



# **BUSINESS PAPER**

**Economic and Community  
Sustainability Committee Meeting  
Wednesday, 12 June 2019**

**INVERELL SHIRE COUNCIL****NOTICE OF ECONOMIC AND COMMUNITY SUSTAINABILITY COMMITTEE MEETING**

7 June, 2019

An Economic and Community Sustainability Committee Meeting will be held in the Committee Room, Administrative Centre, 144 Otho Street, Inverell on Wednesday, 12 June, 2019, commencing at **10.30 AM**.

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

**P J HENRY PSM**

**GENERAL MANAGER**

**Agenda**

|          |  |           |
|----------|--|-----------|
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## Ethical Decision Making and Conflicts of Interest

A guiding checklist for Councillors, officers and community committees

### Ethical decision making

- Is the decision or conduct legal?
- Is it consistent with Government policy, Council's objectives and Code of Conduct?
- What will the outcome be for you, your colleagues, the Council, anyone else?
- Does it raise a conflict of interest?
- Do you stand to gain personally at public expense?
- Can the decision be justified in terms of public interest?
- Would it withstand public scrutiny?

### Conflict of interest

A conflict of interest is a clash between private interest and public duty. There are two types of conflict:

- **Pecuniary** – regulated by the *Local Government Act 1993* and Office of Local Government
- **Non-pecuniary** – regulated by Codes of Conduct and policy. ICAC, Ombudsman, Office of Local Government (advice only). If declaring a Non-Pecuniary Conflict of Interest, Councillors can choose to either disclose and vote, disclose and not vote or leave the Chamber.

### The test for conflict of interest

- Is it likely I could be influenced by personal interest in carrying out my public duty?
- Would a fair and reasonable person believe I could be so influenced?
- Conflict of interest is closely tied to the layperson's definition of 'corruption' – using public office for private gain.
- Important to consider public perceptions of whether you have a conflict of interest.

### Identifying problems

- 1st** Do I have private interests affected by a matter I am officially involved in?  
**2nd** Is my official role one of influence or perceived influence over the matter?  
**3rd** Do my private interests conflict with my official role?

### Local Government Act 1993 and Model Code of Conduct

For more detailed definitions refer to Sections 442, 448 and 459 or the *Local Government Act 1993* and Model Code of Conduct, Part 4 – conflicts of interest.

### Disclosure of pecuniary interests / non-pecuniary interests

Under the provisions of Section 451(1) of the *Local Government Act 1993* (pecuniary interests) and Part 4 of the Model Code of Conduct prescribed by the Local Government (Discipline) Regulation (conflict of interests) it is necessary for you to disclose the nature of the interest when making a disclosure of a pecuniary interest or a non-pecuniary conflict of interest at a meeting.

**A Declaration form should be completed and handed to the General Manager** as soon as practicable once the interest is identified. Declarations are made at Item 3 of the Agenda: Declarations - Pecuniary, Non-Pecuniary and Political Donation Disclosures, and prior to each Item being discussed: The Declaration Form can be downloaded at [Declaration Form](#)

## 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.



**1 APOLOGIES**

**2 CONFIRMATION OF MINUTES**

**RECOMMENDATION:**

That the Minutes of the Economic and Community Sustainability Committee Meeting held on 8 May, 2019, as circulated to members, be confirmed as a true and correct record of that meeting.

**MINUTES OF INVERELL SHIRE COUNCIL  
ECONOMIC AND COMMUNITY SUSTAINABILITY COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBERS, ADMINISTRATIVE CENTRE, 144 OTHO STREET,  
INVERELL  
ON WEDNESDAY, 8 MAY 2019 AT 10.30 AM**

**PRESENT:** Cr Jacki Watts (Chairperson), Cr Paul King OAM, Cr Kate Dight and Cr Anthony Michael (Deputy Mayor).

**IN ATTENDANCE:** Crs D F Baker, S J Berryman and J N McCosker.

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

## **1 APOLOGIES**

Apologies were received from Cr P J Harmon.

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

## **2 CONFIRMATION OF MINUTES**

*RESOLVED (Michael/Dight) that the Minutes of the Economic and Community Sustainability Committee Meeting held on 10 April, 2019 as circulated to members, be confirmed as a true and correct record of that meeting.*

## **3 BUSINESS ARISING FROM PREVIOUS MINUTES**

### SECTION B ADVOCACY REPORTS

Cr Michael      Cultural Group AGM

Cr Michael attended the AGM of the Cultural Group. Les Moulds was elected the new Chair.

Cr Michael      "May the 4<sup>th</sup> Be With You"

Cr Michael attended the "May the 4<sup>th</sup> Be With You" event in Inverell and commented it was well run and well received. He reminded Councillors of the upcoming Council organised events that are part of the Drought Assistance and the Youth Engagement Programs.

Cr Dight        ANZAC Day Services

Cr Dight attended ANZAC Day Services at Ashford and Yetman and noted the fine presentation on the battle of Beersheba at Yetman.

Cr King        ANZAC Day

Cr King attended the ANZAC Day Service at Inverell and a meeting of the Community Violence Prevention Team.

Cr King        CVPT Meeting

Cr King attended a meeting of the Community Violence Prevention

Team.

Cr King IDFS Family Morning

Cr King attended the IDFS Family Morning in Victoria Park where 120 kids attended.

Cr Baker International Fire Fighters Day – Thank You Ceremony

Cr Baker attended the International Fire Fighters Day – Thank you Ceremony.

## SECTION D DESTINATION REPORTS

### 1. INDUSTRY SUPPORT FUND (LISTING) S12.22.1/12

*RESOLVED (King/Dight) that the matter be referred to Closed Committee 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.*

### 2. GIRL GUIDES ASSOCIATION – REQUEST FOR ASSISTANCE S12.22.1/12

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

- i) the report includes 'the personal hardship of any resident or ratepayer' (Section 10A(2)(b) 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.*

### 3. EXPIRING LICENCE AGREEMENTS S4.11.9

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

- a) BP Australia Pty Ltd - Lot A, DP 385492, Inverell Airport, Gilgai 5.10.1
  - i) Council renew the agreement with BP Pty Ltd, Lot A, DP 385492, Inverell Airport, Gilgai for a five (5) year period with a further five (5) year option under the same terms and conditions;*
  - ii) the licence fee be \$396.64 per annum (GST Inclusive); with a 3% increase per annum; and*
  - iii) the Licence Agreement be subject to any other terms and conditions as negotiated by Council's General Manager.*
- b) Licence Agreement, Essential Energy – Mandoe Radio Site, Lot 22 DP

721168, Mount Hallam Road, Atholwood 5.10.57

- i) Council renew the agreement with Essential Energy for a five (5) year period with a further two (2) year option under the same terms and conditions;
- ii) the licence fee be \$1336.08 per annum (GST inclusive) with a 3% increase per annum; and
- iii) the Licence Agreement be subject to any other terms and conditions as negotiated by Council's General Manager.

- c) Licence Agreement, National Parks and Wildlife Service – Mandoe Radio Site, Lot 22 DP 721168, Mount Hallam Road, Atholwood. 5.10.58

- i) Council renew the agreement with National Parks and Wildlife Service for Mandoe Radio Site, Lot 22 DP 721168, Mount Hallam Road, Atholwood for a five (5) year period with a further five (5) year option under the same terms and conditions;
- ii) the licence fee be \$1365.01 per annum (GST inclusive); with a 3% increase per annum; and
- iii) the Licence Agreement be subject to any other terms and conditions as negotiated by Council's General Manager.

- d) Licence Agreement, NSW State Emergency Service - Mandoe Radio Site, Lot 22 DP 721168, Mount Hallam Road, Atholwood 5.10.60

- i) Council renew the agreement with NSW State Emergency Service for Mandoe Radio Site, Lot 22 DP 721168, Mount Hallam Road, Atholwood for a five (5) year period with a further five (5) year option under the same terms and conditions;
- ii) the licence fee be \$1340.00 per annum (GST inclusive); with a 3% increase per annum; and
- iii) the Licence Agreement be subject to any other terms and conditions as negotiated by Council's General Manager.

