



# **ATTACHMENTS**

## **ORDINARY MEETING AGENDA**

**THURSDAY 26 NOVEMBER 2020**

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## ~ REFERENCE TO ATTACHMENTS ~

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## DEED OF ASSIGNMENT OF LEASE

THIS DEED is made on

2020

### PARTIES

1. **COBAR SHIRE COUNCIL (ABN 71 579 717 155)** of 36 Linsley Street, Cobar NSW 2835  
(the "Lessor")
2. **ANVERA PTY LIMITED (ACN 010 557 463)** of 11 Timothy Court, Jones Hill QLD 4570  
(the "Assignor")
3. **COBAR HOLIDAY PARK PTY LTD (ACN 645 180 249)** of Level 7, 420 King William Street, Adelaide SA 5000  
(the "Assignee")

### RECITALS

- A. The Lessor leased to the Assignor the Premises at the annual rent for the term and subject to the covenants, conditions and stipulations of the Lease and any option to renew contained in the Lease.
- B. The Lease contains, inter alia, a covenant on the part of the Lessee not to assign or part with or otherwise deal with its interest in the Demised Premises other than in accordance with the provisions of the Lease.
- C. The Assignor and the Assignee have requested the Lessor to consent to the assignment by the Assignor to the Assignee of the interest of the Assignor in the Lease together with all the residue of the now unexpired term under the Lease.
- D. The Lessor has agreed to consent to the assignment on the terms and provisions of this Deed.

### WITNESSES

#### 1. DEFINITIONS AND INTERPRETATION

1.1 In this Deed:-

"Assignor" means the party set out under Item 1 of the Schedule;

"Assignee" means the party set out under Item 2 of the Schedule;

"Demised Premises" means the premises set out under Item 3 of the Schedule;

"Effective Date" means \_\_\_\_\_ 2020;

"Lessor" means the party set out under Item 4 of the Schedule;

"Lease" means the lease set out under Item 5 of the Schedule (as varied by this Deed);

1.2 In this Deed unless the context otherwise requires:-

- (a) reference to a person includes any other entity recognised by law and vice versa;
- (b) words importing the singular number include the plural number and vice versa;
- (c) words importing one gender include every gender;
- (d) any reference to any of the parties by their defined terms includes that party's executors, administrators or permitted assigns or, being a company, its successors or permitted assigns;
- (e) every agreement or undertaking expressed or implied by which more than one person agrees or undertakes any obligation or derives any benefit binds or inures for the benefit of those persons jointly and each of them severally;
- (f) clause headings are for reference purposes only;
- (g) reference to an Item is a reference to an Item in the Schedule to this Deed.

## 2. ASSIGNMENT

2.1 On and from the Effective Date the Assignor as beneficial owner assigns to the Assignee absolutely, the Assignor's right title and interest in the Lease for the unexpired term of the Lease in accordance with this Deed.

## 3. ASSIGNEE'S COVENANTS

3.1 The Assignee covenants with the Lessor to pay rent and to observe the Assignor's obligations under the Lease for the balance of the term of the Lease and during any variation or extension of the term of the Lease.

3.2 The Assignee covenants with the Assignor to observe and perform the lessee's obligations under the Lease for the balance of the term of the Lease and during any variation or extension of the term of the Lease and to indemnify the Assignor in respect of any liability to the Lessor under the Lease.

## 4. LESSOR'S CONSENT

4.1 The Lessor consents to the assignment of the Lease and acknowledges that no event that has occurred, nor any past or subsisting breach by the Assignor of any lease covenant or obligation will be relied upon by the Lessor against the Assignee which would entitle the Lessor to terminate the Lease or to refuse to grant any option for renewal.

## 5. RELEASE

5.1 The Assignor is released by the Lessor from any further liability under the Lease for the period after the date of the Assignment of the Lease to the Assignee.

5.2 The Assignor hereby releases and discharges the Lessor from all claims, demands, debts, accounts, expenses, costs, liens and proceedings of any nature whatsoever which the Assignor has or might have or might assert against the Lessor arising from, incidental to or by virtue of, the non-compliance with the Lease by the Lessor prior to the Effective Date.

**6. COSTS**

6.1 The Assignee shall bear all costs, disbursements and stamp duties of the Lessor and the mortgagee of the Premises in relation to the preparation, execution and stamping of this Deed.

**7. COUNTERPARTS**

7.1 This Deed may consist of a number of counterparts and the counterparts taken together constitute one and the same instrument.

**EXECUTED** as a deed

**EXECUTED** by **COBAR SHIRE COUNCIL** )  
(**ABN 71 579 717 155**) in accordance with a )  
resolution of Council dated            day of )  
2020 by: )

\_\_\_\_\_  
Signature of General Manager

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Name of General Manager

\_\_\_\_\_  
Name of Witness

**EXECUTED** by **ANVERA PTY LIMITED** )  
(**ACN 010 557 463**) in accordance with )  
Section 127 Corporations Act, 2001 )

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

John Gerard Dineen  
Name

Karen Patricia Dineen  
Name

**EXECUTED** by **COBAR HOLIDAY PARK** )  
**PTY LTD (ACN 645 180 249)** in accordance )  
with Section 127 Corporations Act, 2001 )

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

Matthew Peter Williams  
Name

Natasha Louise Tovey  
Name



# Cobar Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2020

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## Special Schedules

for the year ended 30 June 2020

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## Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2019/20
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	4,050	4,010
Plus or minus adjustments <sup>2</sup>	b	14	16
Notional general income	c = a + b	4,064	4,026
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.60%	2.70%
Or plus rate peg amount	f = e x (c + g)	106	108
Sub-total	k = c + g + h + i + f	4,170	4,134
Plus (or minus) last year's carry forward total	i	-	(84)
Sub-total	n = d + m	-	(84)
<b>Total permissible income</b>	o = k + n	4,170	4,050
Less notional general income yield	p	4,169	4,050
Catch-up or (excess) result	q = o - p	-	-
Carry forward to next year <sup>3</sup>	r = q + t - s	-	-

**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) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

## Report on Infrastructure Assets

as at 30 June 2020

Asset Class	Asset Category	Estimated cost		2019/20 Required maintenance <sup>(a)</sup>	2019/20 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		to bring assets to satisfactory standard	to bring the agreed level of service set by Council					1	2	3	4	5
Buildings	Buildings	2,915	11,574	580	324	22,256	42,587	12.0%	12.0%	49.0%	22.0%	5.0%
	Sub-total	2,915	11,574	580	324	22,256	42,587	12.0%	12.0%	49.0%	22.0%	5.0%
Other structures	Other structures	152	856	-	84	845	1,493	0.0%	38.0%	5.0%	57.0%	0.0%
	Sub-total	152	856	-	84	845	1,493	0.0%	38.0%	5.0%	57.0%	0.0%
Roads	Sealed roads	3,584	15,476	1,240	1,415	92,201	119,404	48.0%	18.0%	21.0%	11.0%	2.0%
	Unsealed roads	1,118	6,386	1,530	1,444	134,756	147,157	9.0%	36.0%	51.0%	4.0%	0.0%
	Bridges	-	-	20	-	4,116	6,591	0.0%	79.0%	21.0%	0.0%	0.0%
	Footpaths	44	252	60	2	2,368	3,875	15.0%	40.0%	38.0%	6.0%	1.0%
	Other road assets	131	748	190	-	11,837	18,612	1.0%	4.0%	91.0%	4.0%	0.0%
	Sub-total	4,877	22,862	3,040	2,861	245,277	295,639	24.1%	27.7%	40.6%	6.8%	0.8%
Water supply network	Water supply network	2,566	4,463	770	584	21,904	40,690	28.0%	6.0%	55.0%	0.0%	11.0%
	Sub-total	2,566	4,463	770	584	21,904	40,690	28.0%	6.0%	55.0%	0.0%	11.0%
Sewerage network	Sewerage network	4	23	280	279	11,169	20,157	0.0%	27.9%	72.0%	0.1%	0.0%
	Sub-total	4	23	280	279	11,169	20,157	0.0%	27.9%	72.0%	0.1%	0.0%
Stormwater drainage	Stormwater drainage	-	-	70	-	4,976	8,022	7.0%	39.0%	54.0%	0.0%	0.0%
	Sub-total	-	-	70	-	4,976	8,022	7.0%	39.0%	54.0%	0.0%	0.0%
Open space / recreational assets	Swimming pools	44	251	120	-	3,145	2,816	5.0%	0.0%	86.0%	9.0%	0.0%
	Other	12	70	140	416	1,518	2,238	31.0%	26.0%	41.0%	2.0%	0.0%
	Sub-total	56	321	260	416	4,663	5,054	16.5%	11.5%	66.1%	5.9%	0.0%
	<b>TOTAL - ALL ASSETS</b>	<b>10,570</b>	<b>40,099</b>	<b>5,000</b>	<b>4,548</b>	<b>311,090</b>	<b>413,642</b>	<b>21.6%</b>	<b>24.0%</b>	<b>44.8%</b>	<b>7.4%</b>	<b>2.2%</b>

(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             |

continued on next page ...

**Cobar Shire Council**

**Report on Infrastructure Assets - Values (continued)**  
as at 30 June 2020

- 4 Poor Renewal required
- 5 Very poor Urgent renewal/upgrading required

## Report on Infrastructure Assets (continued)

as at 30 June 2020

\$ '000	Amounts 2020	Indicator 2020	Prior periods 2019	2018	Benchmark
<b>Infrastructure asset performance indicators (consolidated) <sup>(1)</sup></b>					
<b>Buildings and infrastructure renewals ratio <sup>(1)</sup></b>					
Asset renewals <sup>(2)</sup>	3,979	72.11%	43.41%	29.40%	>=100.00%
Depreciation, amortisation and impairment	5,518				
<b>Infrastructure backlog ratio <sup>(1)</sup></b>					
Estimated cost to bring assets to a satisfactory standard	10,570	3.40%	2.49%	1.79%	<2.00%
Net carrying amount of infrastructure assets	311,090				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	4,548	90.96%	86.12%	106.08%	>100.00%
Required asset maintenance	5,000				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	40,099	9.69%	8.78%	2.82%	
Gross replacement cost	413,642				

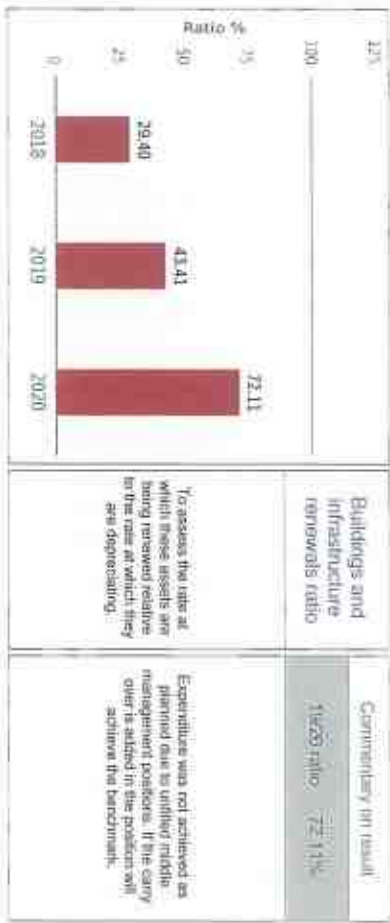
(1) All asset performance indicators are calculated using classes identified in the previous table.

(1) Excludes Work In Progress (WIP)

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

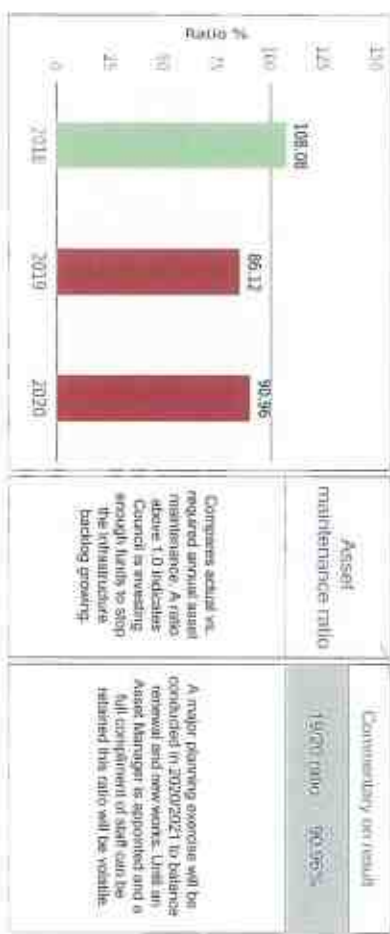
Report on Infrastructure Assets (continued)  
as at 30 June 2020

Buildings and infrastructure renewals ratio



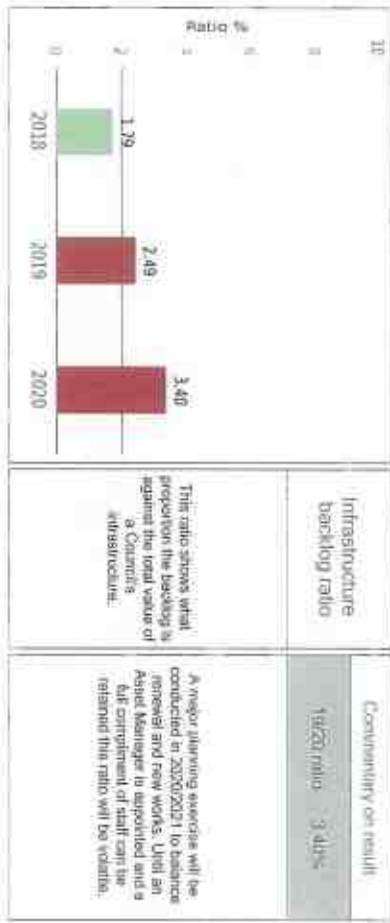
Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Asset maintenance ratio



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

Infrastructure backlog ratio



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

Cost to bring assets to agreed service level





## Report on Infrastructure Assets (continued)

as at 30 June 2020

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2020	2019	2020	2019	2020	2019	
Infrastructure asset performance indicators (by fund)							
Buildings and infrastructure renewals ratio <sup>1</sup>							
Asset renewals <sup>2</sup>	88.54%	48.79%	0.00%	0.00%	0.00%	0.00%	>=100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio <sup>1</sup>							
Estimated cost to bring assets to a satisfactory standard	2.88%	2.32%	11.71%	8.96%	0.04%	0.43%	<2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	93.29%	80.20%	75.84%	120.21%	99.64%	158.33%	>100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	10.09%	8.37%	10.97%	19.40%	0.11%	0.85%	
Gross replacement cost							

(1) Excludes Work In Progress (WIP)

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

# Cobar Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2020

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## Special Purpose Financial Statements

for the year ended 30 June 2020

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### Background

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

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

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

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

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

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

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 27 August 2020.



Lilliane Brady  
Mayor  
20 October 2020



Peter Abbott  
Councillor  
20 October 2020



Peter Vlatko  
General Manager  
20 October 2020



Kym Miller  
Responsible Accounting Officer  
20 October 2020

## Income Statement – Water Supply Business Activity

for the year ended 30 June 2020

\$ '000	2020	2019
<b>Income from continuing operations</b>		
Access charges	287	754
User charges	2,176	2,316
Fees	-	2
Interest	36	54
Grants and contributions provided for non-capital purposes	88	56
<b>Total income from continuing operations</b>	<u>2,587</u>	<u>3,182</u>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	354	360
Materials and contracts	2,437	2,733
Depreciation, amortisation and impairment	771	271
<b>Total expenses from continuing operations</b>	<u>3,562</u>	<u>3,364</u>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	(975)	(182)
Grants and contributions provided for capital purposes	2,884	6,636
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<u>1,909</u>	<u>6,454</u>
<b>Surplus (deficit) from all operations before tax</b>	1,909	6,454
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<u>1,909</u>	<u>6,454</u>
<b>Plus accumulated surplus</b>	24,914	18,461
<b>Plus adjustments for amounts unpaid:</b>		
Closing accumulated surplus	26,823	24,915
<b>Return on capital %</b>	(4.0)%	(0.8)%
<b>Subsidy from Council</b>	1,191	478
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	1,909	6,454
Less: capital grants and contributions (excluding developer contributions)	(2,884)	(6,636)
<b>Surplus for dividend calculation purposes</b>	-	-
<b>Potential dividend calculated from surplus</b>	-	-

## Income Statement – Sewerage Business Activity

for the year ended 30 June 2020

\$ '000	2020	2019
<b>Income from continuing operations</b>		
Access charges	856	827
Fees	14	56
Interest	35	49
Grants and contributions provided for non-capital purposes	-	14
<b>Total income from continuing operations</b>	<u>905</u>	<u>946</u>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	144	132
Materials and contracts	586	551
Depreciation, amortisation and impairment	254	363
<b>Total expenses from continuing operations</b>	<u>984</u>	<u>1,046</u>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	(79)	(100)
Grants and contributions provided for capital purposes	132	66
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<u>53</u>	<u>(34)</u>
<b>Surplus (deficit) from all operations before tax</b>	53	(34)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<u>53</u>	<u>(34)</u>
<b>Plus accumulated surplus</b>	<u>3,816</u>	<u>3,850</u>
<b>Closing accumulated surplus</b>	3,869	3,816
<b>Return on capital %</b>	(0.7)%	(0.9)%
<b>Subsidy from Council</b>	180	252
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	53	(34)
Less: capital grants and contributions (excluding developer contributions)	<u>(132)</u>	<u>(66)</u>
<b>Surplus for dividend calculation purposes</b>	-	-
<b>Potential dividend calculated from surplus</b>	-	-

## Statement of Financial Position – Water Supply Business Activity

as at 30 June 2020

\$ '000	2020	2019
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	2,953	3,013
Receivables	520	691
Inventories	–	118
<b>Total current assets</b>	<u>3,473</u>	<u>3,822</u>
Non-current assets		
Infrastructure, property, plant and equipment	24,504	22,421
<b>Total non-current assets</b>	<u>24,504</u>	<u>22,421</u>
<b>TOTAL ASSETS</b>	<u>27,977</u>	<u>26,243</u>
<b>LIABILITIES</b>		
Current liabilities		
Payables	282	663
<b>Total current liabilities</b>	<u>282</u>	<u>663</u>
<b>TOTAL LIABILITIES</b>	<u>282</u>	<u>663</u>
<b>NET ASSETS</b>	<u>27,695</u>	<u>25,580</u>
<b>EQUITY</b>		
Accumulated surplus	26,823	24,915
Revaluation reserves	872	665
<b>TOTAL EQUITY</b>	<u>27,695</u>	<u>25,580</u>



## Statement of Financial Position – Sewerage Business Activity

as at 30 June 2020

\$ '000	2020	2019
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	2,837	2,674
Receivables	116	123
<b>Total current assets</b>	<b>2,953</b>	<b>2,797</b>
Non-current assets		
Infrastructure, property, plant and equipment	11,444	11,479
<b>Total non-current assets</b>	<b>11,444</b>	<b>11,479</b>
<b>TOTAL ASSETS</b>	<b>14,397</b>	<b>14,276</b>
<b>LIABILITIES</b>		
Current liabilities		
Payables	17	54
<b>Total current liabilities</b>	<b>17</b>	<b>54</b>
<b>TOTAL LIABILITIES</b>	<b>17</b>	<b>54</b>
<b>NET ASSETS</b>	<b>14,380</b>	<b>14,222</b>
<b>EQUITY</b>		
Accumulated surplus	3,869	3,816
Revaluation reserves	10,511	10,406
<b>TOTAL EQUITY</b>	<b>14,380</b>	<b>14,222</b>

## Notes to the Special Purpose Financial Statements

for the year ended 30 June 2020

### 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 2093 (NSW), the *Local Government (General) Regulation 2005*, and the *Local Government Code of Accounting Practice and Financial Reporting*.

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

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

#### National Competition Policy

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

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

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

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

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

#### Declared business activities

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

##### Category 1

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

##### a. Cobar Water Supply - Water Supply

##### Category 2

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

##### a. Cobar Sewerage - Sewer Supply

#### Monetary amounts

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

##### (i) Taxation equivalent charges

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

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

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

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

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

#### Notional rate applied (%)

Corporate income tax rate – 27.5%

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

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

In accordance with the Department of Industry (DoI)–Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities. The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act. Achievement of substantial compliance to the DoI–Water guidelines is not a prerequisite for the payment of the tax equivalent charges; however, the payment must not exceed \$3 per assessment.

#### Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 27.5%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 27.5% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

#### Local government rates and charges

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

#### 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.



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

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

#### (ii) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

Accordingly, 'subsidies disclosed' (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

#### (iii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

**Operating result before capital income + Interest expense**

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 0.88% at 30/6/20.

#### (iv) Dividends

Council is not required to pay dividends to either itself as owner of a range of businesses, or to any external entities.

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with the DoI-Water guidelines and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2020 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best Practice Management of Water Supply and Sewer Guidelines, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are submitted to DoI - Water.



## **INDEPENDENT AUDITOR'S REPORT**

### **Report on the special purpose financial statements**

#### **Cobar Shire Council**

To the Councillors of Cobar Shire Council

### **Opinion**

I have audited the accompanying special purpose financial statements (the financial statements) of Cobar Shire Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2020, the Statement of Financial Position of each Declared Business Activity as at 30 June 2020 and Note 1 Significant accounting policies for the Business Activities declared by Council.

The Declared Business Activities of the Council are:

- Water Supply Business Activity
- Sewerage Business Activity.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2020, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting – update number 28 (LG Code).

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

### **Basis for Opinion**

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

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

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

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

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

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

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

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

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

## **Other Information**

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

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

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

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

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



Unsib Jeffrey  
Delegate of the Auditor-General for New South Wales

21 October 2020  
SYDNEY

# Cobar Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2020

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## General Purpose Financial Statements for the year ended 30 June 2020

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### Overview

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

Linsley Street  
Cobar, NSW 2835

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



## General Purpose Financial Statements

for the year ended 30 June 2020

### Understanding Council's Financial Statements

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#### Introduction

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

#### What you will find in the Statements

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

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

#### About the Council/Management Statement

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

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

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

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

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

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

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

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

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

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

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

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

#### Who uses the Financial Statements?

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

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

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

## General Purpose Financial Statements for the year ended 30 June 2020

### Understanding Council's Financial Statements (continued)

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#### Key Events of 2019-20 **COVID-19**

The global health crisis from the COVID-19 virus has not had a material impact on Council's operations which is reflected in the financial statements.

In March 2020 a number of facilities, services and events were significantly affected during the period of pandemic restrictions due to the requirement to close.



