INVERELL
SHIRE COUNCIL

BUSINESS PAPER

Economic and Community Sustainability Committee Meeting

Wednesday, 11 November 2020

INVERELL SHIRE COUNCIL

NOTICE OF ECONOMIC AND COMMUNITY SUSTAINABILITY COMMITTEE MEETING

6 November, 2020

An Economic and Community Sustainability Committee Meeting will be held in the Committee Room, Administrative Centre, 144 Otho Street, Inverell on Wednesday, 11 November, 2020, commencing at **10.30am**.

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

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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 – conflictions 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 practible 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 14 October, 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, 14 OCTOBER 2020 AT 9.14AM

PRESENT: Cr Jacki Watts (Chair), Cr Paul Harmon (Mayor), Cr Paul King OAM, Cr Kate Dight via Zoom and Cr Anthony Michael (Deputy Mayor).

IN ATTENDANCE: Cr Stewart Berryman, Cr Neil McCosker via Zoom and Cr Di Baker.

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

1 APOLOGIES

Nil

2 CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION

Moved: Cr Anthony Michael
Seconded: Cr Paul Harmon

That the Minutes of the Economic and Community Sustainability Committee Meeting held on 9 September, 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 REQUEST FOR ASSISTANCE - INVERELL WOMEN'S COTTAGE S3.16.18

COMMITTEE RESOLUTION

Moved: Cr Paul Harmon
Seconded: Cr Kate Dight

The Committee recommend to Council that:

i) The Inverell Women's Cottage be thanked for their correspondence;

ii) The Committee is assured that Council supports the initiative, however can not assist with funding for the Cottage's ongoing operation; and

iii) Council offers to work with the Committee and other organisations in an attempt to identify accommodation options for the group.

CARRIED

4.2 REQUEST FOR CONSIDERATION - CONCESSION FOR RATES - TINGHA BUFFALO LODGE S12.22.18/07

COMMITTEE RESOLUTION

Moved: Cr Paul Harmon
Seconded: Cr Anthony Michael

The Committee recommend to Council that the Tingha Buffalo Lodge is thanked for their correspondence and advise Council can not accede to their request.

CARRIED

4.3 SUNHAVEN HOSTEL S21.16.2

COMMITTEE RESOLUTION

Moved: Cr Paul Harmon
Seconded: Cr Kate Dight

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

c information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business.

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

CARRIED

4.4 REQUEST FOR REDUCTION ON WATER ACCOUNT S32.10.1/12

COMMITTEE RESOLUTION

Moved: Cr Paul Harmon
Seconded: Cr Kate Dight

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

a personnel matters concerning particular individuals (other than councillors).

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

CARRIED

5 INFORMATION REPORTS

COMMITTEE RESOLUTION

Moved: Cr Anthony Michael
Seconded: Cr Kate Dight

That the information reports be received and noted.

CARRIED

5.1 RATE PEG 2021 S25.11.3

5.2 STATE LIBRARY NSW LOCAL PRIORITY FUNDING 2020-21 S3.6.1/14

6 GOVERNANCE REPORTS

6.1 GOVERNANCE - MONTHLY INVESTMENT REPORT S12.12.2/13

COMMITTEE RESOLUTION

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

7 CONFIDENTIAL MATTERS (COMMITTEE-OF-THE-WHOLE)

At 9.22am, the Chairperson noted that no members of the public or press were in attendance at the meeting therefore the Committee proceeded to consider the motion to close the meeting to the press and public

COMMITTEE RESOLUTION

Moved: Cr Paul Harmon
Seconded: Cr Anthony Michael

That the Committee proceeds into Closed Committee to discuss the matters referred to it, for the reasons stated in the motions of referral.

CARRIED

COMMITTEE RESOLUTION

Moved: Cr Paul Harmon
Seconded: Cr Anthony Michael

That the Committee proceeds out of Closed Committee into Open Committee.

CARRIED

Upon resuming Open Committee at 9.30am, the Chairperson verbally reported that the Committee had met in Closed Committee, with the Press and Public excluded, and had resolved to recommend to Council the following:

7.1 SUNHAVEN HOSTEL S21.16.2

RECOMMENDATION:

The Committee recommend to Council that the matter is progressed forward for further discussion and a valuation is obtained for the facility.

7.2 REQUEST FOR REDUCTION ON WATER ACCOUNT S32.10.1/12

RECOMMENDATION:

The Committee recommend to Council that an amended account of $123.34 be issued for the last two quarters based on the average consumption of accounts prior to the leak and write off $1331.30.

ADOPTION OF RECOMMENDATIONS

COMMITTEE RESOLUTION

Moved: Cr Paul Harmon
Seconded: Cr Paul King OAM

That the recommendations of Closed Committee be adopted.

CARRIED

The Meeting closed at 9.31am.

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

4 DESTINATION REPORTS

4.1 RIVERSIDE RESTAURANT

File Number: **S5.10.93 / 20/43756**

Author: **Scott Norman, Director Corporate and Economic Services**

SUMMARY:

The current operator of the Riverside Restaurant is seeking to sell the business and assign the lease the a new owner. A Confidential report has been prepared on this matter.

RECOMMENDATION:

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

c information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business.

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

COMMENTARY:

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

(a) Personnel matters concerning particular individuals (other than councillors.)

(b) The personal hardship of any resident or ratepayer.

(c) Information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.

(d) Commercial information of a confidential nature that would, if disclosed:
- *(i) prejudice the commercial position of the person who supplied it, or*
- *(ii) confer a commercial advantage on a competitor of the council, or*
- *(iii) reveal a trade secret.*

(e) Information that would, if disclosed, prejudice the maintenance of law.

(f) Matters affecting the security of the council, councillors, council staff or council property.

(g) Advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings on the grounds of legal professional privilege.

(h) Information concerning the nature and location of a place or an item of Aboriginal significance on community land.

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

Grounds for closing part of meeting to be specified

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

(2) The grounds must specify the following:

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

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

c information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business.

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

4.2 POLICY ON EXCLUSIVE USE OF COUNCIL PARKS

File Number: **S21.20.1/13 / 20/43762**

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

SUMMARY:

A request has been received to book a section of the Lake Inverell Reserve for exclusive use for two days. This is outside the scope of normal operations and the Committee is asked to consider a confidential report on this matter.

RECOMMENDATION:

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

c information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business.

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

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(c) Information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.

(d) Commercial information of a confidential nature that would, if disclosed:
- *(i) prejudice the commercial position of the person who supplied it, or*
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- *(iii) reveal a trade secret.*

(e) Information that would, if disclosed, prejudice the maintenance of law.

(f) Matters affecting the security of the council, councillors, council staff or council property.

(g) Advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings on the grounds of legal professional privilege.

(h) Information concerning the nature and location of a place or an item of Aboriginal significance on community land.

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

c information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business.

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

5 GOVERNANCE REPORTS

5.1 QUARTERLY BUDGET AND OPERATIONAL PLAN 2020/2021

File Number: **S12.5.1 / 20/43171**

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 30 September, 2020 be adopted; and

ii) The proposed variations to budget votes for the 2020/2021 Financial Year be adopted providing an estimated Cash Surplus at 30 June, 2021 from operations of $3,946.

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 2020/2021 budget remains in balance (see attachment). Those items identified as requiring funding since the adoption of the 2020/2021 budget have now been funded in full.

The Budget Variations for 2020/2021 are as follows:

COMBINED FUND - BUDGET VARIATION SUMMARY REPORT

ESTIMATED CASH POSITION 30 JUNE, 2021

FOR 2020/2021 ACTIVITIES

	General	Water	Sewer	Total	
Adopted Budget 2020/2021	8,849,424	1,587,340	1,048,575	11,485,339	Deficit
Add Back Depreciation	(7,837,100)	(1,588,500)	(1,008,000)	(10,433,600)	(Non-cash)
Add Back Carry Amount Assets Sold	(578,640)	-	-	(578,640)	(Non-Cash)
Internally Restricted Cash Utilised	(434,795)		(42,250)	(477,045)	
Transfered to Internally Restricted Cash	-		-	-	
ESTIMATED CASH RESULT FOR 2019/2020 ACTIVITIES	**(1,111)**	**(1,160)**	**(1,675)**	**(3,946)**	**SURPLUS**
2020/2021 Budget Variations Required to Maintain a Balanced Budget					
REVOTES	5,837,592	2,923,867	3,145,769	11,907,228	
UNEXPENDED GRANTS	3,152,787	94,050	-	3,246,837	
Budget Review Adjustments 30-9-20	314,241	-	-	314,241	
Budget Review Adjustments 31-12-20	-	-	-	-	
Budget Review Adjustments 31-3-2021	-	-	-	-	
SUB TOTAL	**9,304,620**	**3,017,917**	**3,145,769**	**15,468,306**	
Internally Restricted Cash Utilised	(314,241)	-	-	(314,241)	
FUNDED FROM EQUITY	(8,990,379)	(3,017,917)	(3,145,769)	(15,154,065)	
NET BUDGET VARIATIONS	**-**	**-**	**-**	**-**	
REVISED CASH RESULT FOR 2020/2021 ACTIVITIES	**(1,111)**	**(1,160)**	**(1,675)**	**(3,946)**	**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 2020/2021 continue to remain at "Zero". Councillors will note that expenditure has increased by $10.96M, while revenue has increased by $10.65M. 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 30 September, 2020 of $12.88M, against a budgeted annual result of $3,946. This current result indicates that sufficient funding remains available to fund Council's 2020/2021 continuing operations for the next 9 months to the end of the 2020/2021 Financial Year.

