & Committee Services (Minutes)

**Visitors:** Nil

**Apologies** were received from Councillors Baker and Beregi.

At the commencement of business (6.08pm) Councillors present in the Supper Room were:

Councillor Gibson in the Chair, Councillors Brodie, Keen, Mutton.

Councillor Carr was present remotely at the commencement of business.

**Declarations of Interest**

Nil

**25. Minutes**

The Minutes of the previous meeting held on 10 August 2020, copies of which had been previously circulated, were taken as read and confirmed.

The Motion was moved by Councillor Mutton and seconded by Councillor Brodie.

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*This is Page No 25 of the Minutes of the Governance & Finance Committee Meeting of the North Sydney Council held on 9 November 2020.*

Voting was as follows:

For/Against 5/0

Councillor	Yes	No	Councillor	Yes	No
Gibson	Y		Barbour		Absent
Beregi		Absent	Drummond		Absent
Keen	Y		Gunning		Absent
Brodie	Y		Mutton	Y	
Carr	Y		Baker		Absent

## 26. 3.1 Investments and Loan Borrowings Held as at 31 October 2020

Report of Garry Ross, Manager Financial Services

This report provides details of the performance of Council's investment portfolio and borrowing limits for the period ending 31 October 2020.

Investment Portfolio:

The Investment portfolio (cash and investments) held as at 31 October 2020 had a market value of \$99.97 million, with an annualised return of 1.96% for the year to date, 1.45% above the reportable BBSW Bank Bill Index of 0.51%. The total funds under investment decrease during October by \$2.5 million. This movement reduced the cash balance of the portfolio as these funds were required to pay contractors for completed works associated with infrastructure improvement.

The actual investment returns for the year to date as at 31 October 2020 were \$538,895 which was \$9,210 less than the year to date budgeted estimate. During the month, only 2 term deposit matured. These funds will be re-invested at the current interest rate (official cash rate is 0.25% as at 31 October 2020) which will further reduce the performance of the portfolio. Council will see a decline in interest income over the next 12 months, with the RBA indicating interest rates need to be cut and remain low until their objectives of full employment and reduced inflation are reached.

Council's cashflows continue to improve as the COVID-19 pandemic impacts evolves which will in turn provide additional funds available to invest.

Borrowings:

Council entered into a fixed interest loan of \$9.5 million with quarterly interest and principal payments on 31 July 2018. The principal outstanding as at 31 October 2020 is \$7,681,414.01.

The 2020/21 budgeted returns on investments is estimated to be \$1,350,000.00. The estimate will be reviewed and reported in the December Budget Review which will identify any changes to the current projections. The investment portfolio is managed to ensure liquidity to meet operational requirements.

Any surplus funds generated in excess of the adopted estimates will be transferred to Council's internally restricted reserves.

**Recommending:**

1. **THAT** the report on Investments and Loan Borrowings held as at 31 October 2020 be received. (This report was provided to the Governance & Finance Committee on 9 November 2020 for information).

The Motion was moved by Councillor Brodie and seconded by Councillor Mutton.

The Motion was put and carried.

**Resolved to Recommend:**

1. **THAT** the report on Investments and Loan Borrowings held as at 31 October 2020 be received. (This report was provided to the Governance & Finance Committee on 9 November 2020 for information).

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*This is Page No 26 of the Minutes of the Governance & Finance Committee Meeting of the North Sydney Council held on 9 November 2020.*

Voting was as follows:

For/Against 4/1

Councillor	Yes	No	Councillor	Yes	No
Gibson	Y		Barbour		Absent
Beregi		Absent	Drummond		Absent
Keen	Y		Gunning		Absent
Brodie	Y		Mutton	Y	
Carr		N	Baker		Absent

6.21pm Cr Drummond arrived at the meeting during consideration of Item 3.2

### 27. 3.2 Quarterly Budget Review - September 2020

Report of Darren Goode, Manager Accounting Services

This report should be read in conjunction with Item 3.3 Q1 Review of the Operational Plan 2020/21. The purpose of this report is to inform Council of the results of the review of the budget for the quarter ended 30 September 2020 and to seek approval to make the necessary adjustments to the 2020/21 budget to reflect the current projected estimates of income and expenditure for the year.

The 2020/21 Original Budget forecast a net operating deficit before capital grants and contributions of \$2.4 million and a net operating surplus of \$1 million after capital grants and contributions.

