

**INVERELL SHIRE COUNCIL**

**NOTICE OF MEETING**

**ECONOMIC & COMMUNITY SUSTAINABILITY COMMITTEE**

5 April, 2019

An Economic & Community Sustainability Committee Meeting will be held in the Committee Room, Administrative Centre, 144 Otho Street, Inverell on Wednesday, 10 April, 2019, 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**

---

---

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

---

## Quick Reference Guide

*Below is a legend that is common between the:*

- Inverell Shire Council Strategic Plan;
- Inverell Shire Council Delivery Plan; and
- Inverell Shire Council Operational Plan.



# ECONOMIC & COMMUNITY SUSTAINABILITY COMMITTEE MEETING

Wednesday, 10 April, 2019

---

## Table of Contents

### SECTION/PAGE

2019/2020 Draft estimates and operational plan, and long term financial plan	D	22
2019/2020 Tingha Rating Structure	D	12
<b>ARTS NORTH WEST (ANW) MEMBERSHIP</b>	D	9
Donation Request – Inverell’s Got Talent 2019 – Rotary Club of Inverell East	D	3
Expiring Licence Agreement – Mr Rob & Mrs Jacqui Strahley	D	6
Expiring Licence Agreement – Servco Australia Tamworth Pty Ltd trading as New England Toyota	D	7
Governance - Monthly Investment Report	G	1
Medical Centre Development	H	1
Medical Centre Development (listing)	D	1

MINUTES OF THE ECONOMIC & COMMUNITY SUSTAINABILITY COMMITTEE  
MEETING HELD IN THE COMMITTEE ROOM, INVERELL SHIRE COUNCIL, 144  
OTHO STREET, INVERELL ON WEDNESDAY, 13 MARCH, 2019, COMMENCING  
AT 10.15AM

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

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

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

SECTION A

APOLOGIES:

Apologies were received from Cr P A King.

*RESOLVED (Michael/Harmon) that the apology from Cr King be noted.*

1. CONFIRMATION OF MINUTES

*RESOLVED (Michael/Dight) that the Minutes of the Economic and Community Sustainability Committee Meeting held on 13 February, 2019 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 B  
ADVOCACY REPORTS

Cr Michael Inverell Show 2019

Cr Michael represented the Mayor at the Inverell Show, which was well supported particularly on the Saturday night.

Cr Dight International Women's Day

Cr Dight attended an International Women's Day Event held at the Inverell Art Gallery.

Cr Dight Texas Mental Health Day

Cr Dight attended the Texas Mental Health Day on 11 March run by the Lions Club.

Cr Dight Kaput

Cr Dight reminded all Councillors on behalf of the Cultural Group about the production of Kaput being held at the Inverell Town Hall on

Wednesday 27 March and added the Cultural Group has recently formed a Sub Committee tasked with promoting future events.

Cr Baker            Visit from Holroyd Rotary Club

Cr Baker along with Cr Harmon and Cr Dight attended a BBQ held by Inverell Rotary Club to celebrate the visit from Holroyd Rotary Club. The visit was part of a drought support initiative by the Rotary District Body and included visits to local farms and other enterprises.

#### SECTION D DESTINATION REPORTS

1.    REQUEST FOR ASSISTANCE – EAT DRINK LIVE NEW ENGLAND S12.22.1/12

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

- *Council provide \$4,000 financial support to help meet the costs of entertainments at the Eat Drink Live New England Event.*
- *That the organisers of the event be required to acknowledge Council support as detailed in the funding agreement.*
- *That a report be provided to Council on the outcomes of the event, and that the organisers consider how the event maybe financially sustainable in the future without Council support.*

2.    NEW DEPOT STORAGE SHED S5.11.38

*RESOLVED (Harmon/Dight) that the Committee recommend to Council that Council approves the construction of a new Depot Storage Shed and tenders be called in accordance with the Local Government Tendering Regulations.*

#### SECTION F QUESTIONS WITHOUT NOTICE

Cr Dight            'Yes We Can' Yetman

Cr Dight requested assistance with applying for a road closure for the Yetman, 'Yes we Can' Event.

#### SECTION G GOVERNANCE REPORTS

1.    GOVERNANCE - MONTHLY INVESTMENT REPORT S12.12.2/12

*RESOLVED (Dight/Harmon) that:*

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

There being no further business, the meeting closed at 10.38 am.

CR J A WATTS  
CHAIRPERSON

**TO ECONOMIC & COMMUNITY SUSTAINABILITY COMMITTEE MEETING 10/04/2019**

<b>ITEM NO:</b>	1.	<b>FILE NO:</b> DA-143/2018
<b>DESTINATION 4:</b>	A strong local economy	<b>B</b>
<b>SUBJECT:</b>	<b>MEDICAL CENTRE DEVELOPMENT (LISTING)</b>	
<b>PREPARED BY:</b>	Paul Henry, General Manager	

**SUMMARY:**

A report has been prepared for consideration by the Committee. The Committee is being asked to consider the Confidential Report.

**COMMENTARY:**

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

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

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

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

- (1) *The grounds on which part of a meeting is closed must be stated in the decision to close that part of the meeting and must be recorded in the minutes of the meeting.*
- (2) *The grounds must specify the following:*
  - (a) *the relevant provision of section 10A (2),*
  - (b) *the matter that is to be discussed during the closed part of the meeting,*
  - (c) *the reasons why the part of the meeting is being closed, including (if the matter concerned is a matter other than a personnel matter concerning particular individuals, the personal hardship of a resident or ratepayer or a trade secret) an explanation of the*

*way in which discussion of the matter in an open meeting would be, on balance, contrary to the public interest.*

Having regard for the requirements stated in s.10D of the Act, Councillors should note that the matter listed for discussion in Closed Council contains commercial information.

The recommendation that this item of business be considered in closed Council specifically relies upon section 10A(2)(a):

- a) Information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business; and
- b) on balance, the public interest in preserving the confidentiality of this matter outweighs the public interest in openness and transparency in Council decision-making by discussing the matter in open meeting.

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

**Strategy:** R.07 Council is recognised for and distinguished by its management, innovation and customer service.

**Term Achievement:** R.07.01 Council's operating culture is flexible, efficient, integrated and aligned to Council's strategic objectives and program delivery.

**Operational Objective:** R.07.01.01 Implement a structured program of continuous improvement, based on identifying and adopting leading practice, across the organisation.

#### **POLICY IMPLICATIONS:**

Nil.

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

Nil.

#### **LEGAL IMPLICATIONS:**

Nil.

#### **RECOMMENDATION:**

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

- i) the report includes 'Information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business' (Section 10A(2)(c) of the Local Government Act, 1993); and*
- ii) on balance the public interest in preserving the confidentiality of this matter outweighs the public interest in openness and transparency in Council decision-making by discussing the matter in open meeting.*

<b>ITEM NO:</b>	2.	<b>FILE NO:</b> S12.22.1/12
<b>DESTINATION 5:</b>	The communities are served by sustainable services and infrastructure	<b>S</b>
<b>SUBJECT:</b>	<b>DONATION REQUEST – INVERELL’S GOT TALENT 2019 – ROTARY CLUB OF INVERELL EAST</b>	
<b>PREPARED BY:</b>	Kristy Paton, Corporate Support Officer - Publishing	

**SUMMARY:**

Council has received a request from The Rotary Club of Inverell East, seeking a donation towards the cost of Inverell’s Got Talent 2019. The Committee is asked to consider this request.

**COMMENTARY:**

Inverell’s Got Talent will again be organised by the Rotary Club of Inverell East and will be held as part of the Sapphire City Festival in October 2019. This year’s event marks the 10<sup>th</sup> year anniversary of Inverell’s Got Talent.

This year’s Finals Night will be held on 25 October at the Town Hall and given its popularity in previous years it is expected to draw capacity crowds again this year.

Last year Council provided a donation of \$800 towards the cost of the event through the NSW Youth Initiative Program. The club are again seeking financial donations towards the cost of Inverell’s Got Talent. The club relies heavily on donations from local businesses in Inverell however due to the current drought conditions sponsorship is becoming difficult to obtain.

A copy of the correspondence received from the Secretary of Rotary Club of Inverell East, Ros Scoble is attached as Appendix 1 (D3). The Committee is asked to determine if it wishes to provide a contribution to The Rotary Club of Inverell East towards the cost of Inverell’s Got Talent and if so, in what capacity.

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

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

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

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

**POLICY IMPLICATIONS:**

Management Policy: Donation Policy – ‘Council in accordance with the provisions of Section 356 of the *Local Government Act, 1993* may provide financial assistance by way of Donations to others, including charitable, community and sporting organisations. The purpose of providing Donations from public funds is to help promote or assist individuals or organisations for which there is a recognised public benefit, Generally the maximum donation provided will be \$200.00.’

**CHIEF FINANCIAL OFFICERS COMMENT:**

Funding could be sourced from Council’s Section 356 Donations Allocation. Expenditure is currently \$5,200 out of \$7,400 budget.



**LEGAL IMPLICATIONS:**

Nil.

**RECOMMENDATION:**

*A matter for the Committee.*

## APPENDIX 1

Rotary  
District 9650

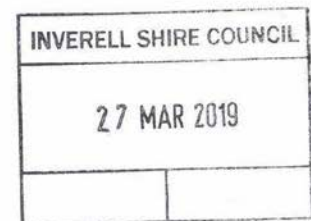


## Rotary Club of Inverell East

President: Tim Newberry  
Secretary: Ros Scoble

PO Box 472  
Inverell  
NSW 2360  
Australia 2360  
[Inverelleastrotary1@gmail.com](mailto:Inverelleastrotary1@gmail.com)

General Manager  
Mr Paul Henry  
Inverell Shire Council  
PO Box 138  
Inverell 2360  
25.3.2019



Dear Paul,

The Inverell East Rotary Club intends to organise 'Inverell's Got Talent' again this year as part of the Sapphire City Festival in October. This will be our tenth year and the Finals Night has become a popular event on the Festival Calendar.

Inverell's Got Talent attracts a capacity audience in the Town Hall and has always been a quality night of entertainment. It also gives young and old artists an opportunity to perform in front of a large audience. A number of past participants including Megan Longhurst, Melanie Dyer and Ashleigh Campbell, are pursuing careers in music as a result of participating in Inverell's Got Talent.

Last year the Council, through the NSW Youth Initiative Program, donated \$800 towards our costs. This was greatly appreciated. However, our club still depends heavily on donations from local business houses. As you are aware, business houses are suffering from the drought as well as farmers and sponsorship is getting harder to obtain.

Our Club is wondering if there are any sources of funds the Council has that could contribute to the costs of running Inverell's Got Talent this year. Any financial assistance would be greatly appreciated.

Kind regards

*Ros Scoble*  
Ros Scoble  
Secretary  
Rotary Club of Inverell East

<b>ITEM NO:</b>	3.	<b>FILE NO:</b> S5.10.83
<b>DESTINATION 5:</b>	The communities are served by sustainable services and infrastructure.	<b>S</b>
<b>SUBJECT:</b>	<b>EXPIRING LICENCE AGREEMENT – MR ROB &amp; MRS JACQUI STRAHLEY</b>	
<b>PREPARED BY:</b>	Kristy Paton, Corporate Support Officer - Publishing	

**SUMMARY:**

The Licence Agreement between Council and is due to expire on 31 May, 2019. The Committee is requested to consider offering Mr Rob & Mrs Jacqui Strahley a new agreement.

**COMMENTARY:**

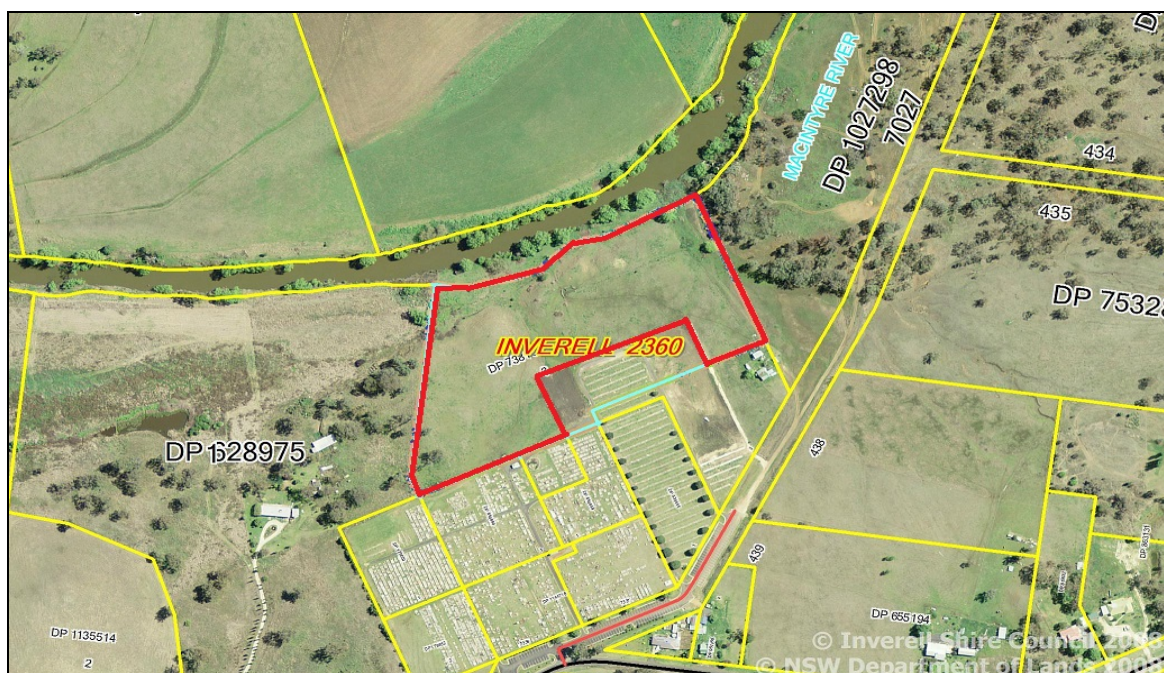
The Licence Agreement between Council and Mr Rob & Mrs Jacqui Strahley for Part Lot 3 DP 738104, Inverell Cemetery, expires on 31 May, 2019. The authorised use of the land is for grazing and holding stock.

An inspection of the area confirms use is in accordance with the Licence Agreement. The parcel of land is 4.8 hectares of alluvial basalt soil located between the Inverell Cemetery and the Macintyre River. Mr and Mrs Strahley own the property across the river from this section of land and intend to graze cattle, with livestock water provided at the adjoining river.

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

Further noted is the last billed amount of \$218.55 (GST inclusive).

The Committee is requested to consider offering Mr Rob and Mrs Jacqui Strahley a new Agreement.



**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.01.10 Best Practice in Land Use Administration has been adopted and implemented.

**Operational Objective:** To maintain a suitable portfolio of land for development and sale at a fair market price.

**POLICY IMPLICATIONS:**

Nil.

**CHIEF FINANCIAL OFFICERS COMMENT:**

Nil.

**LEGAL IMPLICATIONS:**

Nil.

