



BUSINESS PAPER

ORDINARY MEETING OF COUNCIL

To be held on

Wednesday, 28 September 2022
4pm

at

Armidale Council Chambers

Members

Councillor Sam Coupland (Mayor)
Councillor Todd Redwood (Deputy Mayor)
Councillor Paul Gaddes
Councillor Jon Galletly
Councillor Susan McMichael
Councillor Steven Mephram
Councillor Debra O'Brien
Councillor Margaret O'Connor
Councillor Paul Packham
Councillor Dorothy Robinson
Councillor Bradley Widders

AGENDA

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15.1	Mayoral Minute - New England Regional Art Museum's Capital Works Program - Request for Support <i>(General Manager's Note: The report considers NERAM and is deemed confidential under Section 10A(2)(d) of the Local Government Act 1993, as it deals with commercial information of a confidential nature that would, if disclosed (i) prejudice the commercial position of the person who supplied it; or (ii) confer a commercial advantage on a competitor of the Council; or (iii) reveal a trade secret).</i>	

- 15.2 Engagement of Acting Project Director for Kempsey - Armidale Road Recovery Project
(General Manager's Note: The report considers an engagement and is deemed confidential under Section 10A(2)(a) (c) of the Local Government Act 1993, as it deals with personnel matters concerning a particular individual; AND as it deals with commercial information of a confidential nature which, if disclosed, confers a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business).
- 15.3 Appledale Project - Clearing and Grubbing Tender - Endorsement
(General Manager's Note: The report considers the award of tender RFT ARC22/5098 and is deemed confidential under Section 10A(2)(d) of the Local Government Act 1993, as it deals with commercial information of a confidential nature that would, if disclosed (i) prejudice the commercial position of the person who supplied it; or (ii) confer a commercial advantage on a competitor of the Council; or (iii) reveal a trade secret).
- 15.4 Armidale Regional Airport Security Screening Fee - Charges by Commercial Arrangement
(General Manager's Note: The report considers Armidale Regional Airport and is deemed confidential under Section 10A(2)(d) of the Local Government Act 1993, as it deals with commercial information of a confidential nature that would, if disclosed (i) prejudice the commercial position of the person who supplied it; or (ii) confer a commercial advantage on a competitor of the Council; or (iii) reveal a trade secret).
- 15.5 Lease Extension and Fitout Contribution Value for Grafton Road Depot by Tenant Backtrack Youthworks
(General Manager's Note: The report considers Backtrack Youthworks and is deemed confidential under Section 10A(2)(d) of the Local Government Act 1993, as it deals with commercial information of a confidential nature that would, if disclosed (i) prejudice the commercial position of the person who supplied it; or (ii) confer a commercial advantage on a competitor of the Council; or (iii) reveal a trade secret).

Ethical Decision Making and Conflicts of Interest

A guiding checklist for Councillors, officers and community committees

Oath or Affirmation of Office

Councillors are reminded of the Oath or Affirmation taken of office, made under section 233A of the *Local Government Act 1993* when elected.

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 the *Local Government Act 1993*, Chapter 14 Honesty and Disclosure of Interest and Model Code of Conduct.

Disclosure of pecuniary interests / non-pecuniary interests

Under the provisions of Section 440AAA(3) of the *Local Government Act 1993* (pecuniary interests) and the Model Code of Conduct 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 [Disclosures and Declarations of Interest at Meetings](#).

Item: 5.1 **Ref:** AINT/2022/35896

Title: Minutes of Previous Meeting held 24 August 2022 **Container:**
ARC16/0025-6

Responsible Officer: General Manager

Author: Melissa Houtt, Executive Officer

Attachments: 1. Draft Minutes 24 August 2022

RECOMMENDATION:

That the Minutes of the Ordinary Council meeting held on 24 August 2022 be taken as read and accepted as a true record of the meeting.

Item:	8.1	Ref: AINT/2022/32263
Title:	Integrated Planning and Reporting - Delivery Program 2018-2022 and Operational Plan 2021-2022 Progress Report - January to June 2022 Container: ARC20/4344	
Responsible Officer	Chief Officer Corporate and Community	
Author:	Renata Davis, Principal Advisor - Corporate Planning	
Attachments:	1. IP&R - January-June 2022 Progress Report	

1. Purpose

The purpose of this report is to provide the Council, the community and other stakeholders with an update as to the progress of the delivery of Council's Operational Plan and Delivery Program.

The attached document is a progress report based on the strategies of the Delivery Program 2018-2022 and the activities of the Operational Plan 2021-2022 for the January – June 2022 period.

This report is the final Integrated Planning and Reporting progress report for the 2021-2022 financial year.

2. OFFICERS' RECOMMENDATION:

That Council note the Delivery Program 2018-2022 and Operational Plan 2021-2022 Progress Report for the period January to June 2022.

3. Background

This Report informs the Council and the Community about the progress of Council's Operational Plan actions and how these actions work towards delivering the principal activities outlined in the Delivery Program, and ultimately, the goals of the Community Strategic Plan 2017-2027, as part of the Integrated Planning and Reporting Framework.

This reporting is a requirement of the s404(5) *Local Government Act 1993*, which states that:

The general manager must ensure that regular progress reports are provided to the council reporting as to its progress with respect to the principal activities detailed in its delivery program. Progress reports must be provided at least every 6 months.

4. Discussion

Each of Council's relevant business areas have completed a progress report, based on the six months to June 2022, of the strategic and operational tasks and key performance indicators adopted in the Operational Plan 2021-2022.

The following summary outlines the status of 'Operations', and progress of 'Projects'. **The full progress report is attached.**

Operations relate to the ongoing, "business-as-usual" functions of council. Operations is summarised for status below as it's ongoing nature cannot be accurately determined by a 'percentage completed' progress rating.