QUARTERLY BUDGET REVIEW REPORT:

Council's 30 September, 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 2020/2021 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 2019/2020 which will be expended in 2020/2021.

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 30 September, 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 2020/2021 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 $40M is almost entirely invested in fixed term deposits. The portfolio aligns with Council's adopted Investment Policy.

The RBA cut the official cash rate by 15bp to a new record low of 0.10% on 3 November, 2020. RBA Governor Lower indicated the official cash rate will remain unchanged at its emergency level of 0.10% until its objectives of full employment (unemployment rate of around 4.5%) and inflation (targeting 2-3%) are reached. He stressed that unemployment was a "national priority" and the development in the labour market as key to the policy outlook. They expected the unemployment rate to remain above 6% by the end of 2022. Given their forecast and outlook, the Board is "not expecting to increase the cash rate for at least three years".

The biggest impact to Council's investment portfolio is with regards to its largest exposure being assets held in bank term deposits, which accounts for around 90½% of Council's total investment.

The biggest risk that Council faces over the medium-longer term in this environment is not the potential loss of capital (given all the banks are well capitalised and regulated by APRA), but the rapid loss of interest income as interest rates have plummeted. (Reinvestment Risk)

Council's term deposit portfolio was yielding 1.70% p.a. at month-end, with a weighted average duration of around 339 days or 11 months. This average duration will provide some income protection against the low interest rate environment over the next 12 months. As existing deposits mature however, they will inevitably be reinvested at much lower prevailing rates.

Given official rates have fallen to record lows; Council is likely to see a rapid decline in interest income over future financial years. Its budgeted income over the medium-longer term needs to be revised to reflect the low interest rate environment. Returns between 0.50%-0.70% p.a. may potentially be the "norm" over the next few financial years. Council's Investment Equalisation Reserve will help protect Council against any reinvestment risk over the short term.

Given our strong investment balances and a number of longer date term deposits yielding significantly higher returns than the current market, Council is expected to meet interest revenue targets in 2020/2021. Any additional interest received during 2020/2021 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 30 September, 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 30 September, 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, $535K in 2017/2018, up $749K in 2018/2019 and up $685K in 2019/2020.

The Water Fund holds investments totalling $11M and cash at bank of $2.4M.

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 2020/2021. This project is funded from Loans and Cash Reserves.

The Sewerage Fund holds Term Deposits totalling $6.5M plus cash at bank of $1.2M.

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 2020/2021.

Destination 1 – A recognised leader in the broader context:

- 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;
- Participated in the Northern Inland Risk Management Group;
- 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; and
- Completed Council Strategic Planning review of future projects for this term of Council.

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

- Assist with Sapphire City Festival; (did not proceed due to COVID restrictions)
- Secure NSW Government funding for extension of shared path network in Inverell;
- Participation in New England Cooperative Library;
- Assist 8 community groups to apply for grant funding;
- Participation in work experience programs with local schools;
- Completed Lake Inverell upgrade;
- Continue $5M Upgrade of Copeton Dam Northern Foreshores;
- Secure funding for infrastructure projects including Off Leash Dog Area, Taylor Avenue; Long Jump Facilities and amenities block at Sports Complex - $1.4M;
- Complete public art mural in Yetman;
- Install new covered grandstand at Tingha Recreation Ground; and
- Commence Construction of half court basketball court in Inverell.

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;
- Finalise grant funded rehabilitation of Gum Flat & Nullamanna Landfills;
- Completed LED lighting upgrade at Inverell Library;

- Commenced LED street lighting upgrade in partnership with Essential Energy; and
- Hosted an art competition for Tingha students K-Y6 to promote anti-litter campaign.

Destination 4 – A strong Local Economy:

- Participated in Inverell promotional activities with the Inverell Chamber of Commerce and Industry;
- Support small business in Inverell Shire through small grants program;
- Facilitated round one of Sapphire Wind Farm Community Benefit Fund;
- Partnered with 'Buy from the Bush' to host small business workshops;
- Supported the Chambers "Choose Inverell" campaign;
- Commenced $5M upgrade of Copeton Northern Foreshores, funded by NSW Government; and
- 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 2020/2021 bitumen reseal program;
- Completed 2019/2020 Financial Statements – sound financial result achieved;
- Progressing with upgrade works at the Inverell Sewerage Treatment Plant;
- Commenced permanent water conservation measures and education campaign;
- 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;
- Commenced LED Street Lighting Upgrade; and
- Completed installation of 4 bus shelters under the Country Passenger Transport Infrastructure Program.

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 30 September, 2020 indicates that Council's projected financial position at 30 June, 2021 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 2020/2021 budget in balance, with an indicative surplus of $3,946.