**RECOMMENDATION:**

*That the Committee recommends to Council that:*

- i) *Council renew the agreement with Mr Rob & Jacqui Strahley for Part Lot 3 DP 738104, Inverell Cemetery, Inverell;*
- ii) *The licence agreement be for a two (2) year period with a two (2) year option;*
- iii) *The Licence fee be \$225.10 per annum (GST Inclusive) with a 3% increase per annum; and*
- iv) *The Licence Agreement be subject to any other terms and conditions as negotiated by Council's General Manager.*

<b>ITEM NO:</b>	4.	<b>FILE NO:</b> S5.10.130
<b>DESTINATION 5:</b>	The communities are served by sustainable services and infrastructure.	<b>S</b>
<b>SUBJECT:</b>	<b>EXPIRING LICENCE AGREEMENT – SERVO AUSTRALIA TAMWORTH PTY LTD TRADING AS NEW ENGLAND TOYOTA</b>	
<b>PREPARED BY:</b>	Kristy Paton, Corporate Support Officer - Publishing	

**SUMMARY:**

The Licence Agreement between Council and Servco Australia Tamworth Pty Ltd trading as New England Toyota is due to expire on 30 May, 2019. The Committee is requested to consider offering Servco Australia Tamworth Pty Ltd trading as New England Toyota a new Agreement.

**COMMENTARY:**

The Licence Agreement between Council and Servco Australia Tamworth Pty Ltd trading as New England Toyota for Lot 2, DP 1038122 Oliver Street, Inverell expires on 30 May, 2019. The authorised use of the land is for the purpose of staff car parking and storage of excess used cars during business hours.

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

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

Further noted is the last monthly billed amount of \$200 (GST inclusive). This a net annual amount of \$2181. Annual rates for this block of land are \$5095.80.

The Committee is requested to consider offering Servco Australia Tamworth Pty Ltd trading as New



England Toyota a new Agreement.

**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.01.10 Best Practice in Land Use Administration has been adopted and implemented.

**Operational Objective:** To maintain a suitable portfolio of land for development and sale at a fair market price.

**POLICY IMPLICATIONS:**

Nil.

**CHIEF FINANCIAL OFFICERS COMMENT:**

This fee was originally a short term arrangement but has now been in place for quite some time with no increases, it is recommended the amount be doubled to \$400 per month (net \$4363 p.a) which is still \$732.15 less than the amount of rates.

**LEGAL IMPLICATIONS:**

Nil.

**RECOMMENDATION:**

*That the Committee recommends to Council that:*

- i) Council renew the agreement with Servco Australia Tamworth Pty Ltd trading as New England Toyota for Lot 2, DP 1038122 Oliver Street, Inverell;*
- ii) The licence agreement be for a five (5) year period with a five (5) year option;*
- iii) The Licence fee be \$400 per month (GST Inclusive); and*
- iv) The Licence Agreement be subject to any other terms and conditions as negotiated by Council's General Manager.*

<b>ITEM NO:</b>	5.	<b>FILE NO:</b> S26.5.4
<b>DESTINATION 2:</b>	A community that is healthy, educated and sustainable	<b>C</b>
<b>SUBJECT:</b>	<b>ARTS NORTH WEST (ANW) MEMBERSHIP</b>	
<b>PREPARED BY:</b>	Paul Henry, General Manager	

**SUMMARY:**

The Committee is requested to consider if Council should renew its membership of ANW.

**COMMENTARY:**

In 2018, Council resolved to take up membership of ANW for one (1) year. In one (1) year membership would permit Council to assess the activities undertaken by ANW in Inverell Shire during that period and thereby form a view on the 'value of being a member' of ANW.

i) Membership

ANW has now written to Council requesting renewal of its membership, and in support of this request has stated:

*'Please find enclosed a summary of Arts North West's support of arts and cultural activity in your area for 2018 (refer to Appendix 2 (D9)).*

*In 2019, we are continuing to roll out a number of regional wide projects including developing the New England North West Aboriginal arts and cultural strategy, an Aboriginal film-making project, Enable Arts (arts and disability) regional project, the expansion of Arts North West Connect (cultural tourism) as well as our key professional development programs.*

*2019 is also the year for Artstate, the state regional arts conference which will be hosted by Tamworth 31 October to 3 November'.*

The one page summary report makes no mention that ANW membership enables Inverell organisations to gain access to touring theatre companies and pay to bring chosen shows/productions to Inverell. This is a benefit of membership, albeit a benefit that does involve extra costs for Inverell based organisations. If Committee members consider access to touring companies' itinerary a benefit, and renewed membership is favoured, it may be worth considering committing to membership for a longer period than 12 months. The reason being that touring companies plan their itineraries two (2) and three (3) years in advance.

The 2018 annual contribution paid by Inverell Shire Council was \$11855, the amount of \$5928 represents 6 months membership costs.

The 2019 membership contribution will be \$12,448.47.

ii) Advisory Council

During 2018, ANW considered its governance arrangements and decided to set up an Advisory Council to guide the Strategic direction of the Board of ANW. The Advisory Council is comprised of one (1) representative from each of the 12 Councils in the ANW area.

ANW invites Council to nominate a person to serve on this Advisory Council. The 'person' may be a Councillor, staff member or community member.

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

**Strategy:** C.07 Provide local opportunities for recreation, cultural and social activities.

**Term Achievement:** C.07.01 Council has locally focused cultural programs and initiatives that facilitate forums, networks and training opportunities that are conducive to strengthening relationships between tourism, arts, heritage, sports and recreational interests.

**Operational Objective:** C.07.01.01 To provide and assist community groups in the provision of recreational and cultural facilities and services for the enjoyment of all residents and visitors to the Shire

**POLICY IMPLICATIONS:**

Nil.

**CHIEF FINANCIAL OFFICERS COMMENT:**

Is currently included in the 2019/2020 draft operational plan.

**LEGAL IMPLICATIONS:**

Nil.

**RECOMMENDATION:**

*A matter for the Committee.*



**APPENDIX 2**

connections  
creativity  
communities

**Our Vision**

A rich cultural landscape in the New England North West of NSW.

**Our Mission**

To generate creative opportunities in the New England North West of NSW.

**Core Objectives**

- Develop, broaden and diversify our audiences and their participation in arts and cultural activities
- Build community cultural capacity
- Forge strong partnerships and networks across the region through a strong communication platform
- Provide sound and effective corporate governance to ensure a sustainable organisation.

**2018 ARTS NORTH WEST INCOME****NSW CONTEXT**

- 14 Regional Arts Development Organisations (RADO)
- 101 councils contribute (out of 108)
- \$1.964 million from Arts NSW into network
- \$925,691 LGA investment
- \$1.928 million additional project funding sourced by RADOs
- 40+ arts workers employed by RADOs

PLEASE NOTE - THIS COVERS 6 MONTHS ONLY (July to December)

**2018 SUPPORTED ACTIVITIES:****Core services:**

- Advice and Advocacy
- Professional Development Service
- Promotion and Marketing
- Networking and Partnerships
- Aboriginal Cultural Support Program
- Arts and Disability Program (Enable Arts)
- Cultural Tourism (ANW Connect)

**SPECIFIC ACTIVITIES IN INVERELL SHIRE:**

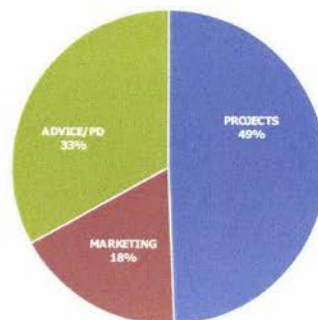
- Arts North West PD Workshop Grant-Writing
- NAVA pricing your work workshop
- Create NSW Project Ideas Roadshow
- Aboriginal Cultural Support Program – Making Old Markings New, Creative Koori Capacity-Building
- ANW Connect – 2 subscribers

**INVERELL SHIRE**

2018 contribution: \$5,928

Total received: \$24,300

Return on investment 310%



More information, contact

Caroline Downer, Executive Director, Arts North West  
 rado@artsnsw.com.au M: 0428 042 622



<b>ITEM NO:</b>	6.	<b>FILE NO:</b> S25.12.15
<b>DESTINATION 5:</b>	The communities are served by sustainable services and infrastructure	<b>S</b>
<b>SUBJECT:</b>	<b>2019/2020 TINGHA RATING STRUCTURE</b>	
<b>PREPARED BY:</b>	Paul Pay, Manager Financial Services	

**SUMMARY:**

This report discusses considerations in respect of rating and charges of the Tingha properties moving to the Inverell Shire, from 1 July, 2019 as part of the *Local Government (Armidale and Inverell – Alteration of Boundaries) Proclamation 2019*.

**COMMENTARY:**

Armidale Regional Council (ARC) has identified approximately 521 rateable properties that will transition to Inverell Shire Council (ISC) from 1 July, 2019. This report provides information on how it is proposed to rate these properties.

The transition of these properties is regarded as a boundary adjustment not an amalgamation of local government areas. This is significant as there are legislative obligations that apply to an amalgamation that do not apply to a boundary adjustment.

The specific notable impacts arising from “boundary adjustment” are:

- The freeze to rates on these properties as a result of the Guyra - Armidale amalgamation will no longer apply when they transition to Inverell Shire; and
- The Special Rate Variation currently approved for the Inverell Shire shall apply to these properties when they transition to Inverell Shire.

Council has sought advice from the Office of Local Government, their opinion is these properties should be rated as per Council's 2019/2020 rating structure which will be adopted in conjunction with the 2019/2020 Operational Plan and Budget. The situation is not unlike the development of a large subdivision that creates additional rateable assessments.

**A. Categorisation**

The Section 514 of the *Local Government Act, 1993 (LGA)* requires each parcel of land transferred to ISC to be “declared” as belonging to one of the following categories.

- farmland
- residential
- mining
- business.

It should be noted that land defaults to the “business” category if it cannot be categorised as farmland, residential or mining. The main land uses that will fall within the “business” category are commercial and industrial properties.

The LGA permits Council to establish Sub-Categories within the above four (4) categories. Section 529 of the LGA states:

***529 Rate may be the same or different within a category***

- i) Before making an ordinary rate, a council may determine a sub-category or sub-categories for one or more categories of rateable land in its area.
- ii) A sub-category may be determined:
- (a) for the category "farmland"--according to the intensity of land use, the irrigability of the land or economic factors affecting the land, or
  - (b) for the category "residential"--according to whether the land is rural residential land or is within a centre of population, or
  - (c) for the category "mining"--according to the kind of mining involved, or
  - (d) for the category "business"--according to a centre of activity.
- Note : In relation to the category "business", a centre of activity might comprise a business centre, an industrial estate or some other concentration of like activities.
- iii) The ad valorem amount (the amount in the dollar) of the ordinary rate may be the same for all land within a category or it may be different for different sub-categories.
- iv) Land may be taken to be irrigable for the purposes of subsection (2) (a) if, and only if, it is the subject of a water right within the meaning of the Valuation of Land Act 1916 .

Each transferred property has been allocated to a category within the ARC rating structure, so the starting point for this requirement of the Act is a comparison of the ARC and ISC categories. The current rating structure for Inverell Shire Council is:

**Farmland:** No sub category

**Residential:** Subcategories of: Residential Inverell, Residential Ashford, Residential Delunga, Residential Gilgai, Residential Yetman, Residential General and Residential Rural.

**Business:** Subcategories of: Business Inverell and Business Other

**Mining:** No sub category

The table below details ARC category for each property to be transferred:

LGA Sect 514 Category	ARC 2018/19 Sub category	Number of properties
<b>Farmland</b>	Farmland	152
<b>Business</b>	Business – Tingha	35
<b>Residential</b>	Residential Non Urban	46
<b>Residential</b>	Residential Village	5
<b>Residential</b>	Residential Tingha	281
<b>Mining</b>	Mining	2

This ARC rating structure approximates the sub categorisation utilised by ISC to categorise land. The only difference being the terminology used to label the sub-categories. Therefore those properties allocated to a sub-category in the ARC structure can be transposed to an appropriate sub-category in the ISC structure without detailed analysis.

It is proposed in the 2019/2020 Operational Plan and Budget to create a new residential sub-category based on the centre of population for Tingha. That is, Residential – Tingha. That sub-category is similar to Residential – Ashford, Residential – Delunga and so on.

As a result, the below table indicates the ISC sub-category allocated to these properties rated in the ARC sub-categories

ARC 2018/19 Sub category	Number of properties	Inverell Shire Council 2019/20 proposed Sub category
Farmland	152	Farmland
Business – Tingha	27	Business – Other
Residential Non Urban	3	Residential General
Residential Non Urban	43	Residential Rural

Residential Village	5	Residential General
Residential Tingha	281	Residential Tingha (new category)
Mining	2	Business – Other

### **B. Financial impact for Ratepayers**

A comparison of rates levied by ARC in 2018/19, and proposed Inverell rates for 2019/20 has been completed. Analysis for each rating category is provided below. It should be noted this refers to General Rates (ad valorem and base amounts) only, not services.

#### **i) Residential General Rates**

Based on the information provided by ARC, a total of 332 properties are currently declared as Residential, and rated within four (4) sub categories. These properties have been analysed based on their size and location, and as suggested above have been assigned an appropriate Residential sub category from Inverell's proposed 2019/20 rating structure.

Council's Residential General category includes all other rateable residential land that is not located in a center of a population. A total of eight (8) properties will be rated within the Residential General category. The localities of these properties include Howell, Stanborough and outlining areas of the Tingha village.

The 43 properties that were within the Tingha transfer area that were rated as Residential Non Urban and are between 2ha and 40ha will be rated as Residential Rural.

For properties that are located within the township of Tingha, a new rate category has been recommended, as Tingha is a centre of population. It will be proposed that the rate in the dollar for 19/20 is the 18/19 Residential Tingha (ARC rates) plus the SRV percentage.

The financial impact to the Residential ratepayers is minimal compared to Farmland ratepayers. Financial analysis for all Residential properties has identified the following characteristics:

- Based on the proposed village rate for Tingha, the average ratepayer in Tingha will pay \$523 in general rates, this is similar to our other villages in our shire, i.e., the average in Ashford is \$550, and \$572 in Delungra.
- Approximately 173 properties will have a small decrease in their general rates (less than \$20); these decreases are a direct result of the reduction in the base rate.
- The remaining 159 residential properties will have general rates increase, for 151 of these the increase will be less than \$200.
- That leaves 7 residential properties with a general rate increase of more than \$200, These are primarily large lot residential land which is between 8.09 hectares and 34.60 hectares in size

#### **Residential General Rate Increase and Decreases.**

	<b>Decrease less than \$20</b>	<b>0 - \$100 increase</b>	<b>\$100 - \$200 increase</b>	<b>\$200 - \$300 increase</b>	<b>\$300 - \$400 increase</b>
<b>Residential Tingha</b>	171	110			
<b>Residential Rural</b>	2	18	16	4	3
<b>Residential General</b>		4	4		

It should be noted that most of the residential ratepayers will also have services, i.e. garbage, water and sewer; more information on the impact of the services charges is discussed later in the report.

**ii) Business General Rates**

Currently 35 properties are rated as Business Tingha in the ARC rate structure.