OPERATIONS STATUS:

On track / N/A (completed)	89%
Needs Attention	11%
Critical	0%

There were a total of 84 projects listed in the Operational Plan 2021-2022. This plan formed part of a Delivery Program 2018-2022 that was set by a previous regime of Councillors and Management. It is assumed that this plan was put together with the best of intentions, however it has largely committed the organisation to a program of works that could not be achieved under current resource (financial and human) constraints. Add to this that many of the projects were impacted the ongoing supply delays, labour resource availability caused by the COVID pandemic and the severe weather impacts of a very wet 12 months. All of which have all impacted on Councils ability to deliver the on the Project program of works.

PROJECTS PROGRESS:

100% complete	35%
75% complete	21%
50% complete	20%
25% complete	19%
0% complete	1%
N/A (deferred or progress not recorded)	4%

5. Implications

5.1. Strategic and Policy Implications

This report relates to:

- L4 of the Community Strategic Plan – Council has the strategic capacity to understand the key issues for the region both now and in the future.
- L4.2 of the Delivery Program – Council's strategic planning documents are integrated in a way which delivers community outcomes while effectively managing budgets, asset management and workforce planning.

The Delivery Program 2018-2022 expired 30 June, 2022. Armidale Regional Council has developed a new Community Plan 2022-2032, and associated Integrated Planning and Reporting documents including the new Delivery Program and supporting Resourcing Strategy. However,

this report is based on the relevant plans for the 2021-2022 financial year including the Community Strategic Plan 2017-2027 and Delivery Program 2018-2022.

Upcoming improvements in reporting and supporting processes relating to the new Delivery Program 2022-2026 will include the implementation of a new reporting software, Pulse, which will automate and regulate reporting, as well as the implementation of a Project Management framework to manage project delivery and ensure greater project completion. In the recently adopted suite of Integrated Planning and Reporting documents there is also greater synergy between the adopted projects and the resource capacity, priorities and long-term financial plans of the Council.

5.2. Risk

This reporting is a legislative requirement as per s404(5) *Local Government Act 1993*.

The Progress Report also assists in identifying and mitigating risks of projects including project delays, resource issues or regulation and compliance.

5.3. Sustainability

The Operational Plan supports financial and corporate sustainability by providing an annual works plan for the organisation, which supports the medium and long-term planning of the Delivery Program and Community Strategic Plan.

The Operational Plan also contains a number of actions and initiatives based on improved environmental sustainability to be delivered during the 2021-2022 financial year.

5.4. Financial

Budget Area:	All budget areas						
Funding Source:	All sources of funding						
Budget Ref: (PN)	Description	Approved Budget	Actual	Committed	Proposed	Total Forecast Expenditure	Remaining Budget
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

The budget status of each Operational Plan action is reported in the attached summary. Any funding shifts will be assessed and adjusted through the Quarterly Budget Reviews.

6. Consultation and Communication

The Operational Plan 2021-2022 was placed on public exhibition during May 2021, and a report on community feedback was reported to Council at the Ordinary Council Meeting of 29 June 2021.

7. Conclusion

This is the final progress report for the 2021-2022 Operational Plan. The next Report will be presented to Council in November 2022 and to the Audit, Risk & Improvement Committee shortly thereafter.

Item:	8.2	Ref: AINT/2022/34521
Title:	Council Actions Report January - August 2022 ARC16/0001-7	Container:
Responsible Officer	General Manager	
Author:	Jessica Bower, Executive Officer	
Attachments:	1. InfoCouncil Actions as at 15 September 2022	

1. Purpose

The purpose of this report is to inform Councillors on the work carried out by Council Officers to implement Council resolutions.

2. OFFICERS' RECOMMENDATION:

That Council notes the report summarising the actions taken on the resolutions of Council.

3. Background

This is a standard monthly report.

4. Discussion

The resolutions outlined in the attachment have been previously adopted by Council. This report is designed to track progress on implementation from January 2022. Actions marked complete will be reported to Council once and then removed from subsequent reports.

5. Implications

5.1. Strategic and Policy Implications

The strategic and policy impacts of each of the resolutions are varied and were outlined in the original reports to Council.

5.2. Risk

The risks of each of the resolutions are varied and were outlined in the original reports to Council.

5.3. Sustainability

The sustainability impacts of each of the resolutions are varied and were outlined in the original reports to Council.

5.4. Financial

The financial impacts of each of the resolutions are varied and were outlined in the original reports to Council.

6. Consultation and Communication

This report informs Councillors and the community and increases transparency.

7. Conclusion

The information is for noting only.

Item:	8.3	Ref: AINT/2022/39202
Title:	2021-2022 Fourth Quarter Budget Review	Container: ARC20/4311
Responsible Officer	Acting Chief Financial Officer	
Author:	Piyush Joshi, Coordinator Management Accountant	
Attachments:	1. Quarter 4 Report 2021_22	

1. Purpose

The purpose of this report is to provide Council with information on the Fourth Quarter 2021-2022 Revised Budget position and to obtain approval to amend the adopted budget for those amounts.

2. OFFICERS' RECOMMENDATION:

That Council:

- a. Note the 2021-2022 Fourth Quarter Budget Review (QBR4).
- b. Note the revised 2021-2022 budget produces an unrestricted cash forecast of \$4.031 million and the following fund results:

Fund	Operating Surplus / (Deficit) (before capital grants)
General	\$238,000
Water	\$2,236,000
Sewerage	\$2,023,000
Consolidated Result	\$4,497,000

- c. Note the proposed reduction in capital expenditure from \$41m to \$28.7m as a result of the budget review.
- d. Resolve to amend the 2021-2022 budget in accordance with the Quarterly Budget Review Statement for the period 1 April 2022 to 30 June 2022 tabled at the attachment.
- e. Resolve to carry forward unspent amounts in order to provide funding for the projects commenced and expected to be completed in the 2022/23 financial year. The 2022/23 Carry Forwards represent incomplete capital projects as at 30 June 2022 that had a 2021/22 budget allocation.

