



BUSINESS PAPER

**Economic and Community
Sustainability Committee Meeting
Wednesday, 13 May 2020**

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

6 May, 2020

An Economic and Community Sustainability Committee Meeting will be held in the Committee Room, Administrative Centre, 144 Otho Street, Inverell on Wednesday, 13 May, 2020, commencing at **10.30 AM**.

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

Please Note: Under the provisions of the Code of Meeting Practice the proceedings of this meeting (including presentations, deputations and debate) will be webcast. An audio recording of the meeting will be uploaded on the Council's website at a later time. Your attendance at this meeting is taken as consent to the possibility that your voice may be recorded and broadcast to the public.

I would like to remind those present that an audio recording of the meeting will be uploaded on the Council's website at a later time and participants should be mindful not to make any defamatory or offensive statements.

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 11 March, 2020, 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 COMMITTEE ROOM, ADMINISTRATIVE CENTRE, 144 OTHO STREET,
INVERELL
ON WEDNESDAY, 11 MARCH 2020 AT 10.30 AM**

PRESENT: Cr Jacki Watts (Chair), Cr Kate Dight and Cr Anthony Michael (Deputy Mayor).

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

1 APOLOGIES

Moved: Cr Anthony Michael

Seconded: Cr Kate Dight

That the apology received from Cr Paul Harmon and Cr Paul King OAM for personal reasons be accepted and leave of absence granted.

CARRIED

2 CONFIRMATION OF MINUTES

Moved: Cr Kate Dight

Seconded: Cr Anthony Michael

That the Minutes of the Economic and Community Sustainability Committee Meeting held on 12 February, 2020, as circulated to members, be confirmed as a true and correct record of that meeting.

CARRIED

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

Nil

4 DESTINATION REPORTS

4.1 INVERELL COMMUNITY GARDEN S11.15.18

Moved: Cr Kate Dight

Seconded: Cr Anthony Michael

The Committee recommend to Council that Council support the Inverell Community Garden to a maximum of \$56,246 for infrastructure development specifically connected with the relocation of the Community Garden to the Ross Street site.

CARRIED

4.2 REQUEST TO LICENCE LAND - PART PORTION OF LAND LOCATED AT INVERELL AERODROME S5.10.140

Moved: Cr Anthony Michael

Seconded: Cr Kate Dight

That the Committee recommend to Council that:

- i) Council enter into a Licence Agreement with Mr Patrick Coleman for part portion of land (part lot 4 DP 1029079) located at the Inverell Aerodrome for a five (5) year period with a further five (5) year option;*
- ii) The Licence fee be \$758.93 per annum (GST exclusive) 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.*

CARRIED

4.3 SUPPORT AND MORATORIUM ON LEASE - NATIONAL TRANSPORT MUSEUM S5.10.145

Moved: Cr Anthony Michael

Seconded: Cr Kate Dight

That the Committee receive a further report containing a financial analysis of the Transport Museum operations to identify any opportunities to increase revenue and decrease expenses.

CARRIED

4.4 REQUEST TO LICENCE LAND - LOTS 1 AND 3 DP 1037597 BONSHAW ROAD, ASHFORD - SIMON PINTUS S5.10.97

Moved: Cr Anthony Michael

Seconded: Cr Kate Dight

The Committee recommend to Council that:

- 1. Council enter into a Licence Agreement with Mr Simon Pintus for Lots 1 and 3 DP 1037597, Bonshaw Road, Ashford for a five (5) year period with a further five (5) year option;*
- 2. The Licence fee be \$100 per annum (GST Inclusive) with a 3% increase per annum; and*
- 3. The Licence Agreement be subject to any other terms and conditions as negotiated by Council's General Manager.*

CARRIED

5 INFORMATION REPORTS

COMMITTEE RESOLUTION

Moved: Cr Kate Dight

Seconded: Cr Anthony Michael

That the information reports be received and noted.

CARRIED

5.1 IPART REVIEW OF LOCAL GOVERNMENT RATING SYSTEM S14.18.6/12

5.2 LED STREET LIGHTING BULK UPGRADE S28.9.20

5.3 GRANT FUNDING SUMMARY DECEMBER 2019 - FEBRUARY 2020 S15.8.25/13

5.4 SUPERANNUATION PAYMENT FOR COUNCILLORS S13.6.4/13

6 GOVERNANCE REPORTS

6.1 GOVERNANCE - MONTHLY INVESTMENT REPORT S12.12.2

Moved: Cr Kate Dight

Seconded: Cr Anthony Michael

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.*

CARRIED

The Meeting closed at 11.18am.

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

4 DESTINATION REPORTS

4.1 EXPIRING LICENCE AGREEMENT - PAUL MITREGA - NORTH WEST AVIATION

File Number: S5.10.2 / 20/16882

Author: Kristy Paton, Temporary Corporate Support Officer - Publishing

SUMMARY:

The licence agreement between Council and Mr Paul Mitrega – North West Aviation Pty Ltd is due to expire on 30 June, 2020. The Committee is requested to consider offering Mr Mitrega a new agreement.

RECOMMENDATION:

The Committee recommend to Council that:

1. *Council renew the agreement with Mr Paul Mitrega – North West Aviation Pty Ltd for Part Portion of land located at Inverell Aerodrome, Gilgai;*
2. *The licence agreement be for a three (3) year period with a three (3) year option;*
3. *The Licence fee be \$408.06 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 Mr Paul Mitrega – North West Aviation Pty Ltd is due to expire on 30 June, 2020. The authorised use of the land as stated in the agreement is as follows:

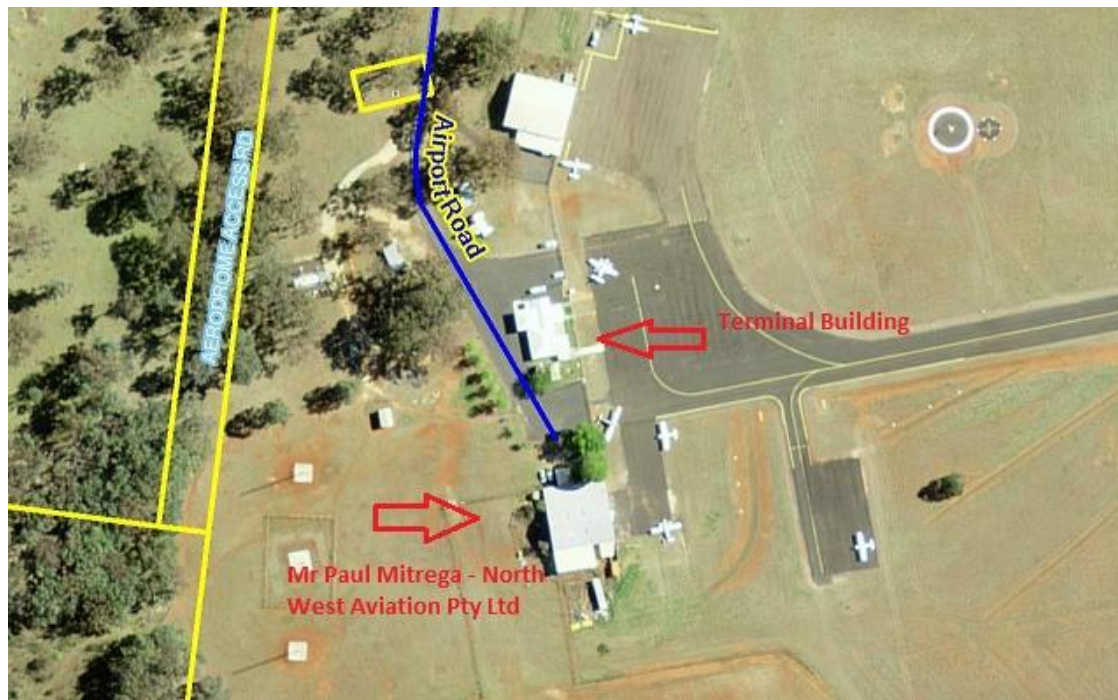
The licensee will have the non-exclusive licence and privilege to use and occupy the land in order to:

- a) Maintain in compliance with the requirements of Council and the Department of Aviation a building to be used as a hangar for the housing and maintenance of light aircrafts and for such other purposes as may be approved by Council and said Department.
- b) To house at no risk to Council in the hangar, (at a rental to be approved by Council and the Department of Aviation) the light aircrafts of other companies and persons.
- c) Use, in common with other aircrafts, the Aerodrome for the operation, take-off and landing of light aircrafts and to use the said lands as a base for light aircrafts and for the purposes hereby granted and to use such aircraft for air charter, flying training, aircraft hire, crop dusting and agricultural work at all times in accordance with the regulations of the Department of Aviation and for such purposes to store all necessary fertilisers and other materials and accessories at all times in a proper and safe manner, and in a location approved by Council.

It is noted that the licences are issued subject to the licensee providing Public Liability Insurance for \$10M.

Further noted is the last annual billed amount of \$396.18 (GST inclusive).

The Committee is requested to consider offering Mr Paul Mitrega – North West Aviation Pty Ltd a new agreement.



ATTACHMENTS:

Nil

4.2 EXPIRING LICENCE AGREEMENT - ALBERT AND ROBERT BAKER

File Number: S5.10.25 / 20/16885

Author: Kristy Paton, Temporary Corporate Support Officer - Publishing

SUMMARY:

The licence agreement between Council and Mr Albert and Robert Baker is due to expire on 30 June, 2020. The Committee is requested to consider offering Mr Albert and Robert Baker a new agreement.

RECOMMENDATION:

That the Committee recommend to Council that:

- 1. Council renew the agreement with Mr Albert and Robert Baker for Drainage Reserve adjoining Lot 124, DP 750113, Nullamanna;*
- 2. The licence agreement be for a three (3) year period with a three (3) year option;*
- 3. The Licence fee be \$107.47 per annum (GST Inclusive) with an increase of 3% per annum;*
- 4. The Licence Agreement be subject to any other terms and conditions as negotiated by Council's General Manager.*

COMMENTARY:

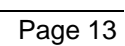
The licence agreement between Council and Mr Albert and Robert Baker is due to expire on 30 June, 2020. The authorised use of the land is for the purpose of grazing or holding stock of the licensees. The block does have a water supply as there is small creek that runs through the block however; this does dry up in drought conditions.

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 annual billed amount of \$104.34 (GST inclusive).

The Committee is requested to consider offering Mr Albert and Robert Baker a new agreement.



4.3 2020/2021 EMERGENCY SERVICES LEVY**File Number:** S12.13.1 / 20/17275**Author:** Paul Pay, Manager Financial Services**SUMMARY:**

Council has received a notice of assessment from Revenue NSW with regards to Council's contribution towards the Emergency Services Levy.

RECOMMENDATION:

That the Committee recommend to Council that Council write to Local Government NSW requesting they investigate the increases in the Emergency Services Levy Contributions and lobby for alternate funding arrangements as the recent increases have had a substantial impact on Council's ability to fund ongoing operations.

COMMENTARY:

Council has received a notice of assessment from Revenue NSW detailing the contributions Council are required to make for Emergency Services Levy (ESL) during 2020/2021 financial year.

Council's 2020/2021 contribution is as follows:

NSW Rural Fire Service	\$402,607.00
NSW State Emergency Service	\$32,564.43
Fire and Rescue NSW	\$95,222.00
TOTAL	\$530,393.43

Contributions are paid to Revenue NSW via four quarterly instalments.

The following table provides a historical comparison of Council's ESL contributions over the last four years.

	2017/2018	2018/2019	2019/2020	2020/2021	% Inc	2020/2021 Budget	Budget Variance
NSW Rural Fire Service	230,890.00	224,253.00	282,043.00	402,607.00	43%	290,570.00	112,037.00
NSW State Emergency Services	27,952.00	22,763.56	26,158.85	32,564.43	24%	26,950.00	5,614.43
Fire and Rescue NSW	81,025.00	78,481.00	85,275.00	95,222.00	12%	87,540.00	7,682.00
TOTAL	339,867.00	325,497.56	393,476.85	530,393.43		405,060.00	125,333.43
Increase		- 14,369.44	67,979.29	136,916.58			
% Increase		-4.23%	20.88%	34.80%			

Council's ESL contributions will increase by \$137K during 2020/2021 on top of an increase in 2019/2020 of \$68K. The majority of these increases relate to NSW RFS contributions. These increases are not sustainable in the future, placing considerable pressure on Council budget preparations. It is recommended that Council raise this matter with Local Government NSW.

While the NSW Government have already committed to funding the 2020/2021 ESL increases it should be noted that Council will need to fund the increases in 2021/2022. Therefore Council will need to increase ESL budgets in 2021/2022 by approximately \$125K.

At the time of writing this report the RFS have not provided any explanation explaining the significant increases in contributions.

A listing of 2020/2021 ESL increases for each Council in NSW has been obtained, a copy is attached for your reference. Increases range from \$2,374 (Brewarrina Shire Council) to \$1,176,495 (Northern Beaches Council).

CHIEF FINANCIAL OFFICERS COMMENT:

The increases in ESL contributions will be included in the 2021/2022 budget preparations. Council's Quarterly Budget Review Process will be used to update the 2020/2021 budget to include the NSW Government ESL rebate and additional ESL contributions.