- e) Licence Agreement, Mr G & R Brown - Part Unformed Road, Eastern Boundary of Lots 227 & 333 DP 753287, Inverell 5.10.102

- i) Council renew the agreement with Mr Garry and Mrs Robyn Brown for Part Unformed Road, Eastern Boundary of Lots 227 & 333 DP 753287, Inverell for a three (3) year period with a further three (3) year option under the same terms and conditions;
- ii) the licence fee be \$81.14 per annum (GST inclusive); with a 3% increase per annum; and
- iii) the Licence Agreement be subject to any other terms and conditions as negotiated by Council's General Manager.

- f) Licence Agreement, Mr G & R Brown - Part Unformed Road, Eastern Boundary of Lot 263, DP 753287, Inverell 5.10.66

- i) Council renew the agreement with Mr Garry and Mrs Robyn Brown for Part



*Unformed Road, Eastern Boundary of Lot 263, DP 753287, Inverell, for a three (3) year period with a further three (3) year option under the same terms and conditions;*

- ii) the licence fee be \$95.48 per annum (GST inclusive); with a 3% increase per annum; and*
- iii) the Licence Agreement be subject to any other terms and conditions as negotiated by Council's General Manager.*

4. BOUNDARY ADJUSTMENT - ARMIDALE REGIONAL COUNCIL S13.1.1

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

- i) The information be received and noted; and*
- ii) The actions proposed in respect of outstanding rates and charges be endorsed.*

SECTION E  
INFORMATION REPORTS

1. COMMUNITY SAFETY IMPROVEMENT PROJECT S15.8.95

*RESOLVED (Michael/Dight) that the items contained in the Information Reports to the Economic & Community Sustainability Committee Meeting held on Wednesday, 8 May, 2019, be received and noted.*

SECTION G  
GOVERNANCE REPORTS

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

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

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

2. QUARTERLY BUDGET AND OPERATIONAL PLAN REVIEW 2018/2019 S12.5.1

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

- i) Council's Quarterly Operational Plan and Budget Review for 31 March, 2019 be adopted; and*
- ii) the proposed variations to budget votes for the 2018/2019 Financial Year be adopted providing an estimated Cash Surplus at 30 June, 2019 from operations of \$5,427.*

3. EMERGENCY SERVICES LEVY INCREASE

Mr Pay advised that each year, the NSW Government collects payments from councils and insurers to fund emergency services agencies in NSW, with councils required to pay 11.7 per cent of the budget required by NSW Emergency Services. These

charges are embedded in council rates and insurance premiums.

From 1 July 2019 the NSW Government plans to collect an additional \$160 million (in 2019/20) from NSW councils, communities and those paying insurance premiums to provide better workers' compensation coverage for volunteer and career firefighters who are diagnosed with one of 12 specific work-related cancers.

Councils were sent bills with a letter from Revenue NSW in May 2019, saying NSW council contributions will increase by \$19 million in 2019/20. The letter also foreshadowed increases in the following year, but not the amount.

Inverell Shire Council received an invoice from Revenue NSW for \$393476.85 for its emergency services levy contribution. This is \$69979.29 more than last year's levy (a 21.63%) increase. This will mean council will need to find additional funds and/or cut planned initiatives or services.

Council supports career and volunteer firefighters in NSW – as it does all emergency services workers and volunteers. Indeed, many NSW council staff and councillors are volunteers. We also support the Bill passed in November 2018 to address what was a workers' compensation shortfall.

However, the Local Government was at no point advised that it would be required to cover the cost via significant increases to the emergency services levy, or what this cost would be.

Local Government NSW is calling upon the NSW Government to fund the first 12 months of this extra cost and work with local governments to ensure the implementation of the funding mechanism is fairer into the future. This position should be supported.

Note: Council's Insurance will also increase as a result of the increased Emergency Services Levy; however this impact is not yet known.

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

- A. *Inverell Shire Council supports Local Government NSW's calls for:*
  - a. *the NSW Government to cover the initial additional \$19M increase to local governments for the first year; and*
  - b. *the NSW Government to work with NSW local governments to redesign the funding mechanism for the scheme to ensure fairness into the future.*
- B. *Requests that the General Manager liaise with Local Government NSW to provide information on:*
  - a. *The impact on council budgets; and*
  - b. *Council advocacy actions undertaken.*
- C. *Requests that the Mayor:*
  - a. *write to the NSW Premier and NSW Interim Opposition Leader, NSW Minister for Customer Services, NSW Minister for Emergency Services, Minister for Local Government and Shadow Minister for Local Government, and local state member/s to:*
    - i. *call upon the NSW Government to fund the 12 months of this extra cost rather than requiring councils to find the funds at short notice when budgets have already been allocated;*
    - ii. *explain how this sudden increase will impact council services / the local community;*
    - iii. *highlight that councils were not warned of the increased cost*

- until May 2019, despite the new laws being passed in November 2018;*
- iv. explain that the poor planning and implementation of the increase is inconsistent with the Government's commitment to work in partnership with the sector;*
  - v. ask the Government to work with local governments to redesign the implementation of the scheme to ensure it is fairer for councils and communities into the future;*
  - vi. Questioning the mechanism used to estimate and administer the self managed insurance scheme that covers the increased workers compensations claims that the majority of the increase is attributed to; and furthermore how future surpluses and deficits relating to the scheme will be reported and dealt with.*

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

At 11.16am, the Chairperson offered the opportunity to members of the public to make representations as to whether any part of the Committee Meeting should not be considered in Closed Committee. There was no response from the public.

CLOSED COMMITTEE REPORTS

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

*RESOLVED (King/Dight) that the Committee proceed out of Closed Committee into Open Committee.*

Upon resuming Open Committee, at 11.23 am, the Chair verbally reported that the Committee, with the Press and Public excluded, having considered the matters referred to it, recommends as follows:

1. INDUSTRY SUPPORT FUND S12.22.1/12

*That the Committee recommend to Council that:*

- i) Council contribute to upgrading the car park surface at the new dentist surgery at 82 Campbell Street, Inverell from bitumen to concrete; the estimated cost being \$58,000; and*
- ii) The contribution be funded from the Industrial Promotion Vote.*

2. INVERELL GIRL GUIDES ASSOCIATION - REQUEST FOR ASSISTANCE S12.22.1/12

*That additional information is sought in regards to the Inverell Girl Guides Association request for assistance and the matter be represented for Council's consideration.*

ADOPTION OF RECOMMENDATIONS

*RESOLVED (Michael/Dight) that the Committee recommendations of Closed Committee be adopted.*

SECTION F  
QUESTIONS WITHOUT NOTICE

Cr Dight      Sought Leave of Absence for the June 2019 Committee Meeting as she will be unable to attend due to personal reasons.

CR J A WATTS

CHAIRPERSON

**The Meeting closed at 11.38 am.**

**The minutes of this meeting were confirmed at the Economic and Community Sustainability Committee held on 12 June 2019.**

.....  
**CHAIRPERSON**

**3 DISCLOSURE OF CONFLICT OF INTERESTS/PECUNIARY AND NON-PECUNIARY INTERESTS**

**PUBLIC FORUM**

## 4 ADVOCACY REPORTS

### 4.1 NOTICE OF BUSINESS - CULTURAL VOTE

**File Number:** S13.5.3 / 19/17482

**Author:** Anthony Michael, Councillor

#### NOTICE OF BUSINESS

I hereby give notice of my intention to move at the next meeting of the Committee the following business:

*'That a review of cultural activities funded from the cultural vote be undertaken to ensure that the Cultural Vote be retained at \$152K (budget allocation prior to decision to join Arts North West).'*

#### Councillor Comments

Reasons:

1. Council has been informed that it will be required to fund an extra \$70K Emergency Services Levy (ESL),
2. To ensure that Council's budget remains in balance funds from other votes will have to be reduced in the 19/20 draft budget by \$70K,
3. Recently Council decided to join Arts North West and send a delegate to the Advisory Board meetings. An increase of approximately \$16K in the cultural expenditure will be required,

As part of the budget review to meet the extra ESL costs the cultural budget available for cultural expenditure should be reduced to pre Arts North West levels.

