

# Hay Shire Council Annual Report 2019-2020



Exciting Heritage... Positive Future





# Hay

## Message from the

## MAYOR

Hello everyone,

After a year that can only be described as a unique challenge for our time it nonetheless gives me great pleasure to present Hay Shire Council's Annual Report for 2019/20. Credit must be given to our General Manager and Council staff for continuing to meet and exceed our community's expectations and wishes with the immense stressors of drought and the global pandemic. I am fittingly proud and fortunate to be a part of this resilient team.

Thanks to the unprecedented level of funding from both the State and Federal Governments I have seen more income flow through our Council in the 2019/20 year than any in my standing. After our region's palpable condition was ultimately recognised as drought declared we were eligible to receive much needed federal funds to boost our economy and make our community more resilient. With the support of our community Council has delivered numerous projects to this effect and will finalise the \$2 million from rounds 1 and 2 in the 2020/21 year.

Hay Shire Council had a funding win with a Restart NSW Growing Local Economies grant for \$7.8 million to replace the existing safety restricted timber bridge across the Murrumbidgee River at Maude. Works are scheduled to commence on the new bridge later in 2020. The bridge will be rated for freight road trains and include a dedicated pedestrian walkway. I commend Hay Shire Council's commitment to this important piece of local infrastructure that will provide certainty and assurance for freight operators while enabling increased vehicles to cross and visit local businesses in Maude.

This year the NSW Government's Stronger Country Communities Fund injected a further \$430,428 into Council, granting Hay Shire Council a total of over \$2,740,000 from the three rounds since 2017. With a designated focus on youth-related projects this year's allocation will go towards Council's Waterplay Splash Park which I will be delighted to see operational in 2021.

Council has been successful in numerous other funding streams to inject cash for continued growth and development of our infrastructure and economy. To note are the long-awaited and much anticipated

improvements to the South Hay roundabout contributed to through the Federal Government's Local Roads & Community Infrastructure Funding. Council is working with the community to deliver an aesthetically pleasing and inviting entrance to our deserved town.

Hay Shire Council has actively continued intergovernmental collaboration with the Riverina and Murray Joint Organisation (RAMJO) to set and advocate for strategic regional priorities. RAMJO has enabled our Council to have a stronger voice on vital issues affecting our region including water security, digital connectivity and energy security and affordability. Council will continue to work with RAMJO in implementing its strategies and plans to deliver such strategic priorities for the advancement of our greater region.

I take this opportunity to praise the people of Hay for your constructive input, fierce ownership, heartfelt support and strong resilience that is the epitome of country people. An enormous thank you to all of those who have, enduring pandemic restrictions, continued to volunteer in our community as it is this spirit that creates the liveable environment which makes our shire our home.

I will conclude by thanking my fellow Councillors for their capacity to manage their civic duty faithfully and impartially to enable a team approach in the best interest of the people of Hay and the Hay Shire Council. Special gratitude must go to Cr Bill Sheaffe who has retired from the Mayors role after nine years of dedicated and proficient Council leadership.

It is a great honour to serve my community as Mayor and I look forward to a promising 2020/21. With the resilience our Council and community have demonstrated I anticipate the coming year to be a bit greener and one where we may all be able to breathe that little bit easier and enjoy life in our wonderful community.

Cr Jenny Dwyer  
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 <sup>2</sup>
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
<b>Total</b>	<b>51</b>

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  
Hay Flood Levee Committee  
Maude Hall 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 Jennifer Dwyer

## DEPUTY MAYOR

Cr David Townsend

### Mayoral and Councillor Allowances and Expenses

During the period 1st July 2019 to 30th June 2020, Council's Mayoral Allowance was \$15,150 and the total Councillor fees were \$80,000. All Councillor expenses, reimbursements and facilities are provided in accordance with the adopted policy. During the period 1st July 2019 to 30th June 2020 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 = \$6,801
- During the year Council expended the amount of \$3255 which included the following training programs:-
  - Code of Conduct Training (All Councillors)
  - Write for Impact (Cr J Dwyer)
- 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 2019/2020

- ❖ **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 2019/2020

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 General Manager is the only Senior Staff member. The total value of these contracts involving salary, superannuation, non-cash benefits and allowances is:-

<b>Total</b>	\$234,600
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## HUMAN RESOURCE ACTIVITIES

Hay Shire Council provided training opportunities to Council staff from the 1st July 2019 to the 30th June 2020, resulting in an expenditure of \$91,862. Training was undertaken by the majority of Council employees across many facets of Council's operations. The Workforce Plan is being progressively implemented.

## LEGAL PROCEEDINGS

During the period 1/7/19 to 30/6/20 Council incurred nil costs for legal expenses.

## 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 2019 to 30th June 2020, Council carried out works totalling \$109,538 from which it received an income of \$114,069. 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 2020 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 2019 to 30th June 2020 the following organisations received grants from Council totalling \$42,851.91 to the organisations listed below:-

Mens Shed	\$1101.91
Hay Public School	\$50.00
Hay War Memorial High School	\$50.00
St Mary's School	\$50.00
Hay Show Society	\$1000.00
Hay Jockey Club	\$1500.00
Hay School of the Air	\$50.00
Booligal Public School	\$50.00
Booligal Public School Parents	\$1000.00
Hay Tennis Club	\$5000.00
Hay Mardi Gras	\$1500.00
Shear Outback	\$30,00.00
Hay Dust N Rust Rally	\$1500.00

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 2019-2020 can be found in the Statutory section of this report.

## **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. Included in these actions was the adoption of a Fraud and Corruption Control Framework.

## **PUBLIC INTEREST DISCLOSURES**

Council has adopted a Public Interest Disclosure Policy. During the year Council undertook the following actions to meet staff awareness obligations:-

- Internal Reporting Policy on Council's Intranet
- Incorporated into new staff inductions

There were no public interest disclosures during the year ended 30th June 2020.

## **EQUAL EMPLOYMENT OPPORTUNITY**

Council has appointed an Equal Employment Opportunity Officer and has an adopted Equal Opportunity Management Policy.

All Staff are made aware of the obligations through induction procedures and information on Council's portal.

## **CARERS RECOGNITION**

Council has met its obligations under the Carers Recognition Act 2010 ensuring an awareness of the Statement for Australian Carer's, appropriate policies and actions undertaken, and carers have been consulted when developing programs.

## **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.

## RATES AND CHARGES WRITTEN OFF

During the period 1st July 2019 to 30th June 2020 the amount of \$102,647 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 \$3,150 was abandoned in the water and sewer funds under Councils community service obligation policy and fire fighting water connections policy.

## MAJOR CONTRACTS AWARDED

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

1. Downer EDI Works - Road Sealing Program	\$372,025.85 (ex GST)
2. Country Wide Asphalt Pty Ltd - Road Construction	\$1,176,270.45 (ex GST)
3. Barnson Pty Ltd - Maude Bridge Design	\$234,900 (ex GST)
4. Public Works - Maude Bridge Contract Management	\$172,290 (ex GST)

## PLANNING AND REPORTING

The Hay Shire Council is implementing the Hay Inclusion Action Plan with all new projects, and the following has been done or is in the process:

- Council chambers wheelchair access
- Council chambers serving counter
- Visitor Information Centre access
- Access to Library extensions
- Access ramp to Showground grandstand
- Extension of walking tracks through town.
- Toddler play and fenced playgrounds installed.
- Extended footpaths in parks, and fully accessible playground components.

Particulars of compliance with the effect of planning agreements in force during the year. There have been no planning agreements through the 2019/20 year.

Private pools:-

• Number of inspections of tourist and visitor accommodation for 2019/20	8
• Number of inspections of premises with more than 2 dwellings for 2019/20	0
• Number of inspections that resulted in issuance of a certificate of compliance under s22D of the SP Act	8
• Number of inspections that resulted in issuance of a certificate of non-compliance under cl21 of the SP Reg	0



## COMPANION ANIMALS - Statement of Activities

Lodgement of pound data collection returns with the Office of Local Government	Period from 1 July 2019 to 30 June 2020 supplied to Office of Local Government
Lodgement of data relating to dog attacks with the Office of Local Government	Period from 1 July 2019 to 30 June 2020 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
Net cost of Companion Animal Control	\$37,500.00

# **Report on Achievements in Implementing Delivery Program**



## 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		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>A1.1.1</b> – 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	Project funding allocated	DPD
<b>A1.1.2</b> – 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	Achieved	DPD

## Community Strategy A1.2

Identify suitable environmentally sustainable initiatives

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>A1.2.1</b> – Reduce consumption and reuse water	T1	Review Council's use of water	Q4	Reduction in Council's annual use of water	Ongoing. Undertaking waste review and monitoring of Council's water usage.	GM
<b>A1.2.2</b> – Recycling and Waste	T1	Contribute to regional waste management program. Manage Community Recycling Centre. Draft and implement Waste Management Strategy.	CO	Waste stream reduction and maximise potential life of waste facilities	Commenced and identified strategic initiatives	GM
<b>A1.2.3</b> – Reducing power consumption	T1	Continue energy audits of council buildings and implement energy saving initiatives as funds permit. Continue working with OEH.	Q2	Implement renewable energy projects. Reduce energy consumption and costs in Council buildings	Energy audits completed and recommendation being implemented progressively. New facilities energy efficient or solar technology	DPD
<b>A1.2.4</b> - Promote Sustainable Transport	T1	Implement Bike Plan	Q3	Construction of bike routes to continue and incorporate cycling in tourism	Completed bike path program for 2019/20	GM
<b>A1.2.5</b> - 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	Lobbying ongoing and representations made with local MP	GM

## Community Strategy

### A1.3

Implement river management strategic partnerships to protect river banks

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>A1.3.1</b> – Liaise and Consult with Stakeholders	T3	Seek commitment from Government agencies that a satisfactory weir pool will be maintained.	Q2	Consistent Weir Pool	Ongoing representations to State bodies	GM
<b>A1.3.2</b> – Ongoing advocacy and education policies	T3	Continue to lobby relevant bodies to ensure the preservation of river banks	Q4	Representations made	Incorporated into LSPS	GM



**Community Strategy**  
**A1.4**

Establish and maintain clear guidelines for zoning, urban planning and development

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>A1.4.1</b> – Oversee a Local Environmental Planning and compliance framework for managing and controlling land use development	T2	Amendment of Local Environmental Plan	Q4	Amendment of LEP	Completed and adopted LSPS and amendment of LEP commenced	DPD
<b>A1.4.2</b> – Ongoing advocacy and education policies	T2	Provide timely and effective advice to applicants and delivery partners	CO	Advice provided as required	Target achieved	DPD

**Community Strategy**  
**A1.5**

Provide suitable accessible transport alternatives including cycleways and walking tracks

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>A1.5.1</b> Review Cycleways and Masterplan	T5	Seek external funding	Q4	Applications submitted	Construction occurring as funding permits	GM
<b>A1.5.2</b> Improve signage and promotion	T5	Update signage on cycleway	Q4	Remove and install signage as required	Ongoing as resourcing permit	GM
	T5	Include cycleways and walking tracks in promotion activities	CO	Cycling and walking to be included in marketing campaigns	Ongoing, updating information as required	DPD
<b>A1.5.3</b> Plan and manage cycleways and walking tracks	T5	Implement Bike and Walkway Track Plans	CO	Implement projects and inspection regime for tracks	Ongoing, received, works being programmed	DPD
<b>A1.5.4</b> Provide accessible transport to the community	T5	Incorporate inclusion principles in works program	CO	Works undertaken	Construction occurring as funding permits	DPD & GM

**Community Strategy**  
**A1.6**

Maintain levee bank to protect community assets

2017-2021 Delivery Program		2019/2020 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	Implement inspection and maintenance plan for levee system	Q4	Plans implemented	Plan completed by Public Works and Grant application lodged.	GM
	T6	Implement service standards for annual inspection	Q3	Service standards implemented	Not achieved	GM



## A2

Our community is clean and healthy

### Community Strategy

#### A2.1

Keep amenities in a clean and safe condition

2017-2021 Delivery Program		2019/2020 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.	Ongoing as required	GM
	T6	Update the River Masterplan	Q3	New plan approved	Grant funding received and in progress	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	Implemented, ongoing monitoring for effectiveness	GM
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.	Ongoing with minimal complaints received	GM
A2.1.4 - Manage domestic waste and other waste management services	T5	Manage domestic waste collection contract	C0	Service delivered as contracted	Service being delivered	GM
	T5	Manage waste disposal facility	C0	Community satisfaction	Ongoing - improvement implemented	GM

## Community Strategy A2.2

Provide a clean and safe water supply

2017-2021 Delivery Program		2019/2020 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	Seek funding for the implementation of a Business Plan for the expansion of the Hay Town Supply	Q4	Complete plan	Commenced review of plan. Funding received.	GM
	T5	Investigate alternative town water supply	CO	Seek funding	Funding received and investigation occurring	GM

## Community Strategy A2.3

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

2017-2021 Delivery Plan		2019/2020 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	Ongoing with a detailed plan to be developed	GM

## Community Strategy A2.4

Parks open spaces and natural environments are well maintained

2017-2021 Delivery Program		2019/2020 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	New Park Playground at Hay Park completed. Parks being maintained as budgets and resources allow	GM
	T5	Implement open spaces plan	CO	Funding achieved to implement Plan	Ongoing and being achieved	DPD
A2.4.2 Allocate resources efficiently in accordance with community expectations	T5	Develop and implement service standards for parks	CO	Community satisfaction	Achieved and minimal complaints received	GM
A2.4.3 National Parks open and effectively managed	T6	Support initiatives for National Parks to be effectively managed and open to the public	CO	Parks open	Representations made to local Member	GM



## A3

We create a sustainable environment for future generations

### Community Strategy

#### A3.1

Run environmental workshop and events

2017-2021 Delivery Program		2019/2020 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	Q3	Waste management strategy completed	Commenced implementation of recommendations	GM

### Community Strategy

#### A3.2

Support and publicise initiatives undertaken

2017-2021 Delivery Program		2019/2020 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	Ongoing. Through fortnightly newsletters and local newspaper plus social media.	DPD

**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		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>B1.1.1</b> – Implement Community Development Plan	T1	Staged implementation of plan	CO	Plan Implemented	Superseded by the Community Strategic Plan	DPD

**Community Strategy**

**B1.2**

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

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>B1.2.1</b> – 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	Initiative supported	Ongoing and programmes supported. Organisational review considering additional employment opportunities.	GM

## Community Strategy

### B1.3

Establish and maintain working relationships with partners and safety agencies

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>B1.3.1</b> – Work with safety agencies to identify and develop strategies to address safety concerns in the community	T3	Incorporate Safety By Design principles in all new development	CO	Principles incorporated	Ongoing through LEMC and Community Safety Precinct meetings. A local Liquor Accord established	DPD



## Community Strategy

### B1.4

Build partnerships to foster and promote community well-being

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>B1.4.1</b> 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	Ongoing promotion of programs.	GM
<b>B1.4.2</b> 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	User groups consulted as required. Free facilities provided	GM
<b>B1.4.3</b> 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	Implementing as funding permits	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	Programs supported, use of groups and steering committees as required.	GM

**Community Strategy**  
**B1.5**

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

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>B1.5.1</b> 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	Participation Plan Completed	DPD
<b>B1.5.2</b> Coordinate committees and activities to facilitate participation in Council decision making	T5	Review Council S355 Committees and activities	Q1	S355 Committees fit for purpose	General Manager regularly attending S355 Committee meetings. S355 manual commenced	GM

## Community Strategy

### B1.5

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

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>B1.5.1</b> 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	Participation Plan Completed	DPD
<b>B1.5.2</b> Coordinate committees and activities to facilitate participation in Council decision making	T5	Review Council S355 Committees and activities	Q1	S355 Committees fit for purpose	General Manager regularly attending S355 Committee meetings. S355 manual commenced	GM

**B2**

Our community is vibrant

**Community Strategy**

**B2.1**

Enhance the atmosphere of the main street and public areas

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>B2.1.1</b> – To continuously upgrade and improve the Main Street area	T6	Continue to seek funding for Lachlan Street development	CO	Successful funding applications	Funding received. Master Plan developed	DPD
	T6	Implement funded projects for Lachlan Street development	Q4	Funded projects delivered on time and within budget	Whitcombe Place planning commenced. Delay in project due to Covid	GM
<b>B2.1.2</b> – 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	Being implemented as funding available	DPD/GM
	T6	Facilitate public art display in main street and public areas	CO	Displays on Exhibition	Being implemented and considered in Masterplan	DPD



**Community Strategy**  
**B2.2**

Actively promote the wellbeing of the community and its members

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>B2.2.1</b> – 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	Community satisfaction	User groups consulted as required and all abilities access incorporated in new designs	GM
<b>B2.2.2</b> – Promote and provide opportunities for education and lifelong learning	T3	Encourage community participation by all age groups in lifelong learning initiatives	Q4	Programs commenced	Relevant programmes supported	DCCS
	T3	Incorporate learning and education initiatives in library development	Q4	Project Completed	Project completed	DCCS

