



BUSINESS PAPER

**Economic and Community
Sustainability Committee Meeting
Wednesday, 9 February 2022**

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

4 February, 2022

An Economic and Community Sustainability Committee Meeting will be held in the Committee Room, Administrative Centre, 144 Otho Street, Inverell on Wednesday, 9 February, 2022, 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 recorded. The audio recording of the meeting will be uploaded on the Council's website at a later time. Your attendance at this meeting is taken as consent to the possibility that your voice may be recorded and broadcast to the public.

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

P J HENRY PSM

GENERAL MANAGER

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Ethical Decision Making and Conflicts of Interest

A guiding checklist for Councillors, officers and community committees

Ethical decision making

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

Conflict of interest

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

- **Pecuniary** – regulated by the Code of Conduct and Office of Local Government
- **Non-pecuniary** – regulated by Code 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?

Model Code of Conduct

For more detailed definitions refer to Council's Model Code of Conduct, Part 4 – pecuniary Interests and Part 5 Non-Pecuniary Conflicts of Interest

Disclosure of pecuniary interests / non-pecuniary interests

Under the provisions of 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 14 July, 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 COUNCIL CHAMBERS, ADMINISTRATIVE CENTRE, 144 OTHO STREET,
INVERELL
ON WEDNESDAY, 14 JULY 2021 AT 10.30AM**

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

IN ATTENDANCE: Cr Stewart Berryman and Cr Di Baker

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

1 APOLOGIES

Nil

2 CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION

Moved: Cr Paul King OAM

Seconded: Cr Paul Harmon

That the Minutes of the Economic and Community Sustainability Committee Meeting held on 9 June, 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

Nil

4 DESTINATION REPORTS

4.1 REQUEST TO LICENCE LAND - GRANT ISKOV S5.10.54

COMMITTEE RESOLUTION

Moved: Cr Kate Dight

Seconded: Cr Paul King OAM

That the Committee recommend to Council that:

- i) Council enter into a Licence Agreement with Mr Grant Iskov for Lot 89, DP 754847, Little Plain Recreation Reserve, Little Plain for a five (5) year period with a further five (5) year option;*
- ii) the Licence fee be \$750 per annum (GST Inclusive) with a 3% increase per annum; and*
- iii) the Licence Agreement be subject to any other terms and conditions as negotiated by Council's General Manager.*

CARRIED

4.2 EXPIRING LEASE AGREEMENT - BILLABONG BLUE S5.10.105**COMMITTEE RESOLUTION**

Moved: Cr Paul King OAM

Seconded: Cr Kate Dight

That the Committee recommend to Council that:

- i) Council renew the Agreement for a further three (3) year period with a further three (3) year option under the same terms and conditions;*
- ii) the Lease Fee be \$6,206 per annum (GST Inclusive) with a 3% increase per annum; and*
- iii) the Lease Agreement be subject to any other terms and conditions as negotiated by Council's General Manager.*

CARRIED

4.3 MEMORIAL PLAQUE - LAKE INVERELL RESERVE S21.8.23**COMMITTEE RESOLUTION:**

Moved: Cr Anthony Michael

Seconded: Cr Kate Dight

The Committee recommend to Council that Council not accede to the request to install a plaque on the railing of the viewing platform at Lake Inverell.

CARRIED

4.4 OFFER TO LEASE/PURCHASE LAND - BRISSETT STREET, INVERELL S5.10.65**COMMITTEE RESOLUTION**

Moved: Cr Kate Dight

Seconded: Cr Anthony Michael

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

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

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

CARRIED

4.5 PERMANENT ROAD CLOSURE - PART CAMPBELL'S ROAD BONSHAW S28.22.1/14**COMMITTEE RESOLUTION**

Moved: Cr Kate Dight

Seconded: Cr Anthony Michael

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

4.6 NATIONAL TRANSPORT MUSEUM S5.10.145**COMMITTEE RESOLUTION**

Moved: Cr Anthony Michael

Seconded: Cr Kate Dight

That the Committee recommend to council that:

- i) Council supports the National Transport Museum to undertake a small expansion project at the Rifle Range Road facility; and*
- ii) Council seek grant funding opportunities for constructing the extension to the museum.*

4.7 REQUEST FOR REDUCTION IN WATER ACCOUNT - MATHER STREET, INVERELL S32.10.1/14**COMMITTEE RESOLUTION**

Moved: Cr Anthony Michael

Seconded: Cr Kate Dight

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

**4.8 REQUEST FOR REDUCTION IN WATER ACCOUNT - CAMERON STREET, INVERELL
S32.10.1/14****COMMITTEE RESOLUTION**

Moved: Cr Anthony Michael

Seconded: Cr Kate Dight

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

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

Moved: Cr Kate Dight

Seconded: Cr Paul King OAM

That the Committee recommend to Council that:

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

CARRIED

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

At 10.42am, the Chairperson noted that no members of the public or press were in attendance at the meeting therefore Council proceeded to consider the motion to close the meeting to the press and public.

COMMITTEE RESOLUTION

Moved: Cr Paul Harmon

Seconded: Cr Anthony Michael

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

CARRIED

COMMITTEE RESOLUTION

Moved: Cr Paul Harmon
Seconded: Cr Anthony Michael

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

CARRIED

Upon resuming Open Committee at 10.51am, 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 PERMANENT ROAD CLOSURE - PART CAMPBELL'S ROAD BONSHAW S28.22.1/14

That the Committee recommend to Council that:

- i. Council proceed with the permanent road closure of part Campbell's Road, Bonshaw with the intention to vest in Council for sale upon closure;*
- ii. Accept the offer from Judith & Ron Morris to purchase part Campbell's Road, Bonshaw for \$4,500;*
- iii. The General Manager prepares survey plans, and associated documents for registration with NSW Land Registry Service;*
- iv. The General Manager be authorised to appoint a solicitor to act on Council's behalf; and*
- v. The General Manager and Mayor be authorised to sign and seal contract of sale with Judith & Ron Morris.*

6.2 OFFER TO LEASE/PURCHASE LAND - BRISSETT STREET, INVERELL S5.10.65

The Committee recommend to Council that:

- a) The General Manager be authorised to negotiate and complete the sale of 13-15 Brissett Street to either Inverell Freighters or Barry & Sue Anderson (BRSM Pty Ltd) in accordance with the valuations provided in the body of the report;*
- b) That any necessary documents associated with the sale be completed under the Common Seal of Council; and*
- c) The General Manager provide a report to Council on the outcome of the negotiations.*

6.3 REQUEST FOR REDUCTION IN WATER ACCOUNT - MATHER STREET, INVERELL S32.10.1/14

That the Committee recommend to Council that:

- i) The report be received; and*
- ii) Council issue an amended account of \$98.59 for the previous quarter based on the average consumption of accounts prior to the leak and write off \$ 436.01.*

**6.4 REQUEST FOR REDUCTION IN WATER ACCOUNT - CAMERON STREET, INVERELL
S32.10.1/14**

That the Committee recommend to Council that:

- i) The report be received; and*
- ii) Council issue an amended account of \$125.40 for the previous quarter based on the average consumption of accounts prior to the leak and write off \$ 596.76.*

ADOPTION OF RECOMMENDATIONS**COMMITTEE RESOLUTION**

Moved: Cr Paul Harmon

Seconded: Cr Kate Dight

That the recommendations of Closed Committee be adopted.

CARRIED

The Meeting closed at 10.52am.

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

4 ELECTIONS

4.1 ELECTION OF CHAIRPERSON

File Number: S4.11.17/14 / 22/1804

Author: Paul Henry, General Manager

SUMMARY:

The Model Code of Meeting Practice for Local Councils in NSW, prescribes the need for a chairperson for each committee of the council.

RECOMMENDATION:

That in the event that more than one candidate has been nominated for the position of Chairperson, a ballot be held.

COMMENTARY:

The Model Code of Meeting Practice for Local Councils in NSW prescribes that the chairperson of each committee of the council must be the mayor or if the mayor does not wish to be chairperson, a member of the committee elected by the committee. (clause 20.11)

The Mayor has indicated that he declines to exercise the right to chair the meeting. The Mayor will now invite the General Manager to call for nominations for the position of chairperson.

Committee members are requested to participate in the election of a chairperson for the next one (1) year term.

PROCEDURES – same procedures for Election of Mayor. Refer clause 20.15. Council has adopted these procedures for the Committees.

i) Returning Officer

The General Manager (or a person appointed by the General Manager) is the Returning Officer.

ii) Nomination

As Returning Officer, I now invite nominations for the position of Chairperson for a one (1) year term.

Nominations are 'verbal', do not require a seconder and Councillors can self-nominate.

iii) Election

If only one (1) Councillor is nominated, the Returning Officer will declare that Councillor is elected as Chairperson for the ensuing term.

If more than one (1) Councillor is nominated, a ballot must be held.

iv) Method of Voting

Voting is to be by 'Open Voting' means.

Councillors who are appointed members of the Committee will be asked to raise their hand when called upon to show their support for a candidate.

v) Voting Process

The returning officer will advise the meeting of the method of voting and explains the process.

The method of voting for the position of chairperson will be by show of hands.

Each councillor who is a member of the Committee is entitled to vote for only one candidate in each round of voting.

The order of voting will be determined by alphabetical order of the surname of the candidates.

When all candidates' names (in alphabetical order) have been written on the tally sheet, the returning officer announces the names of the candidates and, commencing with the first candidate, states the following:

Would those councillors voting for [name of candidate] please raise your hand.

The returning officer records the number of votes for each successive candidate on the tally sheet and announces the number of votes received for each candidate.

The minute taker records the vote of each councillor.

The returning officer should check with the minute taker that each councillor has voted. If a councillor has not voted it should be confirmed that they are abstaining (an informal vote).

Two candidates

If there are only two candidates for the position of chairperson and the voting is higher for one candidate than another (number of formal votes recorded on the tally sheet), the returning officer then announces the result.

[Name of candidate] has the higher number of formal votes and as a result I declare that [name of candidate] is elected as chairperson for the ensuing one (1) year term.

In the event of a **tied vote**, the returning officer will advise the meeting of the following process.

I will now write the names of the candidates on similar slips of paper, fold them and place them in the barrel. Please note that the candidate whose name is drawn out will be declared as chairperson.

It is appropriate to show the meeting the names and the barrel. Councillors may inspect but not touch the items.

The returning officer places the names of the candidates into the barrel and requests a staff member to shake the barrel.

The returning officer then draws a name out of the barrel and shows the meeting.

I declare that [name of candidate] is elected as chairperson for the ensuing one (1) year term.

The returning officer then draws out the remaining name and reads it for completeness. The second name should be shown to the meeting.

Three or more candidates

i) First round of Voting

If there are three or more candidates, Councillors are asked to vote. The candidate with the lowest number of votes for the position of chairperson is excluded.

[Name of candidate], having the lowest number of votes, is excluded.

The voting continues as above until there are only two candidates remaining (see voting for **two candidates** above).

In the event that the **lowest number of votes are tied**, the returning officer advises the meeting of the following process:

I will now write the names of the candidates on similar slips of paper, fold them and place them in the barrel. Please note that the candidate whose name is drawn out will be excluded.

It is appropriate to show the meeting the names and the barrel. Councillors may inspect but not touch the items.

The returning officer places the names of the candidates into the barrel and requests a staff member to shake the barrel.

The returning officer then draws a name out of the barrel and shows it to the meeting.

I declare that [name of candidate] is excluded.

The returning officer then draws out the remaining name and reads it for completeness. The second name should be shown to the meeting.

ATTACHMENTS:

Nil

5 DESTINATION REPORTS

5.1 EXPIRING LICENCE AGREEMENTS - MR DAVID WALKER

File Number: S5.10.152 / 21/46105

Author: Kristy Paton, Corporate Support Officer - Publishing

SUMMARY:

The Licence Agreements between Council and Mr David Walker expired on 7 February, 2022. Council is requested to consider renewing the agreements.

RECOMMENDATION:

That:

- i) Council renew the agreement with Mr David Walker for Part Council Road Reserve adjacent to Lot 2 DP 216606, Elsmore Road, Elsmore and Part Lot 7301 DP 1139606, Nash's Lane, Long Plain for a five (5) year period with the option of a further five (5) year period;*
- ii) the licence fee be \$75.00 per annum (GST Inclusive) for each site; and*
- iii) the Licence Agreements be subject to any other terms and conditions as negotiated by Council's General Manager.*

COMMENTARY:

The Licence Agreements between Council and Mr David Walker for Part Council Road Reserve adjacent to Lot 2 DP 216606, Elsmore Road, Elsmore and Part Lot 7301 DP 1139606, Nash's Lane, Long Plain expired on 7 February, 2022.

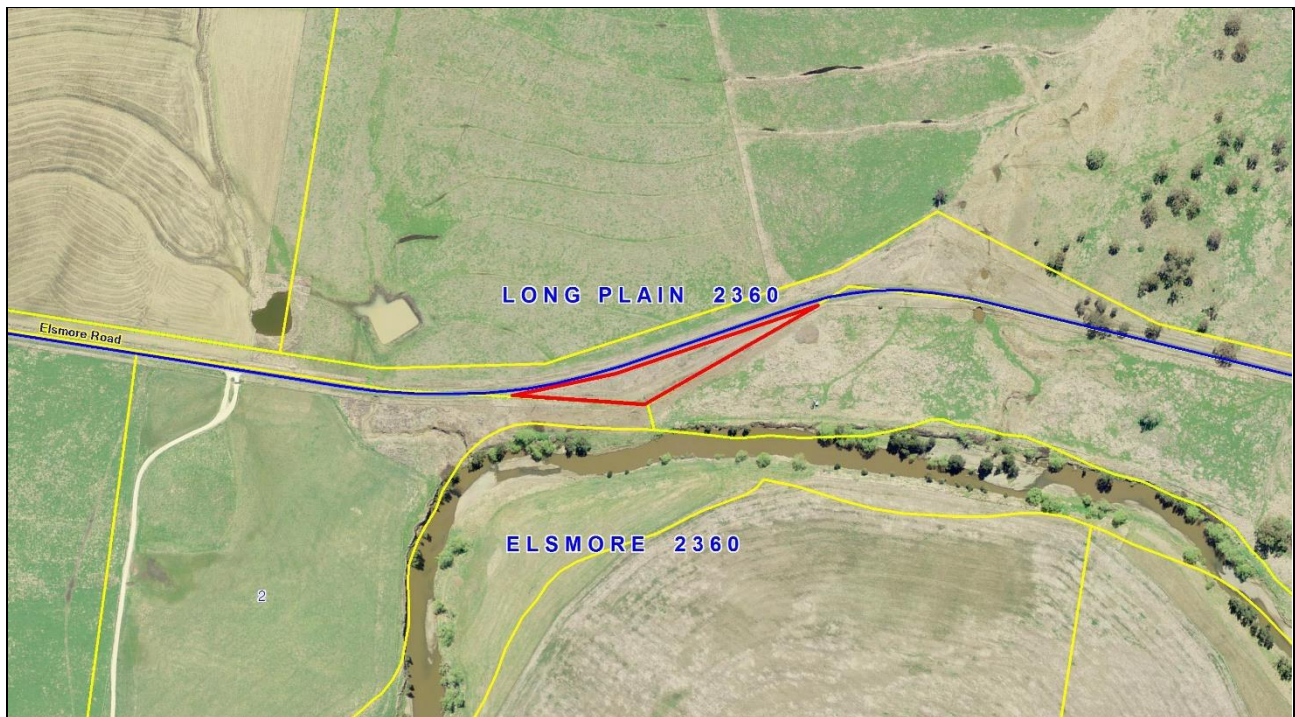
The use of the land is for the purpose of Apiary sites.

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

Council is requested to consider offering Mr Walker new agreements.



Part Council Road Reserve adjacent to Lot 2 DP 216606, Elsmore Road, Elsmore



Part Lot 7301 DP 1139606, Nash's Lane, Long Plain

RISK ASSESSMENT:

Nil

POLICY IMPLICATIONS:

Nil

CHIEF FINANCIAL OFFICERS COMMENT:

Nil

LEGAL IMPLICATIONS:

Nil

ATTACHMENTS:

Nil

5.2 INVERELL WOMEN'S SHED**File Number:** S12.22.1/15 / 22/2229**Author:** Paul Henry, General Manager**SUMMARY:**

A local group, Inverell Women's Shed, is seeking urgent assistance to find a permanent base for their activities. The Group seeks a parcel of Council land.

RECOMMENDATION:

A matter for the Committee.

COMMENTARY:

Since September, 2020, Council has received periodic requests from members of the "Inverell Women's Shed" for financial assistance and/or assistance in acquiring a permanent home.

The latest request for assistance was received at Council on 10 January, 2022. This correspondence also provides background information and has been provided to the Committee under separate cover.

The Group has moved out from the Church of Christ Hall (Corner Rivers and Vivian Streets) which was the centre for a wide range of activities organised by the Group.

I have met with the president of the Group, Mrs Marie Martin, to ascertain what are the essential requirements for a venue. The requirements as advised by Mrs Martin are:

1. Permanent home. The craft, sewing and quilting activities conducted by the Group requires a venue that permits the group to leave equipment in situ and there is a significant quantity of material.
2. A single tenancy (no sharing). As per #1. Also, the fellowship "drop in" activities are ideally conducted daily and if possible shouldn't be constrained by the needs of another tenant.
3. A location in the CBD area, close to the "town bus" route to enable members to access the premises.
4. Minimal rental charges.

Given these requirements and the lack of vacant buildings in the CBD (either privately owned or Council owned), the Group is suggesting that Council provide a parcel of land to enable the erection of a shed on the land.

The Committee is requested to:

- a) Consider the principle of Council providing land for the erection of a shed and make a determination on this specific request.
- b) If this request receives in principle support, what conditions does the Committee wish to impose.

It should be noted that the Group will need to discuss their "idea" with Council's Planning Department, as there are planning and building requirements which maybe onerous.

A map of Council owned land in the CBD will be displayed at today's Committee Meeting.

Mrs Martin has supplied the following background on the Group:

- Members – 64 active members (128 on register)
- Activities – Painting classes, folk art classes, sewing, craft, walking groups and 'drop in' activities etc.

- Annual Operating Expenses \$6000 (insurance, power etc)
- Annual Operating Income \$6000 (donations extra)
- Showground Trust considering allowing the group to erect a shed on Trust Land (meeting scheduled for 25/01/2022).

RISK ASSESSMENT:

Nil

POLICY IMPLICATIONS:

Nil

CHIEF FINANCIAL OFFICERS COMMENT:

Nil

LEGAL IMPLICATIONS:

Nil

ATTACHMENTS:

Nil

5.3 APPROACH FROM BUNDARRA RESIDENTS**File Number:** S13.1.1 / 22/2911**Author:** Paul Henry, General Manager**SUMMARY:**

Bundarra residents have requested Inverell Shire Council consent to 'Bundarra' being 'relocated' from Uralla Shire Council to Inverell Shire Council.

RECOMMENDATION:

A matter for the Committee.

COMMENTARY:

In November, 2021 correspondence was received from Mrs Denis Goodall, Mrs Roz Gaudern and Mr Richard Goodall (residents of Bundarra) stating that the 'Bundarra Community' wishes to relocate from Uralla Shire to Inverell Shire Council.