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 September 2020

BUDGET VARIATIONS - FINANCE MEETING 11-11-2020

ITEM/LEDGER NO.	DESCRIPTION	AMOUNT $	COMMENT/REASON
	GENERAL FUND		
Increase/Decrease in INCOME			
121209-1000	Grant-Office of Local Government (OLG)	136,916	OLG COVID Stimulus package - Emergency Services Levy Subsidy
121988-1000	Airports Grant Program	136,634	Department of Industry, Science, Energy and Resources Airport grant Program - Weather Station
121988-1000	Airports Grant Program	81,048	Department of Industry, Science, Energy and Resources Airport grant Program - New Fencing
122911-1000	Restart NSW	3,665,000	Restart NSW grant funding Yetman Road (MR187) Upgrade (2020/21 Allocation Only)
122910-1000	Restart NSW	217,660	Restart NSW grant funding - HML Assessment of Bridges & Culverts
121989-1000	Local Roads and Community Infrastructure Program (LRCI)	1,410,000	LRCI grant program
122025-1000	NSW Environmental Trust Grants	100,000	Waste Less, Recycle More Grant Program - Rehab Gum Flat and Nullamanna Landfills
121994-1000	Grant-Dept Industry Innovation & Science-Drought Communities	405,950	Grant - Drought Communities - Round 2
121212-1000	Grant-(SCCF -Round 3)-Stronger Country Communities Funding	157,555	Grant - Stronger Country Communities Fund Round 3
122370-1000	Grant - Sh 12	(9,080)	Reduction in SH12 - RMCC grant funding
122370-5999	Grant - Sh 13	1,260,751	SH12 Ordered Works
121810-1000	Grant-Library Per Capita	1,800	Additional Grant Funding
160389-1000	Income-Library-Disability & Geograph Adjustment	37,987	Additional Grant Funding
122914-1000	Transport NSW - Fixing Local Roads (FLR) Grants Program	2,619,728	Transport NSW - Fixing Local Roads (FLR) Grants Program
121211-1000	Grant-(SCCF)-Stronger Country Communities Funding - Round 1	299,746	Balance of Grant Funding
132325-1000	Grant Income-National Aust. Day Council (NADC)-Aust Day2021	21,000	National Australia Day Council - 2021 Australia Day Celebration (COVID safe event & Branding)
TOTAL INCREASE IN INCOME		10,542,695	*Positive figure indicates increased income,(Negative) figure indicates decreased income)*
Increase/Decrease in EXPENDITURE			
147124-1000	Aerodrome-Inverell- New Capital	273,268	Airport grant Program - Weather Station
147124-1000	Aerodrome-Inverell- New Capital	162,096	Airport grant Program - New Fencing
139428-1100	RESTART NSW-MR 187-Yetman Road Upgrade	3,665,000	Restart NSW grant funding Yetman Road (MR187) Upgrade (2020/21 Allocation Only)
139427-1000	RESTART NSW-Shire Bridges/Culverts- Higher Mass Limits	217,660	Restart NSW grant funding - HML Assessment of Bridges & Culverts
139455-1000	LRCIP- New Amenities Block-Sport Complex	1,000,000	Grant funded program
139456-1000	LRCIP-Taylor Avenue/MR187 Intersection Wks	275,000	Grant funded program
139457-1000	LRCIP - Off Lease Dog Exercise Area	75,000	Grant funded program
139458-1000	LRCIP - Long Jump Facility-Sports Complex	60,000	Grant funded program
135454-1000	Gum Flat Tip Closure & Consolidation Costs	132,450	Rehabilitation of Gum Flat Landfill
135453-1000	Nullamanna Tip Closure & Consolidation Costs	64,109	Rehabilitation of Nullamanna Landfill
148005-1000	Exps-Dept of Industry-Drought Communities Prgm 2-CAPITAL	142,000	Grant Program - shades, mobile water trailers, irrigation of sporting fields (2020/21 Allocations)
148006-1000	Exps-Dept of Industry-Drought Communities Prgm 2-NON CAPITAL	263,950	Grant Program - Drought resilience events, Small business training, heritage assistance etc (2020/21 Allocations)
160666-1000	SCCF-Round3- Youth Programs	127,855	Grant - Stronger Country Communities Fund Round 3
160667-1000	SCCF-Round3-Activating Youth Friendly Open Space	47,080	Grant - Stronger Country Communities Fund Round 3
160668-1000	SCCF-Round3-Tingha Recreation Reserve-Youth Friendly Facilities	26,900	Grant - Stronger Country Communities Fund Round 3
129391-1000	Special Projects	(44,280)	Council Contribution towards Stronger Country Communities Fund Round 3 Projects
139412-1100	MR63-71 km North Warialda-Seg 170 - Black Dam	160,000	2020/2021 Funding for Black Dam Project as per PCG Minutes 17 June 2020
138730-4450	Block Grant Supplementary Program	(160,000)	Funding for above
137771-1000	137771 - SH 12 Maintenance	(9,080)	Reduction in SH12 - RMCC grant funding
138900-1000	SH12-(WO)-Miscellaneous Ordered Works	45,050	SH12 Gwydir Hwy Jardine Project Development Segments 7460 & 7470
138900-1000	SH12-(WO)-Miscellaneous Ordered Works	34,075	HW12 Project Development Elsmore Road Segments 7330 and 7340
140789-1000	SH12-(WO)-Swanvale Pavement Rehabilitation	1,181,626	SH12-Ordered Works -Swanvale Pavement Rehabilitation and Overlay on Segment 7070
132770-4590	Stock/Article Impound/Ctrl Exp - Vehicles	2,000	Adjust Original 2020/2021 Budget
132770-4580	Stock/Article Impound/Ctrl Exp - Cats	(1,000)	Adjust Original 2020/2021 Budget
132770-4600	Stock/Article Impound/Ctrl Exp - Other Animals	(1,000)	Adjust Original 2020/2021 Budget
160398-1000	Library-Disability & Geography Adjustment Expenses	37,987	Additional grant funds
136850-5370	Library Building Mtc	1,800	Additional grant funds
137204-1000	Gordon Street Park Reserve	4,500	Remove exotics and necessary clearing to expend mowing area
148420-1000	Special Projects	(4,500)	Funding for above
132530-1000	Contributions to RFS	112,097	Increase in 2020/2021 Emergency Services Levies
132510-1000	Contributions to NSW Fire & Rescue	7,682	Increase in 2020/2021 Emergency Services Levies
132810-1000	Contribution to SES	5,814	Increase in 2020/2021 Emergency Services Levies
132640-1000	General Fire Control Expenses	11,323	Increase in 2020/2021 Emergency Services Levies
160560-3200	Passive Park Upgrades	4,310	New fence and footpath at Tingha Skate Park
129381-1000	Special Projects	(4,310)	Funding for above
139501-1000	Grant - Fixing Local Roads Program - South	1,393,010	FLR Program - Clear Zone Protection, Should Repairs, Heavy Patching, Drainage. Crack Sealing
139502-1000	Grant - Fixing Local Roads Program - North	1,163,931	FLR Program - Clear Zone Protection, Should Repairs, Heavy Patching, Drainage. Crack Sealing
143652-1100	R2R5-Yr2 - Heavy Patching - FLR Program - North	231,540	FLR Program - Clear Zone Protection, Should Repairs, Heavy Patching, Drainage. Crack Sealing
143653-1100	R2R5-Yr2 - Heavy Patching - FLR Program - South	748,247	FLR Program - Clear Zone Protection, Should Repairs, Heavy Patching, Drainage. Crack Sealing
139280-1000	Rural Seal Bitumen Mtc.-North	(37,293)	Council Contribution to FLR Program
139300-1000	Heavy Patching Shire Roads	(85,350)	Council Contribution to FLR Program
139300-3200	Heavy Patching Shire Roads - Tingha	(64,650)	Council Contribution to FLR Program
139405-1000	SRV-Asset Renewal-Backlog Prevention	(39,831)	Council Contribution to FLR Program
142994-1100	ACRD-Culverts/Causeways Program-SOUTH	(78,000)	Council Contribution to FLR Program
142995-1100	ACRD-Bitumen Renewals Program	(235,502)	Council Contribution to FLR Program
143648-1100	R2R5-Yr2- Heavy Patching	(250,000)	Council Contribution to FLR Program
148408-1000	SRV - Road Maintenance Program	(126,374)	Council Contribution to FLR Program
137375-1000	Lake Inverell Upgrade-SCCF-Boardwalk/Paths/Kayak Facilities	299,746	Balance of Grant Funding allocated in 2020/2021
145868-1000	2020/2021 Active Transport Program	102,000	Allocation of Urban Works Program as per Council Resolution
141343-1000	Byron Street-Tree Pit Investigation-Lawrence to Wood Street	20,000	Allocation of Urban Works Program as per Council Resolution
138270-1000	Urban Works Program	(122,000)	Allocation of Urban Works Program as per Council Resolution
132326-1000	Exps.-Other Public Events	21,000	National Australia Day Council - 2021 Australia Day Celebration (COVID safe event & Branding)
TOTAL INCREASE IN EXPENDITURE		10,856,936	*Positive figure indicates increased expenditure, (Negative) figure decreased expenditure)*
NET CHANGE TO CURRENT BUDGET Surplus/(Deficit)		**314,241**	*Positive figure indicates increased expenditure, (Negative) figure decreased expenditure)*
Restricted Assets			
161750-6220	Aerodrome Upgrade/Mtc	136,634	Council contribution towards Inverell Airport Weather Station
161750-6220	Aerodrome Upgrade/Mtc	81,048	Council contribution towards Inverell Airport New Fencing
161710-6220	Garbage Degradation/Rehab.	96,559	Council Contribution towards Rehabilitation of Gum Flat and Nullamanna Landfills
TOTAL FUNDING FROM RESTRICTED ASSETS		314,241	
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	94,050	Grant for Drought Communities - Round 2 (2020/21 Allocations)
812010-1000	Annual Water charge	10,110	Additional Income
TOTAL INCREASE IN INCOME		104,160	*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	94,050	Grant Program - Water Security (2020/21 Allocations)
815015-1000	Mains Mtc - Tingha	10,110	Additional costs
TOTAL INCREASE IN EXPENDITURE		104,160	*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			
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 30-9-2020
CONSOLIDATED INCOME AND EXPENSE STATEMENT

	ORIGINAL BUDGET 2020/2021 (000's)	Approved Changes						REVISED BUDGET (000's)	Recommended Changes for Council Resolution (000's)	PROJECTED Year End Result 2020/2021 (000's)	ACTUAL YTD (000's)	% OF PROJECTED BUDGET
		Revotes (000's)	Unexpended Grants B/FW (000's)	Sept 2020 Review (000's)	Dec 2020 Review (000's)	Mar 2021 Review (000's)	June 2021 Review (000's)					
INCOME												
Rates & Annual Charges	22,247							22,247	10	22,257	22,253	99.98%
User Charges & Fees	4,223							4,223	1,252	5,475	562	10.26%
Interest	867							867		867	207	23.88%
Other revenues from ordinary activities	544							544		544	133	24.45%
Grants & Contributions provided for non capital purposes	10,323							10,323	3,359	13,682	2,757	20.15%
Grants & Contributions provided for Capital Purposes	7,452							7,452	6,026	13,478	399	2.96%
Gain from the sale of assets	102							102		102	72	70.59%
Gain from interest in joint ventures & associates	-							-				
TOTAL INCOME FROM CONTINUING OPERATIONS	45,758	-	-	-				45,758	10,647	56,405	26,383	57.66%
EXPENSES												
Employee Costs	14,855	308						15,163	1,168	16,331	3,568	21.85%
Borrowing Costs	109							109		109	38	34.86%
Materials and Contracts	8,045	2,129	978					11,152	3,006	14,158	1,406	9.93%
Depreciation	10,434							10,434		10,434	2,609	25.00%
Other Expenses from ordinary activities	4,699	212						4,911	126	5,037	2,380	47.25%
Loss from the disposal of assets	-							-		-		-
Loss from interest in joint ventures & associates	-							-		-		-
TOTAL EXPENSES FROM CONTINUING OPERATIONS	38,142	2,649	978	-	-	-	-	41,769	4,300	46,069	10,001	23.94%
NET OPERATING RESULT FROM CONTINUING OPERATIONS SURPLUS/(DEFICIT)	7,616	(2,649)	(978)	-	-	-	-	3,989	6,347	10,336	16,383	410.69%
ADD BACK Non Cash Amounts												
Depreciation	10,434							10,434	-	10,434	2,609	25.00%
Carrying Amount of Assets Sold	578							578		578	100	17.30%
	18,628	(2,649)	(978)	-	-	-	-	15,001	6,347	21,348	19,091	127.26%
Capital Amounts												
Repayments by deferred Debtors	-											
Acquisition of Assets	(18,475)	(9,259)	(2,269)					(30,003)	(6,661)	(36,664)	(5,909)	19.69%
Loan Repayments	(626)							(626)		(626)	(302)	48.24%
Advance to Deferred Debtors												
Loan Funds												
Less Net Transfers to IRA	477							477	314	791		0.00%
Plus Equity Funding	-	11,908	3,247					15,155		15,155		0.00%
Unallocated Consolidation Net Profit/(Loss)	4	-	-	-	-	-	-	4	-	4	12,880	
NET OPERATING RESULT BEFORE CAPITAL ITEMS SURPLUS/(DEFICIT)	164							164		164	15,984	

** Favourable / (Unfavourable) variance*

EXPLANATION OF MATERIAL VARIANCES

YTD Variances

Item	*Explanation*
INCOME	
Rates & Annual Charges	Includes rate levy for 2020/2021
Grants & Contributions provided for Capital Purposes	Works have not yet commenced on these projects and grant funding for road projects are normally paid in arrears
EXPENSES	
Other Expenses from ordinary activities	Includes yearly payments for Rates, insurances, emergency levies and memberships/subscriptions
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 2020/2021 budget have now been funded.

INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDED 30-9-2020
INCOME & EXPENSES BY FUNCTION

	ORIGINAL BUDGET 2020/2021 (000's)	Approved Changes						REVISED BUDGET (000's)	Recommended Changes for Council Resolution (000's)	PROJECTED Year End Result 2020/2021 (000's)	ACTUAL YTD (000's)	% OF PROJECTED BUDGET (000'S)
		Revotes (000's)	Unexpended Grants B/FW (000's)	Sept 2020 Review (000's)	Dec 2020 Review (000's)	Mar 2021 Review (000's)	June 2021 Review (000's)					
EXPENSES												
Governance	254							254		254	36	14.17%
Administration	7,434	282	45					7,761		7,761	1,842	23.73%
Public Order and Safety	1,109	30						1,139	137	1,276	626	49.06%
Health & Environment	3,760	50	95					3,905	197	4,102	1,026	25.01%
Community Services and Education	105	111						216		216	12	5.56%
Housing and Community Amenities	1,166	47	90					1,303	419	1,722	466	27.06%
Water Supplies	3,741							3,741	10	3,751	850	22.66%
Sewerage and Drainage Services	1,985							1,985		1,985	504	25.39%
Recreation and Culture	2,556	407	30					2,993	27	3,020	635	21.03%
Mining, Manufacturing and Construction	433	50						483		483	126	26.09%
Transport and Communication	6,342	929	718					7,989	3,515	11,504	1,952	16.97%
Economic Affairs	1,498	742						2,240	-5	2,235	471	21.07%
TOTAL EXPENSES	30,383	2,648	978	0	0	0	0	34,009	4300	38,309	8,546	22.31%
REVENUES												
Governance	-							-		-		-
Administration	26,579							26,579	138	26,717	16,593	62.11%
Public Order and Safety	391							391		391	5	1.28%
Health & Environment	4,357							4,357	100	4,457	3,658	82.07%
Community Services and Education	24							24		24	4	16.67%
Housing and Community Amenities	300							300	2,273	2,573	643	24.99%
Water Supplies	5,044							5,044	104	5,148	2,358	45.80%
Sewerage and Drainage Services	2,880							2,880		2,880	2,777	96.42%
Recreation and Culture	4,708							4,708	3,943	8,651	5	0.06%
Mining, Manufacturing and Construction	212							212		212	86	40.57%
Transport and Communication	6,195							6,195	4,089	10,284	1,654	16.08%
Economic Affairs	342							342		342	75	21.93%
TOTAL REVENUE	51,032	-	-	-	-	-	-	51,032	10,647	61,679	27,858	45.17%
OPERATING RESULT: (Surplus)	(20,649)	2,648	978	-	-	-	-	(17,023)	(6,347)	(23,370)	(19,312)	
Depreciation	10,434							10,434		10,434	2,609	25.00%
Increase in Employee Leave Entitlements	2,702							2,702		2,702	393	14.54%
(PROFIT)/LOSS BEFORE CAPITAL AMOUNTS	**(7,513)**	**2,648**	**978**	-	-	-	-	**(3,887)**	**(6,347)**	**(10,234)**	**(16,311)**	
Carrying Amount of Assets Sold	578							578		578	100	17.30%
Proceeds Sale of Assets	(681)							(681)		(681)	(172)	25.26%
Cost Real Estate Assets Sold								-		-		
Loan Funds Used								-		-		
Other Debt Finance								-		-		
Repayments by Deferred Debtors								-		-		
Acquisition of Assets	18,475	9,259	2,269					30,003	6,661	36,664	5,909	16.12%
Development of Real Estate								-		-		
Advance to Deferred Debtors								-		-		
Repayment of Loans	626							626		626	302	48.24%
Repayment of Other Debts								-		-		
ESTIMATED BUDGET RESULT: (SURPLUS)/DEFICIT	11,485	**11,907**	**3,247**	-	-	-	-	26,639	314	26,953	**(10,172)**	
ADD BACK Non Cash Amounts												
Depreciation	10,434							10,434		10,434	2,609	
Carrying Amount of Assets Sold	578							578		578	100	
Plus Net Transfers	(477)							(477)	(314)	(791)		
Plus Equity Funding**		-11,907	-3,247					-15,154		-15,154		
BUDGET (SURPLUS)/DEFICIT	**(4)**	-	-	-	-	-	-	**(4)**	-	**(4)**	**(12,880)**	
*** Equity Funding is Unexpended Grants, Contributions and incomplete works from pervious years were money is held in equity at end of year*												
Transfers to Internally Restricted Assets	0							0		0	0	
Transfers from Internally Restricted Assets	477							477	314	791	791	165.83%
Net Transfers	(477)	-	-	-	-	-	-	(477)	(314)	(791)	(791)	

EXPLANATION OF MATERIAL VARIANCES

YTD Variances

Item	*Explanation*
EXPENSES	
INCOME	
Administration	Includes entire rate levy for 2020/21
Public Order & Safety	Bush Fire Subsidies not received until March 2021
Housing & Community Amenities	Includes entire DWM levy Chagres for 2020/21
Sewerage and Drainage Services	Includes entire annual sewer charges levy for 2020/21
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 2020/2021 budget have now been funded.

INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDING 30-9-2020
CAPITAL BUDGET

	ORIGINAL BUDGET 2020/2021	Approved Changes						REVISED BUDGET	Recommended Changes for Council Resolution	PROJECTED Year End Result 2020/2021	ACTUAL YTD
		Revotes	Unxepended Grants	Sept 2020 Review	Dec 2020 Review	Mar 2021 Review	June 2021 Review				
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
CAPITAL FUNDING											
Rates and Other untied Funding											
General Fund	3,899							3,899		3,899	3,899
Sewer Fund	670							670		670	670
Water Fund	884							884		884	884
								-			
Capital Grants & Contributions								-			
Bushfire	197							197		197	
Sporting Fields	10							10	1,060	1,070	
Library	25							25	39	64	
Roads	5,944							5,944	4,515	10,459	
Open Space	4,500							4,500	517	5,017	
Aerodrome								-	218	218	
Water								-	94	94	
								-			
Internal Restricted Assets								-			
Aerodrome								-	218	218	218
Plant Replacement	2,346							2,346		2,346	2,346
Roads Program											
Sewerage Future Capital Works								-		-	
Water Future Capital Works								-		-	
Strategic Capital Projects Fund								-		-	
Other								-		-	
Loan Funding											
								-		-	
Equity											
(Unexpended Grants and Contributions from pervious years)		9,259	2,269					11,528		11,528	11,528
TOTAL CAPITAL FUNDING	18,475	9,259	2,269	-				30,003	6,661	36,664	19,545
CAPITAL EXPENDITURE											
Administrative Services	15							15		15	3
Aerodrome								-	435	435	-
Engineering Equipment	2							2		2	1
SES/Bushfire	204							204		204	-
Information Services	147	76						223		223	74
Sporting Fields	24							24	1,060	1,084	-
Cemetery	10							10		10	-
Library	127	8	15					150	38	188	44
Open Space		75	70					145	126	271	107
Plant	3,026	100						3,126		3,126	1,607
Minor Community Infrastructure Assets	4,720	570	182					5,472	394	5,866	1,569
Strategic Capital Infrastructure Program	360							360		360	-
Sewerage Services	670	2,924						3,594		3,594	68
Water Services	884	3,146	94					4,124	94	4,218	60
Roads	8,286	2,360	1,908					12,554	4,514	17,068	2,376
TOTAL CAPITAL EXPENDITURE	18,475	9,259	2,269	-				30,003	6,661	36,664	5,909

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 2020/2021 budget have now been funded.

