



Northern Peninsula Area Regional Council

MINUTES OF NPARC SPECIAL BUDGET MEETING 22nd June 2010 – BAMAGA

Notification Date:	Wednesday 1 st June 2010
Meeting Date	Tuesday 22 nd June 2010
Meeting Location	Bamaga Conference Room
Time	9:00am
Catering	Morning Tea and Lunch will be provided

Mayor and Councillors

Cr Joseph Elu	(Mayor)
Cr Gina Nona	(Division 1)
Cr Peter Lui	(Division 2)
Cr Reg Williams	(Division 3)
Cr Michael Bond	(Division 4)
Cr Jeffrey Aniba	(Division 5)
CEO	Stuart Duncan
Deputy CEO	Danny Sebasio
Finance Manager	Peter Anderson

Welcome and Declare Meeting Open – Mayor

- Apologies
Nil
- Declaration of Conflicts of Interest
Nil

- Declaration of Material Interests
Nil

AGENDA - SPECIAL BUDGET MEETING

Cr Elu -welcome councillors to the first NPARC budget meeting since amalgamation in March 2008 then asked the CEO to take lead in presenting the Budget documents for 2010/2011.

CEO informed Council of the award won by NPARC for the 2010 National Awards for Local Government under the small council category (under 15,000 rateable properties). NPARC is the Category Winner and have won the Asset and Financial Management Award.

That this is a fantastic outcome for this council with the information and photos currently available on the Government website.

Budget 2010/11

CEO tabled budget documents as follows:-

1. Budget Revenue Statement 2010/2011
2. Budget Balance Sheet
3. Budget Income Statement
4. Budget Statement of Cash Flows
5. Projected Revenue and Expenditure Summary
6. Detailed Enterprise Budgets
7. Budget Grant Movements
8. Salaries and Wages Summaries
9. Budget Equity Movements

CEO advised council of the actions and activity needed to get back Council to balance from the expected \$3.0m deficit, and that some difficult decisions would need to come from council. This would involve cutting back on some services and actively seeking additional revenue.

CEO mentioned that the workshops and policing, as examples, cost a significant amount, with no adequate revenue offset.

CEO advised that there would need to be a cutback with consultancy fees.

CEO - mentioned that the Budget would need to come before council at each quarterly meeting, with a full review every 6 months.

CEO- informed council the concerns of what will happen with the removal of the 3years employees' safety net for all workers who were with Council at amalgamation date. There will need to be careful planning to minimise the impact on workers.

CEO - informed council that there was an asset condition assessment and review process following amalgamation which identified a range of assets which were on the books of the legacy Councils, but could not be properly identified. CEO recommended that these assets be written off from the Asset register.

Council agreed that the assets should be written off.

See Resolution Below

Resolution:

Council resolved to confirm the write-off of decommissioned and disposed items and items for which no link was established between the asset registers of the legacy Council and the asset register of NPARC totalling \$5,289,066 as identified in the letter from Cardno of 21/6/2010.

Moved: Cr Bond

Seconded: Cr Williams

Carried: 6/0

Date: 22/06/2010

CEO will prepare a submission to the Minister to seek to recover the \$3.4m which Council has incurred in amalgamation cost, and mayor to sign.

CEO advised that Council will need to locate funds to continue employing workers after March 2011.

Cr Aniba -Does the State Reform Unit have any funds?

CEO - nil

Cr Elu - Council will forward Letter to Queensland Treasurer (Mr Fraser)

Mr Anderson noted that in the past, unspent Special Purpose Grant amounts were treated as liabilities, but now all incoming receipts for all grants are treated as Revenue for the purposes of disclosure.

CEO stated that Council will need to treat it as income, as this was not previously done by the legacy councils.

Mr Anderson informed council there may need to be separate bank accounts -to clearly identify what is General Council Funds, as distinct from Special Purpose funds.

CEO mentioned that the SGFA fund would be divided and adjusted for councillor's remuneration.

Cr Lui -commented that with the current assets, this would provide options for Council to tender for external works.

Cr Bond - Council would have a big Fuel costs

CEO - Council currently have a lot of vehicles and machinery and need to have a fleet that is easy to maintain

Cr Lui -if there is no operational cost? , and then Council should palm it off.

CEO - Council would need to look at a projection for the next 4 years, with an annual increase of 4.5 % to meet the legislative requirement.

CEO informed council that the capital works is not included in this budget and that this budget is purely operational.

He also noted that Council do not have a sinking fund to provide money with which to fund asset replacement. (i.e. Depreciation is also unfunded)

Cr Elu stated that a copy of the closing June bank statement will need to be included in the next meeting papers.

Resolution –

Council resolved to adopt the budget for 2010/11 and for the following three years as presented by the CEO , noting that it forecasts a deficit in 2010/11 in excess of \$3.2M.

Move: Cr Williams

Seconded: Cr Aniba

Carried: 6/0

Date: 22/06/2010

Resolution:

That Council note and accept the Report given by the Chief Executive Officer for the Council Meeting of Tuesday 1st June 2010.

Moved: Cr Lui

Seconded: Cr Bond

Carried: 6/0

Date: 22/06/2010

CEO reminded Council that this Budget document is currently a confidential document and should not be made public.

Meeting Adjourned 11.10am

Meeting Resumed 11:45

Enterprise Divestment

The Mayor welcomed Neil Michel from Enmark P/L and Stephen Devenish from Devenish Lawyers. Both guests have been working towards the divestment of Council enterprises. Cr Elu told the meeting that he believed that any future enterprises created by Council should all have a path toward future divestment. He is sure that the process of Council amalgamation will continue with ever larger local Government entities being created.

He noted that the overriding consideration is control over land.

