

INVERELL SHIRE COUNCIL

NOTICE OF ECONOMIC & COMMUNITY SUSTAINABILITY COMMITTEE MEETING

5 February, 2015

An Economic & Community Sustainability Committee Meeting will be held in the Committee Room, Administrative Centre, 144 Otho Street, Inverell on Wednesday, 11 February, 2015, commencing at 10.30am.

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

P J HENRY PSM

GENERAL MANAGER






A G E N D A

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

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>Destinations</i>	<i>Icon</i>	<i>Code</i>
<p>1. A recognised leader in a broader context.</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>		R
<p>2. A community that is healthy, educated and sustained.</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>		C
<p>3. An environment that is protected and sustained.</p> <p>Giving priority to sustainable agriculture, the protection and conservation of rivers, waterways bio diversity and the built environment.</p>		E
<p>4. A strong local economy.</p> <p>Giving priority to economic and employment growth and the attraction of visitors.</p>		B
<p>5. The Communities are served by sustainable services and infrastructure.</p> <p>Giving priority to the provision of community focused services and the maintenance, enhancement and upgrade of infrastructure.</p>		S

ECONOMIC & COMMUNITY SUSTAINABILITY COMMITTEE MEETING

Wednesday, 11 February, 2015

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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, 12 NOVEMBER, 2014,
COMMENCING AT 10.30AM.

PRESENT: Cr J A Watts (Chairperson), Crs P J Girle, P J Harmon and A A Michael.

Also in attendance: Crs B C Johnston and D C Jones.

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

In accordance with Council's Meeting Code, all Councillors at today's meeting are 'voting delegates'.

APOLOGIES:

Apologies were received from Cr D F Baker for business reasons and Cr H N Castledine for personal reasons.

RESOLVED (Michael/Harmon) that the apologies from Crs Baker and Castledine be noted.

SECTION A

1. CONFIRMATION OF MINUTES

RESOLVED (Girle/Harmon) that the Minutes of the Economic and Community Sustainability Committee Meeting held on 8 October, 2014 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

There were no interests declared.

3. BUSINESS ARISING FROM PREVIOUS MINUTES

Nil.

SECTION A
ADVOCACY REPORTS

Cr Watts Delungra District Development Council (DDDC)

Cr Watts noted the recent DDDC meeting and issues discussed.

Cr Watts Linking Together Centre

Cr Watts informed the Committee that a meeting was held with Mr Peter Worland of Uniting Care to discuss possible partnerships at the Centre between Council and Uniting Care.

SECTION D
DESTINATION REPORTS

1. ROADS TO RECOVERY PROGRAM S15.8.23/08

DCS-A *RESOLVED (Michael/Jones) that the Committee recommend to Council that:*

- i) *the information be received and noted; and*
- ii) *a letter of appreciation be provided to the Minister in this matter.*
- 2. DRAGON BOATS NSW INVERELL REGATTA S12.22.1/08
- MTM-A *RESOLVED (Michael/Jones) that the Committee recommend to Council that Council provide seed funding of \$5000 plus GST for the 2015 and 2016 Dragon Boats NSW Inverell Regattas to be conducted at Copeton Dam.*
- 3. INVERELL SEWERAGE TREATMENT WORKS RENEWAL AND UPGRADE
S29.10.8
- DCS-A *RESOLVED (Harmon/Girle) that the Committee recommend to Council that:*
 - i) *the information be received and noted; and*
 - ii) *the Funding Agreement be signed under the Common Seal of Council.*
- 4. 'FIT FOR THE FUTURE' PROGRAM S13.1.2
- GM-A *RESOLVED (Harmon/Girle) that the Committee recommend to Council that:*
 - i) *the information be received and noted;*
 - ii) *Council be a member of the New England Regional Organisation of Council (NEROC);*
 - iii) *Council provide the secretarial service for the NEROC;*
 - iv) *Council participate in consideration of initiatives by NEROC that enhances the strategic capacity of this Region and service delivery options for Inverell Shire Council.*

SECTION E INFORMATION REPORTS

- 1. 2014/2015 RURAL FIRE SERVICE ALLOCATION S15.8.3
- 2. ANNUAL GENERAL MEETING OF THE NORTH EAST ZONE NSW PUBLIC LIBRARIES ASSOCIATION S3.6.4

RESOLVED (Michael/Harmon) that the items contained in the Information Reports to the Economic & Community Sustainability Committee Meeting held on Wednesday, 12 November, 2014, be received and noted.

SECTION F QUESTIONS WITHOUT NOTICE

- DCES-A Cr Jones Otho Street 28.10.IN 165

Cr Jones asked if a roundabout could be reconsidered for the intersection of Otho and Evans Street.
- General Manager Mini World Cup

The General Manager provided the Committee with details of discussions held in relation to the 2015 Cup and the need to retain this event locally. The General Manager advised that Council has been asked to assist with the administration of the event. There was no objection to this form of assistance being offered to the Tournament Organisers.

SECTION H
GOVERNANCE REPORTS

1. GOVERNANCE - MONTHLY INVESTMENT REPORT S12.12.2

RESOLVED (Jones/Harmon) that the Committee recommend to Council 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.*

2. STORES & MATERIALS STOCKTAKE S23.16.5

EC-A *RESOLVED (Girle/Harmon) that the Committee recommend to Council that the stores and materials Stocktake information be received and noted and the adjustment of **-\$2,275.68** be made in the Stores Ledger.*

3. QUARTERLY BUDGET AND OPERATIONAL PLAN REVIEW 2014/2015
S12.5.1/07

DCS-A *RESOLVED (Harmon/Michael) that the Committee recommend to Council that:*

- i) Council's Quarterly Operational Plan and Budget Review for 30 September, 2014 be adopted; and*
- ii) the proposed variations to budget votes for the 2014/2015 Financial Year be adopted providing an estimated Cash Surplus at 30 June, 2015 from operations of \$4,959.*

There being no further business, the meeting closed at 10.43am.

CR J A WATTS

CHAIRPERSON

TO ECONOMIC & COMMUNITY SUSTAINABILITY COMMITTEE MEETING 11/02/2015

ITEM NO:	1.	FILE NO: S13.1.2
DESTINATION 2:	A community that is healthy, educated and sustainable	C
SUBJECT:	FIT FOR THE FUTURE (FFF) ROADMAP - WATER AND SEWERAGE ACTIVITIES	
PREPARED BY:	Paul Henry, General Manager	

SUMMARY:

The FFF program requires a 'Road Map' to be prepared for the Water and Sewerage Activities of Council. This report provides information on these activities and requests Councillors to consider various matters for the purpose of preparing these roadmaps.

COMMENTARY:

By the 30 June, 2015 Council is required to submit to the Minister for Local Government, a 'roadmap' that addresses the provisions of the FFF program. This 'roadmap' requires separate commentary on the Water and Sewerage activities undertaken by Council.

The 'roadmap' for these activities must address the subjective scale and capacity issue and the seven (7) financial benchmarks. A SWOT Analysis of the Water and Sewerage Activities is required to be completed and attached as a precursor document to the roadmap.

At today's Committee Meeting, Councillors will be requested to undertake this SWOT Analysis and to determine a draft 'roadmap' for these two (2) activities. The draft roadmap will be further developed by staff to the level of detail required by the Department of Local Government and referred back to Council for adoption.

Background

In order to undertake the SWOT Analysis, Councillors require information on the following matters:

- a) Operation and performance briefings on the various water and sewerage schemes operated by Council,
- b) Prioritised Capital Works Program for the Water and Sewer Activities, and
- c) *Best Practice Management of Water Supply and Sewerage Framework* prepared by the Department of Primary Industries (Office of Water).

This information will provide you with the basic information in relation to the operations of the Town and Village schemes and the management activities expected of a sustainable water/sewerage scheme (according to the Office of Water).

1. Operation and Performance Details

Mr Graham Bendeich will lead this session of the briefing. Relevant background information has been included in Appendix 1 (D6 – D15).

This information may result in Councillors identifying issues that may be a threat to the operations of the scheme(s), an opportunity to enhance the scheme(s) or a weakness/strength of the scheme(s) that requires addressing/enhancing.

A revision of Council's existing Water and Sewer Capital Works Plan and the formulation of that Plan will also be undertaken.

2. Water & Sewer Capital Works Plan

Following considerations by the Water & Sewer Working Group Sunset Committee in 2011, Council adopted the following priorities for capital works projects:

Water

- Replace Ashford Water Treatment Plant
- Upgrade Abattoir Electrical Pump
- Backflow Prevention Program
- Major Repairs Inverell Water Treatment Plant
- Network Extensions/Water Main Replacement/Ringing Dead End Mains
- Lake Inverell Dam Safety Works
- Chlorine Injection Systems for Old Bundarra Road, Swanbrook Road & Fernhill Road
- Enhanced Reticulation of 10MI Clinton Reservoir
- Flow Modelling Program
- Major Repairs 1.2 Megalitre Standpipe Inverell West
- Augmentation of Inverell Water Supply

Sewer

- Structural Upgrade and Repair to aeration Tanks at Inverell STP
- Replace Sewer Pump Station No, 2
- Sewer Main Relining
- Installation of New Switch Board and Telemetry at Delungra STP
- Empty first Tertiary Pond (Catchall Pond)
- Flow Investigation & Modelling of Sewerage System
- Replace Sewer Pump Station No 1
- Upgrade Telemetry System
- Sewer Main Extension Old Bundarra Road
- Provision of Reticulated Sewer Scheme Yetman
- Sewer Main Extension Ely Street, Ashford
- Effluent Reuse Project
- Inverell Sewage Treatment Plant Augmentation

The following projects have been completed or are in progress:

Water

- Replace Ashford Water Treatment Plant – in progress
- Water Main Replacement/Ringing Dead End Mains – ongoing
- Enhanced Reticulation of 10MI Clinton Reservoir – completed

Sewer

- Structural Upgrade and Repair Aeration Tanks at Inverell STP – in planning phase
- Replace Sewer Pump Station No 2 – completed
- Sewer Main Relining - Ongoing

Depending on the outcomes from today's discussions, Council may need to reconsider the priorities for capital works projects.

3. Office of Water 'Best Practice Management Framework' (BPMF)

The BPMF issued by the Office of Water is an issue that will need to be addressed when preparing the 'roadmap' for the Water and Sewerage services. These guidelines have been referred to by the many reports prepared over the years, on the future of Local Government's involvement in the provision of Water and Sewerage services – the consistent theme being that a sustainable service provider can/has implemented this framework.

This framework is a 'guide'; it is not a legislated requirement for Water/Sewerage Authorities to comply with 'Best Practice'.

The BPMF has 19 requirements which can be grouped under four (4) elements. The framework is:

Best Practice Management	
19 BPM Requirements:	
IWCM Strategy and Financial Plan (3)	1 IWCM Strategy (WS) 2 IWCM (Sge) 3 Water Conservation Plan (WS)
Strategic Business Plan and Financial Plan (3)	4 SBP (WS) 5 SBP (Sge) 6 Drought Management Plan (WS)
Pricing and Regulation (11)	7 Full Cost Recovery (WS) 8 Full Cost Recover (Sge) 9 Appropriate Residential Charges (WS) 10 Appropriate Residential Charges (Sge) 11 Residential Revenue – Usage Charges $\geq 75\%$ (WS) 12 Appropriate Non-residential Charges (WS) 13 Appropriate Non-residential Charges (Sge) 14 Appropriate Trade Waste Fees and Charges 15 DSP with Commercial Developer Charges (WS) 16 DSP with Commercial Developer Charges (Sge) 17 Liquid Trade Waste Policy and Approvals
Performance Monitoring (2)	18 Report by Sept 15 (WS) 19 Report by Sept 15 (Sge)

Acronyms: IWCM: Integrated Water Cycle Management
 WS: Water Supply
 Sge: Sewerage
 DSP: Developer Servicing Plans

Appendix 2 (D16 – D18) is a summary of Inverell Shire Council's response to these guidelines.

Mr Bendeich and Mr Beddie will work through this BPMF with Councillors.

Commentary on some of the requirements around pricing has been prepared for your information prior to today's meeting.

An exercise has been undertaken in respect of moving Council's existing Pricing Structure to full Office of Water, Best Practice Guidelines compliance.

The outcomes of this exercise are detailed in Appendix 3 (D19 – D22) and will be the subject of detailed discussions today.

In summary, the full application of the Guidelines would result in a \$298K increase in revenue, however, \$100K of this amount would be payable by Council's General Fund. Council already achieves results in the Water Fund better than the NSW average. The Sewer Fund would see an overall possible increase in revenue of \$21K; however this is largely funded by Council's General Fund and a Public Benevolent Institution and is not reflective of the actual load placed on Council's Sewerage System.

4. SWOT Analysis

Councillors are requested to now undertake the analysis of the existing Water and Sewerage Services provided by Council.

Following this examination Council may form one of the following views:

- i) Council prepare a detailed roadmap that is consistent with the following principles:
 - Council remains a 'stand alone' Water and Sewerage authority,
 - That the identified requirements of the BPMF not be implemented for the stated reasons.

or

- ii) Council seek discussions with adjoining Water/Sewerage Authorities to identify synergies that may result in an amalgamation of the schemes and that a further report on these matters be prepared prior to a decision being made on the development of a 'roadmap' for the Water and Sewerage services.

RELATIONSHIP TO STRATEGIC PLAN, DELIVERY PLAN AND OPERATIONAL PLAN:

Strategy: C.01 Facilitate the provision of a broad range of services and opportunities which aid the long term sustainability of the community.

Term Achievement: C.01.02 Manage on behalf of the community issues which impact on or threaten the medium and long term sustainability of the community.

Operational Objective: C.01.02.01 To provide leadership and community direction to ensure that issues which impact on the community are managed for the benefit of the community.

POLICY IMPLICATIONS:

Nil.

CHIEF FINANCIAL OFFICERS COMMENT:

Council will be aware of the continuing strong performance of Council's Water and Sewerage Funds.

Council's existing Pricing Structure for Water and Sewerage Services, while not fully complying with the recommended Best Practice Guidelines, continues to meet Council's operational and capital needs and produces outcomes above the NSW State Averages (Best Practice). That said, as indicated above, a Pricing Exercise has been undertaken utilising the Best Practice Guidelines and these will be discussed in detail at today's meeting.

Further attached as Appendix 4 (D23 – D26), is a copy of Council's Water and Sewerage 20 Year Asset Management Plans for the Committee's Review.

LEGAL IMPLICATIONS:

Nil.

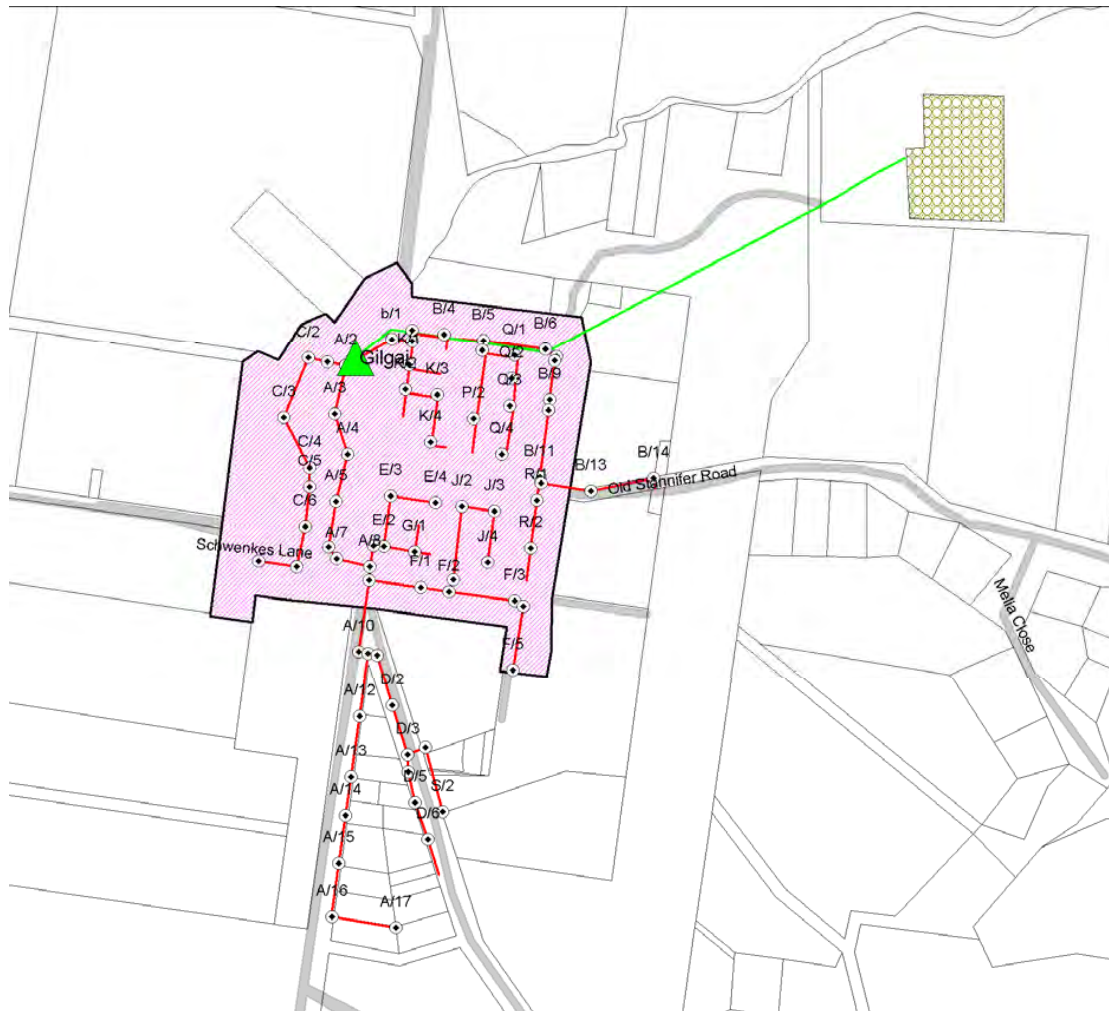
RECOMMENDATION:

A matter for the Committee.

APPENDIX 1

SEWERAGE SYSTEMS SUMMARY

Gilgai Sewerage System



Map of Gilgai Town Sewerage Scheme Service Area

Status

- Oxidation ponds treatment system with a design capacity of 445 Equivalent Persons (EP's),
- Not licensed with EPA – did not require licensing at time of construction.

Comments

- Relatively new infrastructure (20 years) generally in good condition.
- On-site effluent disposal by evaporation,
- Can be problems with on-site disposal during very wet periods.

Ashford Sewerage System



Map of Ashford Town Sewerage Scheme Service Area

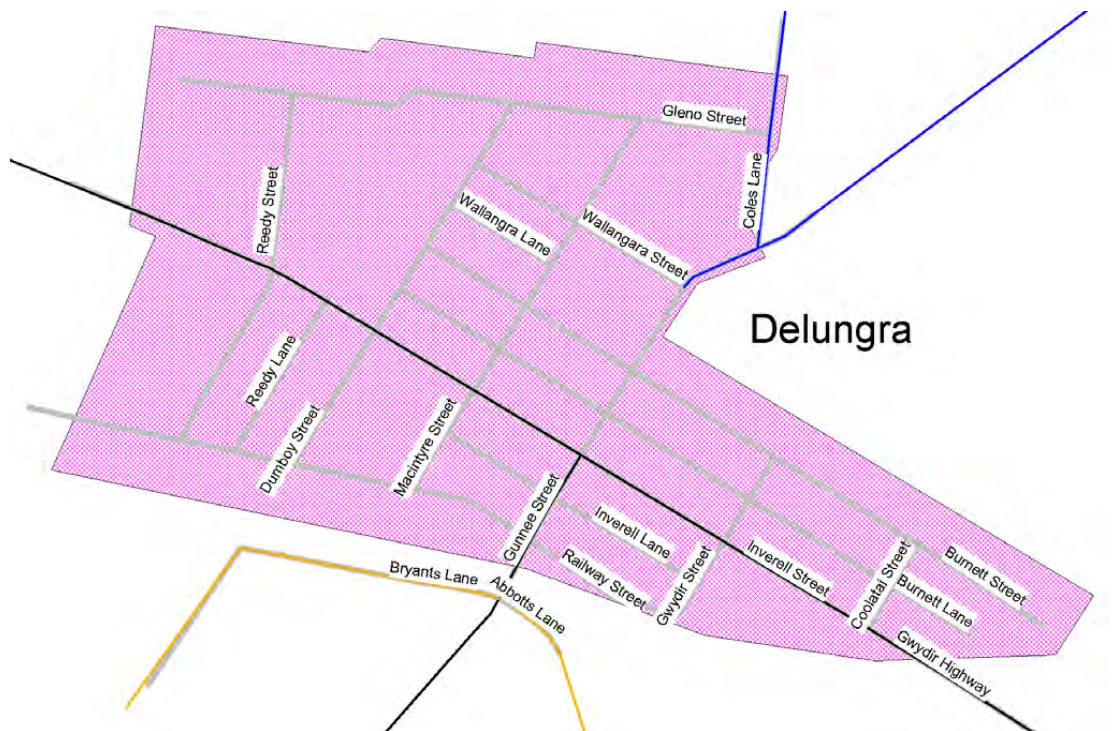
Status

- Pasveer Channel treatment works with a design capacity of 1000 Equivalent Persons (EP's).
- Operating well within capacity,
- EPA licensed to discharge 120 kl/day to adjacent watercourse.

Comments

- Occasional exceedance of daily limit but overall average below limit,
- Has regular discharge quality issues due to occurrence of algae in the ponds,
- Long term trials to reduce algal growth have not been successful,
- EPA is considering varying license conditions to reflect what is 'normal' for the site,
- Not subject to Load Based Licensing – below threshold.

