

Hay Shire Council
Annual Report
2018-2019



Hay

Exciting Heritage... Positive Future



Message from the

MAYOR

Hello everyone,

It gives me great pleasure to present Hay Shire Council's Annual Report for 2018/19 year. It has been challenging however exciting year at Hay Shire Council. The unprecedented level of funding from both the State and Federal Governments has seen a number of large capital projects being undertaken across the Shire along with the business as usual activities. With many infrastructure projects either completed in 2018/19 or continuing in 2019/20, I feel proud of what we have been able to achieve together, with the support of the community.

Council continues to enjoy success with its funding applications. At the conclusion of 2018/19 Council was working towards securing funding for a number of other projects that it hopes to be able to deliver in 2019-20 and 2020-21 including:

- Construction of new bridge at Maude
- Jerilderie Road Widening Project
- Upgrade and extension to the Hay Park number 1 oval canteen
- Hay Park Female & Officials Amenities
- Lachlan Street Civic Space Project
- Showground Amenities Block
- Booligal Community Project
- Maude Community Project
- Apex Park
- Move it in Maude Tennis Project

It is worth reporting that during 2017-18 the State Government passed legislation enabling councils to form Joint organisations (JOs) for the purposes of setting regional priorities and advocating for those priorities. Hay Shire Council resolved to join a JO with the councils which are currently members of the Riverina and Murray Regional Organisation of Councils (RAMROC). The Riverina and Murray JO (RAMJO) gives Council a stronger voice on regional issues whilst allowing us to retain our individual voice on local issues.

Council continues to invest in tourism initiatives that

aim to attract visitors to the Shire and generate economic activity for our local businesses. Visitation numbers are over 29,000 for the year. With the local community feeling the pressure of the current drought, tourism is providing a source of income for the Shire.

Council is endeavouring to implement a number of initiatives in providing and upgrading infrastructure, improving community amenities, developing tourism attractions and supporting local businesses which is hoped to increase our population as well as continue to provide economic stimulus to the community.

One of the things that makes me appreciate being Mayor of Hay Shire is the way in which members of the community support each other and the resilience of our community generally.

I also take the opportunity to thank all our volunteers who do such a tremendous job supporting our Shire. Whether it be through membership of a Section 355 management committee looking after one of our museums, or whether it be through involvement in a sporting club, service club, school or one of the many other community-based organisations active in the Shire, please know and understand that your work is very much appreciated.

We once again had the opportunity to acknowledge some of these volunteers at the Australia Day celebrations held at the Hay Gaol Musum. Congratulations to our 2019 Citizen of the Year, Garry May, and to all Australia Day Award recipients.

I would also like to conclude by thanking my fellow councillors for their team-oriented approach to the role and the manner in which they hold the community's interest. Thank you also to our dedicated staff who continue to deliver the many and varied projects referred to throughout this report.

It continues to be both an honour and a pleasure to serve the Shire as Mayor at this exciting time.

Cr RW (Bill) Sheaffe
Mayor



DIRECTORY

Administrative Building

134 Lachlan Street
(PO Box 141)
HAY NSW 2711

Office Hours: 9am - 5pm

Cashiers Hours: 9am - 4pm

Phone: 02 6990 1100

Visitors Information Centre

Moppett Street
HAY NSW 2711

Phone: 02 6993 4045

Bishop's Lodge

Moama Street
HAY NSW 2711

Phone: 02 6993 1727

War Memorial Hall

Lachlan Street
HAY NSW 2711

Bankers

General Funds:

Investment Institutions:

Westpac Banking Corporation

Westpac Banking Corporation

Bendigo Bank

Illawarra Mutual Building Society

National Australia Bank

ANZ

Commonwealth Bank

Solicitors:

Perrot's Solicitors & Attorneys

Auditor:

Audit Office of NSW

Contract Auditors:

Crowe Horwarth Australasia

Insurance Brokers:

Jardine Lloyd Thompson P/L

Statecover - Workers Compensation

Depot

Lindsay Street
HAY NSW 2711

Ph 02 6993 4046

Library

Lachlan Street
HAY NSW 2711

Phone 02 6993 4492

Hay Gaol Museum

Church Street
HAY NSW 2711

Swimming Pool

Lachlan Street
HAY NSW 2711

Phone: 02 6993 1616

Community Building (at Hay Park)

off Morgan Street
HAY NSW 2711

Phone: 02 6993 1017



STATISTICAL INFORMATION

AREA	11,348 km ²
LAND VALUE	\$226,248,400
POPULATION	2,984
RATEABLE ASSESSMENTS	1,873
MAIN ROADS	156 km
STATE HIGHWAYS	339 km
LOCAL ROADS & TOWN STREETS	765 km

DATE COUNCIL COMMENCED

1st January, 1965, following the amalgamation of Waradgery Shire and Hay Municipal Councils

STAFF EMPLOYED (Full-time equivalent)

General Manager's Department	2
Corporate & Community Department	16
Technical Services Department	27
Planning & Development Department	6
Total	51

NO. OF BUSH FIRE BRIGADES 8



THE SHIRE OF HAY

Hay is a friendly town on the banks of the Murrumbidgee River, about halfway between Sydney and Adelaide and 400 kilometres from Melbourne. The Sturt, Mid-Western and Cobb Highways intersect at Hay.

The population of Hay Shire in 2016 was 2,984. The Hay Shire includes the villages of Booligal (made famous by Banjo Patterson, in “Hay and Hell and Booligal”), Maude and One Tree.

Vegetation

Perennial bushes, mostly cottonbush and saltbush, form the greatest part of vegetation, covering 65% of the district; the remainder being grass country and flood plains. Box trees inhabit the plains country, with river gums along the river.

Climate

The climate of Hay is considered temperate. The average summer temperature is 34 degrees Celsius, with an average winter temperature of 13 degrees Celsius.

The rainfall is comparatively low with an average of 325mm (13 inches) annually.

Spring and autumn are delightful times with the deciduous trees colouring beautifully in the autumn and the plains covered with wildflowers in the spring.

Products

The Hay Irrigation Area is virtually the “cradle of irrigation” on the Murrumbidgee River. Irrigated crops grown around the Hay area are maize, wheat, cotton, rice, oats, barley, cereal rye, grain sorghum, sunflowers, soya beans, canola, large seeds and legumes. Pastures include paspalum, white clover, sub clover and rye grasses.

In addition, melons, lettuce, tomatoes, onions, broccoli, and garlic are grown in the area for the Sydney and Melbourne markets. Wine grapes are also grown. Grazing is still a significant contributor to the local economy with wool, lamb and beef produced in large numbers.



COMMUNITY INVOLVEMENT

Some management functions of Council are conducted by a blend of Council and community representation:-

SECTION 355 COMMITTEES

Hay Gaol Trust Management Committee
Hay Showground Trust Management Committee
Bishop's Lodge Management Committee
Hay Multi Service Outlet Committee
Hay Health & Fitness Committee
Myers Lane Management Committee
Dunera Committee
Flood Levee Committee



Elected Representatives

Councillors

Cr Jasen Crighton
 Cr Jenny Dwyer
 Cr Peter Dwyer
 Cr Robert Howard
 Cr Michael Rutledge
 Cr Roger W Sheaffe
 Cr David Townsend
 Cr Kevin Walter

MAYOR

Cr Roger W. Sheaffe

DEPUTY MAYOR

Cr David Townsend

Mayoral and Councillor Allowances and Expenses

During the period 1st July 2018 to 30th June 2019, Council's Mayoral Allowance was \$14,760 and the total Councillor fees were \$78,528. All Councillor expenses, reimbursements and facilities are provided in accordance with the adopted policy. During the period 1st July 2018 to 30th June 2019 the following costs were incurred by Council in relation to Councillor expenses:-

- Attendance of Councillors at conferences and seminars including all travel, registration costs and meals = \$13,823
- During the year Council expended the amount of \$11,938 which included the following training programs:-
 - General Manager Performance Review Training (All Councillors)
 - Meeting Code of Practice (All Councillors)
 - Financial Issues in Local Government (Cr Townsend)
 - Chairing and Effective Meeting Procedures (Cr Townsend)
 - Social Media and Media Skills for Councillors (Cr Townsend)
- Interstate trips = nil
- Overseas visits = nil
- Expenses for spouse or partner = nil

Term of Office

Council members are elected for a term of four years. The quadrennial election was held in September 2016. The whole Council elects the Mayor every two years in the September.

Council Meetings

Council meets on the fourth Tuesday of each month, commencing at 1.00pm. The Council's Code of Meeting Practice deals with all matters associated with Council's meeting procedures.

COUNCIL MANAGEMENT COMMITTEES 2018/2019

- ❖ **Bush Fire Advisory Committee**
Cr Kevin Walter
Cr Bill Sheaffe
Mr Jason Wall (FCO) and members of annually elected Bushfire Brigades
- ❖ **Hay Gaol Management Committee**
Cr Robert Howard
Director of Corporate Services (treasurer)
- ❖ **Hay Showground Management Committee**
Cr David Townsend
- ❖ **Hay Multi Service Outlet Committee**
Cr Jenny Dwyer
Cr Michael Rutledge
Cr David Townsend
Director of Corporate Services
- ❖ **Myers Lane Management Committee**
Cr Peter Dwyer
Cr Robert Howard
Cr Kevin Walter
- ❖ **Dunera Committee**
Cr Peter Dwyer
- ❖ **Bishops Lodge Management Committee**
Cr Jenny Dwyer
- ❖ **Hay Health & Fitness Committee**
Cr Kevin Walter
Cr Robert Howard
Cr Jenny Dwyer
- ❖ **Hay Flood Levee Committee**
Cr David Townsend
Cr Kevin Walter
Cr Bill Sheaffe

COUNCIL DELEGATES 2018/2019

Organisation/Committee	Delegate
❖ Western Riverina Community Library Committee	Cr Jenny Dwyer, Cr Michael Rutledge
❖ Murray Darling Association and water matters generally	Cr Michael Rutledge, Cr Bill Sheaffe, Cr Jasen Crighton
❖ South West Arts Project	Mrs Airlie Circuit
❖ Hay Rural Support Group	Cr Bill Sheaffe
❖ Shear Outback Board	Cr Robert Howard & Director of Corporate Services
❖ Hay Plains Childcare Centre	Cr Jasen Crighton
❖ Traffic Committee	Cr Peter Dwyer & Director of Technical Services
❖ Long Paddock Committee	Cr Jenny Dwyer, General Manager, Director of Community Development
❖ RAMJO	Mayor/Deputy Mayor/General Manager
❖ Local Area Health Service	Cr Jasen Crighton, Cr David Townsend

VISION AND MISSION STATEMENT

Vision

“Where our people are happy, healthy and safe, living together with a strong sense of community in a vibrant and prosperous economy.”

Mission Statement

To be a progressive rural council committed to

- Caring for the welfare of our citizens;
- Protecting the environment;
- Sustaining a climate that encourages opportunities to achieve a sound economic base;
- Managing the Council’s limited resources in an open and accountable manner consistent with the principles of value for money and equity.

GOALS

1. To promote Council as being a professional, caring and responsive organisation dedicated to meeting community needs and expectations;
2. To protect and enhance the natural environment of the Shire;
3. To encourage substantial local economic development and employment opportunities, in harmony with the environment, for the benefit of our citizens and the self-sufficiency of the Shire;
4. To provide an efficient and effective nominated network of roads and other related systems, for the safe and efficient transport of people and motorists; and
5. To ensure “value for money” by the effective delivery of services in response to existing and future requirements.

ORGANISATIONAL VALUES

Integrity – We will be honest, fair and ethical in all our dealings, complying with the letter and the spirit of the law. We will make decisions in an unbiased, objective manner devoid of any personal interests or prejudices. We will treat all people with respect.

Openness - We will be readily accessible and will be transparent in all our dealings. We will communicate truthfully and regularly with our community. We will give reasons for our decisions.

Responsiveness – We will consult with our community and other stakeholders and be guided by their wishes. We will deliver on our promises.

Quality of Service – We will strive to provide best-practice services through continuous improvement and embracing new ideas and we will respond promptly to service problems.

PRINCIPLES

Council has reviewed its guiding principles in line with the new requirements resulting from the Local Government reform process which are now:-

- actively engage local communities, including through integrated planning and reporting;
- be transparent and accountable;
- recognise diverse needs and interests;
- have regard to social justice principles;
- have regard to the long term and cumulative effects of its actions on future generations;
- foster ecologically sustainable development;
- effectively manage risk;
- have regard to long term sustainability;
- work with others to secure services that are appropriate to meet local needs;
- foster continuous improvement and innovation;
- act fairly, ethically and without bias in the public interest; and
- endeavour to involve and support its staff.

SENIOR STAFF REMUNERATION

Council's General Manager is employed under a performance based contract. The total value of these contracts involving salary, superannuation, non-cash benefits and allowances is:-

Total	\$205,000
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HUMAN RESOURCE ACTIVITIES

Hay Shire Council provided training opportunities to Council staff from the 1st July 2018 to the 30th June 2019, resulting in an expenditure of \$114,465. Training was undertaken by the majority of Council employees across many facets of Councils operations. The Workforce Plan is being progressively implemented.

LEGAL PROCEEDINGS

During the period 1/7/18 to 30/6/19 Council incurred the amount of \$15,409 in legal expenses.

This expense relates to:

Legal costs – legal advice on planning issues regarding Statutory requirements, and contract management.

Council has outstanding legal proceedings in relation to debt recovery.

PRIVATE WORKS

The Council undertakes works for private organisations, individuals and Government agencies on a cost-recovery basis where these works do not significantly impede the Council's own works program. For the period 1st July 2018 to 30th June 2019, Council carried out works totalling \$80,243 from which it received an income of \$90,349. Works were carried out in accordance with Council's adopted Plant Hire Rates, which are reviewed each year and are based on commercial rates.

Council adopted its private hire rates in June 2018 and performed no private works jobs at a rate lower than that adopted under Section 67(2(a)) of the Local Government Act 1993.

FINANCIAL ASSISTANCE GRANTS UNDER S356 OF THE LOCAL GOVERNMENT ACT, 1993

In the period 1st July 2018 to 30th June 2019 the following organisations received grants from Council totalling \$41,878 to the organisations listed below:-

Hay Merino Sheep Show	\$600.00
Mini Club of SA	\$1500.00
Mens Shed	\$1078.00
Hay Public School	\$50.00
Hay War Memorial High School	\$50.00
Booligal Public School	\$50.00
Hay Show Society	\$500.00
Hay Jockey Club	\$1500.00
Hay School of the Air	\$50.00
Hay Tennis Club	\$5000.00
Hay Mardi Gras	\$1500.00
Shear Outback	\$30,000

In addition to these contributions, Council provided considerable administrative assistance to local Committee's including Management Committee's, visiting sporting and recreational groups, registered charities, as well as subsidised rental or free use of Council buildings to a number of organisations.

STATEMENT OF ALL ORGANISATIONS EXERCISING DELEGATED FUNCTIONS OF COUNCIL

Hay Gaol Management Committee
Hay Showground Management Committee
Hay Health & Fitness Committee
Home Multi Service Outlet

Dunera Committee
Bishop's Lodge Management Committee
Flood Levee Committee
Myers Lane Management Committee

ACCESS TO INFORMATION

The Government Information (Public Access) Act 2009 (GIPA Act) replaced the Freedom of Information Act 1989 in July 2010. The GIPA Act encourages the proactive release of information. Certain types of information require an information access request be lodged before Council is able to release the information. Council may withhold any information it deems against the public interest. Details of such requests from 2018-2019 can be found in the Statutory section of this report.

CULTURAL SERVICES

Council has a very small ethnic and Aboriginal/Torres Strait Islander community. Only 3.8% of the Shire's population came from a non-English speaking background and only 6.0% of the community are Aboriginal or Torres Strait Island persons.

Consequently, Council has no specific Multicultural programs, however, residents with ethnic backgrounds are involved in community services supported by Council.

FRAUD CONTROL ACTIVITIES

During the year Council continued to strengthen its internal controls and implemented the issues relating to fraud as prescribed in the Audit Office Management letter. A training module on Fraud Awareness has been developed which all staff are required to complete.

JOINT VENTURES

Council is a member of the Western Riverina Community Library.

STATEMENT OF ALL COMPANIES IN WHICH COUNCIL HAS A CONTROLLING INTEREST

Council does not have a controlling interest in any companies.

ACCESS & EQUITY ACTIVITIES

An access and equity activity is defined as one, which assists Council to:-

- Promote fairness in the distribution of resources, particularly for those most in need;
- Recognise and promote people's rights and improve the accountability of decision makers;
- Ensure that people have fairer access to the economic resources and services essential to meeting their basic needs and improving their quality of life;
- Give people better opportunities for genuine participation and consultation about decisions affecting their lives.

During the year ended 30 June 2019, Council sponsored a number of individuals and groups to participate in activities outside the region. Council also conducted a very successful senior citizen week program. Council also is a community home support service provider, which includes Meals on Wheels, Community Transport, Health Transport, Social Support, Respite Care and Home Maintenance services. Council also operates a Centrelink agency, which provides a badly needed service to those in need of assistance and advice.

The Myers Lane self care units, established by Council in 1997, provide housing for the elderly and disadvantaged, and continues to operate successfully providing quality housing at a reasonable rental for the target group. All of Council parks and reserves as well as the pool, are provided free of charge to ensure equitable use of facilities.

During the year Council also implemented a number of initiatives to improve the access and availability of medical services to residents. This included improvements to infrastructure, subsidies, administrative assistance as well as regular representations to the various medical providers and departments.

RATES AND CHARGES WRITTEN OFF

During the period 1st July 2018 to 30th June 2019 the amount of \$100,922 in rates and charges was abandoned, which were abandoned under the pensioner provisions of the Local Government Act, 1993. In addition to this the amount of \$3,068 was abandoned in the water and sewer funds under Councils community service obligation policy and fire fighting water connections policy.

CHILDREN'S NEEDS

Council conducts no specific activities to develop and promote services and programs providing for the needs of children, however Council subsidises and provides assistance to other organisations that are responsible for the provision of these services.

Such services include the provision of subsidised rental of Council's building for the Playgroup, waiving rates for the Pre-School and also providing land for the Hay Plains Childcare Centre. The Hay Plains Childcare committee provides a modern long day child care centre.

MAJOR CONTRACTS AWARDED

During the year the following contracts greater than \$150,000 were awarded:-

1. Downer EDI Works \$660,825
2. CCB Envico Pty Ltd \$6,159,274

INFORMATION PROTECTION

Council is currently preparing its Privacy Management Plan as required under the Privacy and Personal Information Protection Act, 1998. Once this plan is adopted all relevant staff will be trained to ensure compliance with the Plan.

COMPETITIVE NEUTRALITY

Council is making satisfactory progress in implementing the principles of Competitive Neutrality. Council's Water and Sewerage services have been identified as category two businesses. While Council hasn't adopted full cost attribution for these businesses, all costs that can be reliably attributed to that business are accounted for. All competitive neutrality complaints must be in writing to the General Manager, with each complaint referred to the Council for consideration. No complaints were received during the period 1/7/18 to 30/6/19.