Mr Michel noted that there was no template for divestment of enterprises. He noted that he had previously been engaged by the State Government to assess the viability of Seisia Enterprises. He noted that sections 491 and 492 of the Local Government Act

1993 allow Councils to divest “Non Current” Assets. The Act is silent on the divestment of Current Assets. Even with the consent within the Act to allow divestment of Non Current Assets, there is no template which gives the “How” to undertake such divestment.

The Queensland Audit Office provides no guidance in advance – however – they will Audit the process and transactions after the event.

Mr Michel offered advice on guiding principles which have been adopted by NPARC:

1. The approach must be open and transparent
2. The policy must apply across all divestments and all communities
3. There is a need to document all assets and all liabilities.

The process will involve:-

1. Transfer Management Rights and underlying liabilities
2. Transfer net current assets across
3. Secure proper land tenure
4. Secure proper lease arrangements

The legal documents necessary include:-

- A divestment agreement
- An Enterprise licence agreement
- A licence to occupy

Mr Michel noted that the legal documents had already been prepared and reviewed. These documents are now “precedent documents”

In terms of the transfer the following principles apply:-

1. Buildings and Infrastructure – will be amortised over 30 years
2. Plant – will transfer at nil value
3. Motor Vehicles – will be transferred at current written down value spread over the period of the lease.

In terms of the divestments for enterprises (other than Seisia) it was suggested that Mr Michel and Mr Devenish visit the NPA and sit in discussion with Community Groups. The aim will be to explain the divestment process to Community Members at a pace which suits them.

Representatives will include :-

Injinoo	Cr Nona, Ms Enid Namok and Rose
Umagico	Cr Lui
New Mapoon	Cr Bond/New Mapoon Enterprises
Bamaga	BEL/Chris Foord

Resolution:

Council resolved that the Technical Advisory Group (TAG) now enter detailed discussions with the duly constituted Community organisations or representatives thereof as outlined in the NPA Regional Council Divestment Program

Moved Cr Lui

Seconded Cr Nona

Carried 6/0

Date - 22/6/2010

Divestment of Seisia Enterprises

Declarations of Personal Interest and Conflict of Interest

Cr Elu declared a material personal interest in the divestment of Seisia Enterprises and undertook to leave the meeting prior to any vote being taken.

Cr Aniba declared a conflict of interest arising from his holding a position of office on the community corporation established to be the recipient of the divested enterprises.

Discussion

Mr Michel discussed the need to re cast the GPS locator readings for the locations of the enterprise property at Seisia. Mr Duncan confirmed that the current GPS readings cover the entire land area rather than the “footprint” of the enterprise buildings/slabs/work areas.

Mr Devenish confirmed that Councils proposed divestment documents had been sent to the Seisia Corporation lawyers.

It was confirmed that all Seisia current employees will be offered their current position as employees of the Seisia Corporation – and until they transfer across, the NPA Regional Council will continue to pay them , and will invoice the Seisia Corporation.

Mr Duncan advised that an employment agreement has been drafted for the Seisia Corporation which mirrors the NPA Regional Council Certified Agreement.

At 1:48 pm Cr Elu retired from the meeting venue and Cr Williams assumed the Chair.

In response to a question from Cr Bond, Mr Devenish explained that the divestment of the Seisia Enterprises was different from the future divestment of New Mapoon Enterprises because with Seisia , the Council was both owner and operator of the

enterprises whereas with New Mapoon, the Council is currently the owner, but someone else operates the businesses.

Cr Williams clarified a matter related to the divestment of the Farm property related to the Seisia Enterprises. He noted that the farm had been purchased by Seisia Enterprises with borrowed funds which had since been repaid from profits of the enterprises. That process was clearly not a Council process and it was agreed that the farm property should be returned to its rightful beneficial owners. The farm will be transferred to the corporation for the sum of \$1.00.

Mr Duncan asked that meetings with Community groups be arranged to minimise the time required of the TAG team – and he further noted that the Community Forums be constituted as “Land Panels” to participate in the briefings.

The meeting then moved to vote on the divestment of the Seisia Enterprises.

Resolution

1. The NPA Regional Council (NPARC) enter into agreements with the Seisia Community Torres Strait Islanders Corporation (SCTSIC) as recommended by NPARC’s legal advisers, namely:
 - Divestment Agreement
 - Enterprise Licence Agreement
 - Licences to Occupy
2. That non-current assets be transferred to Seisia Community Torres Strait Islanders Corporation (SCTSIC) on the basis outlined and in accordance with the documents as prepared by NPARC’s legal advisors;
3. That as Seisia enterprise funds were utilised to acquire the Atherton Tableland properties, that these properties be divested to Seisia Community Torres Strait Islanders Corporation (SCTSIC) for \$1.00.
4. That the current assets as identified as Seisia Enterprises be transferred to Seisia Community Torres Strait Islanders Corporation (SCTSIC) at the same time as liabilities also recognised as Seisia Enterprises (trade creditors, GST liabilities, employee entitlements and TSRA loans for the purchase of Campground Infrastructure be accepted by Seisia Community Torres Strait Islanders Corporation (SCTSIC).
5. That all Seisia Enterprise employees who agree, shall forthwith be employed by Seisia Community Torres Strait Islanders Corporation (SCTSIC).

Moved Cr Lui

In Favour

Seconded Cr Nona

Cr Williams

Cr Nona

Cr Lui

Cr Bond

Cr Aniba

Against Nil

Abstain Cr Elu

Carried 5/0 with 1 Abstention

Dated 22/6/2010

CEO Mr Duncan commended Council on taking its first steps toward the development of an active private sector in the NPA Region.

Cr Williams declared the meeting closed at 2:10pm.

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Next Meeting - Tuesday 6th July 2010 - Cairns