COUNCILLOR ANTHONY MICHAEL

28 MAY 2019

#### Local Government (General) Regulation 2005

##### 241 Giving notice of business

- (1) A council must not transact business at a meeting of the council:
  - (a) unless a councillor has given notice of the business in writing within such time before the meeting as is fixed by the council's code of meeting practice or (if the council does not have a code of meeting practice or its code of meeting practice does not fix that time) as is fixed by resolution of the council, and
  - (b) unless notice of the business has been sent to the councillors in accordance with section 367 of the Act.
- (2) Subclause (1) does not apply to the consideration of business at a meeting if the business:
  - (a) is already before, or directly relates to a matter that is already before, the council, or
  - (b) is the election of a chairperson to preside at the meeting as provided by clause 236 (1), or
  - (c) is a matter or topic put to the meeting by the chairperson in accordance with clause 243, or
  - (d) is a motion for the adoption of recommendations of a committee of the council.
- (3) Despite subclause (1), business may be transacted at a meeting of a council even though due notice of the business has not been given to the councillors. However, this can happen only if:
  - (a) a motion is passed to have the business transacted at the meeting, and
  - (b) the business proposed to be brought forward is ruled by the chairperson to be of great urgency.

Such a motion can be moved without notice.

- (4) Despite clause 250, only the mover of a motion referred to in subclause (3) can speak to the motion before it is put.

**ATTACHMENTS:**

**Nil**

**5 DESTINATION REPORTS****5.1 EXPRESSION OF INTEREST TO LICENCE LAND - DELVYN DRIVE, INVERELL**

**File Number:** S5.10.119 / 19/17301

**Author:** Kristy Paton, Temporary Corporate Support Officer - Publishing

**SUMMARY:**

Expressions of Interest were recently called to licence land known as Lot 1, Part Lot 2, DP 1135514, Delvyn Drive, Inverell.

The Committee is requested to consider the Expressions of Interest to licence the land.



*That*

- (i) Council enter into a Licence Agreement with Mr Darren Keyte Lot 1, Part Lot 2 DP 1135514, Delvyn Drive, Inverell for a five (5) year period with a further five (5) year option;*
- (ii) the Licence fee be \$1560 per annum (GST Inclusive) with a 3% increase per annum; and*
- (iii) the Licence Agreement be subject to any other terms.*

Expressions of Interest were called to licence land known as lot 1, part lot 2 DP 1135514, Delvyn Drive, Inverell. Expressions of Interest closed 16 May, 2019. The land is 6.3 hectares in size and is located to the east of the Inverell sewerage treatment works. The land is highlighted in red on the map below.

Two (2) expressions of interest were received.

| NAME           | LICENCE FEE | PURPOSE        |
|----------------|-------------|----------------|
| Darren Keyte   | \$1560 PA   | Grazing Horses |
| Ian Wooldridge | \$500 PA    | Grazing Sheep  |



## Nil

**CHIEF FINANCIAL OFFICERS COMMENT:**

Nil

**LEGAL IMPLICATIONS:**

Nil

**ATTACHMENTS:**

Nil

**5.2 DONATION REQUEST - INVERELL ANGLERS ASSOCIATION****File Number:** S15.8.7/11 / 19/17584**Author:** Kristy Paton, Temporary Corporate Support Officer - Publishing**SUMMARY:**

Council has received a request from Inverell Anglers Association, seeking a donation for their running costs of the trout restocking program. The Committee is asked to consider this request.

**RECOMMENDATION:**

A matter for the Committee.

**COMMENTARY:**

Inverell Anglers Association is a not for profit fishing club who stock Trout into our local cool water streams, mainly the upper Macintyre catchment.

Council has received a request from Warren Anderson, Secretary of the Inverell Anglers Association asking if Council will provide a donation towards their running costs of the restocking program. Council donated \$500 last year and being a small club they rely on donations as a major source of income for the club.

A copy of the correspondence received from Warren Anderson is attached. The Committee is asked to determine if it wishes to provide a contribution to The Inverell Anglers Association, and if so, in what capacity.

**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:**

The balance of the fish stocking donation vote is \$4000, nothing has been spent this financial year.

**LEGAL IMPLICATIONS:****ATTACHMENTS:**

1. Request for Donation - Letter received from Inverell Anglers Association

Inverell Anglers Association inc

Warren Anderson 417 Fernhill rd Inverell

0447 560 815

Inverell Shire Council

To whom it may concern, The Inverell Anglers association wishes to thank you for your generous donation of \$500 last financial year towards our running costs, and we are asking if you once again would like to make a donation to our club.

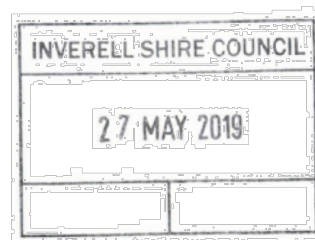
We are a small not for profit club but we are solely responsible for stocking Trout in the Greater Inverell Area, predominately the Macintyre River headwaters and the Gwydir river below Copeton dam.

Any assistance would be greatly appreciated.

Yours Sincerely



Warren Anderson, Secretary IAA-inc



**5.3 EXPIRING LICENCE AGREEMENT - FORESTRY COMMISSION OF NSW****File Number:** S5.10.98 / 19/17707**Author:** Kristy Paton, Temporary Corporate Support Officer - Publishing**SUMMARY:**

The Licence Agreement between Council and the Forestry Commission of NSW is due to expire on 30 June, 2019. The Committee is requested to consider offering Forestry Commission of NSW a new Agreement.

**RECOMMENDATION:**

That the Committee recommends to Council that:

1. Council renew the agreement with the Forestry Commission of NSW for Mandoe Radio Site, Lot 22 DP 721168, Mount Hallam Road, Atholwood.
2. The licence agreement be for a five (5) year period with a five (5) year option;
3. The Licence fee be \$1271.99 amount per annum (GST Inclusive) with a 3% increase per annum; and
4. The Licence Agreement be subject to any other terms and conditions as negotiated by Council's General Manager.

**COMMENTARY:**

The Licence Agreement between Council and the Forestry Commission of NSW for Mandoe Radio Site, Lot 22 DP 721168, Mount Hallam Road, Atholwood expires on 30 June, 2019. The authorised use of the land is for the purpose of installation, operation and maintenance of a radio receiving and transmitting station.

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

Further noted is the last billed amount of \$1234.95 (GST inclusive).

The Committee is requested to consider offering the Forestry Commission of NSW a new Agreement.

**POLICY IMPLICATIONS:**

Nil

**CHIEF FINANCIAL OFFICERS COMMENT:**

Nil

**LEGAL IMPLICATIONS:**

Nil

**ATTACHMENTS:**

Nil

**5.4 INVERELL GIRL GUIDES ASSOCIATION - ADDITIONAL INFORMATION**

**File Number:** S12.22.1/12 / 19/17640

**Author:** Paul Henry, General Manager

**SUMMARY:**

Council is in receipt of additional information in respect of the request from the Girl Guides. The Committee is being asked to consider a Confidential Report on the matter.

**RECOMMENDATION:**

That the matter be referred to Closed Council for consideration as the matters and information are:

- b discussion in relation to the personal hardship of a resident or ratepayer.

On balance the public interest in preserving the confidentiality of the information outweighs the public interest in openness and transparency in Council decision-making by discussing the matter in open meeting; and all reports and correspondence relevant to the subject business be withheld from access to the media and public as required by section 11(2) of the *Local Government Act, 1993*.