**General Purpose Financial Statements**  
for the year ended 30 June 2020

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

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

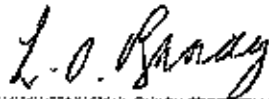
- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder.
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the *Local Government Code of Accounting Practice and Financial Reporting*.

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

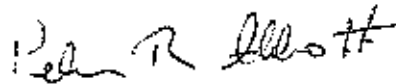
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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

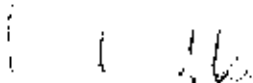
Signed in accordance with a resolution of Council made on 27 August 2020.



Lilliane Brady  
Mayor  
20 October 2020



Peter Abbott  
Councillor  
20 October 2020



Peter Viatko  
General Manager  
20 October 2020



Kym Miller  
Responsible Accounting Officer  
20 October 2020



## Statement of Comprehensive Income

for the year ended 30 June 2020

<b>\$ '000</b>	Notes	<b>2020</b>	<b>2019</b>
<b>Net operating result for the year (as per Income Statement)</b>		<b>3,920</b>	<b>14,630</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	7	<u>313</u>	<u>39,083</u>
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>313</b>	<b>39,083</b>
<b>Total other comprehensive income for the year</b>		<b>313</b>	<b>39,083</b>
<b>Total comprehensive income for the year</b>		<b>4,233</b>	<b>53,713</b>
<b>Total comprehensive income attributable to Council</b>		<b>4,233</b>	<b>53,713</b>

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

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

## Statement of Financial Position

as at 30 June 2020

\$ '000	Notes	2020	Restated 2019	Restated 1 July 2018
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	5(a)	7,746	10,548	12,865
Investments	5(b)	15,000	13,000	6,000
Receivables	5	4,473	3,680	2,748
Inventories		1,280	1,111	1,081
<b>Total current assets</b>		<b>28,499</b>	<b>28,337</b>	<b>22,694</b>
<b>Non-current assets</b>				
Receivables	5	308	160	51
Infrastructure, property, plant and equipment	7	334,822	328,382	283,182
Right of use assets	9a	93	-	-
Investments accounted for using the equity method	14	662	3,733	-
<b>Total non-current assets</b>		<b>335,885</b>	<b>332,275</b>	<b>283,233</b>
<b>Total assets</b>		<b>364,384</b>	<b>360,612</b>	<b>305,927</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	10	2,018	3,048	1,790
Income received in advance	10	-	151	222
Contract liabilities	8	2,073	-	-
Lease liabilities	9b	28	-	-
Borrowings	10	219	196	250
Provisions	11	2,292	2,228	2,208
<b>Total current liabilities</b>		<b>6,630</b>	<b>5,623</b>	<b>4,470</b>
<b>Non-current liabilities</b>				
Lease liabilities	9b	72	-	-
Borrowings	10	601	834	1,030
Provisions	11	162	146	131
<b>Total non-current liabilities</b>		<b>835</b>	<b>980</b>	<b>1,161</b>
<b>Total liabilities</b>		<b>7,465</b>	<b>6,603</b>	<b>5,631</b>
<b>Net assets</b>		<b>356,919</b>	<b>354,009</b>	<b>300,296</b>
<b>EQUITY</b>				
Accumulated surplus	12	114,906	112,309	97,679
Revaluation reserves	12	242,013	241,700	202,617
<b>Total equity</b>		<b>356,919</b>	<b>354,009</b>	<b>300,296</b>

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

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

## Statement of Changes in Equity

for the year ended 30 June 2020

\$ '000	as at 30/06/20			as at 30/06/19		
	Accumulated surplus	IPP&E revaluation reserve	Total equity	Accumulated surplus	IPP&E revaluation reserve	Total equity
Opening balance	112,309	255,731	368,040	97,679	216,648	314,327
Correction of prior period errors	-	(14,031)	(14,031)	-	(14,031)	(14,031)
Changes due to AASB 1058 and AASB 15 adoption	(1,323)	-	(1,323)	-	-	-
Restated opening balance	110,986	241,700	352,686	97,679	202,617	300,296
Net operating result for the year	3,920	-	3,920	14,630	-	14,630
Net operating result for the period	3,920	-	3,920	14,630	-	14,630
Other comprehensive income	-	313	313	-	39,083	39,083
— Gain (loss) on revaluation of IPP&E	-	313	313	-	39,083	39,083
Other comprehensive income	3,920	313	4,233	14,630	39,083	53,713
Total comprehensive income	3,920	313	4,233	14,630	39,083	53,713
Equity – balance at end of the reporting period	114,906	242,013	356,919	112,309	241,700	354,009

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

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



## Statement of Cash Flows

for the year ended 30 June 2020

<i>Original unaudited budget 2020</i>	<i>\$ '000</i>	Notes	<i>Actual 2020</i>	<i>Actual 2019</i>
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
6,282	Rates and annual charges		6,207	5,903
16,556	User charges and fees		13,886	16,998
325	Investment and interest revenue received		554	438
19,168	Grants and contributions		17,650	21,933
-	Other revenues		1,621	2,019
<i>Payments:</i>				
(13,534)	Employee benefits and on-costs		(13,023)	(13,585)
(8,724)	Materials and contracts		(11,500)	(11,018)
(90)	Borrowing costs		(83)	(83)
(5,830)	Other		(2,864)	(4,661)
<u>14,153</u>	<b>Net cash provided (or used in) operating activities</b>	3b	<u>12,448</u>	<u>17,944</u>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
20,178	Sale of investment securities		42,895	40,406
500	Sale of infrastructure, property, plant and equipment		360	136
<i>Payments:</i>				
(20,000)	Purchase of investment securities		(44,895)	(45,005)
(18,005)	Purchase of infrastructure, property, plant and equipment		(13,374)	(15,550)
<u>(17,327)</u>	<b>Net cash provided (or used in) investing activities</b>		<u>(15,014)</u>	<u>(20,013)</u>
<b>Cash flows from financing activities</b>				
<i>Payments:</i>				
(259)	Repayment of borrowings and advances		(210)	(196)
-	Lease liabilities (principal repayments)		(24)	(54)
<u>(259)</u>	<b>Net cash flow provided (used in) financing activities</b>		<u>(234)</u>	<u>(250)</u>
<u>(3,433)</u>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>(2,800)</u>	<u>(2,319)</u>
16,500	Plus: cash and cash equivalents – beginning of year	12a	10,546	12,865
<u>13,067</u>	Cash and cash equivalents – end of the year	13a	<u>7,746</u>	<u>10,546</u>
10,000	plus: Investments on hand – end of year	5/b)	15,000	13,000
<u>23,067</u>	<b>Total cash, cash equivalents and investments</b>		<u>22,746</u>	<u>23,546</u>

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

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

## Notes to the Financial Statements

for the year ended 30 June 2020

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## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 20 October 2020. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

#### (a) Historical cost convention

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

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

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

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

#### Critical accounting estimates and assumptions

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note 8,
- (ii) employee benefit provisions – refer Note 12.
- (iii) Recognition of FNWJO - refer note 15.
- (iv) Enforceable agreements and sufficiently specific grants for revenue recognition - refer note 3.

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

##### (iii) Impairment of receivables

Any significant judgement Council has made about the impairment of a number of its receivables is in Note 6.

#### 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.

The consolidated fund has been included in the Council's financial statements.

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

- General Purpose Operations
- Cobar Water Supply
- Cobar Sewerage Service

continued on next page ...

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## Notes to the Financial Statements

for the year ended 30 June 2020

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

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#### **(b) The Trust Fund**

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

The following Trust monies and other assets are held by Council but are not considered to be under the control of Council and therefore are excluded from these financial statements:

Monies held in trust by the Lilliane Brady Village for their residents

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

#### **Goods and Services Tax (GST)**

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

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

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

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

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

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods (and which have not been early adopted by Council).

As at the date of authorisation of these financial statements, Council does not consider that any of those standards are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

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

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

During the year, Council adopted all standards which were mandatorily effective for the first time at 30 June 2020.

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

## Notes to the Financial Statements

for the year ended 30 June 2020

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

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

\$ '000	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Carrying amount of assets 2020	Restated assets 2019
	2020	2019	2020	2019	2020	2019	2020	2019		
<b>Functions or activities</b>										
Governance	12	3	873	915	(861)	(912)	–	–	–	–
Corporate support	5,404	3,038	2,380	3,475	3,024	(437)	–	712	24,111	23,769
Public order & safety	1,730	146	694	583	1,036	(437)	126	124	2,159	2,128
Public health	70	76	376	345	(306)	(269)	50	49	–	–
Environment	876	1,220	282	946	594	274	–	–	–	–
Community services & education	6,146	7,045	6,701	6,706	(555)	337	383	2,866	9,731	9,593
Housing & community amenities	323	236	694	500	(371)	(264)	–	8	6,655	6,561
Recreation & culture	204	2,349	1,825	1,766	(1,621)	583	127	82	18,175	17,917
Mining & Manufacture	14	110	8	39	6	71	–	–	–	–
Transport & communication	10,645	13,376	12,629	14,319	(1,984)	(942)	3,705	3,267	260,516	256,422
Economic affairs	–	643	36	1,141	(36)	(498)	–	34	–	–
General purpose revenues:										
Water	6,103	7,003	–	–	6,103	7,003	6,103	4,102	–	–
Waste	5,471	9,802	3,562	3,365	1,909	6,437	2,972	6,656	27,977	26,227
Sewer	1,037	988	984	1,047	53	(49)	132	70	14,397	14,262
Joint Arrangements	–	3,733	3,071	–	(3,071)	3,733	–	–	663	3,733
<b>Total functions and activities</b>	<b>38,035</b>	<b>49,778</b>	<b>34,115</b>	<b>35,148</b>	<b>3,920</b>	<b>14,630</b>	<b>13,598</b>	<b>17,970</b>	<b>364,384</b>	<b>360,612</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

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

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

#### Governance

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policymaking

#### Corporate support

Includes corporate support and other support services, engineering works, and any Council policy compliance.

#### Public order & safety

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

#### Public health

Includes immunisation, food control, health centres etc.

#### Environment

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

#### Community services & education

Includes administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration (excluding accommodation – as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's services, including family day care; child care; and other family and children services.

#### Housing & community amenities

Includes public cemeteries; public conveniences; street lighting; town planning; other community amenities, including housing development and accommodation for families and children, aged persons, disabled persons, migrants and Indigenous persons.

#### Recreation & culture

Includes public libraries; museums; art galleries; community centres and halls, including public halls and performing arts venues; sporting grounds and venues; swimming pools; parks; gardens; lakes; and other sporting, recreational and cultural services.

#### Mining & Manufacture

Includes building control, quarries and pits and mineral resources.

#### Transport & communication

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

#### Economic affairs

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

#### General Purpose revenues

Includes Councils Financial Assistance Grant.



## Notes to the Financial Statements

for the year ended 30 June 2020

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

**Water**

Includes Councils water filtration operations and potable and raw water supply.

**Sewer**

Includes Councils sewer treatment operations and effluent supply.

**Joint Arrangements**

Includes interest in Far North West Joint Organisation.

## Note 3. Revenue from continuing operations

\$ '000	AASB	2020	2019
<b>(a) Rates and annual charges</b>			
<b>Ordinary rates</b>			
Residential	1058 (1)	1,089	1,191
Farmland	1058 (1)	695	696
Mining	1058 (1)	1,736	1,728
Business	1058 (1)	427	409
Less: pensioner rebates (mandatory)		(45)	(67)
<b>Rates levied to ratepayers</b>		<b>3,902</b>	<b>3,957</b>
Pensioner rate subsidies received	1058 (1)	35	36
<b>Total ordinary rates</b>		<b>3,937</b>	<b>3,993</b>
<b>Special rates</b>			
Water supplies	1058 (1)	787	795
Sewerage services	1058 (1)	856	827
Less: pensioner rebates (Council policy)		(37)	(41)
<b>Rates levied to ratepayers</b>		<b>1,606</b>	<b>1,581</b>
Pensioner rate subsidies received:			
– Water	1058 (1)	12	12
– Sewerage	1058 (1)	10	10
<b>Total special rates</b>		<b>1,628</b>	<b>1,603</b>
<b>Annual charges</b>			
<small>(pursuant to s.49F, s.495A, s.495B, s.501 &amp; s.511)</small>			
Domestic waste management services	1058 (1)	608	596
<b>Annual charges levied</b>		<b>608</b>	<b>596</b>
<b>Total annual charges</b>		<b>608</b>	<b>596</b>
<b>TOTAL RATES AND ANNUAL CHARGES</b>		<b>6,173</b>	<b>6,192</b>

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

15 (1) indicates income recognised under AASB 15 "at a point in time".

15 (2) indicates income recognised under AASB 15 "over time".

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

1058 (2) indicates income recognised under AASB-1058 "over time".

## Notes to the Financial Statements

for the year ended 30 June 2020

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

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

**Accounting policy for rates and charges**

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

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

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

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

**2019 accounting policy**

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

\$ '000	AASB	2020	2019
<b>(b) User charges and fees</b>			
<b>Specific user charges</b>			
(per s.502 - specific 'actual use' charges)			
Water supply services	15 (1)	1,644	2,281
Sewerage services	15 (1)	13	19
Waste management services (non-domestic)	15 (1)	160	180
<b>Total specific user charges</b>		<u>1,817</u>	<u>2,480</u>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Inspection services	15 (1)	2	–
Planning and building regulation	15 (1)	72	98
Private works – section 67	15 (1)	382	291
Other	15 (1)	70	110
Cobar Water Board service fee	15 (1)	226	286
<b>Total fees and charges – statutory/regulatory</b>		<u>752</u>	<u>785</u>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Aerodrome	15 (1)	95	56
Aged care	15 (1)	3,008	3,287
Caravan park	15 (1)	95	116
Child care	15 (1)	2,799	2,577
RMS charges (state roads not controlled by Council)	15 (2)	3,962	8,095
Rent and hire of non-investment property	15 (1)	339	391
Other		802	829
<b>Total fees and charges – other</b>		<u>11,100</u>	<u>15,351</u>
<b>TOTAL USER CHARGES AND FEES</b>		<u>13,669</u>	<u>18,616</u>

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

15 (1) indicates income recognised under AASB 15 "at a point in time".

15 (2) indicates income recognised under AASB 15 "over time".

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

1058 (2) indicates income recognised under AASB 1058 "over time".

## Notes to the Financial Statements

for the year ended 30 June 2020

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

#### Accounting policy for user charges and fees

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

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

#### 2019 accounting policy

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

\$ '000	AASB	2020	2019
<b>(c) Other revenues</b>			
Fines	1058 (1)	4	7
Legal fees recovery – rates and charges (extra charges)	1058 (1)	23	30
Commissions and agency fees	1058 (1)	159	156
Diesel rebate	1058 (1)	95	97
Reimbursements	1058 (1)	17	20
Other	1058 (1)	1,741	208
<b>TOTAL OTHER REVENUE</b>		<b>2,039</b>	<b>518</b>

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

15 (1) indicates income recognised under AASB 15 "at a point in time",

15 (2) indicates income recognised under AASB 15 "over time",

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

1058 (2) indicates income recognised under AASB 1058 "over time".

#### Accounting policy for other revenue

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

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

#### 2019 accounting policy:

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

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.

\$ '000	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
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#### (d) Grants

##### General purpose (untied)

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

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

\$ '000	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
<b>Current year allocation</b>					
Financial assistance – general component	1058 (1)	2,074	2,017	–	–
Financial assistance – local roads component	1058 (1)	889	857	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component	1058 (1)	942	2,086	–	–
Financial assistance – local roads component	1058 (1)	2,198	894	–	–
<b>Total general purpose</b>		<b>6,103</b>	<b>5,854</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>					
Water supplies	1058 (2)	88	20	2,884	6,636
Sewerage services	1058 (1)	–	4	132	66
Community centres	1058 (1)	10	–	–	–
Heritage and cultural	1058 (1)	7	–	–	–
Library	1058 (1)	72	–	–	–
Library – special projects	1058 (1)	10	–	–	–
Noxious weeds	1058 (1)	50	–	–	–
NSW rural fire services	1058 (1)	126	124	–	–
Recreation and culture	1058 (1)	1	–	119	2,463
Storm/flood damage	1058 (1)	–	456	–	712
Street lighting	1058 (1)	40	–	–	–
Transport	1058 (2)	1,628	878	–	–
Regional Roads Repair Program	1058 (1)	–	–	5	–
Fixing country roads	1058 (2)	–	–	2,032	26
Seniors week	1058 (1)	2	–	–	–
Youth services	1058 (1)	55	35	–	299
Other	1058 (2)	27	253	207	144
<b>Total specific purpose</b>		<b>2,116</b>	<b>1,770</b>	<b>5,379</b>	<b>10,346</b>
<b>Total grants</b>		<b>8,219</b>	<b>7,624</b>	<b>5,379</b>	<b>10,346</b>
<b>Grant revenue is attributable to:</b>					
– Commonwealth funding		6,103	5,854	1,000	65
– State funding		2,116	1,770	4,379	8,856
– Other funding		–	–	–	1,425
		<b>8,219</b>	<b>7,624</b>	<b>5,379</b>	<b>10,346</b>

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

15 (1) indicates income recognised under AASB 15 "at a point in time".

15 (2) indicates income recognised under AASB 15 "over time".

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

1058 (2) indicates income recognised under AASB 1058 "over time".

\$ '000	Notes	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
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#### (e) Contributions

**Developer contributions:**  
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):

**Cash contributions**

S 7.12 – fixed development consent levies	1058 (1)		–	–	274	–
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## Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	Notes	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
Developer contributions		1058 (1)	-	54	-	355
<b>Total developer contributions</b>	21		-	54	274	355
<b>Other contributions:</b>						
<b>Cash contributions</b>						
RMS contributions (regional roads)		1058 (2)	1,927	1,740	-	-
<b>Total other contributions</b>			1,927	1,740	-	-
<b>Total contributions</b>			1,927	1,794	274	355
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>			10,146	9,418	5,653	10,701

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

15 (1) indicates income recognised under AASB 15 "at a point in time".

15 (2) indicates income recognised under AASB 15 "over time".

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

1058 (2) indicates income recognised under AASB 1058 "over time".

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

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

The performance obligations are varied based on the agreement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

**Grant income**

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

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

**Capital grants**

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

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

## Notes to the Financial Statements

for the year ended 30 June 2020

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

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

**Contributions**

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

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

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

**Accounting policy prior to 1 July 2019**

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

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

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

## Note 4. Expenses from continuing operations

\$ '000	2020	2019
<b>(a) Employee benefits and on-costs</b>		
Salaries and wages	10,604	10,695
Employee leave entitlements (ELE)	923	1,095
Superannuation	919	915
Superannuation – defined benefit plans	69	70
Workers' compensation insurance	506	669
Other	391	349
<b>Total employee costs</b>	<b>13,412</b>	<b>13,793</b>
Less: capitalised costs	(295)	(229)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>	<b>13,117</b>	<b>13,564</b>
Number of 'full-time equivalent' employees (FTE) at year end	135	131
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	157	148

**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*



## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 4. Expenses from continuing operations (continued)

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

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 12 for more information.

\$ '000	2020	2019
<b>(b) Materials and contracts</b>		
Raw materials and consumables	13,375	18,018
Contractor and consultancy costs	433	162
Information technology	14	86
Printing and copy services	83	88
Roadworks (pavement stabilisation)	498	639
Roadworks (spray sealing)	2,489	3,388
Swimming pool	224	213
Auditors remuneration <sup>2</sup>	74	67
<b>Legal expenses:</b>		
– Legal expenses: debt recovery	8	27
– Legal expenses: other	30	57
Other	40	–
<b>Total materials and contracts</b>	<u>17,268</u>	<u>22,745</u>
Less: capitalised costs	(9,051)	(11,915)
<b>TOTAL MATERIALS AND CONTRACTS</b>	<u>8,217</u>	<u>10,830</u>

**Accounting policy for materials and contracts**

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

**Operating leases (2019 only)**

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

**2. Auditor remuneration**

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

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

Audit and review of financial statements	74	67
<b>Remuneration for audit and other assurance services</b>	<u>74</u>	<u>67</u>
<b>Total Auditor-General remuneration</b>	<u>74</u>	<u>67</u>

\$ '000	Notes	2020	2019
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**(c) Depreciation, amortisation and impairment of non-financial assets**

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2020	2019
<b>Depreciation and amortisation</b>			
Plant and equipment		937	932
Office equipment		55	42
Furniture and fittings		13	6
Land Improvements (depreciable)		109	99
Rural Fire Service – Vested Assets		172	106
<b>Infrastructure:</b>			
– Buildings – non-specialised	7	183	163
– Buildings – specialised		542	405
– Other structures		30	16
– Roads		3,412	3,677
– Stormwater drainage		80	77
– Water supply network		771	271
– Sewerage network		253	363
– Other open space/recreational assets		247	195
<b>Right of use assets</b>	8	31	–
<b>Other assets:</b>			
– Library books		1	40
– Other		1	2
Total depreciation and amortisation costs		6,837	6,394
<b>Write off of Asset</b>			
<b>Infrastructure:</b>			
– Buildings – specialised	7	–	587
Total write off of asset		–	587
<b>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT FOR NON-FINANCIAL ASSETS</b>		6,837	6,981

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

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 8 for IPPE assets and Note 10 for right of use assets.

Depreciation is capitalised where in-house assets have contributed to new assets.

**Impairment of non-financial assets**

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

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 4. Expenses from continuing operations (continued)

\$ '000	2020	2019
<b>(d) Other expenses</b>		
Bad and doubtful debts	(585)	255
Child care	1,793	1,939
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	11	8
– NSW fire brigade levy	28	24
– NSW rural fire service levy	209	166
Councillor expenses – mayoral fee	27	26
Councillor expenses – councillors' fees	127	138
Councillors' expenses (incl. mayor) – other (excluding fees above)	20	27
Election expenses	–	34
Fire control expenses	123	137
Insurance	214	133
Licenses	56	77
Street lighting	127	194
Telephone and communications	117	178
Other	427	354
<b>TOTAL OTHER EXPENSES</b>	<b>2,694</b>	<b>3,690</b>

**Accounting policy for other expenses**

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

## Note 5(a). Cash and cash equivalents

\$ '000	2020	2019
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	(57)	16
Cash-equivalent assets		
– Deposits at call	7,803	5,530
– Short-term deposits	–	5,000
<b>Total cash and cash equivalents</b>	<b>7,746</b>	<b>10,546</b>

**Accounting policy for cash and cash equivalents**

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

## Note 5(b). Investments

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
<b>Investments</b>				
b. 'Financial assets at amortised cost'	15,000	–	13,000	–
<b>Total Investments</b>	<b>15,000</b>	<b>–</b>	<b>13,000</b>	<b>–</b>



## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 5(b). Investments (continued)

\$ '000	2020		2019	
	Current	Non-current	Current	Non-current
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>	22,746	–	23,546	–

## Accounting policy for investments

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

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

## Financial assets

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

## Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

## Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

## Note 5(c). Restricted cash, cash equivalents and investments

\$ '000	2020	2019
	Current	Current
Total cash, cash equivalents and investments	22,746	23,546
attributable to:		
External restrictions	12,669	10,211
Internal restrictions	8,586	6,971
Unrestricted	1,491	6,364
	22,746	23,546

\$ '000	2020	2019
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## Details of restrictions

continued on next page ...