LEGAL IMPLICATIONS:

Nil

ATTACHMENTS:

1. **2020/2021 ESL Increases by Council**

Council	ESL increase for 2020-21 being funded by the NSW Government
Albury City Council	\$78,550
Armidale Regional Council	\$305,651
Ballina Shire Council	\$107,801
Balranald Shire Council	\$109,088
Bathurst Regional Council	\$273,682
Bayside Council	\$323,658
Bega Valley Shire Council	\$291,869
Bellingen Shire Council	\$183,683
Berrigan Shire Council	\$71,813
Blacktown City Council	\$780,273
Bland Shire Council	\$4,958
Blayney Shire Council	\$5,253
Blue Mountains City Council	\$667,464
Bogan Shire Council	\$58,686
Bourke Shire Council	\$122,307
Brewarrina Shire Council	\$2,374
Broken Hill City Council	\$66,959
Burwood Council	\$110,107
Byron Shire Council	\$122,502
Cabonne Council	\$10,173
Camden Council	\$212,900
Campbelltown City Council	\$395,474
Canterbury-Bankstown Council	\$564,137
Carrathool Shire Council	\$93,932
Central Coast Council	\$1,093,869
Central Darling Shire Council	\$75,663
Cessnock City Council	\$66,659
City of Canada Bay Council	\$254,721
City of Parramatta Council	\$188,201
City of Ryde Council	\$267,890
City of Sydney Council	\$705,126
Clarence Valley Council	\$447,790
Cobar Shire Council	\$94,086
Coffs Harbour City Council	\$374,370
Coolamon Shire Council	\$471,430
Coonamble Shire Council	\$220,286
Cootamundra-Gundagai Regional Council	\$193,908
Cowra Council	\$8,943
Cumberland City Council	\$188,034
Dubbo Regional Council	\$384,675
Dungog Shire Council	\$5,813
Edward River Council	\$135,269
Eurobodalla Shire Council	\$351,245
Fairfield City Council	\$344,560
Federation Council	\$156,899
Forbes Shire Council	\$150,405
Georges River Council	\$225,117
Gilgandra Shire Council	\$4,802
Glen Innes Severn Council	\$148,087
Goulburn Mulwaree Council	\$187,682
Greater Hume Shire Council	\$289,462
Griffith City Council	\$161,212
Gunnedah Shire Council	\$94,752
Gwydir Shire Council	\$158,148
Hawkesbury City Council	\$385,886

Hay Shire Council	\$76,671
Hilltops Council	\$298,163
Hornsby Shire Council	\$500,545
Hunters Hill Council	\$60,481
Inner West Council	\$562,668
Inverell Shire Council	\$136,917
Junee Shire Council	\$5,306
Kempsey Shire Council	\$182,783
Kiama Municipal Council	\$111,230
Ku-Ring-Gai Council	\$438,984
Kyogle Council	\$5,743
Lachlan Shire Council	\$174,355
Lake Macquarie City Council	\$774,817
Lane Cove Council	\$104,005
Leeton Shire Council	\$67,810
Lismore City Council	\$76,023
Lithgow City Council	\$215,801
Liverpool City Council	\$484,464
Liverpool Plains Shire Council	\$172,421
Lockhart Shire Council	\$3,547
Lord Howe Island Board	\$4,144
Maitland City Council	\$112,084
Mid-Coast Council	\$689,885
Mid-Western Regional Council	\$313,193
Moree Plains Shire Council	\$169,099
Mosman Municipal Council	\$126,285
Murray River Council	\$203,585
Murrumbidgee Council	\$143,623
Muswellbrook Shire Council	\$186,922
Nambucca Valley Council	\$157,036
Narrabri Shire Council	\$157,804
Narrandera Shire Council	\$92,157
Narromine Shire Council	\$126,346
National Parks	\$21,652
Newcastle City Council	\$423,919
North Sydney Council	\$199,548
Northern Beaches Council	\$1,176,495
Oberon Council	\$135,272
Orange City Council	\$622,571
Parkes Shire Council	\$174,005
Penrith City Council	\$483,061
Port Macquarie-Hastings Council	\$324,396
Port Stephens Council	\$806,918
Queanbeyan-Palerang Regional Council	\$371,329
Randwick City Council	\$325,923
Richmond Valley Council	\$451,665
Shellharbour City Council	\$229,385
Shoalhaven City Council	\$621,853
Singleton Council	\$262,533
Snowy Monaro Regional Council	\$426,156
Snowy Valleys Council	\$208,121
Strathfield Council	\$118,070
Sutherland Shire Council	\$759,992
Tamworth Regional Council	\$365,072
Temora Shire Council	\$322,711
Tenterfield Shire Council	\$143,443
The Hills Shire Council	\$558,494
Tweed Shire Council	\$215,847

Upper Hunter Shire Council	\$246,879
Upper Lachlan Shire Council	\$224,422
Uralla Shire Council	\$4,740
Wagga Wagga City Council	\$84,177
Walcha Council	\$2,930
Walgett Shire Council	\$7,284
Warren Shire Council	\$3,654
Warrumbungle Shire Council	\$323,307
Waverley Council	\$181,043
Weddin Shire Council	\$102,217
Wentworth Shire Council	\$126,493
Willoughby City Council	\$195,334
Wingecarribee Shire Council	\$317,656
Wollondilly Shire Council	\$300,732
Wollongong City Council	\$700,333
Woollahra Municipal Council	\$220,989
Yass Valley Council	\$234,922

4.4 INVERELL SHOWGROUND LAND MANAGER – REQUEST FOR REDUCTION IN SEWER CHARGES

File Number: S26.4.12 / 20/17304

Author: Emma Murphy, Rates Clerk

SUMMARY:

Council is in receipt of a letter from Heather Morris, secretary of Inverell Showground Land Manager (trust of the Inverell Showground land). The Trust is seeking a reduction/adjustment to the sewer usage charged at the Inverell Showground.

RECOMMENDATION:

That the committee recommend to Council that “Council make an annual donation in lieu of sewer rates to the Inverell Showground equivalent to 50% of the Sewerage rates on application of the Showground Committee – the annual sewer charge is to be paid in full prior to the donation being provided.”

COMMENTARY:

The Inverell Showground Trust is a non ratable property, under section 555 of *The Local Government Act - land is exempt from all rates — (a) land owned by the Crown*. The property does not pay general rates, only services, such as water and sewer.

Non ratable properties are levied under Council's non ratable sewer structure, which is an annual charge, per toilet (\$137.20) and per urinal (\$87.20) rate. In 2019/20 Council levied the showground with 38 toilets and 5 urinals, totaling \$5,627.10.

The Showground Trust is seeking a reduction in the amount charged for sewer services. There is a total of eight (8) different toilet blocks within the showground. The trust have advised that five (5) of the toilets blocks are utilised most of the time, while the other three (3), have a low utilisation rate of 10% - 30%, these three (3) toilet blocks are only used during special bookings such as the Inverell Show, Pony Club and Swap Meets. The majority of the toilet receptacles are located in these low usage blocks, for example the shearing shed toilet block has 20 toilets and is open 20% of the year.

Council has audited the number of services charged, to the number of services provided in the letter, along with conducting further analysis. This investigation has determined that there could be 48 toilets and 4 urinals in total. Based on this, the number of units will be adjusted from 1 July, 2020, to reflect the number of services provided. Based on the Draft budget for 2020/21, the total sewer cost for 2020/21 for the Trust will be \$7,264.40.

Applying a reduction to the number of services in the rating system is not permissible under the *Local Government Act 1993* and *Local Government Regulations 2005*.

Should Council wish to provide the Trust with assistance, it is recommended that this can be achieved through a donation in lieu of rates. Similarly, to those provided to other community groups, i.e. small and public community halls - 50% of the annual charges; Inverell Rescue Squad's – annual donation towards the rates.

If a 50% donation in lieu of rates is provided this would equate to:

- \$2,813.55 (2019/20)
- \$3,632.20 (2020/21)

The Inverell Showground Trust has limited means of generating income, as the majority of user groups of the facility are small volunteer groups that provide community benefit, such as but not limited to, Inverell Pony Club, Northern NSW Hereford Youth Group, Inverell Men's Shed, and Inverell Basketball. Any donation provided to the Trust would also assist these volunteer groups via lower ground fees.

ATTACHMENTS:

Nil

4.5 LICENCE AGREEMENT - INVERELL ROTARY

File Number: S5.10.65 / 20/17533

Author: Paul Henry, General Manager

SUMMARY:

The Inverell Rotary Club is seeking a site to store Club property utilised in participation at community events.

RECOMMENDATION:

The Committee recommend to Council that:

- i) The principle of preparing a licence agreement that enables the Inverell Rotary Club to erect a storage shed on Council land located at 4 Bent Street, Inverell be approved;*
- ii) The Club be advised that a development application will be required to be lodged and approved (subject to conditions) prior to a licence agreement being considered by Council; and*
- iii) The proposed licence agreement be presented to Council for consideration, after the required development application has been determined.*

COMMENTARY:

The Inverell Rotary Club has a significant amount of equipment that is utilised by the Club in fundraising activities at community events. The Club currently has this equipment stored at various private residences of members.

The Club is keen to have all Club equipment stored in one location, with ease of access being a major consideration.

The Club have looked at a number of sites and have identified an unused portion of Council owned, land, located at 4 Bent Street (former Telstra Depot, adjacent to Cousins Motor Inn) Inverell.

1. The Proposal

The Club wishes to construct a 7m x 14m (no height specified) colourbond clad shed on an existing concrete pad within the existing compound of Council's enclosed land.

The western gate is proposed to be relocated and additional fencing installed to provide access to the shed without permitting entry into Council's depot. All costs associated with this work will be met by the Club.

No services (water, sewer or electricity) will be connected to the shed.

The Club wishes to effect a licence over the area of land. This is in order to ensure the shed does not become Council property, without the Club having the ability of relocating the shed if the land is required by Council.

A copy of the 'mud map' prepared by the Club is attached.

2. Commentary

The proposed site is the base for equipment and supplies used by the CBD Cleaning Crew.

The enquiry from the Club does not pose any operational difficulty, as the area identified is vacant and is not required for storage. A term licence enables Council to require the Club to vacate the site if circumstances change and the area is required for operational purposes in the future.

The Club would be required to reinstate the area (including the fence line to the original condition), if the licence is terminated in the future.

A development application (DA) will be required. There are a number of matters that will need to be considered by the Club in preparing this DA, given the prominent location of the site and the indicative details of the shed. The DA issue will need to be discussed with the Club prior to having a licence agreement prepared.

Therefore, if Council is comfortable with the concept, an 'in principle' notification to the Club is all that is required to progress this concept to the DA pathway.

RISK ASSESSMENT:

Nil

POLICY IMPLICATIONS:

Nil

CHIEF FINANCIAL OFFICERS COMMENT:

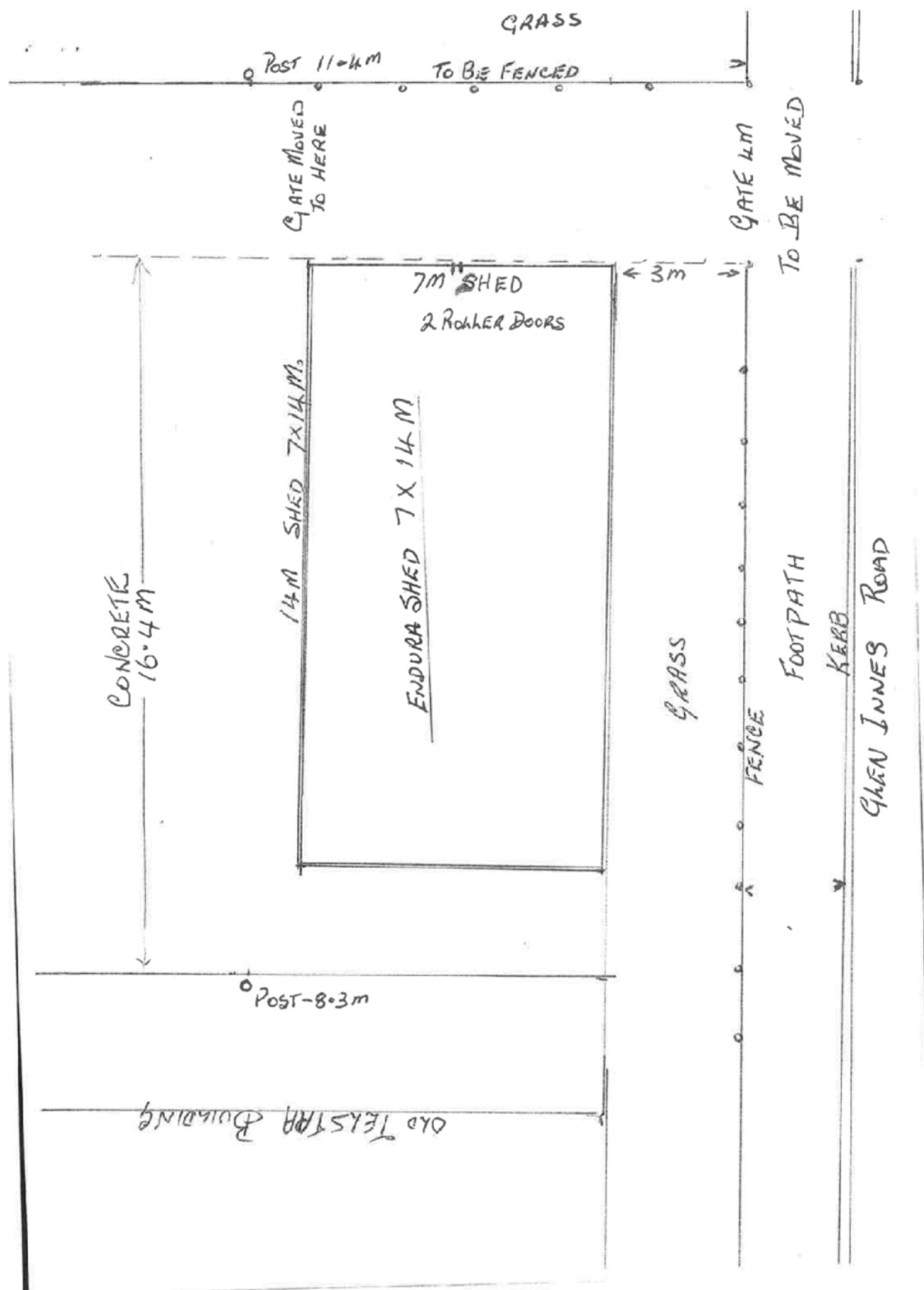
The Club will be responsible for all costs associated with the establishment of a shed on the site.