**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.*

It is recommended that, pursuant to Section 10A(2) of the *Local Government Act 1993* the matter be referred to Closed Committee for consideration as the matters and information are:

- b discussion in relation to the personal hardship of a resident or ratepayer.

On balance the public interest in preserving the confidentiality of the information outweighs the public interest in openness and transparency in Council decision-making by discussing the matter in open meeting; and all reports and correspondence relevant to the subject business be withheld from access to the media and public as required by section 11(2) of the *Local Government Act, 1993*.



**5.5 LAND SALE****File Number:** S5.2.0/12 / 19/18651**Author:** Paul Henry, General Manager**SUMMARY:**

A parcel of land has been offered for sale. A confidential report on this matter has been prepared. The Committee is being asked to consider the report in closed committee.

**RECOMMENDATION:**

That the matter be referred to Closed Council for consideration as the matters and information are:

- d(ii) information that would, if disclosed, confer a commercial advantage on a competitor of the council.

On balance the public interest in preserving the confidentiality of the information outweighs the public interest in openness and transparency in Council decision-making by discussing the matter in open meeting; and all reports and correspondence relevant to the subject business be withheld from access to the media and public as required by section 11(2) of the *Local Government Act, 1993*.

**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.*

It is recommended that, pursuant to Section 10A(2) of the *Local Government Act 1993* the matter be referred to Closed Committee for consideration as the matters and information are:

- d(ii) information that would, if disclosed, confer a commercial advantage on a competitor of the council.

On balance the public interest in preserving the confidentiality of the information outweighs the public interest in openness and transparency in Council decision-making by discussing the matter in open meeting; and all reports and correspondence relevant to the subject business be withheld from access to the media and public as required by section 11(2) of the *Local Government Act, 1993*.

**6 INFORMATION REPORTS****6.1 LETTER OF APPRECIATION - DELUNGRA MEMORIAL BOWLING & RECREATION CLUB****File Number: S6.8.9 / 19/17340****Author: Kristy Paton, Temporary Corporate Support Officer - Publishing****SUMMARY:**

Council is in receipt of a letter of appreciation from Gail Pennington, the President of the Delungra Memorial Bowling & Recreation Club. The Committee is being asked to receive and note the report.

**COMMENTARY:**

Council provided funding secured through the Community Drought Programme to the Delungra Memorial Bowling and Recreation Club. The Club has written to express its appreciation for this support.

In the letter Ms Pennington states:

*'The Delungra Memorial Bowling & Recreation Club Board of Directors would like to thank the Inverell Shire Council and its supporting staff for your efforts in securing our Club funding through the Community Drought Programme.'*

*This funding enabled the Club to install solar power and carry out some much needed repairs and maintenance.*

*Our club is run by volunteers for the general public and with the funds Council has provided we will be ready for the future for many years to come.'*

**ATTACHMENTS:**

Nil

## 7 GOVERNANCE REPORTS

### 7.1 GOVERNANCE - MONTHLY INVESTMENT REPORT

**File Number:** S12.12.2/12 / 19/14498

**Author:** Paul Pay, Manager Financial Services

**SUMMARY:**

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

**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.*

**COMMENTARY:**

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

- (a) Council's investments as at 31 May, 2019;
- (b) Council Investments by Fund as at 31 May, 2019;
- (c) Interest – Budgeted vs Actual;
- (d) Investment Portfolio Performance;
- (e) Investment Commentary; and
- (f) Certification – Responsible Accounting Officer.

**A) Council Investments as at 31 May, 2019**

| <b>Term Deposit Investment Group</b>             |                          |             |               |                    |                      |                      |                      |                        |                      |                    |
|--|--------------------------|-------------|---------------|--------------------|----------------------|----------------------|----------------------|------------------------|----------------------|--------------------|
| <i>Investment No.</i>                            | <i>Borrower</i>          | <i>FUND</i> | <i>Rating</i> | <i>Risk Rating</i> | <i>Purchase Date</i> | <i>Maturity Date</i> | <i>Current Yield</i> | <i>Principal Value</i> | <i>Current value</i> | <i>Term (days)</i> |
| 19-18  | National Australia Bank  | General     | AA-           | 1                  | 14-Dec-18            | 14-Jun-19            | 2.72%                | 2,000,000              | 2,000,000            | 182                |
| 18/38  | Westpac Bank             | Water       | AA-           | 1                  | 28-Jun-18            | 25-Jun-19            | 2.95%                | 1,000,000              | 1,000,000            | 362                |
| 18/39  | Westpac Bank             | General     | AA-           | 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     | AA-           | 1                  | 09-Jan-19            | 09-Jul-19            | 2.72%                | 1,000,000              | 1,000,000            | 181                |
| 19/01  | CBA                      | General     | AA-           | 1                  | 17-Jul-18            | 17-Jul-19            | 2.76%                | 3,000,000              | 3,000,000            | 365                |
| 19/02  | Bank West                | Sewer       | AA-           | 1                  | 17-Jul-18            | 17-Jul-19            | 2.80%                | 2,000,000              | 2,000,000            | 365                |
| 19/03  | Bank of Queensland       | General     | BBB+          | 2                  | 03-Sep-18            | 03-Sep-19            | 2.73%                | 1,000,000              | 1,000,000            | 365                |
| 19/04  | CBA                      | General     | AA-           | 1                  | 14-Sep-18            | 13-Sep-19            | 2.68%                | 1,000,000              | 1,000,000            | 364                |
| 19/05  | National Australia Bank  | Water       | AA-           | 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     | AA-           | 1                  | 02-Oct-18            | 02-Oct-19            | 2.60%                | 1,000,000              | 1,000,000            | 365                |
| 19/07  | National Australia Bank  | General     | AA-           | 1                  | 09-Oct-18            | 09-Oct-19            | 2.74%                | 1,000,000              | 1,000,000            | 365                |
| 19/28  | Bank of Sydney           | General     | NR            | 3                  | 17-Apr-19            | 17-Oct-19            | 2.65%                | 1,000,000              | 1,000,000            | 183                |
| 19/08  | Bendigo Adelaide Bank    | General     | BBB+          | 2                  | 25-Oct-18            | 25-Oct-19            | 2.75%                | 2,000,000              | 2,000,000            | 365                |
| 19/11  | National Australia Bank  | Sewer       | AA-           | 1                  | 20-Nov-18            | 20-Nov-19            | 2.75%                | 2,000,000              | 2,000,000            | 365                |
| 19/12  | Rural Bank               | General     | BBB+          | 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-19            | 2.94%                | 1,000,000              | 1,000,000            | 365                |
| 19/14  | AMP BANK                 | General     | A-            | 2                  | 27-Nov-18            | 27-Nov-19            | 2.85%                | 2,000,000              | 2,000,000            | 365                |
| 19/15  | AMP BANK                 | General     | A-            | 2                  | 27-Nov-18            | 27-Nov-19            | 2.85%                | 1,000,000              | 1,000,000            | 365                |
| 19/16  | AMP BANK                 | Water       | A-            | 2                  | 27-Nov-18            | 27-Nov-19            | 2.85%                | 1,000,000              | 1,000,000            | 365                |
| 19/17  | AMP BANK                 | General     | A-            | 2                  | 27-Nov-18            | 27-Nov-19            | 2.85%                | 1,000,000              | 1,000,000            | 365                |
| 19/23  | AMP BANK                 | General     | A-            | 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     | AA-           | 1                  | 09-Jan-19            | 09-Jan-20            | 2.75%                | 2,000,000              | 2,000,000            | 365                |
| 19/27  | St George Bank           | General     | AA-           | 1                  | 17-Apr-19            | 17-Apr-20            | 2.60%                | 2,000,000              | 2,000,000            | 366                |
| 19/09  | ING BANK                 | General     | A             | 1                  | 25-Oct-18            | 25-Oct-20            | 2.90%                | 2,000,000              | 2,000,000            | 731                |
| 19/10  | Westpac Bank             | General     | AA-           | 1                  | 25-Oct-15            | 25-Oct-20            | 2.97%                | 2,000,000              | 2,000,000            | 1827               |
| 19/26  | Police Credit Union (SA) | General     | NR            | 3                  | 28-Mar-19            | 29-Mar-21            | 2.90%                | 2,000,000              | 2,000,000            | 732                |
| 19/30  | Rural Bank               | General     | BBB+          | 2                  | 17-Apr-19            | 19-Apr-21            | 2.63%                | 1,000,000              | 1,000,000            | 733                |
| 19/29  | Newcastle Permanent      | General     | BBB           | 2                  | 17-Apr-19            | 19-Apr-22            | 2.70%                | 1,000,000              | 1,000,000            | 1098               |
| <b>Sub Total - Term Deposit Investment Group</b> |                          |             |               |                    |                      |                      |                      | <b>TOTALS</b>          | <b>48,500,000</b>    | <b>48,500,000</b>  |

