



BUSINESS PAPER

**Economic and Community
Sustainability Committee Meeting
Wednesday, 14 April 2021**

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

9 April, 2021

An Economic and Community Sustainability Committee Meeting will be held in the Committee Room, Administrative Centre, 144 Otho Street, Inverell on Wednesday, 14 April, 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 March, 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 MARCH 2021 AT 10.30AM**

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

IN ATTENDANCE: Cr Stewart Berryman, Cr Neil McCosker via Zoom and Cr Di Baker.
Paul Henry (General Manager) and Sharon Stafford (Executive Assistant).

1 APOLOGIES

Nil

2 CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION

Moved: Cr Anthony Michael

Seconded: Cr Kate Dight

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.

CARRIED

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

Cr Anthony Michael declared a pecuniary interest in relation to item 6.1, 'Request for Reduction on Water Account S32.10.1/14'. The nature of the interest being that Cr Michael has been appointed to the newly formed Parish Finance Committee.

4 DESTINATION REPORTS

4.1 REQUEST FOR REDUCTION ON WATER ACCOUNT S32.10.1/14

COMMITTEE RESOLUTION

Moved: Cr Kate Dight

Seconded: Cr Paul Harmon

That 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.

CARRIED

4.2 PROPOSAL FROM FUTUREBUS - HYDROGEN PLANT S8.3.1/14**COMMITTEE RESOLUTION**

Moved: Cr Paul Harmon
Seconded: Cr Anthony Michael

That the information be noted.

CARRIED**5 GOVERNANCE REPORTS****5.1 GOVERNANCE - MONTHLY INVESTMENT REPORT S12.12.2/14****COMMITTEE RESOLUTION**

Moved: Cr Paul King OAM
Seconded: Cr Kate Dight

The Committee recommend to Council that:

- i) the report indicating Council's Fund Management position be received and noted;*
- ii) the Certification of the Responsible Accounting Officer be noted; and*
- iii) further investigation be undertaken on Council's Investment Strategy to identify if there is any opportunities available which would further maximise Council's return on investment.*

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

At 10.43am 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.

At 10:44am, Cr Anthony Michael left the meeting, having previously declared a pecuniary interest in Item 6.1, 'Request for Reduction on Water Account S32.10.1/14'. The nature of the interest being that Cr Michael has been appointed to the newly formed Parish Finance Committee.

COMMITTEE RESOLUTION

Moved: Cr Paul Harmon
Seconded: Cr Paul King OAM

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 Paul King OAM

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

CARRIED

Upon resuming Open Committee at 10.46am, 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:

6.1 REQUEST FOR REDUCTION ON WATER ACCOUNT S32.10.1/14

That the Committee recommend to Council:

- a) *The report be received; and*
- b) *Council issue an amended account of \$36.72 for the previous two quarters based on the average consumption of accounts prior to the leak and write off \$ 7430.79.*

ADOPTION OF RECOMMENDATIONS**COMMITTEE RESOLUTION**

Moved: Cr Paul Harmon
Seconded: Cr Paul King OAM

That the recommendations of Closed Committee be adopted.

CARRIED

At 10:47am, Cr Anthony Michael returned to the meeting.

The Meeting closed at 10.48am.

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

4 DESTINATION REPORTS**4.1 2021/2022 DRAFT ESTIMATES AND OPERATIONAL PLAN, AND LONG TERM FINANCIAL PLAN****File Number: S12.5.3 / 21/11212****Author: Paul Pay, Manager Financial Services****SUMMARY:**

The purpose of this report is to consider the draft 2021/2022 Operational Plan and Budget, the Long Term Financial Plan and to make a recommendation to Council in this matter.

RECOMMENDATION:

1. That the following works be funded from the Urban Works Vote and be included in the 2021/2022 Budget:

i) Inverell and Villages - Urban Renewal and Upgrade General Fund, Water Fund

Project subject to a further report to Civil and Environmental Committee \$538.15K \$ 0K

ii) Footpaths and Cycleway Construction \$46.8K

\$ for \$ Contribution to PAMP Program

(Subject to RMS approving the 2021/2022 Program)

iii) Village Works – Community suggested projects

Ashford	\$7.54K
Delungra	\$7.54K
Gilgai	\$7.54K
Yetman	\$7.54K
Tingha	\$7.54K
Oakwood	\$1.12K
Bonshaw	\$1.12K
Graman	\$1.12K
Nullamanna	\$1.12K
Elsmore	\$1.12K
Stannifer	\$1.12K
Gum Flat	\$1.12K

GENERAL FUND GRAND TOTAL \$ 630.49K

WATER FUND TOTAL \$ 0K

2. That:

- i) the budget allocations of \$2.26M for the 2021/2022 ACRD Program be endorsed and a further report be presented to the Civil and Environmental Services Committee in respect of the funding allocations and individual works proposed to be undertaken under this program;
- ii) the budget allocations of the \$160K RMS Supplementary Block Grant Program be the subject of a further report to the Civil and Environmental Services Committee Meeting;
- iii) the budget allocation of \$1.402M for the 2021/2022 Roads to Recovery Program be endorsed and a further report be presented to the Civil and Environmental Services Committee in respect of the specific projects to be funded;
- iv) the budget allocation of \$2.970M for the 2021/2022 Block Grant Program be endorsed and a further report be presented to the Civil and Environmental Services Committee in respect of the specific projects to be funded; and

- v) *the budget allocation of \$544.99K for the RMS Repair Program be endorsed and a report on the projects for the RMS approved Repair Program for 2021/2022 be presented to the Civil and Environmental Services Committee once advice has been received.*

3. *That Council utilises the maximum permissible rate increase allowed by IPART of 2%.*

4. *That:*

- i) *Council provide an allocation of \$115K for joint industry promotions and assistance;*
- ii) *the following 2021/2022 Strategic Capital Infrastructure/Projects Program projects be endorsed:*
- *Inverell Swimming Pool Redevelopment \$ 515K*
- iii) *The budget allocation of \$341K for the 2021/2022 Special Projects – Roads Infrastructure Fund be endorsed;*
- iv) *A further report be presented to the Civil and Environment Committee in respect of the specific projects to be funded under the Special Projects – Roads Infrastructure Fund;*
- v) *the transfers to and from Internally Restricted Assets be endorsed; and*
- vi) *the list of inclusions as included in the 2021/2022 draft Operational Plan/Budget and listed in section 4.2.2 & 4.2.3 of the report be endorsed.*

5. *That:*

- i) *The following rating categories be utilised for the 2021/2022 rating year:*

Residential – Inverell

Residential – General

Residential – Ashford

Residential – Delungra

Residential – Gilgai

Residential – Yetman

Residential - Tingha

Residential – Rural

Business – Inverell Industrial/Commercial

Business – Other

Farmland

Mining

- ii) *A General Base Amount of \$225 plus an Ad Valorem Rate be determined for the categories detailed in above.*

6. *That the Interest Rate applicable to Outstanding Rates and Charges for 2021/2022 be set at the maximum allowable rate as advised by the Office of Local Government.*

7. *That the following Waste Management Charges be adopted:*

- | | | |
|-------|--|----------|
| i) | Waste Management Charge – All Properties | \$95.00 |
| ii) | Waste Management Charge – All Properties
(Tingha Boundary Adjustment) | \$95.00 |
| iii) | Domestic Waste Management - Occupied Charge: per service per assessment | \$350.00 |
| iv) | Domestic Waste Management - Occupied Charge
Tingha Boundary Adjustment – properties with 140lt garbage bin per service per assessment | \$350.00 |
| v) | Domestic Waste Management – Unoccupied Charge | \$65.00 |
| vi) | Weekly Commercial Waste Management Charge
(This Charge is levied per Service, and GST is charged if applicable) | \$350.00 |
| vii) | Weekly Commercial Recycling Charge (ex GST) | \$130.00 |
| viii) | Fortnightly Commercial Recycling Charge (ex GST)
(These Charge are levied per Service, and GST is charged if applicable) | \$70.00 |

8. *That the Fees and Charges, as recommended, be adopted.*9. *That:*

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

10. *That:*

- i) *the report on the balanced budget be noted;*
- ii) *the draft estimates (incorporating the Operational Plan and Long Term Financial Plans) for the General Activities for 2021/2022 be adopted and placed on public exhibition for a period of 28 days as required by Section 405 of the Local Government Act 1993.*

11. *That:*

- i) *the Sewerage Charges as listed below be adopted for 2021/2022:*

- | | | |
|---|--|-------------|
| • | Sewerage Charge Occupied | \$ 550.00 |
| • | Sewerage Charge Unoccupied | \$ 345.00 |
| • | Sewerage Charge Unoccupied
–Tingha
Boundary adjustment | \$ 345.00 |
| • | Sewerage Charge Flats/Units | \$ 345.00 |
| • | Sewerage Charge Nursing | \$ 2,585.00 |

- Homes
- Sewerage Charge
- Hotel/Licensed Clubs \$ 1,650.00

<i>Number of Services per Assessment</i>	<i>Annual Charge Per Assessment</i>
1	\$ 550.00
2	\$ 895.00
3	\$1,240.00
4	\$1,585.00
5	\$1,930.00
6	\$2,275.00
7	\$2,620.00
8	\$2,965.00
9	\$3,310.00
10	\$3,655.00
11	\$4,000.00
12	\$4,345.00
13	\$4,690.00
14	\$5,035.00
15	\$5,380.00

- Sewerage Non-Rateable Schools – WC's \$90.00 per receptacle
- Sewerage Non-Rateable Other – WC's \$150.00 per receptacle
- Sewerage Non-Rateable Urinals \$ 90.00 per receptacle

Charge Structure for Motels and Caravan Parks

In accordance with the new charge structure for Motels and Caravan Parks the following charges are proposed for 2021/2022:

- Motel Residence \$ 550.00
- Motel Restaurant \$ 550.00
- Motel Ensuite \$ 173.00
- Caravan Park Residence \$ 550.00
- Caravan Park Amenities \$1,650.00
- Block
- Caravan Park Ensuite \$ 173.00
- Cabins

- ii) *The Draft Estimates (incorporating Operational Plan) for the Sewerage Fund for 2021/2022 be adopted and placed on public exhibition for a period of 28 days as required by Section 405 of the Local Government Act 1993.*

12. That:

- i) *a water availability base charge of \$395.00 per assessment (Includes first water meter) be adopted for 2021/2022;*
- ii) *a water charge of \$395.00 per additional water meter, per assessment be adopted for 2021/2022;*
- iii) *a water charge of \$370.00 per assessment (includes first water meter) be adopted for properties within the Tingha Boundary Adjustment area for*

2021/2022;

- iv) a water charge of \$370.00 per additional water meter, per assessment be adopted for properties within the Tingha Boundary Adjustment area for 2021/2022;*
- v) a charge of \$1.72 per kilolitre be adopted for commercial water consumption for 2021/2022;*
- vi) a charge of \$1.72 per kilolitre, 0 to 600 kilolitres and \$2.00 per kilolitre over 600 kilolitres be adopted for residential water consumption for 2021/2022;*
- vii) a charge of \$0.90 per kilolitre be adopted for water consumption - Abattoirs, plus a 20 per cent early settlement discount for 2021/2022;*
- viii) a charge of \$0.90 per kilolitre be adopted for Community Facilities water consumption; Eligible entities include: Inverell Minor League, Inverell Golf Club, Inverell Tennis Club, Inverell Rugby Club, Gilgai Tennis Club, Inverell Equestrian Council and Inverell Shire Council (Sporting fields and Parks) for 2021/2022;*
- ix) a charge of \$0.44 per kilolitre be adopted for Raw Water consumption for 2021/2022; and*
- x) the draft Estimates (incorporating Operational Plan) for the Water Fund for 2021/2022 be adopted and placed on public exhibition for a period of 28 days as required by Section 405 of the Local Government Act, 1993.*

COMMENTARY:

Enclosed with this Business Paper is a copy of the draft 2021/2022 Operational Plan and Budget and Long Term Financial Plan.

The draft Operational Plan indicates the “major” actions which will be undertaken by Council during the financial year 2021/2022, and the draft Budget indicates how these activities will be funded.

1. Draft Operational Plan and Budget guiding principles

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

- (1) The sustainable provision of core Local Government Services and Infrastructure to the community.
- (2) Some votes have been reduced below the 2020/2021 level due to “special one off” expenditure being included in the votes in that year being excluded and also due to ongoing cost savings being identified.

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

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

(4) A “Balanced” Budget for all Activities is to be presented for consideration.

