

**INVERELL SHIRE COUNCIL**

**NOTICE OF MEETING**

**ECONOMIC & COMMUNITY SUSTAINABILITY COMMITTEE**

7 April, 2017

An Economic & Community Sustainability Committee Meeting will be held in the Committee Room, Administrative Centre, 144 Otho Street, Inverell on Wednesday, 12 April, 2017, commencing at 10.30am.

Your attendance at this Economic & Community Sustainability Committee Meeting would be appreciated.

**P J HENRY PSM**

**GENERAL MANAGER**

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**A G E N D A**

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<b>SECTION A</b>	<b>APOLOGIES CONFIRMATION OF MINUTES DISCLOSURE OF CONFLICT OF INTERESTS/PECUNIARY AND NON-PECUNIARY INTERESTS BUSINESS ARISING FROM PREVIOUS MINUTES</b>
<b>SECTION B</b>	<b>ADVOCACY REPORTS</b>
<b>SECTION C</b>	<b>COMMITTEE REPORTS</b>
<b>SECTION D</b>	<b>DESTINATION REPORTS</b>
<b>SECTION E</b>	<b>INFORMATION REPORTS</b>
<b>SECTION F</b>	<b>GENERAL BUSINESS</b>
<b>SECTION H</b>	<b>GOVERNANCE REPORTS</b>
<b>SECTION G</b>	<b>CONFIDENTIAL MATTERS (COMMITTEE-OF-THE-WHOLE)</b>

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## Quick Reference Guide

Below is a legend that is common between the:

- Inverell Shire Council Strategic Plan
- Inverell Shire Council Delivery Plan
- Inverell Shire Council Management Plan.

<i><b>Destinations</b></i>	<i><b>Icon</b></i>	<i><b>Code</b></i>
<p><b>1. A recognised leader in a broader context.</b></p> <p>Giving priority to the recognition of the Shire as a vital component of the New England North West Region through Regional Leadership.</p>		<b>R</b>
<p><b>2. A community that is healthy, educated and sustained.</b></p> <p>Giving priority to the Shire as a sustainable and equitable place that promotes health, well being, life long learning and lifestyle diversity.</p>		<b>C</b>
<p><b>3. An environment that is protected and sustained.</b></p> <p>Giving priority to sustainable agriculture, the protection and conservation of rivers, waterways bio diversity and the built environment.</p>		<b>E</b>
<p><b>4. A strong local economy.</b></p> <p>Giving priority to economic and employment growth and the attraction of visitors.</p>		<b>B</b>
<p><b>5. The Communities are served by sustainable services and infrastructure.</b></p> <p>Giving priority to the provision of community focused services and the maintenance, enhancement and upgrade of infrastructure.</p>		<b>S</b>

# ECONOMIC & COMMUNITY SUSTAINABILITY COMMITTEE MEETING

Wednesday, 12 April, 2017

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MINUTES OF THE ECONOMIC & COMMUNITY SUSTAINABILITY COMMITTEE  
MEETING HELD IN THE COMMITTEE ROOM, INVERELL SHIRE COUNCIL, 144  
OTHO STREET, INVERELL ON WEDNESDAY, 8 MARCH, 2017, COMMENCING  
AT 10.30AM.

PRESENT: Cr J A Watts (Chairperson), Crs P J Harmon, P A King, A A Michael  
and C M Dight.

Also in attendance: Crs D F Baker, S J Berryman, J N McCosker  
and M J Peters.

Paul Henry (General Manager), Ken Beddie (Director Corporate and  
Economic Services), Brett McInnes (Director Civil and Environmental  
Services) and Stephen Golding (Executive Manager Corporate and  
Community Services).

SECTION A

APOLOGIES:

There were no apologies received.

1. CONFIRMATION OF MINUTES

*RESOLVED (King/Michael) that the Minutes of the Economic and Community  
Sustainability Committee Meeting held on 8 February, 2017 as circulated to  
members, be confirmed as a true and correct record of that meeting.*

2. DISCLOSURE OF CONFLICT OF INTERESTS/PECUNIARY AND NON-  
PECUNIARY INTERESTS

The following interests were declared:

- Cr Watts declared a non-pecuniary interest in Section D, Destination Reports,  
Item 1, 'Inverell District Family History Group' proposal. The nature of the interest  
relates to Cr Watts being an ad hoc volunteer of this group.

SECTION B  
ADVOCACY REPORTS

Cr Michael Community Safety Precinct Committee Meeting

Cr Michael recently attended a Community Safety Precinct  
Committee Meeting. At this meeting local drug issues were  
discussed, including the major drug Ice. It was advised that there is  
an increasing trend of issues relating to the usage and impacts of Ice  
in the community.

Cr Michael advised that a new Police Domestic Violence Officer is  
now stationed at Armidale.

Cr Michael noted that there appears to be no definitive answer  
regarding the upgrade of Inverell Police Station. Inverell Police  
staffing levels are currently stable.

Cr Dight Cultural Committee Meeting

Cr Dight noted the Cultural Committee are to develop an Inverell  
Cultural Group Plan that will be submitted to Council for  
consideration and possible inclusion in Inverell Shire Council's

Cultural Plan.

Cr Watts      Delungra Fundraiser for Logan Taylor

Cr Watts advised of the successful fund raiser, monster raffle and auction, which were recently held at Delungra in support of Logan Taylor.

## SECTION D

### DESTINATION REPORTS

DCS-A 1. INVERELL DISTRICT FAMILY HISTORY GROUP (IDFHG) PROPOSAL  
S3.6.1/10

Having previously declared a non-pecuniary interest in this matter, Cr Watts did not participate in the vote in respect of this matter.

*RESOLVED (Harmon/King) that the Committee recommend to Council that:*

- i) Council provide 'in principle' support for the proposal,
- ii) A Sunset Committee be established to consider the infrastructure and operation issues and form a position in respect of these issues and that this position include the preparation of a draft Memorandum of Understanding for Council's consideration,
- iii) The Sunset Committee consult with the IDFHG during its deliberations,
- iv) Cr Baker be a member of the Sunset Committee, and
- v) Council seeking funding opportunities for the capital cost.

CSOT-A	2.	<u>DONATION REQUEST – DELUNGRA SENIOR CITIZENS CLUB</u> S12.22.1
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*RESOLVED (Michael/Dight) that as per Council policy, a donation of \$200.00 be granted.*

3. NATIONAL TRANSPORT MUSEUM S8.5.9

*RESOLVED (Harmon/Michael) that the matter be referred to Closed Council for consideration as:*

- i) *the matters and information are 'commercial information of a confidential nature that would, if disclosed, prejudice the commercial position of the person who supplied it.' (Section 10A(2)(d)(i) of the Local Government Act, 1993);*
- ii) *on balance the public interest in preserving the confidentiality of the information outweighs the public interest in openness and transparency in Council decision-making by discussing the matter in open meeting; and*
- iii) *all reports and correspondence relevant to the subject business be withheld from access to the media and public as required by section 11(2) of the Local Government Act, 1993.*

## SECTION E

### INFORMATION REPORTS

1. TOURISM AND MARKETING UPDATE S8.12.4/05

2. 2016 GENERAL REVALUATION OF LAND VALUES S25.12.11

*RESOLVED (Michael/Harmon) that the items contained in the Information Reports to the Economic & Community Sustainability Committee Meeting held on Wednesday, 8 March, 2017, be received and noted.*

SECTION F  
QUESTIONS WITHOUT NOTICE

Cr Baker Inverell Library 3-D Printer

Cr Baker advised the Committee of the Library's procurement of a 3D Printer and an iPhone Virtual Reality Headset.

The Library will be launching a display of this new equipment on Thursday, 16 March, 2017.

SECTION G  
CONFIDENTIAL REPORTS IN CLOSED COMMITTEE  
(SECTION 10A(2) OF THE LOCAL GOVERNMENT ACT 1993)

At 11.05am, the Chairperson offered the opportunity to members of the public to make representations as to whether any part of the Committee Meeting should not be considered in Closed Committee. There was no response from the public.

CLOSED COMMITTEE REPORTS

*RESOLVED (Michael/Harmon) that the Committee proceed into Closed Committee to discuss the matters referred to it, for the reasons stated in the motions of referral.*

Upon resuming Open Committee at 11.27am, the Chair verbally reported that the Committee, with the Press and Public excluded, having considered the matters referred to it, recommends as follows:

DCS-A 1. NATIONAL TRANSPORT MUSEUM S8.5.9

*That the Committee recommend to Council that:*

- i) Option 2 be adopted being a 50% reduction in the License Fee for a period of two (2) years commencing from 1 July, 2016, with the License Period to be extended by a further 12 months to recoup this amount; and*
- ii) The matter be reviewed in 12 months time and include a review of the Museum's Financial Results.*

ADOPTION OF RECOMMENDATION

*RESOLVED (Michael/Harmon) that the recommendation from Closed Committee be adopted.*

There being no further business, the meeting closed at 11.28am.

CR J A WATTS

CHAIRPERSON

**TO ECONOMIC & COMMUNITY SUSTAINABILITY COMMITTEE MEETING 12/4/2017**

<b>ITEM NO:</b>	1.	<b>FILE NO:</b> S26.5.10	
<b>DESTINATION 2 DESTINATION 3 DESTINATION 5:</b>	A Community that is healthy, educated and sustained. An environment that is protected and sustained. The Communities are served by sustainable services and infrastructure.		<b>CES</b>
<b>SUBJECT:</b>	<b>PUBLIC ART SUNSET COMMITTEE MEETING MINUTES – 23 FEBRUARY 2017</b>		
<b>PREPARED BY:</b>	Sharon Stafford, Executive Assistant		

**SUMMARY:**

Meeting held on Thursday, 23 February, 2017.

For the consideration of Council.

**COMMENTARY:**

**MINUTES OF THE PUBLIC ART SUNSET COMMITTEE MEETING HELD IN THE COMMITTEE ROOM, ADMINISTRATIVE CENTRE, 144 OTHO STREET, INVERELL ON THURSDAY, 23 FEBRUARY, 2017, COMMENCING AT 7.30 AM.**

**PRESENT:** Cr A Michael [Chairperson], Mrs J Williams, Mr P Caddey, Mr G Newley and

Also in attendance: Paul Henry (General Manager).

**SECTION A****APOLOGIES:**

*RESOLVED (Caddey/Newley) that the apology from Ian Hooker be accepted.*

**CONFIRMATION OF MINUTES**

*RESOLVED (Caddey/Newley) that the Minutes of the Public Art Sunset Committee Meeting held on 2 June, 2016, as circulated to members, be confirmed as a true and correct record of that meeting.*

**AGENDA ITEMS****1. BLUE FACETS SCULPTURE**

The Committee was advised that concrete stenciling of the inner annulus of the roundabout will be undertaken by a local contractor when available.

The issue of providing a Didactic plaque area in Bicentennial Park was discussed. It was recognised that value would be added to the sculpture in the roundabout if this interpretive area was established.

*RESOLVED (Newley/Williams) that an estimate of cost be prepared for the construction of an interpretive didactic area in Bicentennial Park for the sculpture, 'Blue Facets'.*

## 2. CHRISTMAS DECORATIONS

The Committee discussed the vandalism of the current Christmas decorations and the prompt response of local Police to the issues.

The issues associated with affixing power to the decorations was discussed. Arrangements will be made for the decorations to be 'turned off' on 7 January, 2018.

The suggested treatments for the 2017 Christmas was discussed and the preferred approach is to:

- a) Decorate the roundabouts at Byron/Vivian Streets and Byron/Lawrence Streets,
- b) The preferred treatment is 1 x medium and 2 x small 'Gift Boxes' (red/gold) at Byron/Lawrence Streets, and 3 x 'Three Dimension Stars' at Byron/Vivian Streets.

Action Required: Mr P Caddey to obtain costs of this preferred treatment and present these costs to the next meeting of the Committee.

## 3. KURRAJONG POPPIES

The Committee was advised that McLachlans Smash Repairs had provided a quote to repaint the Poppy Sculpture in order for the structure to be permanently located in an outdoor location.

*RESOLVED (Williams/Caddey) that the conditional quote of \$1,200 be accepted.*

## 4. PUBLIC ART PROJECT

The Committee discussed the possible 'sites' that could be treated with public art, including:

- Street light poles
- Bus shelters
- Cinema wall (Lawrence Street)
- Entry to laneways
- Suspension Bridge 'Cage'
- Mid block blisters
- Bicentennial Memorial walls

Consideration was given to the use of a blue/grey colour scheme on street furniture in the CBD to provide an enhanced vibrancy.

*RESOLVED (Caddey/Newley) that the following actions be taken:*

- a) seek Council approval to utilise the concrete outer walls of the Bicentennial memorial as an 'artists canvas',



- b) *The surface of the walls be inspected to ascertain suitability for this project, and*
- c) *The method of selecting an artist/s be considered at the next meeting of the Committee.*

#### GENERAL BUSINESS

Nil.

#### NEXT MEETING

The next meeting will be held on a date to be advised.

There being no further business, the meeting closed at 8.40 am.

#### **RECOMMENDATION:**

*That:*

- i) *the Minutes of the Public Art Sunset Committee Meeting held on Thursday, 23 February, 2017, be received and noted; and*
- ii) *the following recommendation of the Public Art Sunset Committee be considered by Council:*

##### 1. BLUE FACETS SCULPTURE

*That an estimate of cost be prepared for the construction of an interpretive didactic area in Bicentennial Park for the sculpture, 'Blue Facets'.*

##### 2. KURRAJONG POPPIES

*That Council accept the conditional quote of \$1,200 to repaint the poppies sculpture.*

##### 3. PUBLIC ART PROJECT

*That the following actions be undertaken:*

- i) *That Council utilise the concrete outer walls of the Bicentennial Memorial as an 'artist's canvas';*
- ii) *The surface of the walls be inspected to ascertain suitability for this project; and*
- iii) *The method of selecting an artist/s be considered at the next meeting of the Committee.*

TO ECONOMIC & COMMUNITY SUSTAINABILITY COMMITTEE MEETING 12/4/2017

<b>ITEM NO:</b>	1.	<b>FILE NO:</b> S15.8.7/09
<b>DESTINATION 5:</b>	The communities are served by sustainable services and infrastructure	<b>S</b>
<b>SUBJECT:</b>	<b>DONATION REQUEST – INVERELL ANGLERS ASSOCIATION</b>	
<b>PREPARED BY:</b>	Alice Holton, Corporate Support Officer - Telephonist	

**SUMMARY:**

Council has received a request from Inverell Anglers Association, seeking a donation for their annual restocking activities. The Committee is asked to consider this request.

**COMMENTARY:**

Council has received a request from Warren Anderson, Secretary of the Inverell Anglers Association, asking if Council will provide a donation to their restocking activities.

Each year, the Association's volunteers travel to Dutton's Trout Hatchery, Ebor, to collect trout fry for restocking rivers and streams in Inverell Shire. The Club is solely responsible for the stocking of trout fry in the Macintyre catchment. This compliments restocking programs led by other local fishing clubs, which release Golden Perch and Murray Cod fingerlings.

Councillors may be aware that Council has provided a \$200 donation to the club for three (3) of the last five (5) years.

**RELATIONSHIP TO STRATEGIC PLAN, DELIVERY PLAN AND OPERATIONAL PLAN:**

**Strategy:** S.03 Council provides equitable services, consistent with available resources and priorities to meet the Shire's identified needs and preferences.

**Term Achievement:** S.03.01 Services and programs that Council provides are determined based on equity, customer requirements and community benefits, best value and excellence.

**Operational Objective:** S.03.01.01 Appropriate services and programs are selected based on considerations of equity, best value, relevance and benefit to the community.

**POLICY IMPLICATIONS:**

Management Policy: Donation Policy – 'The purpose of providing Donations from public funds is to help promote or assist individuals or organisations for which there is a recognised public benefit. Generally the maximum donation provided will be \$200.00'.

**CHIEF FINANCIAL OFFICERS COMMENT:**

Nil.

**LEGAL IMPLICATIONS:**

Nil.

**POLICY IMPLICATIONS:**

Nil.

**CHIEF FINANCIAL OFFICERS COMMENT:**

Council provides an annual allocation of \$2K for Fish Restocking with local fishing clubs. Council has previously provided local fishing clubs with donations of up to \$500.00, noting the economic / tourism benefit of Fish Restocking Programs.

**LEGAL IMPLICATIONS:**

Nil.

**RECOMMENDATION:**

*A matter for the Committee.*

<b>ITEM NO:</b>	2.	<b>FILE NO:</b> S5.10.52 and S5.10.137
<b>DESTINATION 5:</b>	The communities are served by sustainable services and infrastructure.	<b>S</b>
<b>SUBJECT:</b>	<b>EXPIRING LICENCE AGREEMENTS</b>	
<b>PREPARED BY:</b>	Alice Holton, Corporate Support Officer - Telephonist	

**SUMMARY:**

The Committee is advised of two (2) Licence Agreements that are due to expire 30 June, 2017. The Committee is requested to consider the Licence holders for new Agreements.

**COMMENTARY:**

Two (2) Licence Agreements are due to expire 30 June, 2017. The listed Licence Agreements herein have been audited for compliance of Licence conditions and payment of associated fees.

All have been found to be compliant to the required conditions and to meeting Council's expectation of maintaining the quality of Council land.

It is noted that the licences are issued subject to the licensee providing Public Liability Insurance for \$10M. These Policies now cost over \$500 p.a.

The Committee is asked to consider the following Licence holders to be offered new Agreements, under the same terms and conditions for a three (3) year period with a three (3) year option.

5.10.52	Joseph and Samone Bell	01/07/15 – 30/06/17
5.10.137	Mr Colin Moore	01/07/15 – 30/06/17

1. Licence Agreement – Joseph and Samone Bell, Lot 10, DP 1123056, Taylor Avenue, Inverell



The authorised use of the land is for grazing purposes. Public Liability insurance is required to the amount of \$10M.

An inspection of the area confirms use is in accordance with the Licence Agreement.

Last amount billed \$604.28 (GST Inclusive).

**RECOMMENDATION:**

*That the Committee recommend to Council that:*

- i) Council renew the agreement with Joseph and Samone Bell for a further two (2) year period with a further two (2) year option under the same terms and conditions;*
- ii) The licence fee be \$622.40 (inclusive of the 3% increase on 16/17 figure) per annum (GST Inclusive) with a 3% increase per consecutive annum; and*
- iii) The Licence Agreement be subject to any other terms and conditions as negotiated by Council's General Manager.*



2. Licence Agreement, Mr Colin Moore, Part Unformed Laneway Adjacent to Lot 1, DP 161692 and Lot 5, Sec 8, DP 448428, Inverell.



The authorised use of the land is for the purpose of maintaining the vegetation on the parcel of land and incorporating this land as an extension of his yard area

An inspection of the area confirms use is in accordance with the Licence Agreement.

Last amount billed \$206.00 (GST Inclusive).

**RECOMMENDATION:**

*That the Committee recommend to Council that:*

- i) Council renew the agreement with Mr Colin Moore for a further two (2) year period with a further two (2) year option under the same terms and conditions;
- ii) The licence fee be \$212.18 (inclusive of the 3% increase on 16/17 figure) per annum (GST Inclusive) with a 3% increase per consecutive annum; and
- iii) The Licence Agreement be subject to any other terms and conditions as negotiated by Council's General Manager.

<b>ITEM NO:</b>	3.	<b>FILE NO:</b> S13.1.1
<b>DESTINATION 5:</b>	The communities are served by sustainable services and infrastructure	<b>S</b>
<b>SUBJECT:</b>	<b>BOUNDARY ADJUSTMENT WITH ARMIDALE REGIONAL COUNCIL</b>	
<b>PREPARED BY:</b>	Paul Henry, General Manager	

**SUMMARY:**

The purpose of this report is to update Councillors on the various matters around this issue.

**COMMENTARY:**1. Survey Area

The Administrator, Dr Ian Tiley, surveyed the 41 property owners in the area south west of Tingha to ascertain their intentions regarding a 'preferred boundary' between Inverell and Armidale Council.

At the close of the response period, Armidale Regional Council advised that a total of 22 property owners accepted the invitation to express their view. A total of 18 respondents advised that they wished to be part of Inverell Shire Council, and 4 respondents expressed a wish to remain in the Armidale Regional Council area.

The results of this survey will be presented to the April Meeting of Armidale Regional Council for determination and Council now awaits Dr Tiley's decision on whether this area will be ceded to Inverell Shire.

2. The New Valley Road/Moredun Creek Area

Due to the level of media coverage given to the abovementioned surveying of residents in the area to the south west of Tingha, some residents of the New Valley Road/Moredun Creek area have also expressed a wish to be transferred to Inverell Shire Council.

At the time of writing this report, correspondence has been received from 8 property owners requesting Council to champion the transfer of their properties to Inverell Shire Council.

No detailed analysis of the implications of this request has been made as the Administrator has announced on several occasions that he will not countenance transferring properties from this area to Inverell Shire. As a result, no requests have been made to Armidale Regional Council for details of rate income/assets/service levels to help assess the possible implications of expanding the area of a boundary adjustment between the two (2) Councils.

A copy of the eight requests have been forwarded to Armidale Regional Council for consideration. This issue will also be reported to the Administrator at the April meeting of Armidale Regional Council. Councillors are requested to determine if it wishes to acknowledge the expressed position of the residents and seek to hold discussions with Armidale Regional Council on the inclusion of this area within Inverell Shire.

A map which highlights the location of the properties owned by the 8 correspondents will be displayed at today's meeting.

**RELATIONSHIP TO STRATEGIC PLAN, DELIVERY PLAN AND OPERATIONAL PLAN:**

**Strategy:** S.02 Council displays leadership, community engagement and collaboration with others.

**Term Achievement:** S.02.01 Council is managing its statutory requirements and the needs of a participatory community in a transparent and balanced way.

**Operational Objective:** S.02.01.01 Develop, review and monitor policies and procedures to enable the organisation to engage more effectively with the community while meeting its statutory and public interest obligations.

**POLICY IMPLICATIONS:**

Nil.

**CHIEF FINANCIAL OFFICERS COMMENT:**

Nil.

**LEGAL IMPLICATIONS:**

Nil.

**RECOMMENDATION:**

*A matter for the Committee.*

<b>ITEM NO:</b>	4.	<b>FILE NO:</b> S4.14.4/03
<b>DESTINATION 5:</b>	The communities are served by sustainable services and infrastructure	<b>S</b>
<b>SUBJECT:</b>	<b>AASB 124 RELATED PARTY TRANSACTIONS</b>	
<b>PREPARED BY:</b>	Paul Pay, Manager Financial Services	

**SUMMARY:**

Effective 1 July 2016 Australian Accounting Standard 124 (AASB 124) came into effect with local government authorities now required to identify and disclose related party transactions between it and its related parties that are individually or collectively material.

The purpose of the Key Management Personnel (KMP) - Related Party Transaction Policy – Appendix 1 (D36-D60) is to provide a framework for Council's compliance with AASB 124.

**COMMENTARY:**

All councils in New South Wales must produce annual financial statements that comply with Australian Accounting Standards.

Effective 1 July, 2016, Australian Accounting Standard 124 (AASB 124) came into effect, with local government authorities now required to identify and disclose related party transactions between it and its related parties, that are individually or collectively material.

The Objective of the standard is to ensure that Council's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

As a result, Council must disclose Related Parties of Key Management Personnel (KMP) and all material and significant Related Party Transactions including outstanding balances and commitments, in its Annual Financial Statements commencing with the reporting period ending 30 June 2017.

The impact of AASB 124 will be on the disclosures within the Annual Financial Statements; there is no financial impact on Council's reported financial position or performance.

Council staff have prepared a draft "KMP-Related Parties Transactions Policy" for the purpose of defining who are KMPs, the parameters for Related Party Transactions and the level of disclosure and reporting required for Council to achieve compliance with the AASB 124. This Policy is modelled on the NSW Auditor General's "KMP-Related Parties Transactions Policy".

KMP's are defined as those persons who have authority and responsibility, either directly or indirectly, for planning, directing and controlling the activities of the Council.

Based on advice received from the Office of Local Government, KMP's for the Council are considered to include:

- Mayor;
- Councillors;
- General Manager;
- Director of Corporate and Economic Services; and
- Director Civil and Environmental Services.

To assist Council to comply with AASB 124, Council's KMP will be required to declare full details of any Related Parties and Related Party Transactions. Once the KMP-Related Party Transactions Policy is adopted, KMP's will be required to complete section 1 of Attachment C and return to Council's Responsible Accounting Officer by 10 May 2017. Section 2 of Attachment C will be distributed early July for completion by 31 July to allow for preparation of the 2016-2017 Financial Reports.

The Code of Accounting Practice and Financial Reports defines a related party transaction as 'a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.'

Council will need to disclose the nature of the relationship with the related party, as well as sufficient information about the transactions and outstanding balances, including commitments, necessary for users of the financial statements to understand the potential effect of the relationship on the financial statements.

Information provided by KMP's and other related parties will be held for the purpose of compliance with Council's legal obligations and shall be disclosed where required for compliance or legal reasons only. KMP compensation will be disclosed on an aggregate basis only (KMP will not be named).

#### **RELATIONSHIP TO STRATEGIC PLAN, DELIVERY PLAN AND OPERATIONAL PLAN:**

**Strategy:** S.01 Sound Local Government Administration, Governance and Financial Management are provided.

**Term Achievement:** S.01.01 Council has implemented leading practice ethical and corporate governance standards.



**Operational Objective:** S.01.01.02 To provide robust governance and administrative systems which ensure the ongoing health and stability of Council, the discharge of statutory and governance responsibilities, proper reporting and the efficient use of Council's resources.

**POLICY IMPLICATIONS:**

Council must comply with AASB 124. This requires Council to declare, where necessary, details of any Related Parties and Related Party Transactions in Council's Annual Financial Statements.

**CHIEF FINANCIAL OFFICERS COMMENT:**

AASB 124 requires an additional disclosure in the notes to Council's Financial Statements, titled "Note 28 – Related Party Transactions" for the period ending 30 June 2017. This will not impact Council's financial result and comparatives are not required

Any financial implications will relate to indirect costs associated with researching, collecting and recording information which are expected to be minimal

**LEGAL IMPLICATIONS:**

Council and its Key Management Personnel must comply with AASB 124 and the NSW Office of Local Government requirements.

**RECOMMENDATION:**

*That the Committee recommend to Council that:*

- i) Council adopt the Key Management Personnel (KMP) - Related Party Transactions Policy; and*
- ii) Council's Key Management Personnel, in accordance with section 10 of the policy, complete section 1 of Attachment C and return to Council's Responsible Accounting Officer by 10 May, 2017.*

<b>ITEM NO:</b>	5.	<b>FILE NO:</b> S10.10.3
<b>DESTINATION 5:</b>	The communities are served by sustainable services and infrastructure	<b>S</b>
<b>SUBJECT:</b>	<b>VOLUNTEER RESCUE ASSOCIATION EMERGENCY RADIO FACILITY</b>	
<b>PREPARED BY:</b>	Ken Beddie, Director Corporate and Economic Services	

**SUMMARY:**

Council has received a request from the Inverell Volunteer Rescue Association (VRA) to be provided with access to Council's Uambi Radio Repeater site on Old Bundarra Road. The Committee is asked to consider the request.