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## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 5(c). Restricted cash, cash equivalents and investments (continued)

\$ '000	2020	2019
<b>External restrictions – included in liabilities</b>		
Specific purpose unexpended grants – general fund (2020 only)	2,073	–
<b>External restrictions – included in liabilities</b>	<u>2,073</u>	<u>–</u>
<b>External restrictions</b>		
Developer contributions – general	932	623
Developer contributions – water fund	53	77
Developer contributions – sewer fund	141	171
Specific purpose unexpended grants (recognised as revenue) – general fund	2,026	2,351
Water supplies	2,900	2,936
Sewerage services	2,696	2,503
Other	35	–
Domestic waste management	1,813	1,550
<b>Total external restrictions</b>	<u>12,669</u>	<u>10,211</u>
<b>Internal restrictions</b>		
Plant and vehicle replacement	1,210	1,162
Recreational Assets	155	85
Employees leave entitlement	459	444
Depot upgrade	814	628
Financial assistance grant – advance for 20/21	3,140	2,980
Road works – shire roads	871	433
Building Improvements	1,681	679
Operating Projects	67	168
Footpaths & Disability	189	190
Land	–	202
<b>Total internal restrictions</b>	<u>8,586</u>	<u>6,971</u>
<b>TOTAL RESTRICTIONS</b>	<u>21,255</u>	<u>17,182</u>

### Note 6. Receivables

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
<b>Purpose</b>				
Rates and annual charges	335	327	426	684
Interest and extra charges	45	71	84	151
User charges and fees	953	–	909	–
Accrued revenues				
– Interest on investments	51	–	131	–
– Other income accruals	–	–	1,029	–
– User Fees and Charges - RMS	2,486	–	–	–
– User Fees and Charges - Aged Care	203	–	–	–
– Regional Roads Block Grant	400	–	–	–
– Government grants and subsidies	–	–	1,101	–
<b>Total</b>	<u>4,473</u>	<u>398</u>	<u>3,680</u>	<u>835</u>
<b>Less: provision of impairment</b>				
Rates and annual charges	–	(90)	–	(675)
<b>Total provision for impairment – receivables</b>	<u>–</u>	<u>(90)</u>	<u>–</u>	<u>(675)</u>

continued on next page –

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## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 6. Receivables (continued)

<b>TOTAL NET RECEIVABLES</b>	4,473	308	3,680	160
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<b>\$ '000</b>	<b>2020</b>	<b>2019</b>
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**Movement in provision for impairment of receivables**

Balance at the beginning of the year (calculated in accordance with AASB 139)	675	423
+ new provisions recognised during the year	(585)	252
<b>Balance at the end of the year</b>	<b>90</b>	<b>675</b>

**Accounting policy for receivables****Recognition and measurement**

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

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

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

**Impairment**

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

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

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

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

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

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

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

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

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

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

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

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

Rates and annual charges outstanding are secured against the property.



Notes to the Financial Statements  
for the year ended 30 June 2020

Note 7. Infrastructure, property, plant and equipment

	as at 30/06/19				Asset movements during the reporting period							as at 30/06/20		
	Residual gross carrying amount	accumulated depreciation	Net carrying amount	Additions reversals <sup>(1)</sup>	Additions new assets	Carrying value of disposed	Disposal expense	WIP transfer and transfers	Adjustments and transfers	Revaluation increments to equity (A20)	Revaluation increments to equity (A20)	Residual gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	13,283	-	13,283	-	7,867	(164)	-	(14,942)	-	-	6,144	-	6,144	
Plant and equipment	18,843	(11,655)	5,188	-	3,105	(432)	(1,109)	-	-	-	18,096	(11,344)	6,752	
Office equipment	1,541	(1,376)	165	-	36	-	(55)	-	-	-	1,576	(1,430)	146	
Furniture and fittings	225	(124)	101	-	32	-	(13)	-	-	-	258	(138)	120	
Land:														
- Operational land	3,833	-	3,833	-	173	(36)	-	-	(38)	-	3,930	-	3,930	
- Community land	2,829	-	2,829	-	41	-	-	-	-	1	2,871	-	2,871	
Land improvements - depreciable	5,044	(1,522)	3,522	-	293	-	(109)	-	-	-	5,337	(1,631)	3,706	
Infrastructure:														
- Buildings - non-specialised	9,187	(4,323)	4,864	50	100	(13)	(183)	-	-	-	9,109	(4,291)	4,818	
- Buildings - specialised	32,683	(15,499)	17,184	26	790	-	(542)	-	-	-	33,478	(16,040)	17,438	
- Other structures	1,171	(616)	555	-	322	-	(30)	-	-	-	1,493	(648)	845	
- Roads	291,802	(46,949)	244,853	3,836	-	-	(3,412)	-	-	-	295,638	(40,361)	245,277	
- Stormwater drainage	8,022	(2,988)	5,035	-	-	-	(80)	-	-	-	8,022	(3,045)	4,976	
- Water supply network	28,959	(17,839)	11,120	34	11,314	-	(771)	-	(176)	383	40,890	(18,786)	21,904	
- Sewerage network	19,935	(8,650)	11,285	32	-	-	(283)	-	(85)	190	20,157	(8,988)	11,169	
- Other open space/recreational assets	7,455	(2,923)	4,532	-	376	-	(247)	-	-	-	7,833	(3,170)	4,663	
Other assets:														
- Library books	719	(718)	1	-	31	-	(1)	-	-	-	750	(719)	31	
- Other	55	(22)	33	-	-	-	(1)	-	-	-	55	(23)	32	
Total Infrastructure, property, plant and equipment	443,566	(115,164)	328,382	3,978	24,482	(647)	(6,000)	(14,942)	(20)	(251)	455,437	(120,615)	334,822	

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

Notes to the Financial Statements  
for the year ended 30 June 2020

Note 7. Infrastructure, property, plant and equipment (continued)

	Asset movements during the reporting period													
	as at 30/06/19	as at 30/06/19	as at 30/06/19	as at 30/06/19	as at 30/06/19	as at 30/06/19	as at 30/06/19	as at 30/06/19	as at 30/06/19	as at 30/06/19	as at 30/06/19			
\$ '000	Gross carrying amount Residual	Accumulated depreciation	Net carrying amount Residual	Additions	Disposals	Carrying value of disposals	Depreciation expense	Revaluation adjustments (recognised in P/L)	Revaluation adjustments and transfers	Revaluation decrement to equity (A/20)	Revaluation increment to equity (A/20)	Gross carrying amount Residual	Accumulated depreciation	Net carrying amount Residual
Capital work in progress	6,920	-	6,920	-	-	(43)	-	-	(2,290)	-	-	13,283	-	13,283
Plant and equipment	15,526	(10,681)	4,845	-	-	(373)	(1,038)	-	551	-	-	16,243	(11,655)	5,188
Office equipment	1,428	(1,334)	95	-	-	-	(42)	-	-	-	-	1,541	(1,376)	165
Furniture and fittings	203	(118)	85	-	-	-	(6)	-	-	-	-	225	(124)	101
Plant and equipment (under finance lease)	487	(185)	302	-	-	-	-	-	(302)	-	-	-	-	-
Land:														
- Operational land	3,757	-	3,757	-	-	-	-	-	-	-	-	3,833	-	3,833
- Community land	2,829	-	2,829	-	-	-	-	-	-	-	-	2,829	-	2,829
Land improvements - depreciable	4,849	(1,423)	3,425	195	-	-	(99)	-	-	-	-	5,044	(1,522)	3,522
Infrastructure:														
- Buildings - non-specialised	9,164	(4,288)	4,875	56	-	-	(153)	-	-	(32)	127	9,187	(4,320)	4,864
- Buildings - specialised	31,436	(14,484)	16,952	-	-	-	(405)	(587)	-	(610)	638	32,663	(15,499)	17,164
- Other structures	1,171	(602)	569	-	-	-	(16)	-	-	-	-	1,171	(610)	563
- Roads	261,493	(54,123)	207,370	2,022	-	-	(3,677)	-	-	-	38,406	291,802	(48,949)	244,853
- Stormwater drainage	8,022	(2,889)	5,133	-	-	-	(77)	-	-	-	-	8,022	(2,966)	5,056
- Water supply network	28,464	(17,287)	11,177	38	-	-	(271)	-	-	(280)	456	28,959	(17,639)	11,120
- Sewerage network	19,105	(8,151)	10,954	393	-	-	(363)	-	-	(136)	314	19,935	(8,650)	11,285
- Other open space/recreational assets	6,810	(2,761)	3,849	-	-	-	(195)	-	-	-	-	7,455	(2,923)	4,532
Other assets:														
- Library books	686	(678)	8	-	-	-	(40)	-	-	-	-	719	(718)	1
- Other	55	(20)	35	-	-	-	(2)	-	-	-	-	55	(22)	33
Total infrastructure, property, plant and equipment	402,200	(110,024)	293,182	2,694	-	(418)	(6,394)	(587)	(2,041)	(1,058)	40,141	441,566	(115,104)	326,362

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

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 7. Infrastructure, property, plant and equipment (continued)

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

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

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

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

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

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

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

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	20	Bulk earthworks	20
Sealed roads: structure	50	Swimming pools	50
Unsealed roads	20	Unsealed roads	20
Bridge: concrete	100	Other open space/recreational assets	20
Bridge: other	50	Other infrastructure	20
Road pavements	60		
Kerb, gutter and footpaths	40		

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

**Land under roads**

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

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



## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 7. Infrastructure, property, plant and equipment (continued)

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

**Crown reserves**

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

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

**Rural Fire Service assets**

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

These Rural Fire Service assets are recognised as assets of the Council in these financial statements.

## Note 8. Contract assets and liabilities

<u>\$ '000</u>	Notes	<u>2020</u> <u>Current</u>
<b>Contract liabilities</b>		
Grants and contributions received in advance:		
Unexpended capital grants (to construct Council controlled assets)	(a)	2,073
Total grants received in advance		<u>2,073</u>
<b>Total contract liabilities</b>		<u>2,073</u>

**Notes**

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

**Significant changes in contract assets and liabilities**

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

**Accounting policy for contract assets and liabilities**

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

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

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 8. Contract assets and liabilities (continued)

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

## Note 9. Leases

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

## (i) Council as a lessee

Council has leases for office and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

## Terms and conditions of leases

## Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

<i>\$ '000</i>	<i>Office and IT Equipment</i>	<i>Total</i>
(a) Right of use assets		
Opening balance at 30 June 2019	-	-
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	124	124
Depreciation charge	(31)	(31)
<b>RIGHT OF USE ASSETS</b>	<b>93</b>	<b>93</b>

<i>\$ '000</i>	<i>2020 Current</i>	<i>2020 Non-current</i>
(b) Lease liabilities		
Lease liabilities	28	72
<b>TOTAL LEASE LIABILITIES</b>	<b>28</b>	<b>72</b>

## (i) The maturity analysis

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

<i>\$ '000</i>	<i>&lt; 1 year</i>	<i>1 – 5 years</i>	<i>&gt; 5 years</i>	<i>Total</i>	<i>Total per Statement of Financial Position</i>
Cash flows	28	72	-	100	100

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 9. Leases (continued)

<b>\$ '000</b>	<b>2020</b>
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**(c) Income Statement**

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

Interest on lease liabilities	19
Depreciation of right of use assets	32
	51

**(d) Statement of Cash Flows**

Total cash outflow for leases	24
	24

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

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

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

At the lease commencement, Council recognises a right-of-use asset and associated lease liability for the lease term.

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

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

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

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

**Exceptions to lease accounting**

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

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

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

**Accounting policy**

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

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



## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 9. Leases (continued)

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

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

### Note 10. Payables and borrowings

\$ '000	2020		2019	
	Current	Non-current	Current	Non-current
<b>Payables</b>				
Goods and services – operating expenditure	1,268	–	2,339	–
Accrued expenses:				
– Salaries and wages	258	–	209	–
– Other expenditure accruals	452	–	402	–
ATO – net GST payable/(receivable)	(131)	–	98	–
Prepaid rates	171	–	–	–
<b>Total payables</b>	<b>2,018</b>	<b>–</b>	<b>3,048</b>	<b>–</b>
<b>Income received in advance (2019 only)</b>				
Payments received in advance	–	–	151	–
<b>Total income received in advance</b>	<b>–</b>	<b>–</b>	<b>151</b>	<b>–</b>
<b>Borrowings</b>				
Loans – secured <sup>1</sup>	219	601	196	834
<b>Total borrowings</b>	<b>219</b>	<b>601</b>	<b>196</b>	<b>834</b>
<b>TOTAL PAYABLES AND BORROWINGS</b>	<b>2,237</b>	<b>601</b>	<b>3,395</b>	<b>834</b>

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 14.

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

\$ '000	as at 30/06/19		Non-cash changes				as at 30/06/20
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	1,030	(210)	–	–	–	–	820
Lease liabilities	–	(24)	–	–	124	–	100
<b>TOTAL</b>	<b>1,030</b>	<b>(234)</b>	<b>–</b>	<b>–</b>	<b>124</b>	<b>–</b>	<b>920</b>

\$ '000	as at 30/06/18		Non-cash changes			as at 30/06/19
	Opening Balance	Cash flows	Acquisition	Fair value changes	Other non-cash movement	Closing balance
Loans – secured	1,228	(196)	–	–	–	1,030
<b>TOTAL</b>	<b>1,228</b>	<b>(196)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,030</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 10. Payables and borrowings (continued)

\$ '000	2020	2019
<b>(b) Financing arrangements</b>		
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>		
Credit cards/purchase cards	60	60
Loan	1,820	2,030
<b>Total financing arrangements</b>	<b>1,880</b>	<b>2,090</b>
<b>Drawn facilities as at balance date:</b>		
– Credit cards/purchase cards	12	16
– Loan	820	1,030
<b>Total drawn financing arrangements</b>	<b>832</b>	<b>1,046</b>
<b>Undrawn facilities as at balance date:</b>		
– Credit cards/purchase cards	48	44
– Loan	1,000	1,000
<b>Total undrawn financing arrangements</b>	<b>1,048</b>	<b>1,044</b>

## Additional financing arrangements information

**Breaches and defaults**

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

**Accounting policy for payables and borrowings**

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

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

**Payables**

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

**Borrowings**

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

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

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

**Finance leases (2019 only)**

Leases of property, plant and equipment where Council, as lessee, has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased assets or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance

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## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 10. Payables and borrowings (continued)

cost. The finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

## Note 11. Provisions

<u>\$ '000</u>	<u>2020</u> <u>Current</u>	<u>2020</u> <u>Non-current</u>	<u>2019</u> <u>Current</u>	<u>2019</u> <u>Non-current</u>
<b>Provisions</b>				
<b>Employee benefits</b>				
Annual leave	993	–	949	–
Long service leave	1,189	103	1,183	87
Time in lieu	75	–	96	–
<b>Sub-total – aggregate employee benefits</b>	<u>2,257</u>	<u>103</u>	<u>2,228</u>	<u>87</u>
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	–	59	–	59
<b>Sub-total – asset remediation/restoration</b>	<u>–</u>	<u>59</u>	<u>–</u>	<u>59</u>
<b>Other provisions</b>				
Other	35	–	–	–
<b>Sub-total – other provisions</b>	<u>35</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>TOTAL PROVISIONS</b>	<u>2,292</u>	<u>162</u>	<u>2,228</u>	<u>146</u>

<u>\$ '000</u>	<u>2020</u>	<u>2019</u>
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**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	<u>1,800</u>	<u>1,800</u>
	<u>1,800</u>	<u>1,800</u>

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

Council undertook comprehensive assessment by independent valuer (Morrison Low) with a provision balance of \$6,297,977 in 2019/20 financial year. Substantial fire to landfill site happened in June 2020 will require the key assumptions to be revisited including timeframes, costs and type/nature of cells. due to the fact that the provision cannot be reliably measured, therefore a revised value has not been recorded.

**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



## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 11. Provisions (continued)

of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**Employee benefits****Short-term obligations**

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

**Other long-term employee benefit obligations**

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

**On-costs**

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

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

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

## Note 12. 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****Nature of prior-period error**

In accordance with applicable accounting standards Council arranged to revalue Bulk Earthworks (non-depreciable) in the 2019/2020 Financial Year. Investigations concluded that in 2002 Council decided to separately identify Bulk Earthworks (non-depreciable) in the Financial Statements at historical cost and a revaluation had not been performed since. However, during subsequent revaluations of Transport Assets, Bulk Earthworks (non-depreciable) had been included and therefore had been overstated in prior periods. The fair value of Bulk Earthworks (non-depreciable) included in the Transport Assets is \$152 million. The amount overstated as a result of this error was \$14.3 million in total.

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2018) and taking the adjustment through to the revaluation reserve at that date. Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

**Changes to the opening Statement of Financial Position at 1 July 2018**

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## Notes to the Financial Statements

for the year ended 30 June 2020

Note 12. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

## Statement of Financial Position

<i>\$ '000</i>	<i>Original Balance 1 July, 2018</i>	<i>Impact Increase/ (decrease)</i>	<i>Restated Balance 1 July, 2018</i>
Infrastructure, property, plant and equipment	297,213	(14,031)	283,182
<b>Total assets</b>	<b>319,958</b>	<b>(14,031)</b>	<b>305,927</b>
<b>Total liabilities</b>	<b>5,631</b>	<b>–</b>	<b>5,631</b>
<b>Total equity</b>	<b>314,327</b>	<b>(14,031)</b>	<b>300,296</b>

## Adjustments to the comparative figures for the year ended 30 June 2019

## Statement of Financial Position

<i>\$ '000</i>	<i>Original Balance 30 June, 2019</i>	<i>Impact Increase/ (decrease)</i>	<i>Restated Balance 30 June, 2019</i>
Infrastructure, property, plant and equipment	342,413	(14,031)	328,382
<b>Total assets</b>	<b>374,643</b>	<b>(14,031)</b>	<b>360,612</b>
<b>Total liabilities</b>	<b>6,603</b>	<b>–</b>	<b>6,603</b>
Accumulated Surplus	112,309	–	112,309
Asset Revaluation Reserve	255,731	(14,031)	241,700
<b>Total equity</b>	<b>368,040</b>	<b>(14,031)</b>	<b>354,009</b>

## (ii) AASB 15 and AASB 1058

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

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

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

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

**Prepaid rates**

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

**Grants – operating**

Under AASB 1004, most grant income was recognised as revenue on receipt. Under AASB 15, where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the



## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 12. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

work is performed, or recognised at the point in time that the control of the services passes to the customer.

**Grants – capital**

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

<b>\$ '000</b>	<b>Balance at 1 July 2019</b>
<b>Opening contract balances at 1 July 2019</b>	
<b>Contract liabilities</b>	
– Under AASB 1058	1,323
<b>Total Contract liabilities</b>	<b>1,323</b>

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

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

**Statement of Financial Position**

<b>\$ '000</b>	<b>Carrying amount per Statement of Financial Position under AASB 15 and AASB 1058</b>	<b>Reclassific- ation</b>	<b>Remeasur- ement</b>	<b>Carrying amount under previous revenue standards</b>	<b>Notes</b>
<b>Current liabilities</b>					
Contract liabilities	2,073	(2,073)	–	–	
Net assets	356,919	2,073	–	358,992	
<b>Equity</b>					
Accumulated surplus	114,906	–	2,073	116,979	
Council equity interest	356,919	–	2,073	358,992	
<b>Total equity</b>	<b>356,919</b>	<b>–</b>	<b>2,073</b>	<b>358,992</b>	

**Income Statement**

<b>\$ '000</b>	<b>Income Statement and comprehen- sive income under AASB 15 and AASB 1058</b>	<b>Reclassific- ation</b>	<b>Remeasur- ement</b>	<b>Income Statement and comprehen- sive income under previous revenue standards</b>	<b>Notes</b>
<b>Income from continuing operations</b>					

continued on next page ...

## Notes to the Financial Statements

for the year ended 30 June 2020

Note 12. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

<i>\$ '000</i>	<i>Income Statement and comprehensive income under AASB 15 and AASB 1058</i>	<i>Reclassification</i>	<i>Remeasurement</i>	<i>Income Statement and comprehensive income under previous revenue standards</i>	<i>Notes</i>
Grants and contributions provided for capital purposes	5,653	-	750	6,403	
<b>Total Income from continuing operations</b>	<b>38,035</b>	<b>-</b>	<b>750</b>	<b>38,785</b>	
<b>Total Operating result from continuing operations</b>	<b>3,920</b>	<b>-</b>	<b>750</b>	<b>4,670</b>	
Net operating result for the year	3,920	-	750	4,670	
<b>Total comprehensive income</b>	<b>4,233</b>	<b>-</b>	<b>750</b>	<b>4,983</b>	

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

## Statement of Financial Position

<i>\$ '000</i>	<i>Original Balance 1 July, 2019</i>	<i>Impact Increase/ (decrease)</i>	<i>Restated Balance 1 July, 2019</i>
Contract liabilities	-	1,323	1,323
<b>Total liabilities</b>	<b>6,603</b>	<b>1,323</b>	<b>7,926</b>
Accumulated surplus	112,309	(1,323)	110,986
<b>Total equity</b>	<b>368,040</b>	<b>(1,323)</b>	<b>366,717</b>

## (iii) AASB 16 Leases

**Council as a lessee**

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

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

## Practical expedients used on transition

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

- Contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16.
- Lease liabilities have been discounted using the Council's incremental borrowing rate at 1 July 2019.
- Right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjustment by the any prepaid or accrued lease payments.
- A single discount rate was applied to all leases with similar characteristics.
- The right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset.



## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 12. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

- Excluded leases with an expiry date prior to 30 June 2020 from the Statement of Financial Position, and lease expenses for these leases have been recorded on a straight-line basis over the remaining term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

#### Financial statement impact of adoption of AASB 16

Council has recognised right-of-use assets and lease liabilities of \$123,789 at 1 July 2019 for leases previously classified as operating leases, or leases that are significantly below market value which were previously off balance sheet.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 1.41%.

