

Hay Shire Council Annual Report 2017-2018



Exciting Heritage... Positive Future

Message from the

GENERAL MANAGER

The Annual Report's objective is to report on Council's financial statements and achievements in implementing the Delivery Program and the effectiveness of the principal activities undertaken in achieving the outcomes in the Community Strategic Plan.

In 2017/18 Council made a small operating surplus which was an improvement on expectations.

The population of Hay Shire seems to have stabilised at around 2,900 people in 2016. Capital projects with external funding are progressing well, for example, the Hay Sewage Treatment Plant and the extension of the Library.

Council has achieved other outcomes that were not anticipated in the Delivery Program or the Operational Plan 2017-18 including achieving a new General Practitioner service that also covers the Visiting Medical Officer role at the hospital; refurbished the Hay Medical Centre, and has lobbied for improvements to rural health services. Council's motion to the National General Assembly of Local Government held in Canberra in June, concerning rural health services and the ownership of medical records, was passed by a large majority and lobbying continues.

Other highlights of the year have included the community led Hay Mardi Gras Parade in March 2018 with 400 people taking part in the Parade and many others cheering it on. It really put Hay on the map with media monitoring showing that with a total of 240 reports mentioning Rainbow on the Plains or Mardi Gras in conjunction with Hay. This coverage had a potential cumulative audience/ circulation of 1,131,416 with a value of over \$500,000. This will now be an annual event in Hay.



Grant funding totalling \$10.4 million was attracted during the year. The Bidgee Cultural Trail and 2,200m cycleway extension were completed. Solar lights were installed along this section. Public WiFi was installed from the Outback Information Centre down to the Post Office averaging over 150 individual device connections per month. Council provided services for 35 clients per week with Commonwealth Home Support Program funding including social support. 10 new public benches and 10 new bike racks were installed in Lachlan Street and pedestrian access ramps improved. Public toilets have been open 24 hours a day and 7 days a week since May 2018.

Council's achievements are shown in detail from Page 9 to 68.



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

Solicitors:

Perrot's Solicitors & Attorneys

Kell Moore & Associates

Auditor:

Audit Office of NSW

Contract Auditors:

Crowe Horwarth Australasia

Insurance Brokers:

Jardine Lloyd Thompson P/L

Statecover - Workers Compensation

Depot

Lindsay Street
HAY NSW 2711

Ph 02 6993 4046

Library

Lachlan Street
HAY NSW 2711

Phone 02 6993 4492

Hay Gaol Museum

Church Street
HAY NSW 2711

Swimming Pool

Lachlan Street
HAY NSW 2711

Phone: 02 6993 1616

Community Building (at Hay Park)

off Morgan Street
HAY NSW 2711

Phone: 02 6993 1017



STATISTICAL INFORMATION

AREA	11,348 km ²
LAND VALUE	\$226,503,880
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	14
Technical Services Department	27
Planning & Development Department	7
Total	50

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 and garlic are grown in the area for the Sydney and Melbourne markets and Broccoli is an emerging export product. Wine grapes are also being grown in increasing quantities at Hay’s winery.



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
Home and Community Care (HACC) Committee
Hay Museums Committee
Hay Health & Fitness Committee
Maude Hall Committee
Youth of Hay Committee
Myers Lane Management Committee
Dunera Committee
Flood Levee Committee



Elected Representatives

Councillors

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

MAYOR

Cr Roger W. Sheaffe

DEPUTY MAYOR

(Sept. 2016 to Sept. 2018)
 Cr Michael A. Rutledge

Mayoral and Councillor Allowances and Expenses

During the period 1st July 2017 to 30th June 2018, Council's Mayoral Allowance was \$14,760 and the total Councillor fees were \$78,528. All Councillor expenses, reimbursements and facilities are provided in accordance with the adopted policy. During the period 1st July 2017 to 30th June 2018 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 = \$22,609
- Training of Councillors = nil
- Interstate trips = \$1705
- 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 (March 2015) deals with all matters associated with Council's meeting procedures.

COUNCIL MANAGEMENT COMMITTEES 2017/2018

- ❖ **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
- ❖ **Home and Community Care 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 2017/2018

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
❖ RAMROC/RAMJO	Mayor/Deputy Mayor/General Manager
❖ Local Area Health Service	Cr Jasen Crighton

VISION AND MISSION STATEMENT

Vision

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

Mission Statement

To be a progressive rural council committed to

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

GOALS

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

ORGANISATIONAL VALUES

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

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

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

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

PRINCIPLES

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

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

SENIOR STAFF REMUNERATION

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

• \$189,842 Package	20 weeks to 1st December 2017	\$73,016.00
• \$200,000 Package	32 weeks to 30th June 2018	\$123,076.00
• Total		\$196,092.00

HUMAN RESOURCE ACTIVITIES

Hay Shire Council provided training opportunities to Council staff from the 1st July 2017 to the 30th June 2018, resulting in an expenditure of \$111,911. 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 1/7/17 to 30/6/18 Council incurred the amount of \$24,179 in legal expenses.

This expense relates to:

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

Council has outstanding legal proceedings in relation to debt recovery.

PRIVATE WORKS

The Council undertakes works for private organisations, individuals and Government agencies on a cost-recovery basis where these works do not significantly impede the Council's own works program. For the period 1st July 2017 to 30th June 2018, Council carried out works totalling \$70,868 from which it received an income of \$74,374. 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 2017 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 2017 to 30th June 2018 the following organisations received grants from Council totalling \$10,817 to the organisations listed below:-

TAFE Riverina	\$150.00
Mini Club of SA	\$1200.00
Mens Shed	\$1092.00
Hay Public School	\$50.00
Hay War Memorial High School	\$25.00
Booligal Public School	\$50.00
Hay Show Society	\$500.00
Hay Jockey Club	\$1200.00
Hay School of the Air	\$50.00
Hay Tennis Club	\$5000.00
Girl Guides	\$500.00
1st Hay Scouts	\$500.00
Booligal Sheep Races	\$1000.00

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	Dunera Committee
Hay Showground Management Committee	Bishop's Lodge Management Committee
Youth of Hay Committee	Flood Levee Committee
Home and Community Care (HACC) Committee	Myers Lane Management Committee
Hay Museums Committee	Hay Health & Fitness 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 2017-2018 can be found in the Statutory section of this report.

CULTURAL SERVICES

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

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

EQUAL OPPORTUNITY MANAGEMENT PLAN

Council has appointed an Equal Employment Opportunity (EEO) Officer and has adopted an EEO Management Plan.

Due to the success of Council's EEO processes, Council has not considered it necessary to implement any additional training or activities.

ACCESS & EQUITY ACTIVITIES

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

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

During the year ended 30 June 2018, Council sponsored a number of individuals and groups to participate in activities outside the region. Council also conducted a very successful senior citizen week program. Council also is a community home support service provider, which includes Meals on Wheels, Community Transport, Health Transport, Social Support, Respite Care and Home Maintenance services. Council also operates a Centrelink agency, which provides a badly needed service to those in need of assistance and advice.

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

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

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 2017 to 30th June 2018 the amount of \$100,153 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 \$3,143 was abandoned in the water and sewer funds under Councils community service obligation policy and fire fighting water connections policy.

CHILDREN'S NEEDS

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

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

MAJOR CONTRACTS AWARDED

Cleanaway Operations - Garbage Collection Service

INFORMATION PROTECTION

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

COMPETITIVE NEUTRALITY

Council is making satisfactory progress in implementing the principles of Competitive Neutrality. Council's Water and Sewerage services have been identified as category two businesses. Whilst Council hasn't adopted full cost attribution for these businesses, all costs that can be reliably attributed to that business are accounted . All competitive neutrality complaints must be in writing to the General Manager, with each complaint referred to the Council for consideration. No complaints were received during the period 1/7/17 to 30/6/18.

Report on Achievements in Implementing Delivery Program

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.



Achievements in Environmental Sustainability

- Development approval was received from the NSW Department of Planning and Environment for the construction of a solar farm that will create up to 150 jobs during the 12 month construction period, and two to five operational jobs.
- The Bidgee Cultural Trail was completed and opened by Austin Evans MP in May 2018
- The Bike Plan was completed and the Bike Day event was held on 23rd September 2017
- Accessible transport provided to transport disadvantaged people. 386 people were driven to services in Hay or to medical appointments by Council staff and HACC volunteers. There are some 100 HACC volunteers.
- Provided services for 35 clients per week with Commonwealth Home Support Program funding including social support.
- 10 new public benches and 10 new bike racks were installed in Lachlan Street and pedestrian access ramps improved.
- South Hay booster pump working successfully with no complaints received regarding water pressure.
- Hay Park Pond was developed as a passive recreational area.
- 130m of path was replaced in Hay Park from Pine Street to Gum Alley.
- Asbestos training held for 7 Council staff and 5 external contractors in April 2018.



CYCLEWAY

2,200m cycleway extension completed.
Solar lights were installed along this section.



PUBLIC TOILETS

Public toilets opened 24/7 since May 2018



CARDBOARD RECYCLING

66 tonnes of cardboard recycled through the Community Recycling Centre

A1

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

Community Strategy

A1.1

Investigate renewable resource options

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A1.1.1 – Seek external funding for solar energy programs as part of the Green Hay economy	T1	Identify projects	CO	Implement structure	DA for the Solar Farm approved by the Department of Planning & Environment.	DPD
	T1	Prepare funding applications	CO	Applications submitted	Investigated heritage funding for solar energy for the Council office.	DPD
A1.1.2 – Seek external funding for alternative energy programs as part of the Green Hay economy	T1	Investigate alternative energy storage	CO	Projects investigated	Developers of batteries looking for funding.	DPD
	T1	Facilitate testing	CO	Complete testing	No progress.	DPD
	T1	Prepare funding application	CO	Application submitted	Investigated heritage funding for solar energy for the Council office.	DPD

Community Strategy

A1.2

Identify suitable environmentally sustainable initiatives

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A1.2.1 – Reduce consumption and reuse water	T1	Implement demand management strategy	CO	Consumption	200m section of water main replaced. Irrigations systems installed in parks. Drought Management Plan adopted.	IM
A1.2.2 – Recycling and Waste	T1	Continue with recycling and waste program	CO	Waste collected	CRC shed is operating, 66 tonne of cardboard was recycled between July 2017 and June 2018.	IM
A1.2.3 – Reducing power consumption	T1	Implement energy saving initiatives and lead by example	CO	Energy consumption	Successfully trialled solar LED lights.	DPD
	T1	Investigate renewable energy alternatives in Council buildings	CO	Develop Energy Audits for buildings	Audit for Council Office completed and to be implemented dependant on success in applying for funding.	DPD
A1.2.4 - Promote Sustainable Transport	T1	Promote and implement sustainable transport initiatives	CO	Strategies to be drafted	Bike Plan completed and being implemented. Bike Day held 23/09/2017.	DPD
A1.2.5 - Support Sustainable Natural Environment Programs	T6	Develop partnerships with Government Land so that they become operational in the Hay Shire and are commercial ventures that are ratable and viable business concerns	CO	Land open and operational	Working with Office of Water and landholders.	DPD

Community Strategy
A1.3

Implement river management strategic partnerships to protect river banks

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A1.3.1 – Liaise and Consult with Stakeholders	T3	Seek commitment from Government agencies that a satisfactory weir pool will be maintained.	CO	Consistent Weir Pool	Weir pool has been very inconsistent in the second six months. Water NSW did not inform Council as a customer that the water levels would fall for maintenance of the Hay weir gates.	GM
A1.3.2 – Ongoing advocacy and education policies	T3	Continue to represent the community to ensure the preservation of river banks	CO	Community satisfaction	No information currently available.	GM

Community Strategy
A1.4

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

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A1.4.1 – Oversee a Local Environmental Planning and compliance framework for managing and controlling land use development	T2	Ensure timeliness of determination delivery	CO	Measuring DA processing times	Maintained satisfactory processing times. Average 1.8 days.	DPD
A1.4.2 – Ongoing advocacy and education policies	T2	Provide timely and effective advice to applicants and delivery partners	CO	Advice provided as required	Created fact sheets on topics we have a lot of enquiries about, e.g converting sheds into dwellings, temporary dwellings.	DPD

Community Strategy
A1.5

Provide suitable accessible transport alternatives including cycleways and walking tracks

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A1.5.1 Review Cycleways and Masterplan	T5	Undertake review in consultation with the community	Q4	Complete review	Completed.	DPD
	T5	Seek external funding	CO	Applications submitted	Funding applications successful for \$27,500 for cycleway; \$250,000 for walking trail extension. All works completed.	IM
A1.5.2 Improve signage and promotion	T5	Update signage on cycleway	Q4	Install signage	Signs installed as the pathways constructed	IM
	T5	Include cycleways and walking tracks in promotion activities	CO	Prepare promotional material	Promoted on Facebook/Instagram Posts and Bike Map created.	DPD
A1.5.3 Plan and manage cycleways and walking tracks	T5	Implement Plans	CO	Services delivered	2200m cycleway extension completed. Solar lights were installed along this section.	DPD/IM
A1.5.4 Provide accessible transport to the community	T5	Implement disability and inclusion plans	CO	Works undertaken	Implementing principles in all new Council developments.	DPD
	T5	Implement Plans	CO	Number of programs promoted	Accessible transport provided to transport disadvantaged people. 386 people were driven to services in Hay or to medical appointments.	DPD

Community Strategy
A1.6

Maintain levee bank to protect community assets

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A1.6.1 Manage levee bank system for the Hay Town	T6	Develop inspection and maintenance plan for levee system	Q4	Plans completed	No plans in place as yet.	IM
	T6	Develop service standards	Q3	Service standards adopted	No action taken to date.	IM

A2

Our community is clean and healthy

Community Strategy

A2.1

Keep amenities in a clean and safe condition

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	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	CO	Recreational equipment maintained	Monthly inspection regime implemented.	DPD
	T5	Maintain amenities at a standard consistent with community expectations	CO	Park areas maintained	Anecdotal evidence shows high level of community satisfaction.	IM
A2.1.2 – Ensure that the Hay Council area is clean and tidy for the benefit of residents and business owners	T5	Implement and monitor street sweeping and cleaning systems	CO	Amenities clean and maintained	Streets are cleaned regularly and in response to public requests.	IM
	T5	Maintain amenities at a standard consistent with community expectations	CO	Amenities clean and maintained	Amenities cleaned daily with no public complaints. Amenities open 24/7 now.	IM
A2.1.3 – Maintain streets and supporting infrastructure to encourage safe public use of facilities	T5	Deliver Council's maintenance program and services to ensure infrastructure is clean, safe and accessible	CO	Annual Works Program delivered on time	10 x new public benches and 10 x new bike racks have been installed. Paths and pedestrian access ramps improved.	IM
A2.1.4 - Manage domestic waste and other waste management services	T5	Deliver domestic waste and provide waste disposal facility	CO	Service delivered	Domestic waste collection and waste facility has received service complaints. A review of the waste facility is being undertaken.	IM
	T5	Promote Council's waste reduction and recycling programs	CO	Number of programs promoted	Promoted in newsletter and on radio.	IM

Community Strategy

A2.2

Provide a clean and safe water supply

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A2.2.1 – Manage water supply operations for the Hay Town supply	T5	Maintain water supply operations and review regularly in line with demand	CO	Annual capital works and operations program delivered on time	A review of the reticulation network is underway to investigate the expansion of potable water supply.	IM
	T5	Implement improvement programs, to maintain assets in line with demand, financial capacity, and business plans	CO	Annual capital works and operations program delivered on time	South Hay booster pump working successfully with no complaints received regarding water pressure.	IM
	T5	Complete Integrated Water Cycle Management Strategy	CO	Strategy completed	Strategy completed.	IM

Community Strategy
A2.3

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

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A2.3.1 – Manage water supply operations for the Hay Town supply	T6	Maintain stormwater and drainage operations and review service levels	CO	Annual capital works and operations program delivered on time	Stormwater pit maintenance and modification for the installation flood gates. 4 x flood gates have been purchased.	IM
	T6	Implement improvement programs, to maintain assets in line with demand and financial capacity	CO	Annual capital works and operations program delivered on time	An extension of stormwater network to include Russell Street was completed and a 100m section of stormwater was replaced in Macauley Street.	IM

Community Strategy
A2.4

Parks open spaces and natural environments are well maintained

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	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	Hay Park Pond was developed as a passive recreational area. 130m of path was replaced in Hay Park from Pine Street to Gum Alley. Council assisted with the Light Horse Memorial Statue installation.	IM
	T5	Review Open Spaces Plan	Q4	Plan completed	Review completed, adopted by Council August 2017.	DPD
A2.4.2 Allocate resources efficiently in accordance with community expectations	T5	Develop service plans and standards for parks	Q4	Plans completed	Plans being prepared.	IM
A2.4.3 National Parks open and effectively managed	T6	Support initiatives for National Parks to be effectively managed open to the public.	CO	Parks open	Lobbied State MP Austin Evans. Received response from Minister for the Environment that there will be an increase in frontline staff in National Parks and Wildlife Services. Parks are still not open.	GM

A3

We create a sustainable environment for future generations

Community Strategy

A3.1

Run environmental workshop and events

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	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	Coordinate events on relevant topics including recycling, tree days, drum muster.	CO	Events held	Participated in Drum Muster program and National Tree Day.	IM
	T4	Support landcare and other stakeholder initiatives	CO	Support	Initiatives such as National Tree Day supported 30th July 2017 in conjunction with Local Land Services.	DPD

Community Strategy
A3.2

Support and publicise initiatives undertaken

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	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	Activities undertaken	Ongoing support provided through Council media. Articles on topics such as National Ag Day, Asbestos Awareness, Lower Lachlan Valley Area, Nimmie-Caira, Hay Inc Program, Developing Culturally Sensitive & Riverina Land. Asbestos training undertaken for 7 Council staff and 5 external contractors in April 2018.	DPD



Achievements in Liveable and Vibrant Community

- Public Art Strategy completed and adopted by Council in November 2017. Public Art aspects included in applications for Stronger Country Communities Fund Round 2.
- Council assisted with the installation of the Light Horse Memorial Statue.
- Restoration of Sturt Memorial completed.
- The Library had 29,221 visits in 2017/18



STATUE

Installation of the
Light Horse Memorial Statue



HAY LIBRARY

There were 29,221 visits to
the Hay Library

B1

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

**Community Strategy
B1.1**

Address community needs through the provision of services targeting identified groups

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B1.1.1 – Implement Community Development Plan	T1	Review and update plan	CO	Plan updated	Reviewed.	DPD
	T1	Staged implementation of action plan	CO	Plan implemented	Implemented as part of Community Development.	DPD

Community Strategy
B1.2

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

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B1.2.1 – Promote local employment and training opportunities	T1	Support and promote education initiatives	CO	Programs supported	Sponsored annual TAFE award for student of the year.	GM

Community Strategy
B1.3

Establish and maintain working relationships with partners and safety agencies

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B1.3.1 – Work with safety agencies to identify and develop strategies to address safety concerns in the community	T3	Work through strategies to address issues and concerns	CO	Number of issues and concerns addressed	Close working relationship established with new Police Sergeant for proactive risk management.	GM
	T3	Support publicity and communication initiatives	CO	Community support	Initiatives included in Shire Snippets and other communication streams.	GM
	T3	Maintain links with safety agencies including participation in Community Safety Precinct Meetings	CO	Relationships established	Community Safety Precinct meetings held quarterly with Police, schools, Hay Local Aboriginal Land Council, SES, and community representatives to address community safety issues.	GM

