



BUSINESS PAPER

**Economic and Community
Sustainability Committee Meeting
Wednesday, 10 March 2021**

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

5 March, 2021

An Economic and Community Sustainability Committee Meeting will be held in the Committee Room, Administrative Centre, 144 Otho Street, Inverell on Wednesday, 10 March, 2021, 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

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 10 February, 2021, 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, 10 FEBRUARY 2021 AT 9.45AM**

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

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

Paul Henry (General Manager), Brett McInnes (Director Civil & Environmental Services), Paul Pay (Manager Financial Services) and Sharon Stafford (Executive Assistant).

1 APOLOGIES

Nil

2 CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION

Moved: Cr Paul King OAM

Seconded: Cr Anthony Michael

That the Minutes of the Economic and Community Sustainability Committee Meeting held on 11 November, 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 ADVOCACY REPORTS

**4.1 PUBLIC ART SUNSET COMMITTEE MEETING MINUTES - 20 JANUARY 2021
S26.5.10**

COMMITTEE RESOLUTION

Moved: Cr Anthony Michael

Seconded: Cr Kate Dight

- a) *That the minutes of the Public Art Sunset Committee Meeting held on Wednesday, 20 January, 2021 be received and noted.*
- b) *That the Public Art Committee be delegated authority to select the 'significant person' that will be the subject for the portrait following the community being invited to suggest persons that fit the broad criteria.*

CARRIED

5 DESTINATION REPORTS

5.1 REQUEST TO LEASE LAND - LOT 1 DP 124236 WYNDHAM STREET, INVERELL - SCOTT COVER S5.10.33

COMMITTEE RESOLUTION

Moved: Cr Paul King OAM

Seconded: Cr Kate Dight

The Committee recommend to Council that:

- i) Council enter into a Licence Agreement with Mr Scott Cover for Lot 1 DP 124236, Wyndham Street, Inverell for a five (5) year period with a further five (5) year option;*
- ii) the Licence fee be \$600.00 per annum (GST Inclusive) with a 3% increase per annum; and*
- iii) the Licence Agreement be subject to any other terms and conditions as negotiated by Council's General Manager.*

CARRIED

5.2 MUSIC IN THE CBD - CHRISTMAS PROMOTION S30.17.7

MOTION

Moved: Cr Anthony Michael

Seconded: Cr Kate Dight

That the Committee recommend to Council that Council allow the playing of music through the public address system in the CBD 2 weeks prior to Christmas each year.

AMENDMENT

Moved: Cr Paul Harmon

Seconded: Cr Paul King OAM

That the Committee recommend to Council that:

- a) Council allow the playing of music through the public address system in the CBD from 1 December each year (in line with the lighting of the Christmas tree); and*
- b) the volume of the particular speaker in Otho Street be set to its lowest volume.*

The Motion on being put to the meeting was lost. The Amendment on being put to the meeting was carried. It then became the motion.

The motion on being put to the meeting was carried.

CARRIED

5.3 REQUEST FOR DONATION - ASHFORD BUSINESS COUNCIL S12.22.1/14**COMMITTEE RESOLUTION**

Moved: Cr Kate Dight

Seconded: Cr Paul Harmon

That the Committee recommend to Council that:

- a) *Council make a donation of up to \$4,000 from the Ashford Village Vote to the Ashford Show Society to enable free entry the 2021 Ashford Show; and*
- b) *the General Manager hold discussions with the secretary of the Ashford Show Society regarding the conditions associated with the provision of the funds.*

CARRIED

5.4 REQUEST FOR REDUCTION IN WATER ACCOUNT S32.10.1/14**COMMITTEE RESOLUTION**

Moved: Cr Paul Harmon

Seconded: Cr Paul King OAM

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

6 INFORMATION REPORTS**COMMITTEE RESOLUTION**

Moved: Cr Paul King OAM

Seconded: Cr Kate Dight

That the information reports be received and noted.