\$ '000	<i>Balance at 1 July 2019</i>
Operating lease commitments at 30 June 2019 per Council financial statements	–
<b>Reconciliation of lease liabilities recognised on adoption of AASB 16 Leases</b>	
Operating lease commitments discounted using the incremental borrowing rate at 1 July 2019	–
<b>Add:</b>	
Lease liabilities	124
<b>Lease liabilities recognised at 1 July 2019</b>	<u>124</u>

### Note 13. Statement of cash flow information

\$ '000	Notes	2020	2019
<b>(a) Reconciliation of cash and cash equivalents</b>			
Total cash and cash equivalents per Statement of Financial Position	5(a)	7,746	10,546
<b>Balance as per the Statement of Cash Flows</b>		<u>7,746</u>	<u>10,546</u>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
<b>Net operating result from Income Statement</b>		3,920	14,630
<b>Adjust for non-cash items:</b>			
Depreciation and amortisation		6,837	6,394
Net losses/(gains) on disposal of assets		96	(85)
Adoption of AASB 15/1058		(1,323)	–
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Revaluation decrements / impairments of IPP&E direct to P&L		–	587
Share of net (profits)/losses of associates/joint ventures using the equity method		3,071	(3,733)
<b>+/- Movement in operating assets and liabilities and other cash items:</b>			
Decrease/(increase) in receivables		(356)	(1,293)
Increase/(decrease) in provision for impairment of receivables		(585)	252
Decrease/(increase) in inventories		(184)	(30)
Increase/(decrease) in payables		(1,071)	910
Increase/(decrease) in other accrued expenses payable		99	370

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## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 13. Statement of cash flow information (continued)

\$ '000	2020	2019
Increase/(decrease) in other liabilities	(209)	(93)
Increase/(decrease) in contract liabilities	2,073	-
Increase/(decrease) in provision for employee benefits	45	35
Increase/(decrease) in other provisions	35	-
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>	<b>12,448</b>	<b>17,944</b>

## Note 14. Interests in other entities

\$ '000	<i>Council's share of net assets</i>	
	2020	2019
Associates	662	3,733
<b>Total</b>	<b>662</b>	<b>3,733</b>

## Interest in Joint Arrangements

The following information is provided for associates that are individually material to the Council. Included are the amounts as per the individual associates' financial statements, adjusted for fair-value adjustments at acquisition date and differences in accounting policies, rather than the Council's share.

Council is a member of the Far North West Joint Organisation of Councils (FNWJO). Details of Council's membership and participation is as follows:

**Legal Status of Joint Organisation**

The FNWJO is a separately constituted entity pursuant to Part 7 (Sections 4000O to 400ZH) of the Local Government Act (NSW) 1993, as amended, and the Local Government (General) Regulation 2008. The charter of the FNWJO can be found here: <https://www.famorthwestjo.nsw.gov.au/>

The FNWJO was formed in July 2018 and has the same year end date as the Council.

**What the Joint Organisation does**

The principle purpose of the FNWJO is to establish strategic regional priorities and to provide regional leadership to the geographical area for which it serves, and to identify and take up opportunities for intergovernmental cooperation on matters relating to the joint organisation area.

**Joint Organisation Participants**

The percentage of ownership interest held is equivalent to the percentage voting rights for all associates as follows:

FNWJO comprises the Councils of Shires Cobar, Bourke and Walgett in north western NSW. The Board of the FNWJO comprises of 3 voting members being the Mayors of the three member Councils, and non voting members being the General Managers of the Shires of Cobar, Bourke and Walgett, as well as 3 appointed members from the State Government and Cabinet (non-voting). Greg Lamont was appointed as the Executive Officer of the Board (non-voting) in 2019-20.

**Councils powers of control or influence over the Joint Organisation**

Cobar Shire Council, as a member of the FNWJO, has one third voting right in respect to the decisions of the Board.

**Councils financial obligation to the Joint Organisation**

In accordance with the Charter each member of the FNWJO contributes annual fees towards the operation of the joint organisation. In 2019/2020 the contribution made by Cobar Shire Council was \$11,010.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 14. Interests in other entities (continued)

**Councils liability obligations in relation to the Joint Organisation**

Members of the FNWJO are indemnified from liability for functions and duties carried out or omitted honestly, in good faith and with due care and diligence.

**Liability for operational losses or winding up of the FNWJO**

The FNWJO has engaged an Executive Officer on a standard local government contract for 3 years. The contract in the initial year (2019/20) is \$75,000. A provision has been provided for ELE and funding from the initial start up of the FNWJO and will cover the 3 year period.

All grant funding received and distributed through the FNWJO will have a 5% administration fee that will remain with the JO. The FNWJO signed a contract to provide an Air Service to the towns of Cobar, Bourke, Lightning Ridge and Walgett. The contract is Commercial-in-confidence and has a clause that safe guard Councils for any long term liability which is contained within the termination clause. The air service will be supported by funding provided to the FNWJO from the State Government.

There are no liability issues identified for Council in the short to medium term.

<b>Equity Method</b>	<b>Far North West Joint Organisation</b>
	<b>\$'000</b>
<b>Summarised Statement of Financial Position</b>	
Cash and cash equivalents	8,333
Prepayments	285
Accrued Revenue	28
<b>Total Assets</b>	<b>8,646</b>
Total Liabilities	6,657
<b>Net assets</b>	<b>1,989</b>
<b>Summarised Statement of Income and other Comprehensive Income</b>	
Total Revenue and other income	2,094
Total Expenditure	3,309
<b>Profit/(loss) from continuing operations</b>	<b>(1,215)</b>
Other Comprehensive Income	-
<b>Total Comprehensive Income</b>	<b>(1,215)</b>
<b>Summarised Statement of Cash Flows</b>	
Cash flows from operating activities	4,102
Cash flows from investing activities	-
Cash flows from financing activities	(7,996)
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>(3,894)</b>
Reconciliation of carrying amount of interest in associate to summarised financial information for associates accounted for using the equity method	
Cobar Shire Council's share of 33.33% of Net Assets	662
Carrying Amount	662



## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 14. Interests in other entities (continued)

**Accounting policy for associates**

Interests in associates are accounted for using the equity method in accordance with AASB128 *Investments in Associates and Joint Ventures*.

Under this method, the investment is initially recognised as a cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If the Council's share of losses of an associate equals or exceeds its interest in the associate, the Council discontinues recognising its share of further losses.

The Council's share in the associates gains or losses arising from transactions between itself and its associate are eliminated.

Adjustments are made to the associates accounting policies where they are different from those of the Council for the purposes of the consolidated financial statements.

## Note 15. Contingencies

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

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

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

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

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

*Description of the funding arrangements.*

Pooled employers are required to pay standard employer contributions and additional lump sum contributions to the fund.

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

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

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



## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 15. Contingencies (continued)

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40 million per annum from 1 July 2019 to 30 June 2021. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

Council's expected contribution to the plan for the next annual reporting period is \$120,485.28.

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

Employer reserves only *	\$millions	Asset Coverage
Assets	1,685.2	
Past Service Liabilities	1,773.2	95.6%
Vested Benefits	1,757.5	96.5%

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

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

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

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review will be completed around November/December 2020.

**(ii) Statewide Limited**

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

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

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

**(iii) StateCover Limited**

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

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

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 15. Contingencies (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.

**(i) Third party claims**

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

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

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

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

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

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

## Note 16. Financial risk management

## Risk management

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

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

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

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

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

<b>\$ '000</b>	<i>Carrying value 2020</i>	<i>Carrying value 2019</i>	<i>Fair value 2020</i>	<i>Fair value 2019</i>
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	7,746	10,546	7,746	10,546
Receivables	4,781	3,840	4,781	3,840
Investments				
– 'Financial assets at amortised cost'	15,000	13,000	15,000	13,000
<b>Total financial assets</b>	<u>27,527</u>	<u>27,386</u>	<u>27,527</u>	<u>27,386</u>
<b>Financial liabilities</b>				
Payables	2,018	3,048	2,038	3,048
Loans/advances	820	1,030	820	1,030
Lease liabilities	100	–	100	–
<b>Total financial liabilities</b>	<u>2,938</u>	<u>4,078</u>	<u>2,958</u>	<u>4,078</u>

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## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 16. Financial risk management (continued)

Fair value is determined as follows:

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

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

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

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

The risks associated with the instruments held are:

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

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

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

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

\$ '000	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
<b>2020</b>				
Possible impact of a 1% movement in interest rates	77	77	(77)	(77)
<b>2019</b>				
Possible impact of a 1% movement in interest rates	105	105	(105)	(105)

## (b) Credit risk

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

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 16. Financial risk management (continued)

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

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

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

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

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

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

## Credit risk profile

## Receivables – rates and annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
<b>2020</b>						
Gross carrying amount	–	334	229	50	49	662
<b>2019</b>						
Gross carrying amount	–	725	110	120	155	1,110

## Receivables - non-rates and annual charges

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

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

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
<b>2020</b>						
Gross carrying amount	3,566	(89)	130	151	451	4,209
Expected loss rate (%)	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
ECL provision	22	(1)	1	1	3	26
<b>2019</b>						
Gross carrying amount	1,999	411	274	6	715	3,405
Expected loss rate (%)	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%
ECL provision	16	3	2	–	6	27

## (c) Liquidity risk

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



## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 16. Financial risk management (continued)

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
<b>2020</b>							
Trade/other payables	0.00%	–	1,867	–	–	1,867	1,847
Loans and advances	6.22%	–	219	601	–	820	820
<b>Total financial liabilities</b>		–	2,086	601	–	2,687	2,667
<b>2019</b>							
Trade/other payables	0.00%	–	3,048	–	–	3,048	3,048
Loans and advances	6.22%	–	267	891	–	1,158	1,030
<b>Total financial liabilities</b>		–	3,315	891	–	4,206	4,078

## Loan agreement breaches

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

## Note 17. Material budget variations

Council's original financial budget for 19/20 was adopted by the Council on 25/06/2020 and is unaudited.

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

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

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

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

\$ '000	2020	2020	2020	
	Budget	Actual	Variance	
<b>REVENUES</b>				
User charges and fees	16,566	13,669	(2,897)	(17)% U

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## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 17. Material budget variations (continued)

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
User charges and fees were down on budget due to closure for one quarter of a number of community facilities under the guidance to reduce the spread of COVID-19.				
Renovations to Lillianne Brady Village saw up to one quarter of the rooms closed for varying periods as the upgrade occurred.				
Water usage was also down significantly due to the drought, limiting the supply for sale.				
<b>Capital grants and contributions</b>	8,030	5,653	(2,377)	(30)% U
Timing differences for grants associated with major projects - none of this revenue was forgone, but some of the projects extended into the next financial year with the matching payment also crossing years.				
<b>EXPENSES</b>				
<b>Other expenses</b>	5,674	2,694	2,980	53% F
The decrease in other expenses is in line with the reduced activity due to COVID-19.				
<b>Net losses from disposal of assets</b>	180	96	84	47% F
The actual loss on disposal included \$38k on a land parcel sold to the NSW Government to establish the new hospital. As part of this arrangement Council received a \$6m investment towards the Lillianne Brady Village.				
<b>Joint ventures and associates – net losses</b>	–	3,071	(3,071)	≈ U

## STATEMENT OF CASH FLOWS

<b>Cash flows from operating activities</b>	14,153	12,448	(1,705)	(12)% U
User charges and fees were down on budget due to closure for one quarter of a number of community facilities under the guidance to reduce the spread of COVID-19.				
<b>Cash flows from investing activities</b>	(17,327)	(15,014)	2,313	(13)% F
The budgeted plant and equipment has been carried forward to 2020/21.				
<b>Cash flows from financing activities</b>	(259)	(234)	25	(10)% F
The variance is due to a reduction in interest payments on borrowings.				

## Note 18. Fair Value Measurement

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

– Infrastructure, property, plant and equipment

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 18. Fair Value Measurement (continued)

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

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

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

2020	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring fair value measurements</b>					
<b>Infrastructure, property, plant and equipment</b>					
Operational land	30/6/2018	–	3,930	–	3,930
Community land	30/6/2016	–	2,871	–	2,871
Land improvements – depreciable	30/6/2019	–	–	3,706	3,706
Non-specialised buildings	30/6/2019	–	–	4,818	4,818
Specialised buildings	30/6/2019	–	–	17,438	17,438
Other structures	30/6/2016	–	–	845	845
Roads	30/6/2019	–	–	245,277	245,277
Stormwater drainage	30/6/2018	–	–	4,976	4,976
Water supply network	30/6/2020	–	–	21,904	21,904
Sewerage network	30/6/2020	–	–	11,169	11,169
Library books	30/6/2018	–	–	31	31
Other assets	N/A	–	–	32	32
Recreational Assets	N/A	–	–	4,663	4,663
<b>Total infrastructure, property, plant and equipment</b>		–	6,801	314,859	321,660

2019	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs Restated	
<b>Recurring fair value measurements</b>					
<b>Infrastructure, property, plant and equipment</b>					
Operational land	30/06/18	–	3,833	–	3,833
Community land	30/06/16	–	2,829	–	2,829
Land improvements – depreciable	30/06/19	–	–	3,522	3,522
Non-specialised buildings	30/06/19	–	–	4,864	4,864
Specialised buildings	30/06/19	–	–	17,164	17,164
Other structures	30/06/16	–	–	553	553
Roads	30/06/19	–	–	244,853	244,853
Stormwater drainage	30/06/18	–	–	5,056	5,056
Water supply network	30/06/19	–	–	11,120	11,120
Sewerage network	30/06/19	–	–	11,315	11,315
Library books	30/06/18	–	–	1	1
Other assets	N/A	–	–	33	33
Recreational Assets	N/A	–	–	4,532	4,532
<b>Total infrastructure, property, plant and equipment</b>		–	6,662	303,013	309,675

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

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

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## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 18. Fair Value Measurement (continued)

measurements.

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

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

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

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

##### **Level 2 inputs**

##### **Operational and Community land**

Operational, Crown & Community Land are based on the Land Value provided by the Valuer-General.

##### **Level 3 inputs**

##### **Buildings - specialised and non-specialised**

Non Specialised & Specialised Buildings were valued by Australis Asset Advisory Group as at 30th June 2019 using both a cost and market approach.

An independent valuation is conducted every five years.

##### **Land improvements**

Land improvements are valued at current replacement cost.

##### **Other structures**

The majority of this class of asset was valued by Australis Asset Advisory Group as at 30th June 2016 using the cost approach.

##### **Infrastructure roads, bridges and footpaths**

Valuation of roads was undertaken by Morrison Low as at 30 June 2019, based on the current replacement cost of the road assets within Council's network.

##### **Stormwater, water and sewer infrastructure assets**

Water Supply and Sewerage Network assets were valued by Australis Asset Advisory Group as at 30th June 2017 at Current Replacement Cost and utilising Fair Value measurement.

These assets are indexed each year in line with the NSW Reference Rates manual as published by the Office of Water.

Stormwater assets were valued by Morrison Low as at 30th June 2018, at Current Replacement Cost Assets within this class comprise pit, drains, pipes and culverts.

##### **Library books**

The library books are reported at fair value in the notes, however, due to the nature of these items they are valued at cost. There are no major variances between the fair value and carrying amount of these assets. The cost of these assets were based on invoices at the time of capitalisation.

##### **Open spaces/recreational assets**

Assets within this class comprise leisure and sporting equipment and facilities within cemeteries, parks, ovals sporting complexes and other recreational areas.

The Cost Approach is utilised with each asset being componentised into significant parts, with different useful lives and taking into account a range of factors. These assets have been classified as Level 3 valuation inputs.

There were no changes in valuation techniques from prior years.

#### (3) Fair value measurements using significant unobservable inputs (level 3)

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



## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 18. Fair Value Measurement (continued)

\$ '000	Non-specialised buildings	Specialised buildings	Other structures	Roads	Stormwater drainage
<b>2019</b>					
Opening balance	4,876	16,952	569	207,370	5,133
Purchases (GBV)	56	976	–	2,754	–
Depreciation and impairment	(163)	(405)	(29)	(3,677)	(77)
Transfers to Profit and Loss	–	(587)	13	38,406	–
Revaluation movements to ARR	95	228	–	–	–
Closing balance	4,864	17,164	553	244,853	5,056
<b>2020</b>					
Opening balance	4,864	17,164	553	244,853	5,056
Closing balance	4,864	17,164	553	244,853	5,056

\$ '000	Water supply network	Sewerage network	Other assets	Recreation assets	Total
<b>2019</b>					
Opening balance	11,177	10,954	35	3,849	260,915
Purchases (GBV)	38	546	–	878	5,248
Depreciation and impairment	(271)	(363)	(2)	(195)	(5,182)
Transfers to Profit and Loss	176	178	–	–	38,186
Revaluation movements to ARR	–	–	–	–	323
Closing balance	11,120	11,315	33	4,532	299,490
<b>2020</b>					
Opening balance	11,120	11,315	33	4,532	299,490
Closing balance	11,120	11,315	33	4,532	299,490

## c. Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>		
Non-Specialised Buildings	Cost/Market	Gross replacement cost Asset condition Remaining useful life
Specialised Buildings	Cost/Market	Gross replacement cost Asset condition Remaining useful life
Other Structures	Cost	Gross replacement cost Asset condition Remaining useful life
Roads, Bridges and Footpaths	Unit rates per m2 or length	Gross replacement cost Asset condition Remaining useful life
Stormwater Drainage	Unit rates per m2 or length	Gross replacement cost Asset condition Remaining useful life

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 18. Fair Value Measurement (continued)

	<i>Valuation technique/s</i>	<i>Unobservable inputs</i>
Water Supply	Cost	Gross replacement cost Asset condition Remaining useful life
Sewerage Network	Cost	Gross replacement cost Asset condition Remaining useful life
Library Books	Cost	Gross replacement cost Remaining useful life
Recreational Assets	Cost	Gross replacement cost Asset condition Remaining useful life

## (4) Highest and best use

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

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 19. Related party disclosures

#### Key management personnel

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

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

\$ '000	2020	2019
Compensation:		
Short-term benefits	853	1,256
Total	853	1,256

### Note 20. Events occurring after the reporting date

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

### Note 21. Statement of developer contributions

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

### Summary of contributions and levies

as at 30/06/19

as at 30/06/20

Notes to the Financial Statements  
for the year ended 30 June 2020

Note 21. Statement of developer contributions (continued)

	as at 30/06/19				as at 30/06/20			
	Opening Balance	Contributions received during the year	Interest earned in year	Expenditure during year	Held as restricted asset	Cumulative Internal borrowings due/(payable)		
\$ '000		Cash						
Open space	10	-	-	-	10	-	-	-
Community facilities	171	-	-	-	171	-	-	-
S94 contributions 2012	398	274	8	-	680	-	-	-
S7.11 contributions – under a plan	579	274	8	-	861	-	-	-
Total S7.11 and S7.12 revenue under plans	579	274	8	-	861	-	-	-
S84 contributions	99	-	1	(29)	71	-	-	-
S7.4 planning agreements	193	-	1	-	194	-	-	-
Total contributions	871	274	10	(29)	1,126	-	-	-
<b>S7.11 Contributions – under a plan</b>								
<b>CONTRIBUTION PLAN NUMBER 1</b>								
Open space	10	-	-	-	10	-	-	-
Community facilities	171	-	-	-	171	-	-	-
S94 contributions 2012	308	274	8	-	690	-	-	-
Total	579	274	8	-	861	-	-	-



## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 22. Result by fund

\$ '000	General <sup>1</sup> 2020	Water 2020	Sewer 2020
<b>Income Statement by fund</b>			
<b>Income from continuing operations</b>			
Rates and annual charges	5,030	287	856
User charges and fees	11,479	2,176	14
Interest and investment revenue	284	36	35
Other revenues	2,039	-	-
Grants and contributions provided for operating purposes	10,058	88	-
Grants and contributions provided for capital purposes	2,637	2,884	132
<b>Total income from continuing operations</b>	<b>31,527</b>	<b>5,471</b>	<b>1,037</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	12,619	354	144
Borrowing costs	83	-	-
Materials and contracts	5,194	2,437	586
Depreciation and amortisation	5,812	771	254
Other expenses	2,694	-	-
Net losses from the disposal of assets	96	-	-
Share of interests in joint ventures and associates using the equity method	3,071	-	-
<b>Total expenses from continuing operations</b>	<b>29,569</b>	<b>3,562</b>	<b>984</b>
<b>Operating result from continuing operations</b>	<b>1,958</b>	<b>1,909</b>	<b>53</b>
<b>Net operating result for the year</b>	<b>1,958</b>	<b>1,909</b>	<b>53</b>
<b>Net operating result attributable to each council fund</b>	<b>1,958</b>	<b>1,909</b>	<b>53</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(679)</b>	<b>(975)</b>	<b>(79)</b>

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

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

\$ '000	General <sup>1</sup> 2020	Water 2020	Sewer 2020
<b>Statement of Financial Position by fund</b>			
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	1,956	2,953	2,837
Investments	15,000	-	-
Receivables	3,837	520	116
Inventories	1,280	-	-
<b>Total current assets</b>	<b>22,073</b>	<b>3,473</b>	<b>2,953</b>
<b>Non-current assets</b>			
Receivables	308	-	-
Infrastructure, property, plant and equipment	298,874	24,504	11,444
Investments accounted for using the equity method	662	-	-

continued on next page ...

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## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 22. Result by fund (continued)

<u>\$ '000</u>	<u>General <sup>1</sup> 2020</u>	<u>Water 2020</u>	<u>Sewer 2020</u>
Right of use assets	93	-	-
Total non-current assets	299,937	24,504	11,444
<b>TOTAL ASSETS</b>	<b>322,010</b>	<b>27,977</b>	<b>14,397</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	1,719	282	17
Contract liabilities	2,073	-	-
Lease liabilities	28	-	-
Borrowings	219	-	-
Provisions	2,292	-	-
Total current liabilities	6,331	282	17
<b>Non-current liabilities</b>			
Lease liabilities	72	-	-
Borrowings	601	-	-
Provisions	162	-	-
Total non-current liabilities	835	-	-
<b>TOTAL LIABILITIES</b>	<b>7,166</b>	<b>282</b>	<b>17</b>
<b>Net assets</b>	<b>314,844</b>	<b>27,695</b>	<b>14,380</b>
<b>EQUITY</b>			
Accumulated surplus	84,214	26,823	3,869
Revaluation reserves	230,630	872	10,511
Council equity interest	314,844	27,695	14,380
<b>Total equity</b>	<b>314,844</b>	<b>27,695</b>	<b>14,380</b>

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

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

### Note 23(a). Statement of performance measures – consolidated results

<u>\$ '000</u>	<u>Amounts 2020</u>	<u>Indicator 2020</u>	<u>Prior periods</u>		<u>Benchmark</u>
			<u>2019</u>	<u>2018</u>	
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	1,434	4.43%	1.98%	2.66%	>0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	32,382				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	22,236	58.46%	56.22%	55.35%	>60.00%
Total continuing operating revenue <sup>1</sup>	38,035				
<b>3. Unrestricted current ratio</b>					

continued on next page ...

