



BUSINESS PAPER

**Economic and Community
Sustainability Committee Meeting
Wednesday, 12 October 2022**

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

7 October, 2022

An Economic and Community Sustainability Committee Meeting will be held in the Committee Room, Administrative Centre, 144 Otho Street, Inverell on Wednesday, 12 October, 2022, commencing at **10:30AM**.

Your attendance at this Economic and Community Sustainability Committee Meeting would be appreciated.

Please Note: Under the provisions of the Code of Meeting Practice the proceedings of this meeting (including presentations, deputations and debate) will be recorded. The audio recording of the meeting will be uploaded on the Council's website at a later time. Your attendance at this meeting is taken as consent to the possibility that your voice may be recorded and broadcast to the public.

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

P J HENRY PSM

GENERAL MANAGER

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Ethical Decision Making and Conflicts of Interest

A guiding checklist for Councillors, officers and community committees

Ethical decision making

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

Conflict of interest

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

- **Pecuniary** – regulated by the *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 Forms can be downloaded at [Disclosure of pecuniary interests form](#) or [non-pecuniary interests form](#)

Quick Reference Guide

Below is a legend that is common between the:

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



1 APOLOGIES

2 CONFIRMATION OF MINUTES

RECOMMENDATION:

That the Minutes of the Economic and Community Sustainability Committee Meeting held on 14 September, 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, 14 SEPTEMBER 2022 AT 11.20AM**

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

IN ATTENDANCE: Cr Stewart Berryman, Cr Di Baker, Cr Jacko Ross and Cr Wendy Wilks.

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

1 APOLOGIES

Nil

2 CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION

Moved: Cr Jo Williams

Seconded: Cr Kate Dight

That the Minutes of the Economic and Community Sustainability Committee Meeting held on 10 August, 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 DESTINATION REPORTS

4.1 INVERELL SHOWGROUND LAND MANAGER - REQUEST FOR A DONATION FOR SEWER CHARGES \$25.9.3

COMMITTEE RESOLUTION

Moved: Cr Jo Williams

Seconded: Cr Kate Dight

The Committee recommends to Council that:

- i. Council makes a donation in lieu of sewer rates to the Inverell Showground equivalent to 15% of the sewerage rates for the 2022/2023 financial year; and*
- ii. Council recommend to the Inverell Showground Land Managers that they review the number of toilets required at the showground.*

CARRIED

4.2 ARTS NORTH WEST MEMBERSHIP S26.5.4**COMMITTEE RESOLUTION**

Moved: Cr Paul Harmon

Seconded: Cr Kate Dight

The Committee recommend to Council that:

- (a) The information be noted; and*
- (b) The request from the Sapphire City Concert Band for an additional donation be declined.*

CARRIED

4.3 TRANSFER OF INTERNALLY RESTRICTED ASSETS AND BUDGET REVOTES FROM 2021/2022 S12.5.1/15**COMMITTEE RESOLUTION**

Moved: Cr Paul Harmon

Seconded: Cr Kate Dight

The Committee recommend to Council that:

- i) the report be received and noted;*
- ii) the list of revotes in the attachment be revoted to the 2022/2023 budget; and*
- iii) the transfers to Council's Externally / Internally Restricted Assets for the 2021/2022 Financial Year totalling \$7,277,088 and Council's transfers from Externally / Internally Restricted Assets for the 2021/2022 Financial Year totalling \$3,498,443 be endorsed.*

CARRIED

5 INFORMATION REPORTS**COMMITTEE RESOLUTION**

Moved: Cr Paul Harmon

Seconded: Cr Kate Dight

That the information reports be received and noted

CARRIED

5.1 BUNDARRA RESIDENTS ASSOCIATION - CORRESPONDENCE S13.1.1

6 GOVERNANCE REPORTS

6.1 GOVERNANCE - MONTHLY INVESTMENT REPORT S12.12.2

COMMITTEE RESOLUTION

Moved: Cr Kate Dight

Seconded: Cr Jo Williams

The Committee recommend to Council that:

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

CARRIED

6.2 GENERAL & SPECIAL PURPOSE FINANCIAL REPORTS 2021/2022 S12.11.5

COMMITTEE RESOLUTION

Moved: Cr Kate Dight

Seconded: Cr Nicky Lavender

The Committee recommended to Council that:

- i) the report be received and noted;*
- ii) Council's DRAFT 2021/2022 Financial Statements be "referred to audit" in accordance with s413(1) of the Local Government Act 1993.*
- iii) If during the audit process, the NSW Audit Office requires any material changes, or discovers any audit issues that would render the Financial Statements false or misleading in any way, the draft financial statements are to be returned to Council for further consideration.*
- iv) Council record as an opinion of Council, in accordance with s413 (2c) of the Local Government Act 1993, that the draft 2021/2022 annual financial report is in accordance with:*
 - the Local Government Act 1993 (as amended) and the Regulations made there under,*
 - the Australian Accounting Standards and professional pronouncements,*
 - the Local Government Code of Accounting Practice and Financial Reporting, and*
 - presents fairly the Council's operating result and financial position for the year, and*
 - accords with Council's accounting and other records; and*
 - that the Council is not aware of any matter that would render this report false or misleading in any way.*
- v) Subject to no material audit changes or audit issues discovered as a result of the audit process:*
 - i) the Mayor, Deputy Mayor, General Manager and Responsible Accounting Officer be authorised to sign the statements as required by s413(2) of the Local Government Act 1993;*
 - ii) Council authorise the General Manager to forward the Financial Statements to the Office of Local Government upon receipt of the Audit Reports from the NSW Audit Office;*

iii) Council authorise the General Manager to place the audited Financial Statements on public exhibition and provide notice in accordance with s418(3) of the Local Government Act 1993, that Council will consider the Reports of its Auditors for the year ended 30 June, 2022 at its Ordinary Meeting to be held on Wednesday 23 November, 2022; and

iv) Council present the signed audited Financial Statements to the public at the Ordinary Council meeting to be held on 23 November, 2022 in accordance with s 419 (1) Local Government Act 1993.

CARRIED

The Meeting closed at 12.05pm.

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

4 INFORMATION REPORTS

4.1 BUNDARRA RESIDENTS ASSOCIATION - UPDATE

File Number: S13.1.1 / 22/34964

Author: Paul Henry, General Manager

SUMMARY:

A further update has been provided and is detailed below for the information of Council.

RECOMMENDATION:

That the report be received and noted.

COMMENTARY:

The Association has provided Council with a copy of their latest approach to Uralla Shire Council on the possible boundary adjustment between the two (2) councils.