Delungra Sewerage System



Map of Delungra Town Sewerage Scheme Service Area

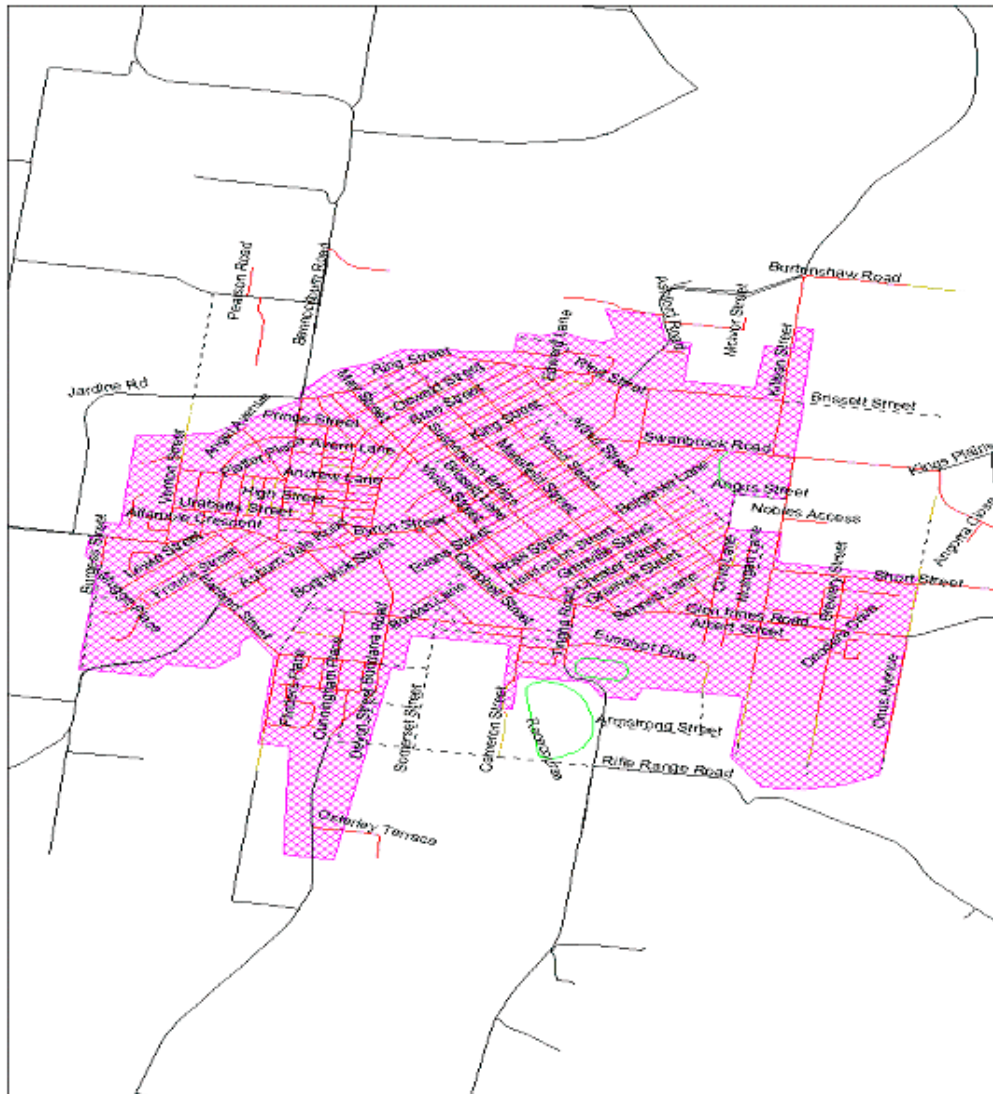
Status

- Pasveer Channel treatment works with a design capacity of 500 Equivalent Persons (EP's),
- Operating well within capacity,
- EPA licensed to discharge 120 kl/day to adjacent watercourse.

Comments

- Occasional exceedance of daily limit but overall average well below limit,
- Not subject to Load Based Licensing – below threshold,
- Has occasional discharge quality issues.

Inverell Sewerage System



Map of Inverell Town Sewerage Scheme Service Area

Status

- Intermittently Decanted Extended Aeration (IDEA) treatment works with design capacity of 12,000 Equivalent Persons (EP's),
- Currently operating at approximately 85% capacity,
- EPA licensed to discharge 1000 ML/yr to Macintyre River,
- Average annual discharge = 700ML
- Subject to Load Based Licensing by EPA.

Comments

- Treatment works about to undergo major rehabilitation of aeration ponds,
- There may be the opportunity for grant funding to assist with a capacity upgrade in conjunction with the rehabilitation,
- If EPA introduced more stringent conditions on the discharge water quality then major process upgrades would be required,
- Pump Station 2 (Old Bundarra Road) recently replaced and upgraded.

WATER SUPPLY SYSTEMS SUMMARY

Bonshaw Water Supply

Status

- Allocation from bore under Water Access Licence WAL 31011 – 10ML/year,
- Non-potable supply,
- Restricted flow services,
- Annual usage approximately 50% of allocation,
- Limited storage from 15,000L elevated tank.

Comments

- Groundwater supply at bore appears to be dependent on water level in nearby Dumaresq River,
- Supply reduced when river stopped flowing.

Graman Water Supply

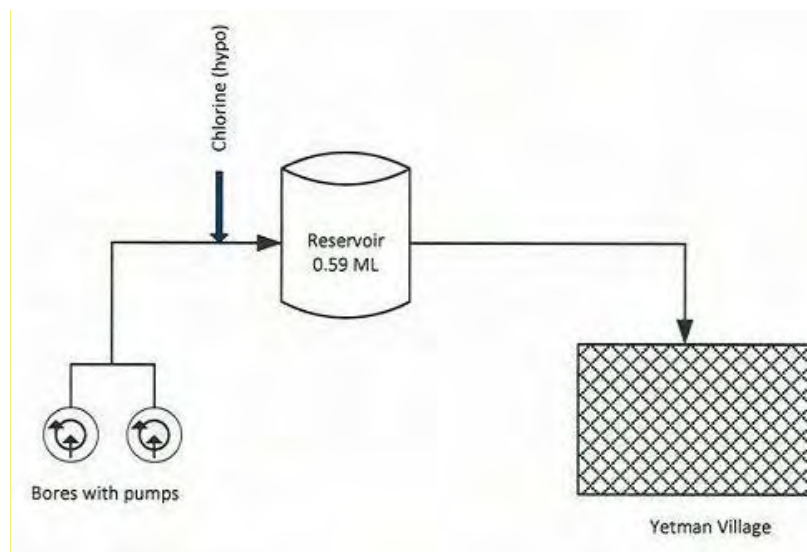
Status

- Allocation from bore under Water Access Licence WAL 31059 – 3ML/year,
- Non-potable supply,
- Restricted flow services,
- Annual usage approximately 50% of allocation,
- Limited storage from 10,000L elevated tank.

Comments

- Limited groundwater sources near the village,
- Flow from bore reduces during prolonged dry periods.

Yetman Water Supply



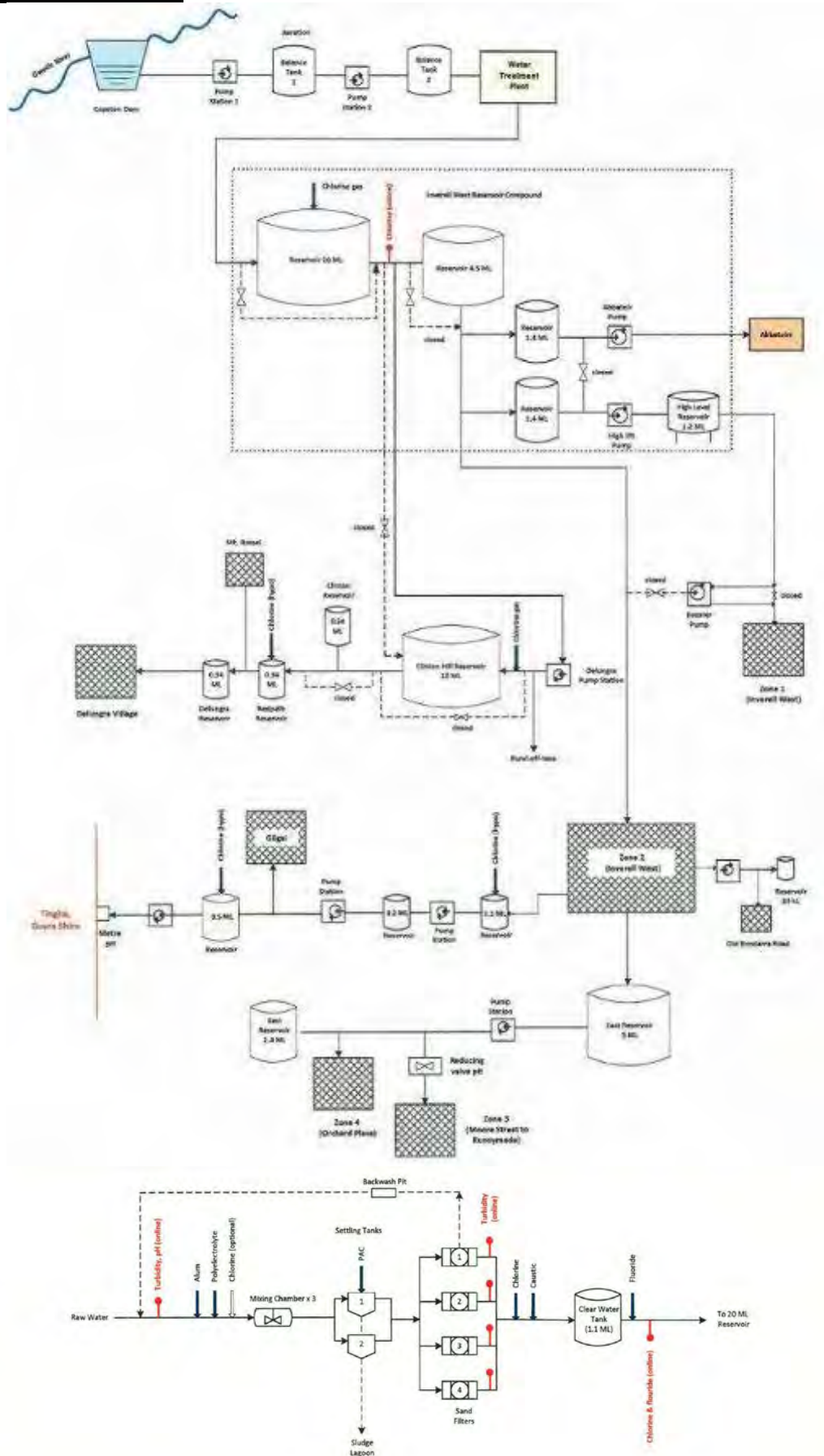
Status

-
- Allocation from bore under Water Access Licence WAL 30988 – Local Water Utility 35MI/year,
 - Average extraction over last 5 years 26MI/year
 - Maximum extraction in last 5 years 36MI/year
 - Normal maximum capacity of infrastructure 0.54MI/day (197MI/year)
 - Average daily water production 0.07 MI/day
 - Peak daily demand 0.09MI
 - Minimum daily demand 0.04MI
 - Total reservoir storage capacity 0.59MI

Comments

- System operating well within capacity,
- While water is potable, it does not have the same 'quality' as a fully treated supply,
- Supply pressures meet Public Works Guidelines but are a maximum of approximately 200kPa.

Inverell Water Supply



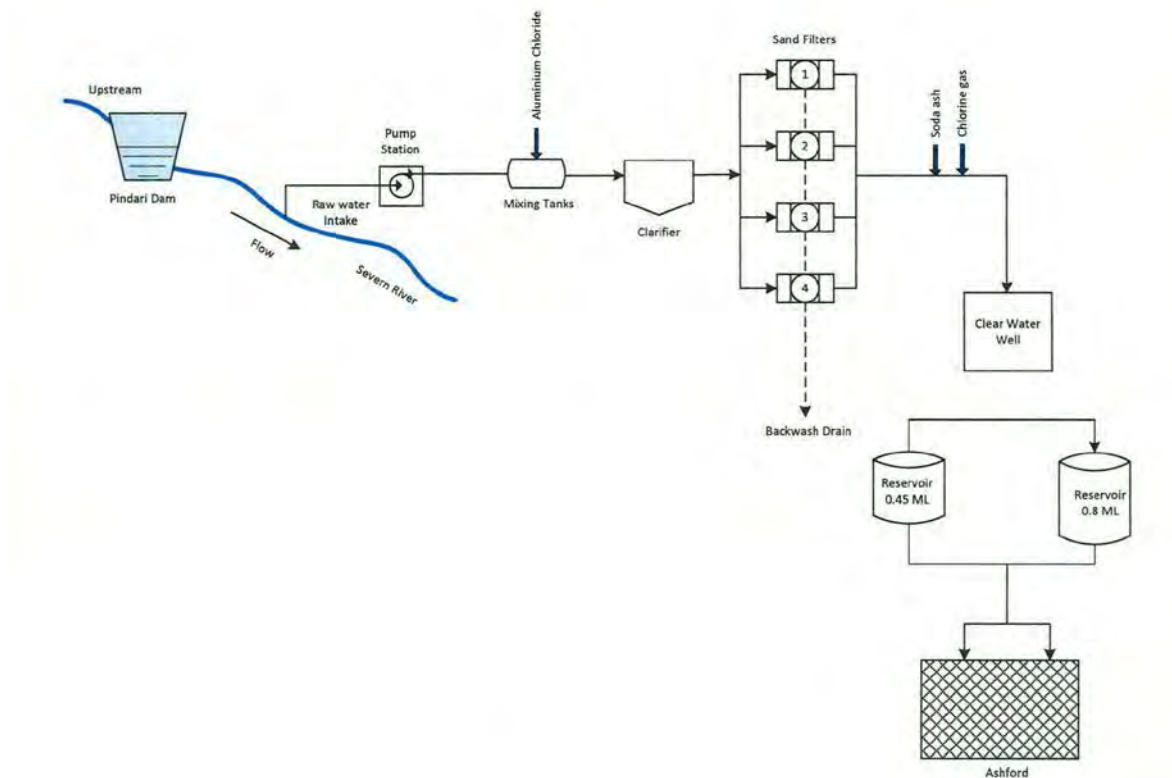
Status

- Allocation from Copeton Dam under Water Access Licence WAL 9686 – Local Water Utility 3054ML/year,
- Average extraction over last 5 years 2024ML/year
- Maximum extraction in last 5 years 2303ML/year
- Normal maximum capacity of infrastructure 14ML/day (5110ML/year)
- Absolute maximum capacity 15ML/day
- Average daily water production 5.5ML
- Peak daily demand 13.5ML
- Minimum daily demand 1.5ML
- Total reservoir storage capacity 47ML
- Reticulated to Delungra, Gilgai and Tingha (Shire Boundary) and rural properties adjacent to the mains.

Comments

- Current annual extraction from Copeton Dam is well within the licence allocation of 3054ML. As the licence is for a local water utility or Town Water Supply purposes, it is fixed irrespective of seasonal conditions which may affect other allocation.
- If an additional allocation is required, Council would have to purchase it on the 'water market'. The current rate for permanent 'high security' water is of the order of \$2,500 per megalitre. 'High security' water is subject to restriction if there is a shortage and each licensee is then only allowed a certain percentage of the allocation for the year.
- Overall, the scheme is operating well within its capacity and there is normally only a few weeks each year where the daily demand occasionally approaches the limit,
- Short term peaks in the demand are balanced by having adequate storage capacity which is drawn down if demand exceeds supply,
- The greater the storage capacity available, the more secure the system is against peak demand and breakdowns in the infrastructure,
- The scheme is designed to Public Works Standards and there are 'zones ' to manage the different pressures which occur within the system due to the variations in ground elevations,
- Delungra Village, while above the minimum pressure in the design, has a maximum pressure in the reticulation of approximately 240kPa.

Ashford Water Supply



Status

- Allocation from Pindari Dam under Water Access Licence WAL 16451 – Local Water Utility 120MI/year,
- Average extraction over last 5 years 113MI/year
- Maximum extraction in last 5 years 150MI/year
- Normal maximum capacity of infrastructure 1.2MI/day (438MI/year)
- Average daily water production 0.3MI
- Peak daily demand 1.0MI
- Minimum daily demand 0.1MI
- Total reservoir storage capacity (with new 2.7MI reservoir on line and steel reservoir demolished) 3.1MI

Comments

- New water treatment plant currently under construction has a nominal capacity of 1.2MI/day which is more than adequate to meet current demand,
- In 2013/14, extraction under the Water Access Licence exceeded the allocation of 120MI and Council purchased 30MI on the 'temporary water market' to cover the excess. This cost \$250 per MI (\$7,500). This was the first time that Council had to take this course of action,
- Intake infrastructure at river pumps will be upgraded in conjunction with the construction of the new water treatment plant if funds permit.

APPENDIX 2

BEST PRACTICE MANAGEMENT

“Best-Practice Management (BPM)” for Water Supply and Sewerage was introduced by the NSW Government in 2004. It is administered by the NSW Office of Water which is part of the Department of Primary Industries.

Compliance with BPM is currently not mandatory unless the local water utility wishes to pay a dividend from the water and sewerage “business” to the general fund, or is seeking funding from the State Government for particular projects.

The Office of Water has been promoting BPM as a “proven evidence-based framework for delivering appropriate, affordable, cost effective and sustainable water supply and sewerage services for regional NSW.”

There have been changes to the requirements for BPM since it was first developed and there are now 19 components which have to be complied with to meet the requirements for BPM.

A summary of the BPM requirements is attached.

Comments on Council's Compliance with each item are as follows;

1. Integrated Water Cycle Management (IWCM) Strategy for Water Supply (WS) and
2. Integrated Water Cycle Management (IWCM) Strategy for Sewerage (Sge)

These Strategies have not been prepared as the cost of preparation is of the order of \$400K and their value to Council is questionable. They supposedly ensure “right sizing” of capital works, so that the community gets ‘value for money’. The IWCM Strategy also results in the preparation of 30 year horizon asset management and financial plans.

3. Water Conservation Plan (WS).

This has not been prepared as there is little technical reason to introduce water conservation measures. That said Council on an ongoing basis promotes the efficient use of its water resources.

4. Strategic Business Plan (SBP) Water Supply (WS)
And

5. Strategic Business Plan (SBP) Sewerage (Sge).

Council has these plans which were prepared for Council by NSW Public Works in 2008. While they are due to be updated, this work has been put on hold pending the possible mandating of BPM requirements which would require the updating of SBP's and IWCM Strategies each 8 years on a 4 year rotation eg IWCM in 2015, SBP in 2019, IWCM in 2023, SBP in 2027 etc. The Strategic Business Plans have been of little value in the overall management of the schemes.

6. Drought Management Plan (WS).

This has not been prepared as the major water supplies or distributions historically have not been affected by drought. There have been some minor short term issues with the bores at Graman and Bonshaw during prolonged dry periods but these have been addressed as operational issues.

7. Full Cost Recovery (WS)

Council complies.

8. Full Cost Recovery (Sge)

Council complies.

9. Appropriate Residential Charges (WS)

Council does not comply as the access charge does not vary in proportion to the square of the meter size, at this time. For example, with a 20mm meter being adopted as the "normal" size for a service, a property with a 40mm service would pay 4 times the basic access charge (ie \$1320 per year instead of \$330 per year on current charges.)

10. Appropriate Residential Charges (Sge)

Council complies.

11. Residential Revenue – Usage Charges \geq 75% (WS)

Council does not comply as, from a risk management aspect, variations in consumption have a greater effect on income when usage is the major factor. Under the current billing scenario, usage charges are about 40% of the total income. This charge structure continues to serve Council very well and ensures a stable revenue stream to meet Council's Operational and Capital Costs providing a high quality water supply across the shire.

12. Appropriate Non-residential Charges (WS)

Council does not fully comply as the access charge does not vary in proportion to the square of the meter size.

For example, with a 20mm meter being adopted as the "normal" size for a service, a property with a 100mm service would pay 25 times the basic access charge (ie \$8250 per year instead of \$330 per year on current charges.)

It does not seem reasonable to charge more for a larger meter that may have been installed to meet fire service requirements but may never be used for that purpose.

13. Appropriate Non-residential Charges (Sge)

Council does not comply. To comply with this requirement, charges would have set for each non-residential property based on the volume, and potential volume, discharged to the sewer system from the property. The logistics of setting these charges would not justify the variations which might result.

Council does have in place non-residential charges for its motels, hotels, club, caravan parks and nursing homes. Outside of these businesses, most other

local businesses would not discharge a greater volume to the sewer system than a residential property.

14. Appropriate Trade Waste Fees and Charges.

Council only partly complies as there are no on-going charges based on actual discharges to the sewer. Charges may be considered in the future if there are significant discharges introduced by developments.

15. Development Servicing Plan (DSP) with Commercial Developer Charges (WS)

Council complies.

16. Development Servicing Plan (DSP) with Commercial Developer Charges (Sge).

Council complies.

17. Liquid Trade Waste Policy and Approvals

Council complies.

18. Report by September 15 each year (WS)

Council complies.

19. Report by September 15 each year (Sge)

Council complies.