CARRIED

6.1 NEW SMALL BUSINESS FINANCIAL COUNSELLOR IN INVERELL S3.16.18**6.2 SUMMER BREAK ACTIVITIES FOR YOUTH S15.8.109**

6.3 SUMMARY OF AUSTRALIA DAY EVENTS IN INVERELL LGA S26.3.4

6.4 COMMUNITY SAFETY CAMERA PROGRAM 2020 AUDIT REVIEW S15.8.95

7 GOVERNANCE REPORTS**7.1 QUARTERLY BUDGET AND OPERATIONAL PLAN 2020/2021 S12.5.1****COMMITTEE RESOLUTION**

Moved: Cr Kate Dight

Seconded: Cr Paul Harmon

The Committee recommend to Council that:

- i) Council's Quarterly Operational Plan and Budget Review for 31 December, 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.*

CARRIED

7.2 GOVERNANCE - MONTHLY INVESTMENT REPORT S12.12.2**COMMITTEE RESOLUTION**

Moved: Cr Kate Dight

Seconded: Cr Paul Harmon

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

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

At 10.38am, 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 Anthony Michael

Seconded: Cr Paul Harmon

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 Anthony Michael

Seconded: Cr Paul Harmon

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

CARRIED

Upon resuming Open Committee at 10.35am, 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:

8.1 REQUEST FOR REDUCTION IN WATER ACCOUNT S32.10.1/14**RECOMMENDATION:**

That the Committee recommends to Council that:

- a) *the report be received; and*
- b) *Council issues an amended account of \$101.48 for the previous two quarters based on the average consumption of accounts prior to the leak and write off \$188.09.*

ADOPTION OF RECOMMENDATIONS**COMMITTEE RESOLUTION**

Moved: Cr Anthony Michael

Seconded: Cr Kate Dight

That the recommendations of Closed Committee be adopted.

CARRIED

The Meeting closed at 10.40am.

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

4 DESTINATION REPORTS

4.1 REQUEST FOR REDUCTION ON WATER ACCOUNT

File Number: S32.10.1/14 / 21/7766

Author: Kristy Paton, Corporate Support Officer - Publishing

SUMMARY:

Council has received a request seeking Council's assistance by issuing an amended account for a property in Vivian Street, Inverell based on average usage due to a water leak. The Committee is being asked to consider a confidential report in respect of this matter.

RECOMMENDATION:

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.

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:

- 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*.

4.2 PROPOSAL FROM FUTUREBUS - HYDROGEN PLANT

File Number: S8.3.1/14 / 21/7807

Author: Paul Henry, General Manager

SUMMARY:

Council is in receipt of an unsolicited submission from FutureBus which details a proposal for a net-zero energy source 'green hydrogen' to be established in Inverell. The Committee is being asked to consider the submission.

RECOMMENDATION:

A matter for the Committee.

COMMENTARY:

Simon Maddrell, Director of an unlisted Public Company named FutureBus has forwarded a submission to Council for consideration.

In his submission, Mr Simon Maddrell offers that FutureBus has designed the electrolyzers to make commercially viable green hydrogen for the transport industry. With the help of Dr Alexandr Simonov of Monash University, FutureBus has designed an electrolyser and balance-of-plant that will fit into 2 shipping containers, for easy dispatch to any Municipality or Shire in Australia.

FutureBus is building a semi-automatic electrolyser production line – adjoining the Inland Rail – capable of manufacturing 500 of these containerised electrolyzers and 500 containerised balance-of-plants, every year.

At a glance, the proposal relies on Council purchasing and erecting 10,500 x 415w solar panels, as well as pouring concrete slabs to sit the containers on, connecting water and connecting the poles to wires. A site of 3,721 square metres would be required.

Councillors are invited to peruse the submission **attached**.

Please note this approach has only just been received and no backgrounding on the submission has been done.

RISK ASSESSMENT:

Nil at this time.

POLICY IMPLICATIONS:

Nil

CHIEF FINANCIAL OFFICERS COMMENT:

Nil at this time.

LEGAL IMPLICATIONS:

Nil

ATTACHMENTS:**1. Submission by FutureBus**

Submission to Inverell Shire Council

Prepared by: FutureBus
February 2021

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Introduction

PEM (Polymer Electrolyte Electrolysis) water electrolyzers have been around for a century. Like most net-zero energy sources the stumbling block for mass adoption of the technology is – coal and oil are cheaper!