| <b>Cash Deposits Accounts Investment Group</b>             |  |             |               |                    |                      |                      |                      |                        |                      |
|--|--|-------------|---------------|--------------------|----------------------|----------------------|----------------------|------------------------|----------------------|
| <i>As at Date</i>  | <i>Borrower</i>                          | <i>FUND</i> | <i>Rating</i> | <i>Risk Rating</i> | <i>Purchase Date</i> | <i>Maturity Date</i> | <i>Current Yield</i> | <i>Principal Value</i> | <i>Current value</i> |
| 31/5/19  | National Australia Bank (Cash Maximiser) | General     | A1+           | 1                  |                      |                      | 1.65%                | 1,000,000              | 1,000,000            |
| <b>Sub Total - Cash Deposits Accounts Investment Group</b> |  |             |               |                    |                      |                      |                      | <b>1,000,000</b>       | <b>1,000,000</b>     |

| <b>Floating Rate Notes Investment Group</b>             |                   |             |               |                    |                      |                      |                          |                        |                      |
|---|-------------------|-------------|---------------|--------------------|----------------------|----------------------|--------------------------|------------------------|----------------------|
| <i>As at Date</i>                                       | <i>Borrower</i>   | <i>FUND</i> | <i>Rating</i> | <i>Risk Rating</i> | <i>Purchase Date</i> | <i>Maturity Date</i> | <i>Current Yield*</i>    | <i>Principal Value</i> | <i>Current value</i> |
| 31/5/19   | Commonwealth Bank | General     | A1+           | 1                  | 11/1/2019            | 11/1/2024            | 2.82%<br>3M BBSW + 113bp | 2,000,000.00           | 2,024,934.00         |
| 31/5/19   | ANZ Bank          | General     | A1+           | 1                  | 8/2/2019             | 8/2/2024             | 2.74%<br>3M BBSW + 110bp | 2,000,000.00           | 1,011,237.00         |
| 31/5/19   | ANZ Bank          | Water       | A1+           | 1                  | 8/2/2019             | 8/2/2024             | 2.74%<br>3M BBSW + 110bp | 1,000,000.00           | 2,022,474.00         |
| <b>Sub Total - Floating Rate Notes Investment Group</b> |                   |             |               |                    |                      |                      |                          | <b>5,000,000.00</b>    | <b>5,058,645.00</b>  |

\* Yield changes every 3 months and is a margin over the 3 month BBSW (Bank Bill Swap Rate)

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

| Portfolio by Fund | 30/04/2019           | 31/05/2019           |
|-------------------|----------------------|----------------------|
| General Fund      | \$ 42,056,328        | \$ 41,036,171        |
| Water Fund        | \$ 7,013,327         | \$ 8,022,474         |
| Sewer Fund        | \$ 5,500,000         | \$ 5,500,000         |
| <b>TOTAL</b>      | <b>\$ 54,569,655</b> | <b>\$ 54,558,645</b> |

Council's investment portfolio remained neutral during May 2019. This was in respect of normal cash flow movements for receipts collected and payments made during May 2019.

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

| Ledger       |        | 2018/2019<br>Budget    | Actuals<br>to Date   |
|--------------|--------|------------------------|----------------------|
| General Fund | 128820 | 879,000.00             | 681,190.22           |
| Water Fund   | 812350 | 85,000.00              | 110,700.50           |
| Sewer Fund   | 906320 | 87,000.00              | 58,160.00            |
| <b>TOTAL</b> |        | <b>\$ 1,051,000.00</b> | <b>\$ 850,050.72</b> |

The interest received to date (cash basis) is in accordance with Budget and does not include accruals. It is again expected that Council's Investment Portfolio will achieve benchmark returns in 2018/2019.

**D) Investment Portfolio Performance**

| Investment Portfolio Return |       | Benchmarks    |                       |                   |
|-----------------------------|-------|---------------|-----------------------|-------------------|
|                             | % pa  | RBA Cash Rate | Aus Bond<br>Bank Bill | 11am Cash<br>Rate |
| Benchmark as at 31-5-19     |       | 1.50%         | 1.99%                 | 1.50%             |
| Term Deposits               | 2.80% |               |                       |                   |
| Cash Deposit Accounts       | 1.65% |               |                       |                   |
| Floating Rate Notes         | 3.13% |               |                       |                   |

**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 \$54.6M 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% again at its May meeting, after markets and economists were roughly split on whether rates would be cut. While the RBA cut its near-term growth and inflation forecasts, and delayed the return of inflation to the lower part of the band until 2020 (from 2019) – the Bank continues to forecast a central scenario of trend or above-trend GDP growth of 2.75% over 2019 and 2020 and some further improvement in the unemployment rate, though not until 2021 (effectively an unchanged unemployment rate at 5% over 2019 and the first half of 2020).

A few weeks later in mid-May, RBA Governor Lowe said in a speech that, "at our meeting in two weeks' time, we will consider the case for lower interest rates". Lowe conceded that increasing evidence of a weaker economy underpinned their shift to an easing bias, suggesting that lower unemployment was needed for the Board to stay on hold. The unemployment rate has steadily jumped from its 8-year low of 4.9% in February, to 5.1% in March and 5.2% in April.

In fact, the RBA met again on 4 June and as widely expected, has cut the cash rate from 1.5% to a new historic low of 1.25%. The RBA governor Philip Lowe said the move would help reduce unemployment and boost inflation back towards its 2-3% target range. The RBA remains optimistic about the Australian economy, seeing 2.75% growth this year and next, despite some headwinds from the US-China trade dispute.

Many economists expect the RBA to cut rates at least one more time this calendar year.

Term deposit interest rates have moved to historic lows of approximately 2% for a twelve (12) month term deposit. Given our strong investment balances, Council is expected to meet interest revenue targets in 2019/2020. However, further rate cuts may require Council to downgrade this target in future years.

**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.

**RISK ASSESSMENT:**

Nil

**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

**ATTACHMENTS:**

Nil

**7.2 BUDGET AND OPERATIONAL PLAN REVIEW 2018/2019****File Number: S12.5.1 / 19/18006****Author: Paul Pay, Manager Financial Services****SUMMARY:**

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

**RECOMMENDATION:**

*That the Committee recommend to Council that the proposed variations to budget votes for the 2018/2019 Financial Year be adopted providing an estimated Cash Surplus at 30 June, 2019 from operations of \$5,427.*

**COMMENTARY:****2018/2019 BUDGET VARIATIONS:**

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

The following table represents variations required to be made to budget votes as a result of changes since the last meeting to ensure the 2018/2019 Budget remains in balance (see attachment). Those items identified as requiring funding since the adoption of the 2018/2019 budget have now been funded in full.