**COMMENTARY:**

Council has received a request from the Inverell VRA to be provided with access to Council's Uambi Radio Repeater site on Old Bundarra Road. The request is as follows:

*Inverell VRA, along with all New South Wales Volunteer Rescue Association squads are allowed the privilege of operating on the NSW Police radio network. As the NSW Police radio network is being changed to a digital network to allow for confidentiality, the NSW VRA squads are losing the Police radios from their vehicles. This has already happened in the southern and coastal areas of New South Wales and our area is soon to follow. This has meant that the NSW VRA radio network needs to be upgraded by installing repeaters to allow VRA squads to keep operating and maintain public safety and welfare during times of emergency.*

*Inverell VRA has been allocated two VHF frequencies to use in a repeater station and the preferred site for the installation is the Uambi repeater site. The frequencies allocated by the Australian Communications and Media Authority will not interfere with any other radio networks in the Inverell area. We, at Inverell VRA, are requesting permission to install our repeater at the Uambi site. The installation will be carried out by fully licensed technicians and will conform to all legal requirements.*

*Your co operation in this matter will greatly assist Inverell VRA in allowing us to keep operating and be of benefit to the Inverell community.*

This matter has been reviewed by Council staff who have advised that the VRA's Radio Equipment can be accommodated at the Uambi Site and that the proposed equipment will not negatively impact Council's Radio System.

Accordingly, noting the valuable service the Inverell VRA provides to the Community, it is recommended that the Inverell VRA be granted a Licence to access Council's Uambi Radio Repeater Site. It is proposed that the Licence Fee be \$1.00 per year payable on request and other terms and conditions be as determined by the General Manager on a 5-year basis with a 5-year option.

**RELATIONSHIP TO STRATEGIC PLAN, DELIVERY PLAN AND OPERATIONAL PLAN:**

**Strategy:** S.08 Civil infrastructure is secured, maintained and used to optimum benefit.

**Term Achievement:** S.08.01 An asset management strategy is in operation for civil infrastructure that optimises its use and maintains it to agreed standards fit for its contemporary purpose.

**Operational Objective:** S.08.01.01 An Asset Management Strategy for Civil assets is developed, maintained and implemented.

**POLICY IMPLICATIONS:**

Nil

**CHIEF FINANCIAL OFFICERS COMMENT:**

Nil

**LEGAL IMPLICATIONS:**

Nil

**RECOMMENDATION:**

*That noting the valuable service the Inverell VRA provides to the Community, it is recommended that:*

- a) *The Inverell VRA be granted a Licence to access to Council's Uambi Radio Repeater Site;*
- b) *The annual Licence Fee be \$1.00 per year, payable on request; and*
- c) *The licence be subject to any other appropriate terms and conditions as determined by the General Manager.*

<b>ITEM NO:</b>	6.	<b>FILE NO:</b> DA-181/2016
<b>DESTINATION 5:</b>	The communities are served by sustainable services and infrastructure.	<b>S</b>
<b>SUBJECT:</b>	<b>DA 181/2016 - DISCUSSION WITH DEVELOPER</b>	
<b>PREPARED BY:</b>	Paul Henry, General Manager	

**SUMMARY:**

Discussion with the sole Director of Hong Yuen Plaza 'HYP' Trust was held in relation to the developer satisfying conditions of consent in respect of DA-181/2016. Council is being asked to consider a confidential report which provides details of the outcome of the discussions.

**COMMENTARY:**

*Local Government Act 1993 (the Act), and the Local Government (General) Regulation 2005 makes provision for the closure of meetings to the public and media in specified circumstances. In particular s.10A of the Act provides that Council may close to the public and media so much of a meeting as relates to the discussion and consideration of information identified in s.10A(2). The matters which may be closed to the public and media, as stated in the Act, must involve:*

- (a) *Personnel matters concerning particular individuals (other than councillors).*
- (b) *The personal hardship of any resident or ratepayer.*
- (c) *Information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.*
- (d) *Commercial information of a confidential nature that would, if disclosed:*
  - (i) *prejudice the commercial position of the person who supplied it, or*
  - (ii) *confer a commercial advantage on a competitor of the council, or*
  - (iii) *reveal a trade secret.*
- (e) *Information that would, if disclosed, prejudice the maintenance of law.*
- (f) *Matters affecting the security of the council, councillors, council staff or council property.*
- (g) *Advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings on the grounds of legal professional privilege.*
- (h) *Information concerning the nature and location of a place or an item of Aboriginal significance on community land.*

In considering whether to close a part of a meeting to the public and media, Councillors are also reminded of further provisions of s.10D of the Act which states:

**Grounds for closing part of meeting to be specified**

- (1) *The grounds on which part of a meeting is closed must be stated in the decision to close that part of the meeting and must be recorded in the minutes of the meeting.*
- (2) *The grounds must specify the following:*

- (a) *the relevant provision of section 10A (2),*
- (b) *the matter that is to be discussed during the closed part of the meeting,*
- (c) *the reasons why the part of the meeting is being closed, including (if the matter concerned is a matter other than a personnel matter concerning particular individuals, the personal hardship of a resident or ratepayer or a trade secret) an explanation of the way in which discussion of the matter in an open meeting would be, on balance, contrary to the public interest.*

Having regard for the requirements stated in s.10D of the Act Councillors should note that the matter listed for discussion in Closed Committee includes information provided by the applicants which is considered to be commercially sensitive.

The recommendation that this item of business be considered in Closed Committee is specifically relied on section 10A(2)(d)(i) of the Act as consideration of the matter involves:

- a) Commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it, and
- b) On balance, the public interest in preserving the confidentiality of the matter outweighs the public interest in openness and transparency in Council decision-making by discussing the matter in open meeting.

**RELATIONSHIP TO STRATEGIC PLAN, DELIVERY PLAN AND MANAGEMENT PLAN:**

**Strategy:** S.05 Attractive and vibrant town centres, local centres and community meeting places are provided.

**Term Achievement:** S.05.01 Local centres, community facilities and prominent meeting places are increasingly valued and recognised by the community as a focus of their village and feature of the Shire.

**Operational Objective:** S.05.01.01 Engage the Shire's communities in identifying and creating community places that are valued and used.

**POLICY IMPLICATIONS:**

Nil.

**CHIEF FINANCIAL OFFICERS COMMENT:**

Nil.

**LEGAL IMPLICATIONS:**

Nil.

**RECOMMENDATION:**

*That the matter be referred to Closed Council for consideration as:*

- i) the matters and information are 'commercial information of a confidential nature that would, if disclosed, prejudice the commercial position of the person who supplied it.' (Section 10A(2)(d)(i) of the Local Government Act, 1993);*
- ii) on balance the public interest in preserving the confidentiality of the information outweighs the public interest in openness and transparency in Council decision-making by discussing the matter in open meeting; and*

*iii) all reports and correspondence relevant to the subject business be withheld from access to the media and public as required by section 11(2) of the Local Government Act, 1993.*

<b>ITEM NO:</b>	7.	<b>FILE NO:</b> S12.5.3
<b>DESTINATION 5:</b>	The communities are served by sustainable services and infrastructure	<b>S</b>
<b>SUBJECT:</b>	<b>2017/2018 DRAFT ESTIMATES AND OPERATIONAL PLAN, AND LONG TERM FINANCIAL PLAN</b>	
<b>PREPARED BY:</b>	Paul Henry, General Manager	

#### **SUMMARY:**

The purpose of this report is to consider the draft 2017/2018 Operational Plan and Budget, the Long Term Financial Plan and the Road Infrastructure Asset Management Plans, and to make a recommendation to Council in this matter.

#### **COMMENTARY:**

This report on the draft 2017/18 Operational Plan and Budget, the Long Term Financial Plan and Road Infrastructure Asset Management Plan has been structured differently to previous years. This restructured report is required due to the presentation of two (2) options in respect of the General Activities.

#### 1. Budget Principles

Council operates three (3) Activities – General, Water and Sewerage. The following principles have been applied to the budgets for each of these activities:

- i) A 'Balanced Budget' has been presented.
- ii) Funding of the maintenance of existing facilities has been given precedence over capital infrastructure. As a result, maintenance votes in all areas have been maintained, at least, at 2016/17 levels.

#### 2. General Activities Budget Options

This report provides Council with two (2) options for the General Activities. The options are:

- i) The 'Fit the Future (FFF) Roadmap' Scenario – based on the Special Rate Variation (SRV) application of 14.25% (14/94% cumulative) over three (3) years, and
- ii) The 'Rate Peg' Scenario – based on a rate peg limit of 1.5% for 2017/2018.

The two (2) options have been prepared as the outcome of the SRV Application will not be received from IPART until 16 May 2017.

Details of these options are disclosed later in this report.

#### 3. Background Factors

The Budgets for the various activities have been prepared against a background of a number of key matters. These matters are:

a) Fit for the Future Roadmap

Council's FFF Roadmap required that Council implement a number of Key Improvement Actions commencing in 2016/2017. These actions included:

1. Review of Fees and Charges completed annually.
2. Solar Energy Systems installed at Inverell Pool and SES Facilities.
3. GPS Tracking devices installed in the remainder of Council's Plant Fleet to promote operational efficiencies.
4. Special Rate Variation Application prepared and approved to commence in 2017/2018.
5. Special Road Renewal Infrastructure Backlog Program completed.
6. Review of Council's Long Term new Infrastructure needs to support its growing community completed.
7. Annual Review of Operational Efficiency/Effectiveness Program conducted.

These actions have been progressed in the following manner since October, 2015 (when the Roadmap was approved by IPART):

- i) A full review of Council's Long Term Financial Plan, Fees and Charges and Council's Operational Efficiency/Effectiveness Program was conducted in the preparation of the 2016/2017 Operational Plan and Budget. A funding allocation was provided in the 2016/2017 Budget for the continued roll out of GPS Tracking Devices for Council's Plant Fleet.
- ii) In respect of these actions it is noted that as the NSW SES are now responsible for the payment of Electricity Charges for SES facilities with Council only contributing 11.3% to the costs. Accordingly the SES Solar Energy Project was moved to the Inverell Art Gallery and matched with Grant Funding to deliver a Solar Energy System at the Gallery, where Council is responsible for the full electricity costs.
- iii) GPS tracking has been installed in an additional 40 vehicles. 20 of the targeted plant items remain to be treated.
- iv) The Council will be aware that the Special Road Renewal Infrastructure Backlog Program is in progress and will be completed early in 2017/2018 having been delayed by the continuing wet weather.
- v) A further review of the Long Term Financial Plan has now been conducted, noting that a range of issues have arisen since June, 2016.
- vi) The review of the Efficiency and Effectiveness Program continues.

The only remaining action to be addressed is then, the FFF Roadmap SRV. The required Application has been lodged with IPART for approval.

The FFF Roadmap requires that for Council to meet the State Government's FFF Program Performance Benchmarks, to be financially sustainable in the short, medium and long term and to meet the community's current ongoing Service Delivery and Infrastructure needs, that a permanent (Section 508A, *Local Government Act, 1993*) 14.25% Special Rate Variation (SRV) (14.94% cumulative) above the IPART Rate Peg is required to be phased in over the three (3) year period commencing from 1 July, 2017.

The implementation of Council's adopted and IPART approved FFF Roadmap which is supported by the LTFP ensures that Council meets the requirement that it be Fit for the Future. As detailed in Council's FFF Roadmap and as noted above, failure to implement the FFF Roadmap will result in Council not being Fit for the Future, Council not being able to deliver current service levels, Council

not being sustainable in the short, medium or long term and the growth, Social and Economic Well-being of the Community being negatively impacted.

How will the Special Rate Variation Revenue be spent.

The proposal special rate variation will generate approximately the following additional amounts each year:

• 2017/18	\$ 511,897
• 2018/19	\$ 1,068,613
• 2019/20	\$ 1,678,680
• 2020/21	\$ 1,720,647
• 2021/22	\$ 1,763,663
• 2022/23	\$ 1,807,755
• 2023/24	\$ 1,852,949
• 2024/25	\$ 1,899,273
• 2025/26	\$ 1,946,754
• 2026/27	<u>\$ 1,995,423</u>
TOTAL	\$16,245,654

The additional \$16.2M raised during the period to 2017/2027 will be expended as follows to maintain existing service levels:

- \$4.08M will be allocated to keeping the General Fund Budget in Balance to ensure existing Service Levels across all Council's General Fund functions are maintained;
- \$2.76M to additional maintenance and asset renewal activities on the Rural Road Network to ensure Service Levels are met and the useful lives of the assets are maximised (drainage, bitumen maintenance and patching, roadside slashing, gravel maintenance and patching, vegetation management etc);
- \$1.11M to road grading to enable existing Service Levels to be met as discussed at the October, 2016 Committee Meetings;
- \$5.10M to the Infrastructure Backlog, being for Heavy Patching, Pavement Stabilisation and Rehabilitation on the Regional Road Network;
- \$1.67M for additional Bitumen Reseals and Gravel Resheeting to prevent the Infrastructure Backlog from re-emerging;
- \$0.44M for Culvert and Causeway, Drainage, and Footpath Renewals in the long term;
- \$0.68M to restore Council's Industry Assistance/Joint Industrial Promotions Program
- \$0.40M for Urban Asset Renewals; and
- A very small \$0.01M Operating Surplus for the Ten Year Period.

As shown, the largest proportion of the additional revenue, being \$10.64M will be allocated specifically to the Regional and Shire Road Network, \$0.44M to Culvert/Causeway/Drainage/Footpath Renewals, \$4.08M will be allocated across all Council's General Fund functions to ensure Council's Existing Service Levels across the Organisation can be maintained, noting that many budget areas have not seen a budgetary increase in the last six years outside of increases in unavoidable fixed costs and \$680K to maintaining Council's Industry Assistance/Joint Promotions Budget. \$0.40M will be allocated over the ten year life of the LTFP to the Urban Areas for additional asset renewals.

Attached as Appendix 2 (D61) is a summary taken from the Long Term Financial Plan which shows the expenditure allocation of the additional funding generated from a SRV. As shown for 2026/2027 the expenditure pattern established under Council's FFF Roadmap will need to be maintained on a continuing basis, however, the quantum of funding available for Road Asset Renewal will start to again decline from 2026/2027, and further remedial action will need to be taken.

b) FFF Benchmarks

The State Government has established seven (7) financial benchmarks for General Activities that each Council must meet by 30 June, 2020.

Information on the application of these benchmarks to the Long Term Financial Plans prepared for the two (2) 2017/18 budget options mentioned previously, is shown at Appendix 3 (D62–D87).

In summary, the 'FFF Roadmap' Scenario option will result in Council meeting the following benchmarks by 30/6/2020:

- i) Operating Performance
- ii) Own Source Revenue
- iii) Building & Infrastructure Asset Renewal
- iv) General Fund Real Operating Expenditure per Capita
- v) Infrastructure Backlog
- vi) Asset Maintenance
- vii) Debt Service

The application of the benchmarks to the 'Rate Peg' Scenario option will result in Council not meeting all the following benchmarks by 30/6/2020.

With regard to these benchmarks, the following matters are highlighted in relation to the 'Rate Peg' scenario:

- i) While Council will meet the Own Source Revenue Benchmark, (greater than 60%) the benchmark will only be exceeded by 0.25%. This means that should Council receive an additional \$115K in grant income in any of the two (2) years between 2017/18 and 2019/2020, which is a highly likely scenario, the own source revenue benchmark will not be met.
  - ii) The Infrastructure Backlog Benchmark will be met by 30/6/2020 (less than 2%) as a result of Council's decision to spend \$6M of Reserves to address the backlog. A review of the benchmark will clearly show that under the rate peg only scenario where insufficient revenues are being generated, Council will not be able to maintain and renew its assets at the required level from 2017/18 resulting in the benchmark moving back above 2% early in 2022/23. The benchmark will accelerate in the wrong direction after this time.
  - iii) Also, while the Operating Performance Benchmark will be met under the rate peg only scenario (natural disasters/major flood events excluded) the Office of Local Government requires that this benchmark in addition to being greater than 0 shows continuous improvement. This demonstrates that a Council is sustainable in the long term. A review of the Operating Performance Benchmark under the 'Rate Peg Only' scenario will clearly show that the benchmark declines under this scenario from 3% to 0% indicating issues with Council's medium and long term sustainability.
- c) Asset Management Planning

Council staff have reviewed Council's Road Infrastructure Asset Management Plans. As previously advised the Plans were informed by the Roads Asset Infrastructure Data capture which was conducted in 2015. The Plans are available on Council's Website. The next full Road Infrastructure Asset Review, as required under the NSW Local Government Code of Accounting Practice, will be completed in 2020/2021. The Road Asset Infrastructure Management Plan clearly shows that the SRV is required for Council to be able to maintain and renew its Road Assets at existing service levels and to keep these assets in a 'satisfactory' condition.

In respect of the Water and Sewerage Funds, Plans for these activities were previously prepared by NSW Public Works. These plans are supplemented by Council's Water and Sewerage Fund Works priorities as adopted by Council.

For Buildings and Other Structures, Council has engaged CT Management Group, who are specialists in this area, to prepare the Asset Management Plans. These plans are in draft format



and will be presented to Council shortly. Council has expended significant funds over the last 10 years on its Buildings and Other Structures resulting in these Assets being assessed as being in an overall "satisfactory condition" with no Infrastructure Backlog in this area. That said some individual components on a number of Buildings require renewal and upgrade to meet Legislative requirements and to ensure the Buildings are fit for purpose. The current Inverell Sports Complex, Art Gallery Kitchen, Yetman Hall and upcoming Inverell Pool Complex Projects are noted. Investigations are also being conducted into the Delungra Hall Building which is showing signs of Concrete Block calcification which is damaging the paintwork. The Yetman SES Shed is also under review as the NSW SES have identified that it does not meet requirements. Council is required to provide the SES Building Facilities.

The Buildings and Other Structures Asset Management Plans will be placed on public exhibition following their consideration by Council in 2017.

d) General Factors

When preparing the Budget, the following external matters (beyond Council's ability to control income/expenditure) have needed to be taken into account. The factors are:

- Ratepegging limit – IPART has advised Council of the maximum permissible increase. The draft estimates have been prepared on the basis of Council utilising the full 1.5% increase in the General Activities rate income for 2017/2018. The 1.5% increase yields Council additional revenue of \$160.5K. It is recommended that Council again take the maximum permissible increase allowed. Failure to do so will negatively impact Council's sustainability. The NSW Independent Local Government Review Panel noted in November, 2012 that the average Rates in NSW are \$120 per capita or 22% less than the average Rates across the remainder of Australia (Based on Inverell's Shire population of 16,846 people this \$120 per capita equates to an amount of \$2.02M or a rate increase of 21.23%).
- Fixed Cost increases in the General Fund are \$494K. Fixed costs will decrease in Water Fund by \$84K and the Sewerage Fund by \$7K. The McKell Institute Report – September, 2016 highlights that Local Government costs have risen 7.3% p.a. year on year for the last 20 years, against a NSW Rate Pegging average increase of only 2.94%.
- The Electricity Costs included in the draft Budget are \$468K General Fund, \$701K Water Fund and \$154K Sewer Fund for a total of \$1.323M. Council's Electricity costs are now \$607K less or 31.5% less than 7 years ago (due largely to Council's energy efficiency and solar generation initiatives and Council's participation in joint purchasing arrangements). Due to the current state of the National Electricity Industry and talk of significant future electricity cost increases, it is not known how much of this gain can be maintained in the long term.
- Wages and salaries increases averaging 2.8% (estimated Local Government State Award increase effective 1 July, 2017), on top of 2.8% in July, 2016, 2.7% in July 2015, 3.5% in July 2014, 3.25% in July 2013, have been allowed for, including increases in respect of Staff Movements within Council's Salary System. The Superannuation Guarantee Charge has been allowed for at the legislated 9.5%.
- Insurance Premium increase in the General Fund of \$7.6K and decreases in Water Fund \$12.3K and Sewerage Fund \$7.5K for a total net decreased of \$12.2K.
- The Finance Assistant Grant has been included at \$3.53M, the ACRD Road Grant at \$1.96M being the first increase in these Grants since 2013/2014, noting the Federal Government's three (3) year indexation freeze on this grant. These Grants are now \$446K p.a. less than they should have been, having a substantial impact on Council, its services and assets.

The Roads to Recovery Grant will be only \$0.91M (was over \$3.0M in 2016/2017) with no further special one-off supplementary allocations being provided. The Regional Roads Block Grant has been included at \$2.52M.

- Cost shifting is now reported by Local Government New South Wales (LGNSW) to be costing Councils 6% of their Total Annual Revenues (in the General fund this equates to \$1.6M or a 14.95% Rate Increase). Cost Shifting occurs when Federal and State Governments transfer the costs of delivering the services and infrastructure. They have previously been responsible for providing, onto Local Government, without providing the funding to Local Government to fund the delivery of these services and infrastructure.

In addition to this figure, it is apparent that the NSW State Government appears to be wedded to the practice of Cost Shifting. For 2017/2018 the following increases in Government Charges must be provided for:

- Increase contribution to NSW Rural Fire Service	\$55K
- Increase in Flood Gauge Maintenance Costs	\$50K
- Increase in Audit Fees	<u>\$36K</u>
TOTAL	\$141K

(these three (3) matters alone are equivalent to a 1.32% Rate Increase)

Noting these matters, no new or additional services have been provided for in the General Fund 2017/2018 Budget even under the FFF Roadmap SRV Scenario. The Water and Sewer Fund (restricted by legislation) continues to have the capacity to fund new services and infrastructure, however, the major focuses within these funds are asset management and asset renewal needs. Sewerage Mains relining will be a major activity in the Sewerage Fund in 2017/2018.

On a cash basis the General Fund will return a Cash Deficit of \$511K under the "Rate Peg Only" No SRV Scenario if existing service and infrastructure asset levels are to be maintained.

Under the FFF Roadmap 14.25% SRV Scenario, on a cash basis the General Fund will return a Cash Surplus of \$1,168. Water Fund will return a Cash Surplus of \$1,036 and Sewerage Fund a Cash Surplus of \$131. The Combined Fund Cash Surplus will be \$2,723.

The 2017/2018 General Fund Budget does not meet all the required Fit for the Future (FFF) Benchmarks, however, it puts Council on a strong footing to achieve the FFF Benchmarks by the State Government required 30 June, 2020. Council's IPART approved FFF Roadmap puts in place a strategy for the achievement of all the Benchmarks by 2020.

#### **RECOMMENDATION:**

*That the Committee recommend to Council that:*

- a) *The information of Budget Background Matters be noted; and*
- b) *The outcome of the application of the FFF Benchmarks to the Long Term Financial Plans be noted.*

#### **GENERAL ACTIVITIES**

##### 1. Revenue and Expenditure Matters

Two (2) options are presented for this activity, being:

- a) The 'FFF Roadmap' scenario, and
- b) The 'Rate Peg' scenario.

The key features of those options will now be addressed.

A. Option 1 – 'FFF Roadmap' Scenario

In previous Budget periods, a key principle applied to the preparation of a General Activity was the 'Operationally Sound' principle. Under this principle, all existing services were delivered, maintained and renewed to Council's service standards.

This option utilises this principle.

The key features of this option are:

- A 4.25% rate increase plus the allowed rate peg in 2017/18. This rate increase will raise \$672K additional rate income to that which was raised in 2016/17.
- The SRV Component will provide funding for:

- Road Grading	\$100K
- Rural Roads Maintenance (drainage and shoulders)	\$ 84K
- Joint Promotions	\$ 2K
- Rural Roads Heavy Patching/Pavement Stabilisation	<u>\$228K</u>
Total	\$414K

As shown the large majority will be used to ensure service levels and infrastructure are maintained on Council's vast Road Network.

- In respect of the Core Budget, a continuation of all Council's existing services, plus the payment of State Government Charges, with a small increase in the following areas:

- Road Grading	\$ 31K
- Ashford Medical Centre Maintenance (New Budget Allocation)	\$ 5K
- White Ribbon Program (New Budget Allocation)	\$ 5K
- Street Cleaning (Budget increase to meet service levels)	\$ 5K
- Public Privies Cleaning (Budget increase to meet service levels)	\$ 5K
- Equestrian Centre Minor Upgrades (New Budget Allocation)	\$ 4K
- Youth Activities (Remove Budget)	\$ 5K
- Computer Software (Reduce Budget)	\$ 5K
- New Street Lights (was funded from Street Lighting electricity)	
Cost savings to meet community demand	\$ 20K
- Joint Industry Promotions	<u>\$ 11K</u>
<b>TOTAL</b>	<b>\$ 97K</b>

Under the IPART approved FFF Roadmap SRV Scenario Council will meet all the State Government required FFF Benchmarks by the required 30 June, 2020 deadline and also be in a sound position to maintain its existing Service and Infrastructure Levels, and further to address the Infrastructure Backlog on its Road Network.

The Roads Backlog is not addressed without the SRV being approved and will in fact compound in future years without the SRV.

Accordingly, the Budget has been prepared on the following basis:

- Utilising the full allowable increase to fund increases in Council's fixed costs,
- Continuation of the existing rating structure ie. Base amount and an ad valorem rate;
- A base rate of \$198.00; and
- IPART approving the full SRV, with a 4.75% increase applying in 2017/2018.

It is recommended that the maximum permissible increase allowed by IPART of 1.5% be taken. Failure to take the maximum increase allowed will further negatively impact on Council's sustainability in future years noting the inadequacy of the 2017/2018 increase.

**B. Option 2 – 'Rate Peg' Scenario**

This option needs to be considered if IPART does not grant the SRV application.

Under the 2017/2018 1.5% Rate Peg only (the 'Rate Peg' Scenario) Council will need to significantly cut existing service and infrastructure levels in a range of areas, primarily in the Roads maintenance and Roads Renewal area (this is largely where the additional SRV revenues were to be spent to maintain existing service levels). To maintain the 2017/2018 Budget in balance, the following expenditure cuts must be made:

- The \$414K additional funding for Roads and other matters (details provided in Option 1)
- The \$97K additional funding over the 2016/17 budget (details provided in Option 1).

It is noted that due to the very low 2017/2018 1.5% Rate Peg, and the increase in Council's Fixed Costs, particularly State Government Charges, a range of cuts have also needed to be made in a range of areas to ensure the budget stays in balance. While many of these cuts are small in nature, significant cuts have been made in the following areas to balance the 2017/2018 Draft Budget:

- Library Services	\$ 71,540
- Joint Industry Promotions	\$ 34,849

Should the SRV not be approved then the Joint Industry Promotions Budget which is used to assist economic and industry growth (has been \$150K p.a. for the last ten years) will reduce further from \$115,151 down to \$80,302. It is noted that these funds in 2017/2018 are proposed to be utilised as part funding for the Rifle Range Road Stage Two Industrial Land Subdivision.

In addition to Service Levels in the identified areas and the FFF Benchmarks being negatively impacted, the other major impact of the Rate Peg only Scenario is that the Infrastructure Backlog will again start to increase from 2017/2018.

An issue that will not impact in 2017/2018 (Council electricity costs are under Contracts), but which will impact future budgets as demonstrated by significant media reports, is electricity supply security and costs. While Council has benefited significantly from large savings in this area, these savings have been utilised to offset increases in recurrent maintenance and Asset renewal costs largely on Rural Roads. If these electricity costs increase rapidly again as occurred in earlier years, then future Budgets will not have the capacity to absorb these cost increases.

While the Budget cuts for the Rate Peg Only Scenario for 2017/2018 may not seem that large in some areas, what needs to be considered also are the estimated Budget Deficits for a Rate Peg Only Scenario for 2018/2019 and 2019/2020 are \$1,016,592 and \$1,678,593 respectively for existing service and infrastructure levels to be maintained and for Council to meet the required FFF Benchmarks for it to be FFF.