3. Background

Section 203(1) of the *Local Government (General) Regulation 2021* requires Council's responsible accounting officer to prepare and submit a quarterly budget review statement within two months of the end of each quarter.

The document attached to this report provides a quarterly budget review statement in the format required by the Office of Local Government *Quarterly Budget Review Statement for NSW Local Government*, which outlines the minimum disclosure requirements. Council has the option to show the quarterly budget review statement at a consolidated level or by fund. For the

purpose of transparency, the statement contains the impact of the quarterly budget review by fund. A consolidated result is also included.

As required by the Office of Local Government, the quarterly budget review statement is attached and includes the following documents in order:

1. Income Statement (containing operating income and expenses) by fund
 - 1.1 Operating budget adjustment by fund
2. Capital Budget by fund
 - 2.1 Capital budget adjustments by fund
3. Cash & Investments by fund – movement in unrestricted cash and internal and external reserves
4. Cash & Investments position
5. Key Performance Indicators by fund
6. Contracts entered into and Consultancy/Legal expenditure.
7. List of carry forward capital projects

The Responsible Accounting Officer must also include a statement as to whether or not they believe that the financial position of the council is satisfactory, having regard to the original estimate of income and expenditure.

4. Discussion

QBR4 covers the period April-June 2022, and includes known adjustments to align with the financial statements. QBR4 was conducted in order to:

- review Council's current financial position;
- identify savings, deferral of expenditure and additional funding sources;
- improve Council's financial sustainability;
- identify carry-forward expenditure.

The activities undertaken as part of the QBR include:

- Identification of expenditure savings or potential budget overruns. For budget overruns, the budget review process requires the budget owner firstly try to contain the overrun by identifying funding that can be transferred from within their own budget. If that is not possible, then their Directorate. If that is not possible, then the funding source will be determined by the Manager Financial Services.
- Identification of deferred expenditure. An example is projects that were planned for 2021-2022 but are now expected to be undertaken in 2022-2023. This mainly occurs in the capital program. The request to carry forward operating budget items (e.g. under expenditure) will be reviewed during the first quarter review for Financial Year 2022-23.

2021/22 Capital Program

Budget movements relating to the 2021/22 capital program are contained in the quarterly budget review report attached hereto. At the end of Quarter Three (QBR3) the capital program was forecast to spend \$41m which has subsequently been revised down to \$32m. At completion

of the year end financials, it is projected that there will be a capital carry forward program of works to the value of \$8.5m. Water, Sewer and Waste capital projects of \$2.1m are funded from respective reserves. Other General Fund capital projects (excluding waste) of \$6.4m are funded by Contract Liabilities (grant monies received and not yet expended of \$5.4m) and \$1m from the General Fund Roll-forward Reserve (both current and prior years). An extensive review has been completed and the attached list outlines the carry forward projects, along with their source of funding, in the 2022/23 financial year.

Row Labels	ORIG BUDGET (2021/22)	Budget Q4 (2021/22)	ACTUAL (2021/22)	ROLLOVERS
GF	28,424,420	22,735,666	16,328,903	6,406,763
Sewer	1,200,000	700,000	38,365	661,635
Waste	850,000	455,000	222,118	232,882
Water	15,300,993	7,873,758	6,662,419	1,211,340
Grand Total	45,775,413	31,764,424	23,251,805	8,512,620

5. Implications

5.1. Strategic and Policy Implications

The quarterly budget review process contributes to:

- Council’s Community Strategic Plan 2017-2027 category of “Leadership for the Region” and related community outcome of “Council exceeds community expectations when managing its budget and operations.”
- Council’s Delivery Program 2018-2022 item “Financial Sustainability – to maintain financial sustainability through effective short, medium and long-term financial management.”
- Council’s Operational Plan 2021-2022: asset management, budget management, financial operations.

5.2. Risk

QBR4 and subsequent budget reviews provide the opportunity to review the actual position against the adopted budget, providing transparency and highlighting potential financial risks.

The QBR4 outcome at the consolidated level remains positive should Council resolve the proposed amendments to the 2021-2022 budget for the period 1 April to 30 June 2022. It is notable that the economic risks associated with the financial position and cash reserves for the future is highly dependent on 1) effective budget management and; 2) the continuation of maintaining services at existing levels to remain within the funding available as per the outcome of the approved existing Special Rate Variation (SRV) (implemented in 2021).

5.3. Sustainability

Through an in-depth review process, Managers reviewed their adopted budget against planned operational activities. The amendments to the budget are predominantly movements to re-align the budget to match actual expenditure. Other identified amendments outlined in the operating adjustments are partly due to:

1. Deferral of activities to the 2022-2023 financial year;
2. Lack of staff resourcing and delivery of programmed works;
3. Review of operational activities against Council priorities; and

4. Improved revenue funding streams.

Furthermore, some minor operational budget overruns required attention. These overruns were managed and offset by identified savings and re-alignment of the budget with expenditure. Managers are aware that financial sustainability is a priority and will remain frugal in managing their respective budgets.

The recommendation for the Council to resolve to amend the 2021-2022 budget in accordance with the budget review statement for period 1 April to 30 June 2022 as tabled at the attachment will contribute to the economic sustainability of the Council.

5.4. Financial

Budget Area:	All – as per quarterly budget review attachments						
Funding Source:	N/A						
Budget Ref: (PN)	Description	Approved Budget	Actual	Committed	Proposed	Total Forecast Expenditure	Remaining Budget
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

The net result of QBR4 is a consolidated operating surplus of \$4.497m, compared to the QBR3 surplus of \$4.191m.

The General Fund continues to be a key focus of the budget review. The forecast operating result has been reduced from a surplus of \$2.6m to \$238,000. This is mainly due to an increase in depreciation on Road assets in 2021-2022 as a result of the Transport Asset Revaluation at 30 June 2021.