Council will note the following specific requests by the Association, to Uralla Shire Council:

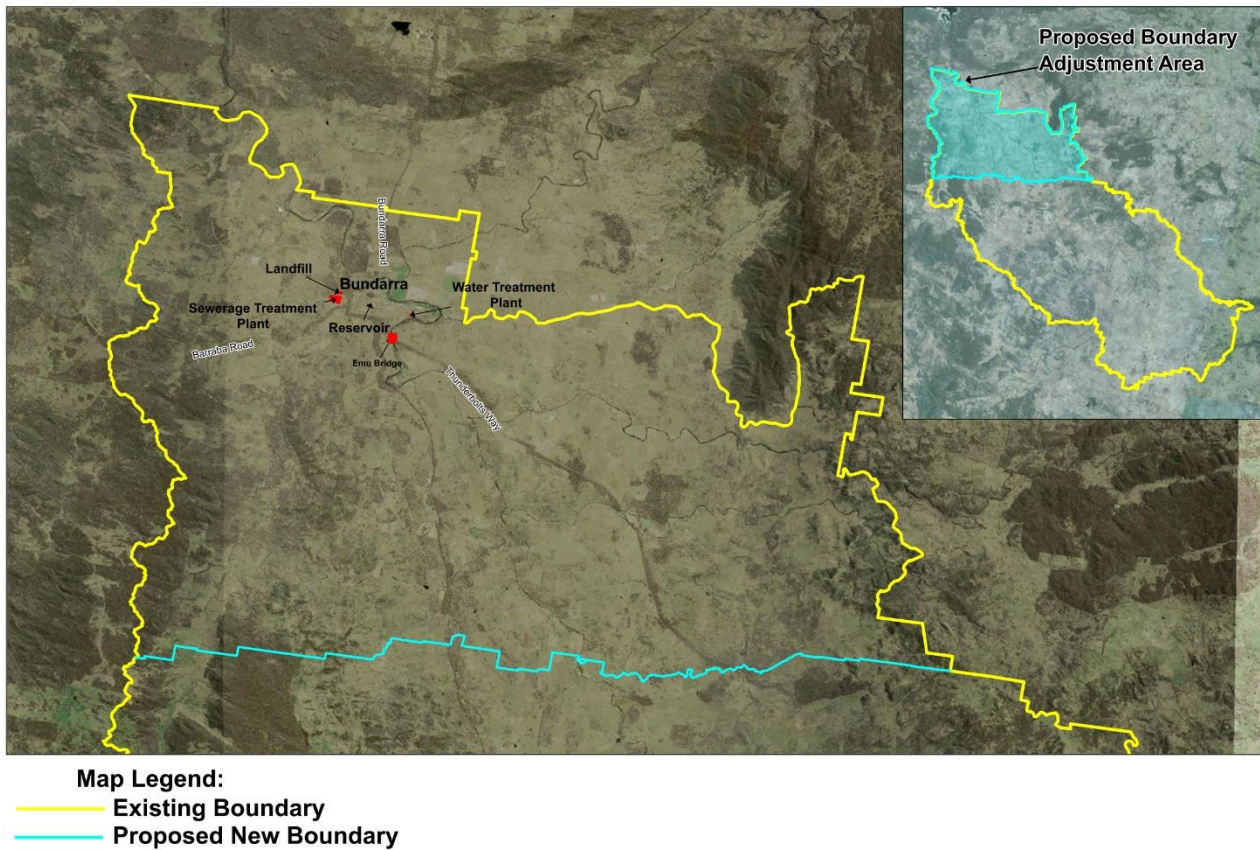
‘The Association requests Uralla Shire Council to:

- a) Agree to the principle of an adjustment of the boundary between Uralla Shire and Inverell Shire to include the area shown in the attached map with Inverell Shire, and
- b) Agree to hold a meeting with Mr Adam Marshall MP and Inverell Shire Council to discuss this proposal.’

ATTACHMENTS:

1. Map [↓](#)

Proposed LGA Boundary Adjustment



4.2 RATE PEG FOR 2022/2023**File Number: S25.11.3 / 22/35000****Author: Paul Pay, Director Corporate and Economic Services****SUMMARY:**

The Independent Pricing and Regulatory Tribunal (IPART) has set a rate peg for each council, ranging from 30.7% to 6.8% depending on the associated population factor. Inverell Shire Council 2023/2024 rate peg has been set at 3.7%%.

COMMENTARY:

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

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

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

The population factor that varies for each Council in NSW depending on how fast its population is growing. The population factor ranges between 0% and 3.1% depending on the Council. Inverell's population factors are 0.0%.

The LGCI measures price changes over the past year for goods, materials and labour used by an average Council. It is similar in principle to the Consumer Price Index (CPI), which is used to measure changes in prices for a typical household. The change in the local government cost index (LGCI) to June 2022 of 3.5%.

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

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

1. Population Factor	= 0.0%
2. LGCI	= 3.5%
3. Productivity Adjustment	= 0.0%
4. Adjustment for increase in superannuation	= 0.2%
TOTAL	= 3.7%

LGCI Lag and Inflation

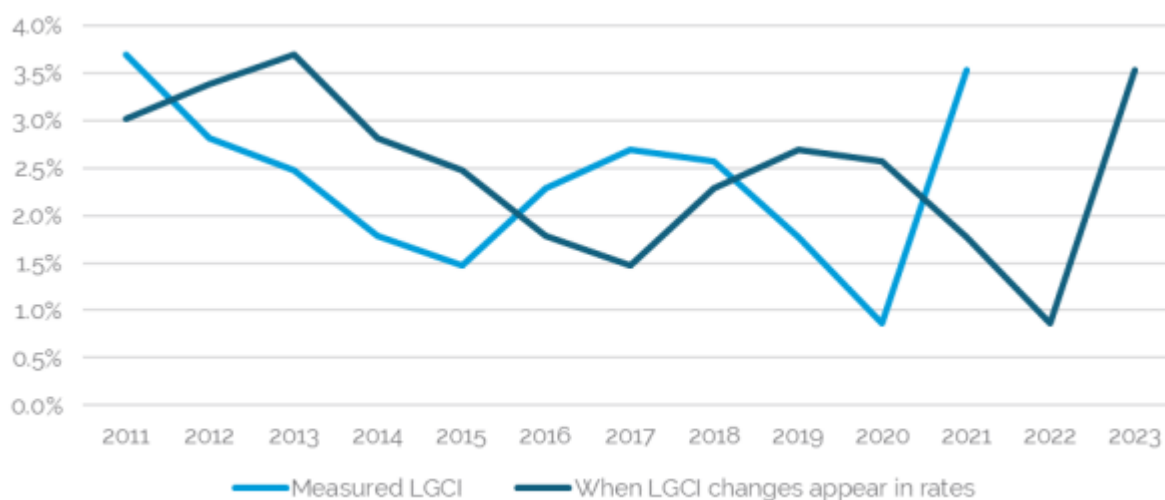
The LGCI is designed to reflect the costs that Councils incur when providing goods and services to their communities, including labour, construction, and administration costs. It currently includes 26 cost components, each of which is weighted to reflect its relative contribution to Councils' total costs. IPART maintain the accuracy of the index by collecting data on Councils' expenditure every 4-5 years and using this data to update the weights of the cost components. The last cost survey was completed in 2019. The main cost components in the LGCI and weights as at end June 2021 are:

