



# 2019-2020 ANNUAL REPORT

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*"Promoting our future through diversity"*



# Acknowledgement

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Council acknowledges the Wiradjuri people as the Traditional Owners of the land of which the Carrathool Shire local government area is a part, and pays its respects to their Elders, past and present.

# Community Vision and Values

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To achieve the vision, six key strategic themes and goals were created to guide Council, business and community in delivering the vision.

## VISION

Carrathool Shire Council and the Community will work together to protect and delivery quality of life in harmony with economic development and environmental sustainability.

## GOALS

- Promoting Community Health and Wellbeing;
- Caring For and Protecting Our Natural Built Environment;
- Developing Community Strength and Capability;
- Growing and Diversifying our Economic Base;
- Fostering and Promoting a Rich Cultural Life;
- An Innovative, Effective and Representative Council.

# Viewing Annual Report

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A copy of this annual report and various other Council publications are available on Council's website [www.carrathool.nsw.gov.au/council/publications](http://www.carrathool.nsw.gov.au/council/publications).

Hard copies of this report are available for viewing in Council Offices and Library:

- Goolgowi Council Chambers – 9-11 Cobram Street, Goolgowi
- Hillston District Office – 139-145 High Street, Hillston
- WG Parker Memorial Library – 175 High Street, Hillston

#### Cover Images:

Robert Merrylees cutting the ribbon at the Merrylees (Carrathool) Bridge Opening 24 October 2019  
Volleyball at the Goolgowi Pool Party 23 November 2019  
Hillston Pool Party 21 December 2019  
Australia Day 2020 – Glynnnes & Darryl Clark, Citizens of the Year 2019

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# Welcome to Carrathool Shire Council's Annual Report 2019-20

## Purpose of this Report

The Annual Report is the key method for Council to maintain accountability and transparency with the community and is prepared in accordance with the Local Government Act 1993 and the Local Government Regulation 2005.

The Annual Report provides a comprehensive account of the Carrathool Shire Council's performance from 1 July 2019 to 30 June 2020 and details the progress made against the 2019/2020 Operational Plan.

The audited financial statements for the 2019/2020 reporting period are included within this Annual Report.

## Report Structure

The Annual Report includes information on the region, the organisation and Councillors, as well as specific information required under legislation and is comprised of three sections.

The first section provides an overview of our Council, including the Mayor's and General Manager's Message.

The second section contains highlights from Corporate & Community Services, Planning & Regulatory Services, Infrastructure Services and HR/Risk Management.

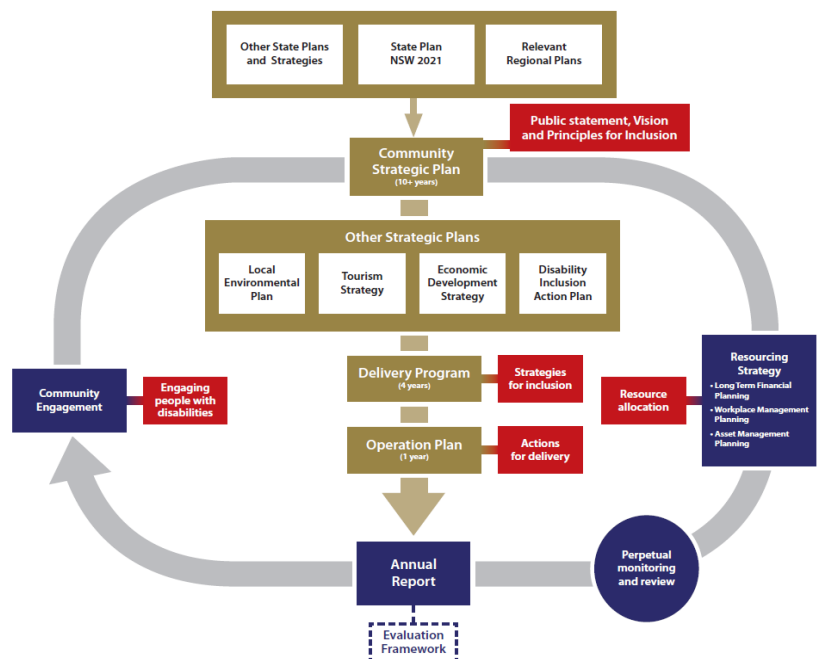
The third section of the report contains additional information on legislative requirements not covered in the main body of the report.

## Integrated Planning and Reporting Framework

The Integrated Planning and Reporting (IP&R) Framework promotes integration with community based objectives, informed by state-level plans cascading down through to Council for implementation.

IP&R necessitates a 'whole-of-council' approach to long, medium and short term planning and is comprised of the following key elements:

- Community Strategic Plan
- Resourcing Strategy
- Delivery Program
- Operational Plan
- Quarterly Progress Reports
- Annual Report
- End of Term Report



Council reports bi-annually on its performance against the Delivery Plan in February and August each year. The key issues identified as the challenges facing Carrathool Shire over the next ten years are, water security, changing demographics, aging population, young people moving from the district, economic constraints, Government regulations and managing the balance between community expectations and Council's ability to deliver.

Council's achievements in implementing its Community Strategic Plan are detailed in the attached Performance Report (Appendix 1).

## Message from the Mayor & General Manager

The 2019/2020 year saw many challenges and changes for our community, it was also my first term as Mayor following the resignation of long term Mayor Cr Peter Laird in September 2019. My thanks to fellow Councillors for their vote of confidence in me and electing me to the role at the September 2019 meeting.

All Councillors join with me in paying tribute to Cr Laird for his service and contribution to the shire commencing as a Councillor from 1984 and as Mayor from 2004. We all wish Peter and his family all the best for the future.

No doubt the biggest challenge for our community was all issues to do with the COVID 19 outbreak. It was pleasing to see our community's resilience and practical response in dealing with the imposed restrictions and still keeping our local economy ticking over – well done Carrathool Shire people.

A major highlight of the year was the completion of the bridge over the Murrumbidgee River at Carrathool, this has ensured a vital transport link into the future to enable movement of produce within our region. To complete the link back to other areas of the shire, Council sees Carrathool Road as a priority for sealing works and having undertaken some sealing works expects more will be undertaken in the near future.

This year also saw an abundance of grant funds provided to Council by both State and Commonwealth Governments.

Major works have been undertaken at the Hillston Caravan Park with funds provided by the Stronger Country Communities Program. Additional cabins have been installed, older cabins have been renovated and the amenities block upgraded. This has provided better facilities for travellers and for seasonal workers to ensure the future viability of our economic base.

*Rick Warren*  
*General Manager*



*Mayor Darryl Jardine*

Utilising Drought Funding Council was able to undertake the following projects across the shire area:

- Rankins Springs Cemetery Watering System
- Footpath replacement in Hillston, Rankins Springs and Goolgowi
- Renovation work at Community Halls
- Works to Hillston and Goolgowi Swimming Pools.

Council was also successful in obtaining a grant of nearly \$200,000 for upgrades to the Stan Peters Oval Complex, work is expected to commence in 2021.

Roadworks are always to the fore as they are one of the most important infrastructure resource council maintains – essentially to enable produce from our area to get to the market. Council has been looking at different models and methods of undertaking roadworks and maintaining our roads, some different practices are being trialled and hopefully there will be efficiency gains.

Using Roads to Recovery funds Council has undertaken major works projects on Lachlan River Road, Roto Road, Mitchells Road and Erigolia Road.

2019/2020 also saw restoration of some flood damaged roads in the south of the shire with a full assessment and claim being submitted to the Roads and Maritime Services for complete restoration of the roads.

Thank you to both Councillors and staff for the commitment to our shire over the past year.



*Peter Laird and Mayor Jardine*

# About Carrathool Shire Council

## Location

Carrathool Shire Council is located on the western plains of New South Wales approximately 700 kilometres south-west of Sydney, 550 kilometres north of Melbourne and is situated in close proximity to the regional centre of Griffith.

Carrathool Shire is a large rural Shire having an area of 19,000 square kilometres and five urban centres including the town of Hillston and the villages of Goolgowi, Merriwagga, Carrathool and Rankins Springs.

It is traversed by the Murrumbidgee and Lachlan Rivers, the Mid Western Highway and the Kidman Way. Willandra, Cocoparra and Willandra National Parks are also a feature of the area. Each community is unique and has its own point of difference.

## History

Carrathool is named from an Aboriginal word meaning "Native Companion". The original inhabitants of the Carrathool area were the Wiradjuri Aboriginal people.

Carrathool Shire Council was originally proclaimed Willandra Shire on 3 March 1906 and renamed the Carrathool Shire on 13 February 1907, the first council meeting was held at the Carrathool Family Hotel on 5 December 1906. In 1934, council meetings were relocated to Goolgowi.

In 1943 the Municipality of Hillston was amalgamated with the Carrathool Shire Council.

Carrathool Shire Council celebrated its centenary in 2006 and the Hillston Township celebrated its sesquicentenary in 2016.



*Carrathool Shire Councillors 2006 – Centenary Celebrations*

## Lifestyle

Carrathool Shire is a unique area based primarily on quality agricultural production and delivering a quality of life to be envied.

The town and villages feature excellent recreation facilities which have been established with a great deal of community effort and pride.

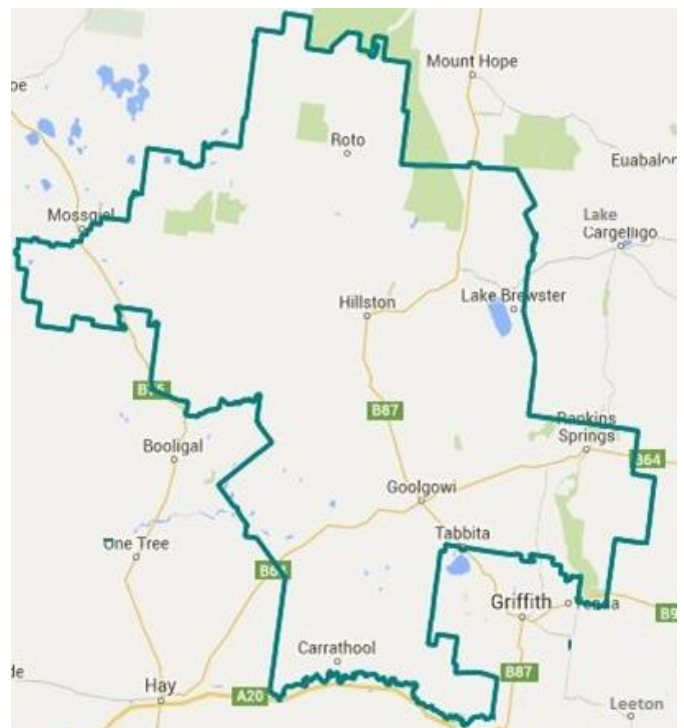
The Shire is serviced by a multi-purpose service (hospital) and medical services located in Hillston.

Hillston also boasts a well stocked library, including a monthly mobile library service for the surrounding villages.

## Work and Study

Whilst still predominantly an agricultural based Shire, we have diversified greatly from small dryland cereal growing and large grazing pursuits to irrigation crops such as cotton, walnuts, olives, rice, corn, cherries, vegetables, potatoes and citrus. A number of chicken farm developments have also been established within the area.

All villages except Merriwagga are serviced by public schools, with Hillston providing a private Catholic school and a Central School to year 12.



## Our Community

The follow provides a snapshot of our community, taken from the Australian Bureau of Statistics 2016 Census .

<p><b>Population</b></p> <p><b>2,719</b></p> <p>Male 47.8%</p> <p>Female 52.2%</p>	<p><b>Median Age</b></p> <p><b>40 years</b></p>
<p><b>Employment</b></p> <p>Fulltime 61.7%</p> <p>Part time 27.0%</p> <p>Unemployed 3.2% (NSW 6.3%)</p>	<p><b>Top 3 Industries of Employment</b></p> <ul style="list-style-type: none"> <li>• Grain Growing</li> <li>• Mixed Farming (Grain-Sheep / Grain-Beef Cattle)</li> <li>• Local Government Administration</li> </ul>
<p><b>Median Household Weekly Income</b></p> <p><b>\$1,240</b></p> <p>(NSW \$1,486)</p>	
<p><b>Housing</b></p> <p>Owned outright 39.8%</p> <p>Mortgage 18.8%</p> <p>Renting 34.5%</p>	<p><b>Median Monthly Mortgage</b></p> <p><b>\$867 (NSW \$1,986)</b></p> <p><b>Median Weekly Rent</b></p> <p><b>\$105 (NSW \$380)</b></p>

# Our Council

## Councillors

The people of Carrathool Shire are represented by 10 Councillors who are elected once every four years. The Shire is divided into two wards with five Councillors elected from each ward. The next Local Government Election due to be held in September 2020 has been postponed to September 2021 due to COVID-19.

The Mayor is elected by the Councillors biennially in September at the Ordinary Meeting of Council. At the September 2019 Ordinary Meeting, Mayor Peter Laird retired from office, Deputy Mayor Cr Darryl Jardine was unanimously voted to serve as Mayor and Cr Scott Groat to serve as Deputy Mayor for the following year.

## Ward A



**Cr Peter Laird**  
Mayor – Retired Sept 19  
Elected in 1984

Meetings attended: 2



**Cr Darryl Jardine**  
Deputy Mayor to Aug 19  
Mayor from Sept 19  
Elected in 2004

Meetings attended: 12



**Cr David Fensom**  
Elected in 2008

Meetings attended: 12



**Cr Geoff Peters**  
Elected in 2012

Meetings attended: 10



**Cr Brett Lewis**  
Elected in 2016

Meetings attended: 8

## Council meetings

During 2019/2020, eleven ordinary council meetings and one extraordinary council meetings were held. The agendas, minutes and audio recordings of these meetings are available on Council's website.

Council continued to hold its meetings on the third Tuesday in the month, with meetings commencing at 10.00 am with COVID-19 restrictions in place.

In accordance with Council policy one meeting per annum is conducted in an urban centre other than the shire headquarters in Goolgowi or the district office in Hillston. The October ordinary council meeting was held in Carrathool.

## Ward B



**Cr Russell Campbell**  
Elected in 1997

Meetings attended: 11



**Cr Bill Kite**  
Elected in 2004

Meetings attended: 11



**Cr Michael Armstrong**  
Elected in 2012

Meetings attended: 10



**Cr Beverly Furner**  
Elected in 2016

Meetings attended: 11



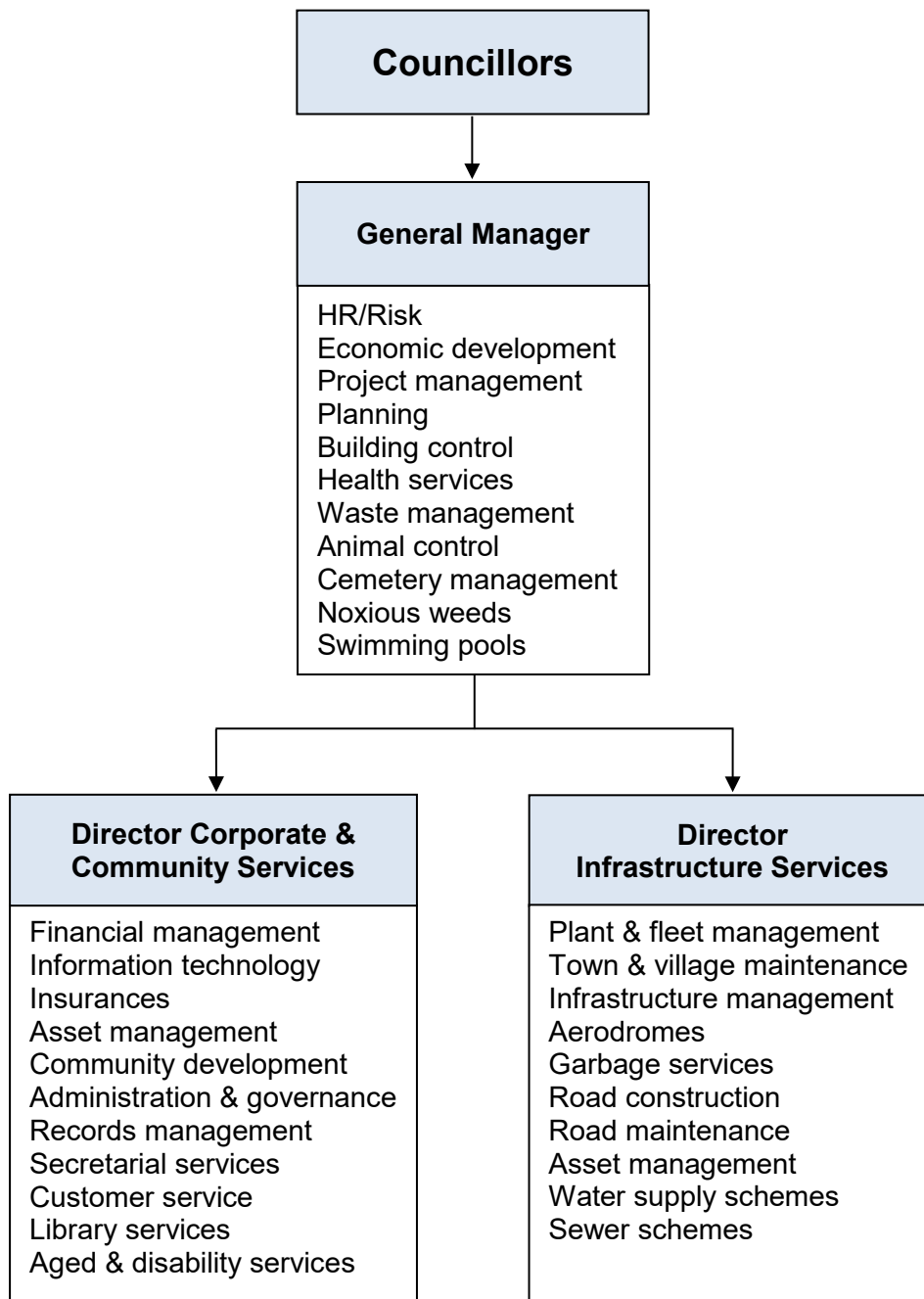
**Cr Scott Groat**  
Deputy Mayor from Sept 19  
Elected in 2016

Meetings attended: 11



# Organisation Structure

The organisation structure in 2019/2020 was aligned under two directorates.



## HR / Risk Highlights

### Our People

Council has a staff complement of 105.5 full time equivalent employees as at 30 June 2019.

28 permanent indoor positions



62 permanent outdoor positions (incl. fixed term positions)



44 casual / temporary positions

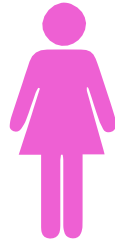


The average age of our staff is **45**.

### Gender Balance:



50.65%  
males



49.35%  
females

Approximately half our staff are positioned at the operational level (50.65%) with management representing 4.54% of the workforce.

In 2019/2020 the following human resources activities were undertaken:

- Introduction of an Human Resource Information System (HRIS);
- continued support for traineeships, apprenticeships, a graduate program and skills acquisition across the organisation in professional, technical, administrative and operational areas;
- continued support for Work Experience Students and Work Placement programs;
- implementation and revision of policies and procedures relevant to human resources.

### Recruitment and Retention

During 2019/2020, Council's staff turnover was **20.13%** this figure includes seasonal positions and casual roles. Adjustment for transitory positions brings Council's turnover rate to **9.74%**.

Exit questionnaires were completed by most staff and several employees participated in an exit interview. Reasons for staff turnover included, but were not limited to retirement, taking positions within the private sector and personal reasons.

Council actively recruited 35 employees to fill the vacant positions identified within the organisational structure, newly created positions within the realigned structure and additional positions outside the structure on a casual basis.

Attraction and retention of skilled positions continues to be a key initiative in Council's Workforce Strategy.

### Consultative Committee / EEO Committee

The Consultative Committee had four ordinary meetings and one extra-ordinary meeting during the reporting period and covered many topics including:

- a salary structure review
- revised performance review process
- corporate training plan
- recruitment
- policy and procedure development
- scheduled learning and development and health surveillance "Carrathool Kick Start Day"
- committee member elections.

The Consultative Committee acts as the EEO Committee as part of its ongoing commitment to Council's EEO program. The aim of the EEO Committee is to work with all employees towards a discrimination and harassment free workplace. EEO matters reviewed included:

- Consideration of recruitment, selection, development and career progression practices specifically for EEO target groups;
- Reporting on EEO statistics across EEO groups such as Aboriginal/Torres Strait Islander, non-English speaking background (NESB) staff, staff with a physical or intellectual disability and women;

- HR practices were reviewed - recruitment techniques, selection criteria, training and staff development programs, with a view to identify any discriminatory practices.

## Training and Development

Council is committed to providing its employees with quality leadership, job satisfaction and effective training and development within a safe and healthy work environment with equity and fairness.

Council's Corporate Training Plan considers all obligations and ensures that objectives can be effectively met, subject to overall budgeting constraints.

Council's corporate learning program supports a broad range of staff development needs. This is developed in alignment with strategic priorities, as well as in response to needs identified through staff performance and development plans. A variety of learning methodologies are used, including e-learning, facilitated workshops, and mentoring and coaching.

During 2019/2020, Council offered a range of professional development opportunities to staff:

Aged Care Training
Audit Conference
Award History and Interpretation
Blast Management Course
Building Surveyor Professional Development
Cert III Civil Construction
Chemcert Reaccreditation
Confined Spaces Training
Environmental Health Professionals
First Aid Reaccreditation
Forklift Training
Intramaps Software Training
Leadership Program
Microsoft Office Teams
Pool Chemical Training
Promoting Library Activities
Recognising Grasses
Records Management
Recover Software Training
Report Writing
Reservation Management System software
Salary Package Training
Tourism and economic professional development
Traffic Control
Water Industry Training
Work Near Overhead Powerlines

Council made the decision to postpone the 'Carrathool Kick Start' – a health, wellbeing and training day, and reassess the Covid-19 situation in 2021. The day was designed to facilitate mandatory training in an interactive manner along with providing an opportunity for staff to participate in health and wellbeing screening activities.

## Staff Health and Well Being

Council continues to offer health screening initiatives and wellbeing programs for staff when funding allows. This year respiratory screening was carried out by the Dust Disease Board.

Council's insurer, Statewide Mutual introduced the Continuous Improvement Pathway (CIP) in 2012 and CIP Workbooks in 2017/2018. The CIP focuses on the continuous improvement of Council's risk management systems and is built around the principles of participation, benchmarking, engagement and improvement.

Areas considered by Carrathool Shire Council in 2019/2020 included Sporting Fields / Facilities, Contractor Management, Risk Culture, and Information Security.

## Work Health & Safety

Council endeavour to promote a safe culture and develop WHS and Risk Management best practices within its workforce. A new initiative undertaken has been the implementation of Council's new online incident reporting system, Vault.

Council's WHS Committee meet on a quarterly basis and is comprised of representatives from each work group, an elected union representative and a management representative.

The WHS Committee carried out quarterly safety inspections of the following Council work sites:

Goolgowi Council Chambers
Goolgowi Depot Yard, Stores and Workshop
Goolgowi Swimming Pool
Hillston Caravan Park
Hillston Depot and Yard
Hillston District Office
Hillston Sewerage Treatment Works
Hillston Swimming Pool
WG Parker Memorial Library

## Reducing Council's Risk Exposure

Risk Management is important to Carrathool Shire Council's ability to achieve the Strategic Objectives outlined in the Community Strategic Plan.

By fostering a vibrant Risk Management culture that encourages all staff to systematically apply the principles and procedures outlined in the Risk Management Plan, Council seeks to minimise resource waste and ensure that all Council objectives, activities and projects are undertaken with minimal risk.

Initiatives to reduce Council's risk exposure continued to be implemented in 2019/2020 including:

- revision of Council's Risk Management Plan, and Risk Appetite Framework
- development of Council's risk register in collaboration with staff,
- analysis and controls of insurable risks.

## Our diverse workplace



### Images of staff members though out 2019/2020:

Backtrack to the Outback 2019 Tourism Stall Melbourne (Economic Development), Seniors Week 2020 Luncheon (HACC), Official Opening of the Carrathool Bridge 2019 (Corporate & Community Services), Goolgowi Lifeguards at the 2019 Pool Party and Carrathool Road Construction Project (Infrastructure Services).

# Economic Development

## Economy

Carrathool Shire’s major economic drivers continue to be traditional farming activities such as grazing and cereal cropping; however there is a strong contribution to our overall economy by some newer industries such as chicken growing, intensive horticulture, nuts and olives.

Carrathool Shire into the future will need a streamlined, cost-effective logistics chain to deliver our commodities to both export ports and domestic markets. Council continues to lobby both State and Federal governments in this regard.

For its workforce, Carrathool Shire relies strongly on the backpacker sector to work in the many agribusiness operations in the Shire. In peak periods, there can be as many as 300 external workers, which can be 20% of our resident workforce.

An emerging trend, especially in the irrigation areas, is increasing interest amongst the global financial community to invest in our Shire’s high performing irrigation farms. This trend is expected to continue due to the ever-increasing world-wide demand for Australian produce.

## Tourism

Carrathool Shire continues to welcome “grey nomads” with their caravans to the Shire, notwithstanding the recent effects of COVID 19 restrictions. The major routes for this travelling sector are the Kidman Way and the Midwestern Highway, both which cross through our Shire. Council-operated caravan parks provide overnight opportunities which is an important part of our visitor economy.

During the 2019/2020 financial year, Council completed a major upgrade of facilities at the Hillston Caravan Park including a refurbished amenities block, camp kitchen and new cabins.

Council continues to promote our shire by participation in the Kidman Way Promotional Committee. New promotional material produced during the year included brochures promoting the Carrathool Art Trail and also self-drive routes throughout the Shire.

## Australia Day

The 2020 Australia Day celebrations were hosted by the Merriwagga Community at the Merriwagga Community Hall. The event was attended by over 100 people who celebrated the achievements of all individuals and community groups nominated.

Yvette Mackenzie was honoured to be the 2020 Carrathool Shire Australia Day Ambassador and spoke of her early years growing up on a farm in Merriwagga before starting a successful career in agribusiness. Yvette congratulated the 2019 award recipients alongside Mayor Darryl Jardine. Citizens of the Year were Darryl and Glynnis Clark from Goolgowi.

Australia Day Ceremonies provide us with an opportunity to stop, reflect and recognise the contribution made to the community by many of our residents on a voluntary basis and it is always particularly heartening to see our young people give of themselves in this way.

## Youth Week

Youth Week 2020 celebrations were somewhat curtailed this year due to Covid 19; however a Virtual Scavenger Hunt was held across the Shire and enjoyed by all.



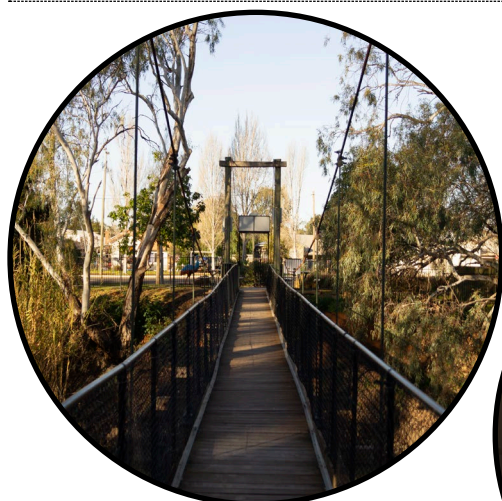
**Youth Week Selfie Challenge**  
 ↑Purple – Violet Wray  
 ←Isolation – Adela Neal  
 ↓#NYW – Kade Williams



## Grant funding received 2019/2020

Council received the following grant funding to support projects across the Carrathool Shire LGA. All of these projects contribute to the well-being and liveability in our Shire.