The Budget Variations for 2018/2019 are as follows:



**COMBINED FUND - BUDGET VARIATION SUMMARY REPORT**  
**ESTIMATED CASH POSITION 30 JUNE, 2019**  
**FOR 2018/2019 ACTIVITIES**

|   | <b>General</b>     | <b>Water</b>       | <b>Sewer</b>       | <b>Total</b>           |
|---|--------------------|--------------------|--------------------|------------------------|
| <b>Adopted Budget 2018/2019</b>   | 7,556,285          | 850,913            | 699,900            | 9,107,098 Deficit      |
| Add Back Depreciation   | (6,943,050)        | (853,000)          | (701,000)          | (8,497,050) (Non-cash) |
| Add Back Carry Amount Assets Sold   | (240,400)          | -                  | -                  | (240,400) (Non-Cash)   |
| Internally Restricted Cash Utilised                                       | (375,075)          |                    |                    | (375,075)              |
| Transferred to Internally Restricted Cash                                 | -                  | -                  | -                  | -                      |
| <b>ESTIMATED CASH RESULT</b>  | <b>(2,240)</b>     | <b>(2,087)</b>     | <b>(1,100)</b>     | <b>(5,427)</b>         |
| <b>FOR 2018/2019 ACTIVITIES</b>   |                    |                    |                    | <b>SURPLUS</b>         |
| <b>2018/2019 Budget Variations Required to Maintain a Balanced Budget</b> |                    |                    |                    |                        |
| <b>REVOTES</b>  | 5,896,199          | 1,988,047          | 3,316,614          | 11,200,860             |
| <b>UNEXPENDED GRANTS</b>  | 1,371,846          | -                  | -                  | 1,371,846              |
| Budget Review Adjustments 30-9-18   | 415,000            | -                  | -                  | 415,000                |
| Budget Review Adjustments 31-12-18  | -                  | -                  | -                  | -                      |
| Budget Review Adjustments 31-12-19  | -                  | -                  | -                  | -                      |
| Budget Review Adjustments 31-05-19  | -                  | -                  | -                  | -                      |
| <b>SUB TOTAL</b>  | <b>7,683,045</b>   | <b>1,988,047</b>   | <b>3,316,614</b>   | <b>12,987,706</b>      |
| <b>Internally Restricted Cash Utilised</b>                                | <b>(415,000)</b>   | <b>-</b>           | <b>-</b>           | <b>(415,000)</b>       |
| <b>FUNDED FROM EQUITY</b>   | <b>(7,268,045)</b> | <b>(1,988,047)</b> | <b>(3,316,614)</b> | <b>(12,572,706)</b>    |
| <b>NET BUDGET VARIATIONS</b>  | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>               |
| <b>REVISED CASH RESULT</b>  | <b>(2,240)</b>     | <b>(2,087)</b>     | <b>(1,100)</b>     | <b>(5,427)</b>         |
| <b>FOR 2017/2018 ACTIVITIES</b>   |                    |                    |                    | <b>SURPLUS</b>         |

## DEFINITIONS:

- 1) **REVOTES** - Revotes are works budgeted and funded in the previous Financial Year, carried forward for completion in the current financial year. Revotes only occur if cash funding remains available from that previous Financial Years Budget to fund the works. The cash is held as equity.
- 2) **FUNDED FROM EQUITY** - Represents Cash funding received in previous financial years from Revenues, Grants and Other Sources and held as Cash due to its non-expenditure, carried forward to fund the required works in the current Financial Year.
- 3) **INTERNALLY RESTRICTED CASH** - Is cash held in investments to fund future financial obligations, for example Employee Leave Entitlements, Future Projects etc. These funds are not part of Council's Working Capital. The expenditure of funds from Council's Internally Restricted Cash does not impact on Council's ability to undertake its regular activities. Internally Restricted Cash does not include unexpended Grant Funds or Funds which are subject to External Restrictions and Legislative Restrictions in respect of their use.
- 4) **BALANCED BUDGETS** - Council has adopted the principle of delivering "Balanced Budgets" as a major means of ensuring its operations are sustainable in the medium and long term. In determining that this objective is being met, the "Revised Cash Result" must be a "Surplus" for each of the three funds, and equal or exceed the "Original Cash Result" amount.

The report indicates that the Net Budget Variations for 2018/2019 continue to remain at “Zero”. Councillors will note that expenditure has increased by \$6.599M, while revenue has increased by \$6.184M. The “zero” change position is achieved by utilising Internally Restricted Assets (IRA). This means that all budget variations required to be made to this point, to cover increased or additional expenditures, have been fully funded from either Council receiving additional income or alternately from reductions in expenditures in other areas. There has been no reduction in Working Capital.

#### **GENERAL FUND – OPERATIONAL PLAN REVIEW:**

The General Fund remains in balance with the predicted Cash Surplus in respect of 2018/2019 operations remaining unchanged following approval of the Budget Variations attached to this report. This is after transfers to/from Internally Restricted Assets and Revotes from previous years and the bringing forward of Grant Funding received in 2017/2018 which will be expended in 2018/2019.

A range of additional costs have and are expected to be incurred in the General Fund over the year. These are to be funded as indicated in the Budget Variation Report, from cost savings in other areas and from additional income received.

A comprehensive review of the General Fund Budget indicates that overall, incomes and expenditures to 31 May, 2019 are in accordance with the adopted budget. All matters not in accordance with the adopted Budget are included in the Budget Variation Report.

#### **Tingha Plateau Fires**

The Tingha Plateau Fires were declared a natural disaster under the NSW Rural Fire Services (RFS) Section 44 on 11 February, 2019. This declaration means that Council can seek financial assistance to recover the cost of fire fighting activities, and emergency & reconstructions works on essential assets.

Cost incurred in responding to the Tingha Plateau Fires totalled \$403,836.40. Council has made two claims for financial assistance to recoup some of this expenditure.

1. All cost incurred for fire fighting activities, activities that assisted the NSW RFS, are claimed under the natural disaster assistance funding directly through NSW RFS. Council has submitted a claim for \$50,627.75
2. Claims relating to Emergency Works, Immediate Reconstruction Works and Essential Public Asset Restorations Works on public roads, bridges and other road infrastructure is processed through the Roads and Maritime Services (RMS). Council has submitted a claim for Emergency Works totalling \$221,125.78. Council is required to fund the first \$29,000 of this claim.

Emergency Works typically includes:

- Removal of debris, including silt, green litter, black litter and loose gravel from the asset where failure to do so would create a health or safety hazard;
- Any temporary repair works to the essential public asset that ensures it can be safely used until reconstruction works are able to be undertaken;
- Works to make the road trafficable for adjoining landholders; and
- Placement of warning signs and barriers to ensure the asset is able to be safely used for its intended purpose.

It is worth noting that while Council has submitted claims with both RFS and RMS they both have very long drawn out procedures to verify the expenses claimed. It is anticipated that some of our claim may be rejected by either the RFS or RMS. Should these claims not be finalised by 30 June, Council will raise debtors to record the outstanding amount for each department.

Council also assisted Armidale Regional Council (ARC) with emergency works. These cost totalled \$71,876. ARC has been invoiced and the account has been paid in full.

Under the Disaster Recovery Funding Arrangements Council is unable to seek reimbursement of employee day labour and fleet operation costs. These totalled \$59,516.55. Therefore Council's current total contribution towards the Tingha Plateau Fire is \$88,516.55 which has been funded in this budget review process.