ISC has two business categories, one being "Business Inverell" (as a centre of activity), and the other being "Business Other", which is all other land that is not Residential, Farmland or Mining within the Shire. The 35 properties will be rated as Business Other in the ISC rating structure; this is consistent with the business activities in the other villages.

Financial modeling has indicated that the majority of these Tingha Business properties will receive a decrease in general rates, with only eight properties receiving an increase, all of which will be less than \$50. This is primarily because the 'Inverell Business – Other' rate is considerably lower than the Armidale rate, as shown below.

	Ad valorem rate in the dollar	Base amount
Business – Tingha 18/19 Rate	\$0.0829710	\$258.60
Business – Other 19/20 proposed rate	\$0.027044	\$225.00

A summary of the decreases and increases are shown below.

Annual change	# of properties
Decrease more than \$500	2
Decrease between \$300 and \$500	2
Decrease between \$200 and \$300	10
Decrease between \$100 and \$200	9
Decrease between \$0 and \$100	4
Increase \$0 - \$50	8

It should be noted that some of the business ratepayers will also have services, i.e. garbage, water and sewer, more information on the impact of the services charges is discussed later in the report.

From onsite and desktop investigation it is difficult to identify the 35 businesses in the Tingha area which indicates it would be prudent to review the properties that have been classified as "business-other" in the near future. Also a property owner has the right to object to the classification declared for their property. It may be some of these properties are no longer used for business purposes and the owners may seek to get them reclassified (most beneficial to the ratepayer would be to have them reclassified to residential). The prospect of a cheaper general rate would be the principal motivator for this. The overall impact to ISC would be minimal.

**iii) Mining General Rates**

In accordance with the LGA, "*land is to be categorised as mining if it is a parcel of rateable land valued as one assessment and its dominant use is for a coal mine or metalliferous mine*"

Metalliferous mines include Aluminum, Barium, Beryllium, Bismuth, Cadmium, Calcium, Cerium, Chromium, Cobalt, Copper, Dubnium, Gold, Iridium, Iron, Lead, Lithium, Magnesium, Manganese, Mercury, Molybdenum, Nickel, Osmium, Palladium, Platinum, Potassium, Radium, Rhodium, Silver, Sodium, Tantalum, Thallium, Thorium, Tin, Titanium, Tungsten, Uranium, Vanadium, or Zinc.

Inverell Shire Council has a mining rate with no sub categories, and no properties within the Inverell Shire are categorised as mining. While Inverell currently has no properties categorised as mining, a mining rate is adopted each year to cater for any mine that may be declared.

Preliminary analysis has revealed 6 properties moving to ISC that may be classified as mining. Exact determinations will probably not be possible until Property NSW provides final details which are expected in July.

From information supplied by ARC, 2 properties are declared as Mining within the ARC rating structure.

**Property 1:** Based on Council's investigations, this property is being used for the extraction of sand, which under the LGA does not qualify for the Mining Category. Therefore this property will be rated as *Business Other* under the proposed ISC rating structure from 1 July 2019. The ISC *Business Other* rate is substantially higher than the ARC mining rate; this property will increase by approximately \$1,386.

**Property 2:** This property is located on the Howell Road, with Copes Creek frontage, Council has been unable to ascertain for certain what the property is used for, and investigations are ongoing. The property is 4.05 hectares and has a land value of \$4,200. Based on the information currently available it has been concluded that it would be unlikely that this property would qualify for the Mining Category. Therefore this property will be rated as *Business Other* under the proposed ISC rating structure from 1 July 2019. While the ISC *Business Other* rate is substantially higher than the ARC mining rate, this property will only increase by \$48, due to the very low land value.

An additional 4 properties have been identified as mining by ARC, but these were not included in the information supplied by ARC. These sites are yet to be confirmed as part of the boundary adjustment, however based on their location; it is probable they will be. 3 of the 4 properties have been identified as diamond mines, which do not qualify for the mining category. Council is awaiting information on mining from ARC on the 4<sup>th</sup> property; however Council is unaware of any mining approvals/activities in the area. If these properties are included in the transfer it is likely they will be rated as *Business Other* from 1 July 2019. The impact of this would be an individual annual increase to these properties of between \$190 and \$730.

#### iv) **Farmland General Rates**

Inverell Shire Council has one farmland rate and no sub categories. The 152 properties affected by the boundary adjustment which are currently rated farmland will be rated as farmland in the Inverell Shire rating structure.

There is considerable difference between the farmland rate in Inverell and Armidale, both the base and ad valorem rates are different, as such there will be a material financial impact on some of the farmland ratepayers.

	<b>Ad valorem rate in the dollar</b>	<b>Base amount</b>
Armidale 2018/19 rates	<b>\$0.002137</b>	<b>\$468.00</b>
Inverell 2019/20 proposed rate	<b>\$0.0046350</b>	<b>\$225.00</b>

Council's financial modeling for these properties has indicated:

- 42 rateable properties with land values lower than \$86,000 will see a slight decrease in their general rates. The most significant decrease is estimated as being \$222. These decreases are a direct result of the reduction in the base rate.
- 61 rateable properties with a land value between \$86,000 and \$207,000, will see an annual increase between \$0 and \$300.
- 49 ratepayers will have an increase in their general rates of more than \$300 annually.

A more detailed summary of these changes is provided below:

<b>Annual change</b>	<b># of properties</b>
----------------------	------------------------

Decrease	42
\$0 - \$300 increase	61
\$300 to \$500	22
\$500 to \$600	6
\$700 to \$1000	4
\$1000 to \$1200	4
\$1200 to \$1400	2
\$1400 to \$1600	4
\$2000 to \$2500	2
\$2500 to \$3100	3
\$3100 >	2

The most significant impact relates to two properties that will increase by approximately \$9,010 and \$20,956 respectively. The large increase is driven by the high base rate and low farmland rate in the dollar use by ARC, which is less than half that of the proposed ISC rate. Two factors that would have contributed to this would be:

- These properties have benefited from the rates freeze since the Guyra – Armidale amalgamation.
- The actual general rates paid are a dynamic relationship between the rate in the dollar and the valuation of the property. In particular circumstances lower valued properties can benefit from the averaging effect of higher value neighbours – the higher average valuation can produce a lower cents in the dollar rate.

While the increases are substantial the proposed general rate is comparable with a number of ISC farmland properties with similar land size and or land values. This is demonstrated in the table below.

	Land Value \$	Size	18/19 Rates (ARC)	Proposed ISC Rates 19/20
<b>ARC - Property 1</b>				
Georges Creek locality	8,510,000	7,954ha	\$18,678	\$39,634
ISC Property				
Bukkulla locality	16,600,000	7,826ha		\$77,098
ISC Property				
Paradise locality	10,600,000	6,046ha		\$49,313
<b>ARC - Property 2</b>				
Thunderbolts Way locality	3,720,000	5,816ha	\$8,442	\$17,452
ISC Property				
Newstead locality	7,220,000	3,368ha		\$33,660
ISC Property				
Yetman locality	3,290,000	1,421ha		\$15,461

A comparison of the 2018/19 Farmland rates of the neighboring Councils is provided below. It identified that for properties with a high land value, Inverell, Gwydir and Glen Innes all have similar rates, however when the land value is lower, the annual rates vary between Council due to their adopted base amounts.

Farmland General rates property comparison between Councils						
	Inverell Shire	Gwydir Shire	Glen Innes Shire	Uralla Shire	Guyra Farmland	Armidale Farmland
<b>Property example:</b> LV \$16,600,00 – 7,826ha	\$71,791	\$69,938	\$67,796	\$61,434	\$35,942	\$39,136
<b>Property example:</b> LV \$8,510,000 -	\$36,907	\$36,000	\$34,949	\$31,630	\$18,653	\$20,707

7,954ha						
<b>Property example:</b> LV \$593,000 – 1,955ha	\$2,769	\$2,787	\$2,803	\$2,464	\$1,735	\$2,672
<b>Property example:</b> LV \$543,000 – 792ha	\$2,553	\$2,577	\$2,600	\$2,280	\$1,628	\$2,558
<b>Property example:</b> LV \$181,000 – 506ha	\$992	\$1,059	\$1,130	\$946	\$854	\$1,733

**v) Can Council Assist Ratepayers with these significant rate increases?**

It is acknowledged that any increase in rates is not generally welcomed. Large increases will undoubtedly raise concerns and possibly cause hardship.

Council has consulted with the Office of Local Government (OLG) and other industry experts in an effort to identify options to ease the impact on these ratepayers. It was universally agreed that such large increases are not a desirable outcome; however no solution to reduce the general rate or smooth the transition could be identified.

As the Proclamation offered no guidance or tools to achieve a smoother transition, it has been concluded that Council must work within the constraints of the LGA.

Council investigated the following options: however there is no legislative relief for these properties:

- **Create a second Farmland rate for these ratepayers, with a rate more comparable to their current rate.** An additional farmland category can only be introduced based on intensity of land use, the irrigability of the land or economic factors affecting the land. An example of high intensity would be the predominate use being feedlotting. The locality of a farming property (i.e. Tingha area) does not constitute sufficient reason under the LGA to create a second farmland category.
- **Farmland rate capping.** There is no scope within the current legislation for the capping of rates or a phasing in period for general rates.
- **Rates waive/discount/write off.** Section 601 of the LGA was investigated. This section relates to Hardship resulting from certain valuation changes. While this section does give Council the capacity to write off rates, it can only be for ratepayers suffering hardship as a direct result of changes in land valuations issued by the NSW Valuer General. These properties will not be re-valued, a supplementary valuation will be provided to Council, which does not constitute a revaluation.
- **Section 356, can a council financially assist others.** This section of the act was investigated however the consensus of opinion is that this can not be offered selectively and would need to be offered to all farmland ratepayers across the entire shire. This type of assistance would have to be by resolution of Council and included in Council's draft operational plan. It would likely take the form of a one off payment.
- **Hardship** – All ratepayers who are experiencing financial hardship can apply to Council for assistance under Section 567 LGA. Section 567 LGA allows Council to write off accrued interest on outstanding rates. This section does not allow Council the option to write off general rates.
- **Arrangement to pay** – All ratepayers are given the opportunity to make an application for periodic payments, i.e. weekly, fortnight or monthly.

- **Pensioner Concessions** – Part 8 of the LGA provides Council with a number of options, including the reduction or write off of rates where an eligible pensioner can demonstrate financial hardships. This process is dealt with on an individual basis and must be approved by Council. It would be highly unlikely that these farmland properties would be eligible for pensioner concessions.
- **Restructuring the base and Ad valorem rate in the dollar for the farmland category**  
This would potentially have the result of spreading the additional rate burden across the rest of the farm category. There is an argument that this is not desirable but in any case, mathematically this can't be made to work in any sort of meaningful way.

**vi) Service Charges – Water, Sewer, and Waste**

Modeling of additional charges for service activities such as garbage, water and sewer in the Tingha Boundary Adjustment Area has shown that there is significant variation between the 2018/2019 ARC service charges and those proposed in the 2019/2020 ISC rating structure. The variances are shown below:

	<b>ARC 2018/19 Charge</b>	<b>Proposed ISC 2019/20 Charge</b>
Annual Water Charge	\$220.00	\$364.00
Annual Sewer Charge - Occupied	\$450.00	\$500.00
Annual Sewer Charge - Vacant	\$140.00	\$313.00
Garbage Collection 140L	\$280.00	\$330.00
Garbage Collection 240L	\$470.00	\$330.00
Garbage Collection 240L commercial	\$370.00	\$330.00
Annual Garbage charge – vacant	\$84.00	\$55.00
Annual Waste Management Charge	\$25.00	\$85.00

When proposed rates and charges of ISC for 2019/20, were compared to what was levied by ARC in 2018/19, most properties will see an increase in total rates and charges.

<b>General rates + annual service charges</b>	<b># of properties</b>
Decrease	38
Increase between \$0 - \$100	122
Increase between \$100 and \$200	99
Increase between \$200 and \$300	195
Increase between \$300 and \$500	34
Increase between \$500 and \$1000	16
Increase more than \$1000	17

The above table indicates that 261 properties would increase by more than \$200 per year if all properties were to transition directly into Council 2019/2020 proposed rating structure.

To minimise the impact on ratepayers within the Tingha Boundary Adjustment area, it is recommended that Council implement a transitional phase in period, over three years, on some annual and service based charges. This is similar to how Council implemented the new Hotel and Motels sewer charges in 2011/2012. The proposed phase in structure for charges detailed below would see all ratepayers charged the same service rate per service regardless of locality by 2021/2022.



	<b>ARC 2018/2019 Rate</b>	<b>ISC 2019/2020 Proposed Rate</b>	<b>Proposed Tingha Transitional Rate for 2019/2020</b>	<b>No of properties affected</b>
Annual Water Charge	\$220.00	\$364.00	\$280.00	303
Annual Sewer Charge - Occupied	\$450.00	\$500.00	\$500.00	No Phase in Period Required
Annual Sewer Charge - Vacant	\$140.00	\$313.00	\$200.00	19
Garbage Collection 140L	\$280.00	\$330	\$300.00	183
Garbage Collection 240L	\$470.00	\$330	\$330.00	No Phase in Period Required
Garbage Collection 240L commercial	\$370.00	\$330	\$330.00	No Phase in Period Required
Annual Garbage charge – vacant	\$84.00	\$55	\$55.00	No Phase in Period Required
Annual Waste Management Charge*	\$25.00	\$85	\$50.00	521
*It should be noted that 252 out of 521 properties in the ARC are currently charged the Annual Waste Management Charge. It is recommended that all properties be subject to the levy after 1 July 2019. All rateable properties in the ISC are now levied the Annual Waste Management Charge.				

If the service charges were phased in over a three (3) year period, with the annual waste management charged applied to all assessments, the annual increase paid by ratepayers is shown below:

<b>General rates + annual service charges</b>	<b># of properties if NOT phased in</b>	<b># of properties if phased in</b>
Decrease	<b>38</b>	<b>73</b>
Increase between \$0 - \$100	<b>123</b>	<b>130</b>
Increase between \$100 and \$200	<b>99</b>	<b>227</b>
Increase between \$200 and \$300	<b>195</b>	<b>35</b>
Increase between \$300 and \$500	<b>34</b>	<b>25</b>
Increase between \$500 and \$1000	<b>15</b>	<b>13</b>
Increase more than \$1000	<b>17</b>	<b>18</b>

The above table indicates, that should Council choose to implement the recommend transitional phase in strategy over three years, 430 properties would increase by less than \$200. This compares to 261 properties should the phase in period not be adopted. Of the 91 properties, (17%) that will incur an increase greater than \$200, 67 properties are categories as farmland. For these properties the increase is primarily coming from the increase in their general rates, as previously discussed above.

The 2019/2020 Draft Operational Plan and Budget has been prepared on the basis that Council endorses the recommendation to implement a transitional phased in plan on the above mentioned annual charges commencing 1 July 2019. The financial impacts on Council budget in 2019/2020 via lost revenue are estimated as:

• Water Fund	\$25,452
• Sewer Fund	\$2,147
• Waste Fund	\$18,235

### C. Accuracy of the data

Financial modeling has been based on the best available data and while there is no reason to believe it will not be reasonably accurate, the limitations of the data should be brought to Council's attention.