Component	Weighting
Labour	38.6%
Road and Bridge Construction	26.9%
Business services, including administrative services	6.2%
Non-residential building construction	4.9%
Plant & equipment – machinery	3.0%
Utilities (electricity, gas, and water)	2.3%
Operating contracts	2.1%
Emergency services levy	1.5%
Insurance	1.2%
Other Expenses	8.9%

The rate peg for a financial year is published in September of the previous year. To determine this percentage, IPART measure the change in the LGCI using the latest available ABS information on prices, which relates to the previous financial year. As a result, there is a 2-year lag between when Councils experienced cost changes and when the rate peg reflects those changes. For example, to set the rate peg for 2023-24, IPART measured the change in the LGCI in the year July 2021 to June 2022, relative to July 2020 to June 2021. This rate peg then comes into effect in July 2024.

When inflation is relatively stable from one year to the next, the lag in the LGCI (and therefore the rate peg) does not cause a problem in and of itself. In this stable environment, the changes in Councils' costs from year to year are relatively even, so there is little difference between the change in the LGCI when councils get that increase through the rate peg 2 years later.

However, the lag is more of an issue when inflation is volatile. When inflation increases sharply in one year, Councils' actual cost changes are also likely to increase sharply in that year. However, the lag means that the cost change measured by the LGCI in that year will be significantly lower than these actual cost changes, and it will take 2 years for these actual changes to 'show up' in the LGCI. This is shown in graph below.



Review of the rate peg methodology

IPART has been asked to review the current rate peg methodology and to recommend changes to the rate peg methodology that:

- allows Councils to vary their general income annually to reflect (as far as possible) changes in the costs of providing local government goods and services due to inflation and other external factors; and
- continues to include a population growth factor.

IPART have been asked to investigate and make recommendations on:

- options to set the rate peg methodology to ensure it is reflective of inflation and costs of providing local government goods and services;
- options to stabilise volatility in the rate peg, and options for capturing more timely changes in council costs and inflation;
- alternate data sources to measure changes in councils' costs;
- the effectiveness of our current Local Government Cost Index (LGCI);
- options for capturing changes in councils' costs caused by external factors; and
- the effectiveness of the population growth factor in achieving its intended purpose.

IPART have issued a Discussion Paper that outlines the current rate peg methodology, its performance since 2011-12, and the key issues they are considering. The Discussion Paper seeks input from key stakeholders. Submissions close on 4 November 2022.

CHIEF FINANCIAL OFFICERS COMMENT:

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

LEGAL IMPLICATIONS:

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

ATTACHMENTS:

1. **2023-2024 Rate Peg Fact Sheet** [↓](#)

Rate peg for NSW councils for 2023-24

29 September 2022

IPART has set the 2023-24 rate peg for each council at between 3.7% and 6.8%, depending on its population factor. The population factor ranges from 0% to 3.1% (see Table 2 for the population factor and rate peg for each council).

The rate peg for 2023-24 is based on the change in the Local Government Cost Index (LGCI), an adjustment for changes in the superannuation guarantee and a population factor that is specific to each council.

The rate peg is the maximum percentage councils can increase their income from rates by. Revenue from rates represents one of the main sources of income for councils in NSW. The importance of rates revenue varies for different councils but, on average, it represents more than a third of councils' combined total income. Councils also receive income from other sources including grants and contributions, and fees and charges for goods and services they deliver. The rate peg does not constrain income from these other sources.

The rate peg protects ratepayers from excessive rate increases, while ensuring councils receive a fair amount of income from rates which enables them to provide quality services for their communities.

We have used our existing methodology

We are currently reviewing the rate peg methodology. We will be looking at new approaches to setting the rate peg that reflect, as far as possible, changes in inflation and local government costs, while continuing to protect ratepayers from excessive rate increases.

The rate peg for 2023-24 was calculated using our existing rate peg methodology. This involves considering annual changes in the average costs faced by NSW councils and each council's population growth. We have also adjusted for the change to the superannuation guarantee for 2021-22.

The 2023-24 rate peg before adjusting for population growth is 3.7%

The rate peg in 2023-24, before adjusting for population growth, is below the Australian Bureau of Statistics' (ABS) year-ended Consumer Price Index (CPI) inflation rate of 5.3% to June 2022.^a The CPI measure of inflation is the percentage change in a basket of goods and services consumed by the typical household. The CPI inflation rate for Sydney of 5.3% reflects the change in prices for the typical household between the June quarter 2021 and the June quarter 2022.

The LGCI used to calculate the rate peg is the percentage change in a basket of cost components incurred by a typical council in NSW, weighted according to the 2019 cost survey of NSW councils. The rate peg reflects the sharp rise in prices in 2021-22, but only of those cost components that are measured in the LGCI. The rate peg in 2023-24 is calculated with a year-on-year methodology and is the change in average price between the 2020-21 and 2021-22 financial year.

The year-on-year methodology we use for the LGCI differs from the quarter-on-quarter methodology used to calculate headline inflation by the ABS. Year-on-year inflation tends to be more stable than quarter-on-quarter inflation and is more reflective of costs over a full year.

The rate peg is based on the costs of a typical council

The CPI and the LGCI measure the change in prices of different cost components. The key drivers of CPI inflation in the 2021-22 financial year not measured in the rate peg include:

- Housing, which reflects 25% of the CPI and rose 6.5%.
- Food and non-alcoholic beverages, which reflects 17% of the CPI and rose 6.0%.
- Furnishings, household equipment and services, which reflects 9% of the CPI and rose 5.6%.

A key component of the rate peg is employee costs, which reflect approximately 38.6% of the LGCI. Employee costs have increased to a lesser extent than inflation as for most councils they are set by a state award. The NSW public sector wage price index rose by 2.03% in the 2021-22 financial year. Construction works - road, drains, footpaths, kerbing, bridges are also a significant component of the LGCI, contributing 22.0%. The road and bridges construction index rose 5.2% in the 2021-22 financial year.

The rate peg is a lagged measure

The rate peg for 2023-24 is based on the change in the average price of the costs incurred by a typical council between the 2020-21 and 2021-22 financial year. This is the most up to date actual data currently available. A 2-year lag exists between when the data is first collected, and the rate peg is applied by councils.

^a Sydney CPI inflation rate. The national CPI inflation rate to June 2022 is 6.1%.