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## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 23(a). Statement of performance measures – consolidated results (continued)

\$ '000	<i>Amounts</i> 2020	<i>Indicator</i> 2020	<i>Prior periods</i>		<i>Benchmark</i>
			2019	2018	
Current assets less all external restrictions	15,086				
Current liabilities less specific purpose liabilities	2,159	6.99x	5.51x	6.07x	>1.50x
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>(1)</sup>	8,354				
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	317	26.35x	21.55x	5.52x	>2.00x
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>					
Rates, annual and extra charges outstanding	688				
Rates, annual and extra charges collectible	6,848	10.05%	10.12%	5.16%	<10.00%
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	22,746	9.85			
Monthly payments from cash flow of operating and financing activities	2,309	mths	9.55 mths	6.73 mths	>3.00 mths

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies.

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 23(b). Statement of performance measures – by fund

	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2020	2019	2020	2019	2020	2019	
<b>\$ '000</b>							
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	8.61%	3.15%	(37.69)%	(5.72)%	(8.73)%	(10.57)%	>0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	59.73%	62.01%	45.68%	31.84%	87.27%	92.09%	>60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	6.99x	5.51x	12.32x	5.76x	173.71x	51.80x	>1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	26.44x	20.49x	∞	∞	∞	∞	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>							
Rates, annual and extra charges outstanding	12.06%	13.30%	0.00%	0.00%	0.00%	0.00%	<10.00%
Rates, annual and extra charges collectible							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	7.34	7.24	∞	∞	∞	∞	>3.00
Payments from cash flow of operating and financing activities	mths	mths					mths

(1) - (2) Refer to Notes at Note 20a above

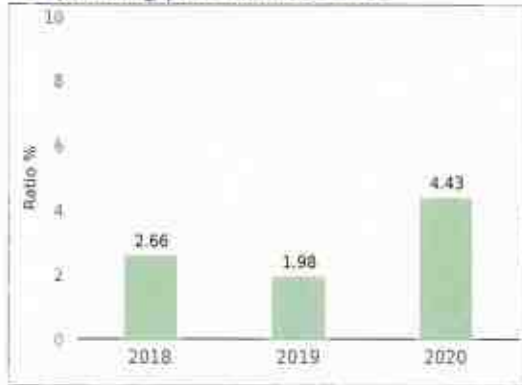
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately



Notes to the Financial Statements  
for the year ended 30 June 2020

Note 23(c). Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



**Purpose of operating performance ratio**

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

**Commentary on 2019/20 result**

2019/20 ratio: 4.43%

The ratio is considered satisfactory. It has been achieved with a satisfactory cash position and other ratios.

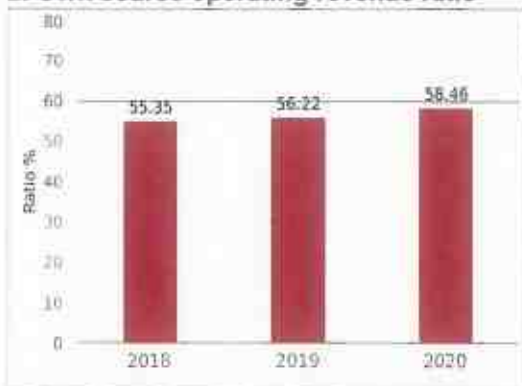
Benchmark: — > 0.00%

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

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



**Purpose of own source operating revenue ratio**

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

**Commentary on 2019/20 result**

2019/20 ratio: 58.46%

Council has almost achieved the benchmark and has no concern at being marginally under.

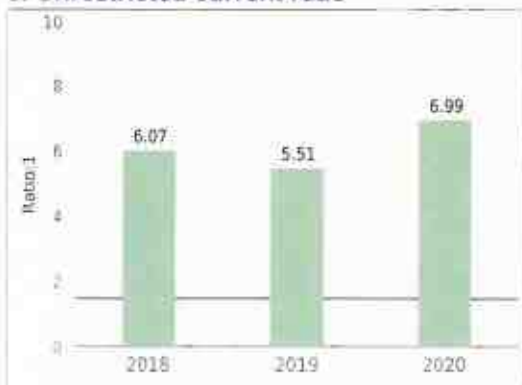
Benchmark: — > 60.00%

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

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



**Purpose of unrestricted current ratio**

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

**Commentary on 2019/20 result**

2019/20 ratio: 6.99x

Council has a conservative investment and borrowing policy. Provided a satisfactory operating performance is achieved its liquidity should be ensured.

Benchmark: — > 1.50x

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

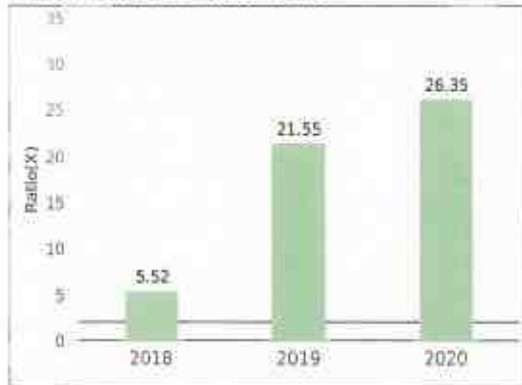
Ratio achieves benchmark

Ratio is outside benchmark

Notes to the Financial Statements  
for the year ended 30 June 2020

Note 23(c). Statement of performance measures – consolidated results (graphs)

4. Debt service cover ratio



**Purpose of debt service cover ratio**

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

**Commentary on 2019/20 result**

2019/20 ratio 26.35x

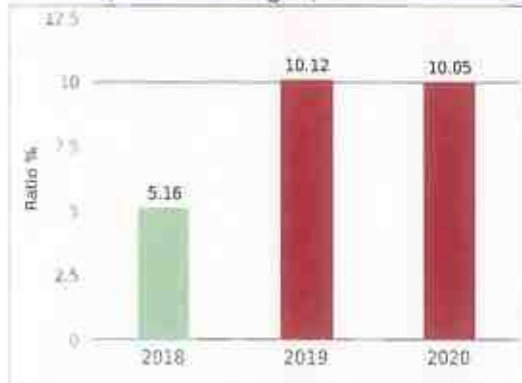
Council has conservative borrowing/debt policy which combined with a conservative investment policy to ensure a favourable debt service cover ratio.

Benchmark: — > 2.00x

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

- Ratio achieves benchmark
- Ratio is outside benchmark

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



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

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

**Commentary on 2019/20 result**

2019/20 ratio 10.05%

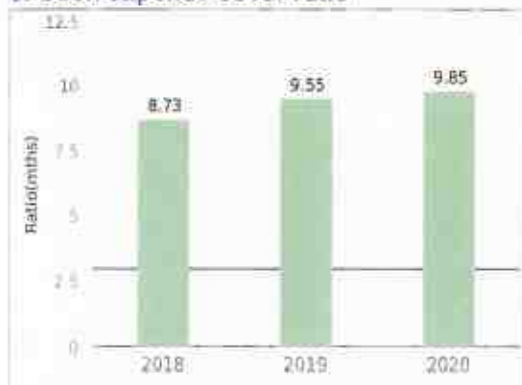
This is marginally more than the benchmark but is considered unsatisfactory. The increase in water use due to the reduction in drought has influenced the figure. Council also recovered a significant amount in doubtful debts.

Benchmark: — < 10.00%

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

- Ratio achieves benchmark
- Ratio is outside benchmark

6. Cash expense cover ratio



**Purpose of cash expense cover ratio**

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

**Commentary on 2019/20 result**

2019/20 ratio 9.85 mths:

Council maintains strong control over its recurrent expenditure and as per previous ratios maintains a high liquidity level.

Benchmark: — > 3.00mths

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

- Ratio achieves benchmark
- Ratio is outside benchmark

## Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Council information and contact details

Note 24. Council information and contact details

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**Principal place of business:**

Linsley Street  
Cobar, NSW 2835

**Contact details**

**Mailing Address:**

PO Box 233  
Cobar NSW 2835

**Opening hours:**

8am to 4pm  
Monday to Friday

**Telephone:** 02 6836 5888

**Facsimile:** 02 6836 5889

**Internet:** [www.cobar.nsw.gov.au](http://www.cobar.nsw.gov.au)

**Email:** [mail@cobar.nsw.gov.au](mailto:mail@cobar.nsw.gov.au)

**Officers**

**General Manager**

Peter Vlatko

**Responsible Accounting Officer**

Kym Miller

**Public Officer**

Peter Vlatko

**Auditors**

Audit Office of NSW

**Elected members**

**Mayor**

Lilliane Brady

**Councillors**

Peter Abbott

Tracey King

Janine Lea-Barrett

Christopher Lehmann

Jarrold Marsden

Peter Maxwell

Julie Payne

Bob Sinclair

Harley Toomey

Kate Winders

Peter Yench

**Other information**

**ABN:** 71 579 717 155



## **INDEPENDENT AUDITOR'S REPORT**

### **Report on the general purpose financial statements**

#### **Cobar Shire Council**

To the Councillors of Cobar Shire Council

### **Opinion**

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

In my opinion:

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

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



## **Basis for Opinion**

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

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

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

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

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

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

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

## **Other Information**

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

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

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

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

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget Information Included In the Income Statement, Statement of Cash Flows, and Note 17 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

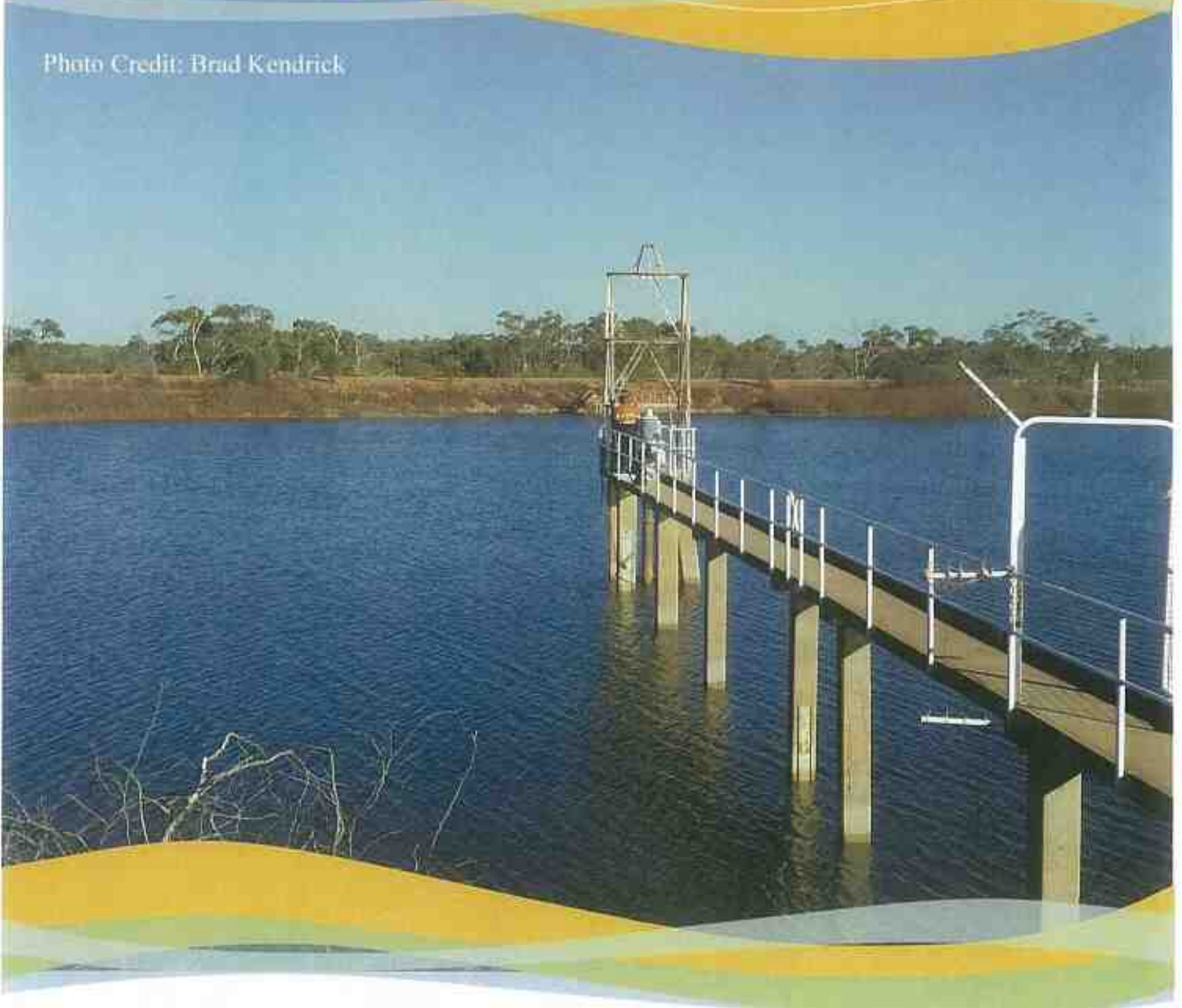


Unalb Jeffrey  
Delegate of the Auditor-General for New South Wales

21 October 2020  
SYDNEY

# Annual Operational Plan Quarterly Management Budget Review

Photo Credit: Brad Kendrick



**COBAR SHIRE**  
**COUNCIL**  
outback nsw

Q1 2020/2021

**YEAR TO DATE 2020/2021 (as at 04 November 2020)**

<b>s94 - Community Facilities</b>	<b>Opening Balance</b>	<b>Contributions Received</b>	<b>Interest Received</b>	<b>Expenditure</b>	<b>Balance as at End of Period</b>
Sudivision Code 1989 as it relates to development contributions					
Section 94 Contributions Plan 5/93	50,311.36	0	0	0	50,311.36
Developer Contributions Plan 10/96					
Developer Contribution Plan 2000	120,890.36	0	0	0	120,890.36
<b>TOTALS</b>	<b>171,301.72</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>171,301.72</b>

<b>s94 - Open Space</b>	<b>Opening Balance</b>	<b>Contributions Received</b>	<b>Interest Received</b>	<b>Expenditure</b>	<b>Balance as at End of Period</b>
Developer Contribution Plan 2000	10,370.33	0	0	0	10,370.33
<b>TOTALS</b>	<b>10,370.33</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,370.33</b>

<b>s94 - Cobar Local Infrastructure Contribution Plan 2012</b>	<b>Opening Balance</b>	<b>Contributions Received</b>	<b>Interest Received</b>	<b>Expenditure</b>	<b>Balance as at End of Period</b>
Development Type A	0	0	0	0	0
Development Type B - Heavy Haulage	0	0	0	0	0
<b>TOTALS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>s64 - Water &amp; Sewer</b>	<b>Opening Balance</b>	<b>Contributions Received</b>	<b>Interest Received</b>	<b>Expenditure</b>	<b>Balance as at End of Period</b>
Developer Contribution Plan 2000 - Water	13,433.22	0	0	0	13,433.22
Developer Contribution Plan 2000 - Sewerage	92,169.15	0	0	0	92,169.15
<b>TOTALS</b>	<b>105,602.37</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>105,602.37</b>

<b>s94a - Cobar Local Infrastructure Contribution Plan 2012</b>	<b>Opening Balance</b>	<b>Contributions Received</b>	<b>Interest Received</b>	<b>Expenditure</b>	<b>Balance as at End of Period</b>
Development Type A	751.88	0	0	0	751.88
Development Type C	678,335.42	2,370.00	0	0	680,705.42
<b>TOTALS</b>	<b>679,087.30</b>	<b>2,370.00</b>	<b>0</b>	<b>0</b>	<b>681,457.30</b>

<b>s64 - Development Servicing Plans for Water Supply &amp; Sewerage Services 2013</b>	<b>Opening Balance</b>	<b>Contributions Received</b>	<b>Interest Received</b>	<b>Expenditure</b>	<b>Balance as at End of Period</b>
s64 - Water (DSP Area 1 - Mount Hope)	0	0	0	0	0
s64 - Water (DSP Area 2 - Nymagee)	0	0	0	0	0
s64 - Water (DSP Area 3 - Cobar, Euabalong, Euabalong West)	39,440.83	0	0	0	39,440.83
s64 - Sewer	48,715.63	0	0	0	48,715.63
<b>TOTALS</b>	<b>88,156.46</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>88,156.46</b>

<b>Voluntary Planning Agreement - Hera Resources</b>	<b>Opening Balance</b>	<b>Contributions Received</b>	<b>Interest Received</b>	<b>Expenditure</b>	<b>Balance as at End of Period</b>
Community Fund	64,857.63	33,097.00	0	0	97,954.63
Road Contribution	5,724.17	62,056.00	0	0	68,780.17
<b>TOTALS</b>	<b>71,581.80</b>	<b>95,153.00</b>	<b>0</b>	<b>0</b>	<b>166,734.80</b>



I, Kym James Miller , Responsible Accounting Officer for Cobar Shire Council have formed the view that the financial position at Q1 2020/2021 having regard to the adopted estimates is satisfactory.

*KJM*  
18.11.2020

Cobar Shire Council  
 Q1 Budget Review  
 Attachment 3 to Report Q1 Budget Review

Table 1 - Variations to Operating Surplus / Deficit

Item	Value	Impact on Operating Surplus / Deficit
Increased grant contribution for Pulpulla Road	\$ 2,500,000.00	\$ 2,500,000.00
Local Roads and Community Infrastructure Fund grant	\$ 1,085,000.00	\$ 1,085,000.00
Resources for Regions grant	\$ 4,400,000.00	\$ 4,400,000.00
Repair program approved	\$ 400,000.00	\$ 400,000.00
Reduction in Regional Roads maintenance	\$ 4,000,000.00	\$ 400,000.00
Fire control at landfill	\$ 200,000.00	-\$ 200,000.00
Contribution to contaminated lands project	\$ 20,000.00	-\$ 20,000.00
Reservoir repair	\$ 25,000.00	-\$ 25,000.00
Grey mardl gras cancelled	\$ -	\$ -
Increased RMCC contract tasks	\$ -	\$ -
		<u>\$ 8,540,000.00</u>
<b>This is split into</b>		
Operating		\$ 155,000.00
Capital Grants and Contributions		<u>\$ 8,385,000.00</u>
		<u>\$ 8,540,000.00</u>

Table 2 - Variations to Capital expenditure

Pulpulla Road	\$ 2,500,000.00	\$ 2,500,000.00
The Wool Track	\$ 800,000.00	\$ 800,000.00
Drummond Park toilets	\$ 300,000.00	\$ 300,000.00
CCTV	\$ 350,000.00	\$ 350,000.00
Sealing Linsley St car park	\$ 175,000.00	\$ 175,000.00
Sealing cinema car park	\$ 115,000.00	\$ 115,000.00
Town Beautification	\$ 145,000.00	\$ 145,000.00
Extension of reticulation upgrade program	\$ 3,000,000.00	\$ 3,000,000.00
Drainage works - Industrial estate	\$ 1,375,000.00	\$ 1,375,000.00
Prepare business case*	\$ 50,000.00	\$ 50,000.00
		<u>\$ 8,810,000.00</u>

\* If the project did not proceed this would need to be expenses

Revised budget forecast

	General Fund	Water Fund	Sewer Fund	All Funds
Operating surplus adopted	\$ 19,643,568.00	-\$ 584,230.00	\$ 262,414.00	\$ 19,321,752.00
Revisions	\$ 5,540,000.00	\$ 3,000,000.00		\$ 8,540,000.00
<u>less Capital Grants and contributions</u>	\$ 24,646,000.00	\$ 3,000,000.00	\$ 500,000.00	\$ 28,146,000.00
<b>Underlying surplus / deficit</b>	<u>\$ 537,568.00</u>	<u>-\$ 584,230.00</u>	<u>-\$ 237,586.00</u>	<u>-\$ 284,248.00</u>

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**MINUTES OF THE RISK AND AUDIT COMMITTEE HELD IN COUNCIL  
CHAMBERS and BY CONFERENCE PHONE ON THURSDAY 27 JUNE 2020  
COMMENCING AT 1.00PM**

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**Present**

Mr. Paul Mann in the chair - remotely, Mr. Geoffrey Langford, Councilor Peter Abbott (Deputy Mayor) and Councilor Bob Sinclair.

**Observers**

Messrs. Peter Vlatko, Kym Miller, Alex Hardy (Prosperity Group) remotely, Ms. Erin Jones, Ms. Sandra Davey, Mr. Paul Hennock, remotely, Ms. Summer Patterson and Ms. Charlene Madden.

*Footnote: Mr. Unalb Jeffrey of AONSW tried to join but was unable to connect.*

**Confirmation of minutes**

**RESOLVED:** That the Minutes of the Risk and Audit Committee meeting held on Thursday 26 March 2020 be confirmed as a true and correct record of the proceedings of that meeting.

*Clr Abbott/ Clr Sinclair*

**CARRIED**

**Business arising from the minutes**

There was no business arising which was not listed as a separate agenda item.

**Interim audit letter and report and report on Interim Audit**

This document had been distributed and spoken to by Mr. Hardy. On balance there were no major issues and the Covid inspired remote audit had been undertaken by both parties in a satisfactory manner. Any outstanding matters at year end would be encapsulated in the year end Management Letter and the date of the next meeting would be set to allow this to be presented in a timely manner.

**RESOLVED:** That the report and commentary by Mr. Hardy be received and noted

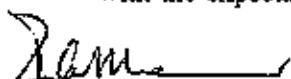
*Clr Abbott/ Geoffrey Langford*

**CARRIED**

**Internal audit function**

Luka Group had completed their preliminary review of Cobar Shire Council's asset management capabilities compared to previously completed reviews. Mr. Jeff Shanks had given a verbal overview at the March meeting with the expectation that the formal report would be available at this next

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meeting. The report had been districted but with insufficient time to consider. This was due to a delayed delivery from the Luka Group which was focusing on Covid issues for its clients. Mr. Miller further advised that for the matter to be prioritised Council's the role of Director of Engineering would need to be filled.

Luka Group were also preparing a brief for a fraud review. This matter was deferred.

**RESOLVED:** That the report from Luka Group be received and noted with an expectation that it would reappear on a future agenda.