The following table summarises the above costs:

|                                     | <b>Total Fire Costs</b> | <b>Private Works Armidale Regional Council</b> | <b>Rural Fire Service Claim</b> | <b>RMS Claim</b>     | <b>Council Costs</b> |
|-------------------------------------|-------------------------|--|---------------------------------|----------------------|----------------------|
| Payroll Costs (Ordinary & Overtime) | \$ 130,245.49           |  | \$ 38,267.04                    | \$ 50,171.27         | \$ 41,807.18         |
| Fuel                                | \$ 6,787.44             |  | \$ 6,787.44                     | \$ -                 | \$ -                 |
| Plant Hire                          | \$ 40,963.34            |  | \$ 5,532.27                     | \$ 17,721.70         | \$ 17,709.37         |
| Meals & Accommodation               | \$ 41.00                |  | \$ 41.00                        | \$ -                 | \$ -                 |
| Other                               | \$ 153,982.81           |  | \$ -                            | \$ 153,982.81        | \$ -                 |
| Private Works                       | \$ 71,816.32            | \$ 71,816.32                                   |                                 |                      |                      |
| <b>Total Costs</b>                  | <b>\$ 403,836.40</b>    | <b>\$ 71,816.32</b>                            | <b>\$ 50,627.75</b>             | <b>\$ 221,875.78</b> | <b>\$ 59,516.55</b>  |

Overall, the Operational and financial position of the General Fund Function is sound.

#### **WATER FUND – OPERATIONAL PLAN REVIEW:**

Overall, the Operational and financial position of the Water Fund Function is sound.

#### **SEWERAGE FUND OPERATIONAL PLAN REVIEW:**

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

#### **OPERATIONAL PLAN – COMBINED FUND**

Overall Council's operational and financial position in respect of its five destinations is sound. The following information is provided in respect of major issues and projects that Council is leading, participating in, or delivering in 2018/2019:

- Destination 1 – A recognised leader in the broader context:
  - Secured \$200K funding to extend CCTV network and Solar lighting in Campbell Park;
  - Participation in Road Funding meetings with the Roads and Maritime Services;
  - Participation in New England Northwest Regional Tourism meetings;
  - Participation in New England High Country Destination Management Hub;
  - Participated in meetings with New England Council's Joint Organisation of Councils, Secretariat for the Group;
  - Participated in Border Region Organisation of Councils Meeting;
  - Seeking grants for the benefit of the community;
  - Sponsored acquisition prize of Inverell Art Prize;
  - Assisted with the running of Country Cricket Championships in Inverell;
  - Participation in the Northern Inland Risk Management Group;
  - Secured funding for the development of an Arts & Cultural Strategic Plan;
  - Secured \$2.5M funding to facilitate an \$8M upgrade of the Inverell Livestock Exchange;
  - Completed installation of Illuminator lighting system to sportsgrounds to increase lighting efficiency;
  - Facilitated high speed data connectivity between Admin, Library, Tourism buildings;
  - Assisted with establishment of Blaze Aid Camp at Inverell showground; and

- Installed entrance Signage for Bonshaw.
- Destination 2 – A community that is healthy, educated and sustained:
  - Youth Opportunities Programs in progress to engage young people aged 12-20 with 1430 participants;
  - Joint initiative with BEST Employment to commence free learn to swim classes – 80 participants;
  - Assisted with Sapphire City Festival;
  - Participation in New England Cooperative Library;
  - Working with BEST Employment in respect of the management rights of the Linking Together Centre;
  - Hosted Grandparents Day with 150 participants;
  - Completed Sale of Land for Unpaid rates;
  - Assisted with preparation for Armistice Day;
  - Hosted grant writing workshops with 36 participants;
  - Assisted more than 30 community groups and schools to apply for grant funding;
  - Commenced upgrade of Library Management System;
  - Youth week events engage more than 350 youth; and
  - Sponsored 2019 Inverell & Ashford Shows.
- Destination 3 – An environment that is protected and sustained:
  - Partnering with Local Land Services in River Rehabilitation & Weeds Removal Programs;
  - Completed Harrisia Cactus program at Yetman;
  - Removed Water Lettuce at Beebo West;
  - Completed a Cats Claw program on Dumaresq River;
  - Commenced an Osage Orange Program along the Macintyre River;
  - Participated in Cross Borders Working Group on weed control meetings;
  - Participated in Northern Inland Regional Waste meetings;
  - Ongoing works at May Street Park to improve riverbank environment;
  - Development of Soundtracks mobile App for Goonoowigall Conservation Area; and
  - Completed installing walking tracks and seating at Ross Hill Reserve.
- Destination 4 – A strong Local Economy:
  - Participated in a wide range of Tourism and Marketing Shows;
  - Participated in Inverell Promotional Activities with the Inverell Chamber of Commerce and Industry;
  - Secured funding for Small Business up skilling workshop in marketing;

- Celebrated Fly Corporate first anniversary of the new Regular Passenger Transport (RPT) service from Brisbane – Inverell – Sydney;
  - Collaborating with Community groups to develop proposals for Drought Communities Programs – secured Drought Communities Funding; Events being held in 5 village locations
  - Sponsorship of Eat Drink Live;
  - Facilitated round one of Sapphire Wind Farm Community Benefit Fund;
  - Partnered with Fishing Australia to develop promotional film of Inverell LGA;
  - Partnered with ARC, emergency services and government agencies to assist in Tingha Plateau bushfire recovery; and
- Destination 5 – The Communities are served by sustainable services and infrastructure:
    - Commenced and completed a range of Road Upgrade Projects on the Regional Road and Local Road Network;
    - Completed a significant quantum of Shire Roads Gravel Resheeting;
    - Completed a significant quantum of heavy patching throughout the Shire;
    - Completed Councils 2018/2019 bitumen reseal program;
    - Completed 2017/2018 Financial Statements – sound financial result achieved;
    - Commenced upgrade works at the Inverell Sewerage Treatment Plant;
    - Commenced assessment of Higher Mass Vehicle network expansion;
    - Upgrade of Inverell Town Hall Annex to Create a multipurpose Arts Space;
    - Facilitated transition of Inverell Family History Group's premises to Inverell Library;
    - Commence infrastructure works at Inverell Sports Complex, Inverell Tennis Club, Lake Inverell, Inverell Skate Park and Off Road Recreation Circuit valued at \$2.9M;
    - Commenced 12 projects to upgrade community infrastructure under Drought communities Programme; and
    - Installation of air conditioning at Bonshaw Hall.

**POLICY IMPLICATIONS:**

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

**CHIEF FINANCIAL OFFICERS COMMENT:**

In accordance with the Local Government (General) Regulation 2005 it is my opinion that the Budget Review Statement for Inverell Shire Council for the period ending 31 May, 2019 indicates that Council's projected financial position at 30 June, 2019 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

Adoption of the proposed budget variations as indicated above will maintain Council's 2018/2019 Budget in balance, with an indicative surplus of \$5,427.

