



BUSINESS PAPER

**Economic and Community
Sustainability Committee Meeting
Wednesday, 13 April 2022**

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

8 April, 2022

An Economic and Community Sustainability Committee Meeting will be held in the Committee Room, Administrative Centre, 144 Otho Street, Inverell on Wednesday, 13 April, 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

Agenda

1	Apologies	5
2	Confirmation of Minutes.....	5
3	Disclosure Of Conflict Of Interests/Pecuniary And Non-Pecuniary Interests	9
4	Destination Reports.....	10
4.1	Donation Request - Inverell Anglers' Association	10
4.2	Arts North West (ANW) Membership	12
4.3	2021/2022 Draft Estimates and Operational Plan, and Long Term Financial Plan.....	14
5	Governance Reports.....	82
5.1	Governance - Monthly Investment Report	82

Ethical Decision Making and Conflicts of Interest

A guiding checklist for Councillors, officers and community committees

Ethical decision making

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

Conflict of interest

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

- **Pecuniary** – regulated by the *Local Government Act 1993* and Office of Local Government
- **Non-pecuniary** – regulated by Codes of Conduct and policy. ICAC, Ombudsman, Office of Local Government (advice only). If declaring a Non-Pecuniary Conflict of Interest, Councillors can choose to either disclose and vote, disclose and not vote or leave the Chamber.

The test for conflict of interest

- Is it likely I could be influenced by personal interest in carrying out my public duty?
- Would a fair and reasonable person believe I could be so influenced?
- Conflict of interest is closely tied to the layperson's definition of 'corruption' – using public office for private gain.
- Important to consider public perceptions of whether you have a conflict of interest.

Identifying problems

- 1st** Do I have private interests affected by a matter I am officially involved in?
2nd Is my official role one of influence or perceived influence over the matter?
3rd Do my private interests conflict with my official role?

Local Government Act 1993 and Model Code of Conduct

For more detailed definitions refer to Sections 442, 448 and 459 or the *Local Government Act 1993* and Model Code of Conduct, Part 4 – conflicts of interest.

Disclosure of pecuniary interests / non-pecuniary interests

Under the provisions of Section 451(1) of the *Local Government Act 1993* (pecuniary interests) and Part 4 of the Model Code of Conduct prescribed by the Local Government (Discipline) Regulation (conflict of interests) it is necessary for you to disclose the nature of the interest when making a disclosure of a pecuniary interest or a non-pecuniary conflict of interest at a meeting.

A Declaration form should be completed and handed to the General Manager as soon as practicable once the interest is identified. Declarations are made at Item 3 of the Agenda: Declarations - Pecuniary, Non-Pecuniary and Political Donation Disclosures, and prior to each Item being discussed: The Declaration Form can be downloaded at [Declaration Form](#)

Quick Reference Guide

Below is a legend that is common between the:

- Inverell Shire Council Strategic Plan;
- Inverell Shire Council Delivery Plan; and
- Inverell Shire Council Operational Plan.



1 APOLOGIES

2 CONFIRMATION OF MINUTES

RECOMMENDATION:

That the Minutes of the Economic and Community Sustainability Committee Meeting held on 9 March, 2022, as circulated to members, be confirmed as a true and correct record of that meeting.

**MINUTES OF INVERELL SHIRE COUNCIL
ECONOMIC AND COMMUNITY SUSTAINABILITY COMMITTEE MEETING
HELD AT THE COMMITTEE ROOM, ADMINISTRATIVE CENTRE, 144 OTHO STREET,
INVERELL
ON WEDNESDAY, 9 MARCH 2022 AT 11:30AM**

PRESENT: Cr Paul King OAM, Cr Paul Harmon (Mayor), Cr Kate Dight, Cr Nicky Lavender, Cr Jo Williams

IN ATTENDANCE: Cr Stewart Berryman, Cr Jacko Ross, Cr Wendy Wilks.
Brett McInnes (Acting General Manager), Paul Pay (Director Corporate and Economic Services)

1 APOLOGIES

Nil

2 CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION

Moved: Cr Kate Dight

Seconded: Cr Nicky Lavender

That the Minutes of the Economic and Community Sustainability Committee Meeting held on 9 February, 2022, as circulated to members, be confirmed as a true and correct record of that meeting.

CARRIED

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

Nil

4 ADVOCACY REPORTS

Nil

4.1 ELECTION OF CHAIRPERSON S4.11.17/14

COMMITTEE RESOLUTION

Moved: Cr Kate Dight

Seconded: Cr Paul King OAM

The Acting General Manager advised Councillors of the entitlement under the Code for the Mayor to Chair Committee Meetings. Cr Harmon advised the General Manager that he declined to exercise the right to Chair the Meeting, inviting the Acting General Manager to call for nominations for the position of Chairperson.

CARRIED

The Acting General Manager called for nominations for the position of Chairperson:

One (1) nomination for the position of Chairperson was received being Cr King. There being only one (1) nomination, Cr King was declared duly elected as Chairperson for the ensuing one (1) year period and assumed the Chair.

At this juncture the time being 11.32am, Cr King assumed the Chair.

Cr King recognised that Tuesday 8 March 2022 was International Women's Day.

5 DESTINATION REPORTS

5.1 REQUEST FOR FINANCIAL ASSISTANCE - INVERELL CULTURAL GROUP S12.22.1/15

COMMITTEE RESOLUTION

Moved: Cr Nicky Lavender

Seconded: Cr Kate Dight

The Committee recommend to Council that:

1. Council make a \$2,000 contribution to the staging costs of the "100 Years of Dance" event to be conducted in the Inverell Town Hall; and
2. The Cultural Group be reminded of the purpose of the support funding for cultural events.

CARRIED

6 GOVERNANCE REPORTS

6.1 AUDIT, RISK & IMPROVEMENT COMMITTEE MEMBERSHIP AND REMUNERATION S4.11.21

COMMITTEE RESOLUTION

Moved: Cr Paul Harmon

Seconded: Cr Kate Dight

The Committee recommend to Council that:

1. Council appoint Mr Phil Schwenke as Chair of the Audit Risk and Improvement Committee for an additional two years until December 2024;
2. Council reimburse Mr Phil Schwenke for \$999.90 in lost GST payments for services rendered; and
3. Council set member honorarium from January 2022 as follows:
 - a) Chair - \$1,500 (plus GST if applicable), plus reimburse travel expenses at cost; and
 - b) Independent Member - \$750 (plus GST if applicable), plus reimburse travel expenses at cost.

CARRIED

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

Moved: Cr Kate Dight

Seconded: Cr Paul Harmon

The Committee recommend to Council that:

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

CARRIED

The Meeting closed at 11.40am.

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

4 DESTINATION REPORTS

4.1 DONATION REQUEST - INVERELL ANGLERS' ASSOCIATION

File Number: S12.22.1/15 / 22/9300

Author: Kristy Paton, Corporate Support Officer - Publishing

SUMMARY:

Council has received a request from Inverell Anglers' Association seeking a donation towards their annual trout restocking program.

RECOMMENDATION:

A matter for the committee.

COMMENTARY:

Council has received a request from Mr Warren Anderson, President, Inverell Anglers' Association requesting Council provide a donation of \$500 towards their restocking program.

Trout stocking in the Macintyre River Catchment took place in October 2021 with an additional 6000 fingerlings being released in the Gwydir River below Copeton in January this year.

Each year, the Association's volunteers travel to Ebor, to collect trout fry for restocking rivers and streams. The Club is solely responsible for the stocking of trout fry in the Macintyre catchment. This compliments restocking programs led by other local fishing clubs, which release Golden Perch and Murray Cod fingerlings.

Council provided a \$500 donation to the club in 2018/2019 and 2019/2020 and has previously provided annual donations of \$200.

A copy of the original correspondence received from Mr Anderson is attached. The Committee is asked to determine if it wishes to provide a contribution to Inverell Anglers' Association, and if so, in what capacity.

RISK ASSESSMENT:

Nil.

POLICY IMPLICATIONS:

Management Policy: Donation Policy – 'Council in accordance with the provisions of Section 356 of the *Local Government Act, 1993* may provide financial assistance by way of Donations to others, including charitable, community and sporting organisations. The purpose of providing Donations from public funds is to help promote or assist individuals or organisations for which there is a recognised public benefit, generally the maximum donation provided will be \$200.00.'

CHIEF FINANCIAL OFFICERS COMMENT:

Council has a budget allocation for donations to fishing clubs for fish restocking programs. \$4,000 is currently available for distribution.

LEGAL IMPLICATIONS:

Nil.

ATTACHMENTS:

1. Request for Donation - Inverell Anglers Association - 2021/2022

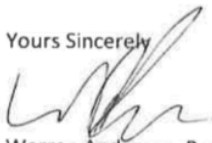
Inverell Shire Council

To whom it may concern, The Inverell Anglers association wishes to request a donation of \$500 for this financial year towards our running cost, Trout stocking has been completed in the Macintyre river catchment in October last year as well in January an additional 6000 fingerlings in the Gwydir river below Copeton which is accessed from the Inverell Shire via a section of National park providing fishing enjoyment for many locals and visitors alike.

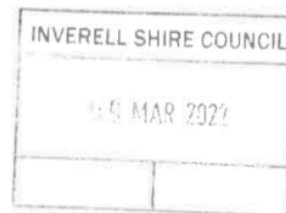
We are a small not for profit club but we are solely responsible for stocking Trout in the Greater Inverell Area, predominately the Macintyre River headwaters and the Gwydir river below Copeton dam.

Any assistance would be greatly appreciated.

Yours Sincerely



Warren Anderson, President IAA inc



4.2 ARTS NORTH WEST (ANW) MEMBERSHIP**File Number:** S26.5.4 / 22/9401**Author:** Kristy Paton, Corporate Support Officer - Publishing**SUMMARY:**

The Committee is requested to consider if Council should renew its membership of Arts North West (ANW).

RECOMMENDATION:

A matter for the Committee.

COMMENTARY:

This is the final year of Council's three (3) year commitment to Arts North West (ANW).

In 2019, Council resolved:

- i) For the purposes of securing touring performances and other ANW cultural opportunities in the future, Inverell Shire Council agree to membership of Arts North West for the next 3 years commencing 2019/20;*
- ii) That the cost of membership for the next three (3) year period commencing 2019/20 be included in Council's forward budget;*
- iii) This be conditional on Inverell Shire Council having an elected member on the ANW Advisory Board; and*
- iv) Cr Dight be nominated as Council's representative on the ANW Advisory Board.*

Caroline Downer, ANW Executive Director, and Anna Watt, ANW Chair, have written to Council to provide a summary of the cultural events held in the region in 2021, an overview of what is planned for 2022 and a request to continue working with Council in 2023.

In 2022, ANW have a number of events planned including two (2) workshops scheduled for the first half of the year:

1. *Diversify your creative income and Tax Time for Creatives* – facilitated by Monica Davidson from Creative Plus Business. Monica will be holding two (2) workshops, one (1) each in Armidale and Tamworth.
2. *Creative Recovery Network* – a four (4) day workshop specialising in mental health and creative recovery training for creatives in the Glen Innes Region.

Arts North West on Tour is bringing nine (9) different productions to the region, including the following productions being held in Inverell - Stardust + the Mission, BEEP and 100 years of the History of Dance.

The ANW-developed professional development workshops (Art Handling and Installation, volunteer succession planning), networking events, one-on-one professional advice, as well as support to LGAs in any arts and culture development will continue to be delivered.

Their correspondence also advises that in 2022, ANW were successful in receiving Federal Government grants to support their Aboriginal Cultural Support Program.

A copy of the letter including the summary of events held in 2021 is provided for the Committee's information in **Attachment 1**.

The annual contribution for 2021/2022 was \$14,344.30. If Council resolves to continue their support, ANW have advised the contribution for 2022/2023 will be \$14,886.70.

To provide further information, Caroline Downer, ANW Executive Director, will be presenting at the Public Forum Session at 9am.

RISK ASSESSMENT:

Nil

POLICY IMPLICATIONS:

Nil

CHIEF FINANCIAL OFFICERS COMMENT:

Council 2022/2023 Operational Plan and Budget provides an allocation for this membership.

LEGAL IMPLICATIONS:

Nil

ATTACHMENTS:

Nil

4.3 2022/2023 DRAFT ESTIMATES AND OPERATIONAL PLAN, AND LONG TERM FINANCIAL PLAN

File Number: S12.5.3 / 22/10890

Author: Paul Pay, Director Corporate and Economic Services

SUMMARY:

The purpose of this report is to consider the draft 2022/2023 Operational Plan and Budget, the Long-Term Financial Plan, and to make a recommendation to Council on this matter.

RECOMMENDATION:

That:

1. *Council authorise the General Manager to submit a permanent Additional Special Variation of 1.3% to IPART.*

RECOMMENDATION:

1. *That the following works be funded from the Urban Works Vote and be included in the 2022/2023 Budget:*

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

		General Fund	Water Fund
A	Inverell and Villages - Urban Renewal and Upgrade <i>Project subject to a further report to Civil and Environmental Committee</i>	\$500.16K	\$
B	Urban Work Contribution to Pool Loan	\$98.76K	
C	Footpaths and Cycleway Construction \$ for \$ Contribution to PAMP Program (Subject to RMS approving the 2022/2023 Program)	\$47.73K	
D	Village Works – Community suggested projects		
	Ashford	\$ 7.54K	
	Delungra	\$ 7.54K	
	Gilgai	\$ 7.54K	
	Yetman	\$ 7.54K	
	Tingha	\$ 7.54K	
	Oakwood	\$ 1.12K	
	Bonshaw	\$ 1.12K	
	Graman	\$ 1.12K	
	Nullamanna	\$ 1.12K	
	Elsmore	\$ 1.12K	
	Stannifer	\$ 1.12K	
	Gum Flat	\$ 1.12K	
	TOTALS	\$ 692.19K	\$

2. *That:*

- i) *the budget allocations of \$2.378M for the 2022/2023 ACRD Program be endorsed and a further report be presented to the Civil and Environmental Services Committee in respect of the funding allocations and individual works proposed to be undertaken under this program;*
- ii) *the budget allocations of the \$160K RMS Supplementary Block Grant Program be the subject of a further report to the Civil and Environmental Services Committee Meeting;*
- iii) *the budget allocation of \$2.912M for the 2022/2023 Block Grant Program be endorsed and a further report be presented to the Civil and Environmental Services Committee in respect of the specific projects to be funded; and*

- iv) *the budget allocation of \$1.402M for the 2022/2023 Roads to Recovery Program be endorsed and a further report be presented to the Civil and Environmental Services Committee in respect of the specific projects to be funded;*
- v) *the budget allocation of \$544.99K for the RMS Repair Program be endorsed and a report on the projects for the RMS approved Repair Program for 2022/2023 be presented to the Civil and Environmental Services Committee once advice has been received.*
- 3. *That Council utilises the maximum permissible rate increase allowed by IPART of 0.7% plus any approved ASV of up to 1.3%.*
- 4. *That:*
 - i) *The Financial Reverse Policy be adopted;*
 - ii) *The new format for reporting of the financial reserves be endorsed;*
 - iii) *Council provide an allocation of \$117K for joint industry promotions and assistance;*
 - iv) *the 2022/2023 Strategic Capital Infrastructure Fund of \$630K be utilised for loan repayments for the Inverell Aquatic Centre Redevelopment*
 - v) *The budget allocation of \$341K for the 2021/2023 Special Projects – Roads Infrastructure Fund be endorsed;*
 - vi) *A further report be presented to the Civil and Environment Committee in respect of the specific projects to be funded under the Special Projects – Roads Infrastructure Fund;*
 - vii) *the transfers to and from Internally Restricted Assets be endorsed; and*
 - viii) *the list of inclusions as included in the 2022/2023 draft Operational Plan/Budget and listed in section 6.2.2 & 6.2.3 of the report be endorsed.*
- 5. *That:*
 - i) *The following rating categories be utilised for the 2022/2023 rating year:*
 - Residential – Inverell*
 - Residential – General*
 - Residential – Ashford*
 - Residential – Delungra*
 - Residential – Gilgai*
 - Residential – Yetman*
 - Residential - Tingha*
 - Residential – Rural*
 - Business – Inverell Industrial/Commercial*
 - Business – Other*
 - Farmland*

Mining

- ii) *A General Base Amount of \$225 plus an Ad Valorem Rate be determined for the categories detailed in above.*
6. *Extra charges on overdue rates and charges will be levied at the rate of six (6) per cent per annum on a daily simple interest basis for the year ending 30 June 2023.*
7. *That the following Waste Management Charges be adopted:*
- | | | |
|------|--|-----------------|
| i) | <i>Waste Management Charge – All Properties</i> | <i>\$96.00</i> |
| ii) | <i>Domestic Waste Management - Occupied Charge: per service per assessment</i> | <i>\$363.00</i> |
| iii) | <i>Domestic Waste Management - Occupied Charge</i> | <i>\$363.00</i> |
| | <i>Tingha Boundary Adjustment – properties with 140lt garbage bin per service per assessment</i> | |
| iv) | <i>Domestic Waste Management – Unoccupied Charge</i> | <i>\$66.00</i> |
| v) | <i>Weekly Commercial Waste Management Charge</i> | <i>\$363.00</i> |
| | <i>(This Charge is levied per Service, and GST is charged if applicable)</i> | |
| vi) | <i>Weekly Commercial Recycling Charge (ex GST)</i> | <i>\$135.00</i> |
| vii) | <i>Fortnightly Commercial Recycling Charge (ex GST)</i> | <i>\$70.00</i> |
| | <i>(These Charge are levied per Service, and GST is charged if applicable)</i> | |
8. *That the Fees and Charges, as recommended, be adopted.*
9. *That:*
- i) *the Stormwater Management Service Charge be set at the maximum amount allowable of \$25.00 per Residential Premises, \$12.50 per Residential Strata lot, and \$25.00 for Business Premises for each 350 square metres or additional part thereof, subject to a maximum charge on Business Premises of \$200.00; and*
- ii) *the Stormwater Management Program as recommended being Gilgai Drainage Project as per the adopted Gilgai Drainage Upgrade Plan, be adopted.*
10. *That:*
- i) *Council borrow up to \$10,000,000 for the redevelopment of the Inverell Aquatic Centre over 20 years;*
- ii) *Loan Repayments be funded from the Strategic Capital Infrastructure Fund and Urban Works allocations as detailed in the tables provided.*
11. *That:*
- i) *the report on the balanced budget be noted;*
- ii) *the draft estimates (incorporating the Operational Plan and Long-Term Financial Plans) for the General Activities for 2022/2023 be adopted and placed on public exhibition for a period of 28 days as required by Section 405 of the Local*

*Government Act 1993.*12. *That:*

- i)
- the Sewerage Charges as listed below be adopted for 2022/2023:*

Charge	\$
Sewerage Charge Occupied	580.00
Sewerage Charge Unoccupied	365.00
Sewerage Charge Flats/Units	365.00
Sewerage Charge Nursing Homes	2,720.00
Sewerage Charge Hotel/Licensed Clubs	1,735.00

<i>Number of Services per Assessment</i>	<i>Annual Charge Per Assessment \$</i>
1	580.00
2	925.00
3	1,270.00
4	1,615.00
5	1,960.00
6	2,305.00
7	2,650.00
8	2,995.00
9	3,340.00
10	3,685.00
11	4,030.00
12	4,375.00
13	4,720.00
14	5,065.00
15	5,410.00
16	5,755.00

Charge Structure for Non-Ratables

Charge	\$
Non-ratable - Schools - wc's	95.00
Non-ratable - Other - wc's	158.00
Non-rayable - Urinals	95.00

Charge Structure for Motels and Caravan Parks

In accordance with the new charge structure for Motels and Caravan Parks the following charges are proposed for 2022/2023:

Charge	\$
Motel Residence	1,735.00
Motel Restaurant	580.00
Motel Ensuite	183.00
Caravan Park Residence	580.00
Caravan Park Amenities Block	1,735.00
Caravan Park Ensuite Cabins	183.00

- ii) *The Draft Estimates (incorporating Operational Plan) for the Sewerage Fund for 2022/2023 be adopted and placed on public exhibition for a period of 28 days as required by Section 405 of the Local Government Act 1993.*

13. *That:*

- i) *a water availability base charge of \$415.00 per assessment (Includes first water meter) be adopted for 2022/2023;*
- ii) *a water charge of \$415.00 per additional water meter, per assessment be adopted for 2022/2023;*
- iii) *a water charge of \$410.00 per assessment (includes first water meter) be adopted for properties within the Tingha Boundary Adjustment area for 2022/2023;*
- iv) *a water charge of \$415.00 per additional water meter, per assessment be adopted for properties within the Tingha Boundary Adjustment area for 2022/2023;*
- v) *a charge of \$1.78 per kilolitre be adopted for commercial water consumption for 2022/2023;*
- vi) *a charge of \$1.78 per kilolitre, 0 to 600 kilolitres and \$2.00 per kilolitre over 600 kilolitres be adopted for residential water consumption for 2022/2023;*
- vii) *a charge of \$0.93 per kilolitre be adopted for water consumption - Abattoirs, plus a 20 per cent early settlement discount for 2022/2023;*
- viii) *a charge of \$0.93 per kilolitre be adopted for Community Facilities water consumption; Eligible entities include: Inverell Minor League, Inverell Golf Club, Inverell Tennis Club, Inverell Rugby Club, Gilgai Tennis Club, Inverell Equestrian Council and Inverell Shire Council (Sporting fields and Parks) for 2022/2023;*
- ix) *a charge of \$0.45 per kilolitre be adopted for Raw Water consumption for 2022/2023; and*
- x) *the draft Estimates (incorporating Operational Plan) for the Water Fund for 2022/2023 be adopted and placed on public exhibition for a period of 28 days as required by Section 405 of the Local Government Act, 1993.*

COMMENTARY:

Enclosed with this Business Paper is a copy of the draft 2022/2023 Operational Plan and Budget and Long-Term Financial Plan.