Under these principles, a “Balanced” and “Operationally Sound” budget is to be delivered to Council for consideration. This means that this budget document provides for the continuation of all Council’s existing programs and services at the existing service levels with no service cuts. No “Surplus Funds” have been identified for allocation later in 2021/2022 as needs arise, with all revenues being matched to expenditures to maintain the Budget in balance.

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

2. Factors Impacting the Budget:

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

- Rate pegging limit – IPART has advised Council of the maximum permissible increase. The draft estimates have been prepared on the basis of Council utilising the full 2% increase in the General Activities rate income for 2021/2022. This is consistent with Council’s Long Term Financial Plan. The 2% increase yields Council additional revenue of \$287K additional rate income to that which was raised in 2020/21. It is recommended that Council again take the maximum permissible increase allowed. Failure to do so will negatively impact Council’s sustainability.
- Fixed Cost increases in the General Fund of \$475K, Sewer Fund of \$7K and Water Fund of \$32K.
- The electricity costs included in the draft Budget are \$451K General Fund, \$705K Water Fund and \$151K Sewer Fund for a total of \$1.307M, being a small increase on previous years (due largely to Council’s energy efficiency and solar generation initiatives).
- Wage and salary increases averaging 2% (Local Government State Award increases effective 1 July, 2020), have been allowed for, including increases in respect of staff movements within Council’s Salary System. The Superannuation Guarantee Charge has been allowed for at the legislated 10%, an increase of 0.5%. It is a fact that each year the Award Increase in salaries and wages has exceeded the Rate Peg approved for all NSW Councils. The inadequate 2021/22 Rate Peg index only provided for a 2% increase in wage and salary costs for which they did not include an explanation in the rate peg determination.
- Insurance Premiums increased across the three (3) funds by \$99K or 12%.
- The Financial Assistance Grant has been included at \$4.28M, the ACRD Road Grant at \$2.26M, the Roads to Recovery Grant at \$1.4M, RMS Repair Program \$0.544M and the Regional Roads Block Grant at \$3.130M.
- The official Australia Cash Rate as set by the Reserve Bank (RBA) has remained at historic lows (0.10% at the time of writing this report), with no official rate increase since November 2010. These historically low interest rates have limited Council’s ability to generate interest revenue to offset Council’s works programs. The 2021/2022 budget has allocated \$394K in the General Fund, \$64K for the Water Fund and \$40K for the Sewer Fund. These allocations are down by \$341K, on the prior year 2020/2021 and down \$607K on 2019/2020 across the three funds. Most Economists, including Council’s investment advisor, Imperium Markets, and TCorp Local Government Services, have all indicated that interest rates will remain at these historic lows for the foreseeable future. Council’s Long term Financial Plan allows for additional reductions in interest revenue from 2022/23 of \$271K across the three funds.

- Cost shifting is now reported by Local Government New South Wales (LGNSW) to be costing councils 6% of their Total Annual Revenues (in the General Fund this equates to \$2.077M or a 14% Rate Increase). Cost Shifting occurs when Federal and State Governments transfer the costs of delivering services and infrastructure onto Local Government, without providing the funding to Local Government to fund the service and infrastructure delivery.

Accordingly, Council does not have the financial capacity to fund new services or any capital projects other than those detailed in the budget report in the General Fund 2021/2022 draft Budget. The Water and Sewer Fund (these funds are restricted in their use by legislation and cannot be utilised outside of these activities) continue to have the capacity to fund new services and capital projects on a priority basis; however, the major focuses within the Water and Sewerage Funds are asset management and asset renewal.

On a cash basis, the General Fund will return a cash surplus of \$1,601 Water Fund, a cash surplus of \$2,295 and Sewerage Fund a cash surplus of \$2,265 for a combined fund cash surplus of \$6,161.

3. 2021/2022 Budget Programs

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

3.1 Urban Works Program:

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

In previous years, it had been the practice of Council to allocate \$1.0M from the General Fund (funded directly from rates collected in the Inverell Residential and Business area) for certain works in the Asset Renewal and Upgrade Works in the Urban areas (Inverell and villages – the villages are subsidised by the Inverell residential ratepayers in respect of the Urban Works Program).

These works were carried out in the following areas:

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

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

The 2021/2022 budget continues to use this financial plan. However, it is noted that under the Long Term Financial Plan, the Urban works vote has increased by CPI each year to the current \$584K in 2021/2022. It is also noted that under the current Long Term Financial Plan the Urban Works Program will receive additional funding from 2022/23 to 2030/31 providing \$819K for the Urban works program in 2030/31.

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

- | | | |
|----|---|--------------------------------|
| A. | Inverell and Villages - Urban Renewal and Upgrade | \$538.15K per annum allocation |
| B. | Footpaths and Cycleway (PAMP) | \$46.8K per annum allocation |
| C. | Village Works – community suggested projects | \$45.54K per annum allocation |

The recurrent Urban Construction Budget allocation at \$584.95K represents only 4.1% of Council's 2021/2022 total Roads Budget and is 100% funded from the General Rates collected in the Inverell urban area.

It is recommended that the 2021/2022 Urban Works Program be allocated as follows:

A.	<u>Inverell and Villages - Urban Renewal and Upgrade</u>	<u>General Fund</u>	<u>Water Fund</u>
		\$538.15K	\$ 0K

Project subject to a further report to Civil and Environmental Committee

B.	<u>Footpaths and Cycleway Construction</u>	\$46.8K
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\$ for \$ Contribution to PAMP Program

(Subject to RMS approving the 2021/2022 Program)

C.	<u>Village Works – Community suggested projects</u>
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Ashford	\$	7.54K
Delungra	\$	7.54K
Gilgai	\$	7.54K
Yetman	\$	7.54K
Tingha	\$	7.54K
Oakwood	\$	1.12K
Bonshaw	\$	1.12K
Graman	\$	1.12K
Nullamanna	\$	1.12K
Elsmore	\$	1.12K
Stannifer	\$	1.12K
Gum Flat	\$	1.12K

GENERAL FUND GRAND TOTAL	\$ 630.49K
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WATER FUND TOTAL

\$ 0K

RECOMMENDATION:

That the following works be funded from the Urban Works Vote and be included in the 2021/2022 Budget:

i) *Inverell and Villages - Urban Renewal and Upgrade General Fund, Water Fund*

Project subject to a further report to Civil and Environmental Committee	\$538.15K	\$ 0K
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ii) *Footpaths and Cycleway Construction*

\$46.8K

\$ for \$ Contribution to PAMP Program

(Subject to RMS approving the 2020/2021 Program)

iii) *Village Works – Community suggested projects*

Ashford	\$7.54K
Delungra	\$7.54K
Gilgai	\$7.54K
Yetman	\$7.54K
Tingha	\$7.54K
Oakwood	\$1.12K
Bonshaw	\$1.12K
Graman	\$1.12K
Nullamanna	\$1.12K
Elsmore	\$1.12K
Stannifer	\$1.12K
Gum Flat	\$1.12K

GENERAL FUND GRAND TOTAL

\$630.49K

WATER FUND TOTAL

\$ 0K

3.2 2021/2022 Grant Funded Road Programs

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

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

The Financial Assistance Grant – Local Roads Component (Formerly ACRD) Grant is a Federal Government grant which provides approximately \$2.26M per year. The grant is not tied. However, Council has traditionally allocated the grant exclusively for expenditure on Rural and Urban Roads within the Shire. Council is one of the few Councils who continue to allocate this grant entirely to roads.

B. RMS Supplementary Block Grant Program

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

It is proposed that the allocation of these funds in 2021/2022 be the subject of a further report to the Civil and Environmental Services Committee once this review is completed.

C. Roads to Recovery Program

The allocation of funds for 2021/2022 will be \$1.402M. The works to be completed under this program require Federal Government approval in accordance with the program guidelines. The program as proposed for 2021/2022 being entirely on the Rural Local Road Network, despite 22.39% of the grant being provided on the basis of the Shire's urban population and road length (i.e. \$314K provided on the basis of the Shire's urban population and road length).

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

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

D. Block Grant Program – Regional Roads

Council will receive \$2.97M from NSW Roads and Maritime Services (RMS) Block Grant Program in 2021/2022 and \$544K from the RMS Repair Program for the carrying out of maintenance and improvement works on the regional road network. These funds cannot be expended outside of the regional road network and this program is subject to ongoing RMS audit.

A report on the projects for the Roads and Maritime Services approved Repair Program for 2021/2022 will be provided to the Civil and Environmental Services Committee once advice has been received in this matter.

The 2021/2022 Budget includes total income from these funding programs of \$7.335M.

In late 2009, Council adopted a new 10 Year Road Infrastructure Financial and Asset Management Plan and with its adoption it was determined that 2010/2011 would be a transition year and that 2011/2012 would be the first year that the full amended categorisation of works would be undertaken. Accordingly, the 2021/2022 budget continues to allocate expenditure in the same proportions as outlined in the 10 Year Road Infrastructure Financial and Asset Management Plan.

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

It is recommended that Council adopt the following budget allocations for 2021/2022 Grant Funded Roads Programs as per Table 1 below.

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

TABLE 1

2021/2022 GRANT FUNDED ROADS PROGRAMS

WORKS CATEGORY	DESCRIPTION	FUNDING SOURCE					TOTAL \$
		ACRD \$	BLOCK \$	BLOCK SUPP \$	R2R \$	REPAIR \$	
RESEALS	Regional Roads		435,630.00				435,630.00
	Repair Program Final Seals		102,865.00				102,865.00
	Urban	179,440.00					179,440.00
	Local/Rural	85,520.00			693,280.00		778,800.00
	Village	41,630.00					41,630.00
	Sub Total	306,590.00	538,495.00	-	693,280.00	-	1,538,365.00
GRAVEL RESHEETING	North	563,300.00					563,300.00
	South	567,440.00					567,440.00
	Sub Total	1,130,740.00	-	-	-	-	1,130,740.00
ROAD INFRASTRUCTURE	Other Programs		175,900.00				175,900.00
	Bitumen Renewal [#]	242,560.00	544,993.00	160,000.00	281,084.00	544,993.00	1,773,630.00
	Heavy Patching / Stabilisation		176,762.00		427,691.00		604,453.00
	Culverts/Causeways/Bridges						-
	Culverts - North	115,760.00					115,760.00
	Culverts - South	115,750.00					115,750.00
	Sub Total	474,070.00	897,655.00	160,000.00	708,775.00	544,993.00	2,785,493.00
OTHER PROGRAMS	Black Spot	24,670.00					24,670.00
	Environmental Works	5,610.00					5,610.00
	Traffic Facilities		161,200.00				161,200.00
	Pavement Mgt / Risk Management	27,240.00	15,530.00				42,770.00
	Sub Total	57,520.00	176,730.00	-	-	-	234,250.00
ROAD MAINTENANCE	Maintenance**	288,880.00	1,357,360.00				1,646,240.00
TOTALS		2,257,800.00	2,970,240.00	160,000.00	1,402,055.00	544,993.00	7,335,088.00

[#] Block Grant Bitumen Renewal is Councils matching allocation to the RMS Repair Program

^{**} Maintenance (Mtc) includes Shoulder Mtc, Bitumen Mtc, Roadside Growth Control, Roadside Furnishings, Structure Mtc, Gravel Patching, Grading, Heavy Patching

RECOMMENDATION:

That:

- i) the budget allocations of \$2.26M for the 2021/2022 ACRD Program be endorsed and a further report be presented to the Civil and Environmental Services Committee in respect of the funding allocations and individual works proposed to be undertaken under this program;
- ii) the budget allocations of the \$160K RMS Supplementary Block Grant Program be the subject of a further report to the Civil and Environmental Services Committee Meeting;
- iii) the budget allocation of \$1.402M for the 2021/2022 Roads to Recovery Program be endorsed and a further report be presented to the Civil and Environmental Services Committee in respect of the specific projects to be funded;
- iv) the budget allocation of \$2.970M for the 2021/2022 Block Grant Program be endorsed and a further report be presented to the Civil and Environmental Services Committee in respect of the specific projects to be funded; and
- v) the budget allocation of \$544.99K for the RMS Repair Program be endorsed and a report on the projects for the RMS approved Repair Program for 2021/2022 be presented to the Civil and Environmental Services Committee once advice has been received.