APPENDIX 3

WATER BEST PRACTICE PRICING REVIEW 2015

CURRENT FUNDING RESOURCES

Income from charge increases (2014/2015 base figures)

Type	KL usage/Number	2014/2015 Charge	Estimated Income	Recommended for 2015/2016			2015/2016	Estimated Income	Income Increase
				1.00%	3.00%	5.00%			
Residential	930,769	1.30	1,210,000	12,100	36,300	60,500	1.37	1,275,154	65,154
Commercial	169,231	1.30	220,000	2,200	6,600	11,000	1.37	231,846	11,846
Raw Water	17,646	0.34	6,000	60	180	300	0.36	6,353	353
Abattoirs	521,739	0.69	360,000	3,600	10,800	18,000	0.72	375,652	15,652
Tingha	59,195	1.27	75,000	750	2,250	3,750	1.37	81,097	6,097
Non-Rateable	73,077	1.30	95,000	950	2,850	4,750	1.37	100,115	5,115
Access Charge	5,970	330.00	1,970,100	19,701	59,103	98,505	346.50	2,068,605	98,505
Additional Income Generated per year			\$ 3,936,100	\$ 39,361	\$ 118,083	\$ 196,805		\$ 4,138,822	\$ 202,723

Median Cost for Councils 3,000-10,000 properties 2013/2014	\$ 1.47 /KL
Median NSW Residential Charge for 2013/2014	\$ 1.99 /KL
Access Charge 3000-10,000 properties 2009/2010	\$109 to \$368 /YEAR
Inverell Typical Residential Bill (Access plus Usage)	\$ 547.00 /YEAR - no water restrictions
Typical Residential Bill for Councils 3000 - 10,000 properties 2013/2014	\$ 637.00
Typical NSW Residential Bill for 2013/2014	\$ 540.00 /YEAR

Water Fund Generates under the proposed 2015/2016 Charges Structure, including Section 64 Charges an amount as follows for asset renewals, upgrade and new assets	\$ 806,950
Water Fund has loans outstanding totalling \$1,804,205.86. Loan Repayment Interest and Principle 2014/2015	\$ 260,170

BEST PRACTICE REQUIREMENTS

Meter Size (mm)	Total Number of Meters	Number of Council Meters	Current Access Charge 2014/2015	Current Usage Charge 2014/2015	Best Practice Access Charge Water	Additional Revenue	Council Cost	Number of Residential Meters	Best Practice Access Charge Residential if 25%	Best Practice Usage Charge Residential if 75%
20	5,797		\$ 330.00	\$ 1.30 \$1.50 > 500 KL	\$ 330.00			5,154 \$ 1,700,820.00 930,769 \$ 1,210,000.00 \$ 3,846,743.00	\$ 186.59 \$ 961,685.75	3.10 \$ 2,885,057.25
25	81	15	\$ 330.00	\$ 1.30	\$ 515.63	\$ 15,035.63	\$ 2,784.38			
32	11	2	\$ 330.00	\$ 1.30	\$ 844.80	\$ 5,662.80	\$ 1,029.60			
40	22	4	\$ 330.00	\$ 1.30	\$ 1,320.00	\$ 21,780.00	\$ 3,960.00			
50	33	4	\$ 330.00	\$ 1.30	\$ 2,062.50	\$ 57,172.50	\$ 6,930.00			
65	3	1	\$ 330.00	\$ 1.30	\$ 3,485.63	\$ 9,466.88	\$ 3,155.63			
75	-	0	\$ 330.00	\$ 1.30	\$ 4,640.63	\$ -	\$ -			
80	8	7	\$ 330.00	\$ 1.30	\$ 5,280.00	\$ 39,600.00	\$ 34,650.00			
100	11	6	\$ 330.00	\$ 1.30	\$ 8,250.00	\$ 87,120.00	\$ 47,520.00			
125mm - Centre Link	1		\$ 330.00	\$ 1.30	\$ 12,890.63	\$ 12,560.63	\$ -			
150mm - Boss	1		\$ 330.00	\$ 1.30	\$ 18,562.50	\$ 18,232.50	\$ -			
Abattoirs 100mm	2		\$ 330.00	\$ 0.69	\$ 16,500.00	\$ 32,340.00	\$ -			
	173	39				\$ 298,970.93	\$ 100,029.60			

1.1% Rate Increase

NOTES:

- Inverell Shire average residential consumption is 180.6 KL p.a. Council's Strong Pricing Signals already produce a result better than the NSW Median (930,769KL/5,154 Meters)
- NSW Average Cost is \$2.08 per KL (Median \$1.99) with an Median Consumption of 199.0KL
- Median Cost for Councils (3,000 to 10,000 properties) is an Access Charge of \$221.00 and a Usage Charge of \$1.47 for Average Consumption of 240KL
- Over 500KL annual usage for residential properties a tariff of \$1.50 per kilolitre applies (Best Practice recommends 50% increase in usage charge over 600KL)
- Once Council complies fully with the Best Practice Guidelines Council is able to pay its General Fund a dividend of up to \$30 per Assessment subject the the dividend not exceeding 50% of the annual Operating Surplus of the Water Fund. As Councillors would be aware any dividend paid would reduce the quantum of funding available for Assets renewals and new Capital Works.
- Council is already achieving Best Value noting Typical Residential Bill Amount, Quality of the Water Supplied and the Security of the Supply.

SEWER BEST PRACTICE PRICING REVIEW 2015

CURRENT FUNDING RESOURCES

Recommended for 2015/2016 is a 5.00% increase									
Charge	2014/2015 Charge	Assessments	Estimated Income	1.00%	3.00%	5.00%	2015/2016	Estimated Income	Increase
Sewer Occupied	\$ 453.50	4,516	2,048,006	20,480	61,440	102,400	476.20	2,150,519	102,513
Sewer Vacant	\$ 284.10	179	50,854	509	1,526	2,543	298.30	53,396	2,542
Flats/Units Etc	\$ 284.10	229	65,059	651	1,952	3,253	298.30	68,311	3,252
LOAD BASED CHARGES									
Hotel/Motel	\$ 1,360.40	12	16,325	163	490	816	1,428.40	17,141	816
Motel Residence	\$ 453.50	8	3,628	36	109	181	476.20	3,810	182
Motel Restaurant	\$ 453.50	2	907	9	27	45	476.20	952	45
Motel Ensuite	\$ 142.05	175	24,859	249	746	1,243	149.15	26,102	1,243
Caravan Park Residence	\$ 453.50	4	1,814	18	54	91	476.20	1,905	91
Caravan Park Amenities	\$ 1,360.40	5	6,802	68	204	340	1,428.40	7,142	340
Caravan Park Ensuite Cabin	\$ 142.05	35	4,972	50	149	249	149.15	5,220	249
Non rateable-Schools W/C's	\$ 65.60	292	19,155	192	575	958	69.00	20,148	993
Non rateable -Other W/C's	\$ 109.30	328	35,850	359	1,076	1,793	115.00	37,720	1,870
Non Rateable Urinals	\$ 65.60	66	4,330	43	130	216	69.00	4,554	224
Nursing Homes with Self care Units	\$ 2,124.30	2	4,249	42	127	212	2,230.50	4,461	212
Additional Income Generated per year			\$ 2,286,809	\$ 22,868	\$ 68,604	\$ 114,128		\$ 2,401,380	\$ 114,571

As shown the Fund has significant capacity to increase the Charges in future years should it be required.

Typical Residential Bill for Councils 3,000-10,000 properties 2013/2014 (minimum \$379 and maximum \$870)	\$ 802.00	/YEAR
Median NSW Residential Charge for 2013/2014	\$ 625.00	/YEAR
Inverell Typical Residential Bill 2015/2016	\$ 476.20	/YEAR

Sewer Fund Generates under the proposed 2015/2016 Charges Structure the following funding each year for Capital Works.	\$ 423,062	
Sewer Fund has borrowings of \$2M (loan taken up in 2014/2015) - Inverell Sewerage Treatment Plant Asset Renewal and Upgrade Project	-\$ 262,491	/YEAR FOR 10 Years
Net available for asset renewals, upgrade and new works in 2015/2016	\$ 160,571	

The \$2M Loan is subject to a LIRS Round 3 Subsidy of 3.0%

BEST PRACTICE REQUIREMENTS

Meter Size (mm)	Total Number of Meters	Number of Council Meters	Number of Non-Residential Meters Ratable	Current Access Charge 2014/2015	Best Practice Access Charge Sewer	Additional Revenue	Additional Council Cost	
20/25 mm Residential	4,139	0		\$ 453.50	\$ 453.50	\$ -	\$ -	
20 mm Non-Residential	220			\$ 453.50	\$ 453.50	\$ -	\$ -	
25	69	9	66	\$ 453.50	\$ 708.59	\$ 16,836.19	\$ 2,295.84	
32	11	1	9	\$ 453.50	\$ 1,160.96	\$ 6,367.14	\$ 707.46	
40	22	1	5	\$ 453.50	\$ 1,814.00	\$ 8,802.50	\$ 1,360.50	
50	33	1	19	\$ 453.50	\$ 2,834.38	\$ 45,236.63	\$ 2,380.88	
65	3	0	1	\$ 453.50	\$ 4,790.09	\$ 4,336.59	\$ -	Woolworths
75	-	0	-	\$ 453.50	\$ 6,377.34	\$ -	\$ -	
80	8	1	1	\$ 2,124.30	\$ 7,256.00	\$ 5,131.70	\$ -	
100	11	6		\$ 453.50	\$ 11,337.50	\$ -	\$ -	
125mm - Centre Link	1 - for Fire Fighting			\$ 453.50	\$ 17,714.84	\$ -	\$ -	
150mm - Boss	1 - for Fire Fighting			\$ 453.50	\$ 25,509.38	\$ -	\$ -	
Abattoirs 100mm	2	Do not discharge to the Sewer System				-\$ 63,555.00	Multiple Charges already Levied	
	159	19	101			\$ 21,155.75	\$ 6,744.68	

NOTES:

- The majority of the larger Meters installed in Non-Residential Premises have been installed for Fire Fighting purposes.
- Large Meters installed for the irrigation of Sports Grounds etc have been removed from the calculations.
- Once Council complies fully with the Best Practice Guidelines Council is able to pay its General Fund a dividend of up to \$30 per Assessment subject the the dividend not exceeding 50% of the annual Operating Surplus of the Water Fund. As Councillors would be aware any dividend paid would reduce the quantum of funding available for Assets renewals and new Capital Works.
- Council is already achieving Best Value noting Typical Residential Bill Amount and the Non-ratable Charges and other User Charges currently applied.

LWUs should adopt the following pricing principles when setting water supply tariffs:

1. Appropriate water usage charge/kL based on the long-run marginal cost of water supply.
2. Residential water usage charges must be set to recover at least 75% of residential revenue^{5,6}.
3. To encourage water conservation, high water consuming residential customers should be subjected to a step price increase of at least 50% for incremental usage above a specified threshold. This threshold should not exceed 450⁷ kL/a per household or 600⁸ kL/a for LWUs outside the DWE Coastal and Tablelands Zone.
4. LWUs must bill at least three times each year (and preferably every quarter) to improve the effectiveness of pricing signals.
5. LWUs should include both water access charges and water usage charges in each bill to customers. In addition, any LWU planning to update its water billing system should move to comply with the National Guidelines on the layout and content of customer bills. The Guidelines have been prepared pursuant to Item 66(iv) of the National Water Initiative⁹.
6. In situations where large cross-subsidies for non-residential customers currently exist, LWUs should develop pricing strategies that target the removal of these cross-subsidies over a 5 year period.

With a higher proportion of water supply revenue obtained from usage charges, LWUs' revenue will be more greatly affected by annual weather variations.

LWUs may therefore establish a revenue fluctuation reserve of up to 10% of turnover. LWUs can draw on this reserve to assist them to cope with wet years or drought water restrictions where water sales are lower than predicted. Dry years will result in a corresponding increase in demand and revenue.

Best-practice **sewerage** pricing involves a uniform annual sewerage bill for residential customers. For non-residential customers an appropriate sewer usage charge is required for the estimated volume discharged to the sewerage system, together with an access charge based on the capacity requirements that their loads place on the system relative to residential customers.

Best-practice water supply, sewerage and liquid trade waste pricing requires transparent tariff structures and price levels that:

- Recover efficient costs of service provision, including an appropriate return on infrastructure capital
- Provide appropriate signals to customers about the cost consequences of their service demands, in order to encourage efficient use of resources (both environmental and financial) associated with service provision
- Are consistent with the principles of the Australian Government's *Strategic Framework for Water Reform, National Competition Policy and National Water Initiative*
- Are simple for customers to understand and easy for the service provider to implement and administer
- Have due regard for the social implications of price/tariff movements in terms of impacts on "vulnerable" customers
- Support, where practical, government policy objectives in relation to regional development, employment, public health and welfare

Sewerage and Trade Waste Pricing – Check List

Topic	Outcomes Achieved
6. Sewerage Tariff	<p>A. <input type="checkbox"/> Uniform annual sewerage bill per residential property (Ref 1, page 28).</p> <p>B. <input type="checkbox"/> Two-part sewerage tariff for non-residential customers (Ref 1, page 29).</p> <p>C. <input type="checkbox"/> Does <u>not</u> involve land value based tariffs (rates), uniform annual charges or declining block tariffs (Ref 1, page 27).</p> <p>D. <input type="checkbox"/> Raises required income to ensure full cost-recovery, the long-term financial sustainability of the sewerage business and minimising of customer bills (Ref 1, page 7).</p>
7. Sewer Usage Charge	<input type="checkbox"/> Sewer usage charge/kL reflects the long-run marginal cost of sewerage business (Ref 1, page 29).
8. Sewerage Access Charge	<input type="checkbox"/> Annual non-residential sewerage access charge reflective of customer's peak load on the system (Ref 1, page 31).
9. Residential Units	<p>A. <input type="checkbox"/> Each strata title residential unit or flat treated as a residential assessment (ie. no distinction between houses and flats)</p> <p>B. <input type="checkbox"/> Similarly, a block of say 4 Torrens Title residential units are to be treated as 4 residential assessments.</p> <p>C. <input type="checkbox"/> A block of company or community title units or flats treated as a single non-residential assessment.</p>
10. Sewer Discharge Factor	<input type="checkbox"/> The volume of sewage discharged to the sewerage system may be estimated using a sewer discharge factor times the metered water consumption (Ref 1, pages 29 and 93).
11. Trade Waste Tariffs	<p>A. <input type="checkbox"/> All liquid trade waste dischargers requiring nil or minimal pre-treatment pay an annual trade waste fee and a re-inspection fee, where required (Ref 1, page 33).</p> <p>B. <input type="checkbox"/> All liquid trade waste dischargers with prescribed pre-treatment pay an annual trade waste fee and a re-inspection fee (where required) together with an appropriate trade waste usage charge/kL for all liquid trade waste discharged to the sewerage system (Ref 1, page 34).</p>

Sewerage and Trade Waste Pricing – Check List

Topic	Outcomes Achieved
	<p>C. <input type="checkbox"/> All large liquid trade waste dischargers (over 20kL/d) and dischargers of industrial waste pay an annual trade waste fee and re-inspection fee (where required) together with an excess mass charge/kg of pollutants discharged (Ref 1, page 36, Ref 6, pages 209 to 211).</p>
12. Trade Waste Dischargers with Prescribed Pre-treatment	<p>A. <input type="checkbox"/> An appropriate trade waste usage charge levied for such dischargers with appropriately sized and maintained pre-treatment facilities (Ref 1, page 35).</p> <p>B. <input type="checkbox"/> A much higher trade waste usage charge levied for such dischargers without appropriately sized and maintained pre-treatment facilities (Ref 1, page 35).</p>
14. Excess Mass Charges for Large Trade Waste Dischargers and Industrial Waste	<p>A. <input type="checkbox"/> Appropriate excess mass charges apply for all such dischargers exceeding the concentration of pollutants in domestic sewage (ie. BOD 300mg/L; SS 300mg/L; Oil/Grease 50mg/L; Ammonia (as N) 35mg/L; N (as TKN) 50mg/L; P 10mg/L; TDS 1000mg/L) (Ref 1, pages 37, 97 and 98, Ref 6, pages 209 to 211).</p> <p>B. <input type="checkbox"/> Non-compliance excess mass charges to apply for dischargers which fail to meet the LWU's approval conditions (Ref 6, pages 211 and 212).</p>
14. Trade Waste Discharge Factor	<input type="checkbox"/> The volume of liquid trade waste discharged to the sewerage system may be estimated using a trade waste discharge factor times the metered water consumption (Ref 1, pages 35 and 93).
15. Tariff Implementation	<p>A. <input type="checkbox"/> Examined impact of new tariff options on the sewerage and trade waste bills for representative customers (Ref 1, page 40).</p> <p>B. <input type="checkbox"/> Undertaken community consultation.</p> <p>C. <input type="checkbox"/> Any phasing-in of charges should be on the basis of the sewer usage charge and trade waste fees and charges in the adopted best-practice tariff (Ref 1, page 43).</p> <p>D. <input type="checkbox"/> Any large increase in non-residential sewerage customer bills phased-in over 5 years (Ref 1, page 43). Similarly, any large increases in trade waste fees and charges phased-in over a period of up to 3 years (Ref 6, page 206).</p>

APPENDIX 4

WATER INFRASTRUCTURE TWENTY (20) YEAR ASSET MANAGEMENT PLAN

Infrastructure Backlog, Renewal and Upgrade Plan



As at 5/02/2015

ASSETS

Council maintains a wide range of Assets in its Water Fund for the purpose of providing Potable Water Supplies to its Community. These Assets are as follows:

Asset Class	Qty	Expected Life
Stopvalves	1318	80
Hydrants	1824	80
Airvalves	97	80
Pipes	1572	80
Reservoirs - Structure	21	100
Reservoirs - Roof	0	40
Pumpstations - Structures	15	50
Pumpstations - Electrical	15	25
Water Treatment Plants - Structural	2	70
Mechanical	2	30

Water Mains Type	LENGTH (m)
AC	139,922
UPVC	96,166
CICL	7,359
POLY	33,405
UNK	-
GALV	2,091
COPPER	26
DICL	1,691
TOTAL	280,660

These Water Fund Assets have a current Replacement Value of: \$ 91,083,000
 These Water Fund Assets have a current Written Down Value of: \$ 70,124,000
 (See attached Water Assets Worksheet and Water Asset Register for further details)

WATER SUPPLY SCHEMES

Inverell Scheme - Potable Supply for Inverell, Delungra, Gilgai, and Tingha in Guyra Shire. This Supply also provides for Restricted Flow connections to the areas between these Centres and the Rural Residential area surrounding Inverell. The water is sourced from Copeton Dam.

Ashford Scheme - Potable Supply for Ashford. The water is sourced from the Severn River.

Yetman Scheme - Potable Supply for Yetman from a bore.

Bonshaw - Non-potable low volume Supply for Bonshaw Village from a bore.

Graman - Non-potable Supply for Graman Village from a bore.

(Council has applied uniform pricing across the Schemes)

TARGET SERVICE LEVELS

Council in maintaining and renewing the Assets of its Water Fund will seek to provide the following Service Levels to its Community on a continuing basis:

Measure	Target Service Level	Last Result 2009/2010
Physical Quality Compliance	100%	100%
Chemical Quality Compliance	100%	100%
Microbiological Compliance	100%	100%
Water Quality Complaints	Less Than 2/1,000	2 /1,000
Service Complaints	Less Than 2/1,000	2 /1,000
Unplanned Service Interruptions	2 per 1,000 connections	2 /1,000
Number of Main Breaks	5 per 100km of main	3 per 100km of main

FUNDING RESOURCES

Income from charge increases (2014/2015 base figures)

Income from charge increases (2014/2015 base figures)

Recommended for 2015/2016										
Type	KL usage/Number	2014/2015 Charge	Estimated Income	1.00%	3.00%	5.00%	2015/2016	Estimated Income	Income Increase	
Residential	930,769	1.30	1,210,000	12,100	36,300	60,500	1.37	1,275,154	65,154	
Commercial	169,231	1.30	220,000	2,200	6,600	11,000	1.37	231,846	11,846	
Raw Water	17,646	0.34	6,000	60	180	300	0.36	6,353	353	
Abattoirs	521,739	0.69	360,000	3,600	10,800	18,000	0.72	375,652	15,652	
Tingha	59,195	1.27	75,000	750	2,250	3,750	1.37	81,097	6,097	
Non-Rateable	73,077	1.30	95,000	950	2,850	4,750	1.37	100,115	5,115	
Access Charge	5,970	330.00	1,970,100	19,701	59,103	98,505	346.50	2,068,605	98,505	
Additional Income Generated per year			\$ 3,936,100	\$ 39,361	\$ 118,083	\$ 196,805		\$ 4,138,822	\$ 202,723	

Median Cost for Councils 3,000-10,000 properties 2013/2014	\$ 1.47	/KL
Median NSW Residential Charge for 2013/2014	\$ 1.99	/KL
Access Charge 3000-10,000 properties 2009/2010	\$109 to \$368	/YEAR
Inverell Typical Residential Bill (Access plus Usage)	\$ 547.00	/YEAR - no water restrictions
Typical Residential Bill for Councils 3000 - 10,000 properties 2013/2014	\$ 637.00	
Typical NSW Residential Bill for 2013/2014	\$ 540.00	/YEAR

Water Fund Generates under the proposed 2015/2016 Charges Structure, including Section 64 Charges an amount as follows for asset renewals, upgrade and new assets	\$	806,950
Water Fund has loans outstanding totalling \$1,804,205.86.	Loan Repayment Interest and Principle 2014/2015	\$ 260,170

CASH AND INVESTMENTS

Cash/Investments (including Internally Restricted Assets)

Available as at 30 June, 2014 as per audited Financial Reports	2,005,200	(Cash amount invested and immediately accessible)
Revenue Equalisation Provision	(1,000,000)	See 20 Year Financial Plan (covers Cash flow needs)
Lake Inverell Dam Safety Provision	(800,000)	NSW Dam Safety Committee requirements presently unknown - Dam Break and Probable Loss of Life Study in progress - NSW Public Works
Future Capital Works	-	
Employees Leave Entitlement Provision	(50,000)	
Equipment Emergency Breakdown Reserve	(107,940)	
Funds available as at 1 July, 2014	\$ 47,260	

ASSET RENEWALS AND UPGRADES

Council has adopted a Priority List of Infrastructure Renewal and Upgrade Works for its Water Fund Assets as follows:

WATER CAPITAL WORKS PLAN - Works as adopted by Council 23/08/2011			Estimated Cost	Priority Number	Proposed Year	Funding
Ashford Treatment Plant Replacement and new Reservoir	Infrastructure Backlog	4,667,358	1	Construction in progress	2012/2013 to 2014/2015	\$2M Loan, \$2.67M Reserve/Revenue
Upgrade/Replace Abattoir Electricals & Pumps (new switchboards, Soft Start VSD Pumps)	Infrastructure Backlog	300,000	2	Major Employer 650 Staff, includes energy efficiency	2015/2016	Funded from recurrent Capital Budgets
Backflow Prevention on mains pressure services	Public Safety	750,000	3	Public Safety (Approx \$100 per services)		Funded from recurrent Capital Budgets
Major Repairs Inverell WTP	Infrastructure Backlog	1,200,000	4	Concrete Issues etc		Funded from recurrent Capital Budgets
Mains Replacements/New Mains (Average \$246,600 pa indexed, including Ring Mains)	Infrastructure Backlog	4,932,000	5	Mains Replacements /New Mains		Funded from recurrent Capital Budgets
Lake Inverell Works Dam Safety Upgrade	Public Safety	-	6	NSW Dam Safety Committee requirement - may be higher priority subject to study		\$0.8M Provision in Internally Restricted Assets
Chlorine Injection Systems - Old Bundarra, Swanbrook and Fernhill Roads	Public Safety	450,000	7	Public Safety Issue (Estimated at \$50K Equip. & \$50K Building per site)		Funded from recurrent Capital Budgets
Enhanced Reticulation to 10ML Clinton Hill Reservoir	Infrastructure Management	50,000	8	Enhanced security of supply - does not include additional main		Funded from recurrent Capital Budgets
Flow Modeling Program	Infrastructure Management	150,000	9	System capacity maximisation		Funded from recurrent Capital Budgets
Major Repairs 1.2ML West Inverell Standpipe	Infrastructure Backlog	500,000	10	Upgrades and refurbishments		Funded from recurrent Capital Budgets
Augmentation of Inverell Water Supply - (Plant Augmentation \$4.5M, Reservoirs \$3.5M)	Future Growth Needs	8,000,000	11	Additional Tanks/Filters at Inverell WTP and Reservoirs		Funded from recurrent Capital Budgets/New Loans
Recurrent Asset Renewals and Upgrade		3,088,083	Ongoing Priority			
20 Year Program Costs		24,087,441				

Does not include any extensions required to service new industry or residential development areas, the majority of which would be Sec. 64 funded (Developer Charges) and Contributions

INFRASTRUCTURE RENEWAL AND UPGRADE STRATEGY

THE CURRENT STRATEGY WAS TO SECURE \$2M OF LOAN FUNDING FOR THE ASHFORD WATER PLANT REPLACEMENT, SEEK FURTHER EFFICIENCY GAINS IN 2011/2012 to 2014/2015 AND THEN TO INCREASE CHARGES BY 5% IN 2015/2016 AND 2016/2017, THEN BY INFLATION FROM 2017/2018. COUNCIL WILL BE ABLE TO MAKE FURTHER DECISIONS IN RESPECT OF ITS LONG TERM FINANCIAL OBLIGATIONS AND NEEDS IN THE WATER FUND FOLLOWING THE COMPLETION OF THE "DAM BREAK AND PROBABLE LOSS OF LIFE" STUDIES FOR LAKE INVERELL IN LATE 2015/2016. NSW PUBLIC WORKS ARE UNDERTAKING THESE STUDIES.