The draft Operational Plan indicates the “major” actions which will be undertaken by Council during the financial year 2022/2023, and the draft Budget indicates how these activities will be funded.

1. Draft Operational Plan and Budget guiding principles

Council has a policy of applying the following principles to the preparation of the Draft Operating Plan and Budget and Long-Term Financial Plan:

- Principle 1:** A “Balanced Budget” for all activities is to be presented for consideration.
- Principle 2:** Ensure the provisions of funds to meet operation costs of approved services is at a sustainable level, prior to allocating funds for capital projects.
- Principle 3:** The Draft Budget is to utilise the full “Rate Peg” approved by IPART for consideration.

These principles have been applied to the preparation of this document. However, the following matters are highlighted:

- i. Some votes have been reduced below the 2021/2022 level due to “special one off” expenditure being included in the votes in that year being excluded and also due to ongoing cost savings being identified.

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

- ii. The continuation of Council’s “Strategic Capital Infrastructure and Projects Fund” as a vehicle for Council to be able to undertake strategic projects which enhance the amenity of the community and which provide Council with a capacity to attract grant funding (most grant funding now requires \$ for \$ matching contributions).
- iii. In the General Fund, the budget provides for two (2) Scenarios for Council consideration, being the “Rate Peg” only Scenario (0.7%) and the Additional Special Variation (ASV) Scenario (2%). The two (2) options have been prepared as the outcome of any ASV application will not be received from IPART until 21 June, 2022. The difference in the two scenarios are discussed later in this report.

2. Operational Plan and Budget Summary

The preparation of this budget under the ASV Scenario can be summarised as:

1. Presents a balanced budget for all activities;
2. It is a “Operationally Sound” Budget. That is, this budget document provides for the continuation of all council’s existing programs and services at their existing service levels with no service cuts under the ASV Scenario;
3. No “Surplus funds” have been identified for allocation later in 2022/2023 as needs arise, with all revenues being matched to expenditure to maintain the Budget in balance; and

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

3. Rate Peg Options

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

The rate peg applies to each councils' 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 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 factor is 0.0%.

The LGCI Index 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 the prices for a typical household. 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.

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%

The 0.7% rate peg permits Council to raise \$103K additional income over the 2021/2022 notional rate yield. This determination has significant financial implications for 2022/2023 budget preparations as:

- i. Council is required to fund fixed costs that have increased by significantly more than 0.7%. Refer to section 4 for additional details; and
- ii. Cost savings need to be found to ensure service levels are maintained.

It should be noted that Council's Long-Term Financial Plan (LTFP) was prepared utilising an allowable rate peg of 2% or \$294K – the outcome is a \$191K deficit between actual rate peg and anticipated rate peg.

It should also be noted that IPART continually advises Council to prepare their LTFPs on an anticipated 2.5% rate peg. Inverell Shire Council decided to take a "conservative approach" to rate increases when preparing its 2021/2022 LTFP predicated its long-term plan on 2% rate increases.

In the General Fund, this budget provides for two Scenarios being the "Rate Peg Only" Scenario (0.7%) and the Additional Special Variation (ASV) Scenario (2%). The difference in the two scenarios are discussed below.

a. Additional Special Variation Scenario

Under this option Council can resolve to apply to IPART for a special one-off additional special variation. IPART will only approve applications for Councils that can demonstrate a financial need for a special variation. That is, without the additional special variation Council will not meet their 2021/2022 Long Term Financial Plan (LTFP) obligations in 2022/2023. In this regard, Council's 2021/2022 LTFP had estimated a rate peg of 2% for 2022/2023. This allows Council to apply for a 1.3% additional special variation.

Under this option, the general rate increase allowable in terms of Section 506 of the Act (Rate pegging Section) for the 2022/2023 rating year is 2%. Revenue generated from levying the estimated maximum permissible increase of 2% is \$294K and has been included to fund the increase in fixed costs in the General Fund.

Under this scenario Council can deliver a balanced budget with sufficient funding to provide for the provisions of core Local Government Services and Infrastructure to the community.

b. Rate Peg Only Scenario

Under this option a general rate increase allowable in terms of Section 506 of the Act (Rate pegging Section) for the 2022/2023 rating year is 0.7%. Revenue generated from levying the estimated maximum permissible increase of 0.7% is \$103K.

This scenario results in Council's Operating Performance ratio falling to negative 0.3%. That is, under the "Rate Peg Only" Scenario (being no ASV) Council will need to cut \$190,710 from existing services and infrastructure levels in a range of areas, but primarily within the Roads budgets to remain sustainable in the future.

Should Council choose not to apply for the ASV, or if IPART does not approve any endorsed application, the following Budget cuts would be required within the Draft Budget to maintain at balanced 2022/2023 budget:

Table 1 – Proposed "Budget Cuts"

	Project	Project Description	ASV Approved Budget	Rate Peg Only Revised Budget	Budget Cuts
CAPITAL	129381	Special Community Projects	40,000.00	17,000.00	23,000.00
	160190	Library Books	62,360.00	52,000.00	10,360.00
	130101	Computer Projects	32,000.00	15,000.00	17,000.00
	132850	SES Other Building Capital Expenses	7,150.00	-	7,150.00
	139120	Village Developments - Ashford	7,540.00	3,770.00	3,770.00
	139120	Village Developments - Bonshaw	1,120.00	560.00	560.00
	139120	Village Developments - Delungra	7,540.00	3,770.00	3,770.00
	139120	Village Developments - Elsmore	1,120.00	560.00	560.00
	139120	Village Developments - Gilgai	7,540.00	3,770.00	3,770.00
	139120	Village Developments - Graman	1,120.00	560.00	560.00
	139120	Village Developments - Gum Flat	1,120.00	560.00	560.00
	139120	Village Developments - Nullamanna	1,120.00	560.00	560.00
	139120	Village Developments - Oakwood	1,120.00	560.00	560.00
	139120	Village Developments - Stannifer	1,120.00	560.00	560.00
	139120	Village Developments - Tingha	7,540.00	3,770.00	3,770.00
	139120	Village Developments - Yetman	7,540.00	3,770.00	3,770.00
	138680	ACRD Urban Reseals	188,490.00	177,935.00	10,555.00
	142991	ACRD Gravel Resheeting - North	591,690.00	558,550.00	33,140.00
	142992	ACRD Gravel Resheeting - south	596,045.00	562,665.00	33,380.00
	142995	ARCD Bitumen Renewals	254,780.00	240,515.00	14,265.00
	141331	CBD upgrade works	30,310.00	11,220.00	19,090.00
					190,710.00

While the Budget cuts for the "Rate Peg Only" Scenario for 2022/2023 may not seem that significant in some areas, what needs to be considered, is the long-term effect of these

cuts. As shown in the following table, while the 2022/2023 cuts total \$190,710, by 2031/2032 these budget cuts increase to \$238,171 per year. The accumulated budget cuts over 10 years totals \$2,136,597.

Table2 – Impacts on LTFP

		ASV Scenario			Rate Peg Scenario				
Year		Rates	Rate Peg	Rates + Rate Peg	Rates	Rate Peg	Rates + Rate Peg	Lost Revenue	Accumulated Lost Revenue
		\$		\$	\$		\$	\$	\$
1	2022/23	14,670,000	2.00%	14,963,400	14,670,000	0.70%	14,772,690	190,710	190,710
2	2023/24	14,963,400	2.50%	15,337,485	14,772,690	2.50%	15,142,007	195,478	386,188
3	2024/25	15,337,485	2.50%	15,720,922	15,142,007	2.50%	15,520,557	200,365	586,552
4	2025/26	15,720,922	2.50%	16,113,945	15,520,557	2.50%	15,908,571	205,374	791,926
5	2026/27	16,113,945	2.50%	16,516,794	15,908,571	2.50%	16,306,286	210,508	1,002,434
6	2027/28	16,516,794	2.50%	16,929,714	16,306,286	2.50%	16,713,943	215,771	1,218,205
7	2028/29	16,929,714	2.50%	17,352,956	16,713,943	2.50%	17,131,791	221,165	1,439,370
8	2029/30	17,352,956	2.50%	17,786,780	17,131,791	2.50%	17,560,086	226,694	1,666,065
9	2030/31	17,786,780	2.50%	18,231,450	17,560,086	2.50%	17,999,088	232,362	1,898,426
10	2031/32	18,231,450	2.50%	18,687,236	17,999,088	2.50%	18,449,066	238,171	2,136,597

Attachment 3 provides an indicative impact on individual rate assessment of both rate scenarios.

Ratepayers who are suffering genuine financial hardship and pensioners have access to a range of concessions to enable them to meet their rate payments obligations. These are included in Council's "Write-offs – Rate, Charges and Debt Hardship Policy, Council's "Write-offs – Extra Charges (Pensioners) Hardship Policy and Council's Debt Collection Policy.

ASV Applications

Applications for ASV close on 29 April, 2022 with IPART scheduled to announce successful applications by 21 June, 2022.

Application for ASV can be made on a temporary or permanent basis. A temporary ASV means the extra general revenue from the ASV is available for 2022/2023 only. This means the impact on ratepayers will be for one year only. Similar budget cuts to those mentioned above would be required from 2023/2024 under a temporary variation.

A permanent ASV means the ASV revenue is retained in the Council's rate bases moving forward. Councils applying for a permanent ASV will have to also demonstrate the need to retain the ASV in their rate base. IPART will apply the Office of Local Government's (OLG) Operating Performance Ratio (OPR) indicator to determine if Council needs a permanent ASV. OLG's OPR benchmark is 0%. If Council General Fund has an average OPR above 2% over the next five (5) years it must include supporting documentation to justify its need for a permanent ASV on an ongoing basis. Council's OPR for both scenarios are detailed below:

OPERATING PERFORMANCE RATIO GENERAL FUND		
Year	Rate Peg Only Scenario	ASV Scenario
Maximum Rate Peg	0.70%	2%
2022/2023	-0.31%	0.23%
2023/2024	-0.30%	0.28%
2024/2025	0.87%	1.43%
2025/2026	1.13%	1.69%
2026/2027	1.07%	1.63%
5 Year AVERAGE	0.49%	1.05%

IPART will also apply OLG's Unrestricted Current Ratio (UCR) indicator to determine if Council has enough funds to meet its obligations. OLG's UCR benchmark is 1.5%. If Council has a UCR above 1.5% for 2020/2021, 2021/2022 and 2022/2023 it will need to include supporting documentation to justify its financial needs. Based on Council's UCR below, Council will be required to provide additional documentation with its ASV application.

UNRESTRICTED CURRENT RATIO	
Year	UCR
2020/2021 (Actual)	4.08%
2021/2022 (Estimated)	3.98%
2022/2023 (Estimated)	2.25%

Council's UCR is adversely affected by higher short-term investments and significant amounts of revotes from 2020/2021 to 2021/2022. Council has approximately \$7M in additional short-term investment (maturing in the next 12 months). Council activity sort these investments to maximum interest revenue in a declining market.

Councillors may recall, due to the significant influx of grant funds during 2020/2021, Council made the decision to spend grant funds first and Council revenue funds second. As a result, Council has revoted significant funds from 2020/2021 to 2021/2022.

Both higher short-term investment balances and additional revotes has inflated Council's UCR by approximately 2% in 2021/2022 and approximately 0.5% in 2022/2023.

Summary

The only difference between the two scenarios is, under the Rate Peg Only Scenario Rates Revenue will decrease by \$190,710 and this is offset by a corresponding decrease in allocations to asset renewals.

4. Factors Impacting the Budget:

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

- Rate pegging limit – IPART has advised Council of the maximum permissible increase. The draft estimates have been prepared on the basis of Council utilising the full 0.7% increase in the General Activities rate income for 2022/2023 plus an additional 1.3% one-off special variation. This is consistent with Council's Long-Term Financial Plan. The rate peg increase yields Council additional revenue of \$103K, plus \$191K from the ASV, totaling \$294K additional rate income to that which was raised in 2021/22. It is recommended that Council again take the maximum permissible increase allowed. Failure to do so will negatively impact Council's sustainability.
- Fixed Cost increases in the General Fund of \$514K, Water Fund of \$20K. and fixed cost decreases in Sewer Fund of \$14K.
- The electricity costs included in the draft Budget are \$439K General Fund, \$706K Water Fund and \$161K Sewer Fund for a total of \$1.306M, being a small reduction on previous years (due largely to Council's energy efficiency and solar generation initiatives).
- Wage and salary increases averaging 2% (Local Government State Award increases effective 1 July, 2020), have been allowed for, including increases in respect of staff movements within Council's Salary System. The Superannuation Guarantee Charge has been allowed for at the legislated 10.5%, an increase of 0.5%. It is a fact that each year the Award increase in salaries and wages has exceeded the Rate Peg approved for all NSW Councils. The inadequate 2022/2023 Rate Peg index only provided for a 2% increase in wage and salary costs for which they did not include an explanation in the rate peg determination.
- Insurance Premiums increased across the three (3) Funds by \$110K. Insurance expenditure now totals \$1M across the three (3) funds and is increasing at an alarming rate.
- The Financial Assistance Grant has been included at \$4.366M, the ACRD Road Grant at \$2.38M, the Roads to Recovery Grant at \$1.4M, RMS Repair Program at \$0.544M and the Regional Roads Block Grant at \$3.072M.
- The official Australia Cash Rate as set by the Reserve Bank (RBA) has remained at historic lows (0.10% at the time of writing this report), with no official rate increase since November 2010. These historically low interest rates have limited Council's ability to generate interest revenue to offset Council's works programs. The 2022/2023 budget has allocated \$408K in the General Fund, \$84K for the Water Fund and \$60K for the Sewer Fund. Most Economists, including Council's investment advisor, Imperium Markets, and TCorp Local Government Services, have all indicated that interest rates will increase during 2022/2023. Council's Long-term Financial Plan allows for additional interest revenue in 2023/2024 and 2024/2025.
- Cost shifting is now reported by Local Government New South Wales (LGNSW) to be costing councils 6% of their Total Annual Revenues (in the General Fund this equates to \$2.020M or a 13.7% Rate Increase). Cost Shifting occurs when Federal and State Governments transfer the costs of delivering services and infrastructure onto Local Government, without providing the funding to Local Government to fund the service and infrastructure delivery.

Accordingly, Council does not have the financial capacity to fund new services or any capital projects other than those detailed in the budget report in the General Fund 2022/2023 draft Budget. The Water and Sewer Fund (these funds are restricted in their use by legislation and

cannot be utilised outside of these activities) continue to have the capacity to fund new services and capital projects on a priority basis; however, the major focuses within the Water and Sewerage Funds are asset management and asset renewal.

On a cash basis, the General Fund will return a cash surplus of \$1,167, Water Fund a cash surplus of \$1,155 and Sewerage Fund a cash surplus of \$1,281 for a combined fund cash surplus of \$3,603.

5. 2022/2023 Budget Programs

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

5.1 Urban Works Program:

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

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

These works were carried out in the following areas:

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

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

The 2022/2023 budget continues to use this financial plan. However, it is noted that under the Long-Term Financial Plan, the Urban works vote has increased by CPI each year to the current \$646.65K in 2022/2023. Plus, an allocation for Village Works of \$45.54K in 2022/2023.

It is also noted that under the current Long-Term Financial Plan the Urban Works Program will receive additional funding from 2023/2024 to 2031/2032 providing \$837.88K for the Urban works program in 2031/32.

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

A	Inverell and Villages - Urban Renewal and Upgrade	\$598.92K per annum allocation
B	Footpaths and Cycleway (PAMP)	\$47.73K per annum allocation
C	Village Works – community suggested projects	\$45.54K per annum allocation

The recurrent Urban Construction Budget allocation at \$646.65K represents only 4.1% of Council's 2022/2023 total Roads Budget and is 100% funded from the General Rates collected in the Inverell urban area.

It is recommended that the 2022/2023 Urban Works Program be allocated as follows:

		General Fund	Water Fund
A	Inverell and Villages - Urban Renewal and Upgrade <i>Project subject to a further report to Civil and Environmental Committee</i>	\$500.16K	\$ 0K
B	Urban Work Contribution to Pool Loan	\$98.76K	
C	Footpaths and Cycleway Construction \$ for \$ Contribution to PAMP Program (Subject to RMS approving the 2022/2023 Program)	\$47.73K	
D	Village Works – Community suggested projects		
	Ashford	\$ 7.54K	
	Delungra	\$ 7.54K	
	Gilgai	\$ 7.54K	
	Yetman	\$ 7.54K	
	Tingha	\$ 7.54K	
	Oakwood	\$ 1.12K	
	Bonshaw	\$ 1.12K	
	Graman	\$ 1.12K	
	Nullamanna	\$ 1.12K	
	Elsmore	\$ 1.12K	
	Stannifer	\$ 1.12K	
	Gum Flat	\$ 1.12K	
	TOTALS	\$ 692.19K	\$0K

COPY OF RECOMMENDATION:

That the following works be funded from the Urban Works Vote and be included in the 2022/2023 Budget:

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

		General Fund	Water Fund
A	Inverell and Villages - Urban Renewal and Upgrade <i>Project subject to a further report to Civil and Environmental Committee</i>	\$500.16K	\$ 0K
B	Urban Work Contribution to Pool Loan	\$98.76K	
C	Footpaths and Cycleway Construction \$ for \$ Contribution to PAMP Program (Subject to RMS approving the 2022/2023 Program)	\$47.73K	
D	Village Works – Community suggested projects		
	Ashford	\$ 7.54K	
	Delungra	\$ 7.54K	
	Gilgai	\$ 7.54K	
	Yetman	\$ 7.54K	
	Tingha	\$ 7.54K	
	Oakwood	\$ 1.12K	
	Bonshaw	\$ 1.12K	
	Graman	\$ 1.12K	
	Nullamanna	\$ 1.12K	
	Elsmore	\$ 1.12K	
	Stannifer	\$ 1.12K	
	Gum Flat	\$ 1.12K	
	TOTALS	\$ 692.19K	\$0K

3.2 2022/2023 Grant Funded Road Programs

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

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

The Financial Assistance Grant – Local Roads Component (Formerly ACRD) Grant is a Federal Government grant which provides approximately \$2.378M per year. The grant is not tied. However, Council has traditionally allocated the grant exclusively for expenditure on Rural and Urban Roads within the Shire. Council is one of the few Councils who continue to allocate this grant entirely to roads.

B. RMS Supplementary Block Grant Program

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

It is proposed that the allocation of these funds in 2022/2023 be the subject of a further report to the Civil and Environmental Services Committee once this review is completed.

C. Roads to Recovery Program

The allocation of funds for 2022/2023 will be \$1.402M. The works to be completed under this program require Federal Government approval in accordance with the program guidelines. The program as proposed for 2022/2023 being entirely on the Rural Local Road Network, despite 22.39% of the grant being provided on the basis of the Shire's urban population and road length (i.e. \$314K provided on the basis of the Shire's urban population and road length).

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

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

D. Block Grant Program – Regional Roads

Council will receive \$3.072M from NSW Roads and Maritime Services (RMS) Block Grant Program in 2022/2023 and \$544K from the RMS Repair Program for the carrying out of maintenance and improvement works on the regional road network. These funds cannot be expended outside of the regional road network and this program is subject to ongoing RMS audit.

A report on the projects for the Roads and Maritime Services approved Repair Program for 2022/2023 will be provided to the Civil and Environmental Services Committee once advice has been received in this matter.

The 2022/2023 Budget includes total income from these funding programs of \$7.397M.

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

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

It is recommended that Council adopt the following budget allocations for 2022/2023 Grant Funded Roads Programs as per Table 1 below.

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

TABLE 1**2022/2023 GRANT FUNDED ROADS PROGRAMS**

WORKS CATEGORY	DESCRIPTION	FUNDING SOURCE					TOTAL \$
		ACRD \$	BLOCK \$	BLOCK SUPP \$	R2R \$	REPAIR \$	
RESEALS	Regional Roads		435,630.00				435,630.00
	Repair Program Final Seals		102,865.00				102,865.00
	Urban	188,490.00					188,490.00
	Local/Rural	89,830.00			693,280.00		783,110.00
	Village	43,720.00					43,720.00
	Sub Total	322,040.00	538,495.00	-	693,280.00	-	1,553,815.00
GRAVEL RESHEETING	North	591,690.00					591,690.00
	South	596,045.00					596,045.00
	Sub Total	1,187,735.00	-	-	-	-	1,187,735.00
ROAD INFRASTRUCTURE	Other Programs		175,900.00				175,900.00
	Bitumen Renewal [#]	254,780.00	544,993.00	160,000.00	427,691.00	544,993.00	1,932,457.00
	Heavy Patching / Stabilisation		147,217.00		281,084.00		428,301.00
	Culverts/Causeways/Bridges						-
	Culverts - North	121,590.00					121,590.00
	Culverts - South	121,590.00					121,590.00
	Sub Total	497,960.00	868,110.00	160,000.00	708,775.00	544,993.00	2,779,838.00
OTHER PROGRAMS	Black Spot	25,915.00					25,915.00
	Environmental Works	5,890.00					5,890.00
	Traffic Facilities		160,000.00				160,000.00
	Pavement Mgt / Risk Management	28,580.00	15,660.00				44,240.00
	Sub Total	60,385.00	175,660.00	-	-	-	236,045.00
ROAD MAINTENANCE	Maintenance ^{**}	310,110.00	1,329,735.00				1,639,845.00
TOTALS		2,378,230.00	2,912,000.00	160,000.00	1,402,055.00	544,993.00	7,397,278.00

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

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

COPY OF RECOMMENDATION:

That:

- i) *the budget allocations of \$2.378M for the 2022/2023 ACRD Program be endorsed and a further report be presented to the Civil and Environmental Services Committee in respect of the funding allocations and individual works proposed to be undertaken under this program;*
- ii) *the budget allocations of the \$160K RMS Supplementary Block Grant Program be the subject of a further report to the Civil and Environmental Services Committee Meeting;*
- iii) *the budget allocation of \$2.912M for the 2022/2023 Block Grant Program be endorsed and a further report be presented to the Civil and Environmental Services Committee in respect of the specific projects to be funded;*
- iv) *the budget allocation of \$1.402M for the 2022/2023 Roads to Recovery Program be endorsed and a further report be presented to the Civil and Environmental Services Committee in respect of the specific projects to be funded; and*
- v) *the budget allocation of \$544.99K for the RMS Repair Program be endorsed and a report on the projects for the RMS approved Repair Program for 2022/2023 be presented to the Civil and Environmental Services Committee once advice has been received.*

6. Revenue and Expenditure Matters

6.1 Revenue

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

The key features of the 2022/2023 Budget are:

- A general rate increase allowable in terms of Section 506 of the Act (Rate pegging Section) for the 2022/2023 rating year is 0.7% and has been included to fund the increase in fixed costs in the General Fund. Council may resolve to apply to IPART for a special one-off Additional Special Variation (ASV) of 1.3%. Revenue generated from levying the estimated maximum permissible increase of 2% is \$294K;
- Increases in Council's fixed cost, as detailed in **Attachment 1** below, are funded;
- It's a continuation of the existing rating structure i.e. Base amount and an ad valorem rate;
- A base rate of \$225.00; and
- The maximum permissible rate increase enables Council to meet all the State Government required benchmarks at 30 June, 2023, and also place Council in a sound position to maintain its existing service and infrastructure levels, and continue to address the infrastructure backlog on its road network.