LEGAL IMPLICATIONS:

Nil

ATTACHMENTS:

1. 'Mud Map' Proposed Shed Location - 4 Bent Street, Inverell



5 INFORMATION REPORTS

5.1 HISTORY OF RECENT ECONOMIC ACTIVITY IN INVERELL SHIRE

File Number: S8.3.1/13 / 20/2032

Author: Scott Norman, Director Corporate and Economic Services

SUMMARY:

This report details the recent percentage change in consumer spending in the Inverell Shire as measured transactions through Commonwealth Bank merchant terminals. It is provided for Councillors information.

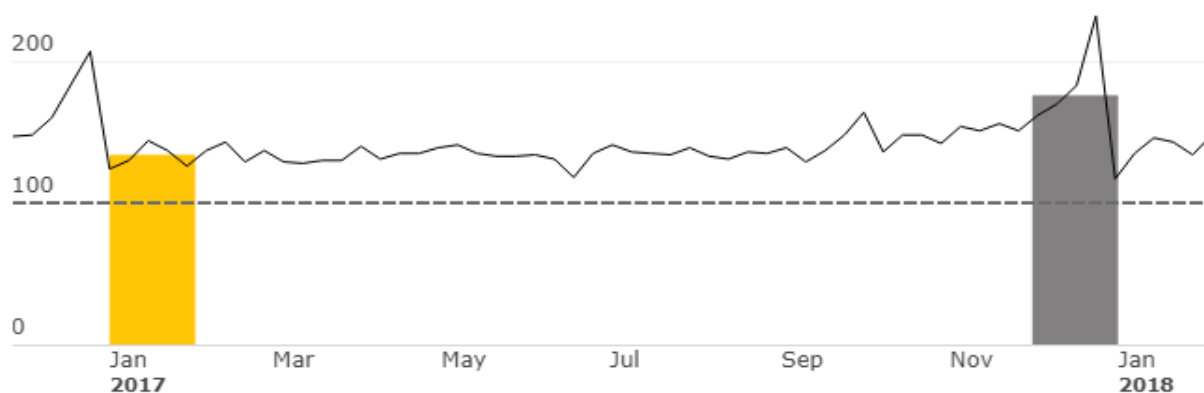
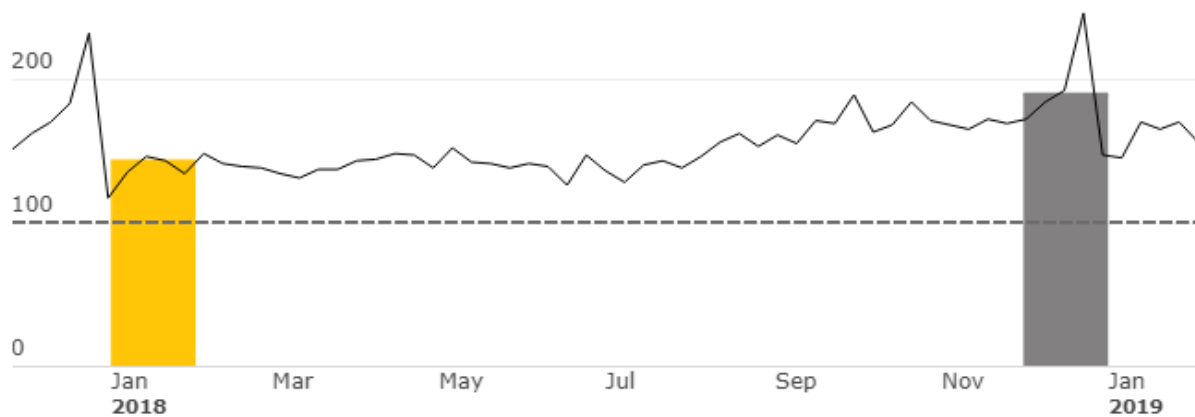
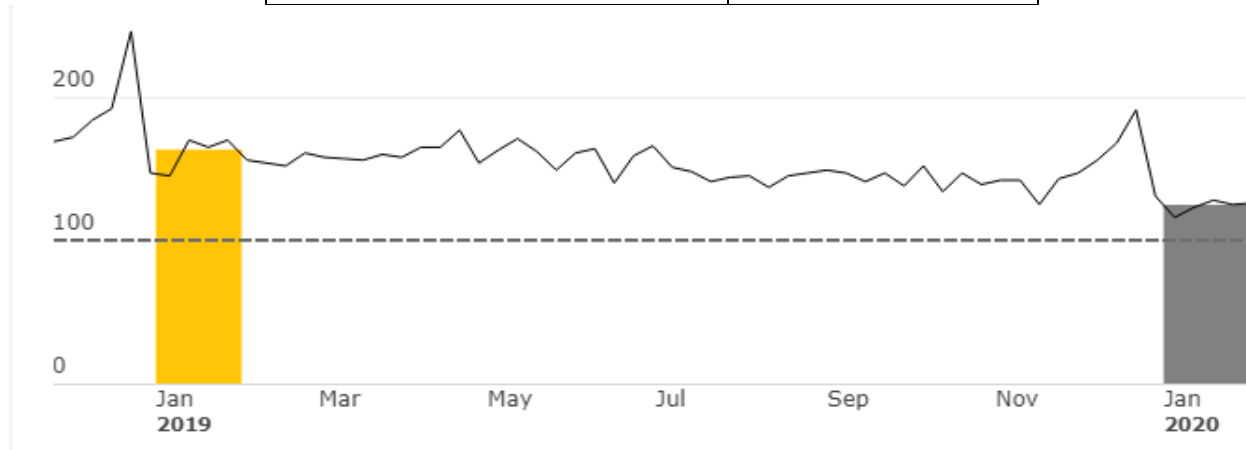
COMMENTARY:

Council recently gained access to CommBiz website which offers a reporting tool to analyse local consumer spending. The analysis is based on all credit and debit card transactions (including EFTPOS) of \$5,000 or less on CommBank merchant terminals. Cash and online sales are not included. The geographic sample can be limited to Inverell Shire and the available data commences from 1 January, 2016. Based on this source data it would seem reasonable to consider the analysis as indicative of the general economic climate. Each business's experience will of course be different and the data is limited to those businesses using CommBank merchant terminals. This being said, the sample size is significant and the analysis more substantively based and up to date than other information currently available to Council.

The reporting produces a percentage change in consumer spending when comparing a nominated period to another nominated period. In broad terms it shows consumer spending rose year on year from 2016 until midway through 2019 when the trend reversed.

Average Daily Sales	
2019	Compared to same month 2018
Jan	+13.6%
Feb	+13.0%
Mar	+12.9%
Apr	+16.6%
May	+14.0%
June	+10.6%
Jul	+7.5%
Aug	-7.3%
Sep	-15.7%
Oct	-16.0%
Nov	-18.7%
Dec	-15.0%
Jan 20 to Jan 19	-23.8%
Feb 20 to Feb 19	-19.2%
Mar 20 to Mar 19	-20.3%

Average Daily Sales Calendar Years Compared	
2020 to 2019 Jan 1 to 12 April	-23.2%
2019 compared to 2018	-0.2%
2018 compared to 2017	+8.8%
2017 compared to 2016	+10.5%

**ATTACHMENTS:**

Nil

5.2 EDDY PARK LANE LAND - J & L BUCHAN**File Number:** S15.8.25/12 / 20/16117**Author:** Paul Henry, General Manager**SUMMARY:**

In accordance with Council's resolved position in respect of the possible purchase of land in Eddy Park Lane, a revised offer was made to the owner. Details are included below for the information of Council.

COMMENTARY:

The revised offer was communicated to Mrs. Buchan (10.30am on 27 April, 2020).

Mrs Buchan advised that they had already listed the land with two (2) real estate agents and it resulted in an immediate sale to another party.

Mrs Buchan advised that the purchaser has indicated he will permit the Polocrosse Club to remain in situ; on the current arrangement. Mrs. Buchan thanked Council for the revised offer.

The Polocrosse president has been informed of the development in relation to this matter.

ATTACHMENTS:

Nil

6 GOVERNANCE REPORTS**6.1 QUARTERLY BUDGET AND OPERATIONAL PLAN 2019/2020****File Number:** S4.11.17/12 / 20/17232**Author:** Paul Pay, Manager Financial Services**SUMMARY:**

Each quarter Council is required to report on its Operational Plan and Council's Responsible Accounting Officer is required to report as to whether they believe 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:

- i) Council's Quarterly Operational Plan and Budget Review for 31 March, 2020 be adopted; and*
- ii) The proposed variations to budget votes for the 2019/2020 Financial Year be adopted providing an estimated Cash Surplus at 30 June, 2020 from operations of \$4,241.*

COMMENTARY:**2019/2020 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 2019/2020 budget remains in balance (see attachment). Those items identified as requiring funding since the adoption of the 2019/2020 budget have now been funded in full.

The Budget Variations for 2019/2020 are as follows:

COMBINED FUND - BUDGET VARIATION SUMMARY REPORT
ESTIMATED CASH POSITION 30 JUNE, 2020
FOR 2019/2020 ACTIVITIES

	General	Water	Sewer	Total	
Adopted Budget 2019/2020	7,254,607	1,415,106	920,000	9,589,713	Deficit
Add Back Depreciation	(6,809,500)	(1,484,500)	(921,000)	(9,215,000)	(Non-cash)
Add Back Carry Amount Assets Sold	(432,694)	-	-	(432,694)	(Non-Cash)
Internally Restricted Cash Utilised	(14,450)			(14,450)	
Transferred to Internally Restricted Cash	-	68,190	-	68,190	
ESTIMATED CASH RESULT FOR 2019/2020 ACTIVITIES	(2,037)	(1,204)	(1,000)	(4,241)	SURPLUS
<i>2019/2020 Budget Variations Required to Maintain a Balanced Budget</i>					
REVOTES	4,875,684	2,386,957	3,059,763	10,322,404	
UNEXPENDED GRANTS	918,651	-	-	918,651	
Budget Review Adjustments 30-9-19	505,486	-	-	505,486	
Budget Review Adjustments 31-12-19	364,408	-	-	364,408	
Budget Review Adjustments 31-3-2020	-	-	-	-	
SUB TOTAL	6,664,229	2,386,957	3,059,763	12,110,949	
Internally Restricted Cash Utilised	(869,894)	-	-	(869,894)	
FUNDED FROM EQUITY	(5,794,335)	(2,386,957)	(3,059,763)	(11,241,055)	
NET BUDGET VARIATIONS	-	-	-	-	
REVISED CASH RESULT FOR 2019/2020 ACTIVITIES	(2,037)	(1,204)	(1,000)	(4,241)	SURPLUS

DEFINITIONS:**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.

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.

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.

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 2019/2020 continue to remain at “Zero”. Councillors will note that expenditure has increased by \$8.62M, while revenue has increased by \$7.75M. 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.

The attached Consolidated Income and Expense Statement indicate a surplus from all activities to 31 March, 2020 of \$8.3M, against a budgeted annual result of \$4,241. This current result indicates that sufficient funding remains available to fund Council’s 2019/20 continuing operations for the next 3 months to the end of the 2019/2020 Financial Year.

QUARTERLY BUDGET REVIEW REPORT:

Council’s 31 March, 2020 Quarterly Combined Budget Review Summary Report and Income and Expense Statement by function are attached. A review of the report indicates that Council’s actual revenue/expenditure compares favourably with Council’s revised budget.

Council retains a strong Internally Restricted Asset balance, see attached. These restricted balances fund liabilities, future works and emergencies. The quantum of these funds adds significantly to Council’s investment income and therefore capacity to undertake recurrent maintenance and capital works.

GENERAL FUND – OPERATIONAL PLAN REVIEW:

The General Fund remains in balance with the predicted Cash Surplus in respect of 2019/2020 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 2018/2019 which will be expended in 2019/2020.

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 March, 2020 are in accordance with the adopted budget. All matters not in accordance with the adopted budget are included in the Budget Variation Report.

Capital Works:

Council’s Capital Works Program as disclosed in the 2019/2020 Operational Plan remains on track.

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

Investments:

The General Fund investments remain sound.

Council’s General Fund investment portfolio of \$47M is almost entirely invested in fixed term deposits. Overall, the portfolio is highly liquid, highly rated and short-dated from a counterparty perspective.

The RBA kept its conventional and unconventional monetary policy unchanged at its April meeting. The bank reaffirmed its 0.25% targets for both the cash rate and the 3-year government bond yield.

RBA Governor Lowe forecasted for GDP to fall by -10% over first half of 2020, marking the largest fall since the 1930s. Unemployment is expected rise to around 10% by June and likely to be above 6% over the next few years. Annual headline inflation is also expected to turn negative in the second quarter, marking the first negative annual inflation point since the early 1960s, reflecting falling oil prices and free childcare. However, core inflation is anticipated to still be positive.

Governor Lowe commented that they were not seeing any signs of stress at all in the financial system and that, unlike during the GFC, banks had cash and were well capitalised.

The IMF forecasts Australia's economy to shrink by -6.7% this year, entering its first recession in 30 years. The poor domestic economy undoubtedly will impact in investment interest rates. Interest rates are expected to remain low for a very long period of time as the economy recovers from the current COVID-19 pandemic.

Given our strong investment balances, Council is expected to meet interest revenue targets in 2019/2020. Any additional interest received during 2019/2020 will be allocated to Council's Investment Equalisation Reserves to help fund future budget reductions in interest revenue.

A prolonged recovery may require Council to downgrade its interest revenue target in future years. This will require Council to reduce expenditure to offset the reduced income from investment revenue. Expenditure can be reduced by cutting various programs from the budget or by reducing/freezing budget increases, that is, no CPI increases. This results in an expenditure decrease in real terms.