We are reviewing our methodology and welcome feedback

We have begun a review of the rate peg methodology. We will be looking at new approaches to setting the rate peg that reflect, as far as possible, changes in inflation and local government costs, while continuing to protect ratepayers from excessive rate increases.

IPART will be consulting extensively as part of this review and is interested in all stakeholder views. We want to hear from both councils and ratepayers about what is and isn't working with the rate peg, and how it could be improved.

We have received the [terms of reference](#) from the Minister for Local Government for this review, and we are seeking feedback from stakeholders on our recently published [Issues Paper](#).

The rate peg will maintain per capita general income

Our approach to the rate peg includes a population factor for each council. The population factor is calculated to maintain per capita general income over time as councils' populations grow. The population factor is calculated as the change in residential population less any increase in general revenue from supplementary valuations.

We set the rate peg for 2023-24 using the following formula:

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

The components of the rate peg for 2023-24 are:

- The change in the LGCI to June 2022 of 3.5%.
- A productivity factor set to 0.0% because the ABS indices we use for the LGCI incorporate improvements in labour and capital productivity.
- An adjustment of 0.2% for the increase in superannuation guarantee payments from 9.5% in 2020-21 to 10.0% in 2021-22.
- A population factor for each council (see Table 2 for the population factor for each council).

The NSW Government has undertaken to fully fund the increase in councils' 2023-24 emergency services levy (ESL) contributions, so the rate peg does not include increases in the cost of the ESL^b.

^b LGCI uses the ESL payments lagged by one year. For example, the LGCI for 2023-24 uses the change in the ESL between 2021-22 and 2022-23.

We note:

- 41 (32%) of the 128 councils received a population factor greater than 0% and a rate peg between 3.7% and 6.8%.
- Many councils will receive additional income from supplementary valuations. For example, 105 councils (82%) received additional income from supplementary valuations in 2020-21. Of those, 23 councils (18%) received more income from supplementary valuations than was required to maintain per capita income.

Background information

What is the rate peg?

The rate peg is the maximum percentage amount by which a council may increase its general income for the year. For most councils, general income consists entirely of rates income. The rate peg does not apply to stormwater, waste collection, water and wastewater charges.

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

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

The rate peg is typically based on the change in the Local Government Cost Index (LGCI), a productivity factor, any special adjustments and, since 2022-23, a population factor for each council. However, IPART has discretion over the rate peg percentage and can adjust the rate peg above or below the percentage produced by the LGCI, productivity factor and population factor, if we consider this appropriate. The 2023-24 rate peg will also include an adjustment for the change in the superannuation guarantee in 2021-22.

We have begun a review of the rate peg methodology. While the rate peg for 2023-24 of 3.7% (before applying the population factor for each council) is below the rate of CPI inflation for the 2021-22 financial year, it reflects the movement in the costs incurred by a typical council in providing services to its community.

What else can councils do to vary their income?

Councils may want or need to increase their general income by more than the rate peg in some years – for example so they can introduce new services, improve service quality or to become more financially sustainable. Councils can seek additional increases to general income above the rate peg on a temporary or permanent basis by applying to IPART for a special variation (SV). Councils can also apply to IPART to increase their minimum rates above the statutory limit (MR increase).

Councils applying for an SV or MR increase must consult with their communities and satisfy the criteria listed in the OLG's SV/MR increase Guidelines. The latest edition of the Guidelines was published in November 2020 and will apply to 2023-24 SV/MR increase application assessments. The Guidelines are available on [IPART's website](#). Councils applying for an SV or MR increase for 2023-24 must apply to IPART by 3 February 2023. IPART's website also includes general information on the requirements and recent applications from councils.

What is the LGCI?

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

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

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

To calculate the LGCI over the year to June 2022, we combined the 26 cost components using expenditure weights based on NSW councils' expenditure in 2017-18 and 2018-19. We have in the past updated the expenditure weights every four to five years to ensure the relativities between cost components remain accurate. The last reweight of the LGCI was completed in May 2020, using the results of the 2019 cost survey of councils.

The cost components measure price changes over the year to June 2022, compared to the year to June 2021, with the exception of the ESL, where we have used forecast costs for 2022-23 to measures in the ESL from 2021-22 to 2022-23. The NSW Government has undertaken to fully fund the increase in ESL contributions, so that councils will pay the same amount they paid last year.

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

What price changes influenced the LGCI?

The change in the LGCI over the year to June 2022 was 3.5%. The main contributors to the change include:

- An increase of 2.0% in employee benefits and on-costs, measured by the ABS Wage Price Index for the NSW public sector.
- Increases in automotive fuel of 30.3% measured by the ABS Consumer Price Index for automotive fuel – Sydney.
- Increases in gas, and water and sewerage of between 2.3% and 4.0% measured by the ABS Sydney Consumer Price Indices for gas and other household fuels, and water and sewerage.
- An increase of 5.2% in construction works – roads, drains, footpaths, kerbing, bridges costs, measured by the ABS Producer Price Index for roads and bridge construction – NSW.
- An increase of 1.7% in other business services, measured by the ABS Producer Price Index for other administrative services, not elsewhere classified.
- Increases in motor vehicle maintenance and motor vehicle parts of 5.2% and 5.9% respectively, measured by the ABS Producer Price Indices for Motor vehicle parts and motor vehicle repairs and servicing.

Table 1 on page 9 shows the price changes in all cost components of the LGCI.

What adjustments have we made?

The 2023-24 rate peg will include an adjustment of 0.2% to allow for the change in the superannuation guarantee in 2021-22.

The rate peg is largely measured by the changes in the LGCI, in which labour costs are based on the Wage Price Index (WPI) published by the ABS. However, the WPI does not include non-wage costs such as superannuation. It therefore does not capture the increases in labour costs faced by employers arising from increases in the superannuation guarantee.

The 2021-22 change in the superannuation guarantee was 0.5% (from 9.5% to 10.0%). When weighted at 38.6% (the weight of labour costs in the LGCI), it represents an additional 0.2% change in councils' labour costs. This adjustment allows the rate peg to more accurately measure the cost of labour for councils.

How do we calculate the population factor?

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

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

The population factor is calculated using the following formula:

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

The change in population has been calculated using the estimated residential population (ERP) for 2020 and 2021 published by the ABS. This is the most up to date ABS population data.

The calculation is shown in the following formula:

$$\text{Change in population} = \max\left(0, \frac{\text{ERP 2021}}{\text{ERP 2020}} - 1\right)$$

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

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

In this formula:

supplementary valuations mean the total value of adjustments to a council's general income for 2020-21 that the council made under paragraphs 509(2)(b) and (c) of the *Local Government Act 1993* (LG Act). This is the amount recorded as 'Plus or minus adjustments' in each council's 'Special schedule – Permissible income for general rates' for 2021-22 submitted to the Office of Local Government (OLG) in the 2021-22 Financial Statements.

notional general income yield means the general income of the council for 2020-21 prior to adjustment under paragraphs 509(2)(b) and (c) of the LG Act. This is the amount recorded as 'Last year notional general income yield' in each council's 'Special schedule – Permissible income for general rates' for 2021-22 submitted to the OLG in the 2021-22 Financial Statements.