Overall under the Rate Peg Only Scenario Council will not be sustainable and will not be "Fit for the Future" as required by the State Government by the 30 June, 2020 deadline or for any period thereafter.

**RECOMMENDATION:**

*That the Committee recommend to Council that Council utilises the maximum permissible rate increase allowed by IPART of 1.5% on top of the 4.5% 2017/18 SRV increase.*

## 2. Budget Programs

If the above recommendation is adopted, the following matters will be included in the Budget:

### 2.1 Urban Works Program:

The Urban Works program is a multi-component joint program involving the General Fund and the Water Fund, supplemented by some minor grant funds. The General Fund funds Drainage, Kerb and Gutter, Roadworks, Pedestrian Works and Beautification Works. The Water Fund funds the replacement and relocation of the Water Mains out of the Road into the footpath. Councillors will be aware that General Fund monies can be used for any purpose while Water Fund monies can only be utilised for activities of the Water Fund.

In previous years, it had been the practice of Council to allocate \$1.0M from the General Fund (funded directly from rates collected in the Inverell Residential and Business area) for certain works in the Asset Renewal and Upgrade Works in the Urban areas (Inverell and Villages – the Villages are subsidised by the Inverell Residential Ratepayers in respect of the Urban Works Program).

These works were carried out in the following areas:

- i) Urban improvement works/Kerb and Gutter;
- ii) Pavement widening;
- iii) Sealing of village streets/village works/beautification;
- iv) Footpath Construction; and
- v) Urban Drainage Reconstruction.

Council in late 2009, adopted a new 10 Year Road Infrastructure Financial and Asset Management Plan and, with its adoption, it was determined that 2010/2011 would be a transition year and that 2011/2012 would be the first year that the full amended categorisation of works would be undertaken. This transition saw the available funds for the Urban Works Construction/Asset Renewal Program reduce to \$517K with the remainder of the Urban Works Construction/Asset Renewal Funding being transferred to Rural Local Roads.

Noting the limited remaining funds available in this area, the following major work categories are now used as sub-components of the Urban Works Program:

- A. Inverell and Villages - Urban Renewal and Upgrade
- B. Footpaths and Cycleway
- C. Urban Drainage Construction/Reconstruction

In addition to these categories, the following categories are also part of the Urban Works Program:

- D. Village Works – Community suggested projects - \$33K per annum allocation
- E. Asset Maintenance Program

The recurrent Urban Construction Budget allocation at \$530K represents only 5% of Council's 2017/2018 total Roads Budget, despite 68% of Rates being collected in the Urban Areas ( This \$530K amount is 100% funded from the General Rates collected in the Inverell Urban Area). As noted in previous Reports, Council also receives a substantial proportion of its Finance and Assistance Grant – Local Roads Component, and the Roads to Recovery Grants on the basis of its Urban Population and Road Length. The Committee will be aware that a view continues to exist in some sections of the community that this remaining \$530K Urban Construction funding should also be allocated to Rural Roads or largely to the Shires Villages. This fails to recognise that a large, strong, vibrant, growing Urban Centre (Inverell) is needed to support the viability and sustainability of the rural economy and the Villages. This view also disregards the Urban Populations infrastructure provision and renewal needs and the equity issues associated with this matter. The Committee will be aware that under Council's IPART approved FFF Roadmap, Council's major infrastructure focus over the next five (5) years is, however, on the Road Asset Infrastructure

Backlog (Rural Roads) and that only minimal funding will be available until after 2022/2023 for any major Urban Renewal/Reconstruction Projects which must each compete on a priority basis.

Noting the Federal Government's Grant funding allocation of \$1.5M as part funding for the Gwydir Highway/Bundarra Road Intersection it is recommended that the Urban Construction Works proposed to be funded in the \$530K 2017/2018 Urban Works Program and the ongoing \$33K Villages minor Works Fund are as follows:

<b>A. <u>Inverell and Villages - Urban Renewal and Upgrade</u></b>		<b>General Fund, Water Fund</b>	
Gwydir Highway/Bundarra Road Intersection	\$ 500K	\$ 0K	
<b>B. <u>Footpaths and Cycleway Construction</u></b>			
\$ for \$ Contribution to PAMP Program (RMS approved the 2017/2018 Program)	\$ 30K		
<b>C. <u>Urban Drainage Construction/Reconstruction</u></b>			
Drainage Constructions – Funded from Stormwater Management Service Charge – See separate section below			
<b>D. <u>Village Works – Community suggested projects</u></b>			
Ashford	\$ 7K		
Delungra	\$ 7K		
Gilgai	\$ 5K		
Yetman	\$ 7K		
Oakwood	\$ 1K		
Bonshaw	\$ 1K		
Graman	\$ 1K		
Nullamanna	\$ 1K		
Elsmore	\$ 1K		
Stannifer	\$ 1K		
Gum Flat	\$ 1K		
<b>GENERAL FUND GRAND TOTAL</b>	<b>\$ 563K</b>		
<b>WATER FUND TOTAL</b>		<b>\$ 0K</b>	

In addition to these amounts it is recommended that the \$1M Budget Provision – Chester Street Heavy Vehicle Route Renewal, in the Internally Restricted Asset, be allocated into the 2017/2018 Budget to enable these works to be completed at the same time.

**RECOMMENDATION:**

*That the Committee recommend to Council that the following works be funded from the Urban Works Vote and be included in the 2017/2018 Budget:*

<b>A. <u>Inverell and Villages - Urban Renewal and Upgrade</u></b>		<b>General Fund, Water Fund</b>	
Gwydir Highway/Bundarra Road Intersection	\$ 500K	\$ 0K	
<b>B. <u>Footpaths and Cycleway Construction</u></b>			
\$ for \$ Contribution to PAMP Program (RMS approved the 2017/2018 Program)	\$ 30K		

**C. Urban Drainage Construction/Reconstruction**

*Drainage Constructions – Funded from Stormwater Management Service Charge – See separate section below*

**D. Village Works – Community suggested projects**

Ashford	\$ 7K
Delungra	\$ 7K
Gilgai	\$ 5K
Yetman	\$ 7K
Oakwood	\$ 1K
Bonshaw	\$ 1K
Graman	\$ 1K
Nullamanna	\$ 1K
Elsmore	\$ 1K
Stannifer	\$ 1K
Gum Flat	\$ 1K

**GENERAL FUND GRAND TOTAL**

**\$ 563K**

**WATER FUND TOTAL**

**\$ 0K**

*In addition, the \$1M Budget Provision – Chester Street Heavy Vehicle Route Renewal, in the Internally Restricted Asset, be allocated into the 2017/2018 Budget to enable these works to be completed at the same time.*

**2.2 Finance and Assistance Grant – Local Roads Component (ACRD) 2017/2018 Program**

The Finance and Assistance Grant – Local Roads Component (Formerly ACRD) Grant is a Federal Government Grant which provides approximately \$1.9M per year. The grant is not tied; however, Council has traditionally allocated the grant exclusively for expenditure on Rural Local Roads and Urban Local Roads within the Shire. Council is one of the few Councils who continue to allocate this grant entirely to Roads.

Council in late 2009 adopted a new 10 Year Road Infrastructure Financial and Asset Management Plan and with its adoption it was determined that 2010/2011 would be a transition year and that 2011/2012 would be the first year that the full amended categorisation of works would be undertaken. Accordingly, the following work categories are now the sub-components of the Program and are recommended for the 2017/2018 Budget:

- A. Gravel Resheeting Program,
- B. Blackspot Program,
- C. Bitumen Reseals Program – Rural and Urban,
- D. Pavement Management Program,
- E. Culverts/Causeways/Bridges Program,
- F. Bitumen Renewal/Heavy Patching Program,
- G. Environment Works,
- H. Local Shire Roads Asset Maintenance Program.

Accordingly, the \$1.956M proposed program for 2017/2018 is as follows:

- A. Gravel Resheeting \$ 639.1K

(Priority of Works to be determined from Asset Management System)  
(Minor Roads Gravel Resheeting allocation of \$77.5K funded from Council's Revenue Funded Program in addition to \$95K for gravel patching are additional to this Program)

- B. Blackspot Program \$ 22.6K

(Priority of Works to be determined from Asset Management System for Shire Local Gravel Roads)

C. Bitumen Reseals Program

Bitumen Reseals – Rural	\$ 572K
Bitumen Reseals – Urban	\$ 164K
Bitumen Reseals – Villages	\$ 23.5K
TOTAL	\$ 759.5K

(Priority of Works to be determined from Asset Management System)

D. Pavement Management \$ 24.6K

E. Culverts/Causeways \$ 114K

F. Bitumen Road Renewal/Heavy Patching \$ 121.7K

(Priority of Works to be determined from Asset Management System)

G. Environmental Works \$ 5K

H. Asset Maintenance Program \$ 270K

TOTAL PROGRAM \$ 1.956M

**RECOMMENDATION:**

*That the Committee recommend to Council that:*

- i) the budget allocations for the 2017/2018 ACRD Program be noted; and*
- ii) a further report be presented to the Civil and Environmental Services Committee in respect of the funding allocations and individual works proposed to be undertaken under this program.*

**2.3 RMS Supplementary Block Grant Program**

The RMS Supplementary Block Grant Program (previously 3x4 Program) provides tied funds of \$160,000 to be utilised on the Regional Road Network for upgrade/major maintenance works. This amount has not increased in over 20 years.

It is proposed that the allocation of these funds in 2017/2018 be the subject of a further report to the Civil and Environmental Services Committee.

**RECOMMENDATION:**

*That the Committee recommend to Council that the allocation of the \$160K RMS Supplementary Block Grant Program be the subject of a further report to the Civil and Environmental Services Committee Meeting.*

**2.4 Roads to Recovery Program**

The allocation of funds for 2016/2017 will be \$0.91M (was \$3.01M in 2016/2017). The works to be completed under this program require Federal Government approval in accordance with the Program Guidelines. The following program is proposed for 2017/2018 being entirely on the Rural



Local Road Network, despite 27.54% of the Grant being provided on the basis of the Shires Urban Population and Road Length (i.e. \$251K provided on the basis of the Shires Urban Population and Road Length).

Gravel Resheeting

Rural Local Roads	\$ 373K	
	\$ 373K	
TOTAL		

(Priority of Works to be determined from Asset Management System)

Culverts/Causeways/Bridges

\$ 100K

(Subject to a further report to Civil and Environmental Services Committee – the 2015 Culverts and Causeways Technical Condition Assessment and Revaluation Review will inform this Report).

Bitumen Road Renewal

(Priority of Works to be determined from Asset Management System)

\$ 300K

Heavy Patching

(Priority of Works to be determined from Asset Management System)

\$ 137K

It is noted that these matters will be subject to a report to the Civil and Environmental Services Committee and then adoption by Council prior to any works commencing.

TOTAL ROADS TO RECOVERY PROGRAM     \$0.91M

Councillors should note that the funding provided to Council under this program is not ongoing. Funding is only guaranteed under Federal Legislation for this program to the end of the current program in 2019. If this program is not continued, the impacts on Council's Rural Shire Road Assets and Workforce will be significant.

**RECOMMENDATION:**

*That the Committee recommend to Council that:*

- i) the budget allocation for the 2017/2018 Roads to Recovery Program be endorsed; and*
- ii) a further report be presented to the Civil and Environment Committee in respect of the specific projects to be funded.*

**2.5     Block Grant Program – Regional Roads**

Council will receive \$2.52M from NSW Roads and Maritime Services (RMS) Block Grant Program in 2017/2018 and \$481K from the RMS Repair Program for the carrying out of maintenance and improvement works on the Regional Road Network. These funds cannot be expended outside of the Regional Road Network and this Program is subject to ongoing RMS audit. The 2017/2018 Program is as follows:

Repair Program – Council Contribution	\$ 481K
Asset Management/Pavement Management Program	\$ 15K
Traffic Facilities Program	\$ 118K
Regional Roads – Other Programs	\$ 148K

Regional Roads Bitumen Reseals	\$ 436K
Regional Roads Heavy Patching	\$ 175K
Regional Roads Maintenance Program	<u>\$ 1,149K</u>
Sub Total	<u>\$ 2,522K</u>

Repair Program – RMS Contribution	<u>\$ 481K</u>
Total	<u>\$ 3,003K</u>

A report on the projects for the Roads and Maritime Services approved Repair Program for 2017/2018 will be provided to the Civil and Environmental Services Committee once advice has been received in this matter.

**RECOMMENDATION:**

*That the Committee recommend to Council that the allocation for the 2017/2018 Block Grant Program for the various activities on the Regional Road Network be endorsed.*

**3. Rating Structure**

If the above recommendation of Option 1 'FFF Roadmap' scenario is adopted, the following matters regarding the rating structure are recommended to be applied:

- The continuation of the existing rating structure, utilising a base amount and ad valorem rates, with no additional rating categories to be introduced.
- A base rate of \$198.00 (on 7921 Assessments, up from 7880 Assessments in 2016/2017, 7,851 Assessments in 2015/2016 and 7823 Assessments in 2014/2015, and 7,786 assessments in 2013/2014 – Rate base growth has been consistent but relatively limited over the last five (5) years).

**REVENUE RAISED FROM EACH CATEGORY:**

When determining the distribution of the rate burden for the 2017/2018 rating year, the existing policy of collecting a certain percentage of rate revenue from each category is noted.

The percentage proposed to be collected from each category is as follows, which closely approximates previous years:

% OF REVENUE FROM CATEGORIES				
CATEGORIES	2014/15	2015/16	2016/17	2017/18
RESIDENTIAL	40.20%	40.20%	40.23%	<b>40.34%</b>
RURAL RESIDENTIAL	7.47%	7.46%	7.49%	<b>7.51%</b>
FARMLAND	32.08%	32.10%	32.15%	<b>32.07%</b>
BUSINESS	20.25%	20.25%	20.13%	<b>20.08%</b>
MINING	0.00%	0.00%	0.00%	<b>0.00%</b>
	100.00%	100.00%	100.00%	<b>100.00%</b>

In respect of distribution of the Rate Burden, it is advised that if the Council believes that additional funds should be expended in the rural area for example, then the percentage of rates collected from the rural area should increase as a percentage of the total rate burden, (ie by more than the Rate Peg amount with Rates in other categories increasing by a lesser amount). The same would apply in respect of the Urban area and each of the Villages. Conversely, if the Council believes that additional funds should be expended in the Villages, then the percentage of rates collected from the Villages which are already subsidised should increase as a percentage of the total rate burden.

**RECOMMENDATION:**

*That the Committee recommend to Council that:*

*a) The following rating categories be utilised for the 2017/18 rating year:*

*Residential – Inverell  
 Residential – General  
 Residential – Ashford  
 Residential – Delungra  
 Residential – Gilgai  
 Residential – Yetman  
 Residential – Rural  
 Business – Inverell Industrial/Commercial  
 Business – Other  
 Farmland  
 Mining*

*b) A General Base Amount of \$198 plus an Ad Valorem Rate be determined for the categories detailed in a) above.*

**4. Effect on Rates**

To gain an insight into the effect of adopting the increase of 1.5% in the Rate Peg, plus the SRV, an attachment detailing a comparison of a 1.5% increase plus the SRV over 2017/2018 and other increased charges is included in the Operational Plan (refer to page 54 of the Budget Papers).

As in previous years, it is recommended that the Interest Rate applicable to Outstanding Rates and Charges for 2017/2018 be the maximum rate allowable as advised by the Office of Local Government.

**RECOMMENDATION:**

*That the Committee recommend to Council that:*

- i) the information be noted; and*
- ii) the Interest Rate applicable to Outstanding Rates and Charges for 2017/2018 be the maximum allowable as advised by the Office of Local Government.*

**5. Waste Management Charges**

In 2016/2017, the Domestic Waste Management charge was \$320.00 and the Other Waste Management charge to \$320.00 plus GST if applicable. The Waste Management Charge on all rateable properties was \$80.00 per assessment. The Commercial Recycling Charge was \$110.00 for a Weekly Service and \$55.00 for a Fortnightly Service. It is recommended with the implementation of the SRV, that these Charges not increase in 2017/2018.

This charge structure enables Council to fully meet its operational and legislative obligations in regard to its adopted Waste Management Strategy. This structure sees the cost burden for waste management equitably distributed across the entire Shire. The transfer to Internally Restricted Assets is estimated at \$445K, however, substantial costs will be incurred in 2017/2018 and beyond, in respect of the continuing implementation of Council's new Waste Management Strategy.

Council will note that a "Other Waste Management Charge" is levied for the provision of a commercial garbage collection service to businesses in the Inverell CBD. This charge is levied per bin collection on a user pays basis.

**RECOMMENDATION:**

*That the Committee recommend to Council that the following Waste Management Charges be adopted:*

- i) *Waste Management Charge – All Properties* \$ 80.00
- ii) *Domestic Waste Management - Occupied Charge:*

Number of Services per Assessment	Annual Charge per Assessment
1	\$ 320.00
2	\$ 640.00
3	\$ 960.00
4	\$ 1,280.00
5	\$ 1,600.00
6	\$ 1,920.00
7	\$ 2,240.00
8	\$ 2,560.00
9	\$ 2,880.00
10	\$ 3,200.00
11	\$ 3,520.00
12	\$ 3,840.00
13	\$ 4,160.00
14	\$ 4,480.00
15	\$ 4,800.00
	etc

- iii) *Domestic Waste Management – Unoccupied Charge* \$50.00
- iv) *Other Waste Management Charge*

Number of Services	Yearly Charge per Service (Ex GST)
1	\$ 320.00
2	\$ 640.00
3	\$ 960.00
4	\$ 1,280.00
5	\$ 1,600.00
6	\$ 1,920.00
7	\$ 2,240.00
8	\$ 2,560.00
9	\$ 2,880.00
10	\$ 3,200.00
11	\$ 3,520.00
12	\$ 3,840.00
13	\$ 4,160.00
14	\$ 4,480.00
15	\$ 4,800.00
	etc

d)	<i>Weekly Commercial Recycling Charge</i>	<i>\$ 110.00 ex GST</i>
	<i>Fortnightly Commercial Recycling Charge</i>	<i>\$ 55.00 ex GST</i>
	<i>(These Charge are levied per Service, and GST is only charged if applicable)</i>	

#### 6. Fees & Charges

Also included with the draft Budget are the proposed 2017/2018 Fees and Charges.

A number of Fees and Charges have been retained at their present level. Where an increase is recommended, these fees are highlighted. It will be noted that GST has been added to those charges to which the new tax applies.

#### **RECOMMENDATION:**

*That the Committee recommend to Council that the Fees and Charges, as recommended, be adopted.*

#### 7. Stormwater Management Service Charge

The draft Budget as indicated in the Urban Works Program, proposes the continuation of a Stormwater Management Service Charge, the funding mechanism put in place for Councils outside of the Notional Yield Calculation by the State Government for the funding of Stormwater Management and Drainage Works in Urban Areas. The charge has, since its inception been applied to all land within the Inverell, Ashford, Delungra, Yetman and Gilgai Urban areas that fall within the residential or business categories for rating purposes (except vacant land) to which stormwater services are provided. The Charge has previously been set by Council at the maximum unit charge of \$25.00 for all Residential properties (generates \$97,375) and Business Properties (generates \$9,625). While \$25.00 is the maximum charge for Residential Properties, the Regulation states for Business properties that;

*"The maximum annual charge for stormwater management services that may be levied in respect of a parcel of rateable land is, for land categorised as business, \$25.00 plus an additional \$25.00 for each 350 square metres or part of 350 square metres by which the area of the parcel of land exceeds 350 square metres".*

Staff undertook a review of Business Properties in the Urban Areas. This review indicated that of the 287 business properties within the Urban area only 50 should be paying the \$25.00 charge and the remainder should be charged a higher amount under the regulation. The review also indicated, however, that if Council were to apply the full charges under the Regulation that some Business Properties would be paying a charge of up to \$2,100.00 per annum.

Noting Council's significant funding needs in respect of Stormwater Management and Drainage Services in the Urban Areas, and being mindful of the ability of Ratepayers to pay, Council in 2015 resolved to implement the provisions of the Regulation in respect of Business Premises, but limit the maximum amount levied as follows:

- Businesses Stormwater Levy Maximum Total Levy 2015/2016 \$100.00;
- Businesses Stormwater Levy Maximum Total Levy 2016/2017 \$150.00; and
- Businesses Stormwater Levy Maximum Total Levy 2017/2018 \$200.00.

The current Stormwater Management Levy will generate the following amount:

- 2017/2018 \$145K (Residential \$97,375, Business \$47,425)

It is recommended to raise \$139K from the charge in 2017/2018 to be utilised on the following projects:

- Gilgai Drainage Project \$ 139K

Once the Gilgai Drainage Project is complete it is proposed to return to undertake additional works in the Inverell Commercial and Industrial Areas.

**RECOMMENDATION:**

*That the Committee recommend to Council that:*

- i) *the Stormwater Management Service Charge be set at the maximum amount allowable of \$25.00 per Residential Premises, \$12.50 per Residential Strata lot, and \$25.00 for Business Premises for each 350 square metres or additional part thereof, subject to a maximum charge on Business Premises of \$150.00; and*
- ii) *the Stormwater Management Program as recommended being Gilgai Drainage, be adopted.*

## 8. Summary

An operationally sound draft Budget has again been delivered for 2017/2018 in the General Fund under the IPART approved FFF Roadmap 14.25% SRV Scenario. The following matters are highlighted:

- A Balanced Budget has been achieved;
- The Budget under the IPART approved FFF Roadmap 14.25% SRV Scenario provides for a CONTINUATION OF ALL of Council's existing services and works/asset management/infrastructure programs and work on the Roads Infrastructure Backlog; and
- Cost savings following for Council's efficiency initiatives have had to be applied to fixed cost increases and no funds are available for new or expanded services or increased service levels.
- Should IPART not approve the SRV the existing service and infrastructure levels in those areas identified in the FFF Roadmap SRV Program will be negatively impacted.

**RECOMMENDATION:**

*That the Committee recommend to Council that:*

- i) *the report on the balanced budget under the FFF Roadmap 14.25% SRV Scenario (4.75% plus a rate peg increase for 2017/18) be noted;*
- ii) *the draft Estimates (incorporating the Operational Plan) for the General Activities for 2017/2018 be adopted and placed on public exhibition for a period of 28 days as required by Section 405 of the Local Government Act 1993.*

## SEWERAGE ACTIVITIES

This Activity's Budget is based on:

- i) a “Balanced” Budget,

- ii) No increase in Sewerage Ratable Charges for 2017/2018 being the first year of the SRV phase in and a 2.5% increase in Non-ratable Charges. The Fund will still maintain significant funds to fund the substantial major Asset Renewal and Upgrade Works being undertaken. Council's sewerage charge remains up to 31% below the NSW median charges. The Charge applicable to McLean Care at \$2,342 represents an approximate \$8,000.00 annual subsidy to this Organisation.

Sewerage Fund has been categorised as a Category 1 Business Activity in the draft Operational Plan to comply with the requirements of the National Competition Policy and the COAG Agreement. It is a requirement of the COAG Agreement that Council's Sewerage Operations financially break-even at a minimum, after the depreciation of sewerage assets is brought to account.

The draft Budget provides for Capital Works totalling \$664K (was \$647K in 2016/2017). These works include \$14K for equipment purchases, \$100K for Mains Renewal, \$440K for Sewer Mains Relining, and \$100K for Pump Station and Telemetry Works. This will be the third year of full repayments on the Sewerage Fund \$2M Loan for the Inverell Sewerage Treatment Works Asset Renewal and Upgrade Project (\$170K Principal plus \$71K interest less subsidy of \$59K). "Long Term Financial Modelling" conducted in conjunction with the Department of Commerce highlights that the Sewerage Fund is sustainable in the long term and will be able to meet all its operational and Capital expenditure requirements over the next 20 years. Substantial Works are currently being undertaken in respect of ascertaining the condition of Council's older underground sewer mains in the Asset Management Area. Significant funds are indicated in the 20 year plan for mains relining and replacement.

The Operational Plan does not provide for the payment of a dividend to the General Fund from the Sewerage Fund. The Sewerage Fund remains in a strong Financial Position and based on the 2015/2016 NSW Water Supply and Sewerage Benchmarking Report, displays a high level of efficiency and effectiveness.

**RECOMMENDATION:**

*That the Committee recommend to Council that:*

- (i) *the Sewerage Charges as listed below be adopted for 2017/2018:*

<i>Sewerage Charge Occupied</i>	<i>\$ 500.00</i>
<i>Sewerage Charge Unoccupied</i>	<i>\$ 313.00</i>
<i>Sewerage Charge Flats/Units</i>	<i>\$ 313.00</i>
<i>Sewerage Charge Nursing Homes</i>	<i>\$2,342.00</i>

<i>Sewerage Charge Hotel/Licensed Clubs</i>	<i>\$1,500.00</i>
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<i>Number of Services per Assessment</i>	<i>Annual Charge Per Assessment</i>
<i>1</i>	<i>\$ 500.00</i>
<i>2</i>	<i>\$ 813.00</i>
<i>3</i>	<i>\$1,126.00</i>
<i>4</i>	<i>\$1,439.00</i>
<i>5</i>	<i>\$1,752.00</i>
<i>6</i>	<i>\$2,065.00</i>
<i>7</i>	<i>\$2,378.00</i>
<i>8</i>	<i>\$2,691.00</i>
<i>9</i>	<i>\$3,004.00</i>
<i>10</i>	<i>\$3,317.00</i>
<i>11</i>	<i>\$3,630.00</i>

12	\$3,943.00
13	\$4,256.00
14	\$4,569.00
15	\$4,882.00
<i>Sewerage Non-Rateable Schools – WC's</i>	<i>\$75.00 per receptacle</i>
<i>Sewerage Non-Rateable Other – WC's</i>	<i>\$124.40 per receptacle</i>
<i>Sewerage Non-Rateable Urinals</i>	<i>\$ 75.00 per receptacle</i>
 <u><i>Charge Structure for Motels and Caravan Parks</i></u>	
<i>In accordance with the new charge structure for Motels and Caravan Parks the following charges are proposed for 2017/2018.</i>	
<i>Motel Residence</i>	<i>\$ 500.00</i>
<i>Motel Restaurant</i>	<i>\$ 500.00</i>
<i>Motel Ensuite</i>	<i>\$ 156.60</i>
<i>Caravan Park Residence</i>	<i>\$ 500.00</i>
<i>Caravan Park Amenities Block</i>	<i>\$1,500.00</i>
<i>Caravan Park Ensuite Cabins</i>	<i>\$ 156.60</i>
 <i>(ii) the Draft Estimates (incorporating Operational Plan) for the Sewerage Fund for 2017/2018 be adopted and placed on public exhibition for a period of 28 days as required by Section 405 of the Local Government Act 1993.</i>	

### **WATER ACTIVITIES**

This Activity's Budget is presented on the following basis:

- a) a "Balanced" Budget,
- b) No increase in the base access charge of \$364,
- c) a 2% increase in the commercial water consumption charge of \$1.48 per kilolitre,
- d) an Abattoirs water consumption charge of \$0.78 per kilolitre; less 20% early settlement discount; and
- e) a water consumption charge for Sporting Associations of \$1.05 per kilolitre
- f) a water consumption charge for Guyra Shire Council of \$1.48 per kilolitre
- g) a "stepped tariff" residential water consumption charge of:
  - \$1.48 per kilolitre 0 to 600 kl annual consumption.
  - \$1.73 per kilolitre over 600 kl annual consumption.
- f) a raw water charge of \$0.38 per kilolitre.