COMPANION ANIMALS - Statement of Activities

Lodgement of pound data collection returns with the Office of Local Government	Period from 1 July 2018 to 30 June 2019 supplied to Office of Local Government
Lodgement of data relating to dog attacks with the Office of Local Government	Period from 1 July 2018 to 30 June 2019 supplied to Office of Local Government
Companion animal community education programs carried out	Regular features in Council newsletter, local media, pound facebook page, free micro-chipping promotions
Strategies Council has in place to promote and assist the desexing of cats and dogs	Local Government Week subsidised desexing program. Free microchipping day.
Strategies in place to comply with the requirement under section 64 (Companion Animals Act) to seek alternative to euthanasia for unclaimed animals	Working with rescue organisation to rehome all animals. Pound facebook page promotion.
Off leash areas provided in the Council area	Pocock Park & No. 3 & 4 Ovals

Report on Achievements in Implementing Delivery Program



Achievements in Environmental Sustainability

- Solar installed Council Administration Centre and progressively converting to LED lighting.
- 2nd Solar Farm for Hay approved through the Western Regional Planning Panel
- Promoted cycling and outdoor activities through the Outback Visitor Centres 'Get Out in Hay' promotion
- Disability inclusion incorporated into projects
- Waste Management Strategy developed
- New Year Clean Up campaign where Council staff:
 - attended 62 residences, including 1 in Maude
 - collected 5 cars
 - collected 30 items of old white goods
 - collected over 50 items of old furniture and other unwanted goods
 - picked up 19 loads of garden waste
- Partnered with Intereach in a native tree planting day for 2019 Reconciliation Week



CYCLEWAY

460m cycleway completed.



Aussie Backyard Birdcount in Hay

15 observers participated
A total of 1,913 birds were recorded
65 bird species were recorded



CARDBOARD RECYCLING

63.75 tonnes of cardboard
recycled through the
Community Recycling Centre

A1

Our community values its natural and built environments to support a sustainable environment

Community Strategy A1.1

Investigate renewable resource options

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A1.1.1 – Seek external funding for solar energy programs as part of the Green Hay economy	T1	Identify projects through ongoing search for clean energy investment	CO	Projects identified and encouraged to invest in Hay Shire	Two projects identified and in process	DPD
A1.1.2 – Seek external funding for alternative energy programs as part of the Green Hay economy	T1	External funding sought for projects identified	CO	Applications made for external funding	In process	DPD

Community Strategy
A1.2

Identify suitable environmentally sustainable initiatives

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A1.2.1 – Reduce consumption and reuse water	T1	Enforce Drought Management Plan	Q4	Consumption reduced by 5% from 2017/18 baseline	Monitoring. Due to the extensive period of drought it was unrealistic to achieve this target	DTS
A1.2.2 – Recycling and Waste	T1	Contribute to regional waste management program. Manage Community Recycling Centre.	CO	Waste collection contract monitored	CRC shed running and is collected every 2 months. Drum Muster ongoing	DTS
A1.2.3 – Reducing power consumption	T1	Continue energy audits of council buildings and implement energy saving initiatives as funds permit	Q2	Establish baseline for energy consumption in Council buildings	Solar Power installed on Council Office. Progressively converting to LED lighting	DPD
A1.2.4 - Promote Sustainable Transport	T1	Implement Bike Plan	Q2	Hold Bike Day - report numbers attending as baseline	Bike Week now held annually. Cycleways constructed during period	DPD
A1.2.5 - Support Sustainable Natural Environment Programs	T6	Develop partnerships with National Parks so that they become operational in the Hay Shire and are that commercial ventures are ratable and viable business concerns - see also A.2.4.3	Q4	National Parks open and operational	Consultation ongoing	DPD

Community Strategy
A1.6

Maintain levee bank to protect community assets

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A1.6.1 Manage levee bank system for the Hay Town	T6	Develop inspection and maintenance plan for levee system	Q4	Plans Completed	Levee Owners Manual developed	DTS
	T6	Develop service standards for annual inspection	Q3	Service standards adopted	Incorporated in Levee Owners Manual	DTS

A2

Our community is clean and healthy

Community Strategy

A2.1

Keep amenities in a clean and safe condition

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A2.1.1 – Maintain parks, bushland areas and other recreational facilities and equipment for the benefit of the community	T5	Recreational equipment is inspected and maintained on a monthly basis	C0	Monthly inspection regime implemented. Community satisfaction	Inspection regime being implemented.	DTS
	T6	Update the River Masterplan	Q3	New plan approved	Reviewing Plan	DPD
A2.1.2 – Ensure that the Hay Council area is clean and tidy for the benefit of residents and business owners	T5	Set and implement street sweeping and cleaning systems	C0	Community satisfaction	Street cleaning program implemented.	DTS
A2.1.3 – Maintain streets and supporting infrastructure to encourage safe public use of facilities	T5	Deliver Council's inspection regime and maintenance program to ensure infrastructure is clean, safe and accessible	C0	Community satisfaction.	Community satisfied	DTS
A2.1.4 - Manage domestic waste and other waste management services	T5	Manage domestic waste collection contract	C0	Service delivered as contracted	Contract performance as expected	DTS
	T5	Manage waste disposal facility	C0	Community satisfaction	Community satisfied	DTS

Community Strategy A2.2

Provide a clean and safe water supply

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A2.2.1 – Manage water supply operations for the Hay Town supply	T5	Develop and implement Business Plan for the expansion of the Hay Town Supply	Q1	Clear policies for safe expansion of connections to water supply	Draft Policy developed and Business Plan to be undertaken in 2019/2020	DTS

Community Strategy A2.3

Manage waterways and the environment in a way to minimise risks to the community

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A2.3.1 – Manage stormwater operations for the Hay Town supply	T6	Maintain stormwater and drainage assets to function effectively	CO	Implement annual capital and maintenance program	Program implemented	DTS

Community Strategy
A2.4

Parks open spaces and natural environments are well maintained

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A2.4.1 To continuously upgrade and improve our parks open space and natural environments	T5	Implement maintenance and capital program	CO	Annual capital works and operations program delivered on time and within budget	Completed	DTS
	T5	Implement open spaces plan	Q4	Funding achieved to implement Plan	Several projects successful under the SCCF	DPD
A2.4.2 Allocate resources efficiently in accordance with community expectations	T5	Implement service standards for parks	CO	Community satisfaction	Service standards being developed	DTS
A2.4.3 National Parks open and effectively managed	T6	Support initiatives for National Parks to be effectively managed and open to the public	Q4	Parks open	Not yet achieved	GM

A3

We create a sustainable environment for future generations

Community Strategy

A3.1

Run environmental workshop and events

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A3.1.1 - Pursue environmental programs and activities with RAMROC waste groups and other stakeholders	T4	Develop and implement waste management strategy	Q2	Waste management strategy completed	Completed	DPD

**Community Strategy
A3.2**

Support and publicise initiatives undertaken

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A3.2.1 – Provide appropriate support and publicity for initiatives undertaken	T4	Include in Council publications, printed media reports and electronic media	CO	Ongoing support for environmental initiatives through Council media	Environmental initiatives supported such as Aussie Backyard Bird Count, responsible waste disposal, etc.	DPD



Achievements in Liveable and Vibrant Community

- Funding secured for public art at Hay, Maude & Booligal
- Funding secured and construction commenced on the Hay Park playground including inclusive play for people of all abilities
- Hay Library Space Development project constructed with a focus on youth
- Funding successful for the following projects to be delivered in 2019/20:
 - Upgrade and extension to the Hay Park number 1 oval canteen
 - Hay Park Fencing Ovals 1, 2 & Netball Courts
 - Hay Park Female & Officials Amenities
 - Lachlan Street Civic Space Project
 - Showground Amenities Block
 - Booligal Community Project
 - Maude Community Project
 - Apex Park
 - Move it in Maude Tennis Project
- Outback Information Centre assisted Museums to improve visitor experience



Outback Info Centre
29,206 visitors to Hay called into the Outback Information Centre



HAY LIBRARY
There were 26,932 visits to the Hay Library

B1

Our community values its safe, healthy lifestyle that cares for the welfare of each other

**Community Strategy
B1.1**

Address community needs through the provision of services targeting identified groups

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B1.1.1 – Implement Community Development Plan	T1	Staged implementation of plan	CO	Plan Implemented	Ongoing	DPD

**Community Strategy
B1.2**

Seek partnerships with providers to generate better options and scope for all levels of education

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B1.2.1 – Promote local employment and training opportunities	T1	Support education initiatives by meeting with education stakeholders to promote better pathways to employment for local people	Q4	Hay Shire plan agreed	Supporting Hay Inc as well as continued support for other local education and training providers.	GM

Community Strategy
B1.3

Establish and maintain working relationships with partners and safety agencies

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B1.3.1 – Work with safety agencies to identify and develop strategies to address safety concerns in the community	T3	Develop a Hay Shire Community Safety Plan to engage partners in specific actions to improve the perception of safety	Q4	Community satisfaction baseline set	Community Safety Precinct meetings held quarterly with Police, schools, Hay Local Aboriginal Land Council, SES, and community representatives to address community safety issues.	GM

Community Strategy
B1.4

Build partnerships to foster and promote community well-being

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B1.4.1 Work with health agencies to identify and develop strategies to address health issues in the community	T3	Work with local health agencies to promote better health and fitness programs	CO	Programs and partnerships promoted	Mental health and general health initiatives supported	GM
	T3	Develop an Obesity Action Plan	Q4	Obesity Action Plan in place	Not yet achieved	DPD
B1.4.2 Directly provide certain health and well-being services in consultation with the community that address identified needs	T3	Continue to provide free recreational facilities and work with local sporting groups to facilitate participation and recognise achievement	CO	Facilitate user group meetings to ensure quality of access to facilities	Extensive consultations held with groups	GM
B1.4.3 Work with Community agencies to identify and develop strategies to address cultural issues in the community	T3	Implement Public Art Strategy	CO	Seek funding to implement public art as an element of most projects	Local art installed at Swimming Pool & funding received for public art through SCCF Round 2	DPD
	T3	Work with community partners in providing and promoting programs that contribute to community pride, inclusion and wellbeing particularly for young people	CO	Programs and partnerships promoted	Ongoing support to agencies and community groups to promote programs	GM

**Community Strategy
B1.5**

Engage the community through a coordinated engagement structure on issues affecting their lifestyles

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B1.5.1 Provide wide range of options to engage the community on issues relating to the Shire	T5	Implement the Participation Plan for community engagement	CO	Community satisfaction	Ongoing consultation	GM
B1.5.2 Coordinate committees and activities to facilitate participation in Council decision making	T5	Review Council S355 Committees and activities	Q1	S355 Committees fit for purpose	To be reviewed	GM

B2

Our community is vibrant

Community Strategy

B2.1

Enhance the atmosphere of the main street and public areas

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B2.1.1 – To continuously upgrade and improve the Main Street area	T6	Continue to seek funding for Lachlan Street development	Q4	Successful funding applications	First phase funding approved	DPD
	T6	Implement funded plans for Lachlan Street development	Q4	Funded projects delivered on time and within budget	Ongoing	DPD
B2.1.2 – To continuously upgrade and improve public areas for the enjoyment of local community members and visitors	T6	Implement Open Space strategy	CO	Program delivered on time and within budget	Ongoing. Various open space projects were approved under SCCF	DPD
	T6	Facilitate public art display in main street and public areas	CO	Displays on Exhibition	Ongoing. Funding approved for Hay and villages	DPD

Community Strategy B2.2

Actively promote the wellbeing of the community and its members

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B2.2.1 – Promote and develop an inclusive local community culture, where people of all ages interact and provide mutual support	T3	Assess ways for the use of community facilities to be extended and increased including incorporating strategies from the disability and inclusion plan	CO	Monitoring of the use of community facilities to set a baseline. Community satisfaction.	Ongoing as funds become available	GM
	T3	Review Council's Hay Multi Service Outlet services	Q2	Service Plan developed for the future of HMSO services	CHSP future funding is secured	DCCS
B2.2.2 – Promote and provide opportunities for education and lifelong learning	T3	Encourage community participation by all age groups in lifelong learning initiatives	Q4	Programs commenced	Learning and education initiatives included in new Library development	DCCS
	T3	Incorporate learning and education initiatives in library development	Q4	Project Completed	Incorporated in SCCF project	DCCS

**Community Strategy
B2.3**

Build on our recreation and cultural facilities and services

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B2.3.1 – To continuously upgrade and improve the recreation and cultural facilities	T6	Implement grant funded projects	CO	Projects delivered on time and within budget	Projects are on track	DTS
	T1	Work in partnership with the Hay Aboriginal Community Working Party and the Hay Local Aboriginal Land Council to deliver relevant programs and projects	CO	Programs and projects delivered	Ongoing. Liaising with local groups on cultural aspects of the Library project	DPD
B2.3.2 - Rationalise and manage the restoration and conservation of our museums	T1	Work with S355 committees to coordinate efficient and sustainable services providing visitors an enjoyable experience	CO	Increased visitor numbers from 2017/18 baseline	Applying for funding to improve museums. VIC working with museums to improve visitor experience	DPD

Community Strategy B2.4

Ensure services are accessible to all groups in the community

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B2.4.1 - To promote and develop an inclusive community culture	T1	Implement disability and inclusion plan	CO	Programs undertaken	Ongoing. Applied for all-accessible aspects to the new Hay Park Playground project	DPD
	T3	Support annual Hay Mardi Gras event	Q3	Increased visitor numbers from 2017/18 baseline. Community satisfaction.	Hay Mardi Gras event supported	GM

Community Strategy B2.5

Promote the town as a great lifestyle choice

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B2.5.1 - Promote the town of Hay and its surrounding villages as a great place to live.	T4	Review and update Visitor Guide	Q3	New Visitor Guide	Completed	DPD
	T6	Deliver Stronger Country Communities Funded projects for local community infrastructure and seek further funding	CO	Projects delivered on time and within budget	Being achieved	DPD
	T4	Disseminate regular media releases to promote the liveability of Hay Shire.	Q4	Population increase from 2016 baseline	Area being promoted	DPD

**Community Strategy
B2.6**

Provide high quality facilities to local sporting groups

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B2.6.1 - To continuously provide and improve sporting facilities in an efficient and sustainable manner.	T6	Deliver Stronger Country Communities Funded projects for local sporting infrastructure and seek further funding.	CO	Deliver funded projects on time and within budget	Projects are on track	DTS
	T6	Engage with the users on a regular basis	Q4	Community satisfaction	Extensive consultation undertaken with sporting groups in regard to improving facilities. Ongoing liaison with user groups.	GM



Achievements in Economic Prosperity & Sustainability

- Implemented Museum & Heritage Marketing Strategy
- Became eligible for Drought Communities Program of which its aim is to boost the local economy
- Partnered with Service NSW to provide a better service to the community/businesses e.g. Easy to do Business Program
- Conducted Business Breakfast during Small Business Month
- Assisted with Small Business Workshops and promotion of the Small Biz Bus which visited Hay 3 times in the 2018/19 financial year.
- Active Business attraction program commenced
- Get Out In Hay marketing strategy launched
- Support provided to local businesses by selling locally made products at the Hay Outback Visitors Centre.
- Installation of Solar Energy systems
- Lobbying and advocacy undertaken including Business cases presented to the State Government on:
 - Better share of Financial assistance grants
 - Drought Funding
 - Road classifications
 - Main Street upgrade
 - Water quality of Murrumbidgee River
- Motion to LG NSW annual conference on Health in Rural areas
- Grants awarded for:-
 - Matthews Bridge Replacement - Restart NSW funding \$7,822,050
 - NSW Stronger Country Communities funding 10 projects for total of \$1,532,610
 - Drought Funding Round 1 - \$1,000,000



Made in Hay

Hay Outback Info Centre
stock locally made goods from
more than 20 suppliers



Council held many
events including:

Hay Party in the Park
Hay Seniors Week Celebrations
Youth Week Celebrations
Volunteers Recognition
Australia Day Celebrations
Paint Hay Red
Paint Hay Read Literacy
Sporting Civic Reception

C1

Our community welcomes new and innovative industry to support our future

Community Strategy

C1.1

Create a better business environment

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C1.1.1 – Implement Economic Development Action Plan	T1	Hold business workshops in partnership with the Business Enterprise Centre	Q4	Two workshops held	Workshops promoted, including Small Business Bus visits	DPD
	T1	Active business attraction program commenced	CO	Visits and provision of information to potentially interested businesses	Achieving and Ongoing	DPD

Community Strategy C1.2

Boost demand for products and services in Hay

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C1.2.1 – Implement Economic Development Action Plan	T4	Assist with marketing and networking of products	CO	Provision of contacts for business, liaison with organisations such as Austrade	Achieving and ongoing. Assisting with Easy to do Business program	DPD

Community Strategy C1.3

Create growth industries

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C1.3.1 – Implement Economic Development Action Plan	T1	Actively pursue new industry through visits, meetings, field days and industry activities	CO	Programs implemented	Achieving and Ongoing	DPD
	T1	Assist and provide support to existing business and industries	CO	Programs implemented	Ongoing. Business Breakfast held, small business bus visit and online programs promoted	DPD

C2

Our community values its history and tourism

Community Strategy

C2.1

Actively identify promote and enhance tourism initiatives

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C2.1.1 – Encourage tourism opportunities that meet the needs of the community	T3	Identify tourism markets and opportunities	CO	New tourist operations	Ongoing. Car charging point programed.	DPD
	T3	Provide guidance and support to new and existing tourist operations	CO	Number of businesses supported	Ongoing. Continued promotional support.	DPD
C2.1.2 – Promote and enhance the Hay Shire region as a tourist destination	T3	Develop feasibility study for Paddle Steamer and Wharf proposal and update River Master Plan	Q1	Decision made whether to pursue the proposal	In process	DPD
	T3	Implement appropriate tourism and marketing strategies	Q4	Two marketing strategies implemented each year	Two strategies implemented	DPD
	T3	Work with RMS to enhance the roundabout to promote Hay as a destination	Q2	Plan for enhancement of the roundabout approved by RMS and Council	Liaising with RMS	DTS
C2.1.3 Work with tourism partners to develop local and regional tourism initiatives	T3	Facilitate strong and effective relationships with other tourism agencies	CO	Expand Outback Information Centre brand	Taken up by many private consumers	DPD
C2.1.4 Improve visitation appeal	T3	Improve signage for local attractions and activities	Q4	Installation	Ongoing	DPD
	T3	Launch new Tourism Brand	Q4	New branding in brochures, website. Signing on businesses to the new brand.	Completed	DPD

Community Strategy C2.2

Promote camping facilities

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C2.2.1 – Promote and enhance the Hay Shire region as a great camping spot	T3	Include camping facilities in marketing campaigns	CO	More visitors to camp sites	Achieved and ongoing	DPD