Failure to take the maximum increase allowed will impact negatively on Council's sustainability in future years. The following table illustrates the long-term impact of not taking 2022/2023 rate peg increase of 2%. Council's budgeted revenue would decrease by \$294K in 2022/2023 increasing to \$367K in 2031/32. The accumulated loss in revenue over ten (10) years would be approximately \$3.3M.

	Year	Rate Peg	Lost Revenue	Accumulated Total
1	2020/21	2.60%	\$ 363,815	\$ 363,815
2	2021/22	2.50%	\$ 372,910	\$ 736,725
3	2022/23	2.50%	\$ 382,233	\$ 1,118,959
4	2023/24	2.50%	\$ 391,789	\$ 1,510,747
5	2024/25	2.50%	\$ 401,584	\$ 1,912,331
6	2025/26	2.50%	\$ 411,623	\$ 2,323,954
7	2026/27	2.50%	\$ 421,914	\$ 2,745,868
8	2027/28	2.50%	\$ 432,462	\$ 3,178,330
9	2028/29	2.50%	\$ 443,273	\$ 3,621,603
10	2029/30	2.50%	\$ 454,355	\$ 4,075,958

COPY OF RECOMMENDATION:

That Council utilises the maximum permissible rate increase allowed by IPART of 0.7% plus any approved ASV of up to 1.3%.

6.1.1 Interest Revenue

The official Australia Cash Rate as set by the Reserve Bank (RBA) has remained at historic lows (0.10% at the time of writing this report), with no official rate increase since November 2010. These historically low interest rates have limited Council's ability to generate interest revenue to offset Council's works programs.

Historically, Council's budget has allowed for an interest return of 3% in all three funds. This would normally generate interest revenue of \$879K in the General Fund, \$125K in the Water Fund and \$101K in the Sewer Fund.

The 2022/2023 budget allows for an interest rate of 1.5% and has allocated \$510K in the General Fund, \$84K for the Water Fund and \$60K for the Sewer Fund. Most Economists, including Council's investment advisor, Imperium Markets and TCorp Local Government Services, have all indicated that interest rates will increase during 2022/2023. Council's Long-term Financial Plan allows for additional interest revenue in 2023/2024 (2%) and 2024/2025 (2.6%).

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

INTEREST ON INVESTMENTS

			GENERAL FUND					
		PROJECT CODE	2019/2020 ORIGINAL BUDGETS	2020/2021 BUDGETS	2021/2022 BUDGETS	2022/2023 BUDGETS Years 1	2023/2024 BUDGETS Years 2	2024/2032 BUDGETS Years 3-10
2022/2023 (Year1)	Assumes portfolio of			42,000,000	38,000,000	34,000,000	34,000,000	34,000,000
	Budget		879,000	879,000	655,405	394,000	510,000	680,000
	Estimated Interest Rates					1.50%	2.00%	2.60%
	Estimated Interest			655,405	394,000	510,000	680,000	884,000
	Shortfall			223,595	261,405	- 116,000	- 170,000	- 204,000
					485,000	369,000	199,000	
	Suggested Funding							
	Strategic Capital Infrastructure Fund (SCIF)		141899	565,000	100,000	100,000	-	
	Internal Restricted Assets (IRA)		162250		123,595	150,000	109,000	100,000
	Minor Community Infrastructure Assets		129381/129391	180,000		80,000	100,000	
	Community Building Partnership Program		134325	60,000		60,000	60,000	
	Industrial Development		148010	105,000		35,000	40,000	
	Joint Industry Promotions		148070	150,000		35,000	35,000	14,000
	Receation/cultural Grants		160650	10,000		10,000	10,000	
	Community Activities		134330	10,000		10,000	10,000	
	Council Contribution to River Bank Clean Up		137369	25,000		5,000	5,000	
	Financial Assistance Grant (balance of 2023 increase)		121000					
	Special Projects - Roads		139433	347,880				
	TOTAL				223,595	485,000	369,000	199,000

		WATER FUND					
	PROJECT CODE	2019/2020 ORIGINAL BUDGETS	2020/2021 BUDGETS	2021/2022 BUDGETS Year 1	2022/2023 BUDGETS Years 1	2023/2024 BUDGETS Years 2	2024/2025 BUDGETS Years 3-10
2022/2023 (Year1)	Assumes portfolio of		9,000,000	7,000,000	7,000,000	7,000,000	7,000,000
	Budget	125,000	125,000	125,000	64,000	70,000	70,000
	Estimated Interest Rates				1.50%	2.00%	2.60%
	Estimated Interest		125,000	64,000	84,000	140,000	182,000
	Shortfall		-	61,000	- 20,000	- 70,000	
	Suggested Funding			61,000	41,000	- 29,000	
	Internal Restricted Assets (IRA)			30,000	17,000		
	Additional Increase in annual charges of 1% IE: increase changes by 4% instead of the traditional 3%			31,000	24,000		
	TOTAL		-	61,000	41,000	-	-

		SEWER FUND					
	PROJECT CODE	2019/2020 ORIGINAL BUDGETS	2020/2021 BUDGETS	2021/2022 BUDGETS Year 1	2022/2023 BUDGETS Years 2-10	2023/2024 BUDGETS Years 2-10	2024/2025 BUDGETS Years 2-10
2022/2023 (Year1)	Assumes portfolio of		7,000,000	5,000,000	5,000,000	5,000,000	5,000,000
	Budget	101,000	101,000	58,750	40,000	60,000	100,000
	Estimated Interest Rates				1.50%	2.00%	2.60%
	Estimated Interest		58,750	40,000	60,000	100,000	130,000
	Shortfall		42,250	18,750	- 20,000	- 40,000	
	Suggested Funding			61,000	41,000	1,000	
	Internal Restricted Assets (IRA)		42,250	40,000	12,000		
	Additional Increase in annual charges of 1% IE: increase changes by 4% instead of the traditional 3%			21,000	29,000	1,000	
	TOTAL		42,250	61,000	41,000	1,000	-

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

6.2 Expenditure

In respect of the core budget, a continuation of all Council's existing services and infrastructure levels are maintained for 2022/2023 under the ASV Scenario. That said, Council will still need to take actions to ensure it continues to be sustainable in the long term. It will also be required going forward, that Council continue to carefully consider the impact that any new project, infrastructure or initiative will have on Council's Operational Budget. While Council has been able to absorb a range of cost increases in the past due to cost savings realised as a direct result of its operational efficiency and effectiveness program, this is now becoming very difficult. Council will be aware that in the General Fund, Council has now reached a point where only very minimal further energy costs savings will be possible. This has been an area where major cost savings have been realised through Council's utilisation of solar energy systems and energy efficient lighting.

6.2.1 Increases in Council's Fixed Costs

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

i) Insurance:

Council's insurances increased significantly over the last decade. The following costs are expected in 2022/2023.

BUDGET		2021/2022 \$	2022/2023 \$	VARIANCE Increase/(Decrease) \$
Property Insurance	General Fund	565,570	631,220	65,650
	Water Fund	74,720	82,420	7,700
	Sewer Fund	40,540	44,720	4,180
Public Liability	General Fund	211,360	243,580	32,220
TOTALS		892,190	1,001,940	109,750

Note: As shown, Council's insurance costs are increasing by \$109,750. This increase reflects a general increase in insurance across Australia of approximately 12.3%. It is noted that the above table includes fleet insurance \$304,890 (up from \$276,040). Fleet insurance is funded by Council's Fleet Program.

ii) Legislative Compliance/State Government Charges:

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

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

	2020/2021 \$	2021/2022 \$	2022/2023 \$
EPA Licence	3,970	4,010	4,100
Environmental Monitoring	38,880	39,270	39,570
Environmental Works - Maintenance/Construction Programs	5,520	5,610	5,890
TOTALS	48,370	48,890	49,560

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

Council also pays a load-based license fee for discharge from the Sewerage Treatment Works of approximately \$103K per annum.

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

- Increase contribution to NSW Rural Fire Service	\$ 172K
- Increase in Flood Gauge Maintenance Costs	\$ 50K
- Increase in Audit Fees (includes Internal Audit)	\$ 56K
TOTAL	\$ 278K

iii) Employment Costs – Combined Fund:

	General \$	Water \$	Sewer \$	TOTAL \$
Wages/Oncost	15,224,907	1,157,294	393,932	16,776,133
Superannuation	1,514,539	115,872	44,270	1,674,681
TOTAL 2022/2023	16,739,446	1,273,166	438,202	18,450,814
Wages/Oncost	14,859,997	1,141,034	396,499	16,397,530
Superannuation	1,450,913	121,116	69,883	1,641,912
TOTAL 2020/2021	16,310,910	1,262,150	466,382	18,039,442
Increase/(Decrease)	428,536	11,016	- 28,180	411,372

As shown above, the total net cost increase in employment costs for 2022/2023 will be \$411,372 across the three (3) funds, with the legislated award increase being 2% plus a legislated superannuation increase of 0.5%. Superannuation rates will increase from 9.5% in 2020/2021 to 12% in 2025/2026. This legislative increase will have a cumulative impact of approximately \$200K on Council's 2025/2026 budget.

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

iv) Electricity

Electricity increases have now flattened out and reduced as a result of Council's energy efficiency initiatives. In the 2022/2023 Budget the following costs have been provided for in the Combined Fund:

BUDGET	2021/2022 \$	2022/2023 \$	VARIANCE Increase/(Decrease) \$
General Fund	451,410	438,710	(12,700)
Water Fund	705,000	706,400	1,400
Sewer Fund	150,600	160,900	10,300
TOTALS	1,307,010	1,306,010	(1,000)

Council's energy costs will decrease by \$1,000 during 2022/2023 largely due the installation of LED street lighting.

v) Contracts

The following Contract expenses are expected in 2022/2023.

BUDGET	2021/2022 \$	2022/2023 \$	VARIANCE Increase/(Decrease) \$
General Fund	973,250	972,300	(950)
Water Fund	10,800	11,300	500
Sewer Fund	5,300	5,500	200
TOTALS	989,350	989,100	(250)

Contract costs have remained neutral due to changes in contract costs associated with new vendors delivering cleaning services at village locations.

vi) Plant Charges

Council's Plant hire charges were increased in April 2022 by 10.89% to reflect the significant increase in fuel. Fuel represents the second largest cost to fleet expenditure behind depreciation. This increase will have significant impacts on the cost of delivering council services.

Council was able to purchase diesel late March 2022 for \$1.70 per litre excluding GST. Council staff will continue to monitor fuel prices over the coming months and Plant Hire rates will be adjusted each month based on the price movement of fuel. Each five (5) cent movement (+/-) will result in Plant Hire Rates being adjusted by (+/-) 0.81%.

Summary

The fixed cost increases / (decreases) by Fund are as follows:

	General Fund	Water Fund	Sewer Fund	TOTALS
	\$	\$	\$	\$
Insurance Premiums	97,870	7,700	4,180	109,750
Salaries/Wages	364,910	16,260	(2,576)	378,594
Superannuation	63,626	(5,244)	(25,613)	32,769
State Government Charges	670		0	670
Contracts	(250)			(250)
Electricity	(12,700)	1,400	10,300	(1,000)
TOTALS	514,126	20,116	(13,709)	520,533

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

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

	\$
Computer Support	64,970
White Ribbon Workplace Support Programs	(6,350)
Councillor Superannuation	15,560
Finance Services - FBT	(5,500)
Inverell Youth Council	5,000
Special Projects	(20,000)
TOTALS	53,680

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

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

6.2.3 Existing Service Levels – Works and Maintenance Programs

The 2022/2023 ASV budget scenario provides for all of Council's existing service levels to be met and for Council to renew its existing assets. This budget also provides for the infrastructure backlog to be removed over the next 10 years and the majority of maintenance budgets have been increased by 2.5% (standard CPI adjustment).

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

	\$
Civil & Environment Services Telephone	(2,065)
Inveell Baths	17,400
TOTALS	15,335

6.2.4 Industry Assistance and Promotion:

The 2022/2023 Operational Plan includes an allocation for the assistance and promotion of Business and Industry of \$117K. These funds may be utilised, subject to a resolution of Council, for works on Private Lands or for the provision of direct financial assistance to private individuals and businesses during 2022/2023.

6.2.5 Strategic Capital Infrastructure Fund

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

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

In 2010/2011, Council, following the adoption of a 10-year Road Infrastructure Financial Plan and Asset Management Plan, allocated an amount of \$250K from this fund on a continuing basis to Council's Road and supporting Infrastructure Maintenance Program. A further \$250K was allocated into Council's Road Asset Renewal Program, the majority of which was allocated to gravel resheeting on local and minor roads (budget allocation to roads etc. increased by 25% over

four (4) years to end of 2010/2011). This reduced the annual quantum of funds available in 2010/2011 from \$1M to \$560K. This amount has declined in subsequent years (\$515K in 2017/2018) due to a need to fund operational expenses in essential services areas. The fund is predicted to grow to \$990K by 2042.

From 2022/2023 it is proposed that the fund be used to fund the Inverell Aquatic Centre redevelopment loan of \$10M over 10 years. Further information on this project is provided later in the report (refer section 11). As a result of this proposed allocation the Strategic Capital Infrastructure Fund will not be able to fund other capital projects until 2034 as indicated in the table below:

STRATEGIC CAPITAL INFRASTRUCTURE FUND (SCIF)					
		Fund Allocation	Pool Loan Repayments	Restore Urban Works Budget	Residual SCIF
		\$	\$	\$	\$
Year 1	2023	630,000.00	630,000.00		-
Year 2	2024	650,000.00	650,000.00		-
Year 3	2025	670,000.00	670,000.00		-
Year 4	2026	690,000.00	690,000.00		-
Year 5	2027	710,000.00	710,000.00		-
Year 6	2028	735,000.00	728,760.00	6,240.00	-
Year 7	2029	765,000.00	728,760.00	36,240.00	-
Year 8	2030	780,000.00	728,760.00	51,240.00	-
Year 9	2031	796,000.00	728,760.00	67,240.00	-
Year 10	2032	812,000.00	728,760.00	83,240.00	-
Year 11	2033	828,000.00	728,760.00	99,240.00	-
Year 12	2034	845,000.00	728,760.00		116,240.00
Year 13	2035	862,000.00	728,760.00		133,240.00
Year 14	2036	879,000.00	728,760.00		150,240.00
Year 15	2037	896,000.00	728,760.00		167,240.00
Year 16	2038	914,000.00	728,760.00		185,240.00
Year 17	2039	933,000.00	728,760.00		204,240.00
Year 18	2040	951,000.00	728,760.00		222,240.00
Year 19	2041	970,000.00	728,760.00		241,240.00
Year 20	2042	990,000.00	728,760.00		261,240.00

6.2.6 Special Projects – Road Infrastructure Fund

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

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

It is proposed that the allocation of these funds in 2022/2023 be the subject of a further report to the Civil and Environmental Services Committee in respect of the funding allocations for individual works to be undertaken under this program.

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

A) Financial Reserves Policy

This Operational Plan contains transfers to/from reserves to fund operational activities and to make provisions for the funding of projects in future operational plans. These movements are consistent with Council's approved financial management practices.

Recently, a Public Inquiry into the significant deterioration of the budgeting position of the Central Coast Council was conducted. One issue that the Inquiry focused on was the use by the Council of Externally Restricted Reserves for purposes other than those for which they were restricted.

The Inquiry found that Externally Restricted Reserves were used to fund the "normal activities" of Council. The Inquiry found that this was an unlawful practice.

To mitigate against this risk two actions have been taken, a Financial Reserves Policy has been prepared for Council's consideration and the report of reserves held by Council has been reformatted.

The Policy seeks to articulate the approach to be taken with the establishment of Reserves and the movement to/from these Reserves. The policy makes a clear distinction between Externally Restricted Reserves and Internally Restricted Reserves. Externally Restricted Reserves are established for a specific purpose and can only be used for that purpose; Internally Restricted Reserves are established for a purpose, however if circumstances dictate these funds can be used for other purposes, if resolved by Council to do so.

The format for reporting the Reserves established by Council has changed from previous Operational Plans. Firstly, the Reserves are classified as either "Externally Restricted" or "Internally Restricted". Then each reserve is grouped under one of the functional areas utilised for the Annual Statements of Accounts and this shows the Reserve is available for expenditure on activities within that functional classification. Reserves of a like purpose have been amalgamated together. The notes attached to the listing of Reserves show the breakdown of funds available for individual projects.

This reformatting of the reporting of Reserves has not altered the quantum of funds held in Reserves – the balance of the Reserves as reported in the audited Financial Statements of Accounts as at 30 June, 2021 was \$40.4M and the balance of the Reserves included at **Attachment 2** of this document is the same.

Council is requested to adopt the Policy included as **Attachment 1** to this report, and approve the reformatting of the Reserves.

B) 2022/2023 Transfers to/from Reserves

This Budget recommends net transfers to Internally Restricted Assets of \$648K to fund specific capital expenditure items. That said, further actual transfers will occur in the Water, Sewerage and Waste Funds as ongoing projects are completed.

The 2022/2023 budgeted net transfers to/(from) reserves are:

FINANCIAL RESERVE	Net Movement \$ 000
Plant Purchases (funded from accumulated plant depreciation charges)	827
Gravel Pit Restoration	10
General Fund Interest Equalisation	(109)
Water Fund Interest Equalisation	(17)
Water Capital Works	(415)
Sewer Fund Interest Equalisation	(12)
Waste Management Services	300
Domestic Waste Management	64
TOTAL Net Movements	648

A table showing the Internally Restricted Assets and movements proposed by the Budget is shown in Attachment 6 of the 2022/2023 Operational Plan, with the balance at 30 June, 2023 expected to be \$23.4M in General Fund (dependent on the completion of Internally Restricted Funded Projects – see the notes on Attachment 6 for details), \$7.6M in Water Fund and \$3.2M in Sewer Fund. The interest that accrues on these funds contributes substantially to the funding of Council's continuing Works Programs. As these funds reduce, so does the quantum of funds available to the annual Works Program.

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

COPY OF RECOMMENDATION:

That:

- i) The Financial Reserves Policy be adopted;*
- ii) the new format for the reporting of the financial reserves be endorsed;*
- iii) Council provide an allocation of \$117K for joint industry promotions and assistance;*
- iv) the 2022/2023 Strategic Capital Infrastructure Fund of \$630K be utilised for loan repayments for the Inverell Aquatic Centre Redevelopment;*
- v) The budget allocation for \$341K for the 2022/2023 Special Projects – Roads Infrastructure Fund be endorsed;*
- vi) A further report be presented to the Civil and Environment Committee in respect of the specific projects to be funding under the Special Projects – Roads Infrastructure Fund;*
- vii) the transfers to and from Internally Restricted Assets be endorsed; and*
- viii) the list of inclusions as included in the 2022/2023 draft Operational Plan/Budget and listed in section 6.2.2 & 6.2.3 of the report be endorsed.*

7 Rating Structure

The following matters regarding the rating structure are recommended for 2022/2023:

- The continuation of the existing rating structure, utilising a base amount and ad valorem rates.
- A base rate of \$225.00 (on 8617 Assessments, up from on 8584 in 2021/2022, up from 8533 in 2020/2021, 8529 in 2019/2020, 7963 in 2018/2019 and 7921 in 2017/2018, – Rate base growth has been consistent but relatively limited over the last five (5) years). The increase in 2019/2020 largely represents the inclusion of properties from the Tingha Boundary Adjustment.

REVENUE RAISED FROM EACH CATEGORY:

When determining the distribution of the rate burden for the 2022/2023 rating year, the existing policy of collecting a certain percentage of rate revenue from each category is noted.

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

% OF REVENUE FROM CATEGORIES	
RESIDENTIAL	39.72%
BUSINESS	20.95%
RURAL RESIDENTIAL	7.36%
FARMLAND	31.97%
MINING	0.00%
100.00%	

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

A summary of Council's proposed rating structure is shown below. The 2022/2023 total revenue shown below is subject to change should Council receive any further supplementary valuations changes from the Valuer General.