**Community Strategy**  
**B2.3**

Build on our recreation and cultural facilities and services

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>B2.3.1</b> – To continuously upgrade and improve the recreation and cultural facilities	T6	Implement grant funded projects	CO	Projects delivered on time and within budget	Being implemented as funding allows	GM
	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 and consultation occurs as required	DPD
<b>B2.3.2</b> - 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	Visitor numbers affected by Covid.	DPD

**Community Strategy**  
**B2.4**

Ensure services are accessible to all groups in the community

2017-2021 Delivery Program		2019/2020 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 when funds are available	CO	Programs undertaken	Implemented as funding permits and access incorporated in designs	DPD
	T3	Support inclusive initiatives and events	CO	Support provided	Programs supported	GM

## Community Strategy B2.5

Promote the town as a great lifestyle choice

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Target	Target	12 month Review	Responsibility
<b>B2.5.1</b> - 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	Deferred to Q3 2020/21	DPD
	T6	Deliver Stronger Country Communities Funded projects for local community infrastructure and seek further funding	CO	Projects delivered on time and within budget	Round 1 projects delivered. Round 2 and 3 in progress	DPD
	T4	Disseminate regular media releases to promote the liveability of Hay Shire.	CO	Hay Shire promoted	Shire promotes regularly through visitors centre	DPD

## Community Strategy B2.6

Provide high quality facilities to local sporting groups

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>B2.6.1</b> - 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	Round 1 projects delivered. Round 2 and 3 in progress	GM



**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		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
C1.1.1 – Implement Economic Development Action Plan	T1	Support business initiatives in partnership with the Business Enterprise Centre	CO	Initiatives supported	Recalibrate Hay program supporting businesses and providing workshops	DPD
	T1	Active business attraction program commenced	CO	Visits and provision of information to potentially interested businesses	Ongoing, with new initiatives being developed as part of the Recalibrate Hay project	DPD

## Community Strategy C1.2

Boost demand for products and services in Hay

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>C1.2.1</b> – 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	Ongoing and community business directory in place	DPD

## Community Strategy C1.3

Create growth industries

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>C1.3.1</b> – Implement Economic Development Action Plan	T1	Actively pursue new industry through visits, meetings, field days and industry activities	CO	Programs implemented	Implementation ongoing and included in the Recalibrate Hay project	DPD
	T1	Assist and provide support to existing business and industries	CO	Programs implemented	Support provided and programs being implemented	DPD

## C2

Our community values its history and tourism

### Community Strategy

#### C2.1

Actively identify promote and enhance tourism initiatives

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>C2.1.1</b> – Encourage tourism opportunities that meet the needs of the community	T3	Identify tourism markets and opportunities	CO	New tourist operations	Ongoing with opportunities being pursued as required.	GM
	T3	Provide guidance and support to new and existing tourist operations	CO	Number of businesses supported	Ongoing and will be considered in the Recalibrate Hay project.	GM
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	Funding received and planning commenced	GM
	T3	Implement appropriate tourism and marketing strategies	CO	Two marketing strategies implemented each year	Achieved	GM
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	Ongoing, and working with The Long Paddock and other agencies	GM
Improve visitation appeal	T3	Improve signage for local attractions and activities	CO	Installation	Included in Lachlan street Master Plan	GM

## Community Strategy C2.2

Promote camping facilities

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>C2.2.1</b> – 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	Camping visitor numbers affected by Covid.	GM

## Community Strategy C2.3

Showcase our open space, recreation and cultural facilities

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>C2.3.1</b> Promote and enhance our open space recreation and cultural facilities	T2	Participate in local and regional campaigns	CO	Increased visitor numbers	Visitor numbers affected by Covid	GM
Participate in marketing	T2	Include facilities in tourism and promotional material and Council planning and reporting documents	CO	Material published	Ongoing with promotion material updated as required	DPD



**C3**

We have the capacity to hold numerous events and activities

**Community Strategy**

**C3.1**

Promote events and activities

2017-2021 Delivery Program		2019/2020 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.	Events supported, however this has been affected by Covid	DPD
	T1	Advise and assist local organisations	CO	Number of events supported.	Events supported, however this has been affected by Covid	DPD

**Community Strategy**  
**C3.2**

Promote our capacity to stage events

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>C3.2.1</b> Promote the Hay region as an event destination	T1	Advertising on radio, social media and printed media	CO	Number of events supported.	Events supported, however events have been affected by Covid. Considerations to Radio and TV promotion as budgets permit.	GM

**C4**

Our community is innovative and adaptive

**Community Strategy**

**C4.1**

Identify opportunities to grow the agriculture sector

## 2017-2021 Delivery Program

## 2019/2020 Operational Plan

Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>C4.1.1</b> 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.	Ongoing and incorporated in the Recalibrate Hay project	DPD

## Community Strategy C4.2

Improve connectivity in the community

2017-2021 Delivery Program		2019/2020 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	Achieved	DCCS
	T2	Expand E business and internet services to improve accessibility	Q4	Electronic payment system implemented	Achieved	DCCS

**Community Strategy**  
**C4.3**

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

2017-2021 Delivery Program		2019/2020 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 with lobbying occurring through RAMJO and local member	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 with regular contact with local members and through RAMJO	GM



**Community Strategy**  
**C4.4**

Support education and training initiatives

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>C4.4.1</b> Promote and support education and training initiatives	T2	Continue the library transformation as a learning centre incorporating new initiatives in space development	Q2	Library expansion completed. Increased customer numbers	Project completed	DCCS

## 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		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>D1.1.1</b> – Complete statutory financial and governance returns to a satisfactory standard within required time frames	T1	Provide summary of the statutory reports to the public	Q4	Completed	Returns submitted in accordance with statutory time frames	DCCS
<b>D1.1.2</b> – Include regular organisational performance items in Council newsletters, publications and social media	T1	Include items in Council newsletter and social media about organisational performance	CO	Community satisfaction	Ongoing through fortnightly newsletter and social media.	GM

**Community Strategy**  
**D1.2**

Council effectively manages its resources

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>D1.2.1</b> – 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 Q2	Efficiency gains Audit Risk and Improvement Committee in place by December 2019	Committee re-established and continuing successful	GM
	T2	Implement Enterprise Risk Management Strategy across all Council activities	CO	Strategies developed	Ongoing and updated strategies developed	DCCS
<b>D1.2.2</b> – 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	Performance appraisals completed and training plans in place	GM
	T2	Plant is replaced, managed and utilised in an efficient way	CO	Workplace efficiency	Ongoing	GM
<b>D1.2.3</b> - 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	To be re-established	DCCS
	T2	Utilise mobile solutions	CO	Measurable workplace efficiencies	To be re-established	GM/DCCS
<b>D1.2.4</b> – 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	SRV deferred and other strategies being implemented	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		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>D1.3.1</b> – 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	Continually being achieved	DCCS
	T3	Policies updated to account for changing requirements and demands	CO	Policies reviewed and adopted before review date	Ongoing, with policies being reviewed as required	DCCS
	T3	Be aware of changes to policy, legislation and reform proposals and contribute to regional forums	CO	Opinions sought by industry groups	Ongoing with attendance at RAMJO and other regional forums/ meetings	GM
<b>D1.3.2</b> – 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	Completed	GM
<b>D1.3.3</b> - 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	Ongoing collaboration occurring with visit by Cumberland in December 2020. Delays due to Covid.	GM
	T3	Play an active role in the Riverina and Murray Joint Organisation	Q4	Greater influence over the resolution of regional issues	Participating actively in RAMJO	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		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>D1.4.1</b> – Consultation and engagement systems	T6	Engage with the community in accordance with the Participation Plan	CO	Community satisfaction	Ongoing consultation occurring as required. Improvement occurring.	DPD
<b>D1.4.2</b> - Management Frameworks	T6	Implement risk management framework and Fraud Control Plan	CO	Risk effectively managed	New Fraud Plan implemented	DCCS

## Community Strategy D1.5

Council will lead by example

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activity	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>D1.5.1</b> – 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	Resolutions implemented without delay	GM
	T5	Deliver high quality services that meet the needs and expectations of the community and other stakeholders	CO	Community Satisfaction	Ongoing and continuous improvement	GM

**Community Strategy**  
**D1.6**

Council will continuously seek to improve

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>D1.6.1</b> Service delivery and levels	T4	Review service delivery levels and standards on an annual basis	CO	Community satisfaction	Service levels reviewed as part of the organisation restructure	GM
<b>D1.6.2</b> Measure what we do	T4	Utilise data and feedback to measure our performance	CO	Improved performance and community satisfaction	Ongoing review of data and feedback	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		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 month Review	Responsibility
<b>D2.1.1</b> – 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	Achieved and ongoing	DCCS
<b>D2.1.2</b> – Keep the public informed and provide them with balanced and objective information that will facilitate consultation and engagement	T6	Include items in Council newsletter and social media about organisational performance	CO	Community satisfaction	Achieved and ongoing through newsletter and social media	GM

## Community Strategy D2.2

Effectively communicate the range availability and operation of services and facilities

2017-2021 Delivery Program		2019/2020 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	Not achieved	DCCS
	T1	Review and maintain Council's Community Information Directory	CO	Directory up to date	Updated regularly	GM
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	Actively engaged through social media	DCCS

**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		2019/2020 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	Program implemented as per budget	GM
	T3	Engage and consult with the community on service levels and requirements through the Participation Plan	Q2	Community satisfaction	Consultation occurs as required	GM

**Community Strategy**  
**E2.1**

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

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	6 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	Works occurring as planned	GM
	T1	Implement inspection regime of assets identifying condition and defects	CO	Efficient and effective management of assets	Continuous improvement required	GM
	T1	Complete required plans of management	Q3	Timetable for completion established and implemented	Not Achieved	DPD/GM

**Community Strategy**  
**E3.1**

Ensure Council effectively manages its infrastructure assets

2017-2021 Delivery Program		2019/2020 Operational Plan				
Principal Activity	Council Target	Priority	Completion	Target	6 month Review	Responsibility
E3.1.1 – Manage roads, water, sewerage, recreational and drainage assets for the community	T2	Develop and deliver asset management plans	Q4	Well managed assets	Commenced and collecting data through consultants	GM
	T1	Effectively manage the utilisation, maintenance and renewal of Council's plant and equipment	CO	Workplace efficiency	Reviewed as part of the Organisation Restructure	GM

# 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 2020

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# Hay Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2020

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# General Purpose Financial Statements

for the year ended 30 June 2020

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## Overview

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](http://www.hay.nsw.gov.au).

## General Purpose Financial Statements

for the year ended 30 June 2020

### Understanding Council's Financial Statements

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#### Introduction

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

#### What you will find in the Statements

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

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

#### About the Councillor/Management Statement

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

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

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

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

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

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

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

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

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

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

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

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

#### Who uses the Financial Statements?

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

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

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

## General Purpose Financial Statements

for the year ended 30 June 2020

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

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

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

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

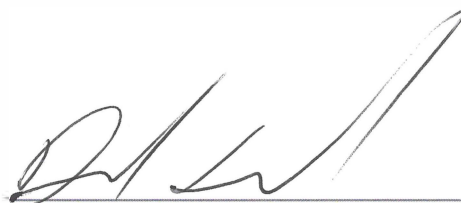
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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

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



Cr Bill Sheaffe  
**Mayor**  
15 September 2020



Cr David Townsend  
**Councillor**  
15 September 2020



David Webb  
**General Manager**  
15 September 2020



Mark Dowling  
**Responsible Accounting Officer**  
15 September 2020



## Income Statement

for the year ended 30 June 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Actual 2019 <sup>1</sup>
<b>Income from continuing operations</b>				
4,571	Rates and annual charges	3a	4,389	4,341
889	User charges and fees	3b	985	988
46	Other revenues	3c	114	383
4,801	Grants and contributions provided for operating purposes	3d,3e	5,693	4,556
4,274	Grants and contributions provided for capital purposes	3d,3e	2,517	5,672
150	Interest and investment income	4	133	197
–	Net gains from the disposal of assets	6	73	87
–	Rental income	13a	101	–
14,731	<b>Total income from continuing operations</b>		14,005	16,224
<b>Expenses from continuing operations</b>				
4,316	Employee benefits and on-costs	5a	4,256	4,093
109	Borrowing costs	5b	94	133
2,185	Materials and contracts	5c	2,260	1,977
2,881	Depreciation and amortisation	5d	4,102	3,059
1,542	Other expenses	5e	1,607	1,498
11,033	<b>Total expenses from continuing operations</b>		12,319	10,760
3,698	<b>Operating result from continuing operations</b>		1,686	5,464
3,698	<b>Net operating result for the year</b>		1,686	5,464
–	Net operating result attributable to council		1,686	5,464
–	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		(831)	(208)

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

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

## Statement of Comprehensive Income

for the year ended 30 June 2020

\$ '000	Notes	2020	2019 <sup>1</sup>
<b>Net operating result for the year (as per Income Statement)</b>		<b>1,686</b>	<b>5,464</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	11(a)	6,838	76,498
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>6,838</b>	<b>76,498</b>
<b>Total other comprehensive income for the year</b>		<b>6,838</b>	<b>76,498</b>
<b>Total comprehensive income for the year</b>		<b>8,524</b>	<b>81,962</b>
 Total comprehensive income attributable to Council		 8,524	 81,962

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

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

# Statement of Financial Position

as at 30 June 2020

\$ '000	Notes	2020	2019 <sup>1</sup>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7(a)	11,677	10,089
Receivables	8	1,338	2,076
Inventories	9a	191	234
Other	9b	26	26
<b>Total current assets</b>		<b>13,232</b>	<b>12,425</b>
<b>Non-current assets</b>			
Inventories	9a	75	70
Infrastructure, property, plant and equipment	11(a)	177,528	168,640
<b>Total non-current assets</b>		<b>177,603</b>	<b>168,710</b>
<b>Total assets</b>		<b>190,835</b>	<b>181,135</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	14	890	576
Contract liabilities	12	1,172	–
Borrowings	14	225	219
Provisions	15	1,516	1,382
<b>Total current liabilities</b>		<b>3,803</b>	<b>2,177</b>
<b>Non-current liabilities</b>			
Borrowings	14	2,074	2,244
Provisions	15	609	601
<b>Total non-current liabilities</b>		<b>2,683</b>	<b>2,845</b>
<b>Total liabilities</b>		<b>6,486</b>	<b>5,022</b>
<b>Net assets</b>		<b>184,349</b>	<b>176,113</b>
<b>EQUITY</b>			
Accumulated surplus		56,336	54,938
Revaluation reserves		128,013	121,175
<b>Council equity interest</b>		<b>184,349</b>	<b>176,113</b>
<b>Total equity</b>		<b>184,349</b>	<b>176,113</b>

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

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

## Statement of Changes in Equity

for the year ended 30 June 2020

\$ '000	Notes	as at 30/06/20			as at 30/06/19 <sup>1</sup>		
		Accumulated surplus	IPP&E revaluation reserve	Total equity	Accumulated surplus	IPP&E revaluation reserve	Total equity
Opening balance		54,938	121,175	176,113	49,474	44,677	94,151
Changes due to AASB 1058 and AASB 15 adoption	16	(288)	–	(288)	–	–	–
Changes due to AASB 16 adoption		–	–	–	–	–	–
Net operating result for the year		1,686	–	1,686	5,464	–	5,464
<b>Restated net operating result for the period</b>		<b>1,686</b>	<b>–</b>	<b>1,686</b>	<b>5,464</b>	<b>–</b>	<b>5,464</b>
<b>Other comprehensive income</b>							
– Gain (loss) on revaluation of IPP&E	11(a)	–	6,838	6,838	–	76,498	76,498
<b>Other comprehensive income</b>		<b>–</b>	<b>6,838</b>	<b>6,838</b>	<b>–</b>	<b>76,498</b>	<b>76,498</b>
<b>Total comprehensive income</b>		<b>1,686</b>	<b>6,838</b>	<b>8,524</b>	<b>5,464</b>	<b>76,498</b>	<b>81,962</b>
<b>Equity – balance at end of the reporting period</b>		<b>56,336</b>	<b>128,013</b>	<b>184,349</b>	<b>54,938</b>	<b>121,175</b>	<b>176,113</b>

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

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

# Statement of Cash Flows

for the year ended 30 June 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Actual 2019
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
4,571	Rates and annual charges		4,410	4,472
889	User charges and fees		1,057	949
150	Investment and interest revenue received		146	210
9,075	Grants and contributions		9,475	9,212
–	Bonds, deposits and retention amounts received		38	2
46	Other		985	1,451
<b>Payments:</b>				
(4,316)	Employee benefits and on-costs		(4,239)	(4,273)
(2,185)	Materials and contracts		(2,333)	(2,956)
(108)	Borrowing costs		(102)	(110)
(1,542)	Other		(2,031)	(1,494)
6,580	<b>Net cash provided (or used in) operating activities</b>	17b	7,406	7,463
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
–	Sale of real estate assets		–	16
100	Sale of infrastructure, property, plant and equipment		111	138
–	Deferred debtors receipts		–	6
<b>Payments:</b>				
(6,483)	Purchase of infrastructure, property, plant and equipment		(5,765)	(8,768)
(6,383)	<b>Net cash provided (or used in) investing activities</b>		(5,654)	(8,608)
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
–	Proceeds from borrowings and advances		–	1,250
<b>Payments:</b>				
(169)	Repayment of borrowings and advances		(164)	(95)
(169)	<b>Net cash flow provided (or used in) financing activities</b>		(164)	1,155
28	<b>Net increase/(decrease) in cash and cash equivalents</b>		1,588	10
9,550	Plus: cash and cash equivalents – beginning of year	17a	10,089	10,079
9,578	<b>Cash and cash equivalents – end of the year</b>	17a	11,677	10,089

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

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

## Notes to the Financial Statements

for the year ended 30 June 2020

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## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 1. Basis of preparation

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These financial statements were authorised for issue by Council on 15 September 2020. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the 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.