Community Strategy C2.3

Showcase our open space, recreation and cultural facilities

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C2.3.1 – Promote and enhance our open space recreation and cultural facilities	T2	Participate in local and regional campaigns	CO	Increased visitor numbers	Ongoing. Implementing Hay Heritage campaign - Promoting heritage attractions	DPD
C2.3.2 – Participate in marketing	T2	Include facilities in tourism and promotional material and Council planning and reporting documents	CO	Material published	Ongoing	DPD

C3

We have the capacity to hold numerous events and activities

Community Strategy

C3.1

Promote events and activities

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C3.1.1 Promote and provide support to local events	T1	Include in Council's promotional activities	CO	Number of events supported. Set the baseline for number of participants	Ongoing support and promotion achieved	DPD
	T1	Advise and assist local organisations	CO	Number of events supported. Set the baseline for number of participants	Events supported	DPD

Community Strategy
C3.2

Promote our capacity to stage events

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C3.2.1 Promote the Hay region as an event destination	T1	Advertising on radio, social media and printed media	CO	Number of events supported. Set the baseline for number of participants	Events supported	DPD
	T1	Complete events promotion package	Q4	Number of packages distributed	Completed, distributed as required	DPD

C4

Our community is innovative and adaptive

Community Strategy

C4.1

Identify opportunities to grow the agriculture sector

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C4.1.1 Ongoing consultation with agencies and industry groups	T4	Identify supply chain gaps and potential new products. Liaise with the agricultural sector, and government departments.	CO	New investments in agriculture reported.	Achieving and ongoing	DPD

**Community Strategy
C4.2**

Improve connectivity in the community

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C4.2.1 Support initiatives that improve connectivity and communication in the local community	T2	Promote and support improvements to systems	Q4	Measurable improvements in customer service	Using online forms facility on website	DCCS
	T2	Expand E business and internet services to improve accessibility	Q4	Electronic payment system implemented	Implemented	DCCS

Community Strategy
C4.3

Continue to seek investment in our community from State and Federal Government

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C4.3.1 Pursue funding opportunities with other levels of Government on matters affecting a community dealing with change and diverse needs	T2	Create opportunities for advocacy and lobbying both individually and as part of the Riverina and Murray Joint Organisation	CO	Government funds increased	Ongoing. SCCF received	GM
	T2	Build on existing relationships with other levels of Government, including regular meetings with local State and Federal MPs	CO	Accessibility to Government funds increased	Ongoing	GM

**Community Strategy
C4.4**

Support education and training initiatives

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C4.4.1 Promote and support education and training initiatives	T2	Continue the library transformation as a learning centre incorporating new initiatives in space development	Q4	Library expansion completed. Increased customer numbers	Milestones being met	DCCS



Achievements in Governance and Organisational Performance

- Completed Statutory reports on Time within required standards and guidelines
- Actively participating in RAMJO
- Report regularly on issues and performance with Newsletter and electronic media
- Deferred application for Special rate variation pending further consultation and financial analysis
- Completed community satisfaction survey



Community Satisfaction Survey

Residents are 75% satisfied with Council's 6 monthly progress reporting on Council's Delivery Program

Residents are 63% satisfied with the opportunity to be involved in Council decision making

Residents are 69% satisfied with Council services

Residents are 71% satisfied with information provided for about Council and community services

D1

Our community is supported by a strong and resilient Council that is responsive to our needs

**Community Strategy
D1.1**

Communicate organisational performance to the community

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
D1.1.1 – Complete statutory financial and governance returns to a satisfactory standard within required timeframes	T1	Provide summary of the statutory reports to the public	Q4	Completed	Achieved compliance requirements	DCCS
D1.1.2 – Include regular organisational performance items in Council newsletters, publications and social media	T1	Include items in Council fortnightly newsletter and social media about organisational performance	CO	Community satisfaction	Reported regularly in Councils media streams	GM

Community Strategy
D1.2

Council effectively manages its resources

2017-2021 Delivery Program		2017/2018 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
D1.2.1 – Council properly plans, programs and completes its required functions and tasks	T2	Council adopts a continuous improvement regime for all its activities Council establish an Audit Risk and Improvement Committee and implement an internal audit function	Q4 Q1	Efficiency gains Audit Risk and Improvement Committee in place by October 2018	ARIC Committee to be reformed.	DCCS GM
	T2	Implement Enterprise Risk Management Strategy across all Council activities	CO	Strategies developed	Training ongoing and risk incorporated in Council activities	DCCS
D1.2.2 – Council effectively manages its core inputs of personnel and plant	T2	Staff are trained and managed in accordance with the Workforce Management Plan developing skills for an agile workforce	CO	Workplace efficiency, effectiveness and staff satisfaction	Training Programs being developed	GM
	T2	Plant is replaced, managed and utilised in an efficient way	CO	Workplace efficiency	Plant replacement/rationalisation has been completed. Weekly monitoring of plant & personnel effectiveness & improvement	DTS
D1.2.3 - Continue with digital first strategy	T2	Use website and other E business initiatives. Continue to identify initiatives through the Technology Team	CO	Measurable workplace efficiencies	Enhancements being progressively introduced	DCCS
	T2	Utilise mobile solutions	CO	Measurable workplace efficiencies	Plant utilisation being monitored through GPS systems	DTS
D1.2.4 – Continue to be fit for the future	T2	Implement Fit for the future strategies including reviewing revenue policy and submit an application for a Special Rate Variation	Q2	Financial sustainability	Implementation of Fit for the future strategies is ongoing council has deferred application for SRV	GM

Community Strategy
D1.3

Council put in place the necessary systems to ensure good governance and to also ensure they are implemented

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
D1.3.1 – The Corporate Department operates in a manner to ensure reliable and up to date information is available to all stakeholders	T3	Data is maintained in a timely accurate and secure manner	CO	Delivered on time	IT security policy being development	DCCS
	T3	Policies updated to account for changing requirements and demands	CO	Policies reviewed and adopted before review date	Reviews ongoing	DCCS
	T3	Be aware of changes to policy, legislation and reform proposals and contribute to regional forums	CO	Opinions sought by industry groups	Ongoing	GM
D1.3.2 – Systems will be implemented to ensure proper reporting on outcomes	T3	Six monthly reporting on progress against the principal activities in the Delivery Program	Q2 Q4	Community satisfaction	Outcomes recorded in Delivery Plan Progress Reports	GM
D1.3.3 - Programs will be developed to improve strategic capacity	T3	Increase collaboration with partner and alliance Councils including neighbouring Councils and Cumberland City Council.	CO	Actions delivered	Regular contact with neighbouring Councils.	GM
	T3	Play an active role in the establishment of the Riverina and Murray Joint Organisation	Q4	Greater influence over the resolution of regional issues	Actively participates in RAMJO and nominated for sub-committees	GM

Community Strategy
D1.4

Council decision making is based on a sound appreciation of community issues and needs supported by reliable information and asset management systems

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
D1.4.1 – Consultation and engagement systems	T6	Engage with the community in accordance with the Participation Plan	CO	Community satisfaction	Ongoing	GM
	T5	Undertake a Community Satisfaction Survey to establish baselines for monitoring performance	Q2	Survey completed	Survey completed	GM
D1.4.2 - Management Frameworks	T6	Implement risk management framework and Fraud Control Plan	CO	Risk effectively managed	Fraud Policy and fraud improvement register developed	DCCS

Community Strategy D1.5

Council will lead by example

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activity	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
D1.5.1 – Provide effective leadership and strong direction for the community	T5	Provide strong governance to the organisation ensuring that Council resolutions are properly addressed in a timely manner	CO	Councillor & Employee Feedback	Ongoing	GM
	T5	Deliver high quality services that meet the needs and expectations of the community and other stakeholders	CO	Community Satisfaction	Delivery of high quality services ongoing.	GM

**Community Strategy
D1.6**

Council will continuously seek to improve

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
D1.6.1 Service delivery and levels	T4	Review service delivery levels and standards on an annual basis	CO	Community satisfaction	Being reviewed	GM
D1.6.2 Measure what we do	T4	Utilise data and feedback to measure our performance	CO	Improved performance and community satisfaction	Data collected through community survey	GM

D2

Our community is connected and informed

Community Strategy

D2.1

Enable all residents and groups to participate in local decision making

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
D2.1.1 – Provide continued support to Committees and involve them in local decision making	T6	Assist S355 Committees to report back regularly to Council	CO	Community assets well managed	Being achieved	DCCS
D2.1.2 – Keep the public informed and provide them with balanced and objective information that will facilitate consultation and engagement	T6	Include items in Council fortnightly newsletter and social media about organisational performance	CO	Community satisfaction	Public regularly informed through fortnightly newsletter and social media	GM

Community Strategy
D2.2

Effectively communicate the range availability and operation of services and facilities

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
D2.2.1 – Co-ordinate communication of service provision to users	T1	Develop a range of information materials for the website to inform community of services provided by Council	CO	Increased number of website users	Website being extensively used	DCCS
	T1	Review and maintain Council's Community Information Directory	CO	Directory up to date	Website directory up to date	DCCS
D2.2.2 – Maintain Council's web, e services and investigate implementation of new technology	T1	Use social media and digital communication services in conjunction with traditional reporting mechanisms	CO	Increased number of website users and Facebook visits	Social media now widely used in communication services	DCCS



Achievements in Infrastructure

- Replaced 140m of pathway at Hay Park
- Resealed 16,000m² of town streets
- Reconstructed and sealed 2.5km of Main Road 501
- Reconstructed and sealed 100m in Dairy Lane
- Reconstructed and sealed full length of Taylors Lane
- Reseal 5km on Jerilderie Road
- Completion of Flood Restoration projects on fifteen rural roads
- Replacement of wet deck at Hay Pool



Community Satisfaction Survey

87% level of satisfaction with Sporting Grounds
 89% level of satisfaction with the Swimming Pool
 85% level of satisfaction with Sewerage Services
 88% level of satisfaction with Library Services
 79% level of satisfaction with Cemetery Services
 70% level of satisfaction with Roads
 78% level of satisfaction with Filtered Water
 72% level of satisfaction with Raw Water

E1

Our community can rely on well maintained infrastructure that is responsive to our service needs

**Community Strategy
E1.1**

Deliver infrastructure and assets that are responsive to community need

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
E1.1.1 – Manage roads, water, sewerage, recreational and drainage assets for the community	T3	Review service levels regularly in line with demand and community's ability to pay	CO	Annual maintenance program delivered on time and within budget	Review is ongoing	DTS
	T3	Engage and consult with the community on service levels and requirements through the Participation Plan	Q2	Community satisfaction	Community satisfaction is over average per section, as per survey results	DTS

Community Strategy
E2.1

Within available resources ensure all assets and infrastructure are effectively maintained to industry and community standards

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
E2.2.1 – Manage roads, water, sewerage, recreational and drainage assets for the community	T1	Maintain operations efficiently and review regularly in line with industry standards	CO	Annual maintenance program delivered on time and in budget	Achieved	DTS
	T1	Implement inspection regime of assets identifying condition and defects	CO	Efficient and effective management of assets	Ongoing	DTS
	T1	Complete required plans of management.	Q3	Timetable for completion established and implemented	Funding allocated	DPD

Community Strategy
E3.1

Ensure Council effectively manages its infrastructure assets

2017-2021 Delivery Program		2018/2019 Operational Plan				
Principal Activity	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
E3.1.1 – Manage roads, water, sewerage, recreational and drainage assets for the community	T2	Develop asset management policy and strategy	Q1	Approved by Council	Completed	DTS
	T2	Develop and deliver asset management plans	CO	Well managed assets	Assets being managed	DTS
	T1	Effectively manage the utilisation, maintenance and renewal of Council's plant and equipment	CO	Workplace efficiency	Being monitored and rectified continuously as necessary	DTS

FINANCE

FINANCE

PERFORMANCE TARGETS

The submission of audited Annual Financial Reports of Council to the department prior to the due date each year.

Council adoption of quarterly financial statements at the monthly meeting immediately following the end of the reporting period.

Adoption by Council of the Estimates of Income and Expenditure in May each year.

Monthly report to Council regarding investments and maximise income from investments to at least equal to the Bank Bill index.

Provide accurate up to date costing information to management and Technical Services Department without need for corrections and or amendments.

ACHIEVEMENTS

All of the performance targets were achieved with all statutory returns completed within the required timeframe. Council's draft management plan was prepared by May for adoption, and the investments and level of reserves were presented to Council at the Monthly Council meeting.

Hay Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2019



Hay Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019



General Purpose Financial Statements

for the year ended 30 June 2019

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Overview

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

134 Lachlan Street
HAY NSW 2711

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.hay.nsw.gov.au.

General Purpose Financial Statements

for the year ended 30 June 2019

Understanding Council's Financial Statements

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 2019.

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.

Hay Shire Council

Financial Statements 2019

General Purpose Financial Statements

for the year ended 30 June 2019

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:

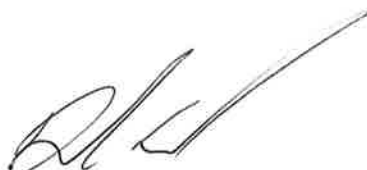
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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 17 September 2019.



Cr Bill Sheaffe
Mayor
17 September 2019



Cr David Townsend
Councillor
17 September 2019



David Webb
General Manager
17 September 2019



Mark Dowling
Responsible Accounting Officer
17 September 2019

Income Statement

for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018 ¹
Income from continuing operations				
<u>Revenue:</u>				
4,456	Rates and annual charges	3a	4,341	4,186
873	User charges and fees	3b	988	987
112	Interest and investment revenue	3c	197	159
46	Other revenues	3d	383	441
4,180	Grants and contributions provided for operating purposes	3e,3f	4,556	5,075
6,435	Grants and contributions provided for capital purposes	3e,3f	5,672	844
<u>Other income:</u>				
—	Net gains from the disposal of assets	5	87	20
16,102	Total income from continuing operations		16,224	11,712
Expenses from continuing operations				
3,976	Employee benefits and on-costs	4a	4,176	3,918
140	Borrowing costs	4b	133	106
2,408	Materials and contracts	4c	1,977	2,073
2,690	Depreciation and amortisation	4d	3,059	2,996
1,514	Other expenses	4e	1,415	1,485
10,728	Total expenses from continuing operations		10,760	10,578
5,374	Operating result from continuing operations		5,464	1,134
5,374	Net operating result for the year		5,464	1,134
5,374	Net operating result attributable to council		5,464	1,134
(1,061)	Net operating result for the year before grants and contributions provided for capital purposes		(208)	290

⁽¹⁾ The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

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

Statement of Comprehensive Income

for the year ended 30 June 2019

\$ '000	Notes	2019	2018 ¹
Net operating result for the year (as per Income Statement)		5,464	1,134
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	10(a)	76,498	15,614
Total items which will not be reclassified subsequently to the operating result		76,498	15,614
Total other comprehensive income for the year		76,498	15,614
Total comprehensive income for the year		81,962	16,748
Total comprehensive income attributable to Council		81,962	16,748

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

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

Statement of Financial Position

as at 30 June 2019

\$ '000	Notes	2019	2018 ¹
ASSETS			
Current assets			
Cash and cash equivalent assets	6(a)	10,089	10,079
Receivables	7	2,076	1,118
Inventories	8a	234	217
Other	8b	26	30
Total current assets		12,425	11,444
Non-current assets			
Inventories	8a	70	72
Infrastructure, property, plant and equipment	10(a)	168,640	86,254
Total non-current assets		168,710	86,326
TOTAL ASSETS		181,135	97,770
LIABILITIES			
Current liabilities			
Payables	11	576	566
Borrowings	11	219	82
Provisions	12	1,382	1,515
Total current liabilities		2,177	2,163
Non-current liabilities			
Borrowings	11	2,244	1,226
Provisions	12	601	230
Total non-current liabilities		2,845	1,456
TOTAL LIABILITIES		5,022	3,619
Net assets		176,113	94,151
EQUITY			
Accumulated surplus		54,938	49,474
Revaluation reserves		121,175	44,677
Council equity interest		176,113	94,151
Total equity		176,113	94,151

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

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 2019

\$ '000	Notes	2019			2018 ¹		
		Accumulated surplus	IPP&E revaluation reserve	Total equity	Accumulated surplus	IPP&E revaluation reserve	Total equity
Opening balance		49,474	44,677	94,151	48,340	29,063	77,403
Net operating result for the year		5,464	—	5,464	1,134	—	1,134
Other comprehensive income							
— Gain (loss) on revaluation of IPP&E	10(a)	—	76,498	76,498	—	15,614	15,614
Other comprehensive income		—	76,498	76,498	—	15,614	15,614
Total comprehensive income		5,464	76,498	81,962	1,134	15,614	16,748
Equity – balance at end of the reporting period		54,938	121,175	176,113	49,474	44,677	94,151

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under *AASB 139 Financial Instruments: Recognition and Measurement*.

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 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018
Cash flows from operating activities				
	<u>Receipts</u>			
4,456	Rates and annual charges		4,472	4,144
873	User charges and fees		949	1,013
112	Investment and interest revenue received		210	162
10,614	Grants and contributions		9,212	6,087
–	Bonds, deposits and retention amounts received		2	–
46	Other		1,451	966
	<u>Payments</u>			
(3,976)	Employee benefits and on-costs		(4,273)	(4,099)
(2,222)	Materials and contracts		(2,956)	(2,415)
(139)	Borrowing costs		(110)	(113)
(1,700)	Other		(1,494)	(1,691)
	Net cash provided (or used in) operating activities	14b	<u>7,463</u>	<u>4,054</u>
8,064				
Cash flows from investing activities				
	<u>Receipts</u>			
–	Sale of real estate assets		16	–
100	Sale of infrastructure, property, plant and equipment		138	40
–	Deferred debtors receipts		6	12
	<u>Payments</u>			
(9,904)	Purchase of infrastructure, property, plant and equipment		(8,768)	(3,488)
(9,804)	Net cash provided (or used in) investing activities		<u>(8,608)</u>	<u>(3,436)</u>
Cash flows from financing activities				
	<u>Receipts</u>			
1,250	Proceeds from borrowings and advances		1,250	–
	<u>Payments</u>			
(190)	Repayment of borrowings and advances		(95)	(111)
1,060	Net cash flow provided (or used in) financing activities		<u>1,155</u>	<u>(111)</u>
(680)	Net increase/(decrease) in cash and cash equivalents		<u>10</u>	<u>507</u>
9,110	Plus: cash and cash equivalents – beginning of year	14a	10,079	9,572
8,430	Cash and cash equivalents – end of the year	14a	<u>10,089</u>	<u>10,079</u>

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 2019

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 17 September 2019. 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.

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.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note 19 – Material budget variations

and are clearly marked.

(a) New and amended standards adopted by Council

During the year, Council adopted all standards which were mandatorily effective for the first time at 30 June 2019.

Those newly adopted standards which had an impact on reported position, performance and/or disclosures have been discussed in Note 13.

(b) 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 and plant and equipment.

(c) 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 tip remediation provisions – refer Note 12
- (iii) employee benefit provisions – refer Note 12.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation (continued)

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 7.