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

Worked example

For example, a council has a rate peg of 4.1%. Its ERP grew by 0.9% in 2021-22 while it received income from supplementary valuations equal to 0.5% of the notional general income yield over the same period.

We calculated the council's rate peg as follows:

$$\text{Change in population} = \max\left(0, \frac{35,046}{34,730} - 1\right) = 0.9\%$$

$$\text{Supplementary valuations percentage} = \max\left(0, \frac{\$120,000}{\$25,186,000}\right) = 0.5\%$$

$$\text{Population factor} = \max(0, 0.9\% - 0.5\%) = 0.4\%$$

$$\text{Rate peg} = 3.5\% - 0\% + 0.2\% + 0.4\% = 4.1\%$$

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

Ratepayers can access council hardship measures

We encourage ratepayers that are experiencing hardship or finding it difficult to pay their rates to contact their council. Councils offer a range of measures that can provide assistance to ratepayers in these circumstances.

Table 1 Change in the LGCI for the year ended June 2022

Cost components	Weight as at end June 2021 %	Price change to end June 2022 (% annual average)	Contribution to index change (percentage points)
Operating cost components			
Employee benefits and on-costs ^a	38.6	2.0	0.78
Plant and equipment leasing	0.3	2.8	0.01
Operating contracts	2.1	2.0	0.04
Legal and accounting services	0.8	3.3	0.03
Office and building cleaning services	0.3	2.2	0.01
Other business services	6.2	1.7	0.10
Insurance	1.2	0.9	0.01
Telecommunications, telephone and internet services	0.4	-0.9	0.00
Printing, publishing and advertising	0.6	15.3	0.09
Motor vehicle parts	0.3	5.9	0.02
Motor vehicle repairs and servicing	0.4	5.2	0.02
Automotive fuel	0.7	30.3	0.23
Electricity	1.9	-4.8	-0.09
Gas	0.1	4.0	0.00
Water and sewerage	0.4	2.3	0.01
Road, footpath, kerbing, bridge and drain building materials	2.5	5.2	0.13
Other building and construction materials	0.7	7.8	0.05
Office supplies	0.3	2.9	0.01
Emergency services levy ^b	1.5	0.0	0.00
Other expenses ^c	8.4	3.9	0.33
Capital cost components			
Buildings – non-dwelling	4.2	7.8	0.32
Construction works – roads, drains, footpaths, kerbing, bridges	22.0	5.2	1.15
Construction works – other	2.5	5.2	0.13
Plant and equipment – machinery, etc.	3.0	4.3	0.13
Plant and equipment – furniture, etc.	0.1	7.4	0.01
Information technology and software	0.6	1.8	0.01
Total change in LGCI	100.0		3.5

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

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

c. Includes miscellaneous expenses with low weights in the index.

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

Table 2 Population factors and rate pegs for all councils

Councils with a population factor greater than 0% for 2023-24 are indicated by bolded blue font.

Council	Change in population	Supplementary valuations percentage	Population factor	Rate Peg (including population factor)
Albury City	1.3%	1.6%	0.0%	3.7%
Armidale Regional	0.0%	0.2%	0.0%	3.7%
Ballina Shire	1.2%	1.0%	0.2%	3.9%
Balranald Shire	0.0%	0.0%	0.0%	3.7%
Bathurst Regional	1.2%	1.1%	0.1%	3.8%
Bayside	0.5%	0.7%	0.0%	3.7%
Bega Valley Shire	0.9%	0.5%	0.4%	4.1%
Bellingen Shire	0.8%	0.0%	0.8%	4.5%
Berrigan Shire	0.3%	0.3%	0.0%	3.7%
Blacktown City	1.1%	2.4%	0.0%	3.7%
Bland Shire	0.0%	0.0%	0.0%	3.7%
Blayney Shire	0.4%	0.3%	0.0%	3.7%
Blue Mountains City	0.0%	0.0%	0.0%	3.7%
Bogan Shire	0.0%	0.0%	0.0%	3.7%
Bourke Shire	0.0%	0.0%	0.0%	3.7%
Brewarrina Shire	0.0%	0.0%	0.0%	3.7%
Broken Hill City	0.0%	0.0%	0.0%	3.7%
Burwood	0.0%	0.4%	0.0%	3.7%
Byron Shire	1.2%	0.3%	0.9%	4.6%
Cabonne	0.6%	0.2%	0.4%	4.1%
Camden	6.2%	3.1%	3.1%	6.8%
Campbelltown City	0.9%	0.5%	0.4%	4.1%
Canterbury-Bankstown	0.0%	0.0%	0.0%	3.7%
Carrathool Shire	0.0%	0.0%	0.0%	3.7%
Central Coast	0.4%	0.3%	0.1%	3.8%
Central Darling Shire	0.3%	0.6%	0.0%	3.7%
Cessnock City	2.9%	2.8%	0.1%	3.8%
City of Canada Bay	0.0%	0.9%	0.0%	3.7%
City of Parramatta	0.0%	0.7%	0.0%	3.7%
City of Ryde	0.0%	1.1%	0.0%	3.7%
City of Sydney	0.0%	0.0%	0.0%	3.7%
Clarence Valley	2.4%	0.7%	1.7%	5.4%
Cobar Shire	0.0%	0.0%	0.0%	3.7%