*Clr Abbott/ Clr Sinclair*

**CARRIED**

**Rolling task list**

An updated rolling task list which reflected matters arising from external audits was distributed.

**RESOLVED:** That the report and commentary by Ms. Jones be received and noted

*Clr Abbott/ Geoffrey Langford*

**CARRIED**

**Update on BCP and DRP**

This project was reported as still being on target for consideration of a draft by 30.06.2020.

**RESOLVED:** That the update on these plans be received and noted.

*Clr Abbott/ Clr Sinclair*

**CARRIED**

**P. Hennock – Statewide**

Mr. Hennock reported that Council were participating in Statewide's risk programs to a satisfactory level and on balance were on target with the underwriter's risk management expectations.

**CV 19 update**

The direct impact of Covid 19 on Cobarr Shire Council's finances and workforce were continuing to be minimal. The major cost centre impacted was child care with the federal governments free period. This had however been compensated for with direct funding to the Shire.

The Shire was focused on preparing projects to be 'shovel ready' for any government stimulus funding that may become available.





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**RESOLVED:** That the report and commentary by Mr. Vlatko be received and noted

*Clr Abbott/ Geoffrey Langford*

**CARRIED**

**Cobar Water Board**

The Interim Management Letter was presented by Mr. Hardy. There were no issues with which to be concerned.

*Clr Abbott/ Geoffrey Langford*

**CARRIED**

**Landfill rehabilitation**

A report and indicative costings had been compiled by asset consultants Morrison and Low. It had been distributed to the committee, but no analysis had been done on it by CSC staff yet.

**RESOLVED:** That the report and commentary be received and noted.

*Clr Abbott/ Clr Sinclair*

**CARRIED**

**Software replacement / upgrade**

The working group have met several times and assisted by a template from Kempsey Council have scoped our requirements. An expression of interest process will be conducted to determine an appropriate list of firms to be invited to tender.

**RESOLVED:** That the report and commentary be received and noted

*G Langford / Clr Sinclair*

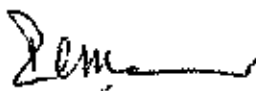
**CARRIED**

**Other business**

Mr. Vlatko indicated that the NSW ICAC had enquired into some matters and that he would report next meeting. (confidential)

Mr. Miller reported that a significant review and training program in procurement was being undertaken with a view of achieving procurement efficiency and compliance with all policies and legislation.

There being no further business the meeting was declared close at 2.37pm

  
CHAIR

**MINUTES OF THE ORDINARY MEETING BY VIDEO CONFERENCE  
HELD ON 28th OCTOBER 2020 IN THE COBAR SHIRE COUNCIL  
CHAMBERS, 36 LINSLEY ST, COBAR, NSW.**

**PRESENT - VOTING BOARD MEMBERS**

Name	Organisation
Clr Lilliane Brady OAM	Mayor, Cobar Shire Council (Chair)
Clr Barry Hollman	Mayor, Bourke Shire Council
Clr Ian Woodcock OAM	Mayor, Walgett Shire Council-joined meeting 10.40am

**PRESENT - NON-VOTING MEMBERS**

Name	Organisation
Mrs Leonie Brown	A/General Manager, Bourke Shire Council
Mr Peter Vlatko	General Manager, Cobar Shire Council
Mr Mike Urquhart	General Manager, Walgett Shire Council
Mr Greg Lamont	Executive Officer, FNWJO
Mr Peter Evans	OLG Central West & Orana Council Engagement Mgr
Mr Ashley Albury	RNSW Central & Far West Director
Mr Alex Hardy	FNWJO Auditor Prosperity Advisers Group
Mr Unaib Jeffrey	Audit Office of NSW

**PRESENT – OBSERVERS – Cr Peter Abbott, Deputy Mayor, Cobar Shire Council & Mark Riley (Bourke Shire Council).**

**MEETING OPENING – CHANGE OF MEETING VENUE DUE TO COVID-9 VIRUS**

The meeting was opened at 10.05am by the Chair, Clr Lilliane Brady OAM. The Chair also noted that the Ordinary meeting was being conducted via Cobar Shire Council using FNWJO Zoom and their video conferencing facilities.

**AGENDA ITEM 1 - APOLOGIES**

Nil

**AGENDA ITEM 2 - DECLARATIONS ON INTEREST**

Mark Riley declared a non-significant, non-pecuniary interest in the Western Airlines contract item in Committee of the Whole as a regular passenger on Air Link flights Dubbo/Bourke/Dubbo.

**MOTION (Clr Hollman/Clr Brady) that the declaration of interest by Mark Riley be noted.**  
**CARRIED**

THIS IS PAGE 1 OF THE MINUTES OF THE ORDINARY BOARD MEETING OF THE FAR NORTH WEST JOINT ORGANISATION HELD ON WEDNESDAY 28<sup>th</sup> OCTOBER 2020

## **SUSPENSION OF STANDING ORDERS**

**MOTION** (Clr Hollman/Clr Brady) that the meeting be suspended at 10.05am to allow the Election of the Chair to take place and to receive the presentation from the Auditor & Audit Office of NSW who were present by zoom at 10am. **CARRIED**

### **AGENDA ITEM 3 – ELECTION OF CHAIR & DEPUTY CHAIR**

#### **Chair**

The Executive Officer (as Returning Officer) indicated that only one nomination had been received for the position of Chair, that being Clr Lilliane Brady, who was duly nominated by Clrs Woodcock and Brady and accepted by Clr Brady. The Executive Officer then declared Clr Lilliane Brady to be the Chair of the Far North West Joint Organisation of Councils for the ensuing twelve months.

The Chair thanked the Board for their confidence in her leadership and support as Chair.

#### **Deputy Chair**

The Returning Officer declared that there were no nominations for the position of Deputy Chair however it is noted that it is the intention of the Board to alternate the role when an election for an Acting Chair is required.

**MOTION** (Clr Hollman/Clr Martinez) that it be noted when an Acting Chair election is required, the appointment is to be alternated between the Mayors of Walgett and Bourke. **CARRIED**

### **PRESENTATIONS in relation to Item 7(c) AUDITORS REPORT FNWJO ACCOUNTS**

Presentations by Alex Hardy (Auditor- Prosperity Adviser Group) and Unaib Jeoffery (Audit Office NSW) at 10.10am until 10.20am on the FNWJO Audit. Key points raised were – Auditors declared an unqualified Audit Report for the 4/7/18 – 30/6/20 Audit period; their focus was on grants being properly allocated and records of them; balance sheet/profit and loss were looking healthy; thanked Sandra Davey (Financial Accountant) at Cobar Shire Council and the Greg Lamont (Executive Officer) for their assistance. No questions were raised by the Board members.

The Chair thanked the Auditor and Audit Office for their presentation & attendance.

**MOTION** (Clr Hollman/Clr Brady) that the presentation from the Auditor & Audit Office NSW be noted and considered as part of Item 7(c). **CARRIED**

Clr Woodcock joined the meeting at 10.40am

Clr Hollman advised the meeting that with Ross Earl leaving Bourke Shire Council in October 2020, Leonie Brown will be Acting General Manager until February 2021 when Mark Riley will take over the role until the new Council is elected in September 2021 and determines the appointment of a General Manager.

## RESUMPTION OF MEETING

**MOTION** (Clr Hollman/Clr Woodcock) that the meeting be resumed at 10.41am

**CARRIED**

### AGENDA ITEM 4 - CONFIRMATION OF THE MINUTES OF THE ORDINARY MEETING HELD ON 29<sup>th</sup> JULY 2020

**MOTION** (Clr Hollman/Clr Woodcock) that the minutes of the Far North West Joint Organisation Ordinary meeting held on 29<sup>th</sup> July 2020 be confirmed as a true and accurate record of proceedings.

**CARRIED**

### AGENDA ITEM 5 - MATTERS ARISING FROM MINUTES 29<sup>th</sup> July 2020

Nil.

### AGENDA ITEM 6 – CHAIRPERSONS MINUTE

Chair submitted a late verbal address to the meeting thanking everyone involved in the establishment of the Joint Organisation noting the achievements and progress to date. The Chair also noted the recent retirement of the former General Manager Ross Earl from Bourke Shire Council and thanked him for his contribution to the Far North West Joint Organisation of Council's Board in being part of it since inception from 4<sup>th</sup> July 2018.

**MOTION** (Clr Hollman/Clr Woodcock) that a letter of appreciation from the Chair be sent to Ross Earl thanking him for his contribution to the FNWJO since inception from 4<sup>th</sup> July 2020.

**CARRIED**

### AGENDA ITEM 7 – EXECUTIVE OFFICERS REPORTS – PART A (ACTION)

a) 2020/2021 Budget Review as at 30<sup>th</sup> September 2020

**MOTION** (Clr Hollman/Clr Woodcock) that the budget review of the FNWJO as at 30<sup>th</sup> September 2020 be noted.

**CARRIED**

b) Monthly Investment Report for July, August & September 2020

**MOTION** (Clr Woodcock/Clr Hollman) that the Investment Report as at 30<sup>th</sup> June 2020 be noted.

**CARRIED**



c) FNWJO Auditors Report 4/7/18 – 30/6/20

**MOTION** (Clr Woodcock/Clr Hollman) that the FNWJO Board:

1. Receive and adopt the Engagement Closing Report;
2. Endorse the Financial Statements and Management Representation letter for signature by the delegated officers.

**CARRIED**

(d) Adoption of FNWJO Financial Statements 4/7/18-30/6/20.

**MOTION** (Clr Hollman/Clr Woodcock) that

1. It be noted the Far North West Joint Organisation of Councils (FNWJO) Financial Statements for the period 4<sup>th</sup> July 2018 to 30<sup>th</sup> June 2020 were referred to the Independent Auditor and the NSW Audit Office as per the adopted Audit Engagement Plan timetable;
2. FNWJO resolves that the Financial Statements for 4<sup>th</sup> July 2018 to 30<sup>th</sup> June 2020 is presented in accordance with the Local Government Act 1993 and the Regulations made thereunder (as amended), the Accounting Standards, the Local Government Code of Accounting Practice & Financial Reporting and presents fairly the FNWJO's operating result and financial position for the period;
3. It be noted the Financial Statements for 4<sup>th</sup> July 2018 to 30<sup>th</sup> June 2020 are presented in accord with the FNWJO's accounting and other records and that the FNWJO Board and/or Management is not aware of any matter that would render this report false or misleading in any way;
4. FNWJO adopt the Statement by Members of the Board and Management pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended) and resolve that they be signed and attached to the year-end accounts by the Chair, Clr Hollman and the Executive Officer;
5. The Executive Officer as the Responsible Accounting Officer be authorised to sign the Representation Letter from the Independent Auditor on behalf of the FNWJO.

**CARRIED**

(e) Adoption of the FNWJO Annual Performance Statement Report 1/7/2019-30/6/2020.

**MOTION** (Clr Hollman/Clr Woodcock) that the FNWJO adopt the Annual Performance Report 2019/2020 and Executive Officer submit to the Office of Local Government.

**CARRIED**

(f) FNWJO Adoption Model Code of Conduct & Administration Procedures.

**MOTION** (Clr Hollman/Clr Woodcock) that the FNWJO adopt the amended Model Code of Conduct and Administration Procedures as attached to the report.

**CARRIED**

g) Contaminated Land Management Officer EPA Project

**MOTION** (Clr Hollman/Clr Woodcock) that the FNWJO request a contract variation to the EPA CLM Project for the following changes:

- (a) to extend the engagement of the current contractors until 30<sup>th</sup> June 2022, subject to satisfactory performance, to fulfil the role of "Project Officer" until the completion of the CLM EPA Project in lieu of the employment of a Project Officer from 6<sup>th</sup> January 2020;

- (b) to request the EPA to fund the second year of the CLM Project for \$140,000 as per the original three (3) year project grant approval;
- (c) to request the EPA to utilise the underspend of the first year of funding for the acquisition of a suitable industry property data base system for the three councils in the FNWJO
- (d) the extension of the engagement in (a) is subject to ongoing funding by the EPA for the second year in (b). **CARRIED**

<b>AGENDA ITEM 8 – EXECUTIVE OFFICERS REPORTS – PART B (INFORMATION)</b>
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- a) Pathways & Compliance Calendar Status Update.

**MOTION** (Clr Woodcock/Clr Hollman) that the information be noted. **CARRIED**

- b) Statement of Strategic Regional Priorities Update

**MOTION** (Clr Woodcock/Clr Hollman) that the information be noted. **CARRIED**

- c) Joint Organisation Chairs Forum Update

**MOTION** (Clr Woodcock/Clr Hollman) that the information be noted. **CARRIED**

- d) JO Capacity & Capability Building OLG Grant \$150k Update

**MOTION** (Clr Hollman/Clr Woodcock).

1. That the FNWJO proceed to engage an appropriate consultant, as a matter of urgency, for the development of a Tourism Marketing Strategy for submission to the Board in December 2020 at the latest, for implementation commencing 1 March 2021.
2. That funding of the expected \$20,000 for the Consultancy be sourced from the FNWJO General funds.
3. That Bourke Shire Council (BSC) take the lead in engaging a suitably qualified consultant to develop the Strategy, in consultation with both Cobar and Walgett Shire Council Tourism Officers undertaking the following actions:-
  - a) BSC will engage a suitably qualified consultant to undertake the project within the required timeframe ie a meeting of the FNWJO Board in December 2020;
  - b) BSC will engage with both Walgett and Cobar Tourism Officers for input;
  - c) BSC will copy the Executive Officer into correspondence in regards to the engagement of the consultant and progress with the Strategy;
  - d) BSC in conjunction with the Executive Officer will complete the necessary engagement documents required by the Contractor;
  - e) BSC will undertake the Project Management of this project as an in-kind contribution to the project – there will be no fees payable to BSC;
  - f) BSC expects that the Strategy will be available to present to the FNWJO at a meeting in December 2020;
  - g) The Strategy will determine the opportunities and processes required to market the three Councils to achieve the best outcomes from the \$150,000 funding received for Capacity and Capability Building; and

- h) The Strategy is to be implemented by the commencement of the 2021 tourist season – March 2021. **CARRIED**

e) Cross Border Tourism Promotion Update

**MOTION** (Clr Woodcock/Clr Hollman) that the information be noted. **CARRIED**

f) Regional Roads Review Update

**MOTION** (Clr Woodcock/Clr Hollman) that the information be noted. **CARRIED**

g) Western Region Water Update

**MOTION** (Clr Hollman/Clr Woodcock) that the information be noted. **CARRIED**

h) Service Agreement with Cobar Shire Council Update

**MOTION** (Clr Woodcock/Clr Hollman) that the information be noted. **CARRIED**

i) Western Sport Steering Committee Update

**MOTION** (Clr Woodcock/Clr Hollman) that the information be noted and Executive Officer to request the Steering Committee to pursue appropriate high profile male and female National Rugby League (NRL) player/s to visit the Far Western Regions and to conduct NRL games in the region to promote the involvement of youth, men and women in a sport such as Rugby League and for community resilience. **CARRIED**

j) Far West Regional Leadership Executive Update

**MOTION** (Clr Woodcock/Clr Hollman) that the information be noted. **CARRIED**

**AGENDA ITEM 9 – EXECUTIVE OFFICER REPORTS - PART C (CONFIDENTIAL)**

To be dealt with in conjunction with Item 12

**AGENDA ITEM 10 – MATTERS OF URGENCY**

- (a) Western Area Health Services Proposed Changes – Concerns were raised by the Board members with changes proposed to the Visiting Medical Officer (VMO's) service to hospitals with a shift to the "Virtual Rural Generalist Service" (VRGS) proposing after hours consultation to be by tele health means when there are issues with the unreliability of the internet, poor mobile phone service and the impracticality of it to an ageing population with a high level of chronic disease and low level of life expectancy, the socio economic demographic etc., in the Far Western Regions of NSW .

Discussion also revolved around the unique issues that the Far Western

communities face, the lack of understanding by the politicians and bureaucrats of the issues and need to retain the existing VMO's service levels with face to face consultations and to involve the mayors of the FNWJO, Bogan, Brewarrina, Coonamble, Warrumbungle, Gilgandra, etc., in the delegation to the Minister.

Other issues raised were the nurses were overworked, are being asked to do more and are concerned they are doing tasks that they are not qualified or insured for.

**MOTION** (Clr Woodcock/Clr Hollman) that as a matter of urgency, the FNWJO Board:

- (a) Forward a letter to Mark Spittal, Acting CEO, Western NSW Area Health District outlining the concerns of the FNWJO Board in relation to the proposed changes to the Visitor Medical Officer (VMO's) system with a shift to the "Virtual Rural Generalist Service" (VRGS), with the lack of consultation, the reduction in service levels, the unreliability of the internet, poor mobile phone service and the impracticality of the proposed changes to an ageing population with a particular socio economic demographic, etc., in the Far North Western region;
- (b) Organise a meeting with the Minister for Health, Hon Brad Hazzard, in either Sydney or the Central West, to outline the concerns that the proposed system won't work in Far Western NSW;
- (c) Issue a media release from the Chair outlining the support of the three mayors of Cobar, Bourke and Walgett Shire Councils for the concerns raised on behalf of their communities with the proposed changes outlined;
- (d) Copies of the correspondence (a-c) be forwarded to the Deputy Premier, Hon John Barilaro; Minister for Western NSW, Hon Adm Marshall; Member for Barwon, Roy Butler and Federal Member for Parkes, Hon Mark Coulton.

**CARRIED**

#### **AGENDA ITEM 11 – CORRESPONDENCE**

**MOTION** (Clr Woodcock/Clr Hollman) that correspondence be noted

**CARRIED**

#### **AGENDA ITEM 12 – COMMITTEE OF THE WHOLE**

##### **MOVE INTO COMMITTEE OF THE WHOLE AS AT 11.30am**

**MOTION** (Clr Woodcock/Clr Hollman) that the Board resolves into a Committee of the Whole, to consider Item 9, Part C (Confidential) of the Executive Officer's Report, as per the Agenda, the following item:

##### **9(a) Management of Western Airline Services Contracts – Review and Update.**

In accordance with the provisions of Section 9 (2A) of the Local Government Act, the Executive Officer is of the opinion that consideration of this item is likely to take place when the meeting is closed to the public for the following reason: Section 10A(2)(c) information that would, if disclosed, confer a commercial advantage on a person with whom the councils conducting (or proposes to conduct) business.

**CARRIED**

**Public Requests:** Pursuant to section 10A (2) (a) & (c), Local Government Act 1993, there were no public present or submissions received for anyone to make representations to



the Board Meeting before the meeting was closed, as to whether the meeting should be closed to consider the identified reports or they be dealt with in open session.

**RESUME ORDINARY MEETING OPEN SESSION AS AT 12.25PM**

**MOTION** (Clr Hollman/Clr Woodcock) that the Board move out of Committee of the Whole and resume the Ordinary meeting to consider the Executive Officer's report, in open session, on the decisions made in the Committee of the Whole. **CARRIED**

**ADOPTION OF THE COMMITTEE OF THE WHOLE DECISIONS IN OPEN MEETING**

**MOTION** (Clr Hollman/Clr Woodcock) that the report of the meeting of the Committee of the Whole Board held on 28th Oct 2020 as advised to the Ordinary meeting, in open session, by the Executive Officer, the motions be adopted as follows:

**Item 9(a) – Management of the Airlines Services Contracts Update**

**MOTION** (Clr Woodcock/Clr Hollman) that

1. The revised Air Link Monday/Thursday/Friday schedule on the Dubbo-Bourke route be approved;
2. The revised Air Link Monday/Tuesday/Friday schedule on the Dubbo-Walgett route be approved;
3. The revised Air Link Monday/Friday 'tag' schedule on the Lightning Ridge route be approved;
4. The use, as required, of a Cessna C310, 2 engine aircraft, as proposed by Air Link on each of the existing Air Link routes be approved on the basis of their being no additional costs to the FNWJO;
5. The revised fare structure for all existing Air Link routes be approved as follows:  
Community Fare - \$150, Discount Fare - \$250 & Base Fare - \$350 as detailed in the report of the Executive Officer;
6. Air Link be advised that FNWJO does not support their proposals for the operation by Air Link of a Dubbo-Cobar route;
7. The proposed schedule, fare changes and fare allocations for the Fly Pelican Sydney-Cobar route as identified in the Executive Officer's report below be approved

"(1) Fly Pelican's request to have 4 services and add Monday to Tuesday, Wednesday and Friday;

(2) Fly Pelican's request to have fares changed by:

- a) Lifting the geographical restrictions so they can be used by non locals;
- b) Make more local fares available on Mondays and Fridays by increasing the 6 seats to 10 available;
- c) Change Fares:
  - i. Base Fare ex GST one way to \$599;
  - ii. Discount Fare 1 ex GST one way to \$499;
  - iii. Change Discount Fare 2 ex GST one way to \$299;
  - iv. Change Local Fare ex GST one way to \$199;
- d) Adjust the Fare Allocations as per the tables:

<b>SYD – CAZ [current fare allocation]</b>	<b>Monday</b>	<b>Tuesday</b>	<b>Wednesday</b>	<b>Friday</b>
<b>Base Fare [3 seats]</b>	1	1	1	1
<b>Discount Fare 1 [4 seats]</b>	2	2	2	2
<b>Discount Fare 2 [6 seats]</b>	6	16	6	6
<b>Local Fare [6 seats]</b>	10	0	10	10

<b>CAZ- SYD [current fare allocation]</b>	<b>Monday</b>	<b>Tuesday</b>	<b>Wednesday</b>	<b>Friday</b>
<b>Base Fare [3 seats]</b>	1	1	1	1
<b>Discount Fare 1 [4 seats]</b>	2	2	2	2
<b>Discount Fare 2 [6 seats]</b>	6	6	16	6
<b>Local Fare [6 seats]</b>	10	10	0	10

e) Keep the current Terms of the local fare in place ie all remaining seats unsold within 24 hours of departure will be available at the Local Fare class pricing (\$199)"

8. The above revised Air Link flight schedules/ fares and the above Fly Pelican schedules, fares and fare allocations be undertaken on the basis of them being a 4-month trial with these matters being again reviewed by the Board thereafter;
9. Hickson's Lawyers be requested to negotiate with Fly Pelican in respect of the Sydney – Cobar route regarding an improved price regime for daily flights for a report to an Extraordinary meeting of the Board in November 2020.
10. The Executive Officer liaise with Hickson's Lawyers to take the necessary action to implement the various contractual changes, as a result of the Boards decisions, with a view to such changes being made as soon as practicable.
11. The matter of local fares be further considered by the Board as part of its discussions following the upcoming 4-month trial of revised schedules and fares.
12. The FNWJO to not financially contribute to the proposed television marketing campaign being considered by Airlink and Fly Pelican.
13. The FNWJO Executive Officer to liaise with both airlines with a view to the development and implementation of marketing campaigns, at the Airlines expense, noting that as part of the contract with the airlines, there is already an allocation for 'marketing and promotion' under each routes' fixed costs, with advice as to such campaigns being provided to the Board at the Extraordinary meeting proposed for November 2020.