INFRASTRUCTURE RENEWAL AND UPGRADE PROJECTS

PRIORITY ONE (1)

Ashford Water Treatment Plant Renewal Project

Revised Cost Estimate		4,667,358
FUNDING AVAILABLE	Revenue/Internally Restricted Assets	- 2,667,358
	- New Loan	- 2,000,000
		4,667,358

813260.3001



See Council's "Water Asset Register" for details of specific assets, asset condition rating etc

SEWER FUND TWENTY (20) YEAR ASSET MANAGEMENT PLAN

Infrastructure Backlog, Renewal and Upgrade Plan



As at 05/02/2015

ASSETS

Council maintains a wide range of Assets in its Sewer Fund for the purpose of providing Sewerage Disposal Services to its Community. These Assets are as follows:

Component Class	Qty	Average Age Civil (Estimated Maximum Useful Life 80 yrs)	Mechanical & Electrical (Estimated Maximum Useful Life 30 yrs)
Pipes	139,738m	45 years	0
Manholes	2,114	30 Years	0

Component Class	Qty	Average Age Civil (Estimated Maximum Useful Life 60 yrs)	Mechanical & Electrical (Estimated Maximum Useful Life 30 yrs)
Pump Stations	24	24 years	18 Years

Note: Sewer Pump Station 1 and 2 were built in 1950 and require replacement

These Sewer Fund Assets have a current Replacement Value of: \$62.68M
These Sewer Fund Assets have a current Written Down Value of: \$45.79M

(See attached Sewer Assets Worksheet and Sewer Asset Register for further details, including asset condition ratings etc)

Sewer Treatment Plants (STP)	Year Built	Plant Capacity EP's (Equivalent Persons)	Average Age Mechanical & Electrical	Average Age Mechanical & Electrical
Inverell	Refurbished 1986	12,000	30	30
Ashford	1970	2,000	42	18
Delungra	1977	1,000	35	35
Gilgai	1993	2,000	N/A	N/A
TOTAL		17,000		

STP Components	Estimated Useful Life
Siteworks	100
Preliminary Treatment	50
IDEA - Civil	50
IDEA - Mechanical	50
IDEA - Electrical	20 - 40
Sludge Lagoon	100
Effluent Ponds	100

NOTE: A capacity upgrade of the Inverell Treatment Plant will be required dependant on growth in the medium term.
Gilgai is a Plant that has only minimal Mechanical and Electrical Infrastructure and is based on oxidation ponds

TARGET SERVICE LEVELS

Council in maintaining and renewing the Assets of its Sewer Fund will seek to provide the following Service Levels to its Community on a continuing basis:

Measure	Target Service Level	Last Result 2009/2010
Sewer Odour Complaints	Less Than 2/1,000	0/1000
Compliance with BOD	100%	92%
Economic Real Rate of Return	Less Than 2/1,000	2 /1,000
Service Complaints	Less Than 20/1,000	43/1000
Asset Renewal Expenditure	1	0.1
Number of Sewer Main Breaks/Chokes	120 per 100km of main	159 per 100km of main
Average Duration of Service Interruption	Less Than 2 Hours	45 Minutes
Sewer Overflows to the Environment	Less Than 2/100Km	2/100km of Main

FUNDING RESOURCES

Income from charge increases (2014/2015 base figures)

Recommended for 2015/2016 is a 5.00% increase

Charge	2014/2015 Charge	Assessments	Estimated Income	1.00%	3.00%	5.00%	2015/2016	Estimated Income	Increase
Sewer Occupied	\$ 453.50	4,516	2,048,006	20,480	61,440	102,400	476.20	2,150,519	102,513
Sewer Vacant	\$ 284.10	179	50,854	509	1,526	2,543	298.30	53,396	2,542
Hotel/Motel	\$ 1,360.40	12	16,325	163	490	816	1,428.40	17,141	816
Flats/Units Etc	\$ 284.10	229	65,059	651	1,952	3,253	298.30	68,311	3,252
Motel Residence	\$ 453.50	8	3,628	36	109	181	476.20	3,810	182
Motel Restaurant	\$ 453.50	2	907	9	27	45	476.20	952	45
Motel Ensuite	\$ 142.05	175	24,859	249	746	1,243	149.15	26,102	1,243
Caravan Park Residence	\$ 453.50	4	1,814	18	54	91	476.20	1,905	91
Caravan Park Amenities	\$ 1,360.40	5	6,802	68	204	340	1,428.40	7,142	340
Caravan Park Ensuite Cabin	\$ 142.05	35	4,972	50	149	249	149.15	5,220	249
Non rateable-Schools W/C's	\$ 65.60	292	19,155	192	575	958	69.00	20,148	993
Non rateable -Other W/C's	\$ 109.30	328	35,850	359	1,076	1,793	115.00	37,720	1,870
Non Rateable Urinals	\$ 65.60	66	4,330	43	130	216	69.00	4,554	224
Nursing Homes with Self care Units	\$ 2,124.30	2	4,249	42	127	212	2,230.50	4,461	212
Additional Income Generated per year			\$ 2,286,809	\$ 22,868	\$ 68,604	\$ 114,128		\$ 2,401,380	\$ 114,571

As shown the Fund has significant capacity to increase the Charges in future years should it be required.

Typical Residential Bill for Councils 3,000-10,000 properties 2013/2014 (minimum \$379 and maximum \$870)	\$ 602.00	/YEAR
Median NSW Residential Charge for 2013/2014	\$ 625.00	/YEAR
Inverell Typical Residential Bill 2015/2016	\$ 476.20	/YEAR

Sewer Fund Generates under the proposed 2015/2016 Charges Structure the following funding each year for Capital Works.	\$	423,062	
Sewer Fund has borrowings of \$2M (loan taken up in 2014/2015) - Inverell Sewerage Treatment Plant Asset Renewal and Upgrade Project	Annual Loan Repayments for \$2M New Loan	-\$	262,491 /YEAR FOR 10 Years
Net available for asset renewals, upgrade and new works in 2015/2016	\$	160,571	

The \$2M Loan is subject to a LIRS Round 3 Subsidy of 3.0%

INVESTMENTS

Investments (including Internally Restricted Assets)

Available as at 1 July, 2014	2,500,000	(amount held as Term Deposit and excluding CDO's \$120K, and immediately accessible)
Less Revotes for Capital Works	(1,855,000)	Inverell Sewerage Treatment Plant, Electrical and Telemetry Upgrade at Delungra, Flow Investigation
Employees Leave Entitlement Provision	(15,000)	
Equipment Emergency Breakdown Reserve	(109,079)	

Net Funds available as at 1 July, 2014 \$ **520,921**

ASSET RENEWALS AND UPGRADES

Council has adopted a Priority List of Infrastructure Renewal and Upgrade Works for its Sewer Fund Assets as follows:

SEWER CAPITAL WORKS PLAN - Works as adopted by Council 27/11/2013			Priority Number	Proposed Year	Funding
Structural Upgrade/Repair Aeration Tanks/Tertiary Ponds at Inverell STP	Infrastructure Backlog	3,175,000	1 Includes Plant Capacity Upgrade - Aeration Ponds	2014/2015 and 2015/2016	Funded from recurrent Capital Budgets/Loans
Upgrade Telemetry System Inverell STP	Infrastructure Backlog	300,000	1 To be done in conjunction with Priority 1 Project	2014/2015 and 2015/2016	Funded from recurrent Capital Budgets
Sewer Pump Station No. 1 Replacement	Renewal and Upgrade	2,010,000	2 Accumulate Funds from 2015/2016 to 2019/2020	2018/2019 and 2019/2020	Funded from recurrent Capital Budgets/Loans
Sewer Mains Replacement and Relining @ \$217,520 p.a average over 25 years	Renewal and Upgrade	4,368,000	Countinuing Program - Medium Priority	Timing dependant on available Funds	Funded from recurrent Capital Budgets
Electrical and Telemetry Upgrade at Delungra STP	Renewal and Upgrade	100,000		2014/2015	Funded from recurrent Capital Budgets
Repairs first tertiary pond at Gilgai	Renewal and Upgrade	80,000		2014/2015	Funded from recurrent Capital Budgets
Flow investigation and modelling of Sewerage System	Infrastructure Management	200,000		2013/2014	Funded from recurrent Capital Budgets
Sewer Mains Extension - Old Bundarra Road	Public Safety	700,000	5 Funded in 2014/2015 due to small size of Project		Funded from recurrent Capital Budgets
Provision of Yetman Sewerage Scheme - basic scheme only	Public Safety	1,500,000	4 Funded in 2014/2015 due to small size of Project		Funded from recurrent Capital Budgets
Sewer Mains Extension - Ely Street Ashford	Public Safety	210,000	5 Funded in 2014/2015 due to benefits this will generate		Funded from recurrent Capital Budgets
Effluent Reuse Project	Integrated Water Cycle Man.	3,100,000	6		Funded from recurrent Capital Budgets
Inverell Augmentation	Growth Needs	1,250,000	7		Funded from recurrent Capital Budgets
Recurrent Capital Works/Asset Renewal		1,834,000	8		Funded from recurrent Capital Budgets
			9 Cost to prepare Strategy would be \$80K to \$100K		Funded from recurrent Capital Budgets/Loans/Grants
20 Year Program Costs		18,827,000	Recurrent Program		

INFRASTRUCTURE RENEWAL AND UPGRADE STRATEGY

THE CURRENT STRATEGY IS TO INCREASE THE CHARGES AS INDICATED IN THE LONG TERM FINANCIAL PLAN AND REVIEW ON AN ANNUAL BASIS NOTING TOTAL RATE BURDEN AND CONSIDERING ANY CHANGES TO THE CAPITAL FUNDING NEEDS.
 THE SEWER FUND HAS UNDERTAKEN NEW BORROWINGS OF \$2M in 2014/2015 FOR THE INVERELL SEWER TREATMENT PLANT RENEWAL AND UPGRADE PROJECT.

INFRASTRUCTURE RENEWAL AND UPGRADE PROJECTS

LAST PROJECT

Inverell Sewer Pump Station Number 2

FUNDING AVAILABLE	- Revenue Budget Allocations	-	633,000	
	- Internally Restricted Assets	-	440,000	
		-	1,073,000	
Project Cost			1,071,887	PROJECT COMPLETED OCTOBER 2013



2014/2015 MAJOR PROJECT - PRIORITY ONE (1)

Inverell Sewer Treatment Plant - Renewal and Upgrade

Preliminary Cost Estimate		2,560,000	Asset Renewal and Upgrade - Priority 1
		300,000	Telemetry Upgrade - Priority 7 to be completed with Upgrade
		615,000	Additional Works
		<u>3,475,000</u>	
FUNDING AVAILABLE	- 2013/2014 Budget Allocation C/Fwd	- 2,000,000	Loan Funding with LIRS Subsidy
	- 2013/2014 Budget Allocation Revoted	- 1,475,000	Revenue Source Funding
		<u>3,475,000</u>	

NOTE: Works include replace floors and epoxy, replace steelwork and aerators/paddles in aeraton tanks, repair tertiary ponds, electrical upgrades, construct additional new tertiary treatment infrastructure, telemetry upgrade and minor works.
 Any Funding shortfall will be funded from Internally Restricted Assets



TO ECONOMIC & COMMUNITY SUSTAINABILITY COMMITTEE MEETING 11/02/2015

ITEM NO:	1.	FILE NO: S3.6.4
DESTINATION 2:	A community that is healthy, educated and sustainable	C
SUBJECT:	LIBRARY CONFERENCE AND ASSOCIATION AGM	
PREPARED BY:	Cr Dianna Baker and Sonya Lange, Manager Library Services.	

SUMMARY:

This report is on the proceedings of the inaugural AGM of the newly formed New South Wales Public Libraries Association and the annual NSW Public Libraries conference, held in Mudgee on 11-14 November, 2014.

COMMENTARY:

The annual library conference focused on the theme "Libraries and Community Wellbeing", exploring ways in which libraries can contribute to wellbeing of their communities through a range of programs. Of particular note, was a presentation about a "Books on Prescription" program, which is a UK initiative, supported by their Department of Health. The program sees libraries provided with a core set of titles about self-help for mental wellbeing. Doctors and health care workers provide patients with a "prescription" for books from the collection to borrow from their library. A similar program is currently being piloted in Orange, NSW.

Demographer Bernard Salt gave a revealing presentation on the impact that changing population demographics will have in the coming decade. In particular, there will be a growth in the number of juniors and teens, and a growth in the number of active retirees. He sees the key trends for libraries as developing opportunities for voluntary work for active retirees, and in providing spaces that meet the expectations of users groups by delivering high quality technology and spaces for relaxation and interaction such as cafes and meeting spaces.

The inaugural AGM of the New South Wales Public Libraries Association was held following the conference. The results of a postal ballot for the executive of the new Association were announced:

President:	Councillor Graham Smith [Cessnock]
Vice- President [Metropolitan]:	Councillor Julie Hegarty [Pittwater]
Vice-President [Country]:	Councillor Linda Gill [Great Lakes]
Secretary/Treasurer:	Adele Casey [Bland]
Library Manager representative [Metropolitan]:	Michelle Simon [Canterbury]
Library Manager representative [Country]:	Robert Knight [Riverina Regional Library]

The majority of the business of the AGM related to procedural matters associated with the formation of the new association.

RECOMMENDATION:

That the items contained in the Information Reports to the Economic & Community Sustainability Committee Meeting held on Wednesday, 11 February, 2015, be received and noted.

TO ECONOMIC & COMMUNITY SUSTAINABILITY COMMITTEE MEETING 11/02/2015

ITEM NO:	1.	FILE NO: S23.16.5/07
DESTINATION 5:	The communities are served by sustainable services and infrastructure	S
SUBJECT:	STORES & MATERIALS STOCKTAKE – INVERELL, NOVEMBER 2014	
PREPARED BY:	Ryan Dick, Expenditure Controller	

SUMMARY:

A physical Stocktake was undertaken of Council's Stores and Materials as at **5 November, 2014 at 9:30 am**, for GENERAL, WATER AND SEWER STORES for **INVERELL**.

COMMENTARY:

FUND	ADJUSTMENT	NET
GENERAL GENERAL	WRITE-ON WRITE-OFF	108.76 0.00
WATER WATER	WRITE-ON WRITE-OFF	50.41 -2,674.87
SEWER SEWER	WRITE-ON WRITE-OFF	39.08 0.00
	TOTAL	-\$2,476.62

STOCKTAKE DISCREPANCY LIST						
ITEM	DESCRIPTION	DATE & TIME OF COUNT	BOOK BALANCE QTY	COUNT QTY	DIFF	\$ VALUE ADJ
200470	Gibault – 525mm A.B.	05/11/14-9:30am	4	0	-4	-2,567.00
200545	Hydrant Riser – 225mm		4	5	1	50.41
300085	Solvent Cement Blue – 250ml		29	30	1	3.89
300090	Priming Fluid Red – 250ml		27	28	1	4.61
201270	Valve Jumper ¾"		26	25	-1	-1.34
300035	Pipe – 150mm PVC Sewer		30	31	1	30.58
200670	Pipe – 90mm PVC, Storm Water		19	18	-1	-10.81
200690	Pipe – 150mm PVC CL12 S1		8	7	-1	-95.72
101435	Distillate – On Road Bulk		28,269	28,350	81	100.66
101445	Petrol – Unleaded		2,959	2,965	6	8.10
					TOTAL	-\$2,476.62

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.01.05 Best Practice in Procurement and Inventory Management have been adopted and implemented.

Operational Objective: S.01.05.01 To provide and maintain quality stock control of goods and material purchasing activities.

POLICY IMPLICATIONS:

Nil.

CHIEF FINANCIAL OFFICERS COMMENT:

It should be noted that the write-off relates almost entirely to the disposal of Obsolete Gibaults for Asbestos Piping which is no longer utilised. These bolts were designed specifically for the Asbestos Piping and therefore cannot be utilised in any other capacity.

An adjustment of **-\$2,476.62** is required to be undertaken in the stores ledger.

LEGAL IMPLICATIONS:

The Stocktake is a Financial Regulation and Audit Requirement.

RECOMMENDATION:

That the Committee recommend to Council that:

- i) the stores and materials Stocktake information be received and noted; and*
- ii) the adjustment of **-\$2,476.62** be made in the Stores Ledger.*

ITEM NO:	2.	FILE NO: S23.16.5/07
DESTINATION 5:	The communities are served by sustainable services and infrastructure	S
SUBJECT:	STORES & MATERIALS STOCKTAKE – INVERELL, DECEMBER 2014	
PREPARED BY:	Ryan Dick, Expenditure Controller	

SUMMARY:

A physical Stocktake was undertaken of Council's Stores and Materials as at **4 December, 2014 at 9:30 am**, for GENERAL, WATER AND SEWER STORES for **INVERELL**.

COMMENTARY:

FUND	ADJUSTMENT	NET
GENERAL	WRITE-ON	218.96
GENERAL	WRITE-OFF	-381.78
WATER	WRITE-ON	0.00
WATER	WRITE-OFF	0.00
SEWER	WRITE-ON	0.00
SEWER	WRITE-OFF	0.00
	TOTAL	-\$162.82

STOCKTAKE DISCREPANCY LIST						
ITEM	DESCRIPTION	DATE & TIME OF COUNT	BOOK BALANCE QTY	COUNT QTY	DIFF	\$ VALUE ADJ
100325	Post Steel Flex Guide	04/12/14 – 9:30am	298	288	-10	-247.00
100255	Bags – Silt Green		118	116	-2	-8.38
100015	Hand Cleaner 3.5 kg Lighting		10	9	-1	-24.93
100055	Fly Repellent 150gm		42	39	-3	-16.77
100490	Foot Anchor – 55mm		20	21	1	0.96
100710	Tape – Insulation		52	51	-1	-1.04
101000	Filter Fuel BF1293-SPS		5	4	-1	-58.73
100160	Cement – Builders 20kg		317	319	2	12.00
100345	Pegs – 2 x 2" x 24"		50	45	-5	-7.52
100645	Plough Bolt/Nut 2 ¼ x 5/8"		116	125	9	7.52
100650	Plough Bolt/Nut / 2 ½ x 5/8"		134	137	3	4.18
100415	Pipe Concrete 450mm CL 2		85	86	1	179.45
101435	Distillate – On Road Bulk		11,248	11,234	-14	-17.41
101445	Petrol – Unleaded		2,074	2,085	11	14.85
					TOTAL	-\$162.82

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.01.05 Best Practice in Procurement and Inventory Management have been adopted and implemented.

Operational Objective: S.01.05.01 To provide and maintain quality stock control of goods and material purchasing activities.

POLICY IMPLICATIONS:

Nil.

CHIEF FINANCIAL OFFICERS COMMENT:

An adjustment of **-\$162.82** is required to be undertaken in the stores ledger.

LEGAL IMPLICATIONS:

The Stocktake is a Financial Regulation and Audit Requirement.

RECOMMENDATION:

That the Committee recommend to Council that:

- i) the stores and materials Stocktake information be received and noted; and*
- ii) the adjustment of **-\$162.82** be made in the Stores Ledger.*

ITEM NO:	3.	FILE NO: S23.16.5/07
DESTINATION 5:	The communities are served by sustainable services and infrastructure	S
SUBJECT:	STORES & MATERIALS STOCKTAKE – ASHFORD, DECEMBER 2014	
PREPARED BY:	Ryan Dick, Expenditure Controller	

SUMMARY:

A physical Stocktake was undertaken of Council's Stores and Materials as at **23 December, 2014** at **8:00 am**, for GENERAL STORES for **ASHFORD**.

COMMENTARY:

FUND	ADJUSTMENT	NET
GENERAL GENERAL	WRITE-ON WRITE-OFF	260.62 -6.55
WATER WATER	WRITE-ON WRITE-OFF	0.00 0.00
SEWER SEWER	WRITE-ON WRITE-OFF	0.00 0.00
	TOTAL	\$254.07

STOCKTAKE DISCREPANCY LIST						
ITEM	DESCRIPTION	DATE & TIME OF COUNT	BOOK BALANCE QTY	COUNT QTY	DIFF	\$ VALUE ADJ
101435	Distillate – On Road Bulk	23/12/14 – 8:00am	6,161	6,370	209	260.62
101445	Petrol – Unleaded		505	500	-5	-6.55
					TOTAL	\$254.07

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.01.05 Best Practice in Procurement and Inventory Management have been adopted and implemented.

Operational Objective: S.01.05.01 To provide and maintain quality stock control of goods and material purchasing activities.

POLICY IMPLICATIONS:

Nil.

CHIEF FINANCIAL OFFICERS COMMENT:

An adjustment of **\$254.07** is required to be undertaken in the stores ledger.