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
- Water service
- Sewerage service

(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.

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.

New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been adopted early by Council. The new standards, AASB 16, AASB 15 & AASB 1058 are all effective for Council for the 30 June 2020 reporting period, with transition on 1 July 2019.

Council's assessment of these new standards and interpretations (where could potentially have a material impact on Council's future financial performance, financial position and cash flows) are set out below:

AASB 16 Leases

AASB 16 requires that all leases should be accounted for on the lessee's accounts similar to the finance lease accounting treatment. This means recognition of right-of-use assets with the corresponding liability for the present value of minimum lease payments. Accounting treatment of the assets leased out to external parties (lessor's perspective) have not changed and is treated similar to the currently used AASB 117 *Leases*. Council has examined the impact of adopting this new accounting standard and determined that there is no material impact from adoption on 1 July 2019.

AASB 15 Revenue from Contracts with Customers and associated amending standards.

AASB 15 introduces a five-step process for revenue recognition, with the core principle of the new standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. Accounting policy changes will arise in the timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element. Councils has assessed each revenue stream particularly the impact expected for grant income and rates which are paid before

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation (continued)

the commencement of the rating period. The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

AASB 15 will have no impact on rates and charges paid in advance as council has always accounted for these as a liability.

AASB 1058 Income of NFP Entities

AASB 1058 supersedes all the income recognition requirements relating to councils, previously in AASB 1004 *Contributions*. Under AASB 1058 the future timing of income recognition will depend on whether the transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service) related to an asset (such as cash or another asset) received by an entity. AASB 1058 also applies when a council receives volunteer services or enters into other transactions in which the consideration to acquire an asset is significantly less than the fair value of the asset, and where the council's objective is principally to enable the asset to further the council's objectives.

Upon initial recognition of the asset, this standard requires council to consider whether any other financial statement elements (called 'related amounts') should be recognised in accordance with the applicable accounting standard, such as:

1. contributions by owners
2. revenue, or a contract liability arising from a contract with a customer
3. a lease liability
4. a financial instrument, or
5. a provision.

If the transaction is a transfer of a financial asset to enable council to acquire or construct a recognisable non-financial asset to be controlled by council (i.e. an in-substance acquisition of a non-financial asset), the council recognises a liability for the excess of the fair value of the transfer over any related amounts recognised. Council will then recognise income as it satisfies its obligations under the transfer similarly to income recognition in relation to performance obligations under AASB 15. If the transaction does not enable council to acquire or construct a recognisable non-financial asset to be controlled by council, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income.

The majority of capital grants are paid in arrears based on actual expenditure and therefore council will have met all obligations prior to receiving the grant payment.

There were however a number of grants, totalling \$635,178, under the Stronger Country Communities program which were unspent at 30 June 2019 and under the terms of the funding agreement would be shown as a liability and the income taken up when the works have been completed.

Notes to the Financial Statements

for the year ended 30 June 2019

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		Total assets held (current and non-current)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Functions or activities										
Governance	1	2	577	449	(576)	(447)	–	–	–	–
Administration	163	146	1,099	1,045	(936)	(899)	90	63	8,388	8,167
Public Order and Safety	108	138	436	509	(328)	(371)	92	118	1,341	1,461
Health	4	4	12	14	(8)	(10)	–	–	3,149	3,243
Environment	532	574	748	739	(216)	(165)	31	41	13,853	6,119
Community Services and Education	474	655	435	546	39	109	396	578	797	806
Housing and Community Amenities	234	205	1,056	916	(822)	(711)	38	37	2,732	2,757
Water Supplies	1,400	1,323	1,213	1,204	187	119	–	10	14,017	13,620
Sewerage Services	5,537	1,002	783	799	4,754	203	4,509	75	17,580	11,364
Recreation and Culture	623	699	1,317	1,284	(694)	(585)	589	607	14,154	14,071
Mining Manufacturing and Construction	15	302	104	96	(89)	206	–	–	–	–
Transport and Communication	1,437	1,572	2,544	2,566	(1,107)	(994)	483	861	104,533	35,562
Economic Affairs	226	196	436	411	(210)	(215)	1	2	591	600
General Purpose	5,470	4,894	–	–	5,470	4,894	3,055	2,551	–	–
Total functions and activities	16,224	11,712	10,760	10,578	5,464	1,134	9,284	4,943	181,135	97,770

Notes to the Financial Statements

for the year ended 30 June 2019

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

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 and meetings of Council.

Administration

Included Corporate Support and other support service, engineering works and 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 immunisation, food control and other health matters.

Environment

Includes noxious plants and vermin control, other environmental protection, solid waste management, sanitation and garbage, street cleaning, drainage and stormwater management.

Community Services and Education

Includes administration and education, community service programs, youth services, aged and disabled person services, children's services, community transport and family and children services.

Housing and Community Amenities

Includes cemeteries, public conveniences, street cleaning, town planning, community amenities and housing facilities.

Water Supplies

Operation of Hay Water Services.

Sewerage Services

Operation of Hay Sewerage Service.

Recreation and Culture

Includes Public Libraries, museums, art galleries, community centres and public halls sports grounds and venues, swimming pools, and other sporting recreational and cultural facilities.

Mining Manufacturing and Construction

Includes Building control, quarries and pits.

Transport and Communication

Urban, local and regional sealed and unsealed roads, bridges, footpaths, parking areas and aerodromes.

Economic Affairs

Includes tourism and promotion and other business undertakings.

General Purpose

General purpose revenue including rates and financial assistance grants.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations

\$ '000	2019	2018
(a) Rates and annual charges		
Ordinary rates		
Residential	831	813
Farmland	1,152	1,118
Business	321	313
Less: pensioner rebates (mandatory)	(42)	(42)
Rates levied to ratepayers	2,262	2,202
Pensioner rate subsidies received	23	23
Total ordinary rates	2,285	2,225
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	324	322
Water supply services	644	610
Sewerage services	941	869
Drainage	—	19
Waste management services (non-domestic)	175	169
Less: pensioner rebates (mandatory)	(59)	(59)
Annual charges levied	2,025	1,930
Pensioner subsidies received:		
– Water	10	10
– Sewerage	10	10
– Domestic waste management	11	11
Total annual charges	2,056	1,961
TOTAL RATES AND ANNUAL CHARGES	4,341	4,186

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.

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.

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 2019

Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
(b) User charges and fees		
Specific user charges		
(per s.502 - specific 'actual use' charges)		
Water supply services	567	540
Sewerage services	42	39
Total specific user charges	609	579
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Planning and building regulation	39	33
Private works – section 67	90	74
Regulatory/ statutory fees	15	17
Registration fees	6	6
Section 10.7 certificates (EP&A Act)	7	7
Section 603 certificates	7	6
Total fees and charges – statutory/regulatory	164	143
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Aerodrome	10	9
Cemeteries	41	50
Leaseback fees – Council vehicles	14	13
Library and art gallery	6	4
Quarry revenues	–	3
Recycling income (non-domestic)	7	55
Sundry sales	27	7
Tourism	29	31
Waste disposal tipping fees	–	3
Aged and disabled care	63	72
Public halls	7	6
Sportsgrounds	11	11
Other	–	1
Total fees and charges – other	215	265
TOTAL USER CHARGES AND FEES	988	987

Accounting policy for user charges and fees

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
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(c) Interest and investment revenue (including losses)

Interest on financial assets measured at amortised cost

– Overdue rates and annual charges (incl. special purpose rates)	37	40
– Cash and investments	160	119

TOTAL INTEREST AND INVESTMENT REVENUE

197	159
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Interest revenue is attributable to:**Unrestricted investments/financial assets:**

Overdue rates and annual charges (general fund)	15	12
General Council cash and investments	96	77

Restricted investments/funds – external:

Water fund operations	28	27
Sewerage fund operations	54	38
Domestic waste management operations	4	5

Total interest and investment revenue

197	159
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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.

(d) Other revenues

Rental income – other council properties	89	77
Legal fees recovery – rates and charges (extra charges)	18	15
Commissions and agency fees	12	27
Insurance claims recoveries	21	42
Sales of Water from Council allocation	171	107
Sales – general	51	78
Payable adjustments	–	28
Plant Hire surplus	–	55
Other	21	12

TOTAL OTHER REVENUE

383	441
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Accounting policy for other revenue

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.

Rental income is accounted for on a straight-line basis over the lease term.

Miscellaneous sales are recognised when physical possession has transferred to the customer which is deemed to be the point of transfer of risks and rewards.

Other income is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	Operating 2019	Operating 2018	Capital 2019	Capital 2018
(e) Grants				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	838	1,785	–	–
Financial assistance – local roads component	2,217	795	–	–
Total general purpose	3,055	2,580	–	–
Specific purpose				
Sewerage services	–	64	4,509	–
Bushfire and emergency services	92	118	–	–
Community care	36	36	–	–
Employment and training programs	4	60	–	–
Land Management	86	–	–	–
Library	23	26	–	–
Library – special projects	–	–	66	66
Noxious weeds	31	30	–	–
Recreation and culture	–	5	499	510
Street lighting	38	36	–	–
Transport (roads to recovery)	32	712	–	–
Transport (other roads and bridges funding)	–	148	452	–
Aged and disabled care	330	442	–	–
Community development	30	105	–	–
Tourism	1	2	–	–
Other	–	3	–	–
Total specific purpose	703	1,787	5,526	576
Total grants	3,758	4,367	5,526	576
Grant revenue is attributable to:				
– Commonwealth funding	3,245	3,498	–	–
– State funding	513	869	5,526	576
	3,758	4,367	5,526	576

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Operating 2019	Operating 2018	Capital 2019	Capital 2018
(f) Contributions					
Other contributions:					
Cash contributions					
Heritage/cultural		–	6	–	–
Paving		–	–	–	32
RMS contributions (regional roads, block grant)		798	702	146	236
Total other contributions – cash		798	708	146	268
Total other contributions		798	708	146	268
Total contributions		798	708	146	268
TOTAL GRANTS AND CONTRIBUTIONS		4,556	5,075	5,672	844

Accounting policy for grants and contributions

Control over grants and contributions is normally obtained upon their receipt (or acquittal) 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.

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.

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 2019

Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
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(g) Unspent grants and contributions

Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:

Operating grants

Unexpended at the close of the previous reporting period	119	143
Add: operating grants recognised in the current period but not yet spent	127	85
Less: operating grants recognised in a previous reporting period now spent	(75)	(109)
Unexpended and held as restricted assets (operating grants)	171	119

Unexpended operating grants relate mainly to Crown Lands Management grant

Capital grants

Unexpended at the close of the previous reporting period	470	711
Add: capital grants recognised in the current period but not yet spent	503	314
Less: capital grants recognised in a previous reporting period now spent	(305)	(555)
Unexpended and held as restricted assets (capital grants)	668	470

Unexpended capital grants relate mainly to Stronger Country Community grants

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations

\$ '000	2019	2018
(a) Employee benefits and on-costs		
Salaries and wages	3,180	3,115
Employee leave entitlements (ELE)	590	494
Superannuation	508	535
Workers' compensation insurance	111	78
Fringe benefit tax (FBT)	27	19
Training costs (other than salaries and wages)	83	82
Other	17	19
Total employee costs	4,516	4,342
Less: capitalised costs	(340)	(424)
TOTAL EMPLOYEE COSTS EXPENSED	4,176	3,918
Number of 'full-time equivalent' employees (FTE) at year end	51	51

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 17 for more information.

\$ '000	Notes	2019	2018
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		129	103
Total interest bearing liability costs expensed		129	103
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	12	4	3
Total other borrowing costs		4	3
TOTAL BORROWING COSTS EXPENSED		133	106

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 when incurred.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
(c) Materials and contracts		
Raw materials and consumables	677	762
Contractor and consultancy costs	1,233	1,234
Auditors remuneration ¹	44	52
Legal expenses:		
– Legal expenses: planning and development	5	–
– Legal expenses: debt recovery	15	15
– Legal expenses: other	3	10
Total materials and contracts	1,977	2,073
TOTAL MATERIALS AND CONTRACTS	1,977	2,073

1. 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	44	52
Remuneration for audit and other assurance services	44	52
Total Auditor-General remuneration	44	52

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2019	2018
(d) Depreciation, amortisation and impairment of IPP&E			
Depreciation and amortisation			
Plant and equipment		442	484
Office equipment		14	18
Furniture and fittings		28	27
Land improvements (depreciable)		1	1
Infrastructure:			
– Buildings – non-specialised		33	21
– Buildings – specialised		363	332
– Other structures		101	91
– Roads		1,562	1,525
– Stormwater drainage		85	85
– Water supply network		292	335
– Sewerage network		212	193
Other assets:			
– Other		8	8
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	10(a),12	34	6
Total gross depreciation and amortisation costs		3,175	3,126
Less: capitalised costs		(116)	(130)
Total depreciation and amortisation costs		3,059	2,996
<u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT FOR IPP&E</u>			
		3,059	2,996

Accounting policy for depreciation, amortisation and impairment expenses of IPP&E**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.

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.

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 2019

Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
(e) Other expenses		
Advertising	23	26
Bank charges	15	14
Contributions/levies to other levels of government:		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	4	5
– NSW fire brigade levy	24	25
– NSW rural fire service levy	135	139
Councillor expenses – mayoral fee	15	15
Councillor expenses – councillors' fees	78	78
Councillors' expenses (incl. mayor) – other (excluding fees above)	40	24
Donations, contributions and assistance	40	42
Electricity and heating	289	310
Fire control expenses	75	107
Insurance	226	213
Medical services	32	46
Postage	17	19
Printing and stationery	52	57
Street lighting	108	81
Subscriptions and publications	34	41
Telephone and communications	60	58
Tourism expenses (excluding employee costs)	114	137
Valuation fees	21	30
Other	13	18
Total other expenses	1,415	1,485
TOTAL OTHER EXPENSES	1,415	1,485

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 2019

Note 5. Gains or losses from the disposal, replacement and de-recognition of assets

\$ '000	Notes	2019	2018
Plant and equipment	10(a)		
Proceeds from disposal – plant and equipment		138	40
Less: carrying amount of plant and equipment assets sold/written off		(54)	(20)
Net gain/(loss) on disposal		84	20
Real estate assets held for sale	8		
Proceeds from disposal – real estate assets		16	–
Less: carrying amount of real estate assets sold/written off		(13)	–
Net gain/(loss) on disposal		3	–
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		87	20

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 6(a). Cash and cash equivalent assets

\$ '000	2019	2018
Cash and cash equivalents		
Cash on hand and at bank	4,142	4,310
Cash-equivalent assets		
– Short-term deposits	5,947	5,769
Total cash and cash equivalents	10,089	10,079

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.

Note 6(b). Investments

Nil

Accounting policy for investments**Accounting policy under AASB 9 – applicable from 1 July 2018**

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.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 6(b). Investments (continued)

Classification

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

- amortised cost
- fair value through profit and 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 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 the income statement.

Accounting policy under AASB 139 – applicable for 2018 comparatives only

Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(a) Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. Assets in this category are measured at amortised cost.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They 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. Loans and receivables are included in receivables (Note 7) in the Statement of Financial Position. 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.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 6(c). Restricted cash, cash equivalents and investments – details

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Total cash, cash equivalents and investments	10,089	–	10,079	–
attributable to:				
External restrictions	4,670	–	4,986	–
Internal restrictions	3,993	–	3,587	–
Unrestricted	1,426	–	1,506	–
	10,089	–	10,079	–

\$ '000	2019	2018
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Details of restrictions

External restrictions

Specific purpose unexpended grants	839	589
Water supplies	2,560	2,178
Sewerage services	1,271	2,219

External restrictions	4,670	4,986
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Total external restrictions	4,670	4,986
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Internal restrictions

Plant and vehicle replacement	504	238
Infrastructure replacement	618	883
Employees leave entitlement	620	470
Aerodrome	157	107
Computer replacement	32	32
Financial Assistance Grants	1,555	1,356
HACC reserve	145	139
Land development	4	4
LEP - Local Environment Plan	17	17
Levee bank	324	324
Library	14	14
Youth	3	3

Total internal restrictions	3,993	3,587
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TOTAL RESTRICTIONS	8,663	8,573
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Notes to the Financial Statements

for the year ended 30 June 2019

Note 7. Receivables

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Purpose				
Rates and annual charges	425	–	556	–
Interest and extra charges	53	–	70	–
User charges and fees	119	–	89	–
Private works	120	–	93	–
Accrued revenues				
– Interest on investments	17	–	13	–
Deferred debtors	–	–	6	–
Government grants and subsidies	1,229	–	188	–
Net GST receivable	113	–	103	–
Less: Provision for impairment expected credit loss allowance	–	–	–	–
Total	2,076	–	1,118	–
TOTAL NET RECEIVABLES	2,076	–	1,118	–

Externally restricted receivables

Water supply

– Rates and availability charges	144	–	210	–
– Other	103	–	86	–

Sewerage services

– Specific purpose grants	1,059	–	68	–
– Rates and availability charges	81	–	114	–
– Other	13	–	5	–

Total external restrictions	1,400	–	483	–
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Unrestricted receivables	676	–	635	–
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TOTAL NET RECEIVABLES	2,076	–	1,118	–
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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

Accounting policy under AASB 9 applicable from 1 July 2018

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.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 7. Receivables (continued)

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.

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 5 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.

Accounting policy under AASB 139 – applicable for 2018 comparatives only

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

Rates and annual charges outstanding are secured against the property.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 8. Inventories and other assets

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
(a) Inventories				
(i) Inventories at cost				
Real estate for resale	109	–	122	–
Stores and materials	125	–	95	–
Loose tools	–	70	–	72
Total inventories at cost	234	70	217	72
<u>TOTAL INVENTORIES</u>	<u>234</u>	<u>70</u>	<u>217</u>	<u>72</u>

(b) Other assets

Prepayments	26	–	30	–
<u>TOTAL OTHER ASSETS</u>	<u>26</u>	<u>–</u>	<u>30</u>	<u>–</u>

Externally restricted assets

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Water				
Stores and materials	–	5	5	–
Total water	–	5	5	–
Sewerage				
Stores and materials	–	3	3	–
Total sewerage	–	3	3	–

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Total externally restricted assets	–	8	8	–
Total internally restricted assets	–	–	–	–
Total unrestricted assets	260	62	239	72
<u>TOTAL INVENTORIES AND OTHER ASSETS</u>	<u>260</u>	<u>70</u>	<u>247</u>	<u>72</u>

Notes to the Financial Statements

for the year ended 30 June 2019

Note 8. Inventories and other assets (continued)

(i) Other disclosures

\$ '000	Notes	2019 Current	2019 Non-current	2018 Current	2018 Non-current
(a) Details for real estate development					
Residential		109	–	122	–
Total real estate for resale		109	–	122	–
(Valued at the lower of cost and net realisable value)					
Represented by:					
Acquisition costs		109	–	122	–
Total costs		109	–	122	–
Total real estate for resale		109	–	122	–
Movements:					
Real estate assets at beginning of the year		122	–	122	–
– WDV of sales (expense)	5	(13)	–	–	–
Total real estate for resale		109	–	122	–

(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	2019	2018
Real estate for resale	109	122
	109	122

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.