The ever-increasing supply charges of Australia's energy providers and public concern over climate warming, means that green hydrogens' time has finally come.

With the help of Dr Alexandr Simonov of Monash University, FutureBus has designed an electrolyser and balance-of-plant, that will fit in 2 shipping containers, so they can be easily dispatched to any Municipality or Shire in Australia.

FutureBus is building a semi-automated electrolyser production line – adjoining the Inland rail – capable of manufacturing 500 containerised electrolyzers and 500 containerised balance of plants, every year.

Electrolysis is pretty simple: pass water between two metal plates with a piece of membrane between them. One side of the membrane is charge "positive" and the other side of the membrane is charge "negative", and two hydrogen molecules and the oxygen molecule "split". Each containerised electrolyser weighs 6 Tonnes, so you can imagine the number of metal plates that are used to split 33 kg of hydrogen every hour, twenty four hours a day, for twenty-years.

The green hydrogen is released into a "fuel cell" which generates up to 500 kW every hour for twenty years, or the Inverell Shire Council can store the green hydrogen in cylinders – slightly larger than the gas cylinder you use for your BBQ – and provide on demand electricity any time!

Think of hydrogen as a way to store energy, for night-time or when the sun doesn't shine.

Each containerised electrolyser and containerised balance-of-plant generates up to 500 kW / 33 kg of hydrogen and 366 kg of oxygen every hour.

10 containerised electrolyzers and 10 containerised balance-of-plants makes sufficient energy to supply every private dwelling in the Inverell Shire with electricity, every hour of every day and every week, of every year, for twenty years.

Hydrogen-powered vehicles are propelled by electric motors. There is no combustion.

The green hydrogen can also be released into a fuel cell to power an electric vehicle (EV's), hydrogen-power passenger vehicles or garbage trucks.

How much does it cost?

In order to fill orders for 500 containerised electrolyzers and 500 containerised balance-of-plants each year, FutureBus needs to eliminate the cost barriers.

The containerised electrolyzer and containerised balance-of-plant (container-pair) need electricity to “split” the two hydrogen molecules and the oxygen molecule. FutureBus asks the Inverell Shire Council to purchase (approximately \$2,100,000) and erect 10,500 x 415w solar panels. The word “green” in “green hydrogen” is achieved by using renewable energy (solar) to split the molecules. Inverell Shire Council can erect the solar panels where ever Council wants; Council can install the solar panel next to the container-pairs to create a Virtual Power Plant (VPP).

FutureBus will ask the Inverell Shire Council to pour 10 x 42 square metre concrete slabs – to sit the container-pairs on – connect the water and connect the container-pairs to the poles & wires. If the Inverell Shire Council decides to bundle the container-pair together, a site of 3,721 square metres would be required.

FutureBus will deliver the containerised electrolyzers and containerised balance-of-plants to a site of Inverell Shire Council's choosing at no charge. FutureBus will ask the Inverell Shire Council to enter into a supply agreement for the hydrogen and electricity the electrolyzer generates (up to 500 kW of electricity every hour / 33 kg of hydrogen & 366 kg of oxygen every hour). FutureBus will install the containerised electrolyzers and the containerised balance-of-plants, however the Inverell Shire Council will need to obtain the development and building approvals, connect the water to the container-pairs and pay an Electrician to connect the container-pairs to the poles & wires.

Each containerised electrolyzer and containerised balance-of-plant will split 800 kg of green hydrogen every twenty four hours. FutureBus would ask the Inverell Shire Council to enter into a supply agreement for the green hydrogen. Indicatively 35 kg of green hydrogen will power a garbage truck for an 8 hour shift.

There are No-outages!

Almost silent!

Completely Net-Zero!

Unless the cost of water increases, the cost of an electricity in bill in the Inverell Shire will not increase for twenty years.

FutureBus will ask the Inverell Shire Council to invite our Technicians back onto the site for schedule maintenance (additional cost \$13,200 per container-pair incl GST. p.a.)

Each container-pair is monitored by FutureBus' National control centre, by 4G (SCADA) twenty four hours a day, seven days a week.