The rating data supplied by ARC is based on information inherited from Guyra Shire Council during the 2017 amalgamations. ARC has acknowledged they have not reviewed the data (partly because of the rates freeze that is in place).

Some inconsistencies with the current legislation have been identified, including:

- a pensioner rebate on mining properties
- a pensioner rebate on business properties
- Properties rated as farmland which are less than 40 hectares.

At the time of writing this report, the NSW Valuer General has only provided Council with one initial list of possible properties within the Tingha Boundary Adjustment area. This list is not a match with the rating information supplied by ARC. The NSW Valuer General has been working closely with ISC, ARC and Property NSW to compile a final list of affected properties. It is expected this list will not be available until late June or early July.

### D. Review of data

Following Council issuing the 2019/20 rates notices, all ratepayers will have the opportunity to request a review of their rates category within 30 days of the declaration. This is a formal process governed by the LGA.

Council will also conduct a full review of all properties within the Tingha Boundary Adjustment area over the 2019/20 year to ensure that all rates and charges are appropriately charged. Council makes similar ongoing reviews on all rateable properties in the Shire.

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

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

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

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

### POLICY IMPLICATIONS:

Nil

### CHIEF FINANCIAL OFFICERS COMMENT:

Nil

**LEGAL IMPLICATIONS:**

Nil

**RECOMMENDATION:**

*That the Committee recommend to Council that:*

- i) properties within the Tingha Boundary Adjustment area be transitioned into Inverell Shire Council's existing rate structure in accordance with the Local Government Act, 1993;*
- ii) That Inverell Shire Council creates a new Residential sub-category call Residential – Tingha, and*
- iii) that Council implement a transitional phase in period over three (3) years for the following annual charges:*
  - *Annual Water charge,*
  - *Annual Sewerage Unoccupied Charge,*
  - *Waste Management Annual Charge,*
  - *Domestic Waste Management Collection Charge (for properties with 140Lt garbage bins)*

<b>ITEM NO:</b>	7.	<b>FILE NO:</b> S12.5.3
<b>DESTINATION 5:</b>	The communities are served by sustainable services and infrastructure	<b>S</b>
<b>SUBJECT:</b>	<b>2019/2020 DRAFT ESTIMATES AND OPERATIONAL PLAN, AND LONG TERM FINANCIAL PLAN</b>	
<b>PREPARED BY:</b>	Paul Henry, General Manager	

**SUMMARY:**

The purpose of this report is to consider the draft 2019/2020 Operational Plan and Budget, the Long Term Financial Plan and to make a recommendation to Council in this matter.

**COMMENTARY:**

Enclosed with this Business Paper is a copy of the draft 2019/2020 Operational Plan and Budget and Long Term Financial Plan.

The draft Operational Plan indicates the “major” actions, which will be undertaken by Council during the financial year 2019/2020, and the draft Budget indicates how these activities will be funded.

<b>1. Draft Operational Plan and Budget guiding principles</b>
--

The budgets for the three (3) Activities (General, Water and Sewerage) have been compiled utilising the following principles:

- (1) The sustainable provision of core Local Government Services and Infrastructure to the community.
- (2) Some votes have been reduced below the 2018/2019 level due to “special one off” expenditure being included in the votes in that year being excluded and also due to ongoing cost savings being identified.

The Budget has been predicated on the principle that the maintenance of existing facilities should be paramount and therefore maintenance votes in the works area have been maintained.

- (3) The continuation of Council’s “Strategic Capital Infrastructure and Projects Fund” as a vehicle for Council to be able to undertake strategic projects which enhance the amenity of the community and which provide Council with a capacity to attract grant funding (most grant funding now requires \$ for \$ matching contributions).
- (4) A “Balanced” Budget for all Activities is to be presented to the Committee for consideration.

Under these principles, a “Balanced” and “Operationally Sound” budget is to be delivered to Council for consideration. This means that this budget document provides for the continuation of all Council’s existing programs and services at the existing service levels with no service cuts. No “Surplus Funds” have been identified for allocation later in 2019/2020 as needs arise, with all revenues being matched to expenditures to maintain the Budget in balance.

The Budget provides substantial funding for the ongoing implementation of Council’s Asset Management Program, which is a major requirement of the State Government under the Integrated Planning and Reporting Guidelines, 2013.

## **2. Factors Impacting the Budget:**

When preparing the Budget, it was necessary for the following external factors (beyond Council’s ability to control income/expenditure) to be taken into account. The factors include:

- Rate pegging limit – IPART has advised Council of the maximum permissible increase. The draft estimates have been prepared on the basis of Council utilising the full 7.25% increase in the General Activities rate income for 2019/2020. This is consistent with Council’s adopted FFF Roadmap and Special Rates Variation strategies. The 7.25% increase yields Council additional revenue of \$915.9K additional rate income to that which was raised in 2018/19, plus an estimated additional rates income from the Tingha boundary adjustment of \$423.5K. It is recommended that Council again take the maximum permissible increase allowed. Failure to do so will negatively impact Council’s sustainability.
- Fixed Cost increases in the General Fund of \$639K, Sewer Fund of \$26K and a decrease in Water Fund of \$40K as detailed in section 4.2.1 of this document.
- The electricity costs included in the draft Budget are \$478K General Fund, \$656K Water Fund and \$156K Sewer Fund for a total of \$1.29M being a significant reduction on previous years (due largely to Council’s energy efficiency and solar generation initiatives).
- Wage and salary increases averaging 2.5% (Local Government State Award increases effective 1 July, 2016), have been allowed for, including increases in respect of Staff movements within Council’s Salary System. The Superannuation Guarantee Charge has been allowed for at the legislated 9.5%. It is a fact that each year the Award Increase in Salaries and wages has exceeded the Rate Peg approved for all NSW Councils. The inadequate 2018/19 Rate Peg index only provided for a 2.4% increase in Wage and Salary Costs for which they did not include an explanation in the rate peg determination.
- Insurance Premiums increased across the three (3) Funds by \$75K. The Tingha Boundary Adjustments accounts for \$21K.

- The Financial Assistance Grant has been included at \$3.77M, the ACRD Road Grant at \$2.16M, the Roads to Recovery Grant at \$1.12M, RMS Repair Program \$0.544M and the Regional Roads Block Grant at \$2.99M.
- The official Australia Cash Rate as set by the Reserve Bank (RBA) has remained at historic lows of 1.50% for 25 consecutive months. Actually, there has been no official rate increase since November 2010. These historically low interest rates have limited Council's ability to generate additional interest revenue to offset Council's works programs. The 2019/2020 budget has allocated \$879K in the General Fund, \$125K for the Water Fund and \$105K for the Sewer Fund. These are similar allocations to 2017/18 and 2018/2019. Most Economists, including Council's investment advisor, Imperium Markets, and TCorp Local Government Services, have all indicated that interest rates will remain low with the strong possibility of further rate cuts in August and December 2019. This means that Council will continue to receive low term deposit rates throughout 2019/2020 with 12 month deposits currently in the 2.30%-2.40% range.
- Cost shifting is now reported by Local Government New South Wales (LGNSW) to be costing councils 6% of their Total Annual Revenues (in the General Fund this equates to \$2.37M or an 11% Rate Increase). Cost Shifting occurs when Federal and State Governments transfer the costs of delivering services and infrastructure onto Local Government, without providing the funding to Local Government to fund the service and infrastructure delivery.
- The Federal Government's three (3) year freeze on indexation of the Financial Assistance Grant has cost the General Fund \$436K in 2016/2017 in lost revenue. While the freeze has been lifted, the lost revenue is ongoing.

Accordingly, Council does not have the financial capacity to fund new services or any capital projects other than those detailed in the budget report in the General Fund 2019/2020 draft Budget. The Water and Sewer Fund (these funds are restricted in their use by legislation and cannot be utilised outside of these activities) continue to have the capacity to fund new services and capital projects on a priority basis; however, the major focuses within the Water and Sewerage Funds are asset management and asset renewal.

On a cash basis, the General Fund will return a cash surplus of \$2,237 Water Fund, a cash surplus of \$1,204 and Sewerage Fund a cash surplus of \$1,000 for a combined fund cash surplus of \$4,241.

Council's IPART approved FFF Roadmap, including the SRV, puts in place a strategy for the achievement of all Fit for the Future Benchmarks by 2020. It is mandatory that a Council achieves the Benchmarks by 2020.

### **3. 2019/2020 Budget Programs**

The Budget contains a number of programs that require Council to include specific projects for funding during the budget period. The following matters are submitted for Council's determination:

#### **3.1 Urban Works Program:**

The Urban Works program is a multi-component joint program involving the General Fund and the Water Fund, supplemented by some minor grant funds. The General Fund funds drainage, kerb and gutter, roadworks, pedestrian works and beautification works. The Water Fund funds the replacement and relocation of the water mains out of the road into the footpath. Councillors will be aware that General Fund monies can be used for any purpose while Water Fund monies can only be utilised for activities associated with the maintenance and improvements of Council's Water Fund infrastructure.

In previous years, it had been the practice of Council to allocate \$1.0M from the General Fund (funded directly from rates collected in the Inverell Residential and Business area) for certain works

in the Asset Renewal and Upgrade Works in the Urban areas (Inverell and villages – the villages are subsidised by the Inverell residential ratepayers in respect of the Urban Works Program).

These works were carried out in the following areas:

- i) Urban improvement works/kerb and gutter;
- ii) Pavement widening;
- iii) Sealing of village streets/village works/beautification;
- iv) Footpath construction; and
- v) Urban drainage reconstruction.

In late 2009, Council adopted a new 10-year Road Infrastructure Financial and Asset Management Plan and, with its adoption, it was determined that 2010/2011 would be a transition year and 2011/2012 would be the first year that the full amended categorisation of works would be undertaken. This transition saw the available funds for the Urban Works Construction/Asset Renewal Program reduce to \$517K, with the remainder (\$483K) of the Urban Works Construction/Asset Renewal funding being transferred to Rural Local Roads.

The 2019/2020 budget continues to use this financial plan. However it is noted that under Council's IPART approved FFF Roadmap the Urban works vote has increased by CPI each year to the current \$557K in 2019/2020. It is also noted that under the FFF roadmap the Urban Works Program will receive additional funding from 2022/23 to 2026/27 providing \$957K for the Urban works program in 2026/27, thereby reinstating the "traditional" allocations to Urban Works.

The following major work categories are now used as sub-components of the Urban Works Program:

A.	Inverell and villages - Urban Renewal and Upgrade	\$512.7K per annum allocation
B.	Footpaths and Cycleway	\$ 44K per annum allocation
C.	Village Works – community suggested projects	\$ 44.4K per annum allocation

The recurrent Urban Construction Budget allocation at \$556.7K represents only 4.2% of Council's 2019/2020 total Roads Budget and is 100% funded from the General Rates collected in the Inverell urban area. However, the Committee will be aware that under Council's IPART approved FFF Roadmap, Council's major infrastructure focus over the next five (5) years is the Road Asset Infrastructure Backlog (rural roads) and that only minimal funding will be available until after 2022/2023 for any major Urban Renewal/Reconstruction Projects which must each compete on a priority basis.

It is recommended that the 2019/2020 Urban Works Program be allocated as follows:

A.	<u>Inverell and Villages - Urban Renewal and Upgrade</u>	<u>General Fund</u>	<u>Water Fund</u>
	Project subject to a further report to Civil and Environmental Committee	\$ 512.7K	\$ 0K
B.	<u>Footpaths and Cycleway Construction</u>	\$ 44K	
\$ for \$ Contribution to PAMP Program (Subject to RMS approving the 2019/2020 Program)			
C.	<u>Village Works – Community suggested projects</u>		
	Ashford	\$ 7.36K	
	Delungra	\$ 7.36K	
	Gilgai	\$ 7.36K	

Yetman	\$	7.36K
Tingha	\$	7.36K
Oakwood	\$	1.09K
Bonshaw	\$	1.09K
Graman	\$	1.09K
Nullamanna	\$	1.09K
Elsmore	\$	1.09K
Stannifer	\$	1.09K
Gum Flat	\$	1.09K

<b>GENERAL FUND GRAND TOTAL</b>	<b>\$</b>	<b>601.1K</b>	<b>\$</b>	<b>0K</b>
<b>WATER FUND TOTAL</b>				

**RECOMMENDATION:**

*That the Committee recommend to Council that the following works be funded from the Urban Works Vote and be included in the 2019/2020 Budget:*

*A. Inverell and Villages - Urban Renewal and Upgrade    General Fund, Water Fund*

Project subject to a further report to Civil and Environmental Committee	\$	512.7K	\$	0K
--	----	--------	----	----

*B. Footpaths and Cycleway Construction*

\$ for \$ Contribution to PAMP Program (Subject to RMS approving the 2019/2020 Program)	\$	44K
--	----	-----

*D. Village Works – Community suggested projects*

Ashford	\$7.36K
Delungra	\$7.36K
Gilgai	\$7.36K
Yetman	\$7.36K
Tingha	\$7.36K
Oakwood	\$1.09K
Bonshaw	\$1.09K
Graman	\$1.09K
Nullamanna	\$1.09K
Elsmore	\$1.09K
Stannifer	\$1.09K
Gum Flat	\$1.09K

<b>GENERAL FUND GRAND TOTAL</b>	<b>\$601.1K</b>	
<b>WATER FUND TOTAL</b>		<b>\$ 0K</b>

### 3.2 2019/2020 Grant Funded Road Programs

Council receives financial support from the State and Federal Governments for the maintenance and enhancement of Council's road network. These support programs are:

A. Finance and Assistance Grants – Local Roads Component (ACRD)

The Financial Assistance Grant – Local Roads Component (Formerly ACRD) Grant is a Federal Government grant which provides approximately \$2,157K per year. The grant is not tied. However, Council has traditionally allocated the grant exclusively for expenditure on Rural and Urban Roads

within the Shire. Council is one of the few councils who continue to allocate this grant entirely to roads.

**B. RMS Supplementary Block Grant Program**

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

It is proposed that the allocation of these funds in 2019/2020 be the subject of a further report to the Civil and Environmental Services Committee once this review is completed.

**C. Roads to Recovery Program**

The allocation of funds for 2019/2020 will be \$1,121K. The works to be completed under this program require Federal Government approval in accordance with the program guidelines. The program as proposed for 2019/2020 being entirely on the Rural Local Road Network, despite 22.39% of the Grant being provided on the basis of the Shire's urban population and road length (i.e. \$251K provided on the basis of the Shire's urban population and road length).

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

Councillors should note that the funding provided to Council under this program is not ongoing. Funding is only guaranteed under federal legislation for this program to the end of the current program in 2024. If this program is not continued, the impacts on Council's rural shire road assets and workforce will be significant.

**D. Block Grant Program – Regional Roads**

Council will receive \$2,833K from NSW Roads and Maritime Services (RMS) Block Grant Program in 2019/2020 and \$544K from the RMS Repair Program for the carrying out of maintenance and improvement works on the regional road network. These funds cannot be expended outside of the regional road network and this program is subject to ongoing RMS audit.