Financial Assistance Grant (FAG)	\$3,917,022.00
FAG – Local Roads	\$2,396,937.00
Carrathool Bridge – State	\$2,406,413.00
Carrathool Bridge – Federal	\$2,887,024.00
Federal Government Road to Recovery Program	\$4,370,133.00
RMS State Roads	\$2,064,132.00
RMS Block Grants (Regional Roads)	\$1,803,629.00
Noxious Weeds Program	\$47,592.00
SCC R1 – Hillston Swinging Bridge Refurbishment & Desatholon Park Walking Track	\$389,547.00
SCC R1 – Goolgowi Skate Park Construction	\$120,227.00
SCC R2 – Goolgowi Recreation Amenity Improvements	\$28,380.00
SCC R2 – Hillston & Goolgowi Pool Amenities Refurbishment	\$46,200.00
SCC R2 – Hillston Caravan Park Refurbishment and Upgrades	\$181,987.00
SCC R2 – Hillston Tennis Court Upgrade	\$161,457.00
SCC R2 – Rankins Springs Recreation Ground Lighting and Grounds Upgrade	\$33,770.00
SCC R2 – Shade Sails for Shire Playgrounds Project	\$80,400.00
SCC R2 – Shire Entry and Welcome Signs	\$120,600.00
Drought Communities Funding R2 – Various Projects	\$500,000.00
Hillston Floodplain Study	\$23,615.00
Animal Control	\$4,000.00
Youth Week	\$1,887.00
Tech Savvy Seniors Program	\$1,500.00
Library Grants	\$66,333.00
Community Care	\$872,085.00
	<b>\$22,524,870.00</b>



- ← Hillston Swinging Bridge Refurbishment
- ↓ Hillston Caravan Park Refurbishment – New Cabin
- Goolgowi Skate Park Opening – Goolgowi Public School Principal Ann-Marie Young, Dusty McIntyre and Mayor Darryl Jardine.



# Corporate & Community Services Highlights

## Financial Results

Council reported an operating surplus before capital grants and contributions of \$3.785 million for the year ended 30 June 2020 (2019 – deficit of \$1.844 million).

Excluding capital grants and contributions, operating revenues for the year were \$25.56 million an increase of approximately 16.3% on the previous years figure of \$22.028 million, whilst during the same period operating expenses \$21.775 million, including depreciation expenses of \$7.963 million, decreased approximately 8.8%.

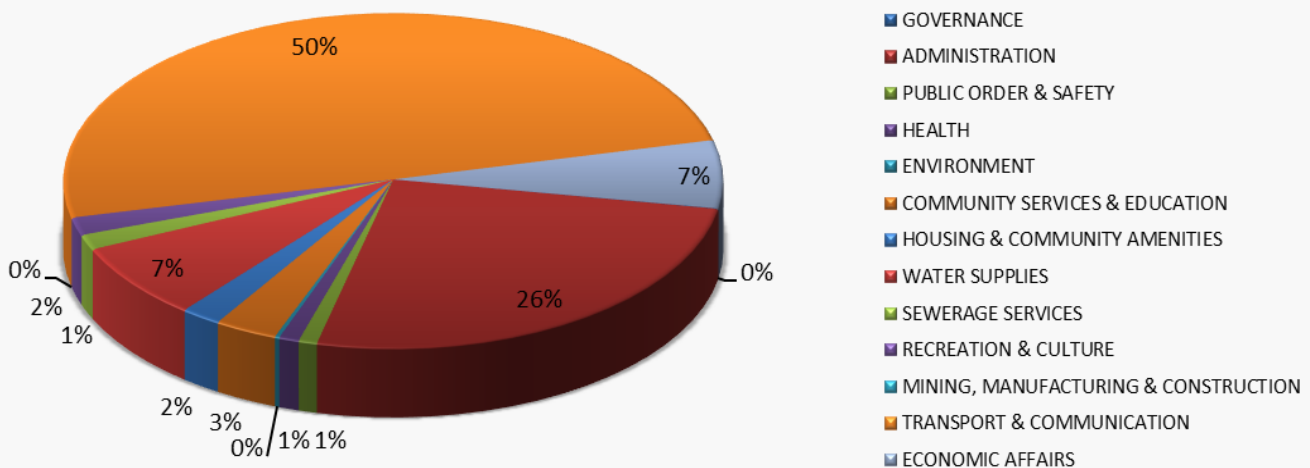
A breakdown of Council's operating revenues and expenses by function for the year is as follows:

In addition to operating revenues, Council received capital grants and contributions amounting to \$6.707 million (2019 - \$8.001 million).

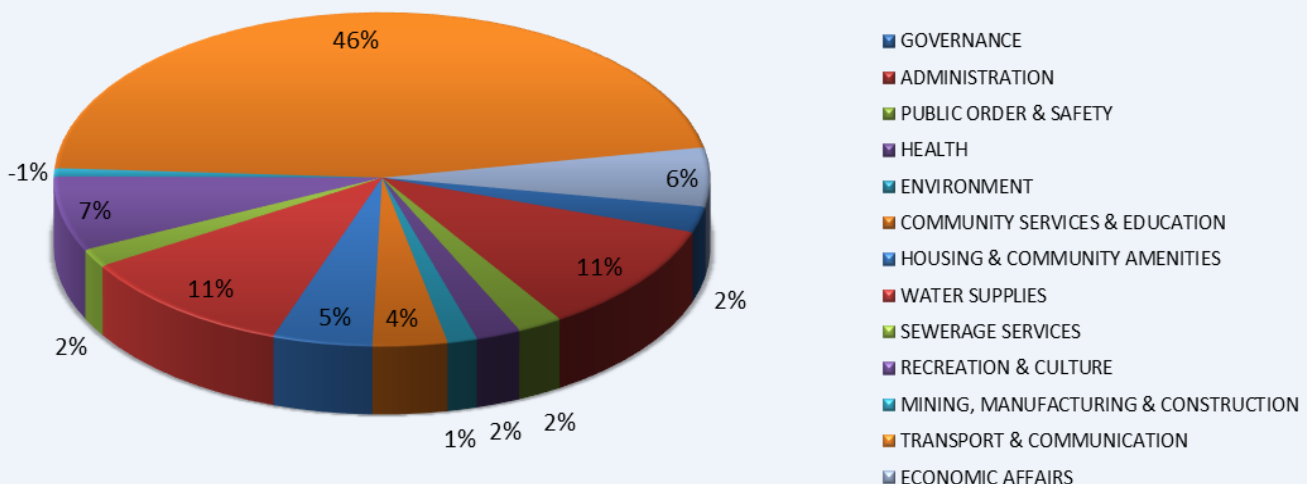
In the twelve month period to 30 June 2020 Council's operating result from continuing operations (including capital grants and contributions) was a surplus of \$10.492 million compared with a surplus of \$6.157 million in the previous year.

For further financial information including the Audit Report please refer to the Financial Statements attached to this report.

### Revenue 2019/20



### Expenditure 2019/20



## Library Services

Council's vision for the WG Parker Memorial Library is for our local community to view it as their **"Third Place"**, and, to become a provider of Agency Services in conjunction with the traditional role of the library as a recreational and educational provider to our Community. Our visitor figures indicate that we have continued to make inroads into the delivery of services that meet the needs of our Community and we will continue to be open and responsive to this need.

During 2019/2020 the children's area of the Library was refurbished as part of the NSW Public Libraries 'Renew our Libraries' Campaign. Projects included the renewal of furniture, new carpets, painting of the walls and a spectacular mural.

### 2019/2020 stats:



**1,269**  
**Members**



**28,218**  
**Visits**



**18,224**  
**Items borrowed**



**2,537**  
**Mobile library loans**



**752 bookings**



**2,368 Sessions**



Helen Underwood and Mural Artist Jenifer Forster

### Community access / services offered

Included in the library building are offices for rent. One office is utilised by Centrelink as a Centrelink access centre and the other two are permanently used by (3) employment agencies that visit Hillston on a fortnightly basis. Interagency, My Health and other Government services utilise the library for meetings and information days, there are also TAFE video conferencing facilities permanently located at the library for students enrolled in TAFE NSW Riverina courses. JP services are available.

### Events and Programs

During 2019/2020 the Library held the following events for all residents and visitors:

- 'Be Connected' Technology Class for Seniors.
- Book Week 2019: Anna Fienberg was our visiting book week presenter, local schools participated in book week with all students enjoying Anna's presentation and workshop.
- We joined in National Simultaneous Storytime
- School Holidays included regular Storytime, Craft and Xbox club.
- Seniors Week 2020: The Seniors Week Luncheon was held in February at the Hillston Ex-Servicemen's Club, the luncheon was well attended with seniors being treated with a pamper station, wine tasting and a roast lunch.



↑ Book Week 2019  
← Seniors 'Be Connected' Class  
↓ Seniors Week 2020



## Aged and Disability Services

The Multi Service Outlet (MSO) provides a range of services available to all eligible Carrathool Shire residents.

During the 2019/2020 financial year COVID-19 had a significant impact on the services that we were able to provide, it caused limitations to our community transport, meals on wheels services and group respite services.

### Our Services include:

Commonwealth Home Support Programme (CHSP) provides entry-level support to older people in the community with the goal to maintain their independence. Support included within this funding can include home maintenance, meals on wheels, social support, domestic assistance, centre based respite, community transport and home modifications.

Home Care Packages (HCP) are designed to assist older people in the community that have more complex care needs that go beyond what the CHSP program can provide. The three main categories of services carried out within the HCP program are services to keep people well and independent, services to keep people safe in their home and services to keep people connected to their community.

Community Transport Program (CTP) provides transport to residents that have no or limited access to public transport due to their location, financial resources or physical or cognitive capabilities. This service is available to all Carrathool Shire residents and aims to assist them in social inclusion, gaining access to goods and services that are required for daily living and providing connections to public transport.

## Statistics for 2019-2020

**Domestic Assistance**  
(cleaning / shopping)

**600 hrs**

**Flexible Respite - for carers**

**188 hrs**

**Home Care Packages**

 **26**

**Home Maintenance**  
(lawns & gardening)

**189 hrs**



**Meals On Wheels**  
(fresh cooked meals  
or frozen orders)

 **131**

**Social Support**  
(visiting, telephone monitoring,  
assisting with shopping)

**476 hrs**

**Trips - CTP Under 65**

- community transport
- medical & shopping

**394**

**Trips - CHSP Over 65**

- community transport
- medical, shopping & social

**605**



# Major Capital Works – A Year in Review

## Merrylees (Carrathool) Bridge

Total cost: \$13,000,000.00

This project was funded by the Australian and NSW Governments.

The Merrylees (Carrathool) Bridge built to replace the old woodspan Carrathool Bridge, was undertaken by Nelmac Pty Ltd and officially opened on 4 October 2019. Mayor Jardine paid tribute to the late Margaret Merrylees who was a passionate Councillor and advocate for the new bridge and the late Trevor Henwood who gifted land to the project.

The new bridge was opened by Mr Robert Merrylees alongside the Deputy Prime Minister the Hon Michael McCormack MP, Regional Transport Minister the Hon Paul Toole MP, Member for Murray Helen Dalton, Member for Farrer the Hon Sussan Ley MP, Mayor for Carrathool Shire Cr Darryl Jardine and Mayor for Murrumbidgee Cr Ruth McRae.



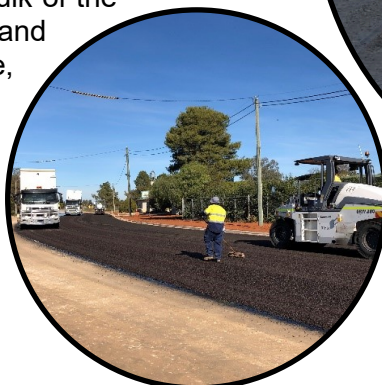
## McGee Street, Hillston

Total cost: \$1,400,000.00

This project was funded in part by Transport for NSW.

The McGee Street Rehabilitation project was undertaken by Council under contract for Transport for NSW. The works have repaired the main thoroughfare into Hillston, providing improved drainage and road surface for travellers, as well as improving the visual amenity for the entrance into Hillston township.

Works commenced in April 2020 with some ongoing footpath and cosmetic improvements. Local contractors were engaged to undertake the bulk of the works, which included new kerb and guttering, stormwater drainage, roadway, bitumen, linemarking, footpaths and relocation of telecommunication lines.



# Infrastructure Services Highlights

## Public Works

Council owns, operates and maintains many public works facilities including the following:

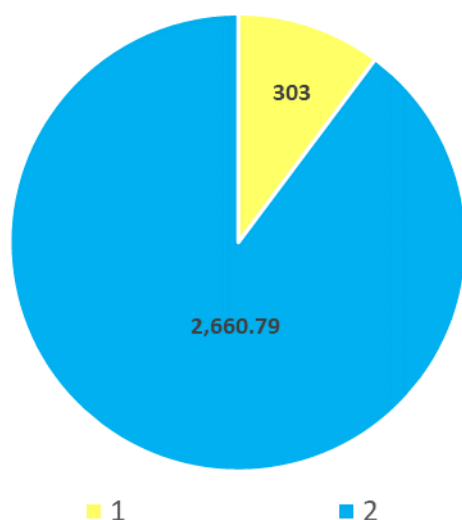
- Roads
- Bridges, culverts and stormwater drains
- Footpaths, kerb and gutters and street trees
- Buildings and public amenities
- Aerodromes
- Flood mitigation levees
- Reserves, parks and gardens
- Water treatment works & reticulation systems
- Sewer treatment works & reticulation systems
- Caravan parks
- Cemeteries
- Swimming pools
- Garbage disposal sites.

The report on Infrastructure Assets which forms part of Council's Annual Financial Statements provides information about the condition of Council assets. The estimated cost to bring public works up to a satisfactory standard is \$1.03 million. The required annual maintenance cost of public works for 2019/2020 is \$4.03 million. The current annual maintenance cost of public works for 2019/2020 was \$3.97 million.

## Roads

Carrathool Shire's geographic area of 19,000 square kilometres includes a total road length of 2,963.79 km; of this 2,660.79 km is controlled by Council with the remaining 303 km (State Highways) under the control of Roads and Maritime NSW (RMS).

Road Ownership - km



Council is responsible for the maintenance of urban, local and regional roads and manages the maintenance activities for the Kidman Way and Burley Griffin Way on behalf of the RMS.

Council Roads	Length km
Sealed	525.86
Unsealed	2,134.93
<b>Total</b>	<b>2,660.79</b>

RMS State Highways	Length km
Kidman Way (MR80S & MR410S)	148
Burley Griffin Way (MR84S)	9
Mid Western Highway (SH6)	123*
Cobb Highway (SH21)	24*
<b>Total</b>	<b>303</b>

\* Not part of RMS Road Maintenance Council Contract

During 2019/2020 the following road works were undertaken:

### Roads 2 Recovery Program (R2R)

Road Name	Type	Cost
Back Hillston Road	Reseal	\$105,044.63
Bringagee Road	Reseal	\$109,319.83
Cahills Road	Reseal	\$26,193.01
Carrathool Road	New Pave & Seal	\$830,158.93
Erigolia Road	Reseal	\$29,475.95
Erigolia Road	Reseal	\$187,785.98
Lachlan River Road	Heavy Patch	\$12,963.47
Lachlan River Road	Pave & Seal	\$309,249.94
Lachlan Valley Way	Pave & Seal	\$604,274.85
Melbergen Road	Reseal	\$65,097.28
Melbergen Road	Reseal	\$60,688.32
Mitchells Road	Pave & Seal	\$264,254.27
Mitchells Road	Reseal	\$17,908.50
Mossgiel Road	Pave & Seal	\$183,543.12
Murrumbidgee River Road	Reseal	\$64,855.71
Rankins Springs Road	Reseal	\$273,125.30
Roto Road	Heavy Patch	\$63,765.48
Roto Road	Pave & Seal	\$215,966.26
Roto Road	Reseal	\$55,866.68
Tabbita Lane	Reseal	\$285,270.42
<b>Total</b>		<b>\$3,764,807.93</b>

### RMS Block Grant – Capital Works

Road Name	Cost
MR80	\$253,204.74
MR321	\$74,986.13
MR501	\$171,881.57
<b>Total</b>	<b>\$500,072.44</b>

**RMS Repair Program – Capital Works**

Road Name	Type	Cost
MR80	Pave and Seal	\$235,192.71
MR368	Resheet	\$141,423.74
MR501	Resheet	\$144,420.31
<b>Total</b>		<b>\$521,036.76</b>

**Local Roads – Capital Works**

Road Name	Type	Cost
Billings Road	Resheet	\$104,239.94
Cannards Road	Resheet	\$67,561.49
Carrathool Road	Resheet	\$83,989.41
Cowper/Springs Road Intersection	Realign	\$1,970.00
Pleaseant Valley Road	Resheet	\$46,285.12
Roto Road	Pave & Seal	\$435,279.04
Roto Road	Reseal	\$63,009.04
Smiths Road	Reseal	\$81,282.33
<b>Total</b>		<b>\$883,616.37</b>



Carrathool Road, Pave and Seal – April 2020

Other works undertaken during the reporting period include, maintenance grading, pavement repair, mowing, pavement sweeping, guide posting, weed control, rest area maintenance, inspections, litter removal and storm damage repair work.

Roadside clean ups of state, regional and local roads were also undertaken by volunteer groups across the Shire as a fundraising activity.

**Footpaths, Kerb and Guttering****Footpaths:**

- New construction in Penney Street Goolgowi
- New construction in Boomerang Street Rankins Springs
- New construction in Keats Street Hillston
- New construction in Byron Street Hillston

**Kerb & Gutter**

- New Construction in McGee Street Hillston

**Aerodromes**

Council provides two airfields to service the shire, these key assets support economic activity, health and emergency services.

- An unsealed landing strip in Goolgowi.
- Hillston has a sealed 18 m wide and 1,300 m long strip with an unsealed cross strip and Pilot Activated Lighting System.

Regular inspections, reporting and maintenance were undertaken during 2019/2020.

**Plant & Fleet**

Council maintains a large plant and fleet program in order to undertake the scale of construction and maintenance contained in the Roads & Maritime Services (RMS) Routine Maintenance Council Contract and for Council's regional and local roads.

**NET****Major Plant Purchases  
2019/2020****\$1,394,511****Reserves, Parks & Gardens**

Council maintains various parks and gardens in all urban areas and carries out works ranging from mowing and watering to landscaping. Modern playground equipment is also provided and is subject to a regular inspection program. All parks and gardens are maintained in a satisfactory condition.

Achievements during 2019/2020 include:

- Hillston approach improvements with new tree line and watering system.
- New and upgraded watering systems for:
  - Hillston Cemetery
  - Hillston Street Gardens
  - Rankins Springs Cemetery
  - Rankins Springs Landfill
  - Parks within Goolgowi and Carrathool.
- Remediation and tree planting at Rankins Springs Landfill
- Parks and Playgrounds:
  - New playground at Rankins Springs Sports Ground and park furniture at various parks.
  - New park seating in various locations around Goolgowi.
  - Tree plantings at Wade Park Carrathool.
- Stan Peters Oval Upgrades:
  - Oval Beautification
  - Hillside Turf and Sprinkler System.

## Floodplain Management

A new flood plain management study was commenced in the 2019/2020 financial year. The total grant funding is \$99,850.00. Milestone one has been completed at a cost of \$27,550.00 with the next milestone due during the 2020/2021 financial year.

## Storm Water Improvements

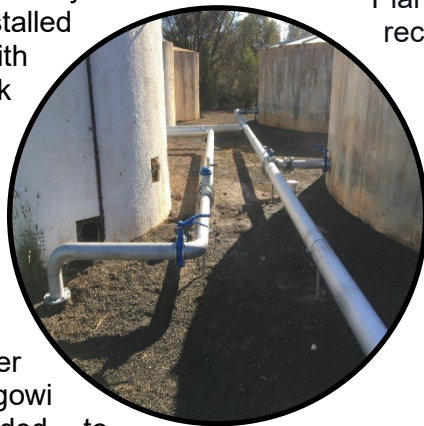
A Storm Water Improvement project in Hillston was completed in 2019/2020 at a total cost of \$100,000.00.

## Water Supplies

Council is committed to managing its water supply effectively to provide safe, high-quality drinking water that consistently meets the current version of Australian Drinking Water Guidelines, consumer, and other regulatory requirements. Potable water is supplied to the township of Hillston and villages of Goolgowi, Merriwagga, Carrathool, and Rankins Springs.

During 2019/2020 Council completed the following capital works:

- Replacement of water main HDPE (Poly) Pipe:
  - 225 meters on McGee Street Hillston
  - 140 meters on Back Hillston Road
  - 390 meters from Hillston Waterworks to Lachlan River Road
  - 40 meters on Kidman Way Hillston
- New pump system installed and commissioned with stainless steel pipework to improve water supply reliability for Goolgowi and Merriwagga villages under Capital Works Program.
- Approximately 170 potable water meter connections in Goolgowi Village were upgraded to address meter reading and manual handling issues.
- CMF and RMF computers at Hillston and Aerodrome (Bore-4) sites upgraded to improve telemetry system reliability.
- In conjunction with the Taggle system and Eacom, five radio receiver antennas were installed at various locations on Melbergen and Yoolaroi schemes for the AMR system rollout.
- Installation of electromagnetic flow meters at various pump sites to manage water accounts more efficiently.



All Potable water schemes were tested as per Public Health Guidelines and were found to be satisfactory throughout the year. Laboratory test results for microbiological and chemical quality are available on the Council's Website.

The Rankins Springs Water Treatment Plant commissioned in 2017/2018 is consistently performing well under constant supervision of DPIE officers. Council is progressively connecting more properties to the scheme.

Council is investigating water quality issues at Bore-5 in Hillston under NSW Public Health guidelines, with assistance from DPIE officers. This bore was constructed with the intention to make the Hillston Township drought resilient.

## Sewerage Services

Council manages and maintains one sewage treatment plant (STP) at Hillston and evaporation ponds at Goolgowi and Rankins Springs.

The STP in Hillston provides secondary treatment of sewage, based on the extended aeration process with sludge treatment by anaerobic digestion in a sludge lagoon. The final treated effluent is disposed of via evaporation from the basins at the STP site.

Wastewater from Rankins Spring Water Treatment Plant also pumps into the evaporation ponds after recycling.

The sewerage systems in place designed to efficiently collect, transport, and treat the community's sewage and liquid waste efficiently and cost-effectively.

During 2019/2020 Council completed the following capital works:

- Condition assessment of 2,473 meters and 1,164 meters of sewer mains in Hillston and Goolgowi.
- Sewer pump replaced at SPS 2,3 and 4 in Hillston.

As Council does not discharge sewer into receiving water, there are no requirements for an EPA (Environment Protection Authority) license.

Council runs an awareness campaign via Council's newsletter advising residents not to flush certain items that cannot dissolve or break down in sewerage systems to avoid sewer pipeline and pump blockages.

# Building and Regulatory Services

## Buildings & Public Amenities

Council controls land and buildings valued at:

# \$32.5 million

Regular maintenance to all public facilities will ensure they are kept in such a way that all health, accessibility and safety standards are addressed.

## Development & Building Control

Council's Local Environmental Plan (LEP) 2012 has been in place for seven years and is generally accepted by the community. During 2020/2021 the LEP will be reviewed for any anomalies or foreseeable problems, with a possible planning proposal to be submitted in the future.

In 2019/2020 a Local Strategic Planning Statement (LSPS) was prepared, outlining a 20 year land use strategy to achieve the communities economic, social and environmental vision.

During the reporting period Council approved the following with a total estimated construction value of \$21,679,552.

Development Applications	40
Complying Development Certificates	0

## Cemeteries

Council manages four cemeteries, these are located in Hillston, Goolgowi, Rankins Springs and Carrathool. Local community members assist in maintaining the cemetery surrounds and is appreciated by Council.

During 2019/2020 Hillston Cemetery saw a new lawn section included and new seating installed.

Council continues to maintain burial records in compliance with legislative requirements.

## Caravan Parks

Council provides caravan park facilities at Hillston, Goolgowi and Rankins Springs. The parks are utilised by the travelling public and accommodation for itinerant workers.

Council is currently updating and modernising various Caravan Park assets.

## Swimming Pools

Council maintains and operates two 25 metre swimming pools located in Hillston and Goolgowi. The complexes are open to the public from November to the end of March each year.

The Goolgowi pool upgrade was completed late 2019. The upgrade included new tiling for the 25 metre pool, the creation of a beach entrance, installation of water features and tiling of the toddler's pool. Improved drainage for pool surrounds and an upgrade of the filtration system.

## Waste Management - Landfills

Council operate and maintain five waste management facilities including landfill facilities in Hillston, Carrathool and Rankins Springs and waste transfer stations in Merriwagga and Goolgowi with waste disposed at the Hillston landfill. All facilities have provision for green waste and recycling of scrap metals.

The Hillston, Goolgowi and Carrathool facilities operate under permanent supervision during restricted opening hours. In 2019/2020 a new site office and security cameras were installed at the Carrathool facility.

Support continues for "DrumMuster" with community groups managing the collection and inspections as part of their fund raising activities.

## Weed Control

Council's weeds activities for 2019/2020 saw the continuation one Biosecurity Officer, associated equipment to control biosecurity threats, carry out inspections, and educate landholders throughout the shire's 19,000 sq km area.

### Private Property Inspection Program

During 2019/2020 Council's officer conducted a private property inspection program focusing on Spiny Burr Grass, Johnson Grass, Parthenium Weed, Alligator Weed, Clockweed, Prickly Pear and African Boxthorn. Council also enlisting co-operation from local land managers through the use of property management plans particularly for Alligator Weed.

### Use of enforcement procedures for noxious weed control

In 2019/2020 no bio security directions were issued.

### Weed recording, mapping, survey and reporting activities:

Council's mapping program has included the development of maps indicating the extent/density of the following weeds:

- Alligator Weed
- Johnson Grass
- Spiny Burr Grass Map
- Coolatai Grass
- Silver Leaf Night Shade
- Clockweed.

# Statutory Reporting

Council is required to report on a number of items as set out in the Local Government Act 1993 and Local Government (General) Regulation 2005.

## Councillors' Fees & Expenses

*Local Government (General) Regulation 2005 Clause 217(1)(a1)*

Council's Payment of Expenses and Provision of Facilities policy identifies expenses that will be paid and facilities that will be provided to councillors in the discharge of their civic functions. The policy was reviewed in September 2019 and adopted by Council on 19 November 2019. The Payment of Expenses and Provision of Facilities policy is available on Council's website.

In line with this policy, Councillors receive payment of out of pocket expenses for travelling and subsistence whilst undertaking Council business. Accommodation expenses are also paid for meetings, delegations and conferences held out of the Shire.

Expenditure during the 2019/2020 Financial Year:

Detail	Amount \$
Mayoral fees	\$24,319.13
Councillors' fees	\$111,466.30
Councillors' expenses:	\$21,294.01
<b>Total</b>	<b>\$157,079.44</b>

Councillor's expenses listed above include the following items which must be separately reported:

Detail	Amount \$
Provision of facilities	Nil
Telephone calls	Nil
Conferences and seminars	\$7,140.33
Training and skills development	Nil
Interstate travel	Nil
Overseas travel	Nil
Partner / spouse expenses	Nil
Childcare expenses	Nil

## Register of Overseas Travel

*Local Government (General) Regulation 2005 Clause 217(1)(a)*

No Council official travelled overseas as a Council representative during 2019/2020.

## Councillor Training & Skills Development

No Councillors undertook any training or skills development during the year.

## Remuneration Packages

*Local Government (General) Regulation 2005 Clause 217(1)(b)*

The General Manager (GM) is the only staff member designated as a senior staff member. The total remuneration for 2019/2020 is as follows:

Detail	Amount \$
Salary	\$247,355.75
Employer compulsory superannuation	\$23,498.74
Bonus or other payments	Nil
Non-cash benefit (house, phone & car)	Nil
Total fringe benefits	\$14,291.28
<b>Total</b>	<b>\$285,145.77</b>

## Rates Charges Written Off

*Local Government (General) Regulation 2005 Clause 132*

Council wrote off the following rates and charges during the 2019/2020 financial year:

Detail	Amount \$
Rates Written Off	\$403.55
Water Charges Written Off	\$1,960.53
Sewer Charges Written Off	\$8.15
<b>Total</b>	<b>\$2,372.23</b>

During the year \$59,133.81 in rates and charges were written off under the pensioner rebate scheme, with Council receiving a subsidy totalling \$31,536.28.

One request to write off rates and charges under Council's Hardship Policy was received during 2019/2020 for the amount of \$1,031.75.