Isn't hydrogen dangerous?

Hydrogen is lighter than helium. Hydrogen is a flammable gas - however if hydrogen escapes - it rises vertically.

WorkSafe require a buffer of 20 metres - around the electrolyser, balance-of-plant and cylinders - to protect the general public if hydrogen escapes.

Hydrogen is non-toxic.

FutureBus will install the containerised electrolyser and containerised balance-of-plant (container-pair) as well as 84 x 9.5 kg polymer cylinders. The cylinders are literally "bullet proof".

The balance-of-plant has a fire suppression system installed.

Timing

The 1st containerised electrolyser and the 1st containerised balance-of-plant will roll off the production line in October.

The Inverell Shire Council can order multiple electrolysers and FutureBus will connect each electrolyser together.

The containerised electrolyser and the containerised balance-of-plant will keep splitting energy for twenty-years, as long as your council keeps a constant supply of water up to your electrolyser for twenty-years.

As the container-pairs are autonomous (except for water), the Inverell Shire Council doesn't have to bundle all the container-pairs together:

- Located a container-pair next to a hospital, so the hospital can use the oxygen.

- Located another container-pair on the Gwydir Highway and another on the Bruxner Highway, so light and heavy vehicle fleets can use the hydrogen or the electricity generated by the fuel cells, to recharge electric vehicles.

- Located another container-pair in a bus depot or a works depot, to refill hydrogen cylinders on buses, Council trucks and garbage trucks.

- Located another container-pair behind the fence in the water treatment plant, to eliminate network charges.

- Use the 6,400 kg's of oxygen produced each day to oxygenate of the aerobic tanks at the waste-water treatment plant.

- Located another container-pair behind the fence of the waste-water treatment plant, to eliminate network charges.

What can the Inverell Shire Council do?

"The electricity sector is the biggest polluter accounting for 33% of our emissions¹."

If the Inverell Shire Council is interested in reducing the carbon footprint of its citizens by 33% in the next twenty four months, FutureBus asks the Inverell Shire Council to obtain development consent and building consent. FutureBus will provide drawings and technical specifications for the applications.

According to the Australia Bureau of Statistics the population of the Inverell Shire is 11,660 whom reside in 5,180 private dwellings².

According to the Australian Energy Market Commission (AEMC), the average annual electricity usage of a household in NSW is 4,215³.

According to Cantstarblue the average annual New South Wales electricity bill is \$1,421⁴.

If the Inverell Shire Council was to add \$1,421 onto the rate notice of every residential Ratepayer – share ½ of the amount of the electricity with FutureBus for generating the energy – the revenue of the Inverell Shire Council would increase by \$3,680,390 p.a. (Add the electricity supply charges of the Commercial, Industrial and Retail electricity customers, just add more container-pairs.) If Council was to add the amount the Inverell Shire Council pays its electricity provider, the Council could add ½ that amount to the annual increase in revenue.

\$3,680,390 a year could be spent on recruiting and employing people who live in the Inverell Shire to maintain the poles & wires that service their community.

The transport industry is the 2nd largest carbon polluter in Australia.

Hydrogen-powered heavy vehicles are being manufactured and will be available in the coming few years. Battery storage cannot compete with hydrogen for heavy vehicles. The longer the distance or the more weight a semi has to travel / carry, the more batteries are needed to achieve the distance / carry the weight; the more batteries required, the less weight the semi can carry. Hydrogen-powered passenger vehicles and EV's are commercially available. The containerised electrolyzers and

¹ https://www.climatecouncil.org.au/wp-content/uploads/2018/06/CC_MVSA0143-Briefing-Paper-Australias-Rising-Emissions_V8-FA_Low-Res_Single-Pages3.pdf

² https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/SSC11981

³ <https://www.aemc.gov.au/sites/default/files/2018-12/NSW%20fact%20pack.pdf>

⁴ <https://www.canstarblue.com.au/electricity/average-electricity-bills/>

containerised balance-of-plants can be used to refuel hydrogen-powered vehicles and EVs.

Who is FutureBus?

FutureBus is an unlisted Public Company – staffed by people who are “being the change you want to see in the World”⁵.