Information Paper

Rate peg for NSW councils for 2023-24

Council	Change in population	Supplementary valuations percentage	Population factor	Rate Peg (including population factor)
Coffs Harbour City	0.6%	0.5%	0.1%	3.8%
Coolamon Shire	0.3%	0.4%	0.0%	3.7%
Coonamble Shire	0.0%	0.0%	0.0%	3.7%
Cootamundra-Gundagai Regional	0.0%	0.3%	0.0%	3.7%
Cowra Shire	0.4%	0.3%	0.2%	3.9%
Cumberland City	0.0%	0.0%	0.0%	3.7%
Dubbo Regional	0.3%	1.1%	0.0%	3.7%
Dungog Shire	1.2%	0.5%	0.7%	4.4%
Edward River	0.8%	0.1%	0.7%	4.4%
Eurobodalla Shire	1.0%	0.4%	0.6%	4.3%
Fairfield City	0.0%	0.5%	0.0%	3.7%
Federation	1.1%	0.4%	0.6%	4.3%
Forbes Shire	0.1%	0.1%	0.1%	3.8%
Georges River	0.0%	0.4%	0.0%	3.7%
Gilgandra Shire	0.0%	0.3%	0.0%	3.7%
Glen Innes Severn	0.0%	0.0%	0.0%	3.7%
Goulburn Mulwaree	0.8%	1.5%	0.0%	3.7%
Greater Hume Shire	1.6%	0.6%	1.0%	4.7%
Griffith City	0.1%	0.4%	0.0%	3.7%
Gunnedah Shire	0.2%	0.1%	0.1%	3.8%
Gwydir Shire	0.5%	0.1%	0.4%	4.1%
Hawkesbury City	0.4%	0.4%	0.0%	3.7%
Hay Shire	0.0%	0.5%	0.0%	3.7%
Hilltops	0.0%	0.0%	0.0%	3.7%
Hornsby Shire	0.0%	0.2%	0.0%	3.7%
Hunters Hill	0.0%	0.0%	0.0%	3.7%
Inner West	0.0%	0.0%	0.0%	3.7%
Inverell Shire	0.0%	0.2%	0.0%	3.7%
Junee Shire	0.9%	0.8%	0.1%	3.8%
Kempsey Shire	0.6%	1.0%	0.0%	3.7%
Kiama Municipal	1.4%	0.0%	1.4%	5.1%
Ku-ring-gai	0.0%	0.4%	0.0%	3.7%
Kyogle	0.6%	0.2%	0.4%	4.1%
Lachlan Shire	0.0%	0.0%	0.0%	3.7%
Lake Macquarie City	1.1%	1.3%	0.0%	3.7%

Information Paper

Rate peg for NSW councils for 2023-24

Council	Change in population	Supplementary valuations percentage	Population factor	Rate Peg (including population factor)
Lane Cove	0.0%	0.1%	0.0%	3.7%
Leeton Shire	0.0%	0.0%	0.0%	3.7%
Lismore City	0.3%	0.5%	0.0%	3.7%
Lithgow City	0.2%	0.2%	0.0%	3.7%
Liverpool City	1.6%	1.2%	0.4%	4.1%
Liverpool Plains Shire	0.0%	0.0%	0.0%	3.7%
Lockhart Shire	0.0%	0.4%	0.0%	3.7%
Maitland City	3.5%	1.3%	2.2%	5.9%
Mid-Coast	0.8%	0.6%	0.2%	3.9%
Mid-Western Regional	0.8%	0.4%	0.3%	4.0%
Moree Plains Shire	0.0%	0.1%	0.0%	3.7%
Mosman	0.0%	0.1%	0.0%	3.7%
Murray River	2.0%	1.6%	0.4%	4.1%
Murrumbidgee	0.0%	0.7%	0.0%	3.7%
Muswellbrook Shire	0.0%	0.2%	0.0%	3.7%
Nambucca Valley	0.2%	0.9%	0.0%	3.7%
Narrabri Shire	0.0%	0.1%	0.0%	3.7%
Narrandera Shire	0.0%	0.0%	0.0%	3.7%
Narromine Shire	0.0%	0.1%	0.0%	3.7%
Newcastle City	0.9%	0.9%	0.0%	3.7%
North Sydney	0.0%	0.7%	0.0%	3.7%
Northern Beaches	0.0%	0.3%	0.0%	3.7%
Oberon	0.1%	0.4%	0.0%	3.7%
Orange City	0.7%	0.9%	0.0%	3.7%
Parkes Shire	0.0%	0.0%	0.0%	3.7%
Penrith City	1.3%	3.6%	0.0%	3.7%
Port Macquarie-Hastings	1.9%	0.9%	1.0%	4.7%
Port Stephens	1.6%	0.9%	0.7%	4.4%
Queanbeyan-Palerang Regional	2.0%	1.1%	0.9%	4.6%
Randwick City	0.0%	0.5%	0.0%	3.7%
Richmond Valley	0.3%	0.4%	0.0%	3.7%
Shellharbour City	2.3%	2.4%	0.0%	3.7%
Shoalhaven City	1.6%	0.7%	0.9%	4.6%
Singleton	0.8%	0.6%	0.2%	3.9%
Snowy Monaro Regional	1.0%	0.7%	0.3%	4.0%

Information Paper

Rate peg for NSW councils for 2023-24

Council	Change in population	Supplementary valuations percentage	Population factor	Rate Peg (including population factor)
Snowy Valleys	0.0%	0.4%	0.0%	3.7%
Strathfield	0.0%	0.2%	0.0%	3.7%
Sutherland Shire	0.8%	1.1%	0.0%	3.7%
Tamworth Regional	0.4%	0.8%	0.0%	3.7%
Temora Shire	0.0%	0.5%	0.0%	3.7%
Tenterfield Shire	0.5%	0.0%	0.5%	4.2%
The Hills Shire	2.6%	2.1%	0.5%	4.2%
Tweed Shire	1.1%	0.8%	0.3%	4.0%
Upper Hunter Shire	0.0%	0.1%	0.0%	3.7%
Upper Lachlan Shire	1.8%	2.3%	0.0%	3.7%
Uralla Shire	0.0%	0.0%	0.0%	3.7%
Wagga Wagga City	1.0%	0.8%	0.1%	3.8%
Walcha	0.0%	0.0%	0.0%	3.7%
Walgett Shire	0.0%	0.1%	0.0%	3.7%
Warren Shire	0.0%	0.1%	0.0%	3.7%
Warrumbungle Shire	0.0%	0.0%	0.0%	3.7%
Waverley	0.0%	0.4%	0.0%	3.7%
Weddin Shire	0.0%	0.1%	0.0%	3.7%
Wentworth Shire	0.7%	1.2%	0.0%	3.7%
Willoughby City	0.0%	0.2%	0.0%	3.7%
Wingecarribee Shire	1.1%	0.7%	0.4%	4.1%
Wollondilly Shire	1.4%	2.0%	0.0%	3.7%
Wollongong City	0.4%	0.7%	0.0%	3.7%
Woollahra Municipal	0.0%	0.2%	0.0%	3.7%
Yass Valley	1.7%	1.1%	0.5%	4.2%

Note: Councils with a population factor greater than zero are shown in blue bold font.

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

4.3 RECONNECTING REGIONAL NSW COMMUNITY EVENTS PROGRAM**File Number:** S15.8.126 / 22/35023**Author:** Peter Caddey, Manager Administrative and Marketing Services**SUMMARY:**

Advice has been received regarding Council's application for funding. The following information is provided for the information of the Committee

COMMENTARY:

The NSW Government recently unveiled a \$200 million Regional Recovery Package that will create new jobs and support community events, shows and festivals to boost tourism across the state. As part of this package, the NSW Government announced the Reconnecting Regional NSW – Community Events Program.