CAPITAL EXPENDITURE 2020/2021

PROGRAM	LEDGER NUMBER	DESCRIPTION	ORIGINAL CAPITAL BUDGET AMOUNT	ORIGINAL CAPITAL BUDGET SECTION TOTAL	ADJUSTED CAPITAL BUDGET AMOUNT	ADJUSTED CAPITAL BUDGET SECTION TOTAL	Classification	% 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	73%			
	160470-1000	ART GALLERY REFURBISHMENTS	5,000	14,700	5,000	14,700	Renewal	0%			
ENGINEERING	160800-1100	ENGINEERS INSTRUMENTS & EQUIPMENT	2,100	2,100	2,100	2,100	New Asset	25%			
BUSH FIRE	159141-1000	EQUIPMENT ISSUES	197,400	197,400	197,400	197,400	Renewal	RFS	GRANT	121121-1000	197,400
SES	132851-4450	SES BUILDING UPGRADE	7,150	7,150	7,150	7,150	Renewal	0%			
INFORMATION SERVICES	130101-1000	COMPUTER EQUIPMENT	44,290		120,290		Renewal	57%			
	130101-4910	COMPUTER EQUIPMENT	32,000		32,000		Renewal	0%			
	130111-5130	COMPUTER EQUIPMENT - NEW PRINTING EQUIPMENT	39,200		39,200		Renewal	11%			
	130111-5162	COMPUTER EQUIPMENT - NEW HARDWARE	32,000	147,490	32,000	223,490	Renewal	0%			
SPORTING FIELDS	160660-1100	SPORTS GROUND IMPROVEMENT-SPORT CNL.	20,000		20,000		New Asset	0%	CONTRIBUTION	127090-1000	10,000
	134929-1000	EQUESTRIAN CENTRE UPGRADE	4,000	24,000	4,000		Renewal	0%			
	139455-1000	LROP - AMENITIES BLOCK - INVERELL COMPLEX			1,000,000		New Asset	0%	GRANT	121989-1000	1,135,000
	139458-1000	LROP - LONG JUMP FACILITY - INVERELL COMPLEX			60,000	1,084,000	New Asset	0%			
								#DIV/0!			
PASSIVE PARKS	160560-1000	TINGHA SKATE PARK			4,310		New Asset	100%			
	139457-1000	LROP - OFF LEASE DOG EXERCISE AREA			75,000		New Asset	9%			
	160562-1000	CAMPBELL PARK - PLAYGROUND EQUIPMENT			75,000		Renewal	0%			
	160667-1000	ACTIVATING YOUTH FRIENDLY OPEN SPACE			116,722	271,032	New Asset	84%	GRANT	121212-1000	157,555
CEMETERY	136391-4450	CEMETERY	10,250	10,250	10,250	10,250	New Asset	0%			
					-						
LIBRARY	160180-1100	LIBRARY-CORPORATE SERVICE COLLECTION	1,490		1,490		Renewal	0%			
	160190-1000	LIBRARY BOOKS	62,360		70,706		Renewal	26%			
	160200-1000	LIBRARY BOOKS - CO-OPERATIVE CONTRIBUTION	23,190		23,190		Renewal	100%			
	160240-1000	NON BOOK MATERIALS-VIDEOS CASSETTES ETC.	10,210		10,210		Renewal	3%			
	160245-1000	LIBRARY - OFFICE EQUIPMENT	2,000		2,000		Renewal	0%			
	160270-1000	LIBRARY SECURITY SYSTEM	2,380		2,380		Renewal	0%			
	160395-1000	LIBRARY-SPECIAL GRANT PROJECT	25,000	126,630	78,304	188,280	Renewal	3%	GRANT	160389-1000	62,987
SCIF	141899-1000	STRATEGIC CAPITAL INFRASTRUCTURE PROGRAM	360,000	360,000	360,000	360,000	New Asset	64%			
OTHER NEW											
INFRASTRUCTURE ASSETS	129381-1000	MINOR COMMUNITY INFRASTRUCTURE ASSETS	180,000		261,192		New Asset	0%			
	159772-1000	ENERGY EFFICIENCY PROGRAM	40,000		112,333		New Asset	0%			
	160665-1000	COPETON NORTHERN FORESHORES UPGRADE	4,500,000		4,836,094		Renewal	#DIV/0!	GRANT	122911-1000	4,500,000
	132501-1000	CHRISTMAS DECORATIONS			4,000		New Asset				
	134326-1000	VILLAGE SIGNAGE			29,559		New Asset				
	137373-1000	INVERELL COMMUNITY GARDENS			26,322		New Asset				
	148004-1000	BUSFIRE COMMUNITY RESILIENCE GRANTS			19,403		Renewal				
	148005-1000	DROUGHT COMMUNITIES PROGRAM 2			209,400		Renewal		GRANT	121994-1000	142,000
	137375-1000	LAKE INVERELL UPGRADE		4,720,000	366,551	5,864,854	New Asset		GRANT	121211-1000	299,746
AERODROME	147124-1000	AERODROME - INVERELL			435,364	435,364	New Asset		GRANT	121988-1000	217,682
									IRA		217,682
PLANT	161590-1000	SMALL PLANT	80,000		180,000		Renewal	57%	PLANT REPLACE. IRA	161680-6220	3,026,000
	161610-1000	WORKSHOP EQUIPMENT	40,000		40,000		Renewal	0%	Less Sales		(680,500)
	161600-1000	LIGHT CARS/TRUCKS	985,000		985,000		Renewal	30%			2,345,500
	161620-1000	HEAVY PLANT	1,921,000	3,026,000	1,921,000	3,126,000	Renewal	63%			
									TOTAL GRANT / OTHER FUNDING		6,722,370
									LOAN FUNDS		
									TOTAL 19/20 UNEXPENDED GRANTS		266,665
									TOTAL REVOTES/EQUITY		829,338
									TOTAL IRA FUNDING		2,563,182
	TOTAL		8,635,720	8,635,720		11,784,620			REVENUE FUNDING REQUIRED		1,403,065
SEWERAGE											
	907170-1000	OTHER EQUIPMENT	14,000		24,000		Renewal	0%	CAPITAL WORKS IRA	907360-6220	-
	907110-1100	MAINS RELINING PROGRAM	120,000		359,447		Renewal	18%			
	906541-1100	FITTING AND INSTALLATIONS	10,000		10,000		Renewal	0%			
	907250-3100	RETICULATION MAINS	107,690		274,085		Renewal	0%			
	907321-3100	SEWER TREATMENT WORKS - INVERELL			1,203,989		Renewal	0%			
	907320-3070	SEWER TREATMENT WORKS - GILGAI	100,000		180,000		Renewal	0%			
	907321-3100	SEWER TREATMENT WORKS - DELUNGRA	-		100,000		Renewal	0%			
	907270-1000	PUMPING STATIONS	318,000		1,318,000		Renewal	0%			
	907272-1000	TELEMENTRY UPGRADES	-		345,938			1%	TOTAL 19/20 UNEXPENDED GRANTS		-
									TOTAL IRA FUNDING		-
									LOAN FUNDS		-
									TOTAL REVOTES/EQUITY		3,145,769
	TOTAL		669,690	669,690		3,815,459			REVENUE FUNDING REQUIRED		669,690
WATER	813220-1100	MAINS REPLACEMENT - INVERELL	118,460		172,145		Renewal	14%			
	813230-3100	MINOR MAINS EXTENSIONS-INVERELL	53,840		53,840		New Asset	0%	CAPITAL WORKS IRA	813380-6220	-
	813282-1000	PUMP STATION UPGRADES	50,000		463,716		Renewal	5%			
	813290-3100	OTHER EQUIPMENT	11,000		50,474		Renewal	0%			
	813285-1000	BACKFLOW PREVENTION	50,000		878,750		Renewal	0%			
	813260-3001	TREATMENT PLANTS	292,000		1,205,372		Renewal	0%			
	813342-1000	RESERVOIRS CAPITAL UPGRADES	235,000		235,000		Renewal	2%			
	813288-1000	TELEMENTRY UPGRADES			538,101			0%			
	813344-1000	DROUGHT COMMUNITIES PROGRAM 2			188,100		New Asset	0%	GRANT	812232-1000	94,050
	813280-3100	METERING - INVERELL	73,900		210,669		Renewal	4%			
									TOTAL 19/20 UNEXPENDED GRANTS		94,050
									TOTAL IRA FUNDING		-
									TOTAL GRANT / OTHER FUNDING		94,050
									TOTAL REVOTES/EQUITY		2,923,867
	TOTAL		884,200	884,200		3,996,167			REVENUE FUNDING REQUIRED		884,200
ROADS	139960-3100	URBAN DRAINAGE RECONSTRUCTION-Construction Costs	146,000		576,256		Renewal	7%			
	138270-1000	URBAN WORKS PROGRAM	521,680		399,680		Renewal	6%			
	141331-4450	CBD WORKS	19,090		19,090		Renewal	0%			
	145650-1000	CYCLEWAY/FOOTPATH	49,000		60,110		New Asset	31%			
	145868-1000	ACTIVE TRANSPORT PROGRAM (PAMP)			102,000		New Asset	0%			
	160280-1000	CBD CARPARK UPGRATES			94,090		Renewal				
	142007-000	COUNTRY LANE UPGRADE			108,236		Renewal				
	137561-1000	BLOCK GRANT WORKS	658,495		711,067		Renewal	2%	GRANT	122400-4450	658,495
	138691-1000	ACRD GRANT WORKS	1,911,050		2,979,900		Renewal	30%	GRANT	122760-1000	1,911,050
	138730-4450	3x4 GRANT WORKS	160,000		-		Renewal	0%	GRANT	122860-4450	160,000
	138280-1000	REPAIR PROGRAM WORKS	1,111,664		1,111,664		Renewal	0%	GRANT	122460-1000	1,111,664
	138400-1000	ROADS TO RECOVERY PROGRAM WORKS	2,103,082		2,832,869		Renewal	5%	GRANT	122880-1000	2,832,869
	139120	VILLAGES DEVELOPMENT WORKS	45,540		134,034		Renewal	1%	GRANT	121989-1000	275,000
	138200-1000	VILLAGES BITUMEN RESEALS	25,350		50,080		Renewal	0%	GRANT	122911-1000	3,665,000
	140110-1100	GRAVEL RESHEETING MINOR ROADS	44,220		88,440		Renewal	0%	GRANT	122910-1000	217,660
	140190-1000	GRAVEL RESHEETING MINOR ROADS	144,090		144,090		Renewal	0%			
	139404-6445	F4F - ROAD BACKLOG HEAVY PATCHING/STABILISATION	1,005,500		2,438,880		Renewal	50%			
	139433-1000	SPECIAL PROJECTS - ROADS INFRASTRUCTURE FUND	341,055		388,024		Renewal	0%	TOTAL 19/20 UNEXPENDED GRANTS		1,908,335
	139450-1000	WALKERS BRIDGE UPGRADE			671,570		Renewal	2%	TOTAL GRANT FUNDING		10,831,738
	139427-1000	RESTART NSW - HIGHER MAS LIMITS			217,660		New Asset	0%	TOTAL IRA FUNDING		-
	139428-1000	RESTART NSW - MR187 YETMAN ROAD UPGRADE			3,665,000		Renewal	0%			
	139456-1100	LROP - TAYLOR AVENUE/MR187 INTERSECTION			275,000		Renewal	0%			
									TOTAL REVOTES/EQUITY		2,359,475
	TOTAL		8,285,816	8,285,816		17,067,740			REVENUE FUNDING REQUIRED		1,968,192