Community Strategy B1.4

Build partnerships to foster and promote community well-being

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B1.4.1 Work with health agencies to identify and develop strategies to address health issues in the community	T3	Work with local health agencies to promote better health and fitness programs	CO	Programs and partnerships promoted	Regularly promoted health and fitness programs for Intereach, Ability Links and other organisations as requested.	GM DCS
	T3	Provide information and education about healthy lifestyle including being sun smart, good nutrition, improving physical activity, quit smoking, reducing drug and alcohol	CO	Programs and partnerships promoted	Bike Day event held. Extensive swim safety education program. Aboriginal Medical Service, Intereach, Ability Links Programs promoted.	GM DCS
B1.4.2 Directly provide certain health and well-being services in consultation with the community that address identified needs	T3	Support and foster growth in the Hay Health and Fitness committee	CO	Programs and partnerships promoted	Ongoing support provided. Administration centre provides membership and treasurer support.	GM DCS
	T3	Continue to provide free recreational facilities and work with local sporting groups to facilitate participation and recognise achievement	CO	Programs and partnerships promoted	Facilitated user group meetings. Annual sporting civic reception event held October 2017.	GM DCS
B1.4.3 Work with Community agencies to identify and develop strategies to address cultural issues in the community	T3	Undertake Community Arts Projects to contribute to improving the area's appearance	CO	Programs and partnerships promoted	Public Art Strategy completed and adopted by Council in November 2017. Public Art aspects applied for in Stronger Country Communities Fund Round 2.	DPD
	T3	Work with community partners in providing and promoting programs that contribute to community pride and wellbeing.	CO	Programs and partnerships promoted	Provided assistance for events such as Colour Your World (Intereach inclusive colour run), Mungo Man ceremony. Provided services for 35 clients per week with Commonwealth funding.	GM DCS

Community Strategy
B1.5

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

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B1.5.1 Provide wide range of options to engage the community on issues relating to the Shire	T5	Review engagement strategy incorporating social and electronic reforms and innovations	Q4	Achieved	Strategy reviewed. Awaiting templates from the NSW Government to develop Participation Plan.	GM DCS
B1.5.2 Coordinate committees and activities to facilitate participation in Council decision making	T5	Manage and coordinate Council Committee and activities	CO	Number of Committee meetings conducted	Works and Planning Committees have been replaced by monthly Councillor Workshops to make savings and improve Council decision making	GM DCS
	T5	Seek support and direction from Council Committees as required	CO	Number of recommendations acted upon	Council support given to S355 Committees.	GM DCS

B2

Our community is vibrant

Community Strategy

B2.1

Enhance the atmosphere of the main street and public areas

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B2.1.1 – To continuously upgrade and improve the Main Street area	T6	Seek funding for Lachlan Street development	Q2	Annual works program delivered on time	Application for funding for CBD upgrade lodged under round 2 of the Stronger Country Communities Fund.	GM
	T6	Prepare details plans and specifications for Lachlan Street development	Q4	Annual works program delivered on time	Bins and seating replaced to be uniform as per concept design.	GM
B2.1.2 – To continuously upgrade and improve public areas for the enjoyment of local community members and visitors	T6	Implement playground equipment improvement strategy	CO	Program delivered on time	Open Spaces Strategy adopted by Council in August 2017 and program is in early stages of implementation.	GM
	T6	Facilitate public art display in main street and public areas	CO	Displays on exhibition	Public Art Strategy adopted by Council in November 2017 as a means to seek funding. Public Art included in projects under Stronger Country Communities Fund.	DPD

Community Strategy
B2.2

Actively promote the wellbeing of the community and its members

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B2.2.1 – Promote and develop an inclusive local community culture, where people of all ages interact and provide mutual support	T3	Assess way in which the use of community facilities can be extended and increased incorporating strategies from the disability and inclusion plan	CO	Programs commenced	A number of measures have been implemented including improving access in Lachlan Street	GM DCS
	T3	Promote the benefits of community participation and volunteering	CO	Increase in participation	Items included in newsletter and website. Supported programs including Colour Run (December 17), Literacy events (September 17). Held annual volunteers lunch for HACC volunteers (December 17).	GM DCS
B2.2.2 – Promote and provide opportunities for education and lifelong learning	T3	Assess opportunities for the library, museums and arts to support a range of lifelong learning activities incorporating developing technologies	CO	Programs completed	Digital Workshops held and participated in “Be Connected” program.	DPD
	T3	Implementation of ‘Paint the Town Read’ Program	CO	Program completed	Event held in September 2017.	DPD
	T3	Encourage community participation by all age groups in lifelong learning initiatives	CO	Programs commenced	Promoted digital workshops and held Paint the Town Read Literacy event September 2017. Participated in “Be Connected” program.	DPD
	T3	Incorporate learning and education initiatives in library development	Q4	Project completed	\$200,000 in grant funding from the Stronger Country Communities Fund to fitout Library with an innovative space. There were 29,221 visitors to the Library	DCS

Community Strategy

B2.3

Build on our recreation and cultural facilities and services

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12Month Review	Responsibility
B2.3.1 – To continuously upgrade and improve the recreation and cultural facilities	T6	Plan and deliver improvement and management program	CO	Annual works program delivered on time	Light Horse Sculpture completed, painting the pools completed, Heritage Walking Track completed and official opening held in May 2018.	IM
	T1	Promote and support initiatives of the Hay Aboriginal Working Party	CO	Programs delivered	Supported project to refurbish Aboriginal Murals under bridge, and extended walkway to accommodate the murals.	DPD
B2.3.2 - Rationalise and manage the restoration and conservation of our museums	T1	Develop and implement conservation and restoration program	CO	Program delivered	Restoration program in place. Restoration of Sturt Memorial completed.	DCS
	T1	Work with management committees to deliver efficient and sustainable services providing visitors an enjoyable experience	CO	Activities and services	Launched Hay Heritage Program	DCS

Community Strategy
B2.4

Ensure services are accessible to all groups in the community

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B2.4.1 - To promote and develop an inclusive community culture	T1	Implement disability and inclusion plan	CO	Programs undertaken	Being implemented in all new projects.	DPD
	T5	Promote the availability of services on a variety of media formats including social, website and e services	CO	Promotion completed	Promoted service provider events like Aboriginal Medical Centre, Intereach, Hay Medical Centre, HACC, and Dentist to promote their services in the Shire Snippets. Promote events supporting inclusion, e.g. Colour Your World, Raindbow on the Plains/ Hay Mardi Gras.	DPD

Community Strategy
B2.5

Promote the town as a great lifestyle choice

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B2.5.1 - Promote the town of Hay and its surrounding villages as a great place to live.	T4	Review and update Visitors Guide	CO	Updated guide	No progress.	DPD
		Update New Residents Kit	CO	Updated kit	Completed.	DPD
	T4	Undertake regular press releases utilising a variety of media formats to promote the liveability.	CO	Programs promoted	Media releases developed.	DPD

Community Strategy
B2.6

Provide high quality facilities to local sporting groups

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B2.6.1 - To continuously provide and improve sporting facilities in an efficient and sustainable manner.	T6	Develop and implement service plans	CO	Achieved	Service levels developed.	IM
	T6	Seek external funding to meet infrastructure demands	CO	Applications submitted	10 applications submitted for local sport infrastructure projects to the Stronger Country Communities Fund Round 2	IM
	T6	Engage with the users on a regular basis	CO	Forums held	Park Users & Pool Users Meetings have taken place to discuss Council service levels.	IM



Achievements in Economic Prosperity & Sustainability

Grant funding totalling \$10.4 million including:-

- \$250,000 – Bidgee Cultural Trail: Funded by the Australian Government Department of Infrastructure and Regional Development, through the Murray Darling Basin Regional Economic Diversification Program
- \$74,735 – Accessing Historic Sewage Treatment Works: Assisted by the NSW Office of Environment of Heritage through the Heritage Near Me Program.
- \$27,500 – Cycleway through Bushy Bend: Assisted by Road and Maritime Services under the Cycling Connecting Centres program
- \$4,750 Country Arts Support Program

Lobbying and advocacy undertaken including business cases presented to the State Government on:

- Financial Assistance Grants and future sustainability of Council;
- upgrading of B-Double Intersections onto State Highways;
- motion put to the National General Assembly of the Australian Local Government Association and passed by a large majority (146 – 6) about funding of GP services, and medical records;
- sought answers from the NSW Government concerning the future of State Agency employment and National Parks in Hay. Received a response from the Minister for Local Government, Environment and Heritage that the National Parks and Wildlife Service is being restructured to put more people on the frontline;
- lobbied Commonwealth Office of the Minister for Infrastructure and Transport about the matching \$4 million for the replacement of the Maude Bridge;
- submission put to the Federal Senate Inquiry into the impact of Regional Inequality in Australia that was published https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Regional_Inequality_in_Australia/Submissions
- ‘Stillness’ campaign targeting introverts undertaken
- The Hay Heritage Program was launched.



MATTHEWS BRIDGE

\$4 million from the NSW Government's Fixing Country Road program for the replacement of the Maude Bridge



NSW SCCF

\$760,000 from the NSW Stronger Country Communities Fund
- \$200,000 for Hay Library Building and Space Development and \$560,000 for the Hay Park Playground Facility



RESTART NSW

\$5,250,000 for the Hay Waste Water Treatment Project from Restart NSW



Achievements in Economic Prosperity & Sustainability

- Worked with neighbouring Councils in developing marketing materials and support for Outback Info Centre initiative. Worked with Outback Beds. Four new info points established outside of Hay.
- Provided support and promotion for Social Media Strategy workshop in September 2017; Small Biz Bus July 2017, and March 2018
- Council supported 30 local events: Kilfera Field Day, Hay Show, Charge of Beersheba, Mungo Man, Hay Jockey Club Races, Hay Lions Fishing Comp, Show Girl Zone 7 Judging & Dinner, Booligal Sheep Races, Bishop's Lodge Francis Castley, ANZAC Day, Hay Mini Nationals, Hay Art Out, Club Standard & Triumph, Hay B & S and Hay Plains Bowls Carnival, Hay Open & Junior Tennis Tournament, CWA Flower Show, St Mary's School Fete, 2HAYFM Christmas Street Festival, One Tree Country Music Festival, Hay Rodeo, Hay Inc. Block 2, Hay Public School Fete, Hay Mardi Gras, Hay Ag & Pastoral Innovation Expo, and Working Dog Club - Hay Yard Dog Trials, Happy Wanderers Mother's Day Concert, Mother's Day High Tea.
- Annual Sporting Civic Reception held in October 2017 to recognise the sporting success during the year, especially the achievement of the Girls Open AFL after winning both the Western Riverina and State NSW Grand Finals.



TOURISM

There were 18,692 visitors to the Tourist Centre.



COUNCIL EVENTS

Paint the Town REaD Literacy Event
 Paint Hay Red
 National Ag Day
 Party in the Park
 NSW Bike Day
 Civic Reception
 Australia Day



HAY MARDI GRAS

Some 400 people marched in the Hay Mardi Gras parade;
 \$17,000 was raised and over 1.3 million people were reached by media about the Mardi Gras, with a value of over \$500,000.

C1

Our community welcomes new and innovative industry to support our future

Community Strategy

C1.1

Create a better business environment

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C1.1.1 – Implement Economic Development Action Plan	T1	Hold business workshops	CO	Workshops	Ongoing - Provided support and promotion for Social Media Strategy workshop - 25/9/17, Small Biz Bus - 17/7/17, and 19/3/18. Extensive support and promotion for Digital Skills workshop for community groups.	DPD
	T1	Active business attraction program commenced	CO	Visits and provision of information to potentially interested businesses	Implemented.	DPD
	T1	Business of the Year award to recognise local achievement	CO	Conducted	No progress.	DPD
	T1	Facilitate a local business support group	CO	Established	No progress.	DPD

Community Strategy
C1.2

Boost demand for products and services in Hay

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C1.2.1 – Implement Economic Development Action Plan	T4	Assist with marketing and networking of products	CO	Provision of contacts for business, liaison with organisations such as Austrade	Completed.	DPD

Community Strategy
C1.3

Create growth industries

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C1.3.1 – Implement Economic Development Action Plan	T1	Actively pursue new industry through visits, meetings, field days and industry activities	CO	Programs implemented	Completed.	DPD
	T1	Assist and provide support to existing business and industries	CO	Programs implemented	Completed.	DPD

C2

Our community values its history and tourism

Community Strategy

C2.1

Actively identify promote and enhance tourism initiatives

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C2.1.1 – Encourage tourism opportunities that meet the needs of the community	T3	Identify tourism markets and opportunities	CO	New tourist operations	'Stillness' campaign targeting introverts undertaken and Heritage Hay campaign launched in June 2018.	DPD
	T3	Provide guidance and support to new and existing tourist operations	CO	Number of businesses supported	Assisted with new Farmstays and Agritourism.	DPD
Promote and enhance the Hay Shire region as a tourist destination	T3	Manage the communities tourism operations	CO	Programs delivered	Assisted with advertising and marketing. 18,692 visitors to Tourist Centre in 17/18.	DPD
	T3	Implement appropriate tourism and marketing strategies	CO	Number of programs supported	Stillness campaign, Hay Heritage campaign.	DPD
	T3	Formulate new tourism strategy	Q4	Completed	Outback Info Centre initiative implemented.	DPD
Work with tourism partners to develop local and regional tourism initiatives	T3	Facilitate strong and effective relationships with other tourism agencies	CO	Number of programs supported	Worked with neighbouring Councils in developing marketing materials and support for Outback Info Centre initiative. Worked with Outback Beds. Four new info points established outside of Hay.	DPD
Improve visitation appeal	T3	Improve signage for local attractions and activities	Q4	Installation	Replaced entrance sign inserts.	DPD
	T3	Launch new tourism brand	Q4	New branding in brochures, website. Signing on businesses to the new brand.	Completed.	DPD

Community Strategy
C2.2

Promote camping facilities

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C2.2.1 – Promote and enhance the Hay Shire region as a great camping spot	T3	Include camping facilities in marketing campaigns including social and other business opportunities	CO	Camping participation	Implemented.	DPD

Community Strategy
C2.3

Showcase our open space, recreation and cultural facilities

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C2.3.1 Promote and enhance our open space recreation and cultural facilities	T2	Participate in local and regional campaigns	CO	Programs completed	Regularly promoted recreational spaces and cultural facilities throughout the region.	GM
Participate in marketing	T2	Include facilities in tourism and promotional material and Council planning and reporting documents	CO	Material published	Stillness campaign, Open Spaces Plan, Bike Plan and Map, Public Art Strategy.	GM/DPD

C3

We have the capacity to hold numerous events and activities

Community Strategy

C3.1

Promote events and activities

2017-2021 Delivery Plan		2017/2018 Operational Plan					
Action	Council Target	Priority	Completion	Target	12 Month Review		Responsibility
C3.1.1 Promote and provide support to local events	T1	Include in Councils promotional activities	CO	Programs supported	Council assisted in organising, marketing and the running of 7 events: <ul style="list-style-type: none"> • Paint the Town REaD Literacy Event - September 17 • NSW Bike Day - September 17 		DPD
	T1	Advise and assist local organisations	CO	Programs supported	Council provided assistance with marketing, printing, etc for 30 local events: <ul style="list-style-type: none"> • Kilfera Field Day - September 17 • Hay Show - September 17 • Hay Open & Junior Tennis Tournament - October 2017 • CWA Flower Show - October 2017 • Charge of Beersheba - November 2017 • Bishop's Lodge Wes Carr - November 2017 • Mungo Man - November 2017 • Hay Jockey Club Races - November 2017 • St Mary's School Fete - December 2017 • 2HAYFM Christmas Street Festival - December 2017 • Hay Lions Fishing Comp - February 2018 • Show Gril Zone 7 Judging & Dinner - February 2018 • One Tree Country Music Festival - March 2018 • Hay Rodeo - March 2018 		DPD

Community Strategy
C3.2

Promote our capacity to stage events

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C3.2.1 Promote the Hay regions as an event destination	T1	Advertising on radio, social media and printed media	CO	Programs supported	Ongoing. Stillness campaign promoting Hay as a quiet place for artists/ photographers/songwriters etc to retreat. Two photographers (BellaRose and Kiki Sjoberg) with large followings came to Hay and regularly post on their social media about Hay and the Stillness campaign. Bishops Lodge 2018 program reflects the Stillness campaign and is attracting artists to town e.g. Wes Carr concert held in Nov 17.	DPD
	T1	Develop events promotion package	CO	Package distributed	Completed.	DPD

C4

Our community is innovative and adaptive

Community Strategy

C4.1

Identify opportunities to grow the agriculture sector

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C4.1.1 Ongoing consultation with agencies and industry groups	T4	Identify supply chain gaps and potential new products	CO	Liaison with the agricultural sector, and government departments.	Meetings held with companies to identify gaps in agricultural value chain.	DPD

Community Strategy
C4.2

Improve connectivity in the community

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	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 any improvements or changes to systems	CO	Programs delivered	Public wifi installed and working well with access points being the Outback Information Centre down to the Post Office. Averaging 150 users per month.	DCS
	T2	Expand E business and internet services to improve accessibility	CO	Programs delivered	Increased usage of electronic notices.	DCS

Community Strategy
C4.3

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

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	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	Identify needs and formulate a strong business case in consultation with the community	CO	Priorities actioned	Business cases presented to the State Government on FAGs and future sustainability of Council, upgrading of B-Double Intersections, Sewage Treatment Plant. Motion put to the National General Assembly of the Australian Local Government Association and passed by a large majority about funding of GP services, and medical records. Submission put to the Federal Senate Inquiry into the impact of Regional Inequality in Australia	GM
	T2	Build on existing relationships with other levels of Government	CO	Funding sources	Funding received for STP - \$5.25million, Maude Bridge \$4 million and \$760,000 received for the Playground and Library. Meeting held with Commonwealth Office of the Minister for Infrastructure and Transport about the matching \$4 million for the replacement of the Maude Bridge	GM

Community Strategy
C4.4

Support education and training initiatives

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C4.4.1 Promote and support education and training initiatives	T2	Continue the library transformation as a learning centre	CO	Programs commenced	\$200,000 received from Stronger Country Communities Funding. Space development planning commenced.	Librarian



Achievements in Governance and Organisational Performance

- Public WiFi was installed from the Outback Information Centre down to the Post Office averaging over 150 individual device connections per month.
- New Website operational from August 2017, averaging 10,000 page views per month.
- Council has joined the Riverina and Murray Joint Organisation, RAMJO. Meetings of General Managers and Working Groups increase regional collaboration.
- Works and Planning Committees have been replaced by monthly Councillor Workshops to make savings and improve Council decision making.