**CARRIED**

#### **AGENDA ITEM 15 – NEXT MEETING DATE**

That the Executive Officer liaise with the Chairperson to determine a date/time of the next meeting and attendees advised accordingly in November & December

**The meeting closed at 12.30pm.**

Gravel Resheeting as at 31 October 2020	Actual 2019/2020	Budget 2020/2021	Actual MTW	Actual YTD	Completion	Comments	Total Available (Program 4.0)
MR7518 - Barnato-Tipa Rd Acres Billabong - Sig 1	\$ 266,556.76	\$ -	\$ 27,212.05	\$ 71,832.05	\$ 29,617.00	Works complete	95,800
MR407 - Muiya Rd - Gravel Resheeting	\$ -	\$ 246,830.00	\$ -	\$ -	\$ -	Not yet started	102,464
SR7 - Mt Gap - Causeway Stabilisation - Design only	\$ -	\$ 50,000.00	\$ -	\$ 3,148.50	\$ -	Design complete; construction not yet started (\$46,852 underspent)	49,758
MR407 - Muiya Road - Reseal	\$ 194,580.44	\$ -	\$ -	\$ -	\$ -		102,464
SR6 - Pulpulla Rd - Construction and Initial Seal (30km)	\$ -	\$ 5,568,000.00	\$ -	\$ -	\$ -	Waiting on REF and PH licence	43,436
MR411 - Tipping Way - Bend Alignment - Design only	\$ -	\$ 50,000.00	\$ -	\$ 3,148.50	\$ 8,400.00	Design complete; construction not yet started (\$38,451.50 underspent)	66,475
MR411 - Tipping Way - Reseal	\$ 208,077.76	\$ -	\$ -	\$ -	\$ -	Not yet started	66,475
MR416 - The Wool Track - Reseal	\$ 210,467.73	\$ -	\$ -	\$ -	\$ -		92,170
MR416 - The Wool Track - Seal Extension	\$ -	\$ 800,000.00	\$ 64,420.20	\$ 396,641.45	\$ 437,525.00	Works complete (Overspend offset by SR7 and MR411)	92,170
MR401 - Priory Tank Rd - Reseal	\$ 155,382.32	\$ -	\$ -	\$ -	\$ -		59,150
MR7518 - Fifty Two Mile Road - Seal Extension	\$ 392,150.36	\$ 407,850.00	\$ 181,545.90	\$ 428,112.94	\$ -	Works complete	95,800
SR10 - Beharabon Rd - Reseal	\$ 93,673.89	\$ -	\$ -	\$ -	\$ -		58,102
SR10 - Beharabon Rd - Gravel Resheeting	\$ -	\$ 150,000.00	\$ -	\$ -	\$ -	Gravel pushed up	58,102
SR31 - Moolah Rd - Resheet	\$ 141,606.18	\$ 150,000.00	\$ -	\$ -	\$ -	Works cancelled	74,153
SR19 - Burthing Road	\$ 241.63	\$ -	\$ -	\$ 3,142.12	\$ -	Blocked table drain offset against SR7 and MR411	33,986
SR20 - Grain Rd - R2R - Gravel Resheeting	\$ 2,393,785.91	\$ -	\$ 81.82	\$ -	\$ 5,860.00		31,602
SR20 - Grain Road - 12km Seal Extension Project	\$ 39,640.94	\$ -	\$ -	\$ -	\$ -		91,602
SR24 - Mt Grace Rd - Sealing Bridge Approaches	\$ 133,500.72	\$ 66,500.00	\$ -	\$ 63,497.95	\$ -	Works complete	35,220
SR36 - Palastham Road - Gravel Resheeting	\$ 11,564.45	\$ -	\$ -	\$ -	\$ -		34,086
SR45 - Garbage Tip Road - Reseal	\$ -	\$ 177,000.00	\$ -	\$ -	\$ -		0,300
SR13 - Bedloeba Road - Gravel Resheeting	\$ 114,063.49	\$ 460,000.00	\$ -	\$ -	\$ 71,728.00	Works in progress	129,936
Town and Rural Reseals (R2R)	\$ -	\$ 200,000.00	\$ -	\$ -	\$ -	Not yet started	
Rural Roads Capital Works - Unallocated	\$ -	\$ 200,000.00	\$ -	\$ -	\$ -		
Shire Roads Gravel Resheeting - Unallocated	\$ -	\$ 100,000.00	\$ -	\$ -	\$ -		
Resealing of other locations on a priority basis	\$ 44,992.50	\$ 100,000.00	\$ -	\$ 16,027.00	\$ 76,435.00	Works in progress	
Industrial Area - Design and Construct	\$ 436.58	\$ -	\$ -	\$ -	\$ -		
Equivalency/E. West Reseals	\$ -	\$ 1,250,000.00	\$ -	\$ -	\$ -		
Grids and Culverts - Various locations	\$ -	\$ -	\$ -	\$ -	\$ -		
<b>TOTALS</b>	<b>\$ 4,400,701.18</b>	<b>\$ 9,976,180.00</b>	<b>\$ 293,259.97</b>	<b>\$ 985,350.53</b>	<b>\$ 747,345.00</b>		

Total Including Commitments \$ 1,732,715.51  
Budget for 2020/2021 \$ 9,976,180.00  
Balance \$ 8,243,464.49

Note: Mt Grace Road yet to be considered

Regional Roads Maintenance as at 31 October 2020		Actual			Actual YTD			Commitment			Total Road Length (km)
		2019/2020	Actual MTD	Actual YTD	Commitment	Comments					
Road Inspections-Regional Roads		\$ 14,524.00	\$ -	\$ -	\$ -						
Survey Equipment for Regional Roads (CAP EX)		\$ 129,559.00	\$ -	\$ -	\$ -						
Traffic Facilities		\$ 8,366.10	\$ -	\$ 1,793.33	\$ -						
Gravel Pit Licencing		\$ 28,963.64	\$ -	\$ -	\$ 10,182.00	Gravel pit licence					
MR 228 - General Maintenance - CLOSED		\$ -	\$ -	\$ -	\$ -					11.078	
MR 228 Whitbarrow Way - Pavement Mince		\$ 11,799.75	\$ 739.72	\$ 2,288.92	\$ -						
MR 228 Whitbarrow Way - Vegetation Maintenance		\$ -	\$ -	\$ -	\$ -						
MR 228 Whitbarrow Way - Maintenance-Grading		\$ -	\$ -	\$ -	\$ -						
Regional Road Signage		\$ -	\$ -	\$ -	\$ -						
MR 407 Mulya Road - General Maintenance		\$ 64,376.18	\$ -	\$ 15,106.05	\$ 18,887.00	Maintenance on 15km length of road				302.464	
MR 407 Mulya Road - Pavement Maintenance		\$ 9,884.45	\$ -	\$ 1,028.10	\$ -						
MR 407 Mulya Road - Gravel Resheeting		\$ 3,277.73	\$ -	\$ -	\$ -						
MR 407 Mulya Road - Vegetation Maintenance		\$ 6,307.36	\$ -	\$ -	\$ -						
MR 407 Mulya Road - Maintenance Grading		\$ 127,899.13	\$ -	\$ 79,832.91	\$ -						
MR 407 Mulya Road - Sealing		\$ 2,281.99	\$ -	\$ -	\$ -						
MR 411 Tipping Way - General Maintenance		\$ 12,338.91	\$ -	\$ -	\$ -					66.475	
MR 411 Tipping Way - Pavement Maintenance		\$ 18,333.31	\$ 510.52	\$ 18,507.73	\$ 495.00						
MR 411 Tipping Way - Gravel Resheeting		\$ -	\$ -	\$ -	\$ -						
MR 411 Tipping Way - Vegetation Maintenance		\$ 605.75	\$ -	\$ -	\$ -						
MR 411 Tipping Way - Maintenance Grading		\$ 534.74	\$ 777.18	\$ 777.18	\$ -						
MR 411 Tipping Way - Sealing		\$ -	\$ -	\$ -	\$ -						
MR 416 The Wool Track - General Maintenance		\$ 3,946.04	\$ -	\$ 10,139.64	\$ -					92.170	
MR 416 The Wool Track - Pavement Maintenance		\$ 17,409.52	\$ -	\$ 1,699.44	\$ -						
MR 416 The Wool Track - Gravel Resheeting		\$ 1,513.29	\$ -	\$ 169,115.02	\$ 39,755.00	Gravel crushing at Kia-Ora Pit					
MR 416 The Wool Track - Vegetation Maintenance		\$ 6,524.74	\$ -	\$ -	\$ -						
MR 416 The Wool Track - Maintenance Grading		\$ 163,157.81	\$ -	\$ 44,233.52	\$ -						
MR 416 The Wool Track - Sealing		\$ -	\$ -	\$ -	\$ -						
MR 419 Glenwood Road - General Maintenance		\$ -	\$ -	\$ 222.44	\$ -					46.980	
MR 419 Glenwood Road - Gravel Resheeting		\$ -	\$ -	\$ -	\$ -						
MR 419 Glenwood Road - Vegetation Maintenance		\$ -	\$ -	\$ -	\$ -						
MR 419 Glenwood Road - Maintenance Grading		\$ 61,321.17	\$ -	\$ -	\$ -						
MR 423 Lachlan Valley Way - General Maintenance		\$ 4,293.28	\$ -	\$ -	\$ -					15.190	
MR 423 Lachlan Valley Way - Pavement Maintenance		\$ 5,978.31	\$ 552.98	\$ 4,728.83	\$ -						
MR 461 Priority Tank/Balowra Road - General Maintenance		\$ 7,718.47	\$ -	\$ 10,608.76	\$ -					59.150	
MR 461 Priority Tank/Balowra Road - Pavement Mntnce		\$ 30,634.16	\$ 832.17	\$ 2,815.16	\$ -						
MR 461 Priority Tank/Balowra Road - Vegetation Maintenance		\$ 5,263.86	\$ -	\$ -	\$ -						
MR 461 Priority Tank/Balowra Road - General Maintenance		\$ 57,905.28	\$ -	\$ 232.14	\$ -						
MR 7518 Fifty Two Mile Road - General Maintenance		\$ 6,047.04	\$ -	\$ 6,983.23	\$ -					95.800	
MR 7518 Fifty Two Mile Road - Pavement Maintenance		\$ 5,845.15	\$ -	\$ 2,320.75	\$ 1,675.00						
MR 7518 Fifty Two Mile Road - Gravel Resheeting		\$ 3,272.73	\$ -	\$ 8,800.00	\$ 21,444.00						
MR 7518 Fifty Two Mile Road - Vegetation Maintenance		\$ 6,016.26	\$ -	\$ -	\$ -						
MR 7518 Fifty Two Mile Road - Maintenance Grading		\$ 239,457.54	\$ 108,698.10	\$ 146,734.88	\$ 7,506.00						
MR 7518 Fifty Two Mile Road - Sealing		\$ -	\$ -	\$ 179,741.55	\$ -						



Regional Roads Maintenance as at 31 October 2020							Total Actual Length (km)
	Actual 2019/2020	Actual MTD	Actual YTD	Commitment	Comments		
MR7521 Kiacatoo Road - General Maintenance	\$ 9,026.10	\$ -	\$ 55.44	\$ -			32.830
MR7521 Kiacatoo Road - Pavement Maintenance	\$ 7,175.14	\$ -	\$ 9,478.58	\$ 495.00			
MR7521 Kiacatoo Road - Gravel Resheeting	\$ -	\$ -	\$ -	\$ -			
MR7521 Kiacatoo Road - Vegetation Maintenance	\$ 2,134.12	\$ -	\$ -	\$ -			
MR7521 Kiacatoo Road - Maintenance Grading	\$ -	\$ -	\$ -	\$ -			
MR7522 The Wool Track - General Maintenance	\$ 594.56	\$ -	\$ -	\$ -			64.450
MR7522 The Wool Track - Gravel Resheeting	\$ -	\$ -	\$ 2,414.79	\$ 90,910.00	Resheeting 10km length of road		
MR7522 The Wool Track - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -			
MR7522 The Wool Track - Maintenance Grading	\$ 34,610.80	\$ -	\$ -	\$ -			
MR 61 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -			58.268
MR 61 - Resealing	\$ -	\$ -	\$ -	\$ -			
MR 68 Curranvalpa Road - General Maintenance	\$ -	\$ -	\$ 8,799.98	\$ -			30.394
MR 68 - Gravel Resheeting	\$ -	\$ -	\$ -	\$ -			
MR 68 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -			
MR 68 Curranvalpa Road - Maintenance Grading	\$ -	\$ -	\$ -	\$ -			
MR 7524 Frederick St - Highway to Louth Rd	\$ -	\$ -	\$ -	\$ -			0.400
<b>TOTALS</b>	<b>\$ 1,118,852.41</b>	<b>\$ 112,110.67</b>	<b>\$ 728,458.37</b>	<b>\$ 191,349.00</b>			
					Total Including Commitments	\$	919,807.37
					Budget for 2020/2021	\$	1,412,540.00
					Balance	\$	492,732.63

Shire Roads Maintenance as at 31 October 2020	Actual			Actual YTD	Commitment	Comments	Total Road Length (km)
	2019/2020	Actual MTD	Actual YTD				
Road Inspections-Shire Roads	\$ 82,921.27	\$ 6,916.63	\$ 27,813.32	\$ -	\$ -		24.607
SR1 Buckanbe Road/Budda Road - Graveling	\$ 173.60	\$ -	\$ -	\$ -	\$ -		
SR1 Buckanbe Road/Budda Road - Maintenance Grading	\$ 15,045.21	\$ -	\$ -	\$ -	\$ 9,818.00		
SR1 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -		
SR2 Seventy Eight Mile Road - Graveling	\$ -	\$ 832.17	\$ 832.17	\$ -	\$ -		60.896
SR2 Seventy Eight Mile Road - Maintenance Grading	\$ 167,641.23	\$ -	\$ -	\$ -	\$ -		
SR2 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -		
SR3 Nelyambo Bridge Road - General Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -		63.014
SR3 Nelyambo Bridge Road - Maintenance Grading	\$ -	\$ -	\$ -	\$ -	\$ -		
SR3 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -		
SR4 - Graveling	\$ -	\$ -	\$ -	\$ -	\$ -		32.366
SR4 Gidgee Road - Maintenance Grading	\$ 32,208.34	\$ -	\$ 2,445.07	\$ -	\$ -		
SR4 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -		
SR5 - General Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -		8.509
SR5 - Maintenance Grading	\$ -	\$ -	\$ -	\$ -	\$ -		
SR5 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -		
SR6 - Graveling	\$ -	\$ -	\$ -	\$ -	\$ -		43.436
SR6 Pulpulla Road - Maintenance Grading	\$ 67,240.78	\$ -	\$ 153.54	\$ -	\$ -		
SR6 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -		
SR6 - Pulpulla Road - General Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -		
SR7 Mount Gap Road - Graveling	\$ -	\$ -	\$ -	\$ -	\$ -		49.758
SR7 Mount Gap Road - Maintenance Grading	\$ 29,912.41	\$ -	\$ 358.22	\$ 45,455.00	\$ -		
SR7 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -		
SR7 - Mount Gap Road - General Maintenance	\$ -	\$ 675.88	\$ 675.88	\$ -	\$ -		
SR8 - General Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -		28.674
SR8 Coomeratta Road - Maintenance Grading	\$ 8,495.90	\$ -	\$ -	\$ 1,075.00	\$ -		
SR8 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -		
SR9 - Graveling	\$ -	\$ -	\$ -	\$ -	\$ -		70.833
SR9 Neckarbo Road - Maintenance Grading	\$ 53,759.86	\$ -	\$ -	\$ -	\$ -		
SR9 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -		
SR10 - Graveling	\$ 3,272.73	\$ -	\$ -	\$ -	\$ -		58.102
SR10 Belarabon Road - Maintenance Grading	\$ 118,239.34	\$ 3,229.77	\$ 6,352.37	\$ 45,455.00	\$ -		
SR10 - Vegetation Maintenance	\$ 1,676.92	\$ -	\$ -	\$ -	\$ -		
SR10 - General Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -		
SR11 - General Maintenance	\$ -	\$ 67.56	\$ -	\$ -	\$ 30,000.00		31.280
SR11 Bloomfield Road - Maintenance Grading	\$ 6,496.30	\$ -	\$ -	\$ -	\$ -		
SR11 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -		
SR12 Yathong Road - Graveling	\$ -	\$ -	\$ -	\$ -	\$ -		102.712
SR12 Yathong Road - Maintenance Grading	\$ 32,698.41	\$ 10,342.77	\$ 23,491.16	\$ 3,182.00	\$ -		
SR12 - Vegetation Maintenance	\$ -	\$ -	\$ 1,704.55	\$ -	\$ -		

Shire Roads Maintenance as at 31 October 2020	Actual				Actual YTD	Commitment	Comments	Total Road Length (km)
	2019/2020	Actual MTD	Actual YTD	Commitment				
SR13 - Graveling	\$ 399.28	\$ -	\$ -	\$ -	\$ -	\$ -	129.926	
SR13 Bedooha Road - Maintenance Grading	\$ 7,230.88	\$ 774.37	\$ 1,575.70	\$ 66,899.00				
SR13 Lerida Road - Vegetation Maintenance	\$ 1,114.01	\$ 240.00	\$ 1,944.55	\$ -				
SR13 Lerida Road - Maintenance Sealed Length	\$ 12,313.91	\$ -	\$ 12,874.23	\$ -				
SR14 Manuka Road - General Maintenance	\$ -	\$ -	\$ -	\$ -			25.258	
SR14 Manuka Road - Maintenance Grading	\$ -	\$ -	\$ 3,259.44	\$ -				
SR14 Manuka Road - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -				
SR15 Shuttleton Road - General Maintenance	\$ -	\$ -	\$ -	\$ -			13.510	
SR15 Shuttleton Road - Maintenance Grading	\$ 25,765.08	\$ -	\$ -	\$ -				
SR15 Shuttleton Road - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -				
SR16 - General Maintenance	\$ -	\$ -	\$ -	\$ -			9.662	
SR16 Sandy Creek Road - Maintenance Grading	\$ -	\$ -	\$ -	\$ -				
SR16 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -				
SR17 - Graveling	\$ -	\$ -	\$ -	\$ -			47.868	
SR17 Merri Road - Maintenance Grading	\$ 100,280.48	\$ 357.81	\$ 5,157.81	\$ 3,502.00				
SR17 - Vegetation Maintenance	\$ -	\$ -	\$ 2,152.24	\$ -				
SR18 - Graveling	\$ -	\$ -	\$ 128.75	\$ -			27.850	
SR18 Bruce Cullenward Road - Maintenance Grading	\$ 14,393.89	\$ 53,904.14	\$ 57,273.16	\$ 85,099.00				
SR18 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -				
SR19 Burthong Road - Graveling	\$ 300.00	\$ -	\$ -	\$ -			53.986	
SR19 Burthong Road - Maintenance Grading	\$ 41,184.06	\$ -	\$ -	\$ -				
SR19 - Vegetation Maintenance	\$ -	\$ -	\$ 1,704.55	\$ -				
SR20 - Graveling	\$ -	\$ -	\$ -	\$ -			91.602	
SR20 Grain Road - Maintenance Grading	\$ 48,700.74	\$ 18,219.57	\$ 58,212.41	\$ 6,079.00				
SR20 Grain Road - Vegetation Maintenance	\$ 1,199.07	\$ -	\$ 1,704.55	\$ -				
SR20 Grain Road - Maintenance Sealed Length	\$ 645.50	\$ 14,245.73	\$ 15,975.23	\$ 1,818.00				
SR21 - General Maintenance	\$ -	\$ -	\$ 116.07	\$ -			45.257	
SR21 Tallebung Road - Maintenance Grading	\$ 67,236.58	\$ -	\$ -	\$ -				
SR21 - Vegetation Maintenance	\$ -	\$ -	\$ 1,704.55	\$ -				
SR22 - Graveling	\$ -	\$ -	\$ -	\$ -			36.717	
SR22 Round Hill Road - Maintenance Grading	\$ 8,344.03	\$ -	\$ -	\$ -				
SR22 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -				
SR22 - General Maintenance	\$ -	\$ 193.45	\$ 348.20	\$ -				
SR23 Booberoi Road - General Maintenance	\$ 2,740.15	\$ 5,555.30	\$ 22,515.82	\$ 1,766.00			24.713	
SR23 Booberoi Road - Maintenance Grading	\$ 52,468.98	\$ 858.34	\$ 7,114.55	\$ -				
SR23 - Vegetation Maintenance	\$ 549.28	\$ -	\$ -	\$ -				
SR24 Mount Grace Road - Graveling	\$ -	\$ -	\$ -	\$ -			35.220	
SR24 Mount Grace Road - Maintenance Grading	\$ 58,889.40	\$ 2,562.67	\$ 2,810.91	\$ -				
SR24 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -				
SR24 - General Maintenance	\$ -	\$ -	\$ -	\$ -				