	TOTAL ACQUISITION OF ASSETS	18,475,426	36,663,986
	TOTAL ASSET RENEWALS	17,730,736	33,148,102
	TOTAL NEW ASSETS	744,690	3,515,884

TOTAL IRA FUNDING	2,563,182
GRANT FUNDING	17,648,158
LOAN FUNDING	-
TOTAL 19/20 UNEXPENDED GRANTS	2,269,050
TOTAL REVOTES/EQUITY	9,258,449
REVENUE FUNDING REQUIRED	4,925,147
TOTAL	36,663,986

INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDING 30-9-2020
CASH & INVESTMENTS

	ORIGINAL BUDGET 2020/2021 (000's)	Approved Changes: Revotes (000's)	Unexpended Grants B/FW (000's)	Sept 2020 Review (000's)	Dec 2020Review (000's)	Mar 2021 Review (000's)	June 2021 Review (000's)	Recommended Changes for Council Resolution (000's)	PROJECTED Year End Result 2020/2021 (000's)	ACTUALS (000's)
EXTERNALLY RESTRICTED										
Water Services	12,423						12,423		12,423	12,423
Sewerage Services	7,086						7,086		7,086	7,086
Waste Management	4,552						4,552		4,552	4,552
Special Purpose Grants	94						94		94	788
Developer Contributions	621						621		621	546
Bonds & Deposits	70						70		70	97
Stormwater Management							-		-	146
TOTAL EXTERNALLY RESTRICTED	24,846						24,846		24,846	25,638
INTERNALLY RESTRICTED										
Employee Leave Entitlements	1,502						1,502		1,502	1,502
Strategic Development Fund	101						101		101	101
Plant Replacement	3,155						3,155		3,155	3,155
Computer	1,541						1,541		1,541	1,541
Building Renewal/Upgrades	2,518						2,518		2,518	2,518
Economic Development/Growth Assets	5,596						5,596		5,596	5,596
Aerodrome	306						306		306	306
Workers Compensation Insurance	857						857		857	857
Future Capital Works/Land Purchases	450						450		450	450
Emergency Management/ Equipment Upgrades	380						380		380	380
Industrial Development	288						288		288	288
Baths Improvements - Inverell Pool	4,000						4,000		4,000	4,000
Sports Grounds - Hockey Facility Resurfacing	450						450		450	450
Financial Assistance Grants	4,471						4,471		4,471	4,471
Other Restrictions	2,141						2,141		2,141	2,141
TOTAL INTERNALLY RESTRICTED	27,756						27,756		27,756	27,756
TOTAL RESTRICTED	52,602						52,602		52,602	53,394
TOTAL CASH & INVESTMENTS	65,080						65,080		65,080	57,619
AVAILABLE WORKING CAPITAL	12,478	Figure incl. revotes & Unexpended grants from 2019/2020					12,478		12,478	4,225

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

COMMENT ON CASH & INVESTMENT POSITION

Councils overall Investment Portfolio remains sounds and as at 30 September 2020 Councils Cash and Investment Portfolio totalled $57.6 million plus $8.7 million Cash at bank (Water Fund $2.4m, Sewer Fund $1.2m, General Fund $5.1m).

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	25,638
Total Internal Restricted Funds	27,756
Total Restricted	53,394
Total Funds Invested as per Investment Report (30-09-20)	57,619
Total Available Working Capital	4,225

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 September, 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 September, 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 30-9-2020

Start of Year 1/07/2020
End of Year 30/06/2021

30/09/2020

Term Deposit Investment Group

Investment	Borrower	FUND	Rating	Purchase Date	Maturity Date	Current Yield	Principal Value	Current value	Term (days)
20/09	St George Bank	General	AA-	03-Oct-19	06-Oct-20	1.70%	1,000,000	1,000,000	365
20/23	St George Bank	Water	AA-	17-Dec-19	16-Oct-20	1.70%	1,000,000	1,000,000	304
19/09	ING BANK	General	A	25-Oct-18	26-Oct-20	2.90%	2,000,000	2,000,000	732
20/16	AMP BANK	General	A-	27-Nov-19	27-Nov-20	1.85%	2,000,000	2,000,000	366
20/27	Warwick Credit Union	General	NR	20-Jan-20	20-Jan-21	1.85%	1,000,000	1,000,000	366
21/01	National Australia Bank	General	AA-	20-Jul-20	20-Jan-21	0.83%	1,500,000	1,500,000	184
21/03	National Australia Bank	Sewer	AA-	20-Aug-20	22-Feb-21	0.70%	2,000,000	2,000,000	186
20/42	National Australia Bank	Water	AA-	26-Jun-20	26-Mar-21	0.90%	2,000,000	2,000,000	273
19/26	Police Credit Union (SA)	General	NR	28-Mar-19	29-Mar-21	2.90%	2,000,000	2,000,000	732
19/30	Rural Bank	General	BBB+	17-Apr-19	19-Apr-21	2.63%	1,000,000	1,000,000	733
20/34	Macquarie Bank	General	AA-	17-Apr-20	19-Apr-21	1.74%	2,000,000	2,000,000	367
21/04	Bank of Sydney	General	NR	27-Aug-20	27-May-21	1.00%	1,000,000	1,000,000	273
20/39	ING BANK	Sewer	A	27-May-20	27-May-21	1.10%	1,000,000	1,000,000	365
20/40	ING BANK	Water	A	27-May-20	27-May-21	1.10%	1,000,000	1,000,000	365
19/33	Westpac Bank	Water	AA-	27-Jun-19	27-Jun-21	2.30%	2,000,000	2,000,000	731
20/43	National Australia Bank	Water	AA-	26-Jun-20	28-Jun-21	0.95%	1,000,000	1,000,000	367
20/02	Bank of Queensland	General	BBB+	17-Jul-19	19-Jul-21	2.00%	1,500,000	1,500,000	733
21/02	Bank of Sydney	General	NR	31-Jul-20	30-Jul-21	0.95%	1,000,000	1,000,000	364
20/03	Bank of Queensland	General	BBB+	27-Aug-19	27-Aug-21	1.75%	2,000,000	2,000,000	731
21/05	Bank of Sydney	Water	NR	17-Sep-20	17-Sep-21	0.94%	1,000,000	1,000,000	365
20/33	AMP Bank	General	BBB+	24-Mar-20	24-Sep-21	1.80%	1,000,000	1,000,000	549
20/08	AMB - Australian Military Bank	Sewer	BBB+	30-Sep-19	30-Sep-21	1.77%	1,500,000	1,500,000	731
19/10	Westpac Bank	General	AA-	25-Oct-18	25-Oct-21	2.97%	2,000,000	2,000,000	1096
20/35	AMP BANK	General	A-	25-May-20	25-Nov-21	1.65%	1,000,000	1,000,000	549
20/36	AMP BANK	Water	A-	25-May-20	25-Nov-21	1.65%	1,000,000	1,000,000	549
20/37	AMP BANK	General	A-	25-May-20	25-Nov-21	1.65%	1,000,000	1,000,000	549
20/41	AMP BANK	General	A-	10-Jun-20	10-Dec-21	1.60%	2,000,000	2,000,000	548
20/30	Auswide Bank	General	BBB	02-Mar-20	02-Mar-22	1.75%	2,000,000	2,000,000	730
20/31	Warwick Credit Union	General	NR	02-Mar-20	02-Mar-22	1.90%	1,000,000	1,000,000	730
19/29	Newcastle Permanent	General	BBB	17-Apr-19	19-Apr-22	2.70%	1,000,000	1,000,000	1098
20/38	Bank of Queensland	Sewer	BBB+	27-May-20	27-May-22	1.30%	2,000,000	2,000,000	730
19/31	Westpac Bank	Water	AA-	25-Jun-19	25-Jun-22	2.30%	1,000,000	1,000,000	1096
19/34	Westpac Bank	General	AA-	25-Jun-19	25-Jun-22	2.30%	2,000,000	2,000,000	1096
19/32	Westpac Bank	General	AA-	27-Jun-19	27-Jun-22	2.30%	2,000,000	2,000,000	1096
20/05	Bank of Queensland	General	BBB+	03-Sep-19	05-Sep-22	1.80%	1,000,000	1,000,000	1098
20/06	Bank of Queensland	General	BBB+	13-Sep-19	13-Sep-22	1.80%	1,000,000	1,000,000	1096
20/32	Auswide Bank	General	BBB	24-Mar-20	24-Mar-23	1.88%	1,000,000	1,000,000	1095
						TOTALS	**52,500,000**	**52,500,000**	

Floating Rate Notes

As at Date	Borrower	FUND	Rating	Purchase Date	Coupon End Date	Current Yield*	Principal Value	Current value	Coupon Term
30/9/20	Commonwealth Bank	General	A1+	11/1/2019	11-Jul-20	1.23%	2,000,000	2,048,424	91
30/9/20	ANZ Bank	General	A1+	08/2/2019	08-Aug-20	1.19%	2,000,000	2,046,204	92
30/9/20	ANZ Bank	Water	A1+	08/2/2019	08-Aug-20	1.19%	1,000,000	1,023,102	92
							5,000,000	5,117,730	

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

Cash Deposit Accounts

As at Date	Borrower	FUND	Rating	Date	Date	Current Yield	Principal Value	Value	Term
30/9/20	Commonwealth Bank	General	A					1,258	
Sub Total - Structured Products Investment Group						-	-	1,258	-