LEGAL IMPLICATIONS:

The Stocktake is a Financial Regulation and Audit Requirement.

RECOMMENDATION:

That the Committee recommend to Council that:

- i) the stores and materials Stocktake information be received and noted; and*
- ii) the adjustment of **\$254.07** made in the Stores Ledger.*

ITEM NO:	4.	FILE NO: S23.16.5/07
DESTINATION 5:	The communities are served by sustainable services and infrastructure	S
SUBJECT:	STORES & MATERIALS STOCKTAKE – YETMAN, DECEMBER 2014	
PREPARED BY:	Ryan Dick, Expenditure Controller	

SUMMARY:

A physical Stocktake was undertaken of Council's Stores and Materials as at **23 December, 2014** at **8:00 am**, for GENERAL STORES for **YETMAN**.

COMMENTARY:

FUND	ADJUSTMENT	NET
GENERAL	WRITE-ON	0.00
GENERAL	WRITE-OFF	-46.31
WATER	WRITE-ON	0.00
WATER	WRITE-OFF	0.00
SEWER	WRITE-ON	0.00
SEWER	WRITE-OFF	0.00
	TOTAL	-\$46.31

STOCKTAKE DISCREPANCY LIST						
ITEM	DESCRIPTION	DATE & TIME OF COUNT	BOOK BALANCE QTY	COUNT QTY	DIFF	\$ VALUE ADJ
101435	Distillate – On Road Bulk	23/12/14 – 8:00am	2,186	2,150	-36	-46.31
					TOTAL	-\$46.31

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.01.05 Best Practice in Procurement and Inventory Management have been adopted and implemented.

Operational Objective: S.01.05.01 To provide and maintain quality stock control of goods and material purchasing activities.

POLICY IMPLICATIONS:

Nil.

CHIEF FINANCIAL OFFICERS COMMENT:

An adjustment of **-\$46.31** is required to be undertaken in the stores ledger.

LEGAL IMPLICATIONS:

The Stocktake is a Financial Regulation and Audit Requirement.

RECOMMENDATION:

That the Committee recommend to Council that:

- i) the stores and materials Stocktake information be received and noted; and*
- ii) the adjustment of **-\$46.31** made in the Stores Ledger.*

ITEM NO:	5.	FILE NO: S23.16.5/07
DESTINATION 5:	The communities are served by sustainable services and infrastructure	S
SUBJECT:	STORES & MATERIALS STOCKTAKE – FUEL TANKER T212	
PREPARED BY:	Ryan Dick, Expenditure Controller	

SUMMARY:

A physical Stocktake was undertaken of Council's Stores and Materials as at **23 December, 2014** at **8:00 am**, for GENERAL STORES for **FUEL TANKER T212**.

COMMENTARY:

FUND	ADJUSTMENT	NET
GENERAL	WRITE-ON	0.00
GENERAL	WRITE-OFF	-128.22
WATER	WRITE-ON	0.00
WATER	WRITE-OFF	0.00
SEWER	WRITE-ON	0.00
SEWER	WRITE-OFF	0.00
	TOTAL	-\$128.22

STOCKTAKE DISCREPANCY LIST						
ITEM	DESCRIPTION	DATE & TIME OF COUNT	BOOK BALANCE QTY	COUNT QTY	DIFF	\$ VALUE ADJ
101435	Distillate – On Road Bulk	23/12/14 – 8:00am	303	200	-103	-128.22
					TOTAL	-\$128.22

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.01.05 Best Practice in Procurement and Inventory Management have been adopted and implemented.

Operational Objective: S.01.05.01 To provide and maintain quality stock control of goods and material purchasing activities.

POLICY IMPLICATIONS:

Nil.

CHIEF FINANCIAL OFFICERS COMMENT:

An adjustment of **-\$128.22** is required to be undertaken in the stores ledger.

LEGAL IMPLICATIONS:

The Stocktake is a Financial Regulation and Audit Requirement.

RECOMMENDATION:

That the Committee recommend to Council that:

- i) the stores and materials Stocktake information be received and noted; and*
- ii) the adjustment of **-\$128.22** made in the Stores Ledger.*

ITEM NO:	6.	FILE NO: S23.16.5/07
DESTINATION 5:	The communities are served by sustainable services and infrastructure	S
SUBJECT:	STORES & MATERIALS STOCKTAKE – FUEL TANKER T190	
PREPARED BY:	Ryan Dick, Expenditure Controller	

SUMMARY:

A physical Stocktake was undertaken of Council's Stores and Materials as at **23 December, 2014** at **8:00am**, for GENERAL STORES for **FUEL TANKER T190**.

COMMENTARY:

FUND	ADJUSTMENT	NET
GENERAL	WRITE-ON	0.00
GENERAL	WRITE-OFF	-55.20
WATER	WRITE-ON	0.00
WATER	WRITE-OFF	0.00
SEWER	WRITE-ON	0.00
SEWER	WRITE-OFF	0.00
	TOTAL	-\$55.20

STOCKTAKE DISCREPANCY LIST						
ITEM	DESCRIPTION	DATE & TIME OF COUNT	BOOK BALANCE QTY	COUNT QTY	DIFF	\$ VALUE ADJ
101435	Distillate – On Road Bulk	23/12/14 – 8:00am	863	820	-43	-55.20
					TOTAL	-\$55.20

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.01.05 Best Practice in Procurement and Inventory Management have been adopted and implemented.

Operational Objective: S.01.05.01 To provide and maintain quality stock control of goods and material purchasing activities.

POLICY IMPLICATIONS:

Nil.

CHIEF FINANCIAL OFFICERS COMMENT:

An adjustment of **-\$55.20** is required to be undertaken in the stores ledger.

LEGAL IMPLICATIONS:

The Stocktake is a Financial Regulation and Audit Requirement.

RECOMMENDATION:

That the Committee recommend to Council that:

- i) the stores and materials Stocktake information be received and noted; and*
- ii) the adjustment of **-\$55.20** made in the Stores Ledger.*

ITEM NO:	7.	FILE NO: S23.16.5/08
DESTINATION 5:	The communities are served by sustainable services and infrastructure	S
SUBJECT:	STORES & MATERIALS STOCKTAKE – INVERELL, JANUARY 2015	
PREPARED BY:	Ryan Dick, Expenditure Controller	

SUMMARY:

A physical Stocktake was undertaken of Council's Stores and Materials as at **7 January, 2015 at 9:30 am**, for GENERAL, WATER AND SEWER STORES for **INVERELL**.

COMMENTARY:

FUND	ADJUSTMENT	NET
GENERAL	WRITE-ON	295.61
GENERAL	WRITE-OFF	-618.06
WATER	WRITE-ON	0.00
WATER	WRITE-OFF	0.00
SEWER	WRITE-ON	0.00
SEWER	WRITE-OFF	0.00
	TOTAL	-\$322.45

STOCKTAKE DISCREPANCY LIST						
ITEM	DESCRIPTION	DATE & TIME OF COUNT	BOOK BALANCE QTY	COUNT QTY	DIFF	\$ VALUE ADJ
101190	Filter Oil EO17030	07/01/15 – 9:30am	1	0	-1	-7.89
101370	Paint – Spot Mark 350 GRM		133	127	-6	-23.34
101700	Blade Hacksaw – 32TPI		45	44	-1	-1.58
101330	Antifreeze SF-O		43	35	-8	-56.23
102155	Oil – EPX 85W/140		121	129	8	31.90
102165	Oil – Hyspin AWH 46		405	397	-8	-25.56
102185	Oil – Vecton 15W-40		899	860	-39	-147.19
101965	Steel Flat 65mm		67	59	-8	-41.97
102025	Round Bar 8mm		20	30	10	8.49
102035	Round Bar 12mm		28	30	2	3.36
101435	Distillate – On Road Bulk		21,876	21,600	-276	-314.30
101445	Petrol – Unleaded		8,259	8,480	221	251.86
					TOTAL	-\$322.45

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.01.05 Best Practice in Procurement and Inventory Management have been adopted and implemented.

Operational Objective: S.01.05.01 To provide and maintain quality stock control of goods and material purchasing activities.

POLICY IMPLICATIONS:

Nil.

CHIEF FINANCIAL OFFICERS COMMENT:

An adjustment of **-\$322.45** is required to be undertaken in the stores ledger.

LEGAL IMPLICATIONS:

The Stocktake is a Financial Regulation and Audit Requirement.

RECOMMENDATION:

That the Committee recommend to Council that:

- i) the stores and materials Stocktake information be received and noted; and*
- ii) the adjustment of **-\$322.45** be made in the Stores Ledger.*

ITEM NO:	8.	FILE NO: S12.12.2/08
DESTINATION 5:	The communities are served by sustainable services and infrastructure	S
SUBJECT:	GOVERNANCE - MONTHLY INVESTMENT REPORT	
PREPARED BY:	Paul Pay, Manager Financial Services	

SUMMARY:

To report the balance of investments held as at 31 January, 2015.

COMMENTARY:

Contained within this report are the following items that highlight Council's Investment Portfolio performance for the month to 31 January, 2015 and an update of the investment environment:

- (a) Council's investments as at 31 January, 2015.
- (b) Council Investments by Fund as at 31 January, 2015.
- (c) Interest – Budgeted vs Actual.
- (d) Investment Portfolio Performance.
- (e) Investment Commentary.
- (f) Certification – Responsible Accounting Officer.

A) Council Investments as at 31 January, 2015.

Term Deposits							
Maturity Date	Current Yield	Borrower	FUND	Rating	Risk Rating	Principal Value	Current value
23-Feb-15	3.56%	ING	General	A1	2	1,000,000.00	1,000,000.00
27-Feb-15	3.80%	St George Bank	Water	A1+	1	1,000,000.00	1,000,000.00
16-Mar-15	3.50%	ING	General	A1	2	1,000,000.00	1,000,000.00
08-Apr-15	3.60%	St George Bank	General	A1+	1	2,000,000.00	2,000,000.00
16-Apr-15	3.80%	St George Bank	General	A1+	1	1,000,000.00	1,000,000.00
14-Apr-15	3.55%	St George Bank	General	A1+	1	1,000,000.00	1,000,000.00
28-May-15	3.65%	CBA	General	A1	2	1,000,000.00	1,000,000.00
01-Jun-15	3.70%	National Australia Bank	General	A1+	1	2,000,000.00	2,000,000.00
10-Jun-15	3.70%	National Australia Bank	General	A1+	1	1,000,000.00	1,000,000.00
17-Jun-15	3.65%	National Australia Bank	General	A1+	1	2,000,000.00	2,000,000.00
22-Jun-14	3.65%	National Australia Bank	Water	A1+	1	1,000,000.00	1,000,000.00
15-Jul-15	3.75%	National Australia Bank	General	A1+	1	2,000,000.00	2,000,000.00
13-Aug-15	3.75%	National Australia Bank	Water	A1+	1	1,000,000.00	1,000,000.00
18-Aug-15	3.60%	AMP BANK	General	A1	2	1,000,000.00	1,000,000.00
02-Sep-15	3.70%	St George Bank	Water	A1+	1	1,000,000.00	1,000,000.00
04-Sep-15	4.00%	NECU (community mutual)	General	NR	3	1,000,000.00	1,000,000.00
11-Sep-15	4.00%	NECU (community mutual)	General	NR	3	1,000,000.00	1,000,000.00
16-Sep-15	4.00%	CBA	General	A1	2	1,000,000.00	1,000,000.00
16-Sep-15	4.11%	National Australia Bank	General	A1+	1	1,000,000.00	1,000,000.00
17-Sep-15	3.61%	National Australia Bank	Sewer	A1+	1	2,000,000.00	2,000,000.00
23-Sep-15	4.00%	NECU (community mutual)	General	NR	3	1,000,000.00	1,000,000.00
15-Oct-15	3.60%	National Australia Bank	General	A1+	1	1,000,000.00	1,000,000.00
28-Oct-15	3.59%	Westpac	General	A1+	1	3,000,000.00	3,000,000.00
11-Dec-15	3.55%	CBA	Sewer	A1+	1	1,500,000.00	1,500,000.00
12-Dec-16	3.80%	CBA	General	A1+	1	1,000,000.00	1,000,000.00
16-Dec-16	4.31%	Westpac	General	A1+	1	2,000,000.00	2,000,000.00
15-Jul-17	4.05%	CBA	General	A1+	1	1,000,000.00	1,000,000.00
15-Jul-17	4.05%	CBA	General	A1+	1	1,000,000.00	1,000,000.00
15-Jul-17	4.05%	CBA	General	A1+	1	1,000,000.00	1,000,000.00
01-Sep-17	3.90%	CBA	General	A1	2	1,000,000.00	1,000,000.00
03-Sep-18	4.10%	Bank of Queensland	General	A1	2	1,000,000.00	1,000,000.00
Sub Total - Term Deposit Investment Group						39,500,000.00	39,500,000.00
Cash Deposit Accounts							
As at Date	Current Yield	Borrower	FUND	Rating	Risk Rating	Principal Value	Current value
31/12/2014	2.80%	National Australia Bank (Cash Maximiser)	General	A1+	1	2,000,000.00	2,000,000.00
30/11/2014	2.50%	UBS Cash Manmagement Account	General	A1+	1	2,768.92	2,768.92
Sub Total - Cash Deposit accounts Investment Group						2,002,768.92	2,002,768.92

Structured Product Investments Group				Maturity Date					
As at Date	Current Yield	Borrower		FUND	Rating	Risk Rating	Principal Value	Written Down Value 30-6-14	Current value
31/01/2015	0.000%	Lehman Brothers Treasury Co. B.v (CPPI - 7457)	9/05/2010*	Water	AA-	5	300,000	48,000.00	30,000.00
							300,000	48,000.00	30,000.00

The written down value of the Structured Product Investment Group as at 30 June, 2014 was \$48,000 now decreasing to \$30,000. 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. These investments were all rated AA- and up to AAA (strong investment grade) when they were entered into and were permissible under the Ministers Investment Order. As Noted by the Auditor in their 2013/2014 Audit Report, the Sewer Fund maintains a sound financial position to meet its operational requirements and the Water Fund maintains a strong financial position.

RISK MATRIX		
Investment Type		Risk Rating
At Call Deposits		1
Bonds	Commonwealth	1
	State	2
	Territory	2
Interest Bearing Deposits (Fixed)		
	Major Bank	1
	Other Banks	2
	Large Credit Union	2
	Small Credit Union	3
Interest Bearing Deposit (Floating)		
	Major Bank	2
	Other Banks	3
	Large Credit Union	3
	Small Credit Union	4
T-Corp Hour Glass Facility		1
Deposits with LGFS		3
Grandfathered Investments		
	Managed Funds	5
	Strcutured Products	5
Large Credit Union - Assets over 1 Billion		
Small Credit Union - Assets under 1 Billion		

B) Council Investments by Fund 31 January, 2015

Portfolio by Fund	as at 30-11-14	as at 31-01-15
General Fund	32,002,768.92	34,002,768.92
Water Fund	5,030,000.00	4,030,000.00
Sewer Fund	2,500,000.00	3,500,000.00
TOTAL	39,532,768.92	41,532,768.92

Council's investment portfolio has increased by \$2,000,000. This increase was in respect of normal cash flow movements for receipts collected and payments made and the investment of loan funds for the Inverell Sewer Treatment Works refurbishment/expansion project.

While the level of Investments has been largely maintained over recent years, these will decrease during 2014/2015 as a number of major projects are completed. These include:

- Ashford Water Treatment Plant \$ 3.3 M
- Inverell Sewerage Treatment Works \$ 2.0 M

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	2014/2015 Budget	Actuals to Date
General Fund	128820	1,050,000.00	316,399.44
Water Fund	812350	50,000.00	27,335.36
Sewer Fund	906320	10,000.00	45,039.19
TOTAL		1,110,000.00	388,773.99

The interest received to date (cash basis) is in accordance with Budget and does not include accruals. It is noted that following recent RBA cuts to official interest rates that Budget interest targets may be difficult to achieve during 2014/2015.

D) Investment Portfolio Performance

Investment Portfolio Return		Benchmarks	
	% pa	UBSA Bank Bill	11am Cash Rate
Benchmark as at 31-01-15		2.72%	2.50%
Term Deposits	3.80%		
Cash Deposit Accounts	2.65%		
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 Term Deposits exceed the UBSA Bank Bill Index benchmark. Money is held in cash deposits accounts for liquidity purposes.

Council's investment portfolio of \$40.6M is almost entirely invested in fixed term deposits. Overall, the portfolio is highly liquid, highly rated and short-dated from a counterparty perspective.

2015 is shaping up to be an interesting year in fixed income markets. Australia ended 2014 with a split amongst economists as to whether the next movement in interest rates would be a cut or a rise. Growth in the Australian economy is slowing and many economic indicators are far from historical averages; long term interest rates are at the lowest levels for over 40 years, unemployment is at a 12 year high, house prices are at record levels and the budget deficit is growing at an alarming rate despite the best efforts of the Liberal Government to control spending.

Many questions were answered when the RBA cut interest rates by 0.25% in early February.

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 the Committee recommend to Council 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.*

ITEM NO:	9.	FILE NO: S12.5.1/08
DESTINATION 5:	The communities are served by sustainable services and infrastructure	S
SUBJECT:	QUARTERLY BUDGET AND OPERATIONAL PLAN REVIEW 2014/2015	
PREPARED BY:	Ken Beddie, Director Corporate and Economic Services	

SUMMARY:

Each quarter, Council is required to report on its Operational Plan and Council's Responsible Accounting Officer is required to report as to whether they believe that the Budget Review Statement indicates that the financial position of the Council is satisfactory, having regard to the original estimate of income and expenditure, and if unsatisfactory, make recommendations for remedial action. It is requested that the Committee adopt the report.

COMMENTARY:**2014/2015 BUDGET VARIATIONS:**

It is advised that Council's financial position remains sound.

The following table represents variations required to be made to budget votes as a result of changes since the last meeting to ensure the Budget remains in balance (also see Appendix 1, H22 – H23). Those items identified as requiring funding since the adoption of the 2014/2015 budget have now been funded in full.

The Budget Variations for 2014/2015 are as follows:

**COMBINED FUND - BUDGET VARIATION SUMMARY REPORT
ESTIMATED CASH POSITION 30 JUNE, 2015
FOR 2014/2015 ACTIVITIES**

	General	Water	Sewer	Total
Adopted Budget 2014/2015	6,914,940	693,373	393,419	8,001,732 Deficit
Add Back Depreciation	(7,967,150)	(961,000)	(694,500)	(9,622,650) (Non-cash)
Add Back Carry Amount Assets Sold	(77,041)	-	-	(77,041) (Non-Cash)
Internally Restricted Cash Utilised	1,128,000	265,000	300,000	1,693,000
Transferred to Internally Restricted Cash	-	-	-	-
ESTIMATED CASH RESULT FOR 2014/2015 ACTIVITIES	(1,251)	(2,627)	(1,081)	(4,959) SURPLUS
2014/2015 Budget Variations Required to Maintain a Balanced Budget				
REVOTES	4,669,157	3,613,178	1,855,000	10,137,335
UNEXPENDED GRANTS	1,705,476	-	-	1,705,476
Adjustments 30-9-14	243,000	-	-	243,000
Adjustments 31-12-14	128,200			128,200
SUB TOTAL	6,745,833	3,613,178	1,855,000	12,214,011
Internally Restricted Cash Utilised	(371,200)	-	-	(371,200)
FUNDED FROM EQUITY	(6,374,633)	(3,613,178)	(1,855,000)	(11,842,811)
NET BUDGET VARIATIONS	0	0	0	0
REVISED CASH RESULT FOR 2014/2015 ACTIVITIES	(1,251)	(2,627)	(1,081)	(4,959) SURPLUS

DEFINITIONS:

- 1) **REVOTES** - Revotes are works budgeted and funded in the previous Financial Year, carried forward for completion in the current financial year. Revotes only occur if cash funding remains available from that previous Financial Years Budget to fund the works. The cash is held as equity.
- 2) **FUNDED FROM EQUITY** - Represents Cash funding received in previous financial years from Revenues, Grants and Other Sources and held as Cash due to its non-expenditure, carried forward to fund the required works in the current Financial Year.
- 3) **INTERNALLY RESTRICTED CASH** - Is cash held in investments to fund future financial obligations, for example Employee Leave Entitlements, Future Projects etc. These funds are not part of Council's Working Capital. The expenditure of funds from Council's Internally Restricted

The report indicates that the Net Budget Variations for 2014/2015 continue to remain at **"Zero"**. This means that all budget variations required to be made to this point, to cover increased or additional expenditures, have been fully funded from either Council receiving additional income or alternately from reductions in expenditures in other areas. There has been no reduction in Working Capital.

The attached Consolidated Income and Expense Statement (refer Appendix 2, H24) indicates a Surplus from all Activities to 30 September, 2014 of \$7.06M, against a budgeted annual result of \$4,959. This current result indicates that sufficient funding remains available to fund Council's 2014/2015 continuing operations for the next six (6) months to the end of the 2014/2015 Financial Year.

QUARTERLY BUDGET REVIEW REPORT:

Council's 31 December, 2014 Quarterly Combined Budget Review Summary Report and Income and Expense Statement by Function are attached as Appendix 3 (H25). A review of the report indicates that Council's actual revenue/expenditure compares favourably with Council's revised budget.

Council retains a strong Internally Restricted Asset balance (refer to Appendix 4, H26) to fund liabilities, future works and emergencies. The quantum of these funds add significantly to Council's investment income and therefore capacity to undertake recurrent maintenance and capital works.

GENERAL FUND – OPERATIONAL PLAN REVIEW:

The General Fund remains in balance with the predicted Cash Surplus in respect of 2014/2015 operations remaining unchanged following approval of the Budget Variations attached to this report (refer Appendix 1, H22 – H23). This is after transfers to/from Internally Restricted Assets and Revotes from previous years and the bringing forward of Grant Funding received in 2013/2014 which will be expended in 2014/2015.

A range of additional costs have and are expected to be incurred in the General Fund over the year. These are to be funded as indicated in the Budget Variation Report, from cost savings in other areas and from additional income received. These do not result in a draw down of equity in the General Fund.

A comprehensive review of the General Fund Budget indicates that overall, incomes and expenditures to 31 December, 2014 are in accordance with the adopted budget. All matters not in accordance with the adopted Budget are included in the Budget Variation Report.

Capital Works:

Council's Capital Works Program as disclosed in the 2014/2015 Operational Plan (refer Appendix 5 and 6, H27 – H28) remains on track.