The projected General Fund surplus position is inclusive of the forecast surplus position of waste operations (\$3.9m) and revenue from Roads to Recovery Grant Funding (\$1.5m). This is relevant as the surplus cash position for the waste business should be placed into reserve to provide funding for landfill rehabilitation liabilities and funding from the Roads to Recovery Grant is used in the capital program. If these items were removed from the General Fund operating result, it would be in a significant deficit. There continues to be a large amount of work to be done to improve the 'underlying' General Fund position where the positive impacts of waste operations and grant funding spent in the capital program are removed.

Unrestricted cash is higher than the 2021-2022 original budget forecast position with the year end result forecast at \$4.03m to 30 June 2022 (this balance is after \$2m of the Financial Assistance Grant Advance Payment is held as an Internal Restriction).

Impact

The overall financial results are summarised as follows:

Operating Result \$'000	Fund			Consolidated
	General	Water	Sewerage	
Original Budget	\$100	\$691	\$242	\$1,033
Carry Forwards	\$2,621	\$691	\$242	\$3,554

Budget Review 1	\$1,783	\$716	\$305	\$2,803
Budget Review 2	\$2,124	\$961	\$27	\$3,112
Budget Review 3	\$2,564	\$1,282	\$346	\$4,192
Budget Review 4	\$238	\$2,236	\$2,023	\$4,497

Cash Restrictions \$'000	Fund			Consolidated (Unrestricted Cash)
	General (Unrestricted Cash)	Water	Sewerage	
Original Budget	\$3,408	\$20,373	\$17,253	\$3,408
Carry Forwards	\$3,408	\$20,093	\$17,377	\$3,408
Budget Review 1	\$3,449	\$20,116	\$17,439	\$3,449
Budget Review 2	\$3,456	\$25,690	\$17,336	\$3,456
Budget Review 3	\$3,294	\$24,506	\$18,783	\$3,294
Budget review 4	\$4,031	\$29,010	\$23,150	\$4,031

6. Consultation and Communication

QBR4 entailed an extensive review of budgets at project level analysing data based on the current year to date expenditure. Managers were consulted on areas that were identified as potential risks and/or savings. Likewise, Managers were provided with the opportunity to convey budgetary implications, risk areas and identified savings that would need to be considered and reported to Council within QBR4. Final proposed budget adjustments through the review have been reviewed and accepted by the General Manager.

7. Conclusion

This report recommends that the 2021-2022 Fourth Quarter Budget Review for the period 1 April to 30 June 2022 tabled at the attachment, along with the capital carry-forwards, be endorsed by Council so that the approved budget and underlying financial results can be recognised.

Item:	9.1	Ref: AINT/2022/36692
Title:	Cash and Investment Report 31 August 2022 Container: ARC20/4311	
Responsible Officer	Acting Chief Financial Officer	
Author:	Brad Munns, Financial Accountant	
Attachments:	Nil	

1. Purpose

Regulation 212 of the NSW Local Government (General) Regulations 2021 requires the responsible accounting officer of a council to provide the Council with a written report, setting out details of all money that the council has invested under section 625 of the Act, to be presented each month and must include in the report, a certificate as to whether or not the investment has been made in accordance with the Act, the Regulations and the Council's investment policies.

This Cash and Investment report provides details of cash and investments held by Council for the month to 31 August 2022, and certifies compliance with Council's Investment Policy and the *Local Government Act 1993* and Regulations.

2. OFFICERS' RECOMMENDATION:

That Council note the Cash and Investment Report for August 2022.

3. Background

As at 31 August 2022, Council held \$99,409,323 in investments (market value) and \$11,238,701 in cash, giving a combined total of \$110,648,024.

4. Discussion

Cash & Investment Balances	August 2022 \$	July 2022 \$	Movement \$
<u>Cash at Bank</u>			
NAB General Account	-	2,079,845	(2,079,845)
NAB Cash At Call	7,918,234	20,544,202	(12,625,968)
AMP Saver Account	2,017,696	2,016,839	857
NAB Trust Fund	1,302,771	1,300,567	2,204
Total Cash	11,238,701	25,941,453	(14,702,752)
<u>Investments</u>			
NSW Treasury Corp (T-Corp) Investment Management (IM) Funds	10,004,249	9,986,178	18,071
Term Deposits	89,405,074	69,320,454	20,084,620
Total Investments	99,409,323	79,306,632	20,102,691
Total Cash & Investments	110,648,024	105,248,085	5,399,939

Summary of investment movements for August 2022:

Investment Maturities/Movements		New Investments	
Institution	Amount \$	Institution	Amount \$
AMP Term Deposit	(1,000,000)	WBC Term Deposit	10,000,000
BOQ Term Deposit	(5,000,000)	BOQ Term Deposit	10,000,000
Movement in Interest Receivable on Term Deposits	66,549	CBA Term Deposit	5,000,000
Market Movement T-Corp IM Funds	18,071	AMP Term Deposit	1,000,000
Total	(5,915,380)	Total	26,000,000

Funds from term deposit maturities are held in the NAB Cash At Call account, currently earning 0.70% pa. Term deposit rates continued to increase during August 2022 from 3.8% to 4.18%. During August 2022, there were two term deposit maturities - a \$1m Term Deposit with AMP and a \$5m Term Deposit with Bank of Queensland. A total of \$26m was invested in 12 month term deposits during August 2022 at 3.5%, 4.15%, 4.16% and 4.18%.

The Reserve Bank of Australia (RBA) increased the official cash rate from 1.35% to 1.85% on 2 August 2022 and a further 0.5% to 2.35% on 6 September 2022. The next term deposit maturities are \$2m in September 2022 (Regional Australia Bank), \$6m in October 2022 (AMP, Bendigo), \$2m in November 2022 (AMP).

Long term interest rate forecasts appear to have stabilised in investment markets. This resulted in a positive impact on the capital value of the T-Corp Short Term Income Fund investment in August 2022.

Council continues to monitor investment markets. While investment markets appear to have peaked with long term interest rates appearing to stabilise, Council continues to take a conservative position holding cash reserves along with reviewing longer term investment options to take advantage of higher returns.