Shire/Roads Maintenance as at 31 October 2020	Actual			Actual YTD	Commitment	Comments	Total Road Length (km)
	2019/2020	Actual MTD	Actual YTD				
SR25 Wilgarron Road - General Maintenance	\$ 814.84	\$ -	\$ -	\$ -	-	-	44.477
SR25 Wilgarron Road - Maintenance Grading	\$ 52,065.94	\$ -	\$ -	\$ -	-	-	
SR25 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	-	-	
SR26 - Graveling	\$ -	\$ -	\$ -	\$ -	-	-	42.493
SR26 Wilga Downs Road - Maintenance Grading	\$ 53,104.86	\$ -	\$ -	\$ -	-	-	
SR26 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	-	-	
SR27 Cooneybar Road - Graveling	\$ -	\$ -	\$ -	\$ -	-	-	
SR27 Cooneybar Road - Maintenance Grading	\$ 85,240.34	\$ -	\$ -	\$ -	-	-	49.352
SR27 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	-	-	
SR28 - General Maintenance	\$ -	\$ -	\$ -	\$ -	-	-	16.723
SR28 Yimkin Road - Maintenance Grading	\$ 314.55	\$ -	\$ -	\$ -	-	-	
SR28 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	-	-	
SR29 - Graveling	\$ -	\$ -	\$ -	\$ -	-	-	42.597
SR29 Booroomugga Road - Maintenance Grading	\$ 54,627.76	\$ -	\$ -	\$ -	-	-	
SR29 Booroomugga Road - Vegetation Maintenance	\$ 8,122.67	\$ -	\$ -	\$ -	-	-	
SR30 - Graveling	\$ -	\$ -	\$ -	\$ -	-	-	2.900
SR30 Canbelego Road - Maintenance Grading	\$ 8,244.11	\$ -	\$ -	\$ -	-	-	
SR30 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	-	-	
SR30 - General Maintenance	\$ -	\$ 251.32	\$ 251.32	\$ -	-	-	
SR31 - Graveling	\$ 10,247.73	\$ -	\$ 80,000.00	\$ -	-	-	74.153
SR31 Moobah Road - Maintenance Grading	\$ 48,684.97	\$ -	\$ -	\$ -	-	-	
SR31 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	-	-	
SR32 - Graveling	\$ -	\$ -	\$ -	\$ -	-	-	60.359
SR32 Developmental Road - Maintenance Grading	\$ 16,314.41	\$ -	\$ -	\$ -	-	-	
SR32 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	-	-	
SR33 - General Maintenance	\$ -	\$ -	\$ 38.68	\$ -	-	-	16.500
SR33 Nymagee Station Road - Maintenance Grading	\$ 39,824.99	\$ -	\$ -	\$ -	-	-	
SR33 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	-	-	
SR34 - General Maintenance	\$ -	\$ -	\$ -	\$ -	-	-	11.508
SR34 Wallacevale Road - Maintenance Grading	\$ -	\$ -	\$ -	\$ -	-	-	
SR34 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	-	-	
SR35 - General Maintenance	\$ -	\$ -	\$ -	\$ -	-	-	16.814
SR35 Osterly Downs Road - Maintenance Grading	\$ -	\$ -	\$ -	\$ -	-	-	
SR35 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	-	-	
SR36 - General Maintenance	\$ -	\$ -	\$ -	\$ -	-	-	34.080
SR36 Palesthan Road - Maintenance Grading	\$ 60,421.83	\$ 72,186.32	\$ 224,037.74	\$ 14,987.00	-	-	
SR36 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	-	-	
SR37 - General Maintenance	\$ 391.09	\$ -	\$ 1,722.70	\$ -	-	-	2.719
SR37 Bimbella Road - Maintenance Grading	\$ 2,844.70	\$ -	\$ 2,783.06	\$ -	-	-	
SR37 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	-	-	



Shire Roads Maintenance as at 31 October 2020	Actual		Actual YTD	Commitment	Comments	Total Road Length (km)
	2019/2020	2020				
SR38 - General Maintenance	\$ -	\$ -	\$ -	\$ -	-	4.152
SR38 CSA Access Road - Grader Maintenance	\$ -	\$ -	\$ -	\$ -	-	
SR38 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	-	
SR38 - Sealed Maintenance	\$ -	\$ -	\$ -	\$ -	-	
SR39 - General Maintenance	\$ -	\$ -	\$ -	\$ -	-	7.775
SR39 Coombie Road - Maintenance Grading	\$ 4,332.89	\$ -	\$ -	\$ -	-	
SR39 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	-	
SR40 Filtration Plant Road - General Maintenance	\$ -	\$ -	\$ -	\$ -	-	60.359
SR40 Filtration Plant Road - Grader Maintenance	\$ -	\$ -	\$ -	\$ -	-	
SR40 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	-	
SR40 - Sealed Maintenance	\$ -	\$ -	\$ -	\$ -	-	
SR41 - General Maintenance	\$ -	\$ -	\$ -	\$ -	-	1.000
SR41 Tilpa Weir Road - Maintenance Grading	\$ -	\$ -	\$ -	\$ -	-	
SR41 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	-	
SR42 Endeavor Mine Road - General Maintenance	\$ -	\$ 186.93	\$ -	\$ -	-	13.588
SR42 Endeavor Mine Road - Grader Maintenance	\$ 289.75	\$ -	\$ -	\$ -	-	
SR42 Endeavor Mine Road - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	-	
SR42 Endeavor Mine Road - Sealed Maintenance	\$ 2,105.25	\$ -	\$ -	\$ -	-	
SR43 - General Maintenance	\$ -	\$ -	\$ -	\$ -	-	1.400
SR43 Sewerage Works Road - Maintenance Grading	\$ -	\$ -	\$ -	\$ -	-	
SR43 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	-	
SR44 - General Maintenance	\$ -	\$ -	\$ -	\$ -	-	2.100
SR44 Old Reservoir Road - Maintenance Grading	\$ -	\$ 2,424.79	\$ 2,424.79	\$ -	-	
SR44 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	-	
SR45 - General Maintenance	\$ -	\$ -	\$ -	\$ -	-	0.300
SR45 - Grader Maintenance	\$ -	\$ -	\$ -	\$ -	-	
SR45 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	-	
SR45 - Sealed Maintenance	\$ -	\$ -	\$ 475.16	\$ -	-	
SR46 - Gravel and Seal	\$ -	\$ -	\$ 924.63	\$ -	-	65.980
SR46 Rosevale Road - Maintenance Grading	\$ 35,535.53	\$ 42,939.62	\$ 42,939.62	\$ 13,636.00	-	
SR46 - Vegetation Maintenance	\$ -	\$ -	\$ -	\$ -	-	
SR48 Euabalong Tip Road - Maintenance Grading	\$ 109.12	\$ -	\$ -	\$ -	-	
<b>TOTALS</b>	<b>\$ 1,547,174.95</b>	<b>\$ 236,965.14</b>	<b>\$ 615,996.70</b>	<b>\$ 328,771.00</b>		
<b>Total Including Commitments \$ 944,767.70</b>						
<b>Budget for 2020/2021 \$ 1,650,000.00</b>						
<b>Balance \$ 705,232.30</b>						

Flood Damage Repairs as at 31 October 2020					
	Actual 2019/2020	Actual MTD	Actual YTD	Commitment	Comments
<b>SHIRE ROADS</b>					
SR1 Buckanbe Road/Budda Road	\$ -	\$ -	\$ 35,103.90	\$ -	
SR4 Gidgee Road	\$ 2,951.35	\$ -	\$ -	\$ -	
SR6 Pulpulla Road	\$ 7,958.37	\$ -	\$ -	\$ 100,000.00	
SR7 Mount Gap Road	\$ 11,572.13	\$ 8,766.60	\$ 99,803.65	\$ 65,713.00	
SR8 Coomeratta Road	\$ 1,596.78	\$ -	\$ -	\$ -	
SR10 Belarabon Road	\$ 1,800.97	\$ -	\$ -	\$ 90,000.00	
SR11 Bloomfield Road	\$ -	\$ -	\$ 132,307.35	\$ -	
SR12 Yathong Road	\$ 6,660.00	\$ 53,438.40	\$ 156,025.04	\$ 8,254.00	
SR13 Bedooba Road/Lerida Road	\$ -	\$ 36,040.00	\$ 177,676.99	\$ 1,812.00	
SR17 Merri Road	\$ -	\$ 79.33	\$ 46,853.72	\$ 1,788.00	
SR18 Bruce Cullenward Road	\$ -	\$ 37,345.65	\$ 37,835.23	\$ 21,046.00	
SR19 Burchong Road	\$ -	\$ -	\$ 38,846.59	\$ -	
SR20 Grain Road	\$ -	\$ -	\$ 154.75	\$ -	
SR21 Taliebung Road	\$ -	\$ -	\$ 1,259.25	\$ -	
SR23 Booberoi Road	\$ -	\$ -	\$ 1,128.54	\$ -	
SR31 Moolah Road	\$ -	\$ -	\$ 68,245.44	\$ -	
SR32 Development Road	\$ -	\$ -	\$ 57,675.00	\$ -	
SR33 Nimagee Station Road	\$ -	\$ -	\$ 7,905.57	\$ -	
SR36 Palesthan Road	\$ -	\$ 3,660.00	\$ 5,863.86	\$ -	
SR46 Rosevale Road	\$ 3,366.16	\$ -	\$ 13,710.89	\$ -	
<b>REGIONAL ROADS</b>					
MR407 Mulya Road	\$ 6,226.44	\$ -	\$ 7,321.84	\$ -	
MR419 Glenwood Road	\$ -	\$ 37,320.00	\$ 126,950.33	\$ 455.00	
MR423 Lachlan Valley Highway	\$ 54,640.67	\$ -	\$ -	\$ -	
MR461 Priory Tank/Balowra Road	\$ -	\$ -	\$ 41,095.55	\$ -	
MR7518 The Wool Track	\$ 14,756.48	\$ 318.00	\$ 2,468.00	\$ 450.00	
<b>TOTALS</b>	<b>\$101,529.35</b>	<b>\$176,967.98</b>	<b>\$1,058,231.49</b>	<b>\$ 289,518.00</b>	
			<b>Total Expenditure Including Commitments</b>	<b>\$ 1,459,278.84</b>	
			<b>Total Budget for Flood Damage Repairs</b>	<b>\$ 1,700,000.00</b>	
			<b>Balance</b>	<b>\$ 240,721.16</b>	

Please note: All Shire and Regional Roads flood damage repairs are now complete; a claim for funds has been submitted.

# Fixing Local Roads program

## Fact sheet - Round 2

### What is the Fixing Local Roads program?

The Fixing Local Roads Program is a \$500 million NSW Government program over five years, to assist councils in reducing their local council roads maintenance backlog.

In 2020, the Australian Government committed an additional \$191 million to the Fixing Local Roads program to support economic activity in regional NSW. This increased the total funding for the Fixing Local Roads program to \$691 million.

### How does the program work?

Fixing Local Roads is a grant-based program where councils can apply for funding to repair, patch, maintain and seal priority local council roads. Applications can be made for a 100 per cent contribution from the NSW Government for specific works. Councils are encouraged to co-contribute to any projects with funds or in-kind contributions.

### What works can be funded?

Eligible projects are required to meet a series of criteria set out in the Program Guidelines. Projects must be:

- located on a local road managed by council. (Note: Regional and Crown roads are not eligible)
- identifiable as a priority or important local road for the local government area or region
- deliverable within 24 months of notification from Transport for NSW
- maintenance-driven such as repairing, patching, maintaining or sealing existing roads.

### What are ineligible projects?

Ineligible projects include:

- widening shoulders
- building new roads
- any project on the State or Regional road network
- any project on private roads

Funding is specific to projects and not transferable.

More information on the Fixing Local Roads program is available online or via email



**The total NSW road network is over 180,000km in length, with approximately 80 per cent classified as Local Roads.**

Local councils are currently responsible for maintaining well over 85 per cent of the total NSW road network (including regional and local roads).





## Who is eligible for this funding?

The 93 councils listed on the Eligibility List are eligible to apply, as well as the Unincorporated Far West and Lord Howe Island.

## How do councils apply for funding?

Information and supporting documents can be obtained from the Fixing Local Roads web page [www.rms.nsw.gov.au/fixinglocalroads](http://www.rms.nsw.gov.au/fixinglocalroads).

Relevant information around criteria, key dates and how to apply can be obtained from the Fixing Local Roads Program Guidelines.

Applications must be submitted online via the SmartyGrants system.

## What is the deadline for completing works?

All works must be completed within two years of receiving funding to ensure local communities receive the benefits sooner.

## How will applications be assessed?

The Fixing Local Roads Program adopts a multi-criteria assessment of every application. Projects will be selected for funding based on the ability to deliver against the following objectives:

- Promotes regional economic activity
- Enhances regional connectivity and sustainability
- Enables a safer regional road network.

Each project will be subject to a comparative assessment of both merit and prioritisation attributes to enable selection of projects which meet the program objectives and contain particular attributes which may warrant higher consideration.

## Merit assessment

The application will seek detailed responses from council to questions which will enable the evaluation panel to make a determination of the following:

- Does the project meet the objectives of the program?
- Has the application provided measurable justification and/or evidence to demonstrate alignment to the program objectives?
- Are the cost, schedule, risk and assumptions of the project delivery well documented?
- Are there special considerations e.g. drought hardship, connecting Indigenous Communities?
- Is there a co-contribution, or other funding source to optimise community outcomes?

Some documentation may be required in support of the applications, including photographic evidence, detailed project development information and asset management plans.

Merit-based questions will be assessed on a score of 1 (poor) to 3 (very good). The scores will be combined into a single multi-criteria score based on a weighting for each criteria.

All works must be completed within two years of receiving funding to ensure local communities are benefiting sooner.

Projects which are able to commence in 20/21 financial year will be prioritised during the assessment period.

The evaluation criteria and corresponding weighting are outlined on page 3.

## Prioritisation assessment

To support Transport for NSW in being able to distinguish and prioritise the applications, the application form includes a number of questions to enable a better understanding of which projects may warrant higher consideration.

Application questions require applicants to provide specific information and/or select from a range of attributes specific to the road and/or the project.

Attributes informing prioritisation include:

- job creation and local investment
- road condition and function
- Road Infrastructure Risk Rating
- frequency of closures due to weather/heavy haulage damage.

Responses to prioritisation questions will generate a score between 1-3 and will contribute to the overall evaluation score.

## Round 1 projects

Councils may choose to resubmit unsuccessful projects from round one if they are able to start projects in the 2020/21 financial year.

Due to the changed application requirements, councils will need to resubmit through the SmartyGrants system to provide the evaluation team with the necessary information to progress through the assessment process.

More information on the Fixing Local Roads program is available online or via email



Program Outcomes	Program Objectives	Criteria Weighting	Evaluation Criteria
Outcome 1: The program promotes regional economic activity	Promotes regional development in rural communities	15%	The project is shovel ready commencing in FY20/21 The project will generate local jobs for regional and rural communities and supports community connections which further enable job generation and economic growth, eg freight, tourism, industry.
	Supports families in rural and remote areas	15%	The project enables improved access to one or more of the following: <ul style="list-style-type: none"> <li>• health care</li> <li>• education</li> <li>• access to social and community benefits</li> </ul>
Outcome 2: The program enhances regional connectivity and sustainability	Improves the reliability of the local road network	15%	The project will significantly improve the current local road condition
	Assists councils to sustainably manage their assets	10%	The project forms part of an existing strategic asset management strategy and will directly minimise ongoing reactive maintenance costs The project supports maintenance of roads impacted by harvesting of State Forests.
	Improves the resilience of the local road network	15%	The project will improve the productivity of the local road network by reducing frequency of road closures, speed restrictions building resilience to natural disasters / weather events / heavy vehicle damage.
Outcome 3: The program enables a safer regional road network	Improves local road safety	15%	The project / proposed solution contributes to a safer road network
Reasonableness & Deliverability	Credibility and integrity of the project application.	5%	Application has sufficient detail to support the credibility and integrity of the project costs, schedule, risks and assumptions.
Special Considerations	Hardship Connects indigenous communities	5%	Yes / No
Co-contribution / other funding source	Contribution from council or other party.	5%	The amount of co-contribution council or a party other than council make to the project.

## Funding limits

There is no limit to the number of project applications which can be submitted to the Fixing Local Roads program each round. Councils may apply for up to 100 per cent of the project value.

There is a maximum funding limit of \$5 million of state contribution per council per application. Applicants can apply for up to 100 per cent of the value of the project, but co-contributions from council are strongly encouraged and will be considered relevant to council's funding position. A general rule of thumb is a minimum co-contribution of 25 per cent. Non-compliant proposals may be considered.

## Reporting and payments

Councils will be required to report on the planning, progress and completion of projects and provide supporting information. Grant funding will be milestone based with an initial payment of 70 per cent at the start of the project and the remaining balance of project costs, up to 30 per cent of the grant fund, upon submission of a Final Project Report and the satisfactory completion of the project.

More information on the Fixing Local Roads program is available online or via email

## Timing of notifications

Transport for NSW is targeting the release of notifications to successful councils in early 2021 to aid in development of local government budgets.

Councils will have two weeks from receiving a notification letter to enter into the funding agreement.

We encourage councils to consider making arrangements to enable approvals outside of regular council meeting dates if required.

## Contact details

Questions about Fixing Local Roads including eligibility and the application process can be emailed to [fixinglocalroads@transport.nsw.gov.au](mailto:fixinglocalroads@transport.nsw.gov.au)

## Frequently Asked Questions

### What if the project has already commenced?

Councils are encouraged to nominate projects which are priority upgrades which have not yet commenced. Projects which have commenced are ineligible for consideration as funding cannot be retrospectively applied.

### Can councils apply for multiple projects?

There is no limit to the number of project applications which can be submitted to the Fixing Local Roads program each round. Councils may apply for up to 100 per cent of the project value.

There is a maximum funding limit of \$5 million of state contribution per council per application. Applicants can apply for up to 100 per cent of the value of the project, but co-contributions from council are strongly encouraged and will be considered relevant to council's funding position. A general rule of thumb is a minimum co-contribution of 25 per cent. Non-compliant proposals may be considered.

### If I submit multiple project applications, can I submit them in order of priority?

Each project will be assessed against the merit and prioritisation criteria separately. The outcome of the combined assessment will enable Transport for NSW to prioritise projects to be funded.

### How do I use SmartyGrants?

SmartyGrants is a secure, online portal which provides a platform for submission and assessment of project applications. It is used by many government agencies in the management of grant funds.

Councils will need to create a SmartyGrants login to access and lodge submissions.

### Will there be future rounds of Fixing Local Roads?

The Fixing Local Roads program will be delivered over 5 years, with more than \$240 million awarded for Round 1.

Future rounds may be announced at a later date.

### Is there a minimum co-contribution?

Councils which have a co-contribution of equal to, or greater than 25 per cent will be eligible to receive corresponding points during the merit assessment.

Councils who are experiencing hardship can outline ineligibility in meeting this evaluation criteria.

### What happens if the total project costs less than the funding that has been granted?

Transport for NSW will release 70 per cent of the total grant upon execution of the funding agreement letters. Upon completion of the project, councils will be required to submit a Project Completion Report detailing the total project costs.

Transport for NSW will release the remaining balance of project costs up to 30 per cent of the grant value.

### What if council has applied for funding under alternate grant programs?

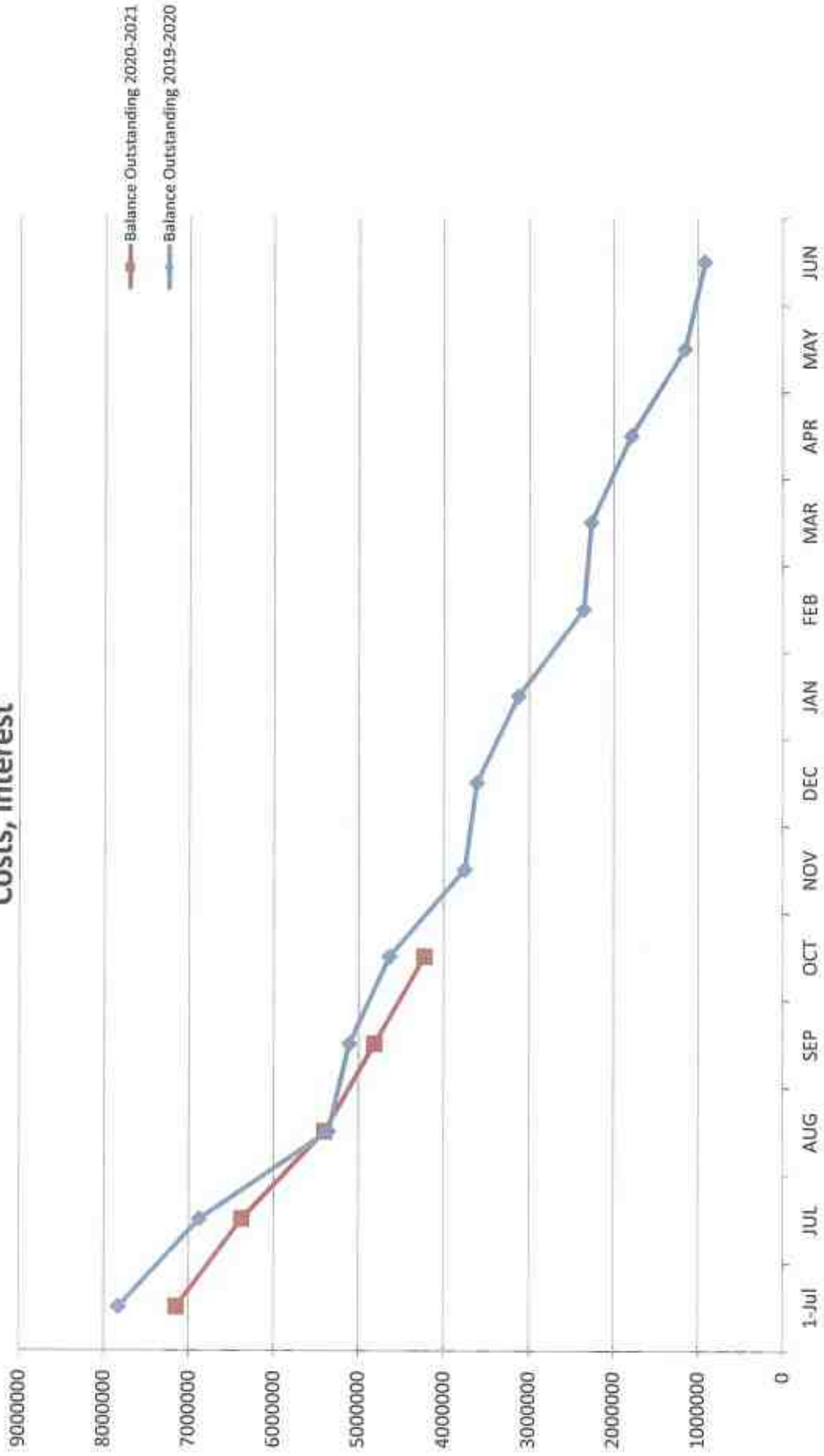
In these instances councils should apply for the full funding amount and note that co-funding has been applied for. If successful in the alternate program, councils should notify Transport for NSW of the amount of co-funding received. Notifications relating to the program can be made through the SmartyGrants portal or the relevant Transport for NSW Local Government Manager.

More information on the Fixing Local Roads program is available online or via email

W [nswroads.work/fixinglocalroads](https://nswroads.work/fixinglocalroads)

E [fixinglocalroads@transport.nsw.gov.au](mailto:fixinglocalroads@transport.nsw.gov.au)

**Total Rates Outstanding**  
**General Rates, Water Access, Sewer Access, Domestic Waste, Legal**  
**Costs, Interest**





**Rate Arrears 2020 - 2021**  
**General Rates, Water Access, Sewer, Domestic Waste, Interest & Legal Costs**