The correspondence defines the 'Bundarra Community' as an area from the existing Shire Boundary to 12 kilometres south on the Bundarra/Uralla Road.

The rationale for this approach is that Inverell is 'our natural home town', where all their services are based. It is claimed that Bundarra has no connection with Uralla and no need to travel to that town. Inverell is 48 kms from Bundarra; Uralla is 72.9kms.

Background:a) Legislative Provision

Division 1 and 2A of the *Local Government Act 1993* details how a Council area may be amalgamated or have their boundaries altered.

In summary:

- s.204 Boundaries of a local government area can only be established by a proclamation of the Governor.
- s.214 A proclamation must be preceded by a proposal considered by the Minister for Local Government.
- s. 215 A proposal can be initiated by:
 - a) The Minister for Local Government
 - b) If the proposal applies to the whole of an area of a Council, by a petition to the Minister of 250 persons or 10% of the electors of the area, whichever is the greater; or
 - c) If the proposal applies to a part of a Council area, by a petition to the Minister signed by 250 persons or 10% of the electors of the affected area, whichever is the greater.
- s.218 If the Minister decides to accept the proposal, the matter must be referred to the Boundaries Commission for consideration. The Minister, after receiving the Report of

the Boundaries Commission can take no further action or recommend to the Governor to implement the proposal.

s.218F Sets out the process to be undertaken by the Boundaries Commission when dealing with a proposal.

b) Previous Reports

The issue of including Tingha and Bundarra within the boundaries of Inverell Shire has been under consideration since 1973 (Barnett Report). More recently, the 'Vardon Report (2005)' and the 'Kibble Report (2010)' supported the inclusion of the two (2) areas in the Inverell Shire boundaries.

On each occasion that the matter has been considered, it has been part of a broader examination of local government boundaries in this area – a proposal to amalgamate Armidale, Guyra, Uralla and Walcha Council areas; the amalgamation of Bingara, Yallaroi and Inverell Council areas; the amalgamation of Gwydir and Inverell Council areas.

On each occasion, the Minister declined to refer a proposal to the Boundaries Commission for consideration.

c) Tingha Community Action

In 2015, the State Government started the process to examine local government boundaries in selected areas. One of the areas was Guyra/Armidale/Uralla.

In 2016, the Government decided to proceed with the amalgamation of Guyra and Armidale; leaving Uralla as a stand-alone local government area.

During this process, the Tingha Citizens Association advocated for the Tingha area to be excluded from the amalgamation and instead be included in Inverell Shire.

Their position was not accepted and this resulted in Tingha being included in the new Armidale Regional Council.

The Association then immediately began the lobbying of their position, including getting a petition signed by 1500 residents of the Tingha area and over 4000 residents of Inverell (separate petition).

The Association's efforts on behalf of the Tingha community was ultimately successful and the Tingha area was included in Inverell Shire in July 2019.

Summary

When considering a response to the approach from the three (3) Bundarra residents, Council would need to be cognisant of:

- The approach has not included an indication of 'the strength of feeling' of the community on this issue – therefore, the approach could be considered an 'initial approach'.
- There are no other proposals currently before the government regarding adjustments to local government boundaries, however there were three (3) polls at the recent local government elections to 'deamalgamate' councils.
- There has been no indication from the residents if their proposal has been submitted to Uralla Shire Council.

ATTACHMENTS:

Nil

5.4 ENTRANCE SIGNS - ASHFORD LOCAL ABORIGINAL LAND COUNCIL (ALALC)**File Number:** S2.14.1 / 22/2968**Author:** Paul Henry, General Manager**SUMMARY:**

A request has been received from the ALALC for installation of signage at the entrances to Ashford. The Committee is being asked to consider the request.

RECOMMENDATION:

The Committee recommend to Council that:

- a) *Signage stating 'The traditional lands of the Kwiambal People;' be installed on MR 137, at the entrances to Ashford; and*
- b) *The signs be funded from the Ashford Village Improvement vote.*

COMMENTARY:

The secretary of the ALALC has requested signs be installed on the entrances to Ashford which state 'You are entering the traditional lands of the Kwiambal People'.

This approach was similar to an approach made by the 'NAIDOC Week' Committee for signage at entrances to Inverell. In 2017, Council agreed to the principle of acknowledging the connection to the land by Aboriginal members of our community. In response Council sought suggestions on suitable wording for this signage from:

- a) The Aboriginal Consultative Committee, and
- b) The Anaiwan Local Aboriginal Land Council

To date, the consultation with Elders by these two bodies is incomplete due to a lack of agreement on tribal boundaries and tribal names to be recognised.

However, given the previous position of Council on this issue, the approach from the ALALC is recommended to proceed.

RISK ASSESSMENT:

Nil

POLICY IMPLICATIONS:

Nil.

CHIEF FINANCIAL OFFICERS COMMENT:

Signs be funded from the Ashford Village Improvement vote. A sum of \$2783.00 is available in this vote.

LEGAL IMPLICATIONS:

Nil.

ATTACHMENTS:

Nil

6 INFORMATION REPORTS

6.1 CROWN RESERVES UNDER COUNCIL MANAGEMENT - UPDATE REPORT

File Number: S5.19.1 / 22/1388

Author: Sally Williams, Corporate Support Officer - Governance

SUMMARY:

The Department of Planning, Industry and Environment (DPIE) - Crown Lands have provided direction for Crown reserves under Inverell Shire Council management in relation to Council's initial assignment of categories which were submitted February 2021 and reported to the Economic and Community Sustainability Committee in April 2021. This report outlines the determinations made by Crown Lands and the resulting actions required by Council.

COMMENTARY:

DPIE – Crown Lands have provided the attached correspondence on the outcome of the requested initial categorisation of Crown reserves under management of Inverell Shire Council as Crown Land Manager under the *Crown Land Management Act 2016* (CLM Act). Please note that within the attached letter, a typo occurred where Little Plain Monument Site – R53425 was listed twice. Crown Lands have been contacted in relation to this and written confirmation has been provided stating that Delungra Homes for the Aged – R94038 was to be included in place of the second occurrence of the monument site.

The following reserves have had the categorisation approved by the DPIE – Crown Lands:

Reserve No.	Reserve Description	Gazetted Purpose	Categorisation
R53425	Little Plain Monument Site	Monument	General Community Use
R88647	Delungra ANZAC Park	Public Recreation	Park
R35730	Yetman Public Recreation Reserve (Terry Barnes Oval)	Public Recreation	Sportsground
R510012	Delungra Public Hall	Public Hall Site	General Community Use
R97846	Ashford Public Hall	Public Hall	General Community Use
R54916	Inverell Library and Car Park	Municipal Purposes	General Community Use
R86020	Site adjoining Yetman Hall	Shire Purposes	General Community Use
R560015	Yetman Public Hall	Public Hall	General Community Use
R1013171	Part Victoria Park	Public Recreation	Park
R110114	McIlveen Street Reserve (Lapidary Club)	Urban Services	General Community Use
R110116	Cameron Park Extension	Public Recreation	Sportsground
R91501	Joseph Wills Park – Elsmore	Public Recreation	General Community Use
Part R62561	Part Gilgai Gravel Pit	Gravel Pit	General Community Use
R94038	Delungra Homes for the Aged	Homes for the Aged; Grazing	General Community Use

The above reserves can now be included in a draft Plan of Management which is required to be approved by DPIE prior to public notification and exhibition period as well as prior to adoption by Council. An update on the progression of Plan of Management development is also included in this report.

DPIE – Crown Lands have directed Council to allocate the required categorisations to the following reserves:

Reserve No.	Reserve Description	Gazetted Purpose	Requested Categorisation	Re-categorisation Direction
R51381	Graman Sportsground	Public Recreation; Racecourse	General Community Use	Inside fenced area: General Community Use Balance: Natural Area – Bushland See Figure 1 in attachment.
R62944	Ashford Public Recreation Reserve (Frazer's Creek Riverflat)	Public Recreation	General Community Use	Natural Area – Bushland
R59952	Little Plain Recreation Reserve	Public Recreation	General Community Use	Natural Area - Bushland
R79485	Bukkulla Sportsground	Public Recreation	General Community Use	Natural Area – Bushland
R86743	Graman Resting Place	Resting Place	General Community Use	Natural Area – Bushland
R48211	Swamp Oak Rest Area	Public Recreation	General Community Use	Natural Area – Bushland
R84922	Swan Vale Rest Area (paddock adjacent to developed area)	Public Recreation	General Community Use	Natural Area - Bushland
R80771	Ashford Public Reserve (Riverbend south of Appletree Flat)	Public Recreation	General Community Use	Natural Area - Bushland
R89165	Gilgai Public Recreation Area	Public Recreation	General Community Use	Natural Area - Bushland
R77772	Inverell Park, Eucalypt Drive	Access, Public Recreation	General Community Use	Natural Area - Bushland
R1571	Rugby Park & Part Tennis Courts – Inverell	Public Recreation; Community Purposes	Part Sportsground (Rugby Park & Tennis Courts) Part General Community Use (Community Gardens)	Agreed with categorisation, included within this section to reiterate portion categorisation. See figure 2 in attachment 1.

R91661	Copeton Northern Foreshores	Public Recreation	Natural Area – Foreshore	Natural Area – Bushland
R88894	Pindari Dam	Public Recreation	Natural Area – Foreshore	Natural Area – Bushland
R110026	Part Elsmore Reserve (balance RFS reserve)	Public Recreation; Rural Services	General Community Use	Natural Area – Bushland

The categorisation of the following reserves has been placed on hold by the DPIE:

Reserve No.	Reserve Description	Gazetted Purpose	Requested Categorisation	Reason for 'on hold' status
R110104	Grahame Park – Tingha	Public Recreation	Park	Tingha boundary adjustment – transfer from Armidale Regional Council to Inverell Shire Council still being processed by the DPIE.
R82908	Symes Park – Tingha	Public Recreation	Park	Tingha boundary adjustment – transfer from Armidale Regional Council to Inverell Shire Council still being processed by the DPIE.
R91076	Copeton Dam – Howell	Public Recreation	Natural Area - Foreshore	Tingha boundary adjustment – transfer from Armidale Regional Council to Inverell Shire Council still being processed by the DPIE. It is expected like with Pindari Dam and Copeton Northern Foreshores that DPIE will direct Council to categorise this reserve as Natural Area – Bushland.
R37818	Part Myall Creek Reserve (Roadside area)	Community Purposes	General Community Use	Balance of the reserve is within Gwydir Shire Council. DPIE are investigating management of the whole reserve to be transferred to Gwydir Shire Council to ensure consistency in management for the reserve as a whole.
R95657	Part Golf Course and Inverell Mountain Bike Track	Future Public Requirements; Community Purposes; Environmental Protection.	General Community Use	Spatial data provided by DPIE is incorrect and should not include Golf Course section of reserve as Council managed.

As reported to the June 2021 Ordinary Council meeting, 32 of the 35 community Crown Land parcels under Council Management had draft Plans of Management prepared. Due to the direction from DPIE to re-categorise 14 of these reserves, the corresponding draft Plans of Management will require alteration. This will be completed as soon as practicable and presented to Council for resolution to refer the draft plans to DPIE prior to the public notification and public exhibition period.

The reserves that have had the initial categorisation put on hold by DPIE will not be included in the Plans of Management until they are formally approved or directed.

Part Tingha Recreation Reserve

Inverell Shire Council were appointed the Crown Land Managers of part Tingha Recreation Reserve (70706) in July 2021. Council are now required to assign an initial categorisation to this reserve. With the gazetted purpose of Public Recreation, the most appropriate initial categorisation is 'Sportsground' for the cricket oval, golf course and football field portions, and 'Park' for the skate park portion (see attachment 2). A site-specific Plan of Management will be developed upon approval of the initial categorisation.

Gilgai Rubbish Tip

Council initially requested Gilgai Rubbish Tip – R78986 to be managed as Operational Land in July 2019. DPIE provided a response in December 2019 which refused Council's request. DPIE have reconsidered their decision and have granted Council permission to manage R78986 as Operational Land under the *Local Government Act 1993*.

RISK ASSESSMENT:

Nil

POLICY IMPLICATIONS:

Nil

CHIEF FINANCIAL OFFICERS COMMENT:

Nil

LEGAL IMPLICATIONS:

Local Government Act 1993

Crown Land Management Act 2016

ATTACHMENTS:

1. Initial Assignment of Categories of Crown Reserves - Inverell Shire Council [↓](#)
2. Initial Categorisation - Tingha Sport and Recreation Ground (70706) [↓](#)



Sally Williams
Corporate Support Officer - Governance
Inverell Shire Council
Po Box 138
IVERELL NSW 2360
By email: sally.williams@inverell.nsw.gov.au

Dear Ms Williams

Subject: Inverell Shire Council's initial assignment of categories of Crown reserves

Thank you for your written notice of initial assigned categorisation of **34** Crown reserves under section 3.23(2) of the *Crown Land Management Act 2016* (CLM Act).

I have reviewed the information provided and am pleased to advise that Council has assigned a category that most closely aligns with the reserve purpose of **14** of the Crown reserves, refer to Attachment 1. As a delegate of the Minister for Lands and Water, I wish to confirm that no further change is required to the categorisation of these reserves.

I encourage Council to progress the preparation of draft plans of management for community land managed by Council. When preparing the draft Plan of Management (PoM), it is important to carefully consider the reserve purpose. Please note Council must refer draft PoM to the department as follows:

1. **Before public notification and exhibition period** – councils must notify the department as landowner.
2. **Before council resolution to adopt the final PoM** – councils must seek Minister's consent to adopt the PoM. Council also need to provide information on any changes made to the PoM as a result of public notification and a summary of community submissions with the final draft PoM.

All activities on the reserve must be consistent with the reserve purpose and *Native Title Act 1993* (Cwth) (NT Act) and Council must obtain Native Title Manager advice for any future act contained in, and authorised by, the adopted PoM. The Native Title Manager must consider whether the act authorised under the PoM affects native title, and if it does, provide advice on how the Council can comply with the relevant provisions of the NT Act.

I have also considered Council's categorisation for **14** Crown reserves, listed in Attachment 2, in accordance with section 3.23(5) of the CLM Act. I request Council alter the assigned categories, as the Minister considers:

- a) *the assigned category is not the most closely related to the purposes for which the land is dedicated or reserved, or*
- b) *the management of the land by reference to the assigned category is likely to materially harm the use of the land for any of the purposes for which it is dedicated or reserved.*

It is noted that Council sought categorisation of the following Crown reserves **110104, 91076, 82908, 37818 & 95657**. The categorisation of these reserves has been placed on hold pending further investigation by the department. Council will be advised of the categorisation of these reserves once known.

I have reviewed the information provided on Reserve 78986 (Purpose: Rubbish Depot) and reconsidered Council's original request for this reserve to be classified as operational land. I am pleased to advise that as a delegate of the Minister for Lands and Water, Council is approved to manage Reserve 78986 as operational land under the *Local Government Act 1993*

In making this decision, I have considered the justification provided by Council to satisfy the Minister that the land:

- a) *does not fall within any of the categories for community land under the LG Act, or*
- b) *could not continue to be used and dealt with as it currently can if it were required to be used and dealt with as community land.*

Please note, Council is able to manage Reserve 78986 as operational land except for any appointment conditions and land management rules. Council is unable to sell the land without further consent of the Minister. All activities on the reserve must be consistent with the reserve purpose and the *Native Title Act 1993* (Cwth).

We have developed a range of useful resources to help councils draft a PoM. Please visit the Crown land manager website at www.reservemanager.crownland.nsw.gov.au for more information and to subscribe to our e-newsletter to stay up-to-date with the latest resources, guidelines and training opportunities.

If you have any further questions or need assistance, please contact the Council Crown Land Management Team at council.clm@crownland.nsw.gov.au.

Yours sincerely



Janelle Pearson
Principal Policy and Project Manager
Department of Planning, Industry and Environment – Crown Lands
21/12/2021

Encl:
Attachment 1: *Schedule of Crown reserves categorisation consistent with reserve purpose*
Attachment 2: *Schedule of Crown reserves directed for categorisation*

Attachment 1: Schedule of Crown reserves categorisation consistent with reserve purpose

No.	Reserve No.	Purpose(s)	Category
1.	R53425	Monument	General Community Use
2.	R88647	Public Recreation	Park
3.	R35730	Public Recreation	Sportsground
4.	R510012	Public Hall Site	General Community Use
5.	R97846	Public Hall	General Community Use
6.	R54916	Municipal Purposes	General Community Use
7.	R86020	Shire Purposes	General Community Use
8.	R560015	Public Hall	General Community Use
9.	R1013171	Public Recreation	Park
10.	R110114	Urban Services	General Community Use
11.	R110116	Public Recreation	Sportsground
12.	R91501	Public Recreation	General Community Use
13.	R53425	Monument	General Community Use
14.	Part R62561	Gravel Pit	General Community Use

Attachment 2: Schedule of Crown reserves directed for categorisation

Council is directed to re-categorise the reserve as outlined below in accordance with section 3.23(5) of the CLM Act so as not to cause, or be likely to cause, material harm.

No.	Reserve No.	Purpose(s)	Direction
1.	R51381	Public Recreation Racecourse	Direction – Natural Area (bushland), General Community Use (Figure 1) Natural Area (bushland) is appropriate for the area outside the fenced area given the vegetative coverage and state of the site. Categorisation the land as Natural Area (bushland) should not limit bushfire mitigation measures. The category of General Community Use is accepted for the remainder of the reserve site.
2.	R62944	Public Recreation	Direction – Natural Area (Bushland) The category of General Community Use can permit activities other than public recreation. <u>Note:</u> Council is reminded that grazing is generally not consistent with Public Recreation.
3.	R59952	Public Recreation	Direction – Natural Area (Bushland) General Community Use allows for more than public recreation and does not recognise the predominate land use features. <u>Note:</u> Council is reminded that grazing is generally not consistent with Public Recreation.
4.	R79485	Public Recreation	Direction – Natural Area (Bushland) General Community Use allows for more than public recreation and does not recognise the predominate land use features <u>Note:</u> Council is reminded that grazing is generally not consistent with Public Recreation.

5.	R86743	Resting Place	Direction – Natural Area (Bushland) General Community Use could allow for additional activities beyond “resting place” and does not consider the characteristics of the land.
6.	R48211	Public Recreation	Direction – Natural Area (bushland) Natural Area (bushland) is more appropriate given the vegetation coverage and undisturbed nature of the site.
7.	R84922	Public Recreation	Direction – Natural Area (bushland) Natural Area (bushland) is more appropriate given the vegetation coverage and nature of the site. <u>Note:</u> Council is reminded of their responsibility as CLM to manage any encroachments or compliance issues. The reserve is to be managed in line with reserve purpose and land category.
8.	R80771	Public Recreation	Direction – Natural Area (bushland) Natural Area (bushland) is more appropriate given the vegetation coverage, location adjacent the waterway and minimally disturbed nature of the site.
9.	R89165	Public Recreation	Direction – Natural Area (bushland) Natural Area (bushland) is more appropriate given the vegetation coverage, location adjacent other bushland areas and generally undisturbed nature of the site.
10.	R77772	Access, Public Recreation	Direction – Natural Area (bushland) Natural Area (bushland) is more appropriate given the vegetation coverage, location adjacent waterway and generally undisturbed nature of the site.
11.	R1571	Public Recreation, Community Purposes	Direction – Sportsground, General Community Use (Figure 2) To avoid uncertainty Council is directed to categorise the areas of the reserve as Sportsground and General Community Use as marked on Figure 2. <u>Note:</u> Council is reminded to seek Native Title Manager advice to determine a valid future act pathway under the <i>Native Title Act</i> for the use of the proposed multi-service building.
12.	R91661	Public Recreation	Direction – Natural Area (Bushland) It is considered that the category(s) of foreshore, assigned by Council, should not be applied to the land as it is not consistent with the guideline in cl 111 of the Local Government Regulation for ‘foreshore’. The guideline requires “the land is situated on the water’s edge and forms a transition zone between the aquatic and terrestrial environment.” This does not apply to the bulk of the reserve.
13.	R88894	Public Recreation	Direction – Natural Area (Bushland) Although some land in the reserve could meet the guideline for categorisation as Natural Area (foreshore) all of the land satisfies the guidelines for categorisation as a natural area (bushland).