As the name suggest, FutureBus designed the electrolyzers to make commercially viable green hydrogen for the transport Industry.

Buses have a life cycle of twenty years; Australia only needs 1,400⁶ low floor hydrogen powered buses each year, to transition its entire low floor bus fleet from diesel to green hydrogen.

Each low floor diesel bus emits approximately 77kg of Co2 every year.

Hydrogen-powered buses consume approximately 35 kg of hydrogen per shift, so Australia isn't large enough to utilise 500 x containerised electrolyzers (16,500 kg of hydrogen per hour).

All the low floor buses in Australia – if replaced with hydrogen-powered buses – will comprise approximately 250 containerised electrolyzers and 250 containerised balance-of-plants, each year.

Can the Inverell Shire Council help FutureBus achieve (the production-lines capacity) 500 containerised electrolyzers and 500 containerised balance-of-plants each year, in order to achieve the economies of scale to compete with coal and oil?

FutureBus
A.C.N 638354873
60 Hoskins Avenue
BANKSTOWN NSW 2200

Simon Maddrell
Director
M 0415-650-747
E maddrells@futurebus.com.au
W <https://futurebus.com.au>

⁵ Mahatma Gandhi

⁶ Professor David Hensher, University of Sydney

5 GOVERNANCE REPORTS

5.1 GOVERNANCE - MONTHLY INVESTMENT REPORT

File Number: S12.12.2/14 / 21/7482

Author: Paul Pay, Manager Financial Services

SUMMARY:

To report the balance of investments held as at 28 February, 2021.

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 28 February, 2021 and an update of the investment environment:

- (a) Council's Investments as at 28 February, 2021;
- (b) Council Investments by Fund as at 28 February, 2021;
- (c) Interest – Budgeted vs. Actual;
- (d) Investment Portfolio Performance;
- (e) Investment Commentary; and
- (f) Certification – Responsible Accounting Officer.