Progress on the major Road Construction Program has been reported to Council through the Civil and Environmental Services Committee.

Investments:

The General Fund investments remain sound. It is noted that the RBA continued to hold the official cash rate at a half-century low of 2.5% and have been open about its reluctance to cut further. However a growing number of Economists are now predicting further cuts during 2015. With the official cash rate at historic lows term deposit rates have reduced to 3.2-3.6% placing pressure on Council's ability to meet budgeted interest revenue during 2014/2015.

A copy of Council's Cash and Investment Budget Review Statement as at 31 December, 2014 is attached as Appendix 7 and 8 (H28 – H30). Council retains a sound investment position to fund all of Council's internal and external restrictions and Council's Working Capital/Cash flow needs.

A detailed investment report is provided to Council on a monthly basis and all investment continue to comply with Council's Investment Policy.

Contracts, Consultancy & Legal Expenses

The attached Contracts Summary indicates any Contracts entered into with a value of under \$150,000 by Council during the quarter ending 31 December, 2014, (refer to Appendix 9, H31). Other consultancy and legal expenses are summarised in the attached Consultancy & Legal Expense summary (refer to Appendix 9, H31).

Plant Fleet:

A copy of the Plant Fleet Financial Report to 31 December, 2014 is attached as Appendix 10 (H32). The Report indicates an Operating Surplus of \$147K to 31 December, 2014. This reduces to a small surplus after an allowance is made for registration costs, insurance costs and oncosts (workers compensation etc.) not paid until later in the financial year.

General Fund Summary:

Overall, the operational and financial position of the General Fund function is sound.

WATER FUND – OPERATIONAL PLAN REVIEW:

The Water Fund continues to show sound growth. This position should be enhanced in 2014/2015; however, this will be dependant on water sales. Water sales were down by \$260K in 2010/2011 and \$120K in 2011/12 and up \$171K in 2012/2013 and \$380K in 2013/2014. It is anticipated that water sales will continue to increase during 2014/2015 due to the current dry conditions within the Shire.

The Committee will be aware that the major priority for the Water Fund is now the completion of the new Ashford Water Treatment Plant. Council has entered into a loan facility with the National Australia Bank for \$2M at a fixed interest rate of 5.4% in respect of this project. Council is receiving a 4% loan subsidy under the Local Infrastructure Renewal Scheme (LIRS) for the life of the loan.

In respect of Council's Water Fund Investments, it is noted that Council staff continue to monitor the developments relating to the bankruptcy of Lehman Brothers. Council's Water Fund holds one (1) remaining CDO with a face value of \$300K, Term Deposits totalling \$5M (includes the \$2M loan funds) and cash at bank of \$2.03M (see Appendix 7, H29).

Overall, the operational and financial position of the Water Fund function is sound.

SEWERAGE FUND OPERATIONAL PLAN REVIEW:

The Sewerage Fund continues to hold a sound operational and financial position.

The Committee will be aware that the main priority for the Sewer Fund is now the major refurbishment/expansion of the Inverell Sewerage Treatment Plant in 2014/2015 to be funded from Loans and Cash Reserves. Council has entered into a loan facility with the National Australia Bank for \$2M at a fixed interest rate of 4.16% in respect of this project. Council is receiving a 3% loan subsidy under the Local Infrastructure Renewal Scheme (LIRS) for the life of the loan.

The Sewerage Fund holds Term Deposits totalling \$4.5M (Includes the \$2M Loan) plus cash at bank of \$2.03M (see Appendix 7, H29).

OPERATIONAL PLAN – COMBINED FUND

Overall Council's operational and financial position in respect of its five (5) destinations is sound. The following information is provided in respect of major issues and projects that Council is leading, participating in, or delivering in 2014/2015:

- Destination 1 – A recognised leader in the broader context:
 - Participation in Country Week;
 - Participation in Road Funding meetings with the Roads and Maritime Services;
 - Participation in New England Northwest Regional Tourism meetings;
 - Participation in New England Destination Management Hub;
 - Participated in meetings with New England Councils and prepared the submission to establish a trial Joint Organisation of Councils in the New England;
 - Participated in "Fit for the Future" meetings with New England Councils.

- Destination 2 – A community that is healthy, educated and sustained:
 - Facilitation role for “Linking Together Centre” and development of strong partnerships with Best Employment, State and Federal Government funding bodies;
 - Completed building works on new Ashford EOC Centre;
 - Assist with Sapphire City Festival;
 - Assist with Grafton to Inverell Cycle Classic Race;
 - Secured library funding from Brighter Access for Early Childhood Inclusion Program;
 - Secured funding from Festival Australia for the Ngay Walaaybaa (My Home) visual arts exhibition;
 - Secured funding from Clubs NSW for Cameron Park Redevelopment;
 - Commenced works on the new Ashford Medical Centre;
 - Provided assistance to the Evans Street Surgery in their development of a new Medical Centre;
 - Co-ordinate youth activities – Movies in Campbell Park;
 - Completed Energy Efficiency Program for Administration Building;
 - Partnering with Family NSW to provide playgroup activities at Tingha and Inverell;
 - Participation in New England Cooperative Library;
 - Completed Energy Efficiency Program for Inverell Works Depot and Inverell Tourist Centre.
- Destination 3 – An environment that is protected and sustained:
 - Partnering with Catchment Management Authority in “Brigalow Nandewar Bio Links Program;
 - Partnership with Catchment Management Authority for Serrated Tussock weeds program.
- Destination 4 – A strong Local Economy:
 - Completed 50% of works on Cameron Park Redevelopment;
 - Completed 90% of works at Ashford Medical Centre;
 - Completed works on the new Ashford SES EOC Building;
 - Commenced works on new toilet and storage shed at Varley Oval;
 - Participated in a wide range of Tourism and Marketing Shows;
 - Completed Transport Museum Complex and completed sale of old site to Boss Engineering.
- Destination 5 – The Communities are served by sustainable services and infrastructure:
 - Commenced a range of Road Upgrade Projects on the Regional Road and Local Road Network;
 - Commenced Highway upgrade project east of Delungra for Roads and Traffic Authority;
 - Completed a significant quantum of Shire Roads Gravel Resheeting;
 - Completed a significant quantum of heavy patching throughout the Shire;
 - Completed Council's 2014/2015 bitumen reseal program;
 - Commence works for Resealing Inverell Airport;
 - Commenced works on Optic Fibre installation from Administration Building to Inverell Depot;
 - Successfully secured interest rate subsidy from the Office of Local Government under the Local Infrastructure Renewal Scheme (LIRS) round three for the Inverell Sewerage Treatment Plant (this is the last round of the program);
 - Completed 2013-2014 Financial Statements – sound financial result achieved.

Also attached is a copy of Council's Key Financial Performance Indicators (refer to Appendix 11, H33 – H34).

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:

No Council or Management Policy is relevant at this time; however, adoption of the recommendation will ensure that Council's philosophy of maintaining "balanced budgets" is continued.

CHIEF FINANCIAL OFFICERS COMMENT:

In accordance with the Local Government (General) Regulation, 2005 it is my opinion that the Quarterly Budget Review Statement for Inverell Shire Council for the quarter ended 31 December, 2014 indicates that Council's projected financial position at 30 June, 2015 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

Adoption of the proposed budget variations as indicated above will maintain Council's 2014/2015 Budget in balance, with an indicative surplus of \$4,959.

LEGAL IMPLICATIONS:

Council is required to comply with the provisions of the *Local Government Act, 1993* and Local Government Regulation, 2005 in these matters.

RECOMMENDATION:

That the Committee recommend to Council that:

- i) Council's Quarterly Operational Plan and Budget Review for 31 December, 2014 be adopted; and*
- ii) the proposed variations to budget votes for the 2014/2015 Financial Year be adopted providing an estimated Cash Surplus at 30 June, 2015 from operations of \$4,959.*

BUDGET VARIATIONS - FINANCE MEETING 11-2-2015			
ITEM/LEDGER NO.	DESCRIPTION	AMOUNT \$	COMMENT/REASON
GENERAL FUND			
Increase/Decrease in INCOME			
180853-1000	LTC-Playgroup Resources-Income (Tingha Public Scho	20,000	New Grant Program - Linking Together Centre
121999-1000	Dept of Planning & Enviro-Application Tracking Project	2,000	New Grant Funding
121998-1000	Dept of Planning & Enviro-Electronic Housing Code	25,000	New Grant Funding
147049-1000	Grant-Noxious Weeds-Coordination	7,242	Additional Grant Funding
147059-4360	Noxious Weeds-Special Projects	15,552	Habitat Action Grant - Controlling Cat's Claw Creeper
137601-1000	Fish Habitat Action Grant-Income	8,925	Habitat Action Grant - Exotic Invasive Weed Removal Along Macintyre River
127050-1000	Contribution to Works	5,744	Contribution towards Brighter Access Footpath & Drop off Area
122370-1000	SH12 Grant	853,234	SH12 Grant - Reseals
122370-1000	SH12 Grant	219,986	SH12 Grant - Heavy Patching
121110-4120	Grant Bushfire Protection	(29,586)	Correction of the 2014-2015 NSW RFS Allocations
121120-1000	RFS Allocations - Operating Items/Equipment	5,000	Correction of the 2014-2015 NSW RFS Allocations
121121-4450	RFS Allocations - Capital Equipment	65,572	Correction of the 2014-2015 NSW RFS Allocations
122460-1000	Grant-Rta Repair Program	(129,632)	Reduce Grant Funding
TOTAL INCREASE IN INCOME		1,069,037	<i>Positive figure indicates increased income, (Negative) figure indicates decreased income)</i>
Increase/Decrease in EXPENDITURE			
180854-1000	LTC-Paygroup Resources-Income (Tingha Public Scho	20,000	New Grant Program - Linking Together Centre
138680-1100	Acrd - Urban Reseals	10,000	Evans Street Resea (Lawrence - Mansfield)
148420-1000	DCES-Special Projects	(10,000)	Funding for above
136265-1000	Dept Planning - Application Tracking Project	2,000	Application Tracking Project
136266-1000	Dept of Planning - Electronic Housing Code	25,000	Electronic Housing Code Project
147050-3874	Noxious Weeds-Coordination	7,242	Additional Grant Funding
137540-3250	Town/Village Halls-Improvement	18,000	Band Hall Toilet upgrades
129390-1000	Special Projects	(18,000)	Fund for above
147060-3898	Noxious Weeds-Special Projects	15,552	Habitat Action Grant - Controlling Cat's Claw Creeper
137603-1000	Fish Habitat Action Grant-Expenditure 2014-2015	8,925	Habitat Action Grant - Exotic Invasive Weed Removal Along Macintyre River
145650-3100	Cycleway / Footpath Extensions	44,346	Brighter Access Footpath and Drop off Area
129390-1000	Special Projects	(38,602)	Part Funding for above
138830-1000	SH12-(WO)-Bitumen Resurfacing	853,234	SH12 Reseals
138820-1000	SH12-(WO)-Heavy Patching	219,986	SH12 Heavy Patching
132550-4510	RFS Allocations - Electricity	1,000	Correction of the 2014-2015 NSW RFS Allocations
132550-5350	RFS Allocations - Insurance	500	Correction of the 2014-2015 NSW RFS Allocations
132550-5370	RFS Allocations - Vehicle M&R	2,000	Correction of the 2014-2015 NSW RFS Allocations
132550-5510	RFS Allocations - Stations & sheds	(2,000)	Correction of the 2014-2015 NSW RFS Allocations
159140-1000	RFS Allocations - Operating Items/Equipment	5,000	Correction of the 2014-2015 NSW RFS Allocations
159141-4450	RFS Allocations - Capital Equipment	10,000	Correction of the 2014-2015 NSW RFS Allocations
159170-3070	RFS Allocations - Capital Equipment - Gilgai	25,000	Correction of the 2014-2015 NSW RFS Allocations
159170-3090	RFS Allocations - Capital Equipment - Gum Flat	25,000	Correction of the 2014-2015 NSW RFS Allocations
159170-3150	RFS Allocations - Capital Equipment - Nullamanna	5,572	Correction of the 2014-2015 NSW RFS Allocations
132550-5520	RFS Allocations - Training	(1,500)	Correction of the 2014-2015 NSW RFS Allocations
132570-2010	RFS Allocations - Prior year Savings	(16,324)	Correction of the 2014-2015 NSW RFS Allocations
132530-1000	Contrib Bushfire Fighting Fund	(13,262)	Correction of the 2014-2015 NSW RFS Allocations
137341-1000	Copeton Northern Forshores - Internal Works	55,000	Variety of Works Internally at Copeton Northern Forshores
148420-1000	DCES - Special Projects	(55,000)	Funding for above
143002-1100	RP-Roundabout- MR137 & Wood Street	(2,000)	Return surplus budget to Block Grant
137561-1000	Block Grant	2,000	Contra Item
138815-1100	ACRD - Village Reseals	1,900	Additional Costs Incurred
139200-1000	Bitumen Village Reseals	(1,900)	Funding for above
136100-1000	Destruct of Dead Animals	2,900	Additional Costs Incurred
132500-1000	Christmas Tree Lighting	(1,400)	Funding for above
140550-1000	Road & Traffic signs Mtc	(1,500)	Funding for above
140350-1000	Bridges - Other Roads Urban	600	Additional Costs Incurred
140470-1000	cycleway Mtc	(600)	Funding for above
139170-1000	Maint R'side Furnish Sth	20,600	Additional Costs Incurred
140140-1000	Roadside Furnishings	(16,390)	Funding for above
139180-1000	Maint. Bitumen Seal Sth.	(4,210)	Funding for above
140190-1000	Gravel Resheeting - Minor Roads (South)	3,100	Additional Costs Incurred
140120-1000	Gravel Patching (South)	(3,100)	Funding for above
142507-1100	ACRD - Reactive Gravel Resheeting	2,000	Reactive Gravel Resheeting Program
142503-1000	ACRD - Unallocated	(2,000)	Funding for above
137841-1170	BLK 3x4 Heavy Patching Bruxner Hwy	11,246	Completion of 3 x 4 project
137561-1000	Unallocated Block Grant 2013/2014	(11,246)	Funding for above
130400-1000	Sapphire City Festival	760	Additional expenses incurred
129810-3690	Financial Services - Office Expenses	(760)	Funding for above
159301-3001	New Ashford SES EOC	128,200	New Ashford SES Emergency Operations Centre
130290-1000	Valuation Fees	4,550	Additional VG valuation fees
129810-3690	Financial Services - Office Expenses	(4,550)	Funding for above
143004-1100	RP-MR137-(40.69k to 42.18k North Inverell)Realign/Wir	(339,264)	Reduce Funding for Karoola Road Project. - Project be completed in 2015/2016 Repair Program
137561-1000	Block Grant-Total Allocation-Capital Exps	209,632	Return Budget to Block Grant for Karoola Road Project
TOTAL INCREASE IN EXPENDITURE		1,197,237	<i>Positive figure indicates increased expenditure. (Negative) figure decreased expenditure)</i>
NET CHANGE TO CURRENT BUDGET Surplus/(Deficit)		128,200	<i>Positive figure indicates increased expenditure. (Negative) figure decreased expenditure)</i>
Restricted Assets			
161940-6220-31553		128,200	Ashford SES EOC Building
TOTAL FUNDING FROM RESTRICTED ASSETS		128,200	
FUNDED FROM EQUITY (G5795.000)		128,200	
NET CHANGE TO FINANCIAL POSITION Surplus/(Deficit)		-	

BUDGET VARIATIONS - FINANCE MEETING 11-2-2015			
ITEM/LEDGER NO.	DESCRIPTION	AMOUNT \$	COMMENT/REASON
WATER FUND			
<i>Increase/Decrease in INCOME</i>			
812010-1000	Annual Water Charges	3,870	Additional Income
TOTAL INCREASE IN INCOME		3,870	<i>Positive figure indicates increased income, (Negative) figure indicates decreased income</i>
<i>Increase/Decrease in EXPENDITURE</i>			
812420-1000	Sundries Administration	2,500	Additional Costs
812710-1000	Legal Expenses	1,370	Additional Costs
SEWER FUND			
<i>Increase/Decrease in INCOME</i>			
906040-1000	Sewerage - Occupied Charge	5,910	Additional Income
TOTAL INCREASE IN INCOME		5,910	<i>Positive figure indicates increased income, (Negative) figure indicates decreased income</i>
<i>Increase/Decrease in EXPENDITURE</i>			
906540-1000	Fittings & Installations Expenses	3,330	Additional Costs
906541-1100	Fittings & Installations Capital	2,580	Additional Costs
TOTAL INCREASE IN EXPENDITURE		5,910	<i>Positive figure indicates increased expenditure, (Negative) figure decreased expenditure</i>
NET CHANGE TO CURRENT BUDGET Surplus/(Deficit)		-	<i>Positive figure indicates increased expenditure, (Negative) figure decreased expenditure</i>

APPENDIX 2

INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDED 31-12-2014
CONSOLIDATED INCOME AND EXPENSE STATEMENT

	ORIGINAL BUDGET 2014/2015 (000's)	Approved Changes						REVISED BUDGET (000's)	Recommended Changes for Council Resolution (000's)	PROJECTED Year End Result 2014/2015 (000's)	ACTUAL YTD (000's)	% OF PROJECTED BUDGET
		Revotes (000's)	Unexpended Grants B/FW (000's)	Sept 2014 Review (000's)	Dec 2014 Review (000's)	Mar 2015 Review (000's)	June 2015 Review (000's)					
INCOME												
Rates & Annual Charges	16,204							16,204	10	16,214	16,228	100.09%
User Charges & Fees	3,242			1,075				4,317	1,073	5,390	1,593	36.90%
Interest	1,138							1,138		1,138	308	27.07%
Other revenues from ordinary activities	473							473	20	493	629	132.98%
Grants & Contributions provided for non capital purposes	9,103			185				9,288	34	9,322	5,347	57.57%
Grants & Contributions provided for Capital Purposes	2,883			1,035				3,918	-58	3,860	1,161	29.63%
Gain from the sale of assets	239							239		239	244	102.09%
Gain from interest in joint ventures & associates								-		0		0.00%
TOTAL INCOME FROM CONTINUING OPERATIONS	33,282	-	-	2,295.00				35,577	1,079	36,656	25,510	71.70%
EXPENSES												
Employee Costs	12,630	80	97	333				13,120	216	13,336	6384	48.68%
Borrowing Costs	203							203		203	28	13.79%
Materials and Contracts	6,238	2,093	547	777				9,655	867	10,522	3500	36.25%
Depreciation	9,623							9,623		9,623	4812	50.00%
Other Expenses from ordinary activities	4,321	88	1					4,410	-13	4,397	2406	54.56%
Loss from the disposal of assets								-		0		
Loss from interest in joint ventures & associates								-		0		
TOTAL EXPENSES FROM CONTINUING OPERATIONS	33,015	2,241	645	1,110				37,011	1,070	38,081	17,130	46.28%
NET OPERATING RESULT FROM CONTINUING OPERATIONS SURPLUS/(DEFICIT)	267	(2,241)	(645)	1,185				(1,434)	9	(1,425)	8,381	-584.41%
ADD BACK Non Cash Amounts												
Depreciation	9,623							9,623		9,623	4811.5	50.00%
Carrying Amount of Assets Sold	77							77		77	630	818.18%
Capital Amounts												
Repayments by deferred Debtors	1							1		1	3	300.00%
Acquisition of Assets	(7,950)	(7,896)	(1,060)	(1,428)				-18,334	(137)	-18,471	-6675	36.41%
Loan Repayments	(320)							-320		-320	-82	25.63%
Advance to Deferred Debtors												
Loan Funds	(1,693)							-		-		0.00%
Less Net Transfers to IRA	(1,693)							-1,450	128	-1,322		0.00%
Plus Equity Funding		10,137	1,705	243				11,842		11,842		0.00%
Unallocated Consolidation Net Profit/(Loss)	5	-	-	-				5	-	5	7,068	
NET OPERATING RESULT BEFORE CAPITAL ITEMS SURPLUS/(DEFICIT)	(2,616)							(2,616)		(2,616)	7,220	

* Favourable / (Unfavourable) variance

EXPLANATION OF MATERIAL VARIANCES**YTD Variances**

Item	Explanation
INCOME	
Rates & Annual Charges	includes rate levy for 2014/2015 including additional waste collection services
Other revenues from ordinary activities	includes additional Grant funding for disability services and additional Private Works income
Gain from the sale of assets	includes the sale of Fleet items deferred from 2013-2014

EXPENSES**CAPITAL AMOUNTS****RECOMMENDED CHANGES TO REVISED BUDGET**

The budget variations recommended above are required to be made to budget votes as a result of changes since the last budget review. Refer to attached appendix "Budget Variations" for commentary on each budget variation. Those items identified as requiring funding since the adoption of the 2013/2014 budget have now been funded.