Rate Peg Only Scenario

2022/2023 RATES SUMMARY

Category	2021/22		2022/23		% Change in Rateable Land Value	2022/23 Recomm Cents in \$	2021/22			2022/23			2022/23			
	No of Assess	Rateable Land Value	No of Assess	Rateable Land Value			Base Amount \$225	Advalorem	Total Revenue	Base Amount \$225	Advalorem	Total Revenue	% of Total Revenue	% Increase of Total Revenue	% levy from base amount	AVERAGE INCREASE
Residential - Inverell	4199	278,368,951	4199	279,069,836	0.25%	1.46110	944,775.00	4,042,473.91	4,987,249	944,775.00	4,077,489.37	5,022,264	33.91	0.70	18.81%	8.34
Residential - General	475	24,997,530	483	25,026,030	0.11%	0.99223	106,875.00	247,650.53	354,526	108,675.00	248,315.78	356,991	2.41	0.70	30.44%	5.10
Residential - Ashford	252	3,087,480	252	3,087,480	0.00%	2.91760	56,700.00	89,064.54	145,765	56,700.00	90,080.32	146,780	0.99	0.70	38.63%	4.03
Residential - Delungra	150	2,998,760	150	2,998,760	0.00%	1.90240	33,750.00	56,421.67	90,172	33,750.00	57,048.41	90,798	0.61	0.70	37.17%	4.18
Residential - Gilgai	108	3,531,400	108	3,531,400	0.00%	1.37880	24,300.00	48,185.95	72,486	24,300.00	48,690.94	72,991	0.49	0.70	33.29%	4.68
Residential - Yetman	66	906,180	66	906,180	0.00%	2.69240	14,850.00	24,127.04	38,977	14,850.00	24,397.99	39,248	0.27	0.70	37.84%	4.11
Residential - Tingha	277	1,124,870	277	1,124,870	0.00%	8.02620	62,325.00	89,230.31	151,555	62,325.00	90,284.32	152,609	1.03	0.70	40.84%	3.81
Residential Rural	988	126,747,920	988	126,754,420	0.01%	0.68460	222,300.00	860,174.76	1,082,475	222,300.00	867,760.76	1,090,061	7.36	0.70	20.39%	7.68
Farmland	1495	1,216,768,712	1495	1,216,414,286	-0.03%	0.36154	336,375.00	4,365,036.08	4,701,411	336,375.00	4,397,824.21	4,734,199	31.97	0.70	7.11%	21.93
Business - Inverell Industrial / Commercial	411	60,623,719	411	60,623,719	0.00%	3.94890	92,475.00	2,376,752.90	2,469,228	92,475.00	2,393,970.04	2,486,445	16.79	0.70	3.72%	41.89
Business - Other	188	20,988,551	188	20,988,551	0.00%	2.73576	42,300.00	569,944.10	612,244	42,300.00	574,196.38	616,496	4.16	0.69	6.86%	22.62
Mining	-	-	-	-		2.73576	-	-	-	-	-	-	-	-	-	-
TOTALS	8609	1,740,144,073	8617	1,740,525,532		0.70%	1,937,025.00	12,769,061.79	14,706,087	1,938,925.00	12,870,058.52	14,808,884	100.00			10.70

ASV Scenario

Category	2021/22		2022/23		% Change in Rateable Land Value	2022/23 Recomm Cents in \$	2021/22		2022/23		2022/23 % Increase of Total Revenue	2022/23 % levy from base amount	AVERAGE INCREASE			
	No of Asses	Rateable Land Value	No of Asses	Rateable Land Value			Base Amount \$25	Advalorem	Total Revenue	Base Amount \$25				Advalorem	Total Revenue	
Residential - Inverell	4199	278,368,951	4199	279,069,836	0.25%	1.48430	944,775.00	4,042,473.91	4,987,249	944,775.00	4,142,233.58	5,087,009	33.91	2.00	18.57%	23.76
Residential - General	475	24,997,530	483	25,026,030	0.11%	1.01065	106,875.00	247,650.53	354,526	108,675.00	252,925.57	361,601	2.41	2.00	30.05%	14.65
Residential - Ashford	252	3,087,480	252	3,087,480	0.00%	2.97890	56,700.00	89,064.54	145,765	56,700.00	91,972.94	148,673	0.99	2.00	38.14%	11.54
Residential - Delungra	150	2,998,760	150	2,998,760	0.00%	1.94149	33,750.00	56,421.67	90,172	33,750.00	58,220.63	91,971	0.61	2.00	36.70%	11.99
Residential - Gilgai	108	3,531,400	108	3,531,400	0.00%	1.40550	24,300.00	48,185.95	72,486	24,300.00	49,633.83	73,934	0.49	2.00	32.87%	13.41
Residential - Yetman	66	906,180	66	906,180	0.00%	2.74840	14,850.00	24,127.04	38,977	14,850.00	24,905.45	39,755	0.27	2.00	37.35%	11.79
Residential - Tingha	277	1,124,870	277	1,124,870	0.00%	8.20130	62,325.00	89,230.31	151,555	62,325.00	92,253.96	154,579	1.03	2.00	40.32%	10.92
Residential Rural	988	126,747,920	988	126,754,420	0.01%	0.69566	222,300.00	860,174.76	1,082,475	222,300.00	881,779.80	1,104,080	7.36	2.00	20.13%	21.87
Farmland	1495	1,216,768,712	1495	1,216,414,286	-0.03%	0.36656	336,375.00	4,365,036.08	4,701,411	336,375.00	4,458,888.21	4,795,263	31.97	2.00	7.01%	62.78
Business - Inverell Industrial / Commercial	411	60,623,719	411	60,623,719	0.00%	4.00176	92,475.00	2,376,752.90	2,469,228	92,475.00	2,426,015.74	2,518,491	16.79	2.00	3.67%	119.86
Business - Other	188	20,988,551	188	20,988,551	0.00%	2.77370	42,300.00	569,944.10	612,244	42,300.00	582,159.44	624,459	4.16	2.00	6.77%	64.98
Mining	-	-	-	-		2.77370	-	-	-	-	-	-	-	-	-	-
TOTALS	8609	1,740,144,073	8617	1,740,525,532		2.00%	1,937,025.00	12,769,061.79	14,706,087	1,938,825.00	13,060,989.14	14,999,814	100.00	-	-	30.63

Attachment 3 provides an indicative impact on individual rate assessment of both rate scenarios.

Ratepayers who are suffering genuine financial hardship and pensioners have access to a range of concessions to enable them to meet their rate payments obligations. These are included in Council's "Write-offs – Rate, Charges and Deb Hardship Policy, Council's "Write-offs – Extra Charges (Pensioners) Hardship Policy and Council's Debt Collection Policy

COPY OF RECOMMENDATION:

That:

- i) *The following rating categories be utilised for the 2022/2023 rating year:*

Residential – Inverell

Residential – General

Residential – Ashford

Residential – Delungra

Residential – Gilgai

Residential – Yetman

Residential - Tingha

Residential – Rural

Business – Inverell Industrial/Commercial

Business – Other

Farmland

Mining

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

8 Interest Rate on Outstanding Rates and Charges

The maximum allowable Interest Rate applicable to outstanding rates and charges is set by the Office of Local Government. Council has historically applied the full maximum rate. The Office of Local Government has set the maximum allowable Interest Rate at 6%.

Council has the ability to set this rate at any level between zero and the allowable maximum rate as set by the OLG. It is recommended that Council set the Interest Rate on Outstanding Rates and Charges at 6%.

COPY OF RECOMMENDATION:

Extra charges on overdue rates and charges will be levied at the rate of six (6) per cent per annum on a daily simple interest basis for the year ending 30 June, 2023.

9 Waste Management Charges

Waste Management continues to be a significant issue for Council. It is recommended under Council's Long-Term Financial Plan that the 2022/2023 waste charges increase as follows:

- Waste Management Charge increase to \$96.00 (was \$95.00) and levied on all ratable properties;
- Domestic Waste Management – Occupied Charge increase to \$363.00 (was \$350.00);
- Domestic Waste Management – Unoccupied Charge increase to \$66.00 (was \$65.00);
- Commercial Waste Management Charge increase to \$363.00 (was \$350.00) plus GST if applicable;
- Weekly Commercial Recycling Collection Charge increase to \$135.00 (was \$130.00); and
- Fortnightly Charge increase to \$70.00 (was \$65.00).
- Tingha Domestic Waste Management – Occupied Charge \$363.00 (was \$350.00) for ratepayers with 140 litre garbage bin; and

This charge structure enables Council to fully meet its operational and legislative obligations in regard to its adopted Waste Management Strategy. This structure sees the cost burden for waste management equitably distributed across the entire Shire. The transfer to Internally Restricted Assets is estimated at \$364K, however, substantial costs will be incurred in 2022/2023 and beyond, in respect of the continuing implementation of Council's new Waste Management Strategy.

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

COPY OF RECOMMENDATION:

That the following Waste Management Charges be adopted:

i)	Waste Management Charge – All Properties	\$ 96.00
ii)	Domestic Waste Management - Occupied Charge: per service per assessment	\$363.00
iv)	Domestic Waste Management - Occupied Charge Tingha Boundary Adjustment – properties with 140lt garbage bin per service per assessment	\$363.00
v)	Domestic Waste Management – Unoccupied Charge	\$66.00
vi)	Weekly Commercial Waste Management Charge (This Charge is levied per Service, and GST is charged if applicable)	\$363.00
vii)	Weekly Commercial Recycling Charge (ex GST)	\$135.00

iii)	<i>Fortnightly Commercial Recycling Charge (ex GST)</i>	<i>\$70.00</i>
	<i>(These Charge are levied per Service, and GST is charged if applicable)</i>	

10 Fees & Charges

Also included with the draft Budget are the proposed 2022/2023 Fees and Charges.

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

A copy of Council's Fees and Charges can be found in the Draft Operational Plan and Budget document.

COPY OF RECOMMENDATION:

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

11 Stormwater Management Service Charge

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

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

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

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

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

The current Stormwater Management Levy will generate the following amount:

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

It is recommended to raise \$146K from the charge in 2022/2023 to be utilised on the following projects:

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

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

COPY OF RECOMMENDATION:

That:

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

12 Performance Benchmarks

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

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

Ratio results are provided for both rating scenarios:

1. Rate Peg Only Scenario

Under this scenario Council will meet all of the performance benchmarks except for the Operating Performance Ratio and Own Source Revenue Ratio.

Operating Performance Ratio – The Combined fund fails to meet this ratio in 2022/2023 at negative 0.14%. The General Fund fails to meet this ratio in 2022/2023 & 2023/2024 at negative 0.31% and 0.30% respectively. These years are impacted due to the lower than expected Rate Peg of 0.7%.

Own Source Revenue – Both the Combined Funds and General Fund fail to meet this ratio in 2023/2024. This ratio is impacted by proposed grant funding for the Inverell Aquatic Centre Redevelopment.

2. ASV Scenario

Under this scenario Council will meet all of the performance benchmarks except for the Own Source Revenue Ratio in 2023/2024.

GENERAL FUND ONLY

INDICATOR	BENCHMARK	ACTUALS			CURRENT BUDGET	PROPOSED BUDGET										PROPOSED BUDGET																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
		2019	2020	2021		RATE PEG SCENARIO										ASV SCENARIO																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
					2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				

Meets Benchmark	Does Not Meet Benchmark
-----------------	-------------------------

COMBINED FUND (GENERAL, WATER & SEWER)

RATIO	BENCHMARK	ACTUALS		CURRENT BUDGET	PROPOSED BUDGET											PROPOSED BUDGET										
		RATE PEG SCENARIO											ASV SCENARIO													
		2019	2020		2021	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Debt Service Cover Ratio	Greater than 2	18.29	14.84	14.84	17.34	9.38	11.05	12.11	14.52	18.93	19.61	20.01	20.44	20.83	21.22	9.52	11.22	12.28	14.74	19.22	19.91	20.31	20.75	21.15	21.55	
Own Source Operating Revenue Ratio	Greater than 60% average over 3 years	66.78%	62.00%	61.07%	65.41%	70.03%	59.96%	70.70%	70.80%	70.90%	70.99%	71.09%	71.15%	71.25%	71.33%	70.16%	60.11%	70.83%	70.93%	71.03%	71.12%	71.22%	71.27%	71.38%	71.46%	
Operating Performance Ratio	Greater or equal to break even average over 3 years	14.00%	11.00%	0.00%	1.00%	-0.14%	0.28%	1.46%	1.70%	1.29%	2.27%	2.78%	3.32%	3.78%	4.23%	0.31%	0.72%	1.90%	2.14%	1.74%	2.71%	3.22%	3.76%	4.22%	4.66%	
Cash Expense Cover Ratio	Greater than or equal to 3 months	22.71	25.13	25.13	23.75	26.98	24.23	22.86	22.24	21.93	21.89	21.70	21.53	21.35	21.20	26.98	24.31	22.86	22.24	21.93	21.89	21.70	21.53	21.35	21.20	
Building & Infrastructure Asset Renewal Ratio	Greater than 100% average over 3 years	152.66%	93.92%	163.73%	128.88%	223.21%	264.80%	154.03%	142.33%	126.40%	133.20%	135.07%	137.42%	139.60%	141.64%	224.88%	266.50%	155.78%	144.13%	128.24%	135.09%	137.01%	139.41%	141.64%	143.73%	
Infrastructure Backlog Ratio	Less than 2%	0.84%	1.00%	0.86%	0.74%	0.49%	0.39%	0.33%	0.27%	0.21%	0.16%	0.10%	0.05%	0.00%	0.00%	0.49%	0.39%	0.32%	0.27%	0.21%	0.16%	0.10%	0.05%	0.00%	0.00%	
Asset Maintenance Ratio	Greater than 100% average over 3 years	100.53%	100.82%	101.50%	101.50%	101.50%	102.00%	100.50%	100.50%	101.00%	101.50%	102.00%	102.00%	101.50%	101.00%	101.50%	102.00%	100.50%	100.50%	101.00%	101.50%	102.00%	101.50%	101.50%	101.00%	
Real Operating Expenditure Per Capita Result	A decrease in Real Operating Expenditure per capita over time	1.5610	1.5142	1.4910	1.6269	1.5590	1.5414	1.5211	1.5006	1.4924	1.4634	1.4420	1.4216	1.4015	1.3818	1.5590	1.5414	1.5211	1.5006	1.4924	1.4634	1.4420	1.4216	1.4015	1.3818	
Debt Service Ratio	Greater than 0% and less than or equal to 20% average over 3 years	1.78%	2.24%	1.92%	1.70%	3.30%	2.77%	2.55%	2.10%	1.58%	1.53%	1.49%	1.46%	1.43%	1.40%	3.28%	2.76%	2.54%	2.09%	1.55%	1.52%	1.49%	1.45%	1.42%	1.39%	

Meets Benchmark	Does Not Meet Benchmark
------------------------	--------------------------------

13 Asset Management Planning

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

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

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

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

Capital Expenditure on Assets

The following table indicates Council's level of Capital Expenditure on Asset Renewal, Asset Upgrade and New Assets over the next five (5) years.

	2022/2023 \$'000 Estimated	2023/2024 \$'000 Estimated	2024/2025 \$'000 Estimated	2025/2026 \$'000 Estimated	2026/2027 \$'000 Estimated
Capital Asset Expenditure	22,910	27,270	16,225	13,663	14,394
Annual Depreciation	12,730	12,767	12,805	12,836	12,898
Surplus /(Deficit)	10,180	14,503	3,420	827	1,496

As shown, Council is budgeting to spend \$30.4M more on Asset Renewals and Upgrades over the next five (5) years than the Depreciation Expense. This includes the redevelopment of the Inverell Aquatic Centre of \$25.77M.

A schedule of proposed capital expenditure over the next 10 years is included at **Attachment 4**.

Inverell Aquatic Centre Redevelopment

Council has endorsed a feasibility study to redevelop the Inverell Aquatic Centre. The preferred redevelopment option would encompass an infrastructure program that will replace ageing amenities and front of house areas with new and contemporary multipurpose spaces. A FINA compliant 50m x 8 lane pool with capacity to provide a 25m indoor facility in winter, and a large (20m x 10m) accessible indoor multi-purpose learn to swim and warm water program pool with moveable floor is included in the infrastructure program. The Quantity Surveyors estimates for the redevelopment is \$25.77M.

As noted in Council's 2022/2023 Draft Operational Plan, based on the magnitude of funds required, it is suggested that a combination of Internally Restricted Assets, Revenue Funds, Grants and Loan Borrowings be utilised as funding streams to carry out the works to redevelop the Inverell Aquatic Centre. An overview of each of these funding streams is provided below.

1. Internally Restricted Assets (IRA)

Given this project has been on Council's agenda for some time now, Council has made provisions in Council's Internally Restricted Assets to fund some of the required expenditure. Council can allocate \$6,614,514 from the Swimming Pool Upgrade IRA.

2. Revenue Funds

Council's adopted 2021/2022 Operational Plan and Budget allocates \$515,000 from the Strategic Capital Infrastructure Fund.

3. Loan Borrowings

Councils can borrow funds under section 621 of the *Local Government Act 1993*. The intention to borrow must be outlined in the Council's Draft Operational Plan and Council must also apply to the Office of Local Government by completing a loan borrowing request issued in May each year. If, during the year, Council is required to increase its proposed borrowings or change the purpose of the initial request, a council resolution must be passed prior to drawing down of any funds. If there is an increase, Council must also notify the Office of Local Government by re-submitting the electronic loan borrowing request form including the updated amounts.

The Minister for Local Government Borrowing Order pursuant to section 624 of the *Local Government Act 1993* requires all loan borrowings to be made in Australia only and in Australian currency.

The amount of loan borrowing required to implement this project will be determined by a quantum of funds raised through IRA, Revenue Funds and Grants. Accordingly, Council should maximise these funding sources to reduce the loan borrowings required.

Based on the magnitude of funds required to implement this project, it is anticipated that Council will need to borrow approximately \$10M. The table below indicates loan repayments for \$10M over 20 at varying interest rates.

AMOUNT	RATE	TERM (Years)	REPAYMENTS Yearly
10,000,000	2.5%	20	\$ 636,910
10,000,000	3.0%	20	\$ 697,360
10,000,000	3.8%	20	\$ 716,110
10,000,000	4.0%	20	\$ 728,760
10,000,000	4.5%	20	\$ 760,929
10,000,000	5.0%	20	\$ 793,861

While Council has the ability to borrow funds at a commercially low interest rate, the question remains, "how will Council service the repayments from existing budget allocations without impacting on service delivery". An examination of Council's Long-Term Financial Plan has indicated two funding sources that can service a \$10M loan over 20 years at 4% with limited impacts on Council's service delivery.

It is anticipated the funds would be drawn down early in the 2023 financial year.

It is recommended that Council fund any future loan repayments from the Strategic Capital Infrastructure Fund (SCIF) and Urban Works Program as shown in the table below.

Funding Repayments				
		SCIF	Urban Works	TOTAL
		\$	\$	\$
Year 1	2023	630,000.00	98,760.00	728,760.00
Year 2	2024	650,000.00	78,760.00	728,760.00
Year 3	2025	670,000.00	58,760.00	728,760.00
Year 4	2026	690,000.00	38,760.00	728,760.00
Year 5	2027	710,000.00	18,760.00	728,760.00
Year 6	2028	728,760.00		728,760.00
Year 7	2029	728,760.00		728,760.00
Year 8	2030	728,760.00		728,760.00
Year 9	2031	728,760.00		728,760.00
Year 10	2032	728,760.00		728,760.00
Year 11	2033	728,760.00		728,760.00
Year 12	2034	728,760.00		728,760.00
Year 13	2035	728,760.00		728,760.00
Year 14	2036	728,760.00		728,760.00
Year 15	2037	728,760.00		728,760.00
Year 16	2038	728,760.00		728,760.00
Year 17	2039	728,760.00		728,760.00
Year 18	2040	728,760.00		728,760.00
Year 19	2041	728,760.00		728,760.00
Year 20	2042	728,760.00		728,760.00
TOTALS		14,281,400.00	293,800.00	14,575,200.00

Several years ago, Council recognised that any new project or initiative undertaken must not negatively impact financially or otherwise on Council's ability to meet its current and future service and infrastructure maintenance and renewal needs.

In this regard, Council has established the Strategic Capital Infrastructure Fund (SCIF) and quarantined the funds previously allocated to loan repayments specifically for projects which would have otherwise been funded by way of loans or which assist the economic, cultural and social growth of the community.

The SCIF has and continues to enable Inverell Shire Council to undertake a range of projects (e.g. CBD redevelopment, Visitors Centre, Campbell Park Upgrade, Library Redevelopment, new rural bitumen seals and accelerating the Urban Works Program) which have been of benefit to the Inverell Community.

The table below shows the impact on the SCIF over the next 20 years should Council elect to fund new loan borrowings from SCIF.

STRATEGIC CAPITAL INFRASTRUCTURE FUND (SCIF)					
		Fund Allocation	Pool Loan Repayments	Restore Urban Works Budget	Residual SCIF
		\$	\$	\$	\$
Year 1	2023	630,000.00	630,000.00		-
Year 2	2024	650,000.00	650,000.00		-
Year 3	2025	670,000.00	670,000.00		-
Year 4	2026	690,000.00	690,000.00		-
Year 5	2027	710,000.00	710,000.00		-
Year 6	2028	735,000.00	728,760.00	6,240.00	-
Year 7	2029	765,000.00	728,760.00	36,240.00	-
Year 8	2030	780,000.00	728,760.00	51,240.00	-
Year 9	2031	796,000.00	728,760.00	67,240.00	-
Year 10	2032	812,000.00	728,760.00	83,240.00	-
Year 11	2033	828,000.00	728,760.00	99,240.00	-
Year 12	2034	845,000.00	728,760.00		116,240.00
Year 13	2035	862,000.00	728,760.00		133,240.00
Year 14	2036	879,000.00	728,760.00		150,240.00
Year 15	2037	896,000.00	728,760.00		167,240.00
Year 16	2038	914,000.00	728,760.00		185,240.00
Year 17	2039	933,000.00	728,760.00		204,240.00
Year 18	2040	951,000.00	728,760.00		222,240.00
Year 19	2041	970,000.00	728,760.00		241,240.00
Year 20	2042	990,000.00	728,760.00		261,240.00

The SCIF loan repayment will be supplemented by the Urban Works Program for five (5) years until the SCIF increases to an amount that can fully fund the loan repayments.