## Legal Proceedings

*Local Government (General) Regulation 2005 Clause 217(1)(a3)*

Council incurred the following legal costs during the 2019/2020 Financial Year:

Detail	Amount \$
Debt Collection	\$1,679.65
Carrathool Bridge Land Purchase	\$8,719.30
Insurance Claim	\$387.00
Review Stock & Domestic Water	\$1,400.00
Five Oaks Rd Closure / Creation & Property Transfer	\$1,830.00
<b>Total</b>	<b>\$14,015.95</b>

## Contracts Awarded

*Local Government (General) Regulation 2005 Clause 217(1)(a2)*

Council awarded the following contracts greater than \$150,000.00 during the 2019/2020 Financial Year:

Name	Nature	Amount
Inland Truck Centre	Kenworth T909 Prime Mover Truck	\$323,592.18
Tri Star Industries	Tri Star 22m <sup>3</sup> Side Tipper Trailer	\$157,335.20
Westrac Pty Ltd	Caterpillar 150 Motor Grader	\$464,090.00
GCM Agencies	Multipac 524H Self Propelled Roller	\$169,400.00

## Contributions and Grants

*Local Government (General) Regulation 2005 Clause 217(1)(a5),  
Local Government Act 1993 Section 356*

Council recognises the importance of assisting not-for-profit community groups and organisations that are working towards the enhancement of facilities and improving community relations.

Detail	Amount \$
Community Grants Scheme 2019/2020 (20 applications)	\$19,587.86
Rankins Springs Festival	\$1,000.00
Seniors Week 2020	\$4,303.29
Remembrance Day 2019	\$105.00
Rates waived for Community Groups	\$2,852.00
Charles Sturt Scholarship Scheme 2020	\$6,000.00
Hillston Show	\$750.00
Hillston Triathlon	\$1,488.37
Rankins Springs Golf Club Christmas Event	\$650.00
Goolgowi State Sport Participation	\$200.00
Community Security Camera	\$421.82
<b>Total</b>	<b>\$37,358.34</b>

## Corporations, Partnerships, Trusts & Joint Ventures

*Local Government (General) Regulation 2005 Clause 217(1)(a7)*

Council held no controlling interest in any company during the 2019/2020 period.

*Local Government (General) Regulation 2005 Clause 217(1)(a8)*

Council was involved with the following organisations during 2019/2020:

- Riverina and Murray Joint Organisation (RAMJO)
- Riverina Regional Weed Committee
- Rural Fire Service NSW
- Southern Phone Company (Minor shareholder)
- Statewide Mutual Insurance
- TAFE NSW
- Western Regional Weed Committee
- Western Riverina Library (WRL)

## External Bodies

*Local Government (General) Regulation 2005 Clause 217(1)(a6)*

The following bodies exercised functions on behalf of Council, through the care, control and management of Council assets during 2019/2020:

- Carrathool Sportsground & Hall Management Committee
- Goolgowi Hall Management Committee
- Merriwagga Hall Management Committee
- Rankins Springs Hall Management Committee
- Rankins Springs Sport & Recreation Ground Management Committee
- Wallanthy Hall Management Committee

## Works on Private Land

*Local Government (General) Regulation 2005 Clause 217(1)(a4)*

Council did not resolve to undertake any private works during the period 2019/2020.

## Stormwater Management Services

*Local Government (General) Regulation 2005 Clause 217(1)(e)*

Council did not levy an annual charge for stormwater management services during the period 2019/2020.

## Coastal Protection Services

*Local Government (General) Regulation 2005 Clause 217(1)(e1)*

As an inland rural shire, Council is not required to provide coastal protection services.

## Environmental Upgrade Agreements

*Local Government Act 1993 Section 54P*

Council did not enter into any agreements during 2019/2020.

## Planning Agreements

*Environmental Planning and Assessment Act 1979 Section 9.10*

No planning agreements were in force during 2019/2020.



## Capital Works Projects

*Public Interest Disclosures Act 1994 Section 31*

In accordance with the Office of Local Government's Capital Expenditure Guidelines, Council is required to report on renovation or extension projects at a cost that is 10% of Council's annual rate revenue that is \$345,762. It is noted that capital expenditure on land purchases, land remediation, water supply networks, sewerage networks, stormwater drainage, domestic waste management facilities, roads, footpaths, and bridges is exempt from the reporting requirements.

## Public Interest Disclosures

*Public Interest Disclosures Act 1994 Section 31*

Council received no Public Interest Disclosures during the 2019/2020 financial year.

## Carers Recognition

*Carers (Recognition) Act 2010 Section 8*

Carrathool Shire Council is considered to be a 'human service agency' as a provider of services for carers and people being cared for by carers through the provision of Home and Community Care Services (HACC), Community Transport and Respite activities.

## Disability Inclusion Action Plan

*Disability Inclusion Act 2014 Section 13*

Council adopted the Disability Inclusion Action Plan in June 2017. The plan demonstrates Council's commitment to improving access and inclusion and identifies what Council can do to promote and achieve equality for residents and visitors to the Carrathool Shire LGA.

During 2019/2020 Council canvassed local traders and businesses for participation in a self-audit of facilities.

## Privacy and Personal Information Protection

*Privacy and Personal Information Protection Act 1998 Section 61A*

Details	Number
Requests for information	0
Internal reviews	0

## Swimming Pools Inspections

*Swimming Pool Act 1992 Section 22F(2)*

Details	Number
Certificates of compliance <i>Swimming Pool Act 1992 s22D</i>	5
Certificates of non-compliance <i>Swimming Pool Regulation 2018 c18BA</i>	0

## Equal Employment Opportunity

*Local Government (General) Regulation 2005 Clause 217(1)(a9)*

Council aims to provide a workplace free from discrimination, harassment and bullying; promoting Equal Employment Opportunity (EEO), equity, respect and tolerance in all work and management practices, creating a harmonious, safe and productive workplace benefitting employees, the organisation and the wider community.

The Consultative Committee acts as the EEO Committee to streamline Council processes. Meetings, for the purpose of addressing EEO matters, are held at least four (4) times each year as and when required, with the inclusion of a standard EEO Program agenda item.

Council received no complaints in relation to EEO during the 2019/2020 financial year.

Council's commitment is reinforced through the objectives of the EEO Management Plan to:

1. eliminate discrimination or harassment,
2. promote EEO,
3. communicate EEO policies, protocols, procedures and associated programs.

Council continues to review processes and actions to ensure compliance with merit based recruitment and selection, induction, fair assessment procedures, targeted training development, merit based promotion and transfer and non-discriminatory employment opportunities.

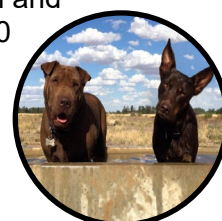
## Companion Animals Act & Regulation Activities

*Local Government (General) Regulation 2005 Clause 217(1)(f)*

During the return period Carrathool Shire Council lodged all required returns to the department.

Over the past year Council received 4 reports of alleged dog related incidents.

2019/2020 saw the continuation of Council's Companion Animal Registration Campaign to promote responsible companion animal ownership and update the Companion Animals Register. Council officers contacted owners of microchipped and unregistered animals via mail and telephone, with approximately 150 letters posted to Animal owners, as a result of the campaign 98 Companion Animals were registered for a total of \$10,668.00.



## Government Information (Public Access)

Government Information (Public Access) Act 2009 Section 125

Clause 8A: Details of the review carried out by the agency under section 7 (3) of the Act during the reporting year and the details of any information made publicly available by the agency as a result of the review

Reviews carried out by the agency	Information made publicly available by the agency
Yes	Yes

Building Permits, Construction Drawings, Development Approvals and Sewer Plan.

Clause 8B: The total number of access applications received by the agency during the reporting year (including withdrawn applications but not including invalid applications)

Total number of applications received
4

Clause 8C: The total number of access applications received by the agency during the reporting year that the agency refused either wholly or partly, because the application was for the disclosure of information referred to in Schedule 1 to the Act (information for which there is conclusive presumption of overriding public interest against disclosure)

Number of Applications Refused	Wholly	Partly	Total
	0	2	2
% of Total	0%	100%	

Schedule 2 Statistical information about access applications to be included in annual report

Table A: Number of applications by type of applicant and outcome\*

	Access Granted in Full	Access Granted in Part	Access Refused in Full	Information not Held	Information Already Available	Refuse to Deal with Application	Refuse to Confirm/Deny whether information is held	Application Withdrawn	Total	% of Total
Media	0	0	0	0	0	0	0	0	0	0%
Members of Parliament	0	0	0	0	0	0	0	0	0	0%
Private sector business	0	0	0	0	0	0	0	0	0	0%
Not for profit organisations or community groups	0	0	0	0	0	0	0	0	0	0%
Members of the public (by legal representative)	0	0	0	2	0	0	0	0	2	50%
Members of the public (other)	0	2	0	0	0	0	0	0	2	50%
Total	0	2	0	2	0	0	0	0	4	
% of Total	0%	50%	0%	50%	0%	0%	0%	0%		

\* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

Table B: Number of applications by type of application and outcome\*

	Access Granted in Full	Access Granted in Part	Access Refused in Full	Information not Held	Information Already Available	Refuse to Deal with Application	Refuse to Confirm/Deny whether information is held	Application Withdrawn	Total	% of Total
Personal information applications*	0	0	0	0	0	0	0	0	0	0%
Access applications (other than personal information applications)	0	2	0	1	0	0	0	0	3	75%
Access applications that are partly personal information applications and partly other	0	0	0	1	0	0	0	0	1	25%
Total	0	2	0	2	0	0	0	0	4	
% of Total	0%	50%	0%	50%	0%	0%	0%	0%		

\* A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

Table C: Invalid applications

Reason for invalidity	No of applications	% of Total
Application does not comply with formal requirements (section 41 of the Act)	0	0%
Application is for excluded information of the agency (section 43 of the Act)	0	0%
Application contravenes restraint order (section 110 of the Act)	0	0%
Total number of invalid applications received	0	0%
Invalid applications that subsequently became valid applications	0	0%

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of Act

	Number of times consideration used*	% of Total
Overriding secrecy laws	0	0%
Cabinet information	0	0%
Executive Council information	0	0%
Contempt	0	0%
Legal professional privilege	0	0%
Excluded information	2	100%
Documents affecting law enforcement and public safety	0	0%
Transport safety	0	0%
Adoption	0	0%
Care and protection of children	0	0%
Ministerial code of conduct	0	0%
Aboriginal and environmental heritage	0	0%
Privilege generally - Sch 1(5A)	0	0%
Information provided to High Risk Offenders Assessment Committee	0	0%
Total	2	

\*More than one public interest consideration may apply in relation to a particular access application and if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E

Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of Act

	Number of times consideration used*	% of Total
Responsible and effective government	0	0%
Law enforcement and security	0	0%
Individual rights, judicial processes and natural justice	0	0%
Business interests of agencies and other persons	0	0%
Environment, culture, economy and general matters	0	0%
Secrecy provisions	0	0%
Exempt documents under interstate Freedom of Information legislation	0	0%
Total	0	

Table F: Timeliness

	Number of applications*	% of Total
Decided within the statutory timeframe (20 days plus any extensions)	4	100%
Decided after 35 days (by agreement with applicant)	0	0%
Not decided within time (deemed refusal)	0	0%
Total	4	

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	Decision varied	Decision upheld	Total	% of Total
Internal review	0	0	0	0%
Review by Information Commissioner*	0	0	0	0%
Internal review following recommendation under section 93 of Act	0	0	0	0%
Review by NCAT	0	0	0	0%
Total	0	0	0	
% of Total	0%	0%		

\*The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table H: Applications for review under Part 5 of the Act (by type of applicant)

	Number of applications for review	% of Total
Applications by access applicants	0	0%
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0	0%
Total	0	

Table I: Applications transferred to other agencies.

	Number of applications transferred	% of Total
Agency-Initiated Transfers	0	0%
Applicant - Initiated Transfers	0	0%
Total	0	

# Appendix 1



## Community Strategic Plan



# Delivery Plan

## Performance Report August 2020

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Action	Responsible Directorate	Partners	Performance Measure	Target Quarter				Outcome
				1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	
<b>1. An Inclusive, Connected and Healthy Community</b>								
<b>1a. Increased transport options for all sectors of the community</b>								
<b>1b. A connected community for pedestrians thought well planned walking tracks</b>								
1b(ii) Implement Footpath Master plan	MFTS		Footpath Master plan implemented		X			In progress, most areas identified. Report to the March Council meeting.
1b(iv) Remediate wheelchair problem access areas	DIS		Wheelchair access problem areas remediated			X		Wheelchair access areas reviewed and remediation completed
1b(vii) Prepare plan for new swing bridge and walking track in Hillston	DIS		Report to Council re new swing bridge plans and costing approved		X			Complete – Report sent to Oct 2019 meeting. Project on hold due to other commitments from Council.
<b>1c. A community where young people are engaged and valued</b>								
1c(i) Facilitate formation of a Carrathool Youth Council	EDO	Schools	Report to Council re Youth Council format and composition approved		X			EDO working with the Student Representative Council to gain feedback on youth related projects. The students have expressed that they prefer this form of engagement and the implementation of a Youth Council is unlikely.
1c(iv) Goolgowi Park Master plan implementation	EDO	MFTS	Goolgowi Park Master plan implemented	X				Skate Park & walking trail and fitness station have been completed, along with picnic shelters and seating. Council is applying for further funding for the last stage of the master plan which will involve a toilet block.
1c(v) Install youth page on Council website	EDO		Youth page operating		X			Waiting on new website.
<b>1d. An engaged and trusting community with strong social and support networks</b>								
<b>1e. A healthy community with access to services that meet community needs</b>								
1e(ii) Seek additional funding opportunities to allow further growth to the multi service outlet	DCCS	Murrumbidgee Health	Funding applications submitted to relevant agencies			X		Applications submitted where appropriate

Action	Responsible Directorate	Partners	Performance Measure	Target Quarter				Outcome	
				1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter		
<b>2. Infrastructure for a Sustainable Future</b>									
<b>2a. Carrathool Shire is connected through appropriate infrastructure to support freight and logistic</b>									
2a(i)	Lobby with surrounding Councils for State Government infrastructure grants to get produce to destination	GM	RMS Surrounding Councils Transport for NSW	Lobby group formed and lobbying State Government for Infrastructure grants			X		Lobbying is ongoing through the RAMJO group of Councils
2a(ii)	Work with RMS to increase RMCC work leading to improvement in roads	GM	Local producers and farms RMS	Improved RMS funding for Shire road improvements relevant to produce logistics				X	Grant applications made for the Carrathool Road and \$5,000,000 in funding approved
2a(iii)	Work with neighbouring Councils to increase infrastructure from grants received	GM	Griffith, Leeton and Narrandera Councils	Joint infrastructure grant applications submitted and under consideration by State Government			X		Applications have been submitted where appropriate
<b>2b. Community infrastructure that is accessible for everyone</b>									
<b>2c. A community where increased number of community members have access to water supply</b>									
2c(ii)	Undertake a feasibility study to determine viability for any identified expansion	MWS		Feasibility study prepared and presented to Council				X	Feasibility study has not been completed as Council staff are concentrating on asset management and consolidation of existing assets rather than expansion
2c(iii)	Implement asset replacement programme	MWS		Report to Council re W&S Asset Replacement Programme approved				X	Draft asset plans have been produced and provided to Council. Plans will be completed in the 2020/21 financial year.



Action	Responsible Directorate	Partners	Performance Measure	Target Quarter				Outcome
				1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	
<b>3. Growing and Diverse Economy</b>								
<b>3a. Establish Carrathool Shire as a welcoming and exciting place for our community and visitors</b>								
3a(i) Provide welcome kits for new residents	EDO	New and existing businesses Community groups	Welcome kits distribution underway		X			Welcome kits have been prepared and are available.
3a(iii) Refurbish entry tourism signage into Shire	EDO		Entry signage in place			X		Signs have been completed but are not yet installed
<b>3b. Growth (population and business development) is supported through revised land use planning</b>								
3b(i) Review the areas of growth pressure or shortage	BRSM		Review of growth pressure or land shortages approved				X	Still awaiting completion of the Hillston Flood Study and review and amendment of the LEP
<b>3c. Promote opportunities for local economic diversity</b>								
3c(iii) Canvas potential businesses to implement new business opportunities	GM		New potential businesses identified and canvassed		X			GM's work in this area has been ongoing.
3c(iv) Work with businesses through the Development Application process if required	GM		EDO and planning staff working with DA clients as required			X		Council staff have been assisting businesses where required
<b>3d. Support partnerships to achieve positive outcomes for the community</b>								
3d(i) Facilitate Agribusiness Workforce Forum	EDO	New and existing businesses Local producers and farmers	Agribusiness Workforce Forum held		X			Council is applied and been approved for funding under the building better regions funding. The project will be underway in the 4 <sup>th</sup> quarter.
<b>3e. A connected community with reliable telecommunications</b>								

Action	Responsible Directorate	Partners	Performance Measure	Target Quarter				Outcome
				1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	
<b>4. Sustainable Natural Environment</b>								
<b>4a. A community that thrives on sustainable farming practices</b>								
<b>4b. Educate our future generations about the natural environment</b>								
4b(ii)	Attend local and regional events to inform about noxious weeds and general bio-security obligations	BRSM		Report to Council re attendance at local and regional events		X		Reports will be provided when events are attended
4b(iii)	Facilitate road side clean ups and other activities across the Shire	BRSM		Report to Council re attendance at local and regional events	X	X	X	Road side clean ups are ongoing and community groups are used.
4b(iv)	Support major events such as Tree Day and Clean Up Australia Day	BRSM		Major environmental events in Shire publicised and promoted as required	X		X	Events are ongoing and are supported as required.
<b>4c. Consider recycling and waste reduction strategies</b>								
<b>4d. Provide a safe environment for the local fauna and flora</b>								
4d(i)	Identify endangered species, habitat locations and what constitutes a danger to each	GM	Local Land Services National parks	Liaise with lead agencies and provide information on endangered species as required			X	This work is ongoing and dependent on outside agencies.
4d(ii)	Identify advocate groups for various flora and fauna	GM		Information paper released identifying advocacy groups for various flora and fauna		X		Council will continue to work with local land care groups and National Parks to continue to assist in the protection of our natural environment.
<b>4e. Promote an environment that is conducive to the production of high quality fresh fruit and vegetables</b>								
4e(i)	Engage with Shire producers and relevant research agencies to undertake Gap Analysis of essential requirements for high quality horticulture production	BRSM	Local Land Services DPI CRCC DIS	Lobbying for improved water, energy and logistics for the Shire's agribusiness sector as required			X	Council continues to lobby government and other agencies in this area

Action	Responsible Directorate	Partners	Performance Measure	Target Quarter				Outcome
				1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	
<b>5. Leadership and Governance</b>								
<b>5a. A community that values the opinions of all and supports young leaders to contribute to the community</b>								
<b>5b. Encourage more volunteering within the community</b>								
5b(iii) Undertake a Skills Audit for Shire's Volunteer Pool to identify skills within the Shire's Volunteer Pool	EDO		Pool of volunteers available for engagement as required			X		Skills audit has not been completed and further progress will be made in 2021
<b>5c. The community to benefit by access to more community grants</b>								
5c(i) Review Council's Community Grants Scheme	EDO	Federal and State Governments	Report on review of Community Grants Scheme approved			X		A review will be completed in the 2020/21 financial year
5c(iii) Facilitate capacity building for community groups	EDO		Capacity Building training workshops held and support provided			X		EDO continues to provide support for community groups within the Shire
<b>5d. The community to be better informed of local issues and activities and have increased opportunity to participate in decision making.</b>								
5d(ii) Update the Council website	GM		Council Website updated				X	A website provider has been engaged to redevelop Council's website and this should be completed by December 2020

## Appendix 2

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# Annual Financial Statements

for the year ended 30 June 2020

# Carrathool Shire Council

## ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2020

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# Carrathool Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2020

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# General Purpose Financial Statements

for the year ended 30 June 2020

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## Overview

Carrathool Shire Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

9 - 11 Cobram Street  
GOOLGOWI NSW 2652

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: [www.carrathool.nsw.gov.au](http://www.carrathool.nsw.gov.au).

## General Purpose Financial Statements

for the year ended 30 June 2020

### Understanding Council's Financial Statements

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#### Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their council and community.

#### What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2020.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

#### About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

##### 2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, property, plant and equipment.

##### 3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

##### 4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

##### 5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

#### About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

#### About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

#### Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the audit report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.



## General Purpose Financial Statements

for the year ended 30 June 2020

Statement by Councillors and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (NSW) (as amended)

The attached General Purpose Financial Statements have been prepared in accordance with:

- the *Local Government Act 1993* (NSW) (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the *Local Government Code of Accounting Practice and Financial Reporting*.

To the best of our knowledge and belief, these statements:

- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

We are not aware of any matter that would render these statements false or misleading in any way.

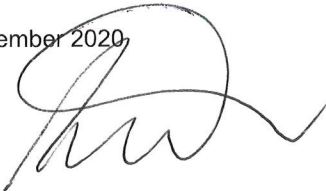
Signed in accordance with a resolution of Council made on 15 September 2020.



Cr Darryl Jardine

Mayor

15 September 2020



Rick Warren

General Manager

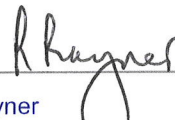
15 September 2020



Cr Scott Groat

Councillor

15 September 2020



Robert Rayner

Responsible Accounting Officer

15 September 2020

## Income Statement

for the year ended 30 June 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Actual 2019
<b>Income from continuing operations</b>				
5,277	Rates and annual charges	3a	5,292	5,058
3,760	User charges and fees	3b	4,664	4,716
710	Other revenues	3c	582	280
13,226	Grants and contributions provided for operating purposes	3d,3e	14,304	11,490
5,680	Grants and contributions provided for capital purposes	3d,3e	6,707	8,001
350	Interest and investment income	4	337	453
101	Net gains from the disposal of assets	6	381	31
29,104	<b>Total income from continuing operations</b>		32,267	30,029
<b>Expenses from continuing operations</b>				
8,145	Employee benefits and on-costs	5a	7,991	7,473
120	Borrowing costs	5b	146	108
7,905	Materials and contracts	5c	4,098	6,708
7,850	Depreciation and amortisation	5d	7,963	7,755
1,657	Other expenses	5e	1,577	1,828
25,677	<b>Total expenses from continuing operations</b>		21,775	23,872
3,427	<b>Operating result from continuing operations</b>		10,492	6,157
3,427	<b>Net operating result for the year</b>		10,492	6,157
12,989	Net operating result attributable to council		10,492	6,157
7,309	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		3,785	(1,844)

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

The above Income Statement should be read in conjunction with the accompanying notes.

## Statement of Comprehensive Income

for the year ended 30 June 2020

\$ '000	Notes	2020	2019
<b>Net operating result for the year (as per Income Statement)</b>		<b>10,492</b>	<b>6,157</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	10(a)	380	–
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>380</b>	<b>–</b>
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Gain/(loss) on revaluation of equity instruments at fair value through other comprehensive income		(56)	(32)
Other movements		785	–
<b>Total items which will be reclassified subsequently to the operating result when specific conditions are met</b>		<b>729</b>	<b>(32)</b>
<b>Total other comprehensive income for the year</b>		<b>1,109</b>	<b>(32)</b>
<b>Total comprehensive income for the year</b>		<b>11,601</b>	<b>6,125</b>
Total comprehensive income attributable to Council		11,601	6,125

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## Statement of Financial Position

as at 30 June 2020

\$ '000	Notes	2020	2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7(a)	10,415	7,848
Investments	7(b)	13,276	12,101
Receivables	8	1,249	671
Inventories	9	2,576	2,158
<b>Total current assets</b>		<u>27,516</u>	<u>22,778</u>
<b>Non-current assets</b>			
Investments	7(b)	–	56
Receivables	8	546	595
Infrastructure, property, plant and equipment	10(a)	224,857	220,552
Right of use assets	12a	15	–
<b>Total non-current assets</b>		<u>225,418</u>	<u>221,203</u>
<b>Total assets</b>		<u>252,934</u>	<u>243,981</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	13	1,602	4,859
Income received in advance	13	201	–
Contract liabilities	11	603	–
Lease liabilities	12b	15	–
Borrowings	13	390	331
Provisions	14	2,285	2,309
<b>Total current liabilities</b>		<u>5,096</u>	<u>7,499</u>
<b>Non-current liabilities</b>			
Borrowings	13	3,153	2,993
Provisions	14	2,245	2,209
<b>Total non-current liabilities</b>		<u>5,398</u>	<u>5,202</u>
<b>Total liabilities</b>		<u>10,494</u>	<u>12,701</u>
<b>Net assets</b>		<u>242,440</u>	<u>231,280</u>
<b>EQUITY</b>			
Accumulated surplus	15	156,408	145,572
Revaluation reserves	15	86,032	85,652
Other reserves	15	–	56
<b>Council equity interest</b>		<u>242,440</u>	<u>231,280</u>
<b>Total equity</b>		<u>242,440</u>	<u>231,280</u>

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

for the year ended 30 June 2020

\$ '000	Notes	as at 30/06/20				as at 30/06/19			
		Accumulated surplus	IPP&E revaluation reserve	Financial assets at FVOCI	Total equity	Accumulated surplus	IPP&E revaluation reserve	Financial assets at FVOCI	Total equity
Opening balance		145,572	85,652	56	231,280	139,415	85,652	–	225,067
Adoption of new accounting standards – not retrospective	15b	–	–	–	–	–	–	88	88
Changes due to AASB 1058 and AASB 15 adoption	15	(441)	–	–	(441)	–	–	–	–
<b>Restated opening balance</b>		<b>145,131</b>	<b>85,652</b>	<b>56</b>	<b>230,839</b>	<b>139,415</b>	<b>85,652</b>	<b>88</b>	<b>225,155</b>
Net operating result for the year		10,492	–	–	10,492	6,157	–	–	6,157
<b>Restated net operating result for the period</b>		<b>10,492</b>	<b>–</b>	<b>–</b>	<b>10,492</b>	<b>6,157</b>	<b>–</b>	<b>–</b>	<b>6,157</b>
<b>Other comprehensive income</b>									
– Gain (loss) on revaluation of IPP&E	10(a)	–	380	–	380	–	–	–	–
– Gain/(loss) on revaluation of equity instruments at fair value through other comprehensive income		–	–	(56)	(56)	–	–	(32)	(32)
– Sale of Southern Phone Shares transferred to Accumulated Surplus		785	–	–	785	–	–	–	–
<b>Other comprehensive income</b>		<b>785</b>	<b>380</b>	<b>(56)</b>	<b>1,109</b>	<b>–</b>	<b>–</b>	<b>(32)</b>	<b>(32)</b>
<b>Total comprehensive income</b>		<b>11,277</b>	<b>380</b>	<b>(56)</b>	<b>11,601</b>	<b>6,157</b>	<b>–</b>	<b>(32)</b>	<b>6,125</b>
<b>Equity – balance at end of the reporting period</b>		<b>156,408</b>	<b>86,032</b>	<b>–</b>	<b>242,440</b>	<b>145,572</b>	<b>85,652</b>	<b>56</b>	<b>231,280</b>

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Statement of Cash Flows

for the year ended 30 June 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Actual 2019
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
5,277	Rates and annual charges		5,171	4,797
4,046	User charges and fees		5,101	6,696
350	Investment and interest revenue received		328	466
19,041	Grants and contributions		20,888	20,058
–	Bonds, deposits and retention amounts received		23	–
717	Other		2,213	1,889
<b>Payments:</b>				
(8,161)	Employee benefits and on-costs		(7,933)	(7,308)
(9,837)	Materials and contracts		(6,573)	(9,447)
(120)	Borrowing costs		(146)	(109)
–	Bonds, deposits and retention amounts refunded		–	(20)
(1,753)	Other		(1,544)	(1,466)
9,560	<b>Net cash provided (or used in) operating activities</b>	16b	17,528	15,556
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
–	Sale of investment securities		–	10,453
101	Sale of infrastructure, property, plant and equipment		1,127	1,097
–	Sale of shares in companies		785	–
–	Deferred debtors receipts		126	20
<b>Payments:</b>				
–	Purchase of investment securities		(1,175)	(13,833)
(8,998)	Purchase of infrastructure, property, plant and equipment		(16,029)	(15,588)
(8,897)	<b>Net cash provided (or used in) investing activities</b>		(15,166)	(17,851)
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
550	Proceeds from borrowings and advances		550	2,310
<b>Payments:</b>				
(355)	Repayment of borrowings and advances		(331)	(386)
–	Lease liabilities (principal repayments)		(14)	–
195	<b>Net cash flow provided (used in) financing activities</b>		205	1,924
858	<b>Net increase/(decrease) in cash and cash equivalents</b>		2,567	(371)
–	Plus: cash and cash equivalents – beginning of year	16a	7,848	8,219
858	<b>Cash and cash equivalents – end of the year</b>	16a	10,415	7,848
–	plus: Investments on hand – end of year	7(b)	13,276	12,157
858	<b>Total cash, cash equivalents and investments</b>		23,691	20,005

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Notes to the Financial Statements

for the year ended 30 June 2020

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## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 1. Basis of preparation

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These financial statements were authorised for issue by Council on 15 September 2020. Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

In considering the impact of COVID-19, an organisation-wide examination has been undertaken. This includes ensuring that Council has both a business continuity plan and a disaster recovery plan which assess both possible operational impacts and any resultant financial implications. The financial impact of COVID-19 during 2019/20 has been assessed and found to be immaterial at this time. Council will continue to review and update any required actions during 2020/21.