A report on the projects for the Roads and Maritime Services approved Repair Program for 2019/2020 will be provided to the Civil and Environmental Services Committee once advice has been received in this matter.

The 2019/2020 Budget includes total income from these funding programs of \$6,702K.

In late 2009, Council adopted a new 10 Year Road Infrastructure Financial and Asset Management Plan and with its adoption it was determined that 2010/2011 would be a transition year and that 2011/2012 would be the first year that the full amended categorisation of works would be undertaken. Accordingly, the 2019/2020 budget continues to allocate expenditure in the same proportions as outlined in the 10 Year Road Infrastructure Financial and Asset Management Plan.

The following table of grant funded road projects are made in the same proportions as the adopted 10 Year Road Infrastructure Financial and Asset Management Plan for each work category.

It is recommended that Council adopt the following budget allocations for 2019/2020 Grant Funded Roads Programs as per Table 1 below.

As stated above, the specific projects that will be funded from these allocations will be the subject of a further report to the Civil and Environmental Services Committee once priority of works have been determined in accordance with Council's Asset Management System.



**TABLE 1****2019/2020 GRANT FUNDED ROADS PROGRAMS**

WORKS CATEGORY	DESCRIPTION	FUNDING SOURCE					TOTAL
		ACRD	BLOCK	BLOCK SUPP	R2R	REPAIR	
RESEALS	Regional Roads		435,630.00				435,630.00
	Repair Program Final Seals		102,865.00				102,865.00
	Urban	172,300.00					172,300.00
	Local/Rural	84,170.00			693,280.00		777,450.00
	Village	40,530.00					40,530.00
	<b>Sub Total</b>	<b>297,000.00</b>	<b>538,495.00</b>	<b>-</b>	<b>693,280.00</b>	<b>-</b>	<b>1,528,775.00</b>
GRAVEL RESHEETING	North	545,850.00					545,850.00
	South	550,275.00					550,275.00
	<b>Sub Total</b>	<b>1,096,125.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,096,125.00</b>
ROAD INFRASTRUCTURE	Other Programs		80,000.00				80,000.00
	Bitumen Renewal <sup>#</sup>	197,210.00	543,750.00	160,000.00		543,750.00	1,444,710.00
	Heavy Patching / Stabilisation		174,140.00		427,691.00		601,831.00
	Culverts - North	113,928.00					
	Culverts - South	113,927.00					113,927.00
	<b>Sub Total</b>	<b>425,065.00</b>	<b>797,890.00</b>	<b>160,000.00</b>	<b>427,691.00</b>	<b>543,750.00</b>	<b>2,240,468.00</b>
OTHER PROGRAMS	Black Spot	23,690.00					23,690.00
	Environmental Works	5,390.00					5,390.00
	Traffic Facilities		116,610.00				116,610.00
	Pavement Mgt / Risk Management	25,920.00	15,400.00				41,320.00
	<b>Sub Total</b>	<b>55,000.00</b>	<b>132,010.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>187,010.00</b>
ROAD MAINTAINANCE	Maintainance**	284,185.00	1,365,080.00				1,649,265.00
<b>TOTALS</b>		<b>2,157,375.00</b>	<b>2,833,475.00</b>	<b>160,000.00</b>	<b>1,120,971.00</b>	<b>543,750.00</b>	<b>6,701,643.00</b>

<sup>#</sup> Block Grant Bitumen Renewal is Councils matching allocation to the RMS Repair Program

<sup>\*\*</sup> Maintnenace (Mtc) includes Shoulder Mtc, Bitumen Mtc, Roadside Growth Control, Roadside Furnishings, Structure Mtc, Gravel Patchng, Grading, Heavy Patching

The above table includes estimated allocation for Tingha Boundary Adjustment. These are subject to change

### RECOMMENDATION:

*That the Committee recommend to Council that:*

- i) the budget allocations of \$2,157K for the 2019/2020 ACRD Program be endorsed and a further report be presented to the Civil and Environmental Services Committee in respect of the funding allocations and individual works proposed to be undertaken under this program;*
- ii) the budget allocations of the \$160K RMS Supplementary Block Grant Program be the subject of a further report to the Civil and Environmental Services Committee Meeting;*
- iii) the budget allocation of \$1,121K for the 2019/2020 Roads to Recovery Program be endorsed and a further report be presented to the Civil and Environmental Services Committee in respect of the specific projects to be funded;*
- iv) the budget allocation of \$2,833K for the 2019/2020 Block Grant Program be endorsed and a further report be presented to the Civil and Environmental Services Committee in respect of the specific projects to be funded; and*
- v) the budget allocation of \$544K for the RMS Repair Program be endorsed and a report on the projects for the RMS approved Repair Program for 2019/2020 be presented to the Civil and Environmental Services Committee once advice has been received.*

#### 4. Revenue and Expenditure Matters

##### 4.1 Revenue

A key principle applied to the preparation of a General Activity was the 'Operationally Sound' principle, which ensures all existing services were delivered, maintained and renewed to Council's service standards.

The key features of the 2019/2020 Budget are:

- A report on the proposed rating structure for properties within the Tingha Boundary Adjustment area has been considered by the Committee earlier in this meeting and this document reflects the recommendations in the report.
- A 7.25% rate increase in 2019/2020 as part of Council's adopted Special Rate Variation (SRV). This rate increase will raise \$915.9K additional rate income to that which was raised in 2018/19, plus an estimated additional rates income from the Tingha boundary adjustment of \$423.5K.
- The additional rate increase for 2019/2020 will provide funding for:
 

- Rural Roads Maintenance (drainage and shoulders)	\$ 50.0K
- Rural Roads Heavy Patching/Pavement Stabilisation	\$ 497.1K
- Joint Promotions	\$ 50.5K
- Maintain existing service levels (Maintenance and fix cost increases)	\$ 318.3K
- Tingha boundary adjustment (Maintenance and Road Allocations)	<u>\$ 423.5K</u>
Total	\$1339.4K
- Increases in Council's fixed cost, as detailed in section 4.2 below, are funded,
- It's a continuation of the existing rating structure ie. Base amount and an ad valorem rate,
- A base rate of \$225.00; and
- The maximum permissible rate increase enables Council to meet all the State Government required FFF Benchmarks by the required 30 June, 2020 deadline and also place Council in a sound position to maintain its existing service and infrastructure levels, and continue to address the infrastructure backlog on its road network.

Failure to take the maximum increase allowed will impact negatively on Council's sustainability in future years.

#### RECOMMENDATION:

*That the Committee recommend to Council that Council utilises the maximum permissible rate increase allowed by IPART of 7.25% as approved in Council's Special Rate Variation application.*

##### 4.2 Expenditure

In respect of the core budget, a continuation of all Council's existing services and infrastructure levels are maintained for 2019/2020. That said Council will still need to take actions to ensure it continues to be sustainable in the long term. It will also be required going forward, that Council continue to carefully consider the impact that any new project, infrastructure or initiative will have on Council's Operational Budget. While Council has been able to absorb a range of cost increases in the past due to cost savings realised as a direct result of its operational efficiency and effectiveness program, this has now become very difficult. The Committee will be aware that in the General Fund, Council has now reached a point where only very minimal further energy costs savings will be possible. This has been an area where major cost savings have been realised through Council utilisation of solar energy systems and energy efficient lighting.

#### 4.2.1 Increases in Council's Fixed Costs:

The increases in fixed costs across Council's budget have largely been in the areas of employment costs, contracts, materials, electricity/gas and fuel, insurances and legislative compliance. Examples of these cost increases are as follows:

##### i) Insurance:

Council's insurances increased by over 500% during the period 1 July, 1998 to 30 June, 2016. The following costs are expected in 2019/2020.

BUDGET		2018/2019 \$	2019/2020 \$	VARIANCE Increase/(Decrease) \$
Property Insurance	General Fund	550,600	612,480	61,880
	Water Fund	56,630	65,760	9,130
	Sewer Fund	29,700	33,870	4,170
Public Liability	General Fund	189,000	189,000	-
TOTALS		825,930	901,110	75,180

Note: As shown, Council's insurance costs are increasing by \$75,180. New allocations for Tingha Boundary Adjustment account for \$21,130; the remaining increase reflects a general increase in insurance across Australia of approximately 6.5%. It is noted that the above table does include fleet insurance \$261,760 (up from \$230,510). Fleet insurance is funded by Council's Fleet Program.

##### ii) Legislative Compliance/State Government Charges:

It is difficult to calculate the current cost to Council of legislative compliance, as it is now a significant factor in almost all of Council's operations, especially in respect of the *WHS Act*.

The following fixed costs incurred by Council in respect of environmental legislative compliance costs are as follows:

	2017/2018 \$	2018/2019 \$	2019/2020 \$
EPA Licence	3,600	3,780	3,870
Environmental Monitoring	30,500	37,000	37,930
Environmental Works - Maintenance/Construction Programs	10,000	5,260	5,390
TOTALS	44,100	46,040	47,190

Fortunately, Council's waste operations are not subject to the state based waste levies at this time. Should these become applicable to Council, a very substantial cost would apply which would need to be passed directly onto ratepayers.

Council also pays a load-based license fee for discharge from the Sewerage Treatment Works of approximately \$104K per annum.

Council continues to pay the following substantial increase in State Government charges in 2019/2020 and beyond which need to be paid from Council's limited General Revenues:

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

iii) Employment Costs – Combined Fund:

<b>Employments Costs for Operational Plan</b>				
	General \$	Water \$	Sewer \$	TOTAL \$
Wages/Oncost	13,923,609	947,546	375,389	15,246,544
Superannuation	1,355,112	114,657	39,848	1,509,618
<b>TOTAL 2019/2020</b>	<b>15,278,721</b>	<b>1,062,203</b>	<b>415,237</b>	<b>16,756,161</b>
Wages/Oncost	13,529,166	898,733	315,547	14,743,447
Superannuation	1,347,259	129,341	52,636	1,529,236
<b>TOTAL 2018/2019</b>	<b>14,876,425</b>	<b>1,028,074</b>	<b>368,183</b>	<b>16,272,683</b>
<b>Increase/(Decrease)</b>	<b>402,296</b>	<b>34,129</b>	<b>47,054</b>	<b>483,479</b>

As shown above, the total net cost increase in employment costs for 2019/2020 will be \$483,479 across the three (3) funds with the legislated award increase being 2.5%. The above increase compares to a \$509,756 increase in 2016/2017 and \$401,689 increase in 2017/2018 and \$567,562 in 2018/2019.

The continuing large deficit in the now closed Defined Benefits Superannuation Scheme continues to impact Employer Superannuation Contribution Costs.

iv) Electricity

Electricity increases have now flattened out and reduced as a result of Council's energy efficiency initiatives. In the 2019/2020 Budget the following costs have been provided for in the Combined Fund:

BUDGET	2018/2019 \$	2019/2020 \$	VARIANCE Increase/(Decrease) \$
General Fund	469,390	477,780	8,390
Water Fund	673,900	655,800	(18,100)
Sewer Fund	166,500	155,800	(10,700)
<b>TOTALS</b>	<b>1,309,790</b>	<b>1,289,380</b>	<b>(20,410)</b>

After making electricity allocations for the Tingha Boundary Adjustment of \$24,800, Council's energy efficiency programs have still generated a small saving of \$20K.

Given the uncertainty around the trends in network charges and electricity usage, it is not known how long these savings can be sustained. Council in the near future may find itself in a position where it is again confronted with major electricity cost increases of over 10% p.a. as occurred for many years before the global financial crisis.

v) Contracts

The following Contract expenses are expected in 2019/2020.

BUDGET	2018/2019 \$	2019/2020 \$	VARIANCE Increase/(Decrease) \$
General Fund	521,900	686,900	165,000
Water Fund	9,900	10,900	1,000
Sewer Fund	5,300	5,300	0
<b>TOTALS</b>	<b>537,100</b>	<b>703,100</b>	<b>166,000</b>

The increase in contract costs relates primarily to a new building cleaning contract which now includes a new component for Public Privies Cleaning of \$148K. Public Privies cleaning is part funded by savings in the Parks and Gardens cleaning budgets and part funded from Council's SRV Maintenance allocations.

It is noted that this total net increase in Council's fixed costs across the Combined Fund of \$705K comes on top of a cost increase of \$620K in 2018/2019, \$381K in 2017/2018, \$355K in 2016/2017, \$400K in 2015/2016, \$290K in 2014/2015, \$508K in 2013/2014, \$379K in 2012/2013, \$231K in 2011/2012, \$453K in 2010/2011, \$174K in 2009/2010, \$226K in 2008/2009 and \$311K in 2007/2008.

vi) Plant Charges

It is expected that Council's plant hire rates will need to be increased at 1 July, 2019 by 3%. It is noted that plant hire rates have only increased once in the last six years resulting in a significantly increased capacity to undertake works (rates would normally increase by 3% each year).

These increases were complimented by revised plant fleet management practices which have seen only minimal increases in Council's plant hire rates, resulting in a significantly increased capacity to undertake works (rates would normally increase by 3% each year).

**Summary**

The fixed cost increases/(decreases) for the Rate Pegged General Fund are as follows:

4.2.2 Other Budget Increases – Administrative and Other Programs:

	\$
Insurance Premiums	75,180
Employment Costs	483,479
State Government Charges	1,150
Contracts	166,000
Electricity	(20,410)
<b>TOTALS</b>	<b>705,399</b>

In respect of Council's revenue funded administrative and other programs, outside of increases in the Budget to cover increases in fixed costs, the only increases provided have been provided to the following Budgets:

	\$
Inverell Pool - Gas	29,900
Audit & Risk Functions	25,000
Staff - Risk Management Staff Training	5,000
Donations in Lieu of Rates	4,500
CCTV Maintenance	6,000
<b>TOTALS</b>	<b>70,400</b>

All of the above costs are required due to either legislative obligations or to meet ongoing operational costs.

The Operational Plan and Budget provides for a continuation of Council's financial support of the Inverell Art Gallery, Pioneer Village, National Transport Museum, being the major cultural and tourism assets of the Shire. Tourism is worth \$47M p.a. to the Shire economy.

#### 4.2.3 Existing Service Levels – Works and Maintenance Programs:

The 2019/2020 budget provides for all of Council's existing service levels to be met and for Council to renew its existing assets. This budget also provides for the infrastructure backlog to be removed over the next ten years and the majority of maintenance budgets have been increased by CPI – 2.5%.

In respect of Council's revenue funded works and maintenance programs, outside of increases in the budget to cover increases in fixed costs, CPI movements and some grant funded programs, additional increases have been provided to the following Budgets:

	\$
Passive Parks - APEX Park Ashford	5,000
Storm/Fire/Flood Emergency works	25,000
Clear Zone Protection	100,000
<b>TOTALS</b>	<b>130,000</b>

#### 4.2.4 Tingha Boundary Adjustment

The extension to Council's southern boundary to include the community of Tingha and the surrounding area arose out of a citizen initiated process. Inverell Shire Council resolved to support this initiative for a boundary adjustment. As a result, negotiations with Armidale Regional Council have been ongoing over the previous months.