Inventory held for distribution

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

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.

Note 9. Non-current assets classified as held for sale

Council did not classify any non-current assets or disposal groups as 'held for sale'.

Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	as at 30/6/2018			Asset movements during the reporting period					as at 30/6/2019		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ¹	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	–	–	–	6,464	–	–	–	–	6,464	–	6,464
Plant and equipment	8,463	(6,486)	1,977	209	(54)	(442)	–	–	8,282	(6,591)	1,691
Office equipment	648	(559)	89	24	–	(14)	–	–	672	(573)	99
Furniture and fittings	275	(210)	65	–	–	(28)	–	–	275	(238)	37
Land:											
– Operational land	1,706	–	1,706	–	–	–	–	–	1,707	–	1,707
– Community land	1,218	–	1,218	–	–	–	–	–	1,218	–	1,218
Land improvements – depreciable	47	(17)	30	16	–	(1)	–	–	62	(18)	44
Infrastructure:											
– Buildings – non-specialised	1,647	(104)	1,543	–	–	(33)	–	–	1,647	(136)	1,511
– Buildings – specialised	27,156	(7,473)	19,683	36	–	(363)	–	–	27,193	(7,837)	19,356
– Other structures	4,057	(2,215)	1,842	25	–	(101)	–	–	4,081	(2,317)	1,764
– Roads, bridges and footpaths	68,063	(35,576)	32,487	1,653	–	(1,562)	–	68,653	127,103	(25,872)	101,231
– Stormwater drainage	8,242	(3,292)	4,950	26	–	(85)	–	7,436	17,605	(5,278)	12,327
– Water supply network	24,542	(13,512)	11,030	181	–	(292)	–	174	25,119	(14,025)	11,094
– Sewerage network	21,140	(12,364)	8,776	85	–	(212)	–	235	21,661	(12,777)	8,884
Other assets:											
– Library books	106	(106)	–	–	–	–	–	–	106	(106)	–
– Other	1,372	(649)	723	49	–	(8)	–	–	1,421	(657)	764
Reinstatement, rehabilitation and restoration assets (refer Note 12):											
– Tip assets	211	(76)	135	–	–	(34)	348	–	559	(110)	449
Total Infrastructure, property, plant and equipment	168,893	(82,639)	86,254	8,768	(54)	(3,175)	348	76,498	245,175	(76,535)	168,640

(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 2019

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

\$ '000	as at 30/6/2017			Asset movements during the reporting period					as at 30/6/2018		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ¹	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	467	–	467	–	–	–	(467)	–	–	–	–
Plant and equipment	7,676	(6,076)	1,600	881	(20)	(484)	–	–	8,463	(6,486)	1,977
Office equipment	610	(542)	68	38	–	(18)	–	–	648	(559)	89
Furniture and fittings	275	(183)	92	–	–	(27)	–	–	275	(210)	65
Land:											
– Operational land	1,083	–	1,083	–	–	–	–	623	1,706	–	1,706
– Community land	1,217	–	1,217	–	–	–	–	–	1,218	–	1,218
Land improvements – depreciable	47	(16)	31	–	–	(1)	–	–	47	(17)	30
Infrastructure:											
– Buildings – non-specialised	1,183	(857)	326	–	–	(21)	–	1,238	1,647	(104)	1,543
– Buildings – specialised	20,981	(14,385)	6,596	74	–	(332)	–	13,346	27,156	(7,473)	19,683
– Other structures	3,879	(2,125)	1,754	179	–	(91)	–	–	4,057	(2,215)	1,842
– Roads	66,449	(34,051)	32,398	1,614	–	(1,525)	–	–	68,063	(35,576)	32,487
– Stormwater drainage	8,204	(3,206)	4,998	37	–	(85)	–	–	8,242	(3,292)	4,950
– Water supply network	23,837	(12,899)	10,938	201	–	(335)	–	226	24,542	(13,512)	11,030
– Sewerage network	20,013	(11,912)	8,101	220	–	(193)	467	181	21,140	(12,364)	8,776
Other assets:											
– Library books	106	(106)	–	–	–	–	–	–	106	(106)	–
– Other	1,032	(641)	391	340	–	(8)	–	–	1,372	(649)	723
Reinstatement, rehabilitation and restoration assets (refer Note 12):											
– Tip assets	179	(71)	108	–	–	(6)	33	–	211	(76)	135
Total Infrastructure, property, plant and equipment	157,238	(87,070)	70,168	3,584	(20)	(3,126)	33	15,614	168,893	(82,639)	86,254

(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 2019

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 valuations are performed at least every five years, however the carrying amount of assets is assessed 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 Water.

Increases in the carrying amounts arising on revaluation are credited to the asset 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.

Land is not depreciated. 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:

Plant and equipment	Years	Other equipment	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	Buildings	
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
		Stormwater assets	
Water and sewer assets		Drains	80 to 100
Dams and reservoirs	80 to 100	Culverts	50 to 80
Bores	20 to 40	Flood control structures	80 to 100
Reticulation pipes: PVC	70 to 80		
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
		Other infrastructure assets	
Transportation assets		Bulk earthworks	20
Sealed roads: surface	20	Swimming pools	50
Sealed roads: structure	50	Unsealed roads	20
Unsealed roads	20	Other open space/recreational assets	20
Bridge: concrete	100	Other infrastructure	20
Bridge: other	50		
Road pavements	60		
Kerb, gutter and footpaths	40		

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

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

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*.

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

Notes to the Financial Statements

for the year ended 30 June 2019

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

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".

Until such time as discussions on this matter have concluded and the legislation changed, Council will recognise rural fire service assets including land, buildings, plant and vehicles.

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

	2019			2018		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
\$ '000						
Water supply						
Land						
– Operational land	111	–	111	111	–	111
Infrastructure	25,119	14,025	11,094	24,542	13,512	11,030
Total water supply	25,230	14,025	11,205	24,653	13,512	11,141
Sewerage services						
Land						
– Operational land	180	–	180	180	–	180
Infrastructure	27,869	12,895	14,974	21,255	12,478	8,777
Total sewerage services	28,049	12,895	15,154	21,435	12,478	8,957
TOTAL RESTRICTED IPP&E	53,279	26,920	26,359	46,088	25,990	20,098

Notes to the Financial Statements

for the year ended 30 June 2019

Note 11. Payables and borrowings

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Payables				
Goods and services – operating expenditure	281	–	362	–
Accrued expenses:				
– Borrowings	19	–	–	–
– Interest on bonds and deposits	–	–	9	–
– Salaries and wages	179	–	129	–
– Other expenditure accruals	86	–	57	–
Security bonds, deposits and retentions	11	–	9	–
Total payables	576	–	566	–
Borrowings				
Loans – secured ¹	219	2,244	82	1,226
Total borrowings	219	2,244	82	1,226
<u>TOTAL PAYABLES AND BORROWINGS</u>	<u>795</u>	<u>2,244</u>	<u>648</u>	<u>1,226</u>

(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 18.

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
(a) Payables and borrowings relating to restricted assets				
Externally restricted assets				
Sewer	120	1,087	–	–
Payables and borrowings relating to externally restricted assets	120	1,087	–	–
Total payables and borrowings relating to restricted assets	120	1,087	–	–
Total payables and borrowings relating to unrestricted assets	675	1,157	648	1,226
<u>TOTAL PAYABLES AND BORROWINGS</u>	<u>795</u>	<u>2,244</u>	<u>648</u>	<u>1,226</u>

(b) Current payables and borrowings not anticipated to be settled within the next twelve months

Nil

Notes to the Financial Statements

for the year ended 30 June 2019

Note 11. Payables and borrowings (continued)

(c) Changes in liabilities arising from financing activities

	as at 30/6/2018					as at 30/6/2019
\$ '000	Opening Balance	Cash flows	Non-cash acquisitions	Non-cash fair value changes	Other non-cash movements	Closing balance
Loans – secured	1,308	1,155	–	–	–	2,463
TOTAL	1,308	1,155	–	–	–	2,463

	as at 30/6/2017					as at 30/6/2018
\$ '000	Opening Balance	Cash flows	Non-cash acquisitions	Non-cash fair value changes	Other non-cash movements	Closing balance
Loans – secured	1,419	(111)	–	–	–	1,308
TOTAL	1,419	(111)	–	–	–	1,308

\$ '000	2019	2018
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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	37	37
Total financing arrangements	37	37

Drawn facilities as at balance date:

– Credit cards/purchase cards	6	1
Total drawn financing arrangements	6	1

Undrawn facilities as at balance date:

– Credit cards/purchase cards	31	36
Total undrawn financing arrangements	31	36

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 of loans

Loans are secured over future cash flows.

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.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 11. Payables and borrowings (continued)

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.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 12. Provisions

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Provisions				
Employee benefits				
Annual leave	372	–	385	–
Sick leave	290	–	327	–
Long service leave	720	31	803	12
Sub-total – aggregate employee benefits	1,382	31	1,515	12
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	570	–	218
Sub-total – asset remediation/restoration	–	570	–	218
TOTAL PROVISIONS	1,382	601	1,515	230

(a) Provisions relating to restricted assets

There are no restricted assets (external or internal) applicable to the above provisions

\$ '000	2019	2018
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(b) 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	942	1,045
	942	1,045

(c) Description of and movements in provisions

\$ '000	ELE provisions			
	Annual leave	Sick leave	Long service leave	Total
2019				
At beginning of year	385	327	815	1,527
Additional provisions	260	139	136	535
Amounts used (payments)	(273)	(176)	(200)	(649)
Total ELE provisions at end of period	372	290	751	1,413
2018				
At beginning of year	415	346	902	1,663
Additional provisions	208	80	90	378
Amounts used (payments)	(238)	(99)	(177)	(514)
Total ELE provisions at end of period	385	327	815	1,527

Notes to the Financial Statements

for the year ended 30 June 2019

Note 12. Provisions (continued)

\$ '000	Other provisions	
	Asset remediation	Total
2019		
At beginning of year	218	218
Additional provisions	348	348
Unwinding of discount	4	4
Total other provisions at end of period	570	570
2018		
At beginning of year	183	183
Additional provisions	32	32
Unwinding of discount	3	3
Total other provisions at end of period	218	218

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.

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.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 12. Provisions (continued)

Provisions for close-down and restoration, and environmental clean-up costs – tips and quarries

Asset remediation

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

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 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.

Close-down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close-down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

(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.

(b) Correction of errors relating to a previous reporting period

Council made no correction of errors during the current reporting period.

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

During the year, Council adopted a number of new accounting standards. The impact of the adoption and associated transition disclosures are shown below.

The Council has adopted AASB 9 *Financial Instruments* for the first time in the current year with a date of initial adoption of 1 July 2018. As part of the adoption of AASB 9, the Council adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

– AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the income statement. In prior year, this information was presented as part of other expenses.

– AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9. These disclosures have been provided for the current year.

The key changes to Council's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except Council has not restated any amounts relating to classification and measurement requirements, including impairment, which have been applied from 1 July 2018.

Classification of financial assets

AASB9 allows for financial assets to be reclassified into one of the following categories, based primarily on the business model in which a financial asset is managed and its contractual cash flow characteristics are:

- measured at amortised cost
- fair value through profit or loss
- fair value through other comprehensive income – equity instruments

All financial assets of council have remained at amortised cost.

Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost. This has resulted in the earlier recognition of credit loss (bad debt provisions).

Council has reviewed its receivables and does not expect losses greater than the current provision for impairment (shown in Note 7). The majority of receivables, other than rates and private works, are current and due from the government. Rates are secured against the property. As such, there was no transitional adjustment requirement as at 1 July 2018.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 14. Statement of cash flows - additional information

\$ '000	Notes	2019	2018
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6(a)	10,089	10,079
Balance as per the Statement of Cash Flows		10,089	10,079

(b) Reconciliation of net operating result to cash provided from operating activities

Net operating result from Income Statement	5,464	1,134
Adjust for non-cash items:		
Depreciation and amortisation	3,172	2,996
Net losses/(gains) on disposal of assets	(87)	(20)
Unwinding of discount rates on reinstatement provisions	7	3
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	(964)	64
Decrease/(increase) in inventories	(28)	(35)
Decrease/(increase) in other current assets	4	(6)
Increase/(decrease) in payables	(81)	44
Increase/(decrease) in accrued interest payable	19	(10)
Increase/(decrease) in other accrued expenses payable	79	(21)
Increase/(decrease) in other liabilities	(7)	9
Increase/(decrease) in provision for employee benefits	(114)	(136)
Increase/(decrease) in other provisions	(1)	32
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	7,463	4,054

(c) Non-cash investing and financing activities

Nil

Note 15. Interests in other entities

Subsidiaries, joint arrangements and associates not recognised

The following subsidiaries, joint arrangements and associates have not been recognised in this financial report.

Name of entity/operation	Principal activity/type of entity	2019 Net profit	2019 Net assets
Western Riverina Library Services	Provision of library services to member local government areas	(8,455)	542,254

Reasons for non-recognition

Council holds 7.15% equity share in Western Riverina Library Service, and has assessed this as not material, hence not recognised.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 16. Commitments

\$ '000	2019	2018
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(a) Capital commitments (exclusive of GST)

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Library	82	400
Aerodrome Fence	38	—
Hay Park Fence	44	—
Sewer Treatment Plant	898	6,914
Playground Equipment	575	600
Total commitments	1,637	7,914

These expenditures are payable as follows:

Within the next year	1,637	7,914
Total payable	1,637	7,914

Sources for funding of capital commitments:

Unrestricted general funds	88	7,914
Sewer Funds	500	—
Grants	1,049	—
Total sources of funding	1,637	7,914

Details of capital commitments

The commitments relate to the replacement of the Hay Sewer Treatment Plant, Library extension and space development and the Hay Park playground project.

(b) Finance lease commitments

Nil

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Contingencies and other assets/liabilities not recognised

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 standard employer contributions and additional lump sum contributions to the fund.

The standard 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 standard employer contribution rates are:

Division B	1.9 times employee contributions
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40 million per annum from 1 July 2018 for 3 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2018. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2018.

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.

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 2019 was \$ 91,681. The last valuation of the Scheme was performed by Mr Richard Boyfield [FIAA] on 31st December 2018, and covers the period ended 30 June 2018.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Contingencies and other assets/liabilities not recognised (continued)

The expected contributions to the fund by council the next annual reporting period are \$95,931 based on a past services liabilities methodology. The share of the surplus that can be attributed to council is 0.17%. It is estimated that there are \$135,600 past service contributions remaining.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2019 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	1798.7	
Past Service Liabilities	1784.2	100.8%
Vested Benefits	1792	100.4%

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

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 June 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.

(iv) Other guarantees

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Contingencies and other assets/liabilities not recognised (continued)

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.

(ii) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

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 June 2008.

(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 2019

Note 18. 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.

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

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 investments - are based upon estimated future cash flows discounted by the current market 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.

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 guarantee.

(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.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 18. Financial risk management (continued)

\$ '000	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
\$ '000	Increase of values/rates Profit	Equity	Decrease of values/rates Profit	Equity
2019				
Possible impact of a 1% movement in interest rates	59	59	(59)	(59)
2018				
Possible impact of a 1% movement in interest rates	58	58	(58)	(58)

Notes to the Financial Statements

for the year ended 30 June 2019

Note 18. 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.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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
2019						
Gross carrying amount	176	90	57	82	20	425
2018						
Gross carrying amount	240	119	71	102	24	556

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 2019 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
2019						
Gross carrying amount	1,506	52	28	55	10	1,651
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	—	—	—	—	—	—
2018						
Gross carrying amount	441	23	18	35	45	562
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	—	—	—	—	—	—

Notes to the Financial Statements

for the year ended 30 June 2019

Note 18. Financial risk management (continued)

(c) Liquidity risk

Payables 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 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		
2019							
Trade/other payables	0.00%	11	565	–	–	576	576
Loans and advances	3.84%	–	312	1,248	1,404	2,964	2,463
Total financial liabilities		11	877	1,248	1,404	3,540	3,039
2018							
Trade/other payables	0.00%	9	557	–	–	566	566
Loans and advances	7.58%	–	178	709	1,058	1,945	1,308
Total financial liabilities		9	735	709	1,058	2,511	1,874

Loan agreement breaches

There were no breaches to loan agreements during the reporting year.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Material budget variations

Council's original financial budget for 18/19 was adopted by the Council on 26/06/2018 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	2019 Budget	2019 Actual	2019 ----- Variance -----		
REVENUES					
Rates and annual charges	4,456	4,341	(115)	(3)%	U
User charges and fees	873	988	115	13%	F
The increase was mainly due to an increase in water usage revenue.					
Interest and investment revenue	112	197	85	76%	F
Increase in revenue due to improved cashflow.					
Other revenues	46	383	337	733%	F
Increase was due to temporary sale of water from Councils water allocation and increase in rebates and sundry income.					
Operating grants and contributions	4,180	4,556	376	9%	F
Capital grants and contributions	6,435	5,672	(763)	(12)%	U
Reduction in capital income was due to slight delay in the sewer treatment works project which reduced grant income for the period.					
Net gains from disposal of assets	–	87	87	∞	F
Increase due to better than expected plant sale proceeds.					
EXPENSES					
Employee benefits and on-costs	3,976	4,176	(200)	(5)%	U
Borrowing costs	140	133	7	5%	F
Materials and contracts	2,408	1,977	431	18%	F
Saving primarily due to change in road construction and maintenance program.					
Depreciation and amortisation	2,690	3,059	(369)	(14)%	U
Increase due to higher than budgeted depreciation costs in road, transport and building assets.					
Other expenses	1,514	1,415	99	7%	F

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Material budget variations

\$ '000	2019 Budget	2019 Actual	2019 ----- Variance -----	
STATEMENT OF CASH FLOWS				
Net cash provided from (used in) operating activities	8,064	7,463	(601)	(7)% U
Net cash provided from (used in) investing activities	(9,804)	(8,608)	1,196	(12)% F
Reduction mainly due to lower than expected during the period on the Sewer Treatment Plant replacement				
Net cash provided from (used in) financing activities	1,060	1,155	95	9% F

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. Fair Value Measurement

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

– Infrastructure, property, plant and equipment

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

		Fair value measurement hierarchy				
		Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv-able inputs	Total
2019	Notes					
Recurring fair value measurements						
Infrastructure, property, plant and equipment	10(a)					
Plant and equipment		30/06/19	—	—	1,691	1,691
Office equipment		30/06/19	—	—	99	99
Furniture and fittings		30/06/19	—	—	37	37
Operational land		30/06/18	—	—	1,707	1,707
Community land		30/06/16	—	—	1,218	1,218
Land improvements depreciable		30/06/16	—	—	44	44
Buildings – non-specialised		30/06/18	—	1,511	—	1,511
Buildings specialised		30/06/18	—	—	19,356	19,356
Other structures		30/06/16	—	—	1,764	1,764
Roads bridges and footpaths		30/06/19	—	—	101,231	101,231
Stormwater drainage		30/06/19	—	—	12,327	12,327
Water supply network		30/06/17	—	—	11,094	11,094
Sewer network		30/06/17	—	—	8,884	8,884
Library books		30/06/19	—	—	—	—
Other assets		30/06/16	—	—	764	764
Tip assets		30/06/19	—	—	449	449
Total infrastructure, property, plant and equipment			—	1,511	160,665	162,176

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. Fair Value Measurement (continued)

		Fair value measurement hierarchy				
2018	Notes	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	Total
Recurring fair value measurements						
Infrastructure, property, plant and equipment	10(a)					
Plant and equipment		30/06/18	—	—	1,977	1,977
Office equipment		30/06/18	—	—	89	89
Furniture and fittings		30/06/18	—	—	65	65
Operational land		30/06/18	—	—	1,706	1,706
Community land		30/06/16	—	—	1,218	1,218
Land improvements depreciable		30/06/16	—	—	30	30
Buildings – non-specialised		30/06/18	—	1,543	—	1,543
Buildings specialised		30/06/18	—	—	19,683	19,683
Other structures		30/06/16	—	—	1,842	1,842
Roads bridges and footpaths		30/06/15	—	—	32,487	32,487
Stormwater drainage		30/06/15	—	—	4,950	4,950
Water supply network		30/06/17	—	—	11,030	11,030
Sewer network		30/06/17	—	—	8,776	8,776
Library books		30/06/18	—	—	—	—
Other assets		30/06/16	—	—	723	723
Tip assets		30/06/18	—	—	135	135
Total infrastructure, property, plant and equipment			—	1,543	84,711	86,254

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 2019

Note 20. Fair Value Measurement (continued)

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

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:

Infrastructure, property, plant and equipment (IPP&E)

Plant and equipment, office equipment and furniture and fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Examples of assets within these classes are as follows:

- Plant and Equipment - Graders, trucks, rollers, tractors and motor vehicles.
- Office Equipment - Computers, photocopiers, calculators etc.
- Furniture & Fittings - Chairs, desks and display boards.