These proposed increases are in line with the increases discussed by Council in respect of Council's Water and Sewerage Strategy and the SRV phase in period. After the proposed increases are applied, Council's Water Charges will still remain at a level equivalent to NSW average charges, with a high level of Supply Security.

Council will be aware that the Water Consumption Charge did not increase over the six (6) year period to 2010/2011. The proposed Water Consumption Charge at \$1.48 for 2016/2017 is 36% below the 2015/2016 NSW Median Charge of \$2.30 per kilolitre.

The cost per kilolitre of water for the Abattoirs did not increase from 1 July, 2004 to 30 June, 2010 and was 60.00 cents per kilolitre plus the 20 per cent early settlement discount. (Actual cost per kl after discount was 48.00cents per kilolitre, which was less than the cost of production plus pumping of 71.00 cents per kilolitre). It is proposed to increase that Abattoirs Water Charge to \$0.78 cents per kilolitre (Actual cost per kl after discount will be 62.4 cents per kilolitre, which is still substantially less than the cost of production plus pumping of 73.0 cents per kilolitre).



Councillors will be aware that significant costs of up to \$300K will be incurred in respect of the refurbishment of the dedicated Abattoir Pumps and electrical works in the medium term. The total subsidy which has now been provided to the Abattoir in respect of Water Charges is approximately \$4.4M.

Capital works totalling \$848K (was \$832K in 2016/2017) are proposed in the draft Budget, funded from Revenue. The projects include Mains Replacement \$110K, Minor Extensions \$50K, New Meters \$68K, Pump Stations \$70K, Treatment Plants \$255K, Minor Equipment \$20K, and replacement of the Telemetry System \$275K.

Water Fund has been categorised as a Category 1 Business Activity (turnover over \$2M p.a.) in the draft Operational Plan to comply with the requirements of the National Competition Policy.

The Operational Plan does not provide for the payment of a Dividend to the General Fund from the Water Fund or transfers to/from Internally Restricted Assets. The Water Fund remains in a strong Financial Position and based on the 2015/2016 NSW Water Supply and Sewerage Benchmarking Report, displays a high level of efficiency and effectiveness.

**RECOMMENDATION:**

*That the Committee recommend to Council that:*

- i) a water availability base charge of \$364.00 per assessment (Includes first water meter) be adopted for 2017/2018;*
- ii) a water charge of \$364.00 per additional water meter, per assessment be adopted for 2017/2018;*
- iii) a charge of \$1.48 per kilolitre be adopted for commercial water consumption for 2017/2018;*
- iv) a charge of \$1.48 per kilolitre, 0 to 600 kilolitres and \$1.73 per kilolitre over 600 kilolitres be adopted for residential water consumption for 2017/2018;*
- v) a charge of \$0.78 per kilolitre be adopted for water consumption - Abattoirs, plus a 20 per cent early settlement discount for 2017/2018;*
- vi) a charge of \$1.05 per kilolitre be adopted for Sporting Association water consumption;*
- vii) a charge of \$1.48 per kilolitre be adopted for Guyra Shire Council water consumption;*
- viii) a charge of \$0.38 per kilolitre adopted for Raw Water consumption for 2017/2018; and*
- ix) the draft Estimates (incorporating Operational Plan) for the Water Fund for 2017/2018 be adopted and placed on public exhibition for a period of 28 days as required by Section 405 of the Local Government Act, 1993.*

<b>ITEM NO:</b>	8.	<b>FILE NO:</b> S3.16.4
<b>DESTINATION 2:</b>	A community that is healthy, educated and sustainable	<b>D</b>
<b>SUBJECT:</b>	<b>INCLUSION (DISABILITY) ACTION PLAN UPDATE</b>	
<b>PREPARED BY:</b>	Stephen Golding, Executive Manager Corporate and Community Services	

**SUMMARY:**

In accordance with the *NSW Disability Inclusion Act 2014 (DIA)* Local Government is required to adopt an Inclusion (Disability) Action Plan by 1 July, 2017. A draft plan has been prepared. The Committee is being asked to consider adopting the plan and placing it on public exhibition.

**COMMENTARY:**

As part of the community consultation process, an online Inclusion (Disability) Action Plan survey was conducted in February, 2017. The survey comprised of seventeen (17) questions to ascertain the inclusiveness of people of all abilities in Inverell Shire. This survey allowed for additional community feedback and provides insight and information in the development of Council's Inclusion (Disability) Action Plan – Appendix 4 (D88-D102).

The survey was completed by Inverell (80%), Gilgai residents (15%) and from other areas (5%) by people with a disability (15%), family and carers (40%), community service providers (30%), community members (5%) and others (5%). The major age group of people with a disability was 6-12 (12.5%), 31-40 (12.5%) and 60-70 (18.8%) years of age.

The major age group of respondents was 41-50 years of age being 50%, followed by 31-40 representing 20% of the survey.

One of the survey questions asked for suggestions to improve Council services and or offices to assist in community inclusion, to which 70% of respondents provided their feedback. The common themes were communication friendly services and increased disabled parking availability. There were also several other suggestions that are currently being investigated.

Suggestions for communication friendly services included the ability to contact Council via live chat and SMS communication channels, which would assist people with a hearing or speech impairment; and improvements in Council website for people with a vision impairment.

While over 70% of respondents found information on Council and its services accessible, including the website, Council is currently in the process of reviewing the website and its social media platforms, in line with the Web Content Accessibility Guidelines published by the World Wide Web Consortium (W3C) and recommended by Media Access Australia for inclusiveness.

Council's Library services and programs are accessible to all community members, movies shown with subtitles, regular craft activity session for adults with a disability, high school support units including the Library in their programming schedule. There is a free Home Library service which delivers library resources to people who are temporarily or permanently housebound, with staff visiting two institutions and over 30 individuals every 3 weeks, and on an "as needed" basis for the temporarily housebound.

The Library has a specialised "Clearview Spectrum" machine for use by persons with visual impairment which magnifies printed material. The Library also has specialised collections to address the needs of people with the following special needs;

- Autism Spectrum Disorder support collection – equipment and resources for persons with ASD, their families and carers,
- Mental health and wellness collection - resources to provide information and support to persons with mental illness and their families and carers,
- Large Print collection – for persons with vision impairment,
- Audio-book collection – for persons with vision impairment,
- E-book collections – for persons unable to utilise traditional print materials, and
- Literacy collections – to support persons to improve literacy & numeracy

Community education and awareness was also a major theme, to improve understanding of all special needs and valued contributors to the community.

Since late January, Ability Links has been hosting free Australian Sign Language (Auslan) classes at the Library; these classes are experiencing a significant up take with around 30 plus participants, from business houses, banks and individual community members, including Library staff.

Results of the survey demonstrated understanding of the requirements of people with a disability among local businesses, shops and hospitality venues was low, with 75% of respondents stating they are not accommodating. Accessibility is not only related to entering these venues but the access within, such as merchandise placement, fit-outs and toilet facilities making it difficult for people with mobility restrictions to move freely inside the venue.

Respondents (68.4%) felt that there is a lack of employment opportunities for people with a disability within our community. This was based on the lack of businesses being able to accommodate people with disabilities, such as accessibility, toilet facilities, working hour capacity and stereotyping being a hindrance.

The top three (3) priorities identified from the survey are;

1. Increased community education and awareness,
2. Increased employment opportunity
3. Increased inclusion within the community

The above priorities are addressed in Council's Inclusion (Disability) Action Plan's actions. The survey results have allowed Council's plan to focus specifically on key community outcomes can be delivered through advocacy, partnerships and collaboration with business, government, service providers and community members.

The Inclusion (Disability) Action Plan has been prepared and is now ready to be placed on public exhibition as part of Council's community engagement practice.

#### **RELATIONSHIP TO STRATEGIC PLAN, DELIVERY PLAN AND OPERATIONAL PLAN:**

**Strategy:** C.15 The social well being and health of individuals and communities within the Shire is being maintained and improved.

**Term Achievement:** C.15.01 Strategies are in place to respond to the social and health needs of the community.

**Operational Objective:** C.15.01.01 Actively participate in the formulation, management and implementation of the Shire's Social Plan.

#### **POLICY IMPLICATIONS:**

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The *DIA Act 2014* states that ' a local council must, as soon as practicable after preparing its annual report, give the Minister a copy of the part of the annual report in relation to council's report on implementation of its disability inclusion action plan.

**CHIEF FINANCIAL OFFICERS COMMENT:**

Nil.

**LEGAL IMPLICATIONS:**

Council is mandated by the *DIA Act 2014* to have a plan setting out the measures it intends to put in so that people with a disability can access general supports and services available in the community and participate fully and report to the Minister on the implementation.

**RECOMMENDATION:**

*That the Committee recommend to Council that the Draft Inclusive (Disability) Action Plan placed on public exhibition for a period of 28 days.*

## APPENDIX 1



# **Inverell Shire Council**

## **Key Management Personnel (KMP) - Related Party Transaction Policy**

April  
**2017**

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This document outlines Inverell Shire Council's policy and strategy for reporting KMP – Related Party Transactions.

**Document Version 1.0**

COUNCIL POLICY:	KMP – RELATED PARTY TRANSACTIONS POLICY
Ref:	

Contact Officer	Director Corporate & Economic Services, Corporate Services
Approval Date	
Approval Authority	Council
Reviewed	April 2017
Date of Next Review	April 2019

## 1 Policy statement

The purpose of this policy is to define the parameters for Related Party Transactions and the level of disclosure required for Council to achieve compliance with the Australian Accounting Standard AASB 124 – Related Party Disclosures

### **INVERELL SHIRE COUNCIL**

### **KMP – Related Party Transactions Policy**

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## 1. Introduction

All councils in New South Wales must produce annual financial statements that comply with Australian Accounting Standards.

From 1 July 2016, the Australian Accounting Standards Board has determined that AASB 124 Related Party Disclosures will apply to government entities, including local governments.

The objective of the accounting standard is to ensure that annual financial statements contain disclosures necessary for stakeholders to draw attention to the possibility that the financial position and financial performance may have been affected by transactions and outstanding balances with related parties.

Council recognises that Related Party transactions can present potential or actual conflicts of interest and may raise questions about whether they are in the best interests of the organisation.

It is therefore important that Key Management Personnel act honestly and with reasonable care and diligence whilst avoiding improper use of their position and information. It is equally important that Key Management Personnel of the Council are subject to a high level of accountability, including appropriate disclosure of their transactions with the Council in the annual financial statements

## 2. Objectives

The objective of this Policy is to ensure that the existence of certain related party relationships, related party transactions and information about the transactions, necessary for users to understand the potential effects on the Financial Statements are properly identified, recorded and disclosed in Council's General Purpose Financial Statements in compliance with AASB 124.

## 3. Related Legislation and Documents

- Australian Accounting Standard AASB 124 – Related Party Disclosures (AASB 124)
- Australian Accounting Standard AASB 10 – consolidated Financial Statements (AASB10)
- Local Government Act 1993
- Local Government (General) Regulation 2005

## 4. Identification of Related Parties

A person or entity is a related party of Council if any of the following apply:

- They are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- They are an associate or belong to a joint venture of which Council is part of;
- They and Council are joint ventures of the same third party;
- They are part of a joint venture of a third party and council is an associate of the third party;
- They are a post-employment benefit plan for the benefit of employees of either Council or an entity related to Council;
- They are controlled or jointly controlled by Close members of the family of a person;



- They are identified as a close or possibly close member of the family of a person with significant influence over Council or a close or possibly close member of the family of a person who is a KMP of Council.
- They, or any member of a group of which they are a part, provide KMP services to Council.

For the purposes of this Policy, related parties of Council are:

- Entities related to Council;
- Key Management Personnel (KMP) of Council;
- Close family members of KMP;
- Possible close family members of KMP's;
- Entities or persons that are controlled or jointly controlled by KMP, or their close family members, or their possible close family members

## **5. Identification of Key Management Personnel (KMP)**

AASB 124 defines KMPs as “those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity”.

It should be noted that KMP are individuals, not entities.

KMPs for the Council are considered to include:

- Mayor;
- Councillors;
- General Manager;
- Director of Corporate and Economic Services;
- Director Civil and Environmental Services.

## **6. Related Party Transactions**

Related Party Transactions are required to be disclosed, regardless of whether a price is charged. Such transactions may include:

- Purchase or sale of goods;
- Purchase or sale of property and other assets;
- Rendering or receiving services;
- Leases;
- Transfers of research and development;
- Transfers under licence agreements;
- Transfers under finance arrangements (including loans and equity contributions in cash or in kind);
- Provisions of guarantees or collateral;
- Quotations and/or tenders;
- Commitments; and
- Settlements of liabilities on behalf of Council or by Council on behalf of the related party.

## 7. Related Party Transactions Disclosures

AASB 124 provides that Council must disclose all material and significant Related Party Transactions in its Annual financial statements by aggregate or general description and include the following detail:

- the nature of the related party relationship; and
- relevant information about the transactions including:
  - the amount of the transaction;
  - the amount of outstanding balances, including commitments, and
  - their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in the settlement; and
  - details of any guarantee given or received;
  - provision for doubtful debts related to the amount of outstanding balances; and
  - the expense recognised during the period in respect of bad or doubtful debts due from related parties.

All transactions involving Related Parties will be captured and reviewed to determine materiality or otherwise of such transactions, if the transactions are Ordinary Citizen Transactions, and to determine the significance of each of the transactions.

Generally, transactions with amounts receivable from and payable to KMP or their related parties which:

- occur within normal employee, customer or supplier relationships and at arm's length; and
- are not material or significant;

shall be excluded from detailed disclosures, they will be disclosed in the financial statements by general description. Disclosures that Related Party Transactions were made on terms equivalent to an arm's length transaction can only be made if such terms can be substantiated.

AASB 124 Reporting Requirements in this regard are available at Attachment A.

KMP's are required to complete Section 2 of Attachment C - KMP - Related Party Transaction Questionnaire in July of each year. These transactions relate to KMP compensations and outstanding balances.

## 8. Disclosed in Aggregate or Separate

For each related party category, Council will disclose information about each related party transactions of a similar nature in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the Financial Statements of Council, having regard to the following criteria:

- the nature of the related party relationship;
- the significance of the transaction (individually or collectively) in terms of size or value (including where the materiality arises due to the fact that no consideration for the transaction is given or received by Council);
- whether the transaction is carried out on non-arm's length terms;
- whether the nature of the transaction is outside normal day-to-day business operations,

based on the factors and thresholds under the direction of the Responsible Accounting Officer in consultation with Council's external auditor.

## **9. Assessment of Related Party Transactions**

### **Materiality**

Once the related party transactions have been identified they will be analysed by the Responsible Accounting Officer and those found to be of a material size or nature will be disclosed in the financial statements.

For the purposes of this policy any transaction where the aggregate amount involved will be expected to exceed \$10,000 in any financial year will be disclosed in the annual financial statements.

The following matters must be considered in determining the materiality and significance of any related party transactions:

- Significance of transaction in terms of size;
- Whether the transaction was carried out on non-market terms;
- Whether the transaction is outside normal day-to-day business operations, such as the purchase and sale of assets;
- Whether the transaction is disclosed to regulatory or supervisory authorities;
- Whether the transaction has been reported to senior management; and
- Whether the transaction was subject to Council approval.

Regard must also be given for transactions that are collectively, but not individually significant.

### **Ordinary Citizen Transactions**

Ordinary citizen transactions (see definitions) are those transactions that are made on an arm's length basis between Council and related parties that an ordinary citizen of the community would transact with the Council. Examples of these are rates payments for properties owned by the related party and dog registration payments.

Council will identify all transactions between Council and related parties. Any that are deemed to be ordinary citizen transactions (see definition) will not be required to be disclosed in the annual financial statement.

Transactions between Council and related parties that would normally be considered to be ordinary citizen transactions but where the terms and conditions differ from normal practice will not be considered to be an ordinary citizen transaction for the purposes of this policy. These will be disclosed in Council's annual financial statements in the related party disclosure.

### **Identification of all related party transactions**

Capture of all related party transactions will be done to allow a full assessment of related party transactions that are included in the related party disclosure. This will also allow Council's external auditors to perform a full analysis of the entire process that results in the related party transaction disclosure.

## **10. Review of Related Parties**

A review of KMPs and their related parties will be completed upon adoption of this policy and every 12 months thereafter. Particular events, such as a change of Councillors, General Manager or Director or an organisational restructure, will also trigger a review of Council's related parties immediately following such an event.

A KMP is also required to notify Council of any changes to related parties throughout the year.

The method for identifying related parties and close family members and associated entities of KMP will be by completing Section 1 of Attachment C - KMP - Related Party Transaction Questionnaire 90.

## **11. Identification of Control or Joint Control**

A person or entity is deemed to have control if they have:

- a) power over the entity;
- b) exposure, or rights, to variable returns from involvement with the entity; and
- c) the ability to use power over the entity to affect the amount of returns.

To jointly control, a person or entity must have contractual rights or agreed sharing of control of the entity, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

## **12. Required Disclosures and Reporting**

AASB 124 provides that Council must disclose the following financial information in its financial statements for each financial year period:

1. Disclosure of any related party relationship - must disclose in the annual financial statements its relationship with any related parties or subsidiaries (where applicable), whether or not there have been transactions within the relevant reporting period.
2. KMP Compensation Disclosures - must disclose in the annual financial statements KMP for each of the categories of compensation (as defined in the definitions of this Policy) in total.

## **13. Privacy**

### **Confidential**

The following information is classified as confidential and is not available for inspection by or disclosure to the public, including through a GIPAA application:

- information (including personal information) provided by a KMP in a related party disclosure; and
- personal information contained in a register of related party transactions.

### **When Consent is Required**

Except as specified in this Policy, Council and other permitted recipients will not use or disclose personal information provided in a related party disclosure by a KMP or contained in a register of related party transactions for any other purpose or to any other person except with the prior written consent of the subject KMP.

**Permitted Recipients**

The following persons are permitted to access, use and disclose the information (including personal information) provided in a related party disclosure or contained in a register of related party transactions for permitted purposes (see below):

- the General Manager;
- the Responsible Accounting Officer,
- Director Corporate and Community Services,
- Manager Financial Services
- an Auditor of Council (including an Auditor from the NSW Auditor General's Office);
- Other Officers as delegated by the General Manager.

**Permitted Purposes**

A Permitted Recipient may access, use and disclose information (including personal information) in a related party disclosure or contained in a register of related party transactions for the following purposes:

- to assess and verify a notified related party transaction;
- to reconcile identified related party transactions against those notified in a related party disclosure or contained
- in a register of related party transactions;
- to comply with the disclosure requirements of AASB 124;
- to verify compliance with the disclosure requirements of AASB 124.

**14. Government Information (Public Access) (GIPAA Status)****No Public Inspection**

The following documents are not open to or available for inspection by the public:

- related party disclosures provided by a KMP; and
- a register of related party transactions.

**Not GIPAA – accessible**

A GIPAA application seeking access to:

- a document or information (including personal information) provided by a KMP in a related party disclosure; or
- personal information contained in a register of related party transactions;

will be refused on the grounds the document or information comprises information for which there is an overriding public interest against disclosure pursuant to Section 14 of GIPAA.

**Transactional Documentation**

A GIPAA application seeking access to and release of transactional information and documentation the subject of a related party transaction with Council will be considered, assessed and decided in accordance with Council's usual procedures regarding applications made under GIPAA.

## 15. Definitions

### AASB 124

Means the Australian Accounting Standards Board, Related Party Disclosures Standard.

### Act

Means the NSW Local Government Act 1983.

### Code

Means the Local Government Code of Accounting Practice and Financial Reporting, updated by Office of Local Government annually.

### Arm's length terms

Terms between parties that are reasonable in the circumstances of the transaction that would result from:

- neither party bearing the other any special duty or obligation;
- the parties being unrelated and uninfluenced by the other; and
- each party having acted in its own interest.

### Associate

In relation to an entity (***the first entity***), an entity over which the first entity has significant influence.

### Close family members or close members of the family

In relation to a KMP, family members who may be expected to influence, or be influenced by that KMP in their dealings with Council will include:

- that person's children and spouse or domestic partner;
- children of that person's spouse or domestic partner; and
- dependents of that person or that person's spouse or domestic partner.

For the purpose of AASB 124, close family members could include extended members of a family (such as, without limitation, parents, siblings, grandparents, uncles/aunts or cousins) *if* they could be expected to influence, or be influenced by, the KMP in their dealings with Council.

### Control

Control of an entity is present when there is:

- power over the entity; and
- exposure or rights to variable returns from involvement with the entity; and
- the ability to use power over the entity to affect the amount of returns received

### Joint control

The contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

### Joint venture

An arrangement of which two or more parties have joint control and have right to the net assets of the arrangement.

**Key Management Personnel (KMP)**

Person(s) having authority and responsibility for planning, directing and controlling the activities of Council. Specifically, KMP of Council are the:

- Mayor
- Councillors
- General Manager;
- Director of Corporate and Economic Services ;
- Director Civil and Environmental Services

**KMP Compensation**

All forms of consideration paid, payable, or provided in exchange for services provided, and may include:

- Short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free and subsidised goods or services) for current employees;
- Post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care;
- Other long-term employee benefits, including long-service leave or sabbatical leave, long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit sharing, bonuses and deferred compensation; and
- Termination benefits.

**Material (materiality)**

The assessment of whether the transaction, either individually or in aggregate with other transactions, by omitting it or misstating it could influence decisions that users make on the basis an entity's financial statements. For the purpose of this policy, it is not considered appropriate to set either a dollar value or a percentage value to determine materiality.

**Ordinary citizen transactions**

Transactions that an ordinary citizen would undertake with Council, which is undertaken on arm's length terms and in the ordinary course of carrying out Council's functions and activities.

Examples of ordinary citizen transactions assessed to be not material in nature are:

- paying rates charges;
- using Council's public facilities after paying the corresponding fees.

**Possible Close members of the family of a person**

Those family members who could be expected to influence, or be influenced by, that person in their dealings with the Council and include:

- that person's brothers and sisters;
- aunts, uncles, and cousins of that person's spouse or domestic partner;
- dependants of those persons or that person's spouse or domestic partner as stated in (b); and
- that person's or that person's spouse or domestic partner's, parents and grandparents.

**Related party**

A person or entity that is related to Council pursuant to the definition contained in AASB 124, Paragraph 9.

Examples of related parties of Council are:

- Council subsidiaries;
- KMP;
- close family members of KMP;
- entities that are controlled or jointly controlled by KMP or their close family members.

**Related party transaction**

A transfer of resources, services or obligations between the Council and a related party, regardless of whether a price is charged.

Examples of related party transactions are:

- purchases or sales of goods;
- purchases or sales of property and other assets;
- rendering or receiving of services;
- rendering or receiving of goods;
- leases;
- transfers under licence agreements;
- transfers under finance arrangements (example: loans);
- provision of guarantees (given or received);
- commitments to do something if a particular event occurs or does not occur in the future;
- settlement of liabilities on behalf of Council or by Council on behalf of that related party.

**Related party disclosure**

A document entitled *Related Party Disclosure by Key Management Personnel* in the form set out in Code of Accounting Practice and Financial Reporting (Update 25) which includes the reporting requirements details in Attachment A.

**Significant influence**

Means likely to influence the decisions that users of the Council's financial statements make having regard to both the extent (value and frequency) of the transactions, and that the transactions have occurred between the Council and related party outside a public service provider/ taxpayer relationship.

**Remuneration**

Remuneration package and includes any money, consideration or benefit received or receivable by the person but excludes reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction.



**ATTACHMENT A****AASB 124 REPORTING REQUIREMENTS**

Reference	Requirements
AASB124.17	<p>The entity discloses key management personnel compensation in total and for each of the following categories:</p> <ul style="list-style-type: none"> <li>a) short-term employee benefits;</li> <li>b) post-employment benefits;</li> <li>c) other long-term benefits; and</li> <li>d) termination benefits;</li> </ul> <p>Key management personnel (KMP) are not named – disclosure on an aggregate basis only.</p> <p>Short-term employee benefits include non-monetary benefits.</p>
AASB124.18	<p>If there have been transactions between related parties, the entity discloses the nature of the relationship with the related party, as well as sufficient information about the transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements.</p> <p>Types of Transactions:</p> <ul style="list-style-type: none"> <li>a) purchases or sales of goods (finished or unfinished);</li> <li>b) purchases or sales of property and other assets;</li> <li>c) rendering or receiving of services;</li> <li>d) leases;</li> <li>e) transfers of research and development;</li> <li>f) transfers under licence agreements;</li> <li>g) transfers under finance arrangements (including loans and equity contributions in cash or in kind);</li> <li>h) provision of guarantees or collateral;</li> <li>i) commitments to do something if a particular event occurs or does not occur in the future, including executory contracts<sup>1</sup> (recognised and unrecognised);</li> <li>j) settlement of liabilities on behalf of the related party.</li> </ul> <p>The following information, at a minimum, is disclosed:</p> <ul style="list-style-type: none"> <li>a) the amount of the transactions;</li> <li>b) the amount of outstanding balances,</li> <li>c) including commitments, and terms and conditions (i.e. secured or unsecured) and the nature of consideration to be provided in settlement; and details of guarantees given or received;</li> <li>d) provisions for doubtful debts related to the amount of outstanding balances; and</li> <li>e) the expense recognised during the period relating to bad or doubtful debts due from related parties.</li> </ul>
AASB124.19	<p>The entity separately discloses all the information required by Paragraph 18 at the following levels:</p> <ul style="list-style-type: none"> <li>a) subsidiaries;</li> <li>b) associates;</li> <li>c) joint ventures in which the entity is a joint venturer;</li> <li>d) key management personnel of the entity or its parent; and</li> <li>e) e. other related parties.</li> </ul>
AASB124.24	<p>The entity discloses items of a similar nature in aggregate, except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the entity.</p>

## ATTACHMENT B

**EXAMPLES OF  
RELATED PARTIES & RELATED PARTY TRANSACTIONS****Entities Related to Council****Example 1 (Company that is a related party of council)**

Sunny Regional Council (SRC) owns 90% of the shares in Sunny Regional Development Pty Ltd (the company).

SRC has assessed that it has control over the company. The company is therefore a related party of SRC because SRC controls it.

SRC produces consolidated financial statements which include both a parent entity column and consolidated entity column. In these statements all individually significant transactions between SRC and the company will need to be disclosed. For other transactions that are collectively, but not individually, significant SRC will need to disclose a qualitative and quantitative indication of their extent.

SRC must also disclose the nature of its relationship with the company.

**Key Management Personnel****Example 2 (Audit committee member)**

Sunny Shire Council's audit committee comprises two Councillors and a local retired accountant, Fred. Fred has no other connection with the council.

The audit committee attends to the functions as required under the *Local Government Regulation 2012*. It does not make any decisions on behalf of the council but simply provides reports, with recommendations, for the Mayor and councillors to consider.

Based on the facts outlined Fred would not be a KMP of council.

**Close Family Members of KMP****Example 3 (Son of CFO employed by council)**

Sunny Shire Council has recently employed Paul's son (George) in the Council's parks and garden's area. Paul is Council's Chief Financial Officer but was not involved in hiring George. This process was managed by the Director of Parks and Gardens and included an independent assessment process.

Paul did not have any influence in George securing the job.

Paul has been identified as a KMP of council, which makes him a related party.

George will also be a related party of Council because he is a close family member of Paul. The recruitment process that was undertaken for George's position is irrelevant when assessing whether George is a related party.

**Example 4 (Cousin of Mayor)**

The Mayor of Happy Shire Council (Shelley) has lived in the Shire her whole life. In fact her family has been in the area for over five generations.