#### (a) Historical cost convention

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

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

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

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

#### Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note 11
- (ii) estimated tip remediation provisions – refer Note 15
- (iii) employee benefit provisions – refer Note 15.

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

- (i) Impairment of receivables

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

### Monies and other assets received by Council

#### (a) The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service

## Notes to the Financial Statements

for the year ended 30 June 2020

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

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#### (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.

#### Volunteer services

A number of Council services are provided by volunteers. These include work in the museums, parks, aged care and community transport. The value of the services received cannot be reliably measured but it is significant.

#### 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 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.

## Notes to the Financial Statements

for the year ended 30 June 2020

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

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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 \$668,000, 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.

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

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 16.

## Notes to the Financial Statements

for the year ended 30 June 2020

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

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

\$ '000	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Carrying amount of assets	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Functions or activities</b>										
Governance	–	1	486	577	(486)	(576)	–	–	–	–
Administration	88	163	1,309	1,099	(1,221)	(936)	2	90	8,793	8,388
Public Order and Safety	634	108	517	436	117	(328)	608	92	1,644	1,341
Health	5	4	6	12	(1)	(8)	–	–	3,100	3,149
Environment	584	532	923	748	(339)	(216)	32	31	13,306	13,853
Community Services and Education	446	474	423	435	23	39	371	396	797	797
Housing and Community Amenities	288	234	1,217	1,056	(929)	(822)	78	38	3,162	2,732
Water Supplies	1,186	1,400	1,335	1,213	(149)	187	1	–	14,013	14,017
Sewerage Services	1,476	5,537	1,136	783	340	4,754	471	4,509	17,995	17,580
Recreation and Culture	1,133	623	1,293	1,317	(160)	(694)	1,123	589	17,873	14,154
Mining Manufacturing and Construction	34	15	107	104	(73)	(89)	–	–	–	–
Transport and Communication	2,302	1,437	3,095	2,544	(793)	(1,107)	1,342	483	109,542	104,533
Economic Affairs	284	226	472	436	(188)	(210)	57	1	610	591
General Purpose	5,545	5,470	–	–	5,545	5,470	3,163	3,055	–	–
<b>Total functions and activities</b>	<b>14,005</b>	<b>16,224</b>	<b>12,319</b>	<b>10,760</b>	<b>1,686</b>	<b>5,464</b>	<b>7,248</b>	<b>9,284</b>	<b>190,835</b>	<b>181,135</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

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

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

#### **Governance**

Includes costs relating to Council's role as a component of democratic Government including elections members fees and expenses 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 2020

### Note 3. Revenue from continuing operations

\$ '000	AASB	2020	2019
<b>(a) Rates and annual charges</b>			
<b>Ordinary rates</b>			
Residential	1058 (1)	833	831
Farmland	1058 (1)	1,169	1,152
Business	1058 (1)	321	321
Less: pensioner rebates (mandatory)	1058 (1)	(43)	(42)
<b>Rates levied to ratepayers</b>		<b>2,280</b>	<b>2,262</b>
Pensioner rate subsidies received	1058 (1)	24	23
<b>Total ordinary rates</b>		<b>2,304</b>	<b>2,285</b>
<b>Annual charges</b>			
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services	1058 (1)	325	324
Water supply services	1058 (1)	666	644
Sewerage services	1058 (1)	943	941
Waste management services (non-domestic)	1058 (1)	177	175
Less: pensioner rebates (mandatory)	1058 (1)	(59)	(59)
<b>Annual charges levied</b>		<b>2,052</b>	<b>2,025</b>
Pensioner subsidies received:			
– Water	1058 (1)	11	10
– Sewerage	1058 (1)	11	10
– Domestic waste management	1058 (1)	11	11
<b>Total annual charges</b>		<b>2,085</b>	<b>2,056</b>
<b>TOTAL RATES AND ANNUAL CHARGES</b>		<b>4,389</b>	<b>4,341</b>

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

- 15 (1)** indicates income recognised under AASB 15 “at a point in time”,  
**15 (2)** indicates income recognised under AASB 15 “over time”,  
**1058 (1)** indicates income recognised under AASB 1058 “at a point in time”, while  
**1058 (2)** indicates income recognised under AASB 1058 “over time”.

Council has used 2019 year valuations provided by the NSW Valuer General in calculating its rates.

#### Accounting policy for rates and charges

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

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

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

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

#### 2019 accounting policy

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

## Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	AASB	2020	2019
<b>(b) User charges and fees</b>			
<b>Specific user charges</b>			
(per s.502 - specific 'actual use' charges)			
Water supply services	15 (1)	505	567
Sewerage services	15 (1)	41	42
<b>Total specific user charges</b>		<b>546</b>	<b>609</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Planning and building regulation	15 (1)	63	39
Private works – section 67	15 (1)	114	90
Regulatory/ statutory fees	15 (1)	19	15
Registration fees	15 (1)	7	6
Section 10.7 certificates (EP&A Act)	15 (1)	7	7
Section 603 certificates	15 (1)	6	7
<b>Total fees and charges – statutory/regulatory</b>		<b>216</b>	<b>164</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Aerodrome	15 (1)	2	10
Cemeteries	15 (1)	53	41
Leaseback fees – Council vehicles	15 (1)	–	14
Library and art gallery	15 (1)	2	6
Recycling income (non-domestic)	15 (1)	55	7
Sundry sales	15 (1)	25	27
Tourism	15 (1)	23	29
Aged and disabled care	15 (1)	55	63
Public halls	15 (1)	–	7
Sportsgrounds	15 (1)	7	11
Other	15 (1)	1	–
<b>Total fees and charges – other</b>		<b>223</b>	<b>215</b>
<b>TOTAL USER CHARGES AND FEES</b>		<b>985</b>	<b>988</b>

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

**15 (1)** indicates income recognised under AASB 15 “at a point in time”,

**15 (2)** indicates income recognised under AASB 15 “over time”,

**1058 (1)** indicates income recognised under AASB 1058 “at a point in time”, while

**1058 (2)** indicates income recognised under AASB 1058 “over time”.

**Accounting policy for user charges and fees**

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

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2020

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

**2019 accounting policy**

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

\$ '000	AASB	2020	2019
<b>(c) Other revenues</b>			
Rental income – other council properties (2019 only)		–	89
Legal fees recovery – rates and charges (extra charges)		–	18
Commissions and agency fees	15 (1)	31	12
Insurance claims recoveries	1058 (1)	49	21
Sales of Water from Council allocation	15 (1)	–	171
Sales – general	15 (1)	33	51
Other	15 (1)	1	21
<b>TOTAL OTHER REVENUE</b>		<b>114</b>	<b>383</b>

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

**15 (1)** indicates income recognised under AASB 15 “at a point in time”,

**15 (2)** indicates income recognised under AASB 15 “over time”,

**1058 (1)** indicates income recognised under AASB 1058 “at a point in time”, while

**1058 (2)** indicates income recognised under AASB 1058 “over time”.

**Accounting policy for other revenue**

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

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

**2019 accounting policy:**

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

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

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 2020

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

\$ '000	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
<b>(d) Grants</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	1058 (1)	1,125	1,098	–	–
Financial assistance – local roads component	1058 (1)	410	402	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component	1058 (1)	1,196	1,138	–	–
Financial assistance – local roads component	1058 (1)	432	417	–	–
<b>Total general purpose</b>		<b>3,163</b>	<b>3,055</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>					
Water supplies	1058 (2)	1	–	–	–
Sewerage services	1058 (2)	–	–	471	4,509
Bushfire and emergency services	1058 (1)	183	92	425	–
Community care	1058 (1)	33	36	–	–
Economic development	1058 (1)	34	–	–	–
Employment and training programs	1058 (1)	2	4	–	–
Library	1058 (1)	70	23	–	–
Land Management	1058 (1)	–	86	–	–
Library – special projects	1058 (1)	–	–	68	66
Recreation and culture	1058 (2)	159	–	867	499
Noxious weeds	1058 (1)	32	31	–	–
Street lighting	1058 (1)	39	38	–	–
Transport (roads to recovery)	1058 (1)	763	32	–	–
Transport (other roads and bridges funding)	1058 (1)	38	–	536	452
Animal shelter	1058 (1)	4	–	–	–
Aged and disabled care	1058 (1)	338	330	–	–
Community development	1058 (1)	–	30	–	–
Tourism	1058 (1)	22	1	–	–
<b>Total specific purpose</b>		<b>1,718</b>	<b>703</b>	<b>2,367</b>	<b>5,526</b>
<b>Total grants</b>		<b>4,881</b>	<b>3,758</b>	<b>2,367</b>	<b>5,526</b>
<b>Grant revenue is attributable to:</b>					
– Commonwealth funding		4,407	3,245	–	–
– State funding		474	513	2,367	5,526
		<b>4,881</b>	<b>3,758</b>	<b>2,367</b>	<b>5,526</b>

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

**15 (1)** indicates income recognised under AASB 15 “at a point in time”,

**15 (2)** indicates income recognised under AASB 15 “over time”,

**1058 (1)** indicates income recognised under AASB 1058 “at a point in time”, while

**1058 (2)** indicates income recognised under AASB 1058 “over time”.

## Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
<b>(e) Contributions</b>					
<b>Other contributions:</b>					
<b>Cash contributions</b>					
Community services	1058 (2)	2	–	–	–
Recreation and culture	1058 (2)	1	–	–	–
RMS contributions (regional roads, block grant)	1058 (1)	809	798	150	146
<b>Total other contributions – cash</b>		<b>812</b>	<b>798</b>	<b>150</b>	<b>146</b>
<b>Total other contributions</b>		<b>812</b>	<b>798</b>	<b>150</b>	<b>146</b>
<b>Total contributions</b>		<b>812</b>	<b>798</b>	<b>150</b>	<b>146</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>		<b>5,693</b>	<b>4,556</b>	<b>2,517</b>	<b>5,672</b>

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

**15 (1)** indicates income recognised under AASB 15 “at a point in time”,

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**1058 (1)** indicates income recognised under AASB 1058 “at a point in time”, while

**1058 (2)** indicates income recognised under AASB 1058 “over time”.

**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 2020

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

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

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

**Operating grants**

Unexpended at the close of the previous reporting period	171	119
<b>Add:</b> operating grants recognised as income in the current period but not yet spent (2019 only)	–	127
<b>Less:</b> operating grants recognised in a previous reporting period now spent (2019 only)	(28)	(75)
<b>Less:</b> operating grants received in a previous reporting period now spent and recognised as income	–	–
<b>Unexpended and held as externally restricted assets (operating grants)</b>	<b>143</b>	<b>171</b>

Unexpended operating grants relate mainly to Crown Lands Management grant

**Capital grants**

Unexpended at the close of the previous reporting period	668	470
<b>Add:</b> capital grants recognised as income in the current period but not yet spent (2019 only)	–	503
<b>Less:</b> capital grants recognised in a previous reporting period now spent (2019 only)	(523)	(305)
<b>Less:</b> capital grants received in a previous reporting period now spent and recognised as income	–	–
<b>Unexpended and held as externally restricted assets (capital grants)</b>	<b>145</b>	<b>668</b>

Unexpended capital grants relate mainly to Stronger Country Community grants

## Note 4. Interest and investment income

\$ '000	2020	2019
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**Interest on financial assets measured at amortised cost**

– Overdue rates and annual charges (incl. special purpose rates)	37	37
– Cash and investments	96	160
<b>Total Interest and investment income</b>	<b>133</b>	<b>197</b>

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

Overdue rates and annual charges (general fund)	15	15
General Council cash and investments	64	96

**Restricted investments/funds – external:**

Water fund operations	21	28
Sewerage fund operations	29	54
Domestic waste management operations	4	4

<b>Total interest and investment revenue</b>	<b>133</b>	<b>197</b>
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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.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 5. Expenses from continuing operations

\$ '000	2020	2019
<b>(a) Employee benefits and on-costs</b>		
Salaries and wages	3,364	3,180
Employee leave entitlements (ELE)	656	590
Superannuation	524	508
Workers' compensation insurance	117	111
Fringe benefit tax (FBT)	16	27
Other	22	17
<b>Total employee costs</b>	<b>4,699</b>	<b>4,433</b>
Less: capitalised costs	(443)	(340)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>	<b>4,256</b>	<b>4,093</b>
Number of 'full-time equivalent' employees (FTE) at year end	52	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 20 for more information.

\$ '000	Notes	2020	2019
<b>(b) Borrowing costs</b>			
<b>(i) Interest bearing liability costs</b>			
Interest on loans		88	129
<b>Total interest bearing liability costs</b>		<b>88</b>	<b>129</b>
<b>Total interest bearing liability costs expensed</b>		<b>88</b>	<b>129</b>
<b>(ii) Other borrowing costs</b>			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	15	6	4
<b>Total other borrowing costs</b>		<b>6</b>	<b>4</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>94</b>	<b>133</b>

**Accounting policy for borrowing costs**

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

## Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	2020	2019
<b>(c) Materials and contracts</b>		
Raw materials and consumables	788	677
Contractor and consultancy costs	1,422	1,233
Auditors remuneration <sup>1</sup>	50	44
<b>Legal expenses:</b>		
– Legal expenses: planning and development	–	5
– Legal expenses: debt recovery	–	15
– Legal expenses: other	–	3
<b>Total materials and contracts</b>	<b>2,260</b>	<b>1,977</b>
<b>TOTAL MATERIALS AND CONTRACTS</b>	<b>2,260</b>	<b>1,977</b>
<b>1. Auditor remuneration</b>		
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms.		
<b>Auditors of the Council - NSW Auditor-General:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	50	44
<b>Remuneration for audit and other assurance services</b>	<b>50</b>	<b>44</b>
<b>Total Auditor-General remuneration</b>	<b>50</b>	<b>44</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	Notes	2020	2019
<b>(d) Depreciation, amortisation and impairment of IPP&amp;E</b>			
<b>Depreciation and amortisation</b>			
Plant and equipment		432	442
Office equipment		14	14
Furniture and fittings		1	28
Land improvements (depreciable)		2	1
<b>Infrastructure:</b>	11(a)		
– Buildings – non-specialised		33	33
– Buildings – specialised		364	363
– Other structures		109	101
– Roads		1,983	1,562
– Stormwater drainage		195	85
– Water supply network		442	292
– Sewerage network		578	212
<b>Other assets:</b>			
– Other		15	8
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	15, 11(a)	37	34
<b>Total gross depreciation and amortisation costs</b>		<b>4,205</b>	<b>3,175</b>
Less: capitalised costs		(103)	(116)
<b>Total depreciation and amortisation costs</b>		<b>4,102</b>	<b>3,059</b>
<b><u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT FOR IPP&amp;E</u></b>		<b>4,102</b>	<b>3,059</b>

**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 11 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 2020

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

\$ '000	2020	2019
<b>(e) Other expenses</b>		
Advertising	30	23
Training costs (other than salaries and wages)	92	83
Bank charges	15	15
Contributions/levies to other levels of government:		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	5	4
– NSW fire brigade levy	27	24
– NSW rural fire service levy	138	135
Councillor expenses – mayoral fee	15	15
Councillor expenses – councillors' fees	78	78
Councillors' expenses (incl. mayor) – other (excluding fees above)	17	40
Donations, contributions and assistance	36	40
Electricity and heating	274	289
Fire control expenses	135	75
Insurance	243	226
Medical services	31	32
Postage	16	17
Printing and stationery	39	52
Street lighting	82	108
Subscriptions and publications	42	34
Telephone and communications	57	60
Tourism expenses (excluding employee costs)	125	114
Valuation fees	95	21
Other	15	13
<b>Total other expenses</b>	<b>1,607</b>	<b>1,498</b>
<b>TOTAL OTHER EXPENSES</b>	<b>1,607</b>	<b>1,498</b>

**Accounting policy for other expenses**

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

## Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	Notes	2020	2019
<b>Plant and equipment</b>	11(a)		
Proceeds from disposal – plant and equipment		111	138
Less: carrying amount of plant and equipment assets sold/written off		(38)	(54)
<b>Net gain/(loss) on disposal</b>		<b>73</b>	<b>84</b>
<b>Real estate assets held for sale</b>	9		
Proceeds from disposal – real estate assets		–	16
Less: carrying amount of real estate assets sold/written off		–	(13)
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>3</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>73</b>	<b>87</b>

**Accounting policy for disposal of assets**

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

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

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

\$ '000	2020	2019
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	5,604	4,142
Cash-equivalent assets		
– Short-term deposits	6,073	5,947
<b>Total cash and cash equivalents</b>	<b>11,677</b>	<b>10,089</b>

**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 7(b). Investments

Nil

**Accounting policy for investments**

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

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

**Financial assets**

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



## Notes to the Financial Statements

for the year ended 30 June 2020

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

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#### 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.

## Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Total cash, cash equivalents and investments	11,677	–	10,089	–
<b>attributable to:</b>				
External restrictions	5,338	–	4,670	–
Internal restrictions	3,960	–	3,993	–
Unrestricted	2,379	–	1,426	–
	11,677	–	10,089	–

\$ '000	2020	2019
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## Details of restrictions

## External restrictions – included in liabilities

Specific purpose unexpended grants – general fund (2020 only)	288	–
Specific purpose unexpended grants – water fund (2020 only)	–	–
Specific purpose unexpended grants – sewer fund (2020 only)	–	–
<b>External restrictions – included in liabilities</b>	<b>288</b>	<b>–</b>

## External restrictions

Specific purpose unexpended grants (recognised as revenue) – general fund	–	839
Water supplies	2,697	2,560
Sewerage services	2,353	1,271
<b>External restrictions</b>	<b>5,050</b>	<b>4,670</b>

## Total external restrictions

## Internal restrictions

Plant and vehicle replacement	404	504
Infrastructure replacement	583	618
Employees leave entitlement	620	620
Aerodrome	157	157
Computer replacement	32	32
Financial Assistance Grants	1,627	1,555
HACC reserve	155	145
Land development	4	4
LEP - Local Environment Plan	17	17
Levee bank	324	324
Library	14	14
Youth	23	3
<b>Total internal restrictions</b>	<b>3,960</b>	<b>3,993</b>

## TOTAL RESTRICTIONS

	9,298	8,663
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## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 8. Receivables

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
<b>Purpose</b>				
Rates and annual charges	510	—	425	—
Interest and extra charges	53	—	53	—
User charges and fees	83	—	119	—
Private works	106	—	120	—
Accrued revenues				
– Interest on investments	4	—	17	—
Government grants and subsidies	427	—	1,229	—
Net GST receivable	155	—	113	—
Less: Provision for impairment expected credit loss allowance	—	—	—	—
<b>Total</b>	<b>1,338</b>	<b>—</b>	<b>2,076</b>	<b>—</b>
<b>TOTAL NET RECEIVABLES</b>	<b>1,338</b>	<b>—</b>	<b>2,076</b>	<b>—</b>
<b>Externally restricted receivables</b>				
<b>Water supply</b>				
– Rates and availability charges	207	—	144	—
– Other	—	—	103	—
<b>Sewerage services</b>				
– Specific purpose grants	—	—	1,059	—
– Rates and availability charges	102	—	81	—
– Other	—	—	13	—
<b>Total external restrictions</b>	<b>309</b>	<b>—</b>	<b>1,400</b>	<b>—</b>
<b>Unrestricted receivables</b>	<b>1,029</b>	<b>—</b>	<b>676</b>	<b>—</b>
<b>TOTAL NET RECEIVABLES</b>	<b>1,338</b>	<b>—</b>	<b>2,076</b>	<b>—</b>

### 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

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

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

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

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 8. Receivables (continued)

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- the financial assets (for non-rates debtors) are more than 90 days past due.

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

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

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

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

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

Rates and annual charges outstanding are secured against the property.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 9. Inventories and other assets

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
<b>(a) Inventories</b>				
<b>(i) Inventories at cost</b>				
Real estate for resale	109	–	109	–
Stores and materials	82	–	125	–
Loose tools	–	75	–	70
<b>Total inventories at cost</b>	<b>191</b>	<b>75</b>	<b>234</b>	<b>70</b>
<b><u>TOTAL INVENTORIES</u></b>	<b><u>191</u></b>	<b><u>75</u></b>	<b><u>234</u></b>	<b><u>70</u></b>

### (b) Other assets

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

### Externally restricted assets

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
<b>Water</b>				
Stores and materials	–	4	–	5
<b>Total water</b>	<b>–</b>	<b>4</b>	<b>–</b>	<b>5</b>
<b>Sewerage</b>				
Stores and materials	–	3	–	3
<b>Total sewerage</b>	<b>–</b>	<b>3</b>	<b>–</b>	<b>3</b>
<b>Total externally restricted assets</b>	<b>–</b>	<b>7</b>	<b>–</b>	<b>8</b>
<b>Total internally restricted assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total unrestricted assets</b>	<b>217</b>	<b>68</b>	<b>260</b>	<b>62</b>
<b>TOTAL INVENTORIES AND OTHER ASSETS</b>	<b>217</b>	<b>75</b>	<b>260</b>	<b>70</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

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

## (i) Other disclosures

\$ '000	Notes	2020 Current	2020 Non-current	2019 Current	2019 Non-current
<b>(a) Details for real estate development</b>					
Residential		109	—	109	—
<b>Total real estate for resale</b>		<b>109</b>	<b>—</b>	<b>109</b>	<b>—</b>
(Valued at the lower of cost and net realisable value)					
<b>Represented by:</b>					
Acquisition costs		109	—	109	—
<b>Total costs</b>		<b>109</b>	<b>—</b>	<b>109</b>	<b>—</b>
<b>Total real estate for resale</b>		<b>109</b>	<b>—</b>	<b>109</b>	<b>—</b>
<b>Movements:</b>					
Real estate assets at beginning of the year		109	—	122	—
– WDV of sales (expense)	6	—	—	(13)	—
<b>Total real estate for resale</b>		<b>109</b>	<b>—</b>	<b>109</b>	<b>—</b>

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

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

\$ '000	2020	2019
Real estate for resale	88	109
	<b>88</b>	<b>109</b>

## Accounting policy for inventories and other assets

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

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

## Land held for resale/capitalisation of borrowing costs

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

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

## Note 10. 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 2020

### Note 11(a). Infrastructure, property, plant and equipment

	as at 30/06/19			Asset movements during the reporting period					as at 30/06/20		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals <sup>1</sup>	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
<b>\$ '000</b>											
Capital work in progress	6,464	–	6,464	–	–	–	(5,228)	–	1,236	–	1,236
Plant and equipment	8,282	(6,591)	1,691	1,086	(38)	(432)	(127)	–	8,817	(6,638)	2,179
Office equipment	672	(573)	99	25	–	(14)	–	–	698	(587)	111
Furniture and fittings	275	(238)	37	5	–	(1)	–	–	280	(238)	42
<b>Land:</b>											
– Operational land	1,707	–	1,707	3	–	–	–	–	1,710	–	1,710
– Community land	1,218	–	1,218	–	–	–	–	339	1,557	–	1,557
Land improvements – depreciable	62	(18)	44	7	–	(2)	–	–	69	(21)	48
<b>Infrastructure:</b>											
– Buildings – non-specialised	1,647	(136)	1,511	43	–	(33)	–	–	1,690	(170)	1,520
– Buildings – specialised	27,193	(7,837)	19,356	995	–	(364)	(47)	–	28,142	(8,202)	19,940
– Other structures	4,081	(2,317)	1,764	889	–	(109)	520	1,781	8,026	(3,181)	4,845
– Roads, bridges and footpaths	127,103	(25,872)	101,231	2,163	–	(1,983)	(744)	–	128,522	(27,855)	100,667
– Stormwater drainage	17,605	(5,278)	12,327	14	–	(195)	–	–	17,619	(5,473)	12,146
– Water supply network	25,119	(14,025)	11,094	228	–	(442)	–	103	25,587	(14,604)	10,983
– Sewerage network	21,661	(12,777)	8,884	806	–	(578)	6,016	144	22,880	(7,608)	15,272
<b>Other assets:</b>											
– Library books	106	(106)	–	–	–	–	–	–	106	(106)	–
– Other	1,421	(657)	764	38	–	(15)	(390)	4,471	7,618	(2,749)	4,869
<b>Reinstatement, rehabilitation and restoration assets (refer Note 12):</b>											
– Tip assets	559	(110)	449	–	–	(37)	(9)	–	549	(146)	403
<b>Total Infrastructure, property, plant and equipment</b>	<b>245,175</b>	<b>(76,535)</b>	<b>168,640</b>	<b>6,302</b>	<b>(38)</b>	<b>(4,205)</b>	<b>(9)</b>	<b>6,838</b>	<b>255,106</b>	<b>(77,578)</b>	<b>177,528</b>

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

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 11(a). Infrastructure, property, plant and equipment (continued)

	as at 30/06/18			Asset movements during the reporting period					as at 30/06/19		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals <sup>1</sup>	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
<b>\$ '000</b>											
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
<b>Land:</b>											
– 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
<b>Infrastructure:</b>											
– 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	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
<b>Other assets:</b>											
– Library books	106	(106)	–	–	–	–	–	–	106	(106)	–
– Other	1,372	(649)	723	49	–	(8)	–	–	1,421	(657)	764
<b>Reinstatement, rehabilitation and restoration assets (refer Note 12):</b>											
– Tip assets	211	(76)	135	–	–	(34)	348	–	559	(110)	449
<b>Total Infrastructure, property, plant and equipment</b>	<b>168,893</b>	<b>(82,639)</b>	<b>86,254</b>	<b>8,768</b>	<b>(54)</b>	<b>(3,175)</b>	<b>348</b>	<b>76,498</b>	<b>245,175</b>	<b>(76,535)</b>	<b>168,640</b>

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



## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 11(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:

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	20	Bulk earthworks	20
Sealed roads: structure	50	Swimming pools	50
Unsealed roads	20	Unsealed roads	20
Bridge: concrete	100	Other open space/recreational assets	20
Bridge: other	50	Other infrastructure	20
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 2020

## Note 11(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 11(b). Externally restricted infrastructure, property, plant and equipment

\$ '000	as at 30/06/20			as at 30/06/19		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
<b>Water supply</b>						
Land						
– Operational land	111	–	111	111	–	111
Infrastructure	25,587	14,604	10,983	25,119	14,025	11,094
<b>Total water supply</b>	<b>25,698</b>	<b>14,604</b>	<b>11,094</b>	<b>25,230</b>	<b>14,025</b>	<b>11,205</b>
<b>Sewerage services</b>						
Land						
– Operational land	180	–	180	180	–	180
Infrastructure	23,072	7,740	15,332	27,869	12,895	14,974
<b>Total sewerage services</b>	<b>23,252</b>	<b>7,740</b>	<b>15,512</b>	<b>28,049</b>	<b>12,895</b>	<b>15,154</b>
<b>TOTAL RESTRICTED IPP&amp;E</b>	<b>48,950</b>	<b>22,344</b>	<b>26,606</b>	<b>53,279</b>	<b>26,920</b>	<b>26,359</b>

## Note 12. Contract assets and liabilities

\$ '000	Notes	2020 Current	2020 Non-current
<b>Contract liabilities</b>			
<b>Grants and contributions received in advance:</b>			
Unexpended capital grants (to construct Council controlled assets)	(i)	896	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	276	–
<b>Total grants received in advance</b>		<b>1,172</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>1,172</b>	<b>–</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 12. Contract assets and liabilities (continued)

**Notes**

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

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

\$ '000	2020 Current	2020 Non-current
<b>(i) Contract liabilities relating to restricted assets</b>		
<b>Externally restricted assets</b>		
Unspent grants held as contract liabilities (excl. Water & Sewer)	1,172	—
<b>Contract liabilities relating to externally restricted assets</b>	<b>1,172</b>	<b>—</b>
<b>Total contract liabilities relating to restricted assets</b>	<b>1,172</b>	<b>—</b>
<b>Total contract liabilities</b>	<b>1,172</b>	<b>—</b>

**Significant changes in contract assets and liabilities**

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

**Accounting policy for contract assets and liabilities**

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 13. Leases

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

#### (i) Council as a lessee

Council currently does not lease any Land, Buildings Vehicles or Equipment.

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

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

- Sporting facilities
- child care centres

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

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

#### **Accounting policy**

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

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

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

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

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

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

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

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

#### **Exceptions to lease accounting**

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

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

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

#### **Accounting policy under AASB 117 and associated Accounting Interpretations (2019 only)**

Refer to Note 5c and Note 16.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 13. Leases (continued)

## (ii) Council as a lessor

## (a) Operating leases

Council leases out a number of properties and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included in IPP&E (refer in this note part (v) below) in the Statement of Financial Position.

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

\$ '000	2020
<b>(i) Operating lease income</b>	
<b>Investment properties</b>	
Lease income (excluding variable lease payments not dependent on an index or rate)	44
<b>Other lease income</b>	
External plant and equipment hire	1
Room/Facility Hire	43
Leaseback fees - council vehicles	13
<b>Total income relating to operating leases</b>	<b>101</b>

## (ii) Operating lease expenses

<b>Investment properties</b>	
Direct operating expenses that generated rental income	101
Direct operating expenses that did not generate rental income	30
<b>Other leased assets</b>	
<b>Total expenses relating to operating leases</b>	<b>131</b>

## (iii) Repairs and maintenance: investment property

## (iv) Maturity analysis of contractual lease income

Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:

	Specialist Buildings Childcare & Medical 2020	Non-specialist - Building & Residential 2020
\$ '000		
<b>(v) Reconciliation of IPP&amp;E assets leased out as operating leases</b>		
<b>Opening balance as at 1 July 2019</b>	<b>4,082</b>	<b>1,510</b>
Additions renewals	—	43
Depreciation expense	(55)	(33)
<b>Closing balance as at 30 June 2020</b>	<b>4,027</b>	<b>1,520</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 13. Leases (continued)

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#### (b) Finance leases

Council has sub-leased some properties which are on Crown land to community organisations and has classified these as finance leases since the sub-lease is for the remaining life of the Council's lease to the Crown.

#### Accounting policy

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

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 14. Payables and borrowings

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
<b>Payables</b>				
Goods and services – operating expenditure	645	–	281	–
Accrued expenses:				
– Borrowings	15	–	19	–
– Salaries and wages	75	–	179	–
– Other expenditure accruals	–	–	86	–
Security bonds, deposits and retentions	49	–	11	–
Prepaid rates	106	–	–	–
<b>Total payables</b>	<b>890</b>	<b>–</b>	<b>576</b>	<b>–</b>
<b>Borrowings</b>				
Loans – secured <sup>1</sup>	225	2,074	219	2,244
<b>Total borrowings</b>	<b>225</b>	<b>2,074</b>	<b>219</b>	<b>2,244</b>
<b><u>TOTAL PAYABLES AND BORROWINGS</u></b>	<b><u>1,115</u></b>	<b><u>2,074</u></b>	<b><u>795</u></b>	<b><u>2,244</u></b>

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 18.