14.	R110026	Public Recreation, Rural Services	<p>Direction – Natural Area (bushland)</p> <p>Natural Area (bushland) is an appropriate category given the current vegetative coverage and state of the reserve. General Community Use should only be used when no other land category is appropriate (s.106 LG Regulation). Management of a public recreation reserve under GCU is likely to materially harm the reserve purpose. Categorisation is assessed on current use and any future use such as possible tenures can be considered with more detail via a PoM.</p> <p><u>Note:</u> Council is reminded that grazing is generally not consistent with Public Recreation.</p>
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Figure 1: R51381 – Purpose ‘Public Recreation, Racecourse’

General Community Use accepted over area shown by red outline. Remainder of reserve directed to Natural Area (bushland)



Figure 2. R1571 - Purpose Public Recreation and Community Purposes



Part R70706—Tingha Recreation Reserve



6.2 STATE LIBRARY NSW LOCAL PRIORITY FUNDING 2021-22**File Number:** S4.11.17 / 22/2788**Author:** Sonya Lange, Manager Library Services**SUMMARY:**

The State Library of NSW provides local government libraries with a quantum of funding annually, to be utilised on projects which show direct benefit to the community.

COMMENTARY:

The SLNSW provides direction as to the broad areas to which the funding can be allocated, which include: buildings, technology, collections, research and marketing. The quantum of funding for the 2021-22 financial year is \$63,000, and the following projects have been identified:

- Replacement of the aging public use computers. The existing terminals are at least 5 years old, and there are a range of issues that need to be addressed. 10 new computers will be installed.
- Digitisation of a number of historical local newspapers from the early 1900's and make them available via Trove (www.trove.nla.gov.au). Titles include coverage of Tingha, Bundarra, Inverell and Boggy Camp. The National Library of Australia will undertake this work. This will improve access to the wider community to these titles, currently only available on microfilm in limited locations.
- Digitisation of "World of its Own", which is the authoritative history of the Inverell area, and is now out of print. Council holds copyright for this title. Once digitised, the book will be made available through the Library catalogue, as an eBook, and will provide the opportunity for production of print copies for sale. A specialised archival and digitisation service will be used for this work.
- To digitise and make available through the Library catalogue a range of historical documents, rate books and station ledgers. A specialised archival and digitisation service will be used for this work. The Inverell District Family History Group will provide input into the selection and prioritisation of titles. These items are currently only accessible in person at the library, and are fragile. Digitisation with increase accessibility whilst protecting the original materials.
- Expansion of the eResources collection by purchasing new eBook and eAudio titles, and continue the subscription of existing eResources "Hayes Manuals All Access" and "Kinderling Kids Radio". eResource usage represents about 10 percent of library loans, and has been of increasing interest during the last two years.
- Continuation of the Baby Book Bag Project, which provides every newborn child in the area with a library bag full of early literacy resources and Board Books. This project delivers around 300 book bags each year, and is very well received by the families and the community.

The identified projects will provide a range of benefits to the Inverell and wider community, by improving access to contemporary and historical resources, supporting community members without access to computer technology, and encouraging early literacy attainment for Inverell children.

ATTACHMENTS:**Nil**

6.3 RATE PEG FOR 2022/2023**File Number: S25.11.3 / 22/2916****Author: Paul Pay, Director Corporate and Economic Services****SUMMARY:**

The Independent Pricing and Regulatory Tribunal (IPART) has set a rate peg for each council, ranging from 0.7% to 5.0%. Inverell Shire Council 2022/2023 rate peg has been set at 0.70%.

COMMENTARY:

The rate peg represents the maximum percentage amount by which a council may increase its general income. For almost all councils, general income consists entirely of revenue from rates.

The rate peg applies to each council's general income in total, not to individual ratepayers' rates. Councils may increase categories of rates by more than, or less than the rate peg, as long as the total increase in general income remains within the rate peg.

For the first time, the 2022/2023 rate peg is calculated using two components, a population factor and the base change in the Local Government Cost Index (LGCI).

The population factor that varies for each council in NSW depending on how fast its population is growing. The population factor ranges between 0% and 4.3% depending on the Council. Inverell's population factors are 0.0%

The LGCI measures price changes over the past year for goods, materials and labour used by an average council. It is similar in principle to the Consumer Price Index (CPI), which is used to measure changes in prices for a typical household. The change in the local government cost index (LGCI) to June 2021 of 0.9%.

IPART recognised that councils faced higher costs for their 2021 local government elections and increased the 2021/2022 rate peg by 0.2%. This increase has been deducted from the 2022/2023 rate peg.

Further information on IPART rate peg methodology can be found in the attached Rate Peg Factsheet.

Inverell's 2022/2023 rate peg is calculated as follows:

- | | |
|------------------------|---------|
| 1. Population Factor | = 0.0% |
| 2. LGCI | = 0.9% |
| 3. Election adjustment | = -0.2% |
| TOTAL | = 0.7% |

This determination has significant financial implications for 2022/2023 budget preparations with Council having to find savings across the entire budget to cover the lower than expected rates revenue. It is estimated that Council's 2022/2023 general rate revenue will increase by approximately \$103K based on a 0.7% rate peg. Council's current Long-Term Financial Plan (LTFP) had estimated an increase of 2% or \$293K, resulting in a \$190K deficit.

In conjunction with Council's Councillor Induction Program, the Director of Corporate and Economic Services will deliver an information session in June 2022 on Council's finances, including information on how the rating system works.

CHIEF FINANCIAL OFFICERS COMMENT:

The 2022/2023 rate peg will be considered as part of next year's budget process.

LEGAL IMPLICATIONS:

The rate peg represents the maximum percentage amount by which a council may increase its general income.

ATTACHMENTS:

1. Rate Peg Factsheet 2022/2023 [↓](#)



Rate peg for NSW councils for 2022-23

13 December 2021

For the first time, the rate peg for 2022-23 will include a population factor that varies for each council in NSW depending on how fast its population is growing.

IPART has set the 2022-23 rate peg for each council at between 0.7% and 5.0%, depending on its population factor. The population factor ranges between 0% and 4.3% (see Attachment C for a table presenting the population factor and rate peg for each council).

The rate peg for 2022-23 is based on the change in the Local Government Cost Index (LGCI) and an adjustment to remove the costs of the 2021 local government elections that were included in the 2021-22 rate peg, and a population factor.

1 The rate peg will maintain per capita general income

The revised approach to the rate peg now includes a population factor for each council. The population factor is calculated to maintain per capita general income over time as councils' populations grow.

The population factor is calculated as the change in residential population less any increase in general revenue from supplementary valuations.

We plan to review the performance of our new methodology within 5 years to ensure it remains appropriate and consistent with its intended purpose to align councils' general income with population growth.

We set the rate peg for 2022-23 using the following formula:

$$\text{Rate peg} = \text{change in LGCI} - \text{productivity factor} + \text{other adjustments} + \text{population factor}$$

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders, past, present and emerging. We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

The components of the rate peg for 2022-23 are made up of:

- The change in the local government cost index (LGCI) to June 2021 of 0.9%.
- A productivity factor set to 0.0% because the ABS indices we use for the LGCI incorporate improvements in labour and capital productivity.
- A downward adjustment of 0.2% to remove the additional revenue that was included in the 2021-22 rate peg to meet the costs of the 2021 local government elections.
- A population factor for each council (see Attachment C for a table presenting the population factor for each council).

The NSW Government has undertaken to fully fund the increase in 2021-22 emergency services levy (ESL) contributions^a and cover any COVID-related increases in the cost of local government elections.

We note:

- Under our revised approach, 47 (37%) of the 128 councils receive a population factor greater than 0% and a rate peg of up to 5.0%.
- Many councils will receive additional income from supplementary valuations.^b For example, 107 councils (84%) received additional income from supplementary valuations in 2019-20. Of those, 23 councils (18%) received more income from supplementary valuations than was required to maintain per capita income.

^a LGCI uses the ESL payments lagged by one year. For example, the LGCI for 2022-23 uses the change in the ESL between 2020-21 and 2021-22.

^b Refer to Section A6 for further information

A Background information

A.1 What is the rate peg?

The rate peg is the maximum percentage amount by which a council may increase its general income for the year. For most councils, general income consists entirely of rates income. For a small number of councils, general income also includes some annual charges such as drainage levies. The rate peg does not apply to stormwater, waste collection, water and wastewater charges.

Councils can increase general income by the rate peg, less than the rate peg, or not at all. If a council does not apply the full rate peg increase, it will be able to catch up on the shortfall in general income over any one or more of the next 10 years.

The rate peg applies to general income in total, and not to individual ratepayers' rates. This means that councils may increase categories of rates by more than, or less than the rate peg percentage, as long as the total increase in general income remains within the rate peg. Individual ratepayer's rates are also affected by other factors, such as land values determined by the Valuer General of NSW.

The rate peg is typically based on the change in the Local Government Cost Index (LGCI), a productivity factor and, from 2022-23, a population factor for each council. However, IPART has discretion over the rate peg percentage and can adjust the rate peg above or below the percentage produced by the LGCI, productivity factor and population factor, if we consider this appropriate. For the 2022-23 rate peg, we have adjusted the rate peg by -0.2%, to remove increases in the costs of conducting the 2021 local government elections that we included as a temporary adjustment in the 2021-22 rate peg. This adjustment ensures that ratepayers are not overcharged in non-election years (see Section A.4).

A.2 What is the LGCI?

The LGCI is a price index for councils in NSW. It measures price changes over the past year for goods, materials and labour used by an average council. It is similar in principle to the Consumer Price Index (CPI), which is used to measure changes in prices for a typical household.

The LGCI is designed to measure the average change in prices of a fixed 'basket' of goods and services that are purchased by councils, relative to the prices of the same basket in a base period.

- The index has 26 cost components, such as employee benefits and on-costs, and building materials for roads, bridges and footpaths. The cost components represent the purchases made by an average council to undertake its typical activities. To measure changes in these cost components, we mainly use ABS price indexes for wages costs, producer and consumer prices.
- The ABS uses quality adjustments in its price measures to take into account improvements in labour and capital productivity.

To calculate the LGCI over the year to June 2021, we combined the 26 cost components using expenditure weights based on NSW councils' expenditure in 2017-18 and 2018-19. We aim to update the expenditure weights every four years to ensure the relativities between cost components remain accurate. The last reweight of the LGCI was completed in May 2020, using the results of the 2019 cost survey of councils.

The cost components measure price changes over the year to June 2021, compared to the year to June 2020, with the exception of the Emergency Services Levy (ESL), where we have used forecast costs for 2021-22. The NSW Government has undertaken to fully fund the increase in ESL contributions, so that councils will pay the same amount they paid last year.

For more information on the LGCI see our [LGCI Information Paper](#). For more information about the 2019 council cost survey, see our [website](#).

A.3 What price changes influenced the LGCI?

The change in the LGCI over the year to June 2021 was 0.9%. The main contributors to the change were:

- An increase of 1.2% in employee benefits and on-costs, measured by the ABS Wage Price Index for the NSW public sector.
- An increase of 1.1% in construction works – roads, drains, footpaths, kerbing, bridges costs, measured by the ABS Producer Price Index for roads and bridge construction – NSW.
- An increase of 1.5% in other business expenses, measured by the ABS Producer Price Index for other administrative services, not elsewhere classified.
- Decreases in electricity, water and sewerage and automotive fuel of between 6.6% and 2.4%.

Attachment B shows the price changes in all cost components of the LGCI).

A.4 What adjustments have we made?

The 2021-22 rate peg included a temporary adjustment of 0.2% to pay for the December 2021 local government elections. We have removed the allowed dollar amounts for each council by adjusting the rate peg down by 0.2%. This adjustment ensures that ratepayers are not overcharged in non-election years. The NSW Government has undertaken to cover any COVID-related increases in the cost of local government elections.^c

^c The NSW Office of Local Government media release states that "(t)he NSW Government is putting up an additional \$29.1 million for the NSW Electoral Commission to ensure local councils and ratepayers do not foot the bill for election day delays caused by the COVID-19 Delta outbreak."

A.5 How have we calculated the change in employee costs?

Local Government NSW (LGNSW) raised a concern about using ABS Wage Price Index (WPI) to determine the increase in employee costs. LGNSW noted the majority of local government employees' rates of pay and allowances were increased by 1.5% under the Local Government (State) Award 2020^d, while the majority of state public servants' rates of pay and allowances were increased by 0.3 % though the State Wage Case^e. It was concerned that the lower (0.3%) increase for state employees would result in a WPI that materially underestimated the increase in employee costs experienced by councils.

We decided, on balance, not to make an adjustment to the rate peg for higher council employee costs because we consider the impact of any adjustment is insufficiently material to warrant a departure from our standard methodology. Our methodology is based on independent, publicly available benchmark wage and price indices. We consider this approach is fair to councils and provides better protection to ratepayers than if we set the rate peg using councils' actual cost increases.

The actual increase in the WPI to June 2021 was 1.2%, or 0.3%, lower than the 1.5% increase granted under the Local Government (State) Award 2020. As employee costs contribute around 40% to the LGCI, using 1.5% would have increased the peg by 0.1 %.^f

A.6 How do we calculate the population factor?

The population factor is calculated for each council and is equal to the annual change in its residential population, adjusted for revenue received from supplementary valuations.

The population factor is equal to the maximum of the change in residential population less the supplementary valuations percentage or zero.

Councils with negative population growth will have a population factor of zero, ensuring no council receives a lower increase in general income, relative to a rate peg calculated using the LGCI, productivity factor and any adjustments. Councils that have recovered more from supplementary valuations than is required to maintain per capita general income as their population grows will also have a population factor of zero.

The population factor is calculated using the following formula:

$$\text{Population factor} = \max(0, \text{change in population} - \text{supplementary valuations percentage})$$

The change in population has been calculated using the estimated residential population (ERP) for 2019 and 2020 published by the Australian Bureau of Statistics (ABS). This is the most up to date ABS population data.

The calculation is shown in the following formula:

^d [Local government employees guaranteed economically responsible pay rise \(lgnsw.org.au\)](https://lgnsw.org.au)

^e [C2021-01 - Variation to the Crown Employees \(Public Sector - Salaries 2019\) Award \(nsw.gov.au\)](https://nsw.gov.au)

^f The formula we would use to calculate the maximum adjustment is $(1.5\% - 1.2\%) \times 38.4\% = 0.1\%$, where 38.4% is the employee cost weight in the LGCI. The maximum amount (0.1%) assumes no productivity improvement.

$$\text{Change in population} = \max\left(0, \frac{\text{ERP 2020}}{\text{ERP 2019}} - 1\right)$$

The supplementary valuations percentage for each council is calculated using the following formula:

$$\text{supplementary valuations percentage} = \max\left(0, \frac{\text{supplementary valuations}}{\text{notional general income yield}}\right)$$

In this formula:

supplementary valuations means the total value of adjustments to a council's general income for 2019-20 that the council made under paragraphs 509(2)(b) and (c) of the *Local Government Act 1993* (LG Act). 21. This is the amount recorded as 'Plus or minus adjustments' in each council's 'Special schedule – Permissible income for general rates' for 2020-21 submitted to the Office of Local Government (OLG) in the 2020-21 Financial Statements.

notional general income yield means the general income of the council for 2019-20 prior to adjustment under paragraphs 509(2)(b) and (c) of the LG Act. This is the amount recorded as 'Last year notional general income yield' in each council's 'Special schedule – Permissible income for general rates' for 2020-21 submitted to the OLG in the 2020-21 Financial Statements.

The supplementary valuations percentage is calculated based on supplementary valuations revenue and notional general income yield for the same year as the ERP data. Each year we will update the formula.

Worked example

For example, Albury has a rate peg of 1.1%. its ERP grew by 1.3% in 2019-20 while it received income from supplementary valuations equal to 0.9% of the Notional General Income Yield over the same period.

We calculated Albury's rate peg as follows:

$$\text{Change in population} = \max\left(0, \frac{55,055}{54,344} - 1\right) = 1.3\%$$

$$\text{supplementary valuations percentage} = \max\left(0, \frac{391,000}{43,365,000}\right) = 0.9\%$$

$$\text{Population factor} = \max(0, 1.3\% - 0.9\%) = 0.4\%$$

$$\text{Rate peg} = 0.9\% - 0\% - 0.2\% + 0.4\% = 1.1\%$$

For more information on the population factor, see our final report on including population growth in the rate peg on our [website](#).

A.7 Councils can seek additional increases

Councils can seek additional increases to general income above the rate peg, by applying to IPART for a special variation (SV).

Councils applying for an SV must satisfy the criteria listed in the Office of Local Government's SV Guidelines. The Guidelines are available on [IPART's website](#). Councils applying for an SV for 2022-23 must apply to IPART by 7 February 2022. IPART's website also includes general information on the SV requirements and recent applications from councils

B Change in the LGCI for the year ended June 2021

Cost components	Weight as at end June 2020 %	Price change to end June 2021 (% annual average)	Contribution to index change (percentage points)
Operating cost components			
Employee benefits and on-costs ^a	38.4	1.2	0.44
Plant and equipment leasing	0.3	1.1	0.00
Operating contracts	2.1	0.4	0.01
Legal and accounting services	0.8	14	0.01
Office and building cleaning services	0.3	14	0.00
Other business services	6.2	1.0	0.06
Insurance	1.2	3.0	0.04
Telecommunications, telephone and internet services	0.4	-2.4	-0.01
Printing, publishing and advertising	0.6	2.3	0.01
Motor vehicle parts	0.3	-1.2	0.00
Motor vehicle repairs and servicing	0.4	1.4	0.01
Automotive fuel	0.8	-2.4	-0.02
Electricity	2.0	-3.8	-0.07
Gas	0.1	-6.8	-0.01
Water and sewerage	0.4	-6.6	-0.03
Road, footpath, kerbing, bridge and drain building materials	2.5	1.1	0.03
Other building and construction materials	0.7	0.0	0.00
Office supplies	0.3	0.9	0.00
Emergency services levy ^b	1.5	0.0	0.00
Other expenses ^c	8.4	1.5	0.13
Capital cost components			
Buildings – non-dwelling	4.2	1.1	0.00
Construction works – roads, drains, footpaths, kerbing, bridges	21.9	1.1	0.25
Construction works – other	2.5	-0.3	0.03
Plant and equipment – machinery, etc.	3.1	0.1	-0.01
Plant and equipment – furniture, etc.	0.1	-0.4	0.00
Information technology and software	0.7	0.0	0.00
Total change in LGCI	100.0		0.9

a Employee benefits and on-costs includes salaries and wages.

b The NSW Government has undertaken to fully fund the increase in 2021-22 ESL contributions

c Includes miscellaneous expenses with low weights in the index – eg, councillor and mayoral fees.