A) Council Investments as at 28 February, 2021

Term Deposit Investment Group										
Investment	Borrower	FUND	Purchase Date	Maturity Date	Current Yield	Principal Value	Current value	Term (days)	Last Coupon Date	Maturity Period
20/42	National Australia Bank	Water	26-Jun-20	26-Mar-21	0.90%	2,000,000	2,000,000	273	26-Jun-20	Mar-2021
19/26	Police Credit Union (SA)	General	28-Mar-19	29-Mar-21	2.90%	2,000,000	2,000,000	732	28-Mar-20	Mar-2021
19/30	Rural Bank	General	17-Apr-19	19-Apr-21	2.63%	1,000,000	1,000,000	733	17-Apr-20	Apr-2021
20/34	Macquarie Bank	General	17-Apr-20	19-Apr-21	1.74%	2,000,000	2,000,000	367	20-Apr-20	Apr-2021
21/04	Bank of Sydney	General	27-Aug-20	27-May-21	1.00%	1,000,000	1,000,000	273	27-Aug-20	May-2021
20/39	ING BANK	Sewer	27-May-20	27-May-21	1.10%	1,000,000	1,000,000	365	27-May-20	May-2021
20/40	ING BANK	Water	27-May-20	27-May-21	1.10%	1,000,000	1,000,000	365	27-May-20	May-2021
19/33	Westpac Bank	Water	27-Jun-19	27-Jun-21	2.30%	2,000,000	2,000,000	731	27-Jun-20	Jun-2021
20/43	National Australia Bank	Water	26-Jun-20	28-Jun-21	0.95%	1,000,000	1,000,000	367	26-Jun-20	Jun-2021
20/02	Bank of Queensland	General	17-Jul-19	19-Jul-21	2.00%	1,500,000	1,500,000	733	20-Apr-20	Jul-2021
21/02	Bank of Sydney	General	31-Jul-20	30-Jul-21	0.95%	1,000,000	1,000,000	364	31-Jul-20	Jul-2021
20/03	Bank of Queensland	General	27-Aug-19	27-Aug-21	1.75%	2,000,000	2,000,000	731	27-Aug-19	Aug-2021
21/05	Bank of Sydney	Water	17-Sep-20	17-Sep-21	0.94%	1,000,000	1,000,000	365	17-Sep-20	Sep-2021
20/33	AMP Bank	General	24-Mar-20	24-Sep-21	1.80%	1,000,000	1,000,000	549	24-Mar-20	Sep-2021
20/08	AMB - Australian Military Bank	Sewer	30-Sep-19	30-Sep-21	1.77%	1,500,000	1,500,000	731	30-Sep-19	Sep-2021
21/06	St George Bank	General	06-Oct-20	06-Oct-21	0.75%	1,000,000	1,000,000	365	06-Oct-20	Oct-2021
19/10	Westpac Bank	General	25-Oct-18	25-Oct-21	2.97%	2,000,000	2,000,000	1096	21-Apr-20	Oct-2021
21/07	Community First Credit Union	General	25-Nov-20	25-Nov-21	0.65%	1,000,000	1,000,000	365	25-Nov-20	Nov-2021
20/35	AMP BANK	General	25-May-20	25-Nov-21	1.65%	1,000,000	1,000,000	549	25-May-20	Nov-2021
20/36	AMP BANK	Water	25-May-20	25-Nov-21	1.65%	1,000,000	1,000,000	549	25-May-20	Nov-2021
20/37	AMP BANK	General	25-May-20	25-Nov-21	1.65%	1,000,000	1,000,000	549	25-May-20	Nov-2021
20/41	AMP BANK	General	10-Jun-20	10-Dec-21	1.60%	2,000,000	2,000,000	548	10-Jun-20	Dec-2021
21/09	Warwick Credit Union	General	20-Jan-21	20-Jan-22	0.80%	1,000,000	1,000,000	365	20-Jan-20	Jan-2022
20/30	Auswide Bank	General	02-Mar-20	02-Mar-22	1.75%	2,000,000	2,000,000	730	02-Mar-20	Mar-2022
20/31	Warwick Credit Union	General	02-Mar-20	02-Mar-22	1.90%	1,000,000	1,000,000	730	02-Mar-20	Mar-2022
19/29	Newcastle Permanent	General	17-Apr-19	19-Apr-22	2.70%	1,000,000	1,000,000	1098	20-Apr-20	Apr-2022
21/08	AMP Bank	General	27-Nov-20	27-May-22	0.95%	2,000,000	2,000,000	546	27-Nov-20	May-2022
20/38	Bank of Queensland	Sewer	27-May-20	27-May-22	1.30%	2,000,000	2,000,000	730	27-May-20	May-2022
19/31	Westpac Bank	Water	25-Jun-19	25-Jun-22	2.30%	1,000,000	1,000,000	1096	25-Jun-20	Jun-2022
19/34	Westpac Bank	General	25-Jun-19	25-Jun-22	2.30%	2,000,000	2,000,000	1096	25-Jun-20	Jun-2022
19/32	Westpac Bank	General	27-Jun-19	27-Jun-22	2.30%	2,000,000	2,000,000	1096	27-Jun-20	Jun-2022
20/05	Bank of Queensland	General	03-Sep-19	05-Sep-22	1.80%	1,000,000	1,000,000	1098	03-Sep-19	Sep-2022
20/06	Bank of Queensland	General	13-Sep-19	13-Sep-22	1.80%	1,000,000	1,000,000	1096	13-Sep-19	Sep-2022
21/10	Warwick Credit Union	General	22-Jan-21	23-Jan-23	1.00%	1,500,000	1,500,000	731	22-Jan-21	Jan-2023
20/32	Auswide Bank	General	24-Mar-20	24-Mar-23	1.88%	1,000,000	1,000,000	1095	24-Mar-20	Mar-2023
TOTALS						48,500,000	48,500,000			

Floating Rate Notes										
As at Date	Borrower	FUND	Purchase Date	Coupon End Date	Current Yield*	Principal Value	Current value	Coupon Term	Last Coupon Date	Maturity Date
28/2/2021	Commonwealth Bank	General	11/1/2019	12-Apr-21	1.15%	2,000,000	2,049,564	366	11-Apr-20	11/1/2024
28/2/2021	ANZ Bank	General	08/2/2019	10-May-21	1.11%	2,000,000	2,048,454	367	08-May-20	08/2/2024
28/2/2021	ANZ Bank	Water	08/2/2019	10-May-21	1.11%	1,000,000	1,024,227	367	08-May-20	08/2/2024
						5,000,000	5,122,245			