At 30 September 2020, actual operating income was \$1.6 million (2%) above the year-to-date current budget and actual operating expenditure was \$1.5 million (4.8%) over the year-to-date current budget.

After the proposed adjustments disclosed within this report, the forecast net operating result for 2020/21 before capital grants and contributions is a deficit of \$11.5 million which is a deterioration of \$9.1 million from the \$2.4 million deficit forecast in the Original Budget. This is a result of an increase in North Sydney Olympic Pool depreciation, Council's contribution to affordable housing at 287 Miller Street, Cammeray, the early receipt, in June 2020, of approximately 50% of the 2020/21 Financial Assistance Grant and the need to carry forward funds from 2019/20 to 2020/21 to complete projects still in progress at 30 June 2020.

The forecast operating result after capital grants and contributions is now a deficit of \$2.8 million.

To ensure that the budget remains balanced, the forecast net drawdown from reserves is \$15.7 million.

The adjustments to the budget outlined in this report have increased the drawdown from reserves to ensure that the budget remains balanced to \$15.7 million. The forecast balance of cash reserves as at 30 June 2021 is \$57 million.

#### **Recommending:**

1. **THAT** the Quarterly Budget Review Statement - September 2020 report be received.
2. **THAT** the revised 2020/21 Budget be adopted.

The Motion was moved by Councillor Mutton and seconded by Councillor Brodie.

The Motion was put and carried.

#### **Resolved to Recommend:**

1. **THAT** the Quarterly Budget Review Statement - September 2020 report be received.
2. **THAT** the revised 2020/21 Budget be adopted.

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*This is Page No 27 of the Minutes of the Governance & Finance Committee Meeting of the North Sydney Council held on 9 November 2020.*

Voting was as follows:

For/Against 6/0

Councillor	Yes	No	Councillor	Yes	No
Gibson	Y		Barbour	Absent	
Beregi	Absent		Drummond	Y	
Keen	Y		Gunning	Absent	
Brodie	Y		Mutton	Y	
Carr	Y		Baker	Absent	

### 28. 3.3 Q1 Review of the Operational Plan 2020/21

Report of Sarah Malcolm, Corporate Planning Coordinator

This Quarterly Review reports project status updates against projects scheduled to have commenced or are in progress in Q1 2020/21.

This Quarterly Review reports project status updates against projects scheduled to have commenced or are in progress in Q1 2020/21.

The Operational Plan 2020/21, i.e. Year 3 of the Delivery Program, was adopted on 27 July 2020 and commenced 1 July 2020.

The adopted Delivery Program includes projects and services. This Quarterly Review includes a status update of these projects. It is a statutory IPR requirement to present the biannual performance reports against the Delivery Program to the Council. North Sydney Council presents these quarterly.

Attachment 1 details the performance against projects by operational view (by Division) for the period 1 July to 30 September 2020. 258 projects were scheduled to commence/continue this quarter. 95% projects are on track (green and blue status) and 5% projects are behind schedule/delayed (red and amber status). 3 projects are unfunded; these projects are not included in the statistics.

Financial performance information is detailed within the Quarterly Budget Review Statement (QBRs) presented separately to Council (refer Item 3.2).

**Recommending:**

1. **THAT** the Quarterly Review of the Operational Plan - 1 July to 30 September 2020 be received.

2. **THAT** the Committee notes the remedial action for those projects that were not on track for the period ending 30 September 2020.

The Motion was moved by Councillor Mutton and seconded by Councillor Keen.

The Motion was put and carried.

**Resolved to Recommend:**

1. **THAT** the Quarterly Review of the Operational Plan - 1 July to 30 September 2020 be received.

2. **THAT** the Committee notes the remedial action for those projects that were not on track for the period ending 30 September 2020.

Voting was as follows:

For/Against 6/0

Councillor	Yes	No	Councillor	Yes	No
Gibson	Y		Barbour	Absent	
Beregi	Absent		Drummond	Y	
Keen	Y		Gunning	Absent	
Brodie	Y		Mutton	Y	
Carr	Y		Baker	Absent	

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**29. 3.4 Review of Code of Meeting Practice**

Report of Ian Curry, Manager Governance & Committee Services

To review the Council's Code of Meeting Practice as part of the quadrennial review of the Policy Register.