AASB 1059 *Service Concession Arrangements: Grantor* is effective for financial reporting periods commencing on or after 1 January 2020. Therefore, for Carrathool Shire Council AASB 1059 will be effective from 1 July 2020.

Based on Council's assessment, it is expected that the first-time adoption of AASB 1059 will have no impact on the transactions and balances recognised in the financial statements for the year ended 30 June 2021.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

#### (a) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of infrastructure, property, plant and equipment and investment property.

#### (b) Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

#### Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note 10
- (ii) estimated gravel pit remediation provisions – refer Note 14
- (iii) employee benefit provisions – refer Note 14.



## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 1. Basis of preparation (continued)

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#### Significant judgements in applying the council's accounting policies

(i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer Note 8.

#### Monies and other assets received by Council

##### (a) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the Local Government Act 1993 (NSW), all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

Cash and other assets of the following entities have been included as part of the Consolidated Fund:

- General purpose operations
- Combined Water Supply Funds
- Combined Sewerage Funds

##### (b) The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies.

Trust monies and property subject to Council's control have been included in these reports.

A separate statement of monies held in the Trust Fund is available for inspection at the council office by any person free of charge

#### Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

#### Volunteer services

Council receives some volunteer services in the area of community services. These volunteer services are not recognised within the financial statements as they are considered to be not material.

#### New accounting standards and interpretations issued not yet effective

##### New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2020 reporting period.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

As at the date of authorisation of these financial statements Council does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 1. Basis of preparation (continued)

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#### **New accounting standards adopted during the year**

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from 1 July 2019.

Those newly adopted standards which had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures are further discussed at Note 15.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 2(a). Council functions/activities – financial information

Income, expenses and assets have been directly attributed to the following functions or activities.  
Details of those functions or activities are provided in Note 2(b).

\$ '000	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Carrying amount of assets	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Functions or activities</b>										
Governance	10	8	555	650	(545)	(642)	–	–	–	–
Administration	720	803	2,354	3,025	(1,634)	(2,222)	2	149	27,408	23,673
Public Order and Safety	294	265	492	467	(198)	(202)	263	192	696	2,390
Health	317	84	487	193	(170)	(109)	–	–	1,181	1,186
Environment	72	429	324	554	(252)	(125)	71	104	3,225	1,588
Community Services and Education	991	657	809	639	182	18	940	547	33	34
Housing and Community Amenities	637	169	1,082	766	(445)	(597)	–	25	3,628	3,666
Water Supplies	2,357	2,343	2,393	2,356	(36)	(13)	–	–	40,821	40,603
Sewerage Services	470	441	386	277	84	164	–	–	4,444	4,305
Recreation and Culture	553	1,429	1,594	1,737	(1,041)	(308)	1,303	1,281	9,774	9,239
Mining, Manufacturing and Construction	–	105	(176)	610	176	(505)	–	100	2,576	1,661
Transport & Communication	13,693	12,948	10,212	11,587	3,481	1,361	9,664	8,551	157,684	154,821
Economic Affairs	2,119	593	1,263	1,011	856	(418)	647	–	1,432	759
General Purpose Income	10,034	9,755	–	–	10,034	9,755	6,313	5,985	–	–
Other	–	–	–	–	–	–	–	–	32	56
<b>Total functions and activities</b>	<b>32,267</b>	<b>30,029</b>	<b>21,775</b>	<b>23,872</b>	<b>10,492</b>	<b>6,157</b>	<b>19,203</b>	<b>16,934</b>	<b>252,934</b>	<b>243,981</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 2(b). Council functions/activities - component descriptions

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Details relating to the Council's functions/activities as reported in Note 2(a) are as follows:

#### Governance

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policy making committees, public disclosures (e.g. GIPA), and legislative compliance.

#### Administration

Includes corporate support (payroll, creditors, debtors, rates and finance), and other support services, engineering administration, and any Council policy compliance.

#### Public Order and Safety

Includes Council's fire and emergency services levy, fire protection, emergency services, enforcement of regulations and animal control.

#### Health

Includes food inspections and health administration.

#### Environment

Includes noxious plants and insect/vermin control; other environmental protection, solid waste management, including domestic waste, other waste management; other sanitation and garbage, street cleaning, drainage and storm water management.

#### Community Services and Education

Includes youth services and education, aged and disabled persons services, children's services including preschool and family day care. Social protection and aboriginal services.

#### Housing and Community Amenities

Includes public cemeteries, public conveniences, street lighting, town planning and other community amenities. It also includes housing development and accommodation.

#### Water Supplies

Raw and potable water supplies to townships, villages and stock and domestic supplies to some rural areas.

#### Sewerage Services

Sewerage services provided to town and villages.

#### Recreation and Culture

Includes public libraries, museums, art galleries, community centres and halls. Sporting facilities and grounds, public parks and gardens, swimming pools, lakes and other sporting, recreational and cultural services.

#### Mining, Manufacturing and Construction

Includes building control, quarries and gravel pits, and mineral resources.

#### Transport & Communication

Urban, rural roads including local, regional and sealed and unsealed roads. Bridges, footpaths, parking areas and aerodromes.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 2(b). Council functions/activities - component descriptions (continued)

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#### **Economic Affairs**

Includes camping areas and caravan parks; tourism and area promotion; industrial and residential development promotion; sale yards and markets; commercial nurseries and other business undertakings.

#### **General Purpose Income**

Income generated from Financial Assistance Grants, general rates and interest income.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 3. Revenue from continuing operations

\$ '000	AASB	2020	2019
<b>(a) Rates and annual charges</b>			
<b>Ordinary rates</b>			
Residential	1058 (1)	356	340
Farmland	1058 (1)	2,885	2,808
Business	1058 (1)	216	210
Less: pensioner rebates (mandatory)	1058 (1)	(26)	(26)
<b>Rates levied to ratepayers</b>		<b>3,431</b>	<b>3,332</b>
Pensioner rate subsidies received	1058 (1)	14	16
<b>Total ordinary rates</b>		<b>3,445</b>	<b>3,348</b>
<b>Annual charges</b>			
<small>(pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</small>			
Domestic waste management services	1058 (1)	355	315
Water supply services	1058 (1)	955	907
Sewerage services	1058 (1)	461	418
Waste management services (non-domestic)	1058 (1)	83	73
Less: pensioner rebates (mandatory)	1058 (1)	(33)	(31)
Sullage – Rankins Springs	1058 (1)	9	9
<b>Annual charges levied</b>		<b>1,830</b>	<b>1,691</b>
Pensioner subsidies received:			
– Water	1058 (1)	7	8
– Sewerage	1058 (1)	5	5
– Domestic waste management	1058 (1)	5	6
<b>Total annual charges</b>		<b>1,847</b>	<b>1,710</b>
<b>TOTAL RATES AND ANNUAL CHARGES</b>		<b>5,292</b>	<b>5,058</b>

Council has used 2016 year valuations provided by the NSW Valuer General in calculating its rates.

**Accounting policy for rates and charges**

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate.

Prepaid rates are recognised as a financial liability until the beginning of the rating period.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are in substance a rates payment.

**2019 accounting policy**

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 3. Revenue from continuing operations (continued)

\$ '000	AASB	2020	2019
<b>(b) User charges and fees</b>			
<b>Specific user charges</b>			
(per s.502 - specific 'actual use' charges)			
Water supply services	15 (1)	1,458	1,424
Other		–	15
<b>Total specific user charges</b>		<b>1,458</b>	<b>1,439</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Planning and building regulation	15 (1)	18	22
Private works – section 67	15 (1)	196	176
Registration fees	15 (1)	31	16
Section 10.7 certificates (EP&A Act)	15 (1)	12	11
Section 603 certificates	15 (1)	6	5
Town planning	15 (1)	57	30
<b>Total fees and charges – statutory/regulatory</b>		<b>320</b>	<b>260</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Caravan park	15 (1)	406	401
Cemeteries	15 (1)	21	16
Lease rentals	15 (1)	72	53
Leaseback fees – Council vehicles	15 (1)	75	69
RMS charges (state roads not controlled by Council)	15 (1)	2,064	2,118
Sundry sales	15 (1)	1	3
Swimming centres	15 (1)	20	20
Tourism	15 (1)	–	3
Admission and service fees	15 (1)	125	200
Community transport and other HACC services	15 (1)	33	52
Library	15 (1)	9	7
Sundry – risk management	15 (1)	50	71
Waste disposal tipping fees (sales waste materials)	15 (1)	10	4
<b>Total fees and charges – other</b>		<b>2,886</b>	<b>3,017</b>
<b>TOTAL USER CHARGES AND FEES</b>		<b>4,664</b>	<b>4,716</b>

**Accounting policy for user charges and fees**

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases such as caravan parks, the customer is required to pay on arrival. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged such as membership fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

**2019 accounting policy**

User charges and fees are recognised as revenue when the service has been provided.

\$ '000	AASB	2020	2019
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## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 3. Revenue from continuing operations (continued)

\$ '000	AASB	2020	2019
<b>(c) Other revenues</b>			
Rental income – other council properties (2019 only)	15 (1)	39	88
Diesel rebate	1058 (1)	188	185
Road incidents reimbursements	15 (1)	50	1
Other	15 (1)	21	6
Medical Centre	15 (1)	284	–
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>582</u></b>	<b><u>280</u></b>

**Accounting policy for other revenue**

Where the revenue relates to a contract with customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations then revenue is recognised when an unconditional right to a receivable arises or the cash is received, which is earlier.

**2019 accounting policy:**

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Parking fees and fines are recognised as revenue when the service has been provided, or when the penalty has been applied, whichever occurs first.



## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 3. Revenue from continuing operations (continued)

\$ '000	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
<b>(d) Grants</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	1058 (1)	1,902	1,781	–	–
Financial assistance – local roads component	1058 (1)	1,162	1,157	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component	1058 (1)	2,015	1,847	–	–
Financial assistance – local roads component	1058 (1)	1,234	1,200	–	–
<b>Total general purpose</b>		<b>6,313</b>	<b>5,985</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>					
Employment and training programs	15 (2)	2	18	–	–
Environmental programs	15 (2)	28	157	–	–
Library – per capita	15 (1)	66	5	–	–
Library – special projects	15 (1)	2	23	–	–
Noxious weeds	15 (2)	48	47	–	–
NSW rural fire services	15 (2)	183	145	76	47
Recreation and culture	15 (2)	633	899	670	354
Storm/flood damage		–	725	–	–
Street lighting		–	25	–	–
Transport (roads to recovery)	1058 (2)	4,370	1,076	–	–
Transport (other roads and bridges funding)	1058 (2)	–	–	5,293	6,750
Community care (HACC and other services)	15 (2)	872	544	–	–
Drought Communities Program	15 (2)	344	–	–	–
Other	15 (2)	–	134	303	–
<b>Total specific purpose</b>		<b>6,548</b>	<b>3,798</b>	<b>6,342</b>	<b>7,151</b>
<b>Total grants</b>		<b>12,861</b>	<b>9,783</b>	<b>6,342</b>	<b>7,151</b>
<b>Grant revenue is attributable to:</b>					
– Commonwealth funding		11,203	7,989	2,887	3,394
– State funding		1,658	1,794	3,455	3,757
		<b>12,861</b>	<b>9,783</b>	<b>6,342</b>	<b>7,151</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 3. Revenue from continuing operations (continued)

\$ '000	Notes	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
<b>(e) Contributions</b>						
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>						
<b>Cash contributions</b>						
S 7.12 – fixed development consent levies		1058 (1)	4	–	–	323
<b>Total developer contributions – cash</b>			<b>4</b>	<b>–</b>	<b>–</b>	<b>323</b>
<b>Total developer contributions</b>	23		<b>4</b>	<b>–</b>	<b>–</b>	<b>323</b>
<b>Other contributions:</b>						
<b>Cash contributions</b>						
RMS contributions (regional roads, block grant)		15 (2)	1,439	1,707	365	513
Hall c'ttees – m'tce and capital works			–	–	–	14
<b>Total other contributions – cash</b>			<b>1,439</b>	<b>1,707</b>	<b>365</b>	<b>527</b>
<b>Total other contributions</b>			<b>1,439</b>	<b>1,707</b>	<b>365</b>	<b>527</b>
<b>Total contributions</b>			<b>1,443</b>	<b>1,707</b>	<b>365</b>	<b>850</b>
<b><u>TOTAL GRANTS AND CONTRIBUTIONS</u></b>			<b><u>14,304</u></b>	<b><u>11,490</u></b>	<b><u>6,707</u></b>	<b><u>8,001</u></b>

**Accounting policy for grants and contributions****Accounting policy from 1 July 2019****Grant income under AASB 15**

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue are recognised when control of each performance obligations is satisfied.

The performance obligations are varied based on the agreement but include drought funding program works and development of a mobile library. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

**Grant income**

Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received. Councils considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 3. Revenue from continuing operations (continued)

---

#### Capital grants

Capital grants received to enable Council to acquire or construct an item of infrastructure, property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

#### Contributions

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979*.

While Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon receipt by Council, due to the possibility that individual development consents may not be acted upon by the applicant and, accordingly, would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required, but the Council may apply contributions according to the priorities established in work schedules

#### Accounting policy prior to 1 July 2019

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and revenue is recognised at this time and is valued at the fair value of the granted or contributed asset at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner, or used over a particular period, and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed below.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at reporting date.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 3. Revenue from continuing operations (continued)

\$ '000	2020	2019
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## (f) Unspent grants and contributions – external restrictions

Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner due to externally imposed restrictions.

**Operating grants**

Unexpended at the close of the previous reporting period	167	226
<b>Add:</b> operating grants recognised as income in the current period but not yet spent (2019 only)	–	149
<b>Less:</b> operating grants recognised in a previous reporting period now spent (2019 only)	–	(208)
<b>Less:</b> operating grants received in a previous reporting period now spent and recognised as income	(149)	–
<b>Unexpended and held as externally restricted assets (operating grants)</b>	<b>18</b>	<b>167</b>

Grants from Southern Phones \$6K, Grant from RFS \$12K & Stronger Country Communities Fund Round 2 \$149K

**Capital grants**

Unexpended at the close of the previous reporting period	292	–
<b>Add:</b> capital grants recognised as income in the current period but not yet spent (2019 only)	–	292
<b>Less:</b> capital grants received in a previous reporting period now spent and recognised as income	(292)	–
<b>Unexpended and held as externally restricted assets (capital grants)</b>	<b>–</b>	<b>292</b>

Stronger Country Communities Fund Round 2 \$292

**Contributions**

Unexpended at the close of the previous reporting period	312	186
<b>Add:</b> contributions recognised as income in the current period but not yet spent	4	126
<b>Unexpended and held as externally restricted assets (contributions)</b>	<b>316</b>	<b>312</b>

Section 11.7 contributions \$316K

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 4. Interest and investment income

\$ '000	2020	2019
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	44	43
– Cash and investments	266	410
– Other	27	–
<b>Total Interest and investment income</b>	<b>337</b>	<b>453</b>
<b>Interest revenue is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	21	22
General Council cash and investments	293	410
<b>Restricted investments/funds – external:</b>		
Water fund operations	20	17
Sewerage fund operations	3	4
<b>Total interest and investment revenue</b>	<b>337</b>	<b>453</b>

**Accounting policy for interest and investment revenue**

Interest income is recognised using the effective interest rate at the date that interest is earned.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 5. Expenses from continuing operations

\$ '000	2020	2019
<b>(a) Employee benefits and on-costs</b>		
Salaries and wages	6,020	5,582
Employee termination costs	185	173
Travel expenses	235	93
Employee leave entitlements (ELE)	1,100	923
Superannuation	686	634
Workers' compensation insurance	145	135
Fringe benefit tax (FBT)	58	54
Training costs (other than salaries and wages)	114	162
Protective clothing	29	26
Other	19	58
<b>Total employee costs</b>	<b>8,591</b>	<b>7,840</b>
Less: capitalised costs	(600)	(367)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>	<b>7,991</b>	<b>7,473</b>
Number of 'full-time equivalent' employees (FTE) at year end	100	100

**Accounting policy for employee benefits and on-costs**

Employee benefit expenses are recorded when the service has been provided by the employee.

*Retirement benefit obligations*

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

*Superannuation plans*

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 18 for more information.

\$ '000	2020	2019
<b>(b) Borrowing costs</b>		
<b>(i) Interest bearing liability costs</b>		
Interest on leases	2	–
Interest on loans	144	108
<b>Total interest bearing liability costs</b>	<b>146</b>	<b>108</b>
<b>Total interest bearing liability costs expensed</b>	<b>146</b>	<b>108</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>	<b>146</b>	<b>108</b>

**Accounting policy for borrowing costs**

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed as incurred.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 5. Expenses from continuing operations (continued)

\$ '000	2020	2019
<b>(c) Materials and contracts</b>		
Raw materials and consumables	4,004	6,629
Auditors remuneration <sup>2</sup>	73	57
<b>Legal expenses:</b>		
– Legal expenses: planning and development	–	8
– Legal expenses: general	9	–
Expenses from short-term leases (2020 only)	–	–
Expenses from leases of low value assets (2020 only)	6	–
Expenses from Peppercorn leases (2020 only)	–	–
Variable lease expense relating to usage (2020 only)	6	–
<b>Operating leases expense (2019 only):</b>		
– Operating lease rentals: minimum lease payments <sup>1</sup>	–	14
<b>Total materials and contracts</b>	<b>4,098</b>	<b>6,708</b>
<b>TOTAL MATERIALS AND CONTRACTS</b>	<b>4,098</b>	<b>6,708</b>

**Accounting policy for materials and contracts**

Expenses are recorded on an accruals basis as the council receives the goods or services.

**Operating leases (2019 only)**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

**1. Operating lease payments are attributable to:**

Library photocopier	–	3
Other	–	11
	<b>–</b>	<b>14</b>

**2. Auditor remuneration**

During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

**Auditors of the Council - NSW Auditor-General:****(i) Audit and other assurance services**

Audit and review of financial statements	33	31
<b>Remuneration for audit and other assurance services</b>	<b>33</b>	<b>31</b>

**Total Auditor-General remuneration**

	<b>33</b>	<b>31</b>
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**(ii) Other non-assurance services****Non NSW Auditor-General audit firms****(ii) Non-assurance services**

Internal Audit	37	22
Audit Committee	3	4
<b>Remuneration for non-assurance services</b>	<b>40</b>	<b>26</b>

**Total remuneration of non NSW Auditor-General audit firms**

	<b>40</b>	<b>26</b>
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**Total Auditor remuneration**

	<b>73</b>	<b>57</b>
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## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 5. Expenses from continuing operations (continued)

\$ '000	Notes	2020	2019
<b>(d) Depreciation, amortisation and impairment of non-financial assets</b>			
<b>Depreciation and amortisation</b>			
Plant and equipment		897	918
Office equipment		51	78
Furniture and fittings		2	3
Land improvements (depreciable)		27	22
<b>Infrastructure:</b>	10(a)		
– Buildings – non-specialised		235	290
– Buildings – specialised		30	28
– Roads		5,119	4,842
– Bridges		126	126
– Footpaths		67	66
– Stormwater drainage		24	24
– Water supply network		951	950
– Sewerage network		119	119
– Swimming pools		52	52
– Other open space/recreational assets		87	83
– Other infrastructure		40	40
<b>Right of use assets</b>	12	14	–
<b>Other assets:</b>			
– Library books		10	9
– Other		112	105
<b>Total gross depreciation and amortisation costs</b>		<b>7,963</b>	<b>7,755</b>
<b><u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT FOR IPP&amp;E</u></b>		<b>7,963</b>	<b>7,755</b>

**Accounting policy for depreciation, amortisation and impairment expenses of non-financial assets****Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 10 for IPPE assets and Note 12 for right of use assets. Depreciation is capitalised where in-house assets have contributed to new assets.

**Impairment of non-financial assets**

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.



## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 5. Expenses from continuing operations (continued)

\$ '000	2020	2019
<b>(e) Other expenses</b>		
Advertising	35	32
Bank charges	15	14
Contributions/levies to other levels of government		
– NSW fire brigade levy	18	16
– NSW rural fire service levy	212	169
– Regional library	23	23
– Shires association; RAMROC and other organisations	34	38
– Other contributions/levies	–	4
Councillor expenses – mayoral fee	24	23
Councillor expenses – councillors' fees	110	114
Councillors' expenses (incl. mayor) – other (excluding fees above)	22	27
Donations, contributions and assistance to other organisations (Section 356)	35	32
Electricity and heating	548	638
Insurance (excluding workers compensation)	225	222
Postage	13	16
Printing and stationery	20	18
Scholarship bursary	6	3
Street lighting	53	70
Subscriptions and publications	13	5
Telephone and communications	49	51
Tourism expenses (excluding employee costs)	17	16
Valuation fees	14	21
Private Works	–	253
Other	91	23
<b><u>TOTAL OTHER EXPENSES</u></b>	<b><u>1,577</u></b>	<b><u>1,828</u></b>

**Accounting policy for other expenses**

Other expenses are recorded on an accruals basis as the Council receives the goods or services.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 6. Gain or loss from disposal of assets

\$ '000	Notes	2020	2019
<b>Plant and equipment</b>	10(a)		
Proceeds from disposal – plant and equipment		1,127	1,097
Less: carrying amount of plant and equipment assets sold/written off		(684)	(1,047)
<b>Net gain/(loss) on disposal</b>		<u>443</u>	<u>50</u>
<b>Infrastructure</b>	10(a)		
Less: carrying amount of infrastructure assets sold/written off		(62)	(19)
<b>Net gain/(loss) on disposal</b>		<u>(62)</u>	<u>(19)</u>
<b>Investments</b>	7(b)		
Proceeds from disposal/redemptions/maturities – investments		–	10,453
Less: carrying amount of investments sold/redeemed/matured		–	(10,453)
<b>Net gain/(loss) on disposal</b>		<u>–</u>	<u>–</u>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<u>381</u>	<u>31</u>

**Accounting policy for disposal of assets**

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

## Note 7(a). Cash and cash equivalents

\$ '000	2020	2019
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	416	366
Cash-equivalent assets		
– Deposits at call	3,029	2,370
– Short-term deposits	6,970	5,112
<b>Total cash and cash equivalents</b>	<u>10,415</u>	<u>7,848</u>

**Accounting policy for cash and cash equivalents**

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 7(b). Investments

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
<b>Investments</b>				
a. 'Financial assets at amortised cost'	13,276	–	12,101	–
b. 'Financial assets at fair value through other comprehensive income'	–	–	–	56
<b>Total Investments</b>	<u>13,276</u>	<u>–</u>	<u>12,101</u>	<u>56</u>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>	<u>23,691</u>	<u>–</u>	<u>19,949</u>	<u>56</u>
<b>Financial assets at amortised cost</b>				
Long term deposits	13,276	–	12,101	–
<b>Total</b>	<u>13,276</u>	<u>–</u>	<u>12,101</u>	<u>–</u>
<b>Financial assets at fair value through other comprehensive income</b>				
Unlisted equity securities	–	–	–	56
<b>Total</b>	<u>–</u>	<u>–</u>	<u>–</u>	<u>56</u>

**Accounting policy for investments**

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

**Financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Classification**

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

**Amortised cost**

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 7(b). Investments (continued)

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#### **Fair value through other comprehensive income – equity instruments**

Council has a number of strategic investments in entities over which they do not have significant influence nor control. Council has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to accumulated surplus and is not reclassified to profit or loss.

Other net gains and losses excluding dividends are recognised in Other Comprehensive Income Statement.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 7(c). Restricted cash, cash equivalents and investments

\$ '000	2020		2019	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	23,691	–	19,949	56
<b>attributable to:</b>				
External restrictions	4,416	–	4,418	56
Internal restrictions	13,484	–	12,661	–
Unrestricted	5,791	–	2,870	–
	23,691	–	19,949	56

\$ '000	2020	2019
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## Details of restrictions

**External restrictions – included in liabilities**

Specific purpose unexpended loans – general	250	433
Specific purpose unexpended grants – general fund (2020 only)	18	–
Security deposits	58	42
	<u>326</u>	<u>475</u>

**External restrictions – included in liabilities****External restrictions – other**

Developer contributions – general	316	312
Specific purpose unexpended grants (recognised as revenue) – general fund	–	459
Water supplies	3,169	2,767
Sewerage services	605	461
	<u>4,090</u>	<u>3,999</u>

**External restrictions – other****Total external restrictions**

	<u>4,416</u>	<u>4,474</u>
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**Internal restrictions**

Plant and vehicle replacement	1,100	1,100
Employees leave entitlement	1,542	1,492
Buildings	498	648
Carry over works	1,097	1,359
Council dwellings	20	80
Gravel pits reserve	1,649	1,649
Hillston caravan park	305	275
Hillston pool carpark	–	4
Local roads	2,296	2,014
Office furniture	15	15
Road warranty fund	350	350
Staff training	25	20
Tips remediation	174	174
Tourism	41	41
Hillston Community Hall	94	93
FAGS in Advance	3,249	3,047
Tips Capital Reserve	93	150
Grant Reserve	150	150
Development reserve	786	–
	<u>13,484</u>	<u>12,661</u>

**Total internal restrictions****TOTAL RESTRICTIONS**

	<u>17,900</u>	<u>17,135</u>
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## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 8. Receivables

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
<b>Purpose</b>				
Rates and annual charges	320	290	201	272
Interest and extra charges	37	49	43	20
User charges and fees	161	92	115	98
Accrued revenues				
– Interest on investments	36	–	50	–
– Other income accruals	53	–	70	–
Net investment in finance lease	–	–	–	–
Deferred debtors	–	–	14	112
Government grants and subsidies	628	–	134	74
Net GST receivable	111	–	184	–
Hillston sewer pressure system	–	4	6	6
K and G	–	6	–	6
Other debtors – various	43	105	10	7
Workers compensation claims	4	–	5	–
<b>Total</b>	<b>1,393</b>	<b>546</b>	<b>832</b>	<b>595</b>
<b>Less: provision of impairment</b>				
Rates and annual charges	(87)	–	(71)	–
Interest and extra charges	(24)	–	(24)	–
User charges and fees	(28)	–	(38)	–
Other debtors	(5)	–	(28)	–
<b>Total provision for impairment – receivables</b>	<b>(144)</b>	<b>–</b>	<b>(161)</b>	<b>–</b>
<b>TOTAL NET RECEIVABLES</b>	<b>1,249</b>	<b>546</b>	<b>671</b>	<b>595</b>
<b>Externally restricted receivables</b>				
<b>Water supply</b>				
– Rates and availability charges	91	90	122	80
– Other	182	105	103	168
<b>Sewerage services</b>				
– Rates and availability charges	49	20	47	19
– Other	–	4	6	6
<b>Total external restrictions</b>	<b>322</b>	<b>219</b>	<b>278</b>	<b>273</b>
<b>Unrestricted receivables</b>	<b>927</b>	<b>327</b>	<b>393</b>	<b>322</b>
<b>TOTAL NET RECEIVABLES</b>	<b>1,249</b>	<b>546</b>	<b>671</b>	<b>595</b>

\$ '000	2020	2019
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (Amount restated on adoption of AASB 9)	144	161
<b>Balance at the end of the year</b>	<b>144</b>	<b>161</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 8. Receivables (continued)

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#### Accounting policy for receivables

##### Recognition and measurement

Receivables are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

##### Impairment

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Council uses the presentation that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Council uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day 1.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 2 years past due, whichever occurs first.

None of the receivables that have been written off are subject to enforcement activity.

Where the Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Rates and annual charges outstanding are secured against the property.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 9. Inventories and other assets

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
<b>Inventories</b>				
<b>(i) Inventories at cost</b>				
Real estate for resale	159	–	159	–
Stores and materials	2,417	–	1,999	–
<b>Total inventories at cost</b>	<b>2,576</b>	<b>–</b>	<b>2,158</b>	<b>–</b>
<b><u>TOTAL INVENTORIES</u></b>	<b><u>2,576</u></b>	<b><u>–</u></b>	<b><u>2,158</u></b>	<b><u>–</u></b>

#### Externally restricted assets

There are no restrictions applicable to the above assets.