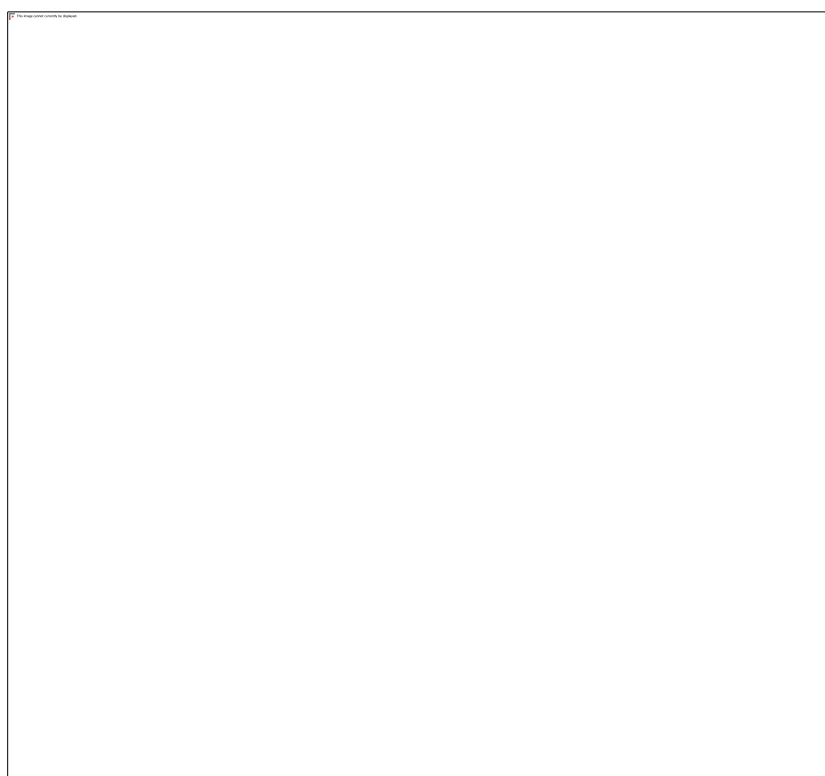
4. Revenue and Expenditure Matters**4.1 Revenue**

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

The key features of the 2021/2022 Budget are:

- A general rate increase allowable in terms of Section 506 of the Act (Ratepegging Section) for the 2021/2022 rating year is 2% and has been included to fund the increase in fixed costs in the General Fund. Revenue generated from levying the estimated maximum permissible increase of 2% is \$287K;
- Increases in Council's fixed cost, as detailed in Attachment 1 below, are funded;
- It's a continuation of the existing rating structure i.e. Base amount and an ad valorem rate;
- A base rate of \$225.00; and
- The maximum permissible rate increase enables Council to meet all the State Government required benchmarks at 30 June, 2022, and also place Council in a sound position to maintain its existing service and infrastructure levels, and continue to address the infrastructure backlog on its road network.

Failure to take the maximum increase allowed will impact negatively on Council's sustainability in future years. The following table illustrates the long term impact of not taking 2021/2022 rate peg increase of 2%. Council's budgeted revenue would decrease by \$287K in 2021/2022 increasing to \$357K in 2030/31. The accumulated loss in revenue over ten (10) years would be approximately \$3.2M.



RECOMMENDATION:

That Council utilises the maximum permissible rate increase allowed by IPART of 2%.

4.1.1 Interest Revenue

The official Australia Cash Rate as set by the Reserve Bank (RBA) has remained at historic lows of 0.10%. Actually, there has been no official rate increase since November 2010.

These historically low interest rates have limited Council's ability to generate additional interest revenue to offset Council's expenditure. Council's Long Term Financial Plan allows for existing deposits to be reinvested on maturity at an interest rate of 0.4%. Therefore the 2021/2022 budget allows for a reduction of \$341K in Interest Revenue, and thereafter reductions of \$225K from 2022/2023. Over a three year period from 2020/2021 to 2022/2023 interest revenue will decrease by \$832K across all three funds

These reductions have been funded from Council's Interest Equalisation Reserves and expenditure reductions in non-operational areas as shown in the following table.

INTEREST ON INVESTMENTS

			GENERAL FUND			
		PROJECT CODE	2019/2020 ORIGINAL BUDGETS	2020/2021 BUDGETS	2021/2022 BUDGETS Year 1	2022/2031 BUDGETS Years 2-10
2020/2021 (Year1)	Assumes portfolio of			42,000,000	38,000,000	34,000,000
	Budget		879,000	879,000	655,405	394,000
	Estimated Interest for 21/22 (Asumes interest rates = 0.4%)			655,405	394,000	197,900
	Shortfall			223,595	261,405	196,100
					485,000	681,100
	Suggested Funding					
	Strategic Capital Infrastructure Fund (SCIF)	141899	565,000	100,000	100,000	100,000
	Internal Restricted Assets (IRA)	162250		123,595	150,000	250,000
	Minor Community Infrastructure Assets	129381/ 129391	180,000		80,000	100,000
	Community Building Partnership Program	134325	60,000		60,000	60,000
	Industrial Development	148010	105,000		35,000	40,000
	Joint Industry Promotions	148070	150,000		35,000	35,000
	Receation/cultural Grants	160650	10,000		10,000	10,000
	Community Activities	134330	10,000		10,000	10,000
	Council Contribution to River Bank Clean Up	137369	25,000		5,000	5,000
	Financial Assistance Grant (blance of 2023 increase)	121000				24,100
	Special Projects - Roads	139433	347,880			47,000
	TOTAL				223,595	485,000

NB: First \$150K (General Fund) \$37K (Water Fund) and \$29K (Sewer) of EOFY savings will allocated to Investment Equalisation Reserve from 2021/2022 until interest rates improve

		WATER FUND			
	PROJECT CODE	2019/2020 ORIGINAL BUDGETS	2020/2021 BUDGETS	2021/2022 BUDGETS Year 1	2022/2031 BUDGETS Years 2-10
2020/2021 (Year1)	<i>Assumes portfolio of</i>		9,000,000	7,000,000	7,000,000
	Budget	125,000	125,000	125,000	64,000
	Estimated Interest for 21/22 (Assumes interest rates = 0.4%)		125,000	64,000	47,000
	Shortfall		-	61,000	17,000
				61,000	78,000
	Suggested Funding				
	Internal Restricted Assets (IRA)			30,000	17,000
	Additional Increase in annual charges of 1% IE: increase changes by 4% instead of the traditional 3%			31,000	61,000
	TOTAL		-	61,000	78,000

		SEWER FUND			
	PROJECT CODE	2019/2020 ORIGINAL BUDGETS	2020/2021 BUDGETS	2021/2022 BUDGETS Year 1	2022/2031 BUDGETS Years 2-10
2020/2021 (Year1)	<i>Assumes portfolio of</i>		7,000,000	5,000,000	5,000,000
	Budget	101,000	101,000	58,750	40,000
	Estimated Interest for 21/22 (Assumes interest rates = 0.4%)		58,750	40,000	28,500
	Shortfall		42,250	18,750	11,500
				61,000	72,500
	Suggested Funding				
	Internal Restricted Assets (IRA)		42,250	40,000	12,000
	Additional Increase in annual charges of 1% IE: increase changes by 4% instead of the traditional 3%			21,000	60,500
	TOTAL		42,250	61,000	72,500

While reductions in Interest Revenue have not yet impacted on Council's operational expenditure and its ability to deliver services, it is worth noting that the above mentioned budget reductions will impact the funds made available for strategic projects which enhance and strengthen the Shire community economically, culturally and socially.

Most Economists, including Council's investment advisor, Imperium Markets, and Tcorp Local Government Services, have all indicated that interest rates will remain at these historic lows for the foreseeable future with further rate cuts not being ruled out. Further reductions in interest revenue will require cuts to operational budgets.

4.2 Expenditure

In respect of the core budget, a continuation of all Council's existing services and infrastructure levels are maintained for 2021/2022. That said, Council will still need to take actions to ensure it continues to be sustainable in the long term. It will also be required going forward, that Council continue to carefully consider the impact that any new project, infrastructure or initiative will have on Council's Operational Budget. While Council has been able to absorb a range of cost increases in the past due to cost savings realised as a direct result of its operational efficiency and effectiveness program, this is now becoming very difficult. Council will be aware that in the General Fund, Council has now reached a point where only very minimal further energy costs savings will be possible. This has been an area where major cost savings have been realised through Council utilisation of solar energy systems and energy efficient lighting.

4.2.1 Increases in Council's Fixed Costs:

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

i) Insurance:

Council's insurances increased significantly over the last decade. The following costs are expected in 2021/2022.

BUDGET		2020/2021 \$	2021/2022 \$	VARIANCE Increase/(Decrease) \$
Property Insurance	General Fund	499,450	565,570	66,120
	Water Fund	66,180	74,720	8,540
	Sewer Fund	35,420	40,540	5,120
Public Liability	General Fund	192,140	211,360	19,220
TOTALS		793,190	892,190	99,000

Note: As shown, Council's insurance costs are increasing by \$99,000. This increase reflects a general increase in insurance across Australia of approximately 12%. It is noted that the above table includes fleet insurance \$270,633 (up from \$243,650). Fleet insurance is funded by Council's Fleet Program.

ii) Legislative Compliance/State Government Charges:

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

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

	2019/2020 \$	2020/2021 \$	2021/2022 \$
EPA Licence	3,870	3,970	4,010
Environmental Monitoring	37,930	38,880	39,270
Environmental Works - Maintenance/Construction Programs	5,390	5,520	5,610
TOTALS	47,190	48,370	48,890

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

Council also pays a load-based license fee for discharge from the Sewerage Treatment Works of approximately \$102K per annum.

Council continues to pay the following substantial increase in State Government charges incurred over recent years which are paid from Council's limited General Revenues:

- Increase contribution to NSW Rural Fire Service	\$ 172K
- Increase in Flood Gauge Maintenance Costs	\$ 50K
- Increase in Audit Fees (includes Internal Audit)	\$ <u>52K</u>
TOTAL	\$ 274K

iii) Employment Costs – Combined Fund:

	General \$	Water \$	Sewer \$	TOTAL \$
Wages/Oncost	14,859,996	1,141,034	396,499	16,397,529
Superannuation	1,450,913	121,116	69,883	1,641,912
TOTAL 2021/2022	16,310,909	1,262,150	466,382	18,039,441
Wages/Oncost	14,553,254	1,145,269	384,953	16,083,476
Superannuation	1,372,866	112,654	76,352	1,561,872
TOTAL 2020/2021	15,926,120	1,257,923	461,305	17,645,348
Increase/(Decrease)	384,789	4,227	5,077	394,093

As shown above, the total net cost increase in employment costs for 2021/2022 will be \$394,093 across the three (3) funds with the legislated award increase being 2% plus a legislated superannuation increase of 0.5%. Superannuation rates will increase from 9.5% in 2020/2021 to 12% in 2025/2026. This legislative increase will have a cumulative impact of approximately \$200K on Council's 2025/2026 budget.

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

iv) Electricity

Electricity increases have now flattened out and reduced as a result of Council's energy efficiency initiatives. In the 2021/2022 Budget the following costs have been provided for in the Combined Fund:

BUDGET	2020/2021 \$	2021/2022 \$	VARIANCE Increase/(Decrease) \$
General Fund	455,810	451,410	(4,400)
Water Fund	686,000	705,000	19,000
Sewer Fund	154,200	150,600	(3,600)
TOTALS	1,296,010	1,307,010	11,000

Council's energy costs will increase by \$11,000 during 2021/2022 largely due to an increase in water pumping.

v) Contracts

The following Contract expenses are expected in 2021/2022.

BUDGET	2020/2021 \$	2021/2022 \$	VARIANCE Increase/(Decrease) \$
General Fund	963,360	973,250	9,890
Water Fund	10,800	10,800	0
Sewer Fund	5,300	5,300	0
TOTALS	979,460	989,350	9,890

The increase in contract costs relates primarily to CPI increases on existing contracts.

vi) Plant Charges

It is expected that Council's plant hire rates will need to be increased at 1 July, 2021 by 2.5%. It is noted that plant hire rates have only increased once in the last six years resulting in a significantly increased capacity to undertake works (rates would normally increase by 3% each year).