APPENDIX 3

INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDED 31-12-2013
INCOME & EXPENSES BY FUNCTION

	ORIGINAL BUDGET 2014/2015 (000's)	Approved Changes						REVISED BUDGET (000's)	Recommended Changes for Council Resolution (000's)	PROJECTED Year End Result 2014/2015 (000's)	ACTUAL YTD (000's)	% OF PROJECTED BUDGET (000's)
		Revotes (000's)	Unexpended Grants B/FW (000's)	Sept 2014 Review (000's)	Dec 2014 Review (000's)	Mar 2015 Review (000's)	June 2015 Review (000's)					
EXPENSES												
Governance	330							330		330	113	34.24%
Administration	6,431	656	135	-42				7,180	-59	7,121	1,447	20.32%
Public Order and Safety	535	119						1,054	-25	1,029	385	37.41%
Health & Environment	2,404	13	93	26				2,536	26	2,562	1,154	45.04%
Community Services and Education	1,484	68	98	66				1,716	20	1,736	920	53.00%
Housing and Community Amenities	770	49						819	27	846	324	38.30%
Water Supplies	3,147							3,147	4	3,151	1,611	51.13%
Sewerage and Drainage Services	1,738							1,738	3	1,741	835	47.96%
Recreation and Culture	2,064	218	14					2,296	65	2,361	1,123	47.56%
Mining, Manufacturing and Construction	387							387		387	130	33.59%
Transport and Communication	5,136	199	261	1,060				6,656	1074	7,730	4,268	55.21%
Economic Affairs	1,313	919	44					2,276	-65	2,211	657	29.72%
TOTAL EXPENSES	26,139	2,241	645	-1,110	0	0	0	30,135	1070	31,205	12,967	41.55%
REVENUES												
Governance	-							-		-	-	-
Administration	21,157			108				21,265.00		21,265	14,739	69.31%
Public Order and Safety	676							676.00	40	716	165	23.04%
Health & Environment	2,791			26				2,817.00	23	2,840	2,728	96.06%
Community Services and Education	1,376			66				1,442.00	20	1,462	1,031	70.52%
Housing and Community Amenities	241							241.00	27	268	152	56.72%
Water Supplies	4,134							4,134.00	4	4,138	2,670	64.52%
Sewerage and Drainage Services	2,308							2,308.00	6	2,314	2,412	104.24%
Recreation and Culture	155			510				665.00	15	680	309	45.44%
Mining, Manufacturing and Construction	178							178.00		178	97	54.49%
Transport and Communication	4,456			1,585				6,041.00	944	6,985	2,246	32.15%
Economic Affairs	376							376.00		376	344	91.49%
TOTAL REVENUE	37,848	0	0	2,295	0	0	0	40,143	1,079	41,222	26,893	65.24%
OPERATING RESULT: (Surplus)	-11,709	2,241	645	-1,185	0	0	0	-10,008	-9	-10,017	-13,926	
Depreciation	9,623							9,623		9,623	4,812	50.00%
Increase in Employee Leave Entitlements	2,058							2,058		2,058	964	47.81%
(PROFIT)/LOSS BEFORE CAPITAL AMOUNTS	(28)	2,241	645	(1,185)	-	-	-	1,673	(9)	1,664	(8,131)	
Carrying Amount of Assets Sold	77							77		77	630	818.18%
Proceeds Sale of Assets	-316							-316		-316	-880	278.48%
Cost Real Estate Assets Sold								0		0		
Loan Funds Used								0		0		
Other Debt Finance								0		0		
Repayments by Deferred Debtors	-1							-1		-1	-3	300.00%
Acquisition of Assets	7,950	7,896	1,060	1,428				18,334	137	18,471	6,675	36.14%
Development of Real Estate								0		0		
Advance to Deferred Debtors								0		0		
Repayment of Loans	320							320		320	82	25.63%
Repayment of Other Debts								0		0		
ESTIMATED BUDGET RESULT: (Deficit)	8,002	10,137	1,705	243	0	0	0	-20,087	128	-20,215	(1,627)	
ADD BACK Non Cash Amounts												
Depreciation	9,623							9,623		9,623	4,812	
Carrying Amount of Assets Sold	77							77		77	630	
Plus Net Transfers	1,693			-243				1,450	-128	1,322	0	
Plus Equity Funding**		-10,137	-1,705					-11,842		-11,842		
BUDGET (SURPLUS)/DEFICIT	(5)	-	-	-	-	-	-	(5)	-	(5)	(7,058)	
** Equity Funding is Unexpended Grants, Contributions and incomplete works from previous years where money is held in equity at end of year												
Transfers to Internally Restricted Assets	3,302							3,302		3,302	0	0.00%
Transfers from Internally Restricted Assets	-1,609			-243				-1,852	-128	-1,980	0	0.00%
Net Transfers	1,693			-243				1,450	-128	1,322	0	

EXPLANATION OF MATERIAL VARIANCES**YTD Variances**

Item	Explanation
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Expenses**INCOME**

Public Order & Safety	Bush Fire Subsidies not received until April 2015
Health & Environment	Includes entire DWM levy Charges for 2014/2015, Includes additional DWM Charges from extension of collection routes.
Sewerage and Drainage Services	Includes entire annual sewer charges levy for 2014/2015, Additional S64 Contributions
Economic Affairs	Includes additional Private works income - offset by private works not yet completed.

CAPITAL AMOUNTS**RECOMMENDED CHANGES TO REVISED BUDGET**

The budget variations recommended above are required to be made to budget votes as a result of changes since the last budget review. Refer to attached appendix "Budget Variations" for commentary on each budget variation. Those items identified as requiring funding since the adoption of the 2013/2014 budget have now been funded.

APPENDIX 4

INTERNALLY RESTRICTED ASSETS (CASH) MOVEMENTS							
14/10/2014	EST. BAL.	TRANSFER	TRANSFER	EST. BAL.	TRANSFER	TRANSFER	EST. BAL.
PURPOSE	30/6/13	TO	FROM	30/6/2014	TO	FROM	30/6/2015
		Code 6210	Code 6220		Code 6210	Code 6220	
GENERAL ACTIVITIES	\$	\$	\$	\$	\$	\$	\$
BUILDING REFURBISHMENT/UPGRADE	2,428,631.18	139,212		2,567,843.18			2,567,843.18
EQUIP. UPGRADE/EMERGENCY MTCE	210,805.00			210,805.00			210,805.00
COMPUTER/IT SYSTEMS UPGRADES	758,046.00			758,046.00			758,046.00
INDUSTRIAL DEVELOPMENT	535,600.00	133,000		668,600.00			668,600.00
RESIDENTIAL DEVELOPMENT	7,309.77			7,309.77			7,309.77
AERODROME UPGRADE	493,330.00	15,000		508,330.00			508,330.00
COPETON NORTHERN FORESHORES	49,000.00			49,000.00			49,000.00
LIBRARY BUILDING REFURBISHMENT	202,000.00			202,000.00			202,000.00
INDUSTRIAL/TOURISM PROMOTION	11,594.00			11,594.00			11,594.00
GARBAGE DEPOT LAND PURCHASE ETC	169,391.00			169,391.00			169,391.00
GARBAGE DEGRADATION/REHAB.	847,842.00			847,842.00	95,000		942,842.00
WASTE INFRASTRUCTURE	397,000.00		154,726	242,274.00	220,000		462,274.00
WASTE-EXTERNALITY SUSTAINABILITY	123,000.00			123,000.00	97,500		220,500.00
PLANT REPLACEMENT	2,806,975.00	1,896,131	1,047,044	3,656,062.00	1,774,500	1,094,000	4,336,562.00
GRAVEL PIT RESTORATION	65,044.00	28,032		93,076.00	17,500		110,576.00
GRAVEL PIT RESTORATION -Roads	204,325.00	28,032	202,000	30,357.00	17,500		47,857.00
COMMUNITY CAPITAL PROJECTS AND LAND	1,355,000.00			1,355,000.00			1,355,000.00
BUSINESS UNITS	618,616.00			618,616.00	1,520,000		2,138,616.00
STRATEGIC CAPITAL PROJECTS FUND	1,065,000.00	515,000	1,196,000	384,000.00	515,000	515,000	384,000.00
STRATEGIC DEVELOPMENT FUND	1,115,611.00			1,115,611.00			1,115,611.00
EMPLOYEE LEAVE ENTITLEMENTS	1,000,710.46			1,000,710.46			1,000,710.46
WORKERS COMP INSURANCE	390,000.00	48,903		438,903.00			438,903.00
TOWN HALL MAJOR MTCE/UPGRADE	1,301,750.00		1,201,750	100,000.00			100,000.00
INSURANCE EXCESS/SELF INSURANCE	142,660.00	19,188		161,848.00			161,848.00
SWIMMING POOLS UPGRADE/FENCING	1,472,000.00	280,000		1,752,000.00			1,752,000.00
ROAD RESUMPTIONS	20,000.00			20,000.00			20,000.00
INVERELL HOCKEY FACILITY	0.00	150,000		150,000.00			150,000.00
CONNECTIONS PLANT/EQUIP.	100,505.61		46,285	54,220.94			54,220.94
CONNECTIONS ELE	25,792.00			25,792.00			25,792.00
LINKING TOGETHER CENTRE ELE	17,834.45			17,834.45			17,834.45
LINKING TOGETHER CENTRE	255,000.00		231,000	24,000.00			24,000.00
ASHFORD MEDICAL CENTRE	250,000.00			250,000.00			250,000.00
SES PLANT REPLACEMENT	144,356.00			144,356.00			144,356.00
FUND TOTAL	18,584,728.47	3,252,498	4,078,805	17,758,421.80	4,257,000	1,609,000	20,406,421.80
WATER SUPPLY							
EMPLOYEE LEAVE ENTITLEMENTS	55,000.00		-	55,000.00	-	-	55,000.00
EQUIPMENT BREAKDOWN	107,940.00		-	107,940.00	-	-	107,940.00
REVENUE EQUALISATION	1,000,000.00		530,000	470,000.00			470,000.00
FUTURE CAPITAL WORKS	1,372,260.00			1,372,260.00	265,000		1,637,260.00
FUND TOTAL	2,535,200.00	-	530,000	2,005,200.00	265,000	-	2,270,200.00
SEWERAGE SERVICES							
EMPLOYEE LEAVE ENTITLEMENTS	15,000.00		-	15,000.00	-	-	15,000.00
EQUIPMENT BREAKDOWN	109,078.82		-	109,078.82	-	-	109,078.82
FUTURE CAPITAL WORKS	1,384,200.00		331,000	1,053,200.00	300,000		1,353,200.00
FUND TOTAL	1,508,278.82	-	331,000	1,177,278.82	300,000	-	1,477,278.82
TOTAL OF ALL FUNDS	22,628,207.29	3,252,498	4,939,805	20,940,900.62	4,822,000	1,609,000	24,153,900.62

INTERNALLY RESTRICTED ASSETS COMMITMENTS				
Note 1 - Building Refurbishment/Upgrade Projects - Asset Renewal funded from annual depreciation expense				
Note 2 - Replace Property/Revenue System				
Note 3 - Funding received from Federal Compensation Package - full runway reseal and line mark \$450K - Asset Renewal				
Note 4 - Waste Management Strategy Implementation Funding and future land purchases/degradation requirements, including new Garbage Trucks, Solar Power, Wagbriids, Tip Closures etc				
Note 5 - Plant Fleet future acquisitions fund - Asset Renewal				
Note 6 - Future Capital Works/Non-Trading Land Purchases/Industrial Land Development Fund		835,000.00	Industrial Land Development	
- Other		520,000.00	NTM Development Contribution and Advance	
		1,355,000.00		
Note 7 - Strategic Capital Projects and Infrastructure Fund		Cameron Oval - Top Dress/Irrigation/Shelter	243,000	2014/2015 Program
		Future Land Acquisitions	141,000	Asset Renewal - Grant Funding \$510k
			384,000	
Note 8 - Future Capital Works		Ashford Water Treatment Plant	1,013,000.00	2012/2013 Infrastructure Renewal Program LIRS Project
		Other Capital Works	700,000.00	Inverell Treatment Works Renewal/Refurbishment Project
			1,713,000.00	

These funds are held as Cash and Investments, primarily as Term Deposits

APPENDIX 5

CAPITAL EXPENDITURE 2014/2015

PROGRAM	LEDGER NUMBER	DESCRIPTION	ORIGINAL CAPITAL BUDGET		ADJUSTED CAPITAL BUDGET		Classification	%	Complete 30/09/2014	FUNDING		AMOUNT
			AMOUNT	SECTION TOTAL	AMOUNT	SECTION TOTAL						
ADMINISTRATIVE SERV.	160960-1000	OFFICE FURNITURE & EQUIPMENT-DESKS,CHAIRS	5,200		5,200		Renewal	0%				
	134940-1000	ACQUISITION OF ART PRIZE	4,500		4,500		New Asset	100%				
	160470-1000	ART GALLERY REFURBISHMENTS	5,000	14,700	5,000		Renewal	0%				
	180511-4450	HELPING HANDS PROGRAM			16,271	30,871	New Asset	85%				
ENGINEERING	160800-1100	ENGINEERS INSTRUMENTS & EQUIPMENT	2,100	2,100	2,100	2,100	Renewal	100%				
BUSH FIRE	159141-1000	EQUIPMENT ISSUES	360,000	360,000	370,000	425,572	Renewal	RFS	GRANT	121121-1000		425,572
	159170	RFS FIRE SHEDS			55,572							
SES	132851-4450	SES BUILDING UPGRADE	7,150	7,150	7,150		Renewal	0%				
	159301-3001	ASHFORD EOC BUILDING			160,360	157,500	New Asset	100%	IRA			128,000
INFORMATION SERVICES	130101-1000	COMPUTER EQUIPMENT	44,280		532,090		Renewal	4%				
	130101-4910	COMPUTER EQUIPMENT	32,000		32,000		Renewal	0%				
	130111-5162	COMPUTER EQUIPMENT - NEW HARDWARE	32,000	108,290	32,000	596,090	Renewal	11%				
SPORTING FIELDS	160660-1100	SPORTS GROUND IMPROVEMENT-SPORT CNL	20,000	20,000	20,000		New Asset	0%	CONTRIBUTION	127080-1000		10,000
	160530-1100	VARLEY OVAL - TOILET & STORAGE BLOCK			102,000		New Asset	29%				
	160534-1100	CAMERON PARK REDEVELOPMENT			713,000		Renewal	41%	GRANT	121203-1000		510,000
	160536-1100	CAMERON PARK REDEVELOPMENT - Canteen/Toilets/Storage			180,000	1,015,000	New Asset					
CEMETERY	136391-4450	CEMETERY	1,000	1,000	1,000	1,000	New Asset	11%	SCIF IRA	161920-6220		243,000
LIBRARY	160180-1100	LIBRARY-CORPORATE SERVICE COLLECTION	1,350		1,350		Renewal	0%				
	160190-1000	LIBRARY BOOKS	51,500		51,500		Renewal	53%				
	160200-1000	LIBRARY BOOKS - CO-OPERATIVE CONTRIBUTION	16,000		15,000		Renewal	100%				
	160240-1000	NON BOOK MATERIALS-VIDEOS CASSETTES ETC.	9,250		9,250		Renewal	68%				
	160270-1000	LIBRARY SECURITY SYSTEM	2,150		2,150		Renewal	36%				
	160393-1000	LIBRARY-SPECIAL GRANT PROJECT	25,000	104,250	26,942		New Asset	4%	GRANT	160389-1000		25,000
	160150-1000	REVITALISING THE LIBRARY			900		Renewal	0%				
	160402-1000	LIBRARY CHILDHOOD INCLUSION GRANT			1,691	108,783	Renewal	25%				
	141901-1000	SHADE SHELTER - LAKE INVERELL	25,000		25,000		New Asset	0%	SCIF IRA	161920-6220		515,000
	141902-1000	NEW TOILET BLOCK - VICTORIA PARK	120,000		120,000		New Asset	0%				
SCIF	141907-1000	EXTEND SHADE SHELTER - VICTORIA PARK	15,000		15,000		New Asset	0%				
	141908-1000	TOWN CENTRE RENFWAL PLAN	295,000	456,000	295,000		Renewal	0%				
	141908-1000	NEW FOOTPATH IN VIVIAN STREET			90,000		New Asset	40%				
	142008-1000	COMMUNITY BUILDING P/SHIP - FITNESS EQUIP & SOFTFALL			9,514		New Asset	100%				
	159772-1000	SOLAR PANEL INSTALLATION - ADMIN BUILDING			304,000	858,514	New Asset	31%				
	159109-1000	ASHFORD MEDICAL CENTER			225,551		New Asset	100%				
	159112-1000	TRANSPORT MUSEUM			70,000		New Asset	81%				
	135250-1000	MEDICAL CENTRE INVERELL - EXTERNAL WORKS			300,000		New Asset	21%				
	159115-1100	TRANSPORT MUSEUM - CARPARK			131,605	745,056	New Asset	90%				
	137540-3250	TOWN/VILLAGE HALLS - IMPROVEMENTS			18,000		Renewal					
PLANT	161590-1000	SMALL PLANT	80,000		80,000		Renewal	62%	PLANT REPLACE. IRA	161680-6220		1,094,000
	161610-1000	WORKSHOP EQUIPMENT	20,000		20,000		Renewal	0%				
	161600-1000	LIGHT CARS/TRUCKS	428,000		428,000		Renewal	69%				
	161620-1000	HEAVY PLANT	882,000		882,000		Renewal	100%				
	146221-1000	INVERELL WORKSHOP EQUIPMENT	40,000	1,450,000	40,000	1,450,000	Renewal	0%				
TOTAL			2,522,490	2,522,490		5,390,586						
SEWERAGE												
	907170-1000	OTHER EQUIPMENT - Sewer Rodding Equip; Gas Detectors	11,000		11,000		Renewal	16%	CAPITAL WORKS IRA	907360-6220		-
	907260-3100	RECTIFICATION MAINS - INVERELL	53,000		53,000		Renewal	100%	LOAN FUNDS			
	907280-3100	SEWER INVESTIGATION			200,000		Renewal	0%				
	907320-3050	SEWER TREATMENT WORKS - DELUNGRA			100,000		Renewal	0%	TOTAL IRA FUNDING			-
	907320-3070	SEWER TREATMENT WORKS - GILGAI			80,000		Renewal	0%	GRANT FUNDING			-
	907321-3100	SEWER TREATMENT WORKS - INVERELL (LRIS)			1,475,000		Renewal	0%	LOAN FUNDS			-
	906541-1100	FITTINGS & INSTALLATIONS			2,580		Renewal	100%	TOTAL UNEXPENDED GRANTS			-
TOTAL			64,000	64,000		1,921,580						
WATER												
	813220-1100	MAINS REPLACEMENT - INVERELL	150,000		150,000		Renewal	44%				
	813230-3100	MINOR MAINS EXTENSIONS-INVERELL	55,000		55,000		New Asset	98%				
	813260-3001	WATER TREATMENT PLANT UPGRADE/AUGMENTATIONS	120,000		3,733,178		Renewal	41%				
	813280-3001	METERING - ASHFORD	-		-		Renewal	0%	CAPITAL WORKS IRA	813380-6220		-
	813280-3020	METERING - DELUNGRA	-		-		Renewal	0%				
	813280-3100	METERING - INVERELL	65,000		65,000		Renewal	60%	LOAN FUNDING	W1394.514		-
	813280-3230	METERING - YETMAN	-		-		Renewal	0%				
	813280-3020	METERING - BONSHAW	-		-		Renewal	0%				
	813290-3100	OTHER EQUIPMENT	15,000		15,000		Renewal	18%				
TOTAL			405,000	405,000		4,018,178						
ROADS												
	135960-3100	URBAN DRAINAGE RECONSTRUCTION-Construction Costs	107,250		176,108		Renewal	6%				
	138270-1000	URBAN WORKS PROGRAM	517,000		453,130		Renewal	0%				
	141341-1100	TOWN CENTRE RENEWAL			300,000		Renewal	34%				
	137561-1000	BLOCK GRANT WORKS	485,000		843,280		Renewal	41%	GRANT	122400-4450		485,000
	138691-1000	ACRD GRANT WORKS	1,614,731		2,065,926		Renewal	62%	GRANT	122760-1000		1,824,724
	138730-4450	3x3 GRANT WORKS	160,000		160,000		Renewal	0%	GRANT	122860-4450		160,000
	138280-1000	REPAIR PROGRAM WORKS (PJ143003,143004)	897,662		1,299,263		Renewal	51%	GRANT	122460-1000		1,297,662
	138400-1000	ROADS TO RECOVERY PROGRAM WORKS	922,968		934,612		Renewal	28%	GRANT	122880-1000		922,968
	141331-4450	CBD WORKS	17,300		17,300		Renewal	0%				
	139120	VILLAGES DEVELOPMENT WORKS	26,000		104,940		Renewal	7%				
	139200-1000	VILLAGES BITUMEN RESEALS	22,969		21,069		Renewal	0%				
	140110-1100	GRAVEL RESHEETING MINOR ROADS	49,220		49,220		Renewal	0%				
	140190-1000	GRAVEL RESHEETING MINOR ROADS	38,280		41,380		Renewal	100%				
	139400-1100	TIN TOT BRIDGE CONSTRUCTION			20,847		Renewal	95%				
	142301-1100	MAY STREET VIEWING AREA/LOOKOUT			14,527		New Asset	6%				
	145852-1100	NETWORK & SAFETY PROGRAM			63,000		New Asset	75%	GRANT	145851-1000		38,000
	160900-1000	OPTIGS - BUS SHELTERS			56,020		New Asset	75%				
	140501-1000	KERB & GUTTER CONSTRUCTION			153,679		Renewal	0%				
	142004-1100	HOLY TRINITY - KISS n DROP			2,702		New Asset	55%				
	142005-1100	RIFLE RANGE ROAD BITUMEN EXTENSION			49,881		New Asset	0%				
	142220-1100	MANSFIELD STREET			250,000		Renewal	0%				
	145650-1000	CYCLEWAY / FOOTPATH EXTENSIONS			64,000		New Asset	2%				
TOTAL			4,958,400	4,958,400		7,140,894						
TOTAL ACQUISITION OF ASSETS				7,949,890		18,471,238						
TOTAL ASSET RENEWALS				7,684,390		16,464,475						
TOTAL NEW ASSETS				265,500		2,006,763						
TOTAL												
TOTAL ACQUISITION OF ASSETS												
TOTAL ASSET RENEWALS												
TOTAL NEW ASSETS												
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TOTAL ACQUISITION OF ASSETS												
TOTAL ASSET RENEWALS												
TOTAL NEW ASSETS												

APPENDIX 6

INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDING 31-12-2014
CAPITAL BUDGET

	ORIGINAL BUDGET 2014/2015 (000's)	Approved Changes						REVISED BUDGET (000's)	Recommended Changes for Council Resolution (000's)	PROJECTED Year End Result 2014/2015 (000's)	ACTUAL YTD (000's)
		Revotes (000's)	Unexpended Grants (000's)	Sept 2014 Review (000's)	Dec 2014 Review (000's)	Mar 2015 Review (000's)	June 2015 Review (000's)				
CAPITAL FUNDING											
Rates and Other untied Funding											
General Fund	1,348							1,348	18	1,366	1,348
Sewer Fund	64							64	2	66	64
Water Fund	405							405		405	405
								-			
Capital Grants & Contributions											
Bushfire	360							360	66	426	
Sporting Fields	10			650				660		660	510
Library	25							25		25	
Roads	4,189			535				4,724	(77)	4,647	1,575
								-			
Internal Restricted Assets											
Aerodrome								-		-	
Plant Replacement	1,094							1,094		1,094	
Sewerage Future Capital Works	-							-		-	
Water Future Capital Works	-							-		-	
Strategic Capital Projects Fund	455			243				698		698	
Loan Funding	-							-		-	
Equity (Unexpended Grants and Contributions from previous years)		7,896	804					8,700	128	8,828	8,700
TOTAL CAPITAL FUNDING	7,950	7,896	804	1,428				18,078	137	18,215	12,602
CAPITAL EXPENDITURE											
Administrative Services	15		16					31		31	19
Aerodrome	-							-		-	
Engineering Equipment	2							2		2	2
SES/Bushfire	367	22						389	194	583	
Information Services	108	488						596		596	26
Sporting Fields	20	102		893				1,015		1,015	8
Cemetery	1							1		1	
Library	104		5					109		109	20
Plant	1,450							1,450		1,450	1,100
Other Structures/Buildings	455	896	235					1,586	18	1,604	478
Sewerage Services	64	1,855						1,919	2	1,921	60
Water Services	405	3,613						4,018		4,018	878
Roads	4,959	920	804	535				7,218	(77)	7,141	952
TOTAL CAPITAL EXPENDITURE	7,950	7,896	1,060	1,428				18,334	137	18,471	3,543

RECOMMENDED CHANGES TO REVISED BUDGET

The budget variations recommended above are required to be made to budget votes as a result of changes since the last budget review. Refer to attached appendix "Budget Variations" for commentary on each budget variation. Those items identified as requiring funding since the adoption of the 2014/2015 budget have now been funded.