Note: Figures may not add due to rounding. Percentage changes are calculated from unrounded numbers

C Population factors and rate pegs for all councils

Councils with a population factor greater than 0% for 2022-23 are indicated by bolded blue font.

Council	Change in population	Supplementary valuations percentage	Population factor	Rate Peg (including population factor)
	%	%	%	%
Albury	1.3	0.9	0.4	1.1
Armidale Regional	0.0	0.1	0.0	0.7
Ballina	1.3	2.0	0.0	0.7
Balranald	0.0	0.8	0.0	0.7
Bathurst Regional	0.9	0.7	0.2	0.9
Bayside	1.7	0.9	0.9	1.6
Bega Valley	0.7	0.9	0.0	0.7
Bellingen	1.1	0.5	0.6	1.3
Berrigan	0.4	0.2	0.2	0.9
Blacktown	2.3	2.3	0.0	0.7
Bland	0.0	0.1	0.0	0.7
Blayney	0.1	0.0	0.0	0.7
Blue Mountains	0.1	0.0	0.1	0.8
Bogan	0.0	2.8	0.0	0.7
Bourke	1.4	0.0	1.4	2.1
Brewarrina	0.0	0.0	0.0	0.7
Broken Hill	0.0	0.6	0.0	0.7
Burwood	0.7	3.6	0.0	0.7
Byron	2.0	0.4	1.6	2.3
Cabonne	0.3	0.1	0.2	0.9
Camden	6.3	2.0	4.3	5.0
Campbelltown	1.9	1.3	0.5	1.2
Canada Bay	0.6	0.1	0.5	1.2
Canterbury-Bankstown	0.7	0.6	0.1	0.8
Carrathool	0.0	0.0	0.0	0.7
Central Coast	0.5	0.3	0.3	1.0
Central Darling	0.0	0.0	0.0	0.7
Cessnock	2.1	2.1	0.0	0.7
Clarence Valley	0.1	0.8	0.0	0.7
Cobar	0.0	0.3	0.0	0.7
Coffs Harbour	0.5	0.5	0.0	0.7
Coolamon	0.0	0.0	0.0	0.7
Coonamble	0.0	0.0	0.0	0.7
Cootamundra-Gundagai Regional	0.0	0.0	0.0	0.7
Cowra	0.0	0.2	0.0	0.7
Cumberland	0.5	0.0	0.5	1.2
Dubbo Regional	0.6	0.6	0.0	0.7
Dungog	2.6	0.9	1.7	2.4
Edward River	0.0	0.0	0.0	0.7
Eurobodalla	1.3	0.3	1.0	1.7
Fairfield	0.0	0.4	0.0	0.7
Federation	1.3	0.4	0.9	1.6
Forbes	0.2	0.3	0.0	0.7
Georges River	0.5	0.6	0.0	0.7

Council	Change in population	Supplementary valuations percentage	Population factor	Rate Peg (including population factor)
	%	%	%	%
Gilgandra	0.0	0.1	0.0	0.7
Glen Innes Severn	0.0	0.4	0.0	0.7
Goulburn Mulwaree	1.4	1.4	0.0	0.7
Greater Hume	0.7	0.8	0.0	0.7
Griffith	0.5	0.5	0.0	0.7
Gunnedah	0.1	0.0	0.1	0.8
Gwydir	0.0	0.3	0.0	0.7
Hawkesbury	0.7	0.6	0.1	0.8
Hay	0.0	0.3	0.0	0.7
Hilltops	0.0	0.0	0.0	0.7
Hornsby	0.3	0.5	0.0	0.7
Hunters Hill	0.0	0.1	0.0	0.7
Inner West	0.6	0.0	0.6	1.3
Inverell	0.0	3.3	0.0	0.7
June	0.0	0.5	0.0	0.7
Kempsey	0.6	0.5	0.1	0.8
Kiama	1.3	0.4	0.9	1.6
Ku-ring-gai	0.4	0.9	0.0	0.7
Kyogle	0.0	0.7	0.0	0.7
Lachlan	0.0	0.1	0.0	0.7
Lake Macquarie	0.9	0.9	0.0	0.7
Lane Cove	1.0	2.4	0.0	0.7
Leeton	0.0	0.1	0.0	0.7
Lismore	0.0	0.3	0.0	0.7
Lithgow	0.0	0.0	0.0	0.7
Liverpool	1.6	1.4	0.3	1.0
Liverpool Plains	0.0	0.2	0.0	0.7
Lockhart	0.0	0.0	0.0	0.7
Maitland	2.6	3.1	0.0	0.7
Mid-Coast	0.6	0.4	0.2	0.9
Mid-Western Regional	0.5	0.5	0.0	0.7
Moree Plains	0.0	0.0	0.0	0.7
Mosman	0.0	0.0	0.0	0.7
Murray River	1.7	0.9	0.8	1.5
Murrumbidgee (new)	0.0	0.0	0.0	0.7
Muswellbrook	0.0	5.3	0.0	0.7
Nambucca	0.3	0.7	0.0	0.7
Narrabri	0.0	0.0	0.0	0.7
Narrandera	0.0	0.0	0.0	0.7
Narromine	0.0	0.0	0.0	0.7
Newcastle	1.1	0.6	0.5	1.2
North Sydney	0.2	0.0	0.2	0.9
Northern Beaches	0.2	0.5	0.0	0.7
Oberon	0.1	0.4	0.0	0.7
Orange	0.1	0.8	0.0	0.7
Parkes	0.0	0.0	0.0	0.7
Parramatta (new)	1.2	1.6	0.0	0.7
Penrith	1.6	0.8	0.7	1.4
Port Macquarie-Hastings	1.7	0.7	1.0	1.7
Port Stephens	1.4	0.8	0.6	1.3

Council	Change in population	Supplementary valuations percentage	Population factor	Rate Peg (including population factor)
	%	%	%	%
Queanbeyan-Palerang Regional	1.9	2.0	0.0	0.7
Randwick	0.7	0.1	0.6	1.3
Richmond Valley	0.1	0.3	0.0	0.7
Ryde	1.6	2.9	0.0	0.7
Shellharbour	1.9	0.5	1.4	2.1
Shoalhaven	1.5	0.5	1.0	1.7
Singleton	0.0	1.3	0.0	0.7
Snowy Monaro Regional	1.0	0.9	0.1	0.8
Snowy Valleys	0.0	0.1	0.0	0.7
Strathfield	1.9	1.4	0.4	1.1
Sutherland	0.8	0.9	0.0	0.7
Sydney	1.1	0.5	0.7	1.4
Tamworth Regional	0.0	0.6	0.0	0.7
Temora	0.0	0.1	0.0	0.7
Tenterfield	0.0	0.0	0.0	0.7
Hills	3.3	2.4	0.9	1.6
Tweed	1.4	0.4	1.0	1.7
Upper Hunter	0.0	0.2	0.0	0.7
Upper Lachlan	2.7	1.0	1.7	2.4
Uralla	0.0	0.0	0.0	0.7
Wagga Wagga	0.8	1.1	0.0	0.7
Walcha	0.0	0.0	0.0	0.7
Walgett	0.0	0.0	0.0	0.7
Warren	0.7	0.1	0.6	1.3
Warrumbungle	0.0	0.1	0.0	0.7
Waverley	0.1	0.0	0.1	0.8
Weddin	0.0	0.0	0.0	0.7
Wentworth	0.5	1.0	0.0	0.7
Willoughby	0.1	0.1	0.1	0.8
Wingecarribee	1.2	0.8	0.5	1.2
Wollondilly	1.6	1.1	0.6	1.3
Wollongong	0.8	0.5	0.3	1.0
Woollahra	0.1	0.2	0.0	0.7
Yass Valley	1.4	0.8	0.6	1.3

7 GOVERNANCE REPORTS

7.1 QUARTERLY BUDGET AND OPERATIONAL PLAN 2021/2022

File Number: S12.5.1 / 22/2534

Author: Robert Kimmince, Manager Financial Services

SUMMARY:

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

RECOMMENDATION:

That:

- i) Council's Quarterly Operational Plan and Budget Review for 31st December, 2021 be adopted; and*
- ii) The proposed variations to budget votes for the 2021/2022 Financial Year be adopted providing an estimated Cash Surplus at 31st December, 2021 from operations of \$6,161.*

COMMENTARY:

2021/2022 BUDGET VARIATIONS:

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

The following table represents variations required to be made to budget votes as a result of changes since the last meeting to ensure the 2021/2022 budget remains in balance (see attachment). Those items identified as requiring funding since the adoption of the 2021/2022 budget have now been funded in full.

The Budget Variations for 2021/2022 are as follows:

COMBINED FUND - BUDGET VARIATION SUMMARY REPORT

ESTIMATED CASH POSITION 30 JUNE 2022

FOR 2021/2022 ACTIVITIES

	General	Water	Sewer	Total	
Adopted Budget 2021/2022	12,353,663	1,633,705	1,104,235	15,091,603	Deficit
Add Back Depreciation	(9,723,400)	(1,606,000)	(1,066,500)	(12,395,900)	(Non-cash)
Add Back Carry Amount Assets Sold	(694,770)	-	-	(694,770)	(Non-Cash)
Internally Restricted Cash Utilised	(1,937,094)	(30,000)	(40,000)	(2,007,094)	
Transferred to Internally Restricted Cash	-		-	-	

ESTIMATED CASH RESULT FOR 2021/2022 ACTIVITIES	(1,601)	(2,295)	(2,265)	(6,161)	SURPLUS
<i>2021/2022 Budget Variations Required to Maintain a Balanced Budget</i>					
REVOTES	7,602,037	3,607,215	3,525,770	14,735,022	
UNEXPENDED GRANTS & CONTRACT LIABILITIES	1,166,498	-	-	1,166,498	
Budget Review Adjustments 30-9-21	100,096	-	-	100,096	
Budget Review Adjustments 31-12-21	78,372	-	-	78,372	
Budget Review Adjustments 31-3-2022	-	-	-	-	
SUB TOTAL	8,947,003	3,607,215	3,525,770	16,079,988	
Internally Restricted Cash Utilised	(178,468)			(178,468)	
FUNDED FROM EQUITY	(8,768,535)	(3,607,215)	(3,525,770)	(15,901,520)	
NET BUDGET VARIATIONS	-	-	-	-	
REVISED CASH RESULT FOR 2021/2022 ACTIVITIES	(1,601)	(2,295)	(2,265)	(6,161)	SURPLUS

DEFINITIONS:**REVOTES**

Revotes are works budgeted and funded in the previous Financial Year, carried forward for completion in the current financial year. Revotes only occur if cash funding remains available from that previous Financial Years Budget to fund the works. The cash is held as equity.

FUNDED FROM EQUITY

Represents Cash funding received in previous financial years from Revenues, Grants and Other Sources and held as Cash due to its non-expenditure, carried forward to fund the required works in the current Financial Year.

INTERNALLY RESTRICTED CASH

Is cash held in investments to fund future financial obligations, for example Employee Leave Entitlements, Future Projects etc. These funds are not part of Council's Working Capital. The expenditure of funds from Council's Internally Restricted Cash does not impact on Council's ability to undertake its regular activities. Internally Restricted Cash does not include unexpended Grant Funds or Funds which are subject to External Restrictions and Legislative Restrictions in respect of their use.

BALANCED BUDGETS

Council has adopted the principle of delivering "Balanced Budgets" as a major means of ensuring its operations are sustainable in the medium and long term. In determining that this objective is being met, the "Revised Cash Result" must be a "Surplus" for each of the three funds, and equal or exceed the "Original Cash Result" amount.

The report indicates that the net budget variations for 2021/2022 continue to remain at “Zero”. Councillors will note that expenditure has increased by \$14.62M, while revenue has increased by \$14.45M. The “zero” change position is achieved by utilising Internally Restricted Assets (IRA) of \$0.178M. This means that all budget variations required to be made to this point, to cover increased or additional expenditures, have been fully funded from either Council receiving additional income or alternately from reductions in expenditures in other areas. There has been no reduction in working capital.

The attached Consolidated Income and Expense Statement indicates a surplus from all activities to 31st December, 2021 of \$8.120M, against a budgeted annual result of \$6,161. This current result indicates that sufficient funding remains available to fund Council's 2021/2022 continuing operations for the next 6 months to the end of the 2021/2022 Financial Year.

QUARTERLY BUDGET REVIEW REPORT:

Council's 31st December, 2021 Quarterly Combined Budget Review Summary Report and Income and Expense Statement by function are attached. A review of the report indicates that Council's actual revenue/expenditure compares favourably with Council's revised budget.

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

GENERAL FUND – OPERATIONAL PLAN REVIEW:

The General Fund remains in balance with the predicted Cash Surplus in respect of 2021/2022 operations remaining unchanged following approval of the Budget Variations attached to this report. This is after transfers to/from Internally Restricted Assets and Revotes from previous years and the bringing forward of grant funding received in 2020/2021 which will be expended in 2021/2022.

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

A comprehensive review of the General Fund Budget indicates that overall, incomes and expenditures to 31st December, 2021 are in accordance with the adopted budget. All matters not in accordance with the adopted budget are included in the Budget Variation Report.

Capital Works:

Progress on the major Road Construction Program, has been reported to Council through the Civil and Environmental Services Committee. Council's recent focus on repairing flood damaged roads have impacted on the delivery of Council's large Capital works.

Many of Council's revenue funded road projects will be deferred to 2022/2023 as a result of grant funded projects taking priority.

Investments:

The General Fund investments remain sound.

Council's General Fund investment portfolio of \$47.47M is almost entirely invested in fixed term deposits. The portfolio aligns with Council's adopted Investment Policy.

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

Council's term deposit portfolio was yielding 1.18% p.a. at 31st December 2021, with a weighted average duration of around 446 days or 14.5 months. This average duration will provide some income protection against the low interest rate environment over the immediate future.

Given our strong investment balances and a number of longer dated term deposits yielding significantly higher returns than the current market, Council is expected to meet interest revenue targets in 2021/2022. Any additional interest received during 2021/2022 will be allocated to Council's Investment Equalisation Reserves to help fund future budget reductions in interest revenue.

A copy of Council's Cash and Investment Budget Review Statement as at 31st December, 2021 is attached. Council retains a sound investment position to fund all of Council's internal and external restrictions and Council's working capital/cash flow needs.

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

Contracts, Consultancy & Legal Expenses

The attached Contracts Summary indicates any contracts entered into with a value of over \$50,000 by Council during the quarter ending 31st December, 2021, other consultancy and legal expenses are summarised in the attached Consultancy & Legal Expense summary.

General Fund Summary:

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

WATER FUND – OPERATIONAL PLAN REVIEW:

The Water Fund continues to show growth. This position is always dependant on weather conditions which effects water use and resultant sales. Water sales were up, \$535K in 2017/2018, up \$749K in 2018/2019, up \$685K in 2019/2020 and up \$31K in 2020/2021. It should be noted that Water Sales have declined over the last two quarters in 2021/2022 largely due to extreme wet weather conditions. If water sales decline, production cost will also decline to balance things out. Any shortfall in Water Sales is funded from Council's Water Fund Revenue Equalisation Reserve.

The Water Fund holds investments totalling \$12.5M and cash at bank of \$1.085M.

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

SEWERAGE FUND OPERATIONAL PLAN REVIEW:

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

The Committee will be aware that the main priority for the Sewer Fund is the completion of the refurbishment/expansion of the Inverell Sewerage Treatment Plant and upgrade of telemetry systems in 2021/2022.

The Sewerage Fund holds Term Deposits totalling \$7M plus cash at bank of \$1.168M.

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

OPERATIONAL PLAN – COMBINED FUND

Overall Council's operational and financial position in respect of its five (5) destinations is sound. The following information is provided in respect of major issues and projects that Council is leading, participating in, or delivering in 2021/2022.

Destination 1 – A recognised leader in the broader context:

- Participated in road funding meetings with the Roads and Maritime Services;
- Participated in New England High Country Destination Management Hub;
- Participated in meetings with New England Council's Joint Organisation of Councils;
- Participated in Border Region Organisation of Councils Meeting;
- Participated in NAIDOC Committee meetings;

- Seeking grants for the benefit of the community;
- Sponsored acquisition prize of Inverell Art Prize; and
- Participated in the Northern Inland Risk Management Group.

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

- Commenced planning for 2022 Sapphire City Festival;
- Installed solar lighting at Tingha Recreation Reserve;
- Secured NSW Government funding for extension of shared path network in Inverell;
- Secured funding for Inverell Netball Courts Upgrade
- Participation in New England Cooperative Library;
- Participation in work experience programs with local schools;
- Commenced an 18-month long youth activities program;
- Conducted summer and winter school holiday youth activities program;
- Installed new covered grandstand and sports field irrigation at Tingha Recreation Ground;
- Secured funding for the installation of Lighting of Inverell half-court basketball court;
- Secured funding for the construction of a pump track at Inverell;
- Secured funding for amenities upgrades at Ashford cemetery and Lake Inverell;
- Construct fully accessible changerooms & amenities at Inverell Sports Complex;
- Secured funding for new Bus Shelters across Shire; and
- Secured funding for Ashford Sports Ground upgrade – Lighting and footpaths.

Destination 3 – An environment that is protected and sustained:

- Partnering with Local Land Services in River Rehabilitation & Weeds Removal Programs;
- Participated in Cross Borders Working Group on weed control meetings;
- Participated in Northern Inland Regional Waste meetings;
- Ongoing works to improve riverbank environment in Inverell;
- Host chemical collect event to collect hazardous waste and Materials;
- Secured Funding for Self-Guided Heritage Walk;
- Secured Funding from EPA (Bushfire Recovery Program for Council Landfills) for remediation of Tingha Waste Management Facility.

Destination 4 – A strong Local Economy:

- Participated in Inverell promotional activities with the Inverell Chamber of Commerce and Industry;
- Facilitated round one of Sapphire Wind Farm Community Benefit Fund;
- Partnered with Inverell Chamber of Commerce for “Flag a Job” initiative;
- Secured funding for the upgrade to amenities and caretaker residence at Tingha Gems Caravan Park;
- Completed \$5M upgrade of Copeton Northern Foreshores, funded by NSW Government;
- Tourism promotion in partnership with “Regional Lifestyle Magazine”;

- Development of new Tourism guide;
- Commenced redevelopment of the Ashford Tourism website and brochure;
- Completed Public Art mural in Evans Street Inverell;
- Renovate amenities block at Ashford Caravan Park;
- Supported new television campaign to promote Inverell “Choose your Own Adventure”;
- Secured funding for Inverell RLX Stage Two upgrade of Inverell Saleyards;
- Secured funding from NSW Partnerships – Local Council Program for Business Support & Small Grants Program; and
- Secured funding to redevelop Wing Hing Long Museum Website.