Summary

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

	\$
Insurance Premiums	99,000
Employment Costs	394,093
State Government Charges	520
Contracts	9,890
Electricity	11,000
TOTALS	514,503

4.2.2 Other Budget Increases/Decreases – Administrative and Other Programs:

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

	\$
Subs to LG Association	3,250
Pioneer Village	6,000
Donation in Lieu of Rates for Halls	5,000
Library - Telephone & Comp.	1,550
Contrib. to NSW SES Services	6,600
Internal Audit Fees	5,200
Valuation Fees	1,490
Aerodrome Inverell - Maintenance fees for AWIS	8,000
Election Expenses (funding over 4 years)	35,000
Capital Infrastructure Fund	20,000
Family & Domestic Violence Leave	(5,000)
Buildings/Facilities - Minor Upgrades	(2,530)
Risk Management Activities	(20,000)
Secretarial Salaries	(5,930)
Library - Postage & freight	(2,000)
Financial Services - Office Exps.	(4,000)
Grant - Street Lighting Subsidy	(4,580)
Cemetery Income	(12,100)
Caravan Park - Sundry Income	(10,000)
Clerks Certificates S.603	(3,000)
S68 Approval LG Act - GST Exempt	(4,000)
TOTALS	18,950

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

The Operational Plan and Budget provides for a continuation of Council's financial support of the Inverell Art Gallery, Pioneer Village, National Transport Museum, being the major cultural and tourism assets of the Shire. Tourism is worth \$60.7M p.a. to the Shire economy.

4.2.3 Existing Service Levels – Works and Maintenance Programs:

The 2021/2022 budget provides for all of Council's existing service levels to be met and for Council to renew its existing assets. This budget also provides for the infrastructure backlog to be removed over the next ten years and the majority of maintenance budgets have been increased by CPI – 2%.

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

	\$
Solar Lighting Maintenance on Footpaths/Roadways	10,000
Parks - Skate Park Tingha	5,000
Inverell Baths/Swim.Pool	55,000
Passive Park Ashford (APEX, cummingsham & 3 Mile Parks)	16,700
Off Road Recreational Circuit - Maintenance	10,000
Cemetery Beams	4,750
Ashford Baths/Swimming Pool - Major Maintenance	(30,000)
DCES - Maintenance Activity from Asset Mgt System	(25,540)
TOTALS	45,910

4.2.4 Industry Assistance and Promotion:

The 2021/2022 Operational Plan includes an allocation for the assistance and promotion of Business and Industry of \$115K. These funds may be utilised, subject to a resolution of Council, for works on Private Lands or for the provision of direct financial assistance to private individuals and businesses during 2021/2022.

4.2.5 Strategic Capital Infrastructure Fund

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

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

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

The 2021/2022 Budget allocates the \$515K to the following priority areas as matching funding for major Grant Funded Projects:

- Inverell Swimming Pool Redevelopment \$ 515K

4.2.6 Special Projects – Road Infrastructure Fund

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

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

It is proposed that the allocation of these funds in 2021/2022 be the subject of a further report to the Civil and Environmental Services Committee in respect of the funding allocations for individual works to be undertaken under this program.

4.2.7 Internally Restricted Assets (formerly Reserves) all Funds (IRA)

This Budget recommends \$4,166K be transferred from Internally Restricted Assets to fund specific capital expenditure items. That said further actual transfers will occur in the Water, Sewerage and Waste Funds as ongoing projects are completed.

The 2021/2022 budgeted transfers from reserves are:

Plant Purchases (funded from accumulated plant depreciation charges)	\$ 1,816K
Gravel Pit Restoration	\$ 90K
General Fund Interest Equalisation	\$ 150K
Economic Development / Growth Assets	\$ 2,040K
Water Fund Interest Equalisation	\$ 30K
Sewer Fund Interest Equalisation	\$ 40K

The level of transfers from the Waste Management (implementation of new Waste Strategy) Internally Restricted Assets are not known at this time, but will be substantial and subject of a separate report to Council as the information becomes available. The Waste Internally Restricted Assets balance at 30 June, 2021 is estimated to be \$4.817M; however, costs are currently being incurred in this area with the continued implementation of the Waste Strategy. These funds cannot be utilised for other Council purposes such as road works or other community infrastructure.

A table showing the Internally Restricted Assets and movements proposed by the Budget is shown in Attachment 6 of the 2021/2022 Operational Plan, with the balance at 30 June, 2022 expected to be \$24.3M (down from \$27.8M) in General Fund (dependent on the completion of Internally Restricted Funded Projects – see the Notes on Attachment 6 for details), \$7.3M in Water Fund and \$2.9M in Sewer Fund. The interest that accrues on these funds contributes substantially to the funding of Council's continuing Works Programs. As these funds reduce, so does the quantum of funds available to the annual Works Program.

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

RECOMMENDATION:*That:*

- i) *Council provide an allocation of \$115K for joint industry promotions and assistance;*
- ii) *the following 2021/2022 Strategic Capital Infrastructure/Projects Program projects be endorsed:*
 - *Inverell Swimming Pool Redevelopment \$ 515K*
- iii) *The budget allocation for \$341K for the 2021/2022 Special Projects – Roads Infrastructure Fund be endorsed;*
- iv) *A further report be presented to the Civil and Environment Committee in respect of the specific projects to be funding under the Special Projects – Roads Infrastructure Fund;*
- v) *the transfers to and from Internally Restricted Assets be endorsed;*
- vi) *the list of inclusions as included in the 2021/2022 draft Operational Plan/Budget and listed in section 4.2.2 & 4.2.3 of the report be endorsed.*

5 Rating Structure

The following matters regarding the rating structure are recommended for 2021/2022:

- The continuation of the existing rating structure, utilising a base amount and ad valorem rates.
- A base rate of \$225.00 (on 8584 Assessments, up from 8533 in 2020/2021, 8529 Assessments in 2019/2020, 7963 Assessments in 2018/2019, 7921 Assessments in 2017/2018, 7880 Assessments in 2016/2017, 7,851 – Rate base growth has been consistent but relatively limited over the last five (5) years). The increase in 2019/2020 largely represents the inclusion of properties from the Tingha Boundary Adjustment.

REVENUE RAISED FROM EACH CATEGORY:

When determining the distribution of the rate burden for the 2021/2022 rating year, the existing policy of collecting a certain percentage of rate revenue from each category is noted.

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

% OF REVENUE FROM CATEGORIES	
RESIDENTIAL	39.62%
BUSINESS	21.00%
RURAL RESIDENTIAL	7.32%
FARMLAND	32.06%
MINING	0.00%
	100.00%

In respect of distribution of the rate burden, it is advised that if the Council believes that additional funds should be expended in the rural area for example, then the percentage of rates collected from the rural area should increase as a percentage of the total rate burden (i.e. by more than the Rate Peg amount, with rates in other categories increasing by a lesser amount). The same would apply in respect of the urban area and each of the villages. Conversely, if the Council believes that additional funds should be expended in the villages, then the percentage of rates collected from the villages which are already subsidised should increase as a percentage of the total rate burden.

A summary of Council's proposed rating structure is shown below. The 2021/2022 total revenue shown below is subject to change should Council receive any further supplementary valuations changes from the Valuer General.

Category	2020/2021		2021/2022		2020/2021		2021/2022		2021/2022	
	No of Asses	Rateable Land Value \$	No of Asses	Rateable Land Value \$	Base Amount \$225	Advalorem \$	Total Revenue \$	Base Amount \$225	Advalorem \$	Total Revenue \$
Residential - Inverell	4176	276,902,761	4173	277,480,261	939,600.00	3,936,172.75	4,875,773	938,925.00	4,029,568.35	4,968,493
Residential - General	468	24,367,440	469	24,445,340	105,300.00	235,762.29	341,062	105,525.00	242,179.98	347,705
Residential - Ashford	254	3,102,720	253	3,090,720	57,150.00	86,143.92	143,294	56,925.00	89,158.00	146,083
Residential - Delungra	150	2,998,760	150	2,998,760	33,750.00	54,695.28	88,445	33,750.00	56,421.67	90,172
Residential - Gilgai	108	3,531,400	108	3,531,400	24,300.00	46,798.11	71,098	24,300.00	48,185.95	72,486
Residential - Yetman	66	906,180	66	906,180	14,850.00	23,383.07	38,233	14,850.00	24,127.04	38,977
Residential - Tingha	280	1,138,485	280	1,124,785	63,000.00	86,308.55	149,309	63,000.00	89,223.57	152,224
Residential Rural	980	125,617,360	981	125,709,960	220,500.00	831,272.88	1,051,773	220,725.00	853,130.64	1,073,856
Farmland	1508	1,218,431,512	1507	1,217,557,512	339,300.00	4,270,602.45	4,609,902	339,075.00	4,367,865.82	4,706,941
Business - Inverell	409	60,466,119	411	60,658,719	92,025.00	2,331,271.22	2,423,296	92,475.00	2,378,125.08	2,470,600
Industrial / Commercial	187	21,034,951	188	20,988,551	42,075.00	558,477.95	600,553	42,300.00	569,944.10	612,244
Business - Other	-	-	-	-	-	-	-	-	-	-
Mining	-	-	-	-	-	-	-	-	-	-
TOTALS	8586	1,738,497,688	8586	1,738,492,188	1,931,850.00	12,460,888.47	14,392,738	1,931,850.00	12,747,930.21	14,679,780
										29.80

RECOMMENDATION:

That:

i) *The following rating categories be utilised for the 2021/2022 rating year:*

Residential – Inverell

Residential – General

Residential – Ashford

Residential – Delungra

Residential – Gilgai

Residential – Yetman

Residential - Tingha

Residential – Rural

Business – Inverell Industrial/Commercial

Business – Other

Farmland

Mining

ii) *A General Base Amount of \$225 plus an Ad Valorem Rate be determined for the categories detailed in above.*

6 Interest Rate on Outstanding Rates and Charges

The maximum allowable Interest Rate applicable to outstanding rates and charges is set by the Office of Local Government. Council has historically applied the full maximum rate. At the time of writing this report the OLG have not advised Council of the maximum rate for 2021/2022. The current rate for 2020/2021 is 7.5%.

RECOMMENDATION:

The Interest Rate applicable to Outstanding Rates and Charges for 2021/2022 be the maximum allowable as advised by the Office of Local Government.

7 Waste Management Charges

Waste Management continues to be a significant issue for Council. It is recommended under Council's Long Term Financial Plan that the 2021/2022 waste charges increase as follows:

- Waste Management Charge increase to \$95.00 (was \$90.00) and levied on all ratable properties;
- Domestic Waste Management – Occupied Charge increase to \$350.00 (was \$340.00);

- Domestic Waste Management – Unoccupied Charge increase to \$65.00 (was \$60.00);
- Commercial Waste Management Charge increase to \$350.00 (was \$340.00) plus GST if applicable;
- Weekly Commercial Recycling Collection Charge increase to \$130.00 (was \$120.00); and
- Fortnightly Charge increase to \$70.00 (was \$65.00).
- Tingha Domestic Waste Management – Occupied Charge \$350.00 (was \$325.00) for ratepayers with 140 litre garbage bin; and
- Tingha Waste Management Charge \$95.00 (was \$75) and levied on all ratable properties.

This charge structure enables Council to fully meet its operational and legislative obligations in regard to its adopted Waste Management Strategy. This structure sees the cost burden for waste management equitably distributed across the entire Shire. The transfer to Internally Restricted Assets is estimated at \$360K, however, substantial costs will be incurred in 2021/2022 and beyond, in respect of the continuing implementation of Council's new Waste Management Strategy.

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

RECOMMENDATION:

That the following Waste Management Charges be adopted:

i)	Waste Management Charge – All Properties	\$ 95.00
ii)	Waste Management Charge – All Properties (Tingha Boundary Adjustment)	\$95.00
iii)	Domestic Waste Management - Occupied Charge: per service per assessment	\$350.00
iv)	Domestic Waste Management - Occupied Charge Tingha Boundary Adjustment – properties with 140lt garbage bin per service per assessment	\$350.00
v)	Domestic Waste Management – Unoccupied Charge	\$65.00
vi)	Weekly Commercial Waste Management Charge (This Charge is levied per Service, and GST is charged if applicable)	\$350.00
vii)	Weekly Commercial Recycling Charge (ex GST)	\$130.00
iv)	Fortnightly Commercial Recycling Charge (ex GST) (These Charge are levied per Service, and GST is charged if applicable)	\$70.00

8 Fees & Charges

Also included with the draft Budget are the proposed 2021/2022 Fees and Charges.

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

RECOMMENDATION:

That the Fees and Charges, as recommended, be adopted.