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
<b>(a) Payables and borrowings relating to restricted assets</b>				
<b>Externally restricted assets</b>				
Sewer	123	975	120	1,087
Payables and borrowings relating to externally restricted assets	123	975	120	1,087
<b>Total payables and borrowings relating to restricted assets</b>	<b>123</b>	<b>975</b>	<b>120</b>	<b>1,087</b>
<b>Total payables and borrowings relating to unrestricted assets</b>	<b>992</b>	<b>1,099</b>	<b>675</b>	<b>1,157</b>
<b><u>TOTAL PAYABLES AND BORROWINGS</u></b>	<b><u>1,115</u></b>	<b><u>2,074</u></b>	<b><u>795</u></b>	<b><u>2,244</u></b>

#### (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 2020

## Note 14. Payables and borrowings (continued)

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

\$ '000	as at 30/06/19		Non-cash changes				as at 30/06/20
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	2,463	(164)	–	–	–	–	2,299
<b>TOTAL</b>	<b>2,463</b>	<b>(164)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,299</b>

\$ '000	as at 30/06/18		Non-cash changes			as at 30/06/19
	Opening Balance	Cash flows	Acquisition	Fair value changes	Other non-cash movement	Closing balance
Loans – secured	1,308	1,155	–	–	–	2,463
<b>TOTAL</b>	<b>1,308</b>	<b>1,155</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,463</b>

\$ '000	2020	2019
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## (d) Financing arrangements

## (i) Unrestricted access was available at balance date to the following lines of credit:

Credit cards/purchase cards	17	37
<b>Total financing arrangements</b>	<b>17</b>	<b>37</b>

## Drawn facilities as at balance date:

– Credit cards/purchase cards	–	6
<b>Total drawn financing arrangements</b>	<b>–</b>	<b>6</b>

## Undrawn facilities as at balance date:

– Credit cards/purchase cards	17	31
<b>Total undrawn financing arrangements</b>	<b>17</b>	<b>31</b>

## Additional financing arrangements information

## Breaches and defaults

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

## Security 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 2020

### Note 14. Payables and borrowings (continued)

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#### **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 2020

## Note 15. Provisions

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
<b>Provisions</b>				
<b>Employee benefits</b>				
Annual leave	403	–	372	–
Sick leave	306	–	290	–
Long service leave	807	43	720	31
<b>Sub-total – aggregate employee benefits</b>	<b>1,516</b>	<b>43</b>	<b>1,382</b>	<b>31</b>
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	–	566	–	570
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>566</b>	<b>–</b>	<b>570</b>
<b>TOTAL PROVISIONS</b>	<b>1,516</b>	<b>609</b>	<b>1,382</b>	<b>601</b>

## (a) Provisions relating to restricted assets

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

\$ '000	2020	2019
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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	1,248	942
	<b>1,248</b>	<b>942</b>

## (c) Description of and movements in provisions

	ELE provisions			
\$ '000	Annual leave	Sick leave	Long service leave	Total
<b>2020</b>				
At beginning of year	372	290	751	1,413
Additional provisions	309	148	157	614
Amounts used (payments)	(278)	(132)	(58)	(468)
Total ELE provisions at end of year	403	306	850	1,559
<b>2019</b>				
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 year	372	290	751	1,413

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 15. Provisions (continued)

\$ '000	Other provisions	
	Asset remediation	Total
<b>2020</b>		
At beginning of year	570	570
Unwinding of discount	(4)	(4)
Total other provisions at end of year	566	566
<b>2019</b>		
At beginning of year	218	218
Additional provisions	348	348
Unwinding of discount	4	4
Total other provisions at end of year	570	570

#### 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 2020

### Note 15. Provisions (continued)

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#### 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 2020

### Note 16. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

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

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

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

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

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

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

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

##### **Statement of Financial Position**

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

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

- Council has not adopted the completed contract expedient and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former accounting standards and pronouncements
- Council has retrospectively restated contracts for modifications that occurred before 1 July 2019 unless such contract modification were minor.

##### **Prepaid rates**

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

##### **Grants – operating**

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

##### **Grants – capital**

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

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 16. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Balance at 1 July 2019
<b>Opening contract balances at 1 July 2019</b>	
<b>Contract assets</b>	
– Under AASB 15	–
– Under AASB 1058	–
<b>Total Contract assets</b>	<b>–</b>
<b>Contract liabilities</b>	
– Under AASB 15	–
– Under AASB 1058	288
<b>Total Contract liabilities</b>	<b>288</b>

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

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

## Statement of Financial Position

\$ '000	Carrying amount per Statement of Financial Position under AASB 15 and AASB 1058	Reclassific- ation	Remeasur- ement	Carrying amount under previous revenue standards	Notes
<b>Current assets</b>					
Cash and cash equivalents	11,677	–	–	11,677	
Receivables	1,338	–	–	1,338	
Inventories	191	–	–	191	
Other	26	–	–	26	
<b>Total current assets</b>	<b>13,232</b>	<b>–</b>	<b>–</b>	<b>13,232</b>	
<b>Current liabilities</b>					
Payables	890	(106)	–	784	
Contract liabilities	1,172	(1,172)	–	–	
Borrowings	225	–	–	225	
Provisions	1,516	–	–	1,516	
<b>Total current liabilities</b>	<b>3,803</b>	<b>(1,278)</b>	<b>–</b>	<b>2,525</b>	
<b>Non-current assets</b>					
Inventories	75	–	–	75	
Infrastructure, property, plant and equipment	177,528	–	–	177,528	
<b>Total non-current assets</b>	<b>177,603</b>	<b>–</b>	<b>–</b>	<b>177,603</b>	
<b>Non-current liabilities</b>					
Borrowings	2,074	–	–	2,074	
Provisions	609	–	–	609	
<b>Total Non-current liabilities</b>	<b>2,683</b>	<b>–</b>	<b>–</b>	<b>2,683</b>	

continued on next page ...

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 16. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Carrying amount per Statement of Financial Position under AASB 15 and AASB 1058	Reclassification	Remeasurement	Carrying amount under previous revenue standards	Notes
<b>Net assets</b>	<b>184,349</b>	<b>1,278</b>	<b>—</b>	<b>185,627</b>	
<b>Equity</b>					
Accumulated surplus	56,336	1,278	—	57,614	
Revaluation reserves	128,013	—	—	128,013	
<b>Council equity interest</b>	<b>184,349</b>	<b>1,278</b>	<b>—</b>	<b>185,627</b>	
<b>Total equity</b>	<b>184,349</b>	<b>1,278</b>	<b>—</b>	<b>185,627</b>	

Variance largely relates to Operational and Capital Grants received in advance previously recognised as income in that period

## Income Statement

\$ '000	Income Statement and comprehensive income under AASB 15 and AASB 1058	Reclassification	Remeasurement	Income Statement and comprehensive income under previous revenue standards	Notes
<u>Income from continuing operations</u>					
Rates and annual charges	4,389	106	—	4,495	
User charges and fees	985	—	—	985	
Other revenues	114	—	—	114	
Grants and contributions provided for operating purposes	5,693	633	—	6,326	
Grants and contributions provided for capital purposes	2,517	251	—	2,768	
Interest and investment income	133	—	—	133	
Net gains from the disposal of assets	73	—	—	73	
Rental income	101	—	—	101	
<b>Total Income from continuing operations</b>	<b>14,005</b>	<b>990</b>	<b>—</b>	<b>14,995</b>	
<u>Expenses from continuing operations</u>					
Employee benefits and on-costs	4,256	—	—	4,256	
Borrowing costs	94	—	—	94	
Materials and contracts	2,260	—	—	2,260	
Depreciation and amortisation	4,102	—	—	4,102	
Other expenses	1,607	—	—	1,607	
<b>Total Expenses from continuing operations</b>	<b>12,319</b>	<b>—</b>	<b>—</b>	<b>12,319</b>	
<b>Total Operating result from continuing operations</b>	<b>1,686</b>	<b>990</b>	<b>—</b>	<b>2,676</b>	

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 16. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Income Statement and comprehensive income under AASB 15 and AASB 1058	Reclassification	Remeasurement	Income Statement and comprehensive income under previous revenue standards	Notes
Net operating result for the year	1,686	990	—	2,676	
<b>Total comprehensive income</b>	<b>8,524</b>	<b>—</b>	<b>—</b>	<b>8,524</b>	

Variance relates to operational and capital Grants paid in advance previously recognised as income in the period

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

## Statement of Financial Position

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Contract assets	—	—	—
<b>Total assets</b>	<b>—</b>	<b>—</b>	<b>—</b>
Contract liabilities	—	288	288
<b>Total liabilities</b>	<b>—</b>	<b>288</b>	<b>288</b>
Accumulated surplus	—	(288)	(288)
<b>Total equity</b>	<b>—</b>	<b>(288)</b>	<b>(288)</b>



## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 17. Statement of cash flow information

\$ '000	Notes	2020	2019
<b>(a) Reconciliation of cash and cash equivalents</b>			
Total cash and cash equivalents per Statement of Financial Position	7(a)	11,677	10,089
<b>Balance as per the Statement of Cash Flows</b>		<b>11,677</b>	<b>10,089</b>

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

<b>Net operating result from Income Statement</b>	1,686	5,464
<b>Adjust for non-cash items:</b>		
Depreciation and amortisation	4,102	3,172
Net losses/(gains) on disposal of assets	(73)	(87)
Non-cash capital grants and contributions	(425)	—
Adoption of AASB 15/1058	(288)	—
Unwinding of discount rates on reinstatement provisions	(4)	7
<b>+/- Movement in operating assets and liabilities and other cash items:</b>		
Decrease/(increase) in receivables	738	(964)
Decrease/(increase) in inventories	38	(28)
Decrease/(increase) in other current assets	—	4
Increase/(decrease) in payables	364	(81)
Increase/(decrease) in accrued interest payable	(4)	19
Increase/(decrease) in other accrued expenses payable	(190)	79
Increase/(decrease) in other liabilities	144	(7)
Increase/(decrease) in contract liabilities	1,172	—
Increase/(decrease) in provision for employee benefits	146	(114)
Increase/(decrease) in other provisions	—	(1)
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>	<b>7,406</b>	<b>7,463</b>

**(c) Non-cash investing and financing activities**

Nil

## Note 18. 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	2020 Net profit	2020 Net assets
<b>Western Riverina Library Services</b>	Provision of library services to member local government areas	—	—

**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 2020

## Note 19. Commitments

\$ '000	2020	2019
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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
Aerodrome Fence	—	38
Hay Park Fence	—	44
Sewer Treatment Plant	258	898
Playground Equipment	—	575
Stronger Country Projects	676	—
Drought Funding Projects	1,282	—
Maude Bridge	7,746	—
Jerilderie Road	787	—
Showgrounds	96	—
<b>Total commitments</b>	<b>10,845</b>	<b>1,637</b>

**These expenditures are payable as follows:**

Within the next year	10,845	1,637
<b>Total payable</b>	<b>10,845</b>	<b>1,637</b>

**Sources for funding of capital commitments:**

Unrestricted general funds	—	88
Sewer Funds	—	500
Grants	10,845	1,049
<b>Total sources of funding</b>	<b>10,845</b>	<b>1,637</b>

**Details of capital commitments**

The commitments relate to the replacement of the Hay Sewer Treatment Plant, Stronger Country Community Projects, Drought Funding Projects, Maude Bridge, Jerilderie Road and the Showgrounds project.

## (b) Finance lease commitments (2019 only)

Nil

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 20. Contingencies

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

#### LIABILITIES NOT RECOGNISED

##### 1. Guarantees

##### (i) Defined benefit superannuation contribution plans

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

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

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

##### *Description of the funding arrangements.*

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

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

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

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

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2019 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 20. Contingencies (continued)

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 2020 was \$97,235.95. The last valuation of the Scheme was performed by Richard Boyfield FIAA on 30 June 2019 and covers the period ended 30 June 2019.

Council's expected contribution to the plan for the next annual reporting period is \$90,372.00 based on a past services liabilities methodology. The share of the deficit that can be attributed to Council is 0.15%. It is estimated that there are \$61,200 past service contributions remaining.

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

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

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$117,000 as at 30 June 2020.

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

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

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

\* Plus promotional increases

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

#### (ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30 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.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 20. Contingencies (continued)

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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.

## 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 2020

### Note 21. Financial risk management

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#### 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.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 21. Financial risk management (continued)

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

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

\$ '000	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
<b>2020</b>				
Possible impact of a 1% movement in interest rates	60	60	(60)	(60)
<b>2019</b>				
Possible impact of a 1% movement in interest rates	59	59	(59)	(59)

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 21. 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
<b>2020</b>						
Gross carrying amount	55	229	93	108	25	510
<b>2019</b>						
Gross carrying amount	176	90	57	82	20	425

## Receivables - non-rates and annual charges

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

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

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
<b>2020</b>						
Gross carrying amount	719	27	17	26	39	828
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>ECL provision</b>	—	—	—	—	—	—
<b>2019</b>						
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%
<b>ECL provision</b>	—	—	—	—	—	—



## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 21. Financial risk management (continued)

## (c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
<b>2020</b>							
Trade/other payables	0.00%	49	735	–	–	784	784
Loans and advances	3.85%	–	312	1,248	1,174	2,734	2,299
<b>Total financial liabilities</b>		<b>49</b>	<b>1,047</b>	<b>1,248</b>	<b>1,174</b>	<b>3,518</b>	<b>3,083</b>
<b>2019</b>							
Trade/other payables	0.00%	11	565	–	–	576	576
Loans and advances	3.84%	–	312	1,248	1,404	2,964	2,463
<b>Total financial liabilities</b>		<b>11</b>	<b>877</b>	<b>1,248</b>	<b>1,404</b>	<b>3,540</b>	<b>3,039</b>

## 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 2020

## Note 22. Material budget variations

Council's original financial budget for 19/20 was adopted by the Council on 25/06/2019 and is unaudited.

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

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

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

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

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
<b>REVENUES</b>				
<b>Rates and annual charges</b>	<b>4,571</b>	<b>4,389</b>	<b>(182)</b>	<b>(4)% U</b>
<b>User charges and fees</b>	<b>889</b>	<b>985</b>	<b>96</b>	<b>11% F</b>
Increase relates to higher than expected income in a number of areas including Town planning, recycling and Private Works				
<b>Other revenues</b>	<b>46</b>	<b>114</b>	<b>68</b>	<b>148% F</b>
Increase relates to an increase in income for agency fees and reimbursements.				
<b>Operating grants and contributions</b>	<b>4,801</b>	<b>5,693</b>	<b>892</b>	<b>19% F</b>
Increase due to an increase in grant funding for Financial Assistance Grants, recreation and culture and bushfire.				
<b>Capital grants and contributions</b>	<b>4,274</b>	<b>2,517</b>	<b>(1,757)</b>	<b>(41)% U</b>
Reduction in grant funding due to deferral of capital works projects				
<b>Interest and investment revenue</b>	<b>150</b>	<b>133</b>	<b>(17)</b>	<b>(11)% U</b>
Decrease due to lower than expected interest returns				
<b>Net gains from disposal of assets</b>	<b>–</b>	<b>73</b>	<b>73</b>	<b>∞ F</b>
<b>Rental income</b>	<b>–</b>	<b>101</b>	<b>101</b>	<b>∞ F</b>
Variance due to rental income not separately provided for in original budget.				
<b>EXPENSES</b>				
<b>Employee benefits and on-costs</b>	<b>4,316</b>	<b>4,256</b>	<b>60</b>	<b>1% F</b>
<b>Borrowing costs</b>	<b>109</b>	<b>94</b>	<b>15</b>	<b>14% F</b>
Reduction due to lower interest costs in a refinanced loan.				
<b>Materials and contracts</b>	<b>2,185</b>	<b>2,260</b>	<b>(75)</b>	<b>(3)% U</b>
<b>Depreciation and amortisation</b>	<b>2,881</b>	<b>4,102</b>	<b>(1,221)</b>	<b>(42)% U</b>
Increase in depreciation attributable to the revaluation of road and transport assets in 2019.				
<b>Other expenses</b>	<b>1,542</b>	<b>1,607</b>	<b>(65)</b>	<b>(4)% U</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 22. Material budget variations

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
<b>STATEMENT OF CASH FLOWS</b>				
<b>Cash flows from operating activities</b>	<b>6,580</b>	<b>7,406</b>	<b>826</b>	<b>13% F</b>
Increase due to an improvement in receipts for the period from original budget figures				
<b>Cash flows from investing activities</b>	<b>(6,383)</b>	<b>(5,654)</b>	<b>729</b>	<b>(11)% F</b>
Variation attributable to the deferral of capital works projects				
<b>Cash flows from financing activities</b>	<b>(169)</b>	<b>(164)</b>	<b>5</b>	<b>(3)% F</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 23. 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

	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>2020</b>					
<b>Recurring fair value measurements</b>					
<b>Infrastructure, property, plant and equipment</b>					
Plant and equipment	30/06/20	–	–	2,179	2,179
Office equipment	30/06/20	–	–	111	111
Furniture and fittings	30/06/20	–	–	42	42
Operational land	30/06/18	–	–	1,710	1,710
Community land	30/06/20	–	–	1,557	1,557
Land improvements depreciable	30/06/20	–	–	48	48
Buildings – non-specialised	30/06/20	–	1,520	–	1,520
Buildings specialised	30/06/18	–	–	19,940	19,940
Other structures	30/06/20	–	–	4,845	4,845
Roads bridges and footpaths	30/06/19	–	–	100,667	100,667
Stormwater drainage	30/06/19	–	–	12,146	12,146
Water supply network	30/06/17	–	–	10,983	10,983
Sewer network	30/06/17	–	–	15,272	15,272
Other assets	30/06/20	–	–	4,869	4,869
Tip assets	30/06/20	–	–	403	403
<b>Total infrastructure, property, plant and equipment</b>		–	1,520	174,772	176,292

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 23. Fair Value Measurement (continued)

2019	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv-able inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
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
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

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

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 23. Fair Value Measurement (continued)

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#### (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 and Community Land is based on valuations from an external valuer APV Valuers and Asset Management. Community Land was valued by APV Valuers in 2020. 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.

These assets were valued externally in 2020 by APV valuers

##### 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 2020

### Note 23. Fair Value Measurement (continued)

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#### **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.