An agreement has been achieved and both Councils resolved to seek consideration by the Minister for Local Government of approving the boundary adjustment. Armidale Regional Council resolved on 1 April, 2017 to agree to a boundary adjustment. Inverell Shire Council resolved on 26 April, 2017 to also seek approval for a boundary change.

His Excellency Governor, David Hurley, on recommendation from the Minister for Local Government, Gabrielle Upton MP, approved the boundary change by issuing the proclamation called the *Local Government (Armidale and Inverell – Alteration of Boundaries) Proclamation 2019*, on 8 February, 2019. The boundary adjustment is effective from 1 July, 2019.

The proclamation has been published on the NSW legislation website at <https://www.legislation.nsw.gov.au/regulations/2019-59.pdf>

The 2019/2020 Operational Plan includes budget allocations for the above mentioned boundary adjustment. The budget estimates have been collated using information supplied by Armidale Regional Council (ARC) and other government bodies. Some of the preliminary data supplied by ARC includes:

- Approximately 521 ratable properties
- Regional road length - 39.54 km
- 4 Bridges on Regional Roads (19 spans, 282.1 metres overall)
- 6 Large culverts on Regional Roads (22 spans, 67 metres overall)
- Sealed Urban Road length – 7.9 km
- Rural Sealed Road Length – 57.5 km
- Unsealed Local Roads – 67.8km
- 1 Bridge on Local Roads (Timber, 4 spans, 36m overall)
- 6 Large culverts on Local Roads (18 spans, 65m overall)
- 1 Depot
- 1 dog pound shed
- Copeton Dam Foreshores Park
- 4 passive parks
- Bushfire and SES sheds
- Town Hall and Museum
- Age Home Units
- Landfill
- Cemetery
- Water Reservoir
- Water Reservoir Radio shed & equipment
- Water Reticulation system
- Tingha sewerage treatment ponds
- Sewer Reticulation system (Pressure system) + pods

It is recommended that Council adopt the following budget allocations for 2019/2020 Tingha Boundary Adjustment as per Table 2, 3 and 4 below. The budget allocations have been compiled on the above information using Council's current unit rates for similar activities in line with Council's core budget principles, including a balanced budget approach. Financial Assistance Grants, Block Grants and other RMS Grants have been estimated based on Council's current allocations. Budget discrepancies over the coming months will be processed through the normal Quarterly Budget Review Process.

**TABLE 2****TINGHA BOUNDARY ADJUSTMENT BUDGET ALLOCATIONS****GENERAL FUND**

	Revenue \$	Expenditure \$
Grants (FAGS,ACRD,R2R,RMS)	746,060.00	
Rates Revenue	423,530.00	
Other Income	6,000.00	
Pension Rebates	14,990.00	27,250.00
Caravan Parks	43,025.00	43,025.00
Other Land & Buildings (Town Hall, Museum, Vacant Land)		35,010.00
Passive Parks		16,800.00
Copeton Dam Foreshores		5,950.00
Bushfire & SES Sheds	8,430.00	9,160.00
Waste Management Services	112,110.00	108,435.00
Cemeteries	10,980.00	15,780.00
Village Developments		7,360.00
Donations		2,000.00
Ordinance		5,840.00
Depot		12,315.00
Aged Home Units	23,120.00	23,120.00
Public Privies		23,740.00
Staff ELE		15,760.00
Storm/Fire/Flood Emergency Works		50,000.00
Legal Expenses		15,000.00
<b>ROADS</b>		
Regional Roads - Reseals		94,000.00
Regional Roads - Maintenance		121,700.00
Regional Roads - Heavy Patching/Stabilisation		102,600.00
Sealed Rural Local Roads - Reseals		169,000.00
Sealed Rural Local Roads - Maintenance		97,600.00
Sealed Rural Local Roads - Heavy Patching/Stabilisation		25,000.00
Sealed Rural Local Roads - Other		10,000.00
Unsealed Rural Local Roads - Gravel Resheeting		108,000.00
Unsealed Rural Local Roads - Grading		65,000.00
Unsealed Rural Local Roads - Maintenance		13,000.00
Urban Sealed Roads - Reseals		23,300.00
Urban Sealed Roads - Maintenance		56,500.00
Urban Unsealed Roads		10,000.00
Cycleway & Footpaths		5,000.00
Bus Shelters		3,000.00
Heavy Patching - All Roads		25,000.00
Vegetation Control (Clear Zone Protection) - All Roads		30,000.00
Street Lighting		13,000.00
<b>TOTALS</b>	<b>1,388,245.00</b>	<b>1,388,245.00</b>



**TABLE 3****TINGHA BOUNDARY ADJUSTMENT BUDGET ALLOCATIONS****WATER FUND**

	Revenue \$	Expenditure \$
User Fees and Charges	84,840.00	
Pension Rebates	3,850.00	7,000.00
Standpipe Water Sales	8,500.00	8,500.00
Water Reservoirs		5,500.00
Water Reticulation Mains		3,000.00
Water Pump Stations		5,000.00
Transfers to Reserves		68,190.00
<b>TOTALS</b>	<b>97,190.00</b>	<b>97,190.00</b>

**TABLE 4****TINGHA BOUNDARY ADJUSTMENT BUDGET ALLOCATIONS****SEWER FUND**

	Revenue \$	Expenditure \$
Annual Charges	116,100.00	
Pension Rebates	2,980.00	5,425.00
Treatment Works		57,155.00
Reticulation Mains		6,500.00
Pods		50,000.00
<b>TOTALS</b>	<b>119,080.00</b>	<b>119,080.00</b>

**4.2.5 Industry Assistance and Promotion:**

The 2019/2020 Operational Plan includes an allocation for the assistance and promotion of Business and Industry of \$150K. These funds may be utilised, subject to a resolution of Council, for works on Private Lands or for the provision of direct financial assistance to private individuals and businesses during 2019/2020.

**4.2.6 Strategic Capital Infrastructure Fund**

Council recognises the need to ensure the long term financial sustainability and growth of its Community, and that substantial funds must be available for strategic projects which enhance and strengthen the Shire community economically, culturally and socially. The expenditure of funds in these areas usually results in a flow on increase in Council's general revenues. Council also recognises that any new project or initiative undertaken, must not negatively impact financially or otherwise on Council's ability to meet its current and future service and infrastructure maintenance and renewal needs.

In this regard, Council has been financially responsible and quarantined the funds previously allocated to loan repayments specifically for projects which would have otherwise been funded by way of loans or which assist the economic, cultural and social growth of the community. This highly successful strategy has and continues to enable this Council to undertake a range of very successful projects (eg CBD Redevelopment, Visitors Centre, Campbell Park Upgrade, Library Redevelopment, new rural bitumen seals and accelerating the Urban Works Program) which have resulted in Inverell emerging as a Regional Centre.

In 2010/2011 Council, following the adoption of a 10-year Road Infrastructure Financial Plan and Asset Management Plan, allocated an amount of \$250K from this fund on a continuing basis to Council's Road and supporting Infrastructure Maintenance Program. A further \$250K was allocated into Council's Road Asset Renewal Program, the majority of which was allocated to gravel resheeting on local and minor roads (budget allocation to roads etc increased by 25% over four (4) years to end of 2010/2011). This reduced the annual quantum of funds available in 2010/2011 from \$1M to \$560K. This amount has declined in subsequent years due to a lack of funding to \$515K in 2017/2018. The proposed allocation for 2019/2020 is \$565K.

The 2019/2020 Budget allocates the \$565K to the following priority areas as matching funding for major Grant Funded Projects:

- |   |                                      |         |
|---|--------------------------------------|---------|
| • | Asset Management – Road Revaluation  | \$ 85K  |
| • | Inverell Swimming Pool Redevelopment | \$ 480K |

It is proposed for the 2019/2020 & 2020/2021 Strategic Capital Infrastructure Budgets be allocated towards the proposed Inverell Swimming Pool redevelopment as discussed in previous budget meetings.

#### 4.2.7 Special Projects – Road Infrastructure Fund

Since September 2017, the Valuer General issued separate valuations for the turbine sites installed on farming land within the Inverell Shire. The NSW rating legislation requires Council to classify these valuations as Business-Other instead of Farmland. This rating process generated a significant increase in rates during 2017/2018. Given that these land valuations are based on wind turbine leases, there is a strong possibility that these leases will lapse in future years resulting in a reduction in rating income at that time. Council has been financially responsible and quarantined this revenue so these funds can not be utilised in funding re-occurring expenditure. Council has resolved to allocate these funds to its road asset renewal and maintenance programs.

The Budget contains an amount of \$341K for allocation by Council.

It is proposed that the allocation of these funds in 2019/2020 be the subject of a further report to the Civil and Environmental Services Committee in respect of the funding allocations for individual works to be undertaken under this program.

#### 4.2.8 Internally Restricted Assets (formerly Reserves) all Funds (IRA)

This Budget recommends \$2,149K be transferred from Internally Restricted Assets to fund specific capital expenditure items. That said further actual transfers will occur in the Water, Sewerage and Waste Funds as ongoing projects are completed.

The 2019/2020 budgeted transfers from reserves are:

- |   |   |           |
|---|---|-----------|
| • | Plant purchases (funded from accumulated plant depreciation charges)    | \$ 1,999K |
| • | Gravel Pit restoration  | \$ 50K    |
| • | Building refurbishments (Campbell Park & Sinclair Park toilet upgrades) | \$ 100K   |

The level of transfers from the Waste Management (implementation of new Waste Strategy) Internally Restricted Assets are not known at this time, but will be substantial and subject of a separate report to Council as information becomes available. The Waste Internally Restricted Assets balance at 30 June, 2019 is estimated to be \$3.99M; however, costs are currently being incurred in this area with the continued implementation of the Waste Strategy. These funds cannot be utilised for other Council purposes such as road works or other community infrastructure.

Economic Development Internally Restricted Assets makes provisions for Chester Street rehabilitation and Gwydir Highway roundabout project at \$2M. The Transfer of these funds will be dependent on RMS design approvals and RMS contributions and will be the subject of a separate report to Council.

A table showing the Internally Restricted Assets and movements proposed by the Budget is shown in Attachment 6 of the 2019/2020 Operational Plan, with the balance at 30/06/2020 expected to be \$24.464M (down from \$24.479M) in General Fund (dependent on the completion of Internally Restricted Funded Projects – see the notes on Attachment 6 for details), \$5.432M in Water Fund and \$2.615M in Sewer Fund. The interest that accrues on these funds contributes substantially to the funding of Council's continuing Works Programs. As these funds reduce, so does the quantum of funds available to the annual Works Program.

A review of Council's Internally Restricted Assets will indicate a significant reduction in the quantum of funds held in this area from the levels of previous years, with substantial commitments against the remaining funds.

**RECOMMENDATION:**

*That the Committee recommend to Council that:*

- i) the information be noted;
- ii) Council provide an allocation of \$150K for joint industry promotions and assistance;
- iii) the following 2019/2020 Strategic Capital Infrastructure/Projects Program projects be endorsed:
  - Asset Management - Road Revaluations \$ 85K
  - Inverell Swimming Pool Redevelopment \$ 480K
- iv) The budget allocation for \$341K for the 2019/2020 Special Projects – Roads Infrastructure Fund be endorsed;
- v) A further report be presented to the Civil and Environment Committee in respect of the specific projects to be funding under the Special Projects – Roads Infrastructure Fund;
- vi) the transfers to and from Internally Restricted Assets be endorsed;
- vii) the list of inclusions as included in the 2019/2020 draft Operational Plan/Budget and listed in section 4.2.2 & 4.2.3 of the report be endorsed.

	\$
Inverell Pool - Gas	29,900
Audit & Risk Functions	25,000
Staff - Risk Management Staff Training	5,000
Donations in Lieu of Rates	4,500
CCTV Maintenance	6,000
Passive Parks - APEX Park Ashford	5,000
Storm/Fire/Flood Emergency works	25,000
Clear Zone Protection	100,000
<b>TOTALS</b>	<b>200,400</b>

viii) *the initial 2019/2020 budget allocations for the Tingha Boundary Adjustment as listed in sections 4.2.4 of the report be endorsed.*

## 5 Rating Structure

The following matters regarding the rating structure are recommended for 2019/2020:

- The continuation of the existing rating structure, utilising a base amount and ad valorem rates, with one additional rating category to be introduced for Residential - Tingha.
- A base rate of \$225.00 (on 7977 Assessments, up from 7963 Assessments in 2018/2019, up from 7921 Assessments in 2017/2018, 7880 Assessments in 2016/2017, 7,851 Assessments in 2015/2016 and 7823 Assessments in 2014/2015, and 7,786 assessments in 2013/2014 – Rate base growth has been consistent but relatively limited over the last five (5) years).

The proposed rating structure for properties within the Tingha Boundary Adjustment area has been provided under separate cover for the Committee's consideration.

### REVENUE RAISED FROM EACH CATEGORY:

When determining the distribution of the rate burden for the 2019/2020 rating year, the existing policy of collecting a certain percentage of rate revenue from each category is noted.

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

% OF REVENUE FROM CATEGORIES				
CATEGORIES	2016/17	2017/18	2018/19	2019/20
RESIDENTIAL	40.23%	40.39%	39.60%	<b>39.61%</b>
BUSINESS	20.13%	20.01%	21.64%	<b>21.63%</b>
RURAL RESIDENTIAL	7.49%	7.50%	7.32%	<b>7.32%</b>
FARMLAND	32.15%	32.10%	31.44%	<b>31.45%</b>
MINING	0.00%	0.00%	0.00%	<b>0.00%</b>
	100.00%	100.00%	100.00%	<b>100.00%</b>

It is noted that the percentage of rates collected from business has increased from 20.01% to 21.64% in 2018/2019 due to the wind turbines sites being classified as Business Other. This has resulted in a small decrease in all other rating categories. In respect of distribution of the rate burden, it is advised that if the Council believes that additional funds should be expended in the rural area for example, then the percentage of rates collected from the rural area should increase as a percentage of the total rate burden (i.e. by more than the Rate Peg amount, with rates in other categories increasing by a lesser amount). The same would apply in respect of the urban area and each of the villages. Conversely, if the Council believes that additional funds should be expended in the villages, then the percentage of rates collected from the villages which are already subsidised should increase as a percentage of the total rate burden.

**RECOMMENDATION:**

*That the Committee recommend to Council that:*

- i) *The following rating categories be utilised for the 2019/2020 rating year:*  
*Residential – Inverell*  
*Residential – General*  
*Residential – Ashford*  
*Residential – Delungra*  
*Residential – Gilgai*  
*Residential – Yetman*  
*Residential - Tingha*  
*Residential – Rural*  
*Business – Inverell Industrial/Commercial*  
*Business – Other*  
*Farmland*  
*Mining*
- ii) *A General Base Amount of \$225 plus an Ad Valorem Rate be determined for the categories detailed in above.*

## 6 Interest Rate on Outstanding Rates and Charges

As in previous years, it is recommended that the Interest Rate applicable to outstanding rates and charges for 2019/2020 be the maximum rate allowable as advised by the Office of Local Government.