Portfolio by Fund	31/08/2020	30/09/2020
General Fund	$40,098,022.00	$40,095,886.00
Water Fund	$11,023,616.00	$11,023,102.00
Sewer Fund	$6,500,000.00	$6,500,000.00
TOTAL	$57,621,638.00	$57,618,988.00

INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDING 30-9-2020
CONTRACTS

Contractor	Contract Details & purpose	Contract Value	Commencement Date	Duration of Contract	Budgeted (Y/N)
Uniplan Group	Construct Amenities Block for CNFS	$ 296,272.00	01-July-2020	4 months	Y
Uniplan Group	Construct Managers Residenance for CNFS	$ 368,378.00	02-July-2020	5 months	Y
Build Me Construction	Concrete viewing platforms CNFS	$ 87,713.00	28-July-2020	2 Months	Y
Efficient Building	Communal hall CNFS	$ 471,856.00	04-September-2020	6 Months	Y
NSW Spray Seal	Bitumen & Aggregate Services	$ 1,553,318.00	25-September-2020	9 Months	Y
Ahoy Traffic Control	Traffic Control Works				
Komastsu Australia	Tandem drive grader	$ 452,292.50	14-July-2020	3 - 6 Months	Y
Westrac Pty Ltd	Excavator	$ 295,976.00	14-July-2020	4 - 6 Months	Y
Kenway & Clark	Mechanical Maintenance truck	$ 97,740.50	22-July-2020	3 Months	Y
Barry's Motors	PX Ranger XL Cab Chassis	$ 52,550.33	28-July-2020	1 -3 Months	Y
Barry's Motors	Ford Everest Trend	$ 61,199.96	31-August-2020	1 -3 Months	Y
New England Toyota	Hilux 4x4 SR	$ 54,450.80	28-August-2020	1 -3 Months	Y

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

Explanation of Unbudgeted Contracts

No unbudgeted contracts as at 30 September 2020

INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDING 30-9-2020
CONSULTANCY & LEGAL EXPENSES

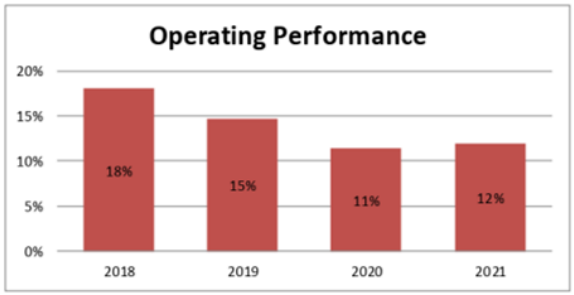
EXPENSE	EXPENDITURE YTD		BUDGETED (Y/N)
CONSULTANCIES			
Heritage Advisor	6,180.00		Y
Human Resources			Y
Investment Advisor	3,000.00		Y
Sewer Civicl Works	11,600.00		Y
Dam Investigations (Lake Inverell)	15,800.00		Y
Wing Hing Long Plan	5,396.00		Y
LEGAL FEES	8,706.47		Y

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 ay 30 September 2020

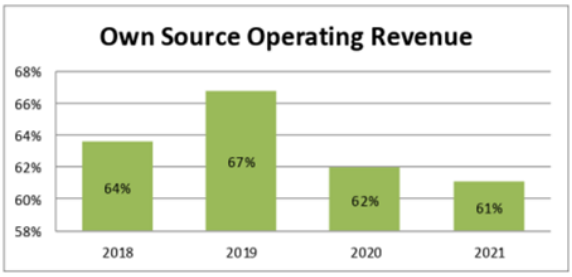
INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDING 30-9-2020
KEY PERFORMANCE INDICATORS



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%.

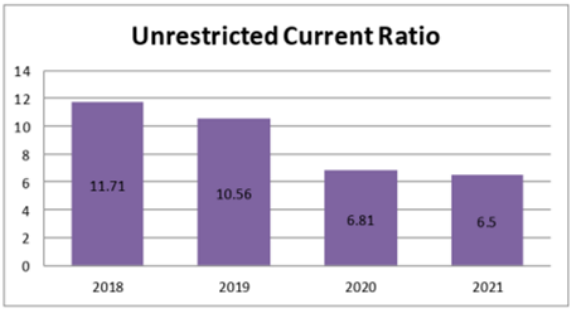
The "fit for the future" benchmark is that council should have a breakeven or better operating performance ratio over a three year period.



The **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.

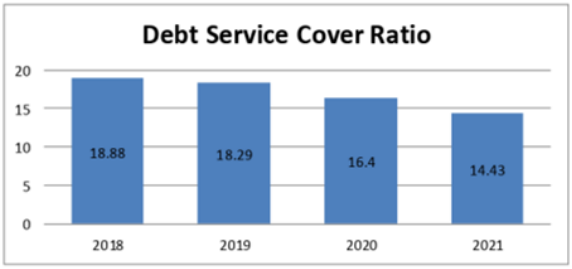


The **Unrestricted Current Ratio** excludes all current assets and liabilities that are restricted for specific purposes. These include the water, sewer, domestic waste management functions and specific purpose unexpended grants and contributions

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

The Tcorp benchmark is greater than 1.5

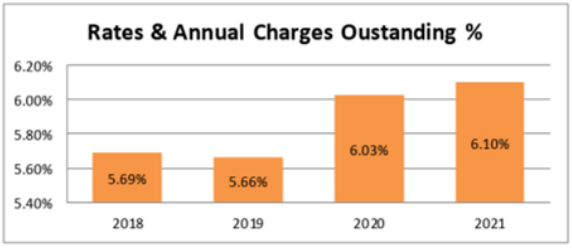
The decrease in 2020 is primarily due to an increase in non current investments held



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.

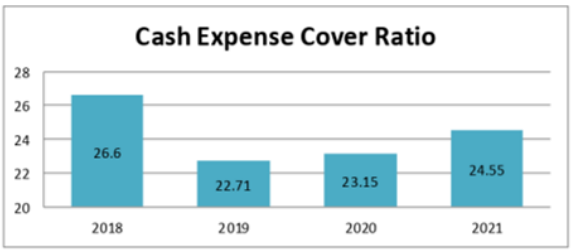


The **Outstanding Rates Ratio** indicates the percentage of uncollected rates and charges and the adequacy of recovery efforts.

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

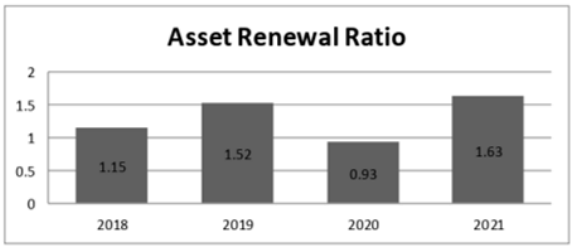
The Tcorp benchmark is to have a ratio of less than 10%

INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDING 30-9-2020
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

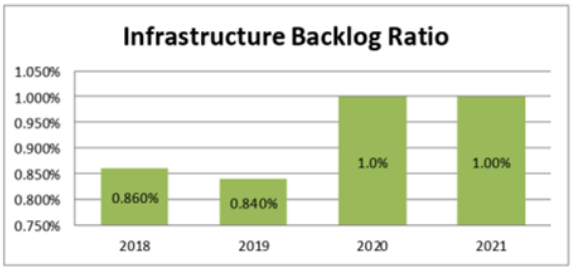


The **Asset Renewal Ratio** indicates the rate at which assets are being renewed against the rate they are being depreciated.

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 then 1.

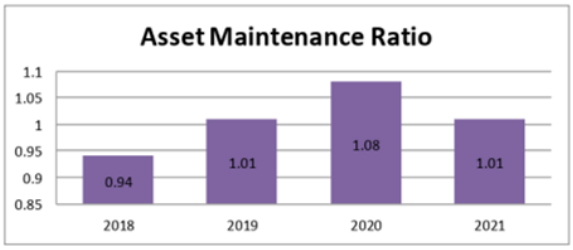
The "fit for the future" benchmark is that councils should have a ratio of greater than 1 over a three year period



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

5.2 GOVERNANCE - MONTHLY INVESTMENT REPORT

File Number: **S12.12.2 / 20/43397**

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

SUMMARY:

To report the balance of investments held as at 31 October, 2020.

RECOMMENDATION:

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.

COMMENTARY:

Contained within this report are the following items that highlight Council's Investment Portfolio performance for the month to 31 October, 2020 and an update of the investment environment:

(a) Council's Investments as at 31 October, 2020;

(b) Council Investments by Fund as at 31 October, 2020;

(c) Interest – Budgeted vs. Actual;

(d) Investment Portfolio Performance;

(e) Investment Commentary; and

(f) Certification – Responsible Accounting Officer.