Investment Revenue Earned

	August 2022	July 2022	Movement
	\$	\$	\$
NAB General Cash Account	375	84	291
Term Deposits	96,590	84,098	12,492
NSW T-Corp IM Funds (Note 1)	18,071	35,012	(16,941)
NAB High Interest Account	45,036	18,728	26,308
AMP Saver Account	857	856	1
NAB Trust Account	2,204	1,390	814
Total	163,133	140,168	22,965

Note 1: NSW T-Corp IM Funds are unitised investments, so the investment revenue consists of interest distributions credited by way of additional units issued, plus the movement (either upwards or downwards) of the underlying unit value. Over recent months, the value of the T-Corp investment fund units have been negatively impacted by the movement in interest rates. This has resulted in a negative investment revenue amount for those months, however July 2022 and August 2022 have returned to positive investment returns.

Investments are diversified across a range of institutions, with funds invested to ensure the portfolio is aligned with the Investment Policy.

Issuer	Short Term Rating	Market Value \$	% Total Value
AMP Bank	A2	7,041,033	7.08%
Bank Of Queensland	A2	10,000,000	10.06%
Bendigo & Adelaide Bank	A2	5,015,438	5.05%
Commonwealth Bank of Australia	A1+	10,024,110	10.08%
Regional Australia Bank	Unrated	2,011,244	2.02%
ING Bank	A1	20,147,570	20.27%
National Australia Bank	A1+	10,066,698	10.13%
Westpac Banking Corporation	A1+	25,098,981	25.25%
NSW T Corp – IM Funds (Cash and Short Term Income Fund)	AA+	10,004,249	10.06%
Total		99,409,323	100%

Investment Yield

Term of Investment	August 2022			July 2022		
	ARC*	BBSW rate #	Out/(under) performance	ARC	BBSW rate	Out/(under) performance
6 months	0.94%	3.06%	(2.12%)	0.79%	2.78%	(1.99%)
12 months	0.74%	3.42%	(2.68%)	0.67%	3.01%	(2.34%)

* The ARC returns are backward looking and represent the average investment yield

The BBSW rate is forward looking and represents the current bank bill swap rate

The Armidale Regional Council Community Strategic Plan 2017-2027 identifies the importance of Leadership for the Region. In particular:

L2 – Council exceeds community expectations when managing its budget and operations.

L2.1 – Financial sustainability is maintained through effective short and long term financial management.

L2.1.3 – Develop effective financial management systems.

5. Implications

5.1. Strategic and Policy Implications

All of Council's investments for the period are in accordance with:

- Council Investment Policy
- *Local Government Act 1993* – Section 625
- *Local Government Act 1993* – Order of the Minister dated 12 January 2011
- *The Local Government (General) Regulation 2021* – Reg 212

The investment of surplus funds must remain in line with Council's Investment Policy. This will ensure sufficient working capital is retained and restrictions are supported by cash and investments that are easily converted into cash. Cash management complies with the *NSW Local Government (General) Regulation 2021*.

The Investment Policy relates to:

- Council's Community Plan 2022-2032 theme category of "Strong Region – Engagement and Responsibility" and related strategy of "Manage public resources responsibly and efficiently for the benefit of the community."
- Council's Delivery Program 2022-2026 includes initiatives S2.3.2 "Maintain financial sustainability by meeting Performance Ratios and Fit for the Future Benchmarks, while ensuring sustainable cash reserves to support service levels and assets" and S2.3.5 "Manage our assets responsibly to ensure greater lifespan and usability and to reduce financial burden".
- Council's Operational Plan 2022-23: Asset Management, Finance and Procurement, Governance, Strategy and Risk.

5.2. Risk

Council invests in Term Deposits, Cash and the NSW Treasury Corporation Short Term Investment Fund which is a managed fund product. Rates of return on these investments are generally higher than the Bank Bill Swap (BBSW) Index however the recent increase in fixed interest rates has resulted in the BBSW index moving ahead of Council's returns. For the month of August 2022, the 1 year BBSW rate increased from 3.01% to 3.42%. Council's 1 year return to August 2022 of 0.74% is less than the 1 year BBSW rate of 3.42%.

The BBSW has moved to 3.42% recently (up from 0.59% in Jan22). The BBSW is influenced by forward looking returns in the market/where the market is pricing future interest rate movements in the short term, while Council's returns are based on historical term deposit rates i.e. backward looking e.g. 0.45% return for 12 month Term Deposit in August 2021.

Council's investment return was above the RBA Official Cash rate of 0.35% prior to 7 June 2022, when the RBA increased official cash rates from 0.35% to 0.85%. On 5 July 2022, the RBA increased the official cash rate a further 0.5% from 0.85% to 1.35% and on 2 August 2022, the RBA increased the official cash rate a further 0.5% from 1.35% to 1.85%, and a further 0.5% to 2.35% on 6 September 2022.

Council's responsibility is to ensure working capital is retained and restrictions are supported by cash.

Council considers effective risk management practices exist over its cash and investment holdings.

5.3. Sustainability

Council utilises an online Portfolio Platform to manage its investments and investment register. The number of investments has been rationalised allowing for more efficient internal investment management to be performed. Communication is performed by electronic means, resulting in efficiencies of processes and a reduction in the use of paper.