Given that the redevelopment of the Inverell Aquatic Centre will largely impact on the Inverell Urban residents, it's not unreasonable to allocate funding from the Inverell Urban Works Program during 2023-2027. As you will note, the allocation used to support the loan repayments is largely generated from the 2017/2018 special rate variation.

The table below provides an indication of the impact on this program over the next 20 years. As the table demonstrates, the Urban Works Program will see a reduction in funding from 2023-2027 of \$293,800 with an increase in funding from 2029-2033 of \$343,400, a net increase in expenditure over 20 years of \$49,640.

INDICATIVE URBAN WORKS BUDGET								
		Original Budget	SRV Allocation	Subtotal	LESS PAMP	Less Pool Loan Repayment	Urban Works Catch up from SCIF	Net Urban Works Budget
		\$	\$	\$	\$	\$	\$	\$
Year 1	2023	596,650	50,000	646,650	47,735	98,760	-	500,155
Year 2	2024	608,580	50,000	658,580	48,690	78,760	-	531,130
Year 3	2025	620,750	100,000	720,750	49,665	58,760	-	612,325
Year 4	2026	636,270	100,000	736,270	50,905	38,760	-	646,605
Year 5	2027	652,180	100,000	752,180	52,180	18,760	-	681,240
Year 6	2028	668,480	100,000	768,480	53,485	-	6,240	721,235
Year 7	2029	685,190	100,000	785,190	54,820	-	36,240	766,610
Year 8	2030	702,320	100,000	802,320	56,190	-	51,240	797,370
Year 9	2031	719,880	100,000	819,880	57,595	-	67,240	829,525
Year 10	2032	737,877	100,000	837,877	59,035	-	83,240	862,082
Year 11	2033	756,324	100,000	856,324	60,510	-	99,240	895,054
Year 12	2034	775,232	100,000	875,232	62,025	-	-	813,207
Year 13	2035	794,613	100,000	894,613	63,575	-	-	831,038
Year 14	2036	814,478	100,000	914,478	65,165	-	-	849,313
Year 15	2037	834,840	100,000	934,840	66,795	-	-	868,045
Year 16	2038	855,711	100,000	955,711	68,465	-	-	887,246
Year 17	2039	877,104	100,000	977,104	70,175	-	-	906,929
Year 18	2040	899,031	100,000	999,031	71,930	-	-	927,101
Year 19	2041	921,507	100,000	1,021,507	73,730	-	-	947,777
Year 20	2042	944,545	100,000	1,044,545	75,575	-	-	968,970
TOTALS		15,101,563	1,900,000	17,001,563	1,208,245	293,800	343,440	15,842,958

4. Grant Funds

Grants are generally made by governments or organisations (such as corporations or foundations), with the intention of supporting activities that have a wider benefit to the community, or a group within the community. Grants will often have a particular theme or focus aligned to the priorities of the funding body.

There is a vast array of grants available from the Federal and State Government; however, they are generally quite specific. They also have different opportunities in terms of applying, most are offered in 'rounds' – meaning there are short windows during which applicants can make a funding request which require projects to be shovel ready.

Grants offer a useful way for organisations to access funds for projects, rather than using their own funds, allowing Council to deliver a better project than they could individually, or deliver a project they couldn't afford to without grant funds, or to use grant funds to deliver the project and use their own funds to undertake another project.

It is important to note that an application for funds from a funding body is not a guarantee of success. It is possible that even a highly suitable project with an excellent application may miss out on funding. Grant funds are often oversubscribed and highly competitive.

Based on the amount of funds available to Council from IRA, Revenue Funds and maximum loan borrowings, it is anticipated that Council will require a minimum of \$8,645,271 in grant funding to implement the project. Should Council succeed in accessing more than the minimum required grant funding, this can be used to offset the loan funds required.

Council has recently submitted two grant applications totalling \$15M to fund this project with:

- a) Federal Government Building Better Regions Grant – Round 6 - \$10M
- b) State Government Multi-Sport Community Facility Fund – Round 1 - \$5M

Council may also need to consider a contingency plan in the event that some of the required grant funding is not secured, for example, a scaled-back or staged approach to the redevelopment might be adopted, or a further loan could be taken out; however, this would require Council to reduce services in other areas.

Summary of Funding

Based on the magnitude of funds required, being approximately \$25.77M, it is suggested that a combination of all of the above-mentioned funding streams be utilised as shown in the table below:

FUNDING SUMMARY	
INTERNALLY RESTRICTED ASSETS	
Swimming Pool Upgrades IRA	\$ 6,614,514.00
REVENUE FUNDS	
2021/2022 Strategic Capital Infrastructure Fund	\$ 515,000.00
LOAN FUNDS	
Council 20 Year Loan @ 4%	\$ 10,000,000.00
GRANT FUNDS	
Minimum grant funds required	\$ 8,645,271.00
TOTAL	\$ 25,774,785.00

COPY OF RECOMMENDATION:

That:

- i) Council borrow up to \$10,000,000 for the redevelopment of the Inverell Aquatic Centre over 20 years;
- ii) Loan Repayments be funded from the Strategic Capital Infrastructure Fund and Urban Works allocations as detailed in the tables provided.

14 Summary

An operationally sound draft Budget has again been delivered for 2022/2023 in the General Fund.

The following matters are highlighted:

- Despite very substantial cost pressures, a balanced budget has been achieved based on the ASV Scenario.

- The Budget provides for a CONTINUATION OF ALL of Council's existing services and works/asset management programs based on the ASV Scenario; and
- Cost savings following Council's efficiency initiatives have had to be applied to fixed cost increases and no funds are available for new or expanded services or increased service levels.

COPY OF RECOMMENDATION:

That:

- i) *the report on the balanced budget be noted;*
- i) *the draft estimates (incorporating the Operational Plan and Long-Term Financial Plans) for the General Activities for 2022/2023 be adopted and placed on public exhibition for a period of 28 days as required by Section 405 of the Local Government Act 1993.*

15 Sewerage Activities

This activity's budget is based on:

- i) a "Balanced" Budget,
- ii) A 5.15% - 5.8% increase in sewerage charges for 2022/2023 are proposed as indicated in the below table. Sewer charges did not increase for three years during the implementation of Council's Special Rate Variation. The Fund will still maintain significant funds to fund the substantial major Asset Renewal and Upgrade Works being undertaken.

Sewer			2021/2022	2022/2023	% Inc
Sewer – Residential Dwellings					
S	Sewerage - Occupied	Per Year	\$ 550.00	\$ 580.00	5.45%
S-T	Sewerage - Occupied - Tingha	Per Year	\$ 550.00	\$ 580.00	5.45%
S2	Sewerage - Vacant	Per Year	\$ 345.00	\$ 365.00	5.80%
S2-T	Sewerage - Vacant - Tingha	Per Year	\$ 345.00	\$ 365.00	5.80%
Sewer – Flats and Units					
S4	Sewerage – Flats/Units – 1 service	Per Year	\$ 550.00	\$ 580.00	5.45%
S4	Sewerage – Flats/Units – 2 services	Per Year = S+(S4 x no of units minus 1)	\$ 345.00	\$ 365.00	5.80%
Sewer – Hotels and Motels					
S3	Sewerage – Hotels/Licensed Clubs	Per Year	\$ 1,650.00	\$ 1,735.00	5.15%
S6	Sewerage – Motel Residence	Per Residence per year	\$ 550.00	\$ 580.00	5.45%
S7	Sewerage – Motel Restaurant	Per Restaurant per year	\$ 550.00	\$ 580.00	5.45%
S8	Sewerage – Motel Ensuite Room/Unit	Per Unit per year	\$ 173.00	\$ 183.00	5.78%
Sewer – Caravan Parks					
S9	Sewerage – Caravan Park Residence	Per Residence per year	\$ 550.00	\$ 580.00	5.45%
S10	Sewerage – Caravan P Amenities Block	Per Amenities per year	\$ 1,650.00	\$ 1,735.00	5.15%
S11	Sewerage – Ensuite Cabin	Per Cabin per year	\$ 173.00	\$ 183.00	5.78%
Sewer – Aged Care					
S5	Nursing Homes/Supported Aged	Per Year	\$ 2,585.00	\$ 2,720.00	5.49%
Sewer – Non Rateable					
SA	Non-rateable - Schools - wc's	Per Service	\$ 90.00	\$ 95.00	5.56%
SB	Non-rateable - Other wc's	Per Service	\$ 150.00	\$ 158.00	5.33%
SC	Non-rateable - Urinals	Per Service	\$ 90.00	\$ 95.00	5.56%

Sewerage Fund has been categorised as a Category 1 Business Activity in the draft Operational Plan to comply with the requirements of the National Competition Policy and the COAG

Agreement. It is a requirement of the COAG Agreement that Council's Sewerage Operations financially break-even at a minimum, after the depreciation of sewerage assets is brought to account.

Capital works totalling \$1.3M are proposed in the draft Budget, funded from revenue. A breakdown of these works can be found in Attachment 5 of Council's Draft Operational Plan.

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

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

COPY OF RECOMMENDATION:

That:

- i) the Sewerage Charges as listed below be adopted for 2022/2023:*

Charge	\$
Sewerage Charge Occupied	580.00
Sewerage Charge Unoccupied	365.00
Sewerage Charge Flats/Units	365.00
Sewerage Charge Nursing Homes	2,720.00
Sewerage Charge Hotel/Licensed Clubs	1,735.00

<i>Number of Services per Assessment</i>	<i>Annual Charge Per Assessment \$</i>
1	580.00
2	925.00
3	1,270.00
4	1,615.00
5	1,960.00
6	2,305.00
7	2,650.00
8	2,995.00
9	3,340.00
10	3,685.00
11	4,030.00
12	4,375.00
13	4,720.00
14	5,065.00
15	5,410.00
16	5,755.00

Charge Structure for Non-Rateables

Charge	\$
Non-ratable - Schools - wc's	95.00
Non-ratable - Other - wc's	158.00
Non-rayable - Urinals	95.00

Charge Structure for Motels and Caravan Parks

In accordance with the new charge structure for Motels and Caravan Parks the following charges are proposed for 2022/2023:

Charge	\$
Motel Residence	1,735.00
Motel Restaurant	580.00
Motel Ensuite	183.00
Caravan Park Residence	580.00
Caravan Park Amenities Block	1,735.00
Caravan Park Ensuite Cabins	183.00

- ii) The Draft Estimates (incorporating Operational Plan) for the Sewerage Fund for 2022/2023 be adopted and placed on public exhibition for a period of 28 days as required by Section 405 of the Local Government Act 1993.*

16 Water Activities

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

- a) a “Balanced” Budget;
- b) A 5.06% increase in the availability base charge of \$415.00 per assessment (includes first water meter);
- c) To minimise the impact on ratepayers within the Tingha Boundary Adjustment, Council adopted during 2019/2020 to implement a transitional phase in period of three years on some annual water charges. All water charges from 2022/2023 across the shire are now uniform with the water availability charge for Tingha being the last charge to transition to the full rate.

Annual Water Charge – Tingha	\$415.00		
	(was \$370	or	12.16%
	increase)		

- d) a commercial water consumption charge of \$1.78 per kilolitre;
- e) an Abattoirs water consumption charge of \$0.93 per kilolitre; less 20% early settlement discount; and
- f) a water consumption charge for Community Facilities of \$0.93 per kilolitre; Eligible entities include: Inverell Minor League, Inverell Golf Club, Inverell Tennis Club, Inverell Rugby Club, Gilgai Tennis Club, Inverell Equestrian Council and Inverell Shire Council (Sporting fields and Parks);

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

- g) a “stepped tariff” residential water consumption charge of:
 - \$1.78 per kilolitre 0 to 600 kl annual consumption.
 - \$2.07 per kilolitre over 600 kl annual consumption; and
- h) a raw water charge of \$0.45 per kilolitre.

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

Council will be aware that the Water Consumption Charge did not increase over the six (6) year period to 2010/2011. The proposed Water Consumption Charge at \$1.78 for 2022/2023 is 29% below the 2015/2016 NSW median charge of \$2.30 per kilolitre.

Capital works totalling \$1.616M are proposed in the draft Budget, funded from revenue. A breakdown of these works can be found in Attachment 5 of Council’s Draft Operational Plan.

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

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

COPY OF RECOMMENDATION:

That:

- i) *a water availability base charge of \$415.00 per assessment (Includes first water meter) be adopted for 2022/2023;*
- ii) *a water charge of \$415.00 per additional water meter, per assessment be adopted for 2022/2023;*
- iii) *a water charge of \$415.00 per assessment (includes first water meter) be adopted for properties within the Tingha Boundary Adjustment area for 2022/2023;*
- iv) *a water charge of \$415.00 per additional water meter, per assessment be adopted for properties within the Tingha Boundary Adjustment area for 2022/2023;*
- v) *a charge of \$1.78 per kilolitre be adopted for commercial water consumption for 2022/2023;*
- vi) *a charge of \$1.78 per kilolitre, 0 to 600 kilolitres and \$2.07 per kilolitre over 600 kilolitres be adopted for residential water consumption for 2022/2023;*
- vii) *a charge of \$0.93 per kilolitre be adopted for water consumption - Abattoirs, plus a 20 per cent early settlement discount for 2022/2023;*
- viii) *a charge of \$0.93 per kilolitre be adopted for Community Facilities water consumption; Eligible entities include: Inverell Minor League, Inverell Golf Club, Inverell Tennis Club, Inverell Rugby Club, Gilgai Tennis Club, Inverell Equestrian Council and Inverell Shire Council (Sporting fields and Parks).*
- ix) *a charge of \$0.45 per kilolitre be adopted for Raw Water consumption for 2022/2023; and*
- x) *the draft Estimates (incorporating Operational Plan) for the Water Fund for 2022/2023 be adopted and placed on public exhibition for a period of 28 days as required by Section 405 of the Local Government Act, 1993.*

RISK ASSESSMENT:

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

POLICY IMPLICATIONS:

Nil

CHIEF FINANCIAL OFFICERS COMMENT:

All operations, services and infrastructure projects have been identified and costed within the Draft Budget 2022/2023.

LEGAL IMPLICATIONS:

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

ATTACHMENTS:

1. **Financial Reserves Policy**
2. **Detailed Financial Reserves Balances**
3. **2022-2023 Rate Comparisons**
4. **10 Year Capital Expenditure Budget (ASV Scenario)**



Financial Reserves Policy

September
2021

This document outlines Inverell Shire Council's policy for financial reserves

Document Version 1.0

COUNCIL POLICY:	INVESTMENT POLICY
Ref:	

Contact Officer	Director Corporate & Economic Services
Approval Date	
Approval Authority	Council
Reviewed	September 2021
Date of Next Review	September 2025

1 Policy statement

The purpose of this policy is to outline Council's commitment to the creation and maintenance of financial reserves to record future commitments for specific purposes expenditures. The policy will provide a rationale for the purpose of financial reserves and details how the reserves funds will increase and decrease.

1. INTRODUCTION

1.1 Background

This policy ensure a consistent and transparent approach to the establishment requirement around the creation of Reserves, transfer to Reserves and subsequent expenditure of funds from these reserves

Reserves are created where surplus operating cash is put aside to be allocated to future expenditures for the purpose of:

- Meeting statutory obligations and other external requirements
- Reducing business risk
- Improved financial management
- Improved strategic capacity
- Meeting assets renewal needs

Every Reserve created should have a clear and specific purpose and relate back to the adopted Integrated Planning and Reporting (IP&R) strategies and plans of Council. There should be a clear link between this Policy, and the Reserves created under it, to the Operational Plan, Delivery Program, and where appropriate, the Council's asset management plans and community plans.

1.2 Definitions

Externally Restricted Reserves

Externally restricted reserves are created as a result of a legislative requirement governing the use of the funds. These funds must be fully expended for the specific purpose defined and cannot be used by Council for general operations.

Internally Restricted Reserves

Internally restricted reserves are funds that the Council has determined to be used for specific purposes. The Council may resolve to change the purpose of these funds.

2. Financial Reserves

2.1 Creation, Alteration, Cessation of Reserves

This Policy requires Council to undertake certain processes in dealing with Financial Reserves. All significant decisions in relation to Council's Financial Reserves are required to be by Council resolution. The creation of new Reserves, alterations to existing Reserves, or the cessation of any existing Reserve may only be undertaken by resolution of the Council.

Council must create a reserve where unexpended funds have to be applied for a particular purpose as required by an Act. Funds held in accordance with legislation are described as 'externally restricted reserves'. Funds held in reserve at the discretion of Council are described as 'internally restricted reserves'.

A schedule of existing Financial Reserves is appended to this policy outlining, for each Reserve, its purpose, restriction type, category, the basis on which transfers to/from reserves are made. Given that they form part of an Appendix to this policy, amendments to individual Reserves may be made by Council resolution without the need to amend the policy itself.

The creation of a Reserve, cessation of a Reserve or transferring funds to and from a Reserve may only be authorised by resolution of Council. Any such resolution must specify the amount of the transfer.

2.2 Accounting of Reserves

No transfer from any Reserve shall exceed the amount of the existing balance of the Reserve at the time of transfer.

Each Quarterly Budget Review Statement is to include a schedule of Reserves, showing:

- Opening actual balance at 1 July;
- Estimated transfer to Reserve;
- Estimated transfer from Reserve; and
- Estimated Closing balance at 30 June.

The Manager Finance has the responsibility of maintaining a schedule of all Financial Reserves in addition to overseeing all of the accounting functions in relation to the Reserves including regular reporting through the Quarterly Budget Review Statement.

2.3 Classification of Reserves

2.3.1 Externally Restricted Reserves

Externally restricted reserves are mandatory by virtue of legislation. The following criteria apply to externally restricted reserves:

- The reserve is subject to legal requirements that govern the use of the funds; or
- The reserve includes funds that have not been utilised for the purpose for which they were received, and an obligation or requirement to return funds to its contributor exists.

2.3.2 Internally Restricted Reserves

Internally restricted reserves are created at the discretion of Council and they are designed to meet a range of circumstances and can be categories as Business Risk, Financial Management, Strategic Capacity, Asset Management.

The following criteria apply to internally restricted reserves:

- The reserve is not subject to legal requirements governing the use of the funds; or
- The reserve has been established for a specific internal purpose, however, if that purpose does not eventuate or Council changes its priorities the funding can be diverted to other purposes.

Internally restricted reverse can be categorised into four functional areas:

- Business Risk;
- Financial Management;
- Strategic Capacity; and
- Asset Management.

2.4 Categories of Internally Restricted Reverse

2.4.1 Business Risk

Reserves may be established to minimise the impact of Council's operations in any one year from unanticipated events. Unanticipated events can arise from the impacts of natural disasters where the financial risk cannot be fully recouped under an insurance policy or disaster funding.

In addition, unanticipated events may include draws on employee entitlements such as annual leave or sick leave, or the unanticipated failure of assets critically important to maintaining service levels, or events outside of Council control such as low interest rates, high inflation.

2.4.2 Financial Management

To manage the transition from a past budget period to a future accounting period, reserves may be established to hold restricted funds for transfer to a future period to match/offset the respective expenditure.

Reserves may also be established to be used to accumulate funds for significant operating expenses that occur on a recurrent basis but do not require an annual allocation in every budget year.

2.4.3 Strategic Capacity

On occasions, Council is offered strategic opportunities by State and Federal governments or private sector to partner in the provision and delivery of community initiatives and programs. These are usually in the form of external grants or contributions which require a financial contribution from Council. Sufficient notice may not be provided to develop a specific financing strategy to take advantage of these opportunities.

Strategic Reserves may be established to maintain a level of savings to access these opportunities subject to the outcomes aligning with the Shires Strategic community goals and priorities.

2.4.4 Asset Management

Reserves may be established to save for the future renewal of assets with the funding of anticipated future expenditure needs which provides the Council a financing tool to manage issues of Intergenerational equity, reduce reliance on borrowing to fund long lived assets and to overcome the restrictions of a single budget by smoothing the funding allocations over a longer term.

2.5 Transfer of Fund In/Out of Financial Reserves

All transfers for reserves shall be assessed at biannually, during the preparation of the annual budget and distribution of surplus funds at the end of the financial year.

2.5.1 Externally Restricted Reserves

Externally restricted reserves are mandatory by virtue of legislation and other legal obligations. All transfers to and from the reserve account will be made as follows:

- All surplus externally restricted funds will automatically transfer to reserve accounts after the end of the financial year results are completed and excess funds are identified
- Identified expenditure for the specific legislated purposes can be transferred from the reserve account by resolution of Council in the following manner:
 - During the preparation of the annual budget;
 - Identified adjustments during the Quarterly Budget Review process; or
 - After the end of the financial year results are completed and additional funding is required to eliminate any deficit.

2.5.2 Internally Restricted Reserves

Transfers of funds are restricted by the internal purpose of the reserve. All transfers to and from the reserve account must be by resolution of Council in the following manner:

- Identified in the budget process as funds committed to be transferred to the reserve
- Identified in the budgeting process as expenditure to be appropriately expended from the reserve account
- Identified adjustments during the Quarterly Budget Review process
- By Council resolution after the end of the financial year results are completed and excess funds are identified

3. Document Control

3.1 Review

This policy is reviewed at least every four years and when relevant legislation changes.