#### (i) Other disclosures

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
<b>(a) Details for real estate development</b>				
Residential	159	–	159	–
<b>Total real estate for resale</b>	<b>159</b>	<b>–</b>	<b>159</b>	<b>–</b>
<small>(Valued at the lower of cost and net realisable value)</small>				
<b>Represented by:</b>				
Acquisition costs	159	–	159	–
<b>Total costs</b>	<b>159</b>	<b>–</b>	<b>159</b>	<b>–</b>
<b>Total real estate for resale</b>	<b>159</b>	<b>–</b>	<b>159</b>	<b>–</b>
<b>Movements:</b>				
Real estate assets at beginning of the year	159	–	159	–
<b>Total real estate for resale</b>	<b>159</b>	<b>–</b>	<b>159</b>	<b>–</b>

#### (b) Current assets not anticipated to be settled within the next 12 months

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

\$ '000	2020	2019
Real estate for resale	159	159
	<b>159</b>	<b>159</b>



## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 9. Inventories and other assets (continued)

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#### Accounting policy for inventories and other assets

##### **Raw materials and stores, work in progress and finished goods**

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

##### **Land held for resale/capitalisation of borrowing costs**

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 10(a). Infrastructure, property, plant and equipment

\$ '000	as at 30/06/19			Asset movements during the reporting period						as at 30/06/20		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	12,102	–	12,102	42	24	–	–	(12,102)	–	66	–	66
Plant and equipment	13,303	(6,848)	6,455	2,293	4	(684)	(897)	–	–	13,431	(6,262)	7,169
Office equipment	1,662	(1,420)	242	54	–	–	(51)	7	–	1,725	(1,471)	254
Furniture and fittings	445	(433)	12	–	2	–	(2)	–	–	447	(435)	12
<b>Land:</b>												
– Operational land	1,223	–	1,223	–	11	–	–	–	–	1,234	–	1,234
– Community land	1,911	–	1,911	–	–	–	–	–	–	1,911	–	1,911
Land improvements – depreciable	1,152	(458)	694	43	–	–	(27)	–	–	1,195	(485)	710
<b>Infrastructure:</b>												
– Buildings – non-specialised	27,259	(14,894)	12,365	122	–	(5)	(235)	–	–	27,352	(15,101)	12,251
– Buildings – specialised	1,988	(1,044)	944	7	–	–	(30)	–	–	1,995	(1,074)	921
– Other structures	15	–	15	–	7	–	–	–	–	22	–	22
– Roads	174,617	(47,363)	127,254	5,041	645	–	(5,119)	96	–	180,399	(52,482)	127,917
– Bridges	12,589	(5,405)	7,184	–	2,201	–	(126)	10,847	–	25,638	(5,531)	20,107
– Footpaths	1,694	(279)	1,415	34	–	(9)	(67)	–	–	1,712	(339)	1,373
– Stormwater drainage	2,254	(913)	1,341	2	–	–	(24)	–	–	2,255	(937)	1,318
– Water supply network	64,868	(27,516)	37,352	406	68	(47)	(951)	11	346	65,808	(28,623)	37,185
– Sewerage network	6,829	(3,115)	3,714	40	28	–	(119)	–	34	6,962	(3,265)	3,697
– Swimming pools	3,502	(1,147)	2,355	313	–	–	(52)	207	–	4,022	(1,199)	2,823
– Other open space/recreational assets	2,702	(1,383)	1,319	595	73	–	(87)	890	–	4,253	(1,473)	2,780
– Other infrastructure	1,860	(185)	1,675	–	–	–	(40)	–	–	1,860	(225)	1,635
<b>Other assets:</b>												
– Library books	224	(176)	48	–	13	–	(10)	–	–	238	(186)	52
– Other	3,288	(2,356)	932	324	230	–	(112)	44	–	3,886	(2,466)	1,420
<b>Total Infrastructure, property, plant and equipment</b>	<b>335,487</b>	<b>(114,935)</b>	<b>220,552</b>	<b>9,316</b>	<b>3,306</b>	<b>(745)</b>	<b>(7,949)</b>	<b>–</b>	<b>380</b>	<b>346,411</b>	<b>(121,554)</b>	<b>224,857</b>

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 10(a). Infrastructure, property, plant and equipment (continued)

\$ '000	as at 30/06/18			Asset movements during the reporting period						as at 30/06/19		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	1,613	–	1,613	992	10,074	–	–	(553)	(23)	12,102	–	12,102
Plant and equipment	13,267	(6,977)	6,290	2,130	–	(1,047)	(918)	–	–	13,303	(6,848)	6,455
Office equipment	1,519	(1,342)	177	143	–	–	(78)	–	–	1,662	(1,420)	242
Furniture and fittings	441	(430)	11	4	–	–	(3)	–	–	445	(433)	12
<b>Land:</b>												
– Operational land	1,199	–	1,199	–	–	–	–	24	–	1,223	–	1,223
– Community land	1,911	–	1,911	–	–	–	–	–	–	1,911	–	1,911
Land improvements – depreciable	1,038	(436)	602	114	–	–	(22)	–	–	1,152	(458)	694
<b>Infrastructure:</b>												
– Buildings – non-specialised	26,902	(14,601)	12,301	248	–	–	(290)	111	–	27,259	(14,894)	12,365
– Buildings – specialised	1,694	(1,016)	678	7	133	–	(28)	154	–	1,988	(1,044)	944
– Other structures	15	–	15	–	–	–	–	–	–	15	–	15
– Roads	170,962	(42,520)	128,442	1,843	1,583	–	(4,842)	228	–	174,617	(47,363)	127,254
– Bridges	12,589	(5,279)	7,310	–	–	–	(126)	–	–	12,589	(5,405)	7,184
– Footpaths	1,657	(216)	1,441	59	–	(19)	(66)	–	–	1,694	(279)	1,415
– Stormwater drainage	2,254	(889)	1,365	–	–	–	(24)	–	–	2,254	(913)	1,341
– Water supply network	64,379	(26,567)	37,812	381	73	–	(950)	36	–	64,868	(27,516)	37,352
– Sewerage network	6,801	(2,996)	3,805	12	16	–	(119)	–	–	6,829	(3,115)	3,714
– Swimming pools	3,502	(1,094)	2,408	–	–	–	(52)	–	–	3,502	(1,147)	2,355
– Other open space/recreational assets	2,307	(1,306)	1,001	282	113	–	(83)	–	–	2,702	(1,383)	1,319
– Other infrastructure	1,860	(145)	1,715	–	–	–	(40)	–	–	1,860	(185)	1,675
<b>Other assets:</b>												
– Library books	213	(168)	45	–	12	–	(9)	–	–	224	(176)	48
– Other	3,199	(2,251)	948	89	–	–	(105)	–	–	3,288	(2,356)	932
<b>Total Infrastructure, property, plant and equipment</b>	<b>319,322</b>	<b>(108,233)</b>	<b>211,089</b>	<b>6,304</b>	<b>12,004</b>	<b>(1,066)</b>	<b>(7,755)</b>	<b>–</b>	<b>(23)</b>	<b>335,487</b>	<b>(114,935)</b>	<b>220,552</b>

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 10(a). Infrastructure, property, plant and equipment (continued)

**Accounting policy for infrastructure, property, plant and equipment**

Infrastructure, property, plant and equipment are held at fair value. Independent comprehensive valuations are performed at least every five years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Industry (DoI) – Water.

Increases in the carrying amounts arising on revaluation are credited to the revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

When infrastructure, property, plant and equipment are acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

Land is not depreciated. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Council will obtain ownership at the end of the lease term. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

<b>Plant and equipment</b>	Years	<b>Other equipment</b>	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	80 to 100	Drains	70 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	18	Bulk earthworks	Infinite
Sealed roads: structure	90	Swimming pools	50 to 100
Unsealed roads	20		
Bridge: concrete	100	Other open space/recreational assets	10 to 20
Bridge: other	50	Other infrastructure	25 to 100
Road pavements	200		
Kerb, gutter and footpaths	40		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

**Land under roads**

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 10(a). Infrastructure, property, plant and equipment (continued)

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

**Crown reserves**

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

**Rural Fire Service assets**

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed".

Council recognises Rural Fire Service buildings that are on Council land or Council controlled Crown land but Council will not recognise Rural Fire Service plant and equipment that is not in its control.

## Note 10(b). Externally restricted infrastructure, property, plant and equipment

\$ '000	as at 30/06/20			as at 30/06/19		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
<b>Water supply</b>						
WIP	–	–	–	11	–	11
Plant and equipment	170	170	–	170	170	–
Infrastructure	65,808	28,623	37,185	64,868	27,516	37,352
<b>Total water supply</b>	<b>65,978</b>	<b>28,793</b>	<b>37,185</b>	<b>65,049</b>	<b>27,686</b>	<b>37,363</b>
<b>Sewerage services</b>						
Plant and equipment	70	26	44	70	20	50
Infrastructure	6,962	3,265	3,697	6,829	3,115	3,714
<b>Total sewerage services</b>	<b>7,032</b>	<b>3,291</b>	<b>3,741</b>	<b>6,899</b>	<b>3,135</b>	<b>3,764</b>
<b><u>TOTAL RESTRICTED IPP&amp;E</u></b>	<b>73,010</b>	<b>32,084</b>	<b>40,926</b>	<b>71,948</b>	<b>30,821</b>	<b>41,127</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 11. Contract assets and liabilities

\$ '000	Notes	2020 Current	2020 Non-current
<b>Contract liabilities</b>			
<b>Grants and contributions received in advance:</b>			
Unexpended capital grants (to construct Council controlled assets)	(i)	603	–
<b>Total grants received in advance</b>		<b>603</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>603</b>	<b>–</b>

**Notes**

(i) Council has received funding to construct assets including sporting facilities, bridges, library and other infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

\$ '000	2020 Current	2020 Non-current
<b>(i) Contract liabilities relating to restricted assets</b>		
<b>Externally restricted assets</b>		
Unspent grants held as contract liabilities (excl. Water & Sewer)	603	–
<b>Contract liabilities relating to externally restricted assets</b>	<b>603</b>	<b>–</b>
<b>Total contract liabilities relating to restricted assets</b>	<b>603</b>	<b>–</b>
<b>Total contract liabilities</b>	<b>603</b>	<b>–</b>

\$ '000	2020
<b>(ii) Revenue recognised (during the financial year) from opening contract liability balances</b>	
<b>Grants and contributions received in advance:</b>	
Capital grants (to construct Council controlled assets)	292
Operating grants (received prior to performance obligation being satisfied)	149
<b>Total Revenue recognised during the financial year that was included in the contract liability balance at the beginning of the period</b>	<b>441</b>

**Significant changes in contract assets and liabilities**

The contract liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously income received in advance was recognised for reciprocal contracts. The increase in a contract liability is primarily due to grants in the scope of AASB 15 and capital grants received by Council to acquire or construct assets which will be under Council's control. Previously, revenue was recognised on receipt of the funds.

**Accounting policy for contract assets and liabilities**

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 11. Contract assets and liabilities (continued)

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When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before the payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable.

When an amount of consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 12. Leases

The Council has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

## (i) Council as a lessee

Council has leases over one piece of land and one item of office equipment. Both leases expire in the coming 12 months. Information relating to the leases in place and associated balances and transactions is provided below.

**Terms and conditions of leases**

Office Equipment - One folding machine. Lease expires 2020/21.

Land - Partial Stan Peters Oval. Lease expires 2020/21.

\$ '000	Office Equipment	Land	Total
<b>(a) Right of use assets</b>			
Opening balance at 30 June 2019	-	-	-
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	13	16	29
Depreciation charge	(6)	(8)	(14)
<b><u>RIGHT OF USE ASSETS</u></b>	<b><u>7</u></b>	<b><u>8</u></b>	<b><u>15</u></b>

\$ '000	2020 Current	2020 Non-current
<b>(b) Lease liabilities</b>		
Lease liabilities	15	-
<b><u>TOTAL LEASE LIABILITIES</u></b>	<b><u>15</u></b>	<b><u>-</u></b>

**(i) The maturity analysis**

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
Cash flows	15	-	-	15	15

\$ '000	2020 Current	2020 Non-current
<b>(ii) Lease liabilities relating to restricted assets</b>		
Total lease liabilities relating to unrestricted assets	15	-
<b><u>Total lease liabilities</u></b>	<b><u>15</u></b>	<b><u>-</u></b>



## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 12. Leases (continued)

\$ '000	2020
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**(c) Income Statement**

The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:

Interest on lease liabilities	2
Variable lease payments based on usage not included in the measurement of lease liabilities	6
Depreciation of right of use assets	14
Expenses relating to low-value leases	6
	<b>28</b>

**(d) Statement of Cash Flows**

Total cash outflow for leases	14
	<b>14</b>

**Leases at significantly below market value – concessionary / peppercorn leases**

Council has a number of leases at significantly below market for land and buildings which are used for:

- child care centre
- community meetings
- communication

The leases are generally between 1 and 5 years and require payments of a maximum amount of \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

**Accounting policies under AASB 16 – applicable from 1 July 2019**

At inception of a contract, Council assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration?

Council has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

At the lease commencement, Council recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where Council believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured when there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 12. Leases (continued)

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**Exceptions to lease accounting**

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

**Leases at significantly below market value / concessionary leases**

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

**Accounting policy**

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 13. Payables and borrowings

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
<b>Payables</b>				
Goods and services – operating expenditure	445	–	570	–
Goods and services – capital expenditure	110	–	3,519	–
Accrued expenses:				
– Borrowings	5	–	5	–
– Salaries and wages	320	–	258	–
– Other expenditure accruals	177	–	179	–
Security bonds, deposits and retentions	27	–	4	–
Security deposits	35	–	47	–
Suspense Accounts	5	–	1	–
Home Care Packages	478	–	276	–
<b>Total payables</b>	<b>1,602</b>	<b>–</b>	<b>4,859</b>	<b>–</b>
<b>Income received in advance (2019 only)</b>				
Payments received in advance	201	–	–	–
<b>Total income received in advance</b>	<b>201</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Borrowings</b>				
Loans – secured <sup>1</sup>	390	3,153	331	2,993
<b>Total borrowings</b>	<b>390</b>	<b>3,153</b>	<b>331</b>	<b>2,993</b>
<b><u>TOTAL PAYABLES AND BORROWINGS</u></b>	<b><u>2,193</u></b>	<b><u>3,153</u></b>	<b><u>5,190</u></b>	<b><u>2,993</u></b>

(1) Loans are secured over the general rating income of Council.

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 19.

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
<b>(a) Payables and borrowings relating to restricted assets</b>				
<b>Externally restricted assets</b>				
Water	98	1,505	92	1,601
Sewer	50	501	24	529
Other (significant trust deposits)	–	–	276	–
Payables and borrowings relating to externally restricted assets	148	2,006	392	2,130
<b>Total payables and borrowings relating to restricted assets</b>	<b>148</b>	<b>2,006</b>	<b>392</b>	<b>2,130</b>
<b>Total payables and borrowings relating to unrestricted assets</b>	<b>2,045</b>	<b>1,147</b>	<b>4,798</b>	<b>863</b>
<b><u>TOTAL PAYABLES AND BORROWINGS</u></b>	<b><u>2,193</u></b>	<b><u>3,153</u></b>	<b><u>5,190</u></b>	<b><u>2,993</u></b>

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 13. Payables and borrowings (continued)

\$ '000	2020	2019
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**(b) Current payables and borrowings not anticipated to be settled within the next twelve months**

The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.

Other liabilities: (Security Deposits, Section 94A)	199	83
<b>Total payables and borrowings</b>	<b>199</b>	<b>83</b>

**(c) Changes in liabilities arising from financing activities**

\$ '000	as at 30/06/19		Non-cash changes				as at 30/06/20
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	3,324	219	–	–	–	–	3,543
Lease liabilities	–	15	–	–	–	–	15
<b>TOTAL</b>	<b>3,324</b>	<b>234</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,558</b>

\$ '000	as at 30/06/18		Non-cash changes			as at 30/06/19
	Opening Balance	Cash flows	Acquisition	Fair value changes	Other non-cash movement	Closing balance
Loans – secured	1,400	1,924	–	–	–	3,324
<b>TOTAL</b>	<b>1,400</b>	<b>1,924</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,324</b>

\$ '000	2020	2019
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**(d) Financing arrangements****(i) Unrestricted access was available at balance date to the following lines of credit:**

Credit cards/purchase cards	50	50
<b>Total financing arrangements</b>	<b>50</b>	<b>50</b>

**Undrawn facilities as at balance date:**

– Credit cards/purchase cards	50	50
<b>Total undrawn financing arrangements</b>	<b>50</b>	<b>50</b>

**Additional financing arrangements information****Breaches and defaults**

During the current and prior year, there were no defaults or breaches on any of the loans.

**Security over loans**

Council loans are secured over future cash flows and leased liabilities are secured by the underlying leased assets.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 13. Payables and borrowings (continued)

**Accounting policy for payables and borrowings**

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Council comprise trade payables, bank and other loans and finance lease liabilities.

**Payables**

These amounts represent liabilities for goods and services provided to the council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective-interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**Finance leases (2019 only)**

Leases of property, plant and equipment where Council, as lessee, has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased assets or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

## Note 14. Provisions

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
<b>Provisions</b>				
<b>Employee benefits</b>				
Annual leave	614	–	480	–
Sick leave	362	–	551	–
Long service leave	1,166	135	1,148	99
ELE on-costs	143	–	130	–
<b>Sub-total – aggregate employee benefits</b>	<b>2,285</b>	<b>135</b>	<b>2,309</b>	<b>99</b>
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	–	2,110	–	2,110
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>2,110</b>	<b>–</b>	<b>2,110</b>
<b>TOTAL PROVISIONS</b>	<b>2,285</b>	<b>2,245</b>	<b>2,309</b>	<b>2,209</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 14. Provisions (continued)

\$ '000	2020	2019
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**(a) Current provisions not anticipated to be settled within the next twelve months**

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Provisions – employees benefits	1,428	1,599
	1,428	1,599

**(b) Description of and movements in provisions**

\$ '000	ELE provisions				Total
	Annual leave	Sick leave	Long service leave	ELE on-costs	
<b>2020</b>					
At beginning of year	480	551	1,247	130	2,408
Other	134	(189)	54	13	12
Total ELE provisions at end of year	614	362	1,301	143	2,420
<b>2019</b>					
At beginning of year	490	498	1,095	126	2,209
Other	(10)	53	152	4	199
Total ELE provisions at end of year	480	551	1,247	130	2,408

\$ '000	Other provisions	
	Asset remediation	Total
<b>2020</b>		
At beginning of year	2,110	2,110
Total other provisions at end of year	2,110	2,110
<b>2019</b>		
At beginning of year	1,610	1,610
Reassessment completed on gravel pits	500	500
Total other provisions at end of year	2,110	2,110

**Nature and purpose of non-employee benefit provisions****Asset remediation**

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council tips and quarries.

**Accounting policy for provisions**

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 14. Provisions (continued)

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#### Employee benefits

##### Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

##### Other long-term employee benefit obligations

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

##### On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

#### Asset remediation – tips and quarries

##### Restoration

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

##### Rehabilitation

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date, and the cost is charged to the Income Statement.

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process, and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 14. Provisions (continued)

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or production rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

Other movements in the provisions for close-down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations, and revisions to discount rates, are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

### Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

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#### (a) Nature and purpose of reserves

##### **Infrastructure, property, plant and equipment revaluation reserve**

The infrastructure, property, plant and equipment revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation.

##### **Fair value through other comprehensive income reserve (FVOCI)**

Changes in the fair value of financial assets are taken through the fair value through other comprehensive income revaluation reserve. The accumulated changes in fair value are transferred to profit or loss when the financial asset is derecognised or impaired.

#### (b) Changes in accounting policies due to adoption of new accounting standards (not-retrospective)

During the year ended 30 June 2020, the Council has adopted AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-profit Entities* and AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 *Construction Contracts*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 1004 *Contributions* and associated Accounting Interpretations.

All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

The impacts of adopting these standards and associated transition disclosures are provided below:

#### **Adjustments to the current year figures for the year ended 30 June 2020**



## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

#### Statement of Financial Position

#### (ii) AASB 15 and AASB 1058

The following approach has been applied on transition to AASB 15 and AASB 1058:

- Council has not adopted the completed contract expedient and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former accounting standards and pronouncements
- Council has retrospectively restated contracts for modifications that occurred before 1 July 2019 unless such contract modification were minor.
- Council has made minor changes in the areas of prepaid rates (201k) and unspent grants (603k) on adoption of AASB 15 and AASB 1058.

#### Costs incurred in fulfilling customer contracts

Prior to adopting AASB 15 Council would recognise direct costs associated with fulfilling customer contracts as expenses when incurred, as they did not qualify for recognition as assets under any other accounting standards. Under AASB 15, as these costs relate directly to the contracts, generate resources used in satisfying the contracts, and are expected to be recovered, they are capitalised as 'costs to fulfil a contract' assets and released through profit and loss on the same basis as the revenue is recognised.

#### Upfront fees – Council leisure centre

Prior to adopting AASB 15, the Council recognised membership joining fees on receipt. Under AASB 15, since the fees do not relate to a performance obligation, they are combined with other goods and services transferred to the customer and therefore they are now spread over the expected life of the contract with the customer (i.e the membership life).

#### Revenue recognition from contract modifications

In relation to contract modifications, AASB 15 requires customer approval, which is a more prudent criteria than the probability requirement in the previous standards and has resulted in deferral of revenue where unapproved works have been performed.

#### Transfer of control to a customer – over time or at a point in time

AASB 15 has specific criteria regarding whether control is transferred over time or at a point in time. The entity has reviewed its contracts and concluded that the criteria for recognition over time is not met in some circumstances. In such cases, revenue and related production costs will be recognised at the delivery of each separate performance obligation instead of over the contract using a single margin.

#### Principal v agent

Prior to adoption of AASB 15, the Council had assessed that they were a principal in transactions where another party was involved in providing the goods or services including pass-through grants.

Under AASB 15, the indicators of a principal have changed and there are now a number of performance obligations within grant agreements where the Council is acting as an agent since the only obligation is to transfer the funds to a third party. The result is that Council can only recognise the "commission" to which they are entitled rather than the gross revenue and expenses. There is no change to reported profit.

#### Licences

Council has reviewed the licences it grants and considers that all licences are either short-term or low value and elects to recognise all revenue from licences up-front rather than spreading them over the life of the licence.

#### Prepaid rates

Under AASB 1004, rates were recorded as revenue at the earliest of receipt of the funds from the ratepayer and the beginning of the rating period. Under AASB 1058, prepaid rates are recognised as a financial liability until the beginning of the rating period.

#### Grants – operating

Under AASB 1004, most grant income was recognised as revenue on receipt. Under AASB 15, where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed, or recognised at the point in time that the control of the services passes to the customer.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

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#### Grants – capital

Under AASB 1004, most grant monies were recorded as revenue on receipt. Under AASB 1058, where Council has received assets (including cash) to acquire or construct a non-financial asset, the asset is to be controlled by Council and the contract is enforceable, then the asset is recognised as a contract liability on receipt and recorded as revenue as the performance obligation to acquire or construct the asset is completed.

#### Changes in presentation

In addition to the above changes in accounting policies, the Council has also amended the presentation of certain items to align them with the requirements of AASB 15 and AASB 1058:

For example:

- Movement of balances between receivables and contract assets.
- Additional line items of contract assets, contract cost assets and contract liabilities have been created.

## Notes to the Financial Statements

for the year ended 30 June 2020

**Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)**

<b>\$ '000</b>	<b>Balance at 1 July 2019</b>
<b>Opening contract balances at 1 July 2019</b>	
<b>Contract assets</b>	
– Under AASB 15	–
– Under AASB 1058	–
<b>Total Contract assets</b>	<b>–</b>
<b>Contract liabilities</b>	
– Under AASB 15	441
– Under AASB 1058	–
<b>Total Contract liabilities</b>	<b>441</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

## Comparison of financial statement line items under AASB 15 compared to previous standards for the current year

The following tables show the impact of adopting AASB 15 and AASB 1058 on the Council's financial statements for the year ended 30 June 2020.

## Statement of Financial Position

\$ '000	Carrying amount per Statement of Financial Position under AASB 15 and AASB 1058	Reclassific- ation	Remeasur- ement	Carrying amount under previous revenue standards	Notes
<b>Current assets</b>					
Cash and cash equivalents	10,415	–	–	10,415	
Investments	13,276	–	–	13,276	
Receivables	1,249	(201)	–	1,048	
Inventories	2,576	–	–	2,576	
<b>Total current assets</b>	<b>27,516</b>	<b>(201)</b>	<b>–</b>	<b>27,315</b>	
<b>Current liabilities</b>					
Payables	1,602	–	–	1,602	
Income received in advance	201	(201)	–	–	
Contract liabilities	603	(603)	–	–	
Lease liabilities	15	(15)	–	–	
Borrowings	390	–	–	390	
Provisions	2,285	–	–	2,285	
<b>Total current liabilities</b>	<b>5,096</b>	<b>(819)</b>	<b>–</b>	<b>4,277</b>	
<b>Non-current assets</b>					
Receivables	546	–	–	546	
Infrastructure, property, plant and equipment	224,857	–	–	224,857	
Right of use assets	15	(15)	–	–	
<b>Total non-current assets</b>	<b>225,418</b>	<b>(15)</b>	<b>–</b>	<b>225,403</b>	
<b>Non-current liabilities</b>					
Borrowings	3,153	–	–	3,153	
Provisions	2,245	–	–	2,245	
<b>Total Non-current liabilities</b>	<b>5,398</b>	<b>–</b>	<b>–</b>	<b>5,398</b>	
<b>Net assets</b>	<b>242,440</b>	<b>603</b>	<b>–</b>	<b>243,043</b>	
<b>Equity</b>					
Accumulated surplus	156,408	603	–	157,011	
Revaluation reserves	86,032	–	–	86,032	
<b>Council equity interest</b>	<b>242,440</b>	<b>603</b>	<b>–</b>	<b>243,043</b>	
<b>Total equity</b>	<b>242,440</b>	<b>603</b>	<b>–</b>	<b>243,043</b>	

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

## Income Statement

\$ '000	Income Statement and comprehensive income under AASB 15 and AASB 1058	Reclassification	Remeasurement	Income Statement and comprehensive income under previous revenue standards	Notes
<u>Income from continuing operations</u>					
Rates and annual charges	5,292	–	–	5,292	
User charges and fees	4,664	–	–	4,664	
Other revenues	582	–	–	582	
Grants and contributions provided for operating purposes	14,304	407	–	14,711	
Grants and contributions provided for capital purposes	6,707	196	–	6,903	
Interest and investment income	337	–	–	337	
Net gains from the disposal of assets	381	–	–	381	
<b>Total Income from continuing operations</b>	<b>32,267</b>	<b>603</b>	<b>–</b>	<b>32,870</b>	
<u>Expenses from continuing operations</u>					
Employee benefits and on-costs	7,991	–	–	7,991	
Borrowing costs	146	(2)	–	144	
Materials and contracts	4,098	16	–	4,114	
Depreciation and amortisation	7,963	(14)	–	7,949	
Other expenses	1,577	–	–	1,577	
<b>Total Expenses from continuing operations</b>	<b>21,775</b>	<b>–</b>	<b>–</b>	<b>21,775</b>	
<b>Total Operating result from continuing operations</b>	<b>10,492</b>	<b>603</b>	<b>–</b>	<b>11,095</b>	
Net operating result for the year	10,492	603	–	11,095	
<b>Total comprehensive income</b>	<b>11,601</b>	<b>603</b>	<b>–</b>	<b>12,204</b>	

## Adjustments to the current year figures for the year ended 30 June 2020

## Statement of Financial Position

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Contract assets	–	–	–
<b>Total assets</b>	<b>–</b>	<b>–</b>	<b>–</b>
Contract liabilities	441	–	441
<b>Total liabilities</b>	<b>441</b>	<b>–</b>	<b>441</b>
Accumulated surplus	145,572	(441)	145,131
<b>Total equity</b>	<b>(441)</b>	<b>(441)</b>	<b>(441)</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

**Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)****(iii) AASB 16 Leases****Council as a lessee**

Under AASB 117, Council assessed whether leases were operating or finance leases, based on its assessment of whether the significant risks and rewards of ownership had been transferred to Council or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low-value assets).