This \$25 million program will promote economic and social recovery across all regional NSW local government areas. This will be achieved by supporting regional NSW councils, to deliver COVID-Safe community events and festivals that are open for the entire community to attend, providing immediate positive outcomes for regional communities.

Inverell Shire will receive \$301,708 in funding to hold the following eight community events:

1. Sapphire City Festival Finale Weekend - Music under the stars.
2. Cod-O-Rama – a four-day fishing festival
3. Bike Race / Multicultural Festival
4. "Culture on Tour" – Theatre Production in the Villages
5. Inverell Theatre Company Production
6. Inverell Eisteddfod and Song / Dance Spectacular
7. Opening of Next Stage of Youth Precinct & Youth Event
8. Wyoming Round Up – Music Festival

The first event, "Music under the Stars", will be held on 5 November 2022. Australian music icons Daryl Braithwaite and Samantha Jade will perform a free concert on the River Stage in Campbell Park Inverell. Refer to the attached flyer.

Samantha Jade is a winner of the X Factor, an Aria Award winner, has released a string of #1 hits with over 81 million collective streams, released a duet with Pitbull, was nominated for a Logie for her portrayal of Kylie Minogue in the INXS story and was support for Taylor Swift on the Australian leg of her Red Tour.

Daryl Braithwaite has had a distinguished career spanning more than 40 years. He is one of Australia's most iconic and award-winning performers. From his early success with Sherbet in the 70's through to his massive solo career, he has produced countless hits, that have become Australian classics.

Council social media post advertising this event received 19,500 views within the first twelve hours.

ATTACHMENTS:

1. Music under the Stars - Flyer [📄](#)

**FREE
CONCERT!**

MUSIC UNDER THE STARS



Inverell Shire Council Presents

In association with Brighter Access Sapphire City Festival Committee and
Australian Network Entertainment

**DARYL BRAITHWAITE
SAMANTHA JADE**

**CAMPBELL PARK INVERELL
SATURDAY 5TH NOVEMBER 7PM**

FIREWORKS

FOOD & DRINK AVAILABLE FOR PURCHASE

Supported by NSW Government



5 GOVERNANCE REPORTS

5.1 GOVERNANCE - MONTHLY INVESTMENT REPORT

File Number: S12.12.2 / 22/34980

Author: Robert Kimmince, Manager Financial Services

SUMMARY:

To report the balance of investments held as at 30 September, 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 30 September, 2022 and an update of the investment environment:

- (a) Council's Investments as at 30 September, 2022;
- (b) Council Investments by Fund as at 30 September, 2022;
- (c) Interest – Budgeted vs. Actual;
- (d) Investment Portfolio Performance;
- (e) Investment Commentary; and
- (f) Certification – Responsible Accounting Officer.

A) Council Investments as at 30 September, 2022

Term Deposit Investment Group											
Investment	Borrower	FUND	Rating	Interest Frequency	Purchase Date	Last Coupon Date	Maturity Date	Current Yield	Principal Value	Current value	Term (days)
22/07	MyState Bank	General	BBB	Quarterly	01-Oct-21	01-Oct-21	04-Oct-22	0.50%	2,000,000	2,000,000	368
22/08	AMP BANK	General	BBB+	Annually	05-Oct-21	05-Oct-21	05-Oct-22	0.80%	2,000,000	2,000,000	365
22/25	Westpac Bank	General	AA-	Maturity	19-Apr-22	19-Apr-22	19-Oct-22	1.31%	2,000,000	2,000,000	183
22/13	AMP BANK	Water	BBB+	Annually	25-Nov-21	25-Nov-21	25-Nov-22	1.00%	1,000,000	1,000,000	365
22/18	AMP BANK	General	z	Maturity	07-Dec-21	07-Dec-21	07-Dec-22	1.00%	2,000,000	2,000,000	365
21/10	Warwick Credit Union	General	NR	Maturity	22-Jan-21	22-Jan-21	23-Jan-23	1.00%	1,500,000	1,500,000	731
22/29	Bank of Queensland	Sewer	BBB+	Quarterly	27-May-22	29-Aug-22	27-Feb-23	2.80%	2,000,000	2,000,000	276
23/07	Bank of Queensland	Water	BBB+	Maturity	20-Sep-22	20-Sep-22	20-Mar-23	4.00%	1,500,000	1,500,000	181
22/05	AMP BANK	General	BBB+	Annually	20-Sep-21	20-Sep-22	20-Mar-23	0.80%	1,000,000	1,000,000	546
22/14	AMP BANK	General	BBB+	Annually	25-Nov-21	25-Nov-21	25-Mar-23	1.00%	1,000,000	1,000,000	485
20/32	Auswide Bank	General	BBB	Annually	24-Mar-20	24-Mar-22	24-Mar-23	1.88%	1,000,000	1,000,000	1095
22/22	Westpac Bank	General	AA-	Quarterly	29-Mar-22	29-Sep-22	29-Mar-23	1.56%	1,950,000	1,950,000	365
22/26	Bank of Sydney	General	NR	Maturity	16-May-22	16-May-22	16-May-23	3.10%	2,000,000	2,000,000	365
22/12	AMP BANK	General	BBB+	Annually	25-Nov-21	25-Nov-21	25-May-23	1.00%	1,000,000	1,000,000	546
22/28	AMP BANK	General	BBB+	Maturity	27-May-22	27-May-22	27-Nov-23	3.30%	2,000,000	2,000,000	549
22/23	ING Bank	General	A	Annually	19-Apr-22	19-Apr-22	19-Apr-23	2.21%	2,000,000	2,000,000	365
22/30	Commonwealth Bank	Sewer	A	Maturity	07-Jun-22	07-Jun-22	07-Jun-23	3.42%	1,000,000	1,000,000	365
23/09	MyState Bank	General	BBB+	Quarterly	20-Sep-22	20-Sep-22	20-Jun-23	4.15%	1,500,000	1,500,000	273
21/16	National Australia Bank	Water	AA-	Annually	28-Jun-21	28-Jun-22	28-Jun-23	0.60%	1,000,000	1,000,000	730
21/17	ICBC - Industrial and Commercial Bank of China	General	A	Annually	29-Jun-21	29-Jun-22	29-Jun-23	0.70%	1,000,000	1,000,000	730
21/18	National Australia Bank	Water	AA-	Quarterly	29-Jun-21	29-Sep-22	29-Jun-23	0.65%	2,000,000	2,000,000	730
23/01	Commonwealth Bank	General	AA-	Annually	27-Jul-22	27-Jul-22	27-Jul-23	4.06%	2,000,000	2,000,000	365
23/02	Commonwealth Bank	General	AA-	Annually	27-Jul-22	27-Jul-22	27-Jul-23	4.06%	2,000,000	2,000,000	365
23/03	Bank of Queensland	General	BBB+	Quarterly	13-Sep-22	13-Sep-22	13-Sep-23	4.09%	1,000,000	1,000,000	365
23/04	National Australia Bank	General	AA-	Quarterly	13-Sep-22	13-Sep-22	13-Sep-23	4.10%	2,000,000	2,000,000	365
23/05	National Australia Bank	General	AA-	Quarterly	13-Sep-22	13-Sep-22	13-Sep-23	4.10%	2,000,000	2,000,000	365
23/06	Westpac Bank	Water	AA-	Quarterly	19-Sep-22	19-Sep-22	19-Sep-23	4.33%	1,000,000	1,000,000	365
23/08	Westpac Bank	Sewer	AA-	Quarterly	20-Sep-22	20-Sep-22	20-Sep-23	4.32%	1,000,000	1,000,000	365
22/09	National Australia Bank	General	AA-	Annually	06-Oct-21	06-Oct-21	06-Oct-23	0.64%	1,000,000	1,000,000	730
22/10	Westpac Bank	General	AA-	Quarterly	25-Oct-21	25-Jul-22	25-Oct-23	0.91%	2,000,000	2,000,000	730
22/11	Westpac Bank	General	AA-	Quarterly	25-Nov-21	25-Aug-22	25-Nov-23	1.28%	1,000,000	1,000,000	730
22/27	Australian Unity Bank	General	BBB	Annually	26-May-22	26-May-22	27-Nov-23	3.50%	1,000,000	1,000,000	550
22/15	ICBC - Industrial and Commercial Bank of China	General	A	Annually	02-Dec-21	02-Dec-21	04-Dec-23	1.36%	2,000,000	2,000,000	732
22/16	ICBC - Industrial and Commercial Bank of China	General	A	Annually	02-Dec-21	02-Dec-21	04-Dec-23	1.36%	2,000,000	2,000,000	732
22/17	ICBC - Industrial and Commercial Bank of China	Water	A	Annually	02-Dec-21	02-Dec-21	04-Dec-23	1.36%	1,000,000	1,000,000	732
22/03	National Australia Bank	General	AA-	Annually	27-Aug-21	29-Aug-22	27-Aug-24	0.85%	2,000,000	2,000,000	1096
22/20	MyState Bank	General	BBB	Annually	02-Mar-22	02-Mar-22	04-Mar-24	1.70%	2,000,000	2,000,000	733
22/21	Bank of Queensland	General	BBB+	Quarterly	02-Mar-22	02-Sep-22	04-Mar-24	1.70%	1,000,000	1,000,000	733
21/11	ICBC - Industrial and Commercial Bank of China	Water	A	Annually	26-Mar-21	26-Mar-22	26-Mar-24	0.82%	2,000,000	2,000,000	1096
21/13	ICBC - Industrial and Commercial Bank of China	Water	A	Annually	27-May-21	27-May-22	27-May-26	1.40%	1,000,000	1,000,000	1826
21/14	ICBC - Industrial and Commercial Bank of China	Sewer	A	Annually	27-May-21	27-May-22	27-May-26	1.40%	1,000,000	1,000,000	1826
21/15	ICBC - Industrial and Commercial Bank of China	General	A	Annually	27-May-21	27-May-22	27-May-26	1.40%	1,000,000	1,000,000	1826
TOTALS									63,450,000	63,450,000	