Shelley's cousin Mavis, owns and operates the local newsagent through a company Happy News Pty Ltd, in which she owns 100% of the shares. Shelley and Mavis have always been close and regularly socialise together.

Shelley has been identified as a KMP of council. From these facts it would appear that Mavis is a close family member of Shelley because she would be expected to influence, or be influenced by, that person in her dealings with Council

Both Mavis and the company she controls, Happy News Pty Ltd would therefore be related parties of Council. Any transactions that the Council makes with the newsagent would need to be separately identified and may need to be disclosed.

**Entities that are controlled or jointly controlled by KMP or their close family members**

**Example 5 (Mayor is the President of a local football club)**

The Mayor of Sunny Shire Council is the President of League Heroes Inc, the local football club. This club is overseen by a committee which comprises the President and four other committee members. Each member has a single vote when making decisions at meetings. The committee members are not related and do not have agreements to vote with one another. The club has over 100 members that each have a vote in electing the committee members at the club's annual general meeting.

From these facts it would appear that the Mayor does not control or jointly control the football club so it will not be a related party of Council just because the Mayor is the president of the club.

## ATTACHMENT C



# **Inverell Shire Council**

## **Key Management Personnel**

### **KMP - Related Party Transaction**

### **Questionnaire**

## Introduction

This questionnaire helps Inverell Shire Council identify KMPs and their related parties, and understand the nature and types of related party transactions and balances. It is a valuable source of information and audit evidence and will allow Council to comply with AASB 124.

This document is a modified version of the NSW Audit Office questionnaire used when conducting Government audits.

## Section 1

<b>Name of the KMP</b> Please provide full Name	Mr/Mrs/Ms		
<b>KMP's close family members<sup>1</sup></b> Please list the names of close family members where an interest is to be disclosed.	<b>Name</b>	<b>Nature of relationship</b> [e.g.: Partner/Spouse/Child/Parent etc.]	
<b>Entities controlled, jointly controlled or significantly influenced by the KMP or a close family member.</b>	List the names of all entities you or your close family members control, jointly control or significantly influence - refer to section 3 of this document		
<b>Name of related entity</b>	<b>How is the entity a related party?</b>	<b>Date appointed/commenced</b>	<b>Date resigned/terminated</b>

<sup>1</sup> Refer to section 3 of this document for [definitions](#) and references.

## Section 2

### KMP Compensation<sup>2</sup> (AASB124.17)

Provide details of [compensation](#) paid, payable or provided by the reporting entity, or on behalf of the reporting entity (or a parent of the reporting entity), in exchange for services rendered by you or your close family members. Where consolidated financial statements are being prepared and you, or your close family members render services to two or more entities within the group, disclose compensation from each of those entities, regardless of the capacity in which the compensation was received.

Short-term employee benefits	Comments
<p>Disclose compensation received or receivable for services during the reporting period as:</p> <p>a KMP</p> <p>a close family member of a KMP.</p> <p>For each KMP and their close family members include:</p> <p>amounts relating to profit-sharing plans or bonuses, indicating:</p> <ul style="list-style-type: none"> <li>– whether bonus payments were for performance in the current or prior year</li> <li>– the date the bonus was paid</li> <li>– the performance criteria to which the bonus relates</li> <li>– terms and conditions (and changes thereto) of the bonus</li> <li>– the percentage of the bonus paid or vested during the year</li> <li>– the percentage of the bonus or grant forfeited during the year</li> <li>– the financial year (after the current year) in which the bonus will become payable if the performance criteria are satisfied</li> <li>– estimates of the maximum and minimum possible amount of the bonus for financial years after the current financial year</li> </ul> <p>sums received before commencing in a new position that was consideration for agreeing to hold that position</p> <p>salary sacrifice arrangements</p> <p>non-monetary benefits.</p> <p>Exclude amounts received as a consequence of a share-based payment entitlement. Share based payments are considered below.</p>	

<sup>2</sup> Refer to section 3 of this document for [definitions](#) and references.

Compensation paid by	Compensation paid to	In connection with the affairs of	Type of compensation	Amount (\$)
[Name of entity]	[Name of KMP or close family member]	[Name of entity]	[see <u>compensation</u> ]	

Post-employment benefits	Comments
<p>Provide details about:</p> <p>whether the superannuation plan was a defined benefit or defined contribution plan, and the name of the superannuation plan</p> <p>the amount of superannuation contributed for services rendered during the financial year.</p>	

Compensation paid by	Compensation paid to	In connection with the affairs of	Type of compensation	Amount (\$)

Other long-term employee benefits	Comments
<p>Provide details about:</p> <p>the nature and amount of other long-term employee benefits for services rendered during the financial year, separately identifying amounts attributable to long-term incentive plans.</p>	

Compensation paid by	Compensation paid to	In connection with the affairs of	Type of compensation	Amount (\$)

Termination benefits	Comments
<p>Provide details about:</p> <p>the terms and conditions of termination benefits received/receivable, including the amount and whether it was provided for under a contract for services.</p>	

Compensation paid by	Compensation paid to	In connection with the affairs of	Type of compensation	Amount (\$)

Share-based payments	Comments
<p>Provide details about:</p> <p>participation in share-based payment arrangements (including employee share plans and/or option plans)</p> <p>changes to share-based payment arrangements during the financial year.</p>	

Compensation paid by	Compensation paid to	In connection with the affairs of	Type of compensation	Amount (\$)



## Transactions and related outstanding balances (AASB 124.26-27)

Provide details about the following transactions and balances during the reporting period between the reporting entity and yourself as a KMP and your close family members and any entity you or your close family members control, jointly control or significantly influence.

Transaction(s)	Details <sup>3</sup> :	Amount of the transaction, balance or commitment
Loans made, guaranteed or secured, directly or indirectly, by the company or its subsidiaries	<b>Name of related party:</b> <b>Nature of relationship:</b> <b>Nature of transaction, balance or commitment:</b>	
Purchases or sales of goods and rendering or receiving of services <sup>4</sup>	<b>Name of related party:</b> <b>Nature of relationship:</b> <b>Nature of transaction, balance or commitment:</b>	
Purchases or sales of property or other assets	<b>Name of related party:</b> <b>Nature of relationship:</b> <b>Nature of transaction, balance or commitment:</b>	
Leases (either as lessee or lessor)	<b>Name of related party:</b> <b>Nature of relationship:</b> <b>Nature of transaction, balance or commitment:</b>	
Transfers of research and development	<b>Name of related party:</b> <b>Nature of relationship:</b> <b>Nature of transaction, balance or commitment:</b>	
Transfers under licence agreements	<b>Name of related party:</b> <b>Nature of relationship:</b> <b>Nature of transaction, balance or commitment:</b>	
Transfers under finance agreements (including loans and equity contributions in cash or in kind)	<b>Name of related party:</b> <b>Nature of relationship:</b> <b>Nature of transaction, balance or commitment:</b>	
Provision of guarantees or collateral	<b>Name of related party:</b> <b>Nature of relationship:</b> <b>Nature of transaction, balance or commitment:</b>	
Commitments to something if a particular event occurs or does not occur in the future	<b>Name of related party:</b> <b>Nature of relationship:</b> <b>Nature of transaction, balance or commitment:</b>	

<sup>3</sup> Provide sufficient detail to provide an understanding of the effects of the transactions for disclosure and audit purposes.

<sup>4</sup> KMPs will consume public services on the same terms and conditions as other members of the public. No disclosure is required about these types of transactions.

Transaction(s)	Details <sup>3</sup> :	Amount of the transaction, balance or commitment
(including executory contracts)		
Settlement of liabilities/debts forgiven	<b>Name of related party:</b> <b>Nature of relationship:</b> <b>Nature of transaction, balance or commitment:</b>	
Grants, scholarships, bequests and other benefits	<b>Name of related party:</b> <b>Nature of relationship:</b> <b>Nature of transaction, balance or commitment:</b>	
Other (e.g. debentures, options etc.)	<b>Name of related party:</b> <b>Nature of relationship:</b> <b>Nature of transaction, balance or commitment:</b>	

## DECLARATION

To the best of my knowledge and belief, the information provided in the attached Key Management Personnel Related Party Transactions and Disclosures Questionnaire is complete and accurate.

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## Section 3

### Definitions<sup>5</sup>

Source Reference	Definition
AASB 124.9	<p><b>Close members of the family of a person</b> are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:</p> <p>the person's children and spouse or domestic partner</p> <p>children of that person's spouse or domestic partner</p> <p>dependants of that person or that person's spouse or domestic partner.</p>
AASB 124.9	<p><b>Compensation</b> includes all employee benefits (as defined in AASB 119 'Employee Benefits') including employee benefits to which AASB 2 'Share-based Payment' applies. Employee benefits are all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered to the entity. It also includes such consideration paid on behalf of a parent of the entity in respect of the entity. Compensation includes:</p> <ul style="list-style-type: none"> <li>a) short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within twelve months of the end of the reporting period) and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees</li> <li>b) post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care</li> <li>c) other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the reporting period, profit-sharing, bonuses and deferred compensation</li> <li>d) termination benefits</li> <li>e) share-based payment.</li> </ul> <p>The terms 'compensation' used in AASB 124 and 'remuneration' used in the <i>Corporations Act 2001</i> are interchangeable.</p>
AASB 124.9	<p><b>Control</b> is defined by AASB 10 as the exposure, right or ability to affect variable returns through the exercise of power.</p>
AASB 124 para Aus9.1	<p><b>Director</b> means:</p> <ul style="list-style-type: none"> <li>a) a person who is a director under the Corporations Act</li> <li>b) in the case of entities governed by bodies not called a board of directors, a person who, regardless of the name that is given to the position, is appointed to the position of member of the governing body, council, commission or authority.</li> </ul>
AASB 124.9	<p><b>Key management personnel</b> are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.</p>
AASB 124.9	<p>A <b>related party transaction</b> is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.</p>

<sup>5</sup> These definitions are taken from AASB 124 effective for reporting periods starting on or after 1 July 2016.

Source Reference	Definition
AASB 124.9	<p><b>Related party</b> – a person or entity that is related to the entity that is preparing its financial statements ('reporting entity').</p> <p>a) A person or a close member of that person's family is related to a reporting entity if that person:</p> <ul style="list-style-type: none"> <li>has control or joint control over the reporting entity</li> <li>has significant influence over the reporting entity</li> <li>is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.</li> </ul> <p>b) An entity is related to a reporting entity if any of the following conditions applies:</p> <ul style="list-style-type: none"> <li>i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others)</li> <li>one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)</li> <li>both entities are joint ventures of the same third party</li> <li>one entity is a joint venture of a third entity and the other entity is an associate of the third entity</li> <li>the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity</li> <li>the entity is controlled or jointly controlled by a person identified in a)</li> <li>a person identified in a) i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).</li> <li>The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.</li> </ul>
AASB 128.3	<p><b>Significant Influence</b> is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.</p>
AASB 124.21	<p><b>Related party transactions</b> – following are examples of transactions that must be disclosed if they are with a related party:</p> <ul style="list-style-type: none"> <li>a) purchases or sales of goods (finished or unfinished)</li> <li>b) purchases or sales of property and other assets</li> <li>c) rendering or receiving of services</li> <li>d) leases</li> <li>e) transfers of research and development</li> <li>f) transfers under licence agreements</li> <li>g) transfers under finance arrangements (including loans and equity contributions in cash or in kind)</li> <li>h) provision of guarantees or collateral</li> <li>i) commitments to do something if a particular event occurs or does not occur in the future, including executory contracts<sup>6</sup> (recognised and unrecognised)</li> </ul>

<sup>6</sup> AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' defines executory contracts as contracts under which neither party has performed any of its obligations or both parties have partially performed their obligations to an equal extent.

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Source Reference	Definition
	j) settlement of liabilities on behalf of the entity or by the entity on behalf of that related party.

**APPENDIX 2**

**FIT FOR THE FUTURE ROADMAP - SPECIAL RATE VARIATION (SRV) BUDGET ADJUSTMENTS**  
**for 2016/2017 to 2026/2027**

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	TOTALS
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>CORE BUDGET (SURPLUS)/DEFICIT EXCLUDING SRV</b>	(1,556)	96,740	158,060	221,790	287,650	352,430	420,030	489,750	561,770	635,920	858,075	4,082,215
(Based on an annual IPART Rate Peg of 1.5% for 2017/2018 and then 2.5% p.a. Indexation of FAG's Grant and Major Grants at 2% to 2.5% and continuation of existing Service Levels and required levels of Asset Renewal)												
<b>ROAD ASSET SPECIFIC RECURRENT ISSUES</b>												
Additional Asset Maintenance and Renewal requirements to meet existing Service Levels across works programs (Rural Road Network)	See Budget	86,000	136,000	186,000	250,000	280,000	308,000	340,000	406,000	430,000	450,000	2,872,000
Restore Joint Industrial Promotions Fund	See Budget	1,929	24,452	74,953	76,827	78,747	80,716	82,734	84,802	86,922	89,093	681,175
Less Re-allocation of Funds												
- Minor Roads Gravel Resurfacing - North	See Budget	830	1,680	2,550	3,450	4,370	5,310	6,270	7,260	8,270	8,480	(48,470)
- Minor Roads Gravel Resurfacing - South	See Budget	1,110	2,240	3,400	4,590	5,810	7,060	8,340	9,650	11,000	11,280	(64,480)
Road Grading - To meet Existing Services Levels		100,000	102,600	105,270	108,010	110,820	113,690	116,650	119,680	112,790	115,830	1,105,340
<b>SUB-TOTAL</b>	(1,556)	282,729	417,192	582,063	714,447	811,817	910,066	1,014,524	1,155,342	1,246,362	1,493,238	4,545,565
<b>INFRASTRUCTURE BACKLOG ISSUES</b>												
Road Infrastructure Backlog Program-Heavy Patching/Stabilisation	See Budget	228,000	599,400	1,096,530	875,500	816,070	595,000	535,000	351,500	-	-	5,097,000
<b>TOTAL BUDGET (SURPLUS)/DEFICIT EXCLUDING SRV</b>	(1,556)	510,729	1,016,592	1,678,593	1,589,947	1,627,887	1,505,066	1,549,524	1,506,842	1,246,362	1,493,238	13,724,780
<b>OTHER IDENTIFIED ROAD ASSET RENEWAL</b>												
Urban Construction-Additional Asset Renewals required (This budget allocation has not increased since 2010/2011)	See Budget	-	-	-	-	-	50,000	50,000	100,000	100,000	100,000	400,000
Asset Renewals - Road Infrastructure Backlog Prevention	See Budget	-	52,000	-	130,000	135,000	250,000	250,000	250,000	400,000	200,000	1,667,000
Asset Renewals Culvert and Causeway/Drainage and Footpath Renewal (Also covers any additional asset renewals required as identified)	See Budget	-	-	-	-	-	-	-	40,000	200,000	200,000	440,000
<b>TOTAL ADDITIONAL ASSET RENEWALS</b>	-	-	52,000	-	130,000	135,000	300,000	300,000	390,000	700,000	500,000	2,507,000
Additional SRV Income (14.25% (14.94% cumulative) over 3 years from 2017/2018)	-	511,897	1,068,613	1,678,680	1,720,647	1,763,863	1,807,755	1,852,949	1,899,273	1,946,754	1,995,423	(16,245,654)
<b>NET CASH (SURPLUS)/DEFICIT AFTER SRV</b>	(1,556)	(1,168)	(21)	(87)	(700)	(776)	(2,699)	(3,425)	(2,431)	(392)	(2,185)	(13,874)
	-	1,556	510,729	1,068,592	1,678,593	1,719,947	1,762,887	1,849,524	1,896,842	1,946,362	1,993,238	16,230,224

## APPENDIX 3

Fit for the Future

In respect of "Fit for the Future" which is assessed on the General Fund only, the following Performance Benchmarks result from the adoption of the 2017/2018 draft Budget including the SRV (ie implementation of Council's IPART approved Fit for the Future Roadmap as required by the State Government and as adopted by Council).

**BENCHMARK****SUSTAINABILITY - OPERATING PERFORMANCE**

This Sustainability Benchmark requires that Council achieves a result of "Breakeven (0.00%) and improving for the three (3) years ending 2019/2020 and for each three (3) year rolling period thereafter". Council must meet this Benchmark to remain Fit for the Future.

This Benchmark is a core measure of financial sustainability - indicates Council's capacity to meet ongoing operating expenditure requirements. TCorp recommends at least breakeven over the longer term - ongoing deficits are unsustainable.

As shown below, Council meets this FFF Benchmark under the IPART approved FFF Roadmap Scenario to 2020. This Sustainability Benchmark, however, requires that "Council achieves a result of "Breakeven (0.00%) and improving for the three years ending 2019/2020 and for each three year rolling period thereafter". As shown in the Graph after 2020 this Benchmark while still being in the healthy range declines over time. This indicates that the 14.25% (14.94% cumulative) SRV is border line and is the absolute minimum SRV that Council needs, and that significant ongoing actions will be required to ensure Council continues to meet this FFF Benchmark.

Inverell Shire Council

OPERATING PERFORMANCE RESULT

General Fund

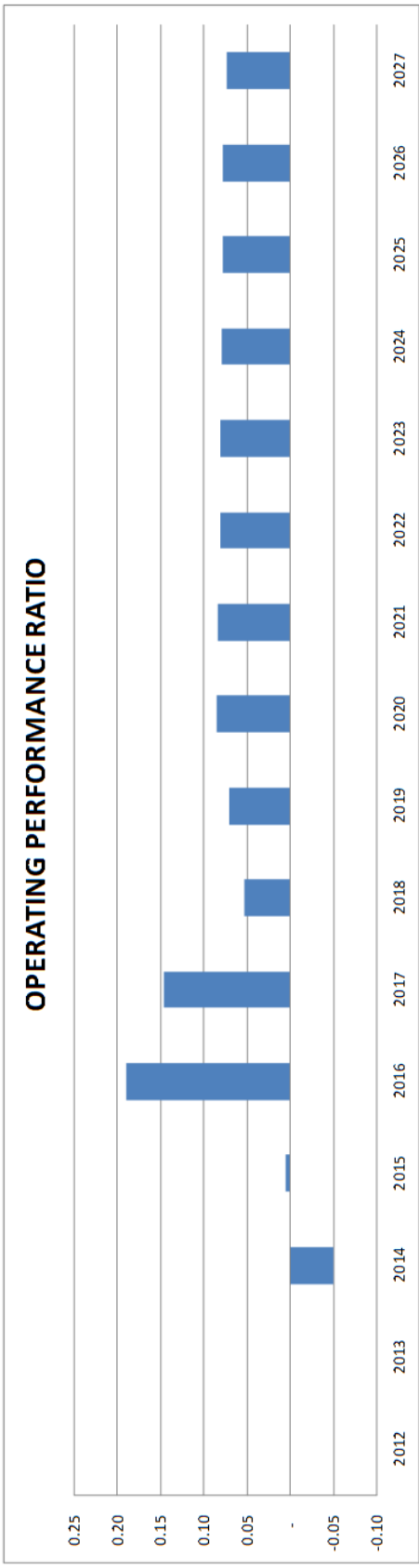
Including F4F SRV

BENCHMARK AND RESULT

Benchmark:-

Greater or equal to break-even average over 3 years

Summary of Results	ACTUALS							CURRENT BUDGET	PROPOSED BUDGET							
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Year	-	-	0.05	0.01	0.19	0.15	0.05	0.07	0.09	0.08	0.08	0.08	0.08	0.08	0.08	0.07
Result			✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Meets Benchmark			✗													
Rolling 3 year average			-	- 0.02	0.05	0.11	0.13	0.09	0.07	0.08	0.08	0.08	0.08	0.08	0.08	0.08
Meets Benchmark			✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓



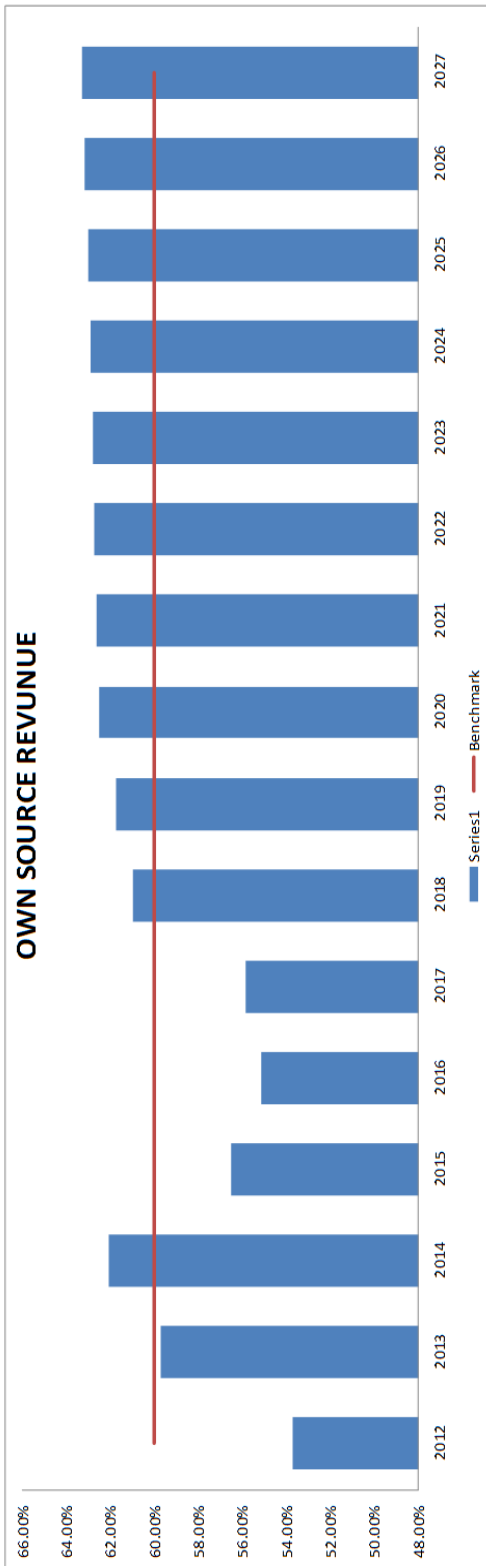


Inverell Shire Council  
**OWN SOURCE REVENUE RESULT**  
*General Fund*  
Including F4F SRV

**BENCHMARK AND RESULT**

Benchmark:- Greater than 60% average over 3 years

Summary of Results	ACTUALS			CURRENT BUDGET			PROPOSED BUDGET									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Year																
Benchmark	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%
Result	53.70%	59.70%	62.10%	56.54%	55.13%	55.87%	60.99%	61.77%	62.53%	62.62%	62.72%	62.81%	62.93%	63.02%	63.16%	63.30%
Meets Benchmark	✗	✗	✓	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rolling 3 year average			58.50%	59.45%	57.92%	55.85%	57.33%	59.54%	61.76%	62.31%	62.62%	62.72%	62.82%	62.92%	63.04%	63.16%
Meets Benchmark			✗	✗	✗	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓



As shown, Council meets this FFF Benchmark at a higher than minimum level under the IPART approved FFF Roadmap Scenario. A FFF Benchmark at this level allows Council to take on new and additional Capital Grants, while maintaining the Benchmark above the required 60%.

**BENCHMARK****SUSTAINABILITY – BUILDING AND INFRASTRUCTURE ASSET RENEWAL**

This Sustainability Benchmark requires that Council achieves a result of “Greater than 100.0% average over the three (3) years ending 2019/2020 and for each three (3) year rolling period thereafter”. Council must meet this Benchmark to remain Fit for the Future.

This Benchmark measures whether Council's assets are deteriorating faster than they are being renewed - indicator of whether Council's Infrastructure Backlog is likely to increase. A Ratio of greater than 100% ensures community assets are managed in a sustainable way.

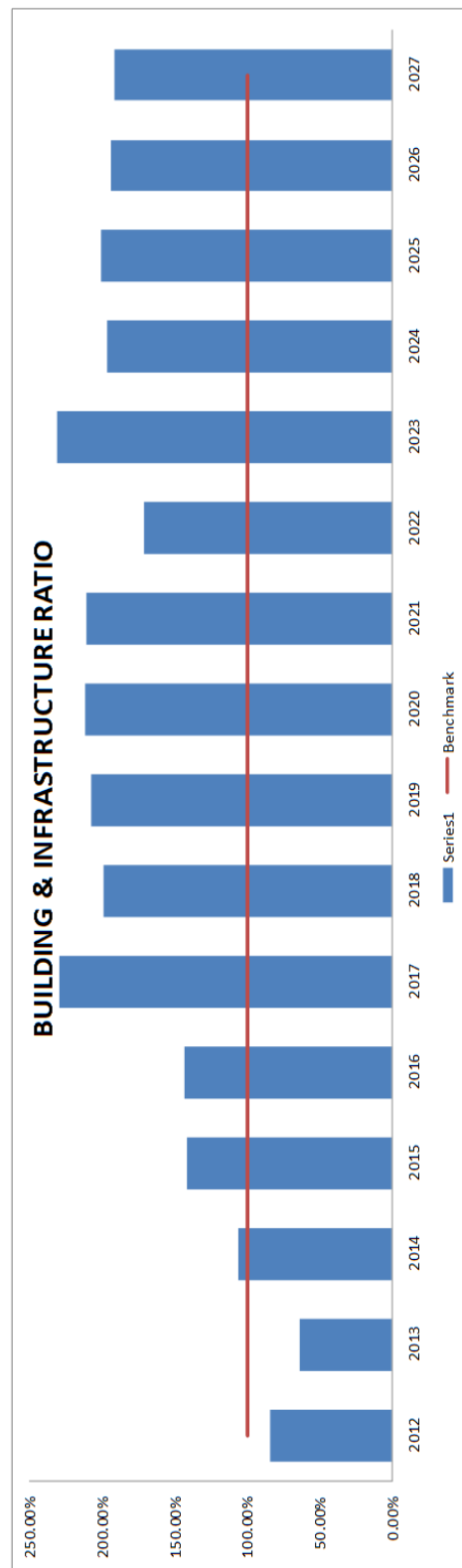
This Benchmark also does not account for new assets or asset upgrades.

**Inverell Shire Council**  
**BUILDING & INFRASTRUCTURE ASSET RENEWAL RATIO**  
*General Fund*  
**Including F4F SRV**

**BENCHMARK AND RESULT**

Benchmark:-  
 Greater than 100% average over 3 years

Summary of Results	CURRENT BUDGET											
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Year												
Benchmark	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Result	83.80%	63.80%	106.10%	142.00%	143.06%	229.29%	198.94%	207.60%	211.47%	210.53%	171.38%	230.96%
Meets Benchmark	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rolling 3 year average				103.97%	130.39%	171.45%	190.43%	211.94%	206.00%	209.87%	197.79%	204.29%
Meets Benchmark			✗	✓	✓	✓	✓	✓	✓	✓	✓	✓



As shown, Council meets this FFF Benchmark under the IPART approved FFF Roadmap Scenario.

**BENCHMARK****EFFICIENCY – REAL OPERATING COST PER CAPITA RESULT**

This Efficiency Benchmark requires that Council achieves a decrease in Real Operating Expenditure per capita over time. Council must meet this Benchmark to remain Fit for the Future.

This Benchmark indicates how well Councils are utilising economies of scale and managing levels to achieve efficiencies. It focuses on each Council's individual performance over time, rather than comparing with others. Decline in real expenditure per capita indicates improved efficiency (all things being equal).