WEBSITE

Council and Tourism Websites averaging over 10,000 page views per month

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 Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
D1.1.1 – Complete statutory financial and governance returns to a satisfactory standard within required timeframes	T1	Provide summary of the statutory reports to the public	CO	Completed	All submitted.	DCS
	T1	Include items in Council newsletter and social media	CO	Completed	Completed.	DCS
D1.1.2 – Include regular organisational performance items in Council newsletters, publications and social media	T1	Regularly communicate to the public through the newsletter	CO	Completed	Two per month, Shire Snippets newsletter.	DCS
	T1	Regularly communicate to the public through the website and other electronic and social means	CO	Completed	Website & Facebook page & Hay APP updated regularly.	DCS

Community Strategy D1.2

Council effectively manages its resources

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
D1.2.1 – Council properly plans, programs and completes its required functions and tasks	T2	Council adopts a continuous improvement regime for all its activities including Lean	Q4	Efficiency gains	Innovation program implemented. Continuous improvement being pursued through Executive Management Team and Consultative Committee	GM
	T2	Council incorporates procurement planning in its project and budget planning	CO	Savings	Procurement planning incorporated in applications for Stronger Country Communities Fund Program.	GM
	T2	Development and implementation of Enterprise Risk Management Strategy across all Council activities	CO	Strategies developed	Risk meetings held and improvements implemented. Fraud Prevention Plan developed.	DCS
D1.2.2 – Council effectively manages its core inputs of personnel and plant	T2	Staff are trained and managed in accordance with the workforce plan providing for present and future needs	CO	Workplace efficiency	Council does not have an adopted Workforce Plan.	GM
	T2	Plant is replaced and managed in an efficient way	CO	Workplace efficiency	All plant purchases have been made and plant use inductions carried out.	IM
D1.2.3 - Continue with digital first strategy	T2	Use website and other E business initiatives	CO	Workplace efficiency	Website operational from August 2017, averaging 10,000 page views per month.	DCS
	T2	Utilise mobile solutions including Civica actus and other remote based applications	CO	Workplace efficiency	Actus platform operational.	DCS
D1.2.4 – Continue to be fit for the future	T2	Implement Fit for the Future Strategy	CO	Targets achieved	Fit For the Future actions incorporated into Operational Plan	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 Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
D1.3.1 – The Corporate Department operates in a manner to ensure reliable and up to date information is available to all stakeholders	T3	The information technology and communication department provides and maintains data in a timely accurate and secure manner	CO	Delivered on time	IT systems worked efficiently.	DCS
	T3	That Policies be regularly reviewed, formulated and updated to account for changing requirements and demands	CO	Adoption	Reviewed Expenses Policy and Council adopted Scavenging Policy in July 2017. Other policies renewed include Amusement Equipment Hire	GM
	T3	Appropriate internal and external audit systems are established and maintained	CO	Delivered on time	Interim external audit undertaken in May 2018	GM
D1.3.2 – Systems will be implemented to ensure proper reporting on outcomes	T3	All Department heads required to report on outcomes twice per year with regular updates to SMT	Q2 Q4	Reporting completed	Outcomes recorded in Delivery Plan Progress Reports.	GM
D1.3.3 - Programs will be developed to improve strategic capacity	T3	Increase collaboration with partner and alliance Councils including neighbouring Councils and Cumberland City Council	CO	Programs commenced	Council has joined the Riverina and Murray Joint Organisation, RAMJO. Meetings of General Managers and Working Groups increase collaboration.	GM
	T3	Review business processes and efficiencies	CO	Review conducted	Business processed progressively reviewed	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 Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
D1.4.1 – Consultation and engagement systems	T6	Consult with the community in accordance with the Community Engagement Strategy	CO	Completed	Community surveys undertaken through Shire Snippets on Museums, proposed projects, the Operational Plan and flying the Aboriginal Flag	GM
	T6	Utilise social media to engage consult and collaborate	CO	Completed	Social media used by Visitors Centre, Administration Centre and Ranger to inform and engage the community.	GM
D1.4.2 - Management Frameworks	T6	Implement Risk Management Framework and Fraud Control Plan	CO	Completed	Risk Management Framework implemented and Fraud control reviewed.	GM
	T6	Implement Workforce Plan	CO	Completed	Council does not have an adopted Workforce Management Plan.	GM

Community Strategy

D1.5

Council will lead by example

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
D1.5.1 – Provide effective leadership and strong direction for the community	T5	Provide strong governance to the organisation ensuring strong links are provided between Councillors and staff	CO	Councillor & employee feedback	Very strong employee feedback recieved through General Manager performance survey and Consultative Committee	GM
	T5	Deliver high quality services that meet the needs and expectations of the community and other stakeholders	CO	Community feedback	Feedback sought in exhibition of the draft 2018/19 Operational Plan	GM

Community Strategy
D1.6

Council will continuously seek to improve

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
D1.6.1 Service delivery and levels	T4	Review service delivery methods and levels on an annual basis	CO	Completed	Parks and Gardens and S355 Committee service levels reviewed as part of the 2018/19 budget process	GM
D1.6.2 Measure what we do	T4	Utilise data and feedback to measure our performance	CO	Completed	Improved measures incorporated into 2018/19 Operational Plan	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 Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
D2.1.1 – Provide continued support to Committees and involve them in local decision making	T6	Discuss matters with Council committees on a regular basis	CO	Meetings held	Monthly public Works and Planning Committee replaced by monthly Councillor Workshops to improve Council decision making.	GM
D2.1.2 – Keep the public informed and provide them with balanced and objective information that will facilitate consultation and engagement	T6	Include consultation information in news items	CO	Items	Several surveys have been undertaken through the newsletter that is distributed to all 1,300 households in the Shire twice a month.	GM
	T6	Incorporate integrated planning and reporting into what we do	CO	Completed	Incorporated in decision making through Council reports, and the exhibition of the 2018/19 draft Operational Plan.	GM

Community Strategy
D2.2

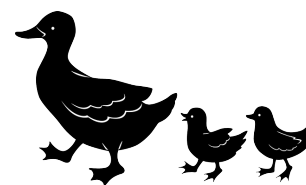
Effectively communicate the range availability and operation of services and facilities

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	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 to inform community of services provided by Council	CO	Delivered on time	Increased usage of Facebook and electronic media.	DCS
	T1	Review and maintain Council's Community Information Directory	CO	Directory reviewed	Updated with new website and new businesses are approached for their information to include.	DPD
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	Implemented	Facebook and Hay App incorporated in Council communication and engagement processes.	DCS



Achievements in Infrastructure

- All but one roads project completed on time with only gravel resheeting of Glenhope Road carried over into 2018/19.
- Completed roads projects included reconstruct & seal Dishers Lane, Pollard Street, Moama Street shoulder, Coke Street between Church & Macauley Streets, & Underwood Road. Reconstruct & seal 3km MR501 and 2km Sidonia Road.
- 30 year asset renewal programs completed for water and sewer.



PARK POND

Renovation of Hay Park Pond area including small island and bridge, turf and landscaping.



SEWAGE TREATMENT PLANT

Works commenced on the new Sewage Treatment Plant

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 Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
E1.1.1 – Manage roads, water, sewerage, recreational and drainage assets for the community	T3	Maintain operations and review regularly in line with demand and communities ability to pay	CO	Annual capital works and maintenance program delivered on time	All but one project completed on time with only gravel resheeting of Glenhope Road carried over into 2018/19. Completed projects included reconstruct & seal Dishers Lane, Pollard Street, Moama Street shoulder, Coke Street between Church & Macauley Streets, & Underwood Road. Reconstruct & seal 3km MR501 and 2km Sidonia Road.	IM
	T3	Engage and consult with the community on service levels and requirements	CO	Achieved	Held Park and Pool user meetings, minimal negative feedback.	IM

Community Strategy
E2.1

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

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
E2.2.1 – Manage roads, water, sewerage, recreational and drainage assets for the community	T1	Maintain operations efficiently and review regularly in line with industry standards	CO	Annual capital works and maintenance program delivered on time	Completed.	IM
	T1	Undertake regular inspections of assets identifying condition and defects	CO	Annual capital works and maintenance program delivered on time	Road inspections as per schedule; internal inspection of filtered water reservoir; footpath inspections; sign inspections; cctv sewer system; all conducted annually, playground inspections conducted monthly and aerodrome inspections conducted twice per week.	IM
	T1	Complete required plans of management and review asset management plans and strategy	CO	Completed	None completed.	DPD IM

Community Strategy

E3.1

Ensure Council effectively manages its infrastructure assets

2017-2021 Delivery Plan		2017/2018 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
E3.1.1 – Manage roads, water, sewerage, recreational and drainage assets for the community	T2	Implement asset management strategies from asset management plans	CO	Annual capital works and maintenance program delivered on time	Completed	IM
	T2	Maintain safe and efficient infrastructure networks	CO	Annual capital works and maintenance program delivered on time	Completed.	IM
	T2	Implement a sustainable asset renewal program	CO	Annual capital works and maintenance program delivered on time	Reseal program completed. 30 year asset renewal programs completed for water and sewer.	IM
	T1	Effectively manage the maintenance and renewal of Councils plant and equipment	CO	Workplace efficiency	Renewal program completed, maintenance undertaken as required.	IM

Hay Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018

"Exciting Heritage, Positive Future"



Hay Shire Council

General Purpose Financial Statements for the year ended 30 June 2018

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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.

Council name here...

General Purpose Financial Statements for the year ended 30 June 2018

Understanding Council's financial statements

Introduction

Each year, individual local governments across New South Wales 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 2018.

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 annual financial statements are required to be audited by the NSW Audit Office. In NSW the auditor provides 2 audit reports:

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

Who uses the financial statements?

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

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

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

Hay Shire Council

General Purpose Financial Statements

for the year ended 30 June 2018

Statement by Councillors and Management

made pursuant to Section 413(2)(c) of the *Local Government Act 1993 (NSW)* (as amended)

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

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

To the best of our knowledge and belief, these financial 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.

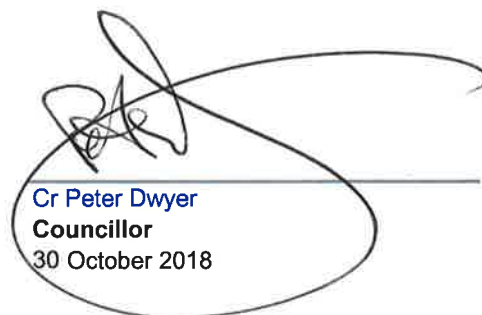
Signed in accordance with a resolution of Council made on 30 October 2018.



Cr Bill Sheaffe

Mayor

30 October 2018



Cr Peter Dwyer

Councillor

30 October 2018



Mark Dowling

General Manager

30 October 2018



Mark Dowling

Responsible Accounting Officer

30 October 2018

Hay Shire Council

Income Statement

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
Income from continuing operations				
Revenue:				
4,292	Rates and annual charges	3a	4,132	4,054
899	User charges and fees	3b	987	926
102	Interest and investment revenue	3c	159	157
41	Other revenues	3d	441	132
4,685	Grants and contributions provided for operating purposes	3e,f	5,129	7,736
3,630	Grants and contributions provided for capital purposes	3e,f	844	460
Other income:				
	Net gains from the disposal of assets	5	20	60
13,649	Total income from continuing operations		11,712	13,525
Expenses from continuing operations				
3,858	Employee benefits and on-costs	4a	3,918	3,998
266	Borrowing costs	4b	106	117
2,305	Materials and contracts	4c	2,073	2,993
2,722	Depreciation and amortisation	4d	2,996	2,920
1,507	Other expenses	4e	1,485	1,508
10,658	Total expenses from continuing operations		10,578	11,536
2,991	Operating result from continuing operations		1,134	1,989
	Operating result from discontinued operations	22	–	–
2,991	Net operating result for the year		1,134	1,989
2,991	Net operating result attributable to Council		1,134	1,989
Net operating result for the year before grants and contributions provided for capital purposes				
(639)			290	1,529

Hay Shire Council

Statement of Comprehensive Income
for the year ended 30 June 2018

\$ '000	Notes	2018	2017
Net operating result for the year (as per Income Statement)		1,134	1,989
Other comprehensive income:			
Amounts that will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	10a	15,614	(1,898)
Impairment (loss) reversal relating to IPP&E	10a	–	(432)
Total items which will not be reclassified subsequently to the operating result		15,614	(2,330)
Amounts that will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
Total items which will be reclassified subsequently to the operating result when specific conditions are met		–	–
Total other comprehensive income for the year		15,614	(2,330)
Total comprehensive income for the year		16,748	(341)
Total comprehensive income attributable to Council		16,748	(341)

Hay Shire Council

Statement of Financial Position

as at 30 June 2018

\$ '000	Notes	2018	2017
ASSETS			
Current assets			
Cash and cash equivalents	6a	10,079	9,572
Receivables	7	1,118	1,187
Inventories	8	217	177
Other	8	30	24
Non-current assets classified as 'held for sale'	9	—	—
Total current assets		11,444	10,960
Non-current assets			
Receivables	7	—	7
Inventories	8	72	77
Infrastructure, property, plant and equipment	10	86,254	70,168
Other	8	—	—
Total non-current assets		86,326	70,252
TOTAL ASSETS		97,770	81,212
LIABILITIES			
Current liabilities			
Payables	13	566	544
Borrowings	13	82	111
Provisions	14	1,515	1,649
Total current liabilities		2,163	2,304
Non-current liabilities			
Borrowings	13	1,226	1,308
Provisions	14	230	197
Total non-current liabilities		1,456	1,505
TOTAL LIABILITIES		3,619	3,809
Net assets		94,151	77,403
EQUITY			
Accumulated surplus	15	49,474	48,340
Revaluation reserves	15	44,677	29,063
Council equity interest		94,151	77,403
Non-controlling equity interests		—	—
Total equity		94,151	77,403

Hay Shire Council

Statement of Changes in Equity

for the year ended 30 June 2018

\$ '000	Notes	2018		Council interest	Total equity	2017		Council interest	Total equity
		Accumulated surplus	IPP&E revaluation reserve			Accumulated surplus	IPP&E revaluation reserve		
Opening balance		48,340	29,063	77,403	77,403	46,351	31,393	77,744	77,744
Net operating result for the year		1,134		1,134	1,134	1,989	—	1,989	1,989
Net operating result for the year		1,134	—	1,134	1,134	1,989	—	1,989	1,989
Other comprehensive income									
— Gain (loss) on revaluation of IPP&E	10a		15,614	15,614	15,614	—	(1,898)	(1,898)	(1,898)
— Impairment (loss) reversal relating to IPP&E	10a		—	—	—	—	(432)	(432)	(432)
Other comprehensive income		—	15,614	15,614	15,614	—	(2,330)	(2,330)	(2,330)
Total comprehensive income (c&d)		1,134	15,614	16,748	16,748	1,989	(2,330)	(341)	(341)
Equity – balance at end of the reporting period		49,474	44,677	94,151	94,151	48,340	29,063	77,403	77,403

This statement should be read in conjunction with the accompanying notes.

Hay Shire Council

Statement of Cash Flows

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
Cash flows from operating activities				
Receipts:				
4,292	Rates and annual charges		4,144	4,115
899	User charges and fees		1,013	1,001
102	Investment and interest revenue received		162	156
8,315	Grants and contributions		6,087	8,096
41	Other		966	727
Payments:				
(4,180)	Employee benefits and on-costs		(4,099)	(4,088)
(2,103)	Materials and contracts		(2,415)	(3,322)
(145)	Borrowing costs		(113)	(113)
(1,508)	Other		(1,691)	(1,733)
5,713	Net cash provided (or used in) operating activities	16b	4,054	4,839
Cash flows from investing activities				
Receipts:				
100	Sale of infrastructure, property, plant and equipment		40	108
	Deferred debtors receipts		12	25
Payments:				
(6,723)	Purchase of infrastructure, property, plant and equipment		(3,488)	(2,971)
(6,623)	Net cash provided (or used in) investing activities		(3,436)	(2,838)
Cash flows from financing activities				
Receipts:				
Nil				
Payments:				
(113)	Repayment of borrowings and advances		(111)	(168)
(113)	Net cash flow provided (used in) financing activities		(111)	(168)
(1,023)	Net increase/(decrease) in cash and cash equivalents		507	1,833
9,572	Plus: cash and cash equivalents – beginning of year	16a	9,572	7,739
8,549	Cash and cash equivalents – end of the year	16a	10,079	9,572
Additional Information:				
plus:	Investments on hand – end of year	6b	–	–
	Total cash, cash equivalents and investments		10,079	9,572

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

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Hay Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 25 October 2018

Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

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 for the purpose of preparing these financial statements.

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

Full dollars have been used in Note 21b Related party disclosures in relation to the disclosure of specific related party transactions.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts.

Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

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

and are clearly marked.

(a) New and amended standards adopted by Council

There have been no new (or amended) accounting standards adopted by Council in this year's financial statements which have had any material impact on reported financial position, performance or cash flows.

(b) Historical cost convention

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

(c) Significant accounting estimates and judgements

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

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

Hay Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note 10,
- (ii) estimated tip remediation provisions – refer Note 12,
- (iii) employee benefit provisions – refer Note 12.

Significant judgements in applying the Council's accounting policies

- (iv) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

Monies and other assets received by Council

(a) The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service

(b) The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and other assets 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 other assets 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.

Hay Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

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

New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied.

Council has not applied any pronouncements before their operative date in the current reporting period beginning 1 July 2017.

Council's assessment of the impact of the new standards and interpretations is set out below.

Effective for annual reporting periods beginning on or after 1 July 2018

- AASB 9 Financial Instruments

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement, and addresses the classification, measurement and disclosure of financial assets and liabilities. The standard also introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses.

The standard is not expected to have a material impact on Council's future financial statements.

Effective for annual reporting periods beginning on or after 1 July 2019

- AASB 15 Revenue from Contracts with Customers, AASB 1058 Income for Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities.

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions.

Together they contain a comprehensive framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

Based on preliminary assessments to date, these standards are not expected to have a material impact on Council's overall financial position, financial performance or cashflows.

- AASB 16 Leases

Under this standard a lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term. Operating lease expenses will decrease and interest and depreciation expense will increase.

Council does not have any finance or operating leases but it does lease its medical facility and two residences. This standard is not expected to have a material impact on Council's future financial statements.

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).									
	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Total assets held (current and non-current)	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Governance	2	2	449	468	(447)	(466)		–		–
Administration	146	210	1,045	1,142	(899)	(932)	63	165	8,090	6,021
Public Order and Safety	138	266	509	527	(371)	(261)	118	243	1,461	998
Health	4	4	14	11	(10)	(7)		–	3,243	426
Environment	574	509	739	797	(165)	(288)	41	39	6,119	6,294
Community Services and Education	655	660	546	571	109	89	578	596	806	369
Housing and Community Amenities	205	183	916	933	(711)	(750)	37	36	2,757	1,148
Water Supplies	1,323	1,103	1,204	1,486	119	(383)	10	12	13,620	13,334
Sewerage Services	1,002	977	799	804	203	173	75	62	11,364	10,836
Recreation and Culture	699	229	1,284	1,247	(585)	(1,018)	607	205	14,071	6,768
Mining Manufacturing and Construction	302	17	96	82	206	(65)		–		–
Transport and Communication	1,572	2,736	2,566	2,987	(994)	(251)	861	1,792	35,562	34,501
Economic Affairs	196	274	411	481	(215)	(207)	2	7	600	517
General Purpose	4,894	6,355		–	4,894	6,355	2,605	–		–
Other		–		–	–	–	–	4,103	77	–
Total functions and activities	11,712	13,525	10,578	11,536	1,134	1,989	4,997	7,260	97,770	81,212

Hay Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

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

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

Governance

Includes costs relating to Councils 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 Councils 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, childrens 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.

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations

\$ '000	2018	2017
(a) Rates and annual charges		
Ordinary rates		
Residential	772	752
Farmland	1,117	1,114
Business	313	309
Less: pensioner rebates (Council policy)	—	—
Total ordinary rates	2,202	2,175
Special rates		
Nil	—	—
Total special rates	—	—
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	302	287
Water supply services	610	600
Sewerage services	849	832
Waste management services (non-domestic)	169	160
Total annual charges	1,930	1,879
<u>TOTAL RATES AND ANNUAL CHARGES</u>	<u>4,132</u>	<u>4,054</u>

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

Accounting policy for rates and annual charges

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenue when the Council obtains control over the assets comprising these receipts. 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.

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.

Hay Shire Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(b) User charges and fees		
Specific user charges (per s.502 – specific 'actual use' charges)		
Water supply services	540	462
Sewerage services	39	39
Total specific user charges	579	501
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Planning and building regulation	33	26
Private works – section 67	74	161
Regulatory/ statutory fees	17	17
Registration fees	6	9
Section 149 certificates (EPA Act)	7	7
Section 603 certificates	6	6
Total fees and charges – statutory/regulatory	143	226

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(b) User charges and fees (continued)		
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Aerodrome	9	8
Aged and disabled care	72	65
Cemeteries	50	40
Leaseback fees – Council vehicles	13	15
Library and art gallery	4	5
Public halls	6	6
Quarry revenues	3	–
Recycling income (non-domestic)	55	11
Sportsgrounds	11	12
Sundry sales	7	7
Tourism	31	30
Waste disposal tipping fees	3	–
Other	1	–
Total fees and charges – other	265	199
TOTAL USER CHARGES AND FEES	987	926

Accounting policy for user charges and fees

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

Hay Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(c) Interest and investment revenue (including losses)		
Interest		
– Overdue rates and annual charges (incl. special purpose rates)	40	48
– Cash and investments	119	109
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>	<u>159</u>	<u>157</u>
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	12	24
General Council cash and investments	77	53
Restricted investments/funds – external:		
Water fund operations	27	29
Sewerage fund operations	38	45
Domestic waste management operations	5	6
Total interest and investment revenue recognised	<u>159</u>	<u>157</u>

Accounting policy for interest and investment revenue

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

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	Notes	2018	2017
(d) Other revenues			
Rental income – other council properties		77	80
Legal fees recovery – rates and charges (extra charges)		15	5
Commissions and agency fees		27	10
Insurance claim recoveries		42	31
Sales of Water from Council allocation		107	–
Sales – general		78	4
Payable adjustments		28	–
Plant Hire surplus		55	–
Other		12	2
<u>TOTAL OTHER REVENUE</u>		<u>441</u>	<u>132</u>

Accounting policy for other revenue

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

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

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

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

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018 Operating	2017 Operating	2018 Capital	2017 Capital
(e) Grants				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	1,785	2,941	–	–
Financial assistance – local roads component	795	1,137	–	–
Other				
Pensioners' rates subsidies – general component	23	25	–	–
Total general purpose	2,603	4,103	–	–
Specific purpose				
Pensioners' rates subsidies:				
– Water	10	12	–	–
– Sewerage	10	11	–	–
– Domestic waste management	11	12	–	–
Sewerage services	64	51	–	–
Aged and disabled care	442	463	–	–
Animal shelter	–	–	–	15
Bushfire and emergency services	118	229	–	–
Community care	36	33	–	–
Community development	105	100	–	–
Economic development	–	5	–	–
Employment and training programs	60	105	–	–
Library	26	27	–	–
Library – special projects	–	–	66	150
Noxious weeds	30	27	–	–
Public halls	–	–	–	5
Recreation and culture	5	–	510	23
Street lighting	36	36	–	–
Tourism	2	2	–	–
Transport (roads to recovery)	712	1,142	–	–
Transport (other roads and bridges funding)	148	649	–	–
Other	3	60	–	–
Total specific purpose	1,818	2,964	576	193
Total grants	4,421	7,067	576	193
Grant revenue is attributable to:				
– Commonwealth funding	3,498	5,432	–	15
– State funding	923	1,635	576	178
	4,421	7,067	576	193

Hay Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

		2018	2017	2018	2017
\$ '000	Notes	Operating	Operating	Capital	Capital

(f) Contributions

Developer contributions:

(s7.4 & s7.11 – EP&A Act, s64 of the LGA):

Nil

Cash contributions

Nil

Non-cash contributions

Nil

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018 Operating	2017 Operating	2018 Capital	2017 Capital
(f) Contributions (continued)				
Other contributions:				
Cash contributions				
Heritage/cultural	6	—	—	—
Paving	—	—	32	35
RMS contributions (regional roads, block grant)	702	669	236	232
Other	—	—	—	—
Total other contributions – cash	708	669	268	267
Non-cash contributions				
Nil				
Other	—	—	—	—
Total other contributions – non-cash	—	—	—	—
Total other contributions	708	669	268	267
Total contributions	708	669	268	267
TOTAL GRANTS AND CONTRIBUTIONS	5,129	7,736	844	460

Accounting policy for 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 above.