These assets were valued externally in 2020 by APV valuers

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 23. 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
<b>2019</b>					
<b>Opening balance</b>	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)
<b>Closing balance</b>	<b>1,690</b>	<b>99</b>	<b>37</b>	<b>1,707</b>	<b>1,218</b>
<b>2020</b>					
<b>Opening balance</b>	1,690	99	37	1,707	1,218
Transfers from/(to) another asset class	(127)	–	–	–	–
Purchases (GBV)	1,086	25	5	3	–
Disposals (WDV)	(38)	–	–	–	–
Depreciation and impairment	(432)	(14)	(1)	–	–
Revaluation	–	–	–	–	339
Rounding adjustment	–	1	1	–	–
<b>Closing balance</b>	<b>2,179</b>	<b>111</b>	<b>42</b>	<b>1,710</b>	<b>1,557</b>

\$ '000	Land improvements depreciable	Building specialised	Other structures	Roads, bridges, footpaths	Water supply network
<b>2019</b>					
<b>Opening balance</b>	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
<b>Closing balance</b>	<b>44</b>	<b>19,356</b>	<b>1,764</b>	<b>101,231</b>	<b>11,094</b>
<b>2020</b>					
<b>Opening balance</b>	44	19,356	1,764	101,231	11,094
Transfers from/(to) another asset class	–	(47)	520	(744)	–
Purchases (GBV)	7	995	889	2,163	228
Disposals (WDV)	–	–	–	–	–
Depreciation and impairment	(2)	(364)	(109)	(1,983)	(442)
Revaluation	–	–	1,781	–	103
Rounding adjustment	(1)	–	–	–	–
<b>Closing balance</b>	<b>48</b>	<b>19,940</b>	<b>4,845</b>	<b>100,667</b>	<b>10,983</b>



## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 23. Fair Value Measurement (continued)

\$ '000	Sewerage network	Tip asset	Stormwater	Other assets	Total
<b>2019</b>					
<b>Opening balance</b>	8,776	135	4,950	723	<b>84,711</b>
Purchases (GBV)	85	—	26	49	<b>2,304</b>
Disposals (WDV)	—	—	—	—	<b>(54)</b>
Depreciation and impairment	(212)	(34)	(85)	(8)	<b>(3,142)</b>
FV gains – other comprehensive income	—	348	—	—	<b>348</b>
Revaluation	235	—	7,436	—	<b>76,498</b>
Rounding adjustment	—	—	—	—	<b>(1)</b>
<b>Closing balance</b>	<b>8,884</b>	<b>449</b>	<b>12,327</b>	<b>764</b>	<b>160,664</b>
<b>2020</b>					
<b>Opening balance</b>	8,884	449	12,327	764	<b>160,664</b>
Transfers from/(to) another asset class	6,016	(9)	—	(390)	<b>5,219</b>
Purchases (GBV)	806	—	14	38	<b>6,259</b>
Disposals (WDV)	—	—	—	—	<b>(38)</b>
Depreciation and impairment	(578)	(37)	(195)	(15)	<b>(4,172)</b>
Revaluation	144	—	—	4,471	<b>6,838</b>
Rounding adjustment	—	—	—	1	<b>2</b>
<b>Closing balance</b>	<b>15,272</b>	<b>403</b>	<b>12,146</b>	<b>4,869</b>	<b>174,772</b>

## (4) Highest and best use

All of Council's non-financial assets are considered as being utilised for their highest and best use.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 24. Related party disclosures

#### (a) Key management personnel

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

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

\$ '000	2020	2019
<b>Compensation:</b>		
Short-term benefits	758	677
Post-employment benefits	52	18
Other long-term benefits	70	150
<b>Total</b>	<b>880</b>	<b>845</b>

#### (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
<b>\$ '000</b>						
<b>2020</b>						
Electrical maintenance work	3	51	–	30 day terms on invoices	–	–
Gravel Royalty	4	–	–	30 day terms on invoices	–	–
Engineering Supplies & Maintenance, Supply and Hire of Equipment	1	31	–	30 day terms on invoices	–	–
Office and Aged Care service supplies and consumables	2	8	–	30 day terms on invoices	–	–
Remuneration of close family members	5	76	–	Fortnightly payroll system	–	–
Building Maintenance		1	–	30 day terms on invoices	–	–
<b>2019</b>						
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	–	–

continued on next page ...

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 24. Related party disclosures (continued)

Nature of the transaction		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	Ref					
Building Maintenance		1	—	30 day terms on invoices	—	—

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 25. 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 2020

## Note 26. Result by fund

\$ '000	General <sup>1</sup> 2020	Water 2020	Sewer 2020
<b>Income Statement by fund</b>			
<b>Income from continuing operations</b>			
Rates and annual charges	2,758	685	946
User charges and fees	439	505	41
Interest and investment revenue	83	21	29
Other revenues	114	–	–
Grants and contributions provided for operating purposes	5,670	12	11
Grants and contributions provided for capital purposes	2,046	–	471
Net gains from disposal of assets	73	–	–
Rental income	101	–	–
<b>Total income from continuing operations</b>	<b>11,284</b>	<b>1,223</b>	<b>1,498</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	3,893	230	133
Borrowing costs	56	–	38
Materials and contracts	1,236	644	380
Depreciation and amortisation	3,068	442	592
Other expenses	1,582	25	–
<b>Total expenses from continuing operations</b>	<b>9,835</b>	<b>1,341</b>	<b>1,143</b>
<b>Operating result from continuing operations</b>	<b>1,449</b>	<b>(118)</b>	<b>355</b>
<b>Net operating result for the year</b>	<b>1,449</b>	<b>(118)</b>	<b>355</b>
<b>Net operating result attributable to each council fund</b>	<b>1,449</b>	<b>(118)</b>	<b>355</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(597)</b>	<b>(118)</b>	<b>(116)</b>

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds.

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

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 26. Result by fund (continued)

\$ '000	General <sup>1</sup> 2020	Water 2020	Sewer 2020
<b>Statement of Financial Position by fund</b>			
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6,627	2,697	2,353
Receivables	1,029	207	102
Inventories	191	–	–
Other	26	–	–
<b>Total current assets</b>	<b>7,873</b>	<b>2,904</b>	<b>2,455</b>
<b>Non-current assets</b>			
Inventories	68	4	3
Infrastructure, property, plant and equipment	150,922	11,094	15,512
<b>Total non-current assets</b>	<b>150,990</b>	<b>11,098</b>	<b>15,515</b>
<b>TOTAL ASSETS</b>	<b>158,863</b>	<b>14,002</b>	<b>17,970</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	880	–	10
Contract liabilities	1,172	–	–
Borrowings	112	–	113
Provisions	1,516	–	–
<b>Total current liabilities</b>	<b>3,680</b>	<b>–</b>	<b>123</b>
<b>Non-current liabilities</b>			
Borrowings	1,099	–	975
Provisions	609	–	–
<b>Total non-current liabilities</b>	<b>1,708</b>	<b>–</b>	<b>975</b>
<b>TOTAL LIABILITIES</b>	<b>5,388</b>	<b>–</b>	<b>1,098</b>
<b>Net assets</b>	<b>153,475</b>	<b>14,002</b>	<b>16,872</b>
<b>EQUITY</b>			
Accumulated surplus	34,871	7,364	14,101
Revaluation reserves	118,604	6,638	2,771
<b>Council equity interest</b>	<b>153,475</b>	<b>14,002</b>	<b>16,872</b>
<b>Total equity</b>	<b>153,475</b>	<b>14,002</b>	<b>16,872</b>

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds. Assets and liabilities shown in the water and sewer columns are restricted for use for these activities.

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

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 27(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2020	Indicator 2020	Prior periods 20192018		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	(904)	(7.92)%	(2.82)%	2.49%	>0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	11,415				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	5,722	41.07%	36.28%	48.91%	>60.00%
Total continuing operating revenue <sup>1</sup>	13,932				
3. Unrestricted current ratio					
Current assets less all external restrictions	7,497	5.95x	5.60x	5.23x	>1.50x
Current liabilities less specific purpose liabilities	1,260				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	3,292	12.76x	12.71x	15.54x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	258				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	563	11.48%	9.62%	12.97%	<10.00%
Rates, annual and extra charges collectible	4,904				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	11,677	15.80 mths	13.56 mths	14.35 mths	>3.00 mths
Monthly payments from cash flow of operating and financing activities	739				

(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 2020

### Note 27(b). Statement of performance measures – by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2020	2019	2020	2019	2020	2019	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1, 2</sup>	(7.31)%	(9.89)%	(9.65)%	15.48%	(11.30)%	25.50%	>0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	31.17%	37.02%	99.02%	99.31%	67.82%	18.75%	>60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	5.95x	5.60x	∞	∞	19.96x	20.20x	>1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	22.11x	13.06x	∞	∞	3.50x	6.05x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>							
Rates, annual and extra charges outstanding	11.24%	8.56%	15.18%	15.79%	9.62%	8.55%	<10.00%
Rates, annual and extra charges collectible							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	8.97	8.41	∞	∞	∞	∞	>3.00
Payments from cash flow of operating and financing activities	mths	mths					mths

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

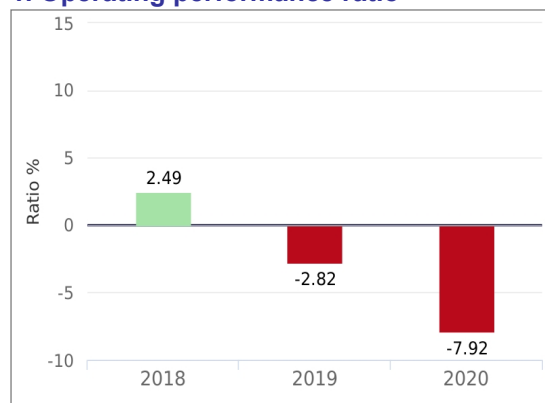
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 27(c). Statement of performance measures – consolidated results (graphs)

#### 1. Operating performance ratio



##### Purpose of operating performance ratio

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

##### Commentary on 2019/20 result

2019/20 ratio (7.92)%

Council's operating performance in comparison to previous years has been impacted by a large increase in depreciation as a result of revaluation and reassessment of assets in recent years.

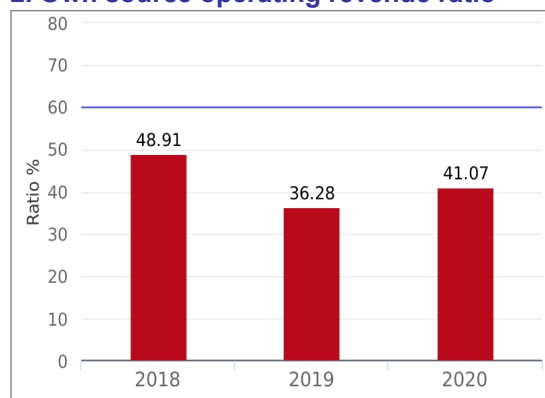
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

#### 2. Own source operating revenue ratio



##### Purpose of own source operating revenue ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

##### Commentary on 2019/20 result

2019/20 ratio 41.07%

Own source revenue has increased slightly due to a reduction in grant funding.

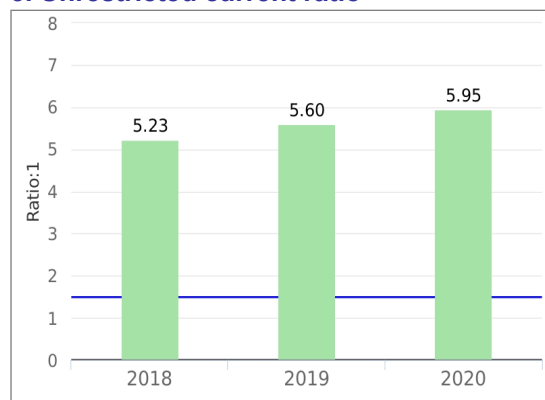
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

#### 3. Unrestricted current ratio



##### Purpose of unrestricted current ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

##### Commentary on 2019/20 result

2019/20 ratio 5.95x

Unrestricted current ratio is satisfactory.

Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

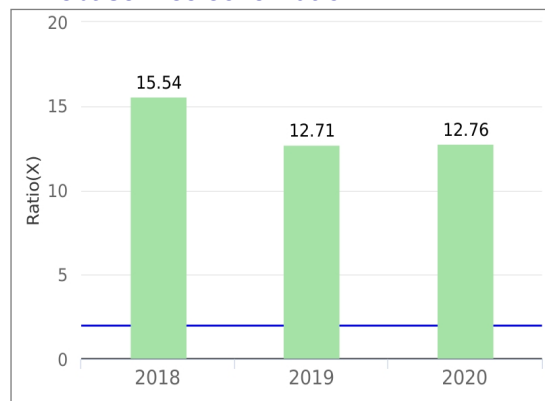


# Notes to the Financial Statements

for the year ended 30 June 2020

## Note 27(c). Statement of performance measures – consolidated results (graphs)

### 4. Debt service cover ratio



#### Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

#### Commentary on 2019/20 result

2019/20 ratio 12.76x

Debt service ratio continues to be satisfactory.

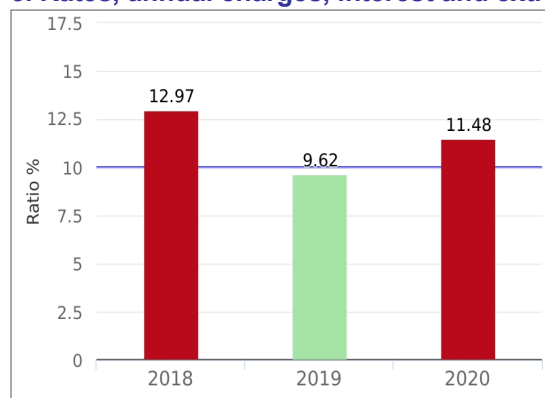
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

### 5. Rates, annual charges, interest and extra charges outstanding percentage



#### Purpose of rates, annual charges, interest and extra charges outstanding

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

#### Commentary on 2019/20 result

2019/20 ratio 11.48%

Ratio has increased partly due to accounting for prepaid rates now shown as liability but also the ongoing impacts of the drought and COVID-19.

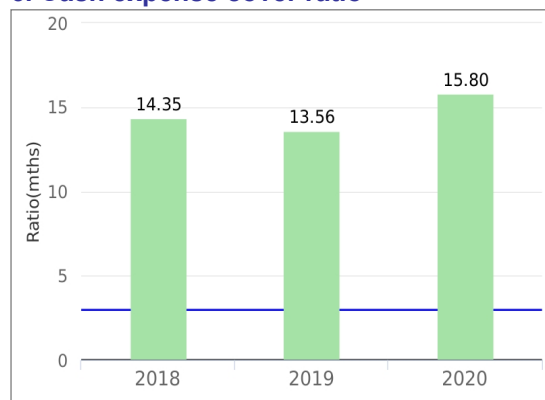
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

### 6. Cash expense cover ratio



#### Purpose of cash expense cover ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

#### Commentary on 2019/20 result

2019/20 ratio 15.80 mths

Ratio is satisfactory.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

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 Hay Shire Council

### Opinion

I have audited the accompanying financial statements of Hay Shire Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been prepared, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Other Information**

The Council's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule - Permissible income for general rates.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Statements**

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 22 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.



Chariee Bultitude  
Delegate of the Auditor-General for New South Wales

9 October 2020  
SYDNEY



Cr Jenny Dwyer  
Mayor  
Hay Shire Council  
PO Box 141  
HAY NSW 2711

Contact: Chariee Bultitude  
Phone no: 02 9275 7104  
Our ref: D2022772/1738

9 October 2020

Dear Mayor

**Report on the Conduct of the Audit  
for the year ended 30 June 2020  
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 2020 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2020 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act

## INCOME STATEMENT

### Operating result

	2020 \$m	2019* \$m	Variance %
Rates and annual charges revenue	4.4	4.3	 1.1
Grants and contributions revenue	5.7	4.6	 25.0
Operating result from continuing operations	1.7	5.5	 69.1
Net operating result before capital grants and contributions	(0.8)	(0.2)	 299.5

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

The Council's operating result from continuing operations (\$1.7 million including depreciation and amortisation expense of \$4.1 million) was \$3.8 million lower than the 2018–19 result. This movement was mainly due to the \$4.5 million new sewer treatment plant funding received in 2018-19.

The net operating result before capital grants and contributions (deficit of \$0.8million) was \$0.6 million lower than the 2018–19 result. This movement was mainly due to an increase in employee benefits and on-costs, materials and contracts and depreciation expenses.

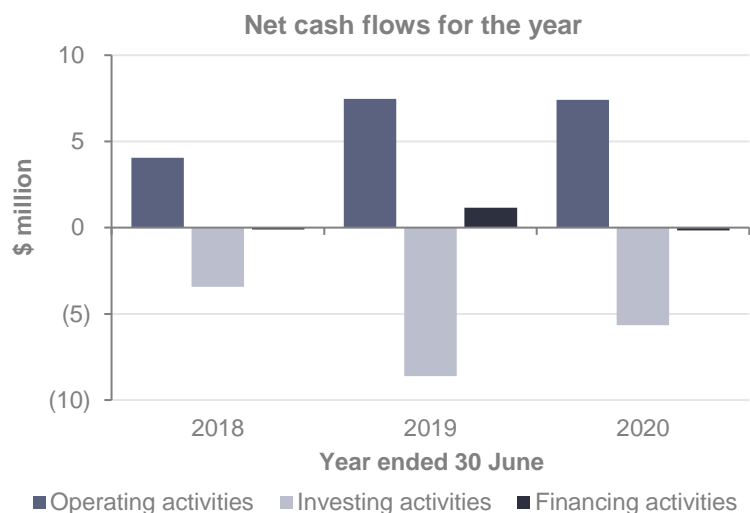
Rates and annual charges revenue (\$4.4 million) increased by \$0.1 million (1.1 per cent) in 2019–20 due to the rise in total number of rateable properties.