**RECOMMENDATION:**

*That the Committee recommend to Council that:*

- i) *the Interest Rate applicable to Outstanding Rates and Charges for 2019/2020 be the maximum allowable as advised by the Office of Local Government.*

## 7 Waste Management Charges

Waste Management continues to be a significant issue for Council. It is recommended under Council's FFF Roadmap SRV Scenario that the 2019/2020 waste charges increase as follows:

- Waste Management Charge increase to \$85.00 (was \$80.00) and levied on all ratable properties;
- Domestic Waste Management – Occupied Charge increase to \$330.00 (was \$320.00);
- Domestic Waste Management – Unoccupied Charge increase to \$55.00 (was \$50.00);
- Commercial Waste Management Charge increase to \$330.00 (was \$320.00) plus GST if applicable;
- Weekly Commercial Recycling Collection Charge increase to \$115.00 (was \$110.00); and
- Fortnightly Charge increase to \$60.00 (was \$55.00).

To minimise the impact on ratepayers within the Tingha Boundary Adjustment Council it is recommended that Council implement a transitional phase in period, three years, on some annual waste charges as follows:

- Tingha Domestic Waste Management – Occupied Charge \$300.00 for ratepayers with 140 litre garbage bin; and
- Tingha Waste Management Charge \$50.00 and levied on all ratable properties.

This charge structure enables Council to fully meet its operational and legislative obligations in regard to its adopted Waste Management Strategy. This structure sees the cost burden for waste management equitably distributed across the entire Shire. The transfer to Internally Restricted Assets is estimated at \$439K, however, substantial costs will be incurred in 2019/2020 and beyond, in respect of the continuing implementation of Council's new Waste Management Strategy.

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

**RECOMMENDATION:**

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

i)	Waste Management Charge – All Properties	\$ 85.00
ii)	Waste Management Charge – All Properties (Tingha Boundary Adjustment)	\$50.00
iii)	Domestic Waste Management - Occupied Charge: per service per assessment	\$330.00
iv)	Domestic Waste Management - Occupied Charge Tingha Boundary Adjustment – properties with 140lt garbage bin per service per assessment	\$300.00
v)	Domestic Waste Management – Unoccupied Charge	\$55.00
vi)	Weekly Commercial Waste Management Charge (This Charge is levied per Service, and GST is charged if applicable)	\$330.00
vii)	Weekly Commercial Recycling Charge	\$ 115.00 ex GST
	Fortnightly Commercial Recycling Charge (These Charge are levied per Service, and GST is charged if applicable)	\$ 60.00 ex GST

**8 Fees & Charges**

Also included with the draft Budget are the proposed 2019/2020 Fees and Charges.

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

**RECOMMENDATION:**

**RECOMMENDATION:**

*That the Committee recommend to Council that:*

- i) the Stormwater Management Service Charge be set at the maximum amount allowable of \$25.00 per Residential Premises, \$12.50 per Residential Strata lot, and \$25.00 for Business Premises for each 350 square metres or additional part thereof, subject to a maximum charge on Business Premises of \$200.00; and*
- ii) the Stormwater Management Program as recommended being Gilgai Drainage Project as per the adopted Gilgai Drainage Upgrade Plan, be adopted.*

## **10 Fit for the Future Benchmarks**

As a part of the Fit for the Future reform process within New South Wales Local Government, Sustainability Benchmarks were established for which the Council must meet by the 2020 Financial Year.

These indicators are used as financial health checks to monitor the operational liquidity (short term focus), fiscal responsibility (elected term focus) and financial sustainability (long term/intergenerational focus) of the Council. These ratios for the Combined Fund and the General Fund (detailed in the following table) are monitored by Council to ensure its long term financial sustainability. It is noted that the Fit for the Future reform focused only on Council's General Fund.

The following tables indicated that Council will meet its Fit for the Future obligations by 2020 with all ratios exceeding the NSW State Governments requirements.



GENERAL FUND ONLY

INDICATOR	BENCHMARK	ACTUALS						CURRENT BUDGET	PROPOSED BUDGET									
		2013	2014	2015	2016	2017	2018	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Debt Service Cover Ratio	Greater than 2	120.29	94.31	105.78	109.84	40.09	37.51	34.73	38.56	18.72	19.13	19.33	19.53	19.42	19.94	38.25	38.91	39.13
Own Source Operating Revenue Ratio	Greater than 60% average over 3 years	59.70%	62.10%	56.54%	55.13%	54.28%	56.10%	62.91%	62.90%	62.92%	62.99%	63.07%	63.11%	63.14%	63.18%	63.20%	63.21%	63.18%
Operating Performance Ratio	Greater or equal to break even average over 3 years	-	0.01	0.05	0.19	0.22	0.21	0.04	0.07	0.07	0.07	0.08	0.08	0.07	0.08	0.08	0.08	0.08
Cash Expense Cover Ratio	Greater than or equal to 3 months	17.33	18.34	18.96	23.10	23.26	24.28	26.08	23.20	19.82	20.05	19.30	18.87	18.57	18.66	18.60	17.97	17.76
Building & Infrastructure Asset Renewal Ratio	Greater than 100% average over 3 years	63.80%	106.10%	142.00%	143.06%	223.16%	167.55%	211.57%	215.20%	357.60%	189.20%	232.62%	218.01%	206.02%	195.58%	208.71%	233.07%	218.93%
Infrastructure Backlog Ratio	Less than 2%	0.0%	8.66%	1.48%	1.46%	1.44%	1.08%	1.19%	0.88%	0.63%	0.40%	0.24%	0.09%	0.00%	0.00%	0.00%	0.00%	0.00%
Asset Maintenance Ratio	Greater than 100% average over 3 years	102.00%	103.00%	101.00%	104.00%	106.00%	90.09%	101.50%	101.50%	102.00%	100.50%	100.50%	101.00%	101.50%	102.00%	102.00%	101.50%	101.00%
Real Operating Expenditure Per Capita Result	A decrease in Real Operating Expenditure per capita over time	1.3600	1.3400	1.3600	1.1513	1.1578	1.1010	1.1288	1.1783	1.1681	1.1499	1.1367	1.1245	1.1180	1.1013	1.0941	1.0802	1.0687
Debt Service Ratio	Greater than 0% and less than or equal to 20% average over 3 years	0.00%	0.00%	0.00%	0.94%	0.72%	1.09%	0.87%	0.78%	1.59%	1.56%	1.53%	1.49%	1.46%	1.43%	0.72%	0.71%	0.69%

<b>Meets Benchmark</b>	<b>Does Not Meet Benchmark</b>
----------------------------	------------------------------------

**COMBINED FUND (GENERAL, WATER & SEWER)**

RATIO	BENCHMARK	ACTUALS						CURRENT BUDGET	PROPOSED BUDGET									
		2013	2014	2015	2016	2017	2018	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Debt Service Cover Ratio	Greater than 2	25.84	16.40	25.28	24.49	19.29	18.88	13.43	14.84	11.19	11.46	12.38	15.88	17.26	24.25	46.69	47.51	47.48
Own Source Operating Revenue Ratio	Greater than 60% average over 3 years	62.12%	68.50%	62.83%	62.51%	61.28%	63.57%	69.45%	69.30%	69.46%	69.61%	69.70%	69.76%	69.82%	69.87%	69.90%	69.94%	69.88%
Operating Performance Ratio	Greater or equal to break even average over 3 years	0.06	0.03	0.07	0.19	0.20	0.18	0.03	0.04	0.04	0.05	0.05	0.05	0.05	0.06	0.05	0.06	0.06
Cash Expense Cover Ratio	Greater than or equal to 3 months	18.72	20.05	20.68	24.77	25.14	26.60	27.09	25.13	23.20	23.23	22.55	22.20	21.83	21.88	21.69	21.06	20.74
Building & Infrastructure Asset Renewal Ratio	Greater than 100% average over 3 years	64.00%	106.13%	67.40%	186.07%	192.22%	115.27%	182.45%	164.22%	260.00%	148.53%	178.53%	171.67%	164.64%	160.37%	169.55%	186.21%	175.86%
Infrastructure Backlog Ratio	Less than 2%	0.0%	6.21%	1.10%	1.09%	1.10%	0.86%	0.66%	0.48%	0.31%	0.18%	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Asset Maintenance Ratio	Greater than 100% average over 3 years	102.00%	103.00%	101.00%	103.00%	106.16%	94.05%	101.50%	101.50%	102.00%	100.50%	100.50%	101.00%	101.50%	102.00%	102.00%	101.50%	101.00%
Real Operating Expenditure Per Capita Result	A decrease in Real Operating Expenditure per capita over time	1.6860	1.6600	1.6390	1.4358	1.4684	1.4403	1.4379	1.4011	1.3865	1.3651	1.3484	1.3330	1.3230	1.3042	1.2939	1.2775	1.2634
Debt Service Ratio	Greater than 0% and less than or equal to 20% average over 3 years	1.00%	2.00%	1.00%	1.63%	1.85%	2.16%	2.17%	1.97%	2.59%	2.53%	2.31%	1.78%	1.60%	1.14%	0.58%	0.57%	0.55%

<b>Meets Benchmark</b>	<b>Does Not Meet Benchmark</b>
------------------------	--------------------------------

## 11 Summary

An operationally sound draft Budget has again been delivered for 2019/2020 in the General Fund.

The following matters are highlighted:

- Despite very substantial cost pressures, a balanced budget has been achieved;
- The Budget provides for a CONTINUATION OF ALL of Council's existing services and works/asset management programs; and
- Cost savings following Council's efficiency initiatives have had to be applied to fixed cost increases and no funds are available for new or expanded services or increased service levels.

### RECOMMENDATION:

*That the Committee recommend to Council that:*

- the report on the balanced budget be noted;*
- the draft Estimates (incorporating the Operational Plan and Long Term Financial Plans) for the General Activities for 2019/2020 be adopted and placed on public*

*exhibition for a period of 28 days as required by Section 405 of the Local Government Act 1993.*

#### **ASSET MANAGEMENT PLANNING:**

Council staff have now completed Council's Road Infrastructure Asset Management Plans. The plans have been informed by the Roads Asset Infrastructure Data capture which was conducted in 2015.

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

For Buildings and other structures, Council has engaged CT Management Group, who are specialists in this area, to prepare the Asset Management Plans.

Council has expended significant funds over the last 10 years on its buildings and other structures, resulting in these assets being assessed as being in a "satisfactory condition" with no infrastructure backlog in this area. Council commenced during 2016/2017 the major redevelopment of the Inverell Sports Complex and when complete these facilities will meet the standard set in the Open Spaces Strategy adopted by Council.

Councillors' attention is drawn to the proposed actions to be undertaken during 2019/20 in respect of the redevelopment of the Inverell Pool Complex and inclusion of a funding strategy in the Long Term Financial Plan. Council has recently established a working group to conduct a scoping study for this project. The working group will inspect a number of facilities that have recently been redeveloped to gauge the best ideas/materials/techniques for this type of infrastructure upgrade. The 2018/19 budget provides for the cost of these inspection tours.

However, the Council's attention is drawn to the Long Term Financial Plan as provision has been made in this document for funding the cost of the redevelopment. If Council approves the carrying out of the works it will be noted that a "cocktail" of funding sources would be required for the quantum of funds expected to be required for the works. The funding sources include:

- Revenue – Strategic Capital Infrastructure Fund
- Internally Restricted Assets
- Loan Funds.
- Possible Grant Funding

#### **12 Sewerage Activities**

This activity's budget is based on:

- i) a "Balanced" Budget,
- ii) No increase in Sewerage rateable charges for 2019/2020 being the third year of the SRV phase in and a 2.5% increase in Non-rateable Charges. The Fund will still maintain significant funds to fund the substantial major Asset Renewal and Upgrade Works being undertaken. Council's sewerage charge remains up to 31% below the NSW median charges. The Charge applicable to McLean Care at \$2,342 represents an approximate \$8,000.00 annual subsidy to this organisation when compared to the NSW median charge,
- iii) To minimise the impact on ratepayers within the Tingha Boundary Adjustment Council it is recommended that Council implement a transitional phase in period, three years, on some annual sewerage charges as follows:

Sewerage Charge – Occupied (no phase in period)	\$500.00
Sewerage Charge – Un-Occupied	\$200.00

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

The draft Budget provides for Capital Works totalling \$640K (was \$640K in 2018/2019). These works include \$10K for equipment purchases, \$10K fittings & installations, \$100K for mains renewal, \$120K for sewer mains relining and \$400K for pump station. This will be the fourth year of full repayments on the Sewerage Fund \$2M loan for the Inverell Sewerage Treatment Works Asset Renewal and Upgrade Project (\$193K Principal plus \$48K interest less subsidy of \$36K).

"Long Term Financial Modelling" conducted in conjunction with the Department of Commerce highlights that the Sewerage Fund is sustainable in the long term and will be able to meet all its operational and capital expenditure requirements over the next 20 years. Substantial works are currently being undertaken in respect of ascertaining the condition of Council's older underground sewer mains in the asset management area. Significant funds are indicated in the 20 year plan for mains relining and replacement.

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

#### **RECOMMENDATION:**

*That the Committee recommend to Council that:*

*i) the Sewerage Charges as listed below be adopted for 2019/2020:*

	<i>Sewerage Charge Occupied</i>	<i>\$ 500.00</i>
•	<i>Sewerage Charge Unoccupied</i>	<i>\$ 313.00</i>
•	<i>Sewerage Charge Unoccupied –Tingha</i>	
	<i>Boundary adjustment</i>	<i>\$200.00</i>
•	<i>Sewerage Charge Flats/Units</i>	<i>\$ 313.00</i>
•	<i>Sewerage Charge Nursing Homes</i>	<i>\$2,342.00</i>
•	<i>Sewerage Charge Hotel/Licensed Clubs</i>	<i>\$1,500.00</i>

<i>Number of Services per Assessment</i>	<i>Annual Charge Per Assessment</i>
1	\$ 500.00
2	\$ 813.00
3	\$1,126.00
4	\$1,439.00
5	\$1,752.00
6	\$2,065.00
7	\$2,378.00
8	\$2,691.00
9	\$3,004.00
10	\$3,317.00
11	\$3,630.00
12	\$3,943.00
13	\$4,256.00
14	\$4,569.00
15	\$4,882.00

- Sewerage Non-Rateable Schools – WC's \$82.70 per receptacle
- Sewerage Non-Rateable Other – WC's \$137.20 per receptacle
- Sewerage Non-Rateable Urinals \$ 82.70 per receptacle

Charge Structure for Motels and Caravan Parks

*In accordance with the new charge structure for Motels and Caravan Parks the following charges are proposed for 2019/2020:*

- Motel Residence \$ 500.00
- Motel Restaurant \$ 500.00
- Motel Ensuite \$ 156.60
- Caravan Park Residence \$ 500.00
- Caravan Park Amenities Block \$1,500.00
- Caravan Park Ensuite Cabins \$ 156.60

(ii) *the Draft Estimates (incorporating Operational Plan) for the Sewerage Fund for 2019/2020 be adopted and placed on public exhibition for a period of 28 days as required by Section 405 of the Local Government Act 1993.*

### **13 Water Activities**

This activity's budget is presented on the following basis:

- a) a "Balanced" Budget,
- b) No increase in the base access charge of \$364,
- c) To minimise the impact on ratepayers within the Tingha Boundary Adjustment area it is recommended that Council implement a transitional phase in period, three years, and set the annual water access charges at \$280.00
- d) a commercial water consumption charge of \$1.57 per kilolitre,
- e) an Abattoirs water consumption charge of \$0.82 per kilolitre; less 20% early settlement discount; and
- f) a water consumption charge for Sporting Associations of \$1.11 per kilolitre
- g) a "stepped tariff" residential water consumption charge of:
  - \$1.57 per kilolitre 0 to 600 kl annual consumption.
  - \$1.83 per kilolitre over 600 kl annual consumption.
- h) a raw water charge of \$0.40 per kilolitre.