There has been no change to the valuation process during the reporting period.

Operational and community land

Community Land valuations are based on either the Land Value provided by the Valuer-General or an average unit rate based on the Land Value for similar properties where the Valuer-General did not provide a Land Value having regard to the highest and best use for the land. Operational Land is based on valuations from an external valuer APV Valuers and Asset Management. As land values were based on unit rates and as such there was not considered to be observable market evidence so they have been classified as level 3.

There has been no change to the valuation process during the reporting period.

Buildings – non-specialised and specialised

Council engaged APV Asset Valuers and Asset Management to value all buildings in 2018. The valuation methodology adopted was dependent on whether a market exists to substantiate the value of the asset.

The valuation aspects are generally, but not limited to the location, size, condition, style and utility of the asset. Replacement cost, asset condition, remaining useful life and building components are some of the inputs used in fair value determination. Since most of these inputs require judgement and are unobservable for specialised buildings, that asset class has been classified as Level 3. Valuation techniques remained the same for the reporting period.

Other structures

Other Structures comprise of Sundry Recreational assets, irrigation systems and fencing etc. Depreciated replacement cost has been utilised whereby replacement cost was estimated for each asset by taking into account a range of factors. No market based evidence (Level 2) could be supported as such these assets were all classified as having been valued using Level 3 valuation inputs.

There has been no change to the valuation process during the reporting period.

Roads, bridges and footpaths

Roads including all road assets, Bridges and Footpaths were valued in 2019 by APV. Depreciated replacement cost using level 3 inputs was used to value this asset class. No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

The cost approach was utilised to value roads by componentising the assets into significant parts and then rolling up these component values to provide an overall road valuation (for each road segment) within Council's asset system. Input estimates such as the replacement costs (based on unit rates), pattern of consumption, valuation profiles, asset condition and useful life requiring significant professional judgement which impacted significantly on the final determination of fair value.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. Fair Value Measurement (continued)

Drainage infrastructure

Assets within this class comprise pits and pipes. All assets were revalued in 2019 by APV.

The Depreciated replacement cost estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar could be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets.

Water supply network

Assets within this class comprise reservoirs, pumping stations and pipelines. All assets were internally revalued in 2017.

The Depreciated replacement cost estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Office of Water.

There has been no change to the valuation process during the reporting period.

Sewerage network

Assets within this class comprise treatment works, pumping stations and, sewerage mains. All assets were internally revalued in 2017.

The Depreciated Replacement cost estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Office of Water.

There has been no change to the valuation process during the reporting period.

Other assets

Assets within this class comprise aerodrome lighting, pavement and fencing. All assets in Other assets were valued in-house by experienced engineering staff.

While some elements of gross replacement values may be supported from market evidence other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

There has been no change to the valuation process during the reporting period.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. 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	Plant and equipment	Office equipment	Furniture and fittings	Operational Land	Community Land
2018					
Opening balance	1,600	68	92	1,083	1,218
Purchases (GBV)	881	39	–	–	–
Disposals (WDV)	(20)	–	–	–	–
Depreciation and impairment	(484)	(18)	(27)	–	–
Revaluation	–	–	–	623	–
Rounding adjustment	–	–	–	–	1
Closing balance	1,977	89	65	1,706	1,219
2019					
Opening balance	1,977	89	65	1,706	1,219
Purchases (GBV)	209	24	–	–	–
Disposals (WDV)	(54)	–	–	–	–
Depreciation and impairment	(442)	(14)	(28)	–	–
Rounding adjustment	–	–	–	1	(1)
Closing balance	1,690	99	37	1,707	1,218

\$ '000	Land improvements depreciable	Building specialised	Other structures	Roads, bridges, footpaths	Water supply network
2018					
Opening balance	30	6,596	1,754	32,398	10,938
Purchases (GBV)	–	74	179	1,614	201
Disposals (WDV)	–	–	–	–	–
Depreciation and impairment	(1)	(332)	(91)	(1,525)	(335)
Revaluation	–	13,346	–	–	226
Rounding adjustment	–	(1)	–	–	–
Closing balance	29	19,683	1,842	32,487	11,030
2019					
Opening balance	29	19,683	1,842	32,487	11,030
Purchases (GBV)	16	36	25	1,653	181
Disposals (WDV)	–	–	–	–	–
Depreciation and impairment	(1)	(363)	(101)	(1,562)	(292)
Revaluation	–	–	–	68,653	174
Rounding adjustment	–	–	(2)	–	1
Closing balance	44	19,356	1,764	101,231	11,094

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. Fair Value Measurement (continued)

\$ '000	Sewerage network	Tip asset	Stormwater	Other assets	Total
2018					
Opening balance	8,568	108	4,998	391	69,842
Purchases (GBV)	220	—	37	340	3,585
Disposals (WDV)	—	—	—	—	(20)
Depreciation and impairment	(193)	(6)	(85)	(8)	(3,105)
FV gains – other comprehensive income	—	33	—	—	33
Revaluation	181	—	—	—	14,376
Closing balance	8,776	135	4,950	723	84,711
2019					
Opening balance	8,776	135	4,950	723	84,711
Purchases (GBV)	85	—	26	49	2,304
Disposals (WDV)	—	—	—	—	(54)
Depreciation and impairment	(212)	(34)	(85)	(8)	(3,142)
FV gains – other comprehensive income	—	348	—	—	348
Revaluation	235	—	7,436	—	76,498
Closing balance	8,884	449	12,327	764	160,664

(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 2019

Note 21. Related Party Transactions

(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.

The aggregate amount of KMP compensation included in the Income Statement is:

\$ '000	2019	2018
Compensation:		
Short-term benefits	677	602
Post-employment benefits	18	26
Other long-term benefits	150	22
Total	845	650

(b) Other transactions with KMP and their related parties

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						
2019						
Electrical maintenance work	3	15	–	30 day terms on invoices	–	–
Gravel Royalty	4	–	–	30 day terms on invoices	–	–
Engineering Supplies & Maintenance, Supply and Hire of Equipment	1	81	–	30 day terms on invoices	–	–
Office and Aged Care service supplies and consumables	2	4	–	30 day terms on invoices	–	–
Remuneration of close family members	5	71	–	Fortnightly payroll system	–	–
Building Maintenance		1	–	30 day terms on invoices	–	–
2018						
Electrical maintenance work	3	42	–	30 day terms on invoices	–	–
Gravel Royalty	4	2	–	30 day terms on invoices	–	–
Engineering Supplies & Maintenance, Supply and Hire of Equipment	1	74	–	30 day terms on invoices	–	–
Office and Aged Care service supplies and consumables	2	6	–	30 day terms on invoices	–	–
Remuneration of close family members	5	74	–	Fortnightly payroll system	–	–
Building Maintenance		–	–		–	–

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2019

Note 21. Related Party Transactions (continued)

Council has engaged with KMP or their related parties to acquire the above transactions which are on normal business terms

- 1 This expenditure relates to the procurement of services and materials from an engineering firm of which a Councillor has an interest.
- 2 This expenditure relates to the procurement of materials from a retail firm of which a Councillor has an interest
- 3 This expenditure relates to the procurement of services and materials from an electrical company of which a Councillor has an interest.
- 4 This expenditure relates to the payment for gravel from a Councillors quarry.
- 5 Close family members of KMP have been employed in operational and administrative positions which they have received remuneration.

Note 22. Events occurring after the reporting date

Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 23. Financial result and financial position by fund

\$ '000	General ¹ 2019	Water 2019	Sewer 2019
Income Statement by fund			
Income from continuing operations			
Rates and annual charges	2,729	665	947
User charges and fees	379	567	42
Interest and investment revenue	115	28	54
Other revenues	212	171	–
Grants and contributions provided for operating purposes	4,530	10	16
Grants and contributions provided for capital purposes	1,169	–	4,503
Other income			
Net gains from disposal of assets	87	–	–
Total income from continuing operations	9,221	1,441	5,562
Expenses from continuing operations			
Employee benefits and on-costs	3,804	218	154
Borrowing costs	133	–	–
Materials and contracts	865	689	423
Depreciation and amortisation	2,555	292	212
Other expenses	1,396	19	–
Total expenses from continuing operations	8,753	1,218	789
Operating result from continuing operations	468	223	4,773
Net operating result for the year	468	223	4,773
Net operating result attributable to each council fund	468	223	4,773
Net operating result for the year before grants and contributions provided for capital purposes	(701)	223	270

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 2019

Note 23. Financial result and financial position by fund (continued)

\$ '000	General ¹ 2019	Water 2019	Sewer 2019
Statement of Financial Position by fund			
ASSETS			
Current assets			
Cash and cash equivalents	6,258	2,560	1,271
Receivables	676	247	1,153
Inventories	234	–	–
Other	26	–	–
Total current assets	7,194	2,807	2,424
Non-current assets			
Inventories	62	5	3
Infrastructure, property, plant and equipment	142,281	11,205	15,154
Total non-current assets	142,343	11,210	15,157
TOTAL ASSETS	149,537	14,017	17,581
LIABILITIES			
Current liabilities			
Payables	565	–	11
Borrowings	110	–	109
Provisions	1,382	–	–
Total current liabilities	2,057	–	120
Non-current liabilities			
Borrowings	1,157	–	1,087
Provisions	601	–	–
Total non-current liabilities	1,758	–	1,087
TOTAL LIABILITIES	3,815	–	1,207
Net assets	145,722	14,017	16,374
EQUITY			
Accumulated surplus	33,710	7,482	13,746
Revaluation reserves	112,012	6,535	2,628
Council equity interest	145,722	14,017	16,374
Total equity	145,722	14,017	16,374

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 2019

Note 24(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2019	Indicator 2019	Prior periods 2018 2017		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	(295)	(2.82)%	2.49%	11.30%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	10,465				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	5,855	36.28%	48.91%	39.13%	>60.00%
Total continuing operating revenue ¹	16,137				
3. Unrestricted current ratio					
Current assets less all external restrictions	6,246	5.60x	5.23x	4.97x	>1.50x
Current liabilities less specific purpose liabilities	1,115				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	2,897	12.71x	15.54x	15.81x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	228				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	478	9.62%	12.97%	13.33%	<10.00%
Rates, annual and extra charges collectible	4,968				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	10,089	13.56 mths	14.35 mths	12.20 mths	>3.00 mths
Monthly payments from cash flow of operating and financing activities	744				

(1) Excludes fair value adjustments, reversal of revaluation decrements and net gain on sale of assets.

(2) Excludes impairment/revaluation decrements and net loss on sale of assets.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 24(b). Statement of performance measures – by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2019	2018	2019	2018	2019	2018	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	(9.89)%	(0.42)%	15.48%	11.09%	25.50%	16.15%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	37.02%	36.74%	99.31%	99.19%	18.75%	92.68%	>60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	5.60x	5.23x	∞	∞	20.20x	∞	>1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	8.33x	11.70x	∞	∞	∞	∞	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates, annual charges, interest and extra charges outstanding percentage							
Rates, annual and extra charges outstanding	14.24%	9.19%	0.00%	31.82%	0.00%	12.91%	<10.00%
Rates, annual and extra charges collectible							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	8.41	8.09	∞	∞	∞	∞	>3.00
Payments from cash flow of operating and financing activities	mths	mths					mths

(1) - (2) Refer to Notes at Note 24a above.

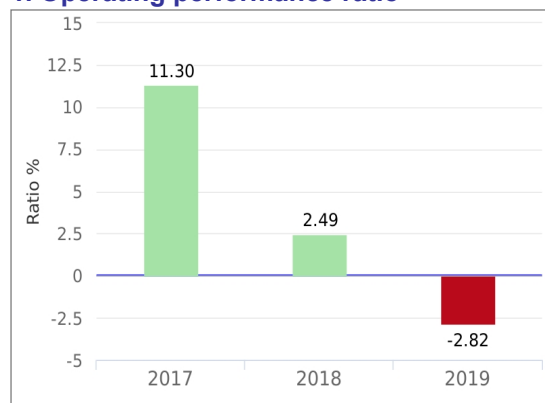
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 24(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 2018/19 result

2018/19 ratio (2.82)%

Operating result is considered satisfactory.

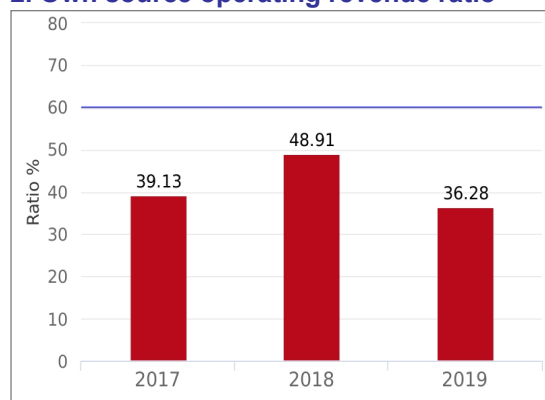
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

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 2018/19 result

2018/19 ratio 36.28%

Own source revenue has reduced due to the large sewer treatment works capital grant.

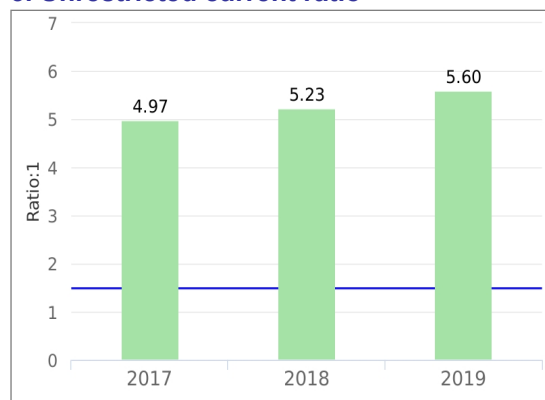
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

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 2018/19 result

2018/19 ratio 5.60x

Ratio is satisfactory.

Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark

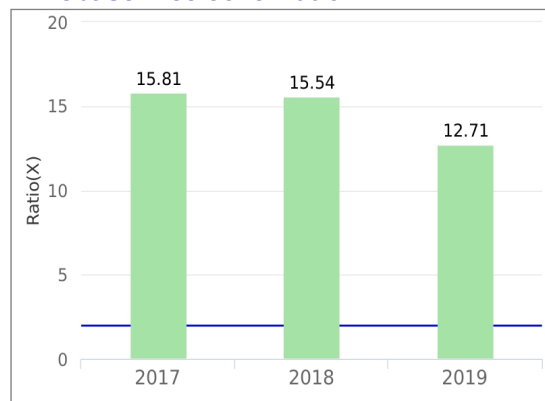
Ratio is outside benchmark

Notes to the Financial Statements

for the year ended 30 June 2019

Note 24(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 2018/19 result

2018/19 ratio 12.71x

Ratio has slightly reduced due to a new loan for the sewer treatment plant replacement.

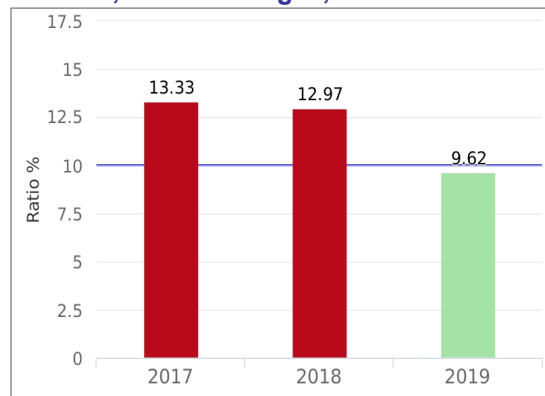
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

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 2018/19 result

2018/19 ratio 9.62%

Council has been active in reducing the level of outstanding rates and charges.

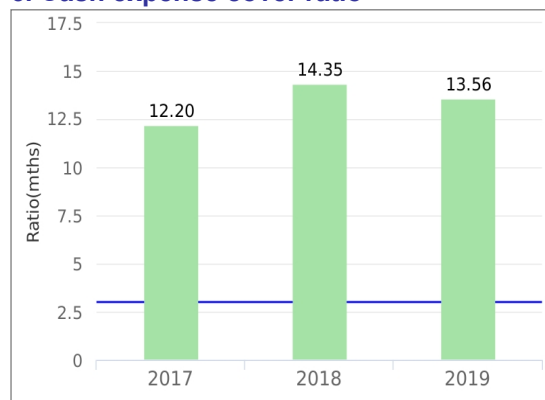
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

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 2018/19 result

2018/19 ratio 13.56 mths

Ratio is considered satisfactory

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark

Ratio is outside benchmark



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Hay Shire Council

To the Councillors of the Hay Shire Council

Opinion

I have audited the accompanying financial statements of Hay Shire Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

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 presented, 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 2019, 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' (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 2019 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 except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

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. The description forms part of my auditor's report.

My opinion does not 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 19 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.