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.

Hay Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(g) Unspent grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Operating grants		
Unexpended at the close of the previous reporting period	443	145
Add: operating grants recognised in the current period but not yet spent	399	318
Less: operating grants recognised in a previous reporting period now spent	(253)	(20)
Unexpended and held as restricted assets (operating grants)	589	443

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations

\$ '000	2018	2017
(a) Employee benefits and on-costs		
Salaries and wages	3,115	3,092
Employee leave entitlements (ELE)	494	507
Superannuation	535	576
Workers' compensation insurance	78	63
Fringe benefit tax (FBT)	19	26
Training costs (other than salaries and wages)	82	129
Other	19	9
Total employee costs	4,342	4,402
Less: capitalised costs	(424)	(404)
TOTAL EMPLOYEE COSTS EXPENSED	3,918	3,998
Number of 'full-time equivalent' employees (FTE) at year end	51	51

Accounting policy for employee benefits and on-costs

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

Retirement benefit obligations

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

Superannuation plans

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

Council participates in a Defined Benefit Plan under the Local Government Superannuation Scheme, however, when 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 12 and 17 for more information.

Hay Shire Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2018	2017
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		103	113
Total interest bearing liability costs		103	113
Less: capitalised costs		–	–
Total interest bearing liability costs expensed		103	113
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)		–	–
– Remediation liabilities	12	3	4
Total other borrowing costs		3	4
<u>TOTAL BORROWING COSTS EXPENSED</u>		<u>106</u>	<u>117</u>

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.

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
(c) Materials and contracts		
Raw materials and consumables	762	776
Contractor and consultancy costs	1,234	2,178
Auditors remuneration ⁽²⁾	52	20
– Legal expenses: planning and development	–	5
– Legal expenses: debt recovery	15	–
– Legal expenses: other	10	5
Operating leases:		
– Operating lease rentals: minimum lease payments ⁽¹⁾	–	9
Total materials and contracts	2,073	2,993
Less: capitalised costs	–	–
<u>TOTAL MATERIALS AND CONTRACTS</u>	<u>2,073</u>	<u>2,993</u>

Operating leases

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

1. Operating lease payments are attributable to:

Other	–	9
	–	9

2. Auditor remuneration

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

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

Audit and review of financial statements	52	20
Total Auditor-General remuneration	52	20
Total Auditor remuneration	52	20

Hay Shire Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2018	2017
(d) Depreciation, amortisation and impairment			
Depreciation and amortisation			
Plant and equipment		484	524
Office equipment		18	16
Furniture and fittings		27	28
Land improvements (depreciable)		1	1
– Buildings – non-specialised		21	21
– Buildings – specialised		332	329
– Other structures		91	89
– Roads		1,525	1,439
– Stormwater drainage		85	84
– Water supply network		335	304
– Sewerage network		193	184
– Library books		–	4
– Other		8	8
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	10 & 12	6	4
Total gross depreciation and amortisation costs		3,126	3,035
Less: capitalised costs		(130)	(115)
Total depreciation and amortisation costs		2,996	2,920
<u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT /</u>			
<u>REVALUATION DECREMENT COSTS EXPENSED</u>			
		2,996	2,920

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2018	2017
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Accounting policy for depreciation, amortisation and impairment expenses

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 10 for IPPE assets.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets 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.

Impairment of financial assets

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

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
(e) Other expenses		
Advertising	26	28
Bank charges	14	14
– Emergency services levy (includes FRNSW, SES, and RFS levies)	5	6
– NSW fire brigade levy	25	24
– NSW rural fire service levy	139	135
Councillor expenses – mayoral fee	15	15
Councillor expenses – councillors' fees	78	77
Councillors' expenses (incl. mayor) – other (excluding fees above)	24	47
Donations, contributions and assistance	42	41
Election expenses	–	30
Electricity and heating	310	235
Fire control expenses	107	166
Insurance	213	222
Medical services	46	17
Postage	19	20
Printing and stationery	57	63
Street lighting	81	75
Subscriptions and publications	41	41
Telephone and communications	58	70
Tourism expenses (excluding employee costs)	137	137
Valuation fees	30	16
Other	18	29
Total other expenses	1,485	1,508
Less: capitalised costs	–	–
<u>TOTAL OTHER EXPENSES</u>	<u>1,485</u>	<u>1,508</u>

Accounting policy for other expenses

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

Hay Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	2018	2017
Plant and equipment	10		
Proceeds from disposal – plant and equipment		40	108
Less: carrying amount of plant and equipment assets sold/written off		(20)	(48)
Net gain/(loss) on disposal		20	60
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>20</u>	<u>60</u>

Accounting policy for disposal of assets

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 derecognised.

Hay Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 6(a). Cash and cash equivalent assets

\$ '000	2018	2017
Cash and cash equivalents		
Cash on hand and at bank	4,310	5,418
Cash-equivalent assets		
– Short-term deposits	5,769	4,154
Total cash and cash equivalents	10,079	9,572

Accounting policy for cash and cash equivalents

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes 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.

Hay Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 6(b). Investments

Investments

Nil

Accounting policy for investments

Classification

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

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are held at fair value with changes in value taken through profit or loss at each reporting period.

(b) Held to maturity investments

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

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables (Note 7) in the Statement of Financial Position. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

(d) Available for sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term. Assets in this category are held at fair value with changes in fair value taken to other comprehensive income.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership. When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Impairment of available for sale investments

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Hay Shire Council

Notes to the Financial Statements
for the year ended 30 June 2018

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

\$ '000	2018 Current	2018 Non-current	2017 Current	2017 Non-current
Total cash, cash equivalents and investments	10,079	–	9,572	–
attributable to:				
External restrictions (refer below)	4,986	–	4,447	–
Internal restrictions (refer below)	3,587	–	3,596	–
Unrestricted	1,506	–	1,529	–
	10,079	–	9,572	–

\$ '000	2018	2017
Details of restrictions		
External restrictions – included in liabilities		
Nil		
External restrictions – included in liabilities	–	–
External restrictions – other		
Specific purpose unexpended grants	589	443
Water supplies	2,178	1,950
Sewerage services	2,219	2,054
External restrictions – other	4,986	4,447
Total external restrictions	4,986	4,447

Hay Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

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

\$ '000	2018	2017
Internal restrictions		
Plant and vehicle replacement	238	703
Infrastructure replacement	883	542
Employees leave entitlement	470	370
Aerodrome	107	66
Computer replacement	32	32
Financial Assistance Grants	1,356	1,388
HACC reserve	139	133
Land development	4	4
LEP	17	17
Levee bank	324	324
Library	14	14
Youth	3	3
Total internal restrictions	3,587	3,596
TOTAL RESTRICTIONS	8,573	8,043

Hay Shire Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 7. Receivables

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Purpose				
Rates and annual charges	556	–	568	–
Interest and extra charges	70	–	73	–
User charges and fees	89	–	116	–
Private works	93	–	87	–
Accrued revenues				
– Interest on investments	13	–	13	–
Deferred debtors	6	–	11	7
Government grants and subsidies	188	–	243	–
Net GST receivable	103	–	75	–
Other debtors	–	–	1	–
Total	1,118	–	1,187	7
Less: provision for impairment				
Nil				
Total provision for impairment – receivables	–	–	–	–
<u>TOTAL NET RECEIVABLES</u>	<u>1,118</u>	<u>–</u>	<u>1,187</u>	<u>7</u>
Externally restricted receivables				
Water supply				
– Rates and availability charges	210	–	145	–
– Other	86	–	122	–
Sewerage services				
– Specific purpose grants	68	–	–	–
– Rates and availability charges	114	–	149	–
– Other	5	–	8	–
Total external restrictions	483	–	424	–
Internally restricted receivables				
Nil				
Internally restricted receivables	–	–	–	–
Unrestricted receivables	635	–	763	7
TOTAL NET RECEIVABLES	<u>1,118</u>	<u>–</u>	<u>1,187</u>	<u>7</u>

Accounting policy for receivables

Recognition and measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quote in an active market. They are included in current assets, except for those with maturities greater than 12 months

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 7. Receivables (continued)

\$ '000

after the reporting date which are classified as non-current assets. Loans and receivables are included in and receivables (Note 7) in the Statement of Financial Position. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

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

Impairment

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

Collectability of receivables is reviewed on an on-going basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income statement.

Hay Shire Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 8. Inventories and other assets

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
(a) Inventories				
(i) Inventories at cost				
Real estate for resale (refer below)	122	–	122	–
Stores and materials	95	–	55	–
Loose tools	–	72	–	77
Total inventories at cost	217	72	177	77
(ii) Inventories at net realisable value (NRV)				
Nil	–	–	–	–
Total inventories at net realisable value (NRV)	–	–	–	–
<u>TOTAL INVENTORIES</u>	<u>217</u>	<u>72</u>	<u>177</u>	<u>77</u>
(b) Other assets				
Prepayments	30	–	24	–
<u>TOTAL OTHER ASSETS</u>	<u>30</u>	<u>–</u>	<u>24</u>	<u>–</u>
Externally restricted assets				
Water				
Stores and materials	5	–	–	4
Total water	5	–	–	4
Sewerage				
Stores and materials	3	–	–	4
Total sewerage	3	–	–	4
Domestic waste management				
Nil				
Other				
Nil				
Total externally restricted assets	8	–	–	8
Total unrestricted assets	239	72	201	69
TOTAL INVENTORIES AND OTHER ASSETS	<u>247</u>	<u>72</u>	<u>201</u>	<u>77</u>

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 8. Inventories and other assets (continued)

\$ '000	Notes	2018		2017	
		Current	Non-current	Current	Non-current
(i) Other disclosures					
(a) Details for real estate development					
Residential		122	–	122	–
Total real estate for resale		122	–	122	–
(Valued at the lower of cost and net realisable value)					
Represented by:					
Acquisition costs		122	–	122	–
Total costs		122	–	122	–
Total real estate for resale		122	–	122	–
Movements:					
Real estate assets at beginning of the year		122	–	122	–
– Other		–	–	–	–
Total real estate for resale		122	–	122	–

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

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

	2018	2017
Real estate for resale	122	122
	122	122

Accounting policy

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 basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventory held for distribution

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

Land held for resale/capitalisation of borrowing costs

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred. Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

Hay Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 9. Non-current assets classified as held for sale (and disposal groups)

\$ '000

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

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

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

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

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

Accounting policy for infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least 5 yearly, 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 Crown Lands and Water (CLAW).

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

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

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
Water and sewer assets		Stormwater assets	
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		
Transportation assets		Other infrastructure assets	
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

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

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.

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 fire fighting 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 fire fighting 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.

Hay Shire Council

Notes to the Financial Statements
for the year ended 30 June 2018

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

\$ '000 Class of asset	2018			2017		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Water supply						
Land						
– Operational land	111		111	149	–	149
Infrastructure	24,542	13,512	11,030	23,837	12,898	10,939
Total water supply	24,653	13,512	11,141	23,986	12,898	11,088
Sewerage services						
Plant and equipment			–	119	118	1
– Operational land	180		180	78	–	78
Infrastructure	21,255	12,478	8,777	20,480	11,911	8,569
Total sewerage services	21,435	12,478	8,957	20,677	12,029	8,648
TOTAL RESTRICTED IPP&E	46,088	25,990	20,098	44,663	24,927	19,736

(iii) Impairment losses recognised direct to equity (ARR):

Rural roads due to flood event	–	(432)
Total impairment losses	–	(432)
IMPAIRMENT OF ASSETS – DIRECT to EQUITY (ARR)	–	(432)

Hay Shire Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 11. Payables and borrowings

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Payables				
Goods and services – operating expenditure	362	–	318	–
– Borrowings	–	–	10	–
– Interest on bonds and deposits	9	–	–	–
– Salaries and wages	129	–	161	–
– Other expenditure accruals	57	–	46	–
Security bonds, deposits and retentions	9	–	9	–
Total payables	566	–	544	–
Income received in advance				
Nil	–	–	–	–
Total income received in advance	–	–	–	–
Borrowings				
Loans – secured ¹	82	1,226	111	1,308
Other	–	–	–	–
Total borrowings	82	1,226	111	1,308
TOTAL PAYABLES AND BORROWINGS	648	1,226	655	1,308

(a) Payables and borrowings relating to restricted assets

	2018		2017	
	Current	Non-current	Current	Non-current
Externally restricted assets				
Water	–	–	28	–
Payables and borrowings relating to externally restricted assets	–	–	28	–
Internally restricted assets				
Nil	–	–	–	–
Payables and borrowings relating to internally restricted assets	–	–	–	–
Total payables and borrowings relating to restricted assets	–	–	28	–
Total payables and borrowings relating to unrestricted assets	648	1,226	627	1,308
TOTAL PAYABLES AND BORROWINGS	648	1,226	655	1,308

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.

Hay Shire Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 11. Payables and borrowings (continued)

\$ '000						2018	2017
(b) Current payables and borrowings not anticipated to be settled within the next twelve months							
Nil							
(c) Changes in liabilities arising from financing activities							
Class of borrowings	2017 Opening balance as at 1/7/17	Cash flows	Non-cash changes Acquisition	Fair value changes	Other non-cash movements	2018 Closing balance as at 30/6/18	
Loans – secured	1,419	(111)				1,308	
TOTAL	1,419	(111)	–	–	–	1,308	

(d) Financing arrangements**(i) Unrestricted access was available at balance date to the following lines of credit:**

Bank overdraft facilities ⁽¹⁾		–
Credit cards/purchase cards	37	37
Total financing arrangements	37	37
Drawn facilities as at balance date:		
– Credit cards/purchase cards	1	9
Total drawn financing arrangements	1	9
Undrawn facilities as at balance date:		
– Credit cards/purchase cards	36	28
Total undrawn financing arrangements	36	28

1. The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

Accounting policy for payables and borrowings**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.

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 11. Payables and borrowings (continued)

\$ '000	2018	2017
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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 draw down occurs. To the extent 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.

Hay Shire Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 12. Provisions

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Provisions				
Employee benefits:				
Annual leave	385	–	415	–
Sick leave	327	–	346	–
Long service leave	803	12	888	14
Sub-total – aggregate employee benefits	1,515	12	1,649	14
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	218	–	183
Sub-total – asset remediation/restoration	–	218	–	183
<u>TOTAL PROVISIONS</u>	<u>1,515</u>	<u>230</u>	<u>1,649</u>	<u>197</u>

(a) Provisions relating to restricted assets

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

**Total provisions relating to
unrestricted assets****TOTAL PROVISIONS**

1,515	230	1,649	197
<u>1,515</u>	<u>230</u>	<u>1,649</u>	<u>197</u>

\$ '000	2018	2017
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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	1,045	1,076
	<u>1,045</u>	<u>1,076</u>

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Provisions (continued)

\$ '000

(c) Description of and movements in provisions

2018	ELE provisions					Total
	Annual leave	Sick leave	Long service leave	ELE on-costs	Other employee benefits	
At beginning of year	415	346	902	—	—	1,663
Additional provisions	208	80	90	—	—	378
Amounts used (payments)	(238)	(99)	(177)	—	—	(514)
Total ELE provisions at end of year	385	327	815	—	—	1,527

2017	ELE provisions					Total
	Annual leave	Sick leave	Long service leave	ELE on-costs	Other employee benefits	
At beginning of year	472	352	932	—	—	1,756
Additional provisions	258	(6)	92	—	—	344
Amounts used (payments)	(315)		(122)	—	—	(437)
Total ELE provisions at end of year	415	346	902	—	—	1,663

2018	Other provisions				Total
				Asset remediation	
At beginning of year				183	183
Changes to provision:					
Additional provisions				32	32
Unwinding of discount				3	3
Total other provisions at end of year	—	—	—	218	218

2017	Other provisions				Total
				Asset remediation	
At beginning of year				200	200
Changes to provision:					
Additional provisions				(17)	(17)
Total other provisions at end of year	—	—	—	183	183

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Provisions (continued)

\$ '000

Nature and purpose of non-employee benefit provisions

Asset remediation

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

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.

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.

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Provisions

\$ '000

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

Restoration

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

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, eg 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.

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Provisions

\$ '000

Defined Benefit Superannuation Disclosure

a) Funding arrangements, including methodology to determine rate of contributions and any minimum funding requirements.

Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the Fund

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

Divison B	1.9 times
Divisoion C	2.5% of salary
Division D	1.64 times employee contributions

The additional sum contributions for each Pooler Employer is a share of the total additional contributions of \$40.0 million per annum from 1 July 2017 for 4 years to 30 June 2021, apportioned according to each employers share of the accrued liabilities as at 30 June 2017. The additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2017.

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

b) Extent to which Council may be liable to plan the plan for other entities' obligations under the terms and conditions of the multi-employer plan

As stated 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.

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 entity.

c) Description of any agreed allocation of a deficit or surplus on:

(i) wind up of the plan

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

(ii) entity's withdrawal from the plan

There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer

c) Further information relating to reasons for accounting for the pooled employer fund as a defined contribution plan:

(i) the fact the plan is a defined benefit plan

Council confirms it is a defined benefits plan

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Provisions

\$ '000

(ii) why sufficient information is not available to enable Council to account for the plan as a defined benefit plan

1. Assets are not segregated within the sub-group according to the employees of each sponsoring employer;
2. The contribution rates have been the same for all sponsoring employers and have not varied for each employer according to the experience relating to the employees of the employer
3. Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer; and
4. The same actuarial assumption are currently used in respect of the employees of each sponsoring employer

Given the factors set out 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 the members). As such we do not believe that there is sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

(iii) the expected contribution to the plan for the next annual reporting period

The expected contributions by Council to the Fund for the next annual reporting period are \$93,052.44

(iv) information about any surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the entity.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2018 is:

Employer reserves only*	\$M	Asset Coverage
Assets	1,817.80	
Past Service Liabilities	1,787.50	101.70%
Vested Benefits	1,778.00	102.20%

* excluding member accounts and reserves in both assets and liabilities

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

Investment return	6.0% per annum
Salary inflation (plus promotional increases)	3.5% per annum
Increase in CPI	2.5% per annum

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

(iv) an indication of the level of Council's participation in the plan compared with other participating entities Council's participation in the Scheme compared with other entities is about 0.16% based on the Council's current level of annual additional contributions against total contributions. The last valuation of the Fund was performed by Mr Richard Boyfield, FIAA on 12 December 2017, relating to the period ending 30 June 2017.