INVERELL SHIRE COUNCIL
INVESTMENTS HELD 31-12-2014

Structured Product Investments Group				Maturity Date					
As at Date	Current Yield	Borrower		FUND	Rating	Risk Rating	Principal Value	Written Down Value 30-6-14	Current value
31/12/2014	0.000%	Lehman Brothers Treasury Co. B.v (CPPI - 7457)	9/05/2010*	Water	AA-	5	300,000	48,000.00	30,000.00
							300,000	48,000.00	30,000.00

Portfolio by Fund	as at 30-11-13	as at 31-12-13
General Fund	32,002,768.92	34,002,768.92
Water Fund	5,030,000.00	5,030,000.00
Sewer Fund	2,500,000.00	4,500,000.00
TOTAL	39,532,768.92	43,532,768.92

APPENDIX 8

**INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDING 31-12-14
CASH & INVESTMENTS**

	ORIGINAL BUDGET 2014/2015 (000's)	Approved Changes					REVISED BUDGET (000's)	Recommended Changes for Council Resolution (000's)	PROJECTED Year End Result 2014/2015 (000's)	ACTUALS (000's)
		Revotes (000's)	Sept 2014 Review (000's)	Dec 2014 Review (000's)	Mar 2015 Review (000's)	June 2015 Review (000's)				
EXTERNALLY RESTRICTED										
Water Services	7,308						7,308		7,308	7,308
Sewerage Services	3,900						3,900		3,900	3,900
Waste Management	1,382						1,382		1,382	1,382
Special Purpose Grants	1,638						1,638		1,638	3,448
Developer Contributions	296						296		296	157
Bonds & Deposits	25						25		25	30
Stormwater Management	-						-		-	109
Other Contributions	118						118		118	72
TOTAL EXTERNALLY RESTRICTED	14,667						14,667		14,667	16,406
INTERNALLY RESTRICTED										
Employee Leave Entitlements	1,044						1,044		1,044	1,044
Strategic Development Fund	1,115						1,115		1,115	1,115
Plant Replacement	3,656						3,656		3,656	3,656
Computer	758						758		758	758
Administration Building	2,568						2,568		2,568	2,568
Aerodrome	508						508		508	508
Workers Compensation Insurance	439						439		439	439
Future Capital Works/Land Purchases	1,355						1,355		1,355	1,355
Emergency Management/ Equipment Upgrades	211						211		211	211
Special Capital Projects	384						384		384	384
Town Hall Upgrade	100						100		100	100
Other Restrictions	4,238						4,238		4,238	4,238
TOTAL INTERNALLY RESTRICTED	16,376						16,376		16,376	16,376
TOTAL RESTRICTED	31,043						31,043		31,043	32,782
TOTAL CASH & INVESTMENTS	40,509						40,509		41,025	43,532
AVAILABLE WORKING CAPITAL	9,466	Figure incl. revotes & Unexpended grants from 2013/14 \$4.7m					9,466		9,982	10,750

Note: The annual interest generated on Council's Working Capital is the funding source for Council's annual Strategic Capital Infrastructure Project Fund. Any reduction in Working Capital will result in a further reduction in the quantum of funds available annually for Council to undertake Strategic Projects

COMMENT ON CASH & INVESTMENT POSITION

Councils overall Investment Portfolio remains sounds and as at 31 December 2014 Councils Cash and Investment Portfolio totalled \$43.5 million plus \$1.32 million Cash at bank. This includes securities with a market value of \$30K that are subject the market volatility and are effected by the Lehman Brothers Liquidation.

STATEMENTS**INVESTMENTS**

I, Ken Beddie, as Council's Responsible Accounting Officer, hereby certify that the restricted funds listed above are invested 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. For further information about Councils investment portfolio and performance refer to Councils Monthly Investment Report included in Councils Business Paper

Total External Restricted Funds	16,406
Total Internal Restricted Funds	16,376
Total Restricted	32,782
Total Funds Invested as per Investment Report (31-12-14)	43,532
Total Available Working Capital	10,750

CASH

I, KEN BEDDIE, as Council's Responsible Accounting Officer, hereby certify that the bank balances, as per General Ledger, have been reconciled with the bank statements as at 15 January, 2015, and the details have been recorded. For further information about Councils bank reconciliations refer to Councils Monthly Financial Statements report included in the Council Business Paper

RECONCILIATION

I, KEN BEDDIE, as Council's Responsible Accounting Officer, hereby certify that the investment balances, as per General Ledger, have been reconciled with the investment report for the month of December, 2014, and the details have been recorded. For further information about Councils investment portfolio and performance refer to Councils Monthly Investment Report included in the Councils Business Paper.

APPENDIX 9

**INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDING 31-12-2014
CONTRACTS**

Contractor	Contract Details & purpose	Contract Value	Commencement Date	Duration of Contract	Budgeted (Y/N)
Interflow P/L	Realign Stormwater Culverts	\$75K	December 2014	1 Month	Y
RMS Linemarkers	Line Marking	\$100K	December 2014	Completed	Y
Danbuilt	Refurbishment of Ashford Medical Centre	542K	June 2014	7 Months	Y
Telco Civil P/L	Optic Fibre Line to Depot	\$176K	December 2014	5 Months	Y

Notes

1. Minimum reporting level is 1% of estimated income from continuing operations or \$50,000 whichever is the lesser
2. Contractors to be listed are those entered into during the quarter and have yet to be fully performed, excluding contractors that are on Council's Preferred supplier list
3. Contracts for employment are not included

Explanation of Unbudgeted Contracts

**INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDING 31-12-2014
CONSULTANCY & LEGAL EXPENSES**

EXPENSE	EXPENDITURE YTD	BUDGETED (Y/N)
CONSULTANCIES		
Heritage Advisor	5,400.00	Y
Waste Management	5,600.00	Y
Investment Advisor	8,050.00	Y
NSW Public Works	7,817.00	Y
LEGAL FEES	6,049.34	Y

Definition of Consultant

A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high level special or professional advice to assist decision making by management. General it is the advisory nature of the work that differentiates a consultant from other contractors

Explanation of Unbudgeted Consultancy & Legal Fees

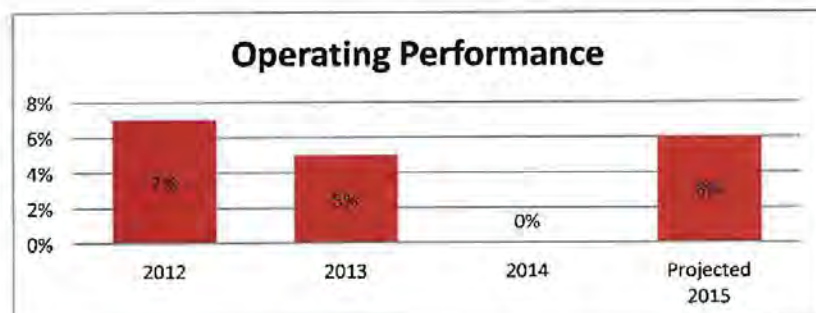
APPENDIX 10

INVERFLEET OPERATIONS 2014-2015

FROM 01-Jul-2014 TO 31-Dec-2014

SUFFIX	DESCRIPTION	2015 BUDGET	2015 Y.T.D.	% VOTE	BALANCE
	Operators Wages	30,000	33,895	113.0%	-3,895
	Mechanics Wages	208,110	147,972	71.1%	60,138
	Repairs	15,000	353	2.4%	14,647
	Parts	335,000	171,860	30.3%	395,140
	Tyres	217,000	69,861	4.1%	147,139
	Fuel	1,150,000	531,388	46.2%	618,612
	Registration	190,000	17,763	9.3%	172,237
	Accident Expenses	7,500	-	0.0%	7,500
	Depreciation	1,710,000	857,342	50.1%	852,658
	Oils & Lubricants	45,000	14,701	32.7%	30,299
	Cutting Edges	65,000	28,065	43.2%	36,935
	Insurance	143,000	148,736	104.0%	-5,736
148170	Miscellaneous +G4817.000	200,000	43,869	21.9%	156,131
148190	Insurance Excess	8,000	7,000	87.5%	1,000
148210	Ashford Workshop Exp.	20,000	3,511	17.6%	16,489
148220	Inverell Workshop Exp.	40,000	14,792	37.0%	25,208
148230	Apprentice Exp.	12,500	6,146	49.2%	6,354
148240	Administration Charge	248,568	64,445	25.9%	184,123
148250	Small Plant & Tools	62,670	34,919	55.7%	27,751
994825	Depreciation Small Plant & Tools	64,500	32,338	50.1%	32,162
148260	Plant & Tools under \$750	3,000	-	0.0%	3,000
148280	Oncosts (Super,w/comp etc.)	138,075	59,719	43.3%	78,356
146370	2 Way Radio SYSTEM UPGRADE	0	-	0.0%	0
146380	2 Way Radio M & R	6,455	9,470	146.7%	-3,015
146390	2 Way Radio Installations	2,500	-	0.0%	2,500
146400	2 Way Radio Licences	1,350	-	0.0%	1,350
TOTAL OPERATING COSTS:		4,923,228	2,298,145	46.7%	1,388,413
128780	Council Hire	-4,799,000	2,386,241	49.7%	-2,412,759
128781	RTA Hire	0	-	0.0%	0
128782	Private Hire	-6,000	-	0.0%	-6,000
G2315	Apprentice Subsidy	-	-	0.0%	0
127800	Radio Communications Site	-1,500	-	0.0%	-1,500
148400	Small Plant & Tools	-117,190	58,595	50.0%	-58,595
TOTAL OPERATING INCOME:		-4,923,690	2,444,836	49.7%	-1,299,794
NET RESULT:		-462	146,690	31751.1%	146,228
Less Plant Upgrade/New Plant added to fleet		0	-	0.0%	0
Less Capital Replacement Inflation Allowance		-462	146,690	31751.1%	146,228
REPLACEMENT PROGRAM					
161620	Heavy Plant Purchases	882,000	962,915	109.2%	-80,915
161600	Light Plant Purchases	428,000	260,658	60.9%	167,342
161590	Small Plant Purchases	80,000	49,723	62.2%	30,277
148221	Workshop Equipment	20,000	-	0.0%	20,000
		1,410,000	1,273,295	90.3%	136,705
168100	Sale of Heavy Plant	-142,000	60,000	42.3%	-82,000
168110	Sale of Light Plant	-174,000	158,006	90.8%	-15,994
168120	Sale of Small Plant	0	1	0.0%	1
NET RESULT:(Surplus)/Deficit		1,094,000	1,055,288		38,712
PLANT RESERVE					
G6168	Estimated Balance 1.7.14	3,656,062	-		3,656,062
G6168.802	Transfer from 2014/2015	-1,094,000	-		-1,094,000
G6168.801	Transfer to 2014/2015	1,774,500	-		1,774,500
G6168	Balance 30.06.2015	4,336,562	-		4,336,562

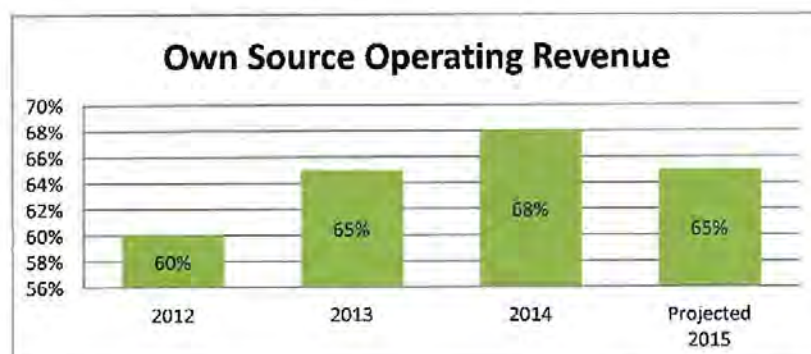
**INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDING 30/9/2014
KEY PERFORMANCE INDICATORS**



The **Operating Performance Ratio** indicates that Council operating revenue, excluding capital grants and contributions are sufficient to cover operating expenditure. Council has exceeded both the benchmarks listed below

The Tcorp benchmark for the ratio is to have a deficit of less than 4%.

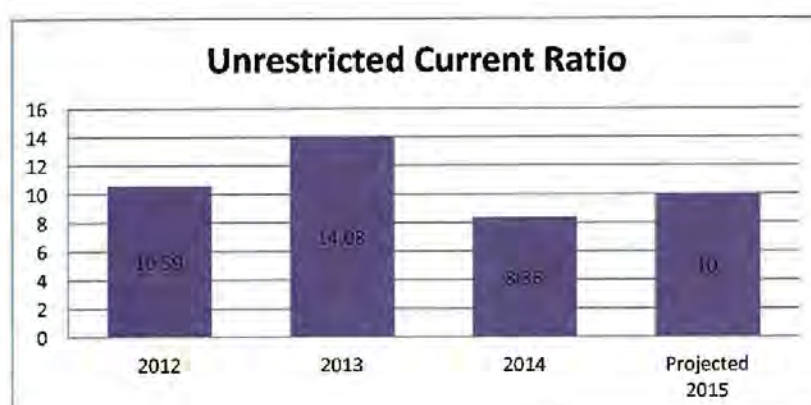
The "fit for the future" benchmark is that council should have a breakeven or better operating performance ratio over a three year period.



The **Own Source Operating Revenue** indicates that Council has a low dependence on grants and contributions. Council has exceeded both the benchmarks listed below

The Tcorp benchmark for sustainability is to have a ratio of greater than 60%

The "fit for the future" benchmark is that councils should have own source revenue of greater than 60% over a three year period.

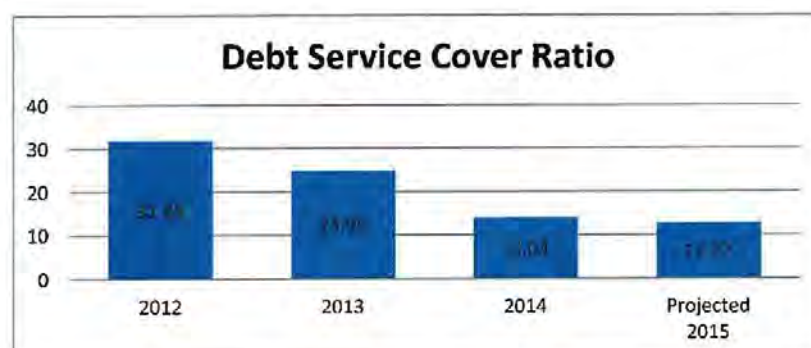


The **Unrestricted Current Ratio** excludes all current assets and liabilities that are restricted for specific purposes. These include the water, sewer, domestic waste management functions and specific purpose unexpended grants and contributions

This ratio is before setting aside cash to fund internal restrictions in the General Fund.

The Tcorp benchmark is greater than 1.5

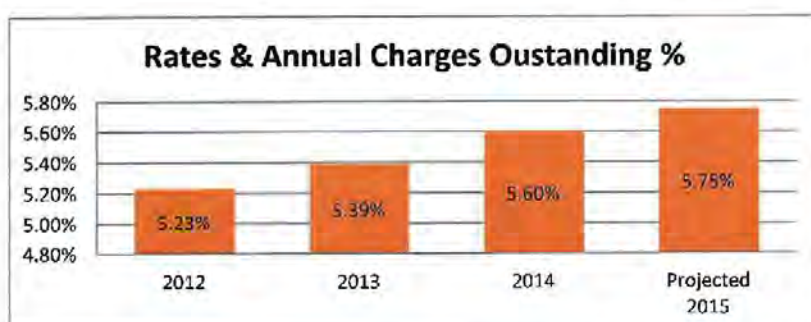
The "fit for the future" benchmark is that councils should have own source revenue of greater than 60% over a three year period.



The **Debt Service Ratio** indicates the extent to which council's operating revenues are committed to servicing both interest and the repayment of principal repayments on existing loans.

Councils Debt Service Ratio will increase marginally over the coming years with Councils increasing its loan borrowings by \$2m for Water and Sewer Fund activities

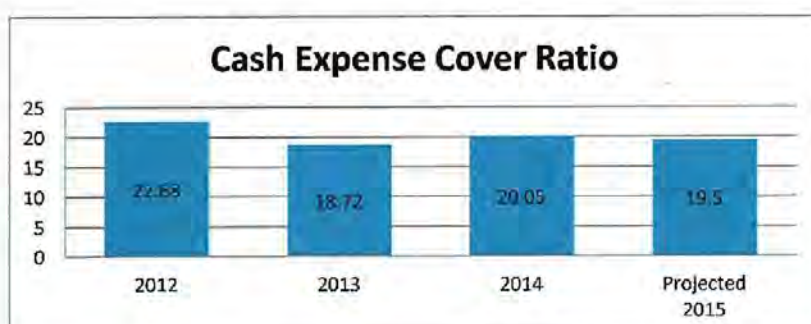
The Tcorp benchmark is to have a ratio of greater than 2.



The **Outstanding Rates Ratio** indicates the percentage of uncollected rates and charges and the adequacy of recovery efforts.

Council's ratio remains at a low level and is within benchmarks for group 11 Councils and reflects good recovery procedures as advised by Councils Auditor

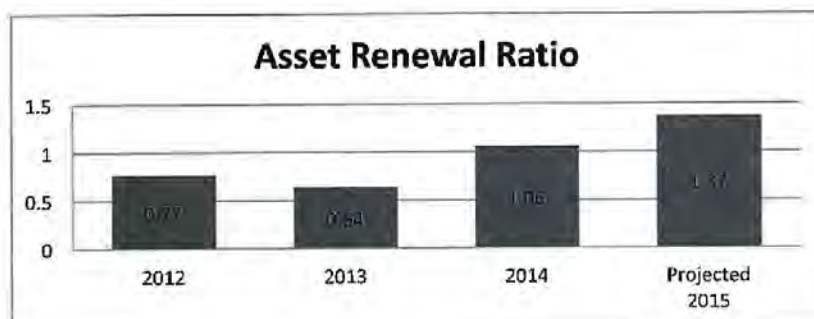
The Tcorp benchmark is to have a ratio of less than 10%



The **Cash Expense Cover Ratio** indicates the number of months Council can pay its expenses without additional cash flow.

The Tcorp benchmark is to have reserves to meet at least three months of operating expenditure

**INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDING 30/9/2014
KEY PERFORMANCE INDICATORS**

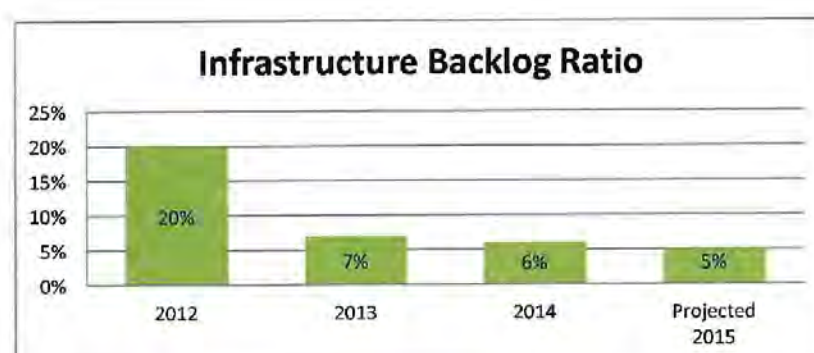


The **Asset Renewal Ratio** indicates the rate at which assets are being renewed against the rate they are being depreciated.

Council's ratio indicates that Council is expending more on asset renewals compared to the estimated asset deterioration (depreciation) across the General, Water and Sewerage Funds. This is largely due to the quantum of grant funded works being undertaken on the Shire Road Network.

The Tcorp benchmark is to have a ratio of greater than 1.

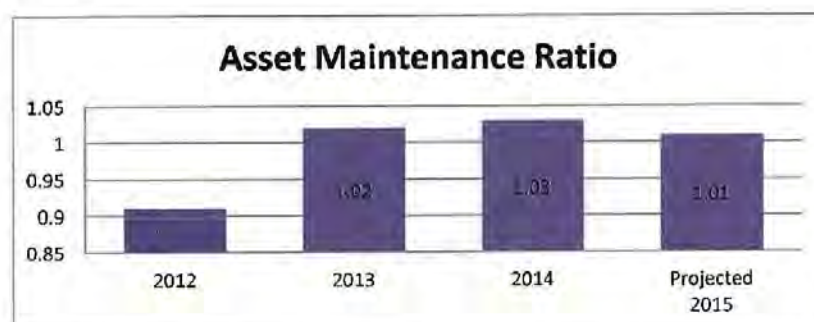
The "fit for the future" benchmark is that councils should have a ratio of greater than 1 over a three year period



The **Infrastructure Backlog Ratio** assess Council infrastructure backlog against the total value of councils infrastructure.

The Tcorp benchmark is a ratio of less than 20%.

The "fit for the future" benchmark is less than 2%



The **Asset Maintenance Ratio** compares actual asset maintenance expenses against the estimated asset maintenance required for each year.

The Tcorp benchmark is a ratio of greater than 1

The "fit for the future" benchmark is less than 2%



The **Capital Expenditure Ratio** indicates the extend to which Council is forecasting to expend its asset base with capital expenditure spent on both new assets and replacement and renewal of existing assets.

The Tcorp benchmark is a ratio of greater than 1.1.