Caroline Karakatsanis
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

10 October 2019
SYDNEY



Cr R W (Bill) Sheaffe
Mayor
Hay Shire Council
PO Box 141
HAY NSW 2711

Contact: Caroline Karakatsanis
Phone no: (02) 9275 7143
Our ref: D1923733/1738

8 October 2019

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2019
Hay Shire Council**

I have audited the general purpose financial statements (GPFS) of the Hay Shire Council (the Council) for the year ended 30 June 2019 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 2019 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

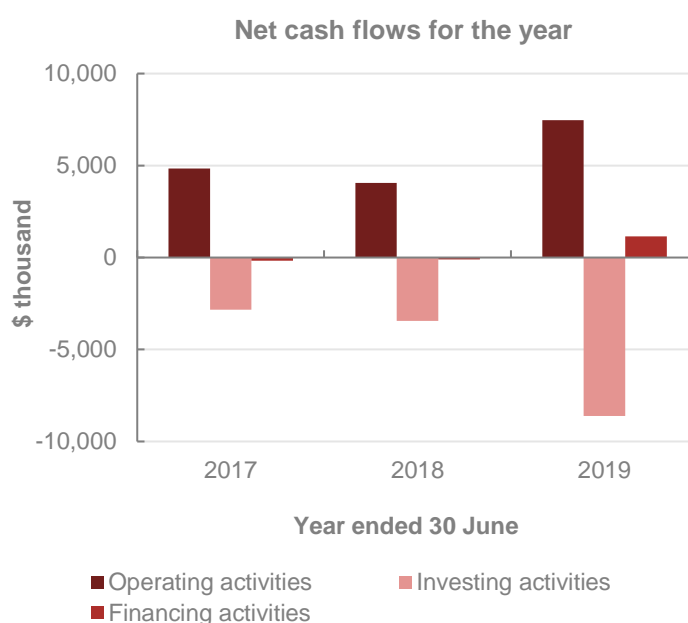
	2019	2018	Variance
	\$m	\$m	%
Rates and annual charges revenue	4.3	4.2	↑ 2.4
Grants and contributions revenue	10.2	5.9	↑ 72.9
Operating result for the year	5.5	1.1	↑ 400.0
Net operating result before capital grants and contributions	(0.2)	0.3	↓ 166.7

The following comments are made in respect of Council's operating result for the year:

- Rates and annual charges revenue was \$4.3 million (\$4.2 million for the year ended 30 June 2018). The increase of \$0.1 million (2.4%) is due to rate pegging and an increase to Council annual charges.
- Grants and contributions revenue was \$10.2 million (\$5.9 million for the year ended 30 June 2018). The increase of \$4.3 million (72.8%) is primarily due to Council receiving capital grant funding to help fund the construction of the new Sewerage Treatment Plant
- Council's net operating result was a surplus of \$5.5 million (\$1.1 million surplus for the year ended 30 June 2018). The increase of \$4.4 million is mainly due to the increase of \$4.9 million grants and contributions provided for capital purposes.
- The net operating result before capital grants and contributions was a deficit of \$0.2 million (\$0.3 million surplus for the year ended 30 June 2018). These movements were mainly due to a decrease of \$0.4 million in grants and contributions provided for operating purposes and an increase of \$0.3 million in employee benefits and on-costs expenses.

STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents was \$10.1 million (\$10.1 million for the year ended 30 June 2018). There was a net increase in cash and cash equivalents of \$0.01 million at 30 June 2019.
- Net cash provided by operating activities has increased by \$3.4 million. This is mainly due to the increase in cash receipts from rate and annual charges revenue of \$0.3 million, grants and contributions of \$3.1 million and other revenue of \$0.5 million.
- Net cash used in investing activities increased by \$5.2 million. This is mainly due to the increase of purchase of infrastructure, property, plant and equipment of \$5.3 million.
- Net cash used in financing activities increase by \$1.3 million. This is mainly due to the increase in proceeds from borrowings and advances of \$1.2 million which is a new loan entered into by Council during the year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2019	2018	Commentary
	\$m	\$m	
External restrictions	4.7	5.0	• Externally restricted cash and investments are restricted in their use by externally imposed requirements. The decreased of \$0.3 million is mainly due to Council's sewerage services.
Internal restrictions	4.0	3.6	
Unrestricted	1.4	1.5	
Cash and investments	10.1	10.1	<ul style="list-style-type: none"> Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. The increase in internal restrictions is primarily due to a \$0.3 increase in Council's plant and vehicle replacement program and a \$0.2 million increase in Federal Financial Assistance Grants. Unrestricted cash and investments was \$1.4 million, which is available to provide liquidity for day-to-day operations of the Council.

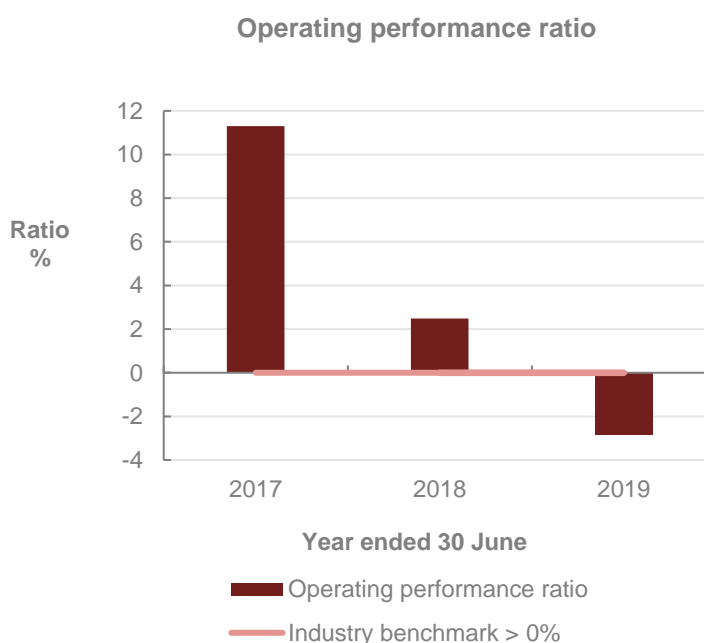
Debt

Council has \$2.5 million of external borrowings (2018: \$1.3 million) which is secured over the revenue of Council.

PERFORMANCE

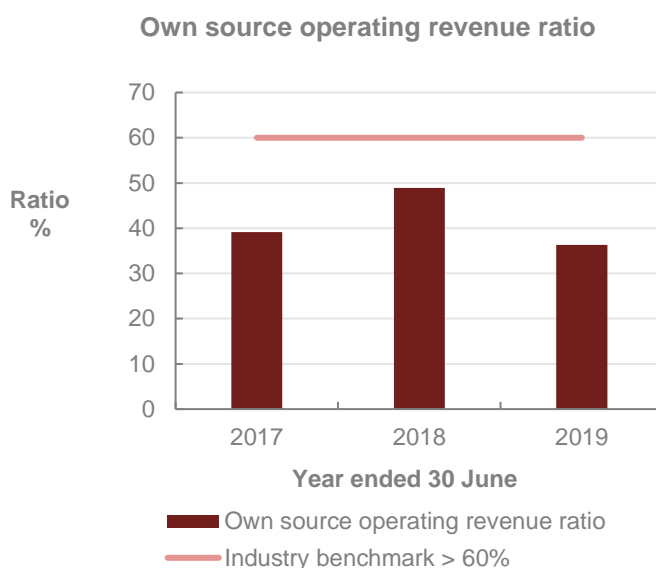
Operating performance ratio

- 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 the former Office of Local Government (OLG) is greater than zero per cent.
- The operating performance ratio of (2.82)% is below the industry benchmark of greater than 0%.
- The operating performance ratio decreased to (2.82)% (2018: 2.49%) due to the decrease in grants and contributions income provided for operating purposes and an increase in employee benefits and on-costs expense.



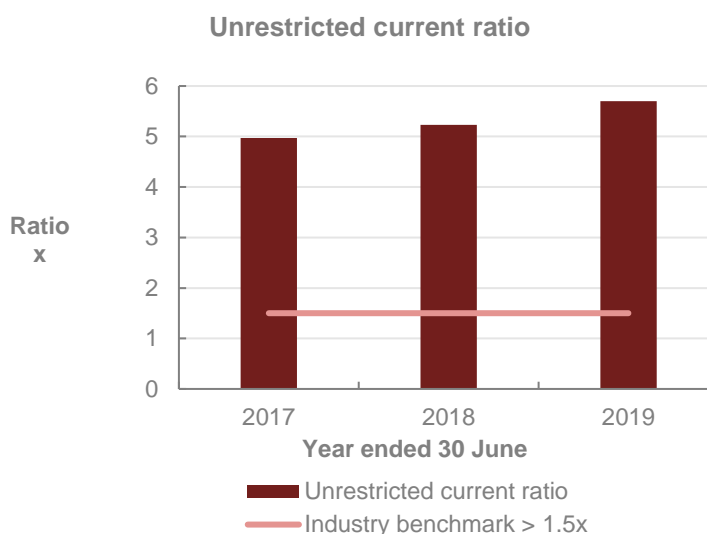
Own source operating revenue ratio

- 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 the former OLG is greater than 60 per cent.
- The Council's own source operating revenue ratio of 36.28% is below the industry benchmark of 60%. This indicates that the Council is more reliant on external funding sources, such as grants and contributions.
- The own source operating revenue ratio decreased in 2019, due to the relative increase in grants and contributions.



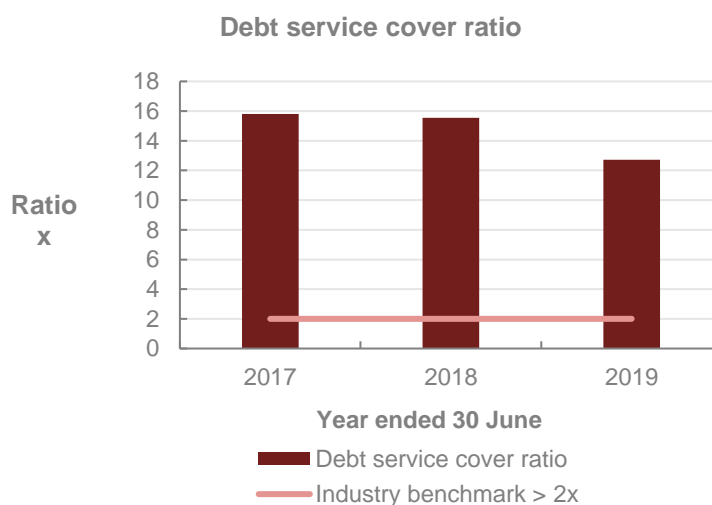
Unrestricted current ratio

- 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 the former OLG is greater than 1.5 times.
- The Council's liquidity ratio of 5.6 times is greater than the industry benchmark minimum of greater than 1.5 times. This indicates that the Council has sufficient liquidity to meet its current liabilities as and when they fall due.
- The Council's unrestricted current ratio has improved due to an increase in current assets.



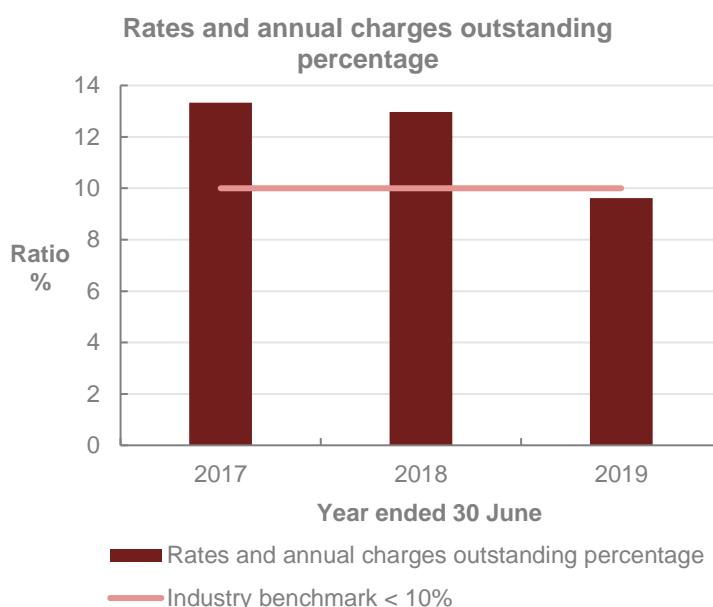
Debt service cover ratio

- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by the former OLG is greater than two times.
- The Council's debt service cover ratio of 12.7 times is greater than the industry benchmark minimum of greater than 2 times. This indicates that the Council has sufficient operating revenue to service its debt.



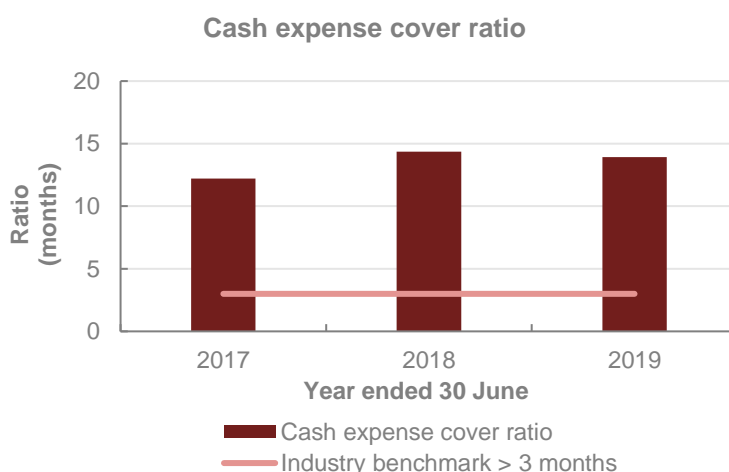
Rates and annual charges outstanding percentage

- 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 the former OLG is less than 10 per cent for regional and rural councils.
- The Council's rates and annual charges outstanding ratio of 9.6% is within the industry benchmark of less than 10% for regional and rural councils.
- The rates and annual charges outstanding percentage has decreased over the last three years, which is a reflection of sound debt recovery procedures at the Council.



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 the former OLG is greater than three months.
- The Council's cash expense cover ratio was 13.6 months, which is above the industry benchmark of greater than 3 months. This indicates that Council had the capacity to cover 13.6 months of operating cash expenditure without additional cash inflows at 30 June 2019.
- The Council's cash expense cover ratio has remained steady.



Infrastructure, property, plant and equipment renewals

The Council has renewed \$8.8 million of assets in the 2018–19 financial year, compared to \$3.6 million of assets in the 2017–18 financial year. The increase is primarily due to construction of the new sewerage treatment plant. Renewal of road assets has remained steady during the year.

OTHER MATTERS

New accounting standards implemented

Application period	Overview
AASB 9 'Financial Instruments' and revised AASB 7 'Financial Instruments: Disclosures'	
For the year ended 30 June 2019	<p>AASB 9 replaces AASB 139 'Financial Instruments: Recognition and Measurement' and changes the way financial instruments are treated for financial reporting.</p> <p>Key changes include:</p> <ul style="list-style-type: none"> • a simplified model for classifying and measuring financial assets • a new method for calculating impairment • a new type of hedge accounting that more closely aligns with risk management. <p>The revised AASB 7 includes new disclosures as a result of AASB 9.</p> <p>Council's disclosure of the impact of adopting AASB 9 is disclosed in Note 7.</p>

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.



Caroline Karakatsanis
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

cc: David Webb, General Manager
Mark Dowling, Director of Corporate and Community
Jim Betts, Secretary of the Department of Planning, Industry and Environment

Hay Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019



Special Purpose Financial Statements

for the year ended 30 June 2019

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Income Statement – Sewerage Business Activity	5
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Statement of Financial Position – Sewerage Business Activity	7
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Auditor's Report on Special Purpose Financial Statements	11

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).

Hay Shire Council

Special Purpose Financial Statements 2019

Special Purpose Financial Statements

for the year ended 30 June 2019

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:

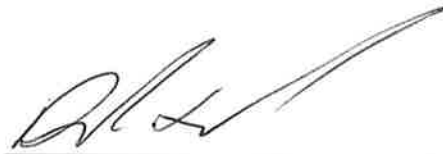
- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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 17 September 2019.



Cr Bill Sheaffe
Mayor
17 September 2019



Cr David Townsend
Councillor
17 September 2019



David Webb
General Manager
17 September 2019



Mark Dowling
Responsible Accounting Officer
17 September 2019

Income Statement – Water Supply Business Activity

for the year ended 30 June 2019

\$ '000	2019	2018
Income from continuing operations		
Access charges	665	648
User charges	567	540
Interest	28	27
Grants and contributions provided for non-capital purposes	10	11
Other income	171	135
Total income from continuing operations	1,441	1,361
Expenses from continuing operations		
Employee benefits and on-costs	218	208
Materials and contracts	689	647
Depreciation, amortisation and impairment	292	335
Water purchase charges	19	20
Total expenses from continuing operations	1,218	1,210
Surplus (deficit) from continuing operations before capital amounts	223	151
Surplus (deficit) from continuing operations after capital amounts	223	151
Surplus (deficit) from all operations before tax	223	151
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(61)	(45)
SURPLUS (DEFICIT) AFTER TAX	162	106
Plus accumulated surplus	7,259	7,109
Plus/less: other adjustments	–	(1)
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	61	45
Closing accumulated surplus	7,482	7,259
Return on capital %	2.0%	1.4%
Subsidy from Council	–	160
Calculation of dividend payable:		
Surplus (deficit) after tax	162	106
Surplus for dividend calculation purposes	162	106
Potential dividend calculated from surplus	81	53

Income Statement – Sewerage Business Activity

for the year ended 30 June 2019

\$ '000	2019	2018
Income from continuing operations		
Access charges	947	873
User charges	40	35
Fees	2	4
Interest	54	38
Grants and contributions provided for non-capital purposes	16	10
Total income from continuing operations	1,059	960
Expenses from continuing operations		
Employee benefits and on-costs	154	198
Materials and contracts	423	414
Depreciation, amortisation and impairment	212	193
Total expenses from continuing operations	789	805
Surplus (deficit) from continuing operations before capital amounts	270	155
Grants and contributions provided for capital purposes	4,503	65
Surplus (deficit) from continuing operations after capital amounts	4,773	220
Surplus (deficit) from all operations before tax	4,773	220
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(74)	(46)
SURPLUS (DEFICIT) AFTER TAX	4,699	174
Plus accumulated surplus	8,973	8,753
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	74	46
Closing accumulated surplus	13,746	8,973
Return on capital %	1.8%	1.7%
Subsidy from Council	–	95
Calculation of dividend payable:		
Surplus (deficit) after tax	4,699	174
Less: capital grants and contributions (excluding developer contributions)	(4,503)	(65)
Surplus for dividend calculation purposes	196	109
Potential dividend calculated from surplus	98	55

Statement of Financial Position – Water Supply Business Activity

as at 30 June 2019

\$ '000	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	2,560	2,178
Receivables	247	296
Total current assets	2,807	2,474
Non-current assets		
Inventories	5	5
Infrastructure, property, plant and equipment	11,205	11,141
Total non-current assets	11,210	11,146
TOTAL ASSETS	14,017	13,620
NET ASSETS	14,017	13,620
EQUITY		
Accumulated surplus	7,482	7,259
Revaluation reserves	6,535	6,361
TOTAL EQUITY	14,017	13,620

Statement of Financial Position – Sewerage Business Activity

as at 30 June 2019

\$ '000	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	1,271	2,219
Receivables	1,153	187
Total current assets	2,424	2,406
Non-current assets		
Inventories	3	3
Infrastructure, property, plant and equipment	15,154	8,957
Total non-current assets	15,157	8,960
TOTAL ASSETS	17,581	11,366
LIABILITIES		
Current liabilities		
Payables	11	–
Borrowings	109	–
Total current liabilities	120	–
Non-current liabilities		
Borrowings	1,087	–
Total non-current liabilities	1,087	–
TOTAL LIABILITIES	1,207	–
NET ASSETS	16,374	11,366
EQUITY		
Accumulated surplus	13,746	8,973
Revaluation reserves	2,628	2,393
TOTAL EQUITY	16,374	11,366

Notes to the Special Purpose Financial Statements for the year ended 30 June 2019

Note 1. Significant Accounting Policies

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 1993 (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. Water supply operations

Supply of water to the town of Hay

b. Sewerage service operations

Supply of sewerage services to the town of Hay

Notes to the Special Purpose Financial Statements for the year ended 30 June 2019

Note 1. Significant Accounting Policies (continued)

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 \$692,000 of combined land values attracts **0%**. For the combined land values in excess of \$692,001 up to \$4,231,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$4,231,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$850,000.