Destination 5 – The Communities are served by sustainable services and Infrastructure:

- Commenced and completed a range of Road Upgrade Projects on the Regional Road and Local Road Network;
- Progress upgrade to Bonshaw water supply;
- Commenced a significant quantum of Shire Roads Gravel Resheeting;
- Commenced a significant quantum of heavy patching throughout the Shire;
- Commenced Council's 2021/2022 bitumen reseal program;
- Completed 2020/2021 Financial Statements – sound financial result achieved;
- Progressing with upgrade works at the Inverell Sewerage Treatment Plant;
- Commence upgrade of Mathers Bridge, Nullamanna;
- Secured funding to upgrade Ashford Caravan Park;
- Secured funding for Brooks Oval Amenities block in partnership with Inverell Junior Cricket Association;
- Secured funding for Inverell Aerodrome Lighting upgrade;
- Secured funding for Moore Street and hospital access upgrade;
- Commence upgrade of Walkers Bridge, Tingha;
- Completed assessment of Local Roads Culverts & Bridges for HML;
- Completed installation of 4 bus shelters under the Country Passenger Transport Infrastructure Program; and
- Secured funding from NSW Partnerships – Local Council Program for BBQ trailer & Shelter.

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

POLICY IMPLICATIONS:

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

CHIEF FINANCIAL OFFICERS COMMENT:

In accordance with the Local Government (General) Regulation 2005, it is my opinion that the Quarterly Budget Review Statement for Inverell Shire Council for the quarter ended 31st December, 2021 indicates that Council's projected financial position at 30 June, 2022 will be satisfactory at

year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

Adoption of the proposed budget variations as indicated above will maintain Council's 2021/2022 budget in balance, with an indicative surplus of \$6,161.

LEGAL IMPLICATIONS:

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

ATTACHMENTS:

1. **Quarterly Budget and Operational Plan 2021/2022 - Budget Review 31 December 2021**



BUDGET VARIATIONS - FINANCE MEETING 9-2-2022			
ITEM/LEDGER NO.	DESCRIPTION	AMOUNT \$	COMMENT/REASON
GENERAL FUND			
<i>Increase/Decrease in INCOME</i>			
121217-1000	Grant-NSW Partnerships-Local Council Program 2	90,000	Grant-NSW Partnerships-Local Council Program 2
127049-1000	Capital Contribution - Brooks Oval Amenities Building Upgrade	137,820	Contribution to Brooks Oval Amenities Building Upgrade (Inverell Junior Cricket)
121218-1000	Grant-SCCF-Stronger Country Communities Fund - Round 4	73,061	Grant for Ashford Sports Ground Upgrade-Lighting & Footpaths
145878-1000	Grant-Road Safety Program - (Stimulus Commitment-2020/2021)-Campbell Street (Project 4474)	45,318	Additional Grant Funds - Campbell Street Pedestrian Crossing near library
122026-1000	Grant-EPA-Bushfire Recovery Program for Council Landfills	325,373	Grant for remediation of Tingha Waste Management Facility
132325-1000	Grant-National Australia Day Council - Australia Day Community Grants Program	29,500	Grant for Australia Day celebrations
121215-1000	Grant-NSW Government-Covid-19 Crown Land Manager Recovery Support Program	39,645	Grant for Ashford Cemetery Amenities Upgrade
132999-1000	Grant - Natural Disaster Funding - March 2021 Event	1,310,214	Estimated Grant for Natural Disaster Flooding Event - March 2021
132999-1000	Grant - Natural Disaster Funding - November 2021 Event	276,220	Estimated Grant for Natural Disaster Flooding Event - November 2021
136135-1000	Environmental Compliance Matters	36,075	Environmental Compliance Income - tidy up burnt out homes
127440-1000	Town Hall Rents & Fees	3,300	Additional rental fees
TOTAL INCREASE IN INCOME		2,366,526	Positive figure indicates increased income, (Negative) figure indicates decreased income)
<i>Increase/Decrease in EXPENDITURE</i>			
160673-1000	Grant-NSW Partnerships-Local Council Program 2 - Operating	70,000	Grant-NSW Partnerships-Local Council Program 2-Business Support/Small grants
160674-1000	Grant-NSW Partnerships-Local Council Program 2 - Capital	20,000	Grant-NSW Partnerships-Local Council Program 2-BBQ Trailer & Shelter
160850-3001	Council Depots Improvements/Upgrades	15,000	Ashford Depot - New High Flow Diesel Pump
161610-1000	Council Depot - Workshop Equipment (Capital Expenditure)	(15,000)	Funding for Above - Ashford Dept -New High Flow Diesel Flow Pump
139462-1000	Brooks Oval Upgrade - (Capital Contribution Funding)	137,820	Brooks Oval Amenities Building Upgrade - Contribution from Inverell Junior Cricket
139462-1000	Brooks Oval Upgrade - (Internal Restricted Asset (IRA) Funding)	44,847	Council Contribution - Brooks Oval Amenities - Funding from (IRA) as per council resolution
160671-1000	Grant-SCCF-Stronger Country Communities Fund - Round 4	73,061	Grant for Ashford Sports Ground Upgrade-Lighting & Footpaths
160671-1000	Grant-SCCF-Stronger Country Communities Fund - Round 4	6,500	Council Contribution for Ashford Sports Ground Upgrade-Funded from below
139120-3001	Village Development - Capital Expenditure - Ashford	(6,500)	Funding for above - Ashford Sports Ground Upgrade - Lighting & Footpaths
145879-1000	Grant-Road Safety Program - (Stimulus Commitment-2020/2021)-Campbell Street (Project 4474)	45,318	Additional Grant Funds
145879-1000	Road Safety Program - Campbell Street-Project 4474	27,280	Council contribution to Campbell Street Pedestrian Crossing near library
139300-1000	Heaving Patching Shire Roads	(27,280)	Funding for above
135455-1000	Grant-EPA-Bushfire Recovery Program for Council Landfills	325,373	Grant for remediation of Tingha Waste Management Facility
132326-1000	Grant-National Australia Day Council - Australia Day Community Grants Program	29,500	Grant for Australia Day Celebrations
136416-1000	Grant-NSW Government-Covid-19 Crown Land Manager Recovery Support Program	39,645	Grant for Ashford Cemetery Amenities Upgrade
133013-1000	Grant - Natural Disaster Funding - March 2021 Event	1,310,214	Natural Disaster Flooding Event - March 2021
133000-1000	Grant - Natural Disaster Funding - November 2021 Event	276,220	Natural Disaster Flooding Event - November 2021
138815-1100	ACRD - Villages Reseals	76,150	Additional Village reseals completed
139200-1000	Bitumen Reseals - Villages	(76,150)	Funding for above (Revenue Funds)
139452-1000	DPIE-Bushfire Pymt- Vegetation Control in Clear Zones	3,140	Additional tree clearing completed
139160-1000	Roadside Growth Control - South	(3,140)	Funding for above
140120-1000	Gravel Patching South	3,180	Additional costs incurred due to storm damage
140190-3200	Gravel Resheeting Minor Roads South	(3,180)	Funding for above
137830-1100	Block - Heavy Patching - Regional Roads	160,000	Allocation of Block Grant Supplementary Funding to regional road heavy patching
138730-4450	Grant-3x4 Program	(160,000)	Funding for above
145868-1100	RMS - Active Transport Program 2020/21	46,800	Shared path along riverbank
138270-1000	2021/2022 Urban Works Program - PAMP Component	(46,800)	Funding for above
138801-1100	ACRD - Heavy Patching Shire Roads	269,600	Heavy patching under reseals (Auburn Vale Rd, Karinda Dr, Woodstock Rd)
142995-1100	ACRD - Bitumen Renewal Program	(269,600)	Funding for above
135900-1000	Urban Drainage Maintenance	46,000	Additional costs incurred due to prolonged wet weather
140500-1000	Kerb and Gutter Maintenance	(46,000)	Funding for above
141330-4570	Central Business District Maintenance	30,240	Repairs to pavers in CBD
141331-4450	Central Business District Capital Expenditure	(19,090)	Funding for above
141340-1000	Central Business District Upgrade Works	(11,150)	Funding for above
139429-1000	Restart NSW - 2021 Local Roads HML Assessment Bridges / Culverts	11,050	Additional costs incurred
146460-1000	Asset Management	(11,050)	Funding for above
143649-1100	R2R5-Yr2 - Culverts/Causeways/Bridges	100,330	R2R5 - Waterloo Rd Causeway upgrade
143655-1100	R2R5-Yr3 - Bitumen Renewal	(100,330)	Funding for above
159000-1000	Land Purchase	33,525	Purchases of land at Tingha via Sale of Land for Unpaid Rates (funded by IRA)
136136-1000	Environmental Compliance Matters	36,075	Environmental Compliance costs - tidy up burnt out homes
137500-1000	Civic Hall - Inverell M & R	3,300	Additional maintenance costs incurred
130330-1000	Councillors / Officers Liability Insurance	2,160	Increase in insurance costs
132009-1000	Risk Management Activities	(2,160)	Funding for above
145720-1000	Tree Grow Out Facility	12,360	Tree replacement program - Deposit for mature trees.
132530-1000	Contribution to Rural Fire Service	(12,360)	Funding for above
TOTAL INCREASE IN EXPENDITURE		2,444,898	Positive figure indicates increased expenditure, (Negative) figure decreased expenditure)
NET CHANGE TO CURRENT BUDGET Surplus/(Deficit)		78,372	Positive figure indicates increased expenditure, (Negative) figure decreased expenditure)
<i>Restricted Assets</i>			
161720-6220	Building Refurbishment / Upgrade Reserve	44,847	Reserve funding of Brooks Oval Amenities Upgrade
161970-6220	Strategic Land Purchases	33,525	Purchases of land at Tingha via Sale of Land for Unpaid Rates (funded by IRA)
TOTAL FUNDING FROM RESTRICTED ASSETS		78,372	
FUNDED FROM EQUITY (G5795.000)			
NET CHANGE TO FINANCIAL POSITION Surplus/(Deficit)		-	

WATER FUND			
<i>Increase/Decrease in INCOME</i>			
812240-1000	Income - Insta///Repairs Water Connections	3,815	Additional income received
812270-1000	Contribution to works - Section 64	45,500	Additional income received
TOTAL INCREASE IN INCOME		49,315	<i>Positive figure indicates increased income,(Negative) figure indicates decreased income)</i>
<i>Increase/Decrease in EXPENDITURE</i>			
812660-5350	Insurance Premiums	3,815	Increase in insurance costs
814650-1000	Reservoir - Lake Inverell Dam	45,500	Prepare Dam Safety documentation for Lake Inverell
TOTAL INCREASE IN EXPENDITURE		49,315	<i>Positive figure indicates increased expenditure, (Negative) figure decreased expenditure)</i>
NET CHANGE TO CURRENT BUDGET Surplus/(Deficit)		-	<i>Positive figure indicates increased expenditure, (Negative) figure decreased expenditure)</i>
SEWER FUND			
<i>Increase/Decrease in INCOME</i>			
906040-1000	Sewerage - Occupied Charge	1,040	Additional income received
TOTAL INCREASE IN INCOME		1,040	<i>Positive figure indicates increased income,(Negative) figure indicates decreased income)</i>
<i>Increase/Decrease in EXPENDITURE</i>			
906650-5350	Insurance Premiums	1,040	Increase in insurance costs
TOTAL INCREASE IN EXPENDITURE		1,040	<i>Positive figure indicates increased expenditure, (Negative) figure decreased expenditure)</i>
NET CHANGE TO CURRENT BUDGET Surplus/(Deficit)		-	<i>Positive figure indicates increased expenditure, (Negative) figure decreased expenditure)</i>

INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDED 31-12-2021
CONSOLIDATED INCOME AND EXPENSE STATEMENT

	ORIGINAL BUDGET 2021/2022 (000's)	Approved Changes						REVISED BUDGET (000's)	Recommended Changes for Council Resolution (000's)	PROJECTED Year End Result 2021/2022 (000's)	ACTUAL YTD (000's)	% OF PROJECTED BUDGET
		Revotes (000's)	Unexpended Grants & Contract Liabilities B/FW (000's)	Sept 2021 Review (000's)	Dec 2021 Review (000's)	Mar 2022 Review (000's)	June 2022 Review (000's)					
INCOME												
Rates & Annual Charges	23,067							23,067	1	23,068	23,076	100.03%
User Charges & Fees	4,721			856				5,577	7	5,584	1,520	27.22%
Interest	527							527		527	385	73.06%
Other revenues from ordinary activities	590			21				611	36	647	443	68.47%
Grants & Contributions provided for non capital purposes	14,307		1,838	2,200				18,345	2,031	20,376	4,506	22.11%
Grants & Contributions provided for Capital Purposes	979		1,707	9,004				11,690	341	12,031	2,880	23.94%
Gain from the sale of assets	-							-		-	339	100.00%
Gain from interest in joint ventures & associates	-							-				
TOTAL INCOME FROM CONTINUING OPERATIONS	44,191	-	3,545	12,081				59,817	2,416	62,233	33,149	55.42%
EXPENSES												
Employee Costs	15,106	260	84	180				15,630		15,630	7,799	49.90%
Borrowing Costs	82							82		82	44	53.66%
Materials and Contracts	10,524	3,284	2,047	2,683				18,538	2,260	20,798	8,293	39.87%
Depreciation	12,396							12,396		12,396	6,198	50.00%
Other Expenses from ordinary activities	4,844	417		21				5,282	(5)	5,277	3,079	58.35%
Loss from the disposal of assets	50							50		50	-	0.00%
Loss from interest in joint ventures & associates	-							-		-	-	-
TOTAL EXPENSES FROM CONTINUING OPERATIONS	43,002	3,961	2,131	2,884	-	-	-	51,978	2,255	54,233	25,413	48.89%
NET OPERATING RESULT FROM CONTINUING OPERATIONS SURPLUS/(DEFICIT)	1,189	(3,961)	1,414	9,197	-	-	-	7,839	161	8,000	7,736	98.69%
ADD BACK Non Cash Amounts												
Depreciation	12,396							12,396	-	12,396	6,198	50.00%
Carrying Amount of Assets Sold	695							695		695	-	0.00%
Capital Amounts	14,280	(3,961)	1,414	9,197	-	-	-	20,930	161	21,091	13,934	66.57%
Repayments by deferred Debtors	-											
Acquisition of Assets	(15,628)	(10,774)	(2,581)	(9,297)				(38,280)	(239)	(38,519)	(5,586)	14.59%
Loan Repayments	(653)							(653)		(653)	(228)	34.92%
Advance to Deferred Debtors												
Loan Funds												
Less Net Transfers to IRA	2,007			100				2,107	78	2,185		0.00%
Plus Equity Funding	-	14,735	1,167					15,902		15,902		0.00%
Unallocated Consolidation Net Profit/(Loss)	6	-	-	-	-	-	-	6	-	6	8,120	
NET OPERATING RESULT BEFORE CAPITAL ITEMS SURPLUS/(DEFICIT)	210							210		210	4,856	

* Favourable / (Unfavourable) variance

EXPLANATION OF MATERIAL VARIANCES

YTD Variances

Item	Explanation
INCOME	
Rates & Annual Charges	Includes rate levy for 2021/2022
User Charges & Fees	2nd Quarter Water sales (\$501k) not raised until first week of January 2022. Water sales are estimated to be below budget during 2021/22 due to prolonged wet weather. Any short fall will be offset by Councils Water Sales Equalisation IRA
Grants & Contributions provided for non capital purposes	Works have not yet commenced on these projects and grant funding for road projects are normally paid in arrears
Grants & Contributions provided for Capital Purposes	Works have not yet commenced on these projects and grant funding for road projects are normally paid in arrears
Gain from the sale of assets	Sales of second hand plant and equipment is currently at record highs due to limited supply of new replacement equipment. Additional Gain on sale of assets will be transferred to Fleet IRA at end of financial year.
EXPENSES	
Other Expenses from ordinary activities	Includes yearly payments for Rates, insurances, emergency levies and memberships/subscriptions
CAPITAL AMOUNTS	

RECOMMENDED CHANGES TO REVISED BUDGET

The budget variations recommended above are required to be made to budget votes as a result of changes since the last budget review. Refer to attached appendix "Budget Variations" for commentary on each budget variation. Those items identified as requiring funding since the adoption of the 2021/2022 budget have now been funded.

INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDED 31-12-2021
INCOME & EXPENSES BY FUNCTION

	ORIGINAL BUDGET 2021/2022 (000's)	Approved Changes						REVISED BUDGET (000's)	Recommended Changes for Council Resolution (000's)	PROJECTED Year End Result 2021/2022 (000's)	ACTUAL YTD (000's)	% OF PROJECTED BUDGET (000'S)
		Revotes (000's)	Unexpended Grants B/FW (000's)	Sept 2021 Review (000's)	Dec 2021 Review (000's)	Mar 2022 Review (000's)	June 2022 Review (000's)					
EXPENSES												
Governance	263	592						855		855	97	11.35%
Administration	7,303		45	21				7,369	-11	7,358	3,336	45.34%
Public Order and Safety	1,284	50		1,193				2,527	1,574	4,101	3,612	88.08%
Health & Environment	3,921	131	151					4,203	407	4,610	1,787	38.76%
Community Services and Education	94	74		176				344		344	20	5.81%
Housing and Community Amenities	1,180		136					1,316	70	1,386	658	47.47%
Water Supplies	3,752	428	22					4,202	49	4,251	1,828	43.00%
Sewerage and Drainage Services	1,973	20						1,993	1	1,994	1,037	52.01%
Recreation and Culture	2,669	2,012						4,681	45	4,726	1,309	27.70%
Mining, Manufacturing and Construction	436	654						1,090		1,090	249	22.84%
Transport and Communication	8,888		1,777	1,494				12,159	120	12,279	6,156	50.13%
Economic Affairs	1,443							1,443		1,443	733	50.80%
TOTAL EXPENSES	33,206	3,961	2,131	2,884	0	0	0	42,182	2255	44,437	20,822	46.86%
REVENUES												
Governance	-							-		-		-
Administration	26,855		-	21				26,876		26,876	19,405	72.20%
Public Order and Safety	402			1,461				1,863	1,586	3,449	148	4.29%
Health & Environment	4,498		-					4,498	361	4,859	3,995	82.22%
Community Services and Education	23			5				28		28	17	60.71%
Housing and Community Amenities	308		-	1,074				1,382	130	1,512	338	22.35%
Water Supplies	5,658		-					5,658	49	5,707	3,230	56.60%
Sewerage and Drainage Services	3,052		-					3,052	1	3,053	2,981	97.64%
Recreation and Culture	217		-	4,519				4,736	244	4,980	1,018	20.44%
Mining, Manufacturing and Construction	213							213		213	104	48.83%
Transport and Communication	7,990		-	4,896				12,886	45	12,931	3,937	30.45%
Economic Affairs	352		-	105				457		457	238	52.08%
TOTAL REVENUE	49,568	-	-	12,081	-	-	-	61,649	2,416	64,065	35,411	55.27%
OPERATING RESULT: (Surplus)	(16,362)	3,961	2,131	(9,197)	-	-	-	(19,467)	(161)	(19,628)	(14,589)	
Depreciation	12,396							12,396		12,396	6,198	50.00%
Increase in Employee Leave Entitlements	2,727							2,727		2,727	994	36.45%
(PROFIT)/LOSS BEFORE CAPITAL AMOUNTS	(1,239)	3,961	2,131	(9,197)	-	-	-	(4,344)	(161)	(4,505)	(7,397)	
Carrying Amount of Assets Sold	695							695		695	0	0.00%
Proceeds Sale of Assets	(645)							(645)		(645)	(339)	52.56%
Cost Real Estate Assets Sold	-							-		-		
Loan Funds Used	-							-		-		
Other Debt Finance	-							-		-		
Repayments by Deferred Debtors	-							-		-		
Acquisition of Assets	15,628	10,774	2,581	9,297				38,280	239	38,519	5,586	14.50%
Development of Real Estate	-							-		-		
Advance to Deferred Debtors	-							-		-		
Repayment of Loans	653							653		653	228	34.92%
Repayment of Other Debts	-							-		-		
ESTIMATED BUDGET RESULT: (SURPLUS)/DEFICIT	15,092	14,735	4,712	100	-	-	-	34,639	78	34,717	(1,922)	
ADD BACK Non Cash Amounts												
Depreciation	12,396							12,396		12,396	6,198	
Carrying Amount of Assets Sold	695							695		695	0	
Plus Net Transfers	(2,007)			(100)				(2,107)	(78)	(2,185)		
Plus Equity Funding**		(14,735)	(4,712)					-19,447		-19,447		
BUDGET (SURPLUS)/DEFICIT	(6)	-	-	-	-	-	-	(6)	-	(6)	(8,120)	
** Equity Funding is Unexpended Grants, Contributions and incomplete works from pervious years were money is held in equity at end of year												
Transfers to Internally Restricted Assets	0							0		0	0	
Transfers from Internally Restricted Assets	2,007			100				2,107	78	2,185	2,185	103.70%
Net Transfers	(2,007)	-	-	(100)	-	-	-	(2,107)	(78)	(2,185)	(2,185)	

EXPLANATION OF MATERIAL VARIANCES

YTD Variances

Item	Explanation
EXPENSES	
Public Order and Safety	Includes yearly payments for Rates, insurances, emergency levies and memberships/subscriptions
INCOME	
Administration	Includes entire rate levy for 2021/22
Public Order & Safety	Bush Fire Subsidies not received until latter in the year
Health & Environment	Includes entire DWM levy Chagres for 2021/22
Sewerage and Drainage Services	Includes entire annual sewer charges levy for 2021/22

CAPITAL AMOUNTS

RECOMMENDED CHANGES TO REVISED BUDGET

The budget variations recommended above are required to be made to budget votes as a result of changes since the last budget review. Refer to attached appendix "Budget Variations" for commentary on each budget variation. Those items identified as requiring funding since the adoption of the 2021/2022 budget have now been funded.

INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDING 31-12-2021
CAPITAL BUDGET

	ORIGINAL BUDGET 2021/2022 (000's)	Approved Changes						REVISED BUDGET (000's)	Recommended Changes for Council Resolution (000's)	PROJECTED Year End Result 2021/2022 (000's)	ACTUAL YTD (000's)
		Revotes	Unexpended Grants	Sept 2021 Review	Dec 2021 Review	Mar 2022 Review	June 2022 Review				
		(000's)	(000's)	(000's)	(000's)	(000's)	(000's)				
CAPITAL FUNDING											
Rates and Other untied Funding											
General Fund	3,885							3,885	(105)	3,780	3,885
Sewer Fund	838							838		838	838
Water Fund	1,504							1,504		1,504	1,504
								-			
Capital Grants & Contributions								-			
Bushfire	200			268				468		468	-
Sporting Fields	10			539				549	237	786	-
Cemetery								-	40	40	-
Library	27			36				63		63	63
Roads	5,308			6,986				12,294	(12)	12,282	2,474
Open Space				1,021				1,021		1,021	464
Aerodrome				347				347		347	101
Water								-		-	-
								-			
Internal Restricted Assets								-			
Aerodrome								-		-	
Plant Replacement	1,816							1,816		1,816	1,816
Roads Program	2,040			100				2,140		2,140	2,140
Sewerage Future Capital Works								-		-	-
Water Future Capital Works								-		-	-
Strategic Capital Projects Fund								-	34	34	-
Buildings								-	45	45	-
Other								-		-	-
Loan Funding								-		-	-
Equity (Unexpended Grants and Contributions from previous years)		10,774	2,581					13,355		13,355	13,355
TOTAL CAPITAL FUNDING	15,628	10,774	2,581	9,297				38,280	239	38,519	26,640
CAPITAL EXPENDITURE											
Administrative Services	15							15		15	3
Aerodrome				347				347		347	61
Engineering Equipment	2							2	15	17	-
SES/Bushfire	207			268				475		475	3
Information Services	148							148		148	2
Sporting Fields	24		496	539				1,059	182	1,241	836
Cemetery	15							15	40	55	4
Library	128		21	36				185		185	70
Open Space		59		870				929		929	11
Plant	2,461							2,461	(15)	2,446	679
Minor Community Infrastructure Assets	140	366	91	152				749	133	882	315
Strategic Capital Infrastructure Program	515							515		515	38
Sewerage Services	838	3,526						4,364		4,364	148
Water Services	1,504	3,607						5,111		5,111	685
Roads	9,631	3,216	1,973	7,085				21,905	(116)	21,789	2,636
TOTAL CAPITAL EXPENDITURE	15,628	10,774	2,581	9,297				38,280	239	38,519	5,491

RECOMMENDED CHANGES TO REVISED BUDGET

The budget variations recommended above are required to be made to budget votes as a result of changes since the last budget review. Refer to attached appendix "Budget Variations" for commentary on each budget variation. Those items identified as requiring funding since the adoption of the 2021/2022 budget have now been funded.

INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDING 31-12-2021
CASH & INVESTMENTS

	ORIGINAL BUDGET 2021/2022 (000's)	Approved Changes						REVISED BUDGET (000's)	Recommended Changes for Council Resolution (000's)	PROJECTED Year End Result 2021/2022 (000's)	ACTUALS (000's)
		Revotes (000's)	Unexpended Grants B/FW (000's)	Sept 2021 Review (000's)	Dec 2021 Review (000's)	Mar 2022 Review (000's)	June 2022 Review (000's)				
EXTERNALLY RESTRICTED											
Water Services	13,449	-	-	-				13,449	-	13,449	13,449
Sewerage Services	7,609	-	-	-				7,609	-	7,609	7,609
Waste Management	5,376	-	-	-				5,376	-	5,376	5,376
Special Purpose Grants (Contract Liabilities)	3,545	-	-	-				3,545	-	3,545	3,545
Developer Contributions	663	-	-	-				663	-	663	663
Bonds & Deposits	348	-	-	-				348	-	348	349
Stormwater Management	146							146	-	146	147
TOTAL EXTERNALLY RESTRICTED	31,136	-	-	-	-	-	-	31,136	-	31,136	31,138
INTERNALLY RESTRICTED											
Employee Leave Entitlements	1,502	-	-	-				1,502	-	1,502	1,502
Strategic Development Fund	101	-	-	-				101	-	101	101
Plant Replacement	2,418	-	-	-				2,418	-	2,418	2,418
Computer	1,739	-	-	-				1,739	-	1,739	1,739
Building Renewal/Upgrades	785	-	-	-				785	(44)	741	741
Economic Development/Growth Assets	3,582	-	-	(100)				3,482		3,482	3,482
Aerodrome	196	-	-	-				196	-	196	196
Workers Compensation Insurance	857	-	-	-				857	-	857	857
Future Capital Works/Land Purchases	450	-	-	-				450	(34)	416	416
Emergency Management/ Equipment Upgrades	380	-	-	-				380	-	380	380
Industrial Development	288	-	-	-				288	-	288	288
Baths Improvements - Inverell Pool	6,615	-	-	-				6,615	-	6,615	6,615
Sports Grounds - Hockey Facility Resurfacing	450	-	-	-				450	-	450	450
Financial Assistance Grants	4,392	-	-	-				4,392	-	4,392	4,392
Other Restrictions	2,862	-	-	-				2,862	-	2,862	2,862
TOTAL INTERNALLY RESTRICTED	26,617	-	-	(100)	-	-	-	26,517	(78)	26,439	26,439
TOTAL RESTRICTED	57,753						-	57,653	(78)	57,575	57,577
TOTAL CASH & INVESTMENTS	69,646							69,646		69,646	62,088
AVAILABLE WORKING CAPITAL	11,893	Figure incl. revotes & Unexpended grants from 2020/2021					-	11,993	78	12,071	4,511

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

COMMENT ON CASH & INVESTMENT POSITION

Councils overall Investment Portfolio remains sounds and as at 31st December 2021 Councils Cash and Investment Portfolio totalled \$66.985 million plus \$5.270 million Cash at bank (Water Fund \$1.085m, Sewer Fund \$1.168m, General Fund \$3.017m).

STATEMENTS

INVESTMENTS

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

	\$000
Total External Restricted Funds	31,138
Total Internal Restricted Funds	26,439
Total Restricted	57,577
Total Funds Invested as per Investment Report (31-12-21)	66,985
Total Available Working Capital	9,408

CASH

I, PAUL PAY, as Council's Responsible Accounting Officer, hereby certify that the bank balances, as per General Ledger, have been reconciled with the bank statements for the month of December, 2021, and the details have been recorded. For further information about Councils bank reconciliations refer to Councils Monthly Financial Statements report included in the Council Business Paper

RECONCILIATION

I, PAUL PAY, as Council's Responsible Accounting Officer, hereby certify that the investment balances, as per General Ledger, have been reconciled with the investment report for the month of December, 2021, and the details have been recorded. For further information about Councils investment portfolio and performance refer to Councils Monthly Investment Report included in the Councils Business Paper.

	LEDGER NUMBER	DESCRIPTION	ORIGINAL CAPITAL BUDGET		ADJUSTED CAPITAL BUDGET		Classification	% Complete	FUNDING		AMOUNT
PROGRAM			AMOUNT	SECTION TOTAL	AMOUNT	SECTION TOTAL					
ADMINISTRATIVE SERV.	159060-1000	OFFICE FURNITURE & EQUIPMENT-DESKS, CHAIRS	5,200		5,200		Renewal	0%			
	134940-1000	ACQUISITION OF ART PRIZE	4,500		4,500		New Asset	69%			
	160470-1000	ART GALLERY REFURBISHMENTS	5,000	14,700	5,000	14,700	Renewal	0%			
AERODROME	147124-1000	AERODROME-LIGHTING / WEATHER STATION			346,605	346,605	New Asset	17%	GRANT	121988-1000	346,605
ENGINEERING	160800-1100	ENGINEERS INSTRUMENTS & EQUIPMENT	2,100	2,100	2,100	2,100	New Asset	0%			
DEPOTS	160850-3001	COUNCIL DEPOTS IMPROVEMENTS/UPGRADE			15,000	15,000	Renewal	0%			
BUSH FIRE	159141-1000	EQUIPMENT ISSUES	200,000	200,000	368,452	368,452	Renewal	RFS	GRANT	121121-1000	368,452
	159170-3150	BUSHFIRE SHED			100,000		Renewal	RFS	GRANT	121121-1000	100,000
SES	132851-4450	SES BUILDING UPGRADE	7,150	7,150	7,150	7,150	Renewal	46%			
INFORMATION SERVICES	130101-1000	COMPUTER EQUIPMENT	44,290		44,290		Renewal	0%			
	130101-4910	COMPUTER EQUIPMENT	32,000		32,000		Renewal	0%			
	130111-5130	COMPUTER EQUIPMENT - NEW PRINTING EQUIPMENT	39,200		39,200		Renewal	6%			
	130111-5162	COMPUTER EQUIPMENT - NEW HARDWARE	32,000	147,490	32,000	147,490	Renewal	0%			
SPORTING FIELDS	160660-1100	SPORTS GROUND IMPROVEMENT-SPORT CNL.	20,000		20,000		New Asset	0%	CONTRIBUTION	127090-1000	10,000
	134929-1000	EQUESTRIAN CENTRE UPGRADE	4,000	24,000	4,000		Renewal	0%			
	139455-1000	SPORTS COMPLEX - AMENITIES BLOCK-LRCI FUNDING	-		956,823		New Asset	86%	GRANT	121985-1000	500,000
	139462-1000	BROOKS OVAL - AMENITIES BLOCK - LRCI FUNDING	-		261,355	1,242,178	New Asset	5%	GRANT	121985-1000	39,344
								CONTRIBUTION	1270498-1000	137,820	
								IRA-BUILDING REFURBISHM	161720-6220	44,847	
CEMETERY	136391-4450	CEMETERY	15,000	15,000	15,000	15,000	New Asset	5%			
	136416-1000	CEMETERY-ASHFORD AMENITIES UPGRADE			39,645	39,645	Renewal	8%	GRANT	121215-1000	39,645
LIBRARY	160180-1100	LIBRARY-CORPORATE SERVICE COLLECTION	1,490		1,490		Renewal	38%			
	160190-1000	LIBRARY BOOKS	62,360		62,360		Renewal	56%			
	160200-1000	LIBRARY BOOKS - CO-OPERATIVE CONTRIBUTION	23,190		23,190		Renewal	100%			
	160240-1000	NON BOOK MATERIALS-VIDEOS CASSETTES ETC.	10,210		10,210		Renewal	35%			
	160245-1000	LIBRARY - OFFICE EQUIPMENT	2,000		2,000		Renewal	0%			
	160270-1000	LIBRARY SECURITY SYSTEM	2,380		2,380		Renewal	0%			
	160395-1000	LIBRARY-SPECIAL GRANT PROJECT	26,500	128,130	84,457	186,087	Renewal	10%	GRANT	160389-1000	62,987
PARKS	160562-1000	CAMPBELL PARK UPGRADE	-		19,035		Renewal				
	160563-1000	VICTORIA PARK UPGRADE			40,000		New Asset	19%			
	147998-1000	LIONS PARK - PUMP TRACK			432,667		New Asset	0%	GRANT	121337-1000	432,667
	147999-1000	LAKE INVERELL / INVERELL CEMETERY -AMENITIES BLOCK			408,220		New Asset	1%	GRANT	121338-1000	408,220
	160670-1000	LIGHTING - HALF COURT BASKETBALL COURT			28,416	928,338	New Asset	0%	GRANT	121216-1000	28,416
SCIF	141899-1000	STRATEGIC CAPITAL INFRASTRUCTURE PROGRAM	515,000	515,000	515,000	515,000	New Asset	7%			
OTHER NEW INFRASTRUCTURE ASSETS	129381-1000	MINOR COMMUNITY INFRASTRUCTURE ASSETS	100,000		264,600		New Asset	48%			
	132501-1000	MINOR COMMUNITY INFRASTRUCTURE ASSETS-Xmas Tree			10,000		Renewal	0%			
	134326-1000	MINOR COMMUNITY INFRASTRUCTURE ASSETS-Signage			29,559		Renewal	0%			
	159772-1000	ENERGY EFFICIENCY PROGRAM	40,000	140,000	152,333		New Asset	0%			
	139463-1										