5.4. Financial

Budget Area:	Financial Services						
Funding Source:	General Fund (untied revenue) Water Fund (externally restricted) Sewer Fund (externally restricted)						
Budget Ref: (PN)	Description	Approved Budget (Revised)	Actual	Committed	Proposed	Total Forecast (Income)/ Expenditure	Remaining Budget
210815.1.1760. 165.1670 260005.3.2590. 165.1660 280010.2.3310. 165.1650	Interest Income on Investments	(\$715,000)	(\$303,300)	Nil	Nil	(\$303,300)	(\$411,700)
210815.1.1760. 333.2430	Subscriptions	\$10,700	\$3,850	\$4,500	Nil	\$8,350	\$2,350

Comparison of Actual Interest Income Earned with Year To Date (YTD) Budget

Interest Income	YTD Actual	YTD Budget	Difference
	\$	\$	\$
YTD August 2022	\$303,301	\$119,166	\$184,135
YTD July 2022	\$140,168	\$59,583	\$80,585
Movement	\$163,133	\$59,583	\$103,550

There is a YTD favourable budget variance of \$184,135 to 31 August 2022 (including accrued interest). Term deposit rates have continued to increase during August and September 2022. Council continues to closely monitor investment markets and returns.

Restricted & Unrestricted Funds

As at 31 August 2022, total restricted and unrestricted funds were fully funded by cash and investments. Between the reported (audited) amounts as at 30/06/2021 and the unaudited result for 30/06/2022, there is an increase in externally restricted cash of \$18m, an increase in internally restricted cash of \$4.3m and an increase in unrestricted cash of \$2.6m, giving an overall net increase of \$24.9m. The tables below provide more details of the balances at 30 June 2021, 30 June 2022 and the movement.

Actual Result at 30 June 2021 (audited)

\$'000	General	Water	Sewer	Total
External Restrictions	18,329	23,244	19,511	61,084
Internal Restrictions	16,813	-	-	16,813
Total Restrictions	35,142	23,244	19,511	77,897
Unrestricted	3,408	-	-	3,408
Total Funds	38,550	23,244	19,511	81,305

Unaudited Year End Result at 30 June 2022

\$'000	General	Water	Sewer	Total
External Restrictions	26,935	29,010	23,150	79,095
Internal Restrictions	21,144			21,144
Total Restrictions	48,079	29,010	23,150	100,239
Unrestricted	6,031			6,031
Total Funds	54,110	29,010	23,150	106,270

Movement from June 2021 to Unaudited June 2022

\$'000	General	Water	Sewer	Total
External Restrictions	8,606	5,766	3,639	18,011
Internal Restrictions	4,331			4,331
Total Restrictions	12,937	5,766	3,639	22,342
Unrestricted	2,623			2,623
Total Funds	15,560	5,766	3,639	24,965

6. Consultation and Communication

An Investment Report is required to be tabled at the monthly Ordinary Meeting of Council.

7. Conclusion

The Cash and Investment Report provides an overview of cash and investments as at and for the month ended 31 August 2022 and demonstrates compliance with Council policy.

Item:	9.2	Ref: AINT/2022/39222
Title:	Investment Policy - Annual Review	Container: ARC20/4311
Responsible Officer	Acting Chief Financial Officer	
Author:	Brad Munns, Financial Accountant	
Attachments:	1. Investment Policy - Final Version	

1. Purpose

Council's Investment Policy is required to be reviewed annually.

The investment of surplus funds must remain in line with Council's Investment Policy. This will ensure sufficient working capital is retained and restrictions are supported by cash and investments that are easily converted into cash. Cash management complies with the *NSW Local Government (General) Regulation 2021*.

Thorough review has determined, in the view of staff, that there are no amendments or updates required to the policy. The purpose of this report is to communicate this determination to Council for determination.

2. OFFICERS' RECOMMENDATION:

That Council:

1. Note the annual review of the Investment Policy.
2. Note that no proposed amendments or updates are recommended.
3. Note that the Policy is not required to be placed on public exhibition given no changes are proposed.

3. Background

The Investment Policy is required to be reviewed annually. Staff have performed a review of the Policy.

4. Discussion

Council is committed to ensuring its Policies are current and reflect current business and industry practices. Staff review has determined the existing Policy remains fit for purpose, compliant, relevant and in accordance with current business and industry practices.

5. Implications

5.1. Strategic and Policy Implications

This is an existing policy and there are no updates or amendments recommended.

The Investment Policy relates to:

- Council's Community Plan 2022-2032 theme category of "Strong Region – Engagement and Responsibility" and related strategy of "Manage public resources responsibly and efficiently for the benefit of the community."

- Council’s Delivery Program 2022-2026 includes initiatives S2.3.2 “Maintain financial sustainability by meeting Performance Ratios and Fit For the Future Benchmarks, while ensuring sustainable cash reserves to support service levels and assets” and S2.3.5 “Manage our assets responsibly to ensure greater lifespan and usability and to reduce financial burden”.
- Council’s Operational Plan 2022-23: Asset Management, Finance and Procurement, Governance, Strategy and Risk.

As reported to Council each month, all of Council’s investments for the period are in accordance with:

- Council Investment Policy
- *Local Government Act 1993* – Section 625
- *Local Government Act 1993* – Order of the Minister dated 12 January 2011
- *The Local Government (General) Regulation 2021* – Reg 212

The investment of surplus funds must remain in line with Council’s Investment Policy. This will ensure sufficient working capital is retained and restrictions are supported by cash and investments that are easily converted into cash. Cash management complies with the *NSW Local Government (General) Regulation 2021*.

5.2. Risk

The Investment Policy contributes to Council’s management of risk and represents Council’s efforts to reduce and manage the implications associated with risk.

5.3. Sustainability

Improved risk management and governance practices arising from Council’s review of Policies assists Council to improve its sustainability.

5.4. Financial

An annual review of Council’s Investment Policy does not of itself directly impact a budget line item, however the Investment Policy refers to activities associated with income and expenditure. The relevant budget line items are noted below. In relation to items of income and expenditure, Council’s investments earn interest income and Council pays a monthly fee for an online reporting platform that facilitates efficient investment management and reporting.