Council has used the exception to lease accounting for short-term leases and leases of low-value assets, and the lease expense relating to these leases is recognised in the Income Statement on a straight-line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition. Council has used the following expedients:

- Contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16.
- Lease liabilities have been discounted using the Council's incremental borrowing rate at 1 July 2019.
- Right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjustment by the any prepaid or accrued lease payments.
- A single discount rate was applied to all leases with similar characteristics.
- The right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset.
- Excluded leases with an expiry date prior to 30 June 2020 from the Statement of Financial Position, and lease expenses for these leases have been recorded on a straight-line basis over the remaining term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

**Financial statement impact of adoption of AASB 16**

Council has recognised right-of-use assets and lease liabilities of \$29K at 1 July 2019 for leases previously classified as operating leases, or leases that are significantly below market value which were previously off balance sheet.

\$ '000	Balance at 1 July 2019
<b>Operating lease commitments at 30 June 2019 per Council financial statements</b>	<b>17</b>
<b>Reconciliation of lease liabilities recognised on adoption of AASB 16 Leases</b>	
<b>Operating lease commitments discounted using the incremental borrowing rate at 1 July 2019</b>	<b>17</b>
<b>Add:</b>	
Variable lease payments linked to an index	12
<b>Lease liabilities recognised at 1 July 2019</b>	<b>29</b>

**Council as a lessor**

For the arrangements where Council is a lessor, there are no significant accounting policy changes on adoption of AASB 16 except for sub-leases, which have now been classified in relation to the right-of-use asset under the head lease rather than the underlying asset.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

## Adjustments to the current year figures for the year ended 30 June 2020

## Statement of Financial Position

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Rights-of-use assets	29	–	29
<b>Total assets</b>	<b>29</b>	<b>–</b>	<b>29</b>
Payables – accrued interest on leases (30/6/2019)	–	–	–
Leases	29	–	29
<b>Total liabilities</b>	<b>29</b>	<b>–</b>	<b>29</b>
Accumulated surplus	145,572	–	145,572
<b>Total equity</b>	<b>–</b>	<b>–</b>	<b>–</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 16. Statement of cash flow information

\$ '000	Notes	2020	2019
<b>(a) Reconciliation of cash and cash equivalents</b>			
Total cash and cash equivalents per Statement of Financial Position	7(a)	10,415	7,848
<b>Balance as per the Statement of Cash Flows</b>		<b>10,415</b>	<b>7,848</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
<b>Net operating result from Income Statement</b>		10,492	6,157
<b>Adjust for non-cash items:</b>			
Depreciation and amortisation		7,963	7,755
Net losses/(gains) on disposal of assets		(381)	(31)
Adoption of AASB 15/1058		(441)	–
<b>+/- Movement in operating assets and liabilities and other cash items:</b>			
Decrease/(increase) in receivables		(638)	1,618
Increase/(decrease) in provision for impairment of receivables		(17)	–
Decrease/(increase) in inventories		(418)	(713)
Increase/(decrease) in payables		(125)	56
Increase/(decrease) in accrued interest payable		–	(1)
Increase/(decrease) in other accrued expenses payable		60	42
Increase/(decrease) in other liabilities		418	(26)
Increase/(decrease) in contract liabilities		603	–
Increase/(decrease) in provision for employee benefits		12	199
Increase/(decrease) in other provisions		–	500
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>		<b>17,528</b>	<b>15,556</b>



## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 17. Commitments

\$ '000	2020	2019
<b>(a) Capital commitments (exclusive of GST)</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Other	3,227	1,259
<b>Total commitments</b>	<b>3,227</b>	<b>1,259</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	3,227	1,259
<b>Total payable</b>	<b>3,227</b>	<b>1,259</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	2,668	–
Future grants and contributions	559	1,259
<b>Total sources of funding</b>	<b>3,227</b>	<b>1,259</b>
<b>Details of capital commitments</b>		
Capital projects committed to and categorised as general fund (3,007), domestic waste (71), Goolgowi water supply (32) and Hillston water supply (117).		

\$ '000	2020	2019
<b>(b) Non-cancellable operating lease commitments (2019 only)</b>		
<b>a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:</b>		
Within the next year	–	8
Later than one year and not later than 5 years	–	9
<b>Total non-cancellable operating lease commitments</b>	<b>–</b>	<b>17</b>

**b. Non-cancellable operating leases include the following assets:**

Refer to Note 15 for information relating to leases for 2020.

Lease from Neopost Finance for a Folder/Inserter Machine. Commenced on 1 October 2016 for 5 years with quarterly repayments.

**Conditions relating to finance and operating leases:**

– All finance agreements are secured only against the leased asset.

– No lease agreements impose any financial restrictions on Council regarding future debt etc.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 18. Contingencies

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge and disclosure is considered relevant to the users of Council's financial report.

**LIABILITIES NOT RECOGNISED****1. Guarantees****(i) Defined benefit superannuation contribution plans**

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers, and hence shares in the associated gains and losses (to the extent that they are not borne by members).

*Description of the funding arrangements.*

Pooled employers are required to pay future service employer contributions and past service employer contributions to the Fund.

The future service employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current future service employer contribution rates are:

Division B	1.9 times employee contributions for non 180 Point Members; Nil for 180 Point Members*
Division C	2.5% salaries
Division D	1.64 times employee contributions

\* For 180 Point Members, employers are required to contribute 7% of salaries to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40 million for 1 July 2018 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

*Description of the extent to which Council can be liable to the plan for other Council's obligations under the terms and conditions of the multi-employer plan*

As stated above, each sponsoring employer (Council) is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 18. Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2020 was \$ 82,308.83. The last valuation of the Scheme was performed by Mr Richard Boyfield FIAA on 30 June 2019, and covers the period ended 30 June 2019.

The amount of additional contributions included in the total employer contribution advised above is \$61,000.00. Council's expected contribution to the plan for the next annual reporting period is \$79,649.20.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2020 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	1,695.2	
Past Service Liabilities	1,773.2	95.6%
Vested Benefits	1,757.5	96.5%

\* excluding member accounts and reserves in both assets and liabilities.

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$61,000.00 as at 30 June 2020.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has a possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment return	5.75% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

\* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

**(ii) Statewide Limited**

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to local government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

**(iii) StateCover Limited**

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 18. Contingencies (continued)

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#### (iv) Other guarantees

Council has provided no other guarantees other than those listed above.

#### 2. Other liabilities

##### (i) Third party claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its insurance coverage and does not expect any material liabilities to eventuate.

#### ASSETS NOT RECOGNISED

##### (i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

##### (ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 19. Financial risk management

#### Risk management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's finance section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

\$ '000	Carrying value 2020	Carrying value 2019	Fair value 2020	Fair value 2019
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	10,415	7,848	10,415	7,848
Receivables	1,795	1,266	1,393	671
Investments				
– 'Financial assets at amortised cost'	13,276	12,101	13,276	12,101
<b>Fair value through other comprehensive income</b>				
Investments				
– 'Financial assets at fair value through other comprehensive income'	–	56	–	–
<b>Total financial assets</b>	<b>25,486</b>	<b>21,271</b>	<b>25,084</b>	<b>20,620</b>
<b>Financial liabilities</b>				
Payables	1,602	4,859	1,325	4,583
Loans/advances	3,543	3,324	3,543	3,324
Lease liabilities	15	–	–	–
<b>Total financial liabilities</b>	<b>5,160</b>	<b>8,183</b>	<b>4,868</b>	<b>7,907</b>

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) **'at fair value through profit and loss'** or (ii) **'available-for-sale'** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's finance area manages the cash and Investments portfolio.

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 19. Financial risk management (continued)

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

## (a) Market risk – price risk and interest rate risk

The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

\$ '000	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
<b>2020</b>				
Possible impact of a 1% movement in interest rates	237	237	(237)	(237)
<b>2019</b>				
Possible impact of a 1% movement in interest rates	172	172	(172)	(172)

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 19. Financial risk management (continued)

## (b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Council makes suitable provision for doubtful receivables as required.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

## Credit risk profile

## Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages the payment of debt.

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
<b>2020</b>						
Gross carrying amount	–	296	198	71	45	610
<b>2019</b>						
Gross carrying amount	–	339	45	89	–	473

## Receivables - non-rates and annual charges

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision as at 30 June 2020 is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
<b>2020</b>						
Gross carrying amount	621	38	216	181	273	1,329
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	10.00%	2.05%
<b>ECL provision</b>	–	–	–	–	27	27
<b>2019</b>						
Gross carrying amount	703	26	6	5	214	954
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	13.00%	2.92%
<b>ECL provision</b>	–	–	–	–	28	28

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 19. Financial risk management (continued)

## (c) Liquidity risk

Payables, lease liabilities and borrowings are both subject to liquidity risk – the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk through diversification of borrowing types, maturities and interest rate structures. The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
<b>2020</b>							
Trade/other payables	0.00%	27	1,775	–	–	1,802	1,602
Loans and advances	0.00%	–	390	1,550	1,603	3,543	3,543
<b>Total financial liabilities</b>		<b>27</b>	<b>2,165</b>	<b>1,550</b>	<b>1,603</b>	<b>5,345</b>	<b>5,145</b>
<b>2019</b>							
Trade/other payables	0.00%	4	4,855	–	–	4,859	4,859
Loans and advances	3.50%	–	331	1,084	1,909	3,324	3,324
<b>Total financial liabilities</b>		<b>4</b>	<b>5,186</b>	<b>1,084</b>	<b>1,909</b>	<b>8,183</b>	<b>8,183</b>

## Loan agreement breaches

Detail here any breaches to loan agreements which have occurred during the reporting year.



## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 20. Material budget variations

Council's original financial budget for 19/20 was adopted by the Council on 23/06/2020 and is unaudited.

While the Income Statement included in this General Purpose Financial Statements must disclose the original budget adopted by Council, the Local Government Act 1993 requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This note sets out the details of **material variations** between Council's original budget and its actual results for the year as per the Income Statement – even though such variations may have been adjusted for during each quarterly budget review.

Material variations represent those variances between the original budget figure and the actual result that amount to **10%** or more.

**Variation Key:** **F** = Favourable budget variation, **U** = Unfavourable budget variation.

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
<b>REVENUES</b>				
<b>Rates and annual charges</b>	5,277	5,292	15	0% <b>F</b>
<b>User charges and fees</b>	3,760	4,664	904	24% <b>F</b>
The undertaking of additional, unplanned works for the RMCC Contract (\$122K) and RMS Special Work Orders (\$836K) resulted in additional income.				
<b>Other revenues</b>	710	582	(128)	(18)% <b>U</b>
Major budget variances were caused by Section 7.11 contributions which were \$46K under budget and an insurance claim which was not finalised which was \$74K under the approved budget.				
<b>Operating grants and contributions</b>	13,226	14,304	1,078	8% <b>F</b>
<b>Capital grants and contributions</b>	5,680	6,707	1,027	18% <b>F</b>
The receipt of additional grant funding from drought funding and Stronger Country Community Funding has impacted this result.				
<b>Interest and investment revenue</b>	350	337	(13)	(4)% <b>U</b>
<b>Net gains from disposal of assets</b>	101	381	280	277% <b>F</b>
Sale proceeds for some plant & equipment was below expectations in the current economic climate.				
<b>EXPENSES</b>				
<b>Employee benefits and on-costs</b>	8,145	7,991	154	2% <b>F</b>
<b>Borrowing costs</b>	120	146	(26)	(22)% <b>U</b>
This variance was the result of an administrative error during the initial budget process for 2019/20.				
<b>Materials and contracts</b>	7,905	4,098	3,807	48% <b>F</b>
There has been an increase in capital works undertaken during 2019/20 due to the level of grant funding received. The effect is two fold as costs have been capitalised instead and repairs and maintenance have been reduced due to the capital renewal funds received.				
<b>Depreciation and amortisation</b>	7,850	7,963	(113)	(1)% <b>U</b>
<b>Other expenses</b>	1,657	1,577	80	5% <b>F</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 20. Material budget variations

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----
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#### STATEMENT OF CASH FLOWS

<b>Cash flows from operating activities</b>	<b>9,560</b>	<b>17,528</b>	<b>7,968</b>	<b>83%</b>	<b>F</b>
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This budget has been impacted by the additional grants received during 2019/20. For example, drought funding, stronger country communities funding and the increased works performed for the RMS. The reduction of expenses in materials and contracts is the result of the large amount of capital works together with the reduction in the need for repairs and maintenance because of the capital renewal spending. The other adjustment in other revenue income is the adjustment for GST receipts from the ATO, which was not factored into the cashflow budget originally.

<b>Cash flows from investing activities</b>	<b>(8,897)</b>	<b>(15,166)</b>	<b>(6,269)</b>	<b>70%</b>	<b>U</b>
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This budget has been impacted by the high level of capital expenditure this financial year due to the receipt of increased grant funding.

<b>Cash flows from financing activities</b>	<b>195</b>	<b>205</b>	<b>10</b>	<b>5%</b>	<b>F</b>
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## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 21. Fair Value Measurement

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, property, plant and equipment
- Financial assets and liabilities

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### (1) Assets and liabilities that have been measured and recognised at fair values

2020	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring fair value measurements</b>					
<b>Financial assets</b>					
Investments					
– 'Held to maturity'	30/06/20	–	13,276	–	13,276
Receivables	30/06/20	–	1,232	–	1,232
<b>Total financial assets</b>		<b>–</b>	<b>14,508</b>	<b>–</b>	<b>14,508</b>
<b>Financial liabilities</b>					
Payables	30/06/20	–	1,325	–	1,325
Loans/advances	30/06/20	–	3,543	–	3,543
<b>Total financial liabilities</b>		<b>–</b>	<b>4,868</b>	<b>–</b>	<b>4,868</b>
<b>Infrastructure, property, plant and equipment</b>					
Plant and equipment	30/06/15	–	–	7,169	7,169
Office equipment	30/06/15	–	–	254	254
Furniture and fittings	30/06/15	–	–	12	12
Operational land	30/06/17	–	1,234	–	1,234
Community land	30/06/17	–	–	1,911	1,911
Land improvements	30/06/17	–	–	710	710
Buildings – non specialised	30/06/17	–	12,251	–	12,251
Buildings – specialised	30/06/17	–	–	921	921
Roads	30/06/16	–	–	127,918	127,918
Bridges	30/06/16	–	–	20,107	20,107
Footpaths	30/06/16	–	–	1,372	1,372
Stormwater drainage	30/06/16	–	–	1,318	1,318
Water supply network	30/06/17	–	–	37,185	37,185
Sewerage network	30/06/17	–	–	3,697	3,697
Swimming pools	30/06/17	–	–	2,823	2,823
Open space/recreational assets	30/06/18	–	–	2,780	2,780
Library books	3	–	–	52	52
Other assets	30/06/17	–	–	1,420	1,420
Work in Progress	30/06/20	–	–	66	66

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 21. Fair Value Measurement (continued)

2020	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Levee Banks	30/06/16	–	–	1,635	1,635
Other Structures General	30/06/18	–	–	22	22
<b>Total infrastructure, property, plant and equipment</b>		–	13,485	211,372	224,857

2019	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring fair value measurements</b>					
<b>Financial assets</b>					
Investments					
– ‘Held to maturity’	30/06/19	–	12,101	–	12,101
Receivables	30/06/19	–	671	–	671
<b>Total financial assets</b>		–	12,828	–	12,828
<b>Financial liabilities</b>					
Payables	30/06/19	–	4,583	–	4,583
Loans/advances	30/06/19	–	3,324	–	3,324
<b>Total financial liabilities</b>		–	7,907	–	7,907

**Infrastructure, property, plant and equipment**

Plant and equipment	30/06/15	–	–	6,455	6,455
Office equipment	30/06/15	–	–	242	242
Furniture and fittings	30/06/15	–	–	12	12
Operational land	30/06/17	–	1,223	–	1,223
Community land	30/06/17	–	–	1,911	1,911
Land improvements	30/06/17	–	–	694	694
Buildings – non specialised	30/06/17	–	12,365	–	12,365
Buildings – specialised	30/06/17	–	–	944	944
Roads	30/06/16	–	–	127,254	127,254
Bridges	30/06/16	–	–	7,184	7,184
Footpaths	30/06/16	–	–	1,415	1,415
Stormwater drainage	30/06/16	–	–	1,341	1,341
Water supply network	30/06/17	–	–	37,352	37,352
Sewerage network	30/06/17	–	–	3,714	3,714
Swimming pools	30/06/17	–	–	2,355	2,355
Open space/recreational assets	30/06/18	–	–	1,319	1,319
Library books	30/06/11	–	–	48	48
Other assets	30/06/17	–	–	932	932
Work in Progress	30/06/19	–	–	12,102	12,102
Levee Banks	30/06/16	–	–	1,675	1,675
Other Structures General	30/06/18	–	–	15	15
<b>Total infrastructure, property, plant and equipment</b>		–	13,588	206,964	220,552

Note that capital WIP is not included above since it is carried at cost.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 21. Fair Value Measurement (continued)

#### (2) Valuation techniques used to derive level 2 and level 3 fair values

The objective of using a valuation technique is to estimate the price at which an orderly transaction to sell or to transfer the liability would take place between market participants at the measurement date under current market conditions. Three widely used valuation techniques are the market approach, the cost approach and the income approach. Carrathool Shire Council use valuation techniques consistent with one or more of those approaches to measure fair value.

'Cost Approach' – A valuation technique that reflects the amount that would be required to replace the service capacity of an asset (current replacement cost) or depreciated replacement cost in the example of plant and equipment, office equipment and furniture and fittings.

Income Approach – A valuation technique that converts future amounts (cash flows inflows/outflows) to signal current (ie discounted) amount. The fair value measurement is determined on the basis if the value indicated by current market expectations about these future amounts.

Market Approach – A valuation technique that uses prices and other relevant information, generated by the market transactions involving identical or comparable (similar) assets, liabilities or a group of assets and liabilities such as a business.

All of Council's non-financial assets are considered to being utilised for their highest and best use.

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

#### Financial assets

Investments "Held to Maturity": Valuation Technique: Bank confirmations Unobservable inputs: Interest rates  
 Receivables: Valuation Technique: Rates & Debtors finance modules Unobservable inputs: Bad debts

#### Financial liabilities

Payables: Valuation Technique: Creditors finance module Unobservable inputs: Market impacts  
 Loans/Advances: Valuation Technique: Bank confirmations Unobservable inputs: Interest rates

#### Infrastructure, property, plant and equipment (IPP&E)

Plant, equipment, furniture & fittings and office equipment: Valuation Technique: Cost used to approximate fair value.

Unobservable inputs: Gross replacement cost, useful life and residual value.

Operational Land: Valuation Technique: Independent valuation company Unobservable inputs: Land value & area.

Community Land: Valuation Technique: Independent valuation company Unobservable inputs: Land value & area.

Land Improvements: Valuation Technique: Independent valuation company Unobservable inputs: Asset condition & remaining lives.

Buildings NS: Valuation Technique: Independent valuation company; Unobservable inputs: Asset condition & remaining lives.

Buildings S: Valuation Technique: Independent valuation company; Unobservable inputs: Asset condition & remaining lives.

Roads, Bridges & Footpaths: Valuation Technique: Independent valuation company, unit rates & lengths: Unobservable inputs: Asset condition & remaining lives.

Stormwater Drainage: Valuation Technique: Independent valuation company, unit rates & lengths: Unobservable inputs: Asset condition & remaining lives.

Water Supply Network: Valuation Technique: Independent valuation company, unit rates & lengths: Unobservable inputs: Asset condition & remaining lives.

Sewerage Network: Valuation Technique: Independent valuation company, unit rates & lengths: Unobservable inputs: Asset condition & remaining lives.

Swimming Pools: Valuation Technique: Independent valuation company; Unobservable inputs: Asset condition & remaining lives.

Open space/recreational assets: Cost used to approximate fair value: Unobservable inputs: Asset condition & remaining lives.

Library Books: Cost used to approximate fair value: Unobservable inputs: Asset condition & remaining lives.

Other Assets: Cost used to approximate fair value: Unobservable inputs: Asset condition & remaining lives.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 21. Fair Value Measurement (continued)

## (3) Fair value measurements using significant unobservable inputs (level 3)

a. The following tables present the changes in level 3 fair value asset classes.

\$ '000	I,PP and E
<b>2019</b>	
<b>Opening balance</b>	197,589
Purchases (GBV)	17,925
Disposals (WDV)	(1,085)
Depreciation and impairment	(7,465)
<b>Closing balance</b>	<u>206,964</u>
<b>2020</b>	
<b>Opening balance</b>	206,964
Purchases (GBV)	12,489
Disposals (WDV)	(1,379)
Depreciation and impairment	(7,714)
<b>Closing balance</b>	<u>210,360</u>

## (4) Highest and best use

All of Council's non-financial assets are considered as being utilised for their highest and best use.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 22. Related party disclosures

## (a) Key management personnel

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly. Council has three key management personnel.

The aggregate amount of KMP compensation included in the Income Statement is:

\$ '000	2020	2019
<b>Compensation:</b>		
Short-term benefits	823	791
Termination benefits	–	168
<b>Total</b>	<b>823</b>	<b>959</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 22. Related party disclosures (continued)

## (b) Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

Nature of the transaction	Ref	Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for impairment of receivables outstanding	Expense recognised for impairment of receivables
\$ '000						
<b>2020</b>						
Creditor - Earthmoving	3	36	–	Standard procurement process	–	–
Employee Expenses relating to close family members of KMP	1	96	–	Council Staff Award	–	–
Debtor – Driveway Gravel, Grade and roll		–	–	30 day terms on invoices	–	–
Staff Reimbursement of Expenses	2	2	–	30 day terms on invoices	–	–
Upgrade of Carrathool Race Track		–	–	30 day terms on invoices	–	–
Community Grant		–	–	30 day terms on invoices	–	–
<b>2019</b>						
Creditor - Earthmoving	3	–	–		–	–
Employee Expenses relating to close family members of KMP	1	116	–	Council Staff Award	–	–
Debtor – Driveway Gravel, Grade and roll		6	–	30 day terms on invoices	–	–
Staff Reimbursement of Expenses	2	2	–	30 day terms on invoices	–	–
Upgrade of Carrathool Race Track		33	–	30 day terms on invoices	–	–
Community Grant		2	–	30 day terms on invoices	–	–

1 Close family members of Council KMP are employed by the Council under the relevant pay award on an arm's length basis. There are four close family members of KMP currently employed by the Council.

2 Council through its private works process provide debtor accounts for a variety of private works performed by Council staff for a number of KMP.

3 Council through its normal procurement process obtained quotes for earthmoving services. A company associated with one KMP provided these services.



## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 23. Statement of developer contributions

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

## Summary of contributions and levies

	as at 30/06/19			as at 30/06/20				
	Opening Balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
\$ '000		Cash	Non-cash					
Community facilities	312	4	–	–	–	–	316	–
<b>S7.11 contributions – under a plan</b>	<b>312</b>	<b>4</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>316</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>312</b>	<b>4</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>316</b>	<b>–</b>
<b>Total contributions</b>	<b>312</b>	<b>4</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>316</b>	<b>–</b>
<b>S7.11 Contributions – under a plan</b>								
<b>CONTRIBUTION PLAN NUMBER 1</b>								
Community facilities	5	–	–	–	–	–	5	–
<b>Total</b>	<b>5</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>5</b>	<b>–</b>
<b>CONTRIBUTION PLAN NUMBER 2</b>								
Community facilities	307	4	–	–	–	–	311	–
<b>Total</b>	<b>307</b>	<b>4</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>311</b>	<b>–</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 24. Result by fund

\$ '000	General <sup>1</sup> 2020	Water 2020	Sewer 2020
<b>Income Statement by fund</b>			
<b>Income from continuing operations</b>			
Rates and annual charges	3,889	942	461
User charges and fees	3,206	1,458	–
Interest and investment revenue	314	20	3
Other revenues	530	51	1
Grants and contributions provided for operating purposes	14,292	7	5
Grants and contributions provided for capital purposes	6,707	–	–
Net gains from disposal of assets	381	–	–
<b>Total income from continuing operations</b>	<b>29,319</b>	<b>2,478</b>	<b>470</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	7,540	391	60
Borrowing costs	57	61	28
Materials and contracts	3,352	604	142
Depreciation and amortisation	6,887	951	125
Other expenses	1,085	460	32
Net losses from the disposal of assets	(47)	47	–
<b>Total expenses from continuing operations</b>	<b>18,874</b>	<b>2,514</b>	<b>387</b>
<b>Operating result from continuing operations</b>	<b>10,445</b>	<b>(36)</b>	<b>83</b>
<b>Net operating result for the year</b>	<b>10,445</b>	<b>(36)</b>	<b>83</b>
<b>Net operating result attributable to each council fund</b>	<b>10,445</b>	<b>(36)</b>	<b>83</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>3,738</b>	<b>(36)</b>	<b>83</b>

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds.

(1) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 24. Result by fund (continued)

\$ '000	General <sup>1</sup> 2020	Water 2020	Sewer 2020
<b>Statement of Financial Position by fund</b>			
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6,641	3,169	605
Investments	13,276	–	–
Receivables	927	273	49
Inventories	2,576	–	–
<b>Total current assets</b>	<b>23,420</b>	<b>3,442</b>	<b>654</b>
<b>Non-current assets</b>			
Receivables	326	195	25
Infrastructure, property, plant and equipment	183,931	37,185	3,741
Right of use assets	15	–	–
<b>Total non-current assets</b>	<b>184,272</b>	<b>37,380</b>	<b>3,766</b>
<b>TOTAL ASSETS</b>	<b>207,692</b>	<b>40,822</b>	<b>4,420</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	1,600	1	1
Income received in advance	201	–	–
Contract liabilities	603	–	–
Lease liabilities	15	–	–
Borrowings	244	97	49
Provisions	2,285	–	–
<b>Total current liabilities</b>	<b>4,948</b>	<b>98</b>	<b>50</b>
<b>Non-current liabilities</b>			
Borrowings	1,147	1,505	501
Provisions	2,245	–	–
<b>Total non-current liabilities</b>	<b>3,392</b>	<b>1,505</b>	<b>501</b>
<b>TOTAL LIABILITIES</b>	<b>8,340</b>	<b>1,603</b>	<b>551</b>
<b>Net assets</b>	<b>199,352</b>	<b>39,219</b>	<b>3,869</b>
<b>EQUITY</b>			
Accumulated surplus	145,922	7,905	2,581
Revaluation reserves	53,430	31,314	1,288
<b>Council equity interest</b>	<b>199,352</b>	<b>39,219</b>	<b>3,869</b>
<b>Total equity</b>	<b>199,352</b>	<b>39,219</b>	<b>3,869</b>

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds. Assets and liabilities shown in the water and sewer columns are restricted for use for these activities.

(1) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 25(a). Statement of performance measures – consolidated results

\$ '000	Amounts	Indicator	Prior periods		Benchmark
	2020	2020	2019	2018	
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>3,404</b>	<b>13.52%</b>	(8.52)%	6.97%	>0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>25,179</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>10,875</b>	<b>34.11%</b>	35.03%	44.34%	>60.00%
Total continuing operating revenue <sup>1</sup>	<b>31,886</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>22,619</b>	<b>8.32x</b>	3.30x	6.64x	>1.50x
Current liabilities less specific purpose liabilities	<b>2,718</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>11,513</b>	<b>23.45x</b>	12.12x	23.69x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>491</b>				
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>					
Rates, annual and extra charges outstanding	<b>585</b>	<b>10.13%</b>	8.33%	3.72%	<10.00%
Rates, annual and extra charges collectible	<b>5,777</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>23,691</b>	<b>17.19</b>	12.78	12.79	>3.00
Monthly payments from cash flow of operating and financing activities	<b>1,378</b>	<b>mths</b>	mths	mths	mths

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 25(b). Statement of performance measures – by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2020	2019	2020	2019	2020	2019	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>15.10%</b>	(10.31)%	<b>(1.45)%</b>	(1.28)%	<b>17.66%</b>	30.84%	>0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>27.43%</b>	28.42%	<b>99.72%</b>	99.66%	<b>98.94%</b>	98.87%	>60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>8.32x</b>	3.30x	<b>35.12x</b>	32.52x	<b>13.08x</b>	21.42x	>1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>25.62x</b>	11.81x	<b>16.00x</b>	14.73x	<b>8.43x</b>	10.32x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>							
Rates, annual and extra charges outstanding	<b>13.37%</b>	5.99%	<b>0.00%</b>	17.44%	<b>0.00%</b>	8.33%	<10.00%
Rates, annual and extra charges collectible							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>14.45</b>	12.58	∞	13.53	∞	16.87	>3.00
Payments from cash flow of operating and financing activities	<b>mths</b>	mths		mths		mths	mths

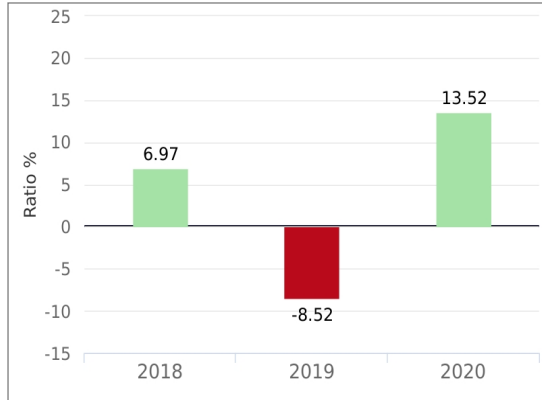
(1) - (2) Refer to Notes at Note 25(a) above.