**LEGAL IMPLICATIONS:**

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

**ATTACHMENTS:**

- 1. Budget Variations - Finance Meeting - 12-06-2019**

| BUDGET VARIATIONS - FINANCE MEETING 12-6-2019             |                                       |                  |   |
|---|---------------------------------------|------------------|---|
| ITEM/LEDGER NO.   | DESCRIPTION                           | AMOUNT \$        | COMMENT/REASON  |
| <b>GENERAL FUND</b>                                       |                                       |                  |   |
| <i>Increase/Decrease in INCOME</i>                        |                                       |                  |   |
| 123670-1000   | Bushfire - Sundry Income              | 71,876           | Contribution from Amidale Regional Council for works completed in there LGA                     |
| 123670-1000   | Bushfire - Sundry Income              | 50,165           | Estimated contribution from Rural Fire Service  |
| 123670-1000   | Bushfire - Sundry Income              | 192,126          | Estimated contribution from RMS   |
| 128590-1000   | Income Other Land & Buildings         | 6,850            | Additional income received  |
| 128280-1000   | Caravan Park Sundry Income            | 26,000           | Additional site fees received   |
| 122370-5999   | Grant SH12 - Ordered Works            | 715,194          | RMS Grant funded works  |
| <b>TOTAL INCREASE IN INCOME</b>                           |                                       | <b>1,062,211</b> | <i>Positive figure indicates increased income, (Negative) figure indicates decreased income</i> |
| <i>Increase/Decrease in EXPENDITURE</i>                   |                                       |                  |   |
| 132660-1000   | Bush Fire Section 44 Emergency        | 402,403          | Bush fire expenses at Tingha Plateau Fire   |
| 132930-1000   | SES - Storm Damage                    | (50,000)         | Council Contribution to above bush fire expenses  |
| 132670-1000   | General Fire Control Expenses         | (8,700)          | Council Contribution to above bush fire expenses  |
| 132670-1000   | Council Funded RFS Expenses           | (26,800)         | Council Contribution to above bush fire expenses  |
| 132850-4570   | SES Other Building Mtc                | (2,736)          | Funding for above   |
| 132860-1000   | EOC Headquarters Building             | 3,200            | New lighting in SES area  |
| 132850-4570   | SES Other Building Mtc                | (3,200)          | Funding for above   |
| 136170-5540   | Town Planning Travel                  | 3,900            | additional travelling expenses  |
| 147750-5540   | Travelling Exp - Building             | (3,900)          | Funding for above   |
| 137100-4480   | Inverell Baths                        | 26,000           | Additional minor maintenance and electricity costs  |
| 132770-4600   | Stock/Article Impounding              | 2,500            | additional expenses incurred  |
| 134180-1000   | Ordinance Inspections                 | (2,500)          | Funding for above   |
| 132320-1000   | Exp -Other Public Events              | 6,850            | Australia Day and ANZAC Day events  |
| 138830-1000   | SH12 - Bitumen Resurfacing            | 371,222          | SH12 Bitumen Reseals - RMS Grant funded   |
| 138900-1100   | SH12 - Miscellaneous Works            | 295,200          | SH12 - Culvert Relining   |
| 138900-1100   | SH12 - Miscellaneous Works            | 8,572            | SH12 - Bald Nob Road - Preconstruction works  |
| 138900-1100   | SH12 - Miscellaneous Works            | 40,200           | SH12 - Vegetation Control overhanging branches  |
| 139990-1100   | ACRD - Gravel Resheeting North        | 15,272           | Gravel Resheeting on Baltimore Loop Road  |
| 139403-1100   | Future-Road Backlog-Gravel Patching   | (15,272)         | Funding for above   |
| 142990-1100   | ACRD - Gravel Resheeting North        | 71,937           | Gravel Resheeting on Mt Hallam Road   |
| 139403-1100   | Future-Road Backlog-Gravel Patching   | (16,720)         | Funding for above   |
| 142505-1100   | ACRD-Gravel Resheet-Local Rds.-SOUTH  | (55,217)         | Funding for above   |
| 137720-1120   | BLK - MR187 South Inverell/Rook Dam   | 24,160           | additional heavy patching works   |
| 137561-1000   | Block Grant-Capital Exps              | (24,160)         | Funding for above   |
| 137830-1100   | BLK - Heavy Patching                  | 275,000          | Heavy patching works on MR73 and MR135 - works currently in progress                            |
| 138801-1000   | ACRD - Heavy Patching                 | (115,000)        | Funding for above   |
| 138730-4460   | Block Grant 3x4 Supplementary Program | (160,000)        | Funding for above   |
| 139170-1000   | Maint Roadside Furnish - South        | 2,635            | Additional costs incurred   |
| 140150-1000   | Drainage Structures                   | 6,130            | Additional costs incurred   |
| 140540-1000   | Tree Plant & Plots Mtc                | 18,280           | Clear zone protection works rural residential areas around Inverell                             |
| 135790-1000   | Street Cleaning                       | 20,000           | Additional costs incurred   |
| various   | Sporting Fields                       | 20,000           | Additional watering costs due to extreme dry conditions   |
| 148408-6445   | SRV Mtc Allocation                    | (67,045)         | Funding for above   |
| 135900-1000   | Urban Drainage Mtc                    | 4,300            | Additional costs incurred   |
| 140000-1000   | Inverell Unsealed Mtc                 | (4,300)          | Funding for above   |
| 140510-1000   | Paved Footpaths Maint                 | 4,550            | Additional costs incurred   |
| 139030-1000   | Mtc of Pavement Markings              | (4,550)          | Funding for above   |
| <b>TOTAL INCREASE IN EXPENDITURE</b>                      |                                       | <b>1,062,211</b> | <i>Positive figure indicates increased expenditure, (Negative) figure decreased expenditure</i> |
| <b>NET CHANGE TO CURRENT BUDGET Surplus/(Deficit)</b>     |                                       | <b>0</b>         | <i>Positive figure indicates increased expenditure, (Negative) figure decreased expenditure</i> |
| <i>Restricted Assets</i>                                  |                                       |                  |   |
| <b>TOTAL FUNDING FROM RESTRICTED ASSETS</b>               |                                       | <b>-</b>         |   |
| <b>FUNDED FROM EQUITY (G5795.000)</b>                     |                                       |                  |   |
| <b>NET CHANGE TO FINANCIAL POSITION Surplus/(Deficit)</b> |                                       | <b>0</b>         |   |
| <b>WATER FUND</b>   |                                       |                  |   |
| <i>Increase/Decrease in INCOME</i>                        |                                       |                  |   |
| 812160-1000   | Water Sales                           | 116,245          | Additional water sales income   |
| <b>TOTAL INCREASE IN INCOME</b>                           |                                       | <b>116,245</b>   | <i>Positive figure indicates increased income, (Negative) figure indicates decreased income</i> |
| <i>Increase/Decrease in EXPENDITURE</i>                   |                                       |                  |   |
| 812380-1000   | Staff Training                        | 5,435            | Legislative training requirements   |
| 814620-1000   | Reservoir-Inv.West-4.5 & 20 ML        | 1,990            | Maintenance expenses  |
| 814660-1000   | Reservoirs - Others (10)              | 7,990            | Maintenance expenses at Inverell, Ashford & Yetman Reservoirs                                   |
| 814800-1000   | Pump Stn.-Copeton Ps 1                | 80,980           | Repair 4 Stage TBC Pump   |
| 814840-1000   | Pump Stations - Other                 | 19,850           | Additional maintenance costs  |
| <b>TOTAL INCREASE IN EXPENDITURE</b>                      |                                       | <b>116,245</b>   | <i>Positive figure indicates increased expenditure, (Negative) figure decreased expenditure</i> |
| <b>NET CHANGE TO CURRENT BUDGET Surplus/(Deficit)</b>     |                                       | <b>-</b>         | <i>Positive figure indicates increased expenditure, (Negative) figure decreased expenditure</i> |

| <b>BUDGET VARIATIONS - FINANCE MEETING 12-6-2019</b>  |                            |              |   |
|---|----------------------------|--------------|---|
| ITEM/LEDGER NO.                                       | DESCRIPTION                | AMOUNT \$    | COMMENT/REASON  |
| <b>SEWER FUND</b>                                     |                            |              |   |
| <i>Increase/Decrease in INCOME</i>                    |                            |              |   |
| 908040-1000   | Sewerage - Occupied Charge | 2,450        | Additional revenue received   |
| <b>TOTAL INCREASE IN INCOME</b>                       |                            | <b>2,450</b> | <i>Positive figure indicates increased income, (Negative) figure indicates decreased income</i> |
| <i>Increase/Decrease in EXPENDITURE</i>               |                            |              |   |
| 908440-1000   | Treatment Works - Other    | 6,070        | Additional costs incurred   |
| 908450-1000   | Sewer - Operation Costs    | (3,620)      |   |
| <b>TOTAL INCREASE IN EXPENDITURE</b>                  |                            | <b>2,450</b> | <i>Positive figure indicates increased expenditure, (Negative) figure decreased expenditure</i> |
| <b>NET CHANGE TO CURRENT BUDGET Surplus/(Deficit)</b> |                            | <b>-</b>     | <i>Positive figure indicates increased expenditure, (Negative) figure decreased expenditure</i> |