Budget Area:	Financial Services						
Funding Source:	General Fund (untied revenue) Water Fund (externally restricted) Sewer Fund (externally restricted)						
Budget Ref: (PN)	Description	Approved Budget (Revised)	Actual	Committed	Proposed	Total Forecast (Income)/ Expenditure	Remaining Budget
210815.1.1760. 165.1670 260005.3.2590. 165.1660 280010.2.3310. 165.1650	Interest Income on Investments	(\$715,000)	(\$236,751)	Nil	Nil	(\$236,751)	(\$478,249)

210815.1.1760. 333.2430	Subscriptions	\$10,700	\$3,850	\$4,500	Nil	\$8,350	\$2,350
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The endorsement of the existing Investment Policy is expected to continue to improve Council's financial position as a result of continued risk management and governance practices.

6. Consultation and Communication

The Investment Policy is required to be reviewed annually. Staff have determined there are no amendments or updates required to the policy. The purpose of this report is to communicate staff determination to Council for Council's endorsement. Since there are no amendments or updates to the Policy, no public exhibition is required.

7. Conclusion

Staff have determined there are no amendments or updates required as part of an annual review of the Investment Policy.

Item:	11.1	Ref: AINT/2022/38597
Title:	Increase the Annual Financial Contribution to the Armidale Neighbourhood Centre - For Adoption (Post Public Exhibition)	Container: ARC18/2827
Responsible Officer	General Manager	
Author:	James Roncon, General Manager	
Attachments:	1. Submission One - Greg Drake 2. Submission Two - Paul Packham 3. Submission Three - Chris Hietbrink 4. Submission Four - over the counter responses to ANC	

1. Purpose

The purpose of this report is to present the submissions received following a 28 day public exhibition period from Thursday 28 July 2022 to Friday 26 August 2022 of Council's intention to increase the annual financial contribution to the Armidale Neighbourhood Centre (ANC) from \$20,000 pa to \$80,000 pa.

2. OFFICERS' RECOMMENDATION:

That Council:

- a. Receive and note the submissions attached this report on the intention to increase the annual financial contribution to the Armidale Neighbourhood Centre (ANC) from \$20,000 pa to \$80,000 pa; and
- b. Adopt to increase the annual financial contribution to the Armidale Neighbourhood Centre and make the budget adjustment as part of the 2022/23 first quarter review.

3. Background

The Armidale Neighbourhood Centre (ANC) has operated for the past 43 years, primarily (until recently) from the premises owned by Armidale Regional Council (ARC) next door to the Armidale administration building in Rusden Street. The ANC has provided all manner of services to its client base over that time and is often the 'place of last resort' for the vulnerable and those in need of assistance in various forms. Assistance with access to food, provision of meals, rent and utility payment assistance, support in instances of domestic violence, homelessness and much more, form the cornerstone of the assistance provided by ANC to an (unfortunately) growing list of those in need. They have recently relocated to new shared premises with Homes North, the new premise referred to as 'The Hub'.

4. Discussion

The current economic outlook suggests that the types of service on offer through ANC may be in greater demand now and in the years to come. The impacts of drought, flood, Covid and the predicted increase in the cost of living that have impacted vulnerable individuals and families are examples of those who experience disadvantage and may not always be obvious to those watching on.

ARC does not have a significant footprint of responsibility in this sector and would struggle to fill the void if called upon to actively respond in the absence of an organisation such as ANC. ARC currently contributes \$20k per year towards operational overheads of ANC, presumably agreed to by past Councils in recognition of the significant role they play. The requested increase to \$80k (net \$60k) to support the improved service offerings of ANC and in turn the most vulnerable in our community is supported by the General Manager.

This increase will ensure that ANC is able to deliver full services at the Hub five days a week and provide much needed triage and real time assistance to increasing numbers of community members seeking support.

Public Submission

Council received three individual submissions from the community (of which two were supportive and one was unsupportive of the increase) and one (supportive) bulk submission from the Armidale Neighbourhood Centre where community members attended the centre and provided feedback which was compiled.

5. Implications

5.1. Strategic and Policy Implications

There is a clear alignment between the goals and objectives of the Community Support Hub and Council's Community Plan 2022-2032 and Delivery Program 2022-2026. In particular the following Community theme under the Six Pillars of the Community Plan;

Enriched Region – Community and Culture

E1.1 Ensure health and community service provision meets the needs of our growing and ageing population

E1.2 Recognise and support the diverse needs of our community, including those that are disadvantaged

E1.3 Foster safety and security within our community and support the provision of basic needs

This is reinforced by Local Government NSW on their website: 'As the third tier of government, local government is responsible for ensuring local communities run as smoothly and efficiently as possible, with citizens able to access the services and programs they need to live safe and healthy lives.'

ANC and Homes North, as lead organisations in the Hub, are currently developing the Community Support Hub Strategic Plan and an Evaluation Framework. The Hub Strategic Plan will link to other relevant key documents to ensure alignment of outcomes and the evaluation process will provide valuable data on outputs and outcomes for all stakeholders including, community members, co-located partner services, the wider community service sector and funders. Equitable and streamlined access to integrated service delivery and the provision of inclusive support for the most vulnerable in the community are at the core of the Hub delivery. Outcomes identified in the draft evaluation plan include improved community wellbeing, meeting the needs of vulnerable community members and improved service delivery through co-located service delivery.

5.2. Risk

The significance of the role ANC play in the community and the partnering role ARC can lean on, cannot be understated.

Given ARC are largely under-represented in the community service space, gaining a partner in the community services sector to advise Council (formally or informally) on policy affecting the disadvantaged in our region as well as any other problems Council may need to be aware of amongst a cohort of individuals who may not normally raise a voice with or to council. Further and during times of emergency, a partner such as ANC could assist in the delivery of relief services.

An example of this was on display during the Covid crisis (now); the Government has discovered how essential Neighbourhood Centres were in their addressing of the many needs in the community during this pandemic - they had all the networks, MOUs, and knowledge of the needs of the community as well as who were the vulnerable families and individuals. A stronger partnership with the ANC ensures that ARC have timely access to these networks during disasters.

5.3. Sustainability

Not applicable at this time.