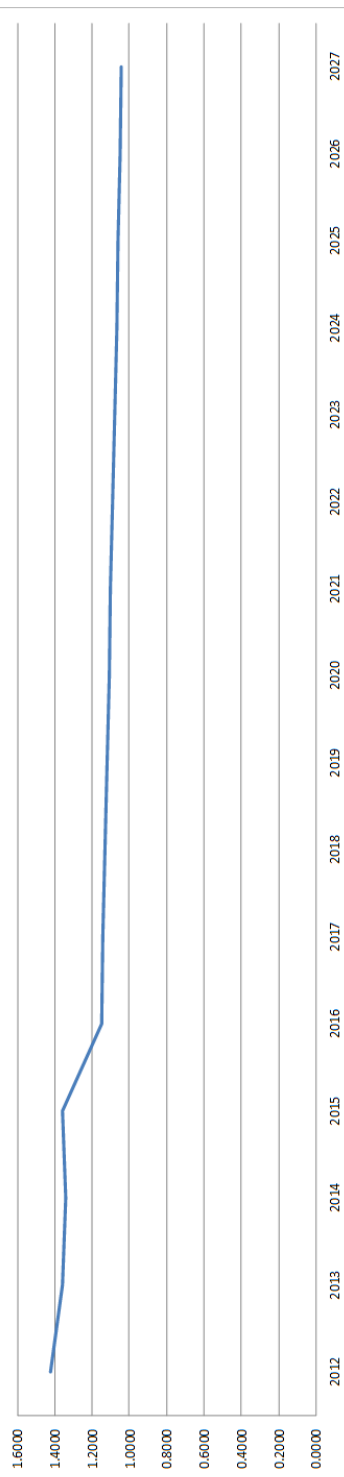
**Inverell Shire Council**  
**GENERAL FUND - REAL OPERATING EXPENDITURE PER CAPITA RESULT**  
*General Fund*  
**Including F4F SRV**

**BENCHMARK AND RESULT**

Benchmark: A decrease in Real Operating Expenditure per capita over time

Summary of Results	ACTUALS										CURRENT BUDGET	PROPOSED BUDGET						
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Year	1.5300	1.6700	1.4200	1.3600	1.3400	1.3600	1.1513	1.1442	1.1304	1.1180	1.1090	1.0994	1.0901	1.0792	1.0696	1.0614	1.0522	1.0456
Result																		

**REAL OPERATING EXPENDITURE RATIO**



As shown, Council meets this FFF Benchmark under the IPART approved FFF Roadmap Scenario. This FF Benchmark which is audited by the External Auditor clearly demonstrates the strong ongoing efficiency gains delivered to the community by Council.

**BENCHMARK****INFRASTRUCTURE AND SERVICE MANAGEMENT – INFRASTRUCTURE BACKLOG RESULT**

This Infrastructure and Service Management Benchmark requires that Council achieves a result of “Less than 2.0%” by the end of 2019/2020 and for each year thereafter”. Council must meet this Benchmark to remain Fit for the Future.

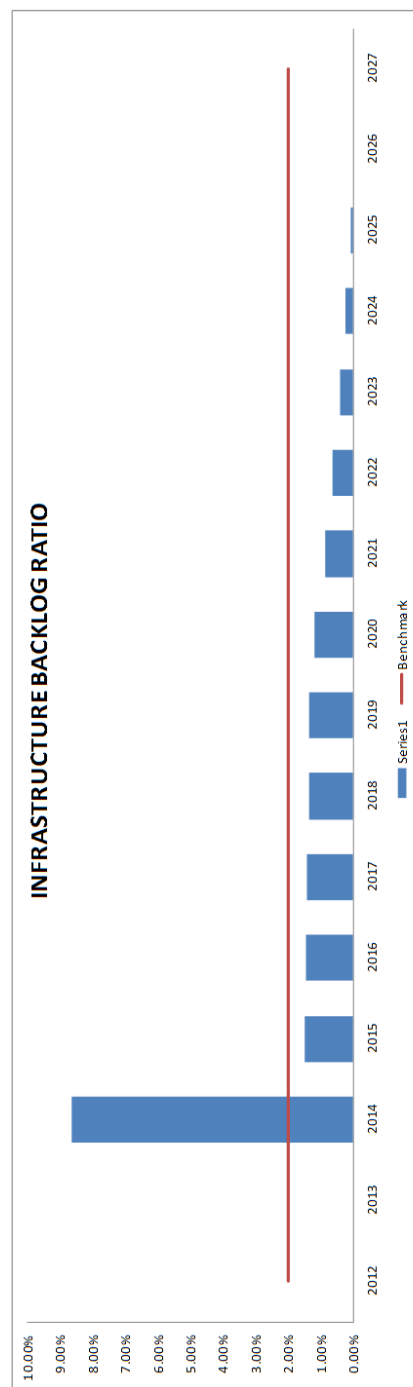
This Benchmark measures how effectively Councils are managing their infrastructure. Increasing Backlogs may affect Council's ability to provide services and maintain sustainable. The Benchmark of less than 2% ensures infrastructure backlogs are at manageable levels.

As shown in the following graph, Council's Infrastructure Backlog, that relates entirely to Road Infrastructure is estimated at <2.0% Benchmark. It is noted that the Benchmark takes into consideration Works funded but not yet completed, as the Backlog is only the “Unfunded or Gap Amount”. Council's Special Roads Infrastructure Asset Renewal Program (one-off allocation of Funding from Internally Restricted Assets) which is currently being delivered is responsible for Council achieving this Benchmark. Council's total Road Infrastructure Renewal and Upgrade spend over the 10 years ending 30 June, 2017 will be \$66.4M. That said Council's Road Infrastructure Assets have a replacement value of \$480M.

**Inverell Shire Council**  
**INFRASTRUCTURE BACKLOG RATIO**  
*General Fund*  
**Including F4F SRV**

**BENCHMARK AND RESULT**  
 Benchmark:- Less than 2%

Summary of Results	ACTUALS				CURRENT BUDGET		PROPOSED BUDGET									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Year																
Benchmark	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Result	0.00%	0.00%	8.66%	1.48%	1.46%	1.44%	1.37%	1.36%	1.18%	0.87%	0.63%	0.40%	0.24%	0.09%	0.00%	0.00%
Meets Benchmark			✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓



As shown, Council meets this FFF Benchmark under the IPART approved FFF Roadmap Scenario. This scenario also provides Council with greater capacity to deal with any unexpected Infrastructure failures that may arise during the term of the LTFP. While this graph shows that the entire Backlog will be removed by 2026 this is an “ideal world scenario” and given natural disasters and other weather events and their substantial impact on Asset useful lives, it is recognised that Council will most likely continue to carry a small infrastructure Backlog in the long term given that the proposed SRV does not provide Council with any discretionary funds.

**BENCHMARK****INFRASTRUCTURE AND SERVICE MANAGEMENT – ASSET MAINTENANCE RESULT**

This Infrastructure and Service Management Benchmark requires that Council achieves a result of “Greater than 100.0% average over the three (3) years ending 2019/2020 and for each three (3) year rolling period thereafter”. Council must meet this Benchmark to remain Fit for the Future.

This Benchmark measures whether Council is spending enough on maintaining its assets to avoid increasing the infrastructure Backlog. A ratio of greater than 100% ensures Council's infrastructure position is not deteriorating.

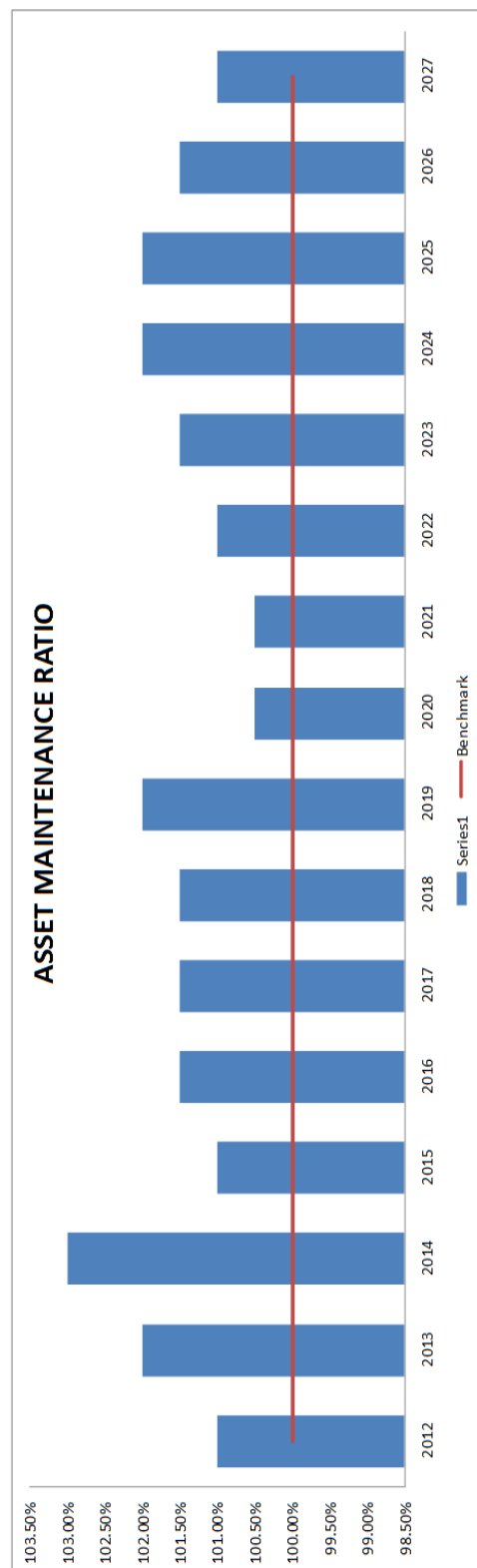


Inverell Shire Council  
**ASSET MAINTENANCE RATIO**  
*General Fund*  
*Including F4F SRV*

**BENCHMARK AND RESULT**  
Benchmark:-

Greater than 100% average over 3 years

Summary of Results	ACTUALS					CURRENT BUDGET					PROPOSED BUDGET									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027				
Year																				
Benchmark	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%				
Result	101.00%	102.00%	103.00%	101.00%	101.50%	101.50%	101.50%	102.00%	100.50%	100.50%	101.00%	101.50%	102.00%	102.00%	101.50%	101.00%				
Meets Benchmark	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				
Rolling 3 year average				102.00%	101.83%	101.33%	101.50%	101.63%	101.38%	101.00%	100.67%	101.00%	101.50%	101.83%	101.83%	101.50%				
Meets Benchmark				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				



As shown, Council meets this FFF Benchmark under the IPART approved FFF Roadmap Scenario.

**BENCHMARK****INFRASTRUCTURE AND SERVICE MANAGEMENT – DEBT SERVICE RESULT**

This Infrastructure and Service Management Benchmark requires that Council achieves a result of “Greater than 0.0% and less than or equal to 20.0% average over the three (3) years ending 2019/2020 and for each three (3) year rolling period thereafter”. Council must meet this Benchmark to remain Fit for the Future.

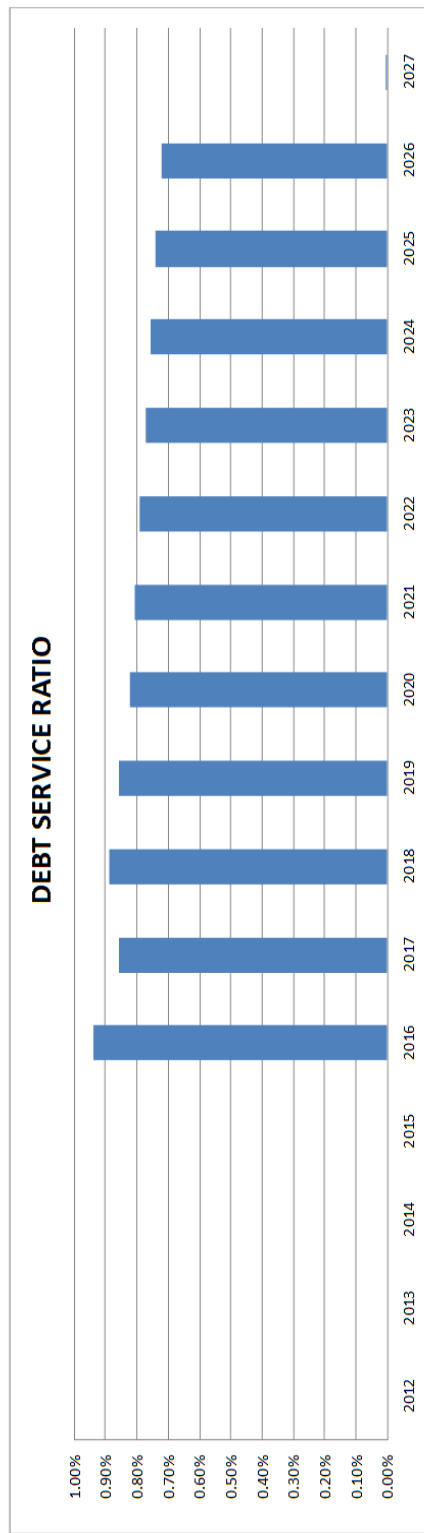
This Benchmark indicates whether Council is using debt wisely to share the life-long costs of assets and avoid excessive rate increases. TCorp believe it is appropriate that Councils should carry some level of debt to ensure inter-generational equity in funding major infrastructure.

**Inverell Shire Council**  
**DEBT SERVICE RESULT**  
*General Fund*  
**Including F4F SRV**

**BENCHMARK AND RESULT**  
**Benchmark:-**

Greater than 0 and less than or equal to 20% average over 3 years

Summary of Results	ACTUALS					CURRENT BUDGET	PROPOSED BUDGET									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Year Result																
Meets Benchmark	✗	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rolling 3 year average			-	-	0.31%	0.60%	0.90%	0.87%	0.86%	0.83%	0.81%	0.79%	0.77%	0.76%	0.74%	0.72%
Meets Benchmark			✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓



As shown Council meets this FFF Benchmark under the IPART approved FFF Roadmap Scenario.

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Overall, as shown under the IPART approved FFF Roadmap Scenario, Council achieves all of the required FFF Benchmarks not only by the State Government specified 30 June, 2020 compliance date, but also for the life of the LTFFP. This ensures Council's long term financial sustainability and the continued growth and economic and social well-being of the Community.

The only qualification is that the Operating Performance Benchmark is required to be "Breakeven (0.00%) and improving for the three (3) years ending 2019/2020 and for each three (3) year rolling period thereafter". A review of the Graph will show that the Benchmark is greater than "Breakeven (0.00%)", however, it is not improving after 2020. To achieve this result, additional Own Source Revenues from a substantially greater special rate variation, above the minimum FFF Roadmap 14.25% special rate variation, is required to generate surplus or discretionary funding for additional asset renewals or new growth assets that do not bring with them a significant ongoing maintenance cost burden. In adopting Council's IPART approved FFF Roadmap, Council chose not to pursue a greater than 14.25% special rate variation.

RATE PEG ONLY SCENARIO

In respect of “Fit for the Future” which is assessed on the General Fund only, the following Performance Benchmarks result from the adoption of the 2017/2018 draft Budget ‘Rate Peg’ only scenario, that is the non implementation of Council’s IPART approved Fit for the Future Roadmap.

Under this scenario Council will fail to meet all the FFF Benchmarks, and as such will not be FFF.

The following FFF Benchmarks are achieved under the Base Case 'Rate Peg' only Scenario being the continuation of existing Rating Structure with no Special rate Variation.

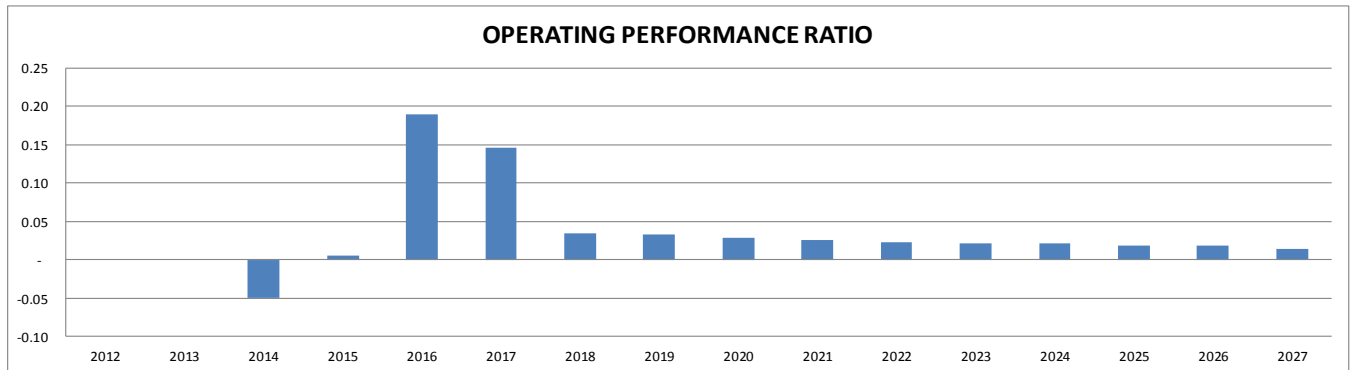
### SUSTAINABILITY BENCHMARKS:

Inverell Shire Council  
**OPERATING PERFORMANCE RESULT**  
*General Fund*  
*Excluding F4F SRV*

#### BENCHMARK AND RESULT

Benchmark:- *Greater or equal to break-even average over 3 years*

	Greater or equal to break even average over 3 years																
Summary of Results	ACTUALS						CURRENT BUDGET	PROPOSED BUDGET									
Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
Result	-	-	-0.05	0.01	0.19	0.15	0.03	0.03	0.03	0.03	0.02	0.02	0.02	0.02	0.02	0.01	
Meets Benchmark			✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Rolling 3 year average			-0.02	-0.01	0.05	0.11	0.12	0.07	0.03	0.03	0.03	0.02	0.02	0.02	0.02	0.02	
Meets Benchmark			✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

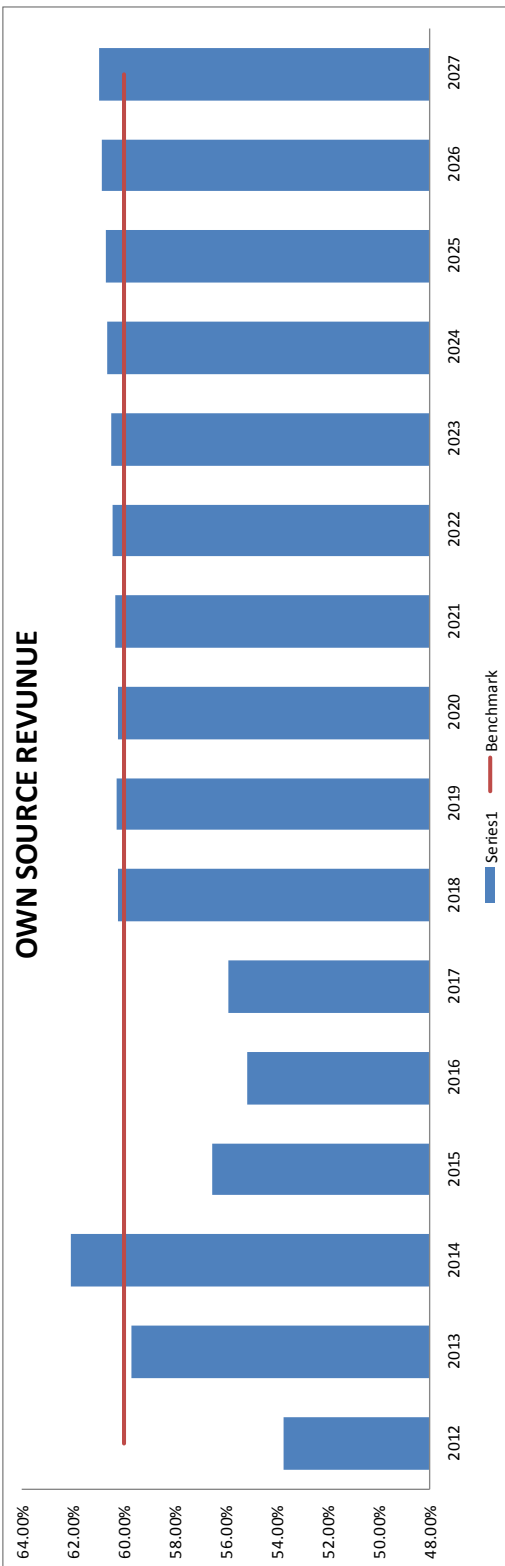


As shown, Council barely meets this FFF Benchmark under the Base Case 'Rate Peg' only Scenario. The ratio does not increase after 2018/2019 and starts to fall from 2022/2023. This Sustainability Benchmark requires that Council achieves a result of "Breakeven (0.00%) and improving for the three years ending 2019/2020 and for each three year rolling period thereafter". This does not occur. Council must meet this major sustainability Benchmark to be and remain Fit for the Future.

**Inverell Shire Council**  
**OWN SOURCE REVENUE RESULT**  
*General Fund*  
**Excluding F4F SRV**

**BENCHMARK AND RESULT**  
 Benchmark:- Greater than 60% average over 3 years

Summary of Results	ACTUALS					CURRENT BUDGET	PROPOSED BUDGET										
	2012	2013	2014	2015	2016		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Year																	
Benchmark	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	
Result	53.70%	59.70%	62.10%	56.54%	55.13%	55.87%	60.24%	60.26%	60.25%	60.33%	60.42%	60.51%	60.63%	60.72%	60.87%	61.00%	
Meets Benchmark	✗	✗	✓	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Rolling 3 year average			58.50%	59.45%	57.92%	55.85%	57.08%	58.79%	60.25%	60.28%	60.33%	60.42%	60.52%	60.62%	60.74%	60.86%	
Meets Benchmark			✗	✗	✗	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	



As shown, Council barely meets this FFF Benchmark under the Base Case Scenario. Council only needs a very low \$115K annual reduction in revenues or increase in Grants in any area for this Benchmark to drop below the required >60%.

Inverell Shire Council

**BUILDING & INFRASTRUCTURE ASSET RENEWAL RATIO**

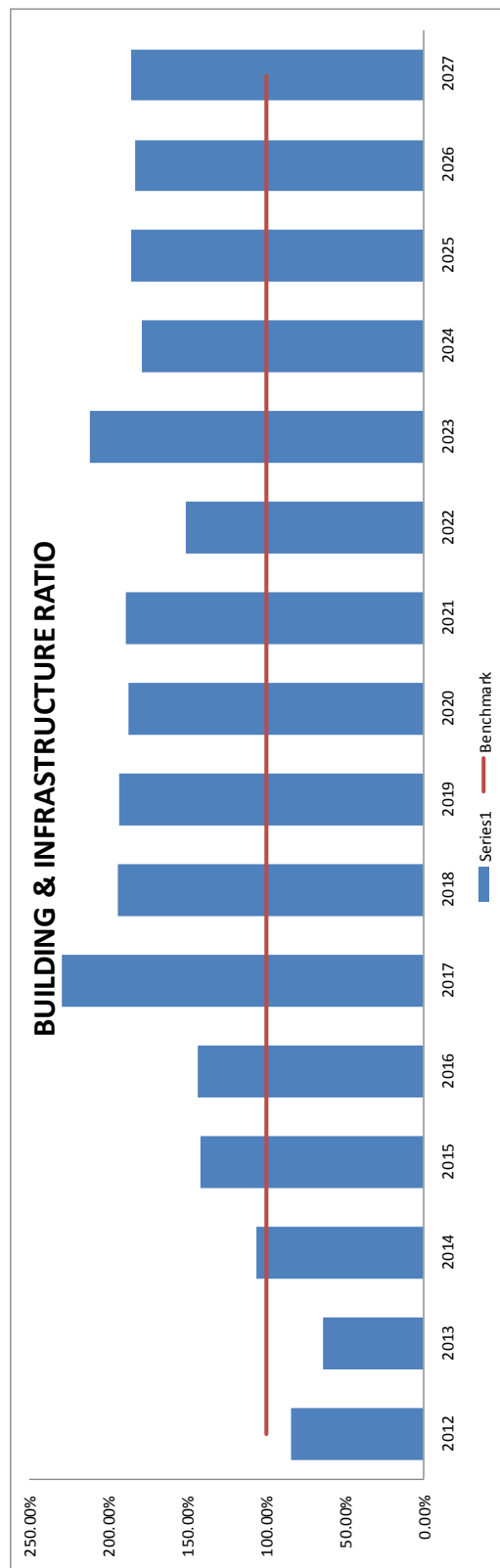
*General Fund*

**Excluding F4F SRV**

**BENCHMARK AND RESULT**  
**Benchmark:-**

**Greater than 100% average over 3 years**

Summary of Results	ACTUALS										CURRENT BUDGET	PROPOSED BUDGET									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027					
Year																					
Benchmark	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%					
Result	83.80%	63.80%	106.10%	142.00%	143.06%	229.29%	193.96%	193.38%	187.58%	188.73%	150.86%	211.76%	178.70%	185.70%	183.25%	185.60%					
Meets Benchmark	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
Rolling 3 year average			84.57%	103.97%	130.39%	171.45%	188.77%	205.54%	191.64%	189.89%	175.72%	183.78%	180.44%	192.05%	182.55%	184.85%					
Meets Benchmark			✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					



As shown, Council meets this FFF Benchmark under the Base Case 'Rate Peg' only Scenario. This benchmark is inflated however by Council Council's recurrent Plant Replacement Program.



## EFFICIENCY BENCHMARK:

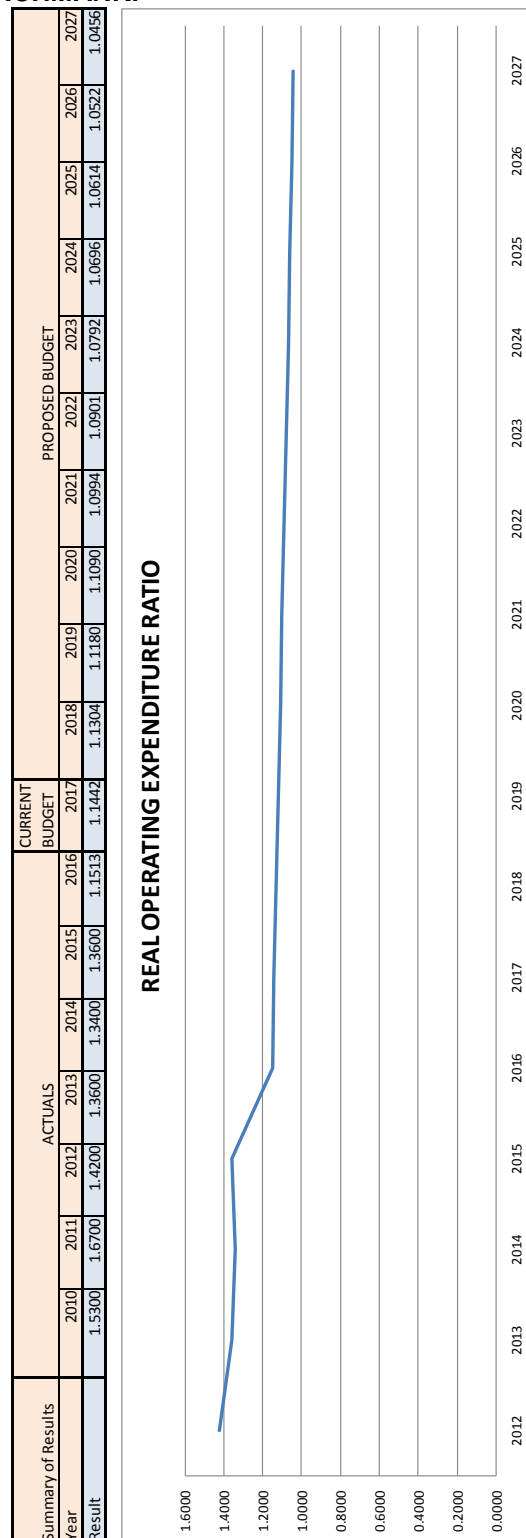
Inverell Shire Council

**GENERAL FUND - REAL OPERATING EXPENDITURE PER CAPITA RESULT**

General Fund  
Excluding F4F SRV

## BENCHMARK AND RESULT

Benchmark: A decrease in Real Operating Expenditure per capita over time



As shown, Council meets this FFF Benchmark under the Base Case 'do nothing' Scenario. This Benchmark, however, does not measure the decline/reduction that must now be made from 2017/2018 on, in Council's existing service levels and infrastructure renewal plans/Asset Management Plans under this 'Rate Peg Only' Scenario.