A) Council Investments as at 31 October, 2020

Term Deposit Investment Group									
Investment	*Borrower*	*FUND*	*Rating*	*Purchase Date*	*Maturity Date*	*Current Yield*	*Principal Value*	*Current value*	*Term (days)*
20/16	AMP BANK	General	A-	27-Nov-19	27-Nov-20	1.85%	2,000,000	2,000,000	366
20/27	Warwick Credit Union	General	NR	20-Jan-20	20-Jan-21	1.85%	1,000,000	1,000,000	366
21/01	National Australia Bank	General	AA-	20-Jul-20	20-Jan-21	0.83%	1,500,000	1,500,000	184
21/03	National Australia Bank	Sewer	AA-	20-Aug-20	22-Feb-21	0.70%	2,000,000	2,000,000	186
20/42	National Australia Bank	Water	AA-	26-Jun-20	26-Mar-21	0.90%	2,000,000	2,000,000	273
19/26	Police Credit Union (SA)	General	NR	28-Mar-19	29-Mar-21	2.90%	2,000,000	2,000,000	732
19/30	Rural Bank	General	BBB+	17-Apr-19	19-Apr-21	2.63%	1,000,000	1,000,000	733
20/34	Macquarie Bank	General	AA-	17-Apr-20	19-Apr-21	1.74%	2,000,000	2,000,000	367
21/04	Bank of Sydney	General	NR	27-Aug-20	27-May-21	1.00%	1,000,000	1,000,000	273
20/39	ING BANK	Sewer	A	27-May-20	27-May-21	1.10%	1,000,000	1,000,000	365
20/40	ING BANK	Water	A	27-May-20	27-May-21	1.10%	1,000,000	1,000,000	365
19/33	Westpac Bank	Water	AA-	27-Jun-19	27-Jun-21	2.30%	2,000,000	2,000,000	731
20/43	National Australia Bank	Water	AA-	26-Jun-20	28-Jun-21	0.95%	1,000,000	1,000,000	367
20/02	Bank of Queensland	General	BBB+	17-Jul-19	19-Jul-21	2.00%	1,500,000	1,500,000	733
21/02	Bank of Sydney	General	NR	31-Jul-20	30-Jul-21	0.95%	1,000,000	1,000,000	364
20/03	Bank of Queensland	General	BBB+	27-Aug-19	27-Aug-21	1.75%	2,000,000	2,000,000	731
21/05	Bank of Sydney	Water	NR	17-Sep-20	17-Sep-21	0.94%	1,000,000	1,000,000	365
20/33	AMP Bank	General	BBB+	24-Mar-20	24-Sep-21	1.80%	1,000,000	1,000,000	549
20/08	AMB - Australian Military Bank	Sewer	BBB+	30-Sep-19	30-Sep-21	1.77%	1,500,000	1,500,000	731
21/06	St George Bank	General	AA-	06-Oct-20	06-Oct-21	0.75%	1,000,000	1,000,000	365
19/10	Westpac Bank	General	AA-	25-Oct-18	25-Oct-21	2.97%	2,000,000	2,000,000	1096
20/35	AMP BANK	General	A-	25-May-20	25-Nov-21	1.65%	1,000,000	1,000,000	549
20/36	AMP BANK	Water	A-	25-May-20	25-Nov-21	1.65%	1,000,000	1,000,000	549
20/37	AMP BANK	General	A-	25-May-20	25-Nov-21	1.65%	1,000,000	1,000,000	549
20/41	AMP BANK	General	A-	10-Jun-20	10-Dec-21	1.60%	2,000,000	2,000,000	548
20/30	Auswide Bank	General	BBB	02-Mar-20	02-Mar-22	1.75%	2,000,000	2,000,000	730
20/31	Warwick Credit Union	General	NR	02-Mar-20	02-Mar-22	1.90%	1,000,000	1,000,000	730
19/29	Newcastle Permanent	General	BBB	17-Apr-19	19-Apr-22	2.70%	1,000,000	1,000,000	1098
20/38	Bank of Queensland	Sewer	BBB+	27-May-20	27-May-22	1.30%	2,000,000	2,000,000	730
19/31	Westpac Bank	Water	AA-	25-Jun-19	25-Jun-22	2.30%	1,000,000	1,000,000	1096
19/34	Westpac Bank	General	AA-	25-Jun-19	25-Jun-22	2.30%	2,000,000	2,000,000	1096
19/32	Westpac Bank	General	AA-	27-Jun-19	27-Jun-22	2.30%	2,000,000	2,000,000	1096
20/05	Bank of Queensland	General	BBB+	03-Sep-19	05-Sep-22	1.80%	1,000,000	1,000,000	1098
20/06	Bank of Queensland	General	BBB+	13-Sep-19	13-Sep-22	1.80%	1,000,000	1,000,000	1096
20/32	Auswide Bank	General	BBB	24-Mar-20	24-Mar-23	1.88%	1,000,000	1,000,000	1095
						TOTALS	**49,500,000**	**49,500,000**	

Floating Rate Notes									
As at Date	*Borrower*	*FUND*	*Rating*	*Purchase Date*	*Coupon End Date*	*Current Yield**	*Principal Value*	*Current value*	*Coupon Term*
31/10/20	Commonw ealth Bank	General	A1+	11/1/2019	11-Jul-20	1.21%	2,000,000	2,050,818	91
31/10/20	ANZ Bank	General	A1+	08/2/2019	08-Aug-20	1.20%	2,000,000	2,048,586	92
31/10/20	ANZ Bank	Water	A1+	08/2/2019	08-Aug-20	1.20%	1,000,000	1,024,293	92
							5,000,000	5,123,697	

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

Cash Deposit Accounts									
As at Date	*Borrower*	*FUND*	*Rating*	*Date*	*Date*	*Current Yield*	*Principal Value*	*Value*	*Term*
31/10/20	Commonwealth Bank	General	A					1,258	
Sub Total - Structured Products Investment Group						-	-	1,258	-

B) Council Investments by Fund 31 October, 2020

Portfolio by Fund	30/09/2020	31/10/2020
General Fund	$40,095,886	$38,100,662
Water Fund	$11,023,102	$10,024,293
Sewer Fund	$6,500,000	$6,500,000
TOTAL	$57,618,988	$54,624,955

Council's investment portfolio has decreased by $2,994,033 throughout October 2020. A number of term deposits matured late October 2020 and were redeemed due to poor interest rates being offered. These funds are currently held as cash, and will be reinvested during November 2020.

Interest – Budgeted verses Actual Result to Date

	Ledger	2020/2021 Budget $	Actuals to Date $	Accrued Interest to Date $	TOTAL $
General Fund	128820	655,405.00	169,756.82	217,470.59	387,227.41
Water Fund	812350	125,000.00	21,189.83	44,463.77	65,653.60
Sewer Fund	906320	58,750.00	4,219.18	20,459.36	24,678.54
TOTAL		839,155.00	195,165.83	282,393.72	477,559.55

Term deposit interest rates have moved to historic lows of approximately .50%-0.70% for a 12 month term deposit. Given our strong investment balances, Council is expected to meet interest revenue targets in 2020/2021. Any additional interest received during 2020/2021 will be allocated to Council's Investment Equalisation Reserves to help fund future budget reductions in interest revenue.

C) Investment Portfolio Performance

Investment Portfolio Return		Benchmarks		
	% pa	RBA Cash Rate	Aus Bond Bank Bill	11am Cash Rate
Benchmark as at 31/10/2020		0.25%	0.51%	0.25%
Term Deposits	1.70%			
Cash Deposit Accounts	0.25%			
Floating Rate Notes	1.20%			

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 $54.6M is almost entirely invested in fixed term deposits. Overall, the portfolio is highly liquid, highly rated and short-dated from a counterparty perspective.

The 0-90 day duration is marginally below the policy limits at 8.24% compared to a minimum required level of 10%; however we do not see an issue with this given the increase in duration mitigates reinvestment risk in the low rate environment. Council is also holding additional short term funds as Cash, which will be invested during November 2020.

The portfolio remains highly rated from a credit ratings perspective. The majority of the portfolio is directed towards the domestic major banks, with the remainder diversified amongst the lower and unrated ADI sector. Council currently exceeds policy limits within the BBB category with current investment holds at 40.26% compared to a policy maximum of 40%. This position will be corrected during November 2020.

The RBA cut the official cash rate by 15bp to a new record low of 0.10% on 3 November, 2020. RBA Governor Lower indicated the official cash rate will remain unchanged at its emergency level of 0.10% until its objectives of full employment (unemployment rate of around 4.5%) and inflation (targeting 2-3%) are reached. He stressed that unemployment was a "national priority" and the development in the labour market as key to the policy outlook. They expected the unemployment rate to remain above 6% by the end of 2022. Given their forecast and outlook, the Board is "not expecting to increase the cash rate for at least three years".

The biggest impact to Council's investment portfolio is with regards to its largest exposure being assets held in bank term deposits, which accounts for around 90½% of Council's total investment. The biggest risk that Council faces over the medium-longer term in this environment is not the potential loss of capital (given all the banks are well capitalised and regulated by APRA), but the rapid loss of interest income as interest rates have plummeted.

Council's term deposit portfolio was yielding 1.70% p.a. at month-end, with a weighted average duration of around 339 days or 11 months. This average duration will provide some income protection against the low interest rate environment over the next 12 months. As existing deposits mature however, they will inevitably be reinvested at much lower prevailing rates.

Given official rates have fallen to record lows; Council is likely to see a rapid decline in interest income over future financial years. Its budgeted income over the medium-longer term needs to be revised to reflect the low interest rate environment. Returns between 0.50%-0.70% p.a. may potentially be the "norm" over the next few financial years. Council Investment Equalisation Reserve will help protect Council against any reinvestment risk over the short term. Council Staff will continue to monitor the interest rate environment and make the necessary budgetary changes as required.

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 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

6 CONFIDENTIAL MATTERS (COMMITTEE-OF-THE-WHOLE)

RECOMMENDATION:

That Council considers the confidential report(s) listed below in a meeting closed to the public in accordance with the reasons stated in the referral reports:

6.1 Policy on Exclusive Use of Council Parks

6.2 Riverside Restaurant