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

(a) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

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

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

(c) Voluntary changes in accounting policies

Council made no voluntary changes in any accounting policies during the year.

(d) Changes in accounting estimates

Council made no changes in accounting estimates during the year.

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 14. Statement of cash flows – additional information

\$ '000	Notes	2018	2017
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	10,079	9,572
Less bank overdraft	11	—	—
Balance as per the Statement of Cash Flows		10,079	9,572
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		1,134	1,989
Adjust for non-cash items:			
Depreciation and amortisation		2,996	2,920
Net losses/(gains) on disposal of assets		(20)	(60)
Non-cash capital grants and contributions		—	—
Impairment losses recognition – investments		—	—
Net loss/(gain) on Council restructure/amalgamations (excluding cash)		—	—
Decrease/(increase) in receivables		64	(36)
Increase/(decrease) in provision for doubtful debts		—	—
Decrease/(increase) in inventories		(35)	6
Increase/(decrease) in payables		44	115
Increase/(decrease) in accrued interest payable		(10)	—
Increase/(decrease) in other accrued expenses payable		(21)	15
Increase/(decrease) in other liabilities		9	—
Increase/(decrease) in employee leave entitlements		(136)	(93)
Increase/(decrease) in other provisions		32	(21)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		4,054	4,839

(c) Non-cash investing and financing activities

Nil

(d) Net cash flows attributable to discontinued operations

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 15. Interests in other entities

\$ '000

Council has no interest in any controlled entities, joint arrangements , associates or unconsolidated structured . entities.

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 16. Commitments for expenditure

\$ '000	2018	2017
(a) Capital commitments (exclusive of GST)		
Property, plant and equipment		
Library	400	–
Plant and equipment	–	81
Bridge reconstruction	–	20
Sewer Treatment Plant	6,914	–
Playground Equipment	600	–
These expenditures are payable as follows:		
Within the next year	7,914	101
Later than one year and not later than 5 years	–	–
Later than 5 years	–	–
Sources for funding of capital commitments:		
Unrestricted general funds	7,914	81
Future grants and contributions	–	20
Section 7.11 and 64 funds/reserves	–	–
Total sources of funding	7,914	101

Details of capital commitments

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

(b) Finance lease commitments

Nil

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Contingencies and other liabilities/assets not recognised

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council participates in an employer-sponsored defined benefit superannuation scheme, and makes contributions as determined by the superannuation scheme's trustees.

Member councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The schemes most recent full actuarial review indicated that the net assets of the scheme were not sufficient to meet the accrued benefits of the schemes defined benefit member category with member councils required to make significantly higher contributions in future years.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from its defined benefit scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans. Refer to Note 12 for Councils expensed contributions to the fund.

(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.

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

LIABILITIES NOT RECOGNISED (continued):

1. Guarantees (continued)

(iii) StateCover Limited (continued)

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

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

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

ASSETS NOT RECOGNISED:

(i) Land under roads

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

(ii) Infringement notices/fines

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

Council's revenue recognition policy for such income is to account for it as revenue on receipt. Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

(ii) Infringement notices/fines (continued)

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.

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Financial risk management

\$ '000

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.

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 with the assistance of independent advisors.

Council has an investment policy which complies with the *Local Government Act 1993* and Ministerial Investment Order 625. This policy is regularly reviewed by Council and its staff and a monthly Investment report is provided to Council setting out the make-up and performance of the portfolio as required by Local Government regulations.

The risks associated with the investments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there 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.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

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

The following represents a summary of the sensitivity of Council's Income Statement and accumulated surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2018				
Possible impact of a 10% movement in market values				
Possible impact of a 1% movement in interest rates	58	58	(58)	(58)
2017				
Possible impact of a 10% movement in market values				
Possible impact of a 1% movement in interest rates	42	42	(42)	(42)

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Financial risk management (continued)

\$ '000

(b) Credit risk

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

The major risk associated with these receivables is credit risk – the risk that debts due and payable to Council

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land on overdue rates and annual charges at higher than market rates which further encourages the payment of debt.

There are no significant concentrations of credit risk, whether through exposure to individual customers,

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

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most

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

A profile of Council's receivables credit risk at balance date follows:

	2018 annual charges	2018 Other receivables	2017 annual charges	2017 Other receivables
(i) Ageing of receivables – %				
Current (not yet overdue)	43%	78%	40%	75%
Overdue	57%	22%	60%	25%
	100%	100%	100%	100%

(ii) Ageing of receivables – value

	2018	2017
Current	240	227
< 1 year overdue	119	135
1 – 2 years overdue	71	90
2 – 5 years overdue	102	92
> 5 years overdue	24	24
	556	568
Other receivables		
Current	441	460
0 – 30 days overdue	23	44
31 – 60 days overdue	18	24
61 – 90 days overdue	35	19
> 91 days overdue	45	79
	562	626

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Financial risk management (continued)

\$ '000

(c) Liquidity risk

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

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

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

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk by borrowing long term and fixing the interest rate on a 4-year renewal basis. The Finance Section regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and borrowings are set out in the maturity table below:

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 – 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2018							
Trade/other payables	0.00%	9	-	-	-	9	566
Loans and advances	7.58%		178	709	1,058	1,945	1,308
Lease liabilities						-	-
Total financial liabilities		9	178	709	1,058	1,954	1,874
2017							
Trade/other payables	0.00%	9	535	-	-	544	544
Loans and advances	7.55%	-	215	708	1,233	2,156	1,419
Lease liabilities						-	-
Total financial liabilities		9	750	708	1,233	2,700	1,963

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Material budget variations

\$ '000

Council's original financial budget for 17/18 was adopted by the Council on 27 June 2017 and is not required to be audited.

While the Income Statement included in this General Purpose Financial Report 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.

Note that for variations* of budget to actual :

Material variations represent those variances that amount to **10%** or more of the original budgeted figure.

F = Favourable budget variation, **U** = Unfavourable budget variation

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----		
REVENUES					
User charges and fees	899	987	88	10%	F
Increase due to unbudgeted increase in water user charges due to dryer weather					
Interest and investment revenue	102	159	57	56%	F
Increase in revenue due to improved cashflow					
Other revenues	41	441	400	976%	F
Increase due to income from temporary sale of town water allocation, museum incomes and plant hire					
Capital grants and contributions	3,630	844	(2,786)	(77%)	U
Reduction due to delay of Sewer Treatment Plant Project					
Net gains from disposal of assets	–	20	20	0%	F
Increase due to better than expected plant sale proceeds					
EXPENSES					
Borrowing costs	266	106	160	60%	F
Reduction due to delay in Sewer Treatment Plant Project reducing finance costs					

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Material budget variations (continued)

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----		
Materials and contracts	2,305	2,073	232	10%	F
Variation due to variation in roads maintenance and renewal program					
Depreciation and amortisation	2,722	2,996	(274)	(10%)	U
Increase due to increase in depreciation charge in roads in bridges from budget estimate					
Budget variations relating to Council's Cash Flow Statement include:					
Cash flows from operating activities	5,713	4,054	(1,659)	(29.0%)	U
Reduction due to delay in Sewer Treatment Plant Funding					
Cash flows from investing activities	(6,623)	(3,436)	3,187	(48.1%)	F
Reduction due to delay in Sewer Treatment Plant Project					

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement

\$ '000

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

- Infrastructure, property, plant and equipment
- Investment property

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) The following table presents all assets and liabilities that have been measured and recognised at fair values:

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

Non-recurring fair value measurements

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement

\$ '000

2017	Date	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Plant and equipment	30/06/18			1,600	1,600
Office equipment	30/06/18			68	68
Furniture and fittings	30/06/18			92	92
Operational land	30/06/18			1,083	1,083
Community land	30/06/16			1,217	1,217
Land improvements depreciable	30/06/16			31	31
Buildings – non-specialised	30/06/18		326		326
Buildings specialised	30/06/18			6,596	6,596
Other structures	30/06/16			1,754	1,754
Roads bridges and footpaths	30/06/15			32,398	32,398
Stormwater drainage	30/06/15			4,998	4,998
Water supply network	30/06/17			10,938	10,938
Sewer network	30/06/17			8,568	8,568
Library books	30/06/18				–
Other assets	30/06/16			391	391
Tip assets	30/06/18			108	108
Total infrastructure, property, plant and equipment		–	326	69,842	70,168
Non-recurring fair value measurements					

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

\$ '000

(2) Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

(3) 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:

Financial assets

Plant and equipment, office equipment and furniture and fittings

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

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

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

Operational and community land

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

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

Buildings – non-specialised and specialised

Council engaged APV Asset Valuers and Asset Management to value all buildings in 2018. The valuation methodology adopted was dependent on whether a market exists to substantiate the value of the asset. The valuation aspects are generally, but not limited to the location, size, condition, style and utility of the asset. Replacement cost, asset condition, remaining useful life and building components are some of the inputs used in fair value determination. Since most of these inputs require judgement and are unobservable for specialised buildings , that asset class has been classified as Level 3. Valuation techniques remained the same for the reporting period.

Other structures

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

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

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

\$ '000

Roads bridges and footpaths

Roads including all road assets, Bridges and Footpaths were valued in 2015. Depreciated replacement cost using level 3 inputs was used to value this asset class. Valuations for this asset class were undertaken in-house based on actual costs and assumptions from Council's Engineering Department. No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

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

Drainage infrastructure

Assets within this class comprise pits and pipes. All assets were revalued in 2015

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.

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

Water supply network

Assets within this class comprise reservoirs, pumping stations and pipelines. All assets were 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.

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

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

Other assets

Assets within this class comprise aerodrome lighting, pavement and fencing. All assets in

Other assets were valued in-house by experienced engineering staff.

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

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

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (level 3)

a. The following tables present the changes in level 3 fair value asset classes.

	Plant and equipment	Office equipment	Furniture and fittings	Operational land	Total
Opening balance – 1/7/16	1,788	70	121	1,083	3,062
Purchases (GBV)	384	14	–	–	398
Disposals (WDV)	(48)	–	–	–	(48)
Depreciation and impairment	(524)	(16)	(29)	–	(569)
Closing balance – 30/6/17	1,600	68	92	1,083	2,843
Adoption of AASB 13	–	–	–	–	–
Purchases (GBV)	881	39	–	–	920
Disposals (WDV)	(20)	–	–	–	(20)
Depreciation and impairment	(484)	(18)	(27)	–	(529)
FV gains – other comprehensive income	–	–	–	–	–
FV gains – Income Statement ¹	–	–	–	–	–
Revaluation	–	–	–	623	623
Closing balance – 30/6/18	1,977	89	65	1,706	3,837

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (level 3) (continued)

a. The following tables present the changes in level 3 fair value asset classes. (continued)

	Community land	Land improv. depreciable	Buildings non- specialised	Buildings specialised	Total
Opening balance – 1/7/16	1,217	32	–	6,861	8,110
Adoption of AASB 13	–	–	–	–	–
Purchases (GBV)	–	–	–	63	63
Disposals (WDV)	–	–	–	–	–
Depreciation and impairment	–	(1)	–	(328)	(329)
FV gains – other comprehensive income	–	–	–	–	–
FV gains – Income Statement ¹	–	–	–	–	–
Rounding adjustment	1	(1)	–	–	–
Closing balance – 30/6/17	1,218	30	–	6,596	7,844
Purchases (GBV)	–	–	–	74	74
Disposals (WDV)	–	–	–	–	–
Depreciation and impairment	–	(1)	–	(332)	(333)
FV gains – other comprehensive income	–	–	–	–	–
FV gains – Income Statement ¹	–	–	–	–	–
Revaluation	–	–	–	13,346	13,346
Rounding adjustment	1	–	–	(1)	–
Closing balance – 30/6/18	1,219	29	–	19,683	20,931

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (level 3) (continued)

a. The following tables present the changes in level 3 fair value asset classes. (continued)

	Other structures	Roads bridges footpaths	Water supply network	Sewerage network	Total
Opening balance – 1/7/16	1,788	32,615	10,538	10,503	55,444
Purchases (GBV)	55	1,653	214	638	2,560
Disposals (WDV)	–	–	–	–	–
Depreciation and impairment	(89)	(1,438)	(305)	(184)	(2,016)
FV gains – other comprehensive income	–	–	491	–	491
FV gains – Income Statement ¹	–	–	–	–	–
FV Loss - Comprehensive income	–	–	–	(2,389)	(2,389)
Other movement	–	(432)	–	–	(432)
Closing balance – 30/6/17	1,754	32,398	10,938	8,568	53,658
Adoption of AASB 13	–	–	–	–	–
Purchases (GBV)	179	1,614	201	220	2,214
Disposals (WDV)	–	–	–	–	–
Depreciation and impairment	(91)	(1,525)	(335)	(193)	(2,144)
Closing balance – 30/6/18	1,842	32,487	11,030	8,776	54,135

(4). Fair value measurements using significant unobservable inputs (level 3) (continued)

a. The following tables present the changes in level 3 fair value asset classes. (continued)

	Tip Asset	Stormwater	Library Books	Other assets	Total
Opening balance – 1/7/16	132	5,047	4	349	5,532
Adoption of AASB 13	–	–	–	–	–
Transfers from/(to) level 1 FV hierarchy ^{23 4(b)}	–	–	–	–	–
Depreciation and impairment	(4)	(84)	(4)	(8)	(100)
FV gains – other comprehensive income	–	–	–	–	–
FV gains – Income Statement ¹	–	–	–	–	–
FV loss - Income Statement	(20)	–	–	–	(20)
Depreciation and impairment	(6)	(85)	–	(8)	(99)
FV gains – other comprehensive income	33	–	–	–	33
Closing balance – 30/6/18	135	4,950	–	723	5,808

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

\$ '000

(5). Highest and best use

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

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 21. Related party transactions

\$ '000

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:

Compensation:	2018	2017
Short-term benefits	602	644
Post-employment benefits	26	48
Other long-term benefits	22	31
Total	650	723

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 21. Related party transactions (continued)

b. Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

Nature of the transaction		Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for doubtful debts outstanding	Doubtful debts expense recognised
	Ref	Actual \$	Actual \$		Actual \$	Actual \$
2018						
Engineering Supplies & Maintenance, Supply and Hire of Equipment	1	74,000		30 day terms on invoices	-	-
Office and Aged care service supplies and consumables	2	6,000		30 day terms on invoices	-	-
Electrical maintenance work	3	42,000		30 day terms on invoices	-	-
Gravel Royalty	4	2,000		30 day terms on invoices	-	-
Remuneration of close family members	5	74,000		Fortnightly payroll system	-	-

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.

Hay Shire Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 21. Related party transactions (continued)

b. Other transactions with KMP and their related parties (continued)

Nature of the transaction		Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for doubtful debts outstanding	Doubtful debts expense recognised
	Ref	Actual \$	Actual \$		Actual \$	Actual \$
2017						
Engineering Supplies & Maintenance, Supply and Hire of Equipment	6	97,000	2,000	30 day terms on invoices	-	-
Office and Aged care service supplies and consumables	7	11,000	-	30 day terms on invoices	-	-
Electrical maintenance work	8	35,000	5,000	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

6. This expenditure relates to the procurement of services and materials from an engineering firm of which a Councillor has an interest.

7. This expenditure relates to the procurement of materials from a retail firm of which a Councillor has an interest.

8. This expenditure relates to the procurement of services and materials from an electrical company of which a Councillor has an interest.

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Events occurring after the reporting date

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

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 23. Financial result and financial position by fund

\$ '000

Income Statement by fund

\$ '000

	2018	2018	2018
	Water	Sewer	General ¹
Continuing operations			
Income from continuing operations			
Rates and annual charges	648	873	2,736
User charges and fees	540	39	408
Interest and investment revenue	27	38	94
Other revenues	135	–	306
Grants and contributions provided for operating purposes	11	10	5,108
Grants and contributions provided for capital purposes	–	65	779
Other income			
Net gains from disposal of assets	–	–	20
Total income from continuing operations	1,361	1,025	9,451
Expenses from continuing operations			
Employee benefits and on-costs	208	198	3,512
Borrowing costs	–	–	106
Materials and contracts	647	414	1,012
Depreciation and amortisation	335	193	2,468
Impairment of investments	–	–	–
Other expenses	20	–	1,590
Interest and investment losses	–	–	–
Share of interests in joint ventures and associates using the equity method	–	–	–
Total expenses from continuing operations	1,210	805	8,688
Operating result from continuing operations	151	220	763
Discontinued operations			
Net profit/(loss) from discontinued operations	–	–	–
Net operating result for the year	151	220	763
Net operating result attributable to each council fund	151	220	763
Net operating result attributable to non-controlling interests	–	–	–
Net operating result for the year before grants and contributions provided for capital purposes	151	155	(16)

¹ General fund refers to all Council's activities other than Water and Sewer.

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

Hay Shire Council

Notes to the Financial Statements

as at 30 June 2018

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

\$ '000

Statement of Financial Position by fund

\$ '000	2018	2018	2018
	Water	Sewer	General ¹
ASSETS			
Current assets			
Cash and cash equivalents	2,178	2,219	5,682
Investments	–	–	–
Receivables	296	187	635
Inventories	–	–	217
Other	–	–	30
Total current assets	2,474	2,406	6,564
Non-current assets			
Inventories	5	3	64
Infrastructure, property, plant and equipment	11,141	8,957	66,156
Total non-current assets	11,146	8,960	66,220
TOTAL ASSETS	13,620	11,366	72,784
LIABILITIES			
Current liabilities			
Payables	–	–	566
Borrowings	–	–	82
Provisions	–	–	1,515
Liabilities associated with assets classified as 'held for sale'	–	–	–
Total current liabilities	–	–	2,163
Non-current liabilities			
Borrowings	–	–	1,226
Provisions	–	–	230
Total non-current liabilities	–	–	1,456
TOTAL LIABILITIES	–	–	3,619
Net assets	13,620	11,366	69,165
EQUITY			
Accumulated surplus	7,259	8,973	33,242
Revaluation reserves	6,361	2,393	35,923
Other reserves	–	–	–
Council equity interest	13,620	11,366	69,165
Non-controlling interests	–	–	–
Total equity	13,620	11,366	69,165

¹ General Fund refers to all Council's activities other than Water and Sewer.

NB. All amounts disclosed above are gross – that is, they include internal receivables and payables between the funds.

Hay Shire Council

Notes to the Financial Statements
for the year ended 30 June 2018

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

\$ '000	Amounts 2018	Indicator 2018	Prior periods		Benchmark
			2017	2016	
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	270	2.49%	11.30%	-5.13%	> 0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	10,848				
2. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	5,719	48.91%	39.13%	48.65%	> 60.00%
Total continuing operating revenue ⁽¹⁾	11,692				
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	5,845	5.23x	4.97x	3.54x	> 1.5x
Current liabilities less specific purpose liabilities ^(3, 4)	1,118				
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	3,372	15.54x	15.81x	9.04x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	217				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	626	12.97%	13.33%	14.41%	< 10% regional & rural
Rates, annual and extra charges collectible	4,828				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	10,079	14.35 mths	12.2 mths	10.6 mths	> 3 mths
Payments from cash flow of operating and financing activities	702				

Notes

⁽¹⁾ Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures and associates.

⁽²⁾ Refer Notes 6-8 inclusive.

Also excludes any real estate and land for resale not expected to be sold in the next 12 months.

⁽³⁾ Refer to Notes 13 and 14.