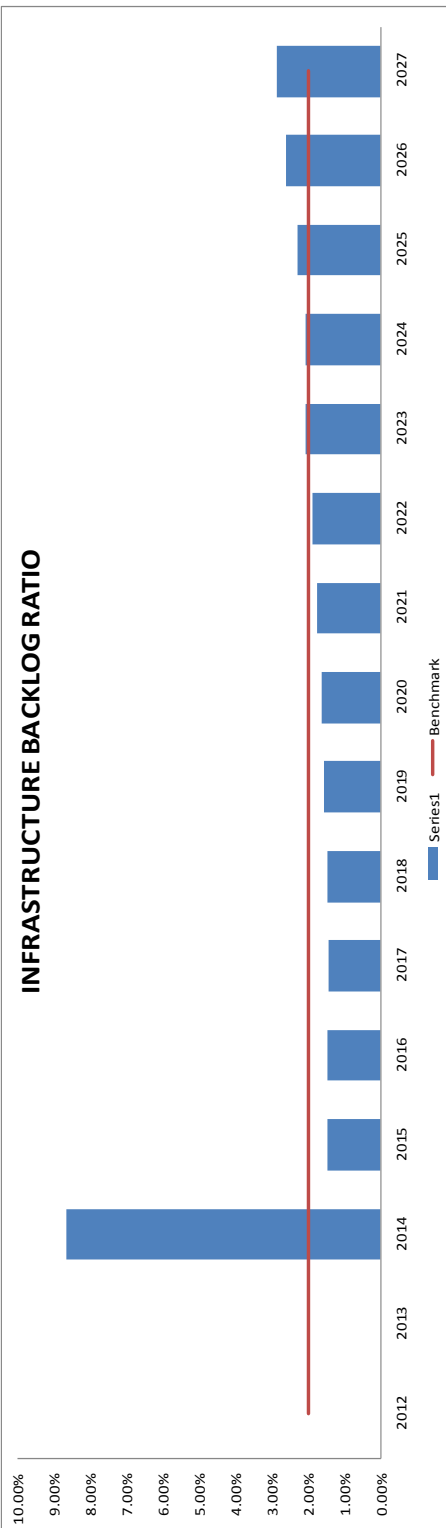
**INFRASTRUCTURE AND SERVICE MANAGEMENT BENCHMARKS:**

**Inverell Shire Council**  
**INFRASTRUCTURE BACKLOG RATIO**  
*General Fund*  
**Excluding F4F SRV**

**BENCHMARK AND RESULT**  
 Benchmark:-

Less than 2%

Summary of Results	ACTUALS					CURRENT BUDGET	PROPOSED BUDGET										
	2012	2013	2014	2015	2016		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Year																	
Benchmark	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Result	0.00%	0.00%	8.66%	1.48%	1.46%	1.44%	1.48%	1.48%	1.56%	1.63%	1.76%	1.89%	2.08%	2.07%	2.30%	2.60%	2.88%
Meets Benchmark			✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗



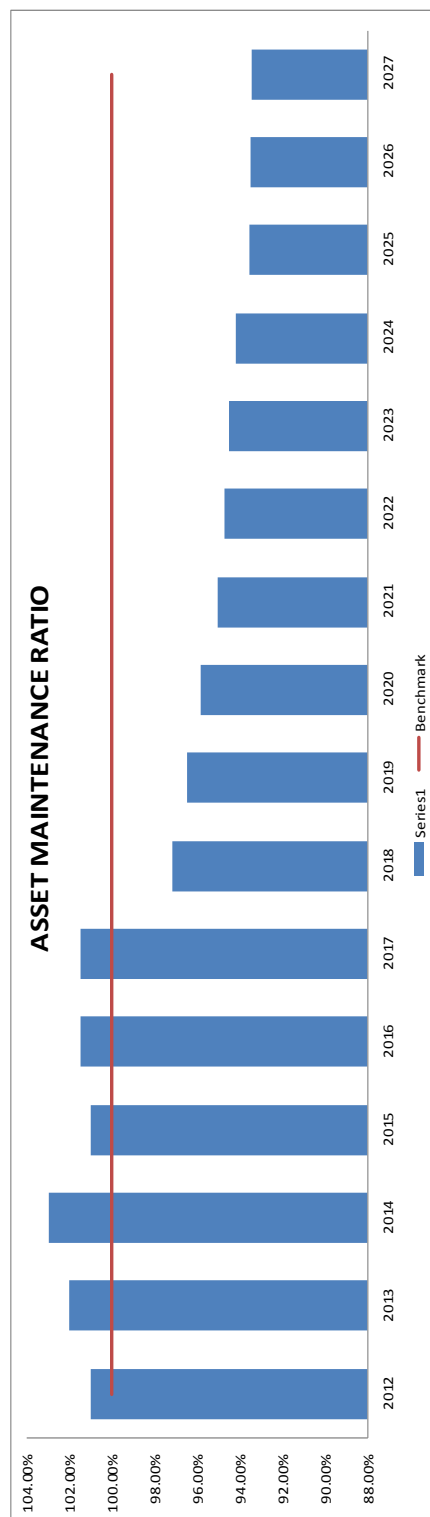
As shown, while Council meets this FFF Benchmark up until 2021/2022, however, Council will not meet this Benchmark for the remainder of the LTFP under the Base Case 'Rate Peg Only' Scenario and Assets will start to rapidly decline as Council will not have sufficient funding available to adequately maintain and renew its aging assets as shown below.

Inverell Shire Council  
**ASSET MAINTENANCE RATIO**  
*General Fund*  
**Excluding F4F SRV**

**BENCHMARK AND RESULT**  
Benchmark:-

Greater than 100% average over 3 years

Summary of Results	ACTUALS			CURRENT BUDGET			PROPOSED BUDGET									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Year																
Benchmark	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Result	101.00%	102.00%	103.00%	101.00%	101.50%	101.50%	97.16%	96.47%	95.84%	95.06%	94.76%	94.50%	94.22%	93.56%	93.53%	93.43%
Meets Benchmark	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Rolling 3 year average			102.00%	102.00%	101.83%	101.33%	100.05%	98.38%	96.49%	95.79%	95.22%	94.77%	94.49%	94.09%	93.77%	93.51%
Meets Benchmark			✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗



As shown, Council does not meet this FFF Benchmark under the Base Case 'Rate Peg Only' Scenario from 2017/2018 onwards. This is a matter of substantial concern. The inability to adequately fund required asset maintenance will result in a rapid and premature asset failures, a escalating increase in the Infrastructure Backlog, increased exposure to Insurance and Reputational Risk and ultimately "substantially higher and unwarranted asset renewal costs". If renewal activities

are not undertaken in a timely manner, the condition of the asset deteriorates rapidly to failure, and the cost of reconstruction, is many times that of renewal/remedial activities. For example failing to Maintain/Reseal Bitumen Roads (minor rehabilitation being minor Heavy Patching and Reseal at approximately \$28K - \$35K per km) in an appropriate timeframe, leads to pavement oxidation, water ingress and rapid Road Pavement failure. This results in the need for higher level intervention in the form of FULL Road Renewal/Rehabilitation (at \$250 - \$400K per km).

Inverell Shire Council  
**DEBT SERVICE RESULT**  
General Fund  
Excluding F4F SRV

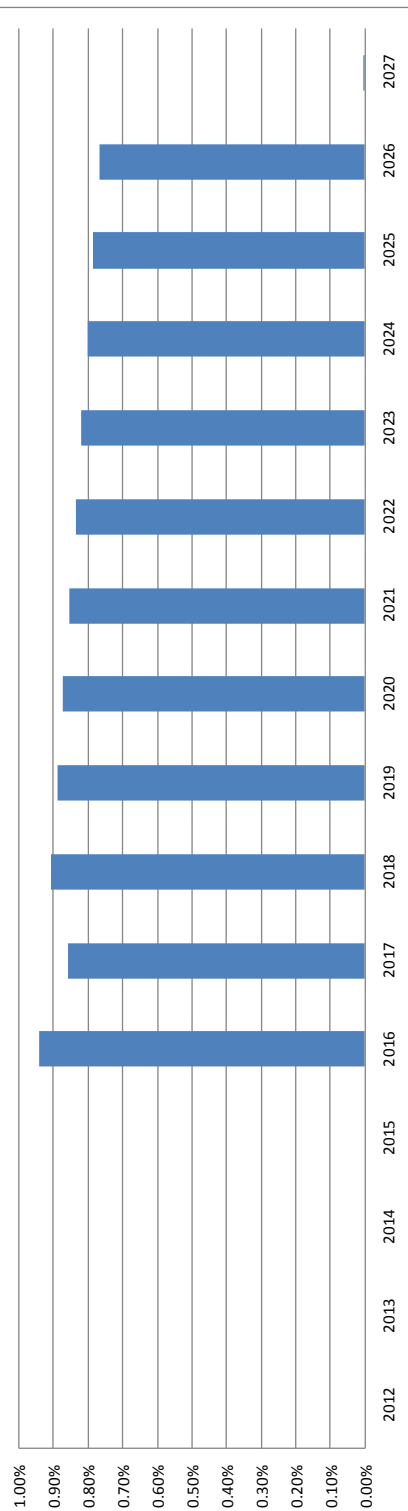
**BENCHMARK AND RESULT**

Benchmark:-

Greater than 0 and less than or equal to 20% average over 3 years

Summary of Results	ACTUALS						CURRENT BUDGET	PROPOSED BUDGET								
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Year																
Result	0.00%	0.00%	0.00%	0.00%	0.94%	0.86%	0.91%	0.89%	0.87%	0.85%	0.84%	0.82%	0.80%	0.79%	0.77%	0.00%
Meets Benchmark	✗	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rolling 3 year average			-	-	0.31%	0.60%	0.90%	0.89%	0.89%	0.87%	0.85%	0.84%	0.82%	0.80%	0.78%	0.52%
Meets Benchmark			✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

**DEBT SERVICE RATIO**



As shown, Council meets this FFF Benchmark under the Base Case 'Rate Peg Only' Scenario.

Overall under the **Base Case 'Rate Peg Only' Scenario**, Council will not be able to generate sufficient revenues to match its expenditure needs, and the revenue shortfall/operating deficit for the period to 2026/2027 will be \$16.2M with Service and Infrastructure Cuts. As can be expected \$16.2M of Service and Infrastructure cuts will be major. Further details are provided in Section 4 below.

The effective result will be that the 2017/2018 and future budgets do not have sufficient funds to provide for existing service levels, Council will not meet the FFF Benchmarks and Council will not be "Fit for the Future". Under this Scenario Council will not be sustainable in the short, medium or long term and the Community's growth, Social and Economic Wellbeing will be significantly negatively impacted.

### LONG TERM FINANCIAL PLAN:

Financial Modelling over the 10 year FFF Roadmap period based on a continuation of Council's current rating structure provides the following budget results.

#### A) GENERAL FUND TEN YEAR BUDGET – 'Rate Peg Only' (No SRV) Scenario:

If IPART did not approve the SRV and Existing Service and Infrastructure Levels were maintained, the following financial results would be achieved, with Council not being "Fit for the Future" and not being sustainable in the short. Medium or long terms:

General Fund Excluding SRV Amended November, 2016 (Council under this scenario will not be Fit for the Future)							
Budget Year	Core Operational Budget Cash (Surplus)/Deficit Excluding SRV \$'000	Plus Budget Road Asset Maintenance Shortfall and Joint Industrial Promotions Program \$'000	Plus Budget Road Asset Renewal/Backlog Shortfall \$'000	SUB-TOTAL \$'000	Plus Other Assets Renewal/Upgrade requirements \$'000	Total Budget (Surplus)/Deficit Excluding SRV \$'000	Cummulative Deficit
2016/17 Current Budget	(2)			(2)		(2)	
2017/18	96	186	230	512	0	512	512
2018/19	158	259	651	1,068	0	1,068	1,580
2019/20	222	360	1,096	1,678	0	1,678	3,258
2020/21	288	427	1,006	1,721	0	1,721	4,979
2021/22	352	459	951	1,762	0	1,762	6,741
2022/23	420	490	895	1,805	0	1,805	8,546
2023/24	489	525	835	1,849	0	1,849	10,395
2024/25	561	594	702	1,857	40	1,897	12,292
2025/26	636	611	500	1,747	200	1,947	14,239
2026/27	858	635	300	1,793	200	1,993	16,232
TOTALS	4,080	4,546	7,166	15,792	440	16,232	
			ACCUMULATED SUB-TOTAL - DEFICIT	15,792	ACCUMULATED TOTAL - DEFICIT	16,232	

Note: Based on the continuation of Council's existing Service Levels and Programs.  
A 1.0% Rate increase provides Council with an additional \$105K.

#### B) GENERAL FUND TEN YEAR BUDGET – FFF ROADMAP:

As shown above, Council will not meet the mandatory FFF Benchmarks by the required 2019/2020 deadline without the indicated 14.25% Special Rate Variation. Financial modelling undertaken for the preparation of the 2017/2018 draft Budget and Long Term Financial Plan have confirmed that the proposed 14.25% Special Rate Variation, above the Rate Peg, is the minimum rate variation that can be sought for Council to meet the FFF Benchmarks. A review of the 2016/2017 Special Rate Variations submitted to IPART, confirms that the cost pressures Council is facing are being faced by all NSW Councils, and that the proposed 14.25% special rate variation is substantially less than the average increase being sought by other NSW Councils. Since 2011 126 SRV's have been granted, with a further 8 applications for 2017/2018. Only 124 NSW Councils remain. The average increase exceeds 22%.

While staff were seeking to reduce the Special Rate Variation to a lower level or to defer it to later years, this has not been possible due to the less than satisfactory 1.8% 2016/2017 and 1.5% 2017/2018 IPART approved Rate Pegs, a continuing escalation of a wide range of costs that have

not been compensated for by cost savings in other areas, record low interest rates and a staggering \$141K p.a. increase in NSW State Government Charges.

With the implementation of the Council adopted and IPART approved FFF Roadmap and 2017/2018 Draft Operational Plan and Budget the following financial results are achieved:

General Fund Including FFF ROADMAP 14.25% (14.94% cumulative) SRV (Council under this scenario will be Fit for the Future)						
Budget Year	Core Operational Budget Cash (Surplus)/Deficit Including SRV \$'000	Plus Budget Road Asset Maintenance Shortfall and Joint Industrial Promotions Program \$'000	Plus Budget Road Asset Renewal/Backlog Shortfall \$'000	SUB-TOTAL \$'000	Plus Other Assets Renewal/Upgrade requirements \$'000	Total Budget (Surplus)/Deficit Including SRV \$'000
2016/17 Current Budget	(2)			(2)		(2)
2017/18	(417)	186	230	(1)	0	(1)
2018/19	(910)	259	651	0	0	0
2019/20	(1,456)	360	1,096	0	0	0
2020/21	(1,434)	427	1,006	(1)	0	(1)
2021/22	(1,411)	459	951	(1)	0	(1)
2022/23	(1,388)	490	895	(3)	0	(3)
2023/24	(1,363)	525	835	(3)	0	(3)
2024/25	(1,338)	594	702	(42)	40	(2)
2025/26	(1,311)	611	500	(200)	200	0
2026/27	(1,137)	635	300	(202)	200	(2)
TOTALS	(12,165)	4,546	7,166	(453)	440	(13)
			ACCUMULATED SUB-TOTAL - SURPLUS	(453)	ACCUMULATED TOTAL - SURPLUS	(13)

NOTE: Based on Council also receiving a 2.5% p.a. Rate Peg from 2018/2019 and FAGs Grant Indexation at 2%.

As shown in the table, the implementation of the FFF Roadmap will provide the necessary funding for Council's ongoing Service and Maintenance Programs, the required funding to address the required Asset Renewals and the Roads Infrastructure Backlog. This is dependant on an average 2.5% Rate Peg and the indexation of Council's Finance and Assistance and other grants in future years.



## APPENDIX 4



## Inclusion (Disability) Action Plan



## Inclusion (Disability) Action Plan

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## Inclusion (Disability) Action Plan

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# INTRODUCTION

## A Community for Everyone

Council is committed to the ethos of **“A Community for Everyone”** - a community that is an inclusive and welcoming for people of all abilities that supports the community’s aspirations articulated in the Inverell Shire’s Community Strategic Plan. Council gives **“voice”** to this commitment and community aspiration by promoting and supporting the equal and active participation by people with disability in the economic and social life of the community. Inverell Shire Council’s Community Strategic Plan (ISCSP) embraces the aspirations for the Shire’s diverse communities. The delivery of these aspirations relies on the collaborative and committed effort between government, business and community.

The need for a collaborative approach and committed effort resulted in the Council adopting as its mission: *‘To work with the community in providing and facilitating the provision of services that enhance the quality of life of all Shire residents’*

This Inclusion (Disability) Action Plan (IDAP) is a vital component of this mission. It supports the aims and objectives of the ISCSP, Delivery Plan and the Management/Operational Plan.

NSW Local Government is required by the *NSW Disability Inclusion Act 2014* (DIA) to undertake a disability inclusion action plan by 1 July 2017. This plan can be addressed through the Local Government integrated planning process. The DIA builds on the existing social equity requirements of the NSW Integrated Planning and Reporting and is designed to fit the Community Strategic Planning and Delivery Program cycle. The Inverell Shire’s Community Strategic plan contains five (5) Destinations that align with the six policy areas of the National Disability Strategy (NDS) and the NSW Disability Inclusion Action Plan focus areas that support the DIA.

**Destination 1** - A recognised leader in the broader context

***Policy 2*** - Rights protection, justice and legislation;

***Policy 6*** - Health and wellbeing; and

***Focus Area:*** Attitudes and Behaviour.

**Destination 2** – A community that is healthy, educated and sustained

***Policy 1*** - Inclusive and accessible communities;

***Policy 4*** - Personal and community support;

***Policy 5*** – Learning and skills;

***Policy 6*** – Health and wellbeing; and

***Focus Area:*** Liveable communities.

**Destination 4** – A strong local economy

***Policy 1*** - Inclusive and accessible communities; and

***Policy 3*** - Economic Security; and

***Focus Area:*** Employment.

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#### Inclusion (Disability) Action Plan

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**Destination 5** – The communities are supported by sustainable services and infrastructure.

***Policy 4*** - *Personal and community support;*

***Policy 6*** – *Health and wellbeing; and.*

***Focus Area:*** *Systems and processes.*

Council's aspirations, "***Destinations***"<sup>4</sup> have a number of strategies that work towards a society that is inclusive and enabling, supporting equality and opportunity for every resident to fulfill their potential. This IDAP addresses these strategies from the perspective of people with a disability both at a community and resident level that will build a strong and equitable community. The five (5) Destinations of the ISCSPP cannot be viewed in isolation, they are not mutually exclusive. While each Destination has specific strategies, there are a number of processes that require achievement across all destinations.



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## Inclusion (Disability) Action Plan

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### BACKGROUND

#### Demographics

Inverell is a strong and vibrant town in country Northern New South Wales boasting an excellent shopping centre and accompanying service industries. In 1979, three (3) Shire Council's amalgamated to form what is now the Inverell Shire Council. With this progression, Local Government had undertaken a new approach in its role of not just being a provider of essential services but entered into the field of land purchase for residential and industrial use.

The Shire of Inverell covers an area of 8,623 square kilometres of rich farm and grazing land, including large mineral deposits, particularly tin and sapphires; the area produces the majority of the world's sapphires. The region is blessed with superb weather conditions, cool nights and long sunny days.

Inverell has a population of 12,000 people, while the local government area has approximately 17,000 residents. Due to its location, the commercial centre services a target area estimated to reach 60,000 people, drawing from as far as southern Queensland.

According to the ABS Census 2011, Basic Community Profile for the Inverell LGA, Inverell has 5.65% of its population of *Persons who need assistance to perform a core activity*<sup>1</sup> and 9.72 % of *Persons who provide unpaid assistance to a person with a disability*<sup>2</sup>

While these statistics are for the profound or severe disability and for carers of individuals with a disability and longer term or problems relating to age, the ABS states that nearly one (1) in every five (5) of the population has a disability.



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<sup>1</sup> Defined as "Measures the number of people with a profound or severe disability. People with a profound or severe disability are defined as people needing help or assistance in one or more of the three core activity areas of self-care, mobility and communication, because of a disability, long term health condition (lasting six months or more) or old age."

<sup>2</sup> Defined as "Records people who in the two weeks prior to Census Night spent time providing unpaid care, help or assistance to family members or others because of a disability, a long term illness or problems related to old age. This includes people who are in receipt of a Carer Allowance or Carer Payment. It does not include work done through a voluntary organisation or group."

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## Inclusion (Disability) Action Plan

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### Consultation

Inverell Shire Council addresses the inclusions (voice) of people with a disability and their valuable contribution in shaping our community through formal and informal collaborative partnerships with local business and trades, community groups and individuals, employment and disability service providers, and families and carers of people with a disability. Council's active participation in many community groups allows for formal and informal consultation with all people represented in our community demographics.

The development of this Inclusion (Disability) Action plan involved many mediums of community engagement, including one on one with individual community members and service providers and an online survey.

The Inclusion (Disability) Action Plan survey was based on seventeen (17) strategic questions to ascertain the inclusiveness of people of all abilities in the Inverell Local Government Area (LGA). The survey was completed mostly by Inverell residents (80%) and Gilgai residents (15%). Of the total number of surveys completed, people with a disability comprised 15%, family and carers comprised 40%, Community Service Providers 30%, Community members 5% and others 5%. The major age group of people with a disability was 6-12 (12.5%), 31-40 (12.5%) and 60-70 (18.8%) years of age. The major age group of respondents was 41-50 years of age being 50%, followed by 31-40 representing 20% of the survey respondents.

The survey provided an opportunity for suggestions to improve Council services and or offices to assist in community inclusion, 70% of respondents provided their feedback. The common themes were communication friendly services and increased seating in the CBD to provide shelter from the rain. With communication friendly services, suggestions included offering contact with Council via live chat and sms communication channels (this would assist people with a hearing impairment or experiencing communication difficulties), improvements in Council website (this would assist people with vision impairment).

While over 70% of respondents find information on Council and its services accessible, including the Website, Council is currently in the process of reviewing the website and its social media platforms, inclusive of the *Web Content Accessibility Guidelines* published by the World Wide Web Consortium (W3C) and recommended by Media Access Australia for inclusiveness.

Community education and awareness was also a major theme, reducing stereotyping, and the understanding of all disabilities and the value and importance of people with a disability, inclusive of family and carers to be contributors to and participants in the community social fabric.

Accessibility and understanding of the requirements of people with a disability in the local businesses, shops and hospitality venues rated low with 75% of respondents stating they are not accommodating. Accessibility is not only related to entering these venues but the access within, such as, merchandise placement, fit-outs and toilet facilities making it difficult for people with limited mobility to move within the venue.

Respondents (68.4%) felt that there is a lack of employment opportunities for people with disability with our community. This was based on the lack of businesses being able to accommodate people with a disability, and included issues such as accessibility, toilet facilities, working hour capacity and stereotyping of being a hindrance.

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### Inclusion (Disability) Action Plan

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The top three (3) priorities identified from the survey include;

- Increased Community education and awareness of disabilities,
- Increased employment opportunity,
- Increased inclusion socially, recreationally and economically within the community.

This plan addresses the above priorities, issues and concerns through the IDAP actions.



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## Inclusion (Disability) Action Plan

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### INCLUSION (DISABILITY) ACTION PLAN

#### Aims and Objectives

The major aim of this Inclusion (Disability) Action Plan is to enable Council to:

- Identify areas where there is a lack of inclusion provision;
- Collaborate with all levels of government and non-government community services providers to meet the needs of people with a disability;
- Improve inclusion and access to the Shire's facilities and services;
- Community Engagement through many media with people with a disability and carers;
- Advocate on behalf of people in our community with a disability;
- Uphold the United Nations Convention on the rights of people with a disability;
- Increase understanding and awareness of the importance of inclusion and access; and
- Increase the awareness of the *Disability Discrimination Act* obligations.
- Developing and implementing processes to ensure the delivery of best practice outcomes in community inclusion management.

This IDAP, in meeting these aims, focuses on the development and implementation of strategies to achieve ***"A Community for Everyone"*** with five (5) key visions:

- People of all abilities have access to services and infrastructure;
- People of all abilities have their rights protected;
- People of all abilities have their lifestyles embraced and supported;
- People of all abilities are heard and advocated for;
- People of all abilities have the opportunity to achieve their potential; and





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## Inclusion (Disability) Action Plan

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### COMMUNITY STRATEGIC PLAN – Inclusion (Disability)



#### **Destination 1: A recognised leader in the broader context**

This community will have reached its destination when Local Government, health, education and government support services and infrastructure are provided at levels equal to or better than major centre.

The IDAP contributes to the below strategies and aligns with the *NDS Policy 2 – Rights protection, justice and legislation* and *Policy 6 – Health and wellbeing*.

#### **Strategies**

- R.05 Provides access to services in the Shire equivalent to or better than that in other major regional areas;
- R.08 Council leads the community by influencing and participating in policy development to the benefit of the Shire through partnerships and alliances with government, regional interests, Shire groups and communities.

ISC as a recognised leader in the broader context will promote awareness and acceptance of the rights of people with disability.

As local government, we are the voice of the people at the organic level that advocates on behalf of its residents to promote, protect and ensure the full and equal enjoyment of all human rights and fundamental freedom for all. We will work with all levels of government to promote awareness and understanding of the rights of people with disability that enable them to participate fully in the economic, civic and social life of our Shire and the wider community.

**NDS Policy 2 Outcome:** People with disability have their rights promoted, upheld and protected.

**NDS Policy 6 Outcome:** People with a disability attain highest possible health and wellbeing outcomes throughout their lives.

**NSW Focus area:** Developing positive community attitudes and behaviours

**IDAP Outcome:** That our citizens with a disability have access to the same support services and infrastructure as people in major centres and that their rights are protected.

#### **IDAP Actions:**

- Collaborative relationships between Council and all levels of government in policy development, services delivery and infrastructure to address the gaps in regional Australia for people with a disability; and
- Assist the community in achieving the objects and principles of the *NSW Disability Inclusion Act 2014*.

## Inclusion (Disability) Action Plan



### **Destination 2: A community that is healthy, educated and sustained**

This community will have reached its destination when residents have equitable access to services, recreational, cultural and social facilities in their community and there are diverse services and support for people that require assistance.