A copy of Council's Cash and Investment Budget Review Statement as at 31 March, 2020 is attached. Council retains a sound investment position to fund all of Council's internal and external restrictions and Council's working capital/cash flow needs.

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

Contracts, Consultancy & Legal Expenses

The attached Contracts Summary indicates any contracts entered into with a value of over \$50,000 by Council during the quarter ending 31 March, 2020, other consultancy and legal expenses are summarised in the attached Consultancy & Legal Expense summary.

General Fund Summary:

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

WATER FUND – OPERATIONAL PLAN REVIEW:

The Water Fund continues to show sound growth. This position is as always dependant on water sales. Water sales were up, \$294K in 2015/2016, down \$83K in 2016/2017, up \$535K in 2017/2018 and up \$749K in 2018/2019. It is anticipated that water sales will continue to increase during 2019/2020 due to the current dry conditions within the Shire.

The Water Fund holds investments totalling \$9M and cash at bank of \$2.9M.

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

SEWERAGE FUND OPERATIONAL PLAN REVIEW:

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

The Committee will be aware that the main priority for the Sewer Fund is the completion of the refurbishment/expansion of the Inverell Sewerage Treatment Plant in 2019/2020. This project is funded from Loans and Cash Reserves.

The Sewerage Fund holds Term Deposits totalling \$5.5M plus cash at bank of \$1.3M.

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 2019/2020.

Destination 1 – A recognised leader in the broader context:

- Tingha boundary realignment effective 1 July, 2019;
- Participated in road funding meetings with the Roads and Maritime Services;
- Participated in New England High Country Destination Management Hub;

- Participated in meetings with New England Council's Joint Organisation of Councils;
- Participated in Border Region Organisation of Councils Meeting;
- Participated in NAIDOC Committee meetings;
- Seeking grants for the benefit of the community;
- Sponsor acquisition prize of Inverell Art Prize;
- Development of Inverell Shire Cultural & Arts Strategy;
- Participated in the Northern Inland Risk Management Group;
- Assist with establishment of Blaze Aid Camp at Inverell showground;
- Install entrance signage for Bonshaw;
- Assist Gilgai School spring fete with 500 attendees;
- Host 2019 Grandparents Day event;
- Audit Risk & Improvement Committee transitioning from establishment to assuming the functions of the committee;
- Review of WHS and establishment of working group to implement reforms;
- Implementation of Vault software for integrated WHS management;
- Completed Council Strategic Planning review of future projects for this term of Council;
- Launch online recruitment software; and
- Host Australia Day ceremonies across the Shire.

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

- Youth Opportunities Programs in progress to engage young people aged 12-20;
- Assist with Sapphire City Festival;
- Secure NSW Government funding for upgrades of Tingha Rec ground, half court basketball facility installation and youth events – Total \$275K;
- Participation in New England Cooperative Library;
- Host school holiday sport & arts programs for 149 youth;
- Host TAFE training for 24 youth to gain job-ready skills;
- Host grant writing workshops with 36 participants;
- Assist more than 30 community groups and schools to apply for grant funding;
- Commence upgrade of Library Management System;
- Launch the Books for Babies program for all Shire newborns;
- Secure funding for school holiday pool program in Inverell and Ashford;
- Commenced Inverell CCTV upgrade; and
- Participation in work experience programs with local schools;
- Host summer holiday youth programs for 120 children; and
- Completed Inverell Tennis Club, Clubhouse upgrade.

Destination 3 – An environment that is protected and sustained:

- Partnering with Local Land Services in River Rehabilitation & Weeds Removal Programs;
- 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 to improve riverbank environment in Inverell;
- Secured grant funding for the rehabilitation of Gum Flat & Nullamanna Landfills;
- Completed LED lighting upgrade at Inverell Library;
- Commenced LED street lighting upgrade in partnership with Essential Energy;
- Hosted an art competition for students K-Y6 to promote anti-litter campaign; and
- Installed Tesla battery bank at Administration Centre.

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 Drought Communities Program funding to support small business and infrastructure upgrades;
- Sponsorship of Eat Drink New England;
- Facilitated two rounds of Sapphire Wind Farm Community Benefit Fund;
- Partnered with Fishing Australia to develop promotional film of Inverell LGA;
- Supported the Chambers “Choose Inverell” campaign;
- Commenced \$5M upgrade of Copeton Northern Foreshores, funded by NSW Government;
- Working with Inverell RLX to upgrade saleyards.

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;
- Commenced Council's 2019/2020 bitumen reseal program;
- Completed 2019/2020 Financial Statements – sound financial result achieved;
- Progressing with upgrade works at the Inverell Sewerage Treatment Plant;
- Adopted Drought Management Plan;
- Commenced permanent water conservation measures and education campaign;
- Progressing with infrastructure works at Inverell Sports Complex, Inverell Tennis Club, Lake Inverell, and Criterium Circuit valued at \$2.7M;
- Secured RMS Drought Relief-Heavy Vehicle Access funding for upgrade works on Jardine Road;
- Secured State Government funding for SH12/Tingha bridge roundabout;
- Completed refurbishment of public amenities in Sinclair Park;
- Commenced refurbishment of public amenities in Campbell Park
- Completed TCRP works in Byron Street, between Campbell and Vivian streets;
- Commenced LED Street Lighting Upgrade;
- Host official opening of Inverell Off Road Recreation Circuit with state level criterium; and

- Completed extensions & upgrade to Ashford Skate Park and Inverell Skate Park.

Also attached is a copy of Council's Key Financial Performance Indicators.

POLICY IMPLICATIONS:

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

CHIEF FINANCIAL OFFICERS COMMENT:

In accordance with the Local Government (General) Regulation 2005 it is my opinion that the Quarterly Budget Review Statement for Inverell Shire Council for the quarter ended 31 March, 2020 indicates that Council's projected financial position at 30 June, 2020 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 2019/2020 budget in balance, with an indicative surplus of \$4,241.

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. QBRs Attachments March 2020

BUDGET VARIATIONS - FINANCE MEETING 13-05-2020			
ITEM/LEDGER NO.	DESCRIPTION	AMOUNT \$	COMMENT/REASON
GENERAL FUND			
Increase/Decrease in INCOME			
127052-1000	Contribution/Donations to Rural Fire Services	47,410	Donations from CME Pty Ltd and East Bowling Club
121209-1000	Grant-Office of Local Government (OLG)	54,800	Emergency Service Levy (ESL) Rebate 2019/2020
127120-1000	Insurance Proceeds	12,570	Insurance Claim - SES Air con
127120-1000	Insurance Proceeds	6,580	Insurance Claim - LibraryRoof Repairs
127120-1000	Insurance Proceeds	4,635	Insurance Claim - Tourist Centre Window
121991-1000	Grant-Dept Planning Industry & Environment-Bushfire Recovery	1,275,000	OLG Bushfire recovery grant
121212-1000	Grant-(SCCF -Round 3)-Stronger Country Communities Funding	305,635	Grant - Stronger Country Communities Fund Round 3
121994-1000	Grant-Dept Industry Innovation & Science-Drought Communities	811,900	Grant - Drought Communities - Round 2
121348-1000	Grant-Bushfire Community Resilience & Economic Recovery Fund	100,000	Grant - Bushfire Community Resilience & Economic Recovery Fund
121347-1000	Grant-Drought Stimulus Pgm-Regional School Holiday Activities	9,900	Grant - Regional School Holiday Activities
122911-1000	Grant-RESTART NSW - Capital	570,000	Grant - CNFS Upgrade project
122370-5999	SH12 Order Works	248,155	SH12 Order works - Heavy Patching
128470-1000	Shops and Offices Rents	21,400	Rental 40 Campbell Street
123360-1000	Paid Parental Leave Scheme	17,740	Government Rebate - Parental Leave
123340-1000	Sundry Admin Income	5,120	LGP Rebate 2018/2019
120100-1000	General Rates	14,445	Additional rates revenue
TOTAL INCREASE IN INCOME		3,505,290	Positive figure indicates increased income, (Negative) figure indicates decreased income)
Increase/Decrease in EXPENDITURE			
159140-1000	RFS-Equipment	47,410	Donations from CME Pty Ltd and East Bowling Club for Bushfire Equipment
132510-1000	Contribution to NSW Fire	2,275	Increase in ESL charges - Funded by OLG Grant
132530-1000	Contribution to NSW RFS	52,525	Increase in ESL charges - Funded by OLG Grant
132851-4450	SES Other Building Capital	12,570	Insurance Claim - SES Air con
136850-1000	Library Building Mtc	6,580	Insurance Claim - LibraryRoof Repairs - Storm Damage
148120-1000	Tourist Centre Mtc	4,635	Insurance Claim - Tourist Centre Window
139450-1000	Grant-DPIE-Bushfire Recovery-Walkers Bridge Renewal	675,000	DPIE Grant funded project
139451-1000	Grant-DPIE-Bushfire Recovery-Bridge Repairs & Maintenance	300,000	DPIE Grant funded project
139452-1000	Grant-DPIE-Bushfire Recovery-Vegetation Control	300,000	DPIE Grant funded project
160666-1000	SCCF-Round3- Youth Programs	127,855	Grant - Stronger Country Communities Fund Round 3
160667-1000	SCCF-Round3-Activating Youth Friendly Open Space	118,280	Grant - Stronger Country Communities Fund Round 3
160668-1000	SCCF-Round3-Tingha Recreation Reserve-Youth Friendly Facilities	74,500	Grant - Stronger Country Communities Fund Round 3
129381-1000	Special Projects	(15,000)	Council contribution to above program
138820-1000	SH12 Ordered Works	248,155	SH12 Order Works - Heavy Patching
148005-1000	Exps-Dept of Industry-Drought Communities Prgm 2-CAPITAL	284,000	Grant Program - shades, mobile water trailers, irrigation of sporting fields
148006-1000	Exps-Dept of Industry-Drought Communities Prgm 2-NON CAPITAL	527,900	Grant Program - Drought resilience events, Small business training, heritage assistance etc
148007-1000	Bushfire Community Resilience & Economic Recovery-OP EXPS	100,000	Grant funded bushfire recovery events and small scale projects across the shire
135038-1000	Grant-Drought Stimulus-Region School Holiday Activities Exps	9,900	Grant - Regional School Holiday Activities
160665-1000	Copeton Northern Foreshores Upgrade-CAPITAL-Restart NSW Fund	570,000	Grant - CNFS Upgrade project
136170-5540	Town Planning Travel	5,000	additional travel cost incurred
147750-5540	Building Travel Expenses	(5,000)	Funding for above
132660-1000	Bush Fire - Section 44 Emergency	48,800	Section 44 Costs associated with Gilgai fires
133000-1000	Natural Disaster Exps-(Storm/Fire/Flood/Emergency Wks)	(48,800)	Funding for above
132010-4801	Risk Management - Employment	3,840	Employee vaccinations
136391-1000	Public Cemeteries Inverell - Capital	33,435	New beams at Inverell Cemetery
136415-1000	Public Cemeteries - Tingha	5,530	Additional maintenance cost on transition to ISC
137100-4480	Inverell Baths/Swim.Pool	13,900	Additional maintenance costs
131040-1000	Council Chambers - Exterior & Grounds Mtc	4,500	Disable Access Maintenance
131030-1000	Chambers - furniture & Fittings	(2,500)	part funding for above
137690-1120	BLK MR137 North-Inverell/Bonshaw	11,960	Bitumen maintenance works
137620-1120	Blk-Tr 63 -49.35 Nth Warralda	(11,960)	Funding for above
146300-4570	Ashford Depot	1,500	Rolla door repairs
146320-4500	Yetman Depot	(1,200)	Funding for above
146330-4570	Bonshaw Depot	(300)	Funding for above
135750-1000	Tingha St/Gutter Clean	7,740	Additional Street Cleaning Costs
137121-3500	Sporting Field - Tingha	990	additional costs incurred
137342-1000	Copeton Dam - Tingha Foreshores	8,100	Maintenance costs at Tingha Foreshores
146335-1000	Tingha Depot	1,500	Setup costs - new whipper snippers
140150-1000	Drainage Structures South	71,475	Flood damage repairs to various roads
148408-6445	SRV Maintenance Allocations	(89,805)	Funding for above
137650-1120	BLK MR134 South Bingara/Ashford	25,520	additional heavy patching
137630-1120	Blk-Tr 73 -Bundarra/Inverell	(25,520)	Funding for above
137660-1120	BLK MR135 West of Guyra	69,000	Heavy patching in Tingha area
137630-3200	Blk-Tr 73 -Bundarra/Inverell	(69,000)	Funding for above
137838-1000	BLK - Traffic Facilities South	9,415	Traffic sign maintenance
137840-1000	BLK - Traffic Facilities	(9,415)	Funding for above
140120-1000	Gravel Patching South	26,470	Additional gravel patching
140190-1000	Gravel resheeting Minor roads South	(26,470)	Funding for above
139150-1000	Roadside Growth Control - Clear Zone Protection	12,610	Tree clearing Yetman road
140630-1000	Shire Roads - Timber Clearing - South	(12,610)	Funding for above
139190-3200	Rural Seal Drainage Streets	7,900	Tingha - Howell Road flood repairs
139180-1000	Maint Bitumen Seal South	(7,900)	Funding for above
140050-3200	Unsealed Village Maint	4,160	Tingha - additional costs incurred
139180-1000	Maint Bitumen Seal South	(4,160)	Funding for above
145864-1000	RMS Active Transport Program 2019/20	1,595	additional costs incurred
160900-1000	CPTIGS - Construct Bus Shelters	13,020	New bus shelter
145650-1000	Cycleway / Footpath Extensions	(14,615)	Funding for above
135900-1000	Urban Drainage Maint	25,560	additional Inverell drainage maintenance completed
140500-1000	Kerb & Gutter Maintenance	(25,560)	Funding for above
TOTAL INCREASE IN EXPENDITURE		3,505,290	Positive figure indicates increased expenditure, (Negative) figure decreased expenditure)
NET CHANGE TO CURRENT BUDGET Surplus/(Deficit)		-	Positive figure indicates increased expenditure, (Negative) figure decreased expenditure)
Restricted Assets			
TOTAL FUNDING FROM RESTRICTED ASSETS			
FUNDED FROM EQUITY (G5795.000)			
NET CHANGE TO FINANCIAL POSITION Surplus/(Deficit)		-	