INVERELL SHIRE COUNCIL												
INVESTMENTS HELD 31-12-2021												
Term Deposit Investment Group												
Investment	Borrower	FUND	Rating	Risk Rating	Interest Frequency	Purchase Date	Last Coupon Date	Maturity Date	Current Yield	Principal Value	Current value	Term (days)
21/09	Warwick Credit Union	General	NR	3	Maturity	20-Jan-21	20-Jan-21	20-Jan-22	0.80%	1,000,000	1,000,000	365
20/30	Auswide Bank	General	BBB	2	Annually	02-Mar-20	02-Mar-21	02-Mar-22	1.75%	2,000,000	2,000,000	730
20/31	Warwick Credit Union	General	NR	3	Maturity	02-Mar-20	02-Mar-20	02-Mar-22	1.90%	1,000,000	1,000,000	730
21/12	BNK Bank	General	BBB	2	Maturity	29-Mar-21	29-Mar-21	29-Mar-22	0.65%	1,950,000	1,950,000	365
19/29	Newcastle Permanent	General	BBB	2	Quarterly	17-Apr-19	18-Oct-21	19-Apr-22	2.70%	1,000,000	1,000,000	1098
21/08	AMP Bank	General	BBB+	2	Annually	27-Nov-20	29-Nov-21	27-May-22	0.75%	2,000,000	2,000,000	546
20/38	Bank of Queensland	Sewer	BBB+	2	Maturity	27-May-20	27-May-20	27-May-22	1.30%	2,000,000	2,000,000	730
22/19	Community First Credit Union	Sewer	NR	3	Maturity	07-Dec-21	07-Dec-21	07-Jun-22	1.00%	1,000,000	1,000,000	182
19/31	Westpac Bank	Water	AA-	1	Annually	25-Jun-19	25-Jun-21	25-Jun-22	2.30%	1,000,000	1,000,000	1096
19/34	Westpac Bank	General	AA-	1	Annually	25-Jun-19	25-Jun-21	25-Jun-22	2.30%	2,000,000	2,000,000	1096
19/32	Westpac Bank	General	AA-	1	Annually	27-Jun-19	27-Jun-21	27-Jun-22	2.30%	2,000,000	2,000,000	1096
22/01	Bank of Sydney	General	NR	3	Annually	19-Jul-21	19-Jul-21	19-Jul-22	0.65%	1,500,000	1,500,000	365
22/02	Bank of Sydney	General	NR	3	Annually	03-Aug-21	03-Aug-21	03-Aug-22	0.64%	1,000,000	1,000,000	365
20/05	Bank of Queensland	General	BBB+	2	Annually	03-Sep-19	06-Sep-21	05-Sep-22	1.80%	1,000,000	1,000,000	1098
20/06	Bank of Queensland	General	BBB+	2	Annually	13-Sep-19	14-Sep-21	13-Sep-22	1.80%	1,000,000	1,000,000	1096
22/04	Bank of Sydney	Water	NR	3	Annually	17-Sep-21	17-Sep-21	19-Sep-22	0.63%	1,000,000	1,000,000	367
22/06	Bank of Sydney	Sewer	NR	3	Annually	30-Sep-21	30-Sep-21	30-Sep-22	0.60%	1,500,000	1,500,000	365
22/07	MyState Bank	General	BBB	2	Annually	01-Oct-21	01-Oct-21	04-Oct-22	0.50%	2,000,000	2,000,000	368
22/08	AMP BANK	General	BBB	2	Annually	05-Oct-21	05-Oct-21	05-Oct-22	0.80%	2,000,000	2,000,000	365
22/13	AMP BANK	Water	BBB+	2	Annually	25-Nov-21	25-Nov-21	25-Nov-22	1.00%	1,000,000	1,000,000	365
22/18	AMP BANK	General	BBB	2	Maturity	07-Dec-21	07-Dec-21	07-Dec-22	1.00%	2,000,000	2,000,000	365
21/10	Warwick Credit Union	General	NR	3	Maturity	22-Jan-21	22-Jan-21	23-Jan-23	1.00%	1,500,000	1,500,000	731
22/05	AMP BANK	General	BBB	2	Annually	20-Sep-21	20-Sep-21	20-Mar-23	0.80%	1,000,000	1,000,000	546
22/12	AMP BANK	General	BBB+	2	Annually	25-Nov-21	25-Nov-21	25-May-23	1.00%	1,000,000	1,000,000	546
22/14	AMP BANK	General	BBB+	2	Annually	25-Nov-21	25-Nov-21	25-Mar-23	1.00%	1,000,000	1,000,000	485
20/32	Auswide Bank	General	BBB	2	Annually	24-Mar-20	24-Mar-21	24-Mar-23	1.88%	1,000,000	1,000,000	1095
21/16	National Australia Bank	Water	AA-	1	Annually	28-Jun-21	28-Jun-21	28-Jun-23	0.60%	1,000,000	1,000,000	730
21/17	ICBC - Industrial and Commercial Bank of China	General	A	1	Annually	29-Jun-21	29-Jun-21	29-Jun-23	0.70%	1,000,000	1,000,000	730
21/18	National Australia Bank	Water	AA-	1	Quarterly	29-Jun-21	29-Dec-21	29-Jun-23	0.65%	2,000,000	2,000,000	730
22/09	National Australia Bank	General	A	1	Annually	06-Oct-21	06-Oct-21	06-Oct-23	0.64%	1,000,000	1,000,000	730
22/10	Westpac Bank	General	A	1	Quarterly	25-Oct-21	25-Oct-21	25-Oct-23	0.91%	2,000,000	2,000,000	730
22/11	Westpac Bank	General	A	1	Quarterly	25-Nov-21	25-Nov-21	25-Nov-23	1.28%	1,000,000	1,000,000	730
22/15	ICBC - Industrial and Commercial Bank of China	General	A	1	Annually	02-Dec-21	02-Dec-21	04-Dec-23	1.36%	2,000,000	2,000,000	732
22/16	ICBC - Industrial and Commercial Bank of China	General	A	1	Annually	02-Dec-21	02-Dec-21	04-Dec-23	1.36%	2,000,000	2,000,000	732
22/17	ICBC - Industrial and Commercial Bank of China	Water	A	1	Annually	02-Dec-21	02-Dec-21	04-Dec-23	1.36%	1,000,000	1,000,000	732
22/03	National Australia Bank	General	A	1	Annually	27-Aug-21	27-Aug-21	27-Aug-24	0.85%	2,000,000	2,000,000	1096
21/11	ICBC - Industrial and Commercial Bank of China	Water	A	1	Annually	26-Mar-21	26-Mar-21	26-Mar-24	0.82%	2,000,000	2,000,000	1096
21/13	ICBC - Industrial and Commercial Bank of China	Water	A	1	Annually	27-May-21	27-May-21	27-May-26	1.40%	1,000,000	1,000,000	1826
21/14	ICBC - Industrial and Commercial Bank of China	Sewer	A	1	Annually	27-May-21	27-May-21	27-May-26	1.40%	1,000,000	1,000,000	1826
21/15	ICBC - Industrial and Commercial Bank of China	General	A	1	Annually	27-May-21	27-May-21	27-May-26	1.40%	1,000,000	1,000,000	1826
									TOTALS	56,450,000	56,450,000	
Floating Rate Notes												
As at Date	Borrower	FUND	Rating	Risk Rating	Interest Frequency	Purchase Date	Last Coupon Date	Coupon End Date	Current Yield*	Principal Value	Current value	Coupon Term
										-	-	
* Yield changes every 3 months and is a margin over the 3 month BBSW (Bank Bill Swap Rate)												
180 Day Deposit Accounts												
As at Date	Borrower	FUND	Rating	Risk Rating	Interest Frequency	Purchase Date	Last Coupon Date	Maturity Date	Current Yield	Principal Value	Current value	Term
30/6/21	AMP Bank	General	BBB+	2	Monthly	28/6/2021	28/06/2021	30/6/2022	1.00%	2,500,000	2,500,000	
Sub Total - Cash Deposits Accounts Investment Group										2,500,000	2,500,000	
Cash Deposit Accounts												
As at Date	Borrower	FUND	Rating	Risk Rating		Purchase Date	Last Coupon Date	Maturity Date	Current Yield	Value at beg year	Current value	Term
30/6/2021	Commonwealth Bank	General	A	1		9/11/2020			0.00%		1,255	
30/6/2021	Macquarie Bank	General	AA-	1	Monthly	9/11/2020	31/12/2021	30/6/2022	0.40%	4,011,560	4,019,656	
30/6/2021	Macquarie Bank	Water	AA-	1	Monthly	9/11/2020	31/12/2021	30/6/2022	0.40%	2,504,313	2,509,367	
30/6/2021	Macquarie Bank	Sewer	AA-	1	Monthly	9/11/2020	31/12/2021	30/6/2022	0.40%	1,501,380	1,504,410	
Sub Total - Cash Deposit Accounts										-	8,034,688	-
Portfolio by Fund	31/11/2021		31/12/2021									
General Fund	\$47,539,856		\$47,470,911									
Water Fund	\$12,525,608		\$12,509,367									
Sewer Fund	\$6,003,899		\$7,004,410									
TOTAL	\$66,069,363		\$66,984,688									

RESTRICTED ASSETS (CASH) MOVEMENTS								
14/09/2021	PURPOSE	EST. BAL. 30/6/2020	TRANSFER TO	TRANSFER FROM	EST. BAL. 30/6/2021	TRANSFER TO	TRANSFER FROM	EST. BAL. 30/6/2022
GENERAL ACTIVITIES		\$	\$	\$	\$	\$	\$	\$
	BUILDING REFURBISHMENT/UPGRADE	2,417,841.18	21,483	1,754,514	684,810.18		44,847	639,963.18
	EQUIP. UPGRADE/EMERGENCY MTCE	210,805.00			210,805.00			210,805.00
	COMPUTER/IT SYSTEMS UPGRADES	1,541,357.00	197,987		1,739,344.00			1,739,344.00
	INDUSTRIAL DEVELOPMENT	287,595.00			287,595.00			287,595.00
	RESIDENTIAL DEVELOPMENT	7,309.77			7,309.77			7,309.77
	AERODROME UPGRADE/MTCE	306,330.00		110,000	196,330.00			196,330.00
	COPETON NORTHERN FORESHORES	49,000.00	218,419		267,419.00			267,419.00
	LIBRARY BUILDING REFURBISHMENT	202,000.00			202,000.00			202,000.00
	INDUSTRIAL PROMOTION/TOURISM PROMOTION	93,594.00	282,000		375,594.00			375,594.00
	PLANT REPLACEMENT	3,155,138.00	2,281,715	2,911,918	2,524,935.00	1,709,250	1,816,344	2,417,841.00
	GRAVEL PIT RESTORATION	218,513.00	17,847.00		236,360.00	50,000	45,000	241,360.00
	GRAVEL PIT RESTORATION -Roads	155,793.00	17,848.00		173,641.00	50,000	45,000	178,641.00
	COMMUNITY CAPITAL PROJECTS AND LAND PURCHASES	450,000.00			450,000.00		33,525	416,475.00
	ECONOMIC DEVELOP/GROWTH ASSETS	5,596,157.00	500,000	474,537	5,621,620.00		2,140,096	3,481,524.00
	STRATEGIC CAPITAL PROJECTS FUND	4,450.00			4,450.00			4,450.00
	STRATEGIC DEVELOPMENT FUND	100,611.00			100,611.00			100,611.00
	EMPLOYEE TRAINING (STATUTORY)	256,756.00	68,140		324,896.00			324,896.00
	EMPLOYEE LEAVE ENTITLEMENTS	1,501,710.46			1,501,710.46			1,501,710.46
	WORKERS COMP INSURANCE	857,301.00			857,301.00			857,301.00
	TOWN HALL MAJOR MTCE/UPGRADE	100,000.00			100,000.00			100,000.00
	INSURANCE EXCESS/SELF INSURANCE	209,848.00			209,848.00			209,848.00
	SWIMMING POOLS UPGRADE/FENCING	4,000,000.00	2,614,514		6,614,514.00			6,614,514.00
	ROAD RESUMPTIONS	20,000.00			20,000.00			20,000.00
	INVERELL HOCKEY FACILITY	450,000.00			450,000.00			450,000.00
	OPEN SPACE UPGRADES	0.00	110,000		110,000.00			110,000.00
	CONNECTIONS BUILDINGS/PLANT/EQUIP.	72,183.61			72,183.61			72,183.61
	SES BUILDINGS	168,554.00			168,554.00			168,554.00
	INTEREST EQUALISATION	650,000.00	150,000		800,000.00		150,000	650,000.00
	EMERGENCY MANAGEMENT (FIRE, FLOOD, STORM)	200,000.00			200,000.00			200,000.00
	FUND TOTAL	23,282,847.02	6,479,953.00	5,250,969.00	24,511,831.02	1,809,250.00	4,274,812.00	22,046,269.02
WASTE		\$	\$	\$	\$	\$	\$	\$
	GARBAGE DEPOT LAND PURCHASE ETC	169,391.00			169,391.00			169,391.00
	GARBAGE DEGRADATION/REHAB.	951,134.00	150,000		1,101,134.00	100,000		1,201,134.00
	WASTE INFRASTRUCTURE	2,935,322.00	223,409		3,158,731.00	150,000		3,308,731.00
	WASTE-EXTERNALITY SUSTAINABILITY	497,000.00	100,000		597,000.00	100,000		697,000.00
	DOMESTIC WASTE MANAGEMENT				-			-
	FUND TOTAL	4,552,847.00	473,409.00	0.00	5,026,256.00	350,000.00	0.00	5,376,256.00
WATER SUPPLY		\$	\$	\$	\$	\$	\$	\$
	EMPLOYEE LEAVE ENTITLEMENTS	130,000.00			130,000.00			130,000.00
	EQUIPMENT BREAKDOWN	407,940.00			407,940.00			407,940.00
	REVENUE EQUALISATION	1,876,763.00			1,876,763.00			1,876,763.00
	INTEREST EQUALISATION	350,000.00	50,000		400,000.00		30,000	370,000.00
	FUTURE CAPITAL WORKS	4,587,491.00	250,000		4,837,491.00			4,837,491.00
	FUND TOTAL	7,352,194.00	300,000	-	7,652,194.00	-	30,000	7,622,194.00
SEWERAGE SERVICES		\$	\$	\$	\$	\$	\$	\$
	EMPLOYEE LEAVE ENTITLEMENTS	67,000.00			67,000.00			67,000.00
	INTEREST EQUALISATION	257,496.00	35,000		292,496.00		40,000	252,496.00
	EQUIPMENT BREAKDOWN	159,078.82			159,078.82			159,078.82
	FUTURE CAPITAL WORKS	2,589,200.00	132,000		2,721,200.00			2,721,200.00
	FUND TOTAL	3,072,774.82	167,000	-	3,239,774.82	-	40,000	3,199,774.82
TOTAL OF ALL FUNDS		38,260,662.84	7,420,362.00	5,250,969.00	40,430,055.84	2,159,250.00	4,344,812.00	38,244,493.84

INTERNALLY RESTRICTED ASSETS COMMITMENTS			
Note 1 - Building Refurbishment/Upgrade Projects -	Building Maintenance Fund	234,810.00	Funding for periodic maintenance of Council Buildings (including Tingha Age Care Units)
	Refurbish Tingha Toilets	50,000.00	
	Initial Allocation toward Dog Pound	400,000.00	
		684,810.00	
Note 2 - Replacement of key IT equipment and essential Software upgrades/replacements			
Note 3 - Funding received from Federal Compensation Package - Future Bitumen Reseals			
Note 4 - Waste Management Strategy Implementation Funding and future land purchases/degradation requirements, including new Garbage Trucks, Solar Power, Weighbridges, Tip Closures etc			
Note 5 - Plant Fleet future acquisitions fund - Asset Renewal plus GPS devices			
Note 6 - Future Capital Works/Non-Trading Land Purchases/Industrial Land Development Fund		450,000.00	Strategic Land Purchases / Industrial Land Development Fund
		450,000.00	
Note 7 - Economic DevGrowth Assets	Chester St. Renewal - Heavy Vehicle Route	1,000,000.00	
	Roundabout-SH12/MR73-(Tingha Bridge Roun	2,540,000.00	
	Gwydir Highway/Rosslyn Street Roundabout	1,000,000.00	
	Gwydir Highway/Mansfield St Intersection	500,000.00	
	Oliver Street Extension	91,000.00	
	Initial Allocation toward TCRP Stage 3	490,620.00	
		5,621,620.00	
Note 8 - Strategic Capital Projects and Infrastructure Fund		65,000	Inverell Community Gardens Projects
		65,000	

These funds are held as Cash and Investments, primarily as Term Deposits

**INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDING 31-12-2021
CONTRACTS**

Contractor	Contract Details & purpose	Contract Value	Commencement Date	Duration of Contract	Budgeted (Y/N)
FLEET PURCHASES					
Barry's Motors	PX Ranger XL Dual Cab 4x4 (9306)	\$ 50,900.30	19-October-2021	3 Months	Y
Barry's Motors	PX Ranger XL Dual Cab 4x4 (9358)	\$ 54,946.00	29-October-2021	3 Months	Y
Inverell Power Farm	New Holland Excavator (9021)	\$ 76,890.00	14-December-2021	6 Months	Y
Construction Equipment Australia	Dynapac Pad Foot Drum Roller (9117)	\$ 170,830.00	14-December-2021	6 Months	Y
OTHER					
Weir Built Group	Mosely Dene Bridge - Supply Prestressed Concrete Bridge Planks	\$ 221,904.00	22-November-2021	6 Months	Y
SMEC Australia Pty Ltd.	Mathers Bridge - Survey, Investigation and Design	\$ 83,033.18	29-July-2021	6 Months	Y
NSW Spray Seal Pty Ltd.	Full Service Contract-2021/2022 Bitumen Resealing Program and 2021/2022 Construction Spray Sealing Program	\$ 1,770,440.00	27-October-2021	12 months	Y
Efficient Building & Construction	Construction of Brooks Oval Amenities Block	\$ 261,354.55	27-October-2021	6 months	Y
AADEMEX All Areas Demolition Excavation	Demolition of Liberty Service Station	\$ 203,062.31	26-October-2021	3 months	Y

Notes

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

Explanation of Unbudgeted Contracts

No unbudgeted contracts as at 31 December 2021

**INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDING 31-12-2021
CONSULTANCY & LEGAL EXPENSES**

EXPENSE	EXPENDITURE YTD	BUDGETED (Y/N)
CONSULTANCIES		
Heritage Advisor	3,000.00	Y
Investment Advisor	1,666.66	Y
HR Consulting	2,754.55	Y
LEGAL FEES	255.00	Y

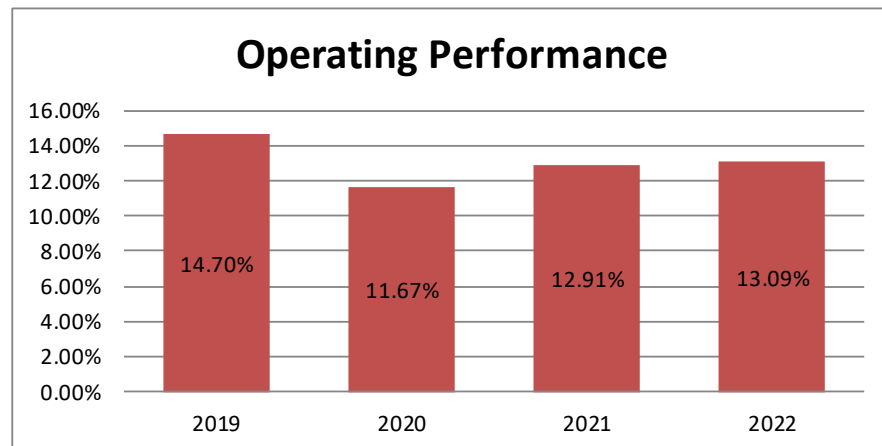
Definition of Consultant

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

Explanation of Unbudgeted Consultancy & Legal Fees

No unbudgeted Consultancy or Legal Fees as at 31 December 2021

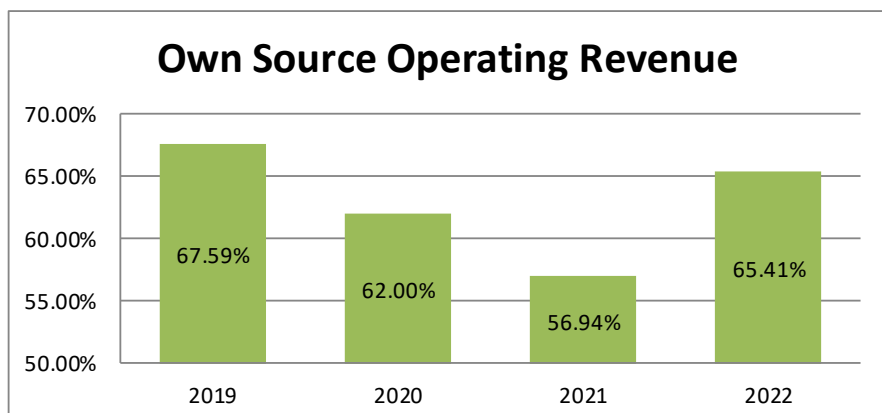
**INVERELL SHIRE COUNCIL
BUDGET REVIEW FOR THE QUARTER ENDING 31-12-2021
KEY PERFORMANCE INDICATORS**



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

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

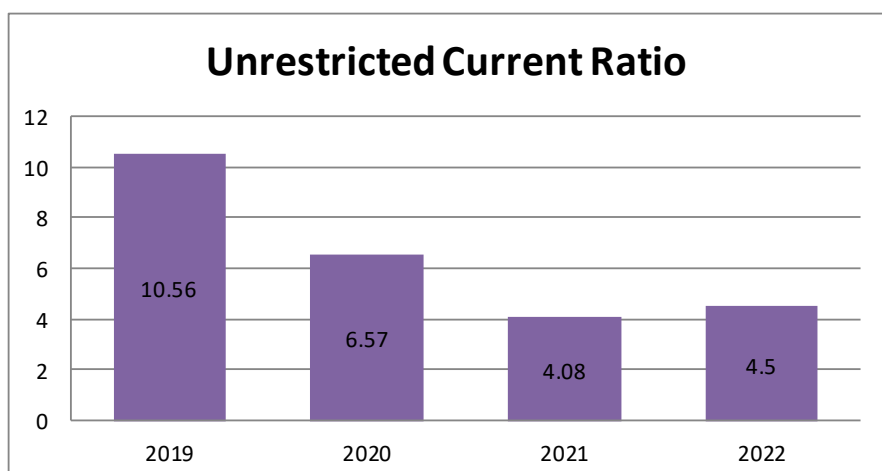
The "fit for the future" benchmark is that council should have a breakeven or better operating performance ratio over a three year period.