9 Stormwater Management Service Charge

The draft Budget as indicated in the Urban Works Program, proposes the continuation of a Stormwater Management Service Charge, the funding mechanism put in place for Councils outside of the National Yield Calculation by the State Government for the funding of Stormwater Management and Drainage Works in urban areas. The charge has, since its inception been applied to all land within the Inverell, Ashford, Delungra, Yetman and Gilgai urban areas that fall within the residential or business categories for rating purposes (except vacant land) to which stormwater services are provided. The charge has previously been set by Council at the maximum unit charge of \$25.00 for all residential properties (generates \$97,375) and business properties (generates \$9,625). While \$25.00 is the maximum charge for Residential Properties, the Regulation states for business properties that:

“The maximum annual charge for stormwater management services that may be levied in respect of a parcel of rateable land is, for land categorised as business, \$25.00 plus an additional \$25.00 for each 350 square metres or part of 350 square metres by which the area of the parcel of land exceeds 350 square metres”.

Staff undertook a review of business properties in the urban areas. This review indicated that of the 287 business properties within the urban area only 50 should be paying the \$25.00 charge and the remainder should be charged a higher amount under the regulation. The review also indicated, however, that if Council were to apply the full charges under the Regulation that some business properties would be paying a charge of up to \$2,100.00 per annum.

Noting Council's significant funding needs in respect of Stormwater Management and Drainage Services in the urban areas, and being mindful of the ability of ratepayers to pay, Council in 2015 resolved to implement the provisions of the Regulation in respect of business premises, but limit the maximum amount levied as follows:

- Businesses Stormwater Levy Maximum Total Levy 2015/2016 \$100.00;
- Businesses Stormwater Levy Maximum Total Levy 2016/2017 \$150.00; and
- Businesses Stormwater Levy Maximum Total Levy 2017/2018 and beyond \$200.00.

The current Stormwater Management Levy will generate the following amount:

- 2021/2022 \$146K (Residential \$105,400 and Business \$40,600).

It is recommended to raise \$146K from the charge in 2021/2022 to be utilised on the following projects:

- Gilgai Drainage Project \$146K (in accordance with Gilgai Drainage Upgrade Plan as adopted by Council – Park Street, Gilgai).

Once the Gilgai Drainage Project is complete, it is proposed to return to undertake additional works in the Inverell commercial and industrial areas.

RECOMMENDATION:

That:

- i) *the Stormwater Management Service Charge be set at the maximum amount allowable of \$25.00 per Residential Premises, \$12.50 per Residential Strata lot, and \$25.00 for Business Premises for each 350 square metres or additional part thereof, subject to a maximum charge on Business Premises of \$200.00; and*
- ii) *the funds raised by this charge be utilised to undertake drainage works at Park Street Gilgai in accordance with the adopted Gilgai Drainage Upgrade Plan*

10 Performance Benchmarks

The New South Wales Local Government has established a number of Sustainability Benchmarks to review the performance of Councils.

These indicators are used as financial health checks to monitor the operational liquidity (short term focus), fiscal responsibility (elected term focus) and financial sustainability (long term/intergenerational focus) of the Council. These ratios for the Combined Fund and the General Fund (detailed in the following table) are monitored by Council to ensure its long term financial sustainability.

The following tables indicated that Council will meet all of the performance benchmarks in the Combined Fund except for the Debt Service Cover Ratio and the Debt Service Ratio from 2026/2027. It is noted that Council will be debt free from 2026/2027 with all current loans being finalised during 2025.

Council's General Fund will meet all of the performance benchmarks except for the Own Source Revenue in 2021/2022 and Debt Service Cover Ratio and the Debt Service Ratio from 2026/2027.

Own Source Revenue is impacted by large increases in government grants during 2021/2022 for the construction of the Sh12/Tingha Bridge Roundabout.

GENERAL FUND ONLY

INDICATOR	BENCHMARK	ACTUALS								PROPOSED BUDGET									
		2014	2015	2016	2017	2018	2019	2020	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Debt Service Cover Ratio	Greater than 2	94.31	105.78	109.84	40.09	38.25	36.61	38.56	37.32	43.31	43.50	43.60	44.06	44.76	0.00	0.00	0.00	0.00	0.00
Own Source Operating Revenue Ratio	Greater than 60% average over 3 years	62.10%	56.54%	55.13%	54.28%	56.10%	60.84%	55.31%	53.53%	57.64%	60.28%	61.76%	61.84%	61.91%	61.98%	62.03%	62.09%	62.09%	62.15%
Operating Performance Ratio	Greater or equal to break even average over 3 years	0.01	0.05	0.19	0.22	0.21	0.18	0.14	0.03	0.01	0.01	0.01	0.01	0.02	0.02	0.02	0.03	0.03	0.03
Cash Expense Cover Ratio	Greater than or equal to 3 months	18.34	18.96	23.10	23.26	24.28	21.80	23.20	22.28	20.68	21.17	21.02	20.61	19.70	19.56	19.38	19.18	18.99	18.78
Building & Infrastructure Asset Renewal Ratio	Greater than 100% average over 3 years	106.10%	142.00%	143.06%	223.16%	167.55%	177.78%	130.86%	212.20%	143.94%	142.61%	153.37%	136.64%	155.56%	135.72%	141.31%	142.68%	145.08%	147.10%
Infrastructure Backlog Ratio	Less than 2%	8.66%	1.48%	1.46%	1.44%	1.08%	1.07%	1.22%	1.05%	0.90%	0.76%	0.65%	0.55%	0.49%	0.42%	0.35%	0.28%	0.22%	0.15%
Asset Maintenance Ratio	Greater than 100% average over 3 years	103.00%	101.00%	104.00%	106.00%	90.09%	98.78%	100.90%	102.50%	101.50%	102.00%	100.50%	100.50%	101.00%	101.50%	102.00%	102.00%	101.50%	101.00%
Real Operating Expenditure Per Capita Result	A decrease in Real Operating Expenditure per capita over time	1.3400	1.3600	1.1513	1.1578	1.1010	1.1524	1.1682	1.1557	1.2991	1.2129	1.1676	1.1540	1.1396	1.1304	1.1141	1.0987	1.0846	1.0707
Debt Service Ratio	Greater than 0% and less than or equal to 20% average over 3 years	0.00%	0.00%	0.94%	0.72%	0.75%	0.72%	0.73%	0.77%	0.67%	0.70%	0.70%	0.69%	0.67%	0.00%	0.00%	0.00%	0.00%	0.00%

Meets Benchmark	Does Not Meet Benchmark
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COMBINED FUND (GENERAL, WATER & SEWER)

RATIO	BENCHMARK	ACTUALS							CURRENT BUDGET	PROPOSED BUDGET									
		2014	2015	2016	2017	2018	2019	2020		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Debt Service Cover Ratio	Greater than 2	16.40	25.28	24.49	19.29	18.88	18.29	14.84	14.84	17.34	19.18	27.18	31.41	56.44	0.00	0.00	0.00	0.00	0.00
Own Source Operating Revenue Ratio	Greater than 60% average over 3 years	68.50%	62.83%	62.51%	61.28%	63.57%	66.78%	62.00%	61.07%	65.41%	67.88%	69.25%	69.32%	69.40%	69.47%	69.51%	69.57%	69.57%	69.63%
Operating Performance Ratio	Greater or equal to break even average over 3 years	0.03	0.07	0.19	0.20	0.18	0.14	0.11	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.02	0.03	0.03
Cash Expense Cover Ratio	Greater than or equal to 3 months	20.05	20.68	24.77	25.14	26.60	22.71	25.13	25.13	23.75	24.08	23.96	23.50	22.76	22.52	22.26	21.96	21.67	21.36
Building & Infrastructure Asset Renewal Ratio	Greater than 100% average over 3 years	106.13%	67.40%	186.07%	192.22%	115.27%	152.66%	93.92%	163.73%	128.88%	128.76%	138.60%	126.88%	142.63%	128.42%	132.86%	134.25%	136.36%	138.23%
Infrastructure Backlog Ratio	Less than 2%	6.21%	1.10%	1.09%	1.10%	0.86%	0.84%	1.00%	0.86%	0.74%	0.63%	0.54%	0.46%	0.40%	0.34%	0.29%	0.23%	0.18%	0.12%
Asset Maintenance Ratio	Greater than 100% average over 3 years	103.00%	101.00%	103.00%	106.16%	94.05%	100.53%	100.82%	101.50%	101.50%	102.00%	100.50%	100.50%	101.00%	101.50%	102.00%	102.00%	101.50%	101.00%
Real Operating Expenditure Per Capita Result	A decrease in Real Operating Expenditure per capita over time	1.6600	1.6390	1.4358	1.4684	1.4403	1.5610	1.5142	1.4910	1.6269	1.5347	1.4842	1.4668	1.4491	1.4357	1.4154	1.3961	1.3781	1.3603
Debt Service Ratio	Greater than 0% and less than or equal to 20% average over 3 years	2.00%	1.00%	1.63%	1.85%	1.89%	1.78%	2.24%	1.92%	1.70%	1.59%	1.13%	0.96%	0.53%	0.00%	0.00%	0.00%	0.00%	0.00%

Meets Benchmark	Does Not Meet Benchmark
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11 Summary

An operationally sound draft Budget has again been delivered for 2021/2022 in the General Fund.

The following matters are highlighted:

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

RECOMMENDATION:

That:

- the report on the balanced budget be noted;*
- the draft estimates (incorporating the Operational Plan and Long Term Financial Plans) for the General Activities for 2021/2022 be adopted and placed on public exhibition for a period of 28 days as required by Section 405 of the Local Government Act 1993.*

ASSET MANAGEMENT PLANNING:

Council staff completed Council's Road Infrastructure Asset Management Plans in 2015. The plans have been informed by the Roads Asset Infrastructure Data capture which was conducted in 2015. These plans were updated as part of the 2020 Road Infrastructure Revaluation.

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

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

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

Swimming Pool Redevelopment

Councillors' attention is drawn to the proposed actions to be undertaken during 2022/23 in respect of the redevelopment of the Inverell Pool Complex. Council has established a working group to conduct a scoping study for this project. The working group has inspected a number of facilities that have recently been redeveloped to gauge the best ideas/materials/techniques for this type of infrastructure upgrade. The working group will present a scoping report to Council in the near

future. Due to the uncertainty of the project scope no specific provisions for the redevelopment have been included within the Long Term Financial Plan. However, if Council approves the carrying out of the works it will be noted that a “cocktail” of funding sources would be required for the quantum of funds expected to be required for the works. The funding sources will include:

- Revenue – Strategic Capital Infrastructure Fund and Urban Works Programs;
- Internally Restricted Assets;
- Loan Funds; and
- Grant Funding.

12 Sewerage Activities

This activity’s budget is based on:

- i) a “Balanced” Budget,
- ii) A 5% - 5.43% increase in sewerage charges for 2021/2022. Sewer charges did not increase for three years during the implementation of Council’s Special Rate Variation. The Fund will still maintain significant funds to fund the substantial major Asset Renewal and Upgrade Works being undertaken.
- iii) To minimise the impact on ratepayers within the Tingha Boundary Adjustment, Council adopted during 2019/2020 to implement a transitional phase in period of three years on some annual sewerage charges. All sewer charges from 2021/2022 across the shire are now uniform with the Sewerage Charge – Unoccupied being the last charge to transition to the full rate.

Sewerage Charge – Un-Occupied	\$345.00 (was \$270 or 37% increase)
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Sewerage Fund has been categorised as a Category 1 Business Activity in the draft Operational Plan to comply with the requirements of the National Competition Policy and the COAG Agreement. It is a requirement of the COAG Agreement that Council’s Sewerage Operations financially break-even at a minimum, after the depreciation of sewerage assets is brought to account.

Capital works totalling \$838K are proposed in the draft Budget, funded from revenue. A breakdown of these works can be found in Attachment 5 of Council’s Draft operation Plan.