WATER FUND			
Increase/Decrease in INCOME			
812232-1000	Grant-Dept Industry Innovation & Science-Drought Communities	188,100	Grant for Drought Communities - Round 2
812240-1000	Income - Install / Repairs	16,300	Additional income received
812270-1000	Section 64 Contributions	97,820	Additional income received
812160-1000	Water Sales	71,270	Water Sales
TOTAL INCREASE IN INCOME		373,490	Positive figure indicates increased income, (Negative) figure indicates decreased income)
Increase/Decrease in EXPENDITURE			
813344-1000	Exps-Dept of Industry-Drought Communities Prgm 2-CAPITAL	188,100	
814550-1000	Treat Works Ashford & Yetman	65,660	Temp chemical Dosing
814650-1000	Reservoir-Lake Inv.Dam	15,050	Operation and maintenance Plan for Lake Inverell Dam
814660-1000	Reservoirs - Others (10)	7,100	Transducers
814810-1000	Pump Stn.-Copeton Ps 2	67,000	electrical repairs
814840-1000	Pump Stations-Others (8)	30,580	Yetman bore repairs
TOTAL INCREASE IN EXPENDITURE		373,490	Positive figure indicates increased expenditure, (Negative) figure decreased expenditure)
NET CHANGE TO CURRENT BUDGET Surplus/(Deficit)		-	Positive figure indicates increased expenditure, (Negative) figure decreased expenditure)
SEWER FUND			
Increase/Decrease in INCOME			
TOTAL INCREASE IN INCOME		-	Positive figure indicates increased income, (Negative) figure indicates decreased income)
Increase/Decrease in EXPENDITURE			
907281-1000	Sewer Investigations	20,000	Report into nutrient stripping at Inverell Sewer Treatment Works (Res 2020/15)
906440-1000	Treatment Works - Other	(10,000)	Funding for above
906450-1000	Inverell Treatment Works	(10,000)	Funding for above
TOTAL INCREASE IN EXPENDITURE		-	Positive figure indicates increased expenditure, (Negative) figure decreased expenditure)
NET CHANGE TO CURRENT BUDGET Surplus/(Deficit)		-	Positive figure indicates increased expenditure, (Negative) figure decreased expenditure)

INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDED 31-03-2020
CONSOLIDATED INCOME AND EXPENSE STATEMENT

	ORIGINAL BUDGET 2019/2020 (000's)	Approved Changes						REVISED BUDGET (000's)	Recommended Changes for Council Resolution (000's)	PROJECTED Year End Result 2019/2020 (000's)	ACTUAL YTD (000's)	% OF PROJECTED BUDGET
		Revotes (000's)	Unexpended Grants B/FW (000's)	Sept 2019 Review (000's)	Dec 2019 Review (000's)	Mar 2020 Review (000's)	June 2020 Review (000's)					
INCOME												
Rates & Annual Charges	21,468			34				21,502	14	21,516	21,512	99.98%
User Charges & Fees	4,022				58			4,080	336	4,416	3,042	68.89%
Interest	1,137							1,137		1,137	1,107	97.36%
Other revenues from ordinary activities	597			350	299			1,246	68	1,314	1,184	90.11%
Grants & Contributions provided for non capital purposes	10,045			617	786			11,448	740	12,188	8,582	70.41%
Grants & Contributions provided for Capital Purposes	2,014			2,157	107			4,278	2,721	6,999	3,265	46.65%
Gain from the sale of assets	184			50				234		234	161	68.80%
Gain from interest in joint ventures & associates								-				
TOTAL INCOME FROM CONTINUING OPERATIONS	39,467	-	-	3,208	1,250			43,925	3,879	47,804	38,853	88.45%
EXPENSES												
Employee Costs	14,264	273	165	50	7			14,759	177	14,936	10,024	67.11%
Borrowing Costs	135							135		135	100	74.07%
Materials and Contracts	7,724	1,538	236	902	514			10,914	1,807	12,721	5,378	42.28%
Depreciation	9,215							9,215		9,215	6,911	75.00%
Other Expenses from ordinary activities	4,373	170		(4)	73			4,612	55	4,667	3,481	74.59%
Loss from the disposal of assets								-				
Loss from interest in joint ventures & associates								-				
TOTAL EXPENSES FROM CONTINUING OPERATIONS	35,711	1,981	401	948	594	-	-	39,635	2,039	41,674	25,894	65.33%
NET OPERATING RESULT FROM CONTINUING OPERATIONS SURPLUS/(DEFICIT)	3,756	(1,981)	(401)	2,260	656	-	-	4,290	1,840	6,130	12,959	302.07%
ADD BACK Non Cash Amounts												
Depreciation	9,215							9,215		9,215	6,911	75.00%
Carrying Amount of Assets Sold	433							433		433	173	39.95%
Capital Amounts	13,404	(1,981)	(401)	2,260	656	-	-	13,938	1,840	15,778	20,043	143.80%
Repayments by deferred Debtors												
Acquisition of Assets	(12,746)	(8,341)	(518)	(3,787)	(1,020)			(26,412)	(1,840)	(28,252)	(11,219)	42.48%
Loan Repayments	(600)							(600)		(600)	(496)	82.67%
Advance to Deferred Debtors												
Loan Funds												
Less Net Transfers to IRA	(54)			1,645	364			1,955		1,955		0.00%
Plus Equity Funding	-	10,322	919					11,241		11,241		0.00%
Unallocated Consolidation Net Profit/(Loss)	4	-	-	118	-	-	-	122	-	122	8,328	
NET OPERATING RESULT BEFORE CAPITAL ITEMS SURPLUS/(DEFICIT)	1,742							1,742		1,742	9,694	

* Favourable / (Unfavourable) variance

EXPLANATION OF MATERIAL VARIANCES

YTD Variances

Item	Explanation
INCOME	
Rates & Annual Charges	Includes rate levy for 2019/2020
Grants & Contributions provided for Capital Purposes	Most capital grants are now paid in arrears based on progress reports
Interest Revenue	Includes accrued interest. Councils long dated investments are having a positive impact on current returns

EXPENSES

CAPITAL AMOUNTS

RECOMMENDED CHANGES TO REVISED BUDGET

The budget variations recommended above are required to be made to budget votes as a result of changes since the last budget review. Refer to attached appendix "Budget Variations" for commentary on each budget variation. Those items identified as requiring funding since the adoption of the 2018/2019 budget have now been funded.

INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDED 31-3-2020
INCOME & EXPENSES BY FUNCTION

	ORIGINAL BUDGET 2019/2020 (000's)	Approved Changes						REVISED BUDGET (000's)	Recommended Changes for Council Resolution (000's)	PROJECTED Year End Result 2018/2019 (000's)	ACTUAL YTD (000's)	% OF PROJECTED BUDGET (000's)
		Revotes (000's)	Unexpended Grants B/FW (000's)	Sept 2019 Review (000's)	Dec 2019 Review (000's)	Mar 2020 Review (000's)	June 2020 Review (000's)					
EXPENSES												
Governance	250							250		250	119	47.60%
Administration	7,065	143	47		299			7,554	7	7,561	4,133	54.66%
Public Order and Safety	1,053	50						1,103	102	1,205	808	67.05%
Health & Environment	3,569	25	90	100				3,784	33	3,817	2,738	71.73%
Community Services and Education	103	28	24		6			161	10	171	84	49.12%
Housing and Community Amenities	1,159	68		-4				1,223	841	2,064	821	39.78%
Water Supplies	3,501				90			3,591	185	3,776	3,074	81.41%
Sewerage and Drainage Services	1,937							1,937	30	1,967	1,510	76.77%
Recreation and Culture	2,395	262	8	245				2,910		2,910	1,936	66.53%
Mining, Manufacturing and Construction	372							372	-5	367	327	89.10%
Transport and Communication	6,184	745	165	483	358			7,935	831	8,766	5,007	57.12%
Economic Affairs	1,521	661	67	40	-159			2,130	5	2,135	845	39.58%
TOTAL EXPENSES	29,109	1,982	401	864	594	0	0	32,950	2039	34,989	21,402	61.17%
REVENUES												
Governance	-							-		-	-	-
Administration	25,994				201			26,195	93	26,288	21,372	81.30%
Public Order and Safety	393							393	47	440	213	48.41%
Health & Environment	4,170			100				4,270		4,270	4,137	96.89%
Community Services and Education	24				6			30	10	40	34	85.00%
Housing and Community Amenities	292			1,452	107			1,851	1,218	3,069	1,091	35.55%
Water Supplies	4,806				90			4,896	373	5,269	4,482	85.06%
Sewerage and Drainage Services	2,834							2,834		2,834	2,832	99.93%
Recreation and Culture	198			48				246	570	816	219	26.84%
Mining, Manufacturing and Construction	183							183		183	141	77.05%
Transport and Communication	5,153			1,174	669			6,996	1,523	8,519	7,119	83.57%
Economic Affairs	417			350	177			944	45	989	778	78.67%
TOTAL REVENUE	44,464	-	-	3,124	1,250	-	-	48,838	3,879	52,717	42,418	80.46%
OPERATING RESULT: (Surplus)	-15,355	1,982	401	(2,260)	(656)	-	-	-15,888	-1,840	-17,728	-21,016	
Depreciation	9,215							9,215		9,215	6,911	75.00%
Increase in Employee Leave Entitlements	2,568							2,568		2,568	1,307	50.90%
(PROFIT)/LOSS BEFORE CAPITAL AMOUNTS	(3,572)	1,982	401	(2,260)	(656)	-	-	(4,105)	(1,840)	(5,945)	(12,798)	
Carrying Amount of Assets Sold	433							433		433	173	39.95%
Proceeds Sale of Assets	(617)							(617)		(617)	(334)	54.13%
Cost Real Estate Assets Sold								-		-	-	
Loan Funds Used								-		-	-	
Other Debt Finance								-		-	-	
Repayments by Deferred Debtors								-		-	-	
Acquisition of Assets	12,746	8,341	518	3,787	1,020			26,412	1,840	28,252	11,219	39.71%
Development of Real Estate								-		-	-	
Advance to Deferred Debtors								-		-	-	
Repayment of Loans	600							600		600	496	82.67%
Repayment of Other Debts								-		-	-	
ESTIMATED BUDGET RESULT: (SURPLUS)/DEFICIT	9,590	10,323	919	1,527	364	-	-	22,723	0	22,723	(1,244)	
ADD BACK Non Cash Amounts												
Depreciation	9,215							9,215		9,215	6,911	
Carrying Amount of Assets Sold	433							433		433	173	
Plus Net Transfers	54			-1,645	-364			-1,227		-1,591		
Plus Equity Funding**		-10,323	-919					-11,242		-11,242		
BUDGET (SURPLUS)/DEFICIT	(4)	-	-	(118)	-	-	-	606	-	242	(8,328)	
** Equity Funding is Unexpended Grants, Contributions and incomplete works from previous years where money is held in equity at end of year												
Transfers to Internally Restricted Assets	2,203							2,203		2,203	0	0.00%
Transfers from Internally Restricted Assets	2,149			1645	-364			3,430	364	3,794	0	0.00%
Net Transfers	54	0	0	-1,645	-364	0	0	-1,227	-364	-1,591	0	

EXPLANATION OF MATERIAL VARIANCES**YTD Variances**

Item	Explanation
Expenses	
INCOME	
Administration	Includes entire rate levy for 2019/20
Public Order & Safety	Bush Fire Subsidies not received until March 2020
Housing & Community Amenities	Includes entire DWM levy Charges for 2019/20
Sewerage and Drainage Services	Includes entire annual sewer charges levy for 2019/20

CAPITAL AMOUNTS**RECOMMENDED CHANGES TO REVISED BUDGET**

The budget variations recommended above are required to be made to budget votes as a result of changes since the last budget review. Refer to attached appendix "Budget Variations" for commentary on each budget variation. Those items identified as requiring funding since the adoption of the 2018/2019 budget have now been funded.

**INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDING 31-03-2020
CAPITAL BUDGET**

	ORIGINAL BUDGET 2019/2020 (000's)	Approved Changes						REVISED BUDGET (000's)	Recommended Changes for Council Resolution (000's)	PROJECTED Year End Result 2019/2020 (000's)	ACTUAL YTD (000's)
		Revotes (000's)	Unexpended Grants (000's)	Sept 2019 Review (000's)	Dec 2019 Review (000's)	Mar 2020 Review (000's)	June 2020 Review (000's)				
CAPITAL FUNDING											
Rates and Other untied Funding											
General Fund	4,280			423	5			4,708	5	4,713	4,713
Sewer Fund	640							640		640	640
Water Fund	661							661		661	661
								-			
Capital Grants & Contributions											
Bushfire	197							197		197	
Sporting Fields	10							10		10	10
Library	25			38				63		63	63
Roads	4,834			664	701			6,199	675	6,874	6,499
Open Space				1,640	100			1,740	972	2,712	2,142
Water Services								-	188	188	188
								-			
Internal Restricted Assets											
Aerodrome								-		-	
Plant Replacement	1,999							1,999		1,999	1,999
Roads Program				1,140	214			1,354		1,354	1,140
Sewerage Future Capital Works								-		-	
Water Future Capital Works								-		-	
Strategic Capital Projects Fund								-		-	
Other	100							100		100	100
Loan Funding								-		-	
Equity (Unexpended Grants and Contributions from previous years)		8,341	518					8,859		8,859	8,859
TOTAL CAPITAL FUNDING	12,746	8,341	518	3,905	1,020			26,530	1,840	28,370	27,014
CAPITAL EXPENDITURE											
Administrative Services	15							15		15	4
Aerodrome								-		-	
Engineering Equipment	2							2		2	-
SES/Bushfire	204							204	13	217	31
Information Services	148	309			(35)			422		422	180
Sporting Fields	24				4			28		28	4
Cemetery	10							10	33	43	43
Library	124	9	32	38				203		203	167
Open Space	100	51		4				155		155	82
Plant	2,616							2,616		2,616	2,020
Minor Community Infrastructure Assets	280	215	122	(5)	141			753	839	1,592	643
Stonger Country Communities		452		1,640				2,092	118	2,210	1,172
Strategic Capital Infrastructure Program	480							480		480	-
Sewerage Services	640	3,060						3,700		3,700	331
Water Services	861	2,387						3,248	188	3,436	193
Roads	7,242	1,858	364	2,114	906			12,484	649	13,133	6,349
TOTAL CAPITAL EXPENDITURE	12,746	8,341	518	3,791	1,016			26,412	1,840	28,252	11,219

RECOMMENDED CHANGES TO REVISED BUDGET

The budget variations recommended above are required to be made to budget votes as a result of changes since the last budget review. Refer to attached appendix "Budget Variations" for commentary on each budget variation. Those items identified as requiring funding since the adoption of the 2019/2020 budget have now been funded.