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

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

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

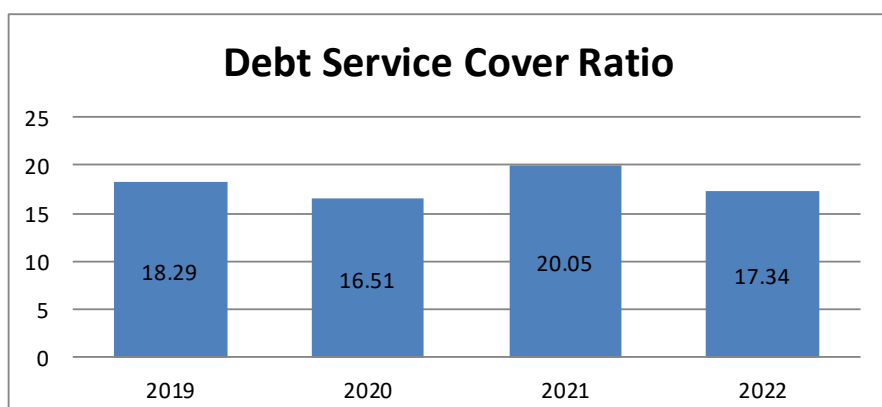


The **Unrestricted Current Ratio** excludes all current assets and liabilities that are restricted for specific purposes. These include the water, sewer, domestic waste management functions and specific purpose unexpended grants and contributions

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

The Tcorp benchmark is greater than 1.5

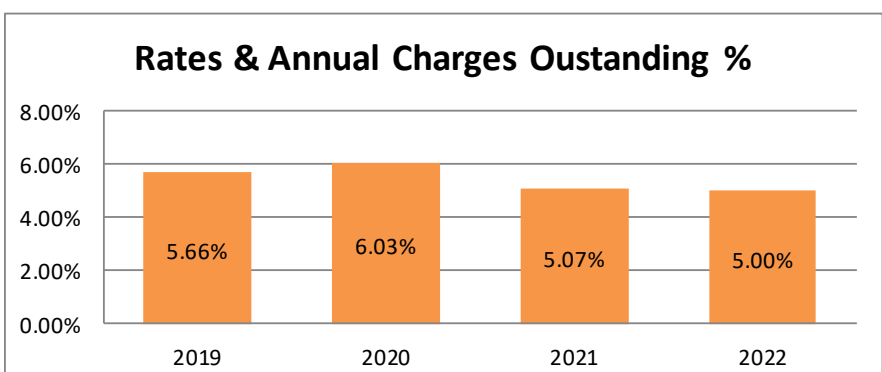
The decrease in 2021 is primarily due to an increase in non current investments held



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

Council's ability to generate sufficient cash to cover its debt payments is sound and is in excess of Tcorp benchmark.

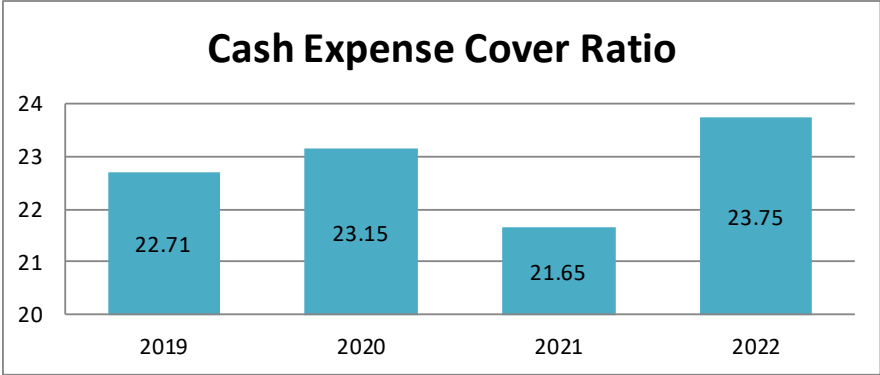
The Tcorp benchmark is to have a ratio of greater than 2.



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

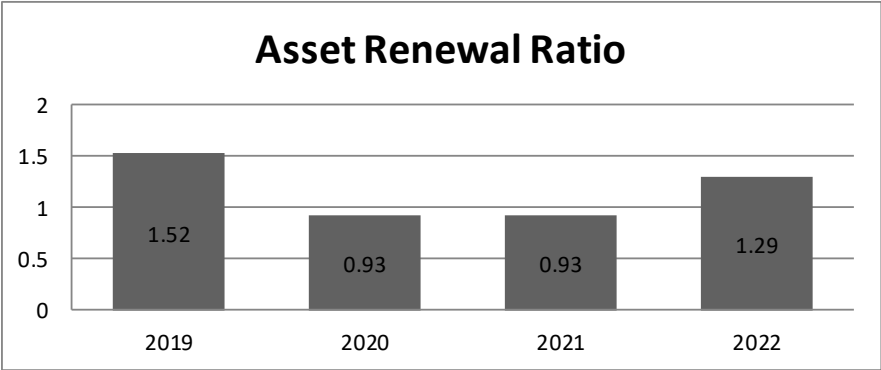
Council's ratio remains at a low level and is within benchmarks for group 11 Councils and reflects good recovery procedures as advised by Councils Auditor

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



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

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

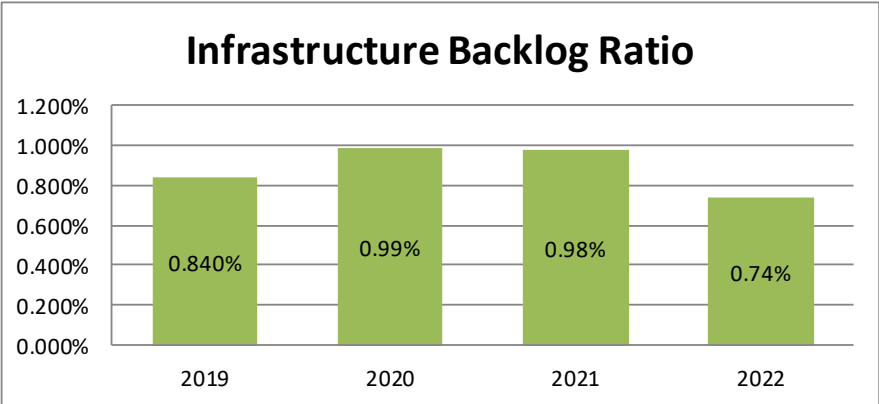


The **Asset Renewal Ratio** indicates the rate at which assets are being renewed against the rate they are being depreciated.

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

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

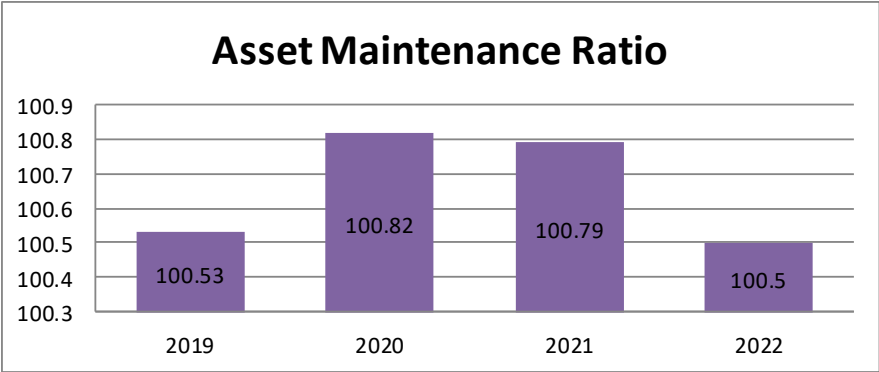
The "fit for the future" benchmark is that councils should have a ratio of greater than 1 over a three year period



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

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

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



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

The Tcorp benchmark is a ratio of greater than 1

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

7.2 GOVERNANCE - MONTHLY INVESTMENT REPORT**File Number:** S12.12.2 / 22/2891**Author:** Robert Kimmince, Manager Financial Services**SUMMARY:**

To report the balance of investments held as at 31 January, 2022.

RECOMMENDATION:

That:

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

COMMENTARY:

Contained within this report are the following items that highlight Council's Investment Portfolio performance for the month to 31 January, 2022 and an update of the investment environment:

- (a) Council's Investments as at 31 January, 2022;
- (b) Council Investments by Fund as at 31 January, 2022;
- (c) Interest – Budgeted vs. Actual;
- (d) Investment Portfolio Performance;
- (e) Investment Commentary; and
- (f) Certification – Responsible Accounting Officer.

Term Deposit Investment Group												
Investment	Borrower	FUND	Rating	Interest Frequency	Purchase Date	Last Coupon Date	Maturity Date	Current Yield	Principal Value	Current value	Term (days)	
20/30	Auswide Bank	General	BBB	Annually	02-Mar-20	02-Mar-21	02-Mar-22	1.75%	2,000,000	2,000,000	730	
20/31	Warwick Credit Union	General	NR	Maturity	02-Mar-20	02-Mar-20	02-Mar-22	1.90%	1,000,000	1,000,000	730	
21/12	BNK Bank	General	BBB	Maturity	29-Mar-21	29-Mar-21	29-Mar-22	0.65%	1,950,000	1,950,000	365	
19/29	Newcastle Permanent	General	BBB	Quarterly	17-Apr-19	18-Oct-21	19-Apr-22	2.70%	1,000,000	1,000,000	1098	
21/08	AMP Bank	General	BBB+	Annually	27-Nov-20	29-Nov-21	27-May-22	0.75%	2,000,000	2,000,000	546	
20/38	Bank of Queensland	Sewer	BBB+	Maturity	27-May-20	27-May-20	27-May-22	1.30%	2,000,000	2,000,000	730	
22/19	Community First Credit Union	Sewer	NR	Maturity	07-Dec-21	07-Dec-21	07-Jun-22	1.00%	1,000,000	1,000,000	182	
19/31	Westpac Bank	Water	AA-	Annually	25-Jun-19	25-Jun-21	25-Jun-22	2.30%	1,000,000	1,000,000	1098	
19/34	Westpac Bank	General	AA-	Annually	25-Jun-19	25-Jun-21	25-Jun-22	2.30%	2,000,000	2,000,000	1098	
19/32	Westpac Bank	General	AA-	Annually	27-Jun-19	27-Jun-21	27-Jun-22	2.30%	2,000,000	2,000,000	1098	
22/01	Bank of Sydney	General	NR	Annually	19-Jul-21	19-Jul-21	19-Jul-22	0.65%	1,500,000	1,500,000	365	
22/02	Bank of Sydney	General	NR	Annually	03-Aug-21	03-Aug-21	03-Aug-22	0.64%	1,000,000	1,000,000	365	
20/05	Bank of Queensland	General	BBB+	Annually	03-Sep-19	06-Sep-21	05-Sep-22	1.80%	1,000,000	1,000,000	1098	
20/06	Bank of Queensland	General	BBB+	Annually	13-Sep-19	14-Sep-21	13-Sep-22	1.80%	1,000,000	1,000,000	1098	
22/04	Bank of Sydney	Water	NR	Annually	17-Sep-21	17-Sep-21	19-Sep-22	0.63%	1,000,000	1,000,000	365	
22/06	Bank of Sydney	Sewer	NR	Annually	30-Sep-21	30-Sep-21	30-Sep-22	0.60%	1,500,000	1,500,000	365	
22/07	MyState Bank	General	BBB	Annually	01-Oct-21	01-Oct-21	04-Oct-22	0.50%	2,000,000	2,000,000	365	
22/08	AMP BANK	General	BBB	Annually	05-Oct-21	05-Oct-21	05-Oct-22	0.80%	2,000,000	2,000,000	365	
22/13	AMP BANK	Water	BBB+	Annually	25-Nov-21	25-Nov-21	25-Nov-22	1.00%	1,000,000	1,000,000	365	
22/18	AMP BANK	General	BBB	Maturity	07-Dec-21	07-Dec-21	07-Dec-22	1.00%	2,000,000	2,000,000	365	
21/10	Warwick Credit Union	General	NR	Maturity	22-Jan-21	22-Jan-21	23-Jan-23	1.00%	1,500,000	1,500,000	731	
22/05	AMP BANK	General	BBB	Annually	20-Sep-21	20-Sep-21	20-Mar-23	0.80%	1,000,000	1,000,000	546	
22/12	AMP BANK	General	BBB+	Annually	25-Nov-21	25-Nov-21	25-May-23	1.00%	1,000,000	1,000,000	546	
22/14	AMP BANK	General	BBB+	Annually	25-Nov-21	25-Nov-21	25-Mar-23	1.00%	1,000,000	1,000,000	488	
20/32	Auswide Bank	General	BBB	Annually	24-Mar-20	24-Mar-21	24-Mar-23	1.88%	1,000,000	1,000,000	1099	
21/16	National Australia Bank	Water	AA-	Annually	28-Jun-21	28-Jun-21	28-Jun-23	0.60%	1,000,000	1,000,000	730	
21/17	ICBC - Industrial and Commercial Bank of China	General	A	Annually	29-Jun-21	29-Jun-21	29-Jun-23	0.70%	1,000,000	1,000,000	730	
21/18	National Australia Bank	Water	AA-	Quarterly	29-Jun-21	29-Dec-21	29-Jun-23	0.65%	2,000,000	2,000,000	730	
22/09	National Australia Bank	General	A	Annually	06-Oct-21	06-Oct-21	06-Oct-23	0.64%	1,000,000	1,000,000	730	
22/10	Westpac Bank	General	A	Quarterly	25-Oct-21	25-Oct-21	25-Oct-23	0.91%	2,000,000	2,000,000	730	
22/11	Westpac Bank	General	A	Quarterly	25-Nov-21	25-Nov-21	25-Nov-23	1.28%	1,000,000	1,000,000	730	
22/15	ICBC - Industrial and Commercial Bank of China	General	A	Annually	02-Dec-21	02-Dec-21	04-Dec-23	1.36%	2,000,000	2,000,000	732	
22/16	ICBC - Industrial and Commercial Bank of China	General	A	Annually	02-Dec-21	02-Dec-21	04-Dec-23	1.36%	2,000,000	2,000,000	732	
22/17	ICBC - Industrial and Commercial Bank of China	Water	A									

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

Cash Deposit Accounts											
As at Date	Borrower	FUND	Rating		Purchase Date	Last Coupon Date	Maturity Date	Current Yield	Value at beg year	Current value	Term
30/6/2021	Commonwealth Bank	General	A		9/11/2020			0.00%		1,255	
30/6/2021	Macquarie Bank	General	AA-	Monthly	9/11/2020	31/12/2021	30/6/2022	0.40%	4,011,560	4,019,656	
30/6/2021	Macquarie Bank	Water	AA-	Monthly	9/11/2020	31/12/2021	30/6/2022	0.40%	2,504,313	2,509,367	
30/6/2021	Macquarie Bank	Sewer	AA-	Monthly	9/11/2020	31/12/2021	30/6/2022	0.40%	1,501,380	1,504,410	
Sub Total - Cash Deposit Accounts									-	8,034,688	-

Portfolio by Fund	31/12/2021	31/01/2022
General Fund	\$47,470,911	46,480,274
Water Fund	\$12,509,367	12,509,367
Sewer Fund	\$7,004,410	7,004,410
TOTAL	\$66,984,688	\$65,994,051

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Interest – Budgeted verses Actual Result to Date

	Ledger	2021/2022 Budget \$	Actuals to Date \$	Accrued Interest to Date \$	TOTAL \$
General Fund	128820	394,000.00	125,217.72	213,035.68	338,253.40
Water Fund	812350	64,000.00	8,586.18	43,339.92	51,926.10
Sewer Fund	906320	41,000.00	26,622.74	28,536.74	55,159.48
TOTAL		499,000.00	160,426.64	284,912.34	445,338.98

Term deposit interest rates have improved recently with a 12-month term deposit now yielding 0.70-1.00%. Given our strong investment balances, Council is expected to meet interest revenue targets in 2021/2022. Any additional interest received during 2021/2022 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 31/01/2022		0.10%	0.080%	0.10%
Term Deposits	1.20%			
Cash Deposit Accounts	0.40%			
180 Day Call Account	0.70%			
Floating Rate Notes	0.00%			

D) Investment Commentary

Council's investment portfolio exceeded all benchmarking indexes.

Council's investment portfolio of \$66M is almost entirely invested in fixed term deposits. Overall, the portfolio is highly liquid, highly rated and short-dated from a counterparty perspective.

The RBA Governor, Mr Lowe, has recently commented that "the latest data and forecasts do not warrant an increase in the cash rate in 2022" but suggested that 2023 was plausible. The RBA's tolerance for inflation at the top of the 2-3% band, or above for a time will be key to understanding how patient the RBA is prepared to be as it waits until wages growth is closer to +3%. After six years of missing its inflation target, the RBA has said it wants to make sure inflation will be sustained at target with wages growth a key input in judging sustainability.

However, the Australia Bond Market and ASX 30 Day Cash Rate Futures Yield Curve, indicate that Markets have brought forward RBA rate hike pricing following moves offshore with a full rate hike now priced by June 2022 and four hikes priced by December 2022. Indicating that the Cash Rate could be 1% by December 2022.

The cheap funding provided to the ADIs from the RBA's term funding facility (TFF) has resulted in excess liquidity in the marketplace. Margins have squeezed significantly since mid-2020 on the back of excess liquidity provided by unprecedented fiscal and monetary policy support. This may start to reverse as easing policies are tapered and central banks start to tighten and take control of excessive inflation on the back of supply-chain issues from the pandemic. We note several ADIs (particularly the mutual banks) have been selective in offering 'new' wholesale funding, often only looking to roll existing deposits, whilst some are simply redeeming all deposits at maturity.

In the wholesale deposit market, for terms of 12 months, the most attractive value is currently being offered by a limited number of regional bank ADIs with rates ranging between 0.70%-1%, longer dated terms, 2-5 years now range between 1.70%-2.60%. It is noted that these reiterate

rates are indicative, dependent on daily funding requirements and not available from “financial institutions”).

Floating Rate Notes

In conjunction with advice from Council’s Investment Advisor, Michael Chandra - Imperium Markets, Council sold Floating Rate Notes for a capital gain of \$85,020 during December 2021.

A Floating Rate Note (FRN) is a medium to long term fixed interest investment where the coupon paid is a fixed margin (“coupon margin”) over a benchmark. The benchmark is usually the Bank Bill Swap Rate (BBSW) and is reset at regular intervals – most commonly quarterly. BBSW is the benchmark rate that the banks lend to each other.

Council purchased \$5,000,000 in Floating Rate Notes with ANZ and CBA in early 2019 at par value of \$100.00. At the time of the sale the capital value had appreciated significantly, up to \$101.666 to \$101.752 respectively resulting in a realised capital gain of \$85,020. If Council held these FRNs to maturity, Council would have redeemed the original \$5,000,000 only. At the time of the sale, the ANZ & CBA notes were trading at 1.16% and 1.12% respectively.

After selling the FRN, Council reinvested the principal amount (\$5,000,000) in traditional term deposits with Industrial and Commercial Bank of China (ICBC) for two years at 1.36%. This yield is approximately 0.2% better than the FRN notes generating an additional \$20,000 in interest revenue over the next two years.

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:

Council’s term deposit portfolio was yielding 1.20% p.a. at month-end, with a weighted average duration of around 429 days or 14 months. This average duration will provide some income protection against the low interest rate environment over the immediate future. As existing deposits mature however, they will inevitably be reinvested at much lower prevailing rates. Council’s Interest Equalisation Reserve will be utilised to smooth out investment returns over the medium/long term.

LEGAL IMPLICATIONS:

Nil

ATTACHMENTS:

Nil