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

Council will be aware that the Water Consumption Charge did not increase over the six (6) year period to 2010/2011. The proposed Water Consumption Charge at \$1.57 for 2019/2020 is 46% below the 2015/2016 NSW median charge of \$2.30 per kilolitre.

The cost per kilolitre of water for the abattoirs did not increase from 1 July, 2004 to 30 June, 2010 and was 60.00 cents per kilolitre plus the 20 per cent early settlement discount (actual cost per kl

after discount was 48.00cents per kilolitre, which was less than the cost of production plus pumping of \$0.73 per kilolitre). It is proposed to increase the abattoirs' water charge to \$0.82 cents per kilolitre (actual cost per kl after discount will be \$0.64 per kilolitre, which is still substantially less than the cost of production plus pumping of \$0.73 per kilolitre).

Capital works totalling \$860K (was \$835K in 2018/2019) are proposed in the draft Budget, funded from revenue. The projects include mains replacement \$116K, minor extensions \$52K, new meters \$70K, pump stations \$75K, treatment plants \$325K, minor equipment \$21K, and backflow prevention works \$200K.

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

The Operational Plan does not provide for the payment of a dividend to the General Fund from the Water Fund or transfers to/from Internally restricted assets. The Water Fund remains in a strong financial position and based on the 2015/2016 NSW Water Supply and Sewerage benchmarking report, displays a high level of efficiency and effectiveness.

**RECOMMENDATION:**

*That the Committee recommend to Council that:*

- i) a water availability base charge of \$364.00 per assessment (Includes first water meter) be adopted for 2019/2020;*
- ii) a water charge of \$364.00 per additional water meter, per assessment be adopted for 2019/2020;*
- iii) a water charge of \$280.00 per assessment (includes first water meter) be adopted for properties within the Tingha Boundary Adjustment area for 2019/2020;*
- iv) a water charge of \$280.00 per additional water meter, per assessment be adopted for properties within the Tingha Boundary Adjustment area for 2019/2020;*
- v) a charge of \$1.57 per kilolitre be adopted for commercial water consumption for 2019/2020;*
- vi) a charge of \$1.57 per kilolitre, 0 to 600 kilolitres and \$1.83 per kilolitre over 600 kilolitres be adopted for residential water consumption for 2019/2020;*
- vii) a charge of \$0.82 per kilolitre be adopted for water consumption - Abattoirs, plus a 20 per cent early settlement discount for 2019/2020;*
- viii) a charge of \$1.11 per kilolitre be adopted for Sporting Association water consumption;*
- ix) a charge of \$0.40 per kilolitre be adopted for Raw Water consumption for 2019/2020; and*
- x) the draft Estimates (incorporating Operational Plan) for the Water Fund for 2019/2020 be adopted and placed on public exhibition for a period of 28 days as required by Section 405 of the Local Government Act, 1993.*

**TO ECONOMIC & COMMUNITY SUSTAINABILITY COMMITTEE MEETING 10/04/2019**

<b>ITEM NO:</b>	1.	<b>FILE NO:</b> S12.12.2/12
<b>DESTINATION 5:</b>	The communities are served by sustainable services and infrastructure	<b>S</b>
<b>SUBJECT:</b>	<b>GOVERNANCE - MONTHLY INVESTMENT REPORT</b>	
<b>PREPARED BY:</b>	Paul Pay, Manager Financial Services	

**SUMMARY:**

To report the balance of investments held as at 31 March, 2019.

**COMMENTARY:**

Contained within this report are the following items that highlight Council's Investment Portfolio performance for the month to 31 March, 2019 and an update of the investment environment:

- (a) Council's investments as at 31 March, 2019
- (b) Council Investments by Fund as at 31 March, 2019
- (c) Interest – Budgeted vs Actual.
- (d) Investment Portfolio Performance.
- (e) Investment Commentary.

Certification – Responsible Accounting Officer

## A) Council Investments as at 31 March, 2019

Term Deposit Investment Group										
Investment No.	Borrower	FUND	Rating	Risk Rating	Purchase Date	Maturity Date	Current Yield	Principal Value	Current value	Term (days)
18/31	CBA	General	A1+	1	12-Apr-18	12-Apr-19	2.68%	1,000,000	1,000,000	365
18/32	St George Bank	General	A1+	1	17-Apr-18	17-Apr-19	2.76%	2,000,000	2,000,000	365
18/33	CBA	General	A1+	1	18-Apr-18	17-Apr-19	2.72%	1,000,000	1,000,000	364
19-18	National Australia Bank	General	A1+	1	14-Dec-18	14-Jun-19	2.72%	2,000,000	2,000,000	182
18/38	Westpac Bank	Water	A1+	1	28-Jun-18	25-Jun-19	2.95%	1,000,000	1,000,000	362
18/39	Westpac Bank	General	A1+	1	28-Jun-18	25-Jun-19	2.95%	2,000,000	2,000,000	362
19/21	Police Credit Union (SA)	General	NR	3	09-Jan-19	09-Jul-19	2.97%	1,000,000	1,000,000	181
19/22	National Australia Bank	General	A1+	1	09-Jan-19	09-Jul-19	2.72%	1,000,000	1,000,000	181
19/01	CBA	General	A1+	1	17-Jul-18	17-Jul-19	2.76%	3,000,000	3,000,000	365
19/02	Bank West	Sewer	A1+	1	17-Jul-18	17-Jul-19	2.80%	2,000,000	2,000,000	365
19/03	Bank of Queensland	General	A1	2	03-Sep-18	03-Sep-19	2.73%	1,000,000	1,000,000	365
19/04	CBA	General	A1+	1	14-Sep-18	13-Sep-19	2.68%	1,000,000	1,000,000	364
19/05	National Australia Bank	Water	A1+	1	27-Sep-18	27-Sep-19	2.75%	1,000,000	1,000,000	365
19/24	Nexus Mutual	Sewer	NR	3	28-Mar-19	30-Sep-19	2.82%	1,500,000	1,500,000	186
19/06	St George Bank	General	A1+	1	02-Oct-18	02-Oct-19	2.60%	1,000,000	1,000,000	365
19/07	National Australia Bank	General	A1+	1	09-Oct-18	09-Oct-19	2.74%	1,000,000	1,000,000	365
19/08	Bendigo Adelaide Bank	General	A2	2	25-Oct-18	25-Oct-19	2.75%	2,000,000	2,000,000	365
19/11	National Australia Bank	Sewer	A1+	1	20-Nov-18	20-Nov-19	2.75%	2,000,000	2,000,000	365
19/12	Rural Bank	General	A2	2	27-Nov-18	27-Nov-19	2.85%	2,000,000	2,000,000	365
19/13	Police Credit Union (SA)	General	NR	3	27-Nov-18	27-Nov-18	2.94%	1,000,000	1,000,000	365
19/14	AMP BANK	General	A1	2	27-Nov-18	27-Nov-19	2.85%	2,000,000	2,000,000	365
19/15	AMP BANK	General	A1	2	27-Nov-18	27-Nov-19	2.85%	1,000,000	1,000,000	365
19/16	AMP BANK	Water	A1	2	27-Nov-18	27-Nov-19	2.85%	1,000,000	1,000,000	365
19/17	AMP BANK	General	A1	2	27-Nov-18	27-Nov-19	2.85%	1,000,000	1,000,000	365
19/23	AMP BANK	General	A1	2	18-Mar-19	13-Dec-19	2.80%	2,000,000	2,000,000	270
19/19	Summerland Credit Union	Water	NR	3	17-Dec-18	17-Dec-19	3.00%	2,000,000	2,000,000	365
19/25	Nexus Mutual	Water	NR	3	28-Mar-19	30-Dec-19	2.80%	1,000,000	1,000,000	277
19/20	National Australia Bank	General	A1+	1	09-Jan-19	09-Jan-20	2.75%	2,000,000	2,000,000	365
19/09	ING BANK	General	A1+	1	25-Oct-18	25-Oct-20	2.90%	2,000,000	2,000,000	730
19/10	Westpac Bank	General	A1+	1	25-Oct-15	25-Oct-20	2.97%	2,000,000	2,000,000	1096
19/26	Police Credit Union (SA)	General	NR	3	28-Mar-19	29-Mar-21	2.90%	2,000,000	2,000,000	732
Sub Total - Term Deposit Investment Group								TOTALS	47,500,000	47,500,000

Cash Deposits Accounts Investment Group									
As at Date	Borrower	FUND	Rating	Risk Rating	Purchase Date	Maturity Date	Current Yield	Principal Value	Current value
31/3/19	National Australia Bank (Cash Maximiser)	General	A1+	1			1.65%	1,000,000	1,000,000
Sub Total - Cash Deposits Accounts Investment Group								1,000,000	1,000,000

Floating Rate Notes Investment Group									
As at Date	Borrower	FUND	Rating	Risk Rating	Purchase Date	Maturity Date	Current Yield*	Principal Value	Current value
31/3/18	Commonwealth Bank	General	A1+	1	11/1/2019	11/1/2024	3.19% 3M BBSW + 113bp	2,000,000.00	2,024,314.00
31/3/18	ANZ Bank	General	A1+	1	8/2/2019	8/2/2024	3.10% 3M BBSW + 110bp	2,000,000.00	2,021,694.00
31/3/19	ANZ Bank	Water	A1+	1	8/2/2019	8/2/2024	3.10% 3M BBSW + 110bp	1,000,000.00	1,010,847.00
Sub Total - Floating Rate Notes Investment Group								5,000,000.00	5,056,855.00



**B) Council Investments by Fund 31 March, 2019**

Portfolio by Fund	28/02/2019	31/03/2019
General Fund	\$ 39,016,804	\$ 41,046,008
Water Fund	\$ 7,506,107	\$ 7,010,847
Sewer Fund	\$ 5,500,000	\$ 5,500,000
<b>TOTAL</b>	<b>\$ 52,022,911</b>	<b>\$ 53,556,855</b>

Council investment portfolio Increased by \$1.53M during 2019. This was in respect of normal cash flow movements for receipts collected and payments made during March 2019.

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

Ledger		2018/2019 Budget	Actuals to Date
General Fund	128820	879,000.00	463,807.66
Water Fund	812350	85,000.00	97,520.40
Sewer Fund	906320	87,000.00	58,160.00
<b>TOTAL</b>		<b>\$ 1,051,000.00</b>	<b>\$ 619,488.06</b>

The interest received to date (cash basis) is in accordance with Budget and does not include accruals. It is noted that Council has investments totalling \$9M maturing over the next 150 days.

It is again expected that Council's Investment Portfolio will achieve benchmark returns in 2018/2019. It is noted that with the changing structure of Council's investment portfolio which will include more Floating Rate Notes and Term Deposits which pay a quarterly coupon (as opposed to annually or at maturity), Council's income stream from investments will become more regular and consistent.

**D) Investment Portfolio Performance**

Investment Portfolio Return		Benchmarks		
	% pa	RBA Cash Rate	Aus Bond Bank Bill	11am Cash Rate
Benchmark as at 28-2-2019		1.50%	1.87%	1.50%
Term Deposits	2.81%			
Cash Deposit Accounts	1.65%			
Floating Rate Notes				

**E) Investment Commentary**

Council's investment portfolio returns exceeded the 11am Cash Rate benchmark in all investment categories except for Council's cash deposit accounts. These accounts are held for liquidity purposes. Term Deposits exceeded all benchmarking indexes.

Council's investment portfolio of \$53.5M is almost entirely invested in fixed term deposits. Overall, the portfolio is highly liquid, highly rated and short-dated from a counterparty perspective.

The Board of the Reserve Bank decided to leave the cash rate unchanged at 1.50 per cent again in March. The Bank reiterated its central scenario is for growth in the economy to be around 3% this year, despite signs that Q4 2018 growth is likely to be softer than the 2.8% the RBA had forecasted. Their forecast relies on rising business investment, increased spending on infrastructure and increased employment.

It should be noted that Bond yields have collapsed in the last few days to record lows, largely due to global influences contributed. Some Economists are expecting a radical shift to RBA policy sighting there is now both a property slump and a GDP slowdown.

Council's investment advisor, Michael Chandra, from Imperium Markets provides the follow commentary on fixed interest markets:

The US Fed was more dovish over March with the median 'dot plots' indicating no rate rises for 2019 (previously one rate hike). The market forecasts around a 50% chance of a 25bp rate cut from the Fed by year-end.

Fed Chair Powell said "we're trying to think of ways of making that inflation 2% target highly credible, so that inflation averages around 2%, rather than only averaging 2% in good times and then averaging way less than that in bad times."

The ECB expects "rates to remain at their present level at least through the end of 2019", citing headwinds ranging from colder weather in 2018, trade wars, as well as Brexit.

Domestically, the RBA shifted its view and signalled the next movement in interest rates is now finely balanced. For now, they remain on a neutral bias. Housing concerns are being monitored as house prices in the main capital cities continue to trend downwards, while the level of household debt remains high. The banks have also carried their 'out of cycle' rate hikes, which in turn has assisted in the downturn in the domestic property market.

Governor Lowe indicated that the adjustment in the housing market was not expected to derail the economy, arguing that income growth mattered more for consumer spending than the wealth effect from house prices.

The key risks for the RBA stem from the impact of international trade wars and a slowdown in the Chinese economy, US inflation and a broader slowdown in the global economy. Domestically, they are focused on employment, wage growth, housing and consumption. As a result of these uncertainties, the Bank continues to be cautious and remain neutral, but ready to adjust interest rates should any downside risks materialise.

The futures market is now clearly focused on a rate cut with the prospect of a 25bp cut by July 2019 seen as a 50% scenario, while fully factoring in one cut by September 2019. Some economists are predicting the RBA will be forced to cut multiple times this year on expectations of a slowdown in the domestic and global economy, household finances impacting consumer confidence and a further downturn in residential property.

Council current investment advisors, Imperium Markets, presented prior to the March Council meeting. Topics included reviewing Council's investment policy and market update.

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

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

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

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

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

**Operational Objective:** S.01.02.01 To manage Council Finances with the view to ensuring Council's ongoing financial health and stability, the discharge of statutory and fiduciary

responsibilities, proper accounting systems and standards and an efficient and equitable revenue base.

**POLICY IMPLICATIONS:**

Nil.

**CHIEF FINANCIAL OFFICERS COMMENT:**

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

**LEGAL IMPLICATIONS:**

Nil.

**RECOMMENDATION:**

*That:*

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