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

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

RECOMMENDATION:*That:*

i) *the Sewerage Charges as listed below be adopted for 2021/2022:*

- *Sewerage Charge Occupied* \$ 550.00
- *Sewerage Charge Unoccupied* \$ 345.00
- *Sewerage Charge Unoccupied – Tingha Boundary Adjustment* \$ 345.00
- *Sewerage Charge Flats/Units* \$ 345.00
- *Sewerage Charge Nursing Homes* \$ 2585.00
- *Sewerage Charge Hotel/Licensed Clubs* \$ 1650.00

Number of Services per Assessment Annual Charge Per Assessment

<i>1</i>	<i>\$ 550.00</i>
<i>2</i>	<i>\$ 895.00</i>
<i>3</i>	<i>\$1,240.00</i>
<i>4</i>	<i>\$1,585.00</i>
<i>5</i>	<i>\$1,930.00</i>
<i>6</i>	<i>\$2,275.00</i>
<i>7</i>	<i>\$2,620.00</i>
<i>8</i>	<i>\$2,965.00</i>
<i>9</i>	<i>\$3,310.00</i>
<i>10</i>	<i>\$3,655.00</i>
<i>11</i>	<i>\$4,000.00</i>
<i>12</i>	<i>\$4,345.00</i>
<i>13</i>	<i>\$4,690.00</i>
<i>14</i>	<i>\$5,035.00</i>
<i>15</i>	<i>\$5,380.00</i>
• <i>Sewerage Non-Rateable Schools – WC's</i>	<i>\$90.00 per receptacle</i>
• <i>Sewerage Non-Rateable Other – WC's</i>	<i>\$150.00 per receptacle</i>
• <i>Sewerage Non-Rateable Urinals</i>	<i>\$90.00 per receptacle</i>

Charge Structure for Motels and Caravan Parks

In accordance with the new charge structure for Motels and Caravan Parks the following charges are proposed for 2021/2022:

- Motel Residence \$ 550.00
- Motel Restaurant \$ 550.00
- Motel Ensuite \$ 173.00
- Caravan Park Residence \$ 550.00
- Caravan Park Amenities Block \$1,650.00
- Caravan Park Ensuite Cabins \$ 173.00

ii) *The Draft Estimates (incorporating Operational Plan) for the Sewerage Fund for 2021/2022 be adopted and placed on public exhibition for a period of 28 days as required by Section 405 of the Local Government Act 1993.*

13 Water Activities

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

- a) a "Balanced" Budget;
- b) A 3% increase in the availability base charge of \$395.00 per assessment (includes first water meter);
- c) To minimise the impact on ratepayers within the Tingha Boundary Adjustment area Council adopted in 2019/2020 to implement a transitional phase in period, three years, and set the annual water access charges at \$370.00 (10.71% increase);
- d) a commercial water consumption charge of \$1.72 per kilolitre;
- e) an Abattoirs water consumption charge of \$0.90 per kilolitre; less 20% early settlement discount; and
- f) a water consumption charge for Community Facilities of \$0.90 per kilolitre; Eligible entities include: Inverell Minor League, Inverell Golf Club, Inverell Tennis Club, Inverell Rugby Club, Gilgai Tennis Club, Inverell Equestrian Council and Inverell Shire Council (Sporting fields and Parks);

Note: This change is a continuation of the position of Council adopted in response to requests for assistance by sporting groups (Ref: Res 2019/127)

- g) a "stepped tariff" residential water consumption charge of:
 - \$1.72 per kilolitre 0 to 600 kl annual consumption.
 - \$2.00 per kilolitre over 600 kl annual consumption; and
- h) a raw water charge of \$0.44 per kilolitre.

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

Council will be aware that the Water Consumption Charge did not increase over the six (6) year period to 2010/2011. The proposed Water Consumption Charge at \$1.72 for 2021/2022 is 34% below the 2015/2016 NSW median charge of \$2.30 per kilolitre.

Capital works totalling \$1.504M are proposed in the draft Budget, funded from revenue. A breakdown of these works can be found in Attachment 5 of Council's Draft Operational Plan.

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

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

RECOMMENDATION:

That:

- i) a water availability base charge of \$395.00 per assessment (Includes first water meter) be adopted for 2021/2022;*
- ii) a water charge of \$395.00 per additional water meter, per assessment be adopted for 2021/2022;*
- iii) a water charge of \$370.00 per assessment (includes first water meter) be adopted for properties within the Tingha Boundary Adjustment area for 2021/2022;*
- iv) a water charge of \$370.00 per additional water meter, per assessment be adopted for properties within the Tingha Boundary Adjustment area for 2021/2022;*
- v) a charge of \$1.72 per kilolitre be adopted for commercial water consumption for 2021/2022;*
- vi) a charge of \$1.72 per kilolitre, 0 to 600 kilolitres and \$2.00 per kilolitre over 600 kilolitres be adopted for residential water consumption for 2021/2022;*
- vii) a charge of \$0.90 per kilolitre be adopted for water consumption - Abattoirs, plus a 20 per cent early settlement discount for 2021/2022;*
- viii) a charge of \$0.90 per kilolitre be adopted for Community Facilities water consumption; Eligible entities include: Inverell Minor League, Inverell Golf Club, Inverell Tennis Club, Inverell Rugby Club, Gilgai Tennis Club, Inverell Equestrian Council and Inverell Shire Council (Sporting fields and Parks).*
- ix) a charge of \$0.44 per kilolitre be adopted for Raw Water consumption for 2021/2022; and*
- x) the draft Estimates (incorporating Operational Plan) for the Water Fund for 2021/2022 be adopted and placed on public exhibition for a period of 28 days as required by Section 405 of the Local Government Act, 1993.*

RISK ASSESSMENT:

There are many risks pertaining to budgeting including accurate cost estimates, revenue estimates and aligning capital works projects with asset management plans.

POLICY IMPLICATIONS:

Nil

CHIEF FINANCIAL OFFICERS COMMENT:

All operations, services and infrastructure projects have been identified and costed within the Draft Budget 2021/2022.

LEGAL IMPLICATIONS:

Public exhibition inviting submissions is required in accordance with Sections 404 and 405 of the Local Government Act.

ATTACHMENTS:

Nil

4.2 REQUEST TO CLOSE COUNCIL ROAD - RAINGERS ROAD, MOUNT RUSSELL**File Number:** S28.22.1/14 / 21/11812**Author:** Sally Williams, Corporate Support Officer - Governance**SUMMARY:**

Council provided in principle support to commence actions to close the Council road, Raingers Road, Mount Russell under the *Roads Act 1993* which involved a 28 day notification and public submission period. The public submission period closed on Thursday, 18 March 2021 in which two submissions were made by neighbouring landholders; one being in support and one being an objection. The Committee is asked to consider all submissions and recommend if the road closure should proceed or cease.

RECOMMENDATION:

A matter for the Committee.

COMMENTARY:

Council received a request in June 2020 to close and purchase Raingers Road, Mount Russell which adjoins the applicant's property "Russell Park", 711 Mount Russell Road. It was previously advised that Raingers Road is not exclusive access to any property, is not reasonably required as a road for public use or to provide continuity to the road network.

The following submissions were received:

1. An adjoining landholder (property outlined in green on attached map) objected to the proposed closure for the following reasons:
 - The road allows access to the back of their property to Delungra/Mount Russell Road;
 - The value of their property would be affected as at present it could be subdivided into two parcels with access to the northern parcel being from Raingers Road.

Council's Planning Department indicated that without a DA being submitted for the subdivision of the objector's property, it is difficult to distinguish its suitability for subdivision. In principle, the objectors have sufficient area to consider subdivision; however there is no guarantee that it would be approved.

2. Another adjoining landholder (property outlined in blue on attached map) supported the road closure as it would increase safety and assist to mitigate biosecurity risks to their property.
3. No notifiable authorities objected to the closure; however it was noted by Essential Energy that existing powerlines are located on the parcel and therefore are covered by Section 53 under the *Electricity Supply Act 1995*. This states in brief that the site must remain accessible to the supplier for maintenance and that the landholder must not tamper with infrastructure or take action against the supplier.

Submissions received by adjoining landholders have been sent to Councillors under separate cover. Submissions received by notifiable authorities are attached.

RISK ASSESSMENT:

If Council proceeds to close Raingers Road, Mount Russell, Council may receive negative implications from the objecting landholder. Objections may require negotiation and could be referred to the Land and Environment Court during the 60 day appeal after the publishing of the gazette road closure notice.

POLICY IMPLICATIONS:

Nil

CHIEF FINANCIAL OFFICERS COMMENT:

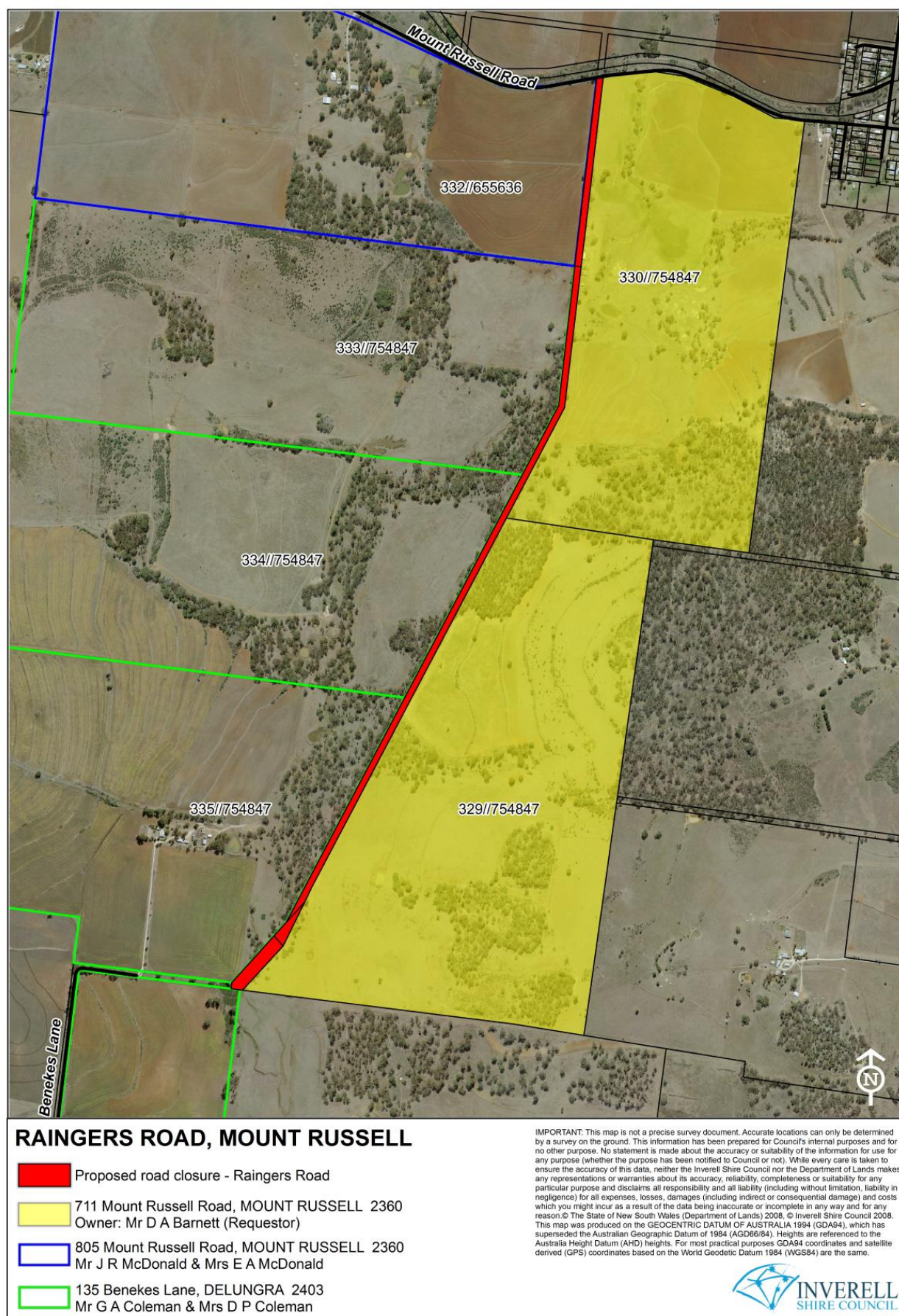
If proceeding, associated costs of the road closure such as surveyor and solicitor fees are to be billed to the applicant. Applicant will be requested to provide a fair and reasonable offer for Council's consideration if recommended to proceed.

LEGAL IMPLICATIONS:

Roads Act 1993

ATTACHMENTS:

1. Road Closure Proposal Map - Raingers Road, Mount Russell
2. Notifiable Authority - Essential Energy - No Objection with Conditions
3. Notifiable Authority - DPIE - No Objection



Sally L. Williams

From: Road Closures <roadclosures@essentialenergy.com.au>
Sent: Wednesday, 17 February 2021 3:09 PM
To: Sally L. Williams
Subject: RE: Raingers Road Closure - Inverell Shire

Follow Up Flag: Follow up
Flag Status: Flagged

Further to your below letter.

Essential Energy has no objections to the proposal, however existing powerlines are in existence built in 1930 therefore we are covered by Section 53 under the Electricity Supply Act 1995.

If you have any questions, please do not hesitate to contact me.