CAPITAL EXPENDITURE 2019/2020

CAPITAL EXPENDITURE 2019/2020			ORIGINAL CAPITAL BUDGET		ADJUSTED CAPITAL BUDGET		ACTUALS		Classification	%			
PROGRAM	LEDGER NUMBER	DESCRIPTION	AMOUNT	SECTION TOTAL	AMOUNT	SECTION TOTAL				Complete	FUNDING	AMOUNT	
ADMINISTRATIVE SERV.	159060-1000	OFFICE FURNITURE & EQUIPMENT-DESKS, CHAIRS	5,200		5,200		-	Renewal		0%			
	134940-1000	ACQUISITION OF ART PRIZE	4,500		4,500		-	New Asset		0%			
	160470-1000	ART GALLERY REFURBISHMENTS	5,000	14,700	5,000	14,700	3,415	Renewal		68%			
ENGINEERING	160800-1100	ENGINEERS INSTRUMENTS & EQUIPMENT	2,100	2,100	2,100	2,100	-	New Asset		0%			
BUSH FIRE	159141-1000	EQUIPMENT ISSUES	197,400	197,400	197,400	197,400	16,000	Renewal	RFS		GRANT	121121-1000 197,400	
SES	132851-4450	SES BUILDING UPGRADE	7,150	7,150	19,720	19,720	14,570	Renewal		74%			
INFORMATION SERVICES	130101-1000	COMPUTER EQUIPMENT	44,290		273,790		163,086	Renewal		60%			
	130101-4910	COMPUTER EQUIPMENT	32,000		32,000		-	Renewal		0%			
	130111-5130	COMPUTER EQUIPMENT - NEW PRINTING EQUIPMENT	39,200		85,200		16,560	Renewal		19%			
	130111-5162	COMPUTER EQUIPMENT - NEW HARDWARE	32,000	147,490	32,000	422,990	-	Renewal		0%			
SPORTING FIELDS	160660-1100	SPORTS GROUND IMPROVEMENT-SPORT CNL	20,000		20,000		-	New Asset		0%	CONTRIBUTION	127090-1000 10,000	
	160531-1000	SPORTING FIELD UPGRADES			3,675		3,675	New Asset		100%			
	134919-1000	EQUESTRIAN CENTRE UPGRADE	4,000	24,000	4,000	27,675		Renewal		0%			
CEMETERY	136391-4450	CEMETERY	10,000	10,000	43,435	43,435	46,133	New Asset		100%			
LIBRARY	160180-1100	LIBRARY-CORPORATE SERVICE COLLECTION	1,450		10,227		-	Renewal		0%			
	160190-1000	LIBRARY BOOKS	60,840		60,840		54,606	Renewal		90%			
	160200-1000	LIBRARY BOOKS - CO-OPERATIVE CONTRIBUTION	22,620		22,620		22,620	Renewal		100%			
	160240-1000	NON BOOK MATERIALS-VIDEOS CASSETTES ETC.	9,960		9,960		7,796	Renewal		78%			
	160245-1000	LIBRARY - OFFICE EQUIPMENT	2,000		2,000		2,371	Renewal		100%			
	160270-1000	LIBRARY SECURITY SYSTEM	2,320		2,320		-	Renewal		0%			
	160396-1000	LIBRARY-SPECIAL GRANT PROJECT	25,000	124,190	95,400	203,367	78,667	Renewal		82%	GRANT	160389-1000 62,967	
PARKS	160562-1000	CAMPBELL PARK UPGRADE	45,000		56,000		8,505	Renewal		15%	IRA	45,000	
	160559-1000	SINCLAIR PARK	55,000	100,000	95,000		68,760	Renewal		72%	IRA	55,000	
	160560-1000	PASSIVE PARKS UPGRADE -TINGHA			3,680	154,680	3,680	New Asset		100%			
SCIF	141899-1000	STRATEGIC CAPITAL INFRASTRUCTURE PROGRAM	480,000	480,000	480,000	480,000	-	New Asset		0%			
OTHER NEW INFRASTRUCTURE ASSETS	129361-1000	MINOR COMMUNITY INFRASTRUCTURE ASSETS	180,000		160,048		-	New Asset		0%			
	159772-1000	ENERGY EFFICIENCY PROGRAM	40,000		96,990		24,657	New Asset		25%			
	134325-1000	COMMUNITY BUILDING PARTNERSHP PROGRAM	60,000	280,000	89,559		-	New Asset		0%			
	137373-1000	COMMUNITY GARDENS PROJECT			26,705		-	Renewal		0%			
	159080-1000	ADMINISTRATIVE BUILDING - AIR CON			95,000		95,000	Renewal		100%			
	160850-1000	DEPOT IMPROVEMENTS			35,000		96,283	Renewal		100%			
	148022-1000	SAFER COMMUNITY PROJECTS - CCTV & SOLAR LIGHTS			234,500		94,992	New Asset		41%			
	148005-1000	DROUGHT COMMUNITIES GRANTS - ROUND 2			284,000		-	New Asset		0%	GRANT	121994-1000 284,000	
	160665-1000	COPETON NORTHERN FORESHORES UPGRADE			570,000	1,591,802	330,000	New Asset		58%	GRANT	122911-1000 570,000	
STONGER COUNTRY COMMUNITIES PROGRAM	137375-1000	LAKE INVERELL UPGRADE	-		853,054		316,637	New Asset		37%	GRANT	121211-1000 853,054	
	160536-1000	SPORTS COMPLEX - ATHLETICS PRECINCT	-		680,247		1,019,890	New Asset		100%	GRANT	240,247	
	160662-1000	OFF ROAD RECREATIONAL CIRCUIT	-		546,937		534,381	New Asset		98%	GRANT	546,937	
	160761-1000	SKATE PARK EXTENSIONS	-		11,653		600	New Asset		5%			
	160667-1000	YOUTH FRIENDLY OPEN SPACE	-		118,280	2,210,171	120	New Asset		0%	GRANT	118,280	
PLANT	161590-1000	SMALL PLANT	80,000		80,000		57,409	Renewal		72%	PLANT REPLACE IRA	161680-6220 2,616,000	
	161610-1000	WORKSHOP EQUIPMENT	40,000		40,000		-	Renewal		0%	Less Sales	(617,000)	
	161600-1000	LIGHT CARS/TRUCKS	903,000		903,000		438,814	Renewal		49%		1,999,000	
	161620-1000	HEAVY PLANT	1,593,000	2,616,000	1,593,000	2,616,000	1,816,354	Renewal		100%			
TOTAL			4,003,030	4,003,030		7,984,040							

INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDING 31-03-20
CASH & INVESTMENTS

	ORIGINAL BUDGET 2019/2020 (000's)	Approved Changes						Recommended Changes for Council Resolution (000's)	PROJECTED Year End Result 2019/2020 (000's)	ACTUALS (000's)
		Revotes (000's)	Unexpended Grants B/FW (000's)	Sept 2019 Review (000's)	Dec 2019 Review (000's)	Mar 2020 Review (000's)	June 2020 Review (000's)			
EXTERNALLY RESTRICTED										
Water Services	10,554						10,554		10,554	10,554
Sewerage Services	6,677						6,677		6,677	6,677
Waste Management	4,396						4,396		4,396	4,396
Special Purpose Grants	788						788		788	788
Developer Contributions	546						546		546	546
Bonds & Deposits	210						210		210	99
Stormwater Management							-		-	146
TOTAL EXTERNALLY RESTRICTED	23,171						23,171		23,171	23,206
INTERNALLY RESTRICTED										
Employee Leave Entitlements	1,337						1,337		1,337	1,337
Strategic Development Fund	516						516		516	516
Plant Replacement	4,101						4,101		4,101	4,101
Computer	1,390						1,390		1,390	1,390
Building Renewal/Upgrades	2,095						2,095		2,095	2,095
Economic Development/Growth Assets	5,440						5,440		5,440	5,440
Aerodrome	306						306		306	306
Workers Compensation Insurance	936						936		936	936
Future Capital Works/Land Purchases	450						450		450	450
Emergency Management/ Equipment Upgrades	315						315		315	315
Industrial Development	1,022						1,022		1,022	1,022
Baths Improvements - Inverell Pool	3,185						3,185		3,185	3,185
Sports Grounds - Hockey Facility Resurfacing	450						450		450	450
Financial Assistance Grants	3,645						3,645		3,645	3,645
Other Restrictions	1,715						1,715		1,715	1,715
TOTAL INTERNALLY RESTRICTED	26,903						26,903		26,903	26,903
TOTAL RESTRICTED	50,074						50,074		50,074	50,109
TOTAL CASH & INVESTMENTS	59,252						59,252		59,252	61,534
AVAILABLE WORKING CAPITAL	9,178	Figure incl. revotes & Unexpended grants from 2017/2018					9,178		9,178	11,425

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

COMMENT ON CASH & INVESTMENT POSITION

Councils overall Investment Portfolio remains sound and as at 31 March 2020 Councils Cash and Investment Portfolio totalled \$61.5 million plus \$2.17 million Cash at bank

STATEMENTS

INVESTMENTS

I, SCOTT NORMAN, as Council's Responsible Accounting Officer, hereby certify that the restricted funds listed above are invested in accordance with Section 625 of the Local Government Act 1993, Clause 212 of the Local Government (General) Regulations 2005 and Council's Investment Policy. For further information about Councils investment portfolio and performance refer to Councils Monthly Investment Report included in Councils Business Paper

Total External Restricted Funds	23,206
Total Internal Restricted Funds	26,903
Total Restricted	50,109
Total Funds Invested as per Investment Report (31-3-20)	61,534
Total Available Working Capital	11,425

CASH

I, SCOTT NORMAN, as Council's Responsible Accounting Officer, hereby certify that the bank balances, as per General Ledger, have been reconciled with the bank statements for the month of March, 2020, and the details have been recorded. For further information about Councils bank reconciliations refer to Councils Monthly Financial Statements report included in the Council Business Paper

RECONCILIATION

I, SCOTT NORMAN, as Council's Responsible Accounting Officer, hereby certify that the investment balances, as per General Ledger, have been reconciled with the investment report for the month of March, 2020, and the details have been recorded. For further information about Councils investment portfolio and performance refer to Councils Monthly Investment Report included in the Councils Business Paper.