3.2 Related documents

- Local Government Act, 1993
- Local Government (General) Regulation, 2005
- NSW Local Government Code of Accounting Practice and Financial Reporting

Appendix 1

Schedule of Externally and Internally Restricted Reserves

Reserve Name	Emergency Services Reserve
Restriction Type	Internal
Category	Financial Management & Strategic Capacity
Purpose	To ensure that adequate funds are to support emergency service volunteers
Transfer to reserve (Funding)	Unspent SES and RFS budget allocations Amounts determined during the budget process
Transfer From Reserve (Disbursing)	Amounts determined during the budget process. Deficits in SES or RFS budgets
Sub-Reserves	SES Building maintenance and refurbishments Emergency Services Equipment maintenance and upgrades

Reserve Name	Building Infrastructure Reserve
Restriction Type	Internal
Category	Asset Management
Purpose	To fund the maintenance and capital improvement/ refurbishments of Councils large building assets
Transfer to reserve (Funding)	Unspent building maintenance budgets. Proceeds from the sales of Council owned land and buildings. Amounts determined during the budget process. Allocation of overall budget savings at year end by resolution of Council.
Transfer From Reserve (Disbursing)	Amounts determined during the budget process. Deficits in maintenance budgets.
Sub-Reserves	Town Hall major maintenance / refurbishments Connections Building major maintenance / refurbishments Library Building major maintenance / refurbishments Buildings major maintenance / refurbishments

Reserve Name	Community Infrastructure Reserve
Restriction Type	Internal
Category	Asset Management
Purpose	To fund the maintenance and capital improvement/ refurbishments of Councils community assets
Transfer to reserve (Funding)	Unspent maintenance budgets. Amounts determined during the budget process. Allocation of overall budget savings at year end by resolution of Council.
Transfer From Reserve (Disbursing)	Amounts determined during the budget process. Deficits in maintenance budgets.
Sub-Reserves	Inverell Hockey Facility Copeton Northern Foreshores Swimming Pools major maintenance / refurbishments Aerodrome Facilities major maintenance / refurbishments

Reserve Name	Economic Development Reserve
Restriction Type	Internal
Category	Strategic Capacity
Purpose	To provide funds for strategic projects, land purchase and development and industry and tourism promotions as included in Councils Community Strategic Plan, Delivery Plan, Operation Plan
Transfer to reserve (Funding)	Proceeds from the sale of land Amounts determined during the budget process. Allocation of overall budget savings at year end by resolution of Council.
Transfer From Reserve (Disbursing)	Amounts determined during the budget process. Deficits in insurance, work compensation and interest revenue budgets.
Sub-Reserves	Land Purchases Strategic Development Fund Industrial Development Residential Development Tourism Promotions

Reserve Name	Transport Infrastructure Reserve
Restriction Type	Internal
Category	Asset Management
Purpose	To fund major transport infrastructure projects as identified by Council
Transfer to reserve (Funding)	Unspent maintenance budgets. Surplus gravel pit royalties Amounts determined during the budget process. Allocation of overall budget savings at year end by resolution of Council.
Transfer From Reserve (Disbursing)	Amounts determined during the budget process. Deficits in maintenance budgets.
Sub-Reserves	Economic Development / Growth Assets Gravel Pit Restoration Gravel Pit Restoration - Roads

Reserve Name	Employee Provisions Reserve
Restriction Type	Internal
Category	Financial Management
Purpose	To ensure that adequate funds are available to finance employee entitlements, training and workers compensation
Transfer to reserve (Funding)	<i>Employee Entitlements</i> – transfer sufficient funds to ensure 40% of end of year employee annual and long serve leave entitlements are funded. <i>Training</i> - transfer surplus annual training budgets to a future period to match/offset recurrent training requirements.
Transfer From Reserve (Disbursing)	<i>Employee Entitlements</i> – transfer from reserve any funds required to balance out taken leave entitlements. <i>Training</i> - transfer from reserves any amounts required to balance annual training requirements.
Sub-Reserves	Employee Training (Statutory) Employee Leave Entitlements (General Fund)

Reserve Name	Information Technology Reserve
Restriction Type	Internal
Category	Asset Management
Purpose	To fund the replacement and expansion of existing information technology systems and equipment
Transfer to reserve (Funding)	Unspent information technology budgets. Amounts determined during the budget process. Allocation of overall budget savings at year end by resolution of Council.
Transfer From Reserve (Disbursing)	Amounts determined during the budget process. Deficits in information technology budgets.
Sub-Reserves	none

Reserve Name	Fleet Replacement Reverse
Restriction Type	Internal
Category	Asset Management
Purpose	Cash restricted for use in replacing plant and equipment to enable a continuity of operations to meet the needs and expectations of Council and the community.
Transfer to reserve (Funding)	Annual fleet depreciation Capital inflation allowance (10% of current year purchases) Net transfer of surplus operating result from the fleet program.
Transfer From Reserve (Disbursing)	Net cost of plant purchases for the year Net transfer of deficit operating result from the fleet program.
Sub-Reserves	None

Reserve Name	Financial Risk Reserve
Restriction Type	Internal
Category	Business Risk
Purpose	To provide funds to mitigate against financial risks including, unanticipated increase insurance, work compensation, decreases in investment returns.
Transfer to reserve (Funding)	Amounts determined during the budget process. Allocation of overall budget savings at year end by resolution of Council. Annual savings in insurance, work compensation.
Transfer From Reserve (Disbursing)	Amounts determined during the budget process. Deficits in insurance, work compensation and interest revenue budgets.
Sub-Reserves	Insurance Excess / Self Insurance Workers Compensation Interest Equalisation

Reserve Name	Waste Management Reverse
Restriction Type	External
Category	Statutory Obligation
Purpose	To fund the development, operation, maintenance and capital expenditure for Council's waste management facilities including landfill and waste collection operations
Transfer to reserve (Funding)	Net transfer of surplus operating result from Council's waste management program.
Transfer From Reserve (Disbursing)	Net transfer of deficit operating result from Council's waste management program.
Sub-Reserves	Garbage Depot Land Purchases Garbage Degradation / Rehabilitation Waste Infrastructure Waste support services/activities (Externality)

Reserve Name	Water Fund Reserve
Restriction Type	External
Category	Statutory Obligation
Purpose	To fund the development, operation, maintenance and capital expenditure for Council's water network.
Transfer to reserve (Funding)	Net transfer of surplus operating result from Council's water fund program
Transfer From Reserve (Disbursing)	Net transfer of deficit operating result from Council's water fund program
Sub-Reserves	Future Capital Works Equipment Breakdowns Interest Equalisation Employee Leave Entitlements

Reserve Name	Sewer Fund Reserve
Restriction Type	External
Category	Statutory Obligation
Purpose	To fund the development, operation, maintenance and capital expenditure for Council's sewer network.
Transfer to reserve (Funding)	Net transfer of surplus operating result from Council's sewer fund program
Transfer From Reserve (Disbursing)	Net transfer of deficit operating result from Council's sewer fund program
Sub-Reserves	Future Capital Works Equipment Breakdowns Interest Equalisation Employee Leave Entitlements

Appendix 2

Financial Reserves Balances as at 30 June 2021

RESERVE TYPE	FINANCIAL RESERVE	PURPOSE	BALANCE 30/6/2020 \$	TRANSFER TO \$	TRANSFER FROM \$	BALANCE 30/6/2021 \$	TRANSFER TO \$	TRANSFER FROM \$	EST BALANCE 30/6/2022 \$
INTERNALLY RESTRICTED RESERVES	Emergency Services Reserve	To ensure that adequate funds are to support emergency service volunteers	379,359.00	-	-	379,359.00	-	-	379,359.00
	Building Infrastructure Reserve	To fund the maintenance and capital improvement/ refurbishments of Councils large building assets	2,792,024.79	-	-	2,792,024.79	-	-	2,792,024.79
	Community Infrastructure Reserve	To fund the maintenance and capital improvement/ refurbishments of Councils community assets	4,805,330.00	-	217,682.00	4,587,648.00	-	-	4,587,648.00
	Economic Development Reserve	To provide funds for strategic projects, land purchase and development and industry and tourism promotions as included in Councils Community Strategic Plan, Delivery Plan, Operation Plan	943,559.77	-	295,000.00	648,559.77	-	-	648,559.77
	Transport Infrastructure Reserve	To fund major transport infrastructure projects as identified by Council	5,990,463.00	100,000.00	646,157.00	5,444,306.00	100,000.00	2,130,000.00	3,414,306.00
	Employee Provisions Reserve	To ensure that adequate funds are available to finance employee entitlements, training and work compensation	1,758,466.46	-	-	1,758,466.46	-	-	1,758,466.46
	Information Technology Reserve	To fund the replacement and expansion of existing information technology systems and equipment	1,541,357.00	-	-	1,541,357.00	-	-	1,541,357.00
	Plant Replacement Reserve	Cash restricted for use in replacing plant and equipment to enable a continuity of operations to meet the needs and expectations of Council and the community	3,155,138.00	1,663,600.00	2,345,500.00	2,473,238.00	1,709,250.00	1,816,344.00	2,366,144.00
	Financial Risk Reserve	To provide funds to mitigate against financial risks including, unanticipated increase insurance, work compensation, decreases in investment returns	1,917,149.00	-	123,595.00	1,793,554.00	-	150,000.00	1,643,554.00
	TOTAL INTERNALLY RESTRICTED		23,282,847.02	1,763,600.00	3,627,934.00	21,418,513.02	1,809,250.00	4,096,344.00	19,131,419.02
EXTERNALLY RESTRICTED RESERVES	Waste Management Reserve	To fund the development, operation, maintenance and capital expenditure for Council's waste management facilities including landfill and waste collection operations	4,552,847.00	360,700.00	96,559.00	4,816,988.00	350,000.00	-	5,166,988.00
	Water Fund Reserve	To fund the development, operation, maintenance and capital expenditure for Council's water network.	7,352,194.00	-	-	7,352,194.00	-	30,000.00	7,322,194.00
	Sewerage Services	To fund the development, operation, maintenance and capital expenditure for Council's sewer network	3,072,774.82	-	42,250.00	3,030,524.82	-	40,000.00	2,990,524.82
	TOTAL EXTERNALLY RESTRICTED		14,977,815.82	360,700.00	138,809.00	15,199,706.82	350,000.00	70,000.00	15,479,706.82
	TOTAL FINANCIAL RESERVES		38,260,662.84	2,124,300.00	3,766,743.00	36,618,219.84	2,159,250.00	4,166,344.00	34,611,125.84
	General Fund - Internally Restricted		23,282,847.02	1,763,600.00	3,627,934.00	21,418,513.02	1,809,250.00	4,096,344.00	19,131,419.02
	General Fund - Externally Restricted		4,552,847.00	360,700.00	96,559.00	4,816,988.00	350,000.00	-	5,166,988.00
	Water Fund - Externally Restricted		7,352,194.00	-	-	7,352,194.00	-	30,000.00	7,322,194.00
	Sewer Fund - Externally Restricted		3,072,774.82	-	42,250.00	3,030,524.82	-	40,000.00	2,990,524.82
			38,260,662.84	2,124,300.00	3,766,743.00	36,618,219.84	2,159,250.00	4,166,344.00	34,611,125.84

INVERELL SHIRE COUNCIL DETAILED FINANCIAL RESERVES BALANCES

6 April 2022

FINANCIAL RESERVE	PURPOSE	BALANCE 30/6/2021 \$	TRANSFER TO \$	TRANSFER FROM \$	BALANCE 30/6/2022 \$	TRANSFER TO \$	TRANSFER FROM \$	ESTIMATED BALANCE 30/6/2023 \$	COMMENTS
EMERGENCY SERVICES RESERVE									
SES Building	SES Building maintenance and refurbishments	168,554.00			168,554.00			168,554.00	
Emergency Services Equipment	SES and RFS Equipment maintenance and replacement	210,805.00			210,805.00			210,805.00	
		379,359.00	-	-	379,359.00	-	-	379,359.00	
BUILDING INFRASTRUCTURE RESERVE									
Library Building	Library Building maintenance and Refurbishments	202,000.00			202,000.00			202,000.00	
Connections Building	Connections Building maintenance and Refurbishments	72,183.61			72,183.61			72,183.61	
Town Hall	Town Hall Building maintenance and Refurbishments	100,000.00			100,000.00			100,000.00	
Other Buildings	Other Building maintenance and Refurbishments	684,810.18			684,810.18			684,810.18	Building Maintenance 234,810.00 Refurbish Tingha Toilets 50,000.00 Council Contribution towards new Dog Pound 400,000.00
		1,058,993.79	-	-	1,058,993.79	-	-	1,058,993.79	
COMMUNITY INFRASTRUCTURE RESERVE									
Copeton Northern Foreshores (CNFS)	Maintenance and improvements at CNFS	267,419.00			267,419.00			267,419.00	
Inverell Hockey Facility	Field Resurfacing - Provision for Surface Renewal	450,000.00			450,000.00			450,000.00	
Swimming Pools Upgrade/Fencing	Future Upgrades (includes Transfer from Provisions)	6,614,514.00	515,000		7,129,514.00			7,129,514.00	
Open Spaces Upgrades		110,000.00			110,000.00			110,000.00	
Aerodrome Upgrade/Mtc	Future capital improvements at Inverell Airport	196,330.00			196,330.00			196,330.00	
		7,638,263.00	515,000.00	-	8,153,263.00	-	-	8,153,263.00	
WASTE MANAGEMENT RESERVE									
Garbage Depot Land Purchase Etc	Provisions for fund garbage depot land purchases	169,391.00			169,391.00			169,391.00	
Garbage Degradation/Rehab.	Rehabilitation Provisions for waste landfills	1,101,134.00	100,000	682,013	519,120.90	150,000		669,120.90	
Waste Infrastructure	Purchase of waste infrastructure in accordance with Council Waste Implementation Strategy	3,158,731.00	150,000	354,439	2,954,291.84	75,000		3,029,291.84	
Waste-Externality Sustainability		597,000.00	100,000	78,720	618,280.00	75,000		693,280.00	
		5,026,256.00	350,000.00	1,115,172.26	4,261,083.74	300,000.00	-	4,561,083.74	
ECONOMIC DEVELOPMENT RESERVE									
Land Purchases	Funding for Strategic Land Purchases	450,000.00			450,000.00			450,000.00	
Industrial Development	Industrial Land Development - Subdivision costs	287,595.00			287,595.00			287,595.00	
Residential Development	Residential Land Development - Subdivision costs	7,309.77			7,309.77			7,309.77	
Strategic Capital Infrastructure Fund	Residual allocations of Council's Strategic Capital Infrastructure Fund	4,450.00			4,450.00			4,450.00	
Strategic Development Fund	Funding for strategic projects	100,611.00		65,000	35,611.00			35,611.00	Inverell Community Gardens 65,000.00
Industry/Tourism Promotion	Tourism Brochure, initiatives to support local business	375,594.00			375,594.00			375,594.00	
		1,225,559.77	-	65,000.00	1,160,559.77	-	-	1,160,559.77	
TRANSPORT INFRASTRUCTURE RESERVE									
Road Resumptions	Funding for road resumptions	20,000.00			20,000.00			20,000.00	
Gravel Pit Restoration	Funding for gravel pit rehabilitation	236,360.00	50,000	45,000	241,360.00	50,000	45,000	246,360.00	
Gravel Pit Restoration -Roads	Funding for gravel pit road access rehabilitation	173,641.00	50,000	45,000	178,641.00	50,000	45,000	183,641.00	
Economic Develop/Growth Assets	Chester Street Renewal - Heavy vehicle route Tingha Bridge Roundabout Gwydir Highway/Rosslyn Street Roundabout Gwydir Highway/Mansfield St Intersection Oliver Street Extension Initial Allocation towards TCRP Stage 3	5,621,620.00		2,040,000	3,581,620.00			3,581,620.00	Chester Street Renewal - Heavy vehicle route 1,000,000.00 Tingha Bridge Roundabout 2,040,000.00 Gwydir Highway/Rosslyn Street Roundabout 1,000,000.00 Gwydir Highway/Mansfield St Intersection 500,000.00 Oliver Street Extension 500,000.00 Initial Allocation towards TCRP Stage 3 556,157.00
		6,051,621.00	100,000.00	2,130,000.00	4,021,621.00	100,000.00	90,000.00	4,031,621.00	
EMPLOYEE PROVISIONS RESERVE									
Employee Training (Statutory)	Provisions for statutory training	324,896.00			324,896.00			324,896.00	
Employee Leave Entitlements	Restricted - Minimum Statutory Requirement	1,501,710.46			1,501,710.46			1,501,710.46	
		1,826,606.46	-	-	1,826,606.46	-	-	1,826,606.46	
INFORMATION TECHNOLOGY RESERVE									
Computer/IT Systems Upgrades	Replacement of key IT equipment and essential Software upgrades/replacements	1,739,344.00			1,739,344.00			1,739,344.00	
FLEET REPLACEMENT RESERVE									
Plant Replacement	Plant Fleet Asset Renewals, new truck wash and fleet storage shed	2,524,935.00	1,709,250	1,816,344	2,417,841.00	1,852,399	1,024,990	3,245,250.00	
FINANCIAL RISK RESERVE									
Workers Comp Insurance	Provisions for increase in workers compensation base on claims history	857,301.00			857,301.00			857,301.00	
Insurance Excess/Self Insurance	Provision for increases in insurance	209,848.00			209,848.00			209,848.00	
Interest Equalisation	Provision to fund unanticipated movements in interest rates	800,000.00		150,000	650,000.00		109,000	541,000.00	
Emergency Management (Fire, Flood, Storm)	Council Contribution towards natural disasters	200,000.00			200,000.00			200,000.00	
		2,067,149.00	-	150,000.00	1,917,149.00	-	109,000.00	1,808,149.00	
FUND TOTAL		29,538,087.02	2,674,250.00	5,276,516.26	26,935,820.76	2,252,399.00	1,223,990.00	27,964,229.76	
DOMESTIC WASTE MANAGEMENT									
Domestic Waste Management	Restricted - Statutory Requirement		1,115,172		1,115,172.26	64,215		1,179,387.26	Replacement of Garbage Bins and Implementation of FOGO service
WATER FUND TOTAL		-	1,115,172.26	-	1,115,172.26	64,215.00	-	1,179,387.26	
WATER FUND RESERVE									
Employee Leave Entitlements	Restricted - Statutory Requirement	130,000.00			130,000.00			130,000.00	
Equipment Breakdown	Promoting Better Practice Recommendation	407,940.00			407,940.00			407,940.00	
Revenue Equalisation	Best Practice Guidelines - Funds movements in water sales	1,876,763.00			1,876,763.00			1,876,763.00	
Interest Equalisation	Interest equalisation reserve - funds moves in interest rates	400,000.00		30,000	370,000.00		17,000	353,000.00	
Future Capital Works	Water augmentation and mains replacement	4,837,491.00			4,837,491.00		415,500	4,421,991.00	
WATER FUND TOTAL		7,652,194.00	-	30,000.00	7,622,194.00	-	432,500.00	7,189,694.00	
SEWERAGE SERVICES									
Employee Leave Entitlements	Restricted - Statutory Requirement	67,000.00			67,000.00			67,000.00	
Interest Equalisation	Interest equalisation reserve - funds moves in interest rates	292,496.00		40,000	252,496.00		12,000	240,496.00	
Equipment Breakdown	Promoting Better Practice Recommendation	159,078.82			159,078.82			159,078.82	
Future Capital Works	Inverell Sewer Treatment Plant and Pump Station 1 renewal and mains relining	2,721,200.00			2,721,200.00			2,721,200.00	
SEWER FUND TOTAL		3,239,774.82	-	40,000.00	3,199,774.82	-	12,000.00	3,187,774.82	
TOTAL OF ALL FUNDS		40,430,055.84	3,789,422.26	5,346,516.26	38,872,961.84	2,316,614.00	1,668,490.00	39,521,085.84	
<i>These funds are held as Cash and Investments, primarily as Term Deposits</i>									

RATE COMPARISONS 2022/2023									
Based on existing valuations as issued by the Valuer General - 2019 Base date									
				Proposed Rates in \$		Proposed Rates in \$		Rate peg:	
				Rate peg: 0.7%		Rate peg: 2.0%			
Residential - Inverell				1.461100		1.484300			
Residential - General				0.992230		1.016500			
Residential - Ashford				2.917600		2.978900			
Residential - Delungra				1.902400		1.941490			
Residential - Gilgai				1.378800		1.405500			
Residential - Yetman				2.692400		2.748400			
Residential - Tingha				8.026200		8.201300			
Residential Rural				0.684600		0.695660			
Farmland				0.361540		0.366560			
Business - Inverell Industrial / Commercial				3.948900		4.001760			
Business - Other				2.735760		2.773700			
Mining				2.735760		2.773700			
General Base Amount				\$ 225.00		\$0 increase proposed			
Domestic Waste Management - Inverell - 240L				\$ 363.00		\$13 increase proposed			
Domestic Waste Management - Tingha 140L and 240L				\$ 363.00		\$13 increase proposed			
Domestic Waste Management - Un Occupied Charge				\$ 66.00		\$1 increase proposed			
Waste Management Charge				\$ 96.00		\$1 increase proposed			
Sewerage (occupied) Rateable Charges				\$ 580.00		\$30 increase proposed			
Water Charges - Inverell				\$ 415.00		\$20 increase proposed			
Water Charges - Tingha				\$ 415.00		\$45 increase proposed			
Stormwater Management Service Charges				\$ 25.00		\$0 increase proposed			
RESIDENTIAL - INVERELL				Rate Peg of 0.7%			Rate Peg of 2.0%		
2019 Land Value			2020/21 Rate levy	2022/23 Rate levy 0.7%	Difference \$	Total % change per assessment	2022/23 Rate levy 2.0%	Difference \$	Total % change per assessment
3487	House - Gordon St	83,800	General	1,441.94	1,449.40	7.46	1,468.84	26.90	
			Water	395.00	415.00	20.00	415.00	20.00	
			Sewer	550.00	580.00	30.00	580.00	30.00	
			Garbage Collection	700.00	726.00	26.00	726.00	26.00	
			Waste Management	95.00	96.00	1.00	96.00	1.00	
			Stormwater	25.00	25.00	-	25.00	-	
				3,206.94	3,291.40	84.46	3,310.84	103.90	3.24%
5323	House - Short St	64,500	General	1,161.67	1,167.41	5.74	1,182.37	20.70	
			Water	395.00	415.00	20.00	415.00	20.00	
			Sewer	550.00	580.00	30.00	580.00	30.00	
			Garbage Collection	350.00	363.00	13.00	363.00	13.00	
			Waste Management	95.00	96.00	1.00	96.00	1.00	
			Stormwater	25.00	25.00	-	25.00	-	
				2,576.67	2,646.41	69.74	2,661.37	84.70	3.29%
7881	House - Runnymede	98,500	General	1,655.42	1,664.18	8.77	1,687.04	31.62	
			Water	395.00	415.00	20.00	415.00	20.00	
			Garbage Collection	350.00	363.00	13.00	363.00	13.00	
			Waste Management	95.00	96.00	1.00	96.00	1.00	
				2,495.42	2,538.18	42.77	2,561.04	65.62	2.63%
3064	House - Eugene St	9,500	General	362.96	363.80	0.85	366.01	3.05	
			Water	395.00	415.00	20.00	415.00	20.00	
			Sewer	550.00	580.00	30.00	580.00	30.00	
			Garbage Collection	350.00	363.00	13.00	363.00	13.00	
			Waste Management	95.00	96.00	1.00	96.00	1.00	
			Stormwater	25.00	25.00	-	25.00	-	
				1,777.96	1,842.80	64.85	1,845.01	67.05	3.77%
Average property valuation (occupied)		66,596	General	1,190.63	1,198.03	7.40	1,213.48	22.85	
			Water	395.00	415.00	20.00	415.00	20.00	
			Sewer	550.00	580.00	30.00	580.00	30.00	
			Garbage Collection	350.00	363.00	13.00	363.00	13.00	
			Waste Management	95.00	96.00	1.00	96.00	1.00	
			Stormwater	25.00	25.00	-	25.00	-	
				2,605.63	2,677.03	71.40	2,692.48	86.85	3.33%