Grants and contributions revenue (\$5.7 million) increased by \$1.1 million (25 per cent) in 2019–20 due to:

- \$0.8 million of transport operating grant received in 2019-20
- \$0.2 million of bushfire and emergency services operating grant received in 2019-20

## STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents was \$11.7 million (\$10.1 million for the year ended 30 June 2019). There was a net increase in cash and cash equivalents of \$1.6 million at 30 June 2020.
- Net cash provided by operating activities has remained stable year on year.
- Net cash used in investing activities decreased by \$3 million. This is mainly due to the decrease in the purchase of infrastructure, property, plant and equipment of \$3 million.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2020	2019	Commentary
	\$m	\$m	
External restrictions	5.3	4.7	<ul style="list-style-type: none"> <li>Externally restricted cash and investments are restricted in their use by externally imposed requirements. The increase of \$0.6 million is primarily due to an increase in water and sewerage services restrictions.</li> </ul>
Internal restrictions	4.0	4.0	
Unrestricted	2.4	1.4	
<b>Cash and investments</b>	<b>11.7</b>	<b>10.1</b>	<ul style="list-style-type: none"> <li>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. This has remained stable at \$4 million.</li> <li>Unrestricted cash and investments was \$2.4 million, which is available to provide liquidity for day-to-day operations of the Council. There was \$1 million increase in the unrestricted cash and investments balance.</li> </ul>

### Debt

Council has \$2.3 million of external borrowings (2019: \$2.5 million) which is secured over the revenue of Council.

# PERFORMANCE

## Performance measures

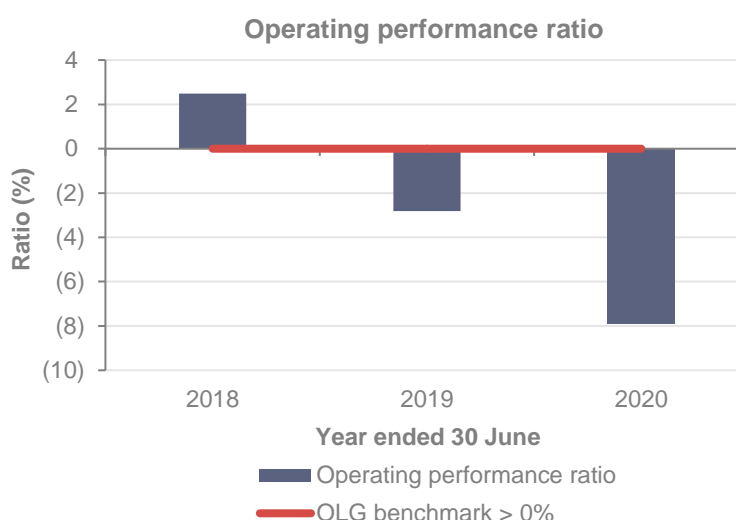
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning, Industry and Environment.

### Operating performance ratio

The 'operating performance ratio' measures how well Council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.

The Council did not meet the OLG benchmark for the current reporting period.

The operating performance ratio decreased to (7.92%) [2019: (2.82%)] due to the increase in total expenses from continuing operations.



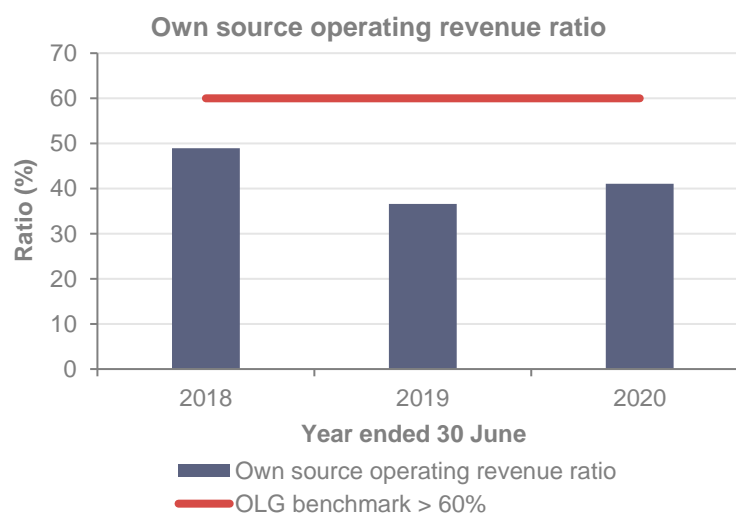
### Own source operating revenue ratio

The 'own source operating revenue ratio' measures Council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.

The Council did not meet the OLG benchmark for the current reporting period.

The Council's own source operating revenue ratio of 41.07% 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 increased to 41.07% (2019: 36.62%).





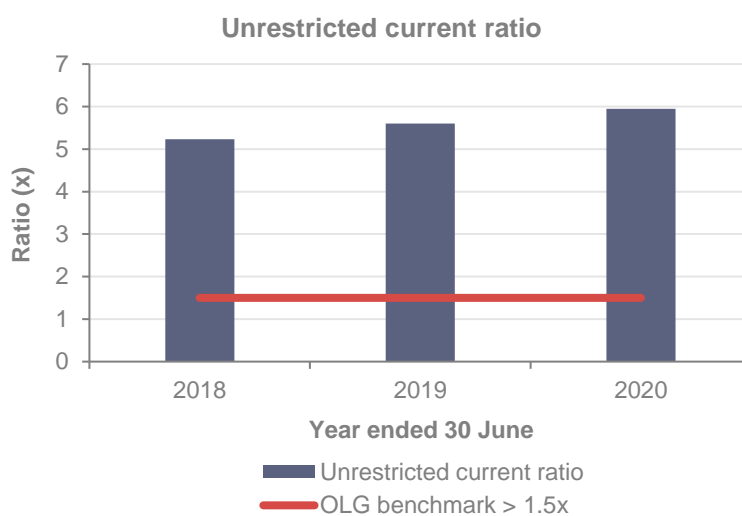
## Unrestricted current ratio

The 'unrestricted current ratio' is specific to local government and represents Council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.

The Council exceeded the OLG benchmark for the current reporting period.

The Council's liquidity ratio of 5.95 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 remained steady year on year.

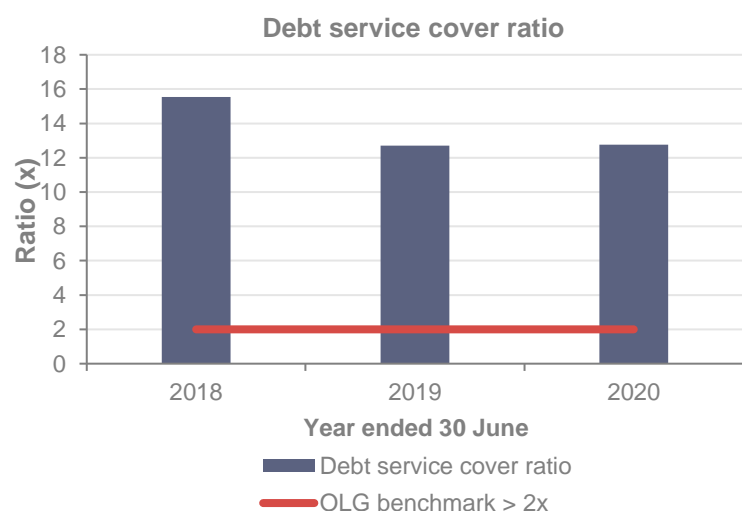


## Debt service cover ratio

The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.

The Council exceeded the OLG benchmark for the current reporting period.

The Council's debt service cover ratio of 12.76 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.



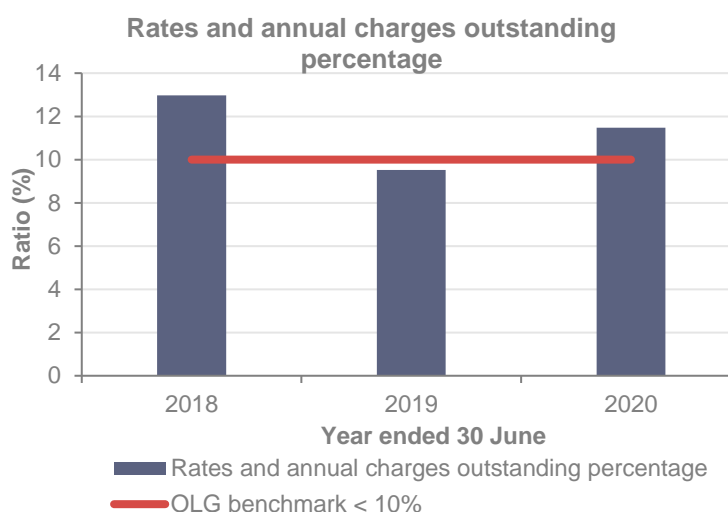
## Rates and annual charges outstanding percentage

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 OLG is less than 10 per cent for regional and rural councils.

The Council did not meet the OLG benchmark for the current reporting period.

The Council's rates and annual charges outstanding ratio of 11.48 per cent is not within the industry benchmark of less than 10 per cent for regional and rural councils.

The rates and annual charges outstanding percentage has slightly increased from prior year, which is indicative of an area requiring further focus from Council to improve this metric.



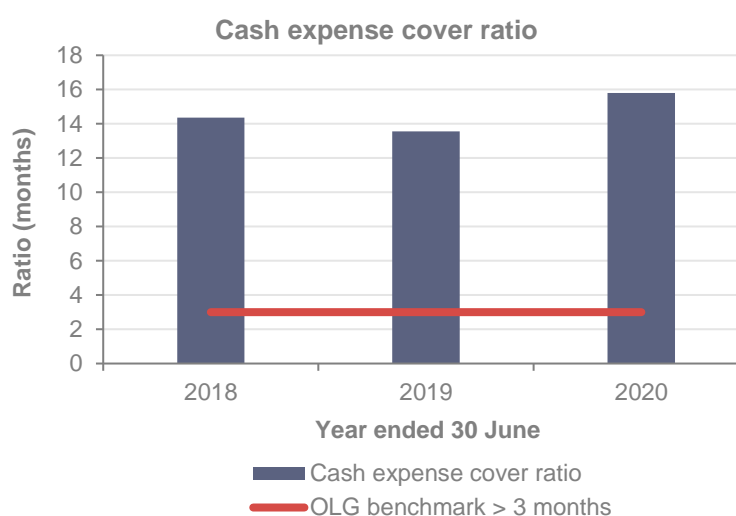
## Cash expense cover ratio

This liquidity ratio indicates the number of months the Council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.

The Council exceeded the OLG benchmark for the current reporting period.

The Council's cash expense cover ratio was 15.8 months, which is above the industry benchmark of greater than 3 months. This indicates that Council had the capacity to cover 15.8 months of operating cash expenditure without additional cash inflows at 30 June 2020.

The Council's cash expense cover ratio has increased by 2.2 months due to the increase in cash and investments held.



## Infrastructure, property, plant and equipment renewals

The Council has renewed \$6.3 million of assets in the 2019-20 financial year, compared to \$8.8 million assets in the 2018-19 financial year. The 2019-20 renewals were predominately related to roads, bridges and footpaths.

## OTHER MATTERS

### Impact of new accounting standards

#### **AASB 15 'Revenue from Contracts with Customers' and AASB 1058 'Income for Not-for-Profit Entities'**

The Council adopted the new accounting standards AASB 15 'Contracts with Customers' and AASB 1058 'Income of Not-for-Profit Entities' (collectively referred to as the Revenue Standards) for the first time in their 2019–20 financial statements.

AASB 15 introduces a new approach to recognising revenue based on the principle that revenue is recognised when control of a good or service transfers to a customer. AASB 15 impacts the timing and amount of revenue recorded in a councils' financial statements, particularly for grant revenue. AASB 15 also increases the amount of disclosures required.

AASB 1058 prescribes how not-for-profit entities account for transactions conducted on non-commercial terms and the receipt of volunteer services. AASB 1058 significantly impacts the timing and amount of income recorded in a councils' financial statements, particularly for grant income and rates which are paid before the commencement of the rating period.

The Council recognised a \$0.3 million adjustment to opening accumulated surplus at 1 July 2019 on adoption of the new Revenue Standards.

The Council disclosed the impact of adopting the new Revenue Standards in Note 16.

#### **AASB 16 'Leases'**

The Council adopted the new accounting standard AASB 16 'Leases' for the first time in their 2019–20 financial statements.

AASB 16 changes the way lessees treat operating leases for financial reporting. With a few exceptions, operating leases will now be recorded in the Statement of Financial Position as a right-of-use asset, with a corresponding lease liability.

AASB 16 results in lessees recording more assets and liabilities in the Statement of Financial Position and changes the timing and pattern of expenses recorded in the Income Statement.

The Council did not recognise any right-of-use assets and lease liabilities at 1 July 2019 on adoption of AASB 16.

The Council disclosed the impact of adopting AASB 16 in Note 13.

### 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.



Chariee Bultitude

Delegate of the Auditor-General for New South Wales

cc: Mr David Webb, General Manager  
Mr Mark Dowling, Director of Corporate and Community Services  
Mr Ross Mallett, Chair of Audit, Risk and Improvement Committee  
Mr Jim Betts, Secretary of the Department of Planning, Industry and Environment

# Hay Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2020

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## Special Purpose Financial Statements

for the year ended 30 June 2020

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### Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

## Special Purpose Financial Statements

for the year ended 30 June 2020

### Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

- the NSW Government Policy Statement '*Application of National Competition Policy to Local Government*',
- the Division of Local Government Guidelines '*Pricing and Costing for Council Businesses - A Guide to Competitive Neutrality*',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

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

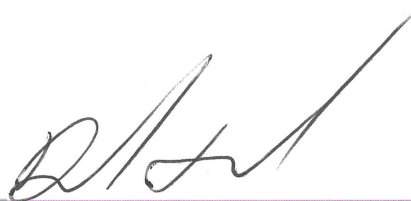
- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

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



Cr Bill Sheaffe  
Mayor  
15 September 2020



Cr David Townsend  
Councillor  
15 September 2020



David Webb  
General Manager  
15 September 2020



Mark Dowling  
Responsible Accounting Officer  
15 September 2020

# Income Statement – Water Supply Business Activity

for the year ended 30 June 2020

\$ '000	2020	2019
<b>Income from continuing operations</b>		
Access charges	685	665
User charges	505	567
Interest	21	28
Grants and contributions provided for non-capital purposes	12	10
Other income	–	171
<b>Total income from continuing operations</b>	<b>1,223</b>	<b>1,441</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	230	218
Materials and contracts	644	689
Depreciation, amortisation and impairment	442	292
Water purchase charges	25	19
<b>Total expenses from continuing operations</b>	<b>1,341</b>	<b>1,218</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(118)</b>	<b>223</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(118)</b>	<b>223</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(118)</b>	<b>223</b>
Less: corporate taxation equivalent (27.5%) [based on result before capital]	–	(61)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(118)</b>	<b>162</b>
<b>Plus accumulated surplus</b>	<b>7,482</b>	<b>7,259</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	–	61
<b>Closing accumulated surplus</b>	<b>7,364</b>	<b>7,482</b>
<b>Return on capital %</b>	<b>(1.1)%</b>	<b>2.0%</b>
<b>Subsidy from Council</b>	<b>216</b>	<b>–</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(118)	162
<b>Surplus for dividend calculation purposes</b>	<b>–</b>	<b>162</b>
<b>Potential dividend calculated from surplus</b>	<b>–</b>	<b>81</b>

## Income Statement – Sewerage Business Activity

for the year ended 30 June 2020

\$ '000	2020	2019
<b>Income from continuing operations</b>		
Access charges	946	947
User charges	39	40
Fees	2	2
Interest	29	54
Grants and contributions provided for non-capital purposes	11	16
<b>Total income from continuing operations</b>	<b>1,027</b>	<b>1,059</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	133	154
Borrowing costs	38	32
Materials and contracts	380	391
Depreciation, amortisation and impairment	592	212
<b>Total expenses from continuing operations</b>	<b>1,143</b>	<b>789</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(116)</b>	<b>270</b>
Grants and contributions provided for capital purposes	471	4,503
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>355</b>	<b>4,773</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>355</b>	<b>4,773</b>
Less: corporate taxation equivalent (27.5%) [based on result before capital]	–	(74)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>355</b>	<b>4,699</b>
<b>Plus accumulated surplus</b>	<b>13,746</b>	<b>8,973</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	–	74
<b>Closing accumulated surplus</b>	<b>14,101</b>	<b>13,746</b>
<b>Return on capital %</b>	<b>(0.5)%</b>	<b>2.0%</b>
<b>Subsidy from Council</b>	<b>215</b>	<b>–</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	355	4,699
Less: capital grants and contributions (excluding developer contributions)	(471)	(4,503)
<b>Surplus for dividend calculation purposes</b>	<b>–</b>	<b>196</b>
<b>Potential dividend calculated from surplus</b>	<b>–</b>	<b>98</b>