The IDAP contributes to the below strategies and aligns with the *NDS Policy 1 - Inclusive and accessible communities, Policy 4 - Personal and community support, Policy 5 – Learning and skills and Policy 6 – Health and wellbeing.*

#### **Strategies**

- C.11 Develop a range of educational and skills development opportunities to meet the requirements of the Shire's residents;
- C.13 Facilitate activities that improve the quality of life for people who are requiring support; and
- C.15 The social wellbeing and health of individuals and communities within the Shire is being maintained and improved.

**NDS Policy 1 Outcome:** People with a disability live in accessible and well designed communities with opportunity for full inclusion in social, economic, sporting and cultural life.

**NDS Policy 4 Outcome:** People with a disability, their families and carers have access to a range of support to assist them to live independently and actively engage in their communities.

**NDS Policy 5 Outcome:** People with a disability achieve their full potential through their participation in an inclusive, high quality education system that is responsive to their needs. People with a disability have opportunities to continue learning throughout their lives.

**NDS Policy 6 Outcome:** People with a disability attain highest possible health and wellbeing outcomes throughout their lives.

**NSW Focus area:** Creating liveable communities.

**IDAP Outcome:** That our residents with disabilities have equitable access to services, recreational, cultural and social facilities in their community.



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### Inclusion (Disability) Action Plan

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#### IDAP Actions:

- Council's infrastructure, as reasonable practicable, is accessible by people of all abilities;
- Council's libraries have access, equipment, resources, programs and services for people of all abilities;
- Collaborative relationships between Council and educational institutes for a variety of mediums for people of all abilities to learn, grow and develop;
- Major parks are accessible with amenities, play spaces, sports and recreational facilities for people of all abilities; and
- Collaborative relationships between Council, local community and sporting clubs enhance opportunities for people with a disability in sport, cultural and recreational activities.





## Inclusion (Disability) Action Plan

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### **Destination 4: A strong local economy**

This community will have reached its destination when Inverell is identified and recognised as a major service centre and the private sector providing a significant portion of the Shire's workforce.

The IDAP contributes to the below strategies and aligns with the *NDS Policy 1 - Inclusive and accessible communities* and *Policy 3 – Economic Security*.

#### **Strategies**

- B.01 Business, institutions and Council are working cooperatively towards agreed initiatives to strengthen and expand the Shire's economic base;
- B.03 Facilitate access to services and infrastructure including education, training and research for business;
- B.08 Promote the Shire as a destination for visitors.

**NDS Policy 1 Outcome:** People with a disability live in accessible and well designed communities with opportunity for full inclusion in social, economic, sporting and cultural life.

**NDS Policy 3 Outcome:** People with a disability, their families and carers have economic security, enabling them to plan for the future and exercise choice and control over their lives.

**NSW Focus area:** Supporting access to meaningful **employment**.

**IDAP Outcome:** That appropriate services and infrastructure to enhance commercial sector that provides employment, encourages tourism and welcomes access to the CBD by people of all abilities.

#### **IDAP Actions:**

- Retailers, restaurants, accommodation and businesses are accessible and accommodating to people with a range of abilities;
- Collaborative relationships between Council and educational institutes for a variety of educational media for employer/employees of all abilities to learn grow and develop;
- Collaborative relationships between Council and all levels of government and telecommunication providers for improved communication services;
- Collaborative relationships between Council and local disability employment services providers to enhance opportunities for employment of people with a disability;
- Council is an effective member of the local Chamber of Commerce and Industry to increase awareness and support initiatives for the access and inclusion of people with disability;
- Tourist attractions and facilities, major events and festivals are accessible;
- Visitors and tourists have access to information to assist in planning their trip to our community; and
- Review and facilitate hire of mobility aids for visitors and community members.

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## Inclusion (Disability) Action Plan

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### **Destination 5: The Communities are supported by sustainable services and infrastructure**

This community will have reached its destination when communities have access to a range of core and optional services, a range of well maintained and appropriate infrastructure, available technology to connect to the wider Australian community and access to a variety of quality and reliable communication tools.

The IDAP contributes to the below strategies and aligns with the *NDS Policy 1 - Inclusive and accessible communities* and *Policy 6 – Health and wellbeing*.

#### **Strategies**

- S.02 Council displays leadership, community engagement and collaboration with others;
- S.03 Council provides equitable services, consistent with available resources and priorities to meet the Shire's identified needs and preferences;
- S.04 Council's workforce and workplace match contemporary and emerging organisational needs and requirements;
- S.07 Provide accessible infrastructure and usage recreation facilities and services to meet the needs of the community;
- S.11 Facilitate the sharing of information and ideas through remote communications.

**NDS Policy 1 Outcome:** People with a disability live in accessible and well designed communities with opportunity for full inclusion in social, economic, sporting and cultural life.

**NDS Policy 3 Outcome:** People with a disability, their families and carers have economic security, enabling them to plan for the future and exercise choice and control over their lives.

**NDS Policy 4 Outcome:** People with a disability, their families and carers have access to a range of support to assist them to live independently and actively engage in their communities.

**NDS Policy 6 Outcome:** People with a disability attain highest possible health and wellbeing outcomes throughout their lives.

**NSW Focus area:** Improving access to services through better **systems and processes**.

**IDAP Outcome:** That people with a disability have access to a range of core and optional services, a variety of quality and reliable communication tools and a range of well maintained and appropriate infrastructure.

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#### Inclusion (Disability) Action Plan

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##### **IDAP Actions:**

- Council ensures that, as reasonably practicable, that access for people of all abilities is incorporated in all designs of public infrastructure;
- Provision of continuous accessible paths of travel (CAPT) between services and facilities in the town centres;
- Council reviews its recruitment, training and resources to uphold non-discrimination of people with a disability;
- Council workforce training to up-skill staff with information about access and disability issues relevant to their area of work; and
- Council reviews the formats and media it uses for the dissemination of information to the community.

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## Inclusion (Disability) Action Plan

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### RELATED LEGISLATION, GUIDELINES, POLICES and other documents

- *National Disability Strategy 2010 – 2020*
- *Disability Inclusion Act 2014*
- *NSW Disability Inclusion Plan*
- *NSW Disability Inclusion Action Planning Guidelines*
- *Web Accessibility National Transition Strategy*
- *National Disability Agreement*
- *United Nations- Convention on the Rights of Persons with Disabilities*
- *Local Government (State) Award 2014*
- *Local Government Act 1993*
- *Industrial Relations Act 1996*
- *Building Code of Australia*
- *Disability (Access to Premises — Buildings) Standards 2010*
- *Disability Standards for Accessible Public Transport 2002*
- *AS 1428 Standards*
- *AS/NZS 2890 Standards*

**TO ECONOMIC & COMMUNITY SUSTAINABILITY COMMITTEE MEETING 12/4/2017**

<b>ITEM NO:</b>	1.	<b>FILE NO:</b> S12.5.3
<b>DESTINATION 5:</b>	The communities are served by sustainable services and infrastructure	<b>S</b>
<b>SUBJECT:</b>	<b>VILLAGES UPGRADE/DEVELOPMENT PROJECTS</b>	
<b>PREPARED BY:</b>	Ken Beddie, Director Corporate and Economic Services	

**SUMMARY:**

At the March, 2017 Meeting of Council a request was made for details of the major Villages upgrade and development costs to be provided to Council. The following information is provided in this matter.

**COMMENTARY:**

At the March, 2017 Meeting of Council, a request was made for details of the Villages upgrade and development costs to be provided to Council. While the period of the last three (3) years was mentioned, expenditures over the period 2012/2013 to 2016/2017 have been provided as many projects overlap budget provisions between years. A review of Appendix 1 (E3-E4), will indicate the following expenditures for the Villages, on top of day-to-day services and infrastructure provision:

• Delungra	\$ 423,136
• Gilgai	\$ 1,051,504
• Yetman	\$ 464,909
• Ashford	<u>\$ 7,732,429</u>
TOTAL \$ 9,671,978	

In respect of Gilgai, the Council will also be aware that an amount of \$400,000 has been allocated to the extension of the bitumen seal and drainage works on Old Stannifer Road on the edge of the Village. A further \$139K is recommended to be allocated to the Gilgai Drainage/Kerb and Gutter Project in the 2017/2018 Draft Budget.

These expenditures are in addition to the routine service and infrastructure delivery/asset renewal in the Villages across the General, Water, Sewerage and Waste Functions. It is noted that it is difficult to try to establish relativities between the Villages expenditures as each Village is unique in location and character. For example, Ashford and Yetman have Council Works Depots and Caravan Parks, while Delungra and Gilgai do not. Ashford, Delungra and Gilgai have sewerage schemes while Yetman doesn't and the list continues. The Gilgai Hall and Sports Ground is not Council owned, but rather is controlled and managed by a Crown Land Trust.

In addition to the amounts listed in Appendix 1 (E3-E4), it is noted that Council provides further support to the Villages. An annual allocation of \$2.8K is provided to support the Ashford Business Council and annual donations are made to the Ashford and Delungra Golf Clubs, equivalent to their total annual Rates and Charges. Council also provides a subsidy to the Village Public Halls and other Halls (eg CWA) in respect of their Rates and Charges. The Villages also receive annual Village Development Grants for smaller projects with the following amounts included in the 2017/2018 Draft Budget;



- |            |          |
|------------|----------|
| • Delungra | \$ 7,000 |
| • Gilgai   | \$ 5,000 |
| • Yetman   | \$ 7,000 |
| • Ashford  | \$ 7,000 |

In many instances these funds are used as matching funding to attract Grant Funds through the various programs, including the Community Building Partnerships Program, Volunteer Grants and the Foundation for Regional and Rural Renewal. Council staff are continuously assisting the Village Community's in Grant writing with strong success.

On a broader scale, it is a simple fact that the Villages cannot survive independent of a major population centre, as they cannot generate the required economies of scale or revenues required to provide core infrastructure. It is a fact that the Villages and their services/infrastructure are subsidised by Inverell Ratepayers across all functions. As an example of the level of subsidy it is noted that the Ashford General Rates are \$110K p.a. However, Council allocates this amount to just four Ashford budget items being \$80K p.a. to operate the pool (excludes pool facility asset renewals), \$21K support to the Ashford RTC/Library Facility, \$6K to the Ashford Village Small Projects Allocation, and then \$3K to the Ashford Business Council. This means that all other Ashford Village Services, asset renewals and upgrades have to be funded from elsewhere within Council's Budget.

While it can be argued that some of this funding comes from the rates in the surrounding areas and grants, a significant contribution still must come from the main Shire population centre. That said Council in its Strategic Plan recognises the importance of having a strong cohesive community and as far as possible, providing sound services in its Villages within the community's capacity to pay.

#### **RELATIONSHIP TO STRATEGIC PLAN, DELIVERY PLAN AND OPERATIONAL PLAN:**

**Strategy:** S.03 Council provides equitable services, consistent with available resources and priorities to meet the Shire's identified needs and preferences.

**Term Achievement:** S.03.01 Services and programs that Council provides are determined based on equity, customer requirements and community benefits, best value and excellence.

**Operational Objective:** S.03.01.01 Appropriate services and programs are selected based on considerations of equity, best value, relevance and benefit to the community.

#### **POLICY IMPLICATIONS:**

Nil

#### **CHIEF FINANCIAL OFFICERS COMMENT:**

Nil.

#### **LEGAL IMPLICATIONS:**

Nil

#### **RECOMMENDATION:**

*That the items contained in the Information Reports to the Economic & Community Sustainability Committee Meeting held on Wednesday, 12 April, 2017, be received and noted.*

## APPENDIX 1

### Major Villages Infrastructure - Capital Upgrades / Development Projects

<b>Delungra</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017 BUDGET</b>	<b>Other Funded Projects</b>	<b>TOTAL</b>
Entry Signs					21,474		21,474
Tip Upgrade/Transfer Station						200,000	200,000
Village Development-Non Capital	2,000		1,041				3,041
Village Development-Capital			33,403	16,079			49,482
Delungra Bowling Club Equipment Grant			2,000		1,000		3,000
Delungra CWA Building Grant					1,000		1,000
Water Mains Replacements		6,158					6,158
Water Metering	1,055	1,336	816				3,208
Sewerage Plant Telemetry System Installation					100,000		100,000
CBP Grants - Sports Ground				29,000			29,000
General Fund Exps.	2,000		36,444	45,079	23,474	200,000	306,997
Water Fund Expenses	1,055	7,494	816				9,366
Sewer Fund Expenses					100,000		100,000
<b>DELUNGRA TOTAL</b>	<b>3,055</b>	<b>7,494</b>	<b>37,260</b>	<b>45,079</b>	<b>123,474</b>	<b>200,000</b>	<b>416,362</b>

<b>Gilgai</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017 BUDGET</b>	<b>Other Funded Projects</b>	<b>TOTAL</b>
Parks Upgrade-Playground Equip				9,494			9,494
Parks Upgrade-Shade Shelters				24,636			24,636
Drainage/Kerb and Gutter Upgrades	152,962	257,265	13,537		520,000		943,763
Beautification		12,315	34,079				46,394
BushFire Shed				25,217			25,217
Village Development-Non Capital	2,000						2,000
Village Development-Capital							
General Fund Exps.	154,962	269,579	47,616	59,347	520,000		1,051,504
Water Fund Expenses							
Sewer Fund Expenses							
<b>GILGAI TOTAL</b>	<b>154,962</b>	<b>269,579</b>	<b>47,616</b>	<b>59,347</b>	<b>520,000</b>		<b>1,051,504</b>

<b>Yetman</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017 BUDGET</b>	<b>Other Funded Projects</b>	<b>TOTAL</b>
Halls				50,472	17,000		67,472
Hall Upgrade BCA/WHS/Disabled Access Upgrade					120,000		120,000
Parks	5,028	7,825	7,907	13,181	5,900		39,841
Playground /Exercise Equipment Upgrade				12,065			12,065
Yetman Fuel Facility				10,368			10,368
Tip Upgrade/Transfer Station				2,820	164,000		166,820
Recreation Cultural Grants - Sports Ground Amenities					2,000		2,000
Village Development-Non Capital	6,313	2,439	1,545	1,632			11,928
Village Development-Capital			28,097	6,318			34,415
General Fund Exps.	11,340	10,265	37,549	96,855	308,900		464,909
Water Fund Expenses							
<b>YETMAN TOTAL</b>	<b>11,340</b>	<b>10,265</b>	<b>37,549</b>	<b>96,855</b>	<b>308,900</b>		<b>464,909</b>

Ashford	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017 BUDGET	Other Funded Projects	TOTAL
Ashford Rural Transcation Centre Costs	11,000	32,090	21,937	21,000	21,000		107,027
Ashford Memorial Hall Upgrade	1,081,000						1,081,000
Parks Upgrade			9,824				9,824
Sportgrounds Amenities Block				9,641	239,215	25,784	274,640
Driver Reviver		8,000					8,000
Tip Upgrade/Transfer Station				127,360	200,000		327,360
SES Building		200,297	149,242				349,539
Medical Centre Development		14,449	625,434				639,883
Ashford Fuel Facility Upgrade				123,234			123,234
Village Development-Non Capital	2,223			128			2,350
Village Development-Capital							
Ashford Golf Club Equipment Grant					1,829		1,829
Ashford Pony Club/Showground Equipment Grant					1,599		1,599
Ashford Golf Club Mower						Pending	
Water Treatment Plant	39,333	991,322	3,077,681	697,807		Pending	4,806,143
General Fund Exps.	1,094,223	254,836	806,437	281,363	463,643	25,784	2,926,286
Water Fund Expenses	39,333	991,322	3,077,681	697,807			4,806,143
<b>ASHFORD TOTAL</b>	<b>1,133,555</b>	<b>1,246,158</b>	<b>3,884,118</b>	<b>979,171</b>	<b>463,643</b>	<b>25,784</b>	<b>7,732,429</b>
						<b>TOTAL \$ 9,665,204</b>	

**TO ECONOMIC & COMMUNITY SUSTAINABILITY COMMITTEE MEETING 12/4/2017**

<b>ITEM NO:</b>	1.	<b>FILE NO:</b> S12.12.2/09
<b>DESTINATION 5:</b>	The communities are served by sustainable services and infrastructure	<b>S</b>
<b>SUBJECT:</b>	<b>GOVERNANCE - MONTHLY INVESTMENT REPORT</b>	
<b>PREPARED BY:</b>	Paul Pay, Manager Financial Services	

**SUMMARY:**

To report the balance of investments held as at 31 March, 2017.

**COMMENTARY:**

Contained within this report are the following items that highlight Council's Investment Portfolio performance for the month to 31 March, 2017, and an update of the investment environment:

- (a) Council's Investments as at 31 March, 2017;
- (b) Council Investments by Fund as at 31 March, 2017;
- (c) Interest – Budgeted vs Actual;
- (d) Investment Portfolio Performance;
- (e) Investment Commentary; and
- (f) Certification – Responsible Accounting Officer.

## A) Council Investments as at 31 March, 2017

Term Deposit Investment Group										
Investment No.	Borrower	FUND	Rating	Risk Rating	Purchase Date	Maturity Date	Current Yield	Principal Value	Current value	Term (days)
17/11	National Australia Bank	General	A1+	1	16-Sep-16	14-Apr-17	2.65%	1,000,000	1,000,000	210
17/20	CBA	General	A1+	1	13-Oct-16	14-Apr-17	2.61%	1,000,000	1,000,000	183
17/15	Suncorp	General	A1+	1	27-Sep-16	27-Apr-17	2.55%	1,000,000	1,000,000	212
17/38	National Australia Bank	Sewer	A1+	1	17-Feb-17	18-May-17	2.57%	2,000,000	2,000,000	90
17/16	Suncorp	General	A1+	1	27-Sep-16	27-Apr-17	2.55%	1,000,000	1,000,000	212
17/26	Bank West	General	A1+	1	25-Nov-16	24-May-17	2.60%	2,000,000	2,000,000	180
17/27	National Australia Bank	General	A1+	1	02-Dec-16	02-Jun-17	2.71%	2,000,000	2,000,000	182
17/29	CBA	General	A1+	1	12-Dec-16	09-Jun-17	2.61%	1,000,000	1,000,000	179
17/21	National Australia Bank	General	A1+	1	14-Oct-16	14-Jun-17	2.72%	1,000,000	1,000,000	243
17/35	National Australia Bank	Water	A1+	1	09-Jan-17	07-Jul-17	2.66%	1,000,000	1,000,000	179
15/01	CBA	General	A1+	1	15-Jul-14	15-Jul-17	4.05%	1,000,000	1,000,000	1095
15/02	CBA	General	A1+	1	15-Jul-14	15-Jul-17	4.05%	1,000,000	1,000,000	1095
15/03	CBA	General	A1+	1	15-Jul-14	15-Jul-17	4.05%	1,000,000	1,000,000	1095
17/36	Bank West	Sewer	A1+	1	17-Jan-17	17-Jul-17	2.65%	2,000,000	2,000,000	181
17/37	St George Bank	General	A1+	1	17-Jan-17	17-Jul-17	2.70%	2,000,000	2,000,000	181
17/25	CBA	General	A1+	1	18-May-16	16-Jul-17	2.65%	1,000,000	1,000,000	210
17/23	CBA	Sewer	A1+	1	20-Oct-16	20-Jul-17	2.64%	2,000,000	2,000,000	273
15/09	CBA	General	A1+	1	01-Sep-14	01-Sep-17	3.90%	1,000,000	1,000,000	1096
17/17	National Australia Bank	Water	A1+	1	27-Sep-16	27-Sep-17	2.70%	1,000,000	1,000,000	365
17/13	CBA	General	A1+	1	17-Sep-16	17-Sep-17	3.00%	1,000,000	1,000,000	365
17/33	St George Bank	General	A1+	1	02-Jan-17	02-Oct-17	2.71%	1,000,000	1,000,000	123
17/18	St George Bank	General	A1+	1	07-Oct-16	07-Oct-17	3.00%	2,000,000	2,000,000	365
17/19	St George Bank	General	A1+	1	07-Oct-16	07-Oct-17	3.00%	2,000,000	2,000,000	365
17/22	St George Bank	General	A1+	1	16-Oct-16	16-Oct-17	3.00%	1,000,000	1,000,000	183
17/05	AMP BANK	General	A1	2	30-Mar-17	27-Nov-17	2.75%	2,000,000	2,000,000	242
17/06	AMP BANK	General	A1	2	30-Mar-17	27-Nov-17	2.75%	1,000,000	1,000,000	242
17/07	AMP BANK	Water	A1	2	30-Mar-17	27-Nov-17	2.75%	1,000,000	1,000,000	242
17/08	AMP BANK	General	A1	2	30-Mar-17	27-Nov-17	2.75%	1,000,000	1,000,000	242
17/28	St George Bank	Water	A1+	1	01-Dec-16	01-Dec-17	2.75%	1,000,000	1,000,000	365
17/30	Suncorp	General	A1+	1	14-Dec-16	14-Dec-17	2.75%	1,000,000	1,000,000	365
17/31	National Australia Bank	General	A1+	1	14-Dec-16	14-Dec-17	2.72%	2,000,000	2,000,000	365
17/32	Community Mutual	Water	NR	3	14-Dec-16	14-Dec-17	2.90%	2,000,000	2,000,000	365
17/34	National Australia Bank	General	A1+	1	09-Jan-17	09-Jan-18	2.70%	1,000,000	1,000,000	365
17/39	National Australia Bank	General	A1+	1	15-Mar-17	15-Mar-18	2.63%	2,000,000	2,000,000	365
15/10	Bank of Queensland	General	A1	2	02-Sep-14	03-Sep-18	4.10%	1,000,000	1,000,000	1462
Sub Total - Term Deposit Investment Group								47,000,000	47,000,000	
TOTALS								47,000,000	47,000,000	

Cash Deposits Accounts Investment Group									
As at Date	Borrower	FUND	Rating	Risk Rating	Purchase Date	Maturity Date	Current Yield	Principal Value	Current value
31/3/17	National Australia Bank (Cash Maximiser)	General	A1+	1			1.75%	3,000,000	3,000,000
<b>Sub Total - Cash Deposits Accounts Investment Group</b>									
								3,000,000	3,000,000
Floating Rate Notes Investment Group									
As at Date	Borrower	FUND	Rating	Risk Rating	Purchase Date	Maturity Date	Current Yield	Principal Value	Current value
<b>Sub Total - Floating Rate Notes Investment Group</b>									
							-	-	

Structured Products Investment Group									
As at Date	Borrower	FUND	Rating	Risk Rating	Purchase Date	Maturity Date	Current Yield	Principal Value	Current value
31/12/16	Lehman Brothers Treasury Co B.V (CPPI-745)	Water	DD	5	9/5/2010*		0.00%	300,000	9,810
<b>Sub Total - Structured Products Investment Group</b>									
							-	300,000	9,810
								9,810	9,810

The written down value of the Structured Product Investment Group as at 30 June 2016 was \$9,810, now holding at 9,810. As previously advised the write down in the value of Structured Products, has been funded from previous years above benchmark investment returns (\$6.8M) which had been held in Internal Restricted Assets. That said, while the written down value is only \$9,810 Council has to date received \$125,423 in principal repayments. These payments are ongoing. These investments were all rated AA- and up to AAA (strong investment grade) when they were entered into and were permissible under the Minister's Investment Order. As Noted by the Auditor in their 2014/2015 Audit Report, the Sewer Fund maintains a sound financial position to meet its operational requirements and the Water Fund maintains a strong financial position.

**B) Council Investments by Fund 31 March, 2017**

Portfolio by Fund	28/02/2017	31/03/2017
General Fund	38,000,000	38,000,000
Water Fund	6,009,810	6,009,810
Sewer Fund	6,000,000	6,000,000
<b>TOTAL</b>	<b>\$ 50,009,810.00</b>	<b>\$ 50,009,810.00</b>

Council's investment portfolio remained neutral throughout March 2017. This was in respect of normal cash flow movements for receipts collected and payments made during March 2017.

While the level of Investments has been largely maintained over recent years these will decrease during 2016/2017 as a number of major projects are completed. These include:

- Inverell Sewerage Treatment Works \$ 3.0 M
- Infrastructure Backlog Program \$ 4.01M
- Waste Infrastructure Program \$ 2.0M
- 2015/2016 Revotes \$15.5M

In addition to these amounts Council also holds substantial unexpended Grant Funds in the General Fund which can only be utilised for the purpose for which they were granted.

**C) Interest – Budgeted verses Actual Result to Date**

	Ledger	2016/2017 Budget	Actuals to Date
General Fund	128820	879,000.00	524,919.81
Water Fund	812350	50,000.00	61,954.26
Sewer Fund	906320	70,000.00	83,880.56
<b>TOTAL</b>		<b>\$ 999,000.00</b>	<b>\$ 670,754.63</b>

The interest received to date (cash basis) is in accordance with Budget and does not include accruals. It is again expected that Council's Investment Portfolio will achieve benchmark returns in 2016/2017.

**D) Investment Portfolio Performance**

Investment Portfolio Return		Benchmarks		
	% pa	RBA Cash Rate	Aus Bond Bank Bill	11am Cash Rate
Benchmark as at 30-3-2017		1.50%	2.03%	1.75%
Term Deposits	2.91%			
Cash Deposit Accounts	1.75%			
Floating Rate Notes				
Structured Products*	0.00%			

\*Structured Products exclude 1 CDO's currently in default and returning zero coupon

**E) Investment Commentary**

Council's investment portfolio returns exceeded the 11am Cash Rate benchmark in all investment categories except for Structured Products and Cash Deposits Accounts. Term Deposits exceed the UBSA Bank Bill Index benchmark. Money is held in cash deposits accounts for liquidity purposes.

Council's investment portfolio of \$50M is almost entirely invested in fixed term deposits. Overall, the portfolio is highly liquid, highly rated and short-dated from a counterparty perspective.

The RBA has opted to leave the official cash rate on hold at 1.5% at its March meeting. The board restated its "bullish" outlook towards domestic economic growth.

They pointed to positive indicators from higher commodity prices, rising non-mining business investment, a pick-up in business and consumer confidence and expect expansion in employment going forward. They are clearly on a neutral bias while "underlying inflation is likely to stay low for some time". This has all but ruled out any hopes of a further interest rate cut in the short-term. In contrast, money markets are fully factoring a rate rise late 2018.

Council staff will continue to monitor interest movements to ensure the best possible returns on investments.

#### **F) Certification – Responsible Accounting Officer**

I Ken Beddie, hereby certify that the investments listed in this report have been made in accordance with Section 625 of the *Local Government Act 1993*, Clause 212 of the Local Government (General) Regulations 2005 and Council's Investment Policy.

#### **RELATIONSHIP TO STRATEGIC PLAN, DELIVERY PLAN AND MANAGEMENT PLAN:**

**Strategy:** S.01 Sound Local Government Administration, Governance and Financial Management are provided.

**Term Achievement:** S.01.02 A sound long term financial position is maintained.

**Operational Objective:** S.01.02.01 To manage Council Finances with the view to ensuring Council's ongoing financial health and stability, the discharge of statutory and fiduciary responsibilities, proper accounting systems and standards and an efficient and equitable revenue base.

#### **POLICY IMPLICATIONS:**

Nil.

#### **CHIEF FINANCIAL OFFICERS COMMENT:**

It is noted that the volatility for current financial markets and pending legal actions will not impact on Council's Rates and Charges, its ability to deliver its existing Services across the funds, or its medium or long term sustainability. Council's overall Investment Portfolio remains sounds.

#### **LEGAL IMPLICATIONS:**

Nil.

#### **RECOMMENDATION:**

*That:*

- i) the report indicating Council's Fund Management position be received and noted; and*
- ii) the Certification of the Responsible Accounting Officer be noted.*