180 Day Deposit Accounts											
As at Date	Borrower	FUND	Rating	Interest Frequency	Purchase Date	Coupon Date	Maturity Date	Current Yield	Principal Value	Current value	Term
30/9/22	AMP Bank	General	BBB+	Monthly	28/6/2021	1/06/2022	1/12/2022	1.80%	2,500,000	2,518,514	
Sub Total - Cash Deposits Accounts Investment Group									2,500,000	2,518,514	
Cash Deposit Accounts											
As at Date	Borrower	FUND	Rating		Purchase Date	Coupon Date	Maturity Date	Current Yield	Value at beg year	Current value	Term
30/09/2022	Commonwealth Bank	General	A		9/11/2020			0.00%		1,194.89	
30/09/2022	Macquarie Bank	General	AA-	Monthly	9/11/2020	30/9/2022		2.50%	2,028,504	2,037,012.25	
30/09/2022	Macquarie Bank	Water	AA-	Monthly	9/11/2020	30/9/2022		2.50%	2,516,481	2,527,036.30	
30/09/2022	Macquarie Bank	Sewer	AA-	Monthly	9/11/2020	30/9/2022		2.50%	1,508,674	1,515,002.07	
Sub Total - Cash Deposit Accounts									-	6,080,246	-

B) Council Investments by Fund 30 September, 2022

Portfolio by Fund	31/08/2022	30/09/2022
General Fund	\$48,003,170	\$52,506,721
Water Fund	\$11,522,631	\$13,027,036
Sewer Fund	\$7,012,361	\$6,515,002
TOTAL	\$66,538,162	\$72,048,760

Council's investment portfolio has increased during September 2022 by \$5.51M. This was in respect of normal cash flow movements for receipts collected and payments made during September 2022 and payment of grant debtors accrued at 30 June 2022.

Interest – Budgeted verses Actual Result to Date

	Ledger	2022/2023 Budget \$	Actuals to Date \$	Accrued Interest to Date \$	TOTAL \$
General Fund	128820	510,000.00	71,668.95	181,615.18	253,284.13
Water Fund	812350	84,000.00	1,380.82	14,297.60	15,678.42
Sewer Fund	906320	60,000.00	7,665.76	18,513.97	26,179.73
TOTAL		654,000.00	80,715.53	214,426.75	295,142.28

Term deposit interest rates have improved recently with a 12-month term deposit now yielding 4.1 - 4.3%. Given our strong investment balances, Council is expected to exceed interest revenue targets in 2022/2023. This additional interest received during 2022/2023 will be allocated to special projects during 2023/2024.

C) Investment Portfolio Performance

Investment Portfolio Return		Benchmarks		
	% pa	RBA Cash Rate	Aus Bond Bank Bill	11am Cash Rate
Benchmark as at 30/09/2022		2.35%	3.06%	2.35%
Term Deposits	2.04%			
Cash Deposit Accounts	2.50%			
180 Day Call Account	1.80%			
Floating Rate Notes	0.00%			

D) Investment Commentary

Council's investment portfolio is currently underperforming when compared to the above benchmarking indexes. The portfolio's underperformance is expected to be temporary given the relatively high level of turnover (around one-quarter of the deposit portfolio is maturing within the next 6 months).

Council's investment portfolio of \$72M 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 2.04% p.a. at month-end, with a weighted average duration of around 325 days or 10.8 months. Council is well positioned to take advantage of increasing term deposit rates as investments mature.

LEGAL IMPLICATIONS:

Nil

ATTACHMENTS:

Nil