Rebecca Edwards
Property Enquiry Officer
Governance and Corporate Services



T: 02 6589 8050 | rebecca.edwards@essentialenergy.com.au
PO Box 5730 Port Macquarie NSW 2444 | essentialenergy.com.au
General enquiries: 13 23 91 | Supply interruptions (24hr): 13 20 80

From: Sally L. Williams
Sent: Monday, 15 February 2021 1:01 PM
To: Road Closures
Subject: Raingers Road Closure - Inverell Shire

WARNING: Do not click links or open attachments unless you recognise the source of the email and know the contents are safe.

Good Afternoon

Please find attached notification and mapping for the proposed closure of a Council public road, being Raingers Road, Mount Russell; adjoining lots 329-330 DP 754847. Council intends to vest this portion of road to Council upon closure for the purpose of sale to an adjoining land holder.

Under Section 38B of the *Roads Act 1993*, Council is required to inform all notifiable authorities including Essential Energy and allow for comment. Please advise of any issues or objections by 4:30pm, Thursday 18th March, 2021.

If you require any further information, please feel free to contact me.

Kind regards,

Sally Williams



PO Box 2215, DANGAR NSW 2309
Phone: 1300 886 235 (Option 2)
Fax: (02) 4925 3517
roads.newcastle@crowland.nsw.gov.au
www.crowland.nsw.gov.au

23/02/2021

Inverell Shire Council
Attn: Sally Williams

Via email: council@inverell.nsw.gov.au

Road: Raingers Road, Mount Russell
Your ref: s28.22.1/14 | **Our ref:** 19/00787#01

RE: Inverell Shire Council – Notification of proposal to close council public road

Dear Sally

Thank you for providing notice of the proposal to close a council public road.

NSW Department of Planning, Industry & Environment – Crown Lands (the department) does not object to:

- the closure of the council public road
- the proposed vesting upon closure.

General enquiries about this submission may be directed to the Crown Lands Business Centre at council.roadclosures@crowland.nsw.gov.au.

Kind regards

Carolyn Connell
Senior Business Centre Officer
NSW Department of Planning, Industry & Environment – Crown Lands

4.3 RIVERSIDE RESTAURANT - LEASE**File Number:** S5.10.93 / 21/12030**Author:** Kristy Paton, Corporate Support Officer - Publishing**SUMMARY:**

A confidential report has been prepared on the matter of the lease for the Riverside Restaurant. The Committee is requested to consider this report.

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*.

5 INFORMATION REPORTS

5.1 SUMMARY OF ARTS NORTH WEST SUPPORT OF ARTS AND CULTURAL ACTIVITY 2020

File Number: S26.5.4 / 21/10608

Author: Kristy Paton, Corporate Support Officer - Publishing

SUMMARY:

Council is in receipt of a letter from Arts North West providing a summary of support provided for Arts and Cultural Activity in 2020.

COMMENTARY:

Council is in receipt of a letter from Caroline Downer, the Executive Director and Anna Watt, Chair of Arts North West. The letter provides a summary of the events held in the Inverell Shire along with the supported activities for 2020. In April 2019, Council resolved to renew its membership of Arts North West for a further 3 years (RES-24/19-D5) and contributed \$12,784.58 for the 2020/2021 membership.

The following specific events held in the Inverell Shire in 2020 were:

- Committees: Inverell Arts In Health Working Group;
- Professional Development Workshops: Monica Davidson Pitchface, Online marketplace, Australia Council for the Arts Leadership Seminar;
- E-resources developed: Grant writing tips (10 video animation episodes), *Gift of the Gab*, *The Arts Marketer's Handbook: A simple guide to creative promotion*, *How to Pitch*;
- Art Word Place exhibition in Canberra;
- Art and [not] about – one-on-one advice sessions
- Aboriginal Cultural Support Program – Aboriginal Cultural Awareness Workshop, *Yinaar*, *Yesterday Today Tomorrow Exhibition*, *Indigenous Visual Arts Industry Support*
- ANW Connect (new website) included online marketplace
- Pocket Productions – *Country Witches Association (Inverell, Bonshaw)*
- Community Projects - *The Panorama Project*, *Captain Isobolt*
- ANW Micro Grants: Alex Robson, Stephanie Marshall, Art Life Studio

In 2021 the following projects will be continuing:

- Panorama Project - Travelling exhibition of nearly 200 sketchbooks from people across the NENW;
- Captain Isobolt - Collaborative short video project involving community theatre practitioners. A 5-episode series that uses humour to explore the "Great COVID Crisis of 2020";
- IVAIS - Provides support for Aboriginal Arts and Cultural development in the NENW. Includes an Aboriginal-led two-year program of events including exhibitions, art fairs, professional and skills development through mentoring and workshops, online resource development and networking opportunities.

There are also some new initiatives commencing in 2021:

- Creative Champions,
- In the Museum, and
- Snapshot.

Arts North West has advised Council's contribution for the 2021/2022 financial year will be \$13,040.27 (exc. GST).

A copy of the letter is attached.

ATTACHMENTS:

- 1. Letter - Annual Contribution to Arts North West - 2021/2022**



Paul Henry
Inverell Shire Council
PO Box 138
Inverell NSW 2360

5 February 2021

Dear Paul,

Re: Annual Contribution to Arts North West 2021-2022

To recap on 2020, please find enclosed a summary of Arts North West's support of arts and cultural activity in your area.

In 2021, we are continuing several projects:

1. *Panorama Project* - Travelling exhibition of nearly 200 sketchbooks from people across the NENW;
2. *Captain Isobolt* - Collaborative short video project involving community theatre practitioners. A 5-episode series that uses humour to explore the "Great COVID Crisis of 2020";
3. *IVAIS* - Provides support for Aboriginal arts and cultural development in the NENW. Includes an Aboriginal-led two-year program of events including exhibitions, art fairs, professional and skills development through mentoring and workshops, online resource development and networking opportunities.

In addition, we have some exciting new initiatives through the Arts Restart Funding from Create NSW which are being distributed through the region:

Creative Champions - From March until May, your area will have a dedicated "Creative Champion" who will seek out professional or advanced visual and performing artists, writers, designers, technicians, and community arts workers. The Creative Champion will assist them to enhance their resumes, bios and portfolios in the process of linking them to the Arts North West Connect regional registry of arts workers in the New England North West.

In the Museum - Five artist residencies are being offered at volunteer-run, historical museums in communities across the NENW. Artists will embed themselves within the museums for an intensive period between March-May 2021 and collaborate with staff to conclude their residency with a community workshop or public presentation of works created in response to their tenure at the museum.

Snapshot - Commencing in March 2021 and running for 12 months, the Snapshot Project will develop a young photographer in each LGA. Your local Snapshot photographer will photograph arts and cultural events throughout the year and participate in other assignments such as assisting local artists with portfolio images. They will also participate in a photojournalism workshop and have a curated collection of their works exhibited in November. Images will be used by ANW on our web sites and social media and will be shared with local councils and tourism.

Arts North West acknowledges Aboriginal people as the traditional custodians of the lands we work on; we recognise the strength, resilience and capacity of Aboriginal people and respect the Aboriginal Elders past and present. Arts North West is assisted by the NSW Government through Create NSW and the partnership of 12 local government authorities in the New England North West



PO Box 801 Glen Innes NSW 2370 Cnr Bourke Street and East Avenue, Glen Innes 2370
t: 02 6732 4988 • m: 0428 042 622 • e: office@artsnw.com.au • artsnw.com.au • fb.com/artsnw • @artsnorthwest • ABN 13 294 582 557

We will continue to deliver our key professional development workshops and networking events, one-on-one professional advice, as well as support to LGAs in any arts and culture policy development.

More information about Arts North West, our projects and programs, and arts in our region is available on our web sites. Our Arts North West site (www.artsnw.com.au) is a valuable repository of news and resources. ANW Connect (www.artsnwconnect.com.au) has had a recent revamp and is becoming a comprehensive local directory of artists, venues and events throughout the region and can be a valuable tool for cultural tourism in your area.

We are aware that our member councils are compiling their Operational Plan and Budget for 2021/2022. To assist with this, Inverell Shire Council's contribution to Arts North West for the upcoming year will be \$13,040.27.

Arts North West looks forward to working with your Council in the year ahead to continue building community cultural capacity and generating creative opportunities in your Local Government Area and across our region. Our AGM will be held in Glen Innes on Friday 21 May. Caroline is also happy to present to your Council about ANW's support and opportunities to work together, if this is something you would like to pursue please send an email advising.

Yours sincerely,



Caroline Downer, OAM
Executive Director
Arts North West
rado@artsnw.com.au



Anna Watt
Chair
Arts North West

5.2 MOBILE BLACK SPOT PROGRAM**File Number:** S10.12.2/14 / 21/10880**Author:** Kristy Paton, Corporate Support Officer - Publishing**SUMMARY:**

Council is in receipt of correspondence received from the Hon. Barnaby Joyce, MP, providing an update on representations he made for consideration on Mobile Phone Black Spots in the Inverell Shire.

COMMENTARY:

In December, 2020 Mr Joyce wrote to Council advising that applications for Round 5A of the Mobile Phone Black Spot Program were open and requested details on specific priority locations within Council's LGA with strong community calls for mobile phone services. The following location was provided to Mr Joyce:

'Kruiapple', 15kms south of Yetman (on Main Road 63, Yetman Road, Yetman).

Applications for Round 5A closed 10 February, 2021.

Following on from his December 2020 letter, Mr Joyce has written to Council to provide an update on the representations he made to Telstra, Optus, TPG Telecom and the Minister for Communications, Cyber Safety and the Arts the Hon. Paul Fletcher MP. Mr Joyce has received a reply from Mr Mike Marom, the Northern NSW Regional Manager, Telstra Retail and Regional Australia advising the areas identified by Councils in the New England have been included in Telstra's register for consideration under current and future rounds of the Mobile Black Spot Program.

Mr Joyce will provide further updates as they become available.

ATTACHMENTS:

Nil

5.3 UPDATE ON CROWN LAND MANAGED BY COUNCIL**File Number:** S5.19.1 / 21/11889**Author:** Sally Williams, Corporate Support Officer - Governance**SUMMARY:**

Crown Lands contacted Council to advise of an oversight on their behalf which had lead to a number of Crown Reserves being delayed in the transfer to Inverell Shire Council as Crown Land Managers. This report stipulates recent progresses that have occurred for reserves transferred to Council as well as tasks that will be undertaken.

COMMENTARY:

Crown Lands have advised that categorisation and purposes of reserves previously reported and approved by the Committee must align with original gazetted purposes. Written notice of assigned categorisation has been amended to reflect the requirements and has been provided to Crown Lands for approval.

Throughout this report, reserves with developed draft plans of management (PoM) are highlighted in red text. These draft plans of management will be reported to Council once confirmation of categorisation is provided by Crown Lands.

Crown Reserves Transferred to Inverell Shire Council as Land Manager

Reserve/ Dedication	Reserve Description	Committee Supported Purpose/ Categorisation	Crown Lands Required Purpose/ Categorisation
R51381	Graman Sportsground	Racecourse; Recreation Facilities – General Community Use (GCU)	Public Recreation; Racecourse – GCU
R53425	Little Plain Monument Site	Resting Place – GCU	Monument – GCU
R62944	Ashford Public Recreation Reserve (Frazers Creek Riverflat)	Community Purposes – GCU	Public Recreation – GCU
R88647	Delungra Park	Community Purposes – GCU	Public Recreation - Park
R35730	Yetman Sportsground (Terry Barnes Oval)	Tennis Courts; Cricket Ground; Community and Sporting Club Facilities – Sportsground; GCU	Public Recreation - Sportsground
R95657	Part Golf Course and Inverell Mountain Bike Track	Community and Sporting Club Facilities – GCU	Future Public Requirements; Community Purposes; Environmental Protection – GCU
R59952	Little Plain Recreation Reserve	Operational (Refused)	Public Recreation – GCU
R79485	Bukkulla Sportsground	Community and Sporting Club Facilities – GCU	Public Recreation - GCU
D510012	Delungra Public Hall	Public Hall – GCU	Public Hall – GCU
R86743	Park across from Graman Hotel	Resting Place – GCU	Resting Place - GCU
R97846	Ashford Public Hall	Public Hall – GCU	Public Hall – GCU