(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

Notes to the Financial Statements  
for the year ended 30 June 2020

Note 25(c). Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



**Purpose of operating performance ratio**

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

**Commentary on 2019/20 result**

2019/20 ratio 13.52%

Council has returned to a positive benchmark position. This ratio can be impacted by the timing relationship of income and expenditure particularly in grant fund funded projects.

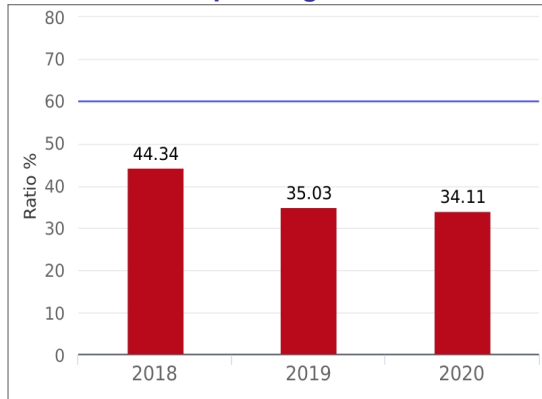
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



**Purpose of own source operating revenue ratio**

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

**Commentary on 2019/20 result**

2019/20 ratio 34.11%

Due to Council's remoteness and reliance on grant funding for its large road network, it will continue to be difficult to meet this ratio target of 60%. Council has again received a high level of grants in 2019/20 which has kept the ratio at a similar level to the previous year.

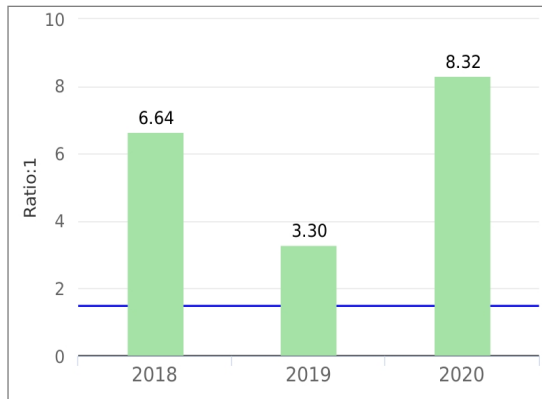
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



**Purpose of unrestricted current ratio**

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

**Commentary on 2019/20 result**

2019/20 ratio 8.32x

Council has adequate working capital to satisfy its obligations and this result and the improved result is a good long term financial stability indicator.

Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

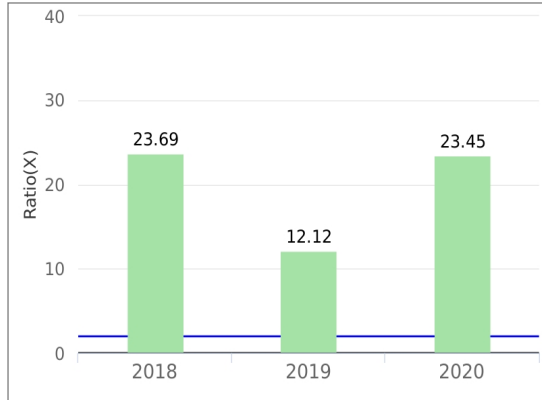
Ratio achieves benchmark

Ratio is outside benchmark

Notes to the Financial Statements  
for the year ended 30 June 2020

Note 25(c). Statement of performance measures – consolidated results (graphs)

4. Debt service cover ratio



Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2019/20 result

2019/20 ratio 23.45x

Council has adequate cash to service all debt payments. Debts relating to the water and sewer funds have costs passed on to the users of the services.

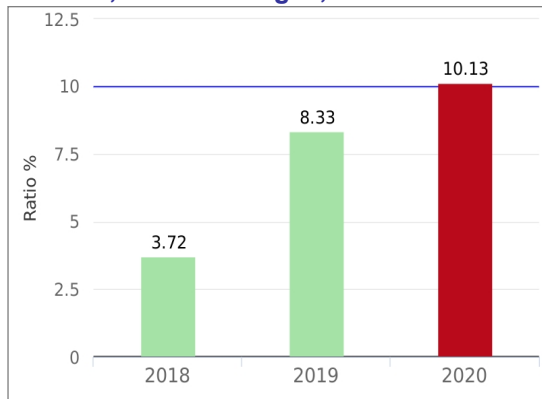
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates, annual charges, interest and extra charges outstanding percentage



Purpose of rates, annual charges, interest and extra charges outstanding

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2019/20 result

2019/20 ratio 10.13%

This ratio has been impacted primarily by the economic conditions resulting from the lengthy drought together with a smaller impact from the COVID-19 pandemic. Council continues to be proactive in its program of debt collection/payment arrangements.

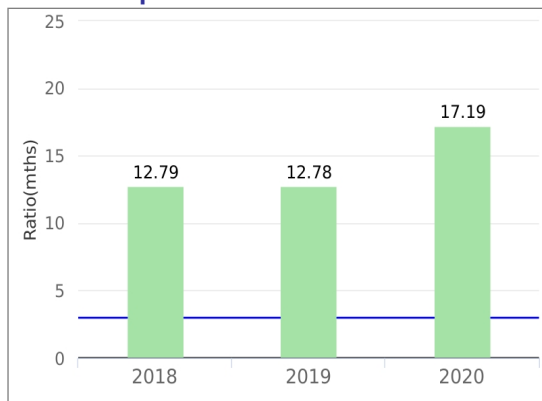
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

Commentary on 2019/20 result

2019/20 ratio 17.19 mths

Council maintains an adequate amount in cash reserves and these reserves are closely monitored.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 26. Council information and contact details

### Note 26. Council information and contact details

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**Principal place of business:**

9 - 11 Cobram Street  
GOOLGOWI NSW 2652

**Contact details**

**Mailing Address:**

**PO Box 12**  
GOOLGOWI NSW 2652

**Telephone:** 02 6965 1900

**Facsimile:** 02 6965 1379

**Opening hours:**

8:30am - 4:30pm  
Monday to Friday

**Internet:** [www.carrathool.nsw.gov.au](http://www.carrathool.nsw.gov.au)

**Email:** [council@carrathool.nsw.gov.au](mailto:council@carrathool.nsw.gov.au)

**Officers**

**General Manager**

Rick Warren

**Responsible Accounting Officer**

Robert Rayner

**Public Officer**

Robert Rayner

**Auditors**

Audit Office of NSW  
GPO Box 12  
SYDNEY NSW 2001

**Elected members**

**Mayor**

Cr. Darryl Jardine

**Councillors**

Dave Fenson  
Bev Furner  
Russell Campbell  
Geoff Peters  
Bill Kite  
Scott Groat  
Mick Armstrong  
Brett Lewis

**Other information**

**ABN:** 86 008 844 676



**General Purpose Financial Statements**  
for the year ended 30 June 2020

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## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Carrathool Shire Council

To the Councillors of Carrathool Shire Council

### Opinion

I have audited the accompanying financial statements of Carrathool Shire Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been prepared, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

## Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Other Information

The Council's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule - Permissible income for general rates.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 20 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Unaib Jeffrey  
Delegate of the Auditor-General for New South Wales

29 October 2020  
SYDNEY



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Carrathool Shire Council

To the Councillors of Carrathool Shire Council

### Opinion

I have audited the accompanying financial statements of Carrathool Shire Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been prepared, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

## Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Other Information

The Council's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule - Permissible income for general rates.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 20 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Unaib Jeffrey  
Delegate of the Auditor-General for New South Wales

29 October 2020  
SYDNEY

**General Purpose Financial Statements**  
for the year ended 30 June 2020

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Clr Darryl Jardine  
Mayor  
Carrathool Shire Council  
PO Box 115  
CARRATHOOL NSW 2821

Contact: Unaib Jeffrey  
Phone no: 02 9275 7450  
Our ref: D2023729/1709

29 October 2020

Dear Mayor

**Report on the Conduct of the Audit  
for the year ended 30 June 2020  
Carrathool Shire Council**





I have audited the general purpose financial statements (GPFS) of the Carrathool Shire Council (the Council) for the year ended 30 June 2020 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2020 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

## INCOME STATEMENT

### Operating result

	2020	2019*	Variance
	\$m	\$m	%
Rates and annual charges revenue	5.3	5.1	 3.9
Grants and contributions revenue	21.0	19.5	 7.7
Operating result from continuing operations	10.5	6.2	 69.3
Net operating result before capital grants and contributions	3.8	(1.8)	 311.1

The Council's operating result from continuing operations of \$10.5 million (including the effect of depreciation and amortisation expense of \$7.9 million) was \$4.3 million higher than the 2018–19 result. The movement was primarily due to:

- increase in grants and contributions revenue of \$1.5 million
- decrease in materials and contract expenses of \$2.6 million
- decrease in other expenses of \$0.2 million.

The net operating result before capital grants and contributions (\$3.8 million) was \$5.6 million higher than the 2018–19 result. This was predominately as a result of Council receiving \$2.8 million more in grants and contributions provided for operating purposes than the prior year, a decrease of \$2.6 million in materials and contracts expenses compared to 2018-19 and a decrease of \$0.2 million in other expenses.

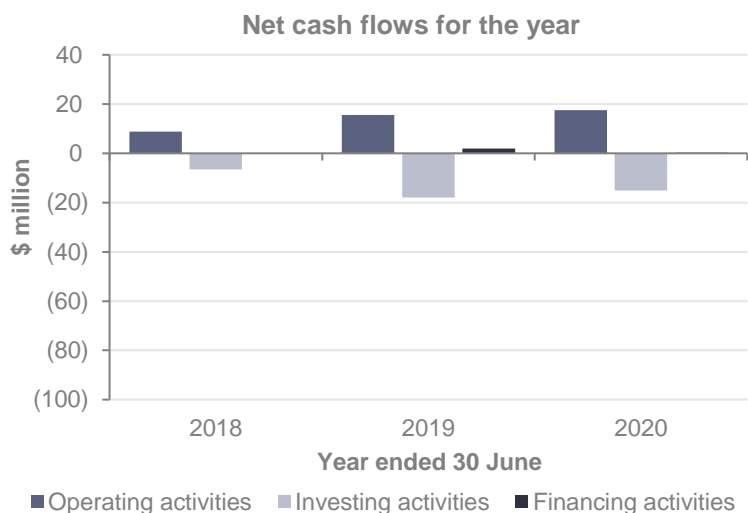
Rates and annual charges revenue (\$5.3 million) increased by \$0.2 million (3.9 per cent) in 2019–2020. This reflects the rate peg increase of 2.7 per cent, together with growth in the number of residents and rateable properties in 2019-20.

Grants and contributions revenue (\$21.0 million) increased by \$1.5 million (7.7 per cent) in 2019–20 due to:

- increase of \$3.3 million relating to roads to recovery grant program
- decrease of \$1.4 million in grants received for bridges which were completed in 2019-20
- decrease of \$0.3 million from RMS HVAP funding, as no funds were received during 2019-20
- decrease of \$0.1 million from OLG Crown Lands funding, as no funds were received during 2019-20.

## STATEMENT OF CASH FLOWS

- Council reported a net increase in cash and cash equivalents from \$7.8 million at 30 June 2019 to \$10.4 million at 30 June 2020.
- Cash inflows from operating activities increased from 2018–19 as a result of higher receipts from grants and contributions and lower outflows from materials and contracts payments.
- Cash outflows from investing activities decreased mainly due to lower net sale and purchases of investment securities.
- Cash inflows from financing activities decreased as a result of lower proceeds from borrowings.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2020	2019	Commentary
	\$m	\$m	
External restrictions	4.4	4.4	<ul style="list-style-type: none"> <li>• External restrictions primarily include funds for water supply and sewerage services, specific purpose unexpended grants, and developer contributions.</li> </ul>
Internal restrictions	13.5	12.6	
Unrestricted	5.8	2.9	
<b>Cash and investments</b>	<b>23.7</b>	<b>19.9</b>	<ul style="list-style-type: none"> <li>• Internal restrictions are due to Council policy or decisions for forward plans including the works program. The increase in 2019–20 primarily related to local roads.</li> <li>• Unrestricted balances provide liquidity for day-to-day operations and have increased from the prior year due to the higher level of cash held at 30 June 2020.</li> </ul>

# PERFORMANCE

## Performance measures

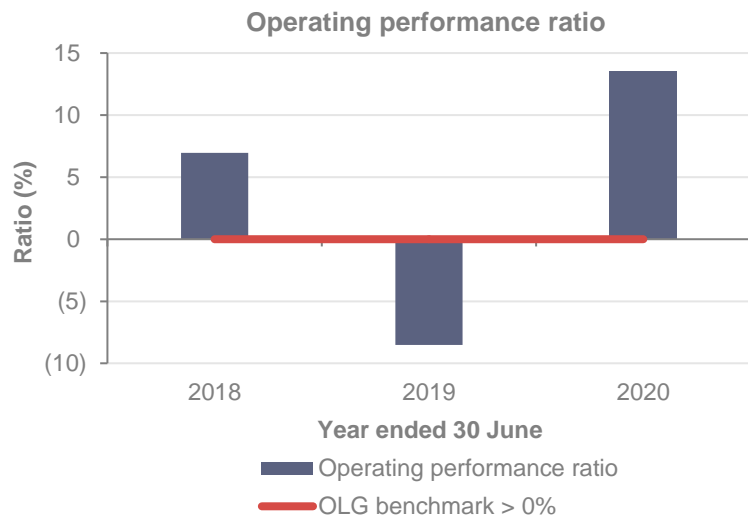
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning, Industry and Environment.

### Operating performance ratio

The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.

The Council exceeded the OLG benchmark for the current reporting period.

The increased ratio was consistent with the improved result before capital grants and contributions in 2019–20.



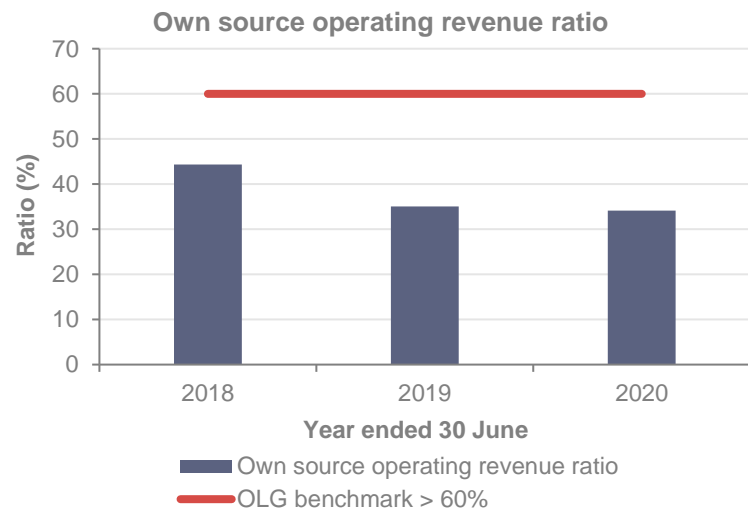
### Own source operating revenue ratio

The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.

The Council did not meet the OLG benchmark for the current reporting period.

The ratio has decreased this year due to higher value of government grants received.

This ratio reflects that Council has a greater reliance on grant funding, in particular for its large road network.

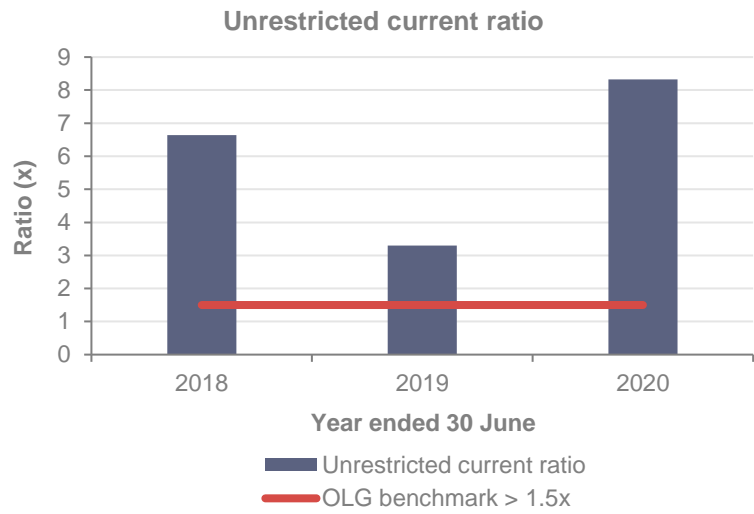


### Unrestricted current ratio

The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.

The Council exceeded the OLG benchmark for the current reporting period.

This ratio indicates that Council currently has \$8.32 of unrestricted current assets available to service every \$1.00 of its unrestricted current liabilities.

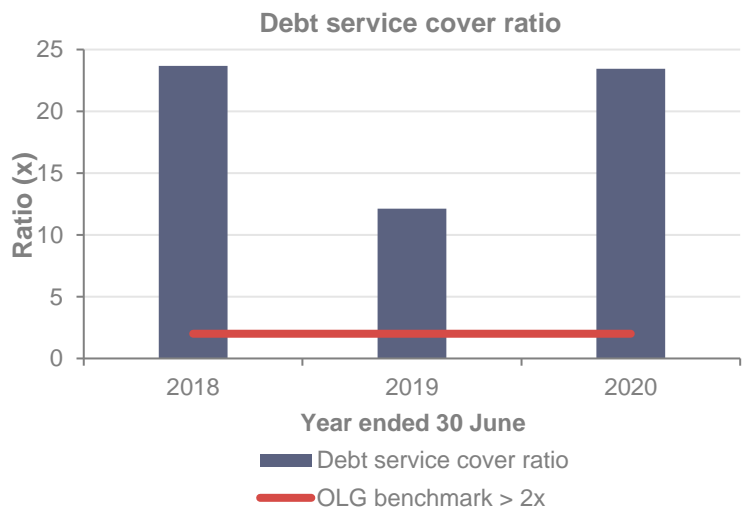


### Debt service cover ratio

The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.

The Council exceeded the OLG benchmark for the current reporting period.

Council appears to be effectively monitoring its liquidity levels to ensure it can meet its borrowing costs when they fall due.

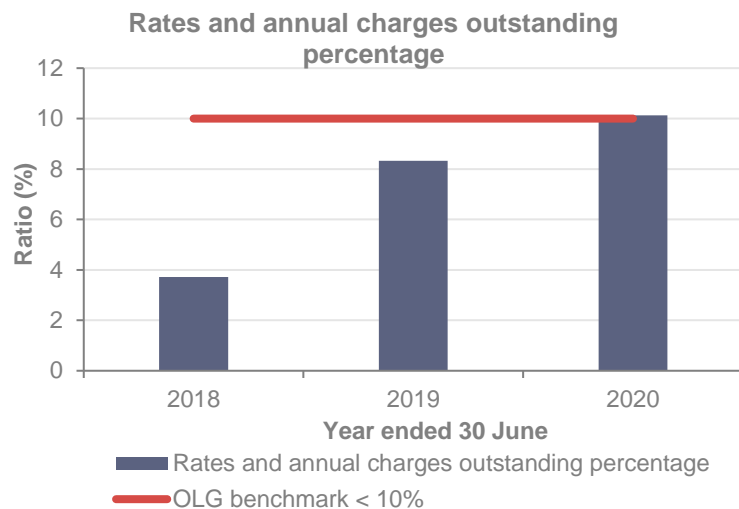


## Rates and annual charges outstanding percentage

The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.

The Council did not meet the OLG benchmark for the current reporting period with rates outstanding of 10.13% at 30 June 2020.

This ratio has been impacted primarily by the economic conditions resulting from the drought together with a smaller impact from the COVID-19 pandemic.

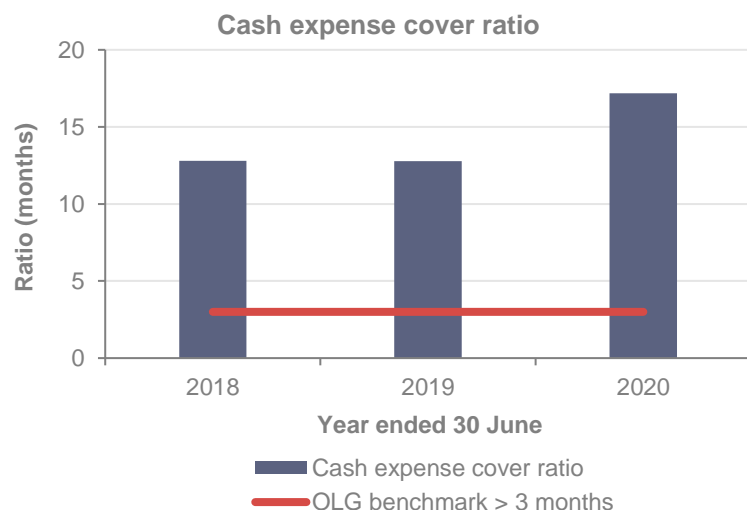


## Cash expense cover ratio

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.

The Council exceeded the OLG benchmark for the current reporting period.

This indicates that Council had the capacity to cover 17.2 months of cash expenditure without additional cash inflows at 30 June 2020.



## Infrastructure, property, plant and equipment renewals

Council spent \$9.3 million on asset renewals in 2019-20 compared to \$6.3 million in 2018-19. Asset renewals are defined as the replacement of existing assets as opposed to the acquisition of new assets.

A short-term benchmark of Council's strategic asset management is to assess the rate at which Council's assets are being renewed against the rate at which they are depreciating. In 2019-20, asset renewals of \$9.3 million represented 117% of Council's \$7.9 million depreciation expense. This result was 44% higher than the 2018-19 result of 81%.

Asset renewals in 2019-20 were carried out in accordance with Council's capital works program and were primarily related to road assets.

## OTHER MATTERS

### Impact of new accounting standards

#### **AASB 15 'Revenue from Contracts with Customers' and AASB 1058 'Income for Not-for-Profit Entities'**

The Council adopted the new accounting standards AASB 15 'Contracts with Customers' and AASB 1058 'Income of Not-for-Profit Entities' (collectively referred to as the Revenue Standards) for the first time in their 2019–20 financial statements.

AASB 15 introduces a new approach to recognising revenue based on the principle that revenue is recognised when control of a good or service transfers to a customer. AASB 15 impacts the timing and amount of revenue recorded in a councils' financial statements, particularly for grant revenue. AASB 15 also increases the amount of disclosures required.

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The Council recognised a \$0.4 million adjustment to opening accumulated surplus at 1 July 2019 on adoption of the new Revenue Standards.

The Council disclosed the impact of adopting the new Revenue Standards in Note 15.

#### **AASB 16 'Leases'**

The Council adopted the new accounting standard AASB 16 'Leases' for the first time in their 2019–20 financial statements.

AASB 16 changes the way lessees treat operating leases for financial reporting. With a few exceptions, operating leases will now be recorded in the Statement of Financial Position as a right-of-use asset, with a corresponding lease liability.

AASB 16 results in lessees recording more assets and liabilities in the Statement of Financial Position and changes the timing and pattern of expenses recorded in the Income Statement.

The Council recognised right-of-use assets and lease liabilities of \$0.03 million at 1 July 2019 on adoption of AASB 16.

The Council disclosed the impact of adopting AASB 16 in Note 15.

## Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial statements. The Council's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



Unaib Jeffrey  
Delegate of the Auditor-General for New South Wales

cc: Mr Rick Warren, General Manager  
Jim Betts, Secretary of the Department of Planning, Industry and Environment





Clr Darryl Jardine  
Mayor  
Carrathool Shire Council  
PO Box 115  
CARRATHOOL NSW 2821

Contact: Unaib Jeffrey  
Phone no: 02 9275 7450  
Our ref: D2023729/1709

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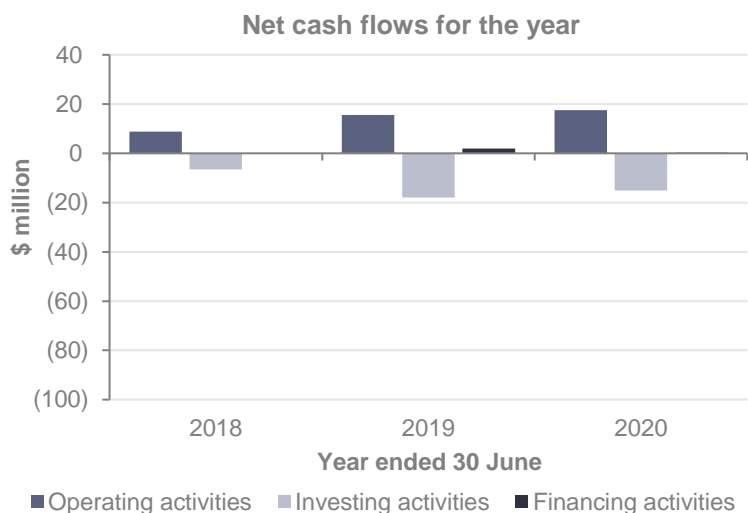
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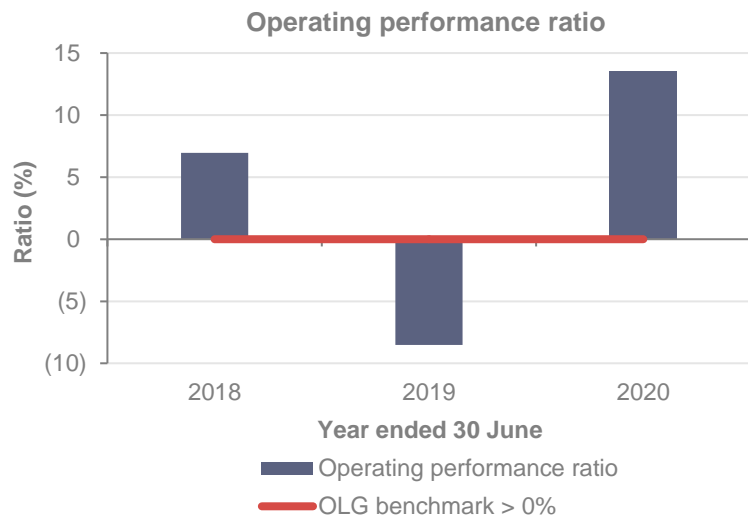
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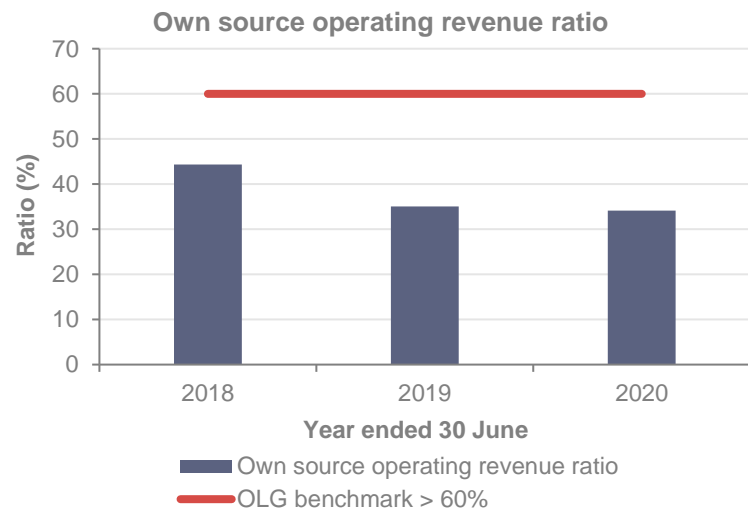
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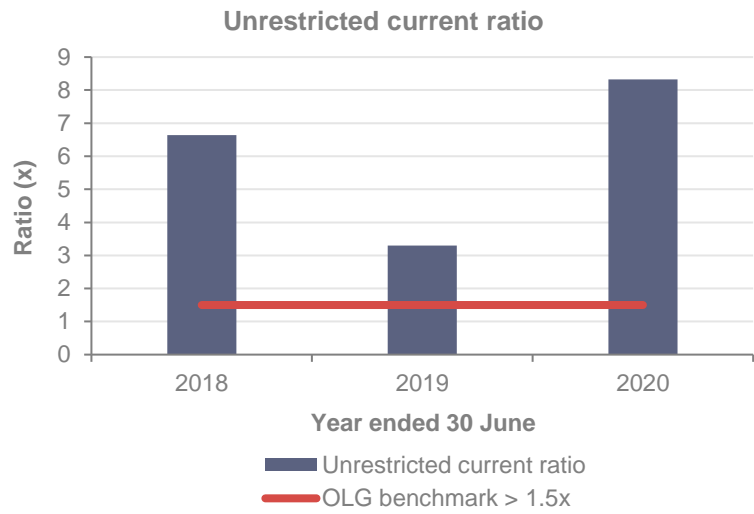