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 DoI – Water 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.

Local government rates and charges

A calculation of the equivalent rates and charges payable on all category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

Notes to the Special Purpose Financial Statements for the year ended 30 June 2019

Note 1. Significant Accounting Policies (continued)

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.

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 IPP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 1.32% at 30/6/19.

(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 30/6/2019 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Department of Industry – Water 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.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Hay Shire Council

To the Councillors of the Hay Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Hay Shire Council's (the Council) declared business activities, which comprise the Income Statement of each declared business activity for the year ended 30 June 2019, the Statement of Financial Position of each declared business activity as at 30 June 2019, Note 1 Significant accounting policies for the business activities declared by Council, and the Statement by Councillors and Management.

The declared business activities of the Council are:

- Water Supply Service
- Sewerage Service

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 2019, and its 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 27 (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 2019 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, unless it is not appropriate to do so.

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. The description forms part of my auditor's report.

My opinion does not 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 'C. Karakatsanis'.

Caroline Karakatsanis
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

10 October 2019
SYDNEY

Hay Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2019



Special Schedules

for the year ended 30 June 2019

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Permissible income for general rates

for the year ended 30 June 2019

\$ '000		Calculation 2019/20	Calculation 2018/19
Notional general income calculation ¹			
Last year notional general income yield	a	2,364	2,306
Plus or minus adjustments ²	b	(4)	6
Notional general income	c = a + b	2,360	2,312
Permissible income calculation			
Or rate peg percentage	e	2.70%	2.30%
Or plus rate peg amount	i = e x (c + g)	64	53
Sub-total	k = (c + g + h + i + j)	2,424	2,365
Total permissible income	o = k + n	2,424	2,365
Less notional general income yield	p	2,424	2,364
Catch-up or (excess) result	q = o - p	-	1
Less unused catch-up ⁵	s	(1)	(1)
Carry forward to next year ⁶	t = q + r + s	(1)	-

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

Hay Shire Council

To the Councillors of Hay Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Hay Shire Council (the Council) for the year ending 30 June 2020.

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 27 (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' (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 2019 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 2019'.

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, unless it is not appropriate to do so.

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. The description forms part of my auditor's report.

My opinion does not 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 'C. Karakatsanis'.

Caroline Karakatsanis
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

10 October 2019
SYDNEY

Report on Infrastructure Assets

as at 30 June 2019

Asset Class	Asset Category	Estimated cost		2018/19 Required maintenance ^a	2018/19 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5

(a) Report on Infrastructure Assets - Values

Buildings	Buildings – non-specialised	–	–	20	13	1,511	1,647	0.0%	0.0%	100.0%	0.0%	0.0%
	Emergency Services	–	–	10	6	829	967	0.0%	0.0%	100.0%	0.0%	0.0%
	Council Offices	–	–	20	12	1,325	1,943	0.0%	0.0%	100.0%	0.0%	0.0%
	Council Works Depot	–	–	20	2	656	881	0.0%	0.0%	100.0%	0.0%	0.0%
	Council Public Halls	300	300	30	25	2,289	4,162	0.0%	0.0%	53.0%	47.0%	0.0%
	Libraries	–	–	10	10	2,622	2,906	100.0%	0.0%	0.0%	0.0%	0.0%
	Cultural Facilities	–	–	40	41	2,908	5,261	0.0%	0.0%	100.0%	0.0%	0.0%
	Tourist Centre	–	–	10	22	491	565	0.0%	100.0%	0.0%	0.0%	0.0%
	Other Specialised Buildings	–	–	80	15	2,258	3,059	4.0%	28.0%	68.0%	0.0%	0.0%
	Aerodrome	–	–	10	6	1,077	1,268	0.0%	0.0%	100.0%	0.0%	0.0%
	Showground	–	–	20	20	1,905	2,820	0.0%	0.0%	100.0%	0.0%	0.0%
	Medical Centre	–	–	20	16	2,996	3,361	0.0%	100.0%	0.0%	0.0%	0.0%
Sub-total		300	300	290	188	20,867	28,840	10.5%	16.6%	66.1%	6.8%	0.0%
Other structures	Other structures	500	500	20	–	1,764	4,081	11.0%	46.0%	25.0%	18.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total		500	500	20	–	1,764	4,081	11.0%	46.0%	25.0%	18.0%
Roads	Rural Sealed roads	–	–	570	176	63,910	77,693	70.0%	26.0%	4.0%	0.0%	0.0%
	Unsealed roads	–	–	600	290	13,111	15,056	65.0%	30.0%	5.0%	0.0%	0.0%
	Bridges	4,000	4,000	70	197	2,984	4,731	55.0%	21.0%	0.0%	24.0%	0.0%
	Urban Streets	–	–	165	88	14,210	17,407	54.0%	16.0%	30.0%	0.0%	0.0%
	Footpaths	–	–	50	40	2,521	5,286	54.0%	16.0%	30.0%	0.0%	0.0%
	Kerb and Gutter	–	–	30	22	3,843	5,652	54.0%	16.0%	30.0%	0.0%	0.0%
	Other Road assets	–	–	50	44	652	1,278	0.0%	50.0%	50.0%	0.0%	0.0%
	Sub-total		4,000	4,000	1,535	857	101,231	127,103	64.6%	24.3%	10.2%	0.9%
Water supply network	Intake Works	–	–	20	5	671	1,622	0.0%	50.0%	50.0%	0.0%	0.0%
	Mains	600	600	50	107	5,842	13,766	0.0%	50.0%	40.0%	10.0%	0.0%
	Reservoirs	–	–	20	93	2,661	4,786	0.0%	75.0%	25.0%	0.0%	0.0%
	Treatment	–	–	150	137	1,920	4,945	0.0%	100.0%	0.0%	0.0%	0.0%
	Sub-total		600	600	240	342	11,094	25,119	0.0%	64.6%	29.9%	5.5%

Report on Infrastructure Assets - Values (continued)

as at 30 June 2019

Asset Class	Asset Category	Estimated cost to bring to the agreed level of service set by Council		2018/19 Required maintenance ^a	2018/19 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
Sewerage network	Mains	700	700	60	48	7,522	12,286	0.0%	40.0%	40.0%	20.0%	0.0%
	Pumping Station	—	—	50	56	1,213	3,501	0.0%	50.0%	50.0%	0.0%	0.0%
	Treatment	—	—	100	67	149	5,874	0.0%	0.0%	0.0%	100.0%	0.0%
	Sub-total	700	700	210	171	8,884	21,661	0.0%	30.8%	30.8%	38.5%	(0.1%)
Stormwater drainage	Stormwater drainage	—	—	50	43	12,327	17,605	8.0%	86.0%	6.0%	0.0%	0.0%
	Other	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	—	—	50	43	12,327	17,605	8.0%	86.0%	6.0%	0.0%	0.0%
TOTAL - ALL ASSETS		6,100	6,100	2,345	1,601	156,167	224,409	38.8%	33.7%	21.5%	6.0%	0.0%

(a) Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Report on Infrastructure Assets (continued)

as at 30 June 2019

\$ '000	Amounts 2019	Indicator 2019	Prior periods		Benchmark
			2018	2017	
Infrastructure asset performance indicators (consolidated) *					
Buildings and infrastructure renewals ratio ¹					
Asset renewals ²	2,304	87.01%	92.22%	76.02%	>=100.00%
Depreciation, amortisation and impairment	2,648				
Infrastructure backlog ratio ¹					
Estimated cost to bring assets to a satisfactory standard	6,100	3.91%	2.18%	3.07%	<2.00%
Net carrying amount of infrastructure assets	156,167				
Asset maintenance ratio					
Actual asset maintenance	1,601	68.27%	69.71%	72.37%	>100.00%
Required asset maintenance	2,345				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	6,100	2.72%	1.13%	1.38%	
Gross replacement cost	224,409				

(*) All asset performance indicators are calculated using classes identified in the previous table.

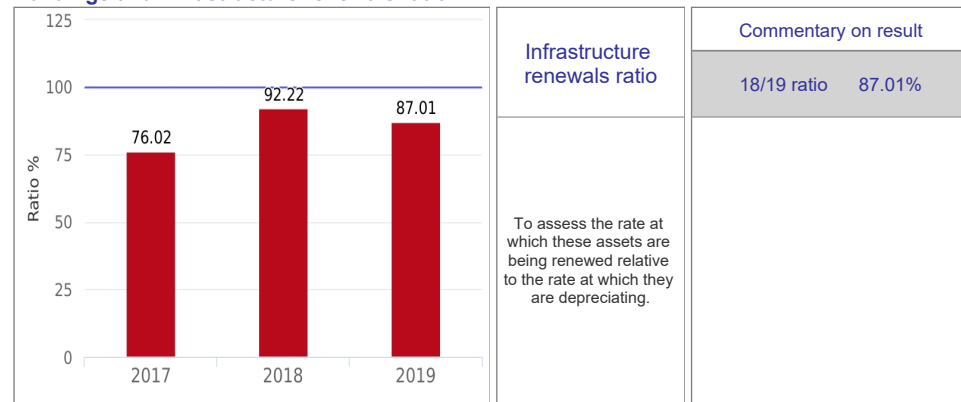
(1) Excludes Work In Progress (WIP)

(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 2019

Buildings and infrastructure renewals ratio ¹



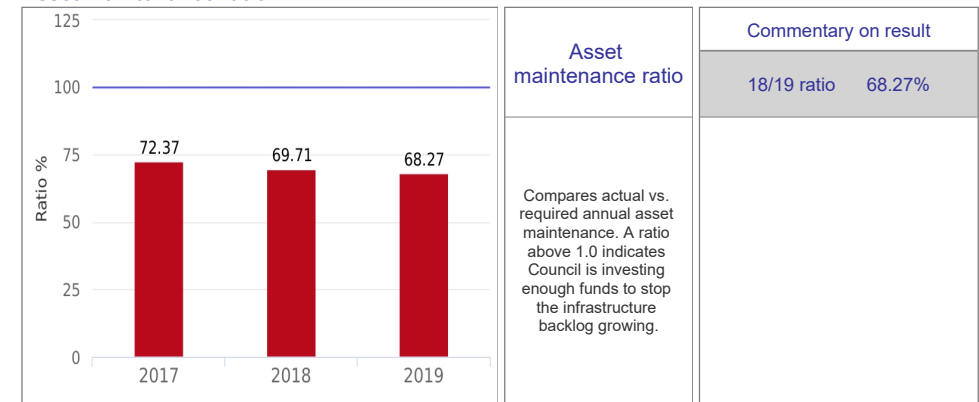
Benchmark: — $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio is outside benchmark

Asset maintenance ratio



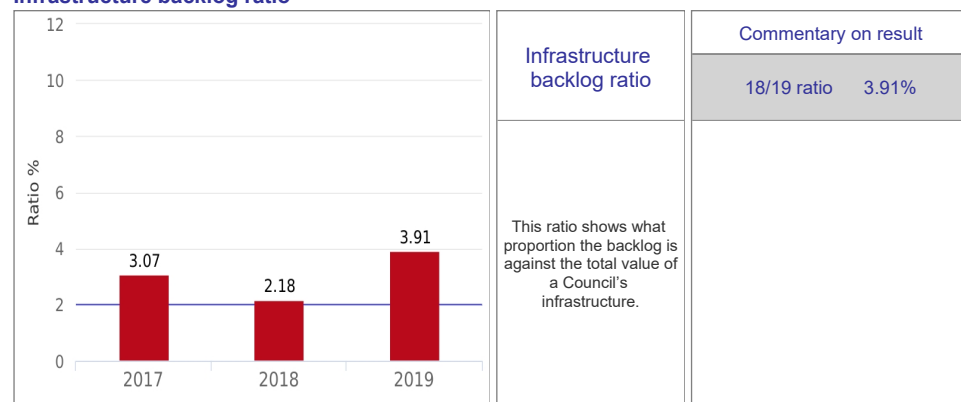
Benchmark: — $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio is outside benchmark

Infrastructure backlog ratio ¹



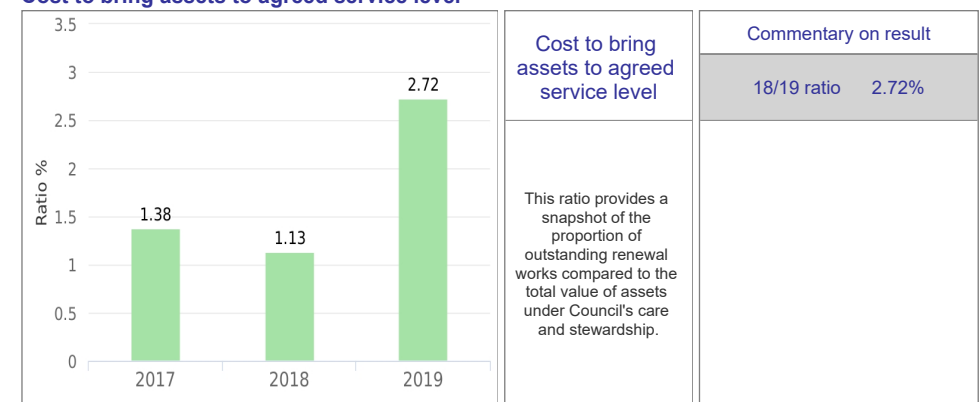
Benchmark: — $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio is outside benchmark

Cost to bring assets to agreed service level



(1) Excludes Work In Progress (WIP)

Report on Infrastructure Assets (continued)

as at 30 June 2019

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2019	2018	2019	2018	2019	2018	
Infrastructure asset performance indicators (by fund)							
Buildings and infrastructure renewals ratio ¹							
Asset renewals ²	95.06%	115.92%	61.99%	–	40.09%	–	>=100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio ¹							
Estimated cost to bring assets to a satisfactory standard	3.52%	–	5.41%	–	7.88%	19.94%	<2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	57.41%	67.29%	142.50%	100.00%	81.43%	56.19%	>100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	2.70%	–	2.39%	–	3.23%	8.28%	
Gross replacement cost							

(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.



Hay Shire Council

Government Information (Public Access) Act

Annual Report 2018/2019

Hay

Hay Shire Council GIPA Annual Report 2018/2019

Background

The Government Information (Public Access) Act 2009 (*GIPA Act*) became operational on 1 July 2010 and introduced a new “right to information” approach for access to government information.

Council is required to prepare an annual report in accordance with the requirements of section 125 of the *GIPA Act* and clause 7 of the Government Information (Public Access) Regulation (*GIPA Regulation*). In this annual report we are required to include statistical information on formal access applications in the form required by *Schedule 2 of the GIPA Regulation*.

This report is Council's *GIPA Act Annual Report* for the period 1 July 2018 to 30 June 2019.

Review of proactive release program (clause 7(a) - GIPA Regulation)

Under section 7(3) of the *GIPA Act*, Council must review its program for the release of government information to identify the kinds of government information held by Council that should in the public interest be made publicly available and that can be made publicly available without imposing unreasonable additional costs on Council. This review must be undertaken at least once every 12 months.

Council's program for the proactive release of information involves maintaining and promoting to staff a practice of openness and accountability of corporate information and decision making which is embodied in Council's organisational values as “*Openness - We will be readily accessible and will be transparent in all our dealings. We will communicate truthfully and regularly with our community. We will give reasons for our decisions*”. The program is achieved by providing information through the extensive publication on Council's website or through inspection and/or paper or electronic copy of information following a written request. Council prefers written requests for access to information that cannot be sourced from its website in order to clearly identify the information sought and reduce the possibility of delays being experienced by our customers through misinterpretation of verbal requests. In order to reduce costs to our customers, Council encourages applications to be made, in the first instance, under the informal request provisions of the *GIPA Act*.

During the reporting period, Council continued to proactively release information, in addition to the statutory release of *open access information*, by:

- Reporting to the community through prominent display on its website
- Publishing a fortnightly newsletter called “Shire Snippets”
- Distributing regular Media Releases on Council decisions, projects, services and events and matters of community interest and activities that are supported by Council,
- Host events that promote what we do and enhance community engagement.
- Work closing with local and Regional media.

Number of access applications received (clause 7(b) - GIPA Regulation)

During the reporting period, Council received nil formal access applications (including withdrawn applications but not invalid applications).

Number of refused applications for Schedule 1 information (clause 7(c) - GIPA Regulation)

During the reporting period, Council did not refuse any formal access applications using the reason that the information requested was information referred to in Schedule 1 to the GIPA Act.

Statistical information about access applications (clause 7(d) and Schedule 2 - GIPA Regulation)

Information, in the form required by the tables in *Schedule 2 of the GIPA Regulation*, relating to the access applications made to Council during the reporting year is shown in the following Tables A – H.

The data demonstrates Council's commitment to openness and accountability and a willingness to meet the needs of our customers.

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	Informa- tion Already Available	Refuse to deal with Application	Refuse to confirm/ deny whether information is held	Application Withdrawn
Media	4	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private Sector Business	0	0	0	0	0	0	0	0
Not for profit organisation or community groups	0	0	0	0	0	0	0	0
Members of the Public (application by legal representa- tive)	1	0	0	0	0	0	0	0
Members of the Public (other)	0	0	0	0	0	0	0	0
Total	5	0	0	0	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.

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	Informa- tion Already Available	Refuse to deal with Application	Refuse to confirm/ deny whether information is held	Application Withdrawn
Personal Informa- tion applications*	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	5	0	0	0	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0
Total	5	0	0	0	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
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0

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

	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0
Total all considerations	0

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

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

	Number of occasions when application not successful*
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	0
Business interests of agencies and other persons	0
Environmental, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0
Total all considerations	0

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

Table F Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	5
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
Total	0

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

	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner*	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by ADT	0	0	0
Total	0	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
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0
Total	0