RESIDENTIAL - GENERAL					Rate Peg of 0.7%			Rate Peg of 2.0%		
2019 Land Value		2020/21 Rate levy	2022/23 Rate levy 0.7%	Difference \$	Total % change per assessment	2022/23 Rate levy 2.0%	Difference \$	Total % change per assessment		
1877	House - Tingha Road	59,100	General Water Garbage Collection Waste Management	810.50 395.00 350.00 95.00	811.41 415.00 363.00 96.00	0.90 20.00 13.00 1.00	825.75 415.00 363.00 96.00	15.25 20.00 13.00 1.00		
			1,650.50	1,685.41	34.90	2.11%	1,699.75	49.25	2.98%	
6246	House - Nullamana	10,000	General Garbage Collection Waste Management	324.07 350.00 95.00	324.22 363.00 96.00	0.15 13.00 1.00	326.65 363.00 96.00	2.58 13.00 1.00		
			769.07	783.22	14.15	1.84%	785.65	16.58	2.16%	
8130	House - Warialda Road	93,700	General Garbage Collection Waste Management	1,153.29 350.00 95.00	1,154.72 363.00 96.00	1.43 13.00 1.00	1,177.46 363.00 96.00	24.17 13.00 1.00		
			1,598.29	1,613.72	15.43	0.97%	1,636.46	38.17	2.39%	
Average property valuation (occupied)		51,814	General Garbage Collection Waste Management	741.38 350.00 95.00	739.11 363.00 96.00	(2.26) 13.00 1.00	751.69 363.00 96.00	10.31 13.00 1.00		
			1,186.38	1,198.11	11.74	0.99%	1,210.69	24.31	2.05%	

RESIDENTIAL - ASHFORD					Rate Peg of 0.7%			Rate Peg of 2.0%		
2019 Land Value		2020/21 Rate levy	2022/23 Rate levy 0.7%	Difference \$	Total % change per assessment	2022/23 Rate levy 2.0%	Difference \$	Total % change per assessment		
271	House - Dudley St	10,000	General Water Sewer Stormwater Garbage Collection Waste Management	513.47 395.00 550.00 25.00 350.00 95.00	516.76 415.00 580.00 25.00 363.00 96.00	3.29 20.00 30.00 - 13.00 1.00	522.89 415.00 580.00 25.00 363.00 96.00	9.42 20.00 30.00 - 13.00 1.00		
			1,928.47	1,995.76	67.29	3.49%	2,001.89	73.42	3.81%	
7457	House - Dudley St	17,000	General Water Sewer Stormwater Garbage Collection Waste Management	715.40 395.00 550.00 25.00 350.00 95.00	720.99 415.00 580.00 25.00 363.00 96.00	5.59 20.00 30.00 - 13.00 1.00	731.41 415.00 580.00 25.00 363.00 96.00	16.01 20.00 30.00 - 13.00 1.00		
			2,130.40	2,199.99	69.59	3.27%	2,210.41	80.01	3.76%	
398	House - Duff St	9,500	General Water Sewer Stormwater Garbage Collection Waste Management	499.05 395.00 550.00 25.00 350.00 95.00	502.17 415.00 580.00 25.00 363.00 96.00	3.13 20.00 30.00 - 13.00 1.00	508.00 415.00 580.00 25.00 363.00 96.00	8.95 20.00 30.00 - 13.00 1.00		
			1,914.05	1,981.17	67.13	3.51%	1,987.00	72.95	3.81%	
Average property valuation (occupied)		12,252	General Water Sewer Stormwater Garbage Collection Waste Management	577.40 395.00 550.00 25.00 350.00 95.00	582.46 415.00 580.00 25.00 363.00 96.00	5.06 20.00 30.00 - 13.00 1.00	589.97 415.00 580.00 25.00 363.00 96.00	12.57 20.00 30.00 - 13.00 1.00		
			1,992.40	2,061.46	69.06	3.47%	2,068.97	76.57	3.84%	

RESIDENTIAL - DELUNGRA					Rate Peg of 0.7%			Rate Peg of 2.0%		
2019 Land Value		2020/21 Rate levy	2022/23 Rate levy 0.7%	Difference \$	Total % change per assessment	2022/23 Rate levy 2.0%	Difference \$	Total % change per assessment		
1005	House - Railway St	20,000	General Water Sewer Stormwater Garbage Collection Waste Management	601.30 395.00 550.00 25.00 350.00 95.00	605.48 415.00 580.00 25.00 363.00 96.00	4.18 20.00 30.00 - 13.00 1.00	613.30 415.00 580.00 25.00 363.00 96.00	12.00 20.00 30.00 - 13.00 1.00		
			2,016.30	2,084.48	68.18	3.38%	2,092.30	76.00	3.77%	
1022	House - Reedy St	18,000	General Water Sewer Stormwater Garbage Collection Waste Management	563.67 395.00 550.00 25.00 350.00 95.00	567.43 415.00 580.00 25.00 363.00 96.00	3.76 20.00 30.00 - 13.00 1.00	574.47 415.00 580.00 25.00 363.00 96.00	10.80 20.00 30.00 - 13.00 1.00		
			1,978.67	2,046.43	67.76	3.42%	2,053.47	74.80	3.78%	
Average property valuation (occupied)		19,992	General Water Sewer Stormwater Garbage Collection Waste Management	601.14 395.00 550.00 25.00 350.00 95.00	605.32 415.00 580.00 25.00 363.00 96.00	4.18 20.00 30.00 - 13.00 1.00	613.14 415.00 580.00 25.00 363.00 96.00	11.99 20.00 30.00 - 13.00 1.00		
			2,016.14	2,084.32	68.18	3.38%	2,092.14	75.99	3.77%	

RESIDENTIAL - GILGAI					Rate Peg of 0.7%			Rate Peg of 2.0%		
2019 Land Value		2020/21 Rate levy			2022/23 Rate levy 0.7%	Difference \$	Total % change per assessment	2022/23 Rate levy 2.0%	Difference \$	Total % change per assessment
1349	House - Hall St	24,000	General	552.48	555.91	3.43		562.32	9.84	
			Water	395.00	415.00	20.00		415.00	20.00	
			Sewer	550.00	580.00	30.00		580.00	30.00	
			Stormwater	25.00	25.00	-		25.00	-	
			Garbage Collection	350.00	363.00	13.00		363.00	13.00	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				1,967.48	2,034.91	67.43	3.43%	2,041.32	73.84	3.75%
1404	House - Short St	36,000	General	716.22	721.37	5.15		730.98	14.76	
			Water	395.00	415.00	20.00		415.00	20.00	
			Sewer	550.00	580.00	30.00		580.00	30.00	
			Stormwater	25.00	25.00	-		25.00	-	
			Garbage Collection	350.00	363.00	13.00		363.00	13.00	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				2,131.22	2,200.37	69.15	3.24%	2,209.98	78.76	3.70%
1387	House - Park St	37,400	General	735.32	740.67	5.35		750.66	15.33	
			Water	395.00	415.00	20.00		415.00	20.00	
			Sewer	550.00	580.00	30.00		580.00	30.00	
			Stormwater	25.00	25.00	-		25.00	-	
			Garbage Collection	350.00	363.00	13.00		363.00	13.00	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				2,150.32	2,219.67	69.35	3.23%	2,229.66	79.33	3.69%
Average property valuation (occupied)		32,698	General	671.17	675.84	4.68		684.57	13.41	
			Water	395.00	415.00	20.00		415.00	20.00	
			Sewer	550.00	580.00	30.00		580.00	30.00	
			Stormwater	25.00	25.00	-		25.00	-	
			Garbage Collection	350.00	363.00	13.00		363.00	13.00	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				2,086.17	2,154.84	68.68	3.29%	2,163.57	77.41	3.71%

RESIDENTIAL - YETMAN					Rate Peg of 0.7%			Rate Peg of 2.0%		
2019 Land Value		2020/21 Rate levy			2022/23 Rate levy 0.7%	Difference \$	Total % change per assessment	2022/23 Rate levy 2.0%	Difference \$	Total % change per assessment
6614	House - Macintyre St	13,000	General	571.13	575.01	3.89		582.29	11.17	
			Water	395.00	415.00	20.00		415.00	20.00	
			Garbage Collection	350.00	363.00	13.00		363.00	13.00	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				1,411.13	1,449.01	37.89	2.68%	1,456.29	45.17	3.20%
6617	House - Macintyre St	29,800	General	1,018.43	1,027.34	8.91		1,044.02	25.60	
			Water	395.00	415.00	20.00		415.00	20.00	
			Garbage Collection	350.00	363.00	13.00		363.00	13.00	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				1,858.43	1,901.34	42.91	2.31%	1,918.02	59.60	3.21%
7467	House - Warialda St	14,000	General	597.75	601.94	4.19		609.78	12.03	
			Water	395.00	415.00	20.00		415.00	20.00	
			Garbage Collection	350.00	363.00	13.00		363.00	13.00	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				1,437.75	1,475.94	38.19	2.66%	1,483.78	46.03	3.20%
Average property valuation (occupied)		13,730	General	590.56	594.67	4.11		602.36	11.79	
			Water	395.00	415.00	20.00		415.00	20.00	
			Garbage Collection	350.00	363.00	13.00		363.00	13.00	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				1,430.56	1,468.67	38.11	2.66%	1,476.36	45.79	3.20%

RESIDENTIAL - TINGHA					Rate Peg of 0.7%			Rate Peg of 2.0%		
2019 Land Value			2020/21 Rate levy		2022/23 Rate levy 0.7%	Difference \$	Total % change per assessment	2022/23 Rate levy 2.0%	Difference \$	Total % change per assessment
114446	House - Diamond St	3,500	General	502.64	505.92	3.28		512.05	9.41	
			Water	370.00	415.00	45.00		415.00	45.00	
			Sewer	550.00	580.00	30.00		580.00	30.00	
			Garbage Collection	350.00	363.00	13.00		363.00	13.00	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				1,867.64	1,959.92	92.28	4.94%	1,966.05	98.41	5.27%
114606	House - Swimming Pool Rd	4,500	General	581.96	586.18	4.22		594.06	12.10	
			Water	370.00	415.00	45.00		415.00	45.00	
			Sewer	550.00	580.00	30.00		580.00	30.00	
			Garbage Collection	350.00	363.00	13.00		363.00	13.00	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				1,946.96	2,040.18	93.22	4.79%	2,048.06	101.10	5.19%
114439	House - Agate St	2,200	General	399.52	401.58	2.06		405.43	5.91	
			Water	370.00	415.00	45.00		415.00	45.00	
			Sewer	550.00	580.00	30.00		580.00	30.00	
			Garbage Collection	350.00	363.00	13.00		363.00	13.00	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				1,764.52	1,855.58	91.06	5.16%	1,859.43	94.91	5.38%
114442	House - Diamond St	1,330	General	330.50	331.75	1.25		334.08	3.58	
			Water	370.00	415.00	45.00		415.00	45.00	
			Sewer	550.00	580.00	30.00		580.00	30.00	
			Garbage Collection	350.00	363.00	13.00		363.00	13.00	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				1,695.50	1,785.75	90.25	5.32%	1,788.08	92.58	5.46%
Average property valuation (occupied)		4,061	General	543.66	550.94	7.28		558.05	14.39	
			Water	370.00	415.00	45.00		415.00	45.00	
			Sewer	550.00	580.00	30.00		580.00	30.00	
			Garbage Collection	350.00	363.00	13.00		363.00	13.00	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				1,908.66	2,004.94	96.28	5.04%	2,012.05	103.39	5.42%

RESIDENTIAL RURAL					Rate Peg of 0.7%			Rate Peg of 2.0%		
2019 Land Value			2020/21 Rate levy		2022/23 Rate levy 0.7%	Difference \$	Total % change per assessment	2022/23 Rate levy 2.0%	Difference \$	Total % change per assessment
110894	Defraignes Lane 8.605HA	179,000	General	1,439.78	1,450.43	10.65		1,470.23	30.45	
			Garbage Collection	350.00	363.00	13.00		363.00	13.00	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
			Water	395.00	415.00	20.00		415.00	20.00	
				2,279.78	2,324.43	44.65	1.96%	2,344.23	64.45	2.83%
111804	Gwydir Highway 14.06ha	189,000	General	1,507.65	1,518.89	11.25		1,539.80	32.15	
			Water	395.00	415.00	20.00		415.00	20.00	
			Garbage Collection	350.00	363.00	13.00		363.00	13.00	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				2,347.65	2,392.89	45.25	1.93%	2,413.80	66.15	2.82%
5416	Swanbrook Road 3.16HA	143,000	General	1,195.47	1,203.98	8.51		1,219.79	24.32	
			Water	395.00	415.00	20.00		415.00	20.00	
			Garbage Collection	350.00	363.00	13.00		363.00	13.00	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				2,035.47	2,077.98	42.51	2.09%	2,093.79	58.32	2.87%
114393 ARC	Howell Rd 8.62HA	33,000	General	448.95	450.92	1.96		454.57	5.61	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				543.95	546.92	2.96	0.54%	550.57	6.61	1.22%
114598 ARC	Dettmans Rd 21.3HA	50,000	General	564.33	567.30	2.97		572.83	8.50	
			Water	370.00	415.00	45.00		415.00	45.00	
			Garbage Collection	350.00	363.00	13.00		363.00	13.00	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				1,379.33	1,441.30	61.97	4.49%	1,446.83	67.50	4.89%
Average property valuation (occupied)		128,294	General	1,092.84	1,103.30	10.46		1,117.49	24.65	
			Water	395.00	415.00	20.00		415.00	20.00	
			Garbage Collection	350.00	363.00	13.00		363.00	13.00	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				1,932.84	1,977.30	44.46	2.30%	1,991.49	58.65	3.03%

FARMLAND					Rate Peg of 0.7%			Rate Peg of 2.0%		
		2019 Land Value		2020/21 Rate levy	2022/23 Rate levy 0.7%	Difference \$	Total % change per assessment	2022/23 Rate levy 2.0%	Difference \$	Total % change per assessment
8637	PH Lockerby 404 HA	132,000	General Waste Management	698.54 95.00	702.23 96.00	3.70 1.00		708.86 96.00	10.32 1.00	
				793.54	798.23	4.70	0.59%	804.86	11.32	1.43%
9755	PH Delungra 1886 HA	1,330,000	General Garbage Collection Waste Management	4,996.24 350.00 95.00	5,033.48 363.00 96.00	37.24 13.00 1.00		5,100.25 363.00 96.00	104.01 13.00 1.00	
				5,441.24	5,492.48	51.24	0.94%	5,559.25	118.01	2.17%
540	PH Balaclava 5994HA	18,700,000	General Waste Management	67,309.38 95.00	67,832.98 96.00	523.60 1.00		68,771.72 96.00	1,462.34 1.00	
				67,404.38	67,928.98	524.60	0.78%	68,867.72	1,463.34	2.17%
115104 ARC	Clerks Creek Rd 7954HA	12,100,000	General Waste Management	43,632.54 95.00	43,971.34 96.00	338.80 1.00		44,578.76 96.00	946.22 1.00	
				43,727.54	44,067.34	339.80	0.78%	44,674.76	947.22	2.17%
114334 ARC	Kempton Rd 1955HA	818,000	General Waste Management	3,159.49 95.00	3,182.40 96.00	22.90 1.00		3,223.46 96.00	63.97 1.00	
				3,254.49	3,278.40	23.90	0.73%	3,319.46	64.97	2.00%
114307 ARC	Cracknell Rd 690.2HA	229,000	General Waste Management	1,046.51 95.00	1,052.93 96.00	6.41 1.00		1,064.42 96.00	17.91 1.00	
				1,141.51	1,148.93	7.41	0.65%	1,160.42	18.91	1.66%
114381 ARC	Howell Rd 165.98HA	90,700	General Waste Management	550.38 95.00	552.92 96.00	2.54 1.00		557.47 96.00	7.09 1.00	
				645.38	648.92	3.54	0.55%	653.47	8.09	1.25%
Average property valuation		813,127	General Waste Management	3,124.18 95.00	3,164.78 96.00	40.60 1.00		3,205.60 96.00	81.41 1.00	
				3,219.18	3,260.78	41.60	1.29%	3,301.60	82.41	2.56%

BUSINESS - INVERELL INDUSTRIAL / COMMERCIAL					Rate Peg of 0.7%			Rate Peg of 2.0%		
		2019 Land Value		2020/21 Rate levy	2022/23 Rate levy 0.7%	Difference \$	Total % change per assessment	2022/23 Rate levy 2.0%	Difference \$	Total % change per assessment
2760	Byron St	158,000	General Water Sewer Waste Management Stormwater	6,419.39 395.00 550.00 95.00 75.00	6,464.26 415.00 580.00 96.00 75.00	44.87 20.00 30.00 1.00 -		6,547.78 415.00 580.00 96.00 75.00	128.39 20.00 30.00 1.00 -	
				7,534.39	7,630.26	95.87	1.27%	7,713.78	179.39	2.38%
4987	Ring St	74,200	General Water Sewer Waste Management Stormwater	3,134.01 395.00 550.00 95.00 125.00	3,155.08 415.00 580.00 96.00 125.00	21.07 20.00 30.00 1.00 -		3,194.31 415.00 580.00 96.00 125.00	60.29 20.00 30.00 1.00 -	
				4,299.01	4,371.08	72.07	1.68%	4,410.31	111.29	2.59%
5448	Swanbrook Road	146,000	General Water Sewer Waste Management Stormwater	5,948.93 395.00 550.00 95.00 200.00	5,990.39 415.00 580.00 96.00 200.00	41.46 20.00 30.00 1.00 -		6,067.57 415.00 580.00 96.00 200.00	118.64 20.00 30.00 1.00 -	
				7,188.93	7,281.39	92.46	1.29%	7,358.57	169.64	2.36%
Average property valuation (occupied)		147,503	General Water Sewer Waste Management Stormwater	6,011.19 395.00 550.00 95.00 125.00	6,049.74 415.00 580.00 96.00 125.00	38.55 20.00 30.00 1.00 -		6,127.71 415.00 580.00 96.00 125.00	116.52 20.00 30.00 1.00 -	
				7,176.19	7,265.74	89.55	1.25%	7,343.71	167.52	2.33%

BUSINESS OTHER					Rate Peg of 0.7%			Rate Peg of 2.0%		
		2019 Land Value		2020/21 Rate levy	2022/23 Rate levy 0.7%	Difference \$	Total % change per assessment	2022/23 Rate levy 2.0%	Difference \$	Total % change per assessment
946	Business - Delungra	21,500	General	808.83	813.19	4.36		821.35	12.51	
			Water	395.00	415.00	20.00		415.00	20.00	
			Sewer	550.00	580.00	30.00		580.00	30.00	
			Stormwater	125.00	125.00	-		125.00	-	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				1,973.83	2,029.19	55.36	2.80%	2,037.35	63.51	3.22%
2914	Business Clive St	171,000	General	4,868.51	4,903.15	34.64		4,968.03	99.52	
			Water	395.00	415.00	20.00		415.00	20.00	
			Sewer	550.00	580.00	30.00		580.00	30.00	
			Stormwater	200.00	200.00	-		200.00	-	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				6,108.51	6,194.15	85.64	1.40%	6,259.03	150.52	2.46%
1855	Tingha Road G.C	270,000	General	7,556.85	7,611.55	54.70		7,713.99	157.14	
			Water (2 meters)	790.00	830.00	40.00		830.00	40.00	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				8,441.85	8,537.55	95.70	1.13%	8,639.99	198.14	2.35%
1192	Ph Clare 29.91HA Mining	36,100	General	1,205.30	1,212.61	7.31		1,226.31	21.01	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				1,300.30	1,308.61	8.31	0.64%	1,322.31	22.01	1.69%
8852	PH Buckley 150HA Mining	188,000	General	5,330.14	5,368.23	38.09		5,439.56	109.42	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				5,425.14	5,464.23	39.09	0.72%	5,535.56	110.42	2.04%
114052	Windfarm Lease	739,000	General	20,292.55	20,442.27	149.72		20,722.64	430.10	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				20,387.55	20,538.27	150.72	0.74%	20,818.64	431.10	2.11%
114490 ARC	Business in Ruby St Tingha	3,800	General	328.19	328.96	0.77		330.40	2.21	
			Water	370.00	415.00	45.00		415.00	45.00	
			Sewer	550.00	580.00	30.00		580.00	30.00	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				1,343.19	1,419.96	76.77	5.72%	1,421.40	78.21	5.82%
114391 ARC	Business in Amethyst St Tingha	3,000	General	306.47	307.07	0.61		308.21	1.75	
			Water	370.00	415.00	45.00		415.00	45.00	
			Sewer	550.00	580.00	30.00		580.00	30.00	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				1,321.47	1,398.07	76.61	5.80%	1,399.21	77.75	5.88%
Average property valuation (occupied)		111,641	General	3,256.62	3,279.24	22.62		3,279.24	22.62	
			Water	395.00	415.00	20.00		415.00	20.00	
			Sewer	550.00	580.00	30.00		580.00	30.00	
			Stormwater	200.00	200.00	-		200.00	-	
			Waste Management	95.00	96.00	1.00		96.00	1.00	
				4,496.62	4,570.24	73.62	1.64%	4,570.24	73.62	1.64%
MINING					Rate Peg of 0.7%			Rate Peg of 2.0%		
		2019 Land Value		2020/21 Rate levy	2022/23 Rate levy 0.7%	Difference \$	Total % change per assessment	2022/23 Rate levy 2.0%	Difference \$	Total % change per assessment
No current valuations		-	General	-	-	-	%	-	-	%
		-		-	-	-		-	-	