⁽⁴⁾ Refer to Note 13(b) and 14(b) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	General indicators ⁵		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Local government industry indicators – by fund							
1. Operating performance ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions							
less operating expenses							
<hr/>							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	-1.19%	15.00%	11.09%	-30.85%	21.46%	19.18%	> 0.00%
2. Own source operating revenue ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions							
<hr/>							
Total continuing operating revenue ⁽¹⁾	36.73%	28.27%	99.27%	98.95%	92.68%	93.81%	> 60.00%
3. Unrestricted current ratio							
Current assets less all external restrictions ⁽²⁾							
<hr/>							
Current liabilities less specific purpose liabilities ^(3, 4)	5.23x	4.97x	No liabilities	79.18x	No liabilities	No liabilities	> 1.5x

Notes

^{(1) - (4)} Refer to Notes at Note 28a above.⁽⁵⁾ General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

Hay Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	General indicators ⁵		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Local government industry indicators – by fund (continued)							
4. Debt service cover ratio							
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	11.40x	14.66x	0.00x	0.00x	0.00x	0.00x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates, annual charges, interest and extra charges outstanding percentage							
Rates, annual and extra charges outstanding	9.19%	11.22%	31.82%	18.17%	12.91%	14.34%	< 10% regional & rural
Rates, annual and extra charges collectible							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	8.09	8.78	0.00	19.68	0.00	39.44	> 3 months
Payments from cash flow of operating and financing activities	months	months	months	months	months	months	

Notes

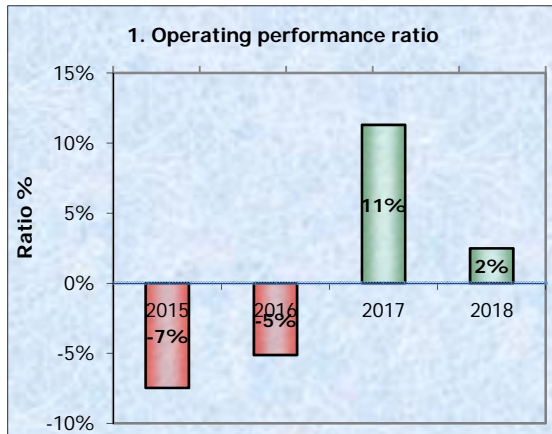
(1) Refer to Notes at Note 28a above.

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

Hay Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

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



Benchmark: — Minimum $\geq 0.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Purpose of operating performance ratio

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

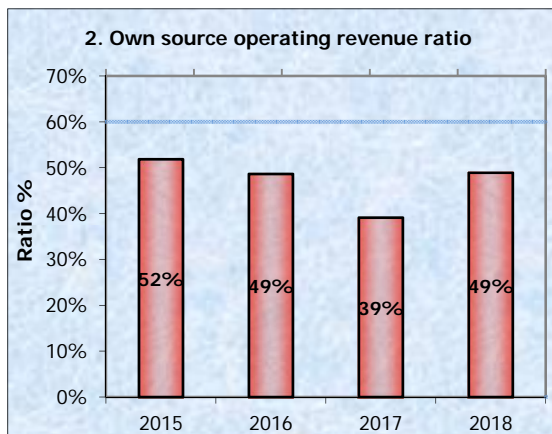
Commentary on 2017/18 result

2017/18 ratio 2.49%

Sound result over all funds

Ratio achieves benchmark

Ratio is outside benchmark



Benchmark: — Minimum $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

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.

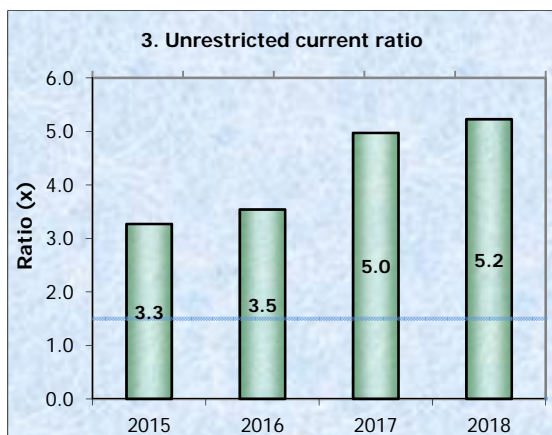
Commentary on 2017/18 result

2017/18 ratio 48.91%

Result improved due to reduction in Financial Assistance Grant income from previous year

Ratio achieves benchmark

Ratio is outside benchmark



Benchmark: — Minimum ≥ 1.50

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

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 2017/18 result

2017/18 ratio 5.23x

Sound result across all funds

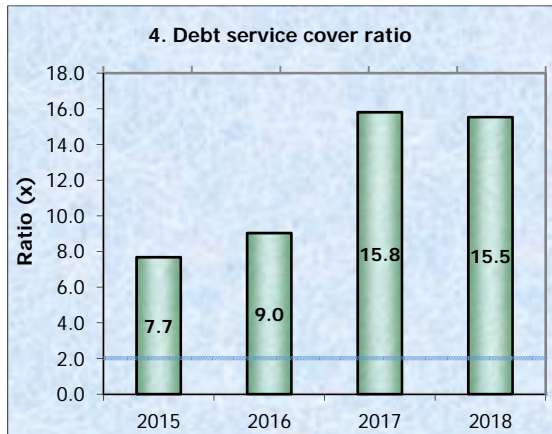
Ratio achieves benchmark

Ratio is outside benchmark

Hay Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

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



Benchmark: — Minimum ≥ 2.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Purpose of debt service cover ratio

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

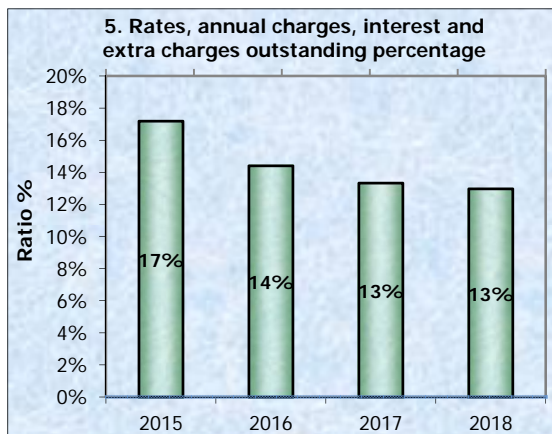
Commentary on 2017/18 result

2017/18 ratio 15.54x

Indicates sound cash position

Ratio achieves benchmark

Ratio is outside benchmark



Benchmark: — Maximum $\ll 10\%$ region:

Source for Benchmark: Code of Accounting Practice and Financial Reporting #26

Purpose of rates and annual charges outstanding ratio

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

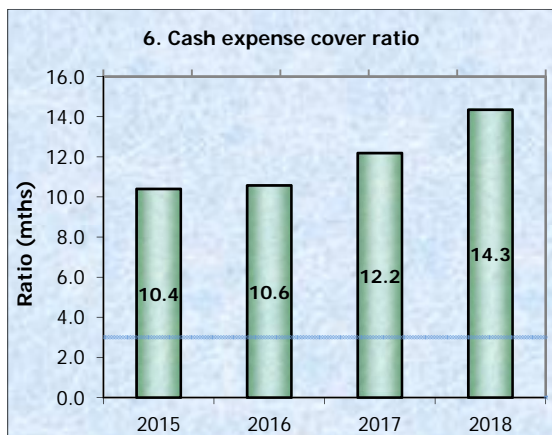
Commentary on 2017/18 result

2017/18 ratio 12.97%

Ratio indicates the difficulties Council has in recovering outstanding rates

Ratio is within Benchmark

Ratio is outside Benchmark



Benchmark: — Minimum ≥ 3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

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 2017/18 result

2017/18 ratio 14.35 mths

Cashflow is improving

Ratio achieves benchmark

Ratio is outside benchmark



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial report

Hay Shire Council

To the Councillors of the Hay Shire Council

Opinion

I have audited the accompanying financial report of Hay Shire Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion,

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial report:
 - has been presented, in all material respects, in accordance with the requirements of this Division
 - is consistent with the Council's accounting records
 - presents fairly, in all material respects, the financial position of the Council as at 30 June 2018, 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 report 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 Report' section of my report.

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

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

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

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

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

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

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report 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 report 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 2 - Permissible income for general rates.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report 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 Report

The Councillors are responsible for the preparation and fair presentation of the financial report 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 report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to:

- obtain reasonable assurance about whether the financial report 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 financial report.

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 21 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule 2 - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.



Caroline Karakatsanis
Director, Financial Audit Services

31 October 2018
SYDNEY

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

Contact: Caroline Karakatsanis
Phone no: 02 9275 7143
Our ref: D1826769/1738

31 October 2018

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2018
Hay Shire Council**




I have audited the general purpose financial statements of the Hay Shire Council (the Council) for the year ended 30 June 2018 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's general purpose financial statements.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2018 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2018 \$'000	2017 \$'000	Variance %
Rates and annual charges revenue	4,132	4,054	 2
User charges and fees	987	926	 7
Grants and contributions revenue	5,973	8,196	 28
Materials and contracts	2,073	2,993	 31
Net operating result before capital amounts	290	1,529	 81
Operating result for the year	1,134	1,989	 43

Council's operating result for the year was a surplus of \$1.1 million (\$1.9 million surplus for the year ended 30 June 2017). The decrease in Council's operating surplus from the prior year is mainly a result of a decrease in grants and contributions for operating purposes. The Council budgeted for a surplus of \$2.9 million.

As a result, the net operating result before capital grants and contributions of \$290,000 was \$1.2 million lower than the 2016–17 result.

Rates and annual charges revenue increased by \$78,000 (2%) to \$4.1 million in 2017–2018. The movement is consistent with an increase in ordinary rates in line with the 1.50% rate peg and the rise in the total number of rateable properties.

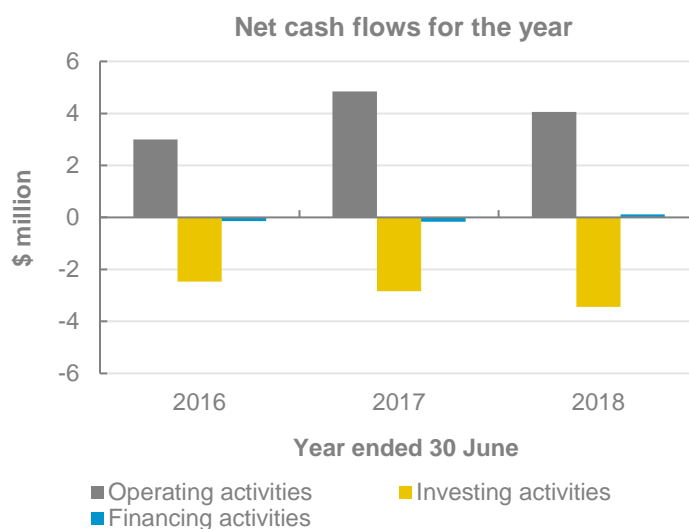
User charges and fees revenue increased by \$61,000 (7%) to \$987,000 in 2017–2018. This is mainly attributable to the water user charges increase caused by the demand during the dry weather conditions to date.

Grants and contributions revenue decreased by \$2.2 million (28%) to \$5.9 million in 2017–2018 due to the prepayment of FAGs in 2016-2017 and deferral of the grant for Sewer Treatment Plant replacement in 2017-2018.

Materials and contracts expenses decreased by \$900,000 (31%) to \$2.0 million in 2017–2018. This is largely attributable to the regional roads maintenance program deferred to capital works in 2018–19.

STATEMENT OF CASH FLOWS

- Council recorded a net increase in cash and cash equivalents of \$507,000 at 30 June 2018 (net increase of \$1.833 million at 30 June 2017).
- Net cash provided by operating activities amounted to \$4.0 million. Council recorded cash receipts from rates and annual charges of \$4.1 million and user fees and charges of \$1.0 million. Council recorded \$4.1 million of cash payments for employee benefits and on-costs and \$2.4 million for materials and contracts.
- Net cash used in investing activities amounted to \$3.4million. This is largely due to the net cash outflow of \$3.5 million for the purchase of infrastructure, property, plant and equipment during the year.



FINANCIAL POSITION

Cash and Investments

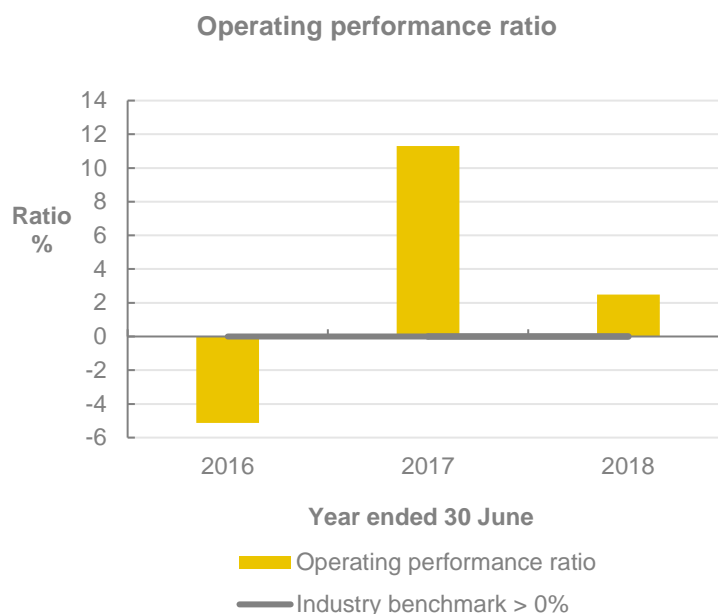
Cash and Investments	2018	2017	Commentary
	\$m	\$m	
External restrictions	4.9	4.4	<ul style="list-style-type: none"> • Externally restricted cash and investments are restricted in their use by externally imposed requirements. Councils external restrictions have increased by \$539,000 primarily due to the provision of Council's water services (\$2.2 million) and the provision of Council's sewerage services (\$2.2 million). • Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. The movement in internal restrictions is predominantly due to \$1.4 million of Financial Assistance Grants. • Unrestricted cash has remained relatively consistent for the period.
Internal restrictions	3.6	3.6	
Unrestricted	1.5	1.5	
Cash and investments	10.0	9.5	

PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 24 of the Council's audited general purpose financial statements. The 'building and infrastructure renewals ratio' is defined in Council's Special Schedule 7 which has not been audited.

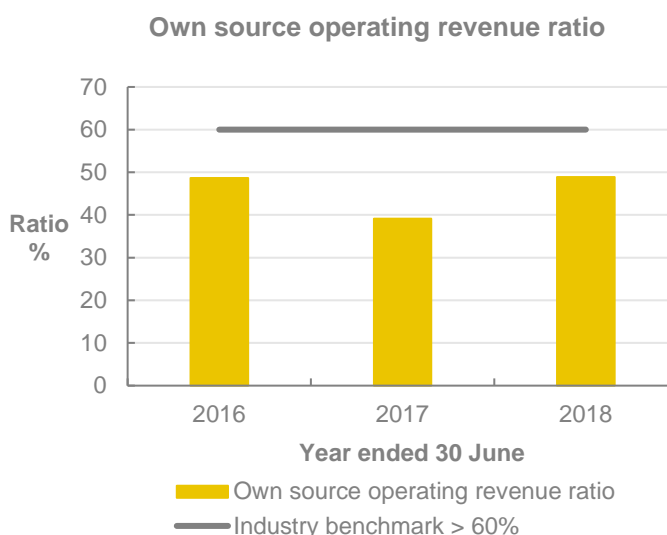
Operating performance ratio

- The 'operating performances ratio' measures how well Council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than zero per cent.
- The operating performance ratio declined to 2.49% but continued to remain above the industry benchmark of 0%.
- The positive operating performance ratio can be attributed to the Council's other (declared) business activities – water and sewerage.



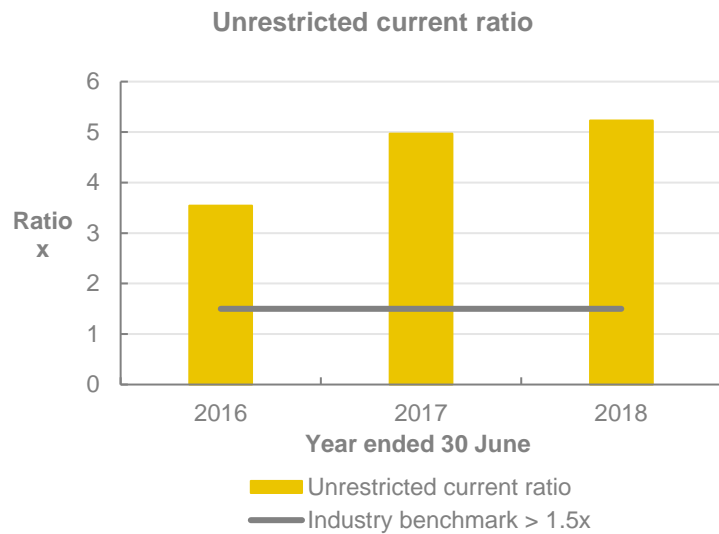
Own source operating revenue ratio

- 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's own source operating revenue ratio of 48.91% is below the industry benchmark of 60 per cent. It has remained below the industry benchmark the last 3 years.
- The own source operating revenue ratio remained steady at 48.91% (2017: 39.13%). Council continue to apply the maximum rate peg allowable in accordance with the general rating cap set by the State Government through the Independent Pricing & Regulatory Tribunal (IPART).



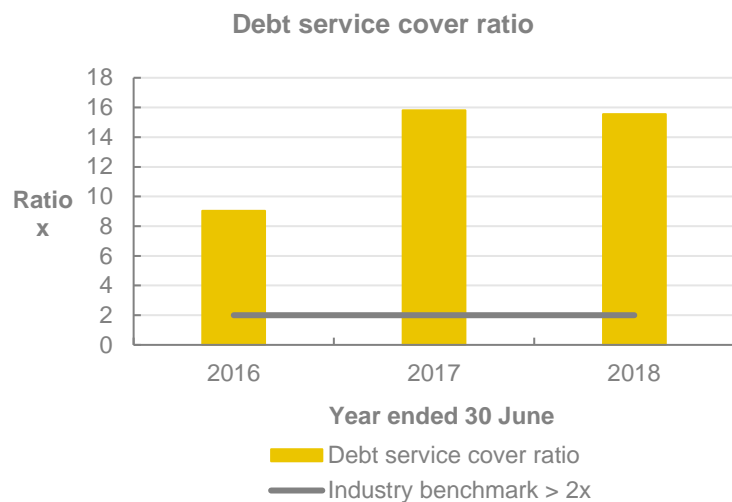
Unrestricted current ratio

- 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's liquidity ratio of 5.23 times is greater than the industry benchmark minimum of greater than 1.5 times.
- The ratio indicates that Council has sufficient liquidity to meet its current liabilities as and when they fall due.



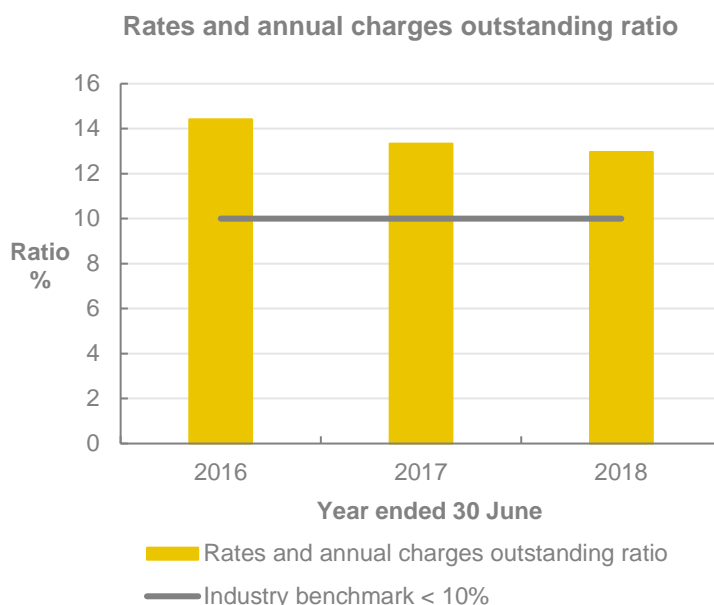
Debt service cover ratio

- 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's debt service cover ratio is greater than the industry benchmark of greater than 2 times.
- The ratio indicates that Council has 15.54 times in operating cash available to service its debts, essentially indicating that Council generates sufficient cash from its operations to fund its debt obligations.