5.4. Financial

Budget Area:	People and Community Services						
Funding Source:	Armidale Neighbourhood Centre						
Budget Ref: (PN)	Description	Approved Budget	Actual	Committed	Proposed	Total Forecast Expenditure	Remaining Budget
220182	Contribution to ANC	\$20k		\$20K	\$60K	\$80k	\$0

6. Consultation and Communication

Three individual submissions were received along with one submission from ANC where community members attended the centre and provided feedback which was compiled and submitted to Council.

7. Conclusion

This report recommends that Council approve the increase of the annual financial contribution from \$20,000 to \$80,000 to ANC to support the improved service offerings, as required by Section 356 of the *Local Government Act 1993*.

Item:	12.1	Ref: AINT/2022/34527
Title:	KPWG - Minutes of meetings held July - September 2022 Container: ARC16/0001-7	
Responsible Officer	General Manager	
Author:	Melissa Hault, Executive Officer	
Attachments:	<ol style="list-style-type: none">1. KPWG Minutes - Growing Region - 26 July 20222. KPWG Minutes - Connected Region - 28 July 20223. KPWG Minutes - Future Region 11 August 20224. KPWG Minutes - Enriched Region - 12 August 20225. KPWG Minutes - Growing Region- 1 September 20226. KPWG Minutes - Future Region - 14 September 20227. KPWG Minutes - Liveable Region - 15 September 2022	

RECOMMENDATION:

That the following Minutes of the Key Pillar Working Group meetings held from July 2022 to September 2022 be noted;

- Growing Region KPWG meeting held 26 July 2022
- Connected Region KPWG meeting held 28 July 2022
- Future Region KPWG meeting held 11 August 2022
- Enriched Region KPWG meeting held 12 August 2022
- Growing Region KPWG meeting held 1 September 2022
- Future Region KPWG meeting held 14 September 2022
- Liveable Region KPWG meeting held 15 September 2022

1. Purpose

This report is to provide Council with the minutes and action lists of the Key Pillar Working Group meetings held from July 2022 to September 2022 which details recommendations to Council for consideration.

2. Background

The role of the Key Pillar Working Groups is to advance the key objectives of the Region by working through each pillar of the Community Plan (CP), providing a policy direction and outcome, following engagement with the relevant interest groups that represent our community.

3. Report

At its meeting held 26 July 2022, the Growing Region KPWG considered:

- Draft TOR discussed. Each to review and feedback before 3 August towards finalisation.

- Future meeting frequency and dates proposed. To be diarised.
- Conceptual approach discussed
- Proposed future brainstorming session to discuss focus areas.
- Cr Paul Gaddes was elected chair unopposed.

At its meeting held 28 July 2022, the Connected Region KPWG considered:

- The Terms of Reference, election of Chair, the Grids and Gates Policy and Smart Regional Spaces Project.

At its meeting held 11 August 2022, the Future Region KPWG recommended:

- That Council plant 1 million trees and revegetate 90% of riparian zones within the Local Government Area.

At its meeting held 12 August 2022, the Enriched Region KPWG considered:

- The Terms of Reference and determined that the first Key Focus Area would be to 'ensure health and community service provision meets the needs of our growing and ageing population'.

At its meeting held 1 September 2022, the Growing Region KPWG considered:

- Airport & Tourism focus areas and keeping in view the REZ and existing business focus areas for future focus.
- Projects agreed upon;

AIRPORT

- Project #1: Get the airport café operating again (<3months).
- Project #2: Treat the airport location as a precinct & define usage zones (<3months).
- Project #3: Determine a solution to make the airport accessible to commercial aircraft during bad weather (install ILS). (<6months).

TOURISM

- Project #1: Define a regional tourism & brand strategy to incorporate a destination management plan, waterfall way vision, tourist itineraries, better facilitation of operators & attractions. (<3months).
- Project #2: Ensure gold-standard access to key attractions (<3months).
- Project #3: Investigate installation of tourist attraction signage incorporating QR code (<3months).
- Project #4: Facilitate better visibility & regional benefit from sports tourism (<6months).

At its meeting held 14 September 2022, the Future Region KPWG recommended:

- That Cr O'Connor be accepted as an ongoing invitee to this Meeting.

- That 5% of developer contributions be spent on tree planting (urban forest).

At its meeting held 15 September 2022, the Liveable Region KPWG recommended:

- Crs O'Brien and Galletly to co-chair Liveable KPWG.
- Invite Community Members;
 - John Cassidy Jr – Tattersalls Hotel
 - Rose Lovelock – Aboriginal Cultural Centre & Keeping Place
 - Yvonne Langenberg – Boo Books
 - Steve Brambley - BackTrack
- First Quarter Focus;
 - Ben Lomond – Observe the Night (In the Mall)
 - Indigenous (art) Community Bike Rack
 - A Village Project
 - Connect with Guyra Progress Assoc.

Item:	14.1	Ref: AINT/2022/38671
Title:	Question on Notice - Cr Robinson	Container: ARC16/0025-6
Responsible Officer	General Manager	
Author:	Dorothy Robinson, Councillor	
Attachments:	Nil	

1. Purpose

The purpose of this report is to provide a further response to one outstanding submitted Question on Notice as provided by Cr Robinson to the August Ordinary Council meeting.

2. OFFICERS' RECOMMENDATION:

That Council note the further response to the Questions on Notice submitted by Cr Robinson.

3. Costs and Financial Information

- c) At the November 2020 meeting, administrator Viv May approved expenditure of \$41,573 for Solar panels at Monckton Aquatic Centre from budgeted funding of \$60,000 for the Climate Emergency action plan.

What was the final cost of the PV System at Monckton?

What happened to the remaining budget allocation?

Background Support Information

Nil

General Manager's Comment

- c) As per the response provided to Cr Robinson on 8 August 2022, the system at Monckton Aquatic Centre is on track to achieve its budget forecast of circa \$41500. The total expenditure was \$39,066. The balance of the \$60,000 allocation was absorbed back to the general fund.