R54916	Inverell Shire Library and Carpark	Public Library and Community Purposes – GCU	Municipal Purposes – GCU
R48211	Swamp Oak Rest Area	Community Purposes – GCU	Public Recreation – GCU
R84922	Swan Vale Rest Area	Rest Park – Park	Public Recreation - GCU
R80771	Ashford Public Reserve (Riverbend south of Appletree Flat)	Camping; Travelling Stock and Access to Water – GCU	Public Purposes - GCU
R86020	Site adjoining Yetman Public Hall	Public Hall – GCU	Shire Purposes – GCU
D560015	Yetman Public Hall	Public Hall – GCU	Public Hall – GCU
R89165	Gilgai Public Recreation Area	Urban Development – GCU	Public Recreation – GCU
R77772	Inverell Park, Eucalypt Drive	Access – GCU	Access; Public Recreation – GCU
R1013171	Part Victoria Park Reserve (amenities and flag pole section only)	Public Purposes – GCU	Public Recreation – Park
R110114	Mcllveen Street Reserve (Lapidary Club)	Community and Sporting Club Facilities – GCU	Urban Services; Tourism Purposes – GCU
R110116	Cameron Park Extension	Community and Sporting Club Facilities – GCU	Public Recreation - Sportsground
Part R37818	Part Myall Creek Reserve (portion within Inverell LGA includes campground/ rest stop and vacant roadside. Balance of the reserve is located in Gwydir Shire LGA and contains the Myall Creek Massacre memorial site.)	Community Purposes – GCU	Camping; Travelling Stock; Community Purposes – GCU
R91501	Joseph Wills Park – Elsmore	Public Recreation – Park	Public Recreation – GCU
R1571	Rugby Park and Part Tennis Courts	Tennis Courts; Cricket Ground; Community and Sporting Club Facilities – Sportsground; GCU	Public Recreation; Community Purposes – Part Sportsground; Part GCU
R91661	Copeton Northern Foreshores Reserve	Public Recreation – Park	Public Recreation – Natural Area: Foreshore
R88894	Pindari Dam	Public Recreation – Park	Public Recreation – Natural Area: Foreshore
Part R62561	Part Gilgai Gravel Pit (Lot 7001 DP 1067907)	Gravel Pit – GCU (Operational previously requested)	Gravel Pit - GCU
R94038	Delungra Homes for the	Future Public Requirements – GCU	Homes for the Aged, Additional Purposes:

	Aged	(Operational previously requested)	Grazing – GCU
R110026	Site surrounding Elsmore RFS	Fire Brigade Station – GCU (part with shed: Operational)	Public Recreation, Additional Purposes: Grazing, Rural Services – GCU
R78986	Gilgai Rubbish Depot	Rubbish Depot – Operational (Refused as Crown Lands deems it rehabilitated land)	Rubbish Depot – GCU
R110016	Tingha Gems Caravan Park and Recreation Reserve	Not previously reported.	Caravan and Camping Park; Public Recreation - GCU

Due to backlog within Crown Lands, some Tingha parcels have not yet been transferred to Inverell Shire Council as Crown Land Managers and remain with Armidale Regional Council. Inverell Shire Council has contacted Crown Lands regarding the transfer of these parcels on numerous occasions and has recently concurred for the following parcels to be transferred to Council. The proposed categorisations and classifications are also included.

Reserve/ Dedication	Reserve Description	Committee Supported Purpose/ Categorisation	Crown Lands Required Purpose/ Categorisation
R82908	Symes Park Tingha	Symes Park – Operational (this has been refused as it is a public open space)	Public Recreation - Park
R110104	Grahame Park Tingha	Public Recreation – Park	Public Recreation – Park
R97203	Stanborough Bush Fire Brigade	Fire Shed – Operational	Applied for Operational (no PoM required)
R68692	Old Tingha Sanitary Depot – Now Vegetable Farm	Operational	Applied for Operational (no PoM required)
R91076	Copeton Dam Howell Side	Public Recreation – Park	Public Recreation – Natural Area: Foreshore
R88768	Tingha RFS Shed	Operational	Applied for Operational (no PoM required)

Due to the Crown Lands oversight, the following reserves will be transferred to Council as Crown Land Manager:

Reserve	Reserve Description	Purpose/ Classification to be Applied for Once Transferred
R62967	Gum Flat RFS Shed (Concurrence for transfer provided to Crown Lands)	Rural Services – Operational (no PoM required)
Not advised	Myall Creek RFS Shed – located on Myall Creek Hall reserve managed by the Myall Creek Hall and Recreation Reserve Trust. Arrangements of conjunction management to be advised by Crown Lands.	Rural Services – Operational (no PoM required)

Reserves that are under devolved management are to be managed in accordance with s.48 of the *Local Government Act 1993*. This land is not required to be classified or categorised under the LG Act nor a PoM developed, and Council is not able to issue any tenure of the land as a Crown Land Manager.

Devolved parcels that are managed by Armidale Regional Council that are still to be transferred to Inverell Shire Council include:

Reserve	Reserve Description	Gazetted Purpose
R1096	Vacant land adjacent to Bundarra Road and Copes Creek.	Public Purposes
R35004	Howell Cemetery	Cemetery Extensions; Plantation
R35382	Howell Cemetery	Preservation of Graves
R1024808	Tingha Cemetery	General Cemetery
R69395	Tingha Rubbish Depot	Rubbish Depot
R90984	Tingha Old Sanitary Depot	Sanitary Purposes

An update on the status of parcels that have not yet been transferred to Inverell Shire Council from Armidale Regional Council will be requested from Crown Lands.

RISK ASSESSMENT:

Nil

POLICY IMPLICATIONS:

Nil

CHIEF FINANCIAL OFFICERS COMMENT:

Once transfer of parcels has been completed by Crown Lands, Council will complete a reconciliation. This is expected to be carried out at the end of April, beginning of May 2021.

LEGAL IMPLICATIONS:

Local Government Act 1993

Crown Land Management Act 2016

ATTACHMENTS:

Nil

6 GOVERNANCE REPORTS**6.1 GOVERNANCE - MONTHLY INVESTMENT REPORT**

File Number: S12.12.2 / 21/11896

Author: Paul Pay, Manager Financial Services

SUMMARY:

To report the balance of investments held as at 31 March, 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 31 March, 2021 and an update of the investment environment:

- (a) Council's Investments as at 31 March, 2021;
- (b) Council Investments by Fund as at 31 March, 2021;
- (c) Interest – Budgeted vs. Actual;
- (d) Investment Portfolio Performance;
- (e) Investment Commentary; and
- (f) Certification – Responsible Accounting Officer.

A) Council Investments as at 31 March, 2021

Term Deposit Investment Group								
Investment	Borrower	FUND	Purchase Date	Maturity Date	Current Yield	Principal Value	Current value	Term (days)
19/30	Rural Bank	General	17-Apr-19	19-Apr-21	2.63%	1,000,000	1,000,000	733
20/34	Macquarie Bank	General	17-Apr-20	19-Apr-21	1.74%	2,000,000	2,000,000	367
21/04	Bank of Sydney	General	27-Aug-20	27-May-21	1.00%	1,000,000	1,000,000	273
20/39	ING BANK	Sewer	27-May-20	27-May-21	1.10%	1,000,000	1,000,000	365
20/40	ING BANK	Water	27-May-20	27-May-21	1.10%	1,000,000	1,000,000	365
19/33	Westpac Bank	Water	27-Jun-19	27-Jun-21	2.30%	2,000,000	2,000,000	731
20/43	National Australia Bank	Water	26-Jun-20	28-Jun-21	0.95%	1,000,000	1,000,000	367
20/02	Bank of Queensland	General	17-Jul-19	19-Jul-21	2.00%	1,500,000	1,500,000	733
21/02	Bank of Sydney	General	31-Jul-20	30-Jul-21	0.95%	1,000,000	1,000,000	364
20/03	Bank of Queensland	General	27-Aug-19	27-Aug-21	1.75%	2,000,000	2,000,000	731
21/05	Bank of Sydney	Water	17-Sep-20	17-Sep-21	0.94%	1,000,000	1,000,000	365
20/33	AMP Bank	General	24-Mar-20	24-Sep-21	1.80%	1,000,000	1,000,000	549
20/08	AMB - Australian Military Bank	Sewer	30-Sep-19	30-Sep-21	1.77%	1,500,000	1,500,000	731
21/06	St George Bank	General	06-Oct-20	06-Oct-21	0.75%	1,000,000	1,000,000	365
19/10	Westpac Bank	General	25-Oct-18	25-Oct-21	2.97%	2,000,000	2,000,000	1096
21/07	Community First Credit Union	General	25-Nov-20	25-Nov-21	0.65%	1,000,000	1,000,000	365
20/35	AMP BANK	General	25-May-20	25-Nov-21	1.65%	1,000,000	1,000,000	549
20/36	AMP BANK	Water	25-May-20	25-Nov-21	1.65%	1,000,000	1,000,000	549
20/37	AMP BANK	General	25-May-20	25-Nov-21	1.65%	1,000,000	1,000,000	549
20/41	AMP BANK	General	10-Jun-20	10-Dec-21	1.60%	2,000,000	2,000,000	548
21/09	Warwick Credit Union	General	20-Jan-21	20-Jan-22	0.80%	1,000,000	1,000,000	365
20/30	Auswide Bank	General	02-Mar-20	02-Mar-22	1.75%	2,000,000	2,000,000	730
20/31	Warwick Credit Union	General	02-Mar-20	02-Mar-22	1.90%	1,000,000	1,000,000	730
21-Dec	BNK Bank	General	29-Mar-21	29-Mar-22	0.65%	1,950,000	1,950,000	365
19/29	Newcastle Permanent	General	17-Apr-19	19-Apr-22	2.70%	1,000,000	1,000,000	1098
21/08	AMP Bank	General	27-Nov-20	27-May-22	0.95%	2,000,000	2,000,000	546
20/38	Bank of Queensland	Sewer	27-May-20	27-May-22	1.30%	2,000,000	2,000,000	730
19/31	Westpac Bank	Water	25-Jun-19	25-Jun-22	2.30%	1,000,000	1,000,000	1096
19/34	Westpac Bank	General	25-Jun-19	25-Jun-22	2.30%	2,000,000	2,000,000	1096
19/32	Westpac Bank	General	27-Jun-19	27-Jun-22	2.30%	2,000,000	2,000,000	1096
20/05	Bank of Queensland	General	03-Sep-19	05-Sep-22	1.80%	1,000,000	1,000,000	1098
20/06	Bank of Queensland	General	13-Sep-19	13-Sep-22	1.80%	1,000,000	1,000,000	1096
21/10	Warwick Credit Union	General	22-Jan-21	23-Jan-23	1.00%	1,500,000	1,500,000	731
20/32	Auswide Bank	General	24-Mar-20	24-Mar-23	1.88%	1,000,000	1,000,000	1095
21/11	Industrial and Commercial Bank	Water	26-Mar-21	26-Mar-24	0.82%	2,000,000	2,000,000	1096
					TOTALS	48,450,000	48,450,000	

Floating Rate Notes								
As at Date	Borrower	FUND	Purchase Date	Coupon End Date	Current Yield*	Principal Value	Current value	Coupon Term
31/3/2021	Commonwealth Bank	General	11/1/2019	12-Apr-21	1.15%	2,000,000	2,048,686	366
31/3/2021	ANZ Bank	General	08/2/2019	10-May-21	1.11%	2,000,000	2,047,182	367
31/3/2021	ANZ Bank	Water	08/2/2019	10-May-21	1.11%	1,000,000	1,023,591	367
						5,000,000	5,119,459	

* 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
31/3/2021	Commonwealth Bank	General	9/11/2020		0.00%		1,258	
31/3/2021	Macquarie Bank	General	9/11/2020		0.50%	4,000,000	4,006,130	
31/3/2021	Macquarie Bank	Water	9/11/2020		0.50%	1,500,000	1,502,287	
31/3/2021	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 31 March, 2021

Portfolio by Fund	28/02/2021	31/03/2021
General Fund	\$43,105,406	\$43,053,256
Water Fund	\$11,526,514	\$11,525,878
Sewer Fund	\$5,000,732	\$5,000,732
TOTAL	\$59,632,652	\$59,579,866

Council's investment portfolio has remained neutral throughout March 2021. This was in respect of normal cash flow movements for receipts collected and payments made during March 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	375,711.99	433,029.31	808,741.30
Water Fund	812350	125,000.00	31,022.73	92,769.46	123,792.19
Sewer Fund	906320	58,750.00	11,353.43	48,685.48	60,038.91
TOTAL		839,155.00	418,088.15	574,484.25	992,572.40

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 31/3/21		0.10%	0.04%	0.10%
Term Deposits	1.58%			
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.

Council staffs, with the assistance of Council's investment advisor are currently investigating different investment strategies to identify if there are any opportunities available which would further maximise Council's return on Investment. A report will be prepared for the May 2021 Economic and Community Sustainability Committee meeting.

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

7 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:

7.1 Riverside Restaurant - Lease