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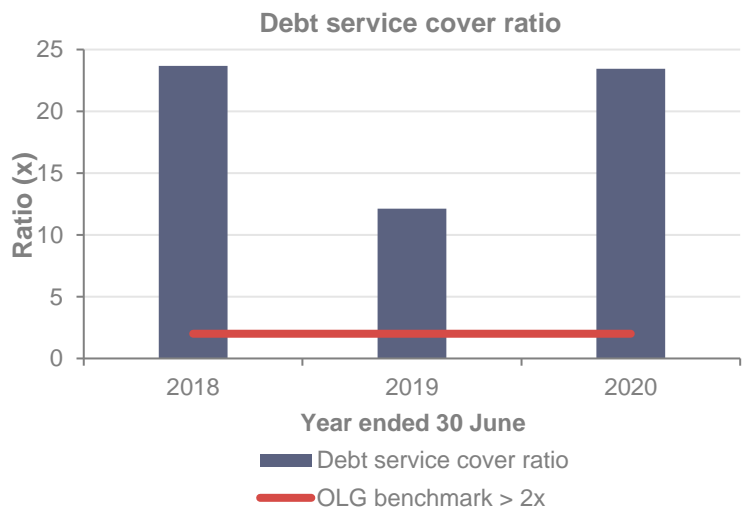


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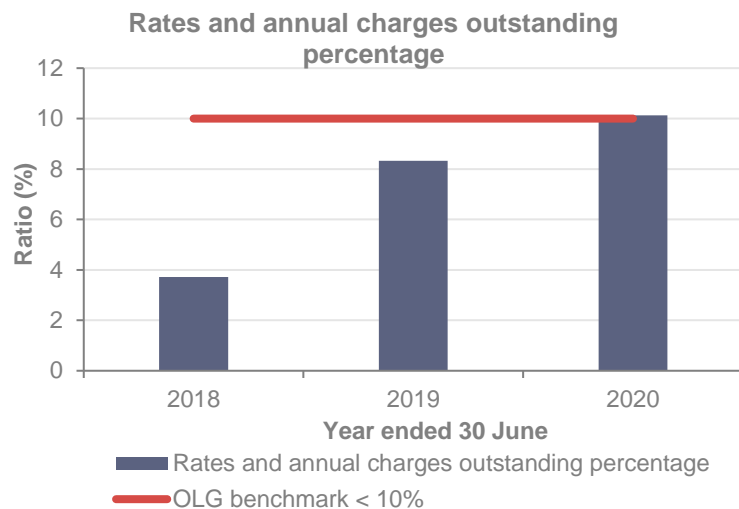


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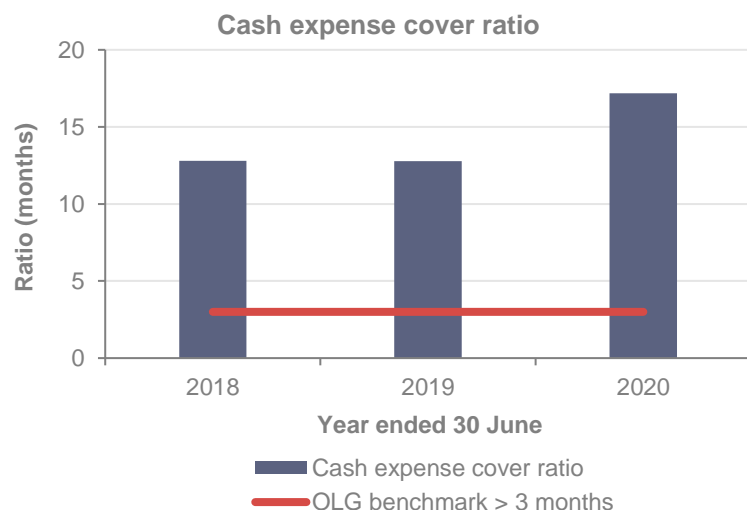


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AASB 16 results in lessees recording more assets and liabilities in the Statement of Financial Position and changes the timing and pattern of expenses recorded in the Income Statement.

The Council recognised right-of-use assets and lease liabilities of \$0.03 million at 1 July 2019 on adoption of AASB 16.

The Council disclosed the impact of adopting AASB 16 in Note 15.

## Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial statements. The Council's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



Unaib Jeffrey  
Delegate of the Auditor-General for New South Wales

cc: Mr Rick Warren, General Manager  
Jim Betts, Secretary of the Department of Planning, Industry and Environment



# Carrathool Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2020

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## Special Purpose Financial Statements

for the year ended 30 June 2020

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Statement of Financial Position – Water Supply Business Activity	6
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<b>Note 1 – Significant Accounting Policies</b>	<b>8</b>
<b>Auditor's Report on Special Purpose Financial Statements</b>	<b>11</b>

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### Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

## Special Purpose Financial Statements

for the year ended 30 June 2020

### Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

The attached Special Purpose Financial Statements have been prepared in accordance with:


- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

To the best of our knowledge and belief, these statements:

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.


We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 15 September 2020.




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Cr Darryl Jardine  
Mayor  
15 September 2020



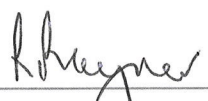
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Rick Warren  
General Manager  
15 September 2020



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Cr Scott Groat  
Councillor  
15 September 2020



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Robert Rayner  
Responsible Accounting Officer  
15 September 2020

## Income Statement – Water Supply Business Activity

for the year ended 30 June 2020

\$ '000	2020	2019
<b>Income from continuing operations</b>		
Access charges	942	895
User charges	1,458	1,419
Interest	20	17
Grants and contributions provided for non-capital purposes	7	8
Other income	51	5
<b>Total income from continuing operations</b>	<b>2,478</b>	<b>2,344</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	391	341
Borrowing costs	61	67
Materials and contracts	604	852
Depreciation, amortisation and impairment	951	950
Water purchase charges	–	74
Loss on sale of assets	47	–
Other expenses	460	90
<b>Total expenses from continuing operations</b>	<b>2,514</b>	<b>2,374</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(36)</b>	<b>(30)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(36)</b>	<b>(30)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(36)</b>	<b>(30)</b>
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(36)</b>	<b>(30)</b>
<b>Plus accumulated surplus</b>	<b>7,941</b>	<b>7,971</b>
<b>Closing accumulated surplus</b>	<b>7,905</b>	<b>7,941</b>
<b>Return on capital %</b>	<b>0.1%</b>	<b>0.1%</b>
<b>Subsidy from Council</b>	<b>302</b>	<b>456</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(36)	(30)
<b>Surplus for dividend calculation purposes</b>	<b>–</b>	<b>–</b>
<b>Potential dividend calculated from surplus</b>	<b>–</b>	<b>–</b>

## Income Statement – Sewerage Business Activity

for the year ended 30 June 2020

\$ '000	2020	2019
<b>Income from continuing operations</b>		
Access charges	461	417
Interest	3	4
Grants and contributions provided for non-capital purposes	5	5
Other income	1	15
<b>Total income from continuing operations</b>	<b>470</b>	<b>441</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	60	56
Borrowing costs	28	28
Materials and contracts	142	76
Depreciation, amortisation and impairment	125	125
Other expenses	32	20
<b>Total expenses from continuing operations</b>	<b>387</b>	<b>305</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>83</b>	<b>136</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>83</b>	<b>136</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>83</b>	<b>136</b>
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(23)	(37)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>60</b>	<b>99</b>
<b>Plus accumulated surplus</b>	2,498	2,362
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	23	37
<b>Closing accumulated surplus</b>	<b>2,581</b>	<b>2,498</b>
<b>Return on capital %</b>	3.0%	4.4%
<b>Subsidy from Council</b>	–	–
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	60	99
<b>Surplus for dividend calculation purposes</b>	<b>60</b>	<b>99</b>
<b>Potential dividend calculated from surplus</b>	<b>30</b>	<b>49</b>

## Statement of Financial Position – Water Supply Business Activity

as at 30 June 2020

\$ '000	2020	2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,169	2,767
Receivables	273	225
<b>Total current assets</b>	<b>3,442</b>	<b>2,992</b>
<b>Non-current assets</b>		
Receivables	195	248
Infrastructure, property, plant and equipment	37,185	37,363
<b>Total non-current assets</b>	<b>37,380</b>	<b>37,611</b>
<b>TOTAL ASSETS</b>	<b>40,822</b>	<b>40,603</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	1	–
Borrowings	97	92
<b>Total current liabilities</b>	<b>98</b>	<b>92</b>
<b>Non-current liabilities</b>		
Borrowings	1,505	1,601
<b>Total non-current liabilities</b>	<b>1,505</b>	<b>1,601</b>
<b>TOTAL LIABILITIES</b>	<b>1,603</b>	<b>1,693</b>
<b>NET ASSETS</b>	<b>39,219</b>	<b>38,910</b>
<b>EQUITY</b>		
Accumulated surplus	7,905	7,941
Revaluation reserves	31,314	30,969
<b>TOTAL EQUITY</b>	<b>39,219</b>	<b>38,910</b>

## Statement of Financial Position – Sewerage Business Activity

as at 30 June 2020

\$ '000	2020	2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	605	461
Receivables	49	53
<b>Total current assets</b>	<b>654</b>	<b>514</b>
<b>Non-current assets</b>		
Receivables	25	25
Infrastructure, property, plant and equipment	3,741	3,765
<b>Total non-current assets</b>	<b>3,766</b>	<b>3,790</b>
<b>TOTAL ASSETS</b>	<b>4,420</b>	<b>4,304</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	1	–
Borrowings	49	24
<b>Total current liabilities</b>	<b>50</b>	<b>24</b>
<b>Non-current liabilities</b>		
Borrowings	501	529
<b>Total non-current liabilities</b>	<b>501</b>	<b>529</b>
<b>TOTAL LIABILITIES</b>	<b>551</b>	<b>553</b>
<b>NET ASSETS</b>	<b>3,869</b>	<b>3,751</b>
<b>EQUITY</b>		
Accumulated surplus	2,581	2,498
Revaluation reserves	1,288	1,253
<b>TOTAL EQUITY</b>	<b>3,869</b>	<b>3,751</b>

## Notes to the Special Purpose Financial Statements

for the year ended 30 June 2020

### Note 1. Significant Accounting Policies

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A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 2093 (NSW), the *Local Government (General) Regulation 2005*, and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

#### National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

The *Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

#### Declared business activities

In accordance with Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality, Council has declared that the following are to be considered as business activities:

##### Category 1

(where gross operating turnover is over \$2 million)

Council has no Category 1 business activities

##### Category 2

(where gross operating turnover is less than \$2 million)

##### a. Carrathool Shire Council Combined Urban Water Supply

##### b. Goolgowi Rural Water Supply

##### c. Rankins Springs Rural Water Supply

##### d. Melbergen Rural Water Supply

Comprising the whole of the Carrathool Shire Council Water Supply operations and net assets.

##### e. Carrathool Shire Council Combined Urban Sewerage Services

Comprising the whole of the Carrathool Shire Council Sewerage Reticulation & Treatment operations and net assets



## Notes to the Special Purpose Financial Statements

for the year ended 30 June 2020

### Note 1. Significant Accounting Policies (continued)

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#### Monetary amounts

Amounts shown in the financial statements are in Australian dollars and rounded to the nearest one thousand dollars.

#### (i) Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

#### Notional rate applied (%)

Corporate income tax rate – 27.5%

Land tax – the first \$734,000 of combined land values attracts 0%. For the combined land values in excess of \$734,001 up to \$4,488,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$4,488,000 a premium marginal rate of 2.0% applies.

Payroll tax – 5.45% on the value of taxable salaries and wages in excess of \$900,000.

In accordance with the Department of Industry (DoI) – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the DoI – Water guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

#### Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 27.5%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 27.5% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

#### Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face 'true' commercial borrowing costs in line with private sector competitors.

## Notes to the Special Purpose Financial Statements for the year ended 30 June 2020

### Note 1. Significant Accounting Policies (continued)

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

#### (ii) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

Accordingly, 'subsidies disclosed' (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

#### (iii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

#### **Operating result before capital income + interest expense**

#### **Written down value of I,PP&E as at 30 June**

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 0.88% at 30/6/20.

#### (iv) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2020 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best Practice Management of Water Supply and Sewer Guidelines, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Industry – Water.

**Special Purpose Financial Statements**  
for the year ended 30 June 2020

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**INDEPENDENT AUDITOR'S REPORT**  
**Report on the special purpose financial statements**  
**Carrathool Shire Council**

To the Councillors of the Carrathool Shire Council

## **Opinion**

I have audited the accompanying special purpose financial statements (the financial statements) of Carrathool Shire Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2020, the Statement of Financial Position of each Declared Business Activity as at 30 June 2020 and Note 1 Significant accounting policies for the Business Activities declared by Council.

The Declared Business Activities of the Council are:

- Water Supply Business Activity
- Sewerage Business Activity.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's Declared Business Activities as at 30 June 2020, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting – update number 28 (LG Code).

My opinion should be read in conjunction with the rest of this report.

## **Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as the auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Emphasis of Matter – Basis of Accounting**

Without modifying my opinion, I draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

## **Other Information**

The Council's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and Special Schedule 'Permissible income for general rates'.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Statements**

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in Note 1 to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in black ink, appearing to read 'Unaib Jeffrey', with a long, sweeping flourish extending to the right.

Unaib Jeffrey

Delegate of the Auditor-General for New South Wales

29 October 2020  
SYDNEY

# Carrathool Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2020

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## Special Schedules

for the year ended 30 June 2020

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#### **Special Schedules**

Permissible income for general rates

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## Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2019/20
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	3,457	3,365
Plus or minus adjustments <sup>2</sup>	b	–	(14)
<b>Notional general income</b>	c = a + b	<b>3,457</b>	<b>3,351</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.60%	2.70%
Or plus rate peg amount	i = e x (c + g)	90	90
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>3,547</b>	<b>3,441</b>
Plus (or minus) last year's carry forward total	l	–	20
<b>Sub-total</b>	n = (l + m)	<b>–</b>	<b>20</b>
<b>Total permissible income</b>	o = k + n	<b>3,547</b>	<b>3,461</b>
Less notional general income yield	p	3,555	3,457
<b>Catch-up or (excess) result</b>	q = o – p	<b>(8)</b>	<b>4</b>
Less unused catch-up <sup>5</sup>	s	–	(4)
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>(8)</b>	<b>–</b>

**Notes**

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



**INDEPENDENT AUDITOR'S REPORT**  
**Special Schedule - Permissible income for general rates**  
**Carrathool Shire Council**

To the Councillors of Carrathool Shire Council

### **Opinion**

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Carrathool Shire Council (the Council) for the year ending 30 June 2021.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting – update number 28 (LG Code), and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report.

### **Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Schedule' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

## Other Information

The Council's annual report for the year ended 30 June 2020 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2020.

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and the special purpose financial statements.

In connection with my audit of the Schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Schedule

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar8.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf). The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.

A handwritten signature in black ink, appearing to read 'Unaib Jeffrey', with a long, sweeping flourish extending to the right.

Unaib Jeffrey

Delegate of the Auditor-General for New South Wales

29 October 2020  
SYDNEY

## Report on Infrastructure Assets

as at 30 June 2020

Asset Class	Asset Category	Estimated cost		2019/20 Required maintenance <sup>a</sup>	2019/20 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5	
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000						
<b>(a) Report on Infrastructure Assets - Values</b>													
<b>Buildings</b>	Council Offices / Administration Centres	–	–	27	24	2,883	3,906	93.0%	0.0%	0.0%	7.0%	0.0%	
	Council Works Depot	–	–	15	26	453	1,845	8.0%	92.0%	0.0%	0.0%	0.0%	
	Buildings – specialised	–	–	97	89	921	1,995	27.0%	71.0%	2.0%	0.0%	0.0%	
	Council Public Halls	35	–	49	18	1,742	7,813	0.0%	92.0%	3.0%	1.0%	4.0%	
	Libraries	–	–	18	9	2,075	2,572	100.0%	0.0%	0.0%	0.0%	0.0%	
	Cultural Facilities	193	–	–	–	2	947	0.0%	0.0%	0.0%	100.0%	0.0%	
	Other Buildings	–	–	20	24	1,808	4,394	55.0%	23.0%	18.0%	4.0%	0.0%	
	Council Dwellings	–	–	70	43	3,288	5,875	27.0%	68.0%	5.0%	0.0%	0.0%	
	<b>Sub-total</b>	<b>228</b>	<b>–</b>	<b>296</b>	<b>233</b>	<b>13,172</b>	<b>29,347</b>	<b>37.1%</b>	<b>52.2%</b>	<b>4.6%</b>	<b>5.0%</b>	<b>1.1%</b>	
<b>Other structures</b>	Other structures	–	–	–	–	22	22	100.0%	0.0%	0.0%	0.0%	0.0%	
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>22</b>	<b>22</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	
<b>Roads</b>	Sealed roads	–	–	984	948	54,859	68,625	16.0%	42.0%	42.0%	0.0%	0.0%	
	Unsealed roads	689	–	1,781	1,860	69,725	106,983	15.0%	25.0%	53.0%	7.0%	0.0%	
	Bridges	–	–	22	23	20,107	25,638	55.0%	32.0%	13.0%	0.0%	0.0%	
	Footpaths	–	–	27	5	1,372	1,712	84.0%	10.0%	6.0%	0.0%	0.0%	
	Access Roadways and Carparks	–	–	6	7	176	313	0.0%	82.0%	18.0%	0.0%	0.0%	
	Major Road Culverts	–	–	18	20	1,562	2,329	26.0%	18.0%	56.0%	0.0%	0.0%	
	Kerb and Gutter	32	–	27	–	1,596	2,149	43.0%	35.0%	22.0%	0.0%	0.0%	
		<b>Sub-total</b>	<b>721</b>	<b>–</b>	<b>2,865</b>	<b>2,863</b>	<b>149,397</b>	<b>207,749</b>	<b>21.2%</b>	<b>31.5%</b>	<b>43.7%</b>	<b>3.6%</b>	<b>0.0%</b>
<b>Water supply network</b>	Bores	–	–	10	6	370	642	0.0%	40.0%	60.0%	0.0%	0.0%	
	Mains	–	–	334	333	32,028	57,971	8.0%	4.0%	88.0%	0.0%	0.0%	
	Reservoirs	–	–	32	25	1,499	2,744	0.0%	7.0%	93.0%	0.0%	0.0%	
	Pumping Stations/s	–	–	223	215	1,518	2,296	0.0%	82.0%	18.0%	0.0%	0.0%	
	Treatment	–	–	25	22	1,540	1,772	45.0%	10.0%	45.0%	0.0%	0.0%	
	Telemetry	–	–	28	24	230	383	7.0%	47.0%	46.0%	0.0%	0.0%	
		<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>652</b>	<b>625</b>	<b>37,185</b>	<b>65,808</b>	<b>8.3%</b>	<b>7.6%</b>	<b>84.1%</b>	<b>0.0%</b>	<b>0.0%</b>
		Mains	–	–	59	87	2,075	4,087	0.0%	5.0%	95.0%	0.0%	0.0%
	Pumping Stations/s	–	–	50	33	780	1,510	0.0%	31.0%	69.0%	0.0%	0.0%	
	Treatment	–	–	6	5	724	1,168	0.0%	1.0%	99.0%	0.0%	0.0%	

## Report on Infrastructure Assets - Values (continued)

as at 30 June 2020

Asset Class	Asset Category	Estimated cost		2019/20 Required maintenance <sup>a</sup>	2019/20 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Sewerage network	Telemetry	–	–	4	10	118	196	7.0%	47.0%	46.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>119</b>	<b>135</b>	<b>3,697</b>	<b>6,961</b>	<b>0.2%</b>	<b>11.2%</b>	<b>88.7%</b>	<b>0.0%</b>	<b>0.0%</b>
Stormwater drainage	Stormwater drainage	78	–	50	59	1,318	2,256	12.0%	49.0%	39.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>78</b>	<b>–</b>	<b>50</b>	<b>59</b>	<b>1,318</b>	<b>2,256</b>	<b>12.0%</b>	<b>49.0%</b>	<b>39.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Open space / recreational assets	Swimming pools	–	–	15	36	2,823	4,022	78.0%	22.0%	0.0%	0.0%	0.0%
	Recreational Infrastructure	–	–	18	16	2,780	4,253	54.0%	38.0%	8.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>33</b>	<b>52</b>	<b>5,603</b>	<b>8,275</b>	<b>65.7%</b>	<b>30.2%</b>	<b>4.1%</b>	<b>0.0%</b>	<b>0.0%</b>
Other infrastructure assets	Levee Banks	–	–	15	1	1,635	1,860	64.0%	36.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>15</b>	<b>1</b>	<b>1,635</b>	<b>1,860</b>	<b>64.0%</b>	<b>36.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>TOTAL - ALL ASSETS</b>		<b>1,027</b>	<b>–</b>	<b>4,030</b>	<b>3,968</b>	<b>212,029</b>	<b>322,278</b>	<b>20.9%</b>	<b>28.2%</b>	<b>48.1%</b>	<b>2.8%</b>	<b>0.1%</b>

(a) Required maintenance is the amount identified in Council's asset management plans.

## Infrastructure asset condition assessment 'key'

1	<b>Excellent/very good</b>	No work required (normal maintenance)
2	<b>Good</b>	Only minor maintenance work required
3	<b>Satisfactory</b>	Maintenance work required
4	<b>Poor</b>	Renewal required
5	<b>Very poor</b>	Urgent renewal/upgrading required

## Report on Infrastructure Assets (continued)

as at 30 June 2020

\$ '000	Amounts	Indicator	Prior periods		Benchmark
	2020	2020	2019	2018	
<b>Infrastructure asset performance indicators (consolidated) *</b>					
<b>Buildings and infrastructure renewals ratio <sup>1</sup></b>					
Asset renewals <sup>2</sup>	<b>9,274</b>	<b>135.39%</b>	80.24%	131.90%	>=100.00%
Depreciation, amortisation and impairment	<b>6,850</b>				
<b>Infrastructure backlog ratio <sup>1</sup></b>					
Estimated cost to bring assets to a satisfactory standard	<b>1,027</b>	<b>0.48%</b>	0.50%	0.60%	<2.00%
Net carrying amount of infrastructure assets	<b>212,029</b>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>3,968</b>	<b>98.46%</b>	114.80%	143.92%	>100.00%
Required asset maintenance	<b>4,030</b>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>—</b>	<b>0.00%</b>	0.00%	0.00%	
Gross replacement cost	<b>322,278</b>				

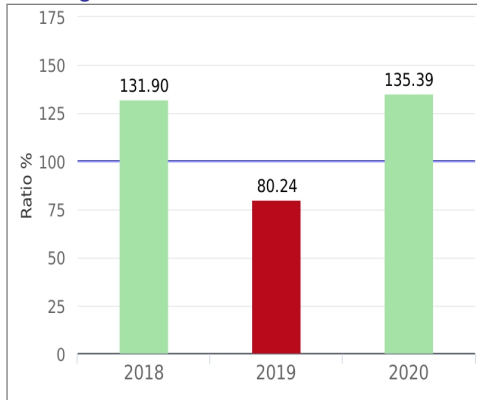
(\*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Excludes Work In Progress (WIP)

(2) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Report on Infrastructure Assets (continued)  
as at 30 June 2020

**Buildings and infrastructure renewals ratio**



**Buildings and infrastructure renewals ratio**

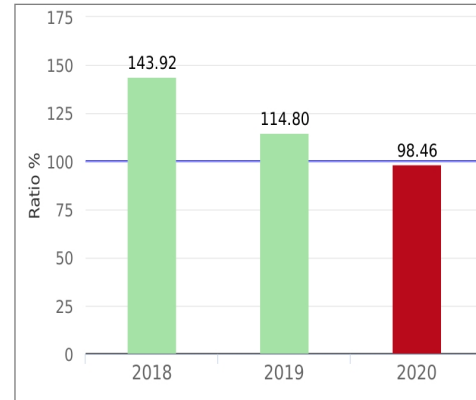
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on result	
19/20 ratio	135.39%

Council has received a large level of grant funding over the year and this has enabled Council to complete a large number of capital renewals.

Benchmark: —  $\geq 100.00\%$  ■ Ratio achieves benchmark  
 Source of benchmark: Code of Accounting Practice and Financial Reporting #28 ■ Ratio is outside benchmark

**Asset maintenance ratio**



**Asset maintenance ratio**

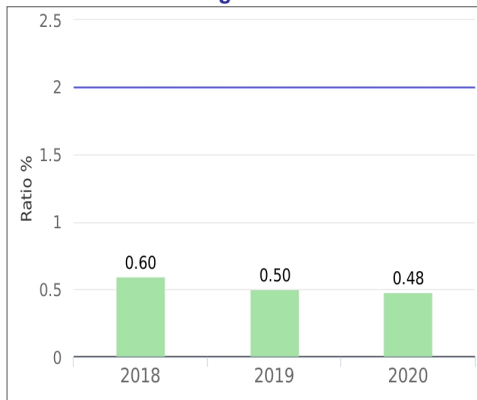
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

Commentary on result	
19/20 ratio	98.46%

Council has received a large level of grant funding this financial year which has produced higher levels of capital renewal and reduced the need for maintenance, especially on Council's building assets.

Benchmark: —  $> 100.00\%$  ■ Ratio achieves benchmark  
 Source of benchmark: Code of Accounting Practice and Financial Reporting #28 ■ Ratio is outside benchmark

**Infrastructure backlog ratio**



**Infrastructure backlog ratio**

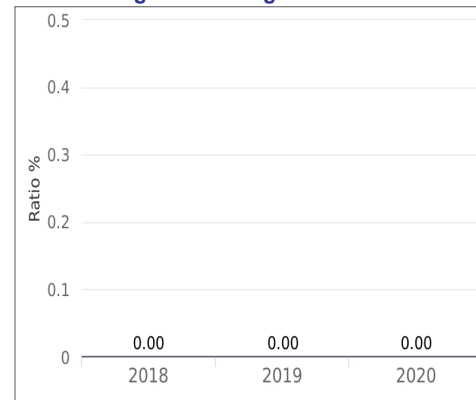
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Commentary on result	
19/20 ratio	0.48%

Council is continuing to renew its assets to reduce the backlog

Benchmark: —  $< 2.00\%$  ■ Ratio achieves benchmark  
 Source of benchmark: Code of Accounting Practice and Financial Reporting #28 ■ Ratio is outside benchmark

**Cost to bring assets to agreed service level**



**Cost to bring assets to agreed service level**

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

Commentary on result	
19/20 ratio	0.00%



## Report on Infrastructure Assets (continued)

as at 30 June 2020

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2020	2019	2020	2019	2020	2019	
<b>Infrastructure asset performance indicators (by fund)</b>							
<b>Buildings and infrastructure renewals ratio <sup>1</sup></b>							
Asset renewals <sup>2</sup>							
Depreciation, amortisation and impairment	<b>152.73%</b>	88.61%	<b>42.69%</b>	40.11%	<b>33.61%</b>	10.08%	>=100.00%
<b>Infrastructure backlog ratio <sup>1</sup></b>							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	<b>0.60%</b>	0.63%	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%	<2.00%
<b>Asset maintenance ratio</b>							
Actual asset maintenance							
Required asset maintenance	<b>98.44%</b>	111.44%	<b>95.86%</b>	92.46%	<b>113.45%</b>	388.42%	>100.00%
<b>Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%	

(1) Excludes Work In Progress (WIP)

(2) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.