CAPITAL EXPENDITURE 2023-2032 (ASV SCENARIO)

GENERAL INFRASTRUCTURE 2022-2026 (LAST SCENARIO)			2022/2023		2023/2024		2024/2025		2025/2026		2026/2027		2027/2028		2028/2029		2029/2030		2030/2031		2031/2032	
PROGRAM	LEDGER NUMBER	DESCRIPTION	ORIGINAL CAPITAL BUDGET		ORIGINAL CAPITAL BUDGET		ORIGINAL CAPITAL BUDGET		ORIGINAL CAPITAL BUDGET		ORIGINAL CAPITAL BUDGET		ORIGINAL CAPITAL BUDGET		ORIGINAL CAPITAL BUDGET		ORIGINAL CAPITAL BUDGET		ORIGINAL CAPITAL BUDGET		ORIGINAL CAPITAL BUDGET	
			AMOUNT	SECTION TOTAL	AMOUNT	SECTION TOTAL	AMOUNT	SECTION TOTAL	AMOUNT	SECTION TOTAL	AMOUNT	SECTION TOTAL	AMOUNT	SECTION TOTAL	AMOUNT	SECTION TOTAL	AMOUNT	SECTION TOTAL	AMOUNT	SECTION TOTAL	AMOUNT	SECTION TOTAL
ADMINISTRATIVE SERV	159060-1000	OFFICE FURNITURE & EQUIPMENT-DESKS, CHAIRS	5,200		5,200		5,200		5,200		5,200		5,200		5,200		5,200		5,200		5,200	
	134940-1000	ACQUISITION OF ART PRIZE	4,500		4,500		4,500		4,500		4,500		4,500		4,500		4,500		4,500		4,500	
	160470-1000	ART GALLERY REFURBISHMENTS	5,000	14,700	5,000	14,700	5,000	14,700	5,000	14,700	5,000	14,700	5,000	14,700	5,000	14,700	5,000	14,700	5,000	14,700	5,000	14,700
ENGINEERING	160800-1100	ENGINEERS INSTRUMENTS & EQUIPMENT	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
BUSH FIRE	159141-1000	EQUIPMENT ISSUES	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
SES	132851-4450	SES BUILDING UPGRADE	7,150	7,150	7,150	7,150	7,150	7,150	7,150	7,150	7,150	7,150	7,150	7,150	7,150	7,150	7,150	7,150	7,150	7,150	7,150	7,150
INFORMATION SERVICE	130101-1000	COMPUTER EQUIPMENT	76,290		76,290		76,290		76,290		76,290		76,290		76,290		76,290		76,290		76,290	
	130101-4910	COMPUTER EQUIPMENT	-		-		-		-		-		-		-		-		-		-	
	130111-5130	COMPUTER EQUIPMENT - NEW PRINTING EQUIPMENT	39,200		39,200		39,200		39,200		39,200		39,200		39,200		39,200		39,200		39,200	
	130111-5162	COMPUTER EQUIPMENT - NEW HARDWARE	32,000	147,490	32,000	147,490	32,000	147,490	32,000	147,490	32,000	147,490	32,000	147,490	32,000	147,490	32,000	147,490	32,000	147,490	32,000	147,490
SPORTING FACILITIES	160660-1100	SPORTS GROUND IMPROVEMENT-SPORT CNL	20,000		20,000		20,000		20,000		20,000		20,000		20,000		20,000		20,000		20,000	
	137103-1000	INVERELL SWIMMING POOL REDEVELOPMENT	10,000,000		13,000,000		2,774,785															
	134929-1000	EQUESTRIAN CENTRE UPGRADE	4,000	10,024,000	4,000	13,024,000	4,000	2,798,785	4,000	24,000	4,000	24,000	4,000	24,000	4,000	24,000	4,000	24,000	4,000	24,000	4,000	24,000
CEMETERY	136391-4450	CEMETERY	15,000	15,000	15,300	15,300	15,610	15,610	15,920	15,920	16,320	16,320	16,730	16,730	17,150	17,150	17,580	17,580	18,020	18,020	18,470	18,470
LIBRARY	160180-1100	LIBRARY-CORPORATE SERVICE COLLECTION	1,490		1,520		1,550		1,590		1,630		1,670		1,710		1,750		1,790		1,830	
	160190-1000	LIBRARY BOOKS	62,360		63,610		64,880		66,500		68,170		69,870		71,620		73,410		75,250		77,130	
	160200-1000	LIBRARY BOOKS - CO-OPERATIVE CONTRIBUTION	23,190		23,650		24,120		24,720		25,340		25,970		26,620		27,290		27,970		28,670	
	160240-1000	NON BOOK MATERIALS-VIDEOS CASSETTES ETC.	10,210		10,410		10,620		10,890		11,160		11,740		11,730		12,020		12,320		12,630	
	160245-1000	LIBRARY - OFFICE EQUIPMENT	2,000		2,000		2,000		2,000		2,000		2,000		2,000		2,000		2,000		2,000	
	160270-1000	LIBRARY SECURITY SYSTEM	2,380		2,430		2,480		2,540		2,600		2,670		2,740		2,810		2,880		2,950	
	160386-1000	LIBRARY - LOCAL PRIORITY FUNDING	26,500		26,500		26,500		26,500		26,500		26,500		26,500		26,500		26,500		26,500	
	160395-1000	LIBRARY-SPECIAL GRANT PROJECT	-	128,130	-	130,120	-	132,150	-	134,740	-	137,400	-	140,120	-	142,920	-	145,780	-	148,710	-	151,710
	SCIF	141899-1000	STRATEGIC CAPITAL INFRASTRUCTURE PROGRAM		-		-		-		-		-		-		-		-		-	
OTHER NEW INFRASTRUCTURE ASSET	129381-1000	MINOR COMMUNITY INFRASTRUCTURE ASSETS	40,000		90,000		90,000		90,000		90,000		90,000		90,000		90,000		90,000		90,000	
	129391-1000	SPECIAL PROJECTS	40,000		90,000		90,000		90,000		90,000		90,000		90,000		90,000		90,000		90,000	
	134325-1000	COMMUNITY BUILDING PARTNERSHIP PROGRAM	-		-		60,000		60,000		60,000		60,000		60,000		60,000		60,000		60,000	
	159772-1000	ENERGY EFFICIENCY PROGRAM	40,000	120,000	40,000	220,000	40,000	280,000	40,000	280,000	40,000	280,000	40,000	280,000	40,000	280,000	40,000	280,000	40,000	280,000	40,000	280,000
PLANT	161590-1000	SMALL PLANT	80,000		80,000		80,000		80,000		80,000		80,000		80,000		80,000		80,000		80,000	
	161610-1000	WORKSHOP EQUIPMENT	40,000		40,000		40,000		40,000		40,000		40,000		40,000		40,000		40,000		40,000	
	161600-1000	LIGHT CARS/TRUCKS	825,500		866,000		801,000		1,043,000		473,000		1,210,000		554,000		920,000		918,000		893,000	
	161620-1000	HEAVY PLANT	790,490	1,735,990	2,188,456	3,174,456	1,038,291	1,959,291	2,303,180	3,466,180	1,511,472	2,104,472	1,054,522	2,384,522	1,708,866	2,382,866	1,372,160	2,412,160	1,416,236	2,454,236	1,448,344	2,461,344
TOTAL			12,394,560	12,394,560	16,935,316	16,935,316	5,557,276	5,557,276	4,292,280	4,292,280	2,933,632	2,933,632	3,216,812	3,216,812	3,218,376	3,218,376	3,250,960	3,250,960	3,296,406	3,296,406	3,306,964	3,306,964
SEWERAGE	907170-1000	OTHER EQUIPMENT - Sewer Rodding Equip; Gas Detectors	14,000		14,000		14,000		14,000		14,000		14,000		14,000		14,000		14,000		14,000	
	907110-1100	MAINS RELINING PROGRAM	-		700,000		125,000		565,000		565,000		575,000		579,000		590,000		600,000		610,000	
	907270-1000	PUMPING STATIONS UPGRADES			140,000																	
	906541-1100	FITTING AND INSTALLATIONS	10,000		10,000		10,000		10,000		10,000		10,000		10,000		10,000		10,000		10,000	
	907250-3100	RETICULATION MAINS	107,690		109,840		112,040		114,280		117,140		120,070		123,070		126,150		129,300		132,530	
	907320-3070	SEWER TREATMENT WORKS																				
	907321-3100	LRIS INVERELL SEWERAGE TREATMENT WORKS	1,200,000				851,000		623,500		419,500		655,500		679,500		696,500		714,500		733,500	
	907240-1000	CAPITAL INFRASTRUCTURE WORKS	-		21,000																	
TOTAL			1,331,690	1,331,690	994,840	994,840	1,112,040	1,112,040	1,316,780	1,316,780	1,125,640	1,125,640	1,374,570	1,374,570	1,405,570	1,405,570	1,436,650	1,436,650	1,467,800	1,467,800	1,500,030	1,500,030
WATER	813220-1100	MAINS REPLACEMENT - INVERELL	118,460		120,830		123,250		125,720		128,860		132,080		135,380		138,760		142,230		145,790	
	813230-3100	MINOR MAINS EXTENSIONS-INVERELL	53,840		54,920		56,020		57,140		58,570		60,030		61,530		63,070		64,650		66,270	
	813285-1000	BACKFLOW PREVENTION WORKS	50,000		50,000		50,000		50,000		50,000		50,000		50,000		50,000		50,000		50,000	
	813282-1000	PUMP STATION UPGRADES	50,000		50,000		50,000		50,000		50,000		50,000		50,000		50,000		50,000		50,000	
	813290-3100	OTHER EQUIPMENT	11,000		11,220		11,440		11,670		11,960		12,260		12,570		12,880		13,200		13,530	
	813260-3001	TREATMENT PLANTS	292,000		297,840		303,800		309,880		317,630		325,570		333,710		342,050		350,600		359,370	
	813342-1000	RESERVOIRS	235,000		235,000		235,000		235,000		235,000		235,000		235,000		235,000		235,000		235,000	
	813280-3100	METERING - INVERELL	73,900		75,380		76,890		78,430		80,390		82,400		84,460		86,570		88,730		90,950	
	813180-1000	CAPITAL INFRASTRUCTURE WORKS	732,000		940,000		953,000		945,000		970,000		993,000		1,020,000		1,045,000		1,070,000		1,098,000	
TOTAL			1,616,200	1,616,200	1,835,190	1,835,190	1,859,400	1,859,400	1,862,840	1,862,840	1,902,410	1,902,410	1,940,340	1,940,340	1,982,650	1,982,650	2,023,330	2,023,330	2,064,410	2,064,410	2,108,910	2,108,910
ROADS	136960-3100	URBAN DRAINAGE RECONSTRUCTION-Construction Cost	146,770		146,770		146,770		146,770		146,770		146,770		146,770		146,770		146,770		146,770	
	138270-1000	URBAN WORKS PROGRAM	500,155		531,130		612,325		646,605		681,240		721,235		766,610		797,370		829,525		862,085	
	137561-1000	BLOCK GRANT WORKS	714,395		739,770		779,910		813,360		847,650		868,895		905,035		941,985		979,745		1,004,240	
	138730-4450	3+4 GRANT WORKS	160,000		160,000		160,000		160,000		160,000		160,000		160,000		160,000		160,000		160,000	
	138691-1000	ACRD GRANT WORKS	2,039,540		2,080,340		2,121,930		2,164,370		2,218,480		2,273,980		2,330,820		2,389,080		2,448,800		2,510,030	
	138271-1000	CYCLEWAY/FOOTPATH (P&M)	47,735		48,690		49,665		50,905		52,180		53,485		54,830		56,190		57,595		59,035	
	138280-1000	REPAIR PROGRAM WORKS (PJ143003,143004)	1,089,986		1,117,240		1,117,240		1,117,240		1,117,240		1,145,170		1,145,170		1,145,170		1,145,170		1,173,800	
	138400-1000	ROADS TO RECOVERY PROGRAM WORKS	1,402,055		1,269,528		1,437,110		1,437,110		1,437,110		1,437,110		1,437,110		1,473,040		1,473,040		1,473,040	
	141331-4450	CBD WORKS	19,090		19,470		19,860		20,260		20,770		21,290		21,820		22,370	</				

5 GOVERNANCE REPORTS

5.1 GOVERNANCE - MONTHLY INVESTMENT REPORT

File Number: S12.12.2 / 22/11245

Author: Robert Kimmince, Manager Financial Services

SUMMARY:

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

RECOMMENDATION:

The Committee recommend to Council that:

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

COMMENTARY:

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

- (a) Council's Investments as at 31 March, 2022;
- (b) Council Investments by Fund as at 31 March, 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	Interest Frequency	Purchase Date	Last Coupon Date	Maturity Date	Current Yield	Principal Value	Current value	Term (days)	Maturity Period
19/29	Newcastle Permanent	General	Quarterly	17-Apr-19	17-Jan-22	19-Apr-22	2.70%	1,000,000	1,000,000	1098	Apr-2022
21/08	AMP Bank	General	Annually	27-Nov-20	29-Nov-21	27-May-22	0.75%	2,000,000	2,000,000	546	May-2022
20/38	Bank of Queensland	Sewer	Maturity	27-May-20	27-May-20	27-May-22	1.30%	2,000,000	2,000,000	730	May-2022
22/19	Community First Credit Union	Sewer	Maturity	07-Dec-21	07-Dec-21	07-Jun-22	1.00%	1,000,000	1,000,000	182	Jun-2022
19/31	Westpac Bank	Water	Annually	25-Jun-19	25-Jun-21	25-Jun-22	2.30%	1,000,000	1,000,000	1096	Jun-2022
19/34	Westpac Bank	General	Annually	25-Jun-19	25-Jun-21	25-Jun-22	2.30%	2,000,000	2,000,000	1096	Jun-2022
19/32	Westpac Bank	General	Annually	27-Jun-19	27-Jun-21	27-Jun-22	2.30%	2,000,000	2,000,000	1096	Jun-2022
22/01	Bank of Sydney	General	Annually	19-Jul-21	19-Jul-21	19-Jul-22	0.65%	1,500,000	1,500,000	365	Jul-2022
22/02	Bank of Sydney	General	Annually	03-Aug-21	03-Aug-21	03-Aug-22	0.64%	1,000,000	1,000,000	365	Aug-2022
20/05	Bank of Queensland	General	Annually	03-Sep-19	06-Sep-21	05-Sep-22	1.80%	1,000,000	1,000,000	1098	Sep-2022
20/06	Bank of Queensland	General	Annually	13-Sep-19	14-Sep-21	13-Sep-22	1.80%	1,000,000	1,000,000	1096	Sep-2022
22/04	Bank of Sydney	Water	Annually	17-Sep-21	17-Sep-21	19-Sep-22	0.63%	1,000,000	1,000,000	367	Sep-2022
22/06	Bank of Sydney	Sewer	Annually	30-Sep-21	30-Sep-21	30-Sep-22	0.60%	1,500,000	1,500,000	365	Sep-2022
22/07	MyState Bank	General	Annually	01-Oct-21	01-Oct-21	04-Oct-22	0.50%	2,000,000	2,000,000	368	Oct-2022
22/08	AMP BANK	General	Annually	05-Oct-21	05-Oct-21	05-Oct-22	0.80%	2,000,000	2,000,000	365	Oct-2022
22/13	AMP BANK	Water	Annually	25-Nov-21	25-Nov-21	25-Nov-22	1.00%	1,000,000	1,000,000	365	Nov-2022
22/18	AMP BANK	General	Maturity	07-Dec-21	07-Dec-21	07-Dec-22	1.00%	2,000,000	2,000,000	365	Dec-2022
21/10	Warwick Credit Union	General	Maturity	22-Jan-21	22-Jan-21	23-Jan-23	1.00%	1,500,000	1,500,000	731	Jan-2023
22/05	AMP BANK	General	Annually	20-Sep-21	20-Sep-21	20-Mar-23	0.80%	1,000,000	1,000,000	546	Mar-2023
22/12	AMP BANK	General	Annually	25-Nov-21	25-Nov-21	25-May-23	1.00%	1,000,000	1,000,000	546	May-2023
22/14	AMP BANK	General	Annually	25-Nov-21	25-Nov-21	25-Mar-23	1.00%	1,000,000	1,000,000	485	Mar-2023
20/32	Auswide Bank	General	Annually	24-Mar-20	24-Mar-22	24-Mar-23	1.88%	1,000,000	1,000,000	1095	Mar-2023
22/22	Westpac Bank	General	Quarterly	29-Mar-22	29-Mar-22	29-Mar-23	1.56%	1,950,000	1,950,000	365	Mar-2023
21/16	National Australia Bank	Water	Annually	28-Jun-21	28-Jun-21	28-Jun-23	0.60%	1,000,000	1,000,000	730	Jun-2023
21/17	ICBC - Industrial and Commercial Bank of China	General	Annually	29-Jun-21	29-Jun-21	29-Jun-23	0.70%	1,000,000	1,000,000	730	Jun-2023
21/18	National Australia Bank	Water	Quarterly	29-Jun-21	29-Mar-22	29-Jun-23	0.65%	2,000,000	2,000,000	730	Jun-2023
22/09	National Australia Bank	General	Annually	06-Oct-21	06-Oct-21	06-Oct-23	0.64%	1,000,000	1,000,000	730	Oct-2023
22/10	Westpac Bank	General	Quarterly	25-Oct-21	24-Jan-22	25-Oct-23	0.91%	2,000,000	2,000,000	730	Oct-2023
22/11	Westpac Bank	General	Quarterly	25-Nov-21	25-Feb-22	25-Nov-23	1.28%	1,000,000	1,000,000	730	Nov-2023
22/15	ICBC - Industrial and Commercial Bank of China	General	Annually	02-Dec-21	02-Dec-21	04-Dec-23	1.36%	2,000,000	2,000,000	732	Dec-2023
22/16	ICBC - Industrial and Commercial Bank of China	General	Annually	02-Dec-21	02-Dec-21	04-Dec-23	1.36%	2,000,000	2,000,000	732	Dec-2023
22/17	ICBC - Industrial and Commercial Bank of China	Water	Annually	02-Dec-21	02-Dec-21	04-Dec-23	1.36%	1,000,000	1,000,000	732	Dec-2023

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

As at Date	Borrower	FUND	Interest Frequency	Purchase Date	Last Coupon Date	Maturity Date	Current Yield	Principal Value	Current value	Term
31/3/2022	AMP Bank	General	Monthly	28/6/2021	30/11/2021	30/6/2022	0.70%	2,500,000	2,509,363	
Sub Total - Cash Deposits Accounts Investment Group								2,500,000	2,509,363	

Cash Deposit Accounts										
As at Date	Borrower	FUND		Purchase Date	Last Coupon Date	Maturity Date	Current Yield	Value at beg year	Current value	Term
31/3/2022	Commonwealth Bank	General		9/11/2020			0.00%		1,255	
31/3/2022	Macquarie Bank	General	Monthly	9/11/2020	28/2/2022	30/6/2022	0.60%	4,011,560	4,022,256	
31/3/2022	Macquarie Bank	Water	Monthly	9/11/2020	28/2/2022	30/6/2022	0.60%	2,504,313	2,510,990	
31/3/2022	Macquarie Bank	Sewer	Monthly	9/11/2020	28/2/2022	30/6/2022	0.60%	1,501,380	1,505,382	
Sub Total - Cash Deposit Accounts							-	-	8,039,883	-

Portfolio by Fund	28/02/2022	31/03/2022
General Fund	\$46,482,874	\$46,482,874
Water Fund	\$12,510,990	\$12,510,990
Sewer Fund	\$7,005,382	\$7,005,382
TOTAL	\$65,999,246	\$65,999,246

Item 5.1

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	202,686.51	234,948.13	437,634.64
Water Fund	812350	64,000.00	28,191.66	59,876.50	88,068.16
Sewer Fund	906320	41,000.00	26,622.74	38,073.97	64,696.71
TOTAL		499,000.00	257,500.91	332,898.60	590,399.51

Term deposit interest rates have improved recently with a 12-month term deposit now yielding 1-1.7%. Given our strong investment balances, Council is expected to exceed 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 31/03/2022		0.10%	0.085%	0.10%
Term Deposits	1.22%			
Cash Deposit Accounts	0.40%			
180 Day Call Account	0.65%			
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.

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 1.22% 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