At its meeting on 24 June 2019, Council resolved to adopt the Model Code of Meeting Practice, prepared by the Office of Local Government.

In preparation for the review of the Policy Register, which will follow the Local Government elections in September 2021, a number of policies have been identified as requiring only minor amendments. As the Code of Meeting Practice was adopted in June 2019, only minor edits are required and the document is submitted to the Committee for consideration.

**Recommending:**

**1. THAT** the revised Code of Meeting Practice be adopted.

The Motion was moved by Councillor Gibson and seconded by Councillor Drummond.

The Motion was put and carried.

**Resolved to Recommend:**

**1. THAT** the revised Code of Meeting Practice be adopted.

Voting was as follows:

For/Against 6/0

Councillor	Yes	No	Councillor	Yes	No
Gibson	Y		Barbour	Absent	
Beregi	Absent		Drummond	Y	
Keen	Y		Gunning	Absent	
Brodie	Y		Mutton	Y	
Carr	Y		Baker	Absent	

6.42pm Councillor Barbour joined the meeting remotely during consideration of Item 3.5

**3.5 Amended Code of Conduct: Precinct Office Bearers and Members - Post Exhibition**

Report of Jenny Gleeson, Manager Integrated Planning & Special Projects

The purpose of this report is to finalise the review of the Code of Conduct - Precinct Office Bearers and Members following analysis for the stakeholder feedback received in response to the public exhibition period. The exhibited amendments to the Code address previously identified issues not currently covered, including:

operational funding cannot be used for political purposes/lobbying election campaigns and memberships;

proxy voting at Annual General Meetings is not permitted;

guidance regarding representation at Public Forums prior to Council Meetings (can represent on matters determined/endorsed by a Precinct Committee only);

use of social media by a Precinct Committee and by Office Bearers in personal capacity;

provision of alcohol at Precinct Committee meetings (requires review in context of insurance);

dispute resolution and sanctions for Code breaches; and

alignment with Council's Code of Conduct - Councillors and Staff, which is consistent with the Model Code.

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A review of the Precinct System is currently underway, however it was intended, as stated in the Stage 1 Discussion Paper, that the proposed amendments to the Code could proceed outside of the Review as they address previously identified issues not adequately covered by the current Code, as listed above.

The amended Code was exhibited from 11 March to 19 August 2020. 21 submissions were received, including 11 Precinct Committees, 8 online submissions and 2 written submissions, all by active Committee members including whose own Committee made a submission.

Overall, the submissions largely support the majority of amendments to the Code. In response to the feedback received the Code has been updated as detailed in Attachment 1. These updates are considered minor as outlined in the report. Attachment 2 provides a summary of the submissions received.

It is acknowledged that Stage 2 of the Review is commencing soon, however it is recommended that the final Code (Attachment 1) be adopted to ensure that already identified issues not covered by the current Code (last readopted in 2013) have adequate provisions in place. The Code can be further reviewed in due course, including in response to any agreed changes to the Precinct System as a result of the Review; and following updating of the Precinct System Guidelines at which time some content from the Code can be transferred to the Guidelines, as suggested by the submissions, including the Social Media Guidelines (Appendix A). Therefore, until such time as the Precinct System Guidelines are thoroughly reviewed, it is recommended that the current scope of the Code remain as per Attachment 1.

**Recommending:**

**1. THAT** the final Code of Conduct - Precinct Office Bearers and Members be adopted, per Attachment 1.

**2. THAT** the submissions received be noted.

The Motion was moved by Councillor Brodie and seconded by Councillor Drummond.

The Motion was put and carried.

**Resolved to Recommend:**

**1. THAT** the submissions received be noted.

**2 THAT** the final Code of Conduct - Precinct Office Bearers and Members be adopted, per Attachment 1.

Voting was as follows:

For/Against 7/0

Councillor	Yes	No	Councillor	Yes	No
Gibson	Y		Barbour	Y	
Beregi	Absent		Drummond	Y	
Keen	Y		Gunning	Absent	
Brodie	Y		Mutton	Y	
Carr	Y		Baker	Absent	

The General Manager asked Councillor Barbour if he had any interests to disclose. Councillor Barbour advised that he had no interests to disclose.

The meeting concluded at 6.54pm.

CHAIRPERSON

GENERAL MANAGER

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