**INVERELL SHIRE COUNCIL
INVESTMENTS HELD 31-3-2020**

Term Deposit Investment Group										
<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 (day)</i>
20/10	National Australia Bank	General	AA-	1	09-Oct-19	09-Apr-20	1.60%	1,000,000	1,000,000	183
20/24	National Australia Bank	General	AA-	1	09-Jan-20	09-Apr-20	1.60%	2,000,000	2,000,000	91
19/27	St George Bank	General	AA-	1	17-Apr-19	17-Apr-20	2.60%	2,000,000	2,000,000	366
20/15	AMP BANK	General	A-	2	27-Nov-19	25-May-20	2.10%	2,000,000	2,000,000	180
20/17	AMP BANK	General	A-	2	27-Nov-19	25-May-20	2.10%	1,000,000	1,000,000	180
20/18	AMP BANK	Water	A-	2	27-Nov-19	25-May-20	2.10%	1,000,000	1,000,000	180
20/19	AMP BANK	General	A-	2	27-Nov-19	25-May-20	2.10%	1,000,000	1,000,000	180
20/04	Bank of Queensland	Sewer	BBB+	2	27-Aug-19	27-May-20	1.65%	2,000,000	2,000,000	274
20/20	AMP BANK	General	BBB+	2	13-Dec-19	10-Jun-20	2.00%	2,000,000	2,000,000	180
20/21	BNK Bank	Water	NR	3	17-Dec-19	17-Jun-20	1.90%	2,000,000	2,000,000	183
20/25	Bank of Sydney	General	NR	3	20-Jan-20	20-Jul-20	1.85%	1,000,000	1,000,000	182
20/26	Bank of Sydney	General	NR	3	20-Jan-20	20-Jul-20	1.85%	1,500,000	1,500,000	182
20/28	Bank of Sydney	General	NR	3	31-Jan-20	31-Jul-20	2.00%	2,000,000	2,000,000	182
20/29	National Australia Bank	Sewer	AA-	1	20-Feb-20	20-Aug-20	1.54%	2,000,000	2,000,000	182
20/14	Bank of Sydney	General	NR	3	27-Nov-19	27-Aug-20	1.99%	1,000,000	1,000,000	274
20/22	BNK Bank	Water	NR	3	17-Dec-19	17-Sep-20	1.85%	1,000,000	1,000,000	275
20/09	St George Bank	General	AA-	1	03-Oct-19	06-Oct-20	1.70%	1,000,000	1,000,000	365
20/23	St George Bank	Water	AA-	1	17-Dec-19	16-Oct-20	1.70%	1,000,000	1,000,000	304
19/09	ING BANK	General	A	1	25-Oct-18	25-Oct-20	2.90%	2,000,000	2,000,000	731
20/16	AMP BANK	General	A-	2	27-Nov-19	27-Nov-20	1.85%	2,000,000	2,000,000	366
20/27	Warwick Credit Union	General	NR	3	20-Jan-20	20-Jan-21	1.85%	1,000,000	1,000,000	366
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
19/33	Westpac Bank	Water	AA-	1	27-Jun-19	27-Jun-21	2.30%	2,000,000	2,000,000	731
20/02	Bank of Queensland	General	BBB+	2	17-Jul-19	19-Jul-21	2.00%	1,500,000	1,500,000	733
20/03	Bank of Queensland	General	BBB+	2	27-Aug-19	27-Aug-21	1.75%	2,000,000	2,000,000	731
20/33	AMP Bank	General	BBB+	2	24-Mar-20	24-Sep-21	1.80%	1,000,000	1,000,000	549
20/08	AMB - Australian Military Bank	Sewer	BBB+	2	30-Sep-19	30-Sep-21	1.77%	1,500,000	1,500,000	731
19/10	Westpac Bank	General	AA-	1	25-Oct-18	25-Oct-21	2.97%	2,000,000	2,000,000	1096
20/30	Auswide Bank	General	BBB	2	02-Mar-20	02-Mar-22	1.75%	2,000,000	2,000,000	730
20/31	Warwick Credit Union	General	NR	3	02-Mar-20	02-Mar-22	1.90%	1,000,000	1,000,000	730
19/29	Newcastle Permanent	General	BBB	2	17-Apr-19	19-Apr-22	2.70%	1,000,000	1,000,000	1098
19/31	Westpac Bank	Water	AA-	1	25-Jun-19	25-Jun-22	2.30%	1,000,000	1,000,000	1096
19/34	Westpac Bank	General	AA-	1	25-Jun-19	25-Jun-22	2.30%	2,000,000	2,000,000	1096
19/32	Westpac Bank	General	AA-	1	27-Jun-19	27-Jun-22	2.30%	2,000,000	2,000,000	1096
20/05	Bank of Queensland	General	BBB+	2	03-Sep-19	05-Sep-22	1.80%	1,000,000	1,000,000	1098
20/06	Bank of Queensland	General	BBB+	2	13-Sep-19	13-Sep-22	1.80%	1,000,000	1,000,000	1096
20/32	Auswide Bank	General	BBB	2	24-Mar-20	24-Mar-23	1.88%	1,000,000	1,000,000	1095
Sub Total - Term Deposit Investment Group								TOTALS	56,500,000	56,500,000

Floating Rate Notes Investment Group									
<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>
31/7/19	Commonwealth Bank	General	A1+	1	11/1/2019	11/1/2024	2.025% 3M BBSW + 10bp	2,000,000.00	2,015,108.00
31/7/19	ANZ Bank	General	A1+	1	08/2/2019	08/2/2024	2.01% 3M BBSW + 10bp	2,000,000.00	2,012,994.00
31/7/19	ANZ Bank	Water	A1+	1	08/2/2019	08/2/2024	2.01% 3M BBSW + 10bp	1,000,000.00	1,006,497.00
Sub Total - Floating Rate Notes Investment Group								5,000,000.00	5,034,599.00

Cash Deposits Accounts Investment Group									
<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>
									-
Sub Total - Cash Deposits Accounts Investment Group								-	-

Portfolio by Fund	
General Fund	\$ 47,028,102
Water Fund	\$ 9,006,497
Sewer Fund	\$ 5,500,000
TOTAL	\$ 61,534,599

Portfolio by Fund	29/02/2020	31/03/2020
General Fund	\$ 44,085,609	\$ 47,028,102
Water Fund	\$ 9,015,427	\$ 9,006,497
Sewer Fund	\$ 5,500,000	\$ 5,500,000
TOTAL	\$ 58,601,036	\$ 61,534,599

**INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDING 31/03/2020
CONTRACTS**

Contractor	Contract Details & purpose	Contract Value	Commencement Date	Duration of Contract	Budgeted (Y/N)
Kenway & Clerk Ltd	Two Water Carts	\$ 598,270.00	09-March-2020	3 Months	Y
Dominico Blue Building	Project Management - CNFS Upgrade	\$ 220,090.00	28-February-2020	20 Months	Y
Austek Construction P/L	Playground Equipment CNFS Upgrade	\$ 138,727.00	07-April-2020	6 months	Y
Country Wide Welding	Construction of broadwalk at Lake Inverell	\$ 186,000.00	15-April-2020	6 months	Y
					y
					y
					y

Notes

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

Explanation of Unbudgeted Contracts

No unbudgeted contracts as at 31 March 2020

**INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDING 31/03/2020
CONSULTANCY & LEGAL EXPENSES**

EXPENSE	EXPENDITURE YTD	BUDGETED (Y/N)
CONSULTANCIES		
Heritage Advisor	12,135.00	Y
Waste Management	3,050.00	Y
Investment Advisor	7,499.88	Y
Strategic Planning	13,440.00	Y
Finance Advisor	500.00	Y
LEGAL FEES	7,644.49	Y

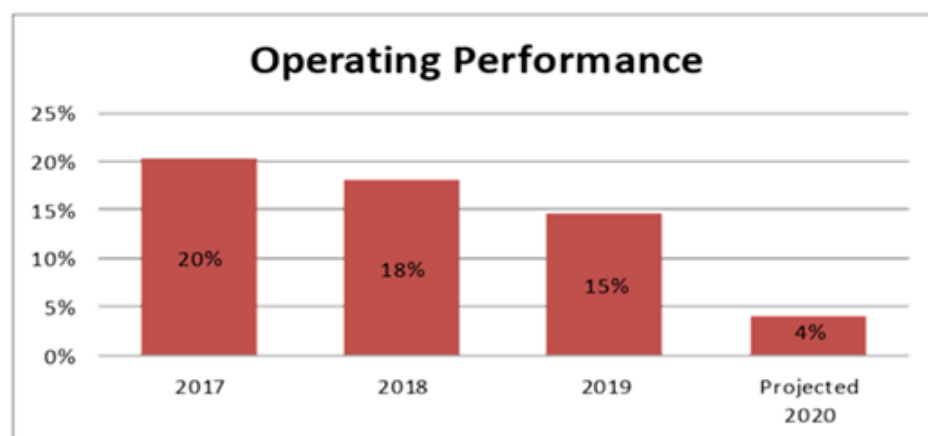
Definition of Consultant

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

Explanation of Unbudgeted Consultancy & Legal Fees

No unbudgeted Consultancy or Legal Fees as at 31 March 2020

**INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDING 31-03-2020
KEY PERFORMANCE INDICATORS**

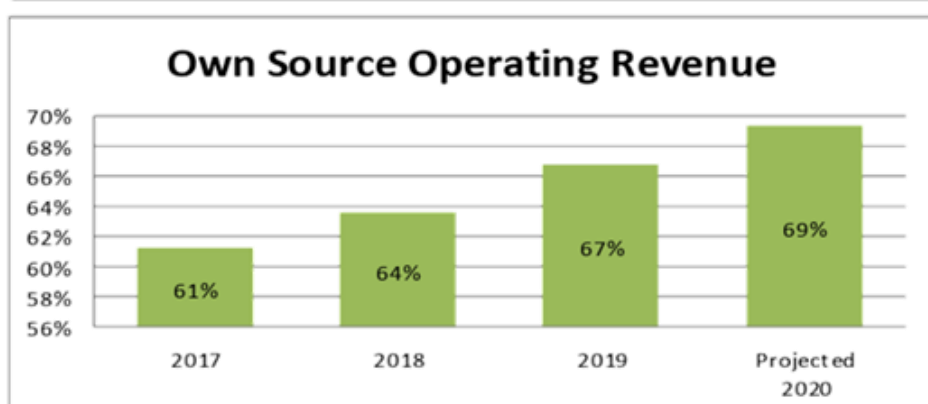


The **Operating Performance Ratio** indicates that Council operating revenue, excluding capital grants and contributions are sufficient to cover operating expenditure. Council has exceeded both the benchmarks listed below

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

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

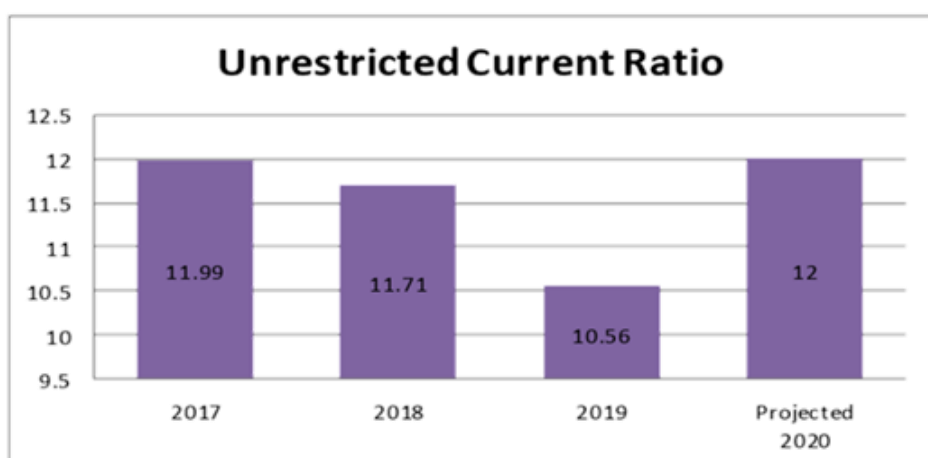
The 2017 is inflated due to the advanced payment of 50% 2017-2018 Financial Assistance Grant.



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

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

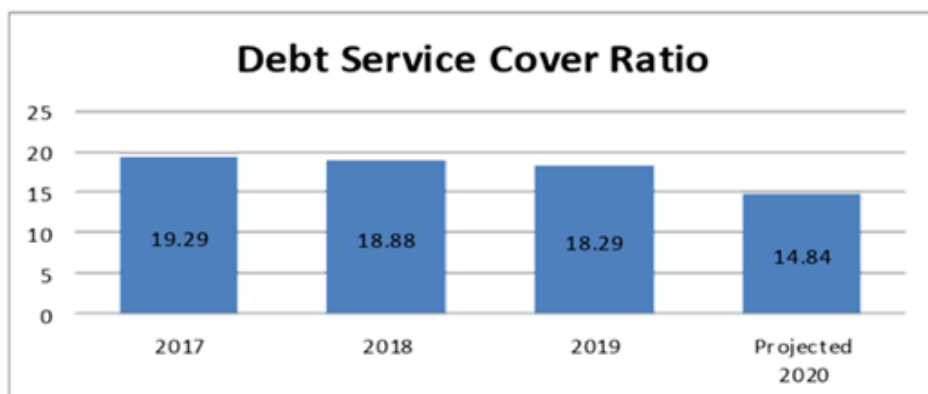
The "fit for the future" benchmark is that councils should have own source revenue of greater than 60% over a three year period.



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

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

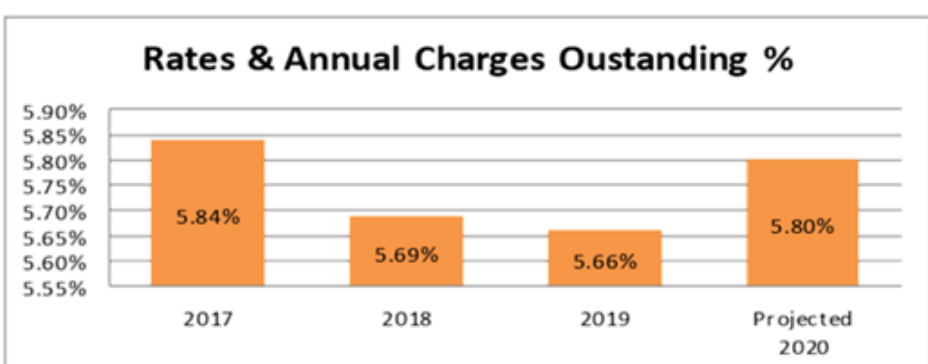
The Tcorp benchmark is greater than 1.5



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

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

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

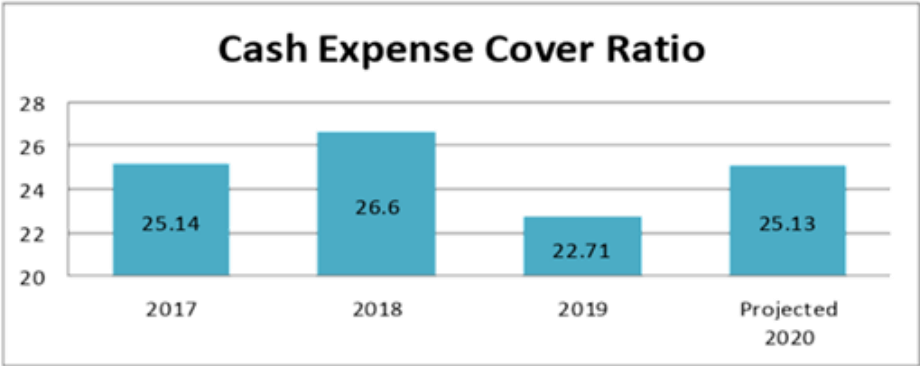


The **Outstanding Rates Ratio** indicates the percentage of uncollected rates and charges and the adequacy of recovery efforts.