## Statement of Financial Position – Water Supply Business Activity

as at 30 June 2020

<b>\$ '000</b>	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,697	2,560
Receivables	207	247
<b>Total current assets</b>	<b>2,904</b>	<b>2,807</b>
<b>Non-current assets</b>		
Inventories	4	5
Infrastructure, property, plant and equipment	11,094	11,205
<b>Total non-current assets</b>	<b>11,098</b>	<b>11,210</b>
<b>TOTAL ASSETS</b>	<b>14,002</b>	<b>14,017</b>
<b>NET ASSETS</b>	<b>14,002</b>	<b>14,017</b>
<b>EQUITY</b>		
Accumulated surplus	7,364	7,482
Revaluation reserves	6,638	6,535
<b>TOTAL EQUITY</b>	<b>14,002</b>	<b>14,017</b>

## Statement of Financial Position – Sewerage Business Activity

as at 30 June 2020

\$ '000	2020	2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,353	1,271
Receivables	102	1,153
<b>Total current assets</b>	<b>2,455</b>	<b>2,424</b>
<b>Non-current assets</b>		
Inventories	3	3
Infrastructure, property, plant and equipment	15,512	15,154
<b>Total non-current assets</b>	<b>15,515</b>	<b>15,157</b>
<b>TOTAL ASSETS</b>	<b>17,970</b>	<b>17,581</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	10	11
Borrowings	113	109
<b>Total current liabilities</b>	<b>123</b>	<b>120</b>
<b>Non-current liabilities</b>		
Borrowings	975	1,087
<b>Total non-current liabilities</b>	<b>975</b>	<b>1,087</b>
<b>TOTAL LIABILITIES</b>	<b>1,098</b>	<b>1,207</b>
<b>NET ASSETS</b>	<b>16,872</b>	<b>16,374</b>
<b>EQUITY</b>		
Accumulated surplus	14,101	13,746
Revaluation reserves	2,771	2,628
<b>TOTAL EQUITY</b>	<b>16,872</b>	<b>16,374</b>

## Notes to the Special Purpose Financial Statements for the year ended 30 June 2020

### Note 1. Significant Accounting Policies

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A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 2093 (NSW), the *Local Government (General) Regulation 2005*, and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

#### National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

The *Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

#### Declared business activities

In accordance with *Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

##### Category 1

(where gross operating turnover is over \$2 million)

Council has no Category 1 business activities

##### Category 2

(where gross operating turnover is less than \$2 million)

##### a. 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 2020

### Note 1. Significant Accounting Policies (continued)

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#### Monetary amounts

Amounts shown in the financial statements are in Australian dollars and rounded to the nearest one thousand dollars.

#### (i) Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

#### Notional rate applied (%)

Corporate income tax rate – **27.5%**

Land tax – the first \$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 2020

### 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 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 Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2020, the Statement of Financial Position of each Declared Business Activity as at 30 June 2020 and Note 1 Significant accounting policies for the Business Activities declared by Council.

The Declared Business Activities of the Council are:

- Water Supply 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 2020, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting – update number 28 (LG Code).

My opinion should be read in conjunction with the rest of this report.

### **Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as the auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Emphasis of Matter - Basis of Accounting**

Without modifying my opinion, I draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

### **Other Information**

The Council's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and Special Schedule 'Permissible income for general rates'.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

### **The Councillors' Responsibilities for the Financial Statements**

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in Note 1 to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Chariee Bultitude  
Delegate of the Auditor-General for New South Wales

9 October 2020  
SYDNEY



# Hay Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2020

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## Special Schedules

for the year ended 30 June 2020

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#### **Special Schedules**

Permissible income for general rates

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## Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2019/20
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	2,424	2,364
Plus or minus adjustments <sup>2</sup>	b	8	(4)
<b>Notional general income</b>	$c = a + b$	<b>2,432</b>	<b>2,360</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	4.89%	2.70%
Or plus rate peg amount	$i = e \times (c + g)$	119	64
<b>Sub-total</b>	$k = (c + g + h + i + j)$	<b>2,551</b>	<b>2,424</b>
Plus (or minus) last year's carry forward total	l	(1)	—
<b>Sub-total</b>	$n = (l + m)$	<b>(1)</b>	<b>—</b>
<b>Total permissible income</b>	$o = k + n$	<b>2,550</b>	<b>2,424</b>
Less notional general income yield	p	2,483	2,424
<b>Catch-up or (excess) result</b>	$q = o - p$	<b>67</b>	<b>—</b>
Less unused catch-up <sup>5</sup>	s	—	(1)
<b>Carry forward to next year <sup>6</sup></b>	$t = q + r + s$	<b>67</b>	<b>(1)</b>

## Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule - Permissible income for general rates

#### 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 2021.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting – update number 28 (LG Code), and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report.

### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Schedule' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

## Other Information

The Council's annual report for the year ended 30 June 2020 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2020.

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and the special purpose financial statements.

In connection with my audit of the Schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Schedule

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar8.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf). The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.

A handwritten signature in dark ink, appearing to read 'C. Bultitude', with a stylized, flowing script.

Chariee Bultitude  
Delegate of the Auditor-General for New South Wales

16 October 2020  
SYDNEY

## Report on Infrastructure Assets

as at 30 June 2020

Asset Class	Asset Category	Estimated cost		2019/20 Required maintenance <sup>a</sup>	2019/20 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
<b>(a) Report on Infrastructure Assets - Values</b>												
<b>Buildings</b>	Buildings – non-specialised	–	–	20	69	1,520	1,690	0.0%	20.0%	80.0%	0.0%	0.0%
	Emergency Services	–	–	10	6	849	998	0.0%	0.0%	100.0%	0.0%	0.0%
	Council Offices	–	–	20	40	1,310	1,960	0.0%	0.0%	100.0%	0.0%	0.0%
	Council Works Depot	–	–	20	59	857	881	0.0%	0.0%	100.0%	0.0%	0.0%
	Council Public Halls	250	250	30	8	2,369	4,305	0.0%	0.0%	53.0%	47.0%	0.0%
	Libraries	–	–	20	3	2,708	3,029	100.0%	0.0%	0.0%	0.0%	0.0%
	Cultural Facilities	200	200	40	25	3,042	5,462	0.0%	0.0%	80.0%	20.0%	0.0%
	Tourist Centre	–	–	20	8	515	596	0.0%	100.0%	0.0%	0.0%	0.0%
	Other Specialised Buildings	–	–	80	12	2,266	3,322	4.0%	28.0%	68.0%	0.0%	0.0%
	Aerodrome	–	–	10	20	1,063	1,268	0.0%	80.0%	20.0%	0.0%	0.0%
	Showground	–	–	20	41	2,010	2,960	0.0%	0.0%	100.0%	0.0%	0.0%
	Medical Centre	–	–	20	15	2,951	3,361	0.0%	80.0%	20.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>450</b>	<b>450</b>	<b>310</b>	<b>306</b>	<b>21,460</b>	<b>29,832</b>	<b>10.6%</b>	<b>18.7%</b>	<b>60.3%</b>	<b>10.4%</b>	<b>0.0%</b>
<b>Other structures</b>	Other structures	500	500	20	37	4,845	8,026	11.0%	46.0%	25.0%	18.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>500</b>	<b>500</b>	<b>20</b>	<b>37</b>	<b>4,845</b>	<b>8,026</b>	<b>11.0%</b>	<b>46.0%</b>	<b>25.0%</b>	<b>18.0%</b>	<b>0.0%</b>
<b>Roads</b>	Rural Sealed roads	–	–	500	295	63,200	78,214	70.0%	26.0%	4.0%	0.0%	0.0%
	Unsealed roads	–	–	500	380	13,064	15,226	65.0%	30.0%	5.0%	0.0%	0.0%
	Bridges	7,000	7,000	50	60	3,222	5,007	55.0%	11.0%	10.0%	24.0%	0.0%
	Urban Streets	–	–	150	111	14,328	17,805	54.0%	16.0%	30.0%	0.0%	0.0%
	Footpaths	–	–	50	26	2,459	5,342	54.0%	16.0%	30.0%	0.0%	0.0%
	Kerb and Gutter	–	–	40	21	3,768	5,652	54.0%	16.0%	30.0%	0.0%	0.0%
	Other road assets	–	–	50	36	625	1,276	0.0%	50.0%	50.0%	0.0%	0.0%
	Bulk earthworks	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>7,000</b>	<b>7,000</b>	<b>1,340</b>	<b>929</b>	<b>100,667</b>	<b>128,522</b>	<b>64.5%</b>	<b>23.9%</b>	<b>10.6%</b>	<b>0.9%</b>	<b>0.0%</b>

## Report on Infrastructure Assets - Values (continued)

as at 30 June 2020

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2019/20 Required maintenance <sup>a</sup>	2019/20 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Water supply network	Intake Works	—	—	50	61	608	1,637	0.0%	50.0%	50.0%	0.0%	0.0%
	Mains	500	500	80	145	5,811	13,947	0.0%	50.0%	40.0%	10.0%	0.0%
	Reservoirs	—	—	30	14	2,821	5,013	0.0%	75.0%	25.0%	0.0%	0.0%
	Treatment	—	—	100	26	1,743	4,990	0.0%	100.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>500</b>	<b>500</b>	<b>260</b>	<b>246</b>	<b>10,983</b>	<b>25,587</b>	<b>0.0%</b>	<b>64.6%</b>	<b>29.9%</b>	<b>5.5%</b>	<b>0.0%</b>
Sewerage network	Mains	700	700	80	32	7,591	12,691	0.0%	40.0%	40.0%	20.0%	0.0%
	Pumping Station	100	100	70	61	1,186	3,534	0.0%	50.0%	50.0%	10.0%	(10.0%)
	Treatment	—	—	50	21	6,495	6,655	100.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>800</b>	<b>800</b>	<b>200</b>	<b>114</b>	<b>15,272</b>	<b>22,880</b>	<b>29.1%</b>	<b>29.9%</b>	<b>29.9%</b>	<b>12.6%</b>	<b>(1.5%)</b>
Stormwater drainage	Stormwater drainage	—	—	50	36	12,146	17,619	8.0%	86.0%	6.0%	0.0%	0.0%
	Other	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>—</b>	<b>—</b>	<b>50</b>	<b>36</b>	<b>12,146</b>	<b>17,619</b>	<b>8.0%</b>	<b>86.0%</b>	<b>6.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>TOTAL - ALL ASSETS</b>		<b>9,250</b>	<b>9,250</b>	<b>2,180</b>	<b>1,668</b>	<b>165,373</b>	<b>232,466</b>	<b>40.9%</b>	<b>33.8%</b>	<b>21.2%</b>	<b>4.3%</b>	<b>(0.2%)</b>

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

## Infrastructure asset condition assessment 'key'

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



## Report on Infrastructure Assets (continued)

as at 30 June 2020

\$ '000	Amounts 2020	Indicator 2020	Prior periods		Benchmark
			2019	2018	
Infrastructure asset performance indicators (consolidated) *					
Buildings and infrastructure renewals ratio <sup>1</sup>					
Asset renewals <sup>2</sup>	9,101	245.71%	87.01%	92.22%	>=100.00%
Depreciation, amortisation and impairment	3,704				
Infrastructure backlog ratio <sup>1</sup>					
Estimated cost to bring assets to a satisfactory standard	9,250	5.59%	3.91%	2.18%	<2.00%
Net carrying amount of infrastructure assets	165,373				
Asset maintenance ratio					
Actual asset maintenance	1,668	76.51%	68.27%	69.71%	>100.00%
Required asset maintenance	2,180				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	9,250	3.98%	2.72%	1.13%	
Gross replacement cost	232,466				

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

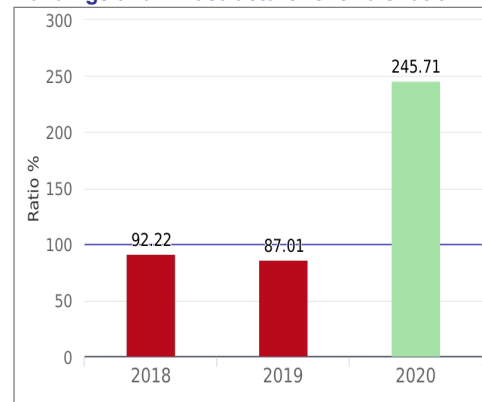
(1) Excludes Work In Progress (WIP)

(2) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

# Report on Infrastructure Assets (continued)

as at 30 June 2020

## Buildings and infrastructure renewals ratio



### Buildings and infrastructure renewals ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

### Commentary on result

19/20 ratio 245.71%

Ratio has improved due to increased capital works funding

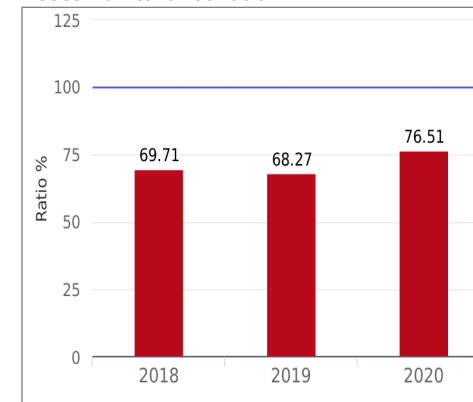
Benchmark: —  $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio is outside benchmark

## Asset maintenance ratio



### Asset maintenance ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

### Commentary on result

19/20 ratio 76.51%

Council is reviewing its asset management plans

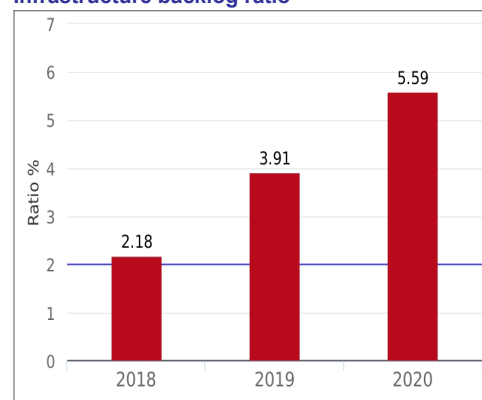
Benchmark: —  $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio is outside benchmark

## Infrastructure backlog ratio



### Infrastructure backlog ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

### Commentary on result

19/20 ratio 5.59%

Council has received funding for 75% of the backlog which will result in the ratio improving considerably over the next 2 years

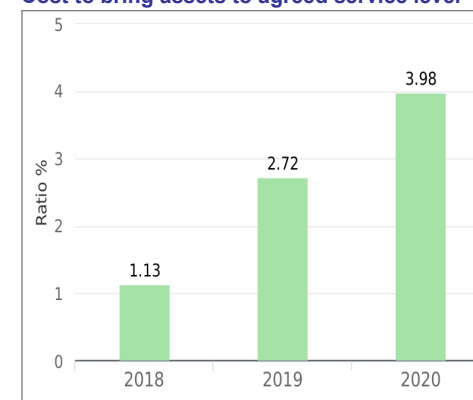
Benchmark: —  $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio is outside benchmark

## Cost to bring assets to agreed service level



### Cost to bring assets to agreed service level

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

### Commentary on result

19/20 ratio 3.98%

Ratio will improve over next 2 years as funding has been received to address the major service level issue.

## Report on Infrastructure Assets (continued)

as at 30 June 2020

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2020	2019	2020	2019	2020	2019	
Infrastructure asset performance indicators (by fund)							
Buildings and infrastructure renewals ratio <sup>1</sup>							
Asset renewals <sup>2</sup>							
Depreciation, amortisation and impairment	76.45%	95.06%	51.36%	61.99%	1,180.28%	40.09%	>=100.00%
Infrastructure backlog ratio <sup>1</sup>							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	5.71%	3.52%	4.55%	5.41%	5.24%	7.88%	<2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	76.05%	57.41%	94.62%	142.50%	57.00%	81.43%	>100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	4.32%	2.70%	1.95%	2.39%	3.50%	3.23%	

(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 2019/2020

Hay

Hay Shire Council GIPA Annual Report 2019/2020

## 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 2019 to 30 June 2020.

## 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	Information Already Available	Refuse to deal with Application	Refuse to confirm/deny whether information is held	Application Withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private Sector Business	1	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 representative)	1	0	0	1	0	0	0	0
Members of the Public (other)	1	0	0	0	0	0	0	0
Total	3	0	0	1	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)	3	0	0	1	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* 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
<b>Total all considerations</b>	<b>0</b>

\* 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
<b>Total all considerations</b>	<b>0</b>

\* 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)	4
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
<b>Total</b>	<b>4</b>

**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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* 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
<b>Total</b>	<b>0</b>