* 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	Purchase Date	Maturity Date	Current Yield	Principal Value	Current value	Term
28/2/2021	Commonwealth Bank	General	9/11/2020		0.00%		1,258	
28/2/2021	Macquarie Bank	General	9/11/2020		0.50%	4,000,000	4,006,130	
28/2/2021	Macquarie Bank	Water	9/11/2020		0.50%	1,500,000	1,502,287	
28/2/2021	Macquarie Bank	Sewer	9/11/2020		0.50%	500,000	500,732	
Sub Total - Cash Deposit Accounts					-	-	6,010,407	-

B) Council Investments by Fund 28 February, 2021

Portfolio by Fund	31/01/2021	28/02/2021
General Fund	\$43,120,314	\$43,105,406
Water Fund	\$11,530,082	\$11,526,514
Sewer Fund	\$7,000,552	\$5,000,732
TOTAL	\$61,650,947	\$59,632,652

Council's investment portfolio decreased by \$2,018,295 during February 2021. This was in respect of normal cash flow movements for receipts collected and payments made during February 2021.

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	259,194.69	320,228.03	579,422.72
Water Fund	812350	125,000.00	17,806.29	93,783.33	111,589.62
Sewer Fund	906320	58,750.00	11,353.43	43,075.75	54,429.18
TOTAL		839,155.00	288,354.41	457,087.11	745,441.52

Term deposit interest rates have moved to historic lows of approximately .30%-0.40% 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 28/2/21		0.10%	0.03%	0.10%
Term Deposits	1.64%			
Cash Deposit Accounts	0.50%			
Floating Rate Notes	1.12%			

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 \$59.6M is almost entirely invested in fixed term deposits. Overall, the portfolio is highly liquid, highly rated and short-dated from a counterparty perspective.

The combination of high unemployment, soft credit growth and cheap funding for the banks via the RBA's term funding facility (TFF) has resulted in excess liquidity in the marketplace. Margins continue to squeeze on the back of excess liquidity provided by unprecedented fiscal and monetary policy support.

The retail deposit market has been flooded with cash on the back of increased government payments, superannuation withdrawals, and repayment deferrals, which have offset the hit to household incomes in aggregate. As a result, several ADIs are currently not seeking any 'new' wholesale funding; only looking to roll existing deposits, whilst some are simply redeeming all deposits at maturity in the interim.

In the wholesale deposit market, for terms under 12 months, the most attractive value is currently being offered by a handful of regional and unrated ADIs. The mutual (unrated) ADI sector has largely dropped their rates aggressively, as their need for wholesale funding has diminished, with only a handful of the unrated ADIs offering rates altogether.

RBA Governor Lowe has updated the Bank's forward guidance to indicate the RBA does not expect to increase the official cash rate "until 2024 at the earliest". With the banks having the option to access cheap funding directly via the RBA's Term Funding Facility (cost of 0.10% for 3 years), reinvestment risk continues to pose as the biggest threat to depositors' interest income as margins continue to compress. This is particularly the case for those investors who overpay for liquidity and generally roll their deposits for less than 6 months.

In the current environment of high regulation and scrutiny (post banking royal commission), all domestic ADIs continue to carry high levels of capital, particularly amongst the unrated ADIs.

There is minimal (if any) probability of any ADI defaulting on their deposits going forward – this was stress tested during the GFC. RBA Governor Lowe has commented that they have not seen any signs of stress in the financial system and that unlike during the GFC, the banks now have cash, are well capitalised and are acting as “shock absorbers” in the current crisis.

The biggest single risk that Council faces (senior-ranked assets, lowest risk in the capital structure) in the current low interest rate environment is not capital or credit risk, but reinvestment/interest risk.

Council staff will continue to monitor interest rate returns to maximise portfolio returns.

E) Certification – Responsible Accounting Officer

I Paul Pay, 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 Request for Reduction on Water Account