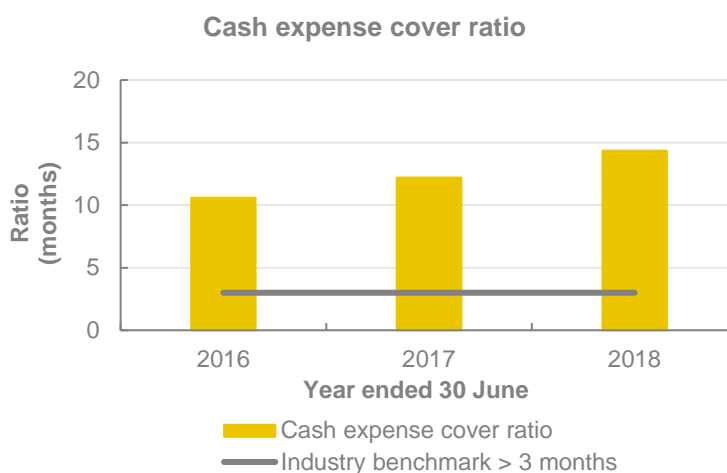
Rates and annual charges outstanding ratio

- The 'rates and annual charges outstanding ratio' 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's rates and annual charges outstanding ratio of 12.97% is above the industry benchmark of less than 10 per cent.
- The rate and annual charges outstanding ratio decreased to 12.97% (2017: 13.33%).
- Council has in the past been lenient with its rate debtors, taking into account climatic and economic factors that have impacted its area. In more recent years Council has been actively selling land for unpaid rates and this is reflected in the trend in this ratio.



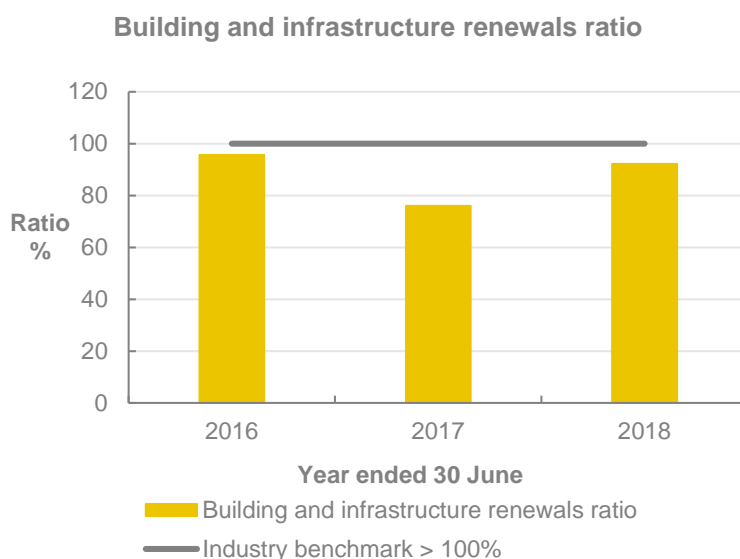
Cash expense cover ratio

- 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's cash expense cover ratio was 14.35 months, which is above the industry benchmark of greater than 3 months.
- This indicates that Council had the capacity to cover 14.35 months of cash expenditure without additional cash inflows at 30 June 2018.



Building and infrastructure renewals ratio (unaudited)

- The 'building and infrastructure renewals ratio' assesses the rate at which these assets are being renewed against the rate at which they are depreciating. The benchmark set by OLG is greater than 100 per cent. This ratio is sourced from Council's Special Schedule 7 which has not been audited.
- The ratio of 92.22% is slightly below the industry benchmark of greater than 100%.
- The Council's building and infrastructure renewals ratio increased to 92.22% (2017: 76.02%) due to continued capital spend on asset renewals of \$3.584 million (2017: \$3.106 million).



OTHER MATTERS

New accounting standards implemented

AASB 2016-2 'Disclosure Initiative – Amendments to AASB 107'

Effective for annual reporting periods beginning on or after 1 January 2017

This Standard requires entities to provide disclosures that enable users of financial statements to evaluate changes (both cash flows and non-cash changes) in liabilities arising from financing activities.

Council's disclosure of the changes in their liabilities arising from financing activities is disclosed in Note 11 (c).

AASB 2016-4 'Recoverable Amount of Non-Cash Generating Specialised Assets of Not-for-Profit Entities' – Amendment to AASB 116 & 136

Effective for annual reporting periods beginning on or after 1 January 2017

This Standard no longer requires not-for-profit entities to consider AASB 136 Impairment of Assets for non-cash-generating specialised assets at fair value.

It is expected for not-for-profit entities holding non-cash-generating, the recoverable amount of these assets is expected to be materially the same as fair value, determined under AASB 113 Fair Value Measurement.

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 reports. The Council's:

- accounting records were maintained in a manner and form to allow the general purpose financial statements to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



Caroline Karakatsanis
Director, Financial Audit Services

cc: Amanda Spalding, General Manager
Mark Dowling, Director of Corporate Services
Tim Hurst, Acting Chief Executive of the Office of Local Government

Hay Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018

"Exciting Heritage, Positive Future"



Hay Shire Council

Special Purpose Financial Statements for the year ended 30 June 2018

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4. Auditor's Report	

Background

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

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
 - (iii) For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
 - (iv) In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).
-

Hay Shire Council

Special Purpose Financial Statements for the year ended 30 June 2018

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.

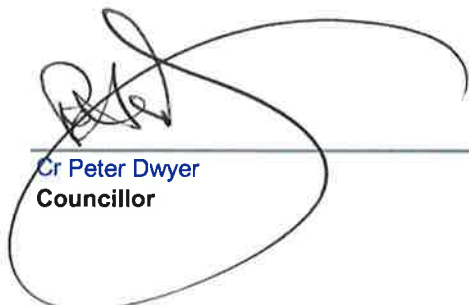
To the best of our knowledge and belief, these financial statements:

- 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.

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 30 October 2018.


 Cr Bill Sheaffe
 Mayor


 Cr Peter Dwyer
 Councillor


 Mark Dowling
 General manager


 Mark Dowling
 Responsible accounting officer

Hay Shire Council

Income Statement of Council's Water Supply Business Activity

for the year ended 30 June 2018

\$ '000	2018	2017
Income from continuing operations		
Access charges	648	638
User charges	540	454
Fees	—	8
Interest	27	29
Grants and contributions provided for non-capital purposes	11	12
Profit from the sale of assets	—	—
Share of profit from equity accounted investment	—	—
Other income	135	—
Total income from continuing operations	1,361	1,141
Expenses from continuing operations		
Employee benefits and on-costs	208	191
Borrowing costs	—	—
Materials and contracts	647	906
Depreciation, amortisation and impairment	335	304
Water purchase charges	20	12
Share of loss from equity accounted investment	—	—
Other expenses	—	80
Total expenses from continuing operations	1,210	1,493
Surplus (deficit) from continuing operations before capital amounts	151	(352)
Grants and contributions provided for capital purposes	—	—
Surplus (deficit) from continuing operations after capital amounts	151	(352)
Surplus (deficit) from discontinued operations	—	—
Surplus (deficit) from all operations before tax	151	(352)
Less: corporate taxation equivalent (30%) [based on result before capital]	(45)	—
SURPLUS (DEFICIT) AFTER TAX	106	(352)
Plus opening retained profits	7,109	7,461
Plus/less: prior period adjustments		—
Plus/less: other adjustments	(1)	—
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	—	—
– Debt guarantee fees	—	—
– Corporate taxation equivalent	45	—
Less:		
– Tax equivalent dividend paid	—	—
– Surplus dividend paid	—	—
Closing retained profits	7,259	7,109
Return on capital %	1.4%	-3.2%
Subsidy from Council	160	616
Calculation of dividend payable:		
Surplus (deficit) after tax	106	(352)
Less: capital grants and contributions (excluding developer contributions)	—	—
Surplus for dividend calculation purposes	106	—
Potential dividend calculated from surplus	53	—

Hay Shire Council

Income Statement of Council's Sewerage Business Activity

for the year ended 30 June 2018

\$ '000	2018	2017
Income from continuing operations		
Access charges	873	855
User charges	35	35
Liquid trade waste charges	—	—
Fees	4	4
Interest	38	45
Grants and contributions provided for non-capital purposes	10	62
Profit from the sale of assets	—	—
Share of profit from equity accounted investment	—	—
Other income	—	—
Total income from continuing operations	960	1,001
Expenses from continuing operations		
Employee benefits and on-costs	198	181
Borrowing costs	—	—
Materials and contracts	414	398
Depreciation, amortisation and impairment	193	184
Loss on sale of assets	—	—
Other expenses	—	46
Total expenses from continuing operations	805	809
Surplus (deficit) from continuing operations before capital amounts	155	192
Grants and contributions provided for capital purposes	65	—
Surplus (deficit) from continuing operations after capital amounts	220	192
Surplus (deficit) from discontinued operations	—	—
Surplus (deficit) from all operations before tax	220	192
Less: corporate taxation equivalent (30%) [based on result before capital]	(47)	(58)
SURPLUS (DEFICIT) AFTER TAX	174	134
Plus opening retained profits	8,753	8,562
Plus/less: prior period adjustments	—	—
Plus/less: other adjustments	—	(1)
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	—	—
– Debt guarantee fees	—	—
– Corporate taxation equivalent	47	58
Less:		
– Tax equivalent dividend paid	—	—
– Surplus dividend paid	—	—
Closing retained profits	8,973	8,753
Return on capital %	1.7%	2.2%
Subsidy from Council	95	14
Calculation of dividend payable:		
Surplus (deficit) after tax	174	134
Less: capital grants and contributions (excluding developer contributions)	(65)	—
Surplus for dividend calculation purposes	109	134
Potential dividend calculated from surplus	54	67

Hay Shire Council

Statement of Financial Position – Council's Water Supply Business Activity
as at 30 June 2018

\$ '000	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	2,178	1,950
Investments	–	–
Receivables	296	267
Inventories	–	–
Other	–	–
Non-current assets classified as held for sale	–	–
Total current assets	2,474	2,217
Non-current assets		
Investments	–	–
Receivables	–	–
Inventories	5	4
Infrastructure, property, plant and equipment	11,141	11,088
Investments accounted for using equity method	–	–
Other	–	–
Total non-current assets	11,146	11,092
TOTAL ASSETS	13,620	13,309
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	–	28
Income received in advance	–	–
Borrowings	–	–
Provisions	–	–
Total current liabilities	–	28
Non-current liabilities		
Payables	–	–
Income received in advance	–	–
Borrowings	–	–
Provisions	–	–
Total non-current liabilities	–	–
TOTAL LIABILITIES	–	28
NET ASSETS	13,620	13,281
EQUITY		
Accumulated surplus	7,259	7,109
Revaluation reserves	6,361	6,172
Other reserves	–	–
Council equity interest	13,620	13,281
Non-controlling equity interest	–	–
TOTAL EQUITY	13,620	13,281

Hay Shire Council

Statement of Financial Position – Council's Sewerage Business Activity

as at 30 June 2018

\$ '000	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	2,219	2,054
Investments	–	–
Receivables	187	157
Inventories	–	–
Other	–	–
Non-current assets classified as held for sale	–	–
Total current Assets	2,406	2,211
Non-current assets		
Investments	–	–
Receivables	–	–
Inventories	3	4
Infrastructure, property, plant and equipment	8,957	8,648
Investments accounted for using equity method	–	–
Other	–	–
Total non-current assets	8,960	8,652
TOTAL ASSETS	11,366	10,863
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	–	–
Income received in advance	–	–
Borrowings	–	–
Provisions	–	–
Total current liabilities	–	–
Non-current liabilities		
Payables	–	–
Income received in advance	–	–
Borrowings	–	–
Provisions	–	–
Total non-current liabilities	–	–
TOTAL LIABILITIES	–	–
NET ASSETS	11,366	10,863
EQUITY		
Accumulated surplus	8,973	8,753
Revaluation reserves	2,393	2,110
Other reserves	–	–
Council equity interest	11,366	10,863
Non-controlling equity interest	–	–
TOTAL EQUITY	11,366	10,863

Hay Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2018

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	8
2	Water Supply Business Best-Practice Management disclosure requirements	12
3	Sewerage Business Best-Practice Management disclosure requirements	14

Hay Shire Council

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2018

Note 1. Significant accounting policies

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

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

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

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the Local Government (General) Regulation, 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.

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

Hay Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies (continued)

b. Sewerage service operations

Supply of sewerage services to the town of Hay

Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars, except for Note 2 (Water Supply Best-Practice Management Disclosures) and Note 3 (Sewerage Best-Practice Management Disclosures).

As required by Crown Lands and Water (CLAW), the amounts shown in Note 2 and Note 3 are disclosed in whole 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 – 30%

Land tax – the first \$629,000 of combined land values attracts **0%**. For the combined land values in excess of \$629,001 up to \$3,846,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$3,846,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$750,000.

In accordance with Crown Lands and Water (CLAW), 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 NSW Office of Water Guidelines to 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 NSW Office of 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.

Hay Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies (continued)

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 30%.

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 30% is/is not 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.

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:

Hay Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies (continued)

Operating result before capital income + interest expense

Written down value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.79% at 30 June 2018

(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 DPIW guidelines and must not exceed:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2018 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the DPIW guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the DPIW.

END OF AUDITED SPECIAL PURPOSE FINANCIAL STATEMENTS

Hay Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2018Note 2. Water supply business
best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

(i)	Calculated tax equivalents	–
(ii)	Number of assessments multiplied by \$3/assessment	4,119
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	–
(iv)	Amounts actually paid for tax equivalents	

2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	52,850
(ii)	Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	41,190
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 30 June 2016	(202,900)

2018 Surplus	105,700	2017 Surplus	(352,000)	2016 Surplus	43,400
		2017 Dividend	–	2016 Dividend	–

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	
(vi)	Are the overhead reallocation charges to the water business fair and reasonable? ^a	YES

3. Required outcomes for 6 criteria

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Full cost recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
	– Complying charges [item 2 (b) in table 1]	YES
	– DSP with commercial developer charges [item 2 (e) in table 1]	YES
	– If dual water supplies, complying charges [item 2 (g) in table 1]	YES
(iii)	Sound water conservation and demand management implemented	YES
(iv)	Sound drought management implemented	YES
(v)	Complete performance reporting form (by 15 September each year)	YES
(vi)	a. Integrated water cycle management evaluation	YES
	b. Complete and implement integrated water cycle management strategy	YES

Hay Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 2. Water supply business best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

National Water Initiative (NWI) financial performance indicators

NWI F1	Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a)	\$'000	1,346
NWI F4	Revenue from residential usage charges (water) Income from residential usage charges (w6b) x 100 divided by the sum of [income from residential usage charges (w6a) + income from residential access charges (w6b)]	%	44.74%
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	11,141
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	875
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	200
NWI F17	Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)]	%	1.22%
NWI F26	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	–

- Notes:
- References to w (e.g. w12) refer to item numbers within Special Schedules 3 and 4 of Council's Annual Financial Statements.
 - The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
- a refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007

Hay Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 3. Sewerage business best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

(i)	Calculated tax equivalents	–
(ii)	Number of assessments multiplied by \$3/assessment	3,912
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	–
(iv)	Amounts actually paid for tax equivalents	

2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	54,250
(ii)	Number of assessments x (\$30 less tax equivalent charges per assessment)	39,120
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 30 June 2016	147,900

2018 Surplus	108,500	2017 Surplus	134,400	2016 Surplus	(95,000)
		2017 Dividend	–	2016 Dividend	–

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	39,120
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	
(vi)	Are the overhead reallocation charges to the sewer business fair and reasonable? ^a	YES

3. Required outcomes for 4 criteria

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
	Complying charges (a) Residential [item 2 (c) in table 1]	YES
	(b) Non-residential [item 2 (c) in table 1]	YES
	(c) Trade waste [item 2 (d) in table 1]	NO
	DSP with commercial developer charges [item 2 (e) in table 1]	YES
	Liquid trade waste approvals and policy [item 2 (f) in table 1]	NO
(iii)	Complete performance reporting form (by 15 September each year)	YES
(iv)	a. Integrated water cycle management evaluation	YES
	b. Complete and implement integrated water cycle management strategy	YES

Hay Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2018Note 3. Sewerage business
best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

National Water Initiative (NWI) financial performance indicators

NWI F2	Total revenue (sewerage) Total income (s14) – grants for acquisition of assets (s12a) – interest income (s10) – Aboriginal Communities W&S Program income (w10a)	\$'000	997
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	8,957
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	612
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	220
NWI F18	Economic real rate of return (sewerage) [total income (s14) – interest income (s10) – grants for acquisition of assets (s12a) – operating cost (NWI F12) – current cost depreciation (s3)] x 100 divided by [written down current cost (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)]	%	2.14%
NWI F27	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	–

National Water Initiative (NWI) financial performance indicators
Water and sewer (combined)

NWI F3	Total income (water and sewerage) Total income (w13 + s14) + gain/loss on disposal of assets (w14 + s15) minus grants for acquisition of assets (w11a + s12a) – interest income (w9 + s10)	\$'000	2,343
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	0.85%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	420
NWI F19	Economic real rate of return (water and sewerage) [total income (w13 + s14) – interest income (w9 + s10) – grants for acquisition of assets (w11a + s12a) – operating cost (NWI F11 + NWI F12) – current cost depreciation (w3 + s3)] x 100 divided by [written down replacement cost of fixed assets (NWI F9 + NWI F10) + plant and equipment (w33b + s34b)]	%	1.63%
NWI F20	Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)	\$'000	–
NWI F21	Dividend payout ratio (water and sewerage) Dividend (NWI F20) x 100 divided by net profit after tax (NWI F24)	%	0.00%

Hay Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2018Note 3. Sewerage business
best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

National Water Initiative (NWI) financial performance indicators
Water and sewer (combined)

NWI F22	Net debt to equity (water and sewerage) Overdraft (w36 + s37) + borrowings (w38 + s39) – cash and investments (w30 + s31) x 100 divided by [total assets (w35 + s36) – total liabilities (w40 + s41)]	%	-17.60%
NWI F23	Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest Earnings before interest and tax (EBIT): Operating result (w15a + s16a) + interest expense (w4a + s4a) – interest income (w9 + s10) – gain/loss on disposal of assets (w14 + s15) + miscellaneous expenses (w4b + w4c + s4b + s4c) Net interest: Interest expense (w4a + s4a) – interest income (w9 + s10)		> 100
NWI F24	Net profit after tax (water and sewerage) Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))	\$'000	371
NWI F25	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	20

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules 5 and 6 of Council's Annual Financial Statements.
 - The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
- a refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007

Hay Shire Council

SPECIAL SCHEDULES

for the year ended 30 June 2018

"Exciting Heritage, Positive Future"



Hay Shire Council

Special Schedules for the year ended 30 June 2018

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¹ Special Schedules are not audited (with the exception of Special Schedule 2).