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

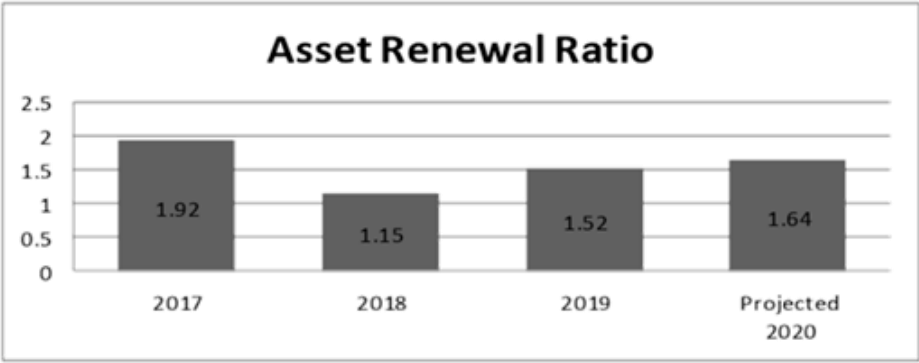
The Tcorp benchmark is to have a ratio of less than 10%

INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDING 31-03-2020
KEY PERFORMANCE INDICATORS



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

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

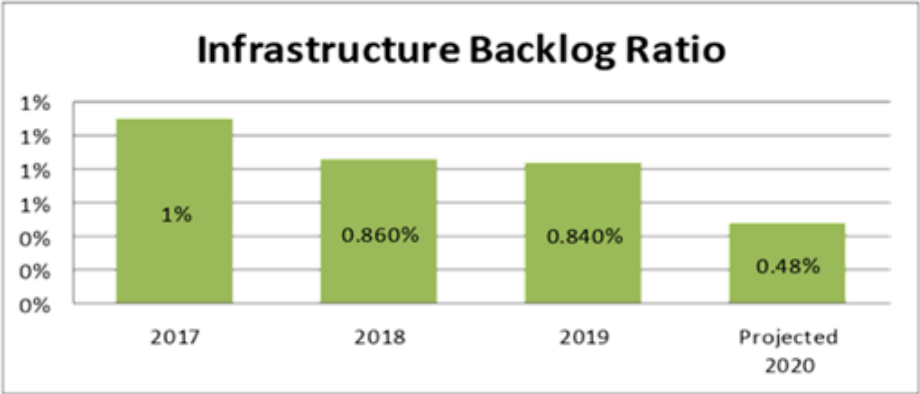


The **Asset Renewal Ratio** indicates the rate at which assets are being renewed against the rate they are being depreciated.

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

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

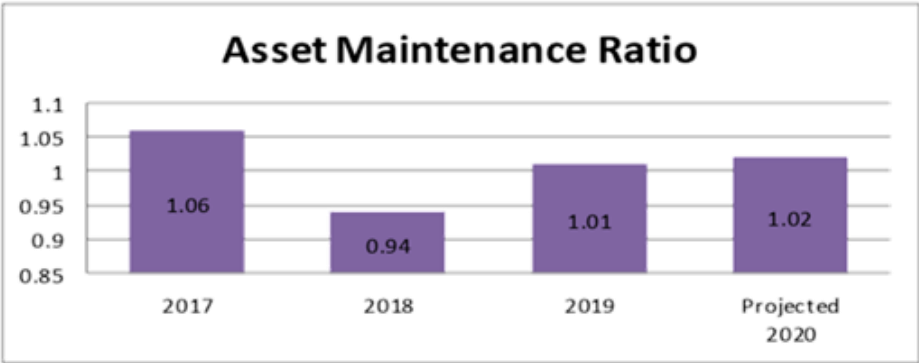
The "fit for the future" benchmark is that councils should have a ratio of greater than 1 over a three year period



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

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

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



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

The Tcorp benchmark is a ratio of greater than 1

The "fit for the future" benchmark is greater than 1

6.2 GOVERNANCE - MONTHLY INVESTMENT REPORT

File Number: S12.12.2/13 / 20/17233

Author: Paul Pay, Manager Financial Services

SUMMARY:

To report the balance of investments held as at 30 April, 2020.

RECOMMENDATION:

The Committee recommends 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.*

COMMENTARY:

Contained within this report are the following items that highlight Council's Investment Portfolio performance for the month to 30 April, 2020 and an update of the investment environment:

- (a) Council's investments as at 30 April, 2020;
- (b) Council Investments by Fund as at 30 April, 2020;
- (c) Interest – Budgeted vs Actual;
- (d) Investment Portfolio Performance;
- (e) Investment Commentary; and
- (f) Certification – Responsible Accounting Officer.

A) Council Investments as at 30 April, 2020

Term Deposit Investment Group										
<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>
20/15	AMP BANK	General	A-	2	27-Nov-19	25-May-20	2.10%	2,000,000	2,000,000	180
20/17	AMP BANK	General	A-	2	27-Nov-19	25-May-20	2.10%	1,000,000	1,000,000	180
20/18	AMP BANK	Water	A-	2	27-Nov-19	25-May-20	2.10%	1,000,000	1,000,000	180
20/19	AMP BANK	General	A-	2	27-Nov-19	25-May-20	2.10%	1,000,000	1,000,000	180
20/04	Bank of Queensland	Sewer	BBB+	2	27-Aug-19	27-May-20	1.65%	2,000,000	2,000,000	274
20/20	AMP BANK	General	BBB+	2	13-Dec-19	10-Jun-20	2.00%	2,000,000	2,000,000	180
20/21	BNK Bank	Water	NR	3	17-Dec-19	17-Jun-20	1.90%	2,000,000	2,000,000	183
20/25	Bank of Sydney	General	NR	3	20-Jan-20	20-Jul-20	1.85%	1,000,000	1,000,000	182
20/26	Bank of Sydney	General	NR	3	20-Jan-20	20-Jul-20	1.85%	1,500,000	1,500,000	182
20/28	Bank of Sydney	General	NR	3	31-Jan-20	31-Jul-20	2.00%	2,000,000	2,000,000	182
20/29	National Australia Bank	Sewer	AA-	1	20-Feb-20	20-Aug-20	1.54%	2,000,000	2,000,000	182
20/14	Bank of Sydney	General	NR	3	27-Nov-19	27-Aug-20	1.99%	1,000,000	1,000,000	274
20/22	BNK Bank	Water	NR	3	17-Dec-19	17-Sep-20	1.85%	1,000,000	1,000,000	275
20/09	St George Bank	General	AA-	1	03-Oct-19	06-Oct-20	1.70%	1,000,000	1,000,000	365
20/23	St George Bank	Water	AA-	1	17-Dec-19	16-Oct-20	1.70%	1,000,000	1,000,000	304
19/09	ING BANK	General	A	1	25-Oct-18	25-Oct-20	2.90%	2,000,000	2,000,000	731
20/16	AMP BANK	General	A-	2	27-Nov-19	27-Nov-20	1.85%	2,000,000	2,000,000	366
20/27	Warwick Credit Union	General	NR	3	20-Jan-20	20-Jan-21	1.85%	1,000,000	1,000,000	366
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
20/34	Macquarie Bank	General	AA-	1	17-Apr-20	19-Apr-21	1.74%	2,000,000	2,000,000	367
19/33	Westpac Bank	Water	AA-	1	27-Jun-19	27-Jun-21	2.30%	2,000,000	2,000,000	731
20/02	Bank of Queensland	General	BBB+	2	17-Jul-19	19-Jul-21	2.00%	1,500,000	1,500,000	733
20/03	Bank of Queensland	General	BBB+	2	27-Aug-19	27-Aug-21	1.75%	2,000,000	2,000,000	731
20/33	AMP Bank	General	BBB+	2	24-Mar-20	24-Sep-21	1.80%	1,000,000	1,000,000	549
20/08	AMB - Australian Military Bank	Sewer	BBB+	2	30-Sep-19	30-Sep-21	1.77%	1,500,000	1,500,000	731
19/10	Westpac Bank	General	AA-	1	25-Oct-18	25-Oct-21	2.97%	2,000,000	2,000,000	1096
20/30	Auswide Bank	General	BBB	2	02-Mar-20	02-Mar-22	1.75%	2,000,000	2,000,000	730
20/31	Warwick Credit Union	General	NR	3	02-Mar-20	02-Mar-22	1.90%	1,000,000	1,000,000	730
19/29	Newcastle Permanent	General	BBB	2	17-Apr-19	19-Apr-22	2.70%	1,000,000	1,000,000	1098
19/31	Westpac Bank	Water	AA-	1	25-Jun-19	25-Jun-22	2.30%	1,000,000	1,000,000	1096
19/34	Westpac Bank	General	AA-	1	25-Jun-19	25-Jun-22	2.30%	2,000,000	2,000,000	1096
19/32	Westpac Bank	General	AA-	1	27-Jun-19	27-Jun-22	2.30%	2,000,000	2,000,000	1096
20/05	Bank of Queensland	General	BBB+	2	03-Sep-19	05-Sep-22	1.80%	1,000,000	1,000,000	1098
20/06	Bank of Queensland	General	BBB+	2	13-Sep-19	13-Sep-22	1.80%	1,000,000	1,000,000	1096
20/32	Auswide Bank	General	BBB	2	24-Mar-20	24-Mar-23	1.88%	1,000,000	1,000,000	1095
Sub Total - Term Deposit Investment Group							TOTALS	53,500,000	53,500,000	

Floating Rate Notes Investment Group									
<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>
31/7/19	Commonwealth Bank	General	A1+	1	11/1/2019	11/1/2024	2.025% 3M BBSW + 113bp	2,000,000.00	2,030,624.00
31/7/19	ANZ Bank	General	A1+	1	08/2/2019	08/2/2024	2.01% 3M BBSW + 110bp	2,000,000.00	2,027,304.00
31/7/19	ANZ Bank	Water	A1+	1	08/2/2019	08/2/2024	2.01% 3M BBSW + 110bp	1,000,000.00	1,013,652.00
Sub Total - Floating Rate Notes Investment Group								5,000,000.00	5,071,580.00

Cash Deposits Accounts Investment Group									
<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>
Sub Total - Cash Deposits Accounts Investment Group								-	-

B) Council Investments by Fund 30 April, 2020

Portfolio by Fund	31/03/2020	30/04/2020
General Fund	\$ 47,028,102	\$ 44,057,928
Water Fund	\$ 9,006,497	\$ 9,013,652
Sewer Fund	\$ 5,500,000	\$ 5,500,000
TOTAL	\$ 61,534,599	\$ 58,571,580

Council's investment portfolio has decreased by \$2,963,019 throughout April 2020. This was in respect of normal cash flow movements for receipts collected and payments made during March 2020.

Interest – Budgeted verses Actual Result to Date

	Ledger	2019/2020 Budget \$	Actuals to Date \$	Accrued Interest to Date \$	TOTAL \$
General Fund	128820	879,000.00	365,813.07	473,202.99	839,016.06
Water Fund	812350	125,000.00	64,682.17	97,419.30	162,101.47
Sewer Fund	906320	105,000.00	95,963.60	46,088.90	142,052.50
TOTAL		1,109,000.00	526,458.84	616,711.19	1,143,170.03

Term deposit interest rates have moved to historic lows of approximately 0.8% for a 12 month term deposit. Given our strong investment balances, Council is expected to meet interest revenue targets in 2019/2020. Any additional interest received during 2019/2020 will be allocated to Council's Investment Equalisation Reserves to help fund future budget reductions in interest revenue.

It is noted that further rate cuts may require Council to downgrade this target in future years. This will require Council to reduce expenditure to offset the reduced income from investment revenue. Expenditure can be reduced by cutting various programs from the budget or by reducing/freezing budget increases, that is, no CPI increases. This results in an expenditure decrease in real terms.

C) Investment Portfolio Performance

Investment Portfolio Return		Benchmarks		
	% pa	RBA Cash Rate	Aus Bond Bank Bill	11am Cash Rate
Benchmark as at 30-4-2020		0.25%	0.99%	0.25%
Term Deposits	1.88%			
Cash Deposit Accounts	0.25%			
Floating Rate Notes	2.02%			

D) Investment Commentary

Council's investment portfolio returns exceeded the Australia Bond Bank Bill 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 \$58.6M is almost entirely invested in fixed term deposits. Overall, the portfolio is highly liquid, highly rated and short-dated from a counterparty perspective.

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

"Policymakers continue to provide unprecedented support through various stimulus measures to mitigate the impact of COVID-19 across the global economy. Further

stimulus measures may be required to spur global growth once the lockdowns have been relaxed.

After the RBA cut rates to their effective lower bound of 0.25%, their forward guidance is to commit keeping the official cash rate unchanged until there is a sustainable recovery and its economic objectives of full employment (unemployment rate of 4.5%) and target inflation (2-3%) are on track.

The RBA has also provided a set of objectives through some of the unconventional policies implemented, including:

- Setting a 0.25% target for the 3-year bond yield;
- Buying Commonwealth/semi-government bonds to meet this target and across the curve to address market dislocations; and
- Establishing a term funding facility (TFF) for bank loans (\$90bn at 0.25% for 3 years), especially to support new loans to small and medium-sized businesses.

RBA Governor Lowe has commented that unlike during GFC, the banks have cash and are well capitalised, and that he was encouraged as the banks are acting as “shock absorbers” during this crisis. Importantly, he also suggested that they are not seeing any signs of stress in the financial system.

With official rates at 0.25% and the RBA undertaking quantitative easing (QE), interest rates are not expected to move from their current policy setting, although there is the possibility for the RBA to cut in smaller increments (less than 25bp) or adopting negative rates if the global economy continues to deteriorate (the RBA has reiterated that negative interest rates are not on their agenda).

Governor Lowe said rates would be low “for a very long period of time” as the RBA needed to be confident inflation would be back in the 2 – 3% target range before considering lifting official rates.”

E) 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 sound.

LEGAL IMPLICATIONS:

Nil

ATTACHMENTS:

Nil