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water (NOW), and
 - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

Hay Shire Council

Special Schedule 1 – Net Cost of Services

for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	449	2	–	(447)
Administration	1,045	146	–	(899)
Public order and safety				
Fire service levy, fire protection, emergency services	398	119	–	(279)
Beach control	–	–	–	–
Enforcement of local government regulations	65	–	–	(65)
Animal control	46	10	–	(36)
Other	–	9	–	9
Total public order and safety	509	138	–	(371)
Health	14	4	–	(10)
Environment				
Noxious plants and insect/vermin control	60	30	–	(30)
Other environmental protection	–	–	–	–
Solid waste management	490	544	–	54
Street cleaning	51	–	–	(51)
Drainage	138	–	–	(138)
Stormwater management	–	–	–	–
Total environment	739	574	–	(165)
Community services and education				
Administration and education	138	105	–	(33)
Social protection (welfare)	–	–	–	–
Aged persons and disabled	408	550	–	142
Children's services	–	–	–	–
Total community services and education	546	655	–	109
Housing and community amenities				
Public cemeteries	67	50	–	(17)
Public conveniences	102	–	–	(102)
Street lighting	81	37	–	(44)
Town planning	49	35	–	(14)
Other community amenities	617	83	–	(534)
Total housing and community amenities	916	205	–	(711)
Water supplies	1,204	1,323	–	119
Sewerage services	799	1,002	–	203

Hay Shire Council

Special Schedule 1 – Net Cost of Services (continued)

for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	267	31	66	(170)
Museums	126	70	—	(56)
Art galleries	—	—	—	—
Community centres and halls	43	7	—	(36)
Performing arts venues	—	—	—	—
Other performing arts	—	—	—	—
Other cultural services	8	5	—	(3)
Sporting grounds and venues	44	—	—	(44)
Swimming pools	284	—	—	(284)
Parks and gardens (lakes)	—	—	—	—
Other sport and recreation	512	11	509	8
Total recreation and culture	1,284	124	575	(585)
Fuel and energy	—	—	—	—
Agriculture	—	—	—	—
Mining, manufacturing and construction				
Building control	94	31	—	(63)
Other mining, manufacturing and construction	2	2	—	—
Total mining, manufacturing and const.	96	33	—	(63)
Transport and communication				
Urban roads (UR) – local	687	174	—	(513)
Urban roads – regional	—	—	—	—
Sealed rural roads (SRR) – local	722	368	—	(354)
Sealed rural roads (SRR) – regional	522	505	237	220
Unsealed rural roads (URR) – local	—	305	—	305
Unsealed rural roads (URR) – regional	254	—	—	(254)
Bridges on UR – local	197	197	—	—
Bridges on SRR – local	92	—	—	(92)
Bridges on URR – local	—	—	—	—
Bridges on regional roads	—	13	—	13
Parking areas	—	—	—	—
Footpaths	51	—	32	(19)
Aerodromes	41	10	—	(31)
Other transport and communication	—	—	—	—
Total transport and communication	2,566	1,572	269	(725)
Economic affairs				
Camping areas and caravan parks	—	—	—	—
Other economic affairs	411	196	—	(215)
Total economic affairs	411	196	—	(215)
Totals – functions	10,578	5,974	844	(3,760)
General purpose revenues ⁽¹⁾		4,894		4,894
Share of interests – joint ventures and associates using the equity method	—	—		—
NET OPERATING RESULT ⁽²⁾	10,578	10,868	844	1,134

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges (2) As reported in the Income Statement

Hay Shire Council

Special Schedule 2 – Permissible income for general rates

for the year ended 30 June 2019

\$'000		Calculation 2018/19	Calculation 2017/18
Notional general income calculation ⁽¹⁾			
Last year notional general income yield	a	2,306	2,277
Plus or minus adjustments ⁽²⁾	b	6	(6)
Notional general income	c = (a + b)	2,312	2,271
Permissible income calculation			
Special variation percentage ⁽³⁾	d	0.00%	0.00%
Or rate peg percentage	e	2.30%	1.50%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	—	—
Plus special variation amount	$h = d \times (c - g)$	—	—
Or plus rate peg amount	$i = c \times e$	53	34
Or plus Crown land adjustment and rate peg amount	$j = c \times f$	—	—
Sub-total	k = (c + g + h + i + j)	2,365	2,305
Plus (or minus) last year's carry forward total	l	0	37
Less valuation objections claimed in the previous year	m	—	(36)
Sub-total	n = (l + m)	0	1
Total permissible income	o = k + n	2,365	2,306
Less notional general income yield	p	2,364	2,306
Catch-up or (excess) result	q = o - p	1	0
Plus income lost due to valuation objections claimed ⁽⁴⁾	r	—	—
Less unused catch-up ⁽⁵⁾	s	(1)	—
Carry forward to next year	t = q + r - s	0	0

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*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (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 Special Schedule 2 in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule 2 - Permissible Income for general rates

Hay Shire Council

To the Councillors of Hay Shire Council

Opinion

I have audited the accompanying Special Schedule 2 – Permissible Income for general rates (the Schedule) of Hay Shire Council (the Council) for the year ending 30 June 2019.

In my opinion, the Schedule of the Council for the year ending 30 June 2019 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than 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 the Special Schedules excluding Special Schedule 2 (the other Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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

A handwritten signature in black ink, appearing to read 'C. Karakatsanis', with a stylized, cursive script.

Caroline Karakatsanis
Director, Financial Audit Services

31 October 2018
SYDNEY

Hay Shire Council

Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	340	339
b. Engineering and supervision	–	–
2. Operation and maintenance expenses		
– dams and weirs		
a. Operation expenses	–	–
b. Maintenance expenses	–	–
– Mains		
c. Operation expenses	–	–
d. Maintenance expenses	155	113
– Reservoirs		
e. Operation expenses	–	–
f. Maintenance expenses	10	414
– Pumping stations		
g. Operation expenses (excluding energy costs)	–	–
h. Energy costs	96	67
i. Maintenance expenses	59	52
– Treatment		
j. Operation expenses (excluding chemical costs)	–	–
k. Chemical costs	40	51
l. Maintenance expenses	119	117
– Other		
m. Operation expenses	36	24
n. Maintenance expenses	–	–
o. Purchase of water	20	12
3. Depreciation expenses		
a. System assets	335	304
b. Plant and equipment	–	–
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	–	–
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	1,210	1,493

Hay Shire Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
Income		
6. Residential charges		
a. Access (including rates)	567	558
b. Usage charges	459	385
7. Non-residential charges		
a. Access (including rates)	82	80
b. Usage charges	81	69
8. Extra charges	12	12
9. Interest income	15	17
10. Other income	135	8
10a. Aboriginal Communities Water and Sewerage Program	–	–
11. Grants		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	10	12
c. Other grants	–	–
12. Contributions		
a. Developer charges	–	–
b. Developer provided assets	–	–
c. Other contributions	–	–
13. Total income	1,361	1,141
14. Gain (or loss) on disposal of assets	–	–
15. Operating result	151	(352)
15a. Operating result (less grants for acquisition of assets)	151	(352)

Hay Shire Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
B Capital transactions		
Non-operating expenditures		
16. Acquisition of fixed assets		
a. New assets for improved standards	–	–
b. New assets for growth	–	–
c. Renewals	200	214
d. Plant and equipment	–	–
17. Repayment of debt	–	–
18. Totals	200	214
Non-operating funds employed		
19. Proceeds from disposal of assets	–	–
20. Borrowing utilised	–	–
21. Totals	–	–
C Rates and charges		
22. Number of assessments		
a. Residential (occupied)	1,152	1,152
b. Residential (unoccupied, ie. vacant lot)	22	22
c. Non-residential (occupied)	182	182
d. Non-residential (unoccupied, ie. vacant lot)	17	17
23. Number of ETs for which developer charges were received	ET	– ET
24. Total amount of pensioner rebates (actual dollars)	\$ 19,687	\$ 20,795

Hay Shire Council

Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2018

\$'000	Current	Non-current	Total
ASSETS			
25. Cash and investments			
a. Developer charges	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	2,178	–	2,178
26. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	210	–	210
c. User charges	84	–	84
d. Other	2	–	2
27. Inventories	5	–	5
28. Property, plant and equipment			
a. System assets	–	11,141	11,141
b. Plant and equipment	–	–	–
29. Other assets	–	–	–
30. Total assets	2,479	11,141	13,620
LIABILITIES			
31. Bank overdraft	–	–	–
32. Creditors	–	–	–
33. Borrowings	–	–	–
34. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
35. Total liabilities	–	–	–
36. NET ASSETS COMMITTED	2,479	11,141	13,620
EQUITY			
37. Accumulated surplus			7,259
38. Asset revaluation reserve			6,361
39. Other reserves			–
40. TOTAL EQUITY			13,620
Note to system assets:			
41. Current replacement cost of system assets			24,653
42. Accumulated current cost depreciation of system assets			(13,512)
43. Written down current cost of system assets			11,141

Hay Shire Council

Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	277	263
b. Engineering and supervision	14	59
2. Operation and maintenance expenses		
– mains		
a. Operation expenses	–	–
b. Maintenance expenses	68	101
– Pumping stations		
c. Operation expenses (excluding energy costs)	26	24
d. Energy costs	26	20
e. Maintenance expenses	31	37
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	78	94
g. Chemical costs	–	–
h. Energy costs	29	19
i. Effluent management	–	–
j. Biosolids management	–	–
k. Maintenance expenses	63	7
– Other		
l. Operation expenses	–	–
m. Maintenance expenses	–	–
3. Depreciation expenses		
a. System assets	193	184
b. Plant and equipment	–	–
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	–	1
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	805	809

Hay Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
Income		
6. Residential charges (including rates)	771	757
7. Non-residential charges		
a. Access (including rates)	102	98
b. Usage charges	39	39
8. Trade waste charges		
a. Annual fees	—	—
b. Usage charges	—	—
c. Excess mass charges	—	—
d. Re-inspection fees	—	—
9. Extra charges	10	12
10. Interest income	28	33
11. Other income	—	—
11a. Aboriginal Communities Water and Sewerage Program	—	—
12. Grants		
a. Grants for acquisition of assets	—	—
b. Grants for pensioner rebates	10	11
c. Other grants	65	51
13. Contributions		
a. Developer charges	—	—
b. Developer provided assets	—	—
c. Other contributions	—	—
14. Total income	1,025	1,001
15. Gain (or loss) on disposal of assets	—	—
16. Operating result	220	192
16a. Operating result (less grants for acquisition of assets)	220	192

Hay Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
B Capital transactions		
Non-operating expenditures		
17. Acquisition of fixed assets		
a. New assets for improved standards	–	–
b. New assets for growth	–	–
c. Renewals	220	638
d. Plant and equipment	–	–
18. Repayment of debt	–	–
19. Totals	220	638
Non-operating funds employed		
20. Proceeds from disposal of assets	–	–
21. Borrowing utilised	–	–
22. Totals	–	–
C Rates and charges		
23. Number of assessments		
a. Residential (occupied)	1,096	1,096
b. Residential (unoccupied, ie. vacant lot)	24	24
c. Non-residential (occupied)	169	169
d. Non-residential (unoccupied, ie. vacant lot)	15	15
24. Number of ETs for which developer charges were received	– ET	– ET
25. Total amount of pensioner rebates (actual dollars)	\$ 18,812	\$ 20,299

Hay Shire Council

Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2018

\$'000	Current	Non-current	Total
ASSETS			
26. Cash and investments			
a. Developer charges	—	—	—
b. Special purpose grants	—	—	—
c. Accrued leave	—	—	—
d. Unexpended loans	—	—	—
e. Sinking fund	—	—	—
f. Other	2,219	—	2,219
27. Receivables			
a. Specific purpose grants	68	—	68
b. Rates and availability charges	114	—	114
c. User charges	5	—	5
d. Other	—	—	—
28. Inventories	3	—	3
29. Property, plant and equipment			
a. System assets	—	8,957	8,957
b. Plant and equipment	—	—	—
30. Other assets	—	—	—
31. Total assets	2,409	8,957	11,366
LIABILITIES			
32. Bank overdraft	—	—	—
33. Creditors	—	—	—
34. Borrowings	—	—	—
35. Provisions			
a. Tax equivalents	—	—	—
b. Dividend	—	—	—
c. Other	—	—	—
36. Total liabilities	—	—	—
37. NET ASSETS COMMITTED	2,409	8,957	11,366
EQUITY			
38. Accumulated surplus			8,973
39. Asset revaluation reserve			2,393
40. Other reserves			—
41. TOTAL EQUITY			11,366
Note to system assets:			
42. Current replacement cost of system assets			21,435
43. Accumulated current cost depreciation of system assets			(12,478)
44. Written down current cost of system assets			8,957

Hay Shire Council

Notes to Special Schedules 3 and 5 for the year ended 30 June 2018

Administration ⁽¹⁾

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Meter reading
- Bad and doubtful debts
- Other administrative/corporate support services

Engineering and supervision ⁽¹⁾

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Other technical and supervision staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.

Operational expenses (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other expenses (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

Impairment losses (item 4d and 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

Aboriginal Communities Water and Sewerage Program (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

Residential charges ⁽²⁾ (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a access charges (including rates if applicable) and 6b usage charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a access charges (including rates if applicable) and 7b usage charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a annual fees, 8b usage charges and 8c excess mass charges and 8d re-inspection fees.

Other income (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

Other contributions (items 12c and 13c of Special Schedules 3 and 5 respectively) including capital contribution for water supply or sewerage services received by Council under Section 565 of the *Local Government Act*.

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

⁽²⁾ To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

Hay Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018

\$'000

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	2017/18 Required maintenance ^a	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Buildings											
	Buildings – non-specialised			20	35	1,543	1,647			100%		0%
	Emergency Services			10		841	967			100%		0%
	Council Offices			20	8	1,325	1,912			100%		0%
	Council Works Depot			20	3	666	881			100%		0%
	Council Public Halls			30	10	2,252	4,162			53%	47%	0%
	Libraries			10	8	2,342	2,588	100%				0%
	Cultural Facilities			40	25	2,975	5,261			100%		0%
	Tourist Centre			10	12	497	565		100%			0%
	Other Specialised Buildings			80	62	2,538	3,549	1%	28%	68%	3%	0%
	Aerodrome			10	3	1,268	1,092			90%	10%	0%
	Showground			20	20	1,938	2,818			100%		0%
	Medical Centre			20	37	3,041	3,361		100%			0%
	Sub-total	–	–	290	223	21,226	28,803	9.1%	17.1%	66.3%	7.5%	0.0%
Other												
	Other structures			20	10	1,842	4,087	11%	46%	25%	18%	0%
	Sub-total	–	–	20	10	1,842	4,087	11.0%	46.0%	25.0%	18.0%	0.0%
Roads												
	Rural Sealed roads			570	216	12,224	24,327	70%	26%	2%	2%	0%
	Unsealed roads			600	454	3,137	7,186	65%	30%	4%	1%	0%
	Bridges			70	13	3,086	6,576	55%	21%	0%	0%	24%
	Urban Streets			165	135	12,828	28,365	54%	16%	30%		0%
	Other road assets			50	105	433	774		50%	50%		0%
	Cycleways			10	18	779	865	100%				0%
	Sub-total	–	–	1,465	941	32,487	68,093	60.9%	21.7%	14.2%	0.8%	2.3%

Hay Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018 (continued)

\$'000

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	2017/18 Required maintenance ^a	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Water supply network	Water supply network						–					
	Intake Works			20	10	660	1,592		50%	40%	10%	0%
	Mains			50	155	5,801	13,271		50%	40%	10%	0%
	Reservoirs			20	25	2,654	4,786		75%		25%	0%
	Treatment			150	50	1,915	4,893		100%			0%
	Buildings											
	Other					–						
	Sub-total	–	–	240	240	11,030	24,542	0.0%	64.8%	24.2%	10.9%	0.0%
Sewerage network	Sewerage network											
	Mains			60	68	6,232	11,762		40%	40%	20%	0%
	Pumping Station			50	10	2,250	3,504		50%	50%		0%
	Treatment	1,750	1,750	100	40	294	5,874					100%
	Other					–						
	Sub-total	1,750	1,750	210	118	8,776	21,140	0.0%	30.5%	30.5%	11.1%	27.8%

Hay Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018 (continued)

\$'000

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	2017/18 Required maintenance ^a	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Stormwater drainage	Stormwater drainage			50	54	4,950	8,242	8%	86%	6%		0%
	Other					–						
	Sub-total	–	–	50	54	4,950	8,242	8.0%	86.0%	6.0%	0.0%	0.0%
	TOTAL – ALL ASSETS	1,750	1,750	2,275	1,586	80,311	154,907	29.2%	33.0%	27.5%	5.5%	4.8%

Notes:

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

Infrastructure asset condition assessment 'key'

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

Hay Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)

for the year ended 30 June 2018

	Amounts 2018	Indicator 2018	Prior periods		Benchmark
			2017	2016	
Infrastructure asset performance indicators * consolidated					
1. Buildings and infrastructure renewals ratio ⁽¹⁾					
Asset renewals ⁽²⁾	2,381	92.22%	76.02%	95.69%	>= 100%
Depreciation, amortisation and impairment	2,582				
2. Infrastructure backlog ratio ⁽¹⁾					
Estimated cost to bring assets to a satisfactory standard	1,750	2.18%	3.07%	8.42%	< 2.00%
Net carrying amount of infrastructure assets	80,341				
3. Asset maintenance ratio					
Actual asset maintenance	1,586	69.71%	72.37%	93.88%	> 100%
Required asset maintenance	2,275				
4. Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	1,750	1.13%	1.38%	0.00%	
Gross replacement cost	154,907				

Notes

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

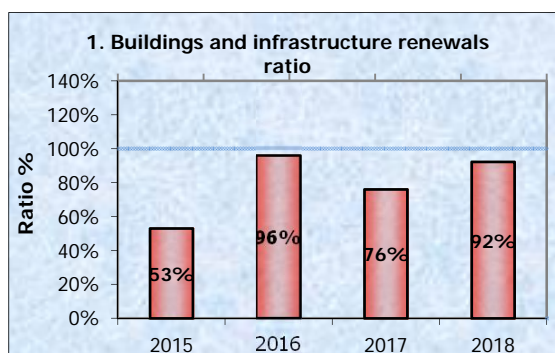
⁽¹⁾ Excludes Work In Progress (WIP)

⁽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.

Hay Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)

for the year ended 30 June 2018



Benchmark: — Minimum $\geq 100.00\%$
 Source for benchmark: Code of Accounting Practice and Financial Reporting #26

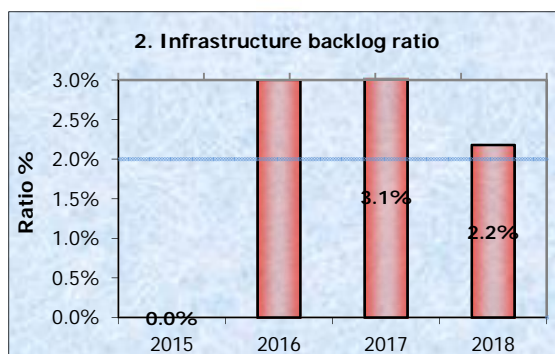
Purpose of asset renewals ratio

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

Commentary on 2017/18 result

2017/18 Ratio 92.22%

Ratio is in line with Councils objective of maintaining close to 100% over the long term



Benchmark: — Maximum $< 2.00\%$
 Source for benchmark: Code of Accounting Practice and Financial Reporting #26

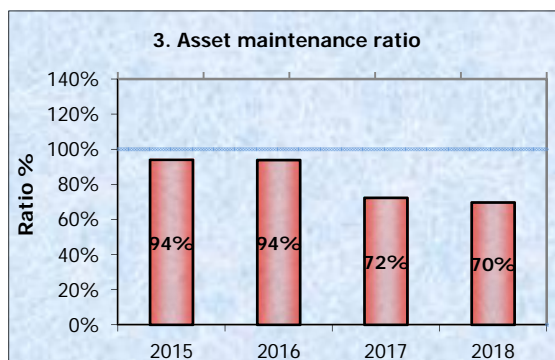
Purpose of infrastructure backlog ratio

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

Commentary on 2017/18 result

2017/18 Ratio 2.18%

Funding for backlog item is in Budget



Benchmark: — Minimum $> 100.00\%$
 Source for benchmark: Code of Accounting Practice and Financial Reporting #26

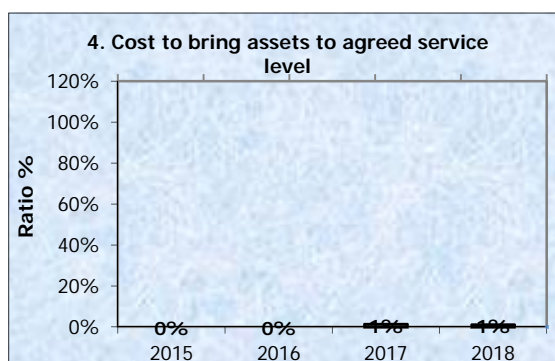
Purpose of asset maintenance ratio

Compares actual vs. required annual asset maintenance. A ratio above 100% indicates Council is investing enough funds to stop the infrastructure backlog growing.

Commentary on 2017/18 result

2017/18 Ratio 69.71%

Council is reviewing its asset maintenance and renewal strategy



Purpose of agreed service level ratio

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 2017/18 result

2017/18 Ratio 1.13%

Renewal works are included in Council budget

Hay Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)

for the year ended 30 June 2018

	General indicators ⁽¹⁾		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Infrastructure asset performance indicators by fund							
1. Buildings and infrastructure renewals ratio ⁽²⁾							
Asset renewals ⁽³⁾	115.92%	55.93%	0.00%	70.39%	0.00%	346.74%	>= 100%
Depreciation, amortisation and impairment							
2. Infrastructure backlog ratio ⁽²⁾							
Estimated cost to bring assets to a satisfactory standard	0.00%	0.00%	0.00%	0.00%	19.94%	24.69%	< 2.00%
Net carrying amount of infrastructure assets							
3. Asset maintenance ratio							
Actual asset maintenance	67.29%	82.24%	100.00%	31.15%	56.19%	39.52%	> 100%
Required asset maintenance							
4. Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	0.00%	0.00%	0.00%	0.00%	8.28%	39.99%	
Gross replacement cost							

Notes

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

⁽²⁾ Excludes Work In Progress (